

**CONCEPTUALISING AND MEASURING THE  
INFLUENCE OF CORPORATE IMAGE ON COUNTRY  
OF ORIGIN IMAGE: THE CASE OF SPAIN**

**A thesis submitted for the degree of Doctor of Philosophy**

**by**

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## **ABSTRACT**

Place branding scholars and practitioners increasingly highlight the influence that corporate image can exert on the image of the country of origin (COI). Yet, there is remarkably little theoretical and empirical research on this influence. In this qualitative and quantitative study the researcher aims (1) to analyse whether corporate image affects COI; (2) to identify consumer-related and company-related factors that affect the influence of corporate image on COI; (3) to examine the influence of corporate image- (net valence and consistency) and corporate-related factors (number of corporate brands and accessibility) on COI; (4) to investigate the moderating effects of corporate familiarity, business familiarity and consumer ethnocentrism on the influence of corporate image-related factors on COI; and (5) to describe the COI not only in terms of lists of attributes, but also in terms of holistic impressions.

This study focuses on the case of Spain and is based on empirical evidence provided by undertaking, firstly, in-depth interviews with 13 place branding experts and, secondly, a face-to-face survey of 300 British people aged 18 and over living in London or Greater London, selected using a multi-stage area sampling technique. The findings reveal (1) the statistically significant positive impact of corporate image on one dimension of COI (political beliefs); (2) six consumer-related (awareness of the corporate brand's COO; power of the corporate brand image; strength of the corporate brand-country association; brand image fit; brand image unfit; strength of the industry-country association) and four company-related (extent to which the company plays up or down its COO; the company's international and market visibility; the number of corporate brands operating in the market) factors that influence the impact of corporate image on COI; (3) that corporate image- and corporate-related factors explain collectively 10 per cent or over of variance in the affective dimensions of COI and a smaller proportion of variance in the cognitive dimensions of COI; (4) that business familiarity has a significant effect moderating the influence of net valence on COI; and (5) that tourism is the dominant element of the image that British people have of Spain. Theoretical (conceptual model, first study testing the influence of corporate image on COI) and managerial (guidelines for selecting corporate brands to be included in country branding campaigns) implications of these findings are considered, and finally, limitations of the study and future research directions are suggested.

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**CHAPTER 1**  
**INTRODUCTION**

# **1. INTRODUCTION**

## **1.1. RESEARCH AREA AND BACKGROUND OF THE STUDY**

The effect of country of origin (COO) on product image has been extensively studied in the COO literature, and recently attention has also been placed on the influence of COO on corporate image (e.g. Bernstein, 1984; Balmer and Gray, 2000). Yet the inverse relationship, i.e. the influence that corporate image can wield on the image of the country of origin (COI), has rarely been researched. This study aims to fill this gap by analysing the influence that corporate image can exert on the COI, paying special attention to the case of Spain.

Scholars acknowledge a variety of sources that can potentially influence country image. These sources include the country's economic, political and social conditions (Graby, 1993; O'Shaughnessy and O'Shaughnessy, 2000; Jaffe and Nebenzahl, 2006), culture and traditions (Dowling, 1994; Anholt, 2002; Kotler and Gertner, 2002; Dinnie, 2004b; 2008), its people (O'Shaughnessy and O'Shaughnessy, 2000; Jaffe and Nebenzahl, 2006), tourism (Papadopoulos and Heslop, 2002; Dinnie, 2008), sports (Dowling, 1994; Dinnie, 2004b), representative products, the degree of technological virtuosity and industrialisation, historical events and relationships, as well as emotions and feelings about the country (Roth and Diamantopoulos, 2009). An increased emphasis is being placed on the role that companies can potentially play as brand ambassadors in influencing their COI (e.g. Olins, 1999; Anholt, 2000; van Ham, 2001; Cerviño, 2002; Dinnie, 2008). Anholt (2000; 2003), for instance, argues that the image that an individual holds of a corporate brand may improve or even change the COI. Olins (1999) and van Ham (2001) also see the country's companies as determinants of the

essence of the country brand. Olins (1999, p.13) takes it a step further by suggesting that in some cases corporate brands and countries almost define each other: “*Sony is Japan and Japan is Sony*”. Furthermore, scholars note that if a corporate brand becomes linked to its COO in memory, existing associations could be transferred from one to the other (e.g. Keller, 1993). Despite increasing acknowledgement of the influence that the image of corporations can exert on their COI, this relationship is under-researched. There is a lack of theoretical and empirical studies that examine this influence.

Focusing on practice, governments around the world are increasingly taking a proactive approach in managing the image of their countries (van Ham, 2001) to enable differentiation, to increase tourism, inward investment and exports, and to gain political influence (Anholt, 1998; Kotler et al., 1999; Olins, 1999; Gilmore, 2002; Kotler and Gertner, 2002; Papadopoulos, 2004). Croatia (Martinovic, 2002), Liechtenstein (Passow et al., 2005), Serbia (Hall, 2002), Slovenia (Konecnik and Go, 2008), Spain (Gilmore, 2002), New Zealand (Morgan et al., 2002) and the United States (Anholt and Hildreth, 2004), among many others, have all adopted country branding strategies. Tourism boards, investment promotion agencies, cultural institutes, exporters’ associations, Ministries of Foreign Affairs and NGOs are among the organisations driving such country branding efforts (Anholt, 2007). Understanding the positive or negative influence that the image of corporate brands can exert on the COI and the factors that are likely to affect this is, therefore, important for tourism boards, Ministries of Foreign Affairs and other organisations that drive country branding efforts (Anholt, 2007). Associating a country with corporate brands that consumers hold favourable images for may serve as a source of favourable associations for country branding initiatives.

## **1.2. RESEARCH AIM, RESEARCH OBJECTIVES AND HYPOTHESES**

The aim of this study is to analyse the influence that corporate image can exert on the COI. The research objectives can be stated as follows:

- To analyse whether corporate image affects COI.
- To identify consumer-related and company-related factors that affect the influence of corporate image on COI.
- To examine the influence of corporate image- (net valence and consistency) and corporate-related factors (number of corporate brands and accessibility) on COI.
- To investigate the moderating effects of a series of variables (country familiarity, business familiarity and consumer ethnocentrism) on the influence of corporate image-related factors on COI.
- To describe the COI not only in terms of lists of attributes, but also in terms of holistic impressions.

These objectives are explored through qualitative and quantitative research. Specifically, the first and the second objectives are investigated by conducting 13 in-depth elite interviews with place brand consultants. A face-to-face survey of 300 British people examines the first and last three research objectives.

Following the preliminary phase of research (in-depth interviews), the following hypotheses were developed and empirically tested through the survey:

H<sub>1</sub>: Corporate image evaluations positively influence COI evaluations.

H<sub>2</sub>: The higher the net valence of the evaluations of corporate brands, the more positive the COI evaluations.

H<sub>3</sub>: The greater the consistency of the evaluations of corporate brands, the higher the COI evaluations.

H<sub>4</sub>: The higher the number of corporate brands that come to the respondent's mind, the higher the COI evaluations.

H<sub>5</sub>: The more accessible the corporate brands, the higher the COI evaluations.

H<sub>6a</sub>: The higher the country familiarity, the greater the positive effect of net valence on COI evaluations.

H<sub>6b</sub>: The higher the country familiarity, the greater the positive effect of consistency on COI evaluations.

H<sub>7a</sub>: The higher the business familiarity, the greater the positive effect of net valence on COI evaluations.

H<sub>7b</sub>: The higher the business familiarity, the greater the positive effect of consistency on COI evaluations.

H<sub>8a</sub>: The lower the consumer ethnocentrism, the greater the positive effect of net valence on COI evaluations.

H<sub>8b</sub>: The lower the consumer ethnocentrism, the greater the positive effect of consistency on COI evaluations.

### **1.3. CONTRIBUTION OF THE STUDY**

Although place branding scholars and practitioners increasingly highlight the influence that corporate image can exert on the COI, there is remarkably limited academic

research on this influence. Filling this gap is important in relation to both theory and practice.

This study reviews existing literature in product, corporate and place branding, as well as image transfer and COO literature, to explore the influence of corporate image on COI. Building on the literature review and on the interview findings, this study extends the place branding literature by proposing a conceptual framework that attempts to open the black box of the influence of corporate image and COI. Furthermore, to the best of the author's knowledge this is the first study that tests empirically the influence of corporate image, corporate image-related factors and corporate-related factors on COI; and also the moderating effects of a number of variables on the influence of corporate image-related factors on COI.

Switching the attention to practitioners, this research offers important managerial insights for place branding. Corporate brands are currently under-utilised assets in place branding campaigns. Associating countries with corporate brands in country branding campaigns may foster a transfer of favourable associations that can strengthen country images. Specific guidelines are provided to aid managers, consultants and policy makers in selecting corporate brands for country branding campaigns. For example, practitioners are urged to choose corporate brands that have a powerful image (in terms of favourability, strength and uniqueness). Finally, it is acknowledged that a critical mass of corporate brands operating in a market and the branding strategy of the companies play a significant role to strengthen the impact of corporate brands on COI.

## **1.4. STRUCTURE OF THE THESIS**

The study is organised into seven chapters (see Figure 1.1).

Chapter 1 – Introduction: The research area along with the background of the study is introduced. Then, the research aim, research objectives and hypotheses, followed by the contribution of the study are presented.

Chapter 2 – Country of Origin Image: This thoroughly examines existing literature on country image. This chapter firstly analyses the concepts of brand, country brand, brand equity and country equity. Then, it reviews and analyses existing conceptualisations of country image and the factors that can shape country image. Finally, it reviews the measures to operationalise country image and the gaps in the existing literature.

Chapter 3 – Corporate Image: This explores in detail existing literature on corporate image. The chapter reviews extant corporate image definitions. Then, the determinants of corporate image are discussed, followed by extant measures of corporate image. The chapter concludes with a review of the gaps in the existing literature.

Chapter 4 – Influence of Corporate Image on Country of Origin Image: This focuses on the impact, firstly, of product image on country image and secondly, of corporate image on country image. Studies on product, corporate and place branding, COO and image transfer are explored to develop this chapter.

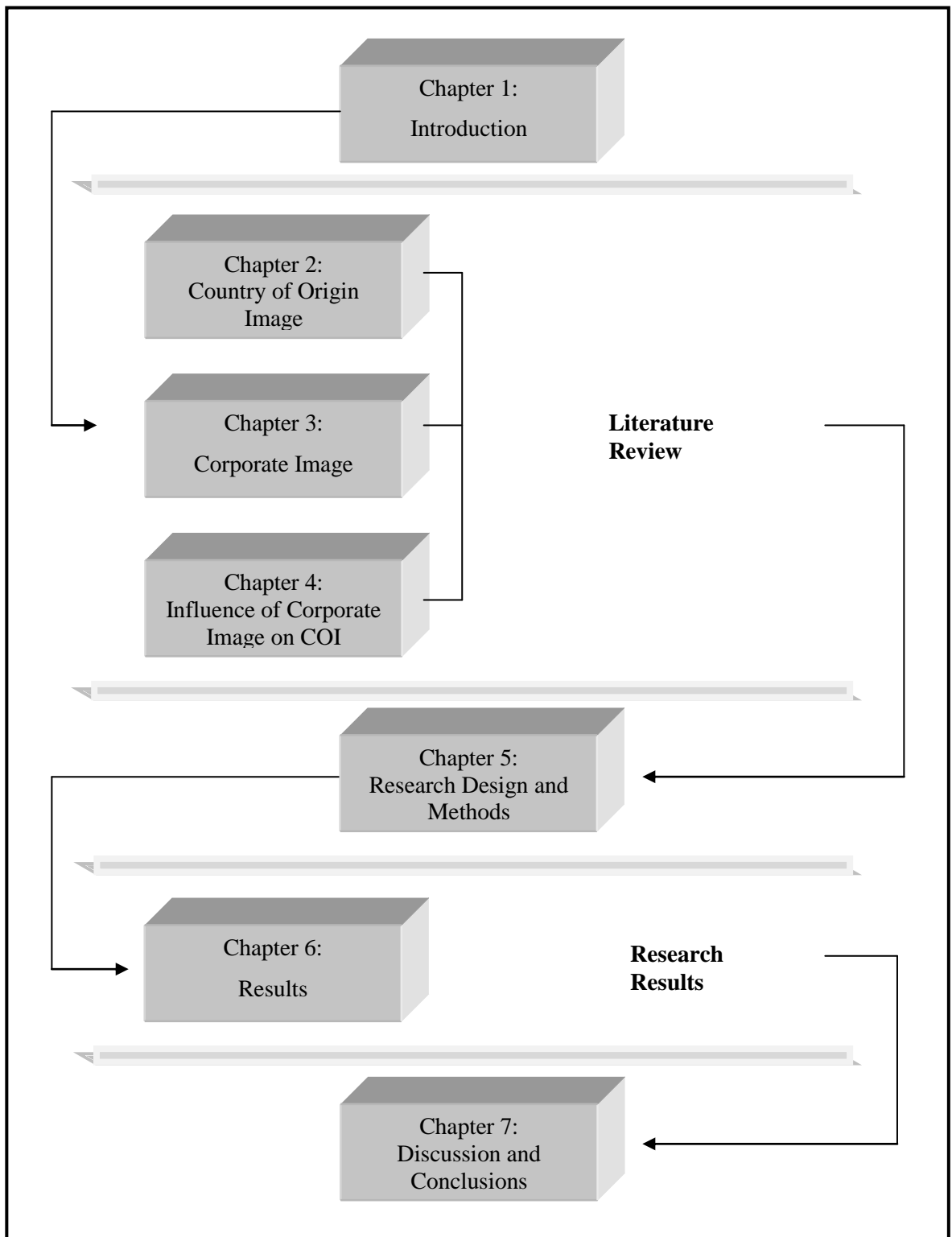
Chapter 5 – Research Design and Methods: This outlines in detail the research objectives and hypotheses and justifies the methodological paradigm of this research with particular reference to the adopted research design of this study. The chapter goes on to explain the data collection as well as the data analysis methods.



Chapter 6 – Results: This reports the key findings from the in-depth elite interviews with 13 place branding experts across 11 consultancy firms. Furthermore, this chapter outlines the key findings of the face-to-face survey of 300 British people.

Chapter 7 – Discussion and Conclusions: This draws together the findings from the literature review and the research fieldwork to provide the conclusions of the study. Furthermore, the results are discussed against the research objectives and hypotheses. Then, a revised conceptual framework is proposed, followed by the theoretical and managerial contribution of the study. The chapter concludes with the limitations of the study and suggestions for future research.

**Figure 1.1. Structure of the Thesis**



## **1.5. SUMMARY**

The introductory chapter presented the research area and background of the study. Furthermore, it introduced the research aim, research objectives and hypotheses, followed by the contribution of the study. The chapter concluded with the structure of the thesis.

**CHAPTER 2**  
**COUNTRY OF ORIGIN IMAGE**

## **2. COUNTRY OF ORIGIN IMAGE**

### **2.1. INTRODUCTION**

Country image has been analysed from a myriad of perspectives. According to Papadopoulos (1993), studies conceptualise country image focusing on ethnocentrism, national images, stereotyping, decision making, geography and tourism. The lack of interaction between these autonomous fields of study led Papadopoulos to call for cross-fertilisation of ideas (Papadopoulos, 1993) and even integration of insights from different disciplines (Papadopoulos and Heslop, 2003).

The aim of the following sections of this chapter is to go into this topic in greater detail by exploring the meaning of country image within COO studies and in the place branding literature. Attention is also devoted to the conceptualisation of brand and brand equity, firstly, at the product level and, secondly, at the country level. In addition, factors shaping the country image construct are also analysed. This chapter concludes with a review of published measures of country image and the gaps in the existing literature.

### **2.2. DEFINING COUNTRY BRAND**

#### **2.2.1. DEFINING A BRAND**

The brand concept is defined in marketing in a myriad of ways and can be broadly grouped into three different approaches. These perspectives are not independent of each other so there are overlaps in the interpretations of the brand construct.

## 1. Company-consumer focus

The work of both Wood (2000) and de Chernatony (de Chernatony and Dall'Olmo Riley, 1998a; de Chernatony, 2001) reviews the literature on the brand concept, dividing the definitions of brand into authors that analyse the term from the company's perspective, and on the other hand, into those researchers that adopt the consumer's perspective.

From the company's perspective, one of the most widely cited definitions is the one of the American Marketing Academy, that in 1960 suggested that a brand is "*A name, term, sign, symbol or design or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors*".

In the consumer approach, authors adopt the term brand image to explore the brand from the eye of the receiver (e.g. Boulding, 1956a; Levy, 1978; Bullmore, 1984; Keller, 1993).

## 2. Product-brand relationship

Following Riezebos's (2003, p.14) terminology, two perspectives can be distinguished within this approach:

- a) Brand as a 'product-plus': Brand is considered as "*an addition to*" (Styles and Ambler, 1995) the product, the identification and differentiation being the main purposes of the brand (Keller, 1998; Roper and Parker, 2006).

b) However, as Aaker (1996) and Keller (2003) see, brands nowadays are more than that. Brands are now presented as “*concepts*” (Riezebos, 2003, p.14), as an “*experience*” (Schmitt, 1999, p.22) or as a “*lifestyle*” (Klein, 2000, p.21). The brand as a concept perspective highlights that the brand itself embraces more than just the product (Styles and Ambler, 1995). Brand building is hence focused on emotions rather than on functional values (Goodyear, 1996). This emotional component is significant in powerful brands (Kapferer, 2004). Brands, unlike products, exist in the consumer’s mind (King, 1991; Keller, 1998; Klein, 2000; Travis, 2000).

### 3. Level of analysis

Keller (1998) adopts Kotler’s (1997) definition of product and types of products that are marketed, and concludes that “*a branded product may be a physical good, a service, a store, a person, place, organisation or idea*” (Keller, 1998, p.5). Over the past few years there has been a shift in focus by both marketing academics and practitioners from product brands to corporate brands (Dowling, 1993; Balmer, 1995; Aaker, 1996; Ind, 1997; de Chernatony, 1999; Ward and Lee, 2000; Harris and de Chernatony, 2001; Hatch and Schultz, 2003) and recently towards nation brands (Dinnie, 2008).

In the context of the field of research for the proposed study, three levels of analysis of brand are required to be distinguished, namely product brand, corporate brand and country brand. The major differences among these brand levels are explored in the following country brand and corporate brand sections.

### 2.2.2. COUNTRY BRAND

One of the most recent developments in branding literature has been the gradual expansion of the focus of attention from exploring not only product, service and corporate brands but also nation brands (Dinnie et al., 2002; 2006; Dinnie, 2008). The notable increase in the literature on nation brands has been accompanied by the birth of a relatively new multidisciplinary field of research (Dinnie, 2004b; 2008) within marketing, referred to by the term ‘place (or country, nation, etc.) branding’ (Papadopoulos, 2004).

The place branding field was initially dominated by practitioners. However, this area is being taken up by scholars progressively (Dinnie, 2004b). Although there is no consensus on the definition of place branding, a well regarded academic in the area, Papadopoulos, conceptualises it as the “*the broad set of efforts by country, regional and city governments, and by industry groups, aimed at marketing the places and sectors they represent*” (Papadopoulos, 2004, p.36).

The place branding construct has been confused with interrelated concepts like destination branding (Anholt, 2005). The latter concept is considered as an offshoot of place branding (Blichfeldt, 2005; Kavartzis, 2005) that mainly revolves around leisure tourism (Hankinson, 2005).

In the light of the increasing global competition, countries around the world must manage and monitor their branding to endorse differentiation and increase tourism, inward investment, exports, businesses, factories and skilled people (Kotler et al., 1999; Olins, 1999; van Ham, 2001; Kotler and Gertner, 2002; Papadopoulos, 2004). Van Ham



(2008, p.131) warns that the “*unbranded state has a difficult time attracting economic and political attention*”. Therefore, countries should engage in more proactive branding (Kotler and Gertner, 2002; van Ham, 2008).

The conceptualisation of the country as a brand has been widely accepted within both brand management and place branding literatures (O’Shaughnessy and O’Shaughnessy, 2000). Keller (1998) sees a branded product as “*a physical good, a service, a store, a person, place, organisation or idea*” (Keller, 1998, p.5). De Chernatony (2006) also recognises that places are being viewed as brands. Focusing on the place branding arena, Anholt (2003; 2005) arrives at the conclusion that countries definitely have brands or behave like brands, after considering the impact that those brands have on the consumers’ perceptions, decisions and behaviour. O’Shaughnessy and O’Shaughnessy (2000, p.56) are more cautious and warn that “*a nation is not a product*” and that the nation’s image is far more complex. In contrast, as Olins (2002) acknowledges, others have reacted harshly to the conceptualisation of nation as a brand. The author concludes that this hostility is not towards the concept itself but towards the term ‘brand’.

A number of researchers justify the consideration of a country as a brand by identifying similarities between countries and companies. Olins (1999) points out that while corporations are broadening their responsibilities and providing services traditionally state-related, countries are adopting a business-orientated approach including branding techniques i.e. companies and countries are becoming more similar. Jaffe and Nebenzahl (2006, p.9) go so far as to assert that “*what is true for corporations (...), is also true for nations (...)*” and therefore, just as companies can have a brand and image, so can countries. In the same vein, Papadopoulos and Heslop (2002, p.308) follow

Graby's (1993) countries-companies association and indicate that "*a country is a `corporation` that produces many products, not a unitary `product`". However, this approach is not without its dissenters, like Krugman (1996), that assert that a country cannot be equated to a company.*

The diverse attempts to compare country brands with both product and corporate brands can be grouped into studies that place emphasis on the analogies between corporate and country brands, and those that identify the major divergences that set country brands apart from corporate and commercial brands. The former perspective is led by Olins (2002), Anholt (2000; 2002), Dinnie (2008) and van Ham (2008). While Olins (2002) considers the branding techniques as the intersection point, Anholt (2000, p.23) states that "*like corporate brands, country brands evoke certain values, qualifications and emotional triggers in consumers' minds about the likely values of any product that comes from that country*". In addition, the author notes that as corporate brands operate as umbrella brands, so do country brands, which support the products originating in the same country. Finally, Dinnie (2008) identifies the multiplicity of stakeholders and the complexity and multiple dimensions of the entity itself (corporation/nation) as the analogy between corporate and nation branding.

In contrast, the second group of studies focuses on the major differences that distinguish country brands from corporate and commercial brands. The elements that differentiate country and product brands are indicated at the image level: the country image being more complicated and unclear (O'Shaughnessy and O'Shaughnessy, 2000); at the ownership level: the country brand belonging to the group of so-called '*public domain brands*' (Anholt, 1998); and finally at the brand-builders level: the branding of a country

requiring higher cultural knowledge (Dinnie et al., 2002). Compared to corporate or commercial brands, the branding of countries is more complex (Langer, 2002; Olins, 2004; Davidson, 2006), involves many stakeholders (Kavaratzis, 2005; Davidson, 2006), its image is not directly managed by the marketing staff (Papadopoulos and Heslop, 2002; 2003) and requires more coordination (Olins, 2004).

### **2.2.3. BRAND EQUITY AND COUNTRY EQUITY**

It is widely recognised that successful brands are key intangible assets that create added value for firms and/or consumers (Aaker, 1991; Kohli and Thakor, 1997; de Chernatony and McDonald, 2003; Keller, 2003; Riezebos, 2003; Kapferer, 2004). This added value has been referred to as 'brand equity' (Farquhar, 1989). The brand equity concept emanated in the 1980s (Keller, 2003; Kapferer, 2004) and has become a key field of research in marketing (Aaker, 1991). Farquhar (1989, p.24) describes brand equity as "*the 'added value' with which a brand endows a product*". Aaker's (1991), Kamakura and Russell's (1993), Keller's (1993) and Simon and Sullivan's (1993) definitions of brand equity are similar to that of Farquhar.

Brand equity has been analysed in the literature from both a financial and a consumer-based perspective (Lassar et al., 1995; Ambler and Styles, 1997; Kapferer, 2004; Pappu et al., 2005). While the former explores the value of the brand to the company, the latter approach considers brand equity from the consumer's viewpoint (Pappu et al., 2005), including a perceptual and/or a behavioural dimension in the conceptualisation of brand equity (Cobb-Walgren et al., 1995; Yoo and Donthu, 2001; Myers, 2003; Jaffe and Nebenzahl, 2006).

Shocker and Weitz (1988), Mahajan et al. (1990), Farquhar et al. (1992), Farquhar and Ijiri (1993) and Simon and Sullivan (1993, p.29) take a financial perspective, the last two authors viewing brand equity as “*the incremental cash flows which accrue to branded products over (...) unbranded products*”. The firm’s brand equity is extracted from the value of the firm’s other assets (Simon and Sullivan, 1993). On the other hand, marketing theorists like Aaker (1991), Keller (1993) and Lassar et al. (1995) conceptualise brand equity adopting a consumer-based perspective. Their models and respective components of brand equity include the aforementioned dimensions (consumer perceptions and consumer behaviour), placing more emphasis on the perception-related side, specifically on the associations and image, rather than on the consumer’s actions.

Aaker (1991, p.15) defines brand equity as “*a set of assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers*”. He divides these assets and liabilities into five categories: brand awareness, perceived quality, brand associations, brand loyalty and other proprietary brand assets. The first three are considered as perceptual components of brand equity, and brand loyalty is classified as a behavioural component (Cobb-Walgren et al., 1995; Kim et al., 2003). According to Aaker (1991, p.109), brand association is “*anything linked in memory to a brand*” and brand image is a “*set of associations, usually organized in some meaningful way*”. “*Both represent perceptions which may or may not reflect objective reality*” (Aaker, 1991, p.110).

Keller (1993) analyses brand equity from the individual consumer's point of view. He developed the Customer-Based Brand Equity (CBBE) model and described it as "*the differential effect of brand knowledge on consumer response to the marketing of the brand*" (Keller, 1993, p.2). Therefore, "*a brand is said to have a positive (negative) customer-based brand equity when consumers react more (less) favourably to an element of the marketing mix for the brand than they do to the same marketing mix element when it is attributed to a fictitiously named or unnamed version of the product or service*" (Keller, 1993, p.8). In his model, two dimensions of brand equity can be identified, namely brand awareness and brand image. Hence, he focuses on the perceptual dimension. Keller (1993, p.3) views brand image "*as perceptions about a brand as reflected by the brand associations held in consumer memory*". The author distinguishes three categories of brand associations –attributes, benefits and attitudes– that can vary depending on their favourability, strength and uniqueness.

Aaker's (1991) and Keller's (1993) dimensions of brand equity are utilised by other authors such as Cobb-Walgren et al. (1995), Motameni and Shahrokhi (1998), Faircloth et al. (2001), Yoo and Donthu (2001), Baldauf et al. (2003) and Kim et al. (2003). Riezebos's (2003) model also employs Aaker's (1991) brand equity categories and uses the term brand equity to refer strictly to the value of the brand to the organisation, coining the term 'brand-added value' to allude to the value of the brand to consumers. According to Riezebos (2003, p.269), "*brand-added value drives brand equity*", brand equity encompassing the size of the market share, stability of market share, margin on the branded article and, finally, rights of ownership. Lassar et al. (1995), like Keller (1993), propose a model that focuses only on perceptual components of brand equity,

namely performance, commitment, social image, value and trustworthiness. They regard behaviour as a result rather than as a dimension of brand equity.

Lastly, some researchers combine both approaches of brand equity (financial and consumer-based). Feldwick (1996, p.87) developed a model where brand description – “*a description of the associations and beliefs the consumer has about the brand*”– drives brand strength – “*a measure of the strength of consumers’ attachment to a brand*”– and simultaneously brand strength affects brand value – “*the total value of a brand as a separable asset*”-. The first two elements, brand description –that according to Feldwick could be also named ‘brand image’– and brand strength, revolve around the consumer. However, brand value makes reference to a business transaction.

The latest edition of Kapferer’s (2004) book, ‘*The new strategic brand management. Creating and sustaining brand equity long term*’ shows the evolution of the author’s conception of brand equity. While in the second edition Kapferer (1997) adopts a financial perspective indicating that the measurement of the brand value or equity is in monetary terms, in the latest edition Kapferer (2004) aims to link both the consumer-based and firm-based brand equity approaches by depicting a model that is generally consistent with that of Feldwick (1996). Kapferer (2004, p.15) distinguishes between brand assets – “*learned mental associations and affects*”–, brand strength – “*a measure of the present status of the brand: it is mostly behavioural*”– and brand value –that “*aims to measure the brand’s worth (...), the profits it will create in the future*”-. In conclusion, brand image has been included as one of the key perceptual dimensions in most of the brand equity models detailed earlier.

At the country level, Shimp et al. (1993) introduce the term 'country equity', describing it as the portion of brand equity originating in the association of the product brand with a specific country. Papadopoulos (2004) extends Aaker's (1991) interpretation of brand equity by applying it at the country level. Therefore, he describes country equity as "*the real and/or perceived assets and liabilities that are associated with a country and distinguish it from others*" (Papadopoulos, 2004, p.43). On the other hand, Jaffe and Nebenzahl (2006) adopt Keller's (1993) components of brand equity and point out that the country image and the awareness of the country impact country equity. Zeugner-Roth et al. (2008) also take the consumer's perspective and, following Yoo and Donthu's (2001) study, they distinguish three dimensions within the country brand equity construct: country brand loyalty, perceived country brand quality and country brand awareness/associations. Considering these dimensions, they developed a country brand equity scale. Finally, Dinnie (2008, p.67) identifies 11 elements of brand equity at the nation level, namely iconography, landscape, culture, internal buy-in, support for the arts, loyalty levels, country image perceptions, external portrayal in popular culture, branded exports, brand ambassadors and the diaspora.

## **2.3. DEFINING COUNTRY OF ORIGIN IMAGE**

### **2.3.1. BRAND IMAGE**

Since the work of Gardner and Levy that formulated the concept in 1955, there has been a plethora of interpretations of brand image, as Dobni and Zinkhan (1990) and Stern et al. (2001) show in their respective review papers. Although there is no generally accepted definition of brand image, Dobni and Zinkhan's (1990) study identifies some

commonalities in the conceptualisation of this construct: it is defined at the consumer level and it refers to perceptions that are created through consumer interpretation.

In line with these commonalities and with Keller's (1993), Aaker's (1996), de Chernatony and Dall'Olmo Riley's (1998a), Riezebos's (2003) and Kapferer's (2004) descriptions of brand image, a receiver's focus is going to be adopted when exploring this concept in the thesis. Emphasis is put on Keller's (1993, p.3) view of brand image from an associative network perspective "*as brand associations held in consumer memory*", and on Gardner and Levy's (1955), Boulding's (1956a), Breuil's (1972), Oxenfeldt's (1974-1975), Levy's (1978), Bullmore's (1984) and Poiesz's (1989) understanding of image as being composed of a cognitive component and an affective component. Following Aaker (1997), the associations held in the consumer's mind can refer to human characteristics created by direct or indirect contact of the consumer with the brand. The term brand personality was coined in 1985 by Hendon and Williams to emphasise human qualities within the brand image concept (Dobni and Zinkham, 1990) and it implies describing a brand as if it were a human being (Hendon and Williams, 1985). Patterson (1999) points out the confusion in the literature between brand image and brand personality, and Hosany et al. (2006) add that this ambiguity is due to the interchangeable use of both terms and the lack of consistency in the definitions. These human traits associated with a brand can refer to beliefs (d'Astous and Boujbel, 2007) and/or emotions (Biel, 1993; Hosany et al., 2006).

In contrast with brand image, brand identity belongs to the sender's side and comes before image (Kapferer, 1997). Aaker (1996, p.68) views brand identity as "*a unique set of brand associations that the brand strategist aspires to create or maintain*". He



developed a brand identity system, distinguishing between the core identity and the extended identity (Aaker, 1996), and suggested four brand identity perspectives: brand-as-product, brand-as-organisation, brand-as-person and brand-as-symbol. Kapferer (1997) sees brand identity as consisting of six integrated facets –physique, personality, culture, relationship, customer reflection and self-image– and depicts what he calls the ‘brand identity prism’. However, as Chevalier and Mazzalovo (2004) highlight, self-image and reflection relate to the perception of the brand identity rather than with the identity itself. De Chernatony’s (1999) model updates Kapferer’s work, firstly, by adopting the culture, personality and relationship constructs; secondly, by integrating the reflection and self-image elements under the brand presentation element; and lastly, by adding the brand vision and positioning as components of brand identity. Following the International Corporate Identity Group’s statement on corporate identity, de Chernatony (1999, p.165) understands identity as “*the ethos, aims and values that present a sense of individuality differentiating a brand*”. Image may not be congruent with the identity as other extraneous factors may affect the receiver’s image (Kapferer, 2004). Nevertheless, as a few authors acknowledge, “*the perception of reality is more important than the reality itself*” (Dobni and Zinkhan, 1990, p.111) as people’s behaviour towards an object is greatly affected by the perception of the reality rather than by the reality itself (Boulding, 1956a; Kotler, 1997).

## **2.3.2. COUNTRY OF ORIGIN IMAGE**

### **2.3.2.1. DEFINITIONAL DOMAINS OF COUNTRY IMAGE**

Despite the widely acknowledged importance of country image, a closer look at the literature reveals multiple conceptualisations of the construct (see Table 2.1). In line with Hsieh et al.'s (2004), Mossberg and Kleppe's (2005) and Roth and Diamantopoulos's (2009) classifications, three main approaches can be identified in conceptualising country image depending on their focal image object: the first approach focuses on product image, i.e. studies that define country image at the product level (e.g. Narayana, 1981); the second approach refers to product-country image and includes those authors that see country image and product image as two independent but related parts (e.g. Lee and Ganesh, 1999); and finally, the overall country image approach: writings that present country image as a broad construct determined by multiple factors (e.g. Martin and Eroglu, 1993). Scholars within these approaches have adopted different terms based on the focus of their studies, for example, 'made in image' (Nagashima, 1970), 'product-country image' (Papadopoulos, 1993) and 'country of origin image' (Desborde, 1990).

**Table 2.1. A Review of Conceptualisations of Country Image**

<b>Approach</b>	<b>Authors</b>
1) Product image: Country image is conceptualised at the product level	Nagashima (1970; 1977); Narayana (1981); Bilkey and Nes (1982); Han and Terpstra (1988); Han (1989; 1990); Roth and Romeo (1992)
2) Product-country image: Product image and country image are two independent but related parts	Li et al. (1997); Knight and Calantone (2000); Jaffe and Nebenzahl (2001); Nebenzahl et al. (2003); Papadopoulos and Heslop (2003)
3) Overall country image: Country image is a broad construct determined by multiple factors. Two groups of studies can be identified:	Bannister and Saunders (1978); Desborde (1990); Kotler et al. (1993); Martin and Eroglu (1993); Askegaard and Ger (1997); Allred et al. (1999); Verlegh and Steenkamp (1999); Verlegh (2001); Kotler and Gertner (2002); Gertner and Kotler (2004)
3a) Overall country image is conceptualised as a cognitive structure	Kotler et al. (1993); Martin and Eroglu (1993); Kotler and Gertner (2002); Gertner and Kotler (2004)
3b) Overall country image is defined as a cognitive and affective structure	Askegaard and Ger (1997); Verlegh (2001)

*Source: Adapted from Roth and Diamantopoulos (2009)*

In the COO literature, country image has been traditionally conceptualised as consumers' perceptions of products that originate from a country (Papadopoulos et al., 1988; Papadopoulos et al., 1990b; Martin and Eroglu, 1993; Li et al., 1997; Thakor and Katsanis, 1997; Lee and Ganesh, 1999; Papadopoulos et al., 2000; Papadopoulos and Heslop, 2002; 2003). Nagashima (1970, p.68), one of the first to describe country image, defines it as *“the picture, the reputation, the stereotype that businessmen and consumers attach to products of a specific country”*. Similarly, Han (1990, p.24) indicates that country image can be understood as *“consumers' general perceptions about the quality of products made in a given country”*, and Roth and Romeo (1992, p.480) conceptualise it as *“the overall perception consumers form of products from a particular country, based on their prior perceptions of the country's production and marketing strengths and weaknesses”*. Other researchers such as Narayana (1981) and

Bilkey and Nes (1982) adopt a similar product-oriented approach to describing country image.

The second approach focuses on product-country image and includes authors that see country image and product image as two independent but related constructs (e.g. Lee and Ganesh, 1999), hence calling for a greater degree of attention to the country image itself (Jaffe and Nebenzahl, 1984; Han, 1989; 1990). In this realm, scholars insist on extending the traditional narrow concept of COO (Ger, 1991) to capture both product evaluation and the country image aspects (Papadopoulos et al., 1988; Papadopoulos et al., 1990b; Kochunny et al., 1993; Parameswaran and Pisharodi, 1994; Häubl, 1996; Lee and Ganesh, 1999). For example, Knight and Calantone (2000, p.127) view country image as *“a consumer’s perceptions about the quality of products made in a particular country and the nature of people from that country”*.

Finally, the third approach considers country image as a generic construct that is shaped by a wide range of factors and not only by the country’s products (e.g. Martin and Eroglu, 1993). Within this stream of research two groups of studies can be identified. The first group encapsulates studies that see country image as a cognitive structure. For example, Martin and Eroglu (1993, p.193) argue for conceptualising country image as an independent entity, entirely dissociated from the image of the country’s products, and view the construct as *“the total of all descriptive, inferential and informational beliefs one has about a particular country”*. Similarly, Kotler and his colleagues (Kotler et al., 1993; Kotler and Gertner, 2002; Gertner and Kotler, 2004) define country image as *“the sum of beliefs, ideas and impressions that people have of a place. Images represent a simplification of a large number of associations and pieces of information*

*connected with a place*” (Kotler et al., 1993, p.141). The authors add that each person can hold different perceptions of the same country (Kotler and Gertner, 2002; Gertner and Kotler, 2004). Lastly, Askegaard and Ger (1997) and Verlegh (2001) adopt a broader perspective and acknowledge not only a cognitive component but also an affective component within the country image construct. They see country image as a network of elements or associations, respectively. Verlegh (2001, p.25), for instance, defines country image as “*a mental network of affective and cognitive associations connected to the country*”.

#### **2.3.2.2. COUNTRY OF ORIGIN IMAGE: A WORKING DEFINITION FOR THIS THESIS**

This study focuses on the image of countries from which corporate brands originate. Following Johansson et al.’s (1985, p.389) definition, this research views COO as “*the country where corporate headquarters of the company marketing the ... brand is located*”.

A considerable number of studies view brand image as a construct consisting of a cognitive component and an affective component (e.g. Gardner and Levy, 1955; Boulding, 1956a; Breuil, 1972; Oxenfeldt, 1974-1975; Levy, 1978; Bullmore, 1984; Poiesz, 1989). However, most of the research within the country image literature neglects the affective component, Askegaard and Ger’s (1997) and Verlegh’s (2001) work being two of the few studies that define country image as a two-component construct (Roth and Diamantopoulos, 2009). Mirroring these writings, the author adopts Verlegh’s (2001, p.25) definition of country image as “*a mental network of affective and cognitive associations connected to the country*”. This definition takes an

associative network perspective, whereby country image consists of nodes linked together in the consumers' memory networks with regard to a specific country (Collins and Loftus, 1975; Anderson, 1983). These nodes or associations (Keller, 1993) are formed through a country's economic, political and technological conditions, historical events, culture and traditions, and products and companies (Olins, 1999; Anholt, 2000; van Ham, 2001).

## **2.4. DETERMINANTS OF COUNTRY IMAGE**

COO studies have traditionally considered consumers' perceptions of products as the sole factor that shapes country image (Dinnie, 2004b), thereby equating the image of products with the country image (Papadopoulos and Heslop, 2002). Yet later COO studies along with place branding studies acknowledge a wide range of additional determinants of country image including a country's education, culture, media, people, sports, etc. As Bannister and Saunders (1978) argued 30 years ago, country image stems from not only its products, but also other factors, namely economic, political, historical, technological characteristics and so on.

The influence of brands on shaping country image is explored by Anholt (2002; 2003; 2005) and Dinnie (2008). The former examines the role of commercial brands as key communication tools in the diffusion of national identity. Likewise, Dinnie (2008) identifies branded exports as a communicator of nation-brand identity. Anholt (1998) adds that the success of international product brands is correlated with the strength of the brand of the country to which they belong. Thus, many successful multinational commercial brands are from countries that have a powerful brand and image, and between these two entities (product and country brands) there is an image transfer. For

developing countries, Anholt (2003) argues for exporting high-quality product brands as a crucial determinant to boost the country image. The author also recognises the importance of corporations in the modification of a country image like Korea (Anholt, 2000) and the United States (Anholt and Hildreth, 2004). Van Ham (2001) similarly argues that a nation's firms are the most perceptible country-brand ambassadors, Dinnie (2008) identifies the country's companies and brands as determinants of the essence of a nation-brand and Olins (1999) points out the mutual influence between corporate brands and countries.

In addition to product and corporate brands, other determinants can have an impact on country image. The individual's background is highlighted as a key variable influencing country image (e.g. Bilkey and Nes, 1982). O'Shaughnessy and O'Shaughnessy (2000), and later Dinnie (2008, p.47), acknowledge that "*personal experience of a country through working or holidaying there can play a key role in the image an individual holds of a country*". Similarly, research undertaken by Heslop and Papadopoulos (1993), Martin and Eroglu (1993), Gnoth (2002) and Papadopoulos and Heslop (2002) stress the importance of travelling to a country in the formation of one's image of a country. Stereotypes are also widely recognised to influence people's images of countries (e.g. O'Shaughnessy and O'Shaughnessy, 2000; Gertner and Kotler, 2004; Pharr, 2005; Dinnie, 2008). Finally, political, economic, social and technological forces are included in the place branding and COO literature as factors shaping country image (e.g. Graby, 1993; Allred et al., 1999; O'Shaughnessy and O'Shaughnessy, 2000; Jaffe and Nebenzahl, 2006).

## **2.5. OPERATIONALISATION OF COUNTRY IMAGE**

Reflecting on the early conceptualisation of country image at the product level, the construct has been traditionally measured through product-specific attributes (e.g. Narayana, 1981; Bilkey and Nes, 1982; Roth and Romeo, 1992; Shimp et al., 1993). Nagashima's (1970; 1977) 20 seven-point semantic differential items, grouped into five dimensions, have been either totally or partially adopted by a noteworthy number of subsequent studies (e.g. Narayana, 1981; Cattin et al., 1982; Johansson and Nebenzahl, 1986; Chasin and Jaffe, 1987; Han and Terpstra, 1988; Papadopoulos et al., 1990b; Roth and Romeo, 1992; Wood and Darling, 1992). A review of the product items and scales used in relevant published COO studies is beyond the scope of this study. Roth and Romeo (1992) and Nebenzahl et al. (2003) already provide a summary of product dimensions, items and scales used to that point in time.

Yet, over the last three decades scholars have also incorporated country-specific items to measure country image (see Table 2.2 for an overview of measures).



**Table 2.2. Measures of Country Image**

<b>Year</b>	<b>Author(s)</b>	<b>Facet(s)</b>	<b>Dimension(s)</b>	<b>Items</b>	<b>Scales</b>	<b>Items Origin</b>
1986	Yaprak and Parameswaran	Product	General Country and Product Attitudes	14 items (products)	5-point Likert	Not provided
			Specific Product Attributes	24 items	5-point Likert	
		Country- People	General Country and Product Attitudes	10 items. Not listed but deduced from the findings are as follows: People are well-educated Places emphasis on technical/vocational training People are hard-working People are likeable Technical skills of workforce are high Friendly toward my country in international affairs Participation in international affairs People are motivated to raise living standards	5-point Likert	Not provided
1987	Parameswaran and Yaprak	Product	General Product Attitudes	14 items	5-point Likert	Marketing, consumer
			Specific Product Attributes	9 (for cars) or 8 (for cameras) or 7 (for calculators) items	5-point Likert	behaviour literature
		Country- People	General Country Attitudes	People are well-educated Places emphasis on technical/vocational training People are hard-working People are creative People are friendly and likeable Technical skills of workforce are high Friendly toward my country in international affairs Actively participates in international affairs People are motivated to raise living standards People are proud to achieve high standards	5-point Likert	Boddewyn (1981)

**Table 2.2. (continued)**

<b>Year</b>	<b>Author(s)</b>	<b>Facet(s)</b>	<b>Dimension(s)</b>	<b>Items</b>	<b>Scales</b>	<b>Items Origin</b>
1990b	Papadopoulos et al.	Product	4 dimensions	17 items	7-point SD	Nagashima (1970); Darling and Kraft (1977)
		Country- People	Industrial development & orientation	Managing economy well	7-point SD	Kelman (1965)
				Technically advanced		
				Industrious		
Affect	Admirable role in world politics					
			Refined taste			
			Trustworthy			
			Likeable			
		Behaviour		(Want more investment) <sup>1</sup>		
				(Want closer ties)		
1993	Heslop and Papadopoulos	Product	4 dimensions	17 items	7-point SD	Nagashima (1977)
		Country- People	Belief	Managing economy well	7-point SD	Previous research EUROBAROMETER Intuitive logic
				Technically advanced		
				Industrious		
Affect	Role in world politics					
			Refined taste			
			Trustworthiness			
			Likeable people			
		Link		(More investment) <sup>1</sup>		
				(Closer ties)		

**Table 2.2. (continued)**

<b>Year</b>	<b>Author(s)</b>	<b>Facet(s)</b>	<b>Dimension(s)</b>	<b>Items</b>	<b>Scales</b>	<b>Items origin</b>
1993	Martin and Eroglu	Country	Political	Democratic vs. dictatorial system Economically developed vs. economically underdeveloped Civilian vs. military government Predominantly industrialised vs. predominantly non-industrialised Free market vs. centrally planned system	7-point SD	Questionnaire and focus group
			Economic	High vs. low standard of living Stable vs. unstable economic environment High vs. low quality of products Existence of vs. lack of a welfare system High vs. low labor costs		
			Technological	Exporter vs. importer of agricultural products High vs. low level of technological research High vs. low literacy rates Mass produced vs. handcrafted products		
1994	Parameswaran and Pisharodi	Product	General Product Attributes: 3 dimensions Specific Product Attributes: 3 dimensions	12 (German products) 11 (Korean products) items 4 items (for cars) or 11 items (for blenders)	10-point Likert 10-point Likert	COO literature Dealers and retailers
		Country- People	General Country Attributes: People	GCA 1: 5 items (Germans) Well-educated Achieving high standards Raised standard of living Technical skills Hard working	GCA 1: 6 items (Koreans) Well-educated Achieving high standards Raised standard of living Technical skills Friendly & likeable Artistic & creative	10-point Likert Yaprak and Parameswaran (1986); Parameswaran and Yaprak (1987); Pisharodi and Parameswaran (1992)
			General Country Attributes: Interaction	3 identical items for the two source countries Similar political views Economically similar Culturally similar		

**Table 2.2. (continued)**

<b>Year</b>	<b>Author(s)</b>	<b>Facet(s)</b>	<b>Dimension(s)</b>	<b>Items</b>	<b>Scales</b>	<b>Items Origin</b>
1996	Häubl	Product	4 dimensions	15 items	6-point Summated Rating	Scott and English (1989); Bayus (1991); Gupta and Ratchford (1992); Chaiken and Maheswaran (1994)
		Country	Affective evaluation of country	Nice Friendly Pleasant Peaceful	6-point Summated Rating	Parameswaran and Yaprak (1987); McGee and Spiro (1991); Pisharodi and Parameswaran (1992);
			Cognitive evaluation of country	Competent Reliable State-of-the-art Successful		Martin and Eroglu (1993); Jaffe and Nebenzahl (1993)
			Evaluation of country's car industry	State-of-the-art technology High quality standards and control Well-trained workforce Highly motivated workers		
1997	Li et al.	Product		4 items	5-point SD	Roth and Romeo (1992)
		Country	Political	Economically developed vs. economically underdeveloped Civilian vs. military government Predominantly industrialised vs. predominantly non-industrialised Free market vs. centrally planned system	5-point SD	Martin and Eroglu (1993)
			Economic	High vs. low standard of living Stable vs. unstable economic environment High vs. low quality of products Existence of vs. lack of a welfare system High vs. low labor costs		
			Technological	High vs. low level of technological research High vs. low literacy rates Mass produced vs. handcrafted products		

**Table 2.2. (continued)**

<b>Year</b>	<b>Author(s)</b>	<b>Facet(s)</b>	<b>Dimension(s)</b>	<b>Items</b>	<b>Scales</b>	<b>Items Origin</b>
1999	Allred et al.	Country	Economy	China has a highly developed economy? China's economy is highly industrialised? China is technologically very advanced? China has a very powerful economy? China's economy is very modern?	7-point Likert	Marketing and non-marketing literature, focus groups
			Labor	China is very kind/considerate of workers' rights? Working conditions in China are very clean? Working conditions in China are very safe? Chinese workers are very well paid for their time? Chinese workers are very well treated? China does not exploit its labor?		
			Politics	Chinese political system is very similar to ours? China's political system is very stable? China is a very peaceful country? Chinese citizens have a great deal of freedom?		
			Work culture	Chinese workers are very reliable? Chinese workers are very hardworking?		
			Vocational training	Chinese workers are very well educated? Chinese workers pay very close attention to detail? Chinese workers are very well trained? Chinese workers are very admired?		
			Environment	China is very clean? China is very concerned about the environment? China has very high pollution control standards? China aggressively protects the environment? China does not exploit the environment?		
			Conflict	China's trade practices with the U.S. are very fair? Chinese are very friendly? I like Chinese people very much? China's government is very cooperative with ours? China is a very dependable ally?		

**Table 2.2. (continued)**

<b>Year</b>	<b>Author(s)</b>	<b>Facet(s)</b>	<b>Dimension(s)</b>	<b>Items</b>	<b>Scales</b>	<b>Items Origin</b>
1999	Lee and Ganesh	Product-Brand	3 dimensions	The same 15 items are used to measure each dimension	9-point Likert	Parameswaran and Yaprak (1987); Johansson and Nebenzahl (1986); Jaffe and Nebenzahl (1984); Nagashima (1970)
		Country - People	Overall image: country	Emphasizes technical/vocational training Is friendly to the USA in world affairs Actively participates in world affairs Is an economically advanced country	9-point Likert	Parameswaran and Yaprak (1987); Boddewyn (1981)
			Overall image: people	Are well educated Are hard working people Are creative Are friendly and likeable Have high technical skills Are proud to achieve high standards Are motivated to raise their living standards		
			Overall image: country and people			
2000	Papadopoulos et al.	Product-Country-people	4 dimensions	20 items	7-point SD	Nagashima (1977)
			Advancement	Technology Wealth Taste Educated Stable Role in world Know a lot	7-point SD	Heslop and Papadopoulos (1993); Wish et al. (1970); Forgas and O'Driscoll (1984)
			People affect	Hardworking Trustworthy Likeable Ideal country (Want to visit) <sup>1</sup>		
			Desired links	(Aligned) <sup>1</sup> (More investment) (More imports) (Closer ties)		

**Table 2.2. (continued)**

<b>Year</b>	<b>Author(s)</b>	<b>Facet(s)</b>	<b>Dimension(s)</b>	<b>Items</b>	<b>Scales</b>	<b>Items Origin</b>
2001	Verlegh	Product		11 items (tomatoes); 12 items (washing machines)	Several scales	Not provided National stereotypes and perception of nations literature, group discussions, pretests
		Country	Natural landscape	A lot of unspoiled nature Many forests and natural areas	7-point Likert	
			Climate	Sunny Warm		
		Competence		Hardworking Efficient Meticulous		
			Creativity	Creative Imaginative Artistic		
		Positive feelings		Positive feelings Pleasant feelings Enthusiastic	7-point Summated Rating	
			Negative feelings	Distrustful Irritated Hostile		
		2003	Knight et al.	Product	5 dimensions	
Country-people	People			People are well-educated Technical skills of work force are high		
	Political situation			Friendly toward the (home country) in international affairs		
2005	Laroche et al.	Product	2 dimensions	6 items	7-point SD	Papadopoulos et al. (1988); Papadopoulos et al. (2000); Nagashima (1977)
		Country-people	Country beliefs	Rich-poor Technologically advanced-not advanced High-low level of education	7-point SD	Papadopoulos et al. (1988); Li et al. (1997)
			People affect	Trustworthy-not trustworthy Hard working-not hard working Likeable-not likeable		
		Desired interaction		We should-should not have closer ties with- Ideal-not ideal country Would-would not welcome more investment from-		

**Table 2.2. (continued)**

<b>Year</b>	<b>Author(s)</b>	<b>Facet(s)</b>	<b>Dimension(s)</b>	<b>Items</b>	<b>Scales</b>	<b>Items Origin</b>
2007	d'Astous and Boujbel	Country	Agreeableness	Bon-vivant Reveller Amusing Agreeable	5-point Summated Rating	Personal interviews, personality scales
			Wickedness	Immoral Vulgar Decadent Offender		
			Snobbism	Haughty Snobbish Mannered Chauvinist		
			Assiduousness	Organised Rigorous Flourishing Hard to work		
			Conformity	Religious Spiritual Traditionalist Mysterious		
			Unobtrusiveness	Cowardly Wimpy Dependent Neutral		

Notes: <sup>1</sup> Items that appear in parentheses did not apply to the respondent's home country  
SD: semantic differential



Reflecting on the studies in Table 2.2, the measures of country image can be classified into three groups: (1) the country image construct is operationalised at the cognitive level; (2) the country image is comprised of a cognitive component and an affective component; and (3) cognitive, affective and conative components constitute the country image construct.

Martin and Eroglu (1993) measure country image against three cognitive dimensions: political, economic and technological. Li et al. (1997) extend Martin and Eroglu's (1993) scale by also measuring product image in order to explore the relationship between country image and product image. Finally, Allred et al. (1999) also operationalise the country image construct at the cognitive level, adopting a multidimensional approach. As Roth and Diamantopoulos (2009) acknowledge, d'Astous and Boujbel's (2007) country personality scale, developed to measure country image using human-relevant items, is another alternative to measure country beliefs.

The second group contains Yaprak and Parameswaran's work that uses measures that include general product attitudes and general country attitudes (Yaprak and Parameswaran, 1986; Parameswaran and Yaprak, 1987). They claim to operationalise country image at the cognitive and affective levels. Later studies like those of Häubl (1996), Lee and Ganesh (1999) and Knight et al. (2003) base their scales on that of Parameswaran and Yaprak (1987), that has been criticised for focusing only on the socio-economic dimensions of a country (Askegaard and Ger, 1997). In this line, Roth and Diamantopoulos (2009) argue that although several scales operationalise the cognitive component of the country image construct, a considerable number of existing scales fail to measure respondents' emotions, as the items included in the affective

dimensions either refer to beliefs or do not encapsulate the respondents' emotions. Thus, they call for the development of a scale that captures country-related emotions. Häubl (1996) and Verlegh (2001) appear to be among the authors whose scales encapsulate the affective dimension of country image.

The third group is led by Papadopoulos, Heslop and their colleagues. They present country image as a multidimensional construct measured against three components: cognitions (beliefs about the industrial development and advancement of the country), affect towards the country's people, and conations (desire for closer interaction with the country) (Laroche et al., 2005). This conceptualisation was earlier proposed by Scott (1965) in Kelman's book on international behaviour. Scott (1965) clarifies that an image is comprised of the individual's understanding of the object i.e. the cognitive component, the affective assessment of the object and finally, the responses to the object i.e. the behavioural component.

Moreover, Parameswaran and Pisharodi's (1994) study revises their original scale and identifies two dimensions within the general country attributes facet: the interaction dimension that aims to measure conation and is affected by the perception of economic, political or cultural similarity between the consumer's country and the COO, and the people dimension that aims to assess cognition and affect. Therefore, these authors are in line with Papadopoulos et al.'s (1989) understanding of country image as a construct comprised of beliefs, affect and behaviour towards that country. Roth and Diamantopoulos (2009) also criticise Papadopoulos and his colleagues' as well as Parameswaran and Pisharodi's (1994) scales, indicating that they fail to comprise normative and affective aspects. Furthermore, Parameswaran and Pisharodi (1994)

inform about the limitations of applying a standardised scale in different countries as the items that determine each facet may vary from country to country.

Most studies operationalise country image through a list of attributes, measured by using either semantic differential, summated rating or Likert scales. However, some authors go further and acknowledge that image is a complex construct and context-specific, involving cognitive, affective, sensory and motivational aspects, and thus, its measurement cannot be restricted to a set of attributes and should incorporate a non-positivistic, interpretive perspective (e.g. Askegaard and Ger, 1997). Laaksonen et al. (2006) and Gao and Knight (2007) follow this approach and adopt a qualitative research technique to get a deep and insightful understanding of the image of a place.

## **2.6. GAPS IN THE EXISTING LITERATURE ON COUNTRY IMAGE**

Despite the multiple definitions of country image, only a few authors conceptualise it as a two-component construct, comprising not only a cognitive component but also an affective component (Roth and Diamantopoulos, 2009). Furthermore, similar to Echtner and Ritchie's (2003) conclusions, a review of the measures of country image shows that most of the studies view country image as a sum of attributes and fail to consider it also in terms of holistic impressions. Therefore, when operationalising country image, respondents are required to assess it on a predetermined set of features, without incorporating open methods that would enable individuals to give further details and consequently, the overall picture can be captured. In terms of the sampling technique, a large percentage of country image studies use non-random samples, specifically convenience samples (Papadopoulos et al., 1998; Roth and Diamantopoulos, 2009),

limiting the external validity (Dinnie, 2004a). Finally, while it has been assumed in the COO literature that respondents are knowledgeable about product brand origins (Samiee et al., 2005), some authors have demonstrated empirically that the level of consumers' awareness of the COO is limited. Therefore, future research should adopt alternative approaches to overcome the aforementioned limitation.

## **2.7. SUMMARY**

This chapter sought to establish a theoretical background for the thesis in the light of developments in the conceptualisation and operationalisation of the country image construct. The chapter started with a review of the literature relevant to defining the concepts of brand and brand equity at both the product level and the country level. The term brand has been recently applied to countries, resulting in the birth of a new area of research called place (or country, nation, etc.) branding. Country branding is widely acknowledged as a means to help countries stand out from the crowd and increase tourism, inward investment and exports. A number of authors justify this recent development within the branding literature by comparing countries with companies.

The second section focused on the main construct of the thesis, COI, by reviewing the definitions, determinants and measures developed to capture the country image. In attempting to provide some clarity to the lack of agreement on how to conceptualise country image, the chapter classified studies into three approaches based on their focal image object. These include the product image approach, which views country image at the product level; the product-country image approach, which considers the concepts as different and related; and the country image approach, which views country image as a generic construct shaped by a wide range of factors. Having reviewed the literature

within the three approaches, the author adopted Verlegh's (2001, p.25) definition of country image as "*a mental network of affective and cognitive associations connected to the country*", therefore viewing country image as a two-component construct.

In addition, this chapter identified the determinants of country image, emphasising the role that corporations play in shaping country image. The chapter also reviewed measurement scales of the country image construct, distinguishing three groups of research. The first group operationalises country image at the cognitive level, the second group of studies captures not only beliefs but also feelings towards the country, and the last group of research measures country image as a three-component construct capturing the cognitive, the affective and the conative dimensions of country image. Finally, this chapter highlighted the main gaps in the existing literature on country image.

In a sense, this chapter forms the first foundation stone for the thesis based on the literature review. The next chapter aims to apply the corporate image literature as the second foundation stone.

**CHAPTER 3**  
**CORPORATE IMAGE**

## **3. CORPORATE IMAGE**

### **3.1. INTRODUCTION**

The previous chapter reviewed the conceptualisations, measures and determinants of the country image construct, acknowledging corporate image as an influencing factor. Olins (1999), Anholt (2000; 2002; 2003; 2005), van Ham (2001), Dinnie et al. (2002; 2003; 2006) and Dinnie (2008) highlight corporate brands as sources of associations that can shape country images. For example, Anholt (2000) discusses the influence that Samsung and Daewoo have had on enhancing the image of Korea. Governments have become increasingly concerned about managing the image of their countries (van Ham, 2001) to enable differentiation and increase tourism, inward investment and exports (Kotler et al., 1999; Olins, 1999; Papadopoulos, 2004). Understanding the positive or negative influence that the image of corporate brands can exert on their COI is, therefore, important for tourism boards, Ministries of Foreign Affairs and other organisations that drive nation branding efforts (Anholt, 2007).

The aim of the third chapter is to frame the research area by reviewing previously published literature on corporate image. This chapter begins by analysing the notion of corporate brand and the differences between corporate brand and product brand. The corporate image concept is the core focus of this chapter and, consequently, the definitions and measures of the corporate image construct together with the factors that shape the image of a company will be analysed.

### **3.2. DEFINING CORPORATE BRAND**

In recent years the focus of theoretical and practical attention in the marketing arena has moved from product brands to corporate brands (Dowling, 1993; Balmer, 1995; 2001b; Aaker, 1996; Ind, 1997; de Chernatony, 1999; Ward and Lee, 2000; Harris and de Chernatony, 2001; Hatch and Schultz, 2001). This shift of focus has been primarily influenced by three factors: firstly, the monetary and searching cost motive, which refers to the high cost of advertising and development of brands (Alan, 1996; Mottram, 1998), and also to the information processing cost that individuals face with product branding (de Chernatony, 1999); secondly, the strategic factor, which indicates the importance of positioning at the corporate level due to the complexities of product differentiation, resulting from the simplicity of replication and the propensity towards homogenisation (Hatch and Schultz, 2003); finally, the third factor relates to changes in society, going from an industrial to an information age that places emphasis on intangibles (Mitchell, 1997).

Balmer (2001a) characterises corporate brands as being cultural, intricate –a corporate brand encompasses several subjects of study and different dimensions–, tangible, ethereal –it includes brand associations like COO–, and demanding commitment from the whole organisation. He refers to all these elements through the acronym C<sup>2</sup>ITE. Balmer (2001a; 2001b) also stresses the relevance of the covenant between a company and its main stakeholders. This contract lies at the heart of a corporate brand.

The first attempt to distinguish corporate brands from product brands was made by Stephen King in 1991. King acknowledges the importance of company staff in building the corporate brand and also the multiplicity of stakeholders by indicating that for the



company brand, the number of points of contact is higher and more diverse. King (1991) states that the management of the corporate brand should be under the CEO's responsibility, adopting a multidisciplinary perspective. Finally, communication at the corporate brand level requires a wider range of media.

Consolidating the approach initiated by Stephen King, Balmer (2001a; 2001b) proposes a comparison between product and corporate brands following six criteria: firstly, corporate brand development is more strategic and, therefore, requires the involvement of the CEO. However, middle managers are the group of people required in product brand management. Secondly, the key role that all personnel play in corporate branding is widely recognised as they link the company with its environment and impinge on the creation and development of the corporate brand. Another distinction is that corporate branding is multidisciplinary, unlike product brands that focus on marketing. Additionally, corporate branding requires total corporate communication that encompasses primary –product performance and staff behaviour–, secondary –marketing communication– and tertiary communication –word-of-mouth-. The multiplicity of stakeholders also sets corporate brands apart from product brands. Finally, most of the product brand values are specifically created for a purpose, while the values linked to corporate brands are real.

Hatch and Schultz (2003) incorporate three additional differences: the temporal dimension, referring to the fact that corporate brands usually have a longer life than product brands. Furthermore, brands at the product level have a functional importance compared to corporate brands that are on a strategic level. Finally, the object of analysis also differs, the product being in one case and the company being in the other scenario.

Other researchers put emphasis on the complexity of corporate branding (e.g. Ind, 1997; Simoes and Dibb, 2001; Knox and Bickerton, 2003), the multiplicity of stakeholders (e.g. de Chernatony, 1999; Knox and Bickerton, 2003) and the importance of staff as brand builders (e.g. Ambler and Barrow, 1996; de Chernatony, 1999; Harris and de Chernatony, 2001).

Corporate brands are significant assets that create value for the company (Ind, 1997; Keller, 2000; Olins, 2000) if they are “*rare, durable, inappropriable, imperfectly imitable and imperfectly substitutable*” (Balmer and Gray, 2003, p.972). Keller (2000, p.115) applies his conceptualisation of brand equity to corporations and defines it as “*the differential response by consumers, customers, employees, other firms, or any relevant constituency to the words, actions, communications, products or services provided by an identified corporate brand equity*”. Corporate brand equity is positive “*when a relevant constituent responds more favourably to a corporate ad campaign, a corporate-branded product or service, a corporate-issued PR release or similar than if the same offering were to be attributed to an unknown or fictitious company*” (Keller, 2000, p.115).

### **3.3. DEFINING CORPORATE IMAGE**

#### **3.3.1. DEFINITIONAL DOMAINS OF CORPORATE IMAGE**

One way of building corporate brand equity is through corporate image (Keller, 2000). A strong and favourable corporate image affects consumers’ attitudes and behaviour towards the organisation in general (Boulding, 1956a), and specifically towards purchasing the products of the company, generating positive word-of-mouth, working

for the company, etc. (Bernstein, 1984; Worcester, 1986; van Riel, 1995; Wilkinson and Balmer, 1996).

Despite the large body of research on corporate brands, there is no widely agreed definition of corporate image. Since Boulding (1956a) highlighted the impact that the image of an organisation has on individuals' behaviour towards the organisation, and Martineau (1958) called attention to the need for managing the corporate image in the latter half of the 1950s, corporate image has been defined by different disciplines and from diverse perspectives.

This large and diverse number of interpretations is acknowledged by Balmer (1998; 2001a) as one of the challenges in the conceptualisation of the corporate image construct. Furthermore, the lack of consensus on the definition of the different terms associated with this field of research (Abratt, 1989; Balmer and Wilkinson, 1991; Balmer, 2001a; Christensen and Askegaard, 2001) results in confusion of the corporate image construct with related concepts, namely corporate identity (Bernstein, 1984; Abratt, 1989; Ind, 1992; van Riel, 1995; Wilkinson and Balmer, 1996; Christensen and Askegaard, 2001; Melewar, 2003; Brown et al., 2006) and corporate reputation (Markwick and Fill, 1997; Rindova, 1997; Balmer, 2001a; Gotsi and Wilson, 2001; Brown et al., 2006). An additional factor that hampers the clarity in the concept is the fashion in the terminology used since the 1950s (Balmer, 2001a).

A complete review of the definitions of corporate image over the past five decades is beyond the scope of this study. Kennedy (1977), Abratt (1989), Brown (1998) and Stern et al. (2001) each provide reviews of the development of the corporate image concept to

that point in time respectively. This section aims to identify the main fields of research that have addressed this construct, and to analyse in greater depth the marketing approach to this term.

As stated earlier, image at the corporate level is analysed from different disciplinary perspectives (see Table 3.1).

**Table 3.1. A Review of Conceptualisations of Corporate Image**

<b>Discipline</b>	<b>Definition</b>	<b>Author(s)</b>
Organisational Behaviour	The way organisation members believe others see the organisation	Dutton and Dukerich (1991)
	Impression held by an individual or a group towards an organisation	Hatch and Schultz (1997)
Psychology	Symbolic associations between organisations and stakeholders	Grunig (1993)
Sociology	The inner picture (sense image) and fabrication (communicated image)	Alvesson (1990)
Marketing	Perceptions, (mental) picture or impressions of an organisation that reside in the public's mind	Winick (1960); Spector (1961); Carlson (1963); Britt (1971); Margulies (1977); Gronroos (1984); Johnson and Zinkhan (1990); Balmer (1995); Balmer and Stotvig (1997); Gray and Balmer (1998); Balmer and Gray (2000); Gotsi and Wilson (2001); Balmer and Greyser (2002)
	Beliefs about an organisation	Dowling (2004)
	Cognitive and affective components constitute the corporate image construct	Cohen (1963); Bernstein (1984); Dowling (1986); Barich and Kotler (1991); van Riel (1995); Brown and Dacin (1997); Markwick and Fill (1997); Brown (1998); Dowling (2001); Melewar (2003)

The organisational behaviour literature focuses on 'organisational image' and views it as "*the way they [organisation members] believe others see the organization*" (Dutton and Dukerich, 1991, p.520). Therefore, studies adopt an inside approach, which is also taken when defining organisational identity (Hatch and Schultz, 2000). Hatch and Schultz (1997, p.359) take a broader perspective by integrating both the marketing and the organisational approaches and conceptualise organisational image as "*a holistic and vivid impression held by an individual or a particular group towards an organization (...)*".

Balmer (1998) includes the psychology paradigm as another field of research that explores corporate image, concentrating on the symbolic link between an organisation and its various publics. Similarly, sociologists discuss corporate image as "*sense image*" and "*communicated image*" (Alvesson, 1990, p.376).

The marketing literature conceptualises corporate image mainly from the viewpoint of the receiver (Grunig, 1993) i.e. image is located in the minds of individuals and, hence, it is not a possession of the company itself (Brown, 1998; Stern et al., 2001). Furthermore, it is generally acknowledged that the corporate image may be different from one individual to another (Dowling, 1986; 1993; Olins, 1989; Barich and Kotler, 1991; Balmer, 1995; van Riel, 1995; Markwick and Fill, 1997). A review of the definitions of corporate image reveals three groups: (1) definitions that see corporate image as perceptions, a mental picture or impressions of an organisation located in the minds of individuals (e.g. Balmer, 1995); (2) definitions of corporate image at the cognitive level (e.g. Dowling, 2004); and (3) definitions that view beliefs and feelings

as the components of the corporate image construct (e.g. Dowling, 1986). There is some overlap among the elements of the different definitions.

The first group of definitions views corporate image as perceptions, a (mental) picture or impressions of an organisation that reside in the public's mind (e.g. Winick, 1960; Spector, 1961; Carlson, 1963; Britt, 1971; Margulies, 1977; Gronroos, 1984; Johnson and Zinkhan, 1990; Balmer, 1995; Balmer and Stotvig, 1997; Gray and Balmer, 1998; Balmer and Gray, 2000; Gotsi and Wilson, 2001; Balmer and Greyser, 2002). For example, Balmer (1995, p.25) conceptualises corporate image as the "*held perceptions of an organization by a group or groups*" and Johnson and Zinkhan (1990, p.346) as "*the impression of a particular company held by some segment of the public*".

The second group of studies conceptualises corporate image at the cognitive level. Dowling (2004, p.21) indicates that corporate image is "*a person's beliefs about an organisation*". Balmer (1998, p.971), when explaining the differences between corporate image and corporate reputation, states that corporate image refers to the "*latest beliefs*". Finally, scholars over the years have broadened this view by incorporating the multiple interactions that form corporate image. They argue that experiences, beliefs, feelings and knowledge about a company are all sources that shape corporate image (e.g. Bernstein, 1984; Dowling, 1986; van Riel, 1995; Markwick and Fill, 1997; Melewar, 2003). In this group corporate image is defined as "*the net result of the interaction of all the experiences, impressions, beliefs, feelings and knowledge that people have about a company*" (Bevis, 1967, quoted by Bernstein, 1984, p.125). Therefore, both cognitive and affective components are included in the corporate image construct (e.g. Cohen, 1963; Barich and Kotler, 1991; Dowling, 2001). In this line,

Brown and Dacin (1997, p.69) propose the term ‘corporate associations’ as a generic construct to refer to “*all the information about a company that a person holds*”, and they add that these associations “*might include (...) beliefs about a company; a person’s knowledge of his or her prior behaviors with respect to the company; information about the company’s prior actions; moods and emotions experienced by the person with respect to the company (...)*”. In summary, corporate associations are “*what an individual knows or feels about a particular organization*” (Brown, 1998, p.215). Consequently, the corporate image construct is conceptualised as a cognitive and affective structure.

From the organisational behaviour researchers’ perspective, a large proportion of the marketing authors adopt an external perspective (Bromley, 1993; Hatch and Schultz, 1997; 2000), without paying enough attention to inside the organisation (Hatch and Schultz, 1997). There are a number of exceptions such as Kennedy (1977), Dowling (1986; 1993) and Stuart (1998) that incorporate the personnel’s impressions as one of the elements of their respective models of corporate image formation. An additional weakness is that marketing studies rarely contemplate organisational members’ beliefs of what outsiders think of the organisation and the associations the organisation wants audiences to hold about the organisation, notions that Brown et al. (2006) label as ‘construed image’ and ‘intended image’, respectively.

### **3.3.2. CORPORATE IMAGE: A WORKING DEFINITION FOR THIS THESIS**

A significant number of studies within the corporate image literature conceptualise corporate image as a construct comprised of beliefs and feelings i.e. a rational component and an emotional component (e.g. Cohen, 1963; Bernstein, 1984; Dowling,

1986; Barich and Kotler, 1991; van Riel, 1995; Markwick and Fill, 1997; Dowling, 2001; Melewar, 2003). Furthermore, Brown and Dacin (1997, p.69) propose the term ‘corporate associations’ as a generic construct to refer to “*what an individual knows or feels about a particular organization*” (Brown, 1998, p.215); therefore, distinguishing between affective and cognitive associations. Van Riel (1995, p.75) adds that people form an image of a company “*by means of chains or networks of associations which are built up over a period of time as a result of slowly accumulating stimuli*”. Consequently, the corporate image construct is conceptualised in this study as a cognitive and affective structure, a network of affective and cognitive associations linked to the company. Mirroring these writings, the following working definition of corporate image is applied in this thesis: *Corporate image is a mental network of affective and cognitive associations connected to the company.* This conceptualisation takes an associative network perspective, whereby corporate image consists of nodes linked together in the consumers’ memory network with regard to a specific company (Collins and Loftus, 1975; Anderson, 1983).

### **3.4. DETERMINANTS OF CORPORATE IMAGE**

Previously published research shows that corporate image can derive from a range of sources. Expanding upon Dowling’s (1986) and van Riel’s (1995) conclusions, the factors that shape the image of a company can be grouped into three categories, namely corporate, individual and environmental determinants. This section aims to look into studies that explore these factors within the corporate branding literature.

A large proportion of authors adopt an inside-out approach, placing emphasis on the importance of the factors that are under the company’s control in determining corporate



image. These corporate factors include corporate identity, corporate personality and corporate communications (de Chernatony, 1999; Balmer, 2001a). This internal approach is highlighted in various conceptual models on corporate image formation, where the company itself is seen as the main factor that shapes the stakeholders' image of the organisation (e.g. Abratt, 1989; Balmer, 1995; Wilkinson and Balmer, 1996; Stuart, 1998).

Yet, several studies also identify factors that relate to the individual receiver as additional determinants of corporate image. Kennedy (1977), Bernstein (1984) and Dowling (1986; 1993), for instance, stress the influence that current and prior personal experiences with the company (through its products, customer-facing personnel, etc.) have in determining corporate image. The receiver's own economic, social and personal background may influence the assessment of such experiences and, hence, may influence corporate image formation (Bromley, 1993; Fombrun, 1996; Gotsi and Wilson, 2001).

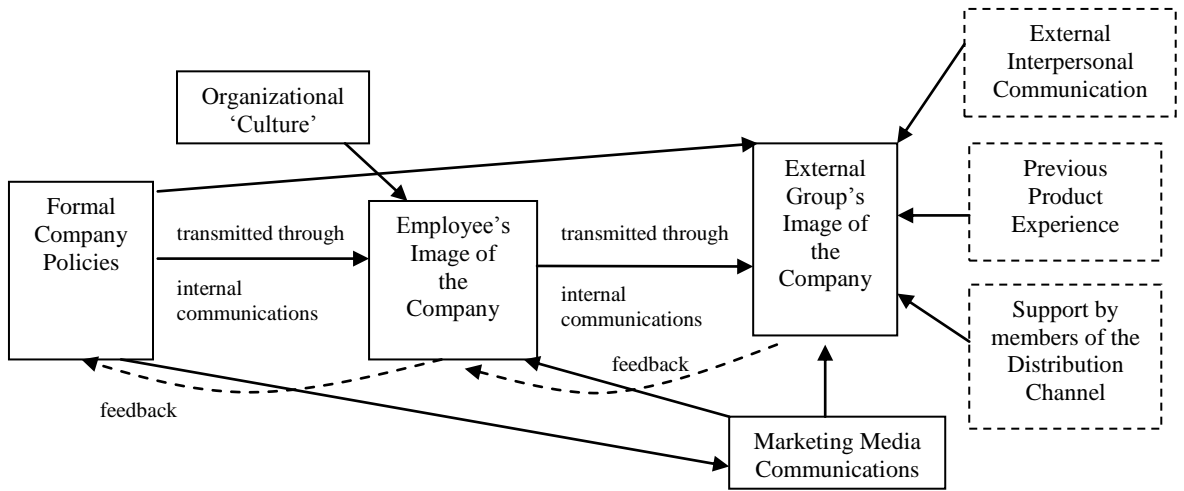
Lastly, environmental factors may also influence corporate image formation. Focusing on the conceptualisation of the environment construct, Markwick and Fill (1997) indicate that environmental influences consist of external factors like competitors, the industry and the sector. Stuart (1999) incorporates environmental forces as one of the components of her conceptual model and Balmer (Balmer and Gray, 2000; Balmer, 2001a) describes the environment as consisting of five forces, namely political, economic, ethical, social and technological. Additionally, Balmer classifies the COO and the industry as exogenous factors (Balmer and Gray, 2000). The environment of an organisation as a system can be understood as "*anything not belonging to the system in*

*question*” (Kramer and Smit, 1977, p.34). Therefore, a number of factors such as industry image; country image; distributors; competitors; political, cultural, economic, ethical and social and technological forces and so on are considered as determinants belonging to the environment. This section reviews the conceptual models of corporate image formation that incorporate environmental factors that influence corporate image. The details of these models are highlighted below.

Bernstein (1984) appears to be the first author who has recognised the role of COO in shaping the image of a company. He made a significant theoretical contribution to the corporate image formation literature by depicting a wheel comprising the different publics of a company, the channels of communication with these groups of stakeholders and, finally, the industry and the COO as the two components that can shape the company image. It seems to be the first conceptual model that acknowledges the country image as a factor affecting the image of a company. Therefore, the author breaks away from earlier models and establishes an influential external factor that is developed in later studies (e.g. Dowling, 1993; Balmer and Gray, 2000).

Dowling’s (1986) model incorporates two environmental forces, namely members of the distributor channels and other individuals that communicate face-to-face with members of the external group (see Figure 3.1). These two factors have a direct impact on the image of the company by external groups and an indirect impact on the employees’ image. In his study, Dowling clarifies that corporate image consists of the perceptions of both those internal and those external to the organisation.

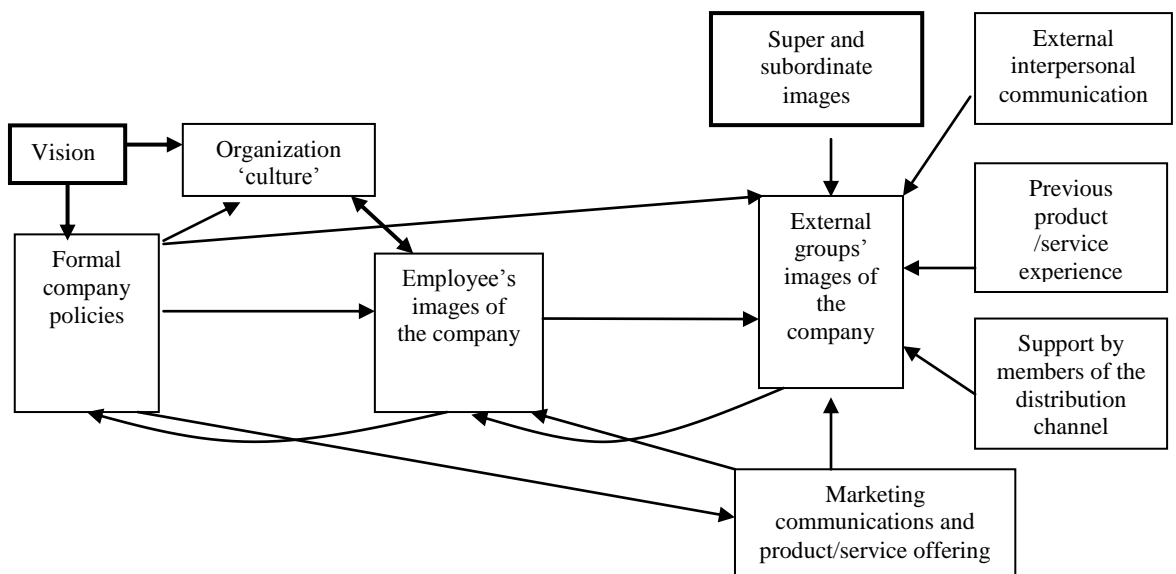
**Figure 3.1. Corporate Image Formation Process**



Source: Dowling (1986, p.111)

Seven years later, Dowling (1993, p.105) revised his previous framework (Dowling, 1986), retaining the same external systems, but adding the 'super and subordinate images' that refer "to the country, industry and brand images (...). The terms super and subordinated images are used to indicate that the corporate image is often part of a hierarchy of images" (see Figure 3.2).

**Figure 3.2. Creating Corporate Images**

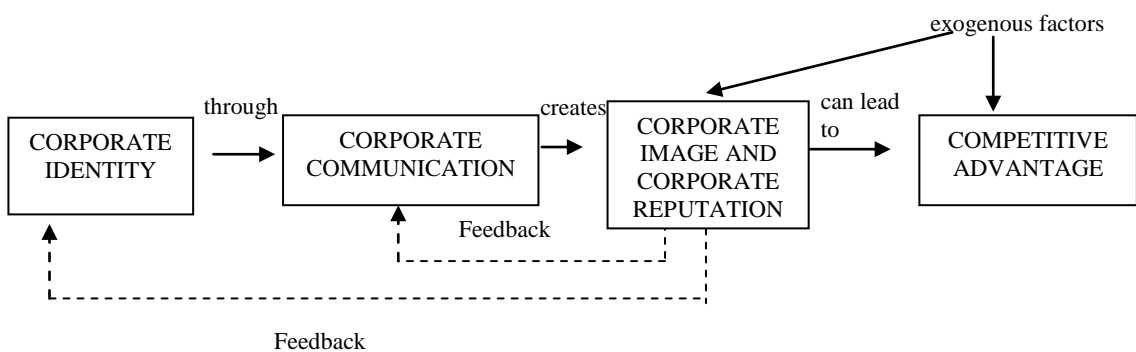


Source: Dowling (1993, p.103)

Markwick and Fill's (1997) model acknowledges the presence of 'environmental influences' i.e. external factors like competitors' activities, changes associated with the industry/sector that affect both corporate identity and corporate image. The perceptions that stakeholders hold of the organisation result not only from this external factor, but also from the corporate identity and the organisation and marketing communication that act as a connection between identity and image.

Gray and Balmer (1998) depict a model containing the most relevant elements to manage corporate image and reputation (see Figure 3.3). In spite of its simplicity, they include 'exogenous factors' like "*control of critical resources, propriety relationships and sheer luck*" (Gray and Balmer, 1998, p.701) that affect the perceptions of the organisation held by both external and internal stakeholders. The corporate image is also formed by the corporate identity and corporate communication and, simultaneously, both can be impacted by the image of the organisation.

**Figure 3.3. Operational Model for Managing Corporate Reputation and Image**



Source: Gray and Balmer (1998, p.696)

In Balmer's (1998) conceptual framework, the environmental forces, comprised of demographic, economic, natural, technological, political and cultural forces, surround

the whole process, influencing every single element of the process, including corporate image. Similar to Balmer's (1998) model, the environmental forces impinge upon all the elements of Stuart's (1999) conceptual framework. Furthermore, corporate image is impacted by and has an impact on the internal components of the organisation.

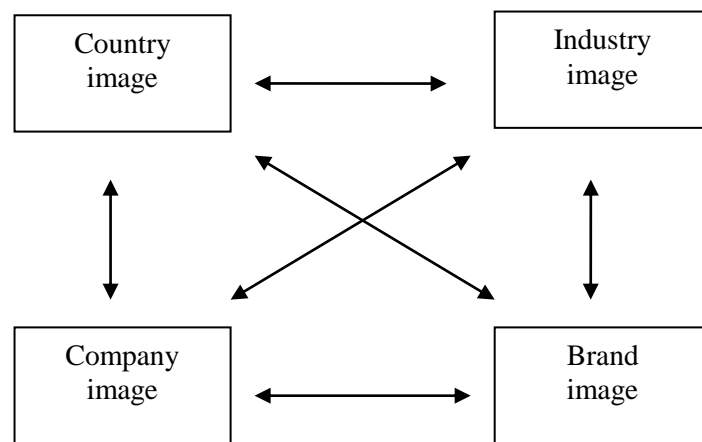
The model developed by Balmer and Gray in 2000 includes five environmental categories, namely political, economic, ethical, social and technical forces, that impact on the whole process. Furthermore, the exogenous factors are also highlighted and impact both the external and the internal public's perception of the organisation. The authors conceptualise the exogenous variables as "*(...) factors including: (i) COO, image and reputation, (ii) Industry image and reputation and (iii) Images and regulations of alliances and partnerships, etc.*" (Balmer and Gray, 2000, p.260), that affect the employees' views and the external public's perceptions of the organisation. Consequently, the corporate image results from two external factors, namely environmental forces and exogenous factors, and also from the corporate identity through communication with stakeholders. At the same time, corporate image affects corporate identity and secondary communication through the feedback tool.

The previously reviewed theoretical frameworks show a common shortcoming: they mainly assume that the relationship between the environment, understood as "*anything not belonging to the system in question*" (Kramer and Smit, 1977, p.34), and the organisation is unidirectional, the environment affecting the organisation.

As stated earlier, Bernstein (1984) and Dowling (1993) appear to be the first authors in highlighting the significance of country image in corporate image formation, followed by Balmer and Gray in 2000. Dowling (1994; 2001) depicts a 'network of images'

comprising four components, namely country image, industry image, company image and brand image (see Figure 3.4). These elements are linked in the figure through two-way arrows indicating the interaction between each pair of components. Therefore, “*the image of countries (...) can enhance or detract from the images people hold of their companies, industries and brands*” (Dowling, 1994, p.145).

**Figure 3.4. A Network of Images: Six Sources of Marketing Leverage**



Source: Dowling (1994, p.145)

Dowling (1994; 2001) breaks away from traditional frameworks and acknowledges that country image not only can affect, but also can be affected by the company image. However, when Dowling (1994) analyses the country image-company image connection, he is concerned about how companies link themselves with their COO through incorporating geographical references in the corporate visual identity elements, such as the company name and slogans. Therefore, there is a degree of confusion between image and identity.

Dowling refers to the links between country image and company image when analysing the relationship between country image and brand image: “*On a grand scale, brand names such as Apple, Boeing, Coca-Cola, Disney, Ford, IBM, Kodak, Levi’s, McDonald’s and Xerox have helped shape the image of the USA. Also, the USA’s reputation as a fast moving business and consumer society, helps these brands to be successful outside the USA. Similarly, brands such as Canon, Fuji, Honda (...) help define the image of Japan, and are supported by Japan’s reputation for quality products*” (Dowling, 1994, p.147).

As a summary of the models that emphasise the corporate image and the relationship between corporate image and the environment, several conclusions are highlighted below:

- The multiplicity of images of the organisation that stakeholders may hold is not widely acknowledged.
- There is confusion in the terminology used to refer to the environment: the ‘exogenous factors’ (Gray and Balmer, 1998; Balmer and Gray, 2000), ‘environmental influences’ (Markwick and Fill, 1997), ‘super and subordinate images’ (Dowling, 1993), ‘members of the distribution channel’ (Dowling, 1986; 1993) and ‘environmental forces’ (Balmer, 1998; Stuart, 1999; Balmer and Gray, 2000) study the same phenomenon –“*anything not belonging to the system in question*” (Kramer and Smit, 1977, p.34)– under different labels.
- The conceptual frameworks do not pay enough attention to the corporate image-country image relationship. They mainly assume that the relationship is

unidirectional, the country image affecting corporate image. For example, Bernstein's (1984), Dowling's (1993) and Balmer and Gray's (2000) models include the influence of country image on corporate image. Dowling's (1994; 2001) framework goes further and acknowledges a two-way relationship between country image and corporate image.

### **3.5. OPERATIONALISATION OF CORPORATE IMAGE**

Despite the acknowledged importance of the corporate image construct, literature has reached little consensus on how to operationalise corporate image (van Riel et al., 1998; Flavian et al., 2004). Dowling (1988) and van Riel et al. (1998) propose a broad range of methods to measure corporate image, including not only structured or closed methods like surveys, but also unstructured or open methods. According to van Riel et al. (1998), the selection of the corporate image measurement technique is affected by a number of determinants such as the conceptualisation of the corporate image construct adopted by the researcher, the aim of the study, the ease of data analysis, the costs of data gathering, the appeal of the technique from the respondents' perspective, the type of result generated by the measurement technique, the data collection method and finally, the kind of task required to evaluate a company. Methods to operationalise corporate image, therefore, range from attitude scales to Q-sort, photosort, laddering, the Kelly Repertory Grid (KRG) and the natural grouping method. The first two are classified as closed methods, unlike the other four techniques that give more freedom to respondents to describe the company and use the oral interview as the data gathering method.

Emphasis should be placed on the attitude scale method and its data collection technique, the survey, and also on the laddering method. Although surveys are



acknowledged as the most frequently used method in corporate image studies (van Riel et al., 1998), scholars apply a variety of measures to encapsulate corporate associations in the eyes of stakeholders (Nguyen and Leblanc, 2001; Berens and van Riel, 2004). Perhaps the similarity of the concepts that relate to such associations may partly explain this confusion (Balmer, 2008). For instance, some studies measure corporate image assuming that the attributes of a company's image are similar to those of a person (e.g. Spector, 1961; Davies et al., 2003; Slaughter et al., 2004). Davies et al. (2003) and Slaughter et al. (2004), for example, extend Aaker's (1997) understanding of brand personality and apply it at the corporate level. Other measures focus on specific corporate associations. For instance, Newell and Goldsmith (2001) propose the Corporate Credibility Scale to measure corporate associations related to trust. Table 3.2 reviews some of the available measures.

**Table 3.2. Measures of Corporate Image**

<b>Year</b>	<b>Author(s)</b>	<b>Dimensions</b>	<b>Sub-dimensions</b>	<b>Items</b>	<b>Items Origin</b>
1961	Spector	6 dimensions:		45 items. Spector only mentions a subset of the 45 items:	Psychological tests of personality, previous image research data
		Dynamic		Pioneering, flexible, active, goal-oriented	
		Co-operative		Friendly, well-liked, maintains self-respect, eager to please	
		Business-wise		Shrewd, persuasive, well-organised	
		Character		Ethical, reputable, respectful	
		Successful		Self-confidence, finance	
		Withdrawn		Aloof, secretive, cautious	
2001	Newell and Goldsmith	Expertise		The XYZ Corporation has a great amount of experience The XYZ Corporation is skilled in what they do The XYZ Corporation has great expertise The XYZ Corporation does not have much experience	Relevant past source, corporate credibility research, dictionary definitions
		Trustworthiness		I trust the XYZ Corporation The XYZ Corporation makes truthful claims The XYZ Corporation is honest I do not believe what the XYZ Corporation tells me	

**Table 3.2. (continued)**

<b>Year</b>	<b>Author(s)</b>	<b>Dimensions</b>	<b>Sub-dimensions</b>	<b>Items</b>	<b>Items Origin</b>
2003	Davies et al.	Agreeableness	Warmth	Friendly, pleasant, open, straightforward	Psychology literature, marketing literature, original qualitative and quantitative research
			Empathy	Concerned, reassuring, supportive, agreeable	
			Integrity	Honest, sincere, trustworthy, socially responsible	
		Enterprise	Modernity	Cool, trendy, young	
			Adventure	Imaginative, up to date, exciting, innovative	
			Boldness	Extrovert, daring	
		Competence	Conscientiousness	Reliable, secure, hardworking	
			Drive	Ambitious, achievement oriented, leading	
			Technocracy	Technical, corporate	
		Ruthlessness	Egotism	Arrogant, aggressive, selfish	
			Dominance	Inward looking, authoritarian, controlling	
		Chic	Elegance	Charming, stylish, elegant	
			Prestige	Prestigious, exclusive, refined	
			Snobbery	Snobby, elitist	
	Informality	Casual, simple, easy going			
	Machismo	Masculine, tough, rugged			
2004	Slaughter et al.	Boy Scout	Friendly, attentive to people, pleasant, family-oriented, cooperative, personal, helpful, clean, honest	Studies of human personality and brand personality, original research	
		Innovativeness	Interesting, exciting, unique, creative, boring, plain, original		
		Dominance	Successful, popular, dominant, busy, active		
		Thrift	Low budget, low class, simple, reduced, sloppy, poor, undersized, deprived		
		Style	Stylish, fashionable, hip, trendy		

The main gap in the measurement of corporate image is the absence of a widely adopted and standardised scale that can be applied to all corporate brands and to different stakeholders (Davies et al., 2001). However, Dowling (1988) warns not to adopt a standardised set of attributes to measure a company image, as each stakeholder group may perceive the corporation differently. Therefore, the author provides a list of factors to consider when choosing the corporate image items, namely the characteristics of the public, the nature of the research, the visual identity of the company and the hierarchical relationship among different kinds of image.

The laddering method is included in many of the later academic publications on the operationalisation of corporate image and/or corporate identity (e.g. van Riel, 1995; van Rekom, 1997; van Riel and Balmer, 1997; van Riel et al., 1998; Ind, 2004). The laddering technique was initially used to measure product and brand images and was applied in the corporate identity field by van Rekom in the early nineties (van Rekom, 1992). It was later incorporated in van Riel et al.'s (1998) study as a measurement method of corporate image: through conducting in-depth interviews, stakeholders provide their impressions of a company's name, revealing aspects that the interviewer would develop further by asking repeatedly 'why is this important to you?' until obtaining a chain of meanings. Van Riel et al. (1998), however, clarify that this method is more frequently used to determine industry images rather than corporate image.

### **3.6. GAPS IN THE EXISTING LITERATURE ON CORPORATE IMAGE**

Previous conceptual models of corporate image formation have not devoted sufficient attention to the impact of the organisation on the different components of the environment. They mainly address the effects of environmental forces on the corporation. Therefore, they mostly adopt a unidirectional approach, neglecting the impact that the corporate image is likely to have on its environment and, in particular, on COI. A limited number of frameworks (e.g. Bernstein, 1984; Dowling, 1993; Balmer and Gray, 2000) look into the influence of country image on corporate image, and only one (Dowling, 1994; 2001) recognises the reciprocal relationship between country image and corporate image. Balmer (2001a) acknowledges the lack of attention to the influence of the environment and, specifically, to the effects of the COO as one of the weaknesses of the theoretical frameworks. Therefore, there is a lack of knowledge on the influence of corporate image on COI.

### **3.7. SUMMARY**

This chapter sought to create a theoretical background for the thesis by reviewing literature relevant to conceptualising and measuring corporate image. The chapter began by identifying the characteristics of corporate brands and the elements that set corporate brands apart from product brands. It is widely recognised that successful corporate brands are important assets that create value for a company. Within the marketing area there has been a shift of theoretical and practical attention from product brands to corporate brands.

The chapter then focused on corporate image by reviewing the definitions, determinants and measures developed to capture the image of a company. Corporate image has been conceptualised from different disciplinary perspectives like organisational behaviour, psychology, sociology and marketing, the latter adopting the receiver's side. Three groups of definitions were identified: (1) corporate image as perceptions, a mental picture or impressions of an organisation located in the minds of individuals; (2) corporate image as a cognitive structure; and (3) beliefs and feelings as the components of the corporate image construct. Having reviewed the literature, the author followed studies that conceptualise corporate image as a construct comprised of cognitions and affects, and defined corporate image as "*a mental network of affective and cognitive associations connected to the company*".

The focus of attention then moved to the determinants of corporate image. Emphasis was placed on the environmental factors that influence corporate image. The chapter then analysed the methods and measures available to operationalise corporate image. Although the survey is the most commonly used method, there is no widely adopted and standardised scale. The chapter ended with a review of the gaps in the existing literature on corporate image.

In a sense, this chapter forms the second foundation stone for this thesis. The next chapter aims to review studies on the influence of corporate image on COI as the third foundation stone.

## **CHAPTER 4**

### **INFLUENCE OF CORPORATE IMAGE ON COUNTRY OF ORIGIN IMAGE**

## **4. INFLUENCE OF CORPORATE IMAGE ON COUNTRY OF ORIGIN IMAGE**

### **4.1. INTRODUCTION**

The previous chapters reviewed definitions, measures and determinants of country image and corporate image. The main purpose of this chapter is to integrate product, corporate and place branding, COO and image transfer literature in order to explore the influence, firstly, of product image on country image and, secondly, of corporate image on country image. While the former is analysed by reviewing existing studies on COO, the latter draws on corporate branding, COO and place branding literature to understand the corporate image-country image influence. Image transfer research provides the theoretical framework to understand the potential transfer of associations from corporate brands to countries in the minds of consumers.

### **4.2. COUNTRY OF ORIGIN IMAGE AND PRODUCT IMAGE RELATIONSHIP**

#### **4.2.1. INTRODUCTION**

The influence of country image on the consumer's evaluations of products, known as COO effect and also referred to in the literature by the terms 'product-country image' (Papadopoulos and Heslop, 1993), 'country image effect' (Nebenzahl et al., 1997) and 'made-in image' (Nagashima, 1970), has been one of the most researched fields in international marketing over the past four decades (Tan and Farley, 1987; Peterson and Jolibert, 1995). This body of research has provided detailed reviews and meta-analyses of previous studies (e.g. Bilkey and Nes, 1982; Baughn and Yaprak, 1993; Liefeld,



1993; Peterson and Jolibert, 1995; Al-Sulaiti and Baker, 1998; Verlegh and Steenkamp, 1999; Javalgi et al., 2001; Dinnie, 2004a). However, despite the large volume of investigations, there are still misunderstandings (Papadopoulos, 1993; Verlegh and Steenkamp, 1999; Papadopoulos and Heslop, 2002) and mixed results regarding the impact of COO (Askegaard and Ger, 1997).

Although there is no generally accepted definition of the COO effect (Sauer et al., 1991), the majority of published studies in this area show that consumers hold stereotype images of countries (e.g. Bannister and Saunders, 1978; Cattin et al., 1982; Papadopoulos et al., 1989) and that these views influence consumers' evaluations of products and purchase intentions (Bilkey and Nes, 1982; Han and Terpstra, 1988). This effect is found to exist for products in general (Nagashima, 1977; Howard, 1989), for product categories (Hong and Wyer, 1989; Roth and Romeo, 1992) and for specific brands (Han and Terpstra, 1988; Chao, 1993).

However, a number of authors question the salience of COO in the product evaluation process and consumers' behaviour. Peterson and Jolibert (1995) and Verlegh and Steenkamp (1999) indicate in the conclusions of their respective meta-analyses that the effect size of COO is weaker when a multiple-cue approach is adopted. Furthermore, a selection of studies have shown that other extrinsic cues like brand name and price may have stronger effects on product evaluation than COO (e.g. d'Astous and Ahmed, 1999; Lee and Ganesh, 1999). Peterson and Jolibert (1995) and Verlegh and Steenkamp (1999) also demonstrate that COO has a smaller effect on purchase intention than on perceived quality. In addition, other authors have raised doubts about the results of previous research by reporting some empirical evidence that the level of awareness that

consumers have about brands' origins is limited. Thus, they conclude that COO information is not very relevant to consumers (Samiee et al., 2005).

The globalisation of the economy and the consequent growth of multinational products (Johansson and Nebenzahl, 1986), referred to as 'hybrid products' (Chao, 1993), have generated an exchange of views in the field about the definition and multidimensional nature of the COO construct, and also the relevance of the product's COO (Johansson, 1989; Papadopoulos, 1993). One of the consequences of the rise of products that may be designed in one country and manufactured in another is the decomposition of COO into country of design and country of assembly (Chao, 1993; Ahmed and d'Astous, 1995; Inch and McBride, 1998; Ahmed and d'Astous, 1999), brand origin or country of brand (Ulgado and Lee, 1993; Thakor and Kohli, 1996; Hulland, 1999), country of manufacture (Ulgado and Lee, 1993; Samiee, 1994) and country of corporate ownership (Thakor and Lavack, 2003).

The ongoing discussion on the effect of the increasing level of globalisation of business on the salience of COO effects has divided researchers into those who hold that the significance of COO may be weaker (e.g. Samiee, 1994) and others that support that its relevance will be greater (e.g. Johansson and Nebenzahl, 1986; Papadopoulos et al., 1988; Papadopoulos, 1993).

The effects of COO are found to be moderated by individual (Greer, 1971; Heslop and Wall, 1985; Wall et al., 1989; Smith, 1993; Sharma et al., 1995), country (Wang and Lamb, 1983; Nes and Bilkey, 1993; Shimp et al., 1993, Klein et al., 1998) and product-level factors (Hooley et al., 1988; Lin and Kao, 2004). Nevertheless, the conclusions of

these studies are mixed; for instance, while Schooler (1971) shows that demographic variables like age, gender and education affect consumers' attitudes towards foreign products, Dornoff et al. (1974) cannot find any relationship between gender and perceptions of products.

The level of economic development, together with the political and cultural environment of the COO, is reported to influence consumers' willingness to purchase a product (Wang and Lamb, 1983; Han, 1990). Products from developed countries are evaluated more favourably (Schooler, 1971; Cordell, 1991). The role that the product itself plays in consumers' evaluations is explored through the nature of the products (Ettenson et al., 1988; Hong and Wyer, 1989; Piron, 2000) and also via the influence of other extrinsic cues like the brand name (Tse and Gorn, 1993; Lee and Ganesh, 1999). Moreover, Papadopoulos and Heslop (1986) explore the impact of travel experience on consumers' perceptions of a country's products and conclude that the degree of match between image and reality is higher for those visiting a country. These concepts are analysed and summarised by Samiee (1994) and Pharr (2005) through conceptual models of COO influence.

#### **4.2.2. EVIDENCE OF A BILATERAL RELATIONSHIP**

Most extant research in this area largely assumes that the relationship between product image and country image is unidirectional, the image of the country wielding influence on product image (Papadopoulos et al., 1990b). However, a number of authors in the COO literature have demonstrated through empirical studies and/or conceptual models that product image not only is affected, but can also affect the country image. The studies that analyse this interaction can be grouped into four categories. The details of

these works and their contribution to this subject are examined below and are summarised in Table 4.1.

**Table 4.1. A Review of COO Studies that Highlight the Influence of Product Image on Country Image**

<b>Year</b>	<b>Author(s)</b>	<b>Source</b>	<b>Findings</b>
1970	Nagashima	Insight	Leading product brands from a country can shape the consumer's image of that country.
1989	Han	Conceptual model - Empirical research	Country image can act as a halo (country image affecting product image) or as a summary construct (product image influencing country image), depending on the familiarity with the country's products.
1990b	Papadopoulos et al.	Empirical research	The findings of the study indicate a bidirectional effect: attitudes towards the products from a country can influence and/or be influenced by the views towards the country and its people. Thus, the authors question earlier studies for presupposing that the influence is one-way.
1991; 1996	Nebenzahl and Jaffe	Empirical research	A strong global product brand, Sony VCR, can enhance the weak country image of Russia and simultaneously, this negative country image deteriorates the brand image of Sony.
1993	Heslop and Papadopoulos	Empirical research	Under no circumstances is the product and country image relationship uni-directional. However, the direction of the influence is not so obvious. In certain countries one direction may be more predominant.
1997	Kim and Chung	Conceptual model	Although the authors do not mention explicitly a bidirectional relationship, their theoretical framework suggests that a global brand image can be affected by the country image. At the same time, brands from a certain country can influence their country image formation through their intangible assets or liabilities. The shared perception of these brands influences the overall image of the country.
1997	Li et al.	Empirical research	Results confirm that product image affects country image. The reverse, the influence of country image on product image, is found to be moderated by consumers' familiarity with the country.
2001	Jaffe and Nebenzahl	Conceptual model	Dynamic model. Country image can operate as a halo and as a summary effect simultaneously. Country image changes over time.

a) Multiple-cue studies

From the information processing standpoint, consumers use cues in product evaluation (Bilkey and Nes, 1982). These cues can be divided into extrinsic and intrinsic (Olson and Jacoby, 1972), the COO and brand name being considered as extrinsic attributes (Liefeld, 1993; Ahmed and d'Astous, 1995).

Limited research attention in the COO literature is given to assessing the relative impact of brand and country image cues on the consumers' product evaluation and the interaction between these two constructs to investigate whether a strong brand name can override the effect of a negative country image and vice-versa (e.g. Wall et al., 1991; d'Astous and Ahmed, 1992; Ettenson, 1993; Nes and Bilkey, 1993; Tse and Gorn, 1993; Tse and Lee, 1993; Ulgado and Lee, 1993; Häubl, 1996; Ahmed et al., 2002). Results show conflicting perspectives: while some authors demonstrate that well-known brand names can compensate for a weak country image (e.g. Tse and Lee, 1993; Ulgado and Lee, 1993), the opposite is found to hold true as well; strong brands may not overcome the image consumers have of the product's origin, thus there is no interaction between the brand name and COI (e.g. Nebenzahl and Jaffe, 1993; Tse and Gorn, 1993; Ahmed et al., 2002).

As Nebenzahl et al. (1997) and Jaffe and Nebenzahl (2006) highlight, the findings of their research carried out in 1991 and 1996 (Nebenzahl and Jaffe, 1991; 1996) show that there can be a two-way influence between a product's brand image and the country image. A strong global product brand like Sony VCR can enhance the weak country image of Russia, if the production is shifted to this country, and, simultaneously, this negative country image deteriorates the brand image of Sony.

b) Studies that incorporate both product-relevant and country-specific attributes to measure country image

Papadopoulos et al. (1990b) explore the COO effect from a transnational approach including western markets and an eastern socialist country, like Hungary, to analyse both markets. Their findings indicate that there could be a bidirectional effect: attitudes towards the products from a country can influence and/or be influenced by the views towards the country and its people. Thus, the authors criticise previous research for being superficial and assuming that the interaction was one-way without considering that this causal relationship could be more complicated.

Heslop and Papadopoulos (1993) carried out an eight-country study to assess products, countries and their people, experiences visiting the countries, the importance of COO, the level of country-product associations and favourite origins for purchasing products. The results led them to conclude that under no circumstances is the product and country images relationship a one-way interaction. However, the direction of the influence is not always obvious, as it has been found that at times in specific countries one direction may be more predominant.

c) Studies that view country image as a halo and as a summary construct

As Li et al. (1997) point out, the relationship between product and country images is identified by Han (1989) when he depicts two causal and independent models showing the halo and summary roles of the country image. The former assumes that when the consumers have a vague image of the products, the perceptions of the product's COO may act as a halo affecting the evaluation of the products (Erickson et al., 1984;

Johansson et al., 1985; Han, 1989). The latter approach concludes that once the consumers have a deeper knowledge and familiarity with the products, country image operates as a summary of the consumers' experience with products from a country (Han, 1989).

Followers of Martin and Eroglu's (1993) work such as Li et al. (1997) implement and extend their approach to analyse the relationship between country image and product image. Based upon Han's (1989) causal models –the halo and the summary constructs– Li et al. (1997) argue for a simultaneous two-way causation between the two concepts. Through the summary construct they hypothesise that one way consumers use to form the image of a country is by summarising their perceptions about the country's products. Thus, product image has an effect on country image. Furthermore, consumers hold views of different countries which affect their consumer product evaluation, so the halo effect is used by Li et al. (1997) to justify the reverse, country image affecting product image. They also add that the higher the familiarity with the country, the more likely it is that the country image will influence product perceptions. The results of their study confirm their hypotheses and support Papadopoulos et al.'s (1990b) finding that the interaction between the two constructs is not as straightforward as it was thought to be by other authors.

A conceptual development of Han's (1989) work is the dynamic model suggested by Jaffe and Nebenzahl (2001, p.45). The authors integrate the halo and summary models by developing a sole model with several steps, the country image operating as a halo at the beginning and, then, changing to a summary effect when consumers are familiarised with the country's products. This model implies that both effects can perform

simultaneously, and that country image can change over time due to the experience with the country's products. This has been supported empirically by Nagashima (1970; 1977) and Darling and Puetz (2002a; 2002b).

d) Other studies

Nagashima (1970) indicates that leading product brands from a country influence the consumers' image of that country. For example, Coca-Cola, Ford and IBM are shaping the image of the USA. Similarly, Nikon, Sony, Toyota and Honda have a positive effect on the image of Japan.

Kim and Chung's (1997) work explores how brand popularity and country-related intangible assets, also referred to as 'country image', interact and influence the market share of brands. Although the authors do not mention explicitly a bidirectional relationship, their theoretical framework suggests that a global brand image can be affected by the brand's country image and that, simultaneously, one of the sources for the formation of country image is the brands from that country with its intangible assets or liabilities. The shared perceptions of these brands shape the overall image of the country.

Finally, studies within the place branding literature have included the products originating from a country as one of the factors that shape the image of that country (Papadopoulos and Heslop, 2002; Jaffe and Nebenzahl, 2006). Anholt (1998, p.397) goes as far as to acknowledge a bi-directional relationship between these two entities: *"brands can create or enhance the perception of a country as much as the reverse"*.



## 4.3. COUNTRY OF ORIGIN IMAGE AND CORPORATE IMAGE RELATIONSHIP

### 4.3.1. INTRODUCTION

Within the corporate branding literature theoretical models that look into the influence of country image on corporate image are scarce (e.g. Bernstein, 1984; Dowling, 1993; Balmer and Gray, 2000). Only one conceptual framework (Dowling, 1994; 2001) recognises the reciprocal relationship between country image and corporate image (see Table 4.2).

**Table 4.2. A Review of Corporate Branding Studies on the Relationship between Corporate Image and Country Image**

Year	Author(s)	Interaction	Contribution
1984	Bernstein	Unidirectional	A company's image can be affected by the image of the industry of which it is part and the image of its COO.
1988; 1993	Dowling	Unidirectional	Super and subordinate images can influence the external groups' images of the company. Super and subordinate images refer to the country, industry and brand images.
1990	Worcester	Unidirectional	The perceptions of companies' nationality of ownership can have an effect on how favourably or unfavourably they are regarded.
1994; 2001	Dowling	Bidirectional	Country image can affect and can also be affected by the images people hold of its companies, industries and brands.
2000	Balmer and Gray	Unidirectional	Perceptions of the organisation can be influenced by a number of exogenous factors including COO, image and reputation.

On the other hand, in the COO and place branding literature a number of studies (e.g. Anholt, 2000; van Ham, 2001; Dinnie, 2008) make theoretical contributions to the examination of the effects of corporations on their COI. Olins (1999), van Ham (2008) and Cerviño (2002) take a step beyond this unidirectional approach. Cerviño (2002), for example, adapts the model depicted by Kim and Chung (1997) to justify his hypothesis of a reciprocal relationship between country image and corporate image. The details of these works and their contribution are highlighted below and summarised in Table 4.3.

**Table 4.3. A Review of COO and Place Branding Studies on the Relationship between Country Image and Corporate Image**

<b>Year</b>	<b>Author</b>	<b>Interaction</b>	<b>Contribution</b>
1999	Olins	Bidirectional	The author equates corporate brands and countries: Sony is Japan and Japan is Sony.
2000	Anholt	Unidirectional	Importance of corporations in influencing a country image. Corporations such as Hyundai, Daewoo, Samsung and LG play a key role in enhancing the image of Korea.
2001	van Ham	Unidirectional	A country's companies are among the most visible country-brand ambassadors.
2002	Cerviño	Bidirectional	Reciprocal relationship between the image of corporate brands and the perceptions of their COO. Cerviño visually shows this bidirectional interaction by adapting the model designed by Kim and Chung (1997).
2008	Dinnie	Unidirectional	The author identifies the country's companies and brands as determinants of the essence of a nation-brand.
2008	van Ham	Bidirectional	In some cases the images of brands and countries merge in the mind of the consumer. Microsoft and Coca-Cola are America as Nokia is Finland (and vice-versa).

#### **4.3.2. INFLUENCE OF COUNTRY IMAGE ON CORPORATE IMAGE**

In the first half of the 1980s Bernstein (1984) published a book on company image and reality, incorporating a framework that captures the industry and the COO as factors that can shape the company image. He made a significant theoretical contribution to the corporate image formation literature by breaking away from previous research and establishing an influential external factor that was developed in later conceptual models like that of Dowling (1993).

Worcester's (1990) empirical studies highlight that this influence is quite complex. For instance, his findings illustrate that while favourability towards oil companies is not affected by being perceived as American-owned or as British-owned, favourability towards companies in the food industry is affected by the perceived nationality of ownership (Worcester, 1990).

Three years later, Dowling (1993, p.105) revised his previous framework (Dowling, 1986), incorporating the notion of 'super and subordinate images' that "*refers to the country, industry and brand images (...)*". The notion of 'super and subordinate images' was suggested by Dowling in a previous study on measuring corporate image (Dowling, 1988).

The model developed by Balmer and Gray in 2000 highlights the exogenous factors, conceptualised as "*(...) factors including: (i) Country-of-origin, image and reputation, (ii) Industry image and reputation and (iii) Images and regulations of alliances and partnerships, etc.*" (Balmer and Gray, 2000, p.260), that affect the perceptions of the organisation.

The previously reviewed theoretical frameworks (Bernstein, 1984; Dowling, 1993; Balmer and Gray, 2000) assume that the relationship between the two image constructs is unidirectional, neglecting the impact that the corporate image is likely to have on its environment and, in particular, on country image.

#### **4.3.3. INFLUENCE OF CORPORATE IMAGE ON COUNTRY IMAGE**

The other side of the relationship (i.e. the influence that corporate image may exert on country image) has been less researched in the corporate branding, COO and place branding fields.

As stated earlier, Bernstein (1984) and Dowling (1988; 1993) appear to be the first authors to highlight the significance of country image in corporate image formation, followed by Worcester (1990). Dowling (1994; 2001) goes further and depicts a

`network of images' comprising four components, namely country image, industry image, company image and brand image (see Figure 3.13 in Chapter 3). These elements are linked in the figure through two-way arrows indicating the interaction between each pair of components. Therefore, "*the image of countries (...) can enhance or detract from the images people hold of their companies, industries and brands*" (Dowling, 1994, p.145) and, simultaneously, country image influences company, industry and brand images. Dowling (1994; 2001) breaks away from traditional models and acknowledges that country image not only can affect, but also can be affected by the company image.

Within the COO and place branding literature a number of studies have also recently called for attention on the influence of corporate image on country image. Anholt (2000), for instance, sees corporations as a significant determinant of country image. He emphasises the key role that companies like Hyundai, Daewoo, Samsung and LG have played in enhancing the brand image of Korea. Similarly, van Ham (2001) and Cerviño (2002) suggest that companies are among the most visible country-brand ambassadors, Dinnie (2008) describes a country's companies as determinants of the nation-brand, and Olins (1999) and van Ham (2008) go as far as to equate corporate brands and countries, the former indicating that "*Sony is Japan and Japan is Sony*" (Olins, 1999, p.13).

## **4.4. THE IMAGE TRANSFER**

### **4.4.1. CONCEPTUALISATION**

Cognitive psychology, through the schema congruity theory (Fiske, 1982; Fiske and Taylor, 1984; Sujan and Bettman, 1989), the categorisation theory (Rosch and Mervis,

1975; Rosch, 1978; Cohen, 1982) and the associative network theory (Collins and Loftus, 1975; Anderson, 1983), provides the theoretical basis to conceptualise the potential transfer of associations (image transfer) from corporate brands to countries in the consumers' memory (Keller, 1993; Riezebos, 2003; Smith, 2004).

Individuals may have an existing schema for a country that is going to influence how new information is structured, organised, interpreted and assimilated with existing knowledge (Crocker et al., 1984; Fiske and Taylor, 1984), and the level of congruence between that information and the schema. Therefore, if a new instance is perceived to match the schema, it will be ascribed associations of the schema (Fiske, 1982). A schema is a *“cognitive structure that contains knowledge about the attributes of a concept and the relationships among those attributes”* (Fiske and Taylor, 1984, p.149). The development of the schema theory is parallel to that of the categorisation theory (Fiske and Taylor, 1984), the latter maintaining that individuals organise information or objects into categories that help them process and understand their environment (Rosch and Mervis, 1975). People recognise category members by evaluating their similarity to the category prototype (Rosch and Mervis, 1975; Rosch, 1978; Fiske and Taylor, 1984). When a person comes into contact with a new member of a category, the beliefs and affect associated with that category are transferred to the new instance (Cohen, 1982; Fiske, 1982; Bhat and Reddy, 2001). What sets cognitive research on schema apart from cognitive research on categorisation is that while the former focuses on the importance of prior knowledge on perception, memory and inference, the latter pays attention to the relationships among the different levels of categories as they are structured hierarchically, and the process of storing the overall knowledge about a category as a

prototype (Fiske and Taylor, 1984). However, both psychological theories have some commonalities like the notion of similarity (Boush et al., 1987).

The associative network theory sees memory as a network of concepts (nodes) that are interconnected by links (Collins and Loftus, 1975; Anderson, 1983). Adopting an associative network approach, corporate image and COI are conceptualised in this study as mental networks of affective and cognitive associations linked to the corporate brand and the COO, respectively (Collins and Loftus, 1975). Anderson (1983) explains that one set of nodes can induce thinking about other nodes. This process, known as the spreading activation process, predicts that the retrieval of the informational nodes of the interconnected network “*is performed by spreading activation throughout the network*” (Anderson, 1983, p.261). The strength of the association in a consumer’s mind between two nodes in the network determines the likelihood of spreading activation i.e. that activation of one node will activate the other and, consequently, the image transfer (de Groot, 1989; Keller, 1993; Herr et al., 1996).

In the marketing literature, scholars have studied image transfer in areas such as brand extension (e.g. Bhat and Reddy, 1997; Grime et al., 2002; Salinas and Perez, 2009), sponsorship (e.g. Gwinner, 1997; Gwinner and Eaton, 1999; Smith, 2004) and celebrity endorsement (e.g. McCracken, 1989; Lynch and Schuler, 1994). For example, McCracken (1989) analyses this process as a transfer of meaning from the celebrity endorser to the brand. Riezebos (2003, p.74) indicates that image transfer occurs when “*the associations valuable to consumers are carried over from one brand to another*”. Therefore, brand associations can be created when a brand becomes connected to another entity in memory and existing associations for the entity become linked with the

brand (Keller, 1993). Drawing on this image transfer literature, it can be argued that if a corporate brand becomes linked to its COO in the consumer's mind, associations connected to the company may be carried over to the country.

#### **4.4.2. DETERMINANTS OF IMAGE TRANSFER**

The strength of the linkage in the consumers' minds between two nodes in the network determines the image transfer (Keller, 2008). Consequently, how closely connected the two nodes are to each other in the minds of individuals affects the extent to which associations are transferred: the stronger the linkage, the greater the transfer of associations.

The strength of association in a consumer's mind between two nodes in the network determines the likelihood that activation of one node will activate the other (Fazio et al., 1986; de Groot, 1989; Fazio, 1989; Keller, 1993; Herr et al., 1996). Therefore, the spreading activation process affects the retrieval in the network: the higher the level of activation, the larger the probability of recall (Anderson, 1983). The strength of a brand node in memory, known as brand awareness in Keller's (1993) terms, determines the level of activation that it can send into the network, so "*more activation will accumulate in those parts of the network that have stronger units*" (Anderson, 1983, p.266). Node strength is influenced by the frequency of exposure (Anderson, 1983), as it affects the frequency of activation of the node and, therefore, the likelihood of retrieving it from memory (Higgins and King, 1981). A significant frequency of exposure is achieved by highly visible brands and, therefore, highly visible brands are more likely to be activated.

The notion of accessibility is linked to the concepts of strength of association and automatic activation. Fazio and Keller (Fazio et al., 1982; 1983; Fazio, 1986; 1990; Keller, 1993; Fazio, 1995) identify the strength of the link between two nodes as the main determinant of the accessibility of information of one of the nodes from memory when an individual encounters the other node. Furthermore, Fazio (Fazio et al., 1986; Fazio and Williams, 1986; Fazio, 1995) relates accessibility to the likelihood of automatic activation from memory of one node upon observation of the other node. Accessibility of information from memory is often operationalised through response latency, defined as the amount of time between stimulus onset and the response of the individual (Fazio et al., 1982; Fazio, 1986; Fazio, 1990). The latency of responses is also an indication of the strength of association in memory: the faster the individual's response, the stronger the association between the two nodes (Fazio, 1989; 1990).

The strength of the connection in the consumer's mind between two nodes and, consequently, the image transfer from one to the other are also determined by the perceived similarity between the two entities (Fazio, 1989; Gwinner, 1997; Keller, 2008). This mirrors studies undertaken in co-branding, celebrity endorsement, sponsorship and brand extension that show that the greater the perceived fit, match-up, similarity or congruence between two entities, the greater the potential image transfer (e.g. Boush et al., 1987; Kaikati, 1987; Aaker and Keller, 1990; Park et al., 1991; Dacin and Smith, 1994; Gwinner and Eaton, 1999; Bhat and Reddy, 2001; Smith, 2004). Looking at the cognitive psychology literature, stimulus generalisation (McSweeney and Bierley, 1984; Bierley et al., 1985), cognitive consistency (Festinger, 1957; Heider, 1958) and categorisation (Mervis and Rosch, 1981) theories have long highlighted the importance of fit in image transfer (Aaker and Keller, 1990; Agarwal and Sikri, 1996).



Although there is no generally accepted definition and operationalisation of perceived fit within the brand extension literature (Grime et al., 2002), Martin and his colleagues (Martin and Stewart, 2001; Martin et al., 2005) review and classify prior definitions of product similarity into four approaches: feature-based similarity, usage-based similarity, goal-based similarity and brand-concept similarity (or brand-concept consistency, in Park et al.'s (1991) terms). The latter approach proposes that perceived similarity between the parent brand and its extension can be based on their image (Park et al., 1991). Bhat and Reddy (1997) refer to this notion as brand image fit.

The level of brand image fit affects not only the likelihood of image transfer, as indicated earlier, but also, according to theories of belief change (Crocker et al., 1984), the potential degree of change in entity associations: the higher the degree of congruence between, for example, a brand image and another entity image, the more likely that the entity associations will remain essentially unchanged (Park et al., 1993; Milberg et al., 1997). Therefore, if they are consistent with each other, brand image mainly reinforces existing entity associations.

In line with the above discussion, when there is brand image fit, the transfer of associations to the entity takes place without involving any remarkable modifications in entity associations (Rumelhart and Norman, 1978; Milberg et al., 1997). However, theories of stereotypic belief change also predict that a brand image incongruent with entity image, brand image unfit, may trigger a change in existing entity associations (Weber and Crocker, 1983; Crocker, 1984; Crocker et al., 1984). These theories provide the basis for analysing the reciprocal effects of an extension on the parent brand within the brand extension literature (e.g. Sullivan, 1990; Keller and Aaker, 1992; Loken and

Roedder John, 1993; Park et al., 1993; Milberg et al., 1997). Weber and Crocker (1983) propose three models to explain the modification of schemas in response to incongruent information: the booking model, that suggests a gradual change and, therefore, the schema goes through an incremental process of minor adjustments; the conversion model, where there is a radical change; and the subtyping model, that results in creating subcategories to accommodate the incongruent information. Crocker et al. (1984) add that determinants of the resistance or flexibility of associations to change are: the degree of discrepancy between the associations and the new information (extreme levels of discrepancy are likely to be rejected); the level of ambiguity of the discrepant information (unambiguous information is required to change the schema); and the level of development of the associations (associations about familiar brands are more difficult to change).

Following the previous example, in the presence of brand associations that are inconsistent with entity associations, new entity associations may also be created if the brand is linked to that entity (Keller, 1993). A number of studies within the brand extension literature also echo this finding (e.g. Loken and Roedder John, 1993; Martinez and de Chernatony, 2004).

#### **4.4.3. OPERATIONALISATION**

Following the associative network approach, both quantitative and qualitative methods are available for eliciting brand associations and, therefore, for accessing information from individuals' memory regarding the corporate brands and the COO. Quantitative studies rely on survey questionnaires, using attribute rating scales or brand personality inventories (Roedder John et al., 2006). Qualitative studies rely on in-depth interviews

and focus groups. Qualitative instruments for eliciting associations range from free elicitation and free recall, commonly used in cognitive research (Olson and Muderrisoglu, 1977), to more structured instruments such as Kelly's Repertory Grid (Kelly, 1955) and laddering (Reynolds and Gutman, 1998). What sets free elicitation apart from free recall is that in free elicitation, the stimulus is more general and non-time specific, and the researcher's main interest is the content and organisation of a structure of knowledge located in the minds of individuals (Olson and Muderrisoglu, 1977). The free association (Krishnan, 1996), free response (Boivin, 1986) and free elicitation terms are used interchangeably to refer to the technique used to reveal an individual's cognitive structure. They use as a probe cue phrases such as "*Tell me what comes to mind when I say...*" (Olson and Muderrisoglu, 1977) and "*What comes to your mind when you think about...*" (Roedder John et al., 2006). The spreading activation theory (Collins and Loftus, 1975) provides the theoretical framework for free elicitation: once the individual is exposed to a cue, the cognitive structure of that stimulus is activated and then, that activation spreads to other concepts linked with the initial stimulus (Kanwar et al., 1981).

#### **4.5. GAPS IN THE EXISTING LITERATURE ON THE INFLUENCE OF CORPORATE IMAGE ON COUNTRY IMAGE**

Having reviewed the existing literature on the influence of corporate image on country image, a series of gaps can be highlighted:

- Despite increasing acknowledgement of the influence that the image of corporations can exert on their country image, this relationship is under-researched. Within the corporate branding literature there is a lack of theoretical

models that incorporate the influence of corporate image on country image. Only Dowling's (1994; 2001) framework includes corporate image as a determinant of country image. Although within the COO and place branding literature a series of authors acknowledge the role that companies can play in influencing their country image (e.g. Olins, 1999; Anholt, 2000; van Ham, 2001; Cerviño, 2002; Dinnie, 2008), there is surprisingly little empirical research that examines this relationship.

- This chapter examined the determinants of image transfer from one entity to another; however, there is a lack of knowledge on the specific consumer-related and company-related factors that affect the image transfer from a corporate brand to its COO and therefore, the influence of corporate image on COI.
- As indicated in Chapter 2, a review of measures of country image shows that most of the studies operationalise country image in terms of a list of attributes, and not in terms of holistic impressions. Participants are required to rate a country on each of the attributes included in the measure, without having the opportunity to freely describe their holistic impressions of a country. Consequently, country image should be considered in terms of both an attribute-based component and a holistic component.

Having explained the constructs of country image, corporate image and the influence of corporate image on country image, the following chapter presents the research hypotheses developed against the interviews findings and the literature review. Then it outlines the research design and methods adopted.

## **4.6. SUMMARY**

This chapter aimed to develop a theoretical background for the thesis by reviewing existing literature on the influence of corporate image on country image. The chapter started with an analysis of conceptual and empirical studies that show that product image not only is affected by, but also can affect country image. These studies were classified into four groups: (1) multiple-cue studies; (2) studies that include product-relevant and country-specific attributes to measure country image; (3) studies that see country image as a halo and as a summary construct; and (4) other studies.

The second section focused on the corporate image-country image relationship, paying closer attention to studies that highlight the influence of corporate image on country image. Dowling (1994) appears to be the first author that acknowledges in his conceptual framework that country image not only can affect, but also can be affected by the company image. Studies within the COO and place branding literature have recently called for attention to the corporate image-country image influence.

The focus of attention moved then to an analysis of the image transfer literature. This included a review of relevant theories within cognitive psychology (namely the schema congruity theory, the categorisation theory and the associative network theory), and then explored the determinants of image transfer. That section also examined the methods for eliciting brand associations. The chapter ended with the gaps in the existing literature on the influence of corporate image on country image.

**CHAPTER 5**  
**RESEARCH DESIGN AND METHODS**

## **5. RESEARCH DESIGN AND METHODS**

### **5.1. INTRODUCTION**

Following the literature review on country image, corporate image and the influence of corporate image on country image, this chapter aims to discuss the methodology approach that is adopted to test a series of research hypotheses.

This chapter commences by introducing the research objectives that aim to stimulate empirical research in this topic. The attention then moves to the philosophical underpinnings (ontology and epistemology) and research design. A discussion of the types of data that the researcher aimed to capture is then introduced, followed by details on the preliminary research stage: research questions, research method, sample design, data collection, interview guide and data analysis. The subsequent section discusses the main research stage including the hypotheses, research method, sample design, questionnaire design, data collection and data analysis. While the preliminary research stage concentrates on gaining an overall understanding of the influence of corporate image on COI, the main research stage focuses on a few corporate brands, one country brand, Spain, and one location, the UK. Consequently, the hypotheses are tested under these conditions. The chapter concludes by addressing the ethical issues surrounding the proposed study.

## **5.2. RESEARCH OBJECTIVES**

In the context of the discussion on the gaps in knowledge in the existing literature in section 4.5, the main purpose of this research is to conceptualise and measure the influence of the image of corporate brands of Spain on the image that British people have of Spain. The research objectives of the study can be stated as follows:

- To analyse whether corporate image affects COI.
- To identify consumer-related and company-related factors that affect the influence of corporate image on COI.
- To examine the influence of corporate image- (net valence and consistency) and corporate-related factors (number of corporate brands and accessibility) on COI.
- To investigate the moderating effects of a series of variables (country familiarity, business familiarity and consumer ethnocentrism) on the influence of corporate image-related factors on COI.
- To describe the COI not only in terms of lists of attributes, but also in terms of holistic impressions.

## **5.3. PHILOSOPHICAL UNDERPINNINGS**

Following Crotty (1998), Easterby-Smith et al. (2002) and Kent (2007), the philosophical underpinnings, encompassing the ontology and epistemology, lie behind the methods and techniques used to undertake the research and therefore, they determine the choice and use of methods. They are discussed in the following sections.



### **5.3.1. ONTOLOGY**

Ontology relates to the nature of reality (Hart, 1998; Denscombe, 2002). Both Crotty (1998) and Kent (2007) distinguish three main different ontologies: objectivism, subjectivism and constructionism or realism. Since the author of this study advocates that reality exists regardless of any awareness of its presence (Crotty, 1998), objectivism is the ontological view adopted to develop the main research stage of this study. However, this approach is subject to criticism: some marketers assert that “*objectivity in marketing research is an illusion, a chimera or impossible*” and consider social sciences to be subjective (Hunt, 1993, p.76). Therefore, in the preliminary research stage of this study subjectivism is adopted to understand what is occurring in a given context (Carson et al., 2001).

### **5.3.2. EPISTEMOLOGY**

Epistemology deals with how we acquire knowledge (Hart, 1998; Creswell, 2003; Kent, 2007). While Kent (2007) devotes attention to three epistemologies, namely positivism, activism and interpretivism, a large proportion of studies focus on the key differences between the positivistic and interpretative approaches (e.g. Carson et al., 2001; Walliman, 2001; Denscombe, 2002). The epistemology that lies behind the preliminary research stage is interpretivism, which incorporates different actors’ point of view, various realities and involves the researcher in considering the contexts of the phenomena studied and the understanding and interpretation of data (Carson et al., 2001). On the other hand, positivism underpins the main research stage and is mostly adopted by COO studies. This epistemology assumes that the world is objective (McKenzie et al., 1997; Carson et al., 2001; Denscombe, 2002), the researcher adopts a

neutral position (Carson et al., 2001; Denscombe, 2002) and observes the world empirically (Denscombe, 2002) mainly through quantitative techniques (Carson et al., 2001) that do not affect what is explored (Denscombe, 2002). Finally, this perspective focuses on cause-effect relationships (Carson et al., 2001; Walliman, 2001; Denscombe, 2002).

#### **5.4. RESEARCH DESIGN**

Kent (1999) and McGivern (2003) identify a range of criteria used to classify the types of marketing research, namely (1) the research objectives or the nature of the research enquiry: exploratory, descriptive and causal research; (2) the source of data: primary and secondary research; (3) the type of data collected: qualitative and quantitative research; (4) the duration of the research or the mode of data collection: continuous and ad hoc research; (5) client focus or the way in which the research is bought or sold: syndicated and customised research; and (6) the type of customer or the nature of the market under investigation: customer, industrial, business and social research.

The concept of research design has been defined in a myriad of ways, as Punch (1998) acknowledges in his book on social research, ranging from a broad conceptualisation that incorporates all the elements that are necessary to plan and conduct a research project (Miller, 1991); through to a more narrow understanding that states that research design is a basic plan comprised of the strategy, the conceptual framework, the selection of the individuals that will be studied and the tools and procedures used to collect and analyse data (Punch, 1998); and finally, to an even more specific definition that argues that research design is a structure that aims to guarantee that the information collected lets the researcher reply to the questions or test a theory accurately (de Vaus, 2001).

Both de Vaus (2001) and McGivern (2003) stress that research design is different from research method.

McGivern (2003) sees research design as comprising two levels. The first level conceptualises research design as the overall framework or structure of the research. The second level deals with more specific issues such as the type of data, the method of data collection, the sampling strategy and so on. It is at the first level where the researcher chooses whether to use a cross-sectional, a longitudinal, an experimental design or a case study. The selection of the research design is affected by the objectives that the study aims to achieve, namely exploratory, descriptive and explanatory or causal (McGivern, 2003).

While the purpose of exploratory research is to generate and develop insights, ideas and explanations rather than testing hypotheses, descriptive research requires prior knowledge of the marketing issues explored and attempts to measure or estimate specific attributes and habits. Finally, causal research deals with cause-and-effect relationships and seeks to provide an explanation of why events take place (Kent, 1999; Chisnall, 2001; McGivern, 2003). The current research project combines the first two types of research described above, i.e. the research passes through two stages: in the first phase it explores the research area to reach a greater understanding of the topic, clarify the nature of the influence of corporate image on COI and, finally, analyse the variables that affect this influence. The second stage aims to explore the content of individuals' mental structures regarding Spain and its corporate brands and finally, describe the phenomena under research.

Once the purposes of the research have been identified, the researcher is in a clearer position to look into the selection process of the research design. De Vaus (2001) and McGivern (2003) distinguish four types of research design, namely experimental, longitudinal, cross-sectional and case study. In the context of this study, the researcher conducts a cross-sectional study since data are collected from a sample of a population at a single point in time. Specifically, it is a single cross-sectional design, i.e. the data come from a sample that is researched just one time (McGivern, 2003). Longitudinal research, in contrast, uses the same sample to collect data at several points in time. On the other hand, experimental research deals with the analysis of the effect of the independent variable on the dependent variable, controlling the influence of other variables in order to identify mainly whether there is a clear causal association between the two variables. Finally, a case study implies a detailed analysis of a case that may be a person, company, event, etc. (McGivern, 2003).

## **5.5. TYPES OF DATA**

In order to achieve the objectives of the research, both primary and secondary data are collected. Initially the researcher focuses on collecting secondary data and then primary data through qualitative and quantitative research.

### **5.5.1. SECONDARY DATA**

Churchill (1987) and Malhotra and Birks (2000) distinguish between internal and external secondary data, the former referring to data created within the organisation that commissions the research, while external data includes information provided from

libraries, online databases, trade associations, governmental publications and other sources independent of the organisation.

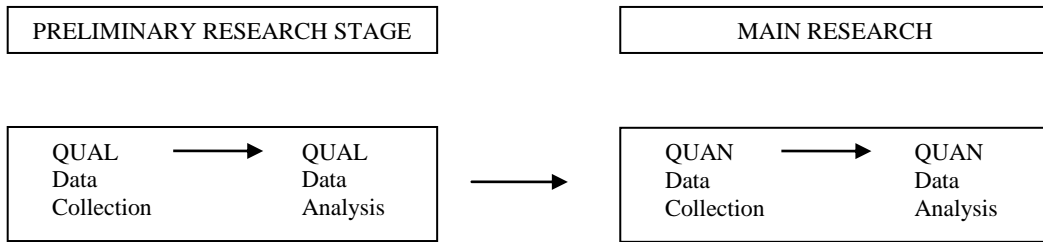
For the purpose of this project, the majority of the external secondary data were collected from a range of sources including the British Library, Brunel Library, inter-library loans, electronic databases and websites. The data have been obtained mainly from journal articles, conference papers, books, newspapers, doctoral theses and market research reports.

### **5.5.2. PRIMARY DATA**

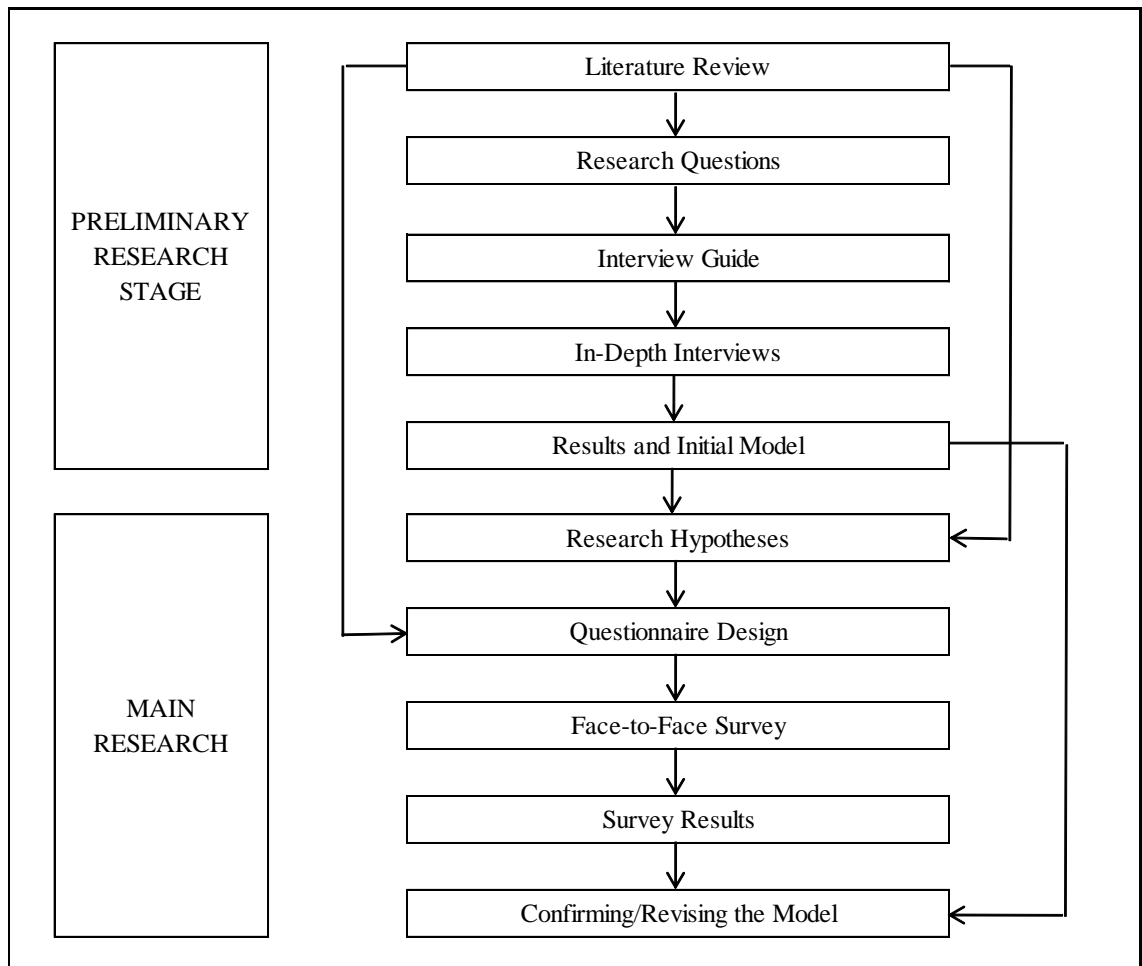
Following some authors that have called for a greater use of qualitative research in COO studies (Askegaard and Ger, 1997; Dinnie, 2004a), this study starts with an exploratory phase that contributes to the main research by collecting qualitative data in order to gain a deeper understanding of the influence of corporate image on COI. Then, given the nature of the proposed study, the main research focuses on the collection of quantitative data. The latter is in line with the majority of published studies in the COO and corporate image literature, which have mostly collected quantitative data.

Therefore, primary data are obtained from qualitative and quantitative research. This mix follows a sequential mixed design (see Figure 5.1). In sequential mixed design, the research is conducted in two phases: one phase is contributing to the next (Creswell, 2003). In this study the initial phase of exploratory research leads on to the main inquiry and thus, the qualitative method is used as an input to the main research (Kent, 2007). Figure 5.2 depicts a schematic diagram of the research design followed in this study.

**Figure 5.1. Mixed Method Strategy**



**Figure 5.2. Schematic Diagram of the Research Design**



## **5.6. PRELIMINARY RESEARCH STAGE**

### **5.6.1. RESEARCH QUESTIONS**

The literature review reflects remarkably little effort to understand the influence of corporate image on COI. Chapter 4 has highlighted that extant knowledge on the impact of corporate image on COI and the range of consumer-related and company-related factors that may affect the image transfer in this context is under-researched. This preliminary stage therefore seeks to understand the influence of corporate image on COI by exploring the following research questions:

***RQ1:** What are the consumer-related factors that affect the influence of corporate image on COI?*

***RQ2:** What are the company-related factors that affect the influence of corporate image on COI?*

### **5.6.2. RESEARCH METHOD**

Given the early stages of research in nation branding (Dinnie, 2008), a qualitative research framework is adopted. A growing body of research applies qualitative approaches to marketing-related phenomena for generating depth of understanding when little is known (e.g. de Chernatony and Dall’Olmo Riley, 1997; Tajedinni and Trueman, 2008; Quinn, 2009). This approach was deemed the most appropriate for two reasons. First, the current understanding of consumer-related and company-related factors that may affect the influence of corporate image on COI is relatively weak. Therefore, a qualitative method that heavily relies on exploration is more appropriate to

study this phenomenon in contrast to approaches that rely on deductive reasoning. Second, a better understanding of the complex issues related to the influence of corporate image on COI can be obtained by directly talking to brand consultants who focus on place branding on a daily basis (Strauss and Corbin, 1990; de Chernatony and Dall’Olmo Riley, 1997).

### **5.6.3. SAMPLE DESIGN: SAMPLE SIZE AND SELECTION**

In-depth elite interviews (Dexter, 1970) with place brand consultants constituted the main data source. Purposive sampling (Denzin and Lincoln, 1994) allowed the selection of interviewees based on their extensive knowledge of the research area under investigation. The Nexis UK database was used to identify branding consultancies with expertise in place branding. The first search undertaken, by using the key words *place branding*, generated an initial list of 267 articles. The researcher then focused on identifying branding consultancies which have been featured for their place branding projects and which are also based in the UK so that the desired access can be achieved. Arising from this, a list of 19 consultancies was developed.

The next step aimed at identifying knowledgeable informants. Similar to de Chernatony and Dall’Olmo Riley (1998b), key informants within these consultancies were chosen based on their experience in place branding projects (Marshall and Rossman, 1995; Creswell, 2007; Kvale, 2007). The researcher managed to find the contact details of 24 key informants and requested their participation in the study. Six declined the interview request and five initially expressed interest but, due to unforeseen changes in their workload, could not be interviewed, resulting in a final sample of 13 place branding experts in 11 consultancies (Table 5.1 depicts the informants, their positions and



selected characteristics of their respective organisations). The 13 informants were founders, chairmen, partners, directors/heads or senior consultants in brand consultancies (average age 48 years; average tenure in the industry 22.6 years).

**Table 5.1. Profile of Informants**

<b>Informant's Role</b>	<b>Year Founded</b>	<b>Number of Employees</b>	<b>Number of Offices</b>	<b>Fee Income</b>	<b>Illustrative Projects</b>
(1) Consultant	1996	1	1	<i>Not Disclosed</i>	Place branding consulting for 39 countries (e.g. China, Sweden and Switzerland).
(2) Founder and Chairman	1982	250	8	£9,143,000 (2007)	Place branding consulting for the state of Qatar.
(3) Founding Partner	2003	3	2	<i>Not Disclosed</i>	Projects for the British Council, and Foreign and Commonwealth Office (UK).
(4) Founder	2003	5	2	<i>Not Disclosed</i>	Place branding projects for Malaysia and Toronto.
(5) Director	1986	42	1	£6,000,000 (2008)	Image of Poland in the UK.
(6) Director	1976	77	1	£11,134,251 (2007)	Projects for Abu Dhabi, Hong Kong and China.
(7) Senior Partner	1943	150	6	<i>Not Disclosed</i>	Project for New York.
(8) Senior Partner					
(9) Head of Place Branding	2001	54	6	£2,469,141 (2008)	Branding projects for Brazil, Vietnam, visit London, Poland.
(10) CEO					
(11) Chairman	1973	100	6	£6,400,000 (2008)	A new brand for Belfast.
(12) Head	1969	1000	4	£45,000,000 (2008)	Place branding projects (UK).
(13) Managing Director	1991	150	1	£17,680,000 (2008)	Project for UK Trade and Investment, the government body for promoting exports.

#### **5.6.4. DATA COLLECTION**

In the light of the nature of the study being undertaken, the most appropriate approach identified was to conduct semi-structured interviews (Mitchell, 1994), specifically in-depth elite interviews. The steps explained by Thomas (1993) and Marshall and Rossman (1995) were followed for collecting data from the expert informants. Drawing on recommendations offered by Thomas (1993), the researcher prepared appropriate emails when contacting the experts, submitted sample questions prior to the interviews, arranged convenient times and type of interview (e.g. face-to-face or telephone interview), and explained the ground rules of the interview in advance.

Interviews were conducted from the 7<sup>th</sup> of November 2008 to the 17<sup>th</sup> of December 2008. Of the 13 interviews, nine were conducted in person at the companies' offices while four were over the phone. Two interviews were conducted by phone since these informants were managing consulting projects abroad (Spain and Netherlands) and two preferred this method due to unprecedented work commitments. The interviews lasted between 32 and 66 minutes (an average of 49 minutes per interview), were tape recorded and verbatim transcribed. Given the inductive research questions being asked, the informants were encouraged to wander freely in their responses (asked for examples to illustrate their points) and probed whenever possible, while ensuring that there was no interviewer-induced bias (McCracken, 1988). To motivate the informants further to provide accurate data, the researcher promised and ensured confidentiality (Huber and Power, 1985). Towards the end of the 13 interviews, theoretical saturation was achieved, as the responses did not dispute existing themes or reveal new insights into the matter (Strauss and Corbin, 1990).

### **5.6.5. INTERVIEW GUIDE**

The researcher used an interview guide that outlined the topics of interest in relation to the two research questions. This was informed by the literature review and was developed in consultation with two marketing professors and two branding experts. It was pretested in personal interviews with two branding experts. In line with Spradley (1979), the interviews commenced with questions covering topics such as factors that shape the country image and the corporate image, moving to more specific questions to uncover informants' interpretations of the influence of corporate image on COI and the factors that may affect that influence. The interview guide is included in Appendix A.

### **5.6.6. DATA ANALYSIS**

With the fieldwork completed, a requisite distance was established in order to complete the data analysis. The data analysis aimed at identifying consumer-related and company-related factors that may affect the influence of corporate image on COI. By following the stages in the constant comparison approach as proposed by Glaser and Strauss (1967), it was sought to develop a descriptive overview of relevant themes and concepts. The analysis followed an iterative process moving back and forth between the emerging factors, extant literature and the growing body of data. This analysis fell into two stages. Firstly, all interview transcripts were examined with the aim to identify patterns and variance in the descriptions of the factors. Content analysis of the responses to particular questions was carried out by following procedures suggested by Krippendorff (1980). The researcher highlighted these sections in the transcript and assigned codes in the margin of the text. To categorise the raw data further, techniques advocated by van Maanen (1979) were applied. Specifically, the conceptual coding

entailed using in-vivo codes (i.e. first-order concepts comprised of the language used by the informants) or a simple, descriptive phrase when an in-vivo code was not available (Strauss and Corbin, 1990). This approach offered general insights into the consumer-related and company-related factors that affect the influence of corporate image on COI as described by the informants. Then all the codes were listed in an Excel spreadsheet and their frequency was measured across the interviews. The researcher focused the analysis on factors that were either indicated by the majority of the informants (strong evidence) or repeatedly indicated by several informants (moderate evidence).

Secondly, the researcher searched for links between and among the first-order concepts, which facilitated grouping them together into second-order themes (Table 5.2 depicts some examples of first-order concepts, the second-order themes, and their aggregate dimensions that emerged from the data). A core aspect of the inductive process was that the researcher allowed concepts and relationships to emerge from the data, rather than being guided by a priori hypotheses (Strauss and Corbin, 1990).

**Table 5.2. Examples of First-Order Concepts and Second-Order Themes**

<b>First-Order Concepts</b>	<b>Second-Order Themes</b>	<b>Aggregate Dimensions</b>
Brand image fit	Degree of brand image fit	<i>Consumer-related factors</i>
Brand image unfit		
Market visibility	Visibility	<i>Company-related factors</i>
International visibility		

**5.6.6.1. TRUSTWORTHINESS OF THE DATA**

Applying approaches recommended by Lincoln and Guba (1985) helped ensure the integrity of the data. The researcher catalogued data and assessed the reliability of the

generated codes by involving a second coder with considerable qualitative research experience. Using standardised coding instructions, the second coder examined four interviews. Then they compared codings of consumer-related and company-related factors that may affect the influence of corporate image on COI. This resulted in an intercoder agreement of  $k = 0.79$  (Cohen, 1960). Disagreements were resolved through extensive discussions between the author of this study and the second coder.

## **5.7. MAIN RESEARCH**

### **5.7.1. RESEARCH HYPOTHESES AND CONCEPTUAL MODEL**

In this section the author aims to present relevant hypotheses grounded on the interview findings (presented in Chapter 6) and on previous conceptual and empirical studies on brand management, product branding, systems thinking, place branding, international marketing, corporate branding, image transfer, attitude literature, cognitive psychology and COO.

Looking at organisations from an open-systems theory perspective, firms interact with their environment (Boulding, 1956b; Katz and Kahn, 1966; Miller, 1972; Ackoff, 1974; Schein, 1980), and changes in the environment are likely to affect the organisation and vice-versa (Robbins, 1990). In this realm, one would argue that corporate image not only is affected by, but may also affect COI. Consequently, the COI is not independent of the image of the companies from that country, i.e. the two image constructs are linked to each other. Askegaard and Ger (1997) applied the systems theory to the COO research, indicating that the image of a product category is connected with the image of

other interrelated phenomena, such as competitors and the country to which the products belong.

Focusing on the corporate branding literature, Dowling (1994; 2001) appears to be the first author to recognise a reciprocal relationship between corporate image and country image. The author depicted a 'network of images' comprising four components, namely country image, industry image, company image and brand image. These elements are linked in his model through two-way arrows indicating the interaction between each pair of components.

Brand associations can be created when a brand becomes linked with another entity in memory and existing associations for the entity become linked with the brand (Keller, 1993). Drawing on the associative network theory, it can be argued that if a corporate brand is one of the nodes linked to its COO in the consumer's mind, associations connected to the company may be carried over to its COO.

Finally, the research findings of the in-depth interviews indicate that the informants highlighted the link between corporate image and COI as a two-way relationship, mirroring studies in the COO and place branding literature (Olins, 1999; van Ham, 2008).

It is therefore proposed that:

*H<sub>1</sub>: Corporate image evaluations positively influence COI evaluations.*

Shifting the focus to the corporate image-related factors that influence COI evaluations, favourability (valence) of brand associations and its impact is a well-researched topic in the corporate branding, brand management and image transfer literature. Within corporate branding studies, authors largely agree that a positive corporate image contributes to the company's performance (Bernstein, 1984; Gray and Smeltzer, 1985; Worcester, 1986; van Riel, 1995; Wilkinson and Balmer, 1996). Furthermore, Gray and Balmer's (1998) and Balmer and Gray's (2000) conceptual models propose that corporate image can lead to a competitive advantage and therefore influences the company's performance.

Keller (1993) classifies associations according to how favourably they are evaluated and how strong and unique the brand associations are, and adds that the success of a marketing programme depends on the creation of favourable brand associations. Riezebos (2003) and Story (2005) agree that the nature of image transfer within the extension, co-branding and endorsement strategies is that there is a positive transfer from one entity to another, i.e. brands with strongly negative associations will not be considered for any of the above strategies. Consistent with the above arguments, Dacin and Smith (1994, p.230) believe that "*the favourability of consumers' predispositions toward a brand is perhaps the most basic of all brand associations and is at the core of many conceptualisations of brand strength/equity*". They emphasise the importance of favourability of associations in brand extension and the reciprocal effects of brand extensions. Finally, Krishnan (1996) indicates that ideally a strong brand should achieve net positive associations.

Adapting Iversen and Hem's (2008, p.615) perspective to this study, the relative presence of positive versus negative associations in corporate image will affect its ability to influence COI in a beneficial way.

The above discussion leads to the following hypothesis:

*H<sub>2</sub>: The higher the net valence of the evaluations of corporate brands, the more positive the COI evaluations.*

Drawing on attitude literature, Wegener et al. (1995) distinguish between inter-attitudinal consistency (if an attitude is evaluatively consistent with other attitudes) and intra-attitudinal consistency (when an attitude is evaluatively consistent with the beliefs, affect or behaviour linked with the attitude object). Rosenberg (1956; 1968) adds that the higher the consistency, the stronger the attitude and therefore, the more stable and more resistant to change. In this study consistency refers to the extent to which the associations of a corporate brand are favourability consistent, i.e. the valence of corporate brand associations is the centrepiece in the conceptualisation of consistency. In line with Rosenberg's (1956; 1968) argument, the greater the consistency, the stronger the influence. In this context the following hypothesis is suggested:

*H<sub>3</sub>: The greater the consistency of the evaluations of corporate brands, the higher the COI evaluations.*

Turning now to the analysis of two corporate-related factors that shape COI, across the in-depth interviews several informants commented on the role that the number of



corporate brands has in determining image transfer. A place branding expert explained that if a country has a range of famous brands, then corporate image plays a key role in shaping its COI (Chapter 6). The informants argued that when many corporate brands from the same country operate in a market, the influence on COI is likely to be stronger (Chapter 6).

Taking Spain as an example, Diez Nicolas et al. (2003) conclude that the internationalisation of many Spanish companies has been one of the key factors to improve the country's image. A similar phenomenon at the brand extension level is explained by Iversen and Hem (2008) based on the results of Boush and Loken's (1991) research: many different brands under an umbrella brand expand the chances of exposure to umbrella brand information.

While the above argument focuses on the number of corporate brands from the country that operate in a market, in this study the researcher adopts the consumer's perspective and analyses an individual's associative network regarding Spain. Consequently, this factor refers to the number of corporate brands evoked by the respondents when the researcher explored their memory structure for Spain. In fact, one of the experts in place branding indicated that it is not only a matter of the number of corporate brands operating in a market, but also whether they are associated with the COO in the minds of individuals (Chapter 6). The number of corporate brands that come to their mind provides an indication of the extent to which corporate brands define the image of Spain. In this context the following hypothesis is suggested:

*H<sub>4</sub>: The higher the number of corporate brands that come to the respondent's mind, the higher the COI evaluations.*

Across the in-depth interviews several informants commented on the role that the strength of the corporate brand-country connection in the consumer's mind plays in determining the image transfer (Chapter 6). The stronger the linkage, the more likely the transfer of associations from the corporate brand to the COO.

In this study the transfer of associations from a corporate brand to its COO is conceptualised by adopting an associative network approach (Collins and Loftus, 1975; Anderson, 1983). The strength of the association in the consumer's mind between two nodes in the network determines the likelihood that activation of one node will activate the other (Fazio et al., 1986; de Groot, 1989; Fazio, 1989; Keller, 1993; Herr et al., 1996). Thus, the spreading activation process impacts the retrieval of information in the network: the higher the level of activation, the larger the probability of recall (Anderson, 1983). In line with such studies, the findings of the interviews revealed that the image transfer is affected by the extent to which the two nodes, i.e. the corporate brand and the COO, are closely linked in the mind of the consumer (Chapter 6). Similar to Keller (2008), the place branding experts in our exploratory study argued that the stronger this linkage, the greater the transfer of associations (Chapter 6).

The degree of association of a corporate brand with its COO is largely determined by the branding strategy of the company (Keller, 1993). A company can establish a link with its COO by conveying its provenance through its corporate visual identity and also through corporate communication. For example, the COO of a corporate brand can be

conveyed through the corporate brand name, by incorporating symbols of the COO in the corporate logo (the national flag, landmarks), or can be embedded in the corporate slogan and/or images within corporate advertisements (Papadopoulos, 1993; Thakor and Kohli, 1996; Keller, 2003; Riezebos, 2003). Corporate communication can create and/or reinforce the linkage between the corporate brand and its COO (Martin et al., 2005) through repetition (Alba and Hutchinson, 1987). Many exposures to two nodes can result in building or strengthening the link between them (Henderson et al., 1998; Till and Shimp, 1998). Consequently, when a corporate brand plays up its COO, it is more likely to elicit a transfer of associations from the corporate brand to the COO. Cohen (1982) and Boush et al. (1987) explain this phenomenon from a categorisation theory perspective and indicate that the application of the country name to the corporate brand name can determine membership in an existing category (country) and therefore, may elicit a transfer of associations from one to the other.

The notion of accessibility is linked to the concepts of strength of association and automatic activation. Fazio and Keller (Fazio et al., 1982; 1983; Fazio, 1986; 1990; Keller, 1993; Fazio, 1995) agree on identifying the strength of the link between two nodes (corporate brand and its COO) as the main determinant of the accessibility of information (one of the nodes) from memory when an individual encounters the other node, i.e. the corporate brand-country association determines the likelihood of the retrieval of the corporate brand from memory upon exposure to its COO. Furthermore, Fazio (Fazio et al., 1986; Fazio and Williams, 1986; Fazio, 1995) relates accessibility to the likelihood of automatic activation from memory of one node upon observation of the other node. Accessibility of information from memory is often operationalised through response latency, defined as the amount of time between stimulus onset and the

response of the individual (Fazio et al., 1982; Fazio, 1986; Fazio, 1990). Therefore, the latency of responses is an indication of the strength of association in memory: the faster the individual's response, the stronger the association between the two nodes (Fazio, 1989; 1990). The above arguments give rise to the following hypothesis:

*H<sub>5</sub>: The more accessible the corporate brands, the higher the COI evaluations.*

The last six hypotheses deal with three moderator variables at the individual level that can impact the influence of corporate image-related factors on the COI. Hair et al. (2006) acknowledge that individual-based variables are often hypothesised as moderators. In the COO discipline, familiarity is a well-researched topic, analysed as a determinant of product evaluations, beliefs and/or purchase intentions or as a moderator of the COO effect (e.g. Samiee, 1994; Lee and Ganesh, 1999; Pharr, 2005). Within the product domain, familiarity refers to the level of knowledge (Park and Lessig, 1981; Johansson, 1989) that arises from personal product experience (Alba and Hutchinson, 1987). Following Johansson's (1989) research, country familiarity is conceptualised in this study as the level of knowledge that can be acquired through experience. Thus, the familiarity construct is composed of an objective component (actual experience) and a subjective component (respondent's thoughts) (Erickson et al., 1984). Amongst other factors, country familiarity can derive from cultural aspects (Dowling, 1994; Anholt, 2002; Kotler and Gertner, 2002; Dinnie, 2004b; 2008), the media (O'Shaughnessy and O'Shaughnessy, 2000; Kotler and Gertner, 2002; Papadopoulos and Heslop, 2002; Dinnie, 2008), people (O'Shaughnessy and O'Shaughnessy, 2000; Jaffe and Nebenzahl, 2006), sports (Dowling, 1994; Dinnie, 2004b) and tourism (Papadopoulos and Heslop, 2002; Dinnie et al., 2003; Dinnie, 2008).

Applying Olson and Dover's (1978) research to this study, respondents who are familiar with the country due to different past experiences are more inclined to have created a stable and complex cognitive structure of country knowledge. Alba and Hutchinson (1987) add that the cognitive structures are more refined, complete and veridical when familiarity increases. Likewise, Roedder John et al. (2006, p.559) indicate that experts' knowledge structures are more complex and that involves "*more brand associations, more brand association links, stronger brand association links (...) and greater hierarchical structuring in a consensus map*". Furthermore, in line with Schellinck (1989) and Wall et al. (1991), visiting a country enhances the perception of the products that originated in that country and, therefore, it improves the image of that country and the businesses from that country. In this context it is assumed that there is a positive correlation, i.e. the more familiar individuals are with the COO, the more salient the influence will be of corporate image-related factors. Consistent with this reasoning, it is proposed that:

*H<sub>6a</sub>: The higher the country familiarity, the greater the positive effect of net valence on COI evaluations.*

*H<sub>6b</sub>: The higher the country familiarity, the greater the positive effect of consistency on COI evaluations.*

At the corporate level, familiarity is also conceptualised in this study as the level of knowledge that can be acquired through experience (Johansson, 1989). The corporate familiarity construct is composed of an objective component (actual experience) and a subjective component (respondent's thoughts) (Erickson et al., 1984). As stated in the

third chapter, Kennedy (1977), Bernstein (1984) and Dowling (1986; 1993) stress that prior experiences with a company can be acquired through its products, customer-facing personnel, etc.

Applying the same argument as country familiarity to the corporate realm, participants familiar with the business world due to different experiences are more inclined to have stable, complex (Olson and Dover, 1978), more refined, complete and veridical cognitive structures of company knowledge (Alba and Hutchinson, 1987). As previously stated, Roedder John et al. (2006, p.559) note that the complexity of the knowledge structures involves “*more brand associations, more brand association links, stronger brand association links (...) and greater hierarchical structuring in a consensus map*”. Furthermore, in line with Johansson et al. (1985), Schellinck (1989) and Wall et al. (1991), the level of familiarity with an entity positively determines the favourability in rating that entity. In this context it is assumed that there is a positive correlation, i.e. the more familiar individuals are with the business world, the more salient the influence will be of corporate image-related factors. In line with this reasoning, it is proposed that:

*H<sub>7a</sub>: The higher the business familiarity, the greater the positive effect of net valence on COI evaluations.*

*H<sub>7b</sub>: The higher the business familiarity, the greater the positive effect of consistency on COI evaluations.*

The third and last individual moderator that may impact the influence of corporate image-related factors on COI is consumer ethnocentrism. Shimp and Sharma (1987) developed the concept of 'consumer ethnocentrism' from the notion of 'ethnocentrism' introduced by Summer in 1906 and defined as "*the view of things in which one's own group is the centre of everything, and all others are scales and rated with reference to it*" (Summer, 1906, p.13). Consumer ethnocentrism is the application of the term ethnocentrism at the economic level (Balabanis et al., 2001). Shimp and Sharma (1987, p.280) define consumer ethnocentrism as a "*trait-like property of an individual's personality*" which includes "... *the beliefs held by the consumers about appropriateness, indeed morality of purchasing foreign-made products*". Using a 17-item scale (CETSCALE) to measure consumer ethnocentrism, they found a positive correlation between consumer ethnocentrism and consumer preference for domestic products, and a negative correlation for imported products (Shimp and Sharma, 1987). Similar results have been found by other researchers (e.g. Netemeyer et al., 1991). In a later study (Sharma et al., 1995) they indicate that consumer ethnocentrism is based on three principles: the personal fear of hurting the domestic economy by buying imported products; the morality of buying foreign-made products; and a personal level of prejudice against imports.

While consumer ethnocentrics are willing to learn about domestic brands, they are not interested in paying special attention to foreign brands and thus, any information about foreign brands is more difficult to be encoded and remembered (Balabanis and Diamantopoulos, 2008). This brings us to the conclusion that consumer ethnocentrics have a more precise knowledge of local brands than of foreign brands (Samiee et al., 2005; Balabanis and Diamantopoulos, 2008). Applying this approach to this study,

consumer ethnocentrism determines the capability of respondents to evoke foreign corporate brands, since consumer ethnocentrics focus their learning on the home country. Furthermore, in line with Shimp and Sharma (1987), respondents rating high in consumer ethnocentrism are expected to have a less favourable image of Spain and its corporate brands than those with low levels of consumer ethnocentrism. In this context, it is assumed that there is a negative correlation, i.e. the lower the level of consumer ethnocentrism, the more salient the influence will be of corporate image-related factors. Consistent with this reasoning, it is proposed that:

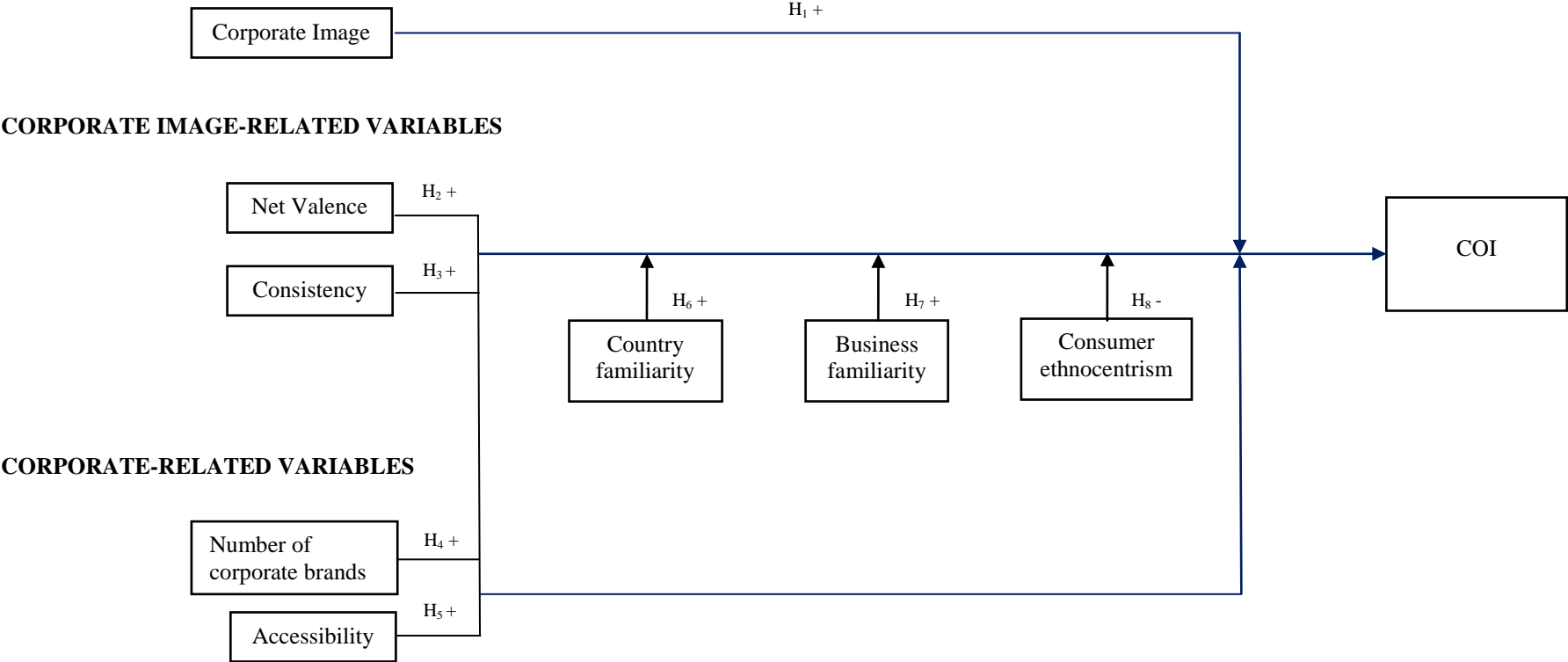
*H<sub>8a</sub>: The lower the consumer ethnocentrism, the greater the positive effect of net valence on COI evaluations.*

*H<sub>8b</sub>: The lower the consumer ethnocentrism, the greater the positive effect of consistency on COI evaluations.*

Derived from the research hypotheses, the author proposes a theoretical framework (see Figure 5.3). The suggested conceptual model is based on two corporate image-related factors, two corporate-related factors, COI as the dependent variable and three moderators that show that the influence of corporate image-related factors on COI can be moderated by country familiarity, business familiarity and consumer ethnocentrism.



Figure 5.3. Theoretical Framework of the Study



### **5.7.2. RESEARCH METHOD**

In line with both the majority of the published studies in the COO and corporate image literature, and the nature of the hypotheses, primary data were also collected through quantitative research in order, firstly, to confirm empirically the influence of corporate image on COI; secondly, to measure the effect of several corporate image- and corporate-related factors on shaping the COI; thirdly, to test the weight of the moderators in affecting the influence of corporate image-related factors on COI; and finally, to measure COI both in terms of lists of attributes and in terms of holistic impressions.

A semi-structured questionnaire was used to collect the quantitative data. A series of open-ended questions were included at the beginning of the survey to explore the content of individuals' mental structures regarding Spain and corporate brands of Spain. The objective was to identify what comes to each individual's mind when he/she thinks of Spain and what comes to each individual's mind when he/she thinks of a corporate brand. Consequently, through the open-ended questions, the respondents are encouraged to talk freely and express their beliefs and feelings about Spain and its corporate brands, and gain a holistic or gestalt impression of the image of Spain.

### **5.7.3. COUNTRY SELECTION**

There are several reasons that underlie the selection of Spain for this study. First, the Spain Brand Project (Diez Nicolas et al., 2003) and authors like Lamo de Espinosa (2002) and Cerviño and Bonache (2003) acknowledge the discrepancy between the external image of Spain and its objective reality. This reality has improved considerably

since 1975 and so has the image of Spain; however, the image still needs to improve to mirror the reality of the country. This dissonance is more significant when considering the economic dimension of the image of Spain. Spain is the ninth world economic power (Gross Domestic Product 2009), the sixth international investor, the second in Latin America, the second tourist destination and the fifth car manufacturer; however, the image of Spain as an economic power and efficient country, the 'made in Spain' image, is not very high (de la Dehesa, 2006). Thus, Spain has a problem with its image (Lamo de Espinosa, 2002). Second, one of the main aims of the Leading Brands of Spain Forum is to improve the image of Spain through the corporate and product brands of Spain that act as ambassadors of the brand Spain. Consequently, this study can show whether the corporate brands of Spain can help close the reality-image gap mentioned earlier. Third, the Spanish nationality of the researcher guarantees a minimum level of knowledge of the reality of the country and its corporate brands, and therefore, ensures quality with the data collection and data analysis.

#### **5.7.4. SAMPLE DESIGN**

##### **5.7.4.1. DEFINITION OF POPULATION**

Students are frequently used for data collection in COO studies (e.g. Morello, 1984; Yavas and Alpay, 1986; Hong and Wyer, 1989; Cordell, 1991; Roth and Romeo, 1992; Akaah and Yaprak, 1993; Maheswaran, 1994). While some academic authors are sceptical about whether students are representative of other segments of the population (e.g. Ozsomer and Cavusgil, 1991; Peterson, 2001), Liefeld (1993) and Verlegh and Steenkamp (1999) demonstrate in their respective review and meta-analysis studies that

the COO effect size does not change significantly when using students or other individuals as components of the sample.

On the basis that this study incorporates the level of education as one of the covariates and education is a demographic correlate of consumer ethnocentrism (Balabanis and Diamantopoulos, 2004), a student sample would have limited the education range (Watson and Wright, 2000). Furthermore, the aim of this study is to explore British consumers' images rather than to focus on a segment of society.

Random samples require a sampling frame, i.e. a list of the total number of cases (Kent, 2001). Therefore, the researcher bought the Royal Mail Postcode Address file that covers 26 million houses and flat numbers as well as 1.5 million business names in 2 million UK postcodes. This address file was acquired by purchasing the Address+ program (Version 4.0; Quarter 3, 2009) from Arc en Ciel Ltd.

Acknowledging the time, geographical and financial constraints, London and Greater London were chosen as the geographical areas of data collection. Therefore, the target population for this study can be defined as follows: 'All British people aged 18 and over living in London or Greater London'.

#### ***5.7.4.2. SAMPLE SIZE AND SELECTION***

Considering Malhotra and Birks's (2000) factors that determine the number of units to be included in a study, the sample size is 300 individuals due to, firstly, the exploratory nature of the first section of the survey questionnaire; secondly, the sample sizes used in similar studies; and finally, the time constraints.

In order to test the research hypotheses, this study conducts hierarchical multiple regression analysis using the data collected from the 101 respondents who recalled companies. In multiple regression the size of the sample influences the generalisability of the results by the ratio of observations to independent variables, a general rule indicating that the ratio should be at least 5:1, i.e. five observations per independent variable (Hair et al., 2006). This study reaches the minimum level and consequently, the results can be generalisable as the sample is representative.

Researchers have shown their concern about the frequent use of the non-probability sampling techniques, specifically convenience sampling, in COO literature (e.g. Papadopoulos et al., 1988; Papadopoulos et al., 1990b) as it is to the detriment of external validity (Dinnie, 2004a). Consequently, due to the heterogeneity of the population and also in order to make statistical inferences about the total population, this study adopts a probability sampling technique, specifically a multi-stage area sampling as the researcher divides the population to be surveyed into geographic areas (Burns and Bush, 2003), particularly into postcode areas and postcode districts. A sample of households in London and Greater London was developed following two steps. For the first stage the researcher chose a random sample of postcode districts by using probability proportionate to size sampling, and then for the second stage the researcher used systematic sampling to sample residential households within each postcode district (Burns and Bush, 2003; Wilson, 2006). Further details of each step are provided below.

1. Using the Master Atlas of Greater London (Ordnance Survey, 2001b) and A-Z London (Ordnance Survey, 2001a), the researcher listed the postcode areas in

London and Greater London. Croydon (CR) and London SE (SE) postcode areas were removed from the list for safety reasons (see Table 5.3).

**Table 5.3. List of Postcode Areas in London and Greater London Considered in this Study**

POSTCODE AREA	POSTCODE AREA NAME	RESIDENTIAL POSTCODES	RESIDENTIAL UNITS	CUMULATIVE UNITS
BR	BROMLEY	6,042	128,464	128,464
DA	DARTFORD	7,722	175,987	304,451
E	LONDON E	13,031	362,602	667,053
EC	LONDON EC	1,341	18,777	685,830
EN	ENFIELD	7,377	141,337	827,167
HA	HARROW	8,793	171,044	998,211
IG	ILFORD	5,175	120,833	1,119,044
KT	KINGSTON UPON THAMES	12,220	217,907	1,336,951
N	LONDON N	14,520	309,590	1,646,541
NW	LONDON NW	10,641	197,826	1,844,367
RM	ROMFORD	8,479	210,185	2,054,552
SM	SUTTON	3,846	88,840	2,143,392
SW	LONDON SW	16,694	355,605	2,498,997
TW	TWICKENHAM	9,340	194,668	2,693,665
UB	SOUTHALL	6,002	130,554	2,824,219
W	LONDON W	12,711	203,242	3,027,461
WC	LONDON WC	1,309	15,362	3,042,823
WD	WATFORD	5,964	104,276	3,147,099

*Source: Royal Mail Postcode Address File*

Within each postcode area, all postcode districts were listed. E8 (Hackney), E16 (Newham) and E13 were removed from the list of postcode districts for safety reasons. The sample of postcode districts was selected from the list following a probability proportional to size sampling technique, i.e. each postcode district had a probability of being selected proportional to the number of residential addresses each contains (Kinnear and Taylor, 1991; Wilson, 2006). In order to

apply the probability proportional to size sampling technique, the following stages were applied (McGinn, 2004):

- a) List all postcode districts in London and Greater London (except for the ones removed for safety reasons) and their number of residential addresses (units). This information was obtained from the Royal Mail Postcode Address File (see Table 5.4).
  - b) Run cumulative units. The last number in that column is the total number of residential addresses of the study area.
  - c) Number of sites to be visited. Given the large number of postcode districts, the researcher decided to visit 60 sites. Given the sample size (300 individuals), five households were interviewed in each of the 60 sites selected.
  - d) Divide the total number of residential addresses (3,092,423) by 60, the number of sites to be visited. The result (51,540) is the Sampling Interval (SI).
  - e) A random number between 1 and the SI was chosen. In this study 36,612 is the Random Start (RS).
  - f) The following series were calculated: RS; RS+SI; RS+2SI; RS+3SI; RS+4SI and so on.
  - g) The postcode districts selected were those for which the cumulative units column contained the numbers in the series that were calculated earlier.
- In this study, the selected postcode districts are as follows:

- ◆ Bromley: BR2, BR5.
- ◆ Dartford: DA1, DA7, DA12, DA16.
- ◆ London E: E2, E5, E7, E11, E15, E17.
- ◆ Enfield: EN2, EN5, EN10.
- ◆ Harrow: HA2, HA4, HA8.
- ◆ Ilford: IG2, IG8.
- ◆ Kingston upon Thames: KT1, KT5, KT12, KT17, KT22.
- ◆ London N: N2, N7, N10, N15, N17, N22.
- ◆ London NW: NW2, NW6, NW9, NW11.
- ◆ Romford: RM6, RM10, RM14, RM19.
- ◆ Sutton: SM4.
- ◆ London SW: SW1V, SW4, SW7, SW11, SW15, SW17, SW19.
- ◆ Twickenham: TW2, TW7, TW13, TW18.
- ◆ Southall: UB3, UB6, UB10.
- ◆ London W: W3, W7, W11.
- ◆ London WC: WC1E
- ◆ Watford: WD6, WD24.



**Table 5.4. Sample Selection**

POSTCODE AREA	POSTCODE AREA NAME	POSTCODE DISTRICT	UNITS	CUMULATIVE UNITS	300/60 = 5 INTERVIEWS PER SITE	SKIP INTERVAL
<b>BR</b>	<b>BROMLEY</b>	BR1	24,061	24,061		
		BR2	19,463	43,524	5	3,893
		BR3	21,537	65,061		
		BR4	7,546	72,607		
		BR5	19,518	92,125	5	3,904
		BR6	19,461	111,586		
		BR7	7,388	118,974		
		BR8	9,490	128,464		
<b>DA</b>	<b>DARTFORD</b>	DA1	22,270	150,734	5	4,454
		DA2	8,971	159,705		
		DA3	6,880	166,585		
		DA4	3,912	170,497		
		DA5	8,311	178,808		
		DA6	4,236	183,044		
		DA7	14,200	197,244	5	2,840
		DA8	14,252	211,496		
		DA9	5,679	217,175		
		DA10	2,791	219,966		
		DA11	15,419	235,385		
		DA12	18,969	254,354	5	3,794
		DA13	5,755	260,109		
		DA14	9,842	269,951		
		DA15	11,527	281,478		
		DA16	13,881	295,359	5	2,776
		DA17	7,084	302,443		
		DA18	2,008	304,451		
<b>E</b>	<b>LONDON E</b>	E1	26,619	331,070		
		E2	18,779	349,849	5	3,756
		E3	21,156	371,005		
		E4	24,556	395,561		
		E5	16,533	412,094	5	3,307
		E6	24,118	436,212		
		E7	14,742	450,954	5	2,948
		E9	15,219	466,173		
		E10	14,776	480,949		
		E11	20,665	501,614	5	4,133
		E12	11,814	513,428		
		E14	33,580	547,008		
		E15	19,205	566,213	5	3,841
		E17	38,171	604,384	5	7,634
		E18	7,993	612,377		

*Note: The selected postcode districts are highlighted in grey*

**Table 5.4. (continued)**

POSTCODE AREA	POSTCODE AREA NAME	POSTCODE DISTRICT	UNITS	CUMULATIVE UNITS	300/60 = 5 INTERVIEWS PER SITE	SKIP INTERVAL
<b>EC</b>	<b>LONDON EC</b>	EC1A	721	613,098		
		EC1M	940	614,038		
		EC1N	1,232	615,270		
		EC1R	2,638	617,908		
		EC1V	6,323	624,231		
		EC1Y	1,994	626,225		
		EC2A	749	626,974		
		EC2M	93	627,067		
		EC2N	19	627,086		
		EC2R	38	627,124		
		EC2V	18	627,142		
		EC2Y	2,120	629,262		
		EC3A	54	629,316		
		EC3M	37	629,353		
		EC3N	318	629,671		
		EC3R	108	629,779		
		EC3V	48	629,827		
		EC4A	327	630,154		
		EC4M	130	630,284		
		EC4N	27	630,311		
EC4R	41	630,352				
EC4V	490	630,842				
EC4Y	312	631,154				
<b>EN</b>	<b>ENFIELD</b>	EN1	18,083	649,237		
		EN2	12,963	662,200	5	2,593
		EN3	21,111	683,311		
		EN4	10,406	693,717		
		EN5	15,786	709,503	5	3,157
		EN6	12,427	721,930		
		EN7	8,382	730,312		
		EN8	15,491	745,803		
		EN9	10,529	756,332		
		EN10	7,005	763,337	5	1,401
		EN11	9,154	772,491		
<b>HA</b>	<b>HARROW</b>	HA0	15,328	787,819		
		HA1	13,982	801,801		
		HA2	19,544	821,345	5	3,909
		HA3	23,774	845,119		
		HA4	19,884	865,003	5	3,977
		HA5	18,103	883,106		
		HA6	9,336	892,442		
		HA7	13,001	905,443		
		HA8	23,167	928,610	5	4,633
		HA9	14,925	943,535		
<b>IG</b>	<b>ILFORD</b>	IG1	19,480	963,015		
		IG2	9,191	972,206	5	1,838
		IG3	10,817	983,023		
		IG4	3,043	986,066		
		IG5	5,906	991,972		
		IG6	10,907	1,002,879		
		IG7	7,991	1,010,870		
		IG8	14,539	1,025,409	5	2,908
		IG9	5,691	1,031,100		
		IG10	13,614	1,044,714		
		IG11	19,654	1,064,368		

**Table 5.4. (continued)**

POSTCODE AREA	POSTCODE AREA NAME	POSTCODE DISTRICT	UNITS	CUMULATIVE UNITS	300/60 = 5 INTERVIEWS PER SITE	SKIP INTERVAL
KT	KINGSTON UPON THAMES	KT1	9,200	1,073,568	5	1,840
		KT2	12,582	1,086,150		
		KT3	14,442	1,100,592		
		KT4	11,449	1,112,041		
		KT5	8,075	1,120,116	5	1,615
		KT6	13,317	1,133,433		
		KT7	4,189	1,137,622		
		KT8	8,539	1,146,161		
		KT9	8,289	1,154,450		
		KT10	8,136	1,162,586		
		KT11	6,100	1,168,686		
		KT12	15,728	1,184,414	5	3,146
		KT13	9,930	1,194,344		
		KT14	5,643	1,199,987		
		KT15	11,434	1,211,421		
		KT16	8,129	1,219,550		
		KT17	9,580	1,229,130	5	1,916
		KT18	7,154	1,236,284		
		KT19	13,457	1,249,741		
		KT20	8,520	1,258,261		
		KT21	5,479	1,263,740		
		KT22	10,152	1,273,892	5	2,030
		KT23	4,757	1,278,649		
		KT24	3,626	1,282,275		
N	LONDON N	N1	36,875	1,319,150		
		N2	9,532	1,328,682	5	1,906
		N3	9,902	1,338,584		
		N4	16,073	1,354,657		
		N5	9,379	1,364,036		
		N6	8,004	1,372,040		
		N7	17,588	1,389,628	5	3,518
		N8	13,228	1,402,856		
		N9	18,834	1,421,690		
		N10	9,261	1,430,951	5	1,852
		N11	11,297	1,442,248		
		N12	11,050	1,453,298		
		N13	10,815	1,464,113		
		N14	11,536	1,475,649		
		N15	15,074	1,490,723	5	3,015
		N16	22,694	1,513,417		
		N17	22,648	1,536,065	5	4,530
		N18	11,397	1,547,462		
		N19	12,915	1,560,377		
		N20	7,657	1,568,034		
		N21	9,198	1,577,232		
		N22	14,633	1,591,865	5	2,927

*Note: The selected postcode districts are highlighted in grey*

**Table 5.4. (continued)**

POSTCODE AREA	POSTCODE AREA NAME	POSTCODE DISTRICT	UNITS	CUMULATIVE UNITS	300/60 = 5 INTERVIEWS PER SITE	SKIP INTERVAL
NW	LONDON NW	NW1	23,843	1,615,708		
		NW2	22,157	1,637,865	5	4,431
		NW3	18,282	1,656,147		
		NW4	12,037	1,668,184		
		NW5	11,236	1,679,420		
		NW6	21,175	1,700,595	5	4,235
		NW7	9,632	1,710,227		
		NW8	15,831	1,726,058		
		NW9	21,477	1,747,535	5	4,295
		NW10	30,701	1,778,236		
		NW11	11,455	1,789,691	5	2,291
RM	ROMFORD	RM1	8,879	1,798,570		
		RM2	5,799	1,804,369		
		RM3	17,379	1,821,748		
		RM4	1,852	1,823,600		
		RM5	7,729	1,831,329		
		RM6	12,398	1,843,727	5	2,480
		RM7	11,559	1,855,286		
		RM8	15,021	1,870,307		
		RM9	13,891	1,884,198		
		RM10	14,905	1,899,103	5	2,981
		RM11	12,583	1,911,686		
		RM12	14,476	1,926,162		
		RM13	12,263	1,938,425		
		RM14	11,082	1,949,507	5	2,216
		RM15	11,305	1,960,812		
		RM16	15,941	1,976,753		
		RM17	11,512	1,988,265		
		RM18	6,627	1,994,892		
		RM19	2,908	1,997,800	5	582
		RM20	2,076	1,999,876		
SM	SUTTON	SM1	16,429	2,016,305		
		SM2	12,501	2,028,806		
		SM3	8,216	2,037,022		
		SM4	13,943	2,050,965	5	2,789
		SM5	15,417	2,066,382		
		SM6	14,994	2,081,376		
		SM7	7,340	2,088,716		

*Note: The selected postcode districts are highlighted in grey*

**Table 5.4. (continued)**

POSTCODE AREA	POSTCODE AREA NAME	POSTCODE DISTRICT	UNITS	CUMULATIVE UNITS	300/60 = 5 INTERVIEWS PER SITE	SKIP INTERVAL
SW	LONDON SW	SW1A	456	2,089,172		
		SW1E	571	2,089,743		
		SW1H	416	2,090,159		
		SW1P	6,988	2,097,147		
		SW1V	9,962	2,107,109	5	1,992
		SW1W	4,717	2,111,826		
		SW1X	4,203	2,116,029		
		SW1Y	548	2,116,577		
		SW2	19,754	2,136,331		
		SW3	12,774	2,149,105		
		SW4	15,195	2,164,300	5	3,039
		SW5	5,809	2,170,109		
		SW6	26,131	2,196,240		
		SW7	7,764	2,204,004	5	1,553
		SW8	15,362	2,219,366		
		SW9	16,949	2,236,315		
		SW10	8,306	2,244,621		
		SW11	28,652	2,273,273	5	5,730
		SW12	11,620	2,284,893		
		SW13	6,771	2,291,664		
SW14	6,978	2,298,642				
SW15	25,571	2,324,213	5	5,114		
SW16	28,836	2,353,049				
SW17	23,021	2,376,070	5	4,604		
SW18	23,479	2,399,549				
SW19	32,993	2,432,542	5	6,599		
SW20	11,779	2,444,321				
TW	TWICKENHAM	TW1	11,091	2,455,412		
		TW2	12,319	2,467,731	5	2,464
		TW3	12,968	2,480,699		
		TW4	9,225	2,489,924		
		TW5	9,302	2,499,226		
		TW6	25	2,499,251		
		TW7	14,402	2,513,653	5	2,880
		TW8	8,445	2,522,098		
		TW9	10,115	2,532,213		
		TW10	8,645	2,540,858		
		TW11	9,961	2,550,819		
		TW12	9,912	2,560,731		
		TW13	13,834	2,574,565	5	2,767
		TW14	10,498	2,585,063		
		TW15	11,453	2,596,516		
		TW16	8,521	2,605,037		
		TW17	6,282	2,611,319		
		TW18	11,106	2,622,425	5	2,221
		TW19	6,916	2,629,341		
		TW20	9,648	2,638,989		

*Note: The selected postcode districts are highlighted in grey*

**Table 5.4. (continued)**

POSTCODE AREA	POSTCODE AREA NAME	POSTCODE DISTRICT	UNITS	CUMULATIVE UNITS	300/60 = 5 INTERVIEWS PER SITE	SKIP INTERVAL
UB	SOUTHALL	UB1	11,648	2,650,637		
		UB2	10,083	2,660,720		
		UB3	16,381	2,677,101	5	3,276
		UB4	13,640	2,690,741		
		UB5	17,007	2,707,748		
		UB6	17,635	2,725,383	5	3,527
		UB7	11,657	2,737,040		
		UB8	13,255	2,750,295		
		UB9	6,190	2,756,485		
		UB10	13,055	2,769,540	5	2,611
		UB11	3	2,769,543		
W	LONDON W	W1B	426	2,769,969		
		W1C	43	2,770,012		
		W1D	469	2,770,481		
		W1F	772	2,771,253		
		W1G	1,233	2,772,486		
		W1H	3,145	2,775,631		
		W1J	963	2,776,594		
		W1K	1,479	2,778,073		
		W1S	224	2,778,297		
		W1T	1,180	2,779,477		
		W1U	2,261	2,781,738		
		W1W	1,620	2,783,358		
		W2	17,938	2,801,296		
		W3	18,839	2,820,135	5	3,768
		W4	18,518	2,838,653		
		W5	19,084	2,857,737		
		W6	13,271	2,871,008		
W7	10,992	2,882,000	5	2,198		
W8	9,367	2,891,367				
W9	12,537	2,903,904				
W10	12,513	2,916,417				
W11	12,189	2,928,606	5	2,438		
W12	17,984	2,946,590				
W13	12,705	2,959,295				
W14	13,490	2,972,785				

*Note: The selected postcode districts are highlighted in grey*

**Table 5.4. (continued)**

POSTCODE AREA	POSTCODE AREA NAME	POSTCODE DISTRICT	UNITS	CUMULATIVE UNITS	300/60 = 5 INTERVIEWS PER SITE	SKIP INTERVAL
WC	LONDON WC	WC1A	467	2,973,252		
		WC1B	725	2,973,977		
		WC1E	817	2,974,794	5	163
		WC1H	3,385	2,978,179		
		WC1N	2,823	2,981,002		
		WC1R	331	2,981,333		
		WC1V	149	2,981,482		
		WC1X	3,006	2,984,488		
		WC2A	128	2,984,616		
		WC2B	1,037	2,985,653		
		WC2E	462	2,986,115		
		WC2H	1,613	2,987,728		
		WC2N	328	2,988,056		
		WC2R	91	2,988,147		
WD	WATFORD	WD3	16,633	3,004,780		
		WD4	4,862	3,009,642		
		WD5	4,859	3,014,501		
		WD6	15,207	3,029,708	5	3,041
		WD7	4,953	3,034,661		
		WD17	6,521	3,041,182		
		WD18	9,260	3,050,442		
		WD19	11,544	3,061,986		
		WD23	10,540	3,072,526		
		WD24	8,875	3,081,401	5	1,775
		WD25	11,022	3,092,423		

*Note: The selected postcode districts are highlighted in grey*

**Table 5.4. (continued)**

<b>Sampling Interval (SI) = Cumulative population / Number of sites</b>			
=			3,092,423 / 60
=			51,540
<b>Random Start (RS)</b>	=		36,612
<b>Series Numbers</b>			
	RS	36,612	RS+30SI 1,582,824
	RS+SI	88,152	RS+31SI 1,634,364
	RS+2SI	139,693	RS+32SI 1,685,904
	RS+3SI	191,233	RS+33SI 1,737,445
	RS+4SI	242,774	RS+34SI 1,788,985
	RS+5SI	294,314	RS+35SI 1,840,525
	RS+6SI	345,854	RS+36SI 1,892,066
	RS+7SI	397,395	RS+37SI 1,943,606
	RS+8SI	448,935	RS+38SI 1,995,147
	RS+9SI	500,475	RS+39SI 2,046,687
	RS+10SI	552,016	RS+40SI 2,098,227
	RS+11SI	603,556	RS+41SI 2,149,768
	RS+12SI	655,097	RS+42SI 2,201,308
	RS+13SI	706,637	RS+43SI 2,252,848
	RS+14SI	758,177	RS+44SI 2,304,389
	RS+15SI	809,718	RS+45SI 2,355,929
	RS+16SI	861,258	RS+46SI 2,407,470
	RS+17SI	912,799	RS+47SI 2,459,010
	RS+18SI	964,339	RS+48SI 2,510,550
	RS+19SI	1,015,879	RS+49SI 2,562,091
	RS+20SI	1,067,420	RS+50SI 2,613,631
	RS+21SI	1,118,960	RS+51SI 2,665,172
	RS+22SI	1,170,500	RS+52SI 2,716,712
	RS+23SI	1,222,041	RS+53SI 2,768,252
	RS+24SI	1,273,581	RS+54SI 2,819,793
	RS+25SI	1,325,122	RS+55SI 2,871,333
	RS+26SI	1,376,662	RS+56SI 2,922,873
	RS+27SI	1,428,202	RS+57SI 2,974,414
	RS+28SI	1,479,743	RS+58SI 3,025,954
	RS+29SI	1,531,283	RS+59SI 3,077,495

2. Within each selected postcode district, households were chosen using a systematic sampling technique (Burns and Bush, 2003). Therefore, the researcher calculated a skip interval for each district by dividing the population list size, which in this study is the number of residential addresses, by the sample size, five. For example, for the postal district BR2, the skip interval is computed by dividing 19,463 by five; therefore, every 3,893rd residential



address is selected in the sample. The use of the skip interval guarantees that the entire list is covered (Burns and Bush, 2003). The starting point for sampling the list was determined by using random numbers (Kinnear and Taylor, 1991). Once a household was selected in the sample, the first eligible and available respondent in the household was interviewed.

#### **5.7.4.3. RESPONSE RATE AND SUBSTITUTION**

Non-response occurs when the potential household respondent incorporated in the sample does not respond due to one of the following reasons (Wilson, 2006):

- Ineligible: It includes, for example, those individuals who are physically handicapped, elderly and those whose level of English is very poor.
- Not-at-home after two visits: The researcher made one call-back before replacing the respondent. Therefore, this group refers to those being away from home on the first and the second visit.
- Refusals: Individuals who decline to participate.
- Postpone it and then do not do it: Potential respondents that suggest postponing it because of the timing. However, when the researcher calls back, the respondent finally refuses to participate.

Non-respondents were substituted by subjects from adjacent household units as they are likely to have similar socio-economic and demographic characteristics (Slama and Tashchian, 1985). Table 5.5 and Table 5.6 show the results following the structure proposed by Lovelock et al. (1976). In summary, 1,491 household units were visited, of which 59 proved ineligible for inclusion in the survey and 573 had no one at home on the first and the second visit, leaving a total of 859 presumable eligible households. Of

these households, 311 (36.2 per cent) agreed to take part in the survey of which 300 (34.9 per cent) actually participated in the survey, as there were 11 that postponed it and eventually did not do it. Since only one face-to-face interview was conducted per household, the response rate is 34.9 per cent.

**Table 5.5. Participation and Response Rates I**

HOUSEHOLDS VISITED	INELIGIBLE TO PARTICIPATE	NOT-AT-HOME AFTER TWO VISITS	REFUSALS	AGREEMENTS	POSTPONE AND THEN DO IT	POSTPONE AND THEN DO NOT DO IT
1,491	59	573	548	264	36	11

**Table 5.6. Participation and Response Rates II**

	Households	
Total households visited	1,491	
less ineligible to participate	59	
Gross sample	1,432	
less not-at-home after two visits	573	
Net sample (households contacted)	859	(100%)
less refusals to participate	548	
Households accepting questionnaires	311	(36.2%)
less households then do not do it	11	
Responding households	300	(34.9%)

### 5.7.5. DATA COLLECTION

Survey questionnaire has been the most often employed method to investigate the influence of COO on product perceptions, followed by experimental research that is

mainly applied to multiple-cue studies to measure the relative impact of country image and other cues on consumer product evaluation. Within corporate branding literature, surveys are also the most frequently used method to measure corporate image (van Riel et al., 1998). Although experiments are the most effective method to investigate causal relationships (McGivern, 2003), they are not suitable for this study because it faces the problem of causality, i.e. through an experiment the researcher cannot establish that the relationship is one way (corporate image affecting COI) and not the other way (COI affecting corporate image). Consequently, survey research was deemed to be the most adequate method to capture data and test the hypotheses in this study.

Methods of questionnaire administration can be classified into four main categories: interview surveys, postal surveys, online surveys and telephone surveys (Kent, 2007). The following factors were considered to choose face-to-face interviews as the most appropriate survey method:

- The superior quality of data that generally derive from face-to-face interviews (Kent, 1999).
- The sampling frame and then the sampling technique adopted in this study.
- The information required in the first part of the survey: to analyse the content of an individual's mental structures regarding Spain and corporate brands of Spain.
- Response rate is usually higher than with other methods (Lovelock et al., 1976).

- Potential to probe respondents and build rapport (Malhotra and Birks, 2000).

In terms of the completion of the questionnaire, the closed questions of the survey were mostly filled in by the researcher and occasionally completed by the respondent. The open-ended questions were read by the researcher, who then tape recorded the participants' answers once the researcher explained the nature of the study. To encourage the respondents to provide accurate data, the researcher promised and ensured confidentiality (Huber and Power, 1985).

The data collection took place mainly during late afternoons and early evenings on weekdays, and during mornings, afternoons and early evenings on weekends to increase the probability of finding an eligible respondent at home (Weeks et al., 1980). The survey research was conducted from the 5<sup>th</sup> of September 2009 to the 22<sup>nd</sup> of November 2009.

The first part of the interview survey was tape recorded and verbatim transcribed. In that part the respondents were encouraged to wander freely in their answers, while ensuring that there was no interviewer-induced bias (McCracken, 1988).

#### **5.7.6. MEASUREMENT**

The measures for the constructs included in this study were drawn from the literature (see Table 5.7).

**Table 5.7. Measurement**

CONSTRUCT	DOMAIN OF THE CONSTRUCT	COMPONENTS	DIMENSIONS	MEASUREMENT	SCALE(S)	MEASUREMENT ORIGIN	CRONBACH'S ALPHA
Country of origin image	COI as “a mental network of affective and cognitive associations connected to the country” (Verlegh, 2001, p.25). This definition takes an associative network perspective, whereby COI consists of nodes linked together in consumers’ memory networks with regard to a specific country (Collins and Loftus, 1975; Anderson, 1983).	Holistic component		Open-ended questions: What comes to your mind when you think of Spain?. In your opinion what is positive about Spain? What do you like about Spain?. In your opinion what do you dislike about Spain?. What is unique about Spain? How is it different from other countries?. In what ways is Spain the same as other countries?		Associative network literature; Keller (1993; 2008)	
		Attribute-based component 1) Cognitive component	ECONOMIC (EC)	Items: > High labour costs vs. Low labour costs (EC1) * > Existence of welfare system vs. Lack of a welfare system (EC2) * > Stable economic environment vs. Unstable economic environment (EC3) > Production of high quality products vs. Production of low quality products (EC4) > High standard of living vs. Low standard of living (EC5)	7-point SD	Martin and Eroglu (1993)	0.925
			TECHNOLOGICAL (TEC)	Items: > Mass produced products vs. Handcrafted products (TEC1) * > Predominantly industrialised vs. Predominantly non-industrialised (TEC2) * > High literacy rates vs. Low literacy rates (TEC3) * > High level of technological research vs. Low level of technological research (TEC4)			
			POLITICAL (POL)	Items: > Economically developed vs. Economically underdeveloped (POL1) * > Democratic system vs. Dictatorial system (POL2) > Civilian government vs. Military government (POL3) > Free market system vs. Centrally planned system (POL4) > Exporter of agricultural products vs. Importer of agricultural products (POL5) *			
		Attribute-based component 2) Affective component	POSITIVE AFFECT (PAF)	Items: > Interested (PAF1) * > Excited (PAF2) * > Strong (PAF3) > Enthusiastic (PAF4) * > Proud (PAF5) > Alert (PAF6) > Inspired (PAF7) > Determined (PAF8) > Attentive (PAF9) > Active (PAF10)	7-point SR	Watson et al. (1988)	PANAS PA scale: 0.88
NEGATIVE AFFECT (NAF)	Items: > Distressed (NAF1) > Upset (NAF2) > Guilty (NAF3) > Scared (NAF4) * > Hostile (NAF5) * > Irritable (NAF6) * > Ashamed (NAF7) > Nervous (NAF8) * > Jittery (NAF9) * > Afraid (NAF10) *		PANAS NA scale: 0.87				

**Table 5.7. (continued)**

CONSTRUCT	DOMAIN OF THE CONSTRUCT	COMPONENTS	DIMENSIONS	MEASUREMENT	SCALE(S)	MEASUREMENT ORIGIN	CRONBACH'S ALPHA
Net valence	Valence refers to the favourability of corporate brand associations. A composite measure of net valence is used to obtain the relative favourability of the corporate brand			Valence: Corporate brand associations are assessed on a seven-point summated rating scale anchored with very negative (-3) and very positive (3).	7-point SR	Fishbein and Ajzen (1975); Norman (1975); Ajzen and Fishbein (1980); Chaiken and Bakdwin (1981); Roedder John et al. (2006)	
				Net valence: Proportion of positive minus negative corporate brand associations.			
				The mean is used to obtain the net valence at the individual level.			
Consistency	Consistency refers to the extent to which the associations of a corporate brand are favourability consistent			Consistency is measured through the standard deviation of the valence of the corporate brand associations.		Attitude literature	
				The mean of the consistencies is used to obtain the consistency at the individual level.			
Number of corporate brands	Number of corporate brands that come to the respondent's mind			Open-ended questions: What comes to your mind when you think of Spain?. When you think about Spain, are there any companies that come to your mind?, Which other companies come to your mind when you think of Spain except the ones that you mentioned?		Associative network literature	
Accessibility	Accessibility refers to the strength of the link in memory between the country (Spain) and the corporate brand (Fazio et al., 1982; Fazio, 1995)			Accessibility is measured through the latency of response, i.e. response time.		Fazio (1986); Fazio (1989)	
				The mean of the latencies of response is used to obtain the accessibility at the individual level.			

**Table 5.7. (continued)**

CONSTRUCT	DOMAIN OF THE CONSTRUCT	COMPONENTS	DIMENSIONS	MEASUREMENT	SCALE(S)	MEASUREMENT ORIGIN	CRONBACH'S ALPHA
<b>Country familiarity (CF)</b>	Level of knowledge of the country that can be acquired through experience (Johansson, 1989). Therefore, as Erickson et al. (1984) acknowledge, country familiarity is conceptualised as a construct composed of an objective component (actual experience) and a subjective component (respondent's thoughts).			Items: > Familiarity with Spain (CF1) > Knowledge of Spain (CF2) > Number of visits to Spain (CF3) * > Number of months living in Spain (CF4) * > Number of Spaniards the respondent is in touch with (CF5) * > Fluency in the Spanish language (CF6) *	7-point SR 7-point SR  6-point SR	Lee and Ganesh (1999); Balabanis et al. (2002); Paswan and Sharma (2004); Elliot and Papadopoulos (2007)	
<b>Business familiarity (BF)</b>	Level of knowledge of the Spanish businesses that can be acquired through experience (Johansson, 1989). Therefore, as Erickson et al. (1984) acknowledge, business familiarity is conceptualised as a construct composed of an objective component (actual experience) and a subjective component (respondent's thoughts).			Items: > Familiarity with the Spanish business world (BF1) > Knowledge of the Spanish business world (BF2) > Frequency of buying Spanish-made products (BF3) *	7-point SR	Park et al. (1991); Lee and Ganesh (1999)	
<b>Consumer ethnocentrism (CET)</b>	"The beliefs held by consumers about the appropriateness, indeed morality, of purchasing foreign-made products" (Shimp and Sharma, 1987, p.280).			Items: > Only those products that are unavailable in the UK should be imported (CET1) * > British products, first, last and foremost (CET2) * > Purchasing foreign-made products is un-British (CET3) > It is not right to purchase foreign products, because it puts Britons out of jobs (CET4) > A real Briton should always buy British-made products (CET5) > We should purchase products manufactured in the UK instead of letting other countries get rich off us (CET6) > Britons should not buy foreign products, because this hurts British business and causes unemployment (CET7) > It may cost me in the long-run but I prefer to support British products (CET8) > We should buy from foreign countries only those products that we cannot obtain within our own country (CET9) * > British consumers who purchase products made in other countries are responsible for putting their fellow Britons out of work (CET10)	7-point Likert	10-item version of the CETSCALE (Shimp and Sharma, 1987)	It ranges from 0.94 to 0.96 (a)

Notes:

\* These items were dropped from the final analysis based on the results of internal consistency reliability and factor analysis

a They conduct four studies to assess the reliability. This research is interested in the national consumer good study as the authors use the reduced 10-item version of the CETSCALE. However, when reporting the internal consistency reliability, the authors just indicate that the Coefficient alpha for the four studies ranges from 0.94 to 0.96.

SD: semantic differential; SR: summated rating.

*Country of origin image:* As indicated earlier, the majority of COO studies operationalise country image through a list of attributes, measured by using semantic differential, summated rating or Likert scales. However, it was also indicated that some authors see image as a complex construct and, therefore, its operationalisation cannot be limited to a list of attributes and should add an interpretative approach (Askegaard and Ger, 1997). Furthermore, Roedder John et al. (2006, p.549) add that multidimensional scaling is a good technique to understand how brands are perceived and the dimensions that underlie these perceptions, but it is not helpful to “*identify brand association networks -that is, which associations are linked directly to the brand, which associations are indirectly linked to the brand through other associations (...)*”. COI is defined in this study as “*a mental network of affective and cognitive associations connected to the country*” (Verlegh, 2001, p.25). Following this definition and both perspectives to measure COI (list of attributes and holistic impressions), two stages are followed in this study:

- a) Firstly, the researcher aims to capture the more holistic component of COI by asking the respondents “What comes to your mind when you think of Spain?”, a cue phrase that is used as a probe in free association (Krishnan, 1996), free response (Boivin, 1986) or free elicitation techniques to reveal an individual’s mental structure. Keller’s (1993; 2008) consumer-related factors on creating brand equity, namely saliency, favourability and uniqueness of brand associations in the minds of consumers, are the source of the follow-up questions added to get a gestalt impression of Spain, exploring the favourable and unfavourable associations about Spain and also the similarities and differences between Spain and other countries: “In your opinion what is positive about Spain? What do you like about Spain?”, “In



your opinion what do you dislike about Spain?”, “What is unique about Spain? How is it different from other countries?”, “In what ways is Spain the same as other countries?” These open-ended questions allow participants to express the associations that are most accessible and important to them in their own words.

b) Secondly, to capture the attribute-based component, two components are differentiated following the definition of COI adopted in this study: cognitive and affective attributes.

- The cognitive component of COI is measured through the scale developed by Martin and Eroglu (1993). The three dimensions, namely economic, technological and political beliefs, are measured on a 14-item, seven-point semantic differential scale. The scale has been validated in China (Li et al., 1997).
- The affective component of COI is measured using the scale developed by Watson et al. (1988) that distinguishes two factors: positive affect and negative affect. According to Laros and Steenkamp (2005) and Verlegh (2001), the division of emotions into positive affect and negative affect seems to be the most frequently used when studying emotions in consumer research. The PANAS scale used in this study includes two 10-item, seven-point summated rating scales that comprise the positive and negative affects.

*Net valence:* At the end of the free association task that aimed at exploring individuals’ mental structures regarding each company mentioned, the participants were

asked to indicate the favourability of each corporate brand association on a seven-point summated rating scale anchored with “very negative” and “very positive” (-3 as “very negative” and 3 as “very positive”). Previous studies within the attitude literature (Fishbein and Ajzen, 1975; Norman, 1975; Ajzen and Fishbein, 1980; Chaiken and Baldwin, 1981) and the associative network theory (Roedder John et al., 2006) propose either a summated rating scale anchored with “very unfavourable” or “very negative” and “very favourable” or “very positive”, or a semantic differential scale anchored with good vs. bad or positive vs. negative to measure favourability.

All the data analysis in this study is conducted at the individual level; however, some of the data collected is at the association level (e.g. valence of corporate brand associations) and other data at the corporate level (e.g. consistency). Consequently, the researcher had to make some calculations to adapt the corporate brand data, which was captured at the association or at the corporate level, to the individual level. Further details are provided below about the calculation methods for each independent variable.

In line with Krishnan (1996), the measure used to obtain the relative favourability of the corporate brand is the net positive thoughts, i.e. net valence (number of positive minus number of negative corporate brand associations), and is indicated as a proportion to consider for the divergences in the number of associations. Then the mean was used to obtain the net valence at the individual level when the respondent recalled more than one corporate brand.

*Consistency:* Applying Eagly and Chaiken's (1995) definition of consistency to this study, consistency refers to the extent to which the associations of a corporate brand are favourability consistent. Consequently, the valence of these associations from each subject's perspective is used to establish the consistency of corporate brands. The measure used to indicate the extent to which the associations of a corporate brand are favourability consistent is the standard deviation that measures the dispersion of a set of data from its mean (Weiss, 2008). Thus, the more spread apart the valence of the corporate associations, the higher the deviation and the lower the consistency.

The formula of the standard deviation is as follows:

$$s = \sqrt{\frac{\sum(X-M)^2}{n-1}}$$

where  $X$  is the individual score;  $M$  is the mean of all scores; and  $n$  is the number of scores.

If the respondent mentioned more than one corporate brand, the mean of the consistencies was used to obtain the consistency at the individual level.

*Number of corporate brands:* The number of corporate brands that came to the respondent's mind was operationalised through a cue phrase used as a probe in the free association technique: "What comes to your mind when you think of Spain?" Another two phrases were added to prompt respondents: "When you think about Spain, are there any companies that come to your mind?" or "Which other companies come to your mind when you think of Spain except the ones that you mentioned?" The individuals

were asked the former question or the latter, depending on whether they mentioned a company when exploring their network of associations with Spain. The number of corporate brands generated in response to these questions provides an indication of whether corporations define the image of Spain.

*Accessibility:* Following Fazio's research (Fazio et al., 1982; Fazio, 1986; Fazio, 1989), accessibility of corporate brands is measured through the latency of response, i.e. response time, the time it takes a respondent to mention a corporate brand. The answers generated in response to the questions "What comes to your mind when you think of Spain?", "When you think about Spain, are there any companies that come to your mind?" or "Which other companies come to your mind when you think of Spain except the ones that you mentioned?" were recorded using a high-quality digital voice recorder. The WMA audio files were converted into WAV format to be suitable for analysis in Praat. Then the researcher loaded the recording of an interview session into the audio editing software (Praat), screened through the recording and inserted markers manually into the audio stream. The actual time elapsed between question offset (when all relevant information has become available for the participant) and response onset is what the researcher operationalised as latency. Therefore, question offset and response onset are the points of reference for latency measurement. It is inferred that a fast response time implies accessibility; thus, the lower the response latency, the greater the strength of association.

Since data were obtained at the corporate level, when the respondent recalled more than one corporate brand, the researcher calculated the mean of the latencies of response and

put the resulting figure into SPSS. If he/she recalled just one corporate brand, its latency was directly put into SPSS.

*Country familiarity:* Previous research has measured country familiarity by asking respondents to rate their level of familiarity with (Paswan and Sharma, 2004) and/or knowledge of (Lee and Ganesh, 1999) and/or travel frequency to the country (Elliot and Papadopoulos, 2007). Balabanis et al. (2002) assess one's direct contact with the country through the number of visits to the country and the amount of time somebody has lived in that country. Furthermore, in the same research they also measure the fluency in the official language of that country. Following, firstly, these studies; secondly, Johansson's (1989) conceptualisation of familiarity as the level of knowledge of the country that can be acquired through experience; and thirdly, Erickson et al.'s (1984) understanding of familiarity as a construct composed of an objective component (actual experience) and a subjective component (respondent's thoughts), country familiarity is operationalised in this study using six items: familiarity with Spain (seven-point summated rating scale), knowledge of Spain (seven-point summated rating scale), number of visits to Spain, number of months living in Spain, number of Spaniards the respondent is in touch with and fluency in the Spanish language (six-point summated rating scale).

*Business familiarity:* Considering Johansson's (1989) and Erickson et al.'s (1984) conceptualisation of familiarity indicated above, this study adopts Park et al.'s (1991) and Lee and Ganesh's (1999) operationalisation of brand familiarity, asking subjects about their level of knowledge and level of familiarity with the brand. The objective component of familiarity is captured by adding an item on the frequency of

buying Spanish-made products. The three items are measured on a seven-point summated rating scale.

*Consumer ethnocentrism:* Consumer ethnocentrism is measured using the reduced ten-item version of the CETSCALE developed by Shimp and Sharma (1987). This scale has been validated in the US (Shimp and Sharma, 1987) and Germany, France and Japan (Netemeyer et al., 1991). The ten items are measured on a seven-point Likert scale.

*Covariates:* Demographic variables (gender, age, education and annual household income) are measured directly. They are used as control variables.

### **5.7.7. QUESTIONNAIRE DESIGN**

#### **5.7.7.1. FULLY DEVELOPED QUESTIONNAIRE**

Throughout the questionnaire, demographic, behavioural, cognitive and affective variables are measured by using direct (e.g. gender of respondent), indirect (e.g. fluency in the Spanish language) and derived measurement (e.g. a seven-point Likert scale that is based on getting participants to indicate their degree of agreement or disagreement with a series of statements).

Adapting Kent's (2007) classification of variables, the demographic variables include gender, age, education and annual household income. Behavioural variables relate to what respondents did, what they currently do or what they may do in the future (e.g. how frequently respondents buy Spanish-made products). The cognitive variables

include beliefs (e.g. economic, technological and political beliefs about Spain) and finally, the affective variables include feelings (e.g. how Spain makes the respondent feel).

The survey questionnaire was designed considering the objectives of the research and the hypotheses of the main research stage. It guides the respondent's thoughts in a logical progression from one topic to the next. The sequence of the questions is as follows (Table 5.8 provides details on the aim of each question):

**Table 5.8. Aim(s) of Each Question Included in the Survey Questionnaire**

QUESTION(S)		AIM(S)
Q1, Q2	Q1. What comes to your mind when you think of Spain? Q2. What else?	To explore the content of the Spanish image and identify salient associations.
Q1, Q2 & Q5	Q1. What comes to your mind when you think of Spain? Q2. What else? Q5a. When you think about Spain, are there any companies that come to your mind? Q5b. Which other companies come to your mind when you think of Spain except the ones that you mentioned?	To find out if companies are part of the associative network, i.e. which part of the image of Spain refers to corporations, the number of corporate brands that come to the respondent's mind and the accessibility of corporate brands, distinguishing between prompted and unprompted recall.
Q3 & Q6	Q3. & Q6. What comes to your mind when you think about this company? What else?	To identify corporate brand associations in the consumer's mind.
Q4 & Q7	Q4. & Q7. Do you see these as positive or negative?	To rate the valence of corporate brand associations.
Q8-Q11	Q8. In your opinion what is positive about Spain? What do you like about Spain? Q9. In your opinion what do you dislike about Spain? Q10. What is unique about Spain? How is it different from other countries? Q11. In what ways is Spain the same as other countries?	To elaborate on the content of the Spanish image, what is positive and negative, unique and similar. The researcher goes further into exploring the image of Spain by forcing subjects to think of some issues; therefore, they are prompted questions. However, Q1 is unprompted to see what comes to respondents' minds, which is more salient.
Q12	Q12. Please rate Spain against the following descriptors.	To assess the cognitive component of the image of Spain.
Q13	Q13. How does Spain make you feel? Please indicate the extent to which Spain makes you feel this way.	To assess the affective component of the image of Spain.
Q14 - Q19	Q14. How familiar do you consider yourself with Spain? Q15. How well do you consider that you know Spain? Q16. How many times have you visited Spain? Q17. How many months have you lived in Spain? Q18. How many Spanish people are you in touch with? Q19. How fluent are you in Spanish?	To assess country familiarity.
Q20 - Q22	Q20. How familiar do you consider yourself with the Spanish business world? Q21. How well do you consider that you know the Spanish business world? Q22. How frequently do you buy Spanish-made products?	To assess business familiarity.
Q23	Q23. To what extent do you agree or disagree with each of the following statements?	To assess consumer ethnocentrism.
Q24 - Q27	Q24. Gender. Q25. Age. Q26. Years in full-time education since the age of 5. Q27. Annual household income.	Demographic data.



- Firstly, there is an introduction to explain the nature of the survey and the purpose of the study, invite the respondent's cooperation and ensure the confidentiality and anonymity of the responses.
- A filter question is the starting point of the survey questionnaire. The participants are asked for their nationality in order to determine whether they are eligible to answer the subsequent questions.
- Thirdly, several open-ended questions are included to elicit country and corporate brand association networks from the participants. Furthermore, the subjects are prompted to elicit corporate brands. Finally, four questions are added to elaborate on the content of the image of Spain: what is positive and negative, what is unique and similar to other countries. Therefore, while the first question ("What comes to your mind when you think of Spain?") is unprompted and aims to identify salient associations, the last four open-ended questions go further into exploring the image of Spain, the researcher prompts the respondent.
- The fourth section could be considered as a subsection of the previous one due to the topic that it addresses. It is composed of a single question assessing the valence of each corporate brand association.
- Then the questionnaire presents lists of attributes. The cognitive and affective components of COI are investigated via a number of items (14 and 20, respectively). The former includes economic, political and technological beliefs and the latter, positive and negative feelings.
- The next section analyses participants' familiarity with Spain and with the Spanish business world. The respondents are asked about their level of knowledge and familiarity at both levels. The degree of familiarity

with Spain is also assessed through four other questions: number of times that the respondent has visited Spain, number of months that he/she has lived in Spain, number of Spanish people the respondent is in touch with and his/her fluency in Spanish. Regarding business familiarity, the subjects are required to indicate also how frequently they buy Spanish-made products.

- Consumer ethnocentrism is analysed by asking participants whether they agree or disagree with a series of statements.
- Finally, classification questions (i.e. those asking about gender, age, education and annual household income) are included at the end of the survey since they are not always welcomed by respondents.

The design of the questionnaire followed Chisnall's (2001), McGivern's (2003) and Kent's (2007) chapters on developing questionnaires, specifically their suggestions on question wording, question structure, question order, layout and appearance, questionnaire length, etc.

#### **5.7.7.2. CONTENT VALIDITY**

Face or content validity is concerned with whether items measure the concept that they claim to measure (McGivern, 2003; Garson, 2009). In order to establish content validity and check the design of the questionnaire, the researcher used two panels of experts. The first one included three senior academic researchers and the second panel included three business doctoral students. All the participants are representative subjects due to their familiarity with questionnaire design and knowledge of the topic of the questionnaire (Diamantopoulos et al., 1994). Each panel member was required to fill out

the questionnaire and comment on it based on its wording, clarity, layout, ease of completing and if the items appeared to measure the intended constructs. The relevant remarks of the members of the panels are explained below:

- The participants recommended putting the introduction on a separate piece of paper rather than before the filter question. They also commented on adding 'respondent' on top of the first page of the questionnaire to facilitate the count of participants.
- Initially Q4 and Q7 asked respondents to code each corporate association on whether it was a positive, negative or neutral association. One of the academic researchers recommended the use of a seven-point scale summated rating to assess valence anchored with very negative (-3) and very positive (3). Considering this suggestion, the necessary changes were made to the survey questionnaire.
- Another member of the panel suggested personalising Q8 and Q9. Therefore, rather than enquiring "What is positive about Spain?" and "What do you dislike about Spain?", the respondents were asked "In your opinion what is positive about Spain?" and "In your opinion what do you dislike about Spain?" The panellist also recommended adding the probe "What else?" to Q8, Q9, Q10 and Q11 to get a more detailed answer from the respondents.
- The layout of Q12 (beliefs) was required to be enhanced as it occupied too much space.
- The participants commented on the length of Q12 (beliefs) and Q13 (affect) indicating that they should be economically worded to avoid

confusing respondents. Therefore, the researcher re-formulated those questions.

- Level of familiarity and knowledge of Spain and the Spanish business world were measured on a five-point summated rating scale. To be consistent with the other scales, two members of the panel recommended using a seven-point scale.
- A participant suggested adding one item (frequency of buying Spanish-made products) to capture the objective component of business familiarity and therefore, to guarantee that the items represent both the objective and the subjective facets of the business familiarity construct.
- Consumer ethnocentrism was operationalised using the CETSCALE proposed by Shimp and Sharma (1987) that is comprised of 17 items. Respondent fatigue was put forward by the participants to recommend using the reduced 10-item version of the CETSCALE. Furthermore, the 10-item version covers the entire domain of the construct being measured and thus, content validity is guaranteed.
- Regarding the demographic questions, members of the panel commented on removing the questions on marital status and occupation since they are not very relevant to this study. In terms of the annual household income, the draft questionnaire included four response categories; however, it was suggested to introduce more categories.

The required changes have already been incorporated in the previous sections, namely 5.7.6. Measurement and 5.7.7.1. Fully developed questionnaire.

### **5.7.7.3. PILOT TESTING**

Pilot testing refers to the testing of the questionnaire on a small sample of respondents in order to identify and eliminate potential problems (Malhotra and Birks, 2000). Pilot testing is a crucial procedure for successful research (Reynolds et al., 1993; Presser et al., 2004) because once the main data collection phase starts, it is too late to make any changes (Kent, 1999). Therefore, pretesting takes place after the design of the initial questionnaire and before using it for the main survey (Churchill, 1987).

All aspects of the questionnaire were tested, including question content, wording, sequence, form and layout, question difficulty and instructions. The pretest work was done by personal interview, as the majority of the literature recommends (Reynolds et al., 1993) given its flexibility (Malhotra, 1991) and the accuracy and completeness of the information it provides (Miller, 1991). The respondents for the pretest and for the actual survey were drawn from the same population. Therefore, the pilot test was conducted under conditions that mirror the main survey (Green et al., 1988; Chisnall, 2001). To decide the size of the pilot survey, the researcher followed Chisnall's (2001) recommendation of taking approximately 10 per cent of the main survey sample size. Therefore, the questionnaire was piloted using a sample size of 30 subjects. All the pilot interviews were tape-recorded.

After piloting the questionnaire, the necessary changes were made to it before the data collection stage. Details of these changes are provided below:

- In the pilot, some respondents mentioned just one or two associations when asked what comes to their mind when they think of Spain and/or

when they think about a company. Therefore, in the final questionnaire after the filter question, the researcher emphasises that he/she should mention everything that comes to his/her mind.

- The researcher found that not enough space had been left after each open-ended question in order to write down respondents' key words. As a result, more space was left to make notes.
- Two participants mentioned a corporate brand towards the end of the questionnaire. Rather than ignoring that information, the researcher took the decision that in those cases even if the questionnaire is over, she will go back and explore the respondent's mental structure regarding that company.
- The researcher realised that it was required to register not only the respondent number, but also the number of the audio file at the beginning of the questionnaire to be able to match each questionnaire with its respective audio file. Consequently, the word 'record' was added on top of the first page of the survey.

The final version of the questionnaire together with the introduction is included in Appendix B.

#### **5.7.7.4. ETHICAL CONSIDERATIONS AND CONFIDENTIALITY**

Ethics refers to the rules of conduct codes or set of principles (Reynolds, 1979). The research was conducted according to both the Economic and Social Research Council's (ESRC) research ethics framework and Brunel University's code of research ethics. Since the research was conducted in an ethical manner (the respondents were informed

about the nature and purpose of the study, they were asked for permission to tape-record their answers to the open-ended questions and they were ensured confidentiality and anonymity of the responses), the survey questionnaire received ethical approval from Brunel Business School Research Ethics Committee on the 14<sup>th</sup> of August 2009 (see Appendix B).

### **5.7.8. DATA ANALYSIS**

The data analysis procedure distinguishes two parts. Firstly, the analysis of the data captured via the open-ended questions included at the beginning of the survey. Specifically, the analysis focused on the responses to Q1, Q2, Q8, Q9, Q10 and Q11. Secondly, the analysis of the data collected through the other questions incorporated in the survey. Data collected through Q1 and Q2 were also considered for the second part of the data analysis when the responses referred to corporate brands.

#### **5.7.8.1. *HOLISTIC COMPONENT OF THE IMAGE OF SPAIN***

##### **5.7.8.1.1. *Content Analysis***

With the fieldwork completed, a requisite distance was established in order to accomplish the data analysis. The data analysis was aimed at identifying the main themes, categories and concepts of the holistic component of COI, distinguishing five sections: salient associations of Spain, favourable associations about Spain, unfavourable associations about Spain, uniqueness of Spain and similarity between Spain and other countries. The analysis followed an iterative process moving back and forth between the emerging concepts, the literature and the growing body of data. This analysis fell into two stages. Firstly, it examined all transcripts with the aim to identify

patterns and variance in descriptions of the concepts within each of the five sections of the gestalt component of COI. Content analysis of the responses to particular questions was carried out by following procedures suggested by Krippendorff (1980). The researcher highlighted these answers in the transcript and assigned codes in the margin of the text. To categorise the raw data further, techniques advocated by van Maanen (1979) were applied. Specifically, the conceptual coding entailed using in-vivo codes or a simple term or descriptive phrase when an in-vivo code was not available (Strauss and Corbin, 1990). This offered general insights into the five sections of the holistic component of COI as described by the participants. Then all the codes were listed in an Excel spreadsheet and their frequency was measured across the interviews. The researcher made the decision to focus on themes, categories and concepts that at least 5 per cent of the respondents mentioned.

Secondly, the researcher searched for links between and among the concepts, which facilitated grouping them together into categories. The same principle was adopted to group categories into themes. Following an inductive process, the researcher allowed concepts and relationships to emerge from the data, rather than being guided by a priori hypotheses (Strauss and Corbin, 1990).

#### **5.7.8.1.2. *Trustworthiness of the Data***

The integrity of the data was ensured by following Lincoln and Guba's (1985) recommendations. The reliability of the generated codes was assessed by engaging a second coder with significant experience in qualitative research. Using standardised coding instructions, the second coder examined a random sample of 30 per cent of the interviews. Then the first and second coder compared codings within each of the five



sections. This resulted in an intercoder agreement of  $k = 0.76$  (Cohen, 1960). Any disagreements were resolved through extensive discussions between the author of this study and the second coder.

#### **5.7.8.2. INFLUENCE OF CORPORATE IMAGE ON COUNTRY OF ORIGIN IMAGE**

##### **5.7.8.2.1. Corporate Brands Included in the Data Analysis**

In order to find out if corporate brands are part of the associative network of Spain, three open-ended questions were added in the survey. On the one hand Q1 (“What comes to your mind when you think of Spain?”) and its respective probe (Q2. What else?) aimed at eliciting corporate brands without prompting the respondents; on the other hand, Q5 (“When you think about Spain, are there any companies that come to your mind?” or “Which other companies come to your mind when you think of Spain except the ones that you mentioned?”) aimed at eliciting corporate brands by prompting the respondents. Therefore, unprompted recall requires that the subject retrieves the corporate brand from memory without aid from the researcher and prompted recall implies providing a relevant cue that helps the respondent in the retrieval of the corporate brand (Leigh et al., 2006). Furthermore, some respondents recalled a corporate brand towards the end of the survey questionnaire. These corporate brands were classified in another group, different from the prompted and unprompted ones. Thus, all the companies mentioned by the participants were sorted as either unprompted, prompted or mentioned later on.

Within these groups, the researcher found that a minority of respondents mentioned a fictitious corporate brand, i.e. a company that does not exist, for example, “Gomez”

(respondent 200) and “*Seville oranges*” (respondent 86). Furthermore, some respondents were not able to recall the corporate brand name, but able to describe the company; for example, when asked “When you think about Spain, are there any companies that come to your mind?” respondent 14 replied, “*Yes, the one that took over Abbey National, oh, I can’t think of its name...*” and respondent 20 answered, “*There is one that owns the airport now whose name I cannot remember...*”. Finally, a few participants recalled companies whose COO is not Spain. In line with Johansson et al.’s (1985, p.389) definition, this study conceptualises COO as “*the country where corporate headquarters of the company marketing the ... brand is located*”. For instance, respondent 80 mentioned “*Thomson*”; respondent 155, “*Carrefour*”; and respondent 173, “*Thomas Cook*”.

For the sake of simplicity and capability to analyse the growing body of data, the researcher decided to remove from the data analysis the following brands:

- The corporate brands that the participants mentioned towards the end of the survey questionnaire.
- The corporate brands that are fictitious.
- The corporate brands whose names the participants were not able to recall but able to describe them.
- The corporate brands that are not Spanish, following Johansson et al.’s (1985) definition of COO.

Furthermore, since only 12 respondents out of the 300 participants (4 per cent) were able to mention a corporate brand when asked what comes to their mind when they

think of Spain (unprompted question), the researcher decided to remove also this group of corporate brands from the analysis and therefore, focus on the Spanish corporate brands that the subjects recalled when prompting them.

#### **5.7.8.2.2. *Data Cleaning: Missing Data***

Missing responses refer to values of a variable that are unknown because respondents failed to answer them (Malhotra and Birks, 2000). In order to identify missing data and apply remedies, Hair et al. (2006) propose a four-step process that, applied to this study, is as follows:

1. Determine the type of missing data: All the missing data in this study are not ignorable and these instances have to do directly with the respondent; for instance, refusal to answer specific questions due to their sensitive nature (e.g. annual household income).
2. Determine the extent of missing data: The aim is to assess the amount of missing data. Following Hair et al.'s (2006) suggestions, the former is assessed through two procedures:
  - a) Tabulating the percentage of variables with missing data for each case (see Table 5.9).

**Table 5.9. Percentage of Variables with Missing Data for Each Case**

<b>Case</b>	<b># Missing</b>	<b>% Missing</b>
8	1	0.9
66	1	0.9
73	1	0.9
84	1	0.9
93	1	0.9
94	1	0.9
95	1	0.9
96	2	1.8
110	1	0.9
145	1	0.9
149	1	0.9
154	1	0.9
180	1	0.9
188	1	0.9
201	1	0.9
214	1	0.9
215	1	0.9
231	1	0.9
252	1	0.9
255	1	0.9
264	1	0.9
268	1	0.9
286	1	0.9
300	1	0.9

b) Tabulating the number of cases with missing data for each variable (see Table 5.10).

**Table 5.10. Number of Cases with Missing Data for Each Variable**

	Number of Cases	Mean	Std. Deviation	Missing Data	
				Number	Percent
Free market system	299	2.85	1.179	1	.3
Existence of welfare system	299	3.36	1.252	1	.3
Stable economic environment	299	2.58	1.085	1	.3
High quality products	299	2.58	1.091	1	.3
Strong	299	3.87	1.624	1	.3
Active	299	3.88	1.837	1	.3
A real Briton should (...)	299	2.00	1.502	1	.3
Age	297	42.52	16.782	3	1.0
Annual household income	285	2.84	1.604	15	5.0

Hair et al. (2006) acknowledge that if the proportion of missing data for a case or variable is less than 10 per cent, the researcher can use any of the imputation techniques. As it can be observed above, both at the case and at the variable level the percentage of missing data is under 10 per cent. However, as the proportion of missing data for annual household income (5 per cent) is considerably higher than for the other variables, the researcher went further to analyse the randomness of those missing data before applying a remedy.

3. Diagnose the randomness of the missing data processes: At this stage the researcher determines whether the missing data process is present in a completely random manner.

**Table 5.11. Patterns of Missing Data**

			Total	Male	Female
Annual household income	Present	Count	285	141	144
		Percent	95.0	92.8	97.3
	Missing	% SysMis	5.0	7.2	2.7

Considering the descriptive statistics and patterns of missing data, the researcher can conclude that the data for income are not missing completely at random (MCAR). Through the above data (see Table 5.11) it can be observed that the missing data for income occur at a higher frequency for males than females. This conclusion can also be confirmed through Little's MCAR test, a chi-square test for checking whether values are missing completely at random (MCAR). For this test the null hypothesis is that the data are missing completely at random and the p value is significant at the 0.05 level. If the value is less than 0.05, the data are not missing completely at random. The data may be missing at random (MAR) or not missing at random (NMAR). In this study the significance value is 0.000, therefore is less than 0.05, so it indicates that the income data are not missing completely at random. This confirms the conclusion drawn from the descriptive and tabulated patterns. In order to test for missing at random, the researcher generated through SPSS a table of separate variance t-test. In all the cells  $p > 0.05$ , indicating that data are missing at random rather than not missing at random.

4. Select the imputation method: When the level of missing data was less than 5 per cent, the researcher used the mean to replace the missing values. For annual household income data, the researcher used the EM approach that implies maximum likelihood estimation.

#### **5.7.8.2.3. Reliability**

Reliability is defined as “*the extent to which a scale produces consistent results if repeated measurements are made*” (Malhotra and Birks, 2000, p.305). Out of the five

reliability assessment procedures that Diamantopoulos and Schlegelmilch (1997) propose, internal consistency reliability was used in this study to assess the degree of consistency within a multi-item measure. A measure of internal consistency reliability is the coefficient alpha, or Cronbach's alpha (Cronbach, 1951). Kline (1999) indicates that an acceptable value for Cronbach's alpha is 0.7 or higher. However, Malhotra and Birks (2000) argue that a value of 0.6 or greater is adequate to conclude internal consistency. Table 6.8 (Chapter 6) shows the results of the final reliability test.

#### **5.7.8.2.4. Construct Validity**

Construct validity refers to “*the extent to which a measure behaves in a theoretically sound manner*” (Diamantopoulos and Schlegelmilch, 1997, p.35). Two measures of construct validity are convergent validity and discriminant validity (Diamantopoulos and Schlegelmilch, 1997). The former refers to the extent to which the items used to measure a specific construct share a large proportion of variance in common; the latter is defined as the extent to which a construct is different from other constructs with which theoretical relationships are not expected (Hair et al., 2006).

Adopting a confirmatory factor analysis, Hair et al. (2006) propose three measures to estimate the relative amount of convergent validity among item measures:

- Factor loadings: Standardised loading estimates should be 0.5 or higher.
- Average variance extracted (AVE) should be 0.5 or greater to indicate adequate convergent validity.
- Reliability: Coefficient alpha should be 0.7 or higher to suggest adequate convergence or internal consistency (as indicated earlier, authors like Malhotra

and Birks (2000) argue that a value of 0.6 or greater is adequate to indicate internal consistency).

Using confirmatory factor analysis, discriminant validity is indicated when all constructs' average variance extracted (AVE) estimates are larger than the corresponding squared interconstruct correlation estimates (SIC) and consequently, measures' variables share more in common with the construct they are linked with than they do with the other constructs (Hair et al., 2006).

#### **5.7.8.2.5. *Statistical Techniques***

For the analysis of the variables, univariate, bivariate and multivariate analyses are employed. Univariate analysis looks at the distribution of each variable, one at a time (Kent, 1999). It is the simplest analysis and provides general information. In this study univariate analysis includes frequencies, measures of central tendency like the mean and measures of dispersion like the standard deviation. Bivariate analysis is an analysis that uses two variables at a time (Kent, 1999). In this study bivariate analysis includes Pearson's r. Multivariate analysis is a statistical method that deals with three or more variables. It can be examined either by defining dependent or independent variables or by treating them equally (Bryman and Cramer, 2001). The multivariate analysis includes factor analysis, ANCOVA (analysis of covariance) and multiple regression analysis.



#### **5.7.8.2.6. *T-Test***

Independent-samples t-test is used to compare the mean score of two different samples of data collected. This study compares the demographic and other individual variables' mean scores of two groups: respondents who recalled corporate brands when prompted and respondents who did not recall any corporate brand when prompted. Three assumptions are considered when conducting the t-test (Field, 2009):

- The sampling distribution is normally distributed.
- Homogeneity of variance.
- Scores are independent.

#### **5.7.8.2.7. *Two-Sample Chi-Square Test***

In order to compare two different samples on a variable that is measured on a nominal scale, i.e. gender, the two-sample chi-square test is employed in this study.

#### **5.7.8.2.8. *Factor Analysis***

For the purpose of this study, the following factor analyses are conducted:

- Exploratory factor analysis (EFA): It is used to discern the underlying structure of a relatively large number of variables (Garson, 2010a; Hair et al., 2010). The method chosen in this study to extract the factors from the set of data is principal component analysis (PCA), the criterion followed for determining the number of factors is the Kaiser criterion, also known as the latent root criterion, that suggests dropping all

components with eigenvalues under 1.0, and finally, the rotation method used is varimax, the most common rotation option (Garson, 2010a; Hair et al., 2010).

- Confirmatory factor analysis (CFA): While EFA explores the data and the factors are derived from statistical results, with CFA the researcher must determine the number of factors for a set of variables and assign variables to factors on the basis of prior theory (Hair et al., 2010). A structural equation modelling package, AMOS, is used for the CFA.

#### **5.7.8.2.9. ANCOVA**

Analysis of covariance (ANCOVA) is defined as “*an analysis of variance that removes the effects of covariates through the use of regression-like procedures*” (Kent, 2007, p.417). ANCOVA is used to compare the COI differences between the two groups of respondents (mentioned/did-not-mention companies), controlling for the influence of the covariates on the dependent variable. The differences are assessed, considering four dimensions of COI: economic-technological beliefs, political beliefs, positive affect and negative affect. ANCOVA has the following assumptions (Field, 2009):

- Distributions within groups are normally distributed.
- Homogeneity of regression slopes.
- Homogeneity of variance.

#### **5.7.8.2.10. Multiple Regression Analysis**

Multiple regression analysis is used to analyse the relationship between a single dependent variable and several independent variables (Diamantopoulos and Schlegelmilch, 1997; Hair et al., 2006). Multiple regression analysis is used to test the majority of the proposed research hypotheses. The multiple regression technique is chosen since this study aims to predict an outcome from various predictors (Field, 2009). The assumptions of regression analysis considered to conduct this research are as follows (Hair et al., 2006; Field, 2009):

- Normality
- Linearity
- No outliers
- No perfect multicollinearity
- Independent errors.

### **5.8. ETHICAL CONSIDERATIONS**

Considering Malhotra and Birk's (2000) and Kent's (2007) reflections on ethical issues related to marketing research and applying them to this study, the following ethical considerations are taken into account:

- a) Other researchers' ideas are clearly acknowledged in this report by citing the original work.
- b) The anonymity of the respondents is guaranteed and therefore the answers are strictly confidential.

- c) The constraints and limitations of the proposed research project are clearly stated.
- d) An excessively long questionnaire was avoided as it is to the detriment of the respondents, thereby affecting the quality of the data collected.
- e) At the beginning of the questionnaire the researcher clarified that the respondent did not have to reply to any sensitive question that made them feel awkward.
- f) Leading or bias questions were avoided.
- g) The questionnaire was pilot-tested, as indicated earlier, in order to identify any problems and make the necessary changes.
- h) Any discarding respondent is specified throughout the data analysis section.
- i) The survey data matrix mirrors the answers provided by the individuals without attempting to manipulate any data.
- j) The results are presented in an objective way.

## **5.9. SUMMARY**

This chapter set out the research objectives, research questions and hypotheses, and the research methods used in the primary research phases of this study. The research design involved two successive phases: the first phase of the study was essentially exploratory in nature with the aim to reach a greater understanding of the topic, clarify the nature of the influence of corporate image on COI and the factors that affect this influence; and the second phase of the study sought to describe the holistic component of the COI and test hypotheses, derived from the literature review and the in-depth interviews, adopting a more positivist, quantitative methodology. The following chapter presents the findings from the in-depth interviews and the survey questionnaire.

## **CHAPTER 6**

### **RESULTS**

## **6. RESULTS**

### **6.1. INTRODUCTION**

This chapter presents the results from the preliminary phase and the main phase of this study. The chapter starts by looking at the results from the in-depth interviews conducted with 13 informants from 11 consultancy firms. The main aim of these exploratory interviews was to understand the influence of corporate image on COI. More specifically, the research questions focused on exploring the consumer-related and company-related factors that affect the influence of corporate image on COI. The findings of the interviews and the literature review form the basis for the survey that was conducted with British people.

The chapter then presents the findings from the survey questionnaire. To begin with, the results of the data collected through open-ended questions (Q1, Q2, Q8, Q9, Q10 and Q11) are presented. This part of the questionnaire aimed at capturing the more holistic component of COI that included five sections: salient associations of Spain, favourable associations about Spain, unfavourable associations about Spain, uniqueness of Spain and similarity between Spain and other countries. Subsequently, the chapter focuses on the data collected through the other questions incorporated in the survey (data captured through Q1 and Q2 are also considered for this part when the responses refer to corporate brands), addressing, firstly, the measure validation through the reliability, exploratory and confirmatory factor analyses; secondly, presenting the sample composition and descriptive statistics; and finally, the findings of the hierarchical regression analysis including the main effects and the moderating effects.

## **6.2. PRELIMINARY RESULTS**

### **6.2.1. INTRODUCTION**

This section aims to explore the first research objective by including questions about the corporate image-COI relationship in the interview guide. The researcher presents how the respondents see the influence of corporate image on COI. This section also investigates the second research objective through the following two research questions: RQ1: What are the consumer-related factors that affect the influence of corporate image on COI?; RQ2: What are the company-related factors that affect the influence of corporate image on COI? The findings are explored under two sections: consumer-related factors and company-related factors.

### **6.2.2. INTERVIEW RESULTS**

The informants highlighted the link between corporate image and COI as a two-way relationship, mirroring existing studies in the COO and place branding literature (Olins, 1999; van Ham, 2008). A founding partner, for instance, noted: *“There is a dual effect; it is the company impacting on the image of the country but also the culture of the country impacts on the way people see the organisation”* (Interviewee 3). Focusing on the potential image transfer from a corporate brand to its COO, the informants discussed that this can be positive or negative, depending on the associations transferred. As explained by the founder of a place branding consultancy, *“You can see that, in cases like Nokia, for instance, in Finland, in a positive sense. In a negative sense, Enron in the US, for instance, had a very negative effect”* (Interviewee 4). Addressing the two research questions, the consumer-related and the company-related factors that affect the

influence of corporate image on COI, as depicted in the interviews, will be elaborated upon.

#### **6.2.2.1. CONSUMER-RELATED FACTORS**

The informants revealed six key consumer-related factors that affect the influence of corporate image on COI: (1) awareness of the corporate brand's COO; (2) power of the corporate brand image; (3) strength of the corporate brand-country association in the consumer's mind; (4) brand image fit; (5) brand image unfit; and (6) strength of the industry-country association in the consumer's mind. Table 6.1 provides an overview of the factors, including strength of evidence and illustrative quotes.



**Table 6.1. Consumer-Related Factors**

<b>Consumer-Related Factors</b>	<b>Strength of Evidence</b>	<b>Illustrative Quotes</b>
<i>Awareness of the corporate brand's COO</i>	Strong	"Zara has probably had a positive effect on the image of Spain for being overseas when people know where it comes from." (Interviewee 2)
<i>Power of the corporate brand image</i>	Strong	"Obviously the stronger the brand, the stronger the influence." (Interviewee 1)
<i>Strength of the corporate brand-country association in the consumer's mind</i>	Moderate	"One factor is the level of association between the corporation and the country in the mind of consumers." (Interviewee 5)
<i>Brand image fit</i>	Moderate	"When there is a resonance between the country image and the corporate image then the effect of one on the other is stronger. If something that the company does, tells us something we may already know about the country, then that amplifies our country image. Company image can have a reinforcing effect on country image more easily than it can have an eroding effect on country image. Let's think of a concrete example, if we know that Camper is a Spanish brand, and we have a perception of Spain as a sort of stylist place, then we see Camper from Spain and it reinforces our idea of Spain as a stylist place." (Interviewee 9)

Notes: Strong: indicated by the majority of the informants; moderate: indicated by several informants

**Table 6.1. (continued)**

<b>Consumer-Related Factors</b>	<b>Strength of Evidence</b>	<b>Illustrative Quotes</b>
<i>Brand image unfit</i>	Moderate	<i>"Nokia is positively impacting the image of Finland, making it seem more high-tech because I don't think before the event of the mobile phones, Scandinavia generally was seen as being high tech at all, it was seen as a place that produced a bit of oil and fish and wood (...). Volvo and Saab have a very positive impact on Sweden; they built safety and reliability into real national brand values (...). I am not sure people thought Swedish were safe and reliable before they started to drive Volvos. Before that Sweden was probably ABBA (...). There are some companies that have had a real big impact on the country shifting perceptions, whether it is Nokia in terms of Finland or Swedish cars, Japanese cars; they changed things, people didn't think that those countries can do things like that." (Interviewee 7)</i>
<i>Strength of the industry-country association in the consumer's mind</i>	Moderate	<i>"The transfer of association between the company and the country will be hindered or facilitated by a whole list of things: if the products and services are culturally associated with that country, so perfumes from France or whisky from Scotland or even automobiles from Germany, so there is a cultural association." (Interviewee 13)</i>

*Notes: Strong: indicated by the majority of the informants; moderate: indicated by several informants*

The majority of the informants identified awareness of the corporate brand's COO as a key factor for associations to be carried over from the corporate brand to the country. A director explained that unless consumers are aware of the COO, the image transfer cannot take place:

*“Are people aware that the corporation comes from that country? Because unless they are aware of that, then how can they make the transfer of any knowledge or association? If you are in Romania, do you know that Vodafone is a British company? You may have associations with Vodafone but unless you know that Vodafone is a British company, any positive associations that Vodafone may have the potential to transfer to the UK won't happen unless you know that that is the case”.*

(Interviewee 5)

Across the interviews, the informants also stressed that the influence will be stronger when the corporate brand has a powerful image in the eyes of the consumer. According to a place branding consultant:

*“The strong brand will have a strong influence and the weak brand will have a weaker influence. The only twist on that really is that you've got to bear in mind the inferences, if you like, that exist between the corporate brand and the country brand, so the maximum impact will be achieved by a strong brand whose values are 100% coherent with the nation brand”.*

(Interviewee 1)

Several informants also commented on the role that the strength of the corporate brand-country connection in the consumer's mind plays in determining the image transfer. The stronger the linkage, the more likely the transfer of associations from the corporate brand to the country. The CEO of a consultancy provided several examples to illustrate this factor:

*“If you ask people on the street about German brands, they will talk to you about automobile brands like Mercedes or VW or Audi, they will talk to you about technology brands like Siemens, they will talk to you about energy, but they will not talk to you about software, because Germany is about hardware and yet one of the largest software companies is German, SAP; they will not talk to you about fashion, yet Hugo Boss is a German brand; they will not talk to you about financial services, although some of the most important financial service companies in Europe like Deutsche Bank are German”.*

(Interviewee 10)

The experts also discussed the degree of similarity between the corporate image and the COI as a key factor. If these are regarded as similar by the consumer, corporate image is likely to reinforce existing associations with the COO. A director explained:

*“The fact that Microsoft and a number of other companies come out of part of America helps strengthen the image as being a leader of innovation and technology (...). All you are doing at that point is reinforcing, and therefore a reinforcement is likely to be easier because it is building on existing perceptions”.*

(Interviewee 5)

However, if the corporate image is considered as inconsistent with the COI, it may trigger a modification of associations with the COO, by either enhancing or diluting country beliefs and affect, and/or a creation of new associations. A head of place branding provides some interesting examples:

*“If something that the company does disagrees with what we think we know about the country, then it probably tends to discount it. It takes a while. If we see a lot of that, then we change our image of the country. Whereas we don’t think of Spain perhaps as a technological, savvy place, it is a technological and savvy place but it is not one of the primary associations people have with Spain the way it may be with Germany or Japan or California, so when we find out that certain companies, like Indra, is Spanish and is involved in technology, then we don’t really let that affect our image of the country because it doesn’t reinforce our preconceptions. After a longer period... we will update our country image based on the information provided by the company image”.*

(Interviewee 9)

Similarly, a director highlighted this factor using the example of Korea:

*“Samsung is having a positive effect on Korea. The existing perceptions of Korea particularly in the West were very mixed and very punished by political and historical conflicts in that area; it was also seen as a very under-developed area so having a brand that emerged, that is producing leading technologies, challenges the existing perceptions and makes people reassess that country in a more positive way”.*

(Interviewee 5)

Finally, several informants noted that the influence of corporate image on COI is affected by the strength of the connection in the mind of the consumer between the industry in which the company operates and the COO. The experts indicated that the stronger this linkage, the more likely it is for associations to be transferred from the corporate brand to the COO:

*“The product areas and the sort of brands that are associated with the country can also have an effect on perceptions of the country. So Germany and Japan are very largely associated with modernity, technology, competence and so on and so forth, because of the strong association with their technology brands. Italy and France both have soft images, they are not strong in technology; that is partly because the famous brands that come from these countries are soft style brands and it is very difficult to fight against that; it is a sort of cliché”.*

(Interviewee 1)

#### **6.2.2.2. COMPANY-RELATED FACTORS**

The informants also revealed four key company-related factors which affect the influence of corporate image on COI. These factors include: (1) the extent to which the company plays up or down its COO; (2) the company’s international visibility; (3) the company’s market visibility; and (4) the number of corporate brands from the country that operate in the market. Table 6.2 provides an overview of these factors including strength of evidence and illustrative quotes.

**Table 6.2. Company-Related Factors**

<b>Company-Related Factors</b>	<b>Strength of Evidence</b>	<b>Illustrative Quotes</b>
<i>Play up/down the COO</i>	Strong	<i>"It depends on how that company has decided to market or position the brand, so if they are absolutely linked to the country, then there is going to be a much greater effect than if they deposition themselves from the country and elevate themselves more as a kind of global type (...). There are ways in which you can either play up or play down your relationship. For example, British Airways, there are lots of kinds of clues across the journey process that at the very basic level British is in the name. It is something that BA has chosen to retain (...). British Airways keeps its origin in the name, the union flag on its tail because that is a key part of the corporate identity. At the most elemental level, there is a red, white, blue palette to what is done, so you cannot take the core DNA of Britishness."</i> (Interviewee 2)
<i>International visibility</i>	Strong	<i>"Scale is an important factor. It is much more likely that a company that is available in 500 countries can have a chance to have an impact on each of those countries than if the brand is only available in four countries, if you want to shift perceptions of that country globally."</i> (Interviewee 5)
<i>Market visibility</i>	Strong	<i>"If you have a large market share, it's better than having a small market share. Market penetration, the presence in the media, all that influence. Obviously market visibility helps."</i> (Interviewee 10)

*Notes: Strong: indicated by the majority of the informants; moderate: indicated by several informants*

**Table 6.2. (continued)**

<b>Company-Related Factors</b>	<b>Strength of Evidence</b>	<b>Illustrative Quotes</b>
<i>Number of corporate brands</i>	Moderate	<p><i>"There are some countries for which the image of certain corporations is really a fundamental importance to the image of the country and I suppose the most obvious examples are Japan, Germany, the USA, France, Italy, Switzerland and part of Sweden. Those countries, it is quite difficult to imagine what their image will be without including that factor of the famous brands. Germany images are composed to great degree of people perceptions of these automotive engineering technology brands, similarly Japan. America is unthinkable without the American brands in almost every sector, and Italy and France, very hard to imagine what their images will be if they won't be their fashionable life style and food brands and so forth. For the majority of other countries that don't have so many famous global brands, they have a much weaker influence on the country; some countries only have one or two famous brands and they may not even be strongly associated with their country of origin (...). So it is largely a matter of quantity and quality; the country that has got lots of famous brands that mainly come from the country, then these brands play an important part in the image of the country. If the country doesn't have many famous brands or they are not associated with the country, then they don't play a big role." (Interviewee 1)</i></p>

*Notes: Strong: indicated by the majority of the informants; moderate: indicated by several informants*



The majority of the informants have suggested that if the corporate brand plays up its COO, it is more likely to trigger a transfer of associations from the corporate brand to the COO. The experts argued that when this is evident, corporate image will have a stronger influence on COI than in cases where companies place less emphasis on linking their brand to the COO. One of the experts illustrated this:

*“It depends on how closely linked the brands are to each other. The brands that really, actually carry a bit of the national brand with them, of course they have a stronger influence. If we look at UBS, it is very clearly closely linked to Switzerland, and therefore it has an effect. IKEA is very closely linked to Sweden, it has an effect. Coca-Cola is closely linked to the US brand, it has an effect as well. So the closer the brands are linked to their national brands, the more influence they will have (...). It is really about carrying the values of the place and about demonstrating those either through the actions that you take, the events you organise, the design you make”.*

(Interviewee 4)

Visibility (within a specific market and at the international level) was also highlighted as key in influencing the image transfer from the corporate brand to its COO. The informants drew attention to the fact that the more visible the corporate brand, the more it is likely that corporate image will influence COI. We find this in the following comments:

*“If the brand is not present internationally, it is going to have limited power, so it probably needs to be present in the foreign markets; that it is going to influence and be associated with the country”.*

(Interviewee 7)

*“I think the more visible the company is, the greater the effect it can have on country image”.*

(Interviewee 9)

However, a place branding consultant warned that international visibility could, in some cases, also hinder the transfer of associations. When companies become too global, there might be a danger that their COO will become diluted:

*“That’s a double-edged sword in a way because if the corporation is highly internationalised, then it has a broader influence and the impact is more target-oriented, but at the same time the more internationalised it is, the more likely it is that its country of origin becomes diluted (...). This is classic; as the company becomes more global, its country of origin in fact becomes diluted. There are some examples of companies that have become highly internationalised, very global, very successful and still retain a very, very strong country of origin effect like airlines”.*

(Interviewee 1)

Finally, the informants argued that when many corporate brands from the same country operate in a market, the influence of corporate image on COI is likely to be stronger. In the words of a senior partner:

*“If there is a density of corporations in a particular area, that certainly helps. The emergence of a number of Japanese car brands in around the same time at the international level certainly helps perceptions”.*

(Interviewee 7)

### **6.2.2.3. FACTORS TESTED EMPIRICALLY IN THIS STUDY**

As stated earlier, the informants revealed six consumer-related factors and four company-related factors that impact the influence of corporate image on COI. The details of the factors that are tested empirically in this study and the reasons why the other factors are not included in the theoretical framework are provided below:

- The factor that is tested empirically is the corporate brand-country association in the consumer’s mind.
- Two factors are tested indirectly in this research, namely awareness of the corporate brand’s COO and number of corporate brands. This study adopts an associative network approach. The corporate brands that come to the respondent’s mind when he/she thinks of Spain are operationalised through a cue phrase used as a probe in the free association technique: “What comes to your mind when you think of Spain?” In order to prompt the participants in the study, two phrases were added: “When you think about Spain, are there any companies that come to your mind?” and “Which other companies come to your mind when you think of Spain except the ones that you mentioned?” Therefore, if the respondent recalls a Spanish company, it involves the

respondent's awareness of the corporate brand and its COO. The informants also acknowledged the number of corporate brands operating in a specific area as a determinant of the image transfer. This study adopts the consumer's perspective and explores an individual's associative network regarding Spain. Consequently, this factor is included in the theoretical framework to refer to the number of corporate brands mentioned by the participants when the researcher explores their memory structure for Spain.

- Testing empirically the influence of the power of the corporate brand image on COI would involve using a Spanish sample for measuring the independent variable (power of the corporate brand image) and the British sample for the dependent variable (COI). Spanish participants are required to guarantee, firstly, a minimum level of awareness of the Spanish corporate brands that the British participants of the survey questionnaire mentioned and, secondly, an understanding of what those corporate brands stand for. This implies some difficulties to test the theoretical framework; thus, the power of the corporate brand image is not tested in this study.
- Studies within brand extension literature mainly adopt an experimental research design conducted in lab settings to measure the perceived similarity between the original brand and the extension. Therefore, the author of this study should have adopted this research design to measure the impact of brand image fit and brand image unfit on the image transfer. Adopting a lab experiment would have limited this research in a number of ways such as external validity, single exposure to the stimulus and COO awareness.

Furthermore, as stated in Chapter 5, an experiment is not suitable for this study, which faces the problem of causality, i.e. through an experiment the researcher cannot establish that the relationship is one way (corporate image affecting COI) and not the other way (COI affecting corporate image). Therefore, in the context of this thesis the researcher conducted a cross-sectional study rather than a longitudinal, experimental or case study. Consequently, brand image fit and brand image unfit are not tested empirically.

- This study is defined at the corporate level and at the country level. The last consumer-related factor, i.e. the strength of the industry-country association in the consumer's mind, is not tested empirically as it refers to the industry level.
- Except for the number of corporate brands, the other company-related factors, namely play up/down the COO, international visibility and market visibility, are not tested empirically as they are defined as adopting an outside-based approach rather than the consumer's approach that is followed in this study.

## **6.3. MAIN RESEARCH RESULTS**

### **6.3.1. INTRODUCTION**

As indicated in Chapter 5, the survey questionnaire was developed against the research objectives and the hypotheses that emerged from the findings of the exploratory interviews described above and the literature review. The presentation of the survey results follows a similar outline to that in the questionnaire: the findings of the open-ended questions (Q1, Q2, Q8, Q9, Q10 and Q11) are provided first and the subsequent

section focuses on reporting the results of the data collected through the other questions incorporated in the survey (data captured through Q1 and Q2 are also considered for the second section when the responses refer to corporate brands).

### **6.3.2. HOLISTIC COMPONENT OF THE IMAGE OF SPAIN**

To explore the fifth research objective, the first part of the survey aimed at capturing the more holistic component of COI by asking respondents “What comes to your mind when you think of Spain?”, “In your opinion what is positive about Spain? What do you like about Spain?”, “In your opinion what do you dislike about Spain?”, “What is unique about Spain?” and “How is it different from other countries?”. The researcher identified the main themes, categories and concepts of the gestalt impression of Spain, distinguishing five sections: (1) salient associations of Spain; (2) favourable associations about Spain; (3) unfavourable associations about Spain; (4) uniqueness of Spain; and (5) similarity between Spain and other countries.

The researcher made the decision of focusing on the themes, categories and concepts that at least 5 per cent of the respondents mentioned. Therefore, the themes, categories and concepts that did not achieve that percentage were not included in the tables presented below; however, they (the categories and concepts) were considered to calculate the total number of respondents in their respective theme or category. For example, associations related to sports were mentioned by 18 per cent of the respondents (see Table 6.3). This theme encompasses football and sportsmen/women, the latter not being identified separately in the table but added to the total number of respondents that mentioned associations linked with sports. In each table shown below, the first column refers to the themes, the second column shows the categories in capital

letters and the concepts in lower case letters preceded by the symbol '>', and finally, the last two columns include absolute and relative measures of the number of participants that mentioned them.

### **6.3.2.1. SALIENT ASSOCIATIONS OF SPAIN**

When exploring the content of the respondents' mental structures regarding Spain, tourism associations were elicited from the majority of the respondents. Therefore, tourism-related factors such as sun, holidays and beach play a key role in shaping the image that British people have of Spain (see Table 6.3). Across the interviews the participants also mentioned geographical and gastronomical associations. The weather and cities or regions of Spain, like Barcelona and Madrid, constitute the second most relevant theme, followed by the Spanish gastronomy: food and drinks like paella, tapas, wine and sangria.

Cultural associations were activated by almost 30 per cent of the respondents when they thought of Spain, specifically traditions like bullfighting and flamenco. The image of Spain held by several participants is also affected by their direct or indirect experience with Spaniards, their character and lifestyle being the main associations at the category level. Eighteen per cent of the respondents directly linked sporting associations to Spain, football being the predominant sport. The least frequently identified associations were in terms of the characteristics of the country, history and art.

**Table 6.3. Salient Associations of Spain**

<b>Theme</b>	<b>Category / Concept</b>	<b>No. Respondents</b>	<b>% Respondents</b>
<b>TOURISM</b>		231	77.00
	SUN	151	50.33
	HOLIDAYS	108	36.00
	BEACH	94	31.33
	ENJOYMENT/FUN	15	5.00
<b>GEOGRAPHY</b>		148	49.33
	WEATHER	86	28.67
	CITIES/REGIONS	65	21.67
	>Barcelona	33	11.00
	>Madrid	25	8.33
<b>GASTRONOMY</b>		134	44.67
	FOOD	109	36.33
	>Paella	26	8.67
	>Mediterranean food	20	6.67
	>Tapas	16	5.33
	DRINK	41	13.67
	>Wine	20	6.67
	>Sangria	19	6.33
<b>CULTURE</b>		88	29.33
	TRADITIONS	57	19.00
	>Bullfighting/Bulls	37	12.33
	>Flamenco/Dancing	27	9.00
	SPANISH LANGUAGE	20	6.67
<b>PEOPLE</b>		67	22.33
	PEOPLE	47	15.67
	>Nice/Friendly people	27	9.00
	LIFESTYLE	16	5.33
	>Relaxed lifestyle	15	5.00
<b>SPORTS</b>		54	18.00
	FOOTBALL	45	15.00
<b>COUNTRY</b>		41	13.67
	CHARACTERISTICS	37	12.33
	>Nice country	20	6.67
<b>HISTORY</b>		24	8.00
	HISTORICAL EVENTS	23	7.67
<b>ART</b>		22	7.33
	ARTISTS	15	5.00



### **6.3.2.2. FAVOURABLE ASSOCIATIONS ABOUT SPAIN**

When asked “In your opinion what is positive about Spain? What do you like about Spain?”, the most frequently evoked theme was geography. Specifically, the most accessible and favourable association for a large percentage of the participants was the weather (see Table 6.4). Almost 50 per cent of the respondents activated associations linked to Spanish people when thinking of what they liked about Spain. Beach, holidays and sun, in summary tourism-related factors, were elicited from more than one third of the respondents as positive features characterising Spain, followed by the gastronomy and specific characteristics of the country itself. Finally, the Spanish culture, art and sports were mentioned as positive associations by 21 per cent, 8 per cent and 6 per cent of the participants, respectively.

**Table 6.4. Favourable Associations about Spain**

Theme	Category / Concept	No. Respondents	% Respondents
GEOGRAPHY		164	54.67
	WEATHER	129	43.00
	CITIES/REGIONS	41	13.67
	>Countryside	21	7.00
	>Cities	17	5.67
	SCENERY	17	5.67
PEOPLE		146	48.67
	PEOPLE	118	39.33
	>Nice/Friendly people	57	19.00
	LIFESTYLE	39	13.00
	>Relaxed lifestyle	15	5.00
TOURISM		116	38.67
	BEACH	51	17.00
	HOLIDAYS	41	13.67
	SUN	39	13.00
GASTRONOMY		92	30.67
	FOOD	87	29.00
	DRINK	16	5.33
COUNTRY		69	23.00
	CHARACTERISTICS	59	19.67
	>Nice country	26	8.67
CULTURE		62	20.67
	CULTURE	37	12.33
	SPANISH LANGUAGE	17	5.67
ART		24	8.00
	ARCHITECTURE	22	7.33
SPORTS		18	6.00
	SPORTS	18	6.00

### 6.3.2.3. UNFAVOURABLE ASSOCIATIONS ABOUT SPAIN

The conclusions that can be drawn from Table 6.5 are that a considerable percentage of the respondents did not mention any unfavourable association about Spain and the ones that activated it did not evoke a significant number of negative associations. The most mentioned unfavourable association about Spain (7 per cent of the respondents) was bullfighting (this belongs to the traditions category and to the culture theme). The

remaining three themes which were each elicited by circa 5 per cent of the participants are geography, country and people, respectively.

**Table 6.5. Unfavourable Associations about Spain**

<b>Theme</b>	<b>Category / Concept</b>	<b>No. Respondents</b>	<b>% Respondents</b>
CULTURE		24	8.00
	TRADITIONS	22	7.33
	>Bullfighting	21	7.00
GEOGRAPHY		16	5.33
COUNTRY		15	5.00
	CHARACTERISTICS	15	5.00
PEOPLE		15	5.00
	PEOPLE	15	5.00

#### **6.3.2.4. UNIQUENESS OF SPAIN**

The following question in the survey aimed at exploring what the British participants considered unique about Spain and thus, what sets Spain apart from other countries. The theme most frequently mentioned was the culture that encompasses culture in general, traditions, with bullfighting and the running of the bull being the main one, and the Spanish language. Across the interviews conducted, 22 per cent of the respondents thought of Spanish people as one of the elements that distinguishes Spain from other countries. Geography- and country-related associations were activated by more than 12 per cent of the participants. Finally, a minority of individuals interviewed considered gastronomy and art as the competitive advantages of Spain (see Table 6.6).

**Table 6.6. Uniqueness of Spain**

<b>Theme</b>	<b>Category / Concept</b>	<b>No. Respondents</b>	<b>% Respondents</b>
CULTURE		84	28.00
	CULTURE	47	15.67
	TRADITIONS	28	9.33
	>Bullfighting/Running of the bull	17	5.67
	SPANISH LANGUAGE	22	7.33
PEOPLE		67	22.33
	PEOPLE	50	16.67
	>Nice/Friendly people	29	9.67
	LIFESTYLE	19	6.33
GEOGRAPHY		41	13.67
	WEATHER	28	9.33
COUNTRY		37	12.33
	COUNTRY	35	11.67
GASTRONOMY		18	6.00
	FOOD	17	5.67
ART		17	5.67
	ARCHITECTURE	15	5.00

### **6.3.2.5. SIMILARITY BETWEEN SPAIN AND OTHER COUNTRIES**

Lastly, the content of individuals' mental structures was also investigated to identify what makes Spain similar to other countries. As shown in Table 6.7, none of the themes were mentioned by a significant number of respondents. Tourism-related associations were activated by one-seventh of the participants, followed by Spanish people. The additional areas of similarity that were elicited by more than 10 per cent of the respondents are related to economic (businesses, the euro) and geographical (weather) situations of the country. Being a member of the European Union and other political associations were also identified as common elements with other countries.

**Table 6.7. Similarity between Spain and other Countries**

<b>Theme</b>	<b>Category / Concept</b>	<b>No. Respondents</b>	<b>% Respondents</b>
TOURISM		42	14.00
	HOLIDAY DESTINATION	23	7.67
	BEACHES	15	5.00
PEOPLE		34	11.33
	PEOPLE	27	9.00
ECONOMY		31	10.33
	BUSINESS(ES)	15	5.00
	EURO	15	5.00
GEOGRAPHY		31	10.33
	WEATHER	23	7.67
POLITICS		31	10.33
	MEMBER OF THE EU	18	6.00

### **6.3.3. INFLUENCE OF CORPORATE IMAGE ON COUNTRY OF ORIGIN IMAGE**

In the subsequent stages of the quantitative data analysis, the sample used is composed of the 300 respondents for validation and purification of the scales; however, in the main analysis stage (t-test, two-sample chi-square test, ANCOVA and hierarchical multiple regression) the sample is divided into two groups: the respondents that mentioned companies when prompted (101 individuals) and the respondents that did not mention companies when prompted (199 individuals), analysing both groups separately or just the former group.

#### **6.3.3.1. MEASURE VALIDATION**

##### **6.3.3.1.1. Reliability**

According to Churchill (1979), internal consistency reliability, measured through the coefficient alpha, should be the first step to assess the quality of the measures.

Reliability analysis was first used to remove items with low item-total correlation (<0.3) (Nunnally, 1978). Thus, EC1 and POL5 were dropped from the original pool as their item to total correlation was less than 0.3.

Kline (1999) indicates that an acceptable value for Cronbach's alpha is 0.7 or higher. However, Nunnally (1978) and Malhotra and Birks (2000) argue that a value of 0.6 or greater is satisfactory to conclude internal consistency. In this study the values of Cronbach's alpha exceeded 0.6 except for the value for country familiarity (Cronbach's alpha = 0.331, considering the six items included in the survey questionnaire). Using the information 'Cronbach's alpha if item deleted', the items CF3 (number of visits to Spain), CF4 (number of months living in Spain) and CF5 (number of Spaniards the respondent is in touch with) were dropped from the original pool of 53 items, resulting in an increase in Cronbach's alpha from 0.331 to 0.774. Table 6.8 shows the results of the final reliability test.

**Table 6.8. Internal Consistency Reliability**

<b>Construct</b>	<b>Items</b>	<b>Corrected Item- Total Correlation</b>	<b>Cronbach's Alpha if Item Deleted</b>	<b>Cronbach's Alpha</b>
<b>Economic Beliefs</b>	EC2	0.413	0.732	0.727
	EC3	0.543	0.652	
	EC4	0.538	0.655	
	EC5	0.588	0.622	
<b>Technological Beliefs</b>	TEC1	0.420	0.640	0.678
	TEC2	0.511	0.576	
	TEC3	0.433	0.629	
	TEC4	0.480	0.601	
<b>Political Beliefs</b>	POL1	0.402	0.700	0.707
	POL2	0.621	0.568	
	POL3	0.556	0.603	
	POL4	0.410	0.694	

**Table 6.8. (continued)**

<b>Construct</b>	<b>Items</b>	<b>Corrected Item- Total Correlation</b>	<b>Cronbach's Alpha if Item Deleted</b>	<b>Cronbach's Alpha</b>
<b>Positive Affect</b>	PAF1	0.542	0.930	0.929
	PAF2	0.654	0.926	
	PAF3	0.729	0.922	
	PAF4	0.745	0.921	
	PAF5	0.746	0.921	
	PAF6	0.753	0.921	
	PAF7	0.752	0.921	
	PAF8	0.809	0.917	
	PAF9	0.773	0.919	
	PAF10	0.744	0.921	
<b>Negative Affect</b>	NAF1	0.627	0.854	0.866
	NAF2	0.739	0.838	
	NAF3	0.528	0.858	
	NAF4	0.507	0.859	
	NAF5	0.583	0.853	
	NAF6	0.504	0.858	
	NAF7	0.696	0.845	
	NAF8	0.634	0.852	
	NAF9	0.605	0.853	
	NAF10	0.558	0.856	
<b>Country Familiarity</b>	CF1	0.741	0.552	0.774
	CF2	0.792	0.470	
	CF6	0.410	0.885	
<b>Business Familiarity</b>	BF1	0.568	0.375	0.627
	BF2	0.642	0.315	
	BF3	0.305	0.927	
<b>Consumer Ethnocentrism</b>	CET1	0.570	0.906	0.907
	CET2	0.690	0.896	
	CET3	0.656	0.898	
	CET4	0.705	0.896	
	CET5	0.710	0.895	
	CET6	0.766	0.891	
	CET7	0.710	0.896	
	CET8	0.666	0.897	
	CET9	0.630	0.900	
	CET10	0.654	0.898	

### **6.3.3.1.2. Exploratory Factor Analysis**

The second step undertaken to validate the scales was exploratory factor analysis (EFA). EFA is used in this study to understand the structure of a set of variables and investigate empirically if the constituent items of each scale load on the same factor (Garson, 2010a). Each construct was separately analysed in the EFA using principal component analysis (PCA) with varimax rotation. Using the eigenvalue for establishing a cutoff, a component is extracted when the eigenvalue is greater than 1. Appendix C, Section C1 includes the results of the eight EFAs conducted. For the concepts economic beliefs, technological beliefs, political beliefs, country familiarity and business familiarity, only one component was extracted. For the remaining three constructs, namely positive affect, negative affect and consumer ethnocentrism, more than one component was extracted. The component matrices below provide the factor loadings for the rotated solutions. When conducting the analysis, the researcher selected on SPSS the option of not displaying the output factor loadings of less than 0.40. Therefore, consistent with Gorus (1983), items with the highest factor loadings of less than 0.40 were removed for purifying scales.

The Kaiser-Meyer-Olkin measure verified the sampling adequacy for the eight analyses (see Appendix C, Section C1) as all KMO values are greater than the acceptable limit of 0.50 (Field, 2009). Furthermore, Bartlett's test of sphericity is significant ( $p < 0.05$ ) for the eight analyses (see Appendix C, Section C1), indicating that correlations between items were large enough for PCA (Field, 2009).



Looking at Table 6.9, the first component has high loadings (according to Garson (2010a), loadings above 0.60 are regarded as high) from five positive affect variables: proud (PAF5), alert (PAF6), determined (PAF8), attentive (PAF9) and active (PAF10); and moderate loadings on strong (PAF3) and inspired (PAF7). KMO = 0.923, so is well above the acceptable limit of 0.50 (Field, 2009). Consistent with prior research and given that the first component explains the highest proportion of total variance in all the variables accounted for by that component (Garson, 2010a), the variables loading moderately and highly on that factor are considered for the subsequent stages of the analysis. Although authors like Gorus (1983) recommend removing those items that load highly on more than one factor for purifying scales, the researcher in line with Morhart et al.'s (2009) study decided not to drop those items (i.e. PAF3 and PAF7) from the scale due to the preference for multiple items and the conviction that each item comprises an important facet of the underlying construct.

**Table 6.9. Positive Affect. Rotated Component Matrix**

	Component	
	1	2
PAF1		0.853
PAF2		0.867
PAF3	0.524	0.609
PAF4		0.812
PAF5	0.824	
PAF6	0.857	
PAF7	0.572	0.580
PAF8	0.875	
PAF9	0.836	
PAF10	0.775	

*Note: Loadings less than 0.40 are not shown*

Turning the attention to negative affect, Table 6.10 shows that the first component has high loadings from four negative affect variables: distressed (NAF1), upset (NAF2), guilty (NAF3) and ashamed (NAF7). KMO = 0.800, so it is above the acceptable limit of 0.50 (Field, 2009). Following the same reasoning as above, the variables loading highly on the first component are considered for the subsequent stages of the analysis.

**Table 6.10. Negative Affect. Rotated Component Matrix**

	Component		
	1	2	3
NAF1	0.822		
NAF2	0.800	0.440	
NAF3	0.776		
NAF4		0.567	
NAF5			0.830
NAF6			0.850
NAF7	0.718		
NAF8		0.765	
NAF9		0.704	0.404
NAF10		0.893	

*Note: Loadings less than 0.40 are not shown*

Finally, focusing on consumer ethnocentrism, Table 6.11 shows that the first component has high loadings from five consumer ethnocentrism variables (CET4, CET5, CET6, CET7 and CET10) and moderate loadings on the third and the eighth variable. KMO = 0.897, so it is above the acceptable limit. In line with the same reasoning as above, the variables loading highly and moderately on the first component are considered for the subsequent stages of the analysis.

**Table 6.11. Consumer Ethnocentrism. Rotated Component Matrix**

	Component	
	1	2
CET1		0.897
CET2		0.768
CET3	0.581	0.444
CET4	0.773	
CET5	0.772	
CET6	0.847	
CET7	0.815	
CET8	0.592	0.439
CET9		0.721
CET10	0.768	

*Note: Loadings less than 0.40 are not shown*

Based on the results of EFA, 12 items were dropped from the original pool of 48 items (after the internal consistency reliability test). As stated, items were lost from the positive affect, negative affect and consumer ethnocentrism constructs during the validation process.

#### **6.3.3.1.3. Confirmatory Factor Analysis**

Confirmatory factor analysis is used to assess quantitatively the validity and reliability of the proposed measures. A structural equation modelling package, AMOS, is used for the CFA. The single item constructs, namely the number of corporate brands, accessibility, net valence and consistency, are not incorporated in the assessed measurement model as a minimum of three items per factor is recommended to conduct CFA (Hair et al., 2006). Consequently, the CFA measurement model consisted of eight conceptual constructs operationalised through the 36 items obtained from the EFA that are introduced as indicator variables in the CFA. The specified model was estimated using the maximum likelihood estimation method.

As the CFA measurement model does not include all the constructs of the conceptual framework proposed in this study, the goodness-of-fit of the confirmatory factor model is not examined, but the convergent and discriminant validity of the specified measurement model. Convergent validity is assessed in this study by examining three measures (Hair et al., 2010): factor loadings, average variance extracted (AVE) and reliability. Following these authors, discriminant validity is indicated when all constructs' AVE estimates are larger than the corresponding squared interconstruct correlation estimates (SIC).

Five items, EC2, TEC1, TEC2, CF6 and BF3, were removed due to standardised factor loadings lower than the recommended 0.5. Furthermore, the assessment of the discriminant validity at the construct level showed that for two constructs, economic beliefs and technological beliefs, the AVE estimates were lower than the corresponding SIC associated with that factor. Therefore, the violation of the discriminant validity led the researcher to merge the indicator variables of both constructs under a broader construct, economic-technological beliefs. Once the necessary amendments in the confirmatory measurement model were made, further items, TEC3 and POL1, were dropped to increase the AVE of their corresponding latent constructs.

The standardised factor loadings for the final model are shown in Table 6.12. All the indicators met the accepted cutoff value of 0.5 for factor loadings (Hair et al., 2006).

**Table 6.12. Standardised Factor Loadings**

<b>Construct</b>	<b>Items</b>	<b>ECTEC</b>	<b>POL</b>	<b>PAF</b>	<b>NAF</b>	<b>CF</b>	<b>BF</b>	<b>CET</b>
Economic- technological Beliefs (ECTEC)	EC3 ®	0.629						
	EC4 ®	0.688						
	EC5 ®	0.753						
	TEC4 ®	0.677						
Political Beliefs (POL)	POL2 ®		0.706					
	POL3 ®		0.770					
	POL4 ®		0.542					
Positive Affect (PAF)	PAF3			0.681				
	PAF5			0.820				
	PAF6			0.837				
	PAF7			0.717				
	PAF8			0.902				
	PAF9			0.855				
	PAF10			0.796				
Negative Affect (NAF)	NAF1				0.817			
	NAF2				0.869			
	NAF3				0.636			
	NAF7				0.742			
Country Familiarity (CF)	CF1					0.850		
	CF2					0.943		
Business Familiarity (BF)	BF1						0.957	
	BF2						0.905	
Consumer Ethnocentrism (CET)	CET3							0.644
	CET4							0.762
	CET5							0.783
	CET6							0.887
	CET7							0.816
	CET8							0.682
	CET10							0.720

Note: ® = Reversed item

Other two indicators of convergent validity are AVE and reliability (Hair et al., 2010). Table 6.13 demonstrates that the AVE for the majority of the constructs exceeded the required value of 0.5 (Fornell and Larcker, 1981), the only exceptions being the economic-technological beliefs and political beliefs constructs. Cronbach's alpha values for the seven constructs were 0.7 or higher, suggesting adequate internal consistency (Hair et al., 2006). The values of another reliability coefficient, construct reliability, also

known as composite reliability (CR), also met the recommended cutoff value of 0.7 (Bagozzi and Yi, 1988).

**Table 6.13. Evidence of Convergent Validity**

	<b>AVE</b>	<b>CR</b>	<b>Cronbach's alpha</b>
<b>ECTEC</b>	0.474	0.782	0.778
<b>POL</b>	0.462	0.716	0.700
<b>PAF</b>	0.647	0.927	0.926
<b>NAF</b>	0.594	0.853	0.840
<b>CF</b>	0.806	0.892	0.885
<b>BF</b>	0.867	0.929	0.927
<b>CET</b>	0.578	0.905	0.901

*Notes: AVE = Average Variance Extracted; CR = Construct Reliability*

Finally, Table 6.14 ensures the discriminant validity at the construct level using the procedure suggested by Hair et al. (2006), where all constructs' AVE estimates are larger than the corresponding squared interconstruct correlation estimates (SIC).

**Table 6.14. Evidence of Discriminant Validity**

	<b>ECTEC</b>	<b>POL</b>	<b>PAF</b>	<b>NAF</b>	<b>CF</b>	<b>BF</b>	<b>CET</b>
<b>ECTEC</b>	(0.474)						
<b>POL</b>	0.358	(0.462)					
<b>PAF</b>	0.066	0.002	(0.647)				
<b>NAF</b>	0.011	0.019	0.006	(0.594)			
<b>CF</b>	0.015	0.010	0.230	0.003	(0.806)		
<b>BF</b>	0.015	0.024	0.048	0.006	0.176	(0.867)	
<b>CET</b>	0.006	0.003	0.009	0.008	0.021	0.017	(0.578)

*Notes: The figures reported in the table are squared interconstruct correlation estimates (SIC). Figures in brackets are average variance extracted (AVE) estimates*

### 6.3.3.2. *SAMPLE COMPOSITION*

As stated previously, while for validation purposes the sample used is composed of the 300 respondents, in the main analysis stage the sample is divided into two groups: the respondents that mentioned companies when prompted and the respondents that did not mention companies when prompted. The subsequent sections analyse both groups separately or focus on the former one.

To compare the means of the two sampled groups, the researcher used independent-samples t-test. If the result is significant at  $p \leq 0.05$ , the researcher concluded that the two groups are considerably different in their means (Garson, 2008). Furthermore, to compare the two different samples on a variable that is measured on a nominal scale, i.e. gender, the two-sample chi-square test was employed in this study. If the result is significant ( $p \leq 0.05$ ), a considerable difference exists between the two groups (Diamantopoulos and Schlegelmilch, 1997).

As Table 6.15 shows, the two sample groups differ in terms of gender, with the mentioned companies sample being predominantly masculine. In addition, the respondents mentioning corporate brands are more familiar with both Spain and the Spanish business world. Their higher level of knowledge of the country and its businesses, which could have been acquired through experience, involves more complex cognitive structures and therefore, “*more brand associations, more brand association links, stronger brand association links (...)*” (Roedder John et al., 2006, p.559). Applied to this study, it implies recalling corporate brands when they think of Spain.

**Table 6.15. Sample Composition**

	MENTIONED COMPANIES		DID NOT MENTION COMPANIES		Differences between the two samples	
	Frequency	Percent	Frequency	Percent	Two-sample chi-square test	
					X <sup>2</sup>	p-value
<b>Females</b>	39	38.61	109	54.77	7.000	0.008
<b>Total sample size</b>	N = 101		N = 199			
	Mean	Std. Dev.	Mean	Std. Dev.	Two-sample t-test	
					Mean Difference	p-value
<b>Age (years)</b>	44.92	15.28	41.33	17.25	3.59	0.078
<b>Years in full-time education</b>	15.37	3.38	14.88	4.47	0.49	0.341
<b>Annual household income</b>	3.09	1.72	2.72	1.47	0.37	0.056
<b>Country familiarity</b>	3.58	1.21	2.91	1.32	0.67	0.000
<b>Business familiarity<sup>1</sup></b>	1.61	1.05	1.29	0.64	0.32	0.005
<b>Consumer Ethnocentrism</b>	2.09	1.15	2.30	1.25	-0.21	0.165

Note: <sup>1</sup> After data transformation, the values are as follows: mentioned companies (Mean = 0.15; Std. Dev. = 0.21), did not mention companies (Mean = 0.08; Std. Dev. = 0.15), differences between the two samples (Mean difference = 0.07; Sig. = 0.002).

In the subsequent analysis, it is important to consider the differences observed in Table 6.15. For this reason demographics (gender, age and education) were used as covariates in the analysis of covariance (ANCOVA), used to derive the main constructs' marginal means.

As a parametric test, independent samples t-test assumes a normal distribution of the measure in the two groups, homogeneity of variance and the independence of the scores because they come from different people (Field, 2009).

To assess normality, the researcher used the values of skew and kurtosis that were converted to z-scores. A z-score is a score that has a mean of 0 and a standard deviation of 1 (Field, 2009). Kurtosis is the 'peakedness' or 'flatness' of the distribution compared with a normal one that has a kurtosis value of 0 (Hair et al., 2006). Skewness



is a measure of the asymmetry of a distribution that is used to describe the balance of the distribution, a normal distribution being symmetric and having a skewness value of 0 (Curran et al., 1996). As shown in Table 6.16, the analysis indicated that two constructs (education and business familiarity) fell outside the critical value of  $\pm 2.58$  (0.01 significance level) (Hair et al., 2006).

**Table 6.16. Skewness and Kurtosis Values (T-Test)**

	Construct	N	Skewness		Kurtosis	
		Statistic	Statistic	Std. error	Statistic	Std. error
<b>Mentioned companies</b>	Age	101	0.204	0.240	-0.627	0.476
	Education	101	0.564	0.240	1.713	0.476
	Income	101	0.832	0.240	-0.155	0.476
	Country familiarity	101	0.252	0.240	-0.343	0.476
	Business familiarity	101	2.725	0.240	9.301	0.476
	Consumer ethnocentrism	101	1.412	0.240	2.191	0.476
<b>Did not mention companies</b>	Age	199	0.517	0.172	-0.708	0.343
	Education	199	2.489	0.172	13.585	0.343
	Income	199	1.071	0.172	0.917	0.343
	Country familiarity	199	0.469	0.172	-0.470	0.343
	Business familiarity	199	2.838	0.172	9.341	0.343
	Consumer ethnocentrism	199	1.008	0.172	0.395	0.343

*Note: The figures reported in the table are z-scores*

Data transformation provides the solution to deal with variables that fail to satisfy the assumption of normality. Various transformations are used to correct flat distributions and skewed distributions: square root, logarithmic, squared and inverse (1/x) transformations (Hair et al., 2006; Field, 2009). The researcher used logarithmic transformation to correct the non-normal distributions of business familiarity. Once the adjustments were made, the new values of skew and kurtosis for business familiarity were converted to z-scores (see Table 6.17).

**Table 6.17. Skewness and Kurtosis after Data Transformation (T-Test)**

	Construct	N	Skewness		Kurtosis	
		Statistic	Statistic	Std. error	Statistic	Std. error
<b>Mentioned companies</b>	Business familiarity	101	1.258	0.240	0.969	0.476
<b>Did not mention companies</b>	Business familiarity	199	1.921	0.172	2.857	0.343

*Note: The figures reported in the table are z-scores*

The note at the bottom of Table 6.15 reports the corresponding values for the logarithmic transformation of business familiarity. As  $p < 0.05$ , the two groups are significantly different in their means.

The second assumption, homogeneity of variance, was tested by Levene's test for equality of variances with F value and the corresponding significance (Garson, 2008). If the significance value is less than 0.05, the assumption that the variances are roughly equal is violated (Field, 2009). For these data, Levene's test is significant for business familiarity (before and after data transformation) so the data reported refer to the row labelled 'Equal variances not assumed'. In the other cases the data reported belong to the row labelled 'Equal variances assumed' (see Appendix C, Section C2).

### **6.3.3.3. DESCRIPTIVE STATISTICS**

As stated previously, analysis of covariance (ANCOVA) was used to derive the construct's marginal means. Demographics (gender, age, education and income) and country familiarity, business familiarity and consumer ethnocentrism were used as covariates in the analysis. Table 6.18 shows the marginal means (for comparability purposes, scores are averaged to the number of items for each construct) and standard

errors for the different aspects of COI in the two samples. Furthermore, the results of the significance test of the differences in the marginal means were included together with their absolute differences.

**Table 6.18. Descriptive Statistics**

	MENTIONED COMPANIES		DID NOT MENTION COMPANIES		Differences between the two samples	
	Marginal mean <sup>1</sup>	Std. error	Marginal mean <sup>1</sup>	Std. error	Marginal mean difference	p-value
<b>Economic-technological beliefs (4 items)<sup>2</sup></b>	5.196	0.090	5.168	0.063	0.028	0.806
<b>Political beliefs (3 items)<sup>2</sup></b>	5.652	0.089	5.294	0.062	0.358	0.001
<b>Positive affect (7 items)<sup>2</sup></b>	3.395	0.129	3.664	0.090	-0.269	0.095
<b>Negative affect (4 items)<sup>3</sup></b>	0.045	0.013	0.062	0.009	-0.017	0.308

Notes:

<sup>1</sup> Marginal means (corrected for gender, age, education and income). In addition to demographics, marginal means for values are corrected for country familiarity, business familiarity and consumer ethnocentrism.

<sup>2</sup> Measurement made on a seven-point scale ranging from 1 to 7.

<sup>3</sup> Measurement made on a seven-point scale ranging from 1 to 7. Due to logarithmic transformation, values range from 0.00 to 0.81.

Table 6.18 shows that there are significant differences between the two samples in two dimensions of COI. They differ in terms of political beliefs, with the mentioned companies sample holding more positive political beliefs of Spain. Furthermore, the two samples are found to be different in terms of positive affect at a significant level  $\alpha = 0.095$ , the did-not-mention companies sample having more positive feelings towards Spain. The respondents from both sample groups give high ratings to economic-technological beliefs and hold similar attitudes towards Spain at the negative affect

level, the did-not-mention companies sample having slightly more negative feelings towards Spain.

**Hypothesis H<sub>1</sub>** posits a positive influence of corporate image on COI evaluations. Drawing on the associative network theory, COI is conceptualised in this study as mental networks of associations linked to the country (Collins and Loftus, 1975; Verlegh, 2001). Therefore, if a corporate brand is connected to its COO in the consumer's mind, existing associations for the corporate brand become linked with the COO (Keller, 1993), reinforcing, changing existing associations and/or creating new country associations. This leads to the conclusion that for the participants that recalled companies, corporate image is one of the factors shaping the image they have of Spain. As stated earlier, 101 respondents mentioned Spanish companies when prompted; consequently, for 34 per cent of the participants, Spanish corporate brands are part of their mental networks of associations connected to Spain.

These results partially support H<sub>1</sub>. Furthermore, as can be seen in Table 6.18, the mentioned companies sample seems to hold more positive political beliefs of Spain than the did-not-mention companies sample, providing some support to H<sub>1</sub>.

Three assumptions are tested for ANCOVA, namely distributions within groups are normally distributed, homogeneity of regression slopes and homogeneity of variance. Following the same steps described earlier, the researcher used the values of skew and kurtosis that were converted to z-scores to check normality.

Table 6.19 shows that three constructs (education, business familiarity and negative affect) fell outside the critical value of  $\pm 2.58$  (0.01 significance level) (Hair et al., 2006).

**Table 6.19. Skewness and Kurtosis Values (ANCOVA)**

	Construct	N	Skewness		Kurtosis	
		Statistic	Statistic	Std. error	Statistic	Std. error
<b>Mentioned companies</b>	Age	101	0.204	0.240	-0.627	0.476
	Education	101	0.564	0.240	1.713	0.476
	Income	101	0.832	0.240	-0.155	0.476
	Country familiarity	101	0.252	0.240	-0.343	0.476
	Business familiarity	101	2.725	0.240	9.301	0.476
	Consumer ethnocentrism	101	1.412	0.240	2.191	0.476
	Economic-technological beliefs	101	-0.051	0.240	-0.600	0.476
	Political beliefs	101	-0.292	0.240	-0.822	0.476
	Positive affect	101	0.089	0.240	-0.938	0.476
	Negative affect	101	4.024	0.240	20.106	0.476
<b>Did not mention companies</b>	Age	199	0.517	0.172	-0.708	0.343
	Education	199	2.489	0.172	13.585	0.343
	Income	199	1.071	0.172	0.917	0.343
	Country familiarity	199	0.469	0.172	-0.470	0.343
	Business familiarity	199	2.838	0.172	9.341	0.343
	Consumer ethnocentrism	199	1.008	0.172	0.395	0.343
	Economic-technological beliefs	199	-0.124	0.172	-0.156	0.343
	Political beliefs	199	-0.175	0.172	-0.757	0.343
	Positive affect	199	0.200	0.172	-0.733	0.343
	Negative affect	199	5.372	0.172	36.308	0.343

*Note: The figures reported in the table are z-scores*

The researcher used logarithmic transformation to correct the non-normal distributions of business familiarity and negative affect. On correction of the deficiency, the

corresponding values for the logarithmic transformation of the business familiarity and negative affect constructs were used for the analysis of covariance reported earlier.

Homogeneity of regression slopes involves that the interaction between each covariate and the independent variable is not significant ( $p > 0.05$ ), i.e. the independent variable and covariate(s) are independent; if this effect is significant, then the assumption is broken (Field, 2009). The tables included in Appendix C, Section C3, show that all the interactions are not significant. Therefore, it can be concluded that there is no violation of the assumption of independence.

Finally, homogeneity of variance was tested by Levene's test for equality of variances with F value and the corresponding significance (Garson, 2008). As stated in the previous section, if the significance value is less than 0.05, the assumption that the variances are roughly equal is violated (Field, 2009). Section C3 in Appendix C shows the results of the four Levene's tests. The results for economic-technological beliefs, political beliefs and negative affect are not significant; however, Levene's test is significant for positive affect ( $p = 0.021$ ) and therefore, the group variances are not equal. In the latter case, Field (2009, p.150) suggests another way to check the differences in variances, checking Hartley's  $F_{Max}$ , also known as the variance ratio that refers to the "*ratio of the variances between the group with the biggest variance and the group with the smallest variance*". This ratio is compared to critical values (for a 0.05 level of significance) in a table created by Hartley (Field, 2009). In this study the largest variance is 2.286 and the smallest is 2.022. Dividing the largest variance by the smallest, the result is 1.13. Following Hartley's table, the critical value when comparing two variances and with more than 100 people per group is 1.00. The observed value in

this study is 1.13, more than the critical value of 1.00, and therefore,  $F_{\text{Max}}$  confirms the unequal variances. On the basis that only one dimension does not meet the assumption of homogeneity of variance, no further steps were conducted.

#### **6.3.3.4. HIERARCHICAL REGRESSION ANALYSIS**

##### **6.3.3.4.1. Main Effects**

The hypotheses were tested with hierarchical regression analysis that is used to “*check what portion of the variance can be attributed to different sets of variables*” (Balabanis and Vassileiou, 1999, p.372). Variables entered the regression equations in four blocks. Demographic variables (gender, age, education and income) were entered in the first block; country familiarity, business familiarity and consumer ethnocentrism in the second block; number of corporate brands and accessibility in the third block; and net valence and consistency in the fourth block. At the end of each block of variables, changes in the coefficient of determinations ( $\Delta R^2$ ) and their significance levels (p-value) were estimated and reported in Table 6.20. Furthermore, standardised regression coefficients (betas) and their respective significance levels were reported. Standardised beta values “*are directly comparable and provide a better insight into the importance of a predictor in the model*” (Field, 2009, p.238); therefore, they indicate the relative impact on the dependent variable (Hair et al., 2006) and simplify the analysis of the results.

**Table 6.20. Hierarchical Regression Results**

	ECONOMIC-TECHNOLOGICAL BELIEFS			POLITICAL BELIEFS		
	Beta	$\Delta R^2$	p-value	Beta	$\Delta R^2$	p-value
<b>Gender</b> (1 = male)	-0.068		0.503	-0.110		0.263
<b>Age</b>	-0.015		0.879	0.250		0.012*
<b>Education</b>	-0.045		0.670	0.081		0.423
<b>Income</b>	-0.102		0.331	0.037		0.712
$\Delta R^2_1$		0.019	0.761		0.084	0.075+
<b>Country familiarity</b>	-0.020		0.859	-0.027		0.800
<b>Business familiarity</b>	0.023		0.848	-0.012		0.921
<b>Consumer ethnocentrism</b>	-0.074		0.496	0.022		0.835
$\Delta R^2_2$		0.005	0.916		0.002	0.983
<b>Number</b>	0.001		0.994	-0.022		0.849
<b>Accessibility<sup>1</sup></b>	-0.187		0.098+	0.105		0.340
$\Delta R^2_3$		0.032	0.220		0.009	0.629
<b>Net valence</b>	0.094		0.393	-0.065		0.548
<b>Consistency<sup>2</sup></b>	-0.068		0.554	-0.060		0.593
$\Delta R^2_4$		0.014	0.513		0.006	0.762
<b>Final R<sup>2</sup></b>			0.070	0.814		
					0.100	0.542

Notes: \* $p \leq 0.05$ ; \*\* $p \leq 0.01$ ; \*\*\* $p \leq 0.001$

<sup>1</sup> Accessibility is measured through response latency. The higher the latency, the lower the accessibility

<sup>2</sup> Consistency is measured through standard deviation. The higher the deviation, the lower the consistency



**Table 6.20 (continued)**

	POSITIVE AFFECT			NEGATIVE AFFECT		
	Beta	$\Delta R^2$	p-value	Beta	$\Delta R^2$	p-value
<b>Gender</b> (1 = male)	0.138		0.159	-0.131		0.202
<b>Age</b>	-0.109		0.265	0.079		0.437
<b>Education</b>	-0.128		0.203	0.084		0.427
<b>Income</b>	-0.199		0.050*	0.081		0.440
$\Delta R^2_1$		0.100	0.037*		0.041	0.419
<b>Country familiarity</b>	0.352		0.000***	-0.139		0.195
<b>Business familiarity</b>	0.122		0.252	0.319		0.008**
<b>Consumer ethnocentrism</b>	0.069		0.468	0.042		0.689
$\Delta R^2_2$		0.161	0.000***		0.076	0.059+
<b>Number</b>	-0.079		0.459	-0.003		0.982
<b>Accessibility<sup>1</sup></b>	0.009		0.924	-0.199		0.069+
$\Delta R^2_3$		0.005	0.752		0.037	0.155
<b>Net valence</b>	0.319		0.001***	-0.119		0.245
<b>Consistency<sup>2</sup></b>	-0.018		0.846	0.266		0.013*
$\Delta R^2_4$		0.094	0.002**		0.083	0.012*

**Final R<sup>2</sup>**

0.359    0.000\*\*\*

0.237    0.011\*

Notes: \* $p \leq 0.05$ ; \*\* $p \leq 0.01$ ; \*\*\* $p \leq 0.001$

<sup>1</sup> Accessibility is measured through response latency. The higher the latency, the lower the accessibility

<sup>2</sup> Consistency is measured through standard deviation. The higher the deviation, the lower the consistency

An examination of the explanatory power of the regression equations ( $\Delta R^2$ s) shows that the addition of the corporate image-related factors (net valence and consistency) brings about a significant change ( $\Delta R^2_4$ ) in the proportion of the variance explained in two aspects of COI. Corporate image-related factors themselves explain 9.4 per cent of the positive affect variance and 8.3 per cent of the negative affect variance. The predictive ability of these factors seems to differ across the four dimensions. The variance explained in economic-technological beliefs and political beliefs is very low and statistically insignificant (1.4 per cent and 0.6 per cent, respectively). In the latter case (political beliefs), this may be due to the explanatory power of the demographic variables that is considerably higher (8.4 per cent). Therefore, corporate image-related factors have a different impact on the distinct COI dimensions when controlling for the influence of demographic, country familiarity, business familiarity, consumer ethnocentrism and corporate-related variables.

A comparison of the variance explained (collectively) by corporate image-related factors ( $\Delta R^2_4$ ) with that explained by demographics ( $\Delta R^2_1$ ) indicates that corporate image-related factors explain a greater proportion of the variance than demographics in negative affect. Overall, it seems that corporate image factors ( $\Delta R^2_4$ ) are more helpful than country familiarity, business familiarity and consumer ethnocentrism variables ( $\Delta R^2_2$ ) in explaining variance when evaluating three dimensions of COI (economic-technological beliefs, political beliefs and negative affect).

Furthermore, by examining the explanatory power of the regression equations ( $\Delta R^2$ s), it is found that the addition of the corporate-related factors (number of corporate brands

and accessibility) indicates a non-significant change ( $\Delta R^2_3$ ) in the proportion of the variance explained in the four dimensions of COI. The predictive ability of these factors seems to differ slightly across the four dimensions. The variance explained in economic-technological beliefs and negative affect (3.2 per cent and 3.7 per cent, respectively) is higher than in political beliefs and positive affect (0.9 per cent and 0.5 per cent), but in the four dimensions the variance explained is statistically insignificant. Consequently, corporate-related factors do not have a significant effect on the distinct COI dimensions when controlling for demographic, country familiarity, business familiarity and consumer ethnocentrism variables.

A comparison of the variance explained (collectively) by corporate-related factors ( $\Delta R^2_3$ ) with that explained by demographics ( $\Delta R^2_1$ ) and country familiarity, business familiarity and consumer ethnocentrism variables ( $\Delta R^2_2$ ) indicates that corporate-related factors explain a greater proportion of the variance than the other variables only in economic-technological beliefs. Overall, it appears that corporate-related factors are not as helpful as demographics in explaining variance when evaluating three dimensions of COI (political beliefs, positive affect and negative affect).

Moreover, the final values of  $R^2$  of the regression models appear to be different across the four COI dimensions. Demographic, country familiarity, business familiarity, consumer ethnocentrism, corporate-related and corporate image-related variables are better predictors for the affective dimensions than for the cognitive dimensions of COI. The explanatory power of demographic variables ( $\Delta R^2_1$ ) is higher in the political beliefs and positive affect dimensions than in the economic-technological beliefs and negative

affect dimensions. The overall impact of country familiarity, business familiarity and consumer ethnocentrism ( $\Delta R^2_2$ ) is considerable for the positive and negative affect dimensions (16.1 per cent and 7.6 per cent, respectively); however, the impact is minimal (not larger than 0.5 per cent) and statistically insignificant for the cognitive dimensions of COI.

Looking at the signs and magnitudes of the regression parameters in Table 6.20, it can be seen that these differ among the four aspects of COI. Regarding demographic variables, in the political beliefs dimension, age shows a significant positive effect; and in the positive affect dimension, annual household income has a significant negative influence. However, in the other two dimensions, economic-technological beliefs and negative affect, none of the demographic variables have a significant impact.

In line with the demographics, country familiarity, business familiarity and consumer ethnocentrism have a small effect on COI evaluations. As the results show, in none of the four COI dimensions was there a consistent effect of any of the three variables. The observed effects were constrained only to one of the dimensions. Country familiarity is positively correlated with positive affect. Furthermore, business familiarity is positively related to negative affect.

A similar picture of divergence exists with regard to the corporate image- and corporate-related variables (i.e. net valence, consistency, number and accessibility).

**Hypothesis H<sub>2</sub>**, postulating a positive impact of net valence on COI evaluations, finds

some empirical support as this relationship holds significance in the positive affect dimension ( $\beta = 0.319$ ,  $p \leq 0.001$ ). Similarly, **hypothesis H<sub>3</sub>**, positing a positive effect of consistency on COI evaluations, is empirically supported in the negative affect dimension ( $\beta = 0.266$ ,  $p < 0.05$ ). As indicated in Chapter 5, consistency was measured through the standard deviation and it was inferred that the lower the deviation, the higher the consistency.

Focusing on the corporate-related variables, **hypothesis H<sub>4</sub>** postulates a positive effect of the number of corporate brands on COI evaluations. Based on Table 6.20, the number of corporate brands does not have any significant impact on any of the COI dimensions. **Hypothesis H<sub>5</sub>** anticipates a positive influence of accessibility on COI evaluations. As stated in Chapter 5, accessibility was measured through response latency and it was inferred that the lower the response latency, the higher the accessibility. As can be seen in Table 6.20, accessibility is related negatively to economic-technological beliefs (at a significant level  $\alpha = 0.098$ ), thus in line with the direction posited in H<sub>5</sub>; however, this relationship cannot be accepted as the model does not fit, i.e.  $R^2$  is not significant ( $p = 0.220$ ). Furthermore, accessibility is related to negative affect but in the opposite direction to the one indicated in H<sub>5</sub>, and the model does not fit. Consequently, H<sub>5</sub> finds no support across the cognitive and affective dimensions.

The relative importance of predictors in each COI dimension provides useful insights into the role variables play. Economic-technological beliefs seem not to be determined by any variable as none displays a significant relationship (as indicated earlier, accessibility cannot be accepted because the model does not fit). Political beliefs are

determined by age. Country familiarity followed by net valence and annual household income are the most important determinants of positive affect. Finally, the predictors of negative affect ranked in terms of importance are business familiarity and consistency.

In summary, the study has established that:

- Corporate image- and corporate-related variables do not have a consistent effect on evaluations of different COI dimensions.
- The importance of the examined predictors is not the same for the different dimensions of COI.
- Demographic, country familiarity, business familiarity, consumer ethnocentrism, corporate image- and corporate-related variables are collectively better predictors for positive and negative affect than for political and economic-technological beliefs.
- Corporate image-related variables collectively explain more of the negative affect variance than demographics. Corporate-related variables collectively explain more of the economic-technological beliefs variance than demographics.
- The predictive ability of corporate image- and corporate-related variables collectively is higher than that of demographic and the other variables (country familiarity, business familiarity and consumer ethnocentrism) for the economic-technological beliefs and negative affect dimensions of COI.
- Country familiarity, business familiarity and consumer ethnocentrism variables collectively have a significant effect on the affective dimensions of COI.

- Results for the hypotheses are mixed: while H<sub>1</sub>, H<sub>2</sub> and H<sub>3</sub> find some support, H<sub>4</sub> and H<sub>5</sub> cannot be accepted.

#### **6.3.3.4.2. *Moderating Effects***

Hierarchical moderated regression was used to test for significant moderating effects (Aiken and West, 1991). Variables entered the regression equations in two blocks; therefore, a two-step hierarchical regression analysis was undertaken. Demographic, country familiarity, business familiarity, consumer ethnocentrism, corporate- and corporate image-related variables were entered in the first block, and the interaction term as the predictor variable in the second block. Each multiplicative term was entered one by one. To minimise multicollinearity, the variables included in each interaction term were mean-centered. Further details on the assumptions are provided below.

The moderating effects were tested by examining the increase of explained variance ( $\Delta R^2$ ) ascribable to the interaction term. If there is a statistically significant  $R^2$  change, then the moderating effect is present (Cohen and Cohen, 1983; Jaccard and Turrisi, 2003). The results of the regression analyses are reported in Table 6.21.

**Table 6.21. Moderator Regression Results**

Moderating Effects	ECONOMIC-TECHNOLOGICAL BELIEFS			POLITICAL BELIEFS		
	Beta	$\Delta R^2$	p-value	Beta	$\Delta R^2$	p-value
Net valence x Country familiarity	-0.006		0.954	-0.144		0.184
$\Delta R^2$		0.000			0.018	
Consistency <sup>1</sup> x Country familiarity	-0.001		0.990	-0.159		0.132
$\Delta R^2$		0.000			0.023	
Net valence x Business familiarity	0.160		0.142	0.164		0.125
$\Delta R^2$		0.023			0.024	
Consistency <sup>1</sup> x Business familiarity	0.043		0.693	-0.063		0.554
$\Delta R^2$		0.002			0.004	
Net valence x Consumer ethnocentrism	-0.131		0.288	0.092		0.448
$\Delta R^2$		0.012			0.006	
Consistency <sup>1</sup> x Consumer ethnocentrism	-0.082		0.443	-0.103		0.324
$\Delta R^2$		0.006			0.010	

Notes: \* $p \leq 0.05$ ; \*\* $p \leq 0.01$ ; \*\*\* $p \leq 0.001$

<sup>1</sup> Consistency is measured through standard deviation. The higher the deviation, the lower the consistency

**Table 6.21. (continued)**

Moderating Effects	POSITIVE AFFECT			NEGATIVE AFFECT		
	Beta	$\Delta R^2$	p-value	Beta	$\Delta R^2$	p-value
Net valence x Country familiarity	0.041		0.654	0.195		0.052+
$\Delta R^2$		0.001			0.033	
Consistency <sup>1</sup> x Country familiarity	0.079		0.376	0.155		0.116
$\Delta R^2$		0.006			0.022	
Net valence x Business familiarity	0.111		0.222	-0.197		0.049*
$\Delta R^2$		0.011			0.034	
Consistency <sup>1</sup> x Business familiarity	0.155		0.081	0.137		0.167
$\Delta R^2$		0.022			0.017	
Net valence x Consumer ethnocentrism	0.056		0.589	-0.013		0.908
$\Delta R^2$		0.002			0.000	
Consistency <sup>1</sup> x Consumer ethnocentrism	0.070		0.426	0.074		0.451
$\Delta R^2$		0.005			0.005	

Notes: \* $p \leq 0.05$ ; \*\* $p \leq 0.01$ ; \*\*\* $p \leq 0.001$

<sup>1</sup> Consistency is measured through standard deviation. The higher the deviation, the lower the consistency



In line with the results reported in the previous section, in none of the four COI dimensions was there a consistent effect of any of the interaction terms. **Hypothesis H<sub>6a</sub>** posits that country familiarity positively moderates the influence of net valence on COI evaluations. As the results show, after controlling for demographic, country familiarity, business familiarity, consumer ethnocentrism, corporate- and corporate image-related variables, the product term of net valence x country familiarity is empirically supported in the negative affect dimension but in the opposite direction to the one predicted in H<sub>6a</sub>. Consequently, H<sub>6a</sub> cannot be accepted. **Hypothesis H<sub>6b</sub>**, postulating that country familiarity moderates the effect of consistency on COI evaluations, finds no support across the cognitive and affective dimensions.

The following hypotheses are concerned with the interaction effect of business familiarity. **Hypothesis H<sub>7a</sub>**, positing that business familiarity moderates the influence of net valence on COI evaluations, is empirically supported in the negative affect dimension ( $\beta = -0.197, p < 0.05; \Delta R^2 = 0.034, p < 0.05$ ). **Hypothesis H<sub>7b</sub>** anticipates the interaction effect that business familiarity exerts on the relationship between consistency and COI evaluations. The results indicate that such a moderating effect does not have any significant effect on the aforementioned relationship. Thus, hypothesis H<sub>7b</sub> cannot be accepted.

The last moderator variable examined in the study is consumer ethnocentrism. The two product terms (net valence x consumer ethnocentrism, and consistency x consumer ethnocentrism) find no support in either level, cognitive and affective, involving that **hypothesis H<sub>8a</sub>** and **H<sub>8b</sub>** cannot be accepted.

In conclusion, the above analysis has established that:

- Moderators do not have a consistent effect on the influence of the predictor variables (net valence and consistency) on COI evaluations.
- Results show that business familiarity is the only moderator that has a significant impact on the influence of the independent variables on COI.

#### **6.3.3.4.3. Assumptions**

Turning now the attention to the assumptions of multiple regression, this study evaluates the assumptions of normality, linearity, no outliers, no perfect multicollinearity and independent errors (Hair et al., 2006; Field, 2009; Garson, 2010b).

As stated earlier, the researcher used the values of skew and kurtosis that were converted to z-scores to check normality. Table 6.22 shows that two constructs (business familiarity and negative affect) fell outside the critical value of  $\pm 2.58$  (0.01 significance level) (Hair et al., 2006). The researcher used logarithmic transformation to correct the non-normal distribution of business familiarity and negative affect. The corresponding values for the logarithmic transformation of the business familiarity and negative affect constructs were used for the hierarchical multiple regression analysis reported earlier.

**Table 6.22. Skewness and Kurtosis Values (Multiple Regression)**

		<u>N</u>	<u>Skewness</u>		<u>Kurtosis</u>	
<b>Construct</b>		<b>Statistic</b>	<b>Statistic</b>	<b>Std. error</b>	<b>Statistic</b>	<b>Std. error</b>
<b>Mentioned companies</b>	Age	101	0.204	0.240	-0.627	0.476
	Education	101	0.564	0.240	1.713	0.476
	Income	101	0.832	0.240	-0.155	0.476
	Country familiarity	101	0.251	0.240	-0.343	0.476
	Business familiarity	101	2.725	0.240	9.301	0.476
	Consumer ethnocentrism	101	1.412	0.240	2.191	0.476
	Number	101	1.954	0.240	3.251	0.476
	Accessibility	101	2.024	0.240	3.876	0.476
	Net valence	101	-1.519	0.240	1.460	0.476
	Consistency	101	2.372	0.240	5.492	0.476
	Economic-technological beliefs	101	-0.051	0.240	-0.600	0.476
	Political beliefs	101	-0.292	0.240	-0.822	0.476
	Positive affect	101	0.089	0.240	-0.938	0.476
	Negative affect	101	4.024	0.240	20.106	0.476

*Note: The figures reported in the table are z-scores*

To evaluate the assumption of linearity, two stages were followed. Firstly, the researcher examined patterns of correlation coefficients by calculating the probability of Pearson correlation ( $r$ ) between each pair of variables. Since data transformation can be used to improve the relationship (correlation) between variables (Hair et al., 2006), Pearson correlation was calculated considering the logarithmic transformation of each variable and the untransformed version of the variables, except for business familiarity and negative affect that were previously transformed for normality, and therefore, the transformations were used in the test for linearity. If the correlation coefficient between an independent variable and a dependent variable was statistically significant, the untransformed variables were considered in the analysis. If this relationship was not statistically significant, the logarithmic transformation for the variables was examined.

If any of the transformations for the independent and/or dependent variables involved a statistically significant correlation, or more significant than the untransformed version of the variables, the transformed variable(s) was/were included in the analysis. This test was also conducted for the control variables. In line with this criterion, the following variables were transformed for linearity using the logarithmic procedure: accessibility, consistency, age and education.

Secondly, the assumption of linearity was evaluated through the ANOVA test of linearity: if the F value for the nonlinear component is significant ( $< 0.05$ ), it can be concluded that there is significant nonlinearity (Garson, 2010c). Appendix C, Section C4 shows the ANOVA tables for the linear and nonlinear components of any pair of variables. The F significance value for the nonlinear component is below 0.05 in two pairs of variables: economic-technological beliefs and ethnocentrism ( $F = 2.069$ ,  $p = 0.010$ ); and negative affect and business familiarity ( $F = 2.078$ ,  $p = 0.046$ ). In the latter pair of variables, no changes can be made as the logarithmic transformations have to be included in the analysis due to the assumption of normality. In the former pair of variables, the ANOVA test of linearity was conducted again, this time including the logarithmic transformation of ethnocentrism. Similar results to the ones reported above were obtained ( $F = 2.064$ ,  $p = 0.011$ ). In view of the results, no further amendments were introduced to the analysis apart from the logarithmic transformation of accessibility, consistency, age and education, as stated above.

Outliers are observations with a “*unique combination of characteristics identifiable as distinctly different from the other observations*” (Hair et al., 2006, p.73) that can affect regression coefficients considerably (Garson, 2010b). They are detected through the

analysis of residuals. By using standardised residuals (residuals converted into z-scores), the researcher can identify what constitutes an acceptable value (Hair et al., 2006). In line with Garson (2010b), outliers are points whose standardised residual is higher than 3.3. The residual analysis was conducted for each aspect of COI.

**Table 6.23. Residual Analysis. Residual Statistics**

		Minimum	Maximum	Mean	Std. Deviation	N
Dependent variable: Economic- technological beliefs	Predicted Value	4.571	5.703	5.235	0.247	101
	Residual	-1.987	1.760	0.000	0.814	101
	Std. Predicted Value	-2.691	1.898	0.000	1.000	101
	Std. Residual	-2.277	2.016	0.000	0.933	101
Dependent variable: Political beliefs	Predicted Value	4.749	6.418	5.746	0.296	101
	Residual	-1.853	1.589	0.000	0.848	101
	Std. Predicted Value	-3.363	2.267	0.000	1.000	101
	Std. Residual	-2.038	1.748	0.000	0.933	101
Dependent variable: Positive affect	Predicted Value	0.770	5.411	3.591	0.917	101
	Residual	-2.835	2.767	0.000	1.203	101
	Std. Predicted Value	-3.078	1.986	0.000	1.000	101
	Std. Residual	-2.199	2.146	0.000	0.933	101
Dependent variable: Negative affect. Step 1	Predicted Value	-0.053	0.2301	0.048	0.052	101
	Residual	-0.166	0.396	0.000	0.097	101
	Std. Predicted Value	-1.955	3.529	0.000	1.000	101
	Std. Residual	-1.591	3.780	0.000	0.933	101
Dependent variable: Negative affect. Step 2	Predicted Value	-0.056	0.189	0.039	0.042	99
	Residual	-0.149	0.317	0.000	0.078	99
	Std. Predicted Value	-2.240	3.524	0.000	1.000	99
	Std. Residual	-1.784	3.793	0.000	0.931	99
Dependent variable: Negative affect. Final step	Predicted Value	-0.037	0.176	0.035	0.040	98
	Residual	-0.136	0.242	0.000	0.071	98
	Std. Predicted Value	-1.808	3.495	0.000	1.000	98
	Std. Residual	-1.798	3.183	0.000	0.931	98

As Table 6.23 shows, the residual analysis at the economic-technological beliefs, political beliefs and positive affect levels does not identify any outlier. However, outliers are present at the negative affect level as the standardised residual is greater than 3.3 and the requested casewise diagnosis (see Table 6.24) listed two outliers: cases 2 and 47. After deleting the outliers, the researcher conducted the residual analysis with the remaining 99 cases (see Table 6.23, negative affect step 2). The results identified

another outlier: case 11 (see Table 6.24, step 2) that was also dropped from the analysis. The final stage of the residual analysis at the negative affect level did not spot any further outliers. Consequently, the remaining 98 cases were used for the multiple regression analysis, the dependent variable being negative affect. For the other three country image dimensions, the hierarchical analysis was conducted with 101 cases.

**Table 6.24. Residual Analysis. Casewise Diagnosis**

	Case Number	Std. Residual	Negative Affect	Predicted Value	Residual
Step 1	2	3.780	0.398	0.004	0.394
	47	3.573	0.602	0.230	0.372
Step 2	11	3.793	0.398	0.081	0.317

Absence of perfect multicollinearity implies that *“there should be no perfect linear relationship between two or more of the predictors (...) so, the predictor variables should not correlate too highly”* (Field, 2009, p.220). To minimise the impact of multicollinearity resulting from the interaction terms (the product of two independent variables), the researcher followed the procedure suggested by Aiken and West (1991) by mean centering the independent variables prior to carrying out the interaction terms. Multicollinearity was measured through the tolerance statistic defined as *“the amount of variability of the selected independent variable not explained by the other independent variables”* (Hair et al., 2006, p.201). Another measure of multicollinearity is the variance inflation factor (VIF) that is calculated as the inverse of the tolerance value (Hair et al., 2006). The tolerance values in this study are greater than the 0.20 cutoff that Menard (1995) suggests, the lowest tolerance value being 0.68, indicating that multicollinearity is not a problem in the regression analysis. Similarly, the low variance inflation factors (below 1.5) confirmed that multicollinearity is not an issue.

The independence of error terms assumption, also referred to as independent observations or lack of autocorrelation, indicates that “*for any two observations the residual terms should be uncorrelated (or independent)*” (Field, 2009, p.220). The Durbin-Watson test checks autocorrelation (Durbin and Watson, 1951), specifically if adjacent residuals are correlated (Field, 2009). According to Garson (2010b), values should be between 1.5 and 2.5 to indicate independence of observations. The results in this study show that the Durbin-Watson test ranges between 1.74 and 2.28; therefore, it can be concluded that there is the absence of autocorrelation.

#### **6.4. SUMMARY**

This chapter explored the results from both the in-depth interviews and the survey, and tested the research hypotheses. ANCOVA and multiple regression are the statistical techniques used to gain insight into the extent of associations between the variables. The results illustrate some empirical support for corporate image as a determinant of COI. Furthermore, as can be seen in Table 6.25, the accepted hypotheses are concerned with net valence and consistency. At the moderating effect level, business familiarity is the variable that plays a significant role as a moderator of the influence of the predictor variables on COI.

In the next chapter, the results from both stages of the fieldwork are compared both with the research objectives and with the literature review. Furthermore, a revised model is proposed based on the findings.

**Table 6.25. Summary Results of Hypotheses Tests**

<b>No.</b>	<b>Description</b>	<b>Results</b>
H <sub>1</sub>	Corporate image evaluations positively influence COI evaluations	Partially supported
H <sub>2</sub>	The higher the net valence of the evaluations of corporate brands, the more positive the COI evaluations	Partially supported
H <sub>3</sub>	The greater the consistency of the evaluations of corporate brands, the higher the COI evaluations	Partially supported
H <sub>4</sub>	The higher the number of corporate brands that come to the respondent's mind, the higher the COI evaluations	Not supported
H <sub>5</sub>	The more accessible the corporate brands, the higher the COI evaluations	Not supported
H <sub>6a</sub>	The higher the country familiarity, the greater the positive effect of net valence on COI evaluations	Not supported
H <sub>6b</sub>	The higher the country familiarity, the greater the positive effect of consistency on COI evaluations	Not supported
H <sub>7a</sub>	The higher the business familiarity, the greater the positive effect of net valence on COI evaluations	Partially supported
H <sub>7b</sub>	The higher the business familiarity, the greater the positive effect of consistency on COI evaluations	Not supported
H <sub>8a</sub>	The lower the consumer ethnocentrism, the greater the positive effect of net valence on COI evaluations	Not supported
H <sub>8b</sub>	The lower the consumer ethnocentrism, the greater the positive effect of consistency on COI evaluations	Not supported



**CHAPTER 7**  
**DISCUSSION AND CONCLUSIONS**

## 7. DISCUSSION AND CONCLUSIONS

### 7.1. INTRODUCTION

Chapter 6 outlined the results of the qualitative and quantitative research of the study. This chapter presents the discussion and conclusions of the thesis based on the insights gained from the literature and the findings of this research's fieldwork. In this concluding chapter of the thesis, a discussion of the results in comparison with the research objectives and with the reviewed literature is first presented. Then, the researcher proposes a final version of the model presented in Chapter 5. The implications of the findings for academics and practitioners are also discussed. The chapter ends with the limitations of the study and directions for future research.

### 7.2. DISCUSSION

#### 7.2.1. PRELIMINARY RESEARCH

In this section the researcher merges the aforementioned findings on consumer-related and company-related factors that affect the influence of corporate image on COI with the literature on branding, COO, cognitive psychology and image transfer to provide a synthesis that informs a series of conclusions vis-à-vis the two research questions. Starting with consumer-related factors (RQ1), the findings highlight that **awareness of the corporate brand's COO** is a key condition for associations to transfer from a corporate brand to its COO. Smith (2004) also identifies this condition in his framework of image transfer in sponsorship. The COO literature similarly highlights the importance of this condition for associations to be transferred from the COO to products (Samiee, 1994; Paswan and Sharma, 2004). Therefore, the first conclusion is that if

individuals are not aware of the corporate brand's COO, no associations are carried over from the corporate brand to the COO and, therefore, corporate image does not influence COI.

The findings also suggest that the more **powerful** a consumer perceives the **corporate image**, the stronger the influence on COI. Studying image transfer in sponsorship, Smith (2004) shows that the power of the sponsored brand image (defined in terms of favourability, strength and uniqueness) influences the potential image transfer. The second conclusion, therefore, is as follows: the more powerful the corporate brand image, the more likely is the transfer of associations from the corporate brand to the COO.

In this study the transfer of associations between a corporate brand and a country is conceptualised adopting an associative network approach (Collins and Loftus, 1975; Anderson, 1983). The strength of the association in the consumer's mind between two nodes in the network determines the likelihood that activation of one node will activate the other (de Groot, 1989; Keller, 1993; Herr et al., 1996). In line with such studies, the findings here reveal that the image transfer is affected by the extent to which the two nodes, i.e. the corporate brand and the COO, are closely linked in the mind of the consumer. The **degree of association of a corporate brand with its COO** is largely determined by the branding strategy of the company (Keller, 1993). Similar to Keller (2008), place branding experts in the exploratory study argued that the stronger this linkage, the greater the transfer of associations. This gives rise to the third conclusion: the strength of the corporate brand-COO association in the consumer's mind determines

the image transfer. The stronger the linkage, the more likely the image transfer from the corporate brand to the COO.

The findings also reveal that the strength of the link in the consumer's mind between a corporate brand and the COO and, consequently, the transfer of beliefs and affect from one to the other are also determined by the perceived similarity between the two entities. This mirrors studies in co-branding, celebrity endorsement, sponsorship and brand extension, which have shown that the greater the perceived fit, match-up, similarity or congruence between two entities, the greater the potential image transfer (e.g. Aaker and Keller, 1990; Park et al., 1991; Gwinner, 1997; Bhat and Reddy, 2001; Smith, 2004). Studies in cognitive psychology have long highlighted the importance of fit in image transfer (e.g. Festinger, 1957; Heider, 1958; Mervis and Rosch, 1981; McSweeney and Bierley, 1984). The level of **image fit** affects not only the likelihood of image transfer, as indicated earlier, but also the potential degree of change in beliefs and affect towards a country (Crocker et al., 1984; Agarwal and Sikri, 1996). The higher the degree of similarity between a corporate image and a country image, the more likely that the country associations will remain essentially unchanged (Park et al., 1993; Milberg et al., 1997). Consequently, it can be concluded that the degree of fit between the corporate image and the COI affects the level of transfer of corporate brand associations and the type of effect that corporate image has on COI. If they are consistent with each other, corporate image mainly reinforces existing country associations.

In contrast, the findings highlight that COI may be revised in the presence of corporate associations that are incongruent with country associations. Theories of stereotypic

belief change support this (Crocker, 1984). Weber and Crocker (1983), for instance, explain that beliefs and affect can change in response to new incongruent information through a gradual change, a radical change and/or by creating subcategories to accommodate the inconsistent information. Crocker et al. (1984) note, however, that associations about familiar brands are often difficult to change. The next conclusion is, therefore, as follows: if the corporate image is incongruent with the COI, i.e. **brand image unfit**, it may involve a modification of country associations by either enhancing or diluting country beliefs and affect. It may also involve the creation of new country associations.

In addition to the strength of the linkage between the corporate brand and the country, experts also noted that the transfer of associations between a corporate brand and its COO is often hindered or facilitated by the **strength of the association between the industry** that a company operates in **and the COO in the consumer's mind**. Studies within the COO literature have also acknowledged that in many cases consumers associate countries with specific products (e.g. Jaffe and Nebenzahl, 2006). For instance, Germany is associated with cars, and Japan with cameras. Shimp et al.'s (1993) empirical study shows that consumers' cognitive structures of products made in specific countries typically consist of specific products and/or brands linked to the country (for example, France is associated with wine). Lastly, Roth and Romeo (1992, p.482) developed a framework that matches the product category and perceived COI. The above discussion leads to the following conclusion: the stronger the association between the industry of a company and the COO in the consumer's mind, the more likely is the transfer of associations from the corporate brand to the COO.

Focusing on the company-related factors (RQ2), the findings highlight that when a corporate brand **plays up** its **COO**, it is more likely to elicit a transfer of associations from the corporate brand to the COO. A company can establish a link with its COO by conveying its provenance via its corporate visual identity and also through corporate communication. For example, the COO of a corporate brand can be conveyed through the corporate brand name, by incorporating symbols of the COO in the corporate logo, or can be embedded in the corporate slogan and/or images within corporate advertisements (Keller, 2003; Riezebos, 2003). Therefore, the more the corporate brand plays up its COO, the more likely is the transfer of associations from the corporate brand to the COO.

The findings also reveal that the company's **visibility** (within a specific **market** and at the **international** level) influences the image transfer from the corporate brand to its COO. According to Keller (1993), brand awareness refers to the strength of the brand node in memory, which is influenced by the frequency of exposure (Anderson, 1983). High frequency of exposure is achieved by highly visible brands. Market share (Noya, 2002), distribution intensity, advertising expenditure and presence in the media (Balabanis and Diamantopoulos, 2008) demonstrate visibility within a specific market. The international visibility of the firm, i.e. the number of countries a corporation is operating in, also influences the frequency of exposure to the brand. Considering that the node strength affects "*the amount of activation it can emit into the network*" (Anderson, 1983, p.266), the conclusions are as follows: the more visible the corporate brand is within a specific market, the more likely is the transfer of associations from the corporate brand to the COO; the more visible the corporate brand is at the international

level, the more likely is the transfer of associations from the corporate brand to the COO.

Finally, the informants also noted the role that the **number of corporate brands** plays in influencing image transfer. Diez Nicolas et al. (2003) acknowledge the influence that the internationalisation of many Spanish companies has had on enhancing the image of a country like Spain. Many different corporate brands from a country increase the chances of exposure to corporate brand information (Iversen and Hem, 2008). This discussion leads to the conclusion that the larger the number of corporate brands from a country operating in a market, the more likely is the transfer of associations.

## **7.2.2. MAIN RESEARCH**

### ***7.2.2.1. HOLISTIC COMPONENT OF THE IMAGE OF SPAIN***

Chapter 5 indicated that one of the objectives of the study was to describe the image of Spain in terms of holistic impressions. Therefore, the first part of the survey questionnaire included a series of open-ended questions (Q1, Q2, Q8, Q9, Q10 and Q11) aimed at capturing the more holistic component of COI. This section compares the qualitative results with the existing literature in the area. Starting with the **salient associations of Spain**, the results highlight the importance of tourism as a determinant of the image of Spain. Over 75 per cent of the respondents mentioned tourism-related associations (sun, holidays, beach) when asked what comes to their mind when they think of Spain; followed by geographical (weather, cities/regions), 49 per cent of the participants; gastronomical (paella, tapas, wine, sangria), 45 per cent of the respondents; and cultural associations (bullfighting, flamenco), 29 per cent of the participants. This

mirrors previous studies on the external image of Spain. Velasco Guardado conducted a study in 2001, concluding that tourism, gastronomy and culture/heritage are the activity sectors most associated with Spain (Velasco Guardado, 2001). In this line, Eiros (2006) adds that tourism is the driving force for the image of Spain and Noya (2007) points out that the knowledge of Spain is mainly acquired by the personal experience of visiting the country. Spain is mainly linked to sun, beach, summer and holidays (Diez Nicolas et al., 2003). According to the TURESPAÑA-2000 study, the image that Europeans hold about Spain is based on three elements: (1) nice weather, sun and beach; (2) traditions; and (3) character of Spaniards: friendly, happy, passionate, welcoming and open-minded (Noya, 2002). Likewise, the IUOG-96 study highlights that in the European Union the salient associations of Spain are holidays, good weather, sun, tourism, relaxing and traditions (Noya, 2002). Tourism is the largest Spanish industry, accounting for 11 per cent of the GDP. The United Kingdom provided over 28 per cent of arrivals in Spain in 2009 (Instituto de Estudios Turísticos, 2010). In the Anholt-GfK Roper Nation Brand Index 2009, Spain is ranked 10<sup>th</sup> out of 50 countries. Six areas of COI are included in the NBI, namely exports, governance, immigration and investment, culture and heritage, people and tourism. Spain ranked 3<sup>rd</sup> in tourism and 6<sup>th</sup> in culture. Consequently, the held perceptions about Spain at the tourism level are very positive.

The findings also reveal that the most accessible and **positive associations** in the mind of the respondents have to do with Spanish geography, nice weather being the largest favourable association mentioned (43 per cent of the participants). The respondents also liked the character and lifestyle of Spanish people, followed by tourism-related aspects like beach, holidays and sun. The Spain Brand Project (Diez Nicolas et al., 2003) shows



that some of the positive associations with the country are the Spanish way of life and tourism. Furthermore, the study conducted by Velasco Guardado (2001) acknowledges the welcoming and friendly character as the main strengths of Spanish people. Finally, IUOG-96 measures the image that British people hold about Spain using a semantic differential scale and concludes that the favourability of the image of Spain is positively correlated with the experience of visiting the country (Noya, 2002).

Turning to the **unfavourable associations about Spain**, the most noteworthy finding is the large percentage of the respondents that did not link Spain with any negative association, and even the ones that activated it did not evoke many unfavourable associations. The Spanish traditions like bullfighting sparked off the largest proportion of dislikes of Spain followed by the hot weather. However, previous studies echo other negative aspects of the image of Spain such as overcrowding in some touristic areas, the environmental impact of tourism, and terrorism (Diez Nicolas et al., 2003). These associations were also mentioned in the current study but not included in the table due to the low percentage of respondents (< 5 per cent) that evoked them.

Focusing on the last two open-ended questions included in the survey questionnaire, the few associations that the respondents mentioned can be noted. They consider culture in general, traditions (bullfighting and running of the bull) and the Spanish language, followed by the character and lifestyle of Spanish people as some of the **characteristics that set Spain apart from other countries**. The findings also reveal that **Spain shares with other countries** tourism-related aspects, some features of the Spanish people and economic, geographical and political elements (the Euro, being a member of the EU, businesses and the weather). The IUOG-1996 study explores which countries are

considered the most/least similar to Spain according to British participants. The results show that 23.4 per cent of the British respondents consider Italy as the closest country to Spain, followed by Portugal (21.8 per cent) and Mexico (11 per cent). On the other hand, the UK (25.3 per cent), Nordic countries (15.4 per cent) and Russia (15.1 per cent) are classified as the least similar to Spain (Noya, 2002).

#### ***7.2.2.2. INFLUENCE OF CORPORATE IMAGE ON COUNTRY OF ORIGIN IMAGE***

The main objectives of the data collected through the other questions included in the survey questionnaire (data captured via Q1 and Q2 were also considered for this part when the responses referred to corporate brands) were (1) to determine whether corporate image affects COI; (2) to examine the influence of corporate image- (net valence and consistency) and corporate-related factors (number of corporate brands and accessibility) on COI; and (3) to investigate the moderating effects of a series of variables (country familiarity, business familiarity and consumer ethnocentrism) on the influence of corporate image-related factors on COI.

This study mirrors previous research (Olson and Dover, 1978; Alba and Hutchinson, 1987; Roedder John et al., 2006) by demonstrating that the respondents that mentioned Spanish corporate brands are more familiar with both Spain and the Spanish business world than the participants that were not able to identify any company associated with that country.

The results obtained in this study extend the work of Dowling (1994; 2001), the open-systems theory (Robbins, 1990) and studies within the COO and place branding

literature (Olins, 1999; Anholt, 2002), and confirm the research findings of the in-depth interviews by providing evidence on the **influence of corporate image on** two dimensions of **COI**, namely political beliefs and positive affect (at an  $\alpha = 0.095$ ). This influence is positive at the political beliefs level. Furthermore, Spanish corporate brands are part of the mental network of associations connected to Spain for a considerable percentage of the respondents. The researcher, however, is unable to deduce why the two samples (mentioned and did-not-mention companies) differ significantly in terms of political beliefs and positive affect and not in terms of economic-technological beliefs and negative affect. This might mean that the researcher cannot explain it based on existing research or it might prove a spurious relationship, unlikely to be repeated with a different sample group. This flags a window for further research. Evidence from other countries may allow the emergence of patterns in the influence of corporate image on the different aspects of COI.

The findings provide some empirical support that the **net valence** and **consistency** of corporate brands positively influence COI evaluations (hypotheses H<sub>2</sub> and H<sub>3</sub>). Therefore, the results partially mirror previous studies that, applied to this research, show that (1) the net valence of corporate brand associations affects COI in a beneficial way (Iversen and Hem, 2008) and (2) the greater the consistency of corporate brand associations, the stronger the influence (Rosenberg, 1956; 1968) and thus, the higher the COI evaluations. The results demonstrate that neither net valence nor consistency has a consistent influence on COI evaluations since each of the two independent variables impacts one dimension of COI: positive affect and negative affect, respectively.

It is also worth highlighting that hypothesis H<sub>4</sub>, generated from both the qualitative research findings and previous studies, is not supported. While the participants in the qualitative interviews and Diez Nicolas et al. (2003) indicated that the **number of corporate brands** influences COI evaluations, this study demonstrates that the number of corporate brands that come to the respondent's mind does not have any significant effect on COI evaluations. It is equally interesting that the results challenge hypothesis H<sub>5</sub>, **accessibility**, derived from the in-depth interview findings and also from past research. Place branding experts, in line with Keller (2008), stressed that the stronger the corporate brand-country association in the consumer's mind, the greater the transfer of associations. Based on the above, it seems that more research needs to be undertaken on the effects of the number of corporate brands and accessibility on COI.

As stated earlier, one of the research objectives was to analyse the moderating effects of a series of variables of the influence of corporate image-related factors on COI evaluations. The moderators included in this study were country familiarity, business familiarity and consumer ethnocentrism. Therefore, the second half of this section focuses on a discussion of the results of testing hypotheses H<sub>6</sub>, H<sub>7</sub> and H<sub>8</sub>.

Hypothesis H<sub>6</sub> was concerned with the moderating effect that **country familiarity** can exert on the influence of corporate image-related factors on COI evaluations. The findings reveal that country familiarity, understood as the level of knowledge that can be acquired through experience, has a significant effect as a moderator on the impact of net valence on the evaluation of the negative affect dimension of COI at an  $\alpha = 0.052$  but in the opposite direction to the one predicted in H<sub>6a</sub>. Therefore, the results diverge from suggestions made in previous studies (Olson and Dover, 1978; Alba and

Hutchinson, 1987; Schellinck, 1989; Wall et al., 1991) that there will be a positive impact of country familiarity on the influence of net valence and consistency on COI. This study demonstrated the opposite direction. Based on the above discussion, it promotes the idea that more research could be conducted on determining the moderating effects of country familiarity.

The second moderator variable at the individual level included in the study was **business familiarity** (H<sub>7</sub>). Applying previous research to the corporate realm (Olson and Dover, 1978; Schellinck, 1989; Wall et al., 1991; Roedder John et al., 2006), it was assumed that the more familiar individuals are with the business world, the more salient the influence of corporate image-related factors on COI evaluations. The findings presented in the study demonstrate that business familiarity moderates the impact of net valence on evaluations of the negative affect dimension of COI.

It is evident from the results obtained in the study that **consumer ethnocentrism** (H<sub>8</sub>) does not moderate the impact of net valence and consistency on evaluations of country beliefs and affect. These results challenge previous studies that showed that consumer ethnocentrists have a more precise knowledge for local brands than for foreign brands (Samiee et al., 2005; Balabanis and Diamantopoulos, 2008) and a less favourable image of the foreign brands (Shimp and Sharma, 1987). Based on the results derived here, it is recommended that further research is required to be conducted on the moderating effects of consumer ethnocentrism.

Arising from the results, it can be concluded that this study extends previous research by demonstrating empirically the positive influence of corporate image on political

beliefs. The results also indicate that COI is a complex construct that cannot be predicted simply by corporate image- and corporate-related factors as overall they do not explain a large proportion of variance in the different aspects of COI. Therefore, additional variables are required to understand individual variations in COI across different countries in future research.

The following table (Table 7.1) illustrates whether the evidence to confirm or reject each section of the conceptual model presented in Chapter 5 derives from the literature, the in-depth interviews and/or the survey questionnaire.

**Table 7.1. Evidence to Support the Theoretical Framework of the Study**

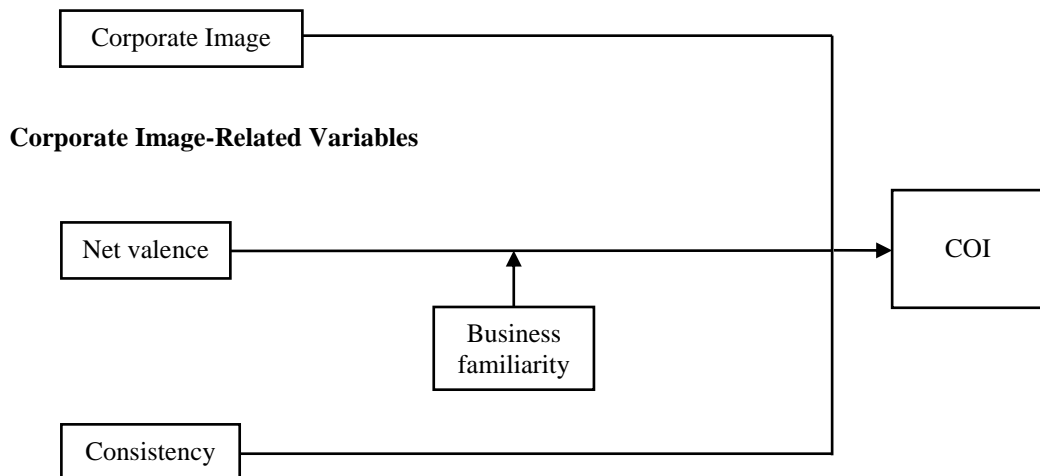
<b>Hypotheses</b>	<b>Literature</b>	<b>In-depth Interviews</b>	<b>Survey Questionnaire</b>
H <sub>1</sub> Corporate image evaluations positively influence COI evaluations	Supported	Supported	Partially supported
H <sub>2</sub> The higher the net valence of the evaluations of corporate brands, the more positive the COI evaluations	Supported	No evidence	Partially supported
H <sub>3</sub> The greater the consistency of the evaluations of corporate brands, the higher the COI evaluations	Supported	No evidence	Partially supported
H <sub>4</sub> The higher the number of corporate brands that come to the respondent's mind, the higher the COI evaluations	Supported	Supported	Not supported
H <sub>5</sub> The more accessible the corporate brands, the higher the COI evaluations	Supported	Supported	Not supported
H <sub>6a</sub> The higher the country familiarity, the greater the positive effect of net valence on COI evaluations	Supported	No evidence	Not supported
H <sub>6b</sub> The higher the country familiarity, the greater the positive effect of consistency on COI evaluations	Supported	No evidence	Not supported
H <sub>7a</sub> The higher the business familiarity, the greater the positive effect of net valence on COI evaluations	Supported	No evidence	Partially supported
H <sub>7b</sub> The higher the business familiarity, the greater the positive effect of consistency on COI evaluations	Supported	No evidence	Not supported
H <sub>8a</sub> The lower the consumer ethnocentrism, the greater the positive effect of net valence on COI evaluations	Supported	No evidence	Not supported
H <sub>8b</sub> The lower the consumer ethnocentrism, the greater the positive effect of consistency on COI evaluations	Supported	No evidence	Not supported

### 7.3. REVISED MODEL

In this section the researcher presents a final and revised version of the model depicted in Chapter 5 based on the survey questionnaire results (see Figure 7.1).

This model represents a key contribution of the thesis to the body of research. It is anticipated that the theoretical framework will stimulate further empirical research in this research field.

**Figure 7.1. Revised Theoretical Framework of the Study**



## **7.4. IMPLICATIONS**

### **7.4.1. THEORETICAL IMPLICATIONS**

Despite increasing acknowledgment of the influence that the image of corporations may exert on COI, this influence has been under-researched to this point in time. There is a lack of explanatory models and empirical and theory-building studies on the aforementioned area of research. Filling this gap is important, in relation to both theory and practice. This study sheds some light on this area of research.

This thesis contributes to the corporate branding body of research by suggesting a theoretical model that explores the other side of the corporate image-COI relationship. Furthermore, this study makes a key contribution to the place branding literature by (1) proposing a conceptual framework on the influence of corporate image and corporate image-related factors on COI; (2) being the first study that tests empirically the influence of corporate image, corporate image-related factors and corporate-related factors on COI; and (3) operationalising COI not only in terms of lists of attributes but also in terms of holistic impressions. Further details are provided below.

A major contribution of the thesis to the literature is the theoretical framework presented in Figure 7.1, which transcends the majority of previous corporate image formation models by looking at the inverse nature of the relationship between corporate image and COI. Furthermore, the model depicted in Figure 7.1 goes beyond Dowling's (1994; 2001) framework by incorporating not only the influence of corporate image on COI but also the impact of corporate-image related factors on COI and the moderating effect of business familiarity. This approach provides a basis for developing scholars'



understanding of the influence. Furthermore, this study has contributed to existing knowledge by confirming or challenging a series of hypotheses. To the best of the researcher's knowledge, it is the first time that the influence of corporate image, corporate image-related factors and corporate-related factors on COI and also the moderating effects of a number of variables have been tested empirically. Consequently, the suggested conceptual framework attempts to open the black box of a long under-researched angle of the relationship between corporate image and COI.

As stated in the second chapter, most studies operationalise country image through a list of attributes measured by using semantic differential, summated rating or Likert scales. However, in line with Askegaard and Ger (1997), country image is a complex construct and thus, its measurement should include not only a set of attributes but also a more interpretative perspective. This study incorporated open-ended questions that enabled the respondents to give further details and consequently, the overall picture can be captured. The open-ended questions included at the beginning of the questionnaire aimed at capturing the more holistic component of COI. Therefore, COI is operationalised in this study by adopting both perspectives, namely the sum of attributes and gestalt impression. This combination provides a more holistic account of COI. Researchers should adopt both approaches.

Within the COO literature, a number of studies have raised doubts about the results of previous research by reporting some empirical evidence that suggests that the level of awareness that consumers have about brands' origins is limited. Therefore, it has been assumed that consumers are knowledgeable about brand origins (Samiee et al., 2005). Initially, this study considered to conduct a pretest to generate and then select the

Spanish corporate brands to be included in the survey. However, that would have involved the researcher assuming that every respondent of the main survey was aware of the corporate brands and their origin. Therefore, an associative network approach was adopted in this study to deal with difficulties indicated in previous research.

#### **7.4.2. MANAGERIAL IMPLICATIONS**

This research offers important managerial insights for place branding. The results of the study show that corporate image impacts two dimensions of COI. Apart from this influence, the research indicates that there are other powerful factors that determine the COI. Spain is remembered mainly for sun, holidays and beaches; thus, tourism is the dominant element of the image that British people have of Spain.

The gap between the external image of Spain and its objective reality is widely acknowledged in previous studies (e.g. Lamo de Espinosa, 2002; Noya, 2002). As stated in Chapter 5, this dissonance is more significant when considering the economic dimension of the image of Spain. Spain has a problem with its image and this led the Spain Brand Project report (Diez Nicolas et al., 2003) to propose a series of suggestions to improve the image of Spain such as the creation of an institution to manage the broad set of efforts to promote the image of Spain, and the importance of the state as the main guardian and coordinator of the nation brand. However, little has been done to put those recommendations into practice (Chislett, 2008). Thus, the Spanish government should be more concerned about the external image of its country, putting more effort into managing and monitoring the country image, and considering it as an affair of state.

Based on the results of this study, it is required to increase the relative impact of corporate image on COI to close the reality-image gap mentioned earlier. Corporate brands are currently under-utilised assets in place branding campaigns. Associating countries with corporate brands in country branding campaigns may foster a transfer of favourable associations that can strengthen the COI. The qualitative findings of the study provide specific guidelines to aid managers, consultants and policy makers in selecting corporate brands for country branding campaigns. The researcher urges practitioners to select corporate brands that: evoke certain brand associations, i.e. consumers are aware of the corporate brands; have a powerful image (in terms of favourability, strength and uniqueness); have high national and international visibility; and have an image that reinforces and/or creates desired country associations. Practitioners involved in place branding need to carefully consider and monitor these factors in the process of selecting corporate brands that could be used in promoting the COI.

The informants of the in-depth interviews also revealed the importance of the number of corporate brands that are operating outside the domestic market. However, as Chislett (2008, p.21) acknowledges, “*Spain still does not have a critical mass of brands with which to make a significant impact on the ‘Made by Spain’ image*”. The number of corporate brands is not the only requirement to strengthen the impact of corporate brands on the COI. As stated previously, associations are carried over from the corporate brand to the COO when the consumer is aware of both the corporate brand and its COO, the branding strategy of the company playing a significant role in the degree of association of a corporate brand with its COO. In line with previous studies, this research demonstrates the relatively low level of awareness of Spanish companies

in a foreign market like the UK. One of the reasons for the weak link between Spain and its corporate brands is that a few Spanish companies play down their COO by, for example, adopting brand names that do not sound Spanish such as Massimo Dutti and Women's Secret (Cerviño and Bonache, 2003; Noya, 2009). Therefore, the Spanish corporate brands should increasingly take a proactive approach by, for example, playing up their COO, to trigger a change in existing country associations (COI being revised in the presence of corporate associations) and even to create new country associations.

## **7.5. LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH**

In considering the findings and their implications, it is necessary to recognise the limitations of the study both at the theoretical or conceptual level and at the research design and methods level. A number of limitations of this study are caused by time, access and financial constraints. The different limitations imply a series of avenues for further research in this area.

First, the lack of theoretical and empirical studies on the influence of corporate image, corporate image-related factors and corporate-related factors on COI may cause inconsistencies and shortfalls in the assumptions made and results arising. Future research needs to shed greater light on this relationship by further examining this influence through qualitative and quantitative research. Second, the place branding experts in the study focused on consumers when exploring the influence of corporate image on COI. However, place branding efforts often seek to engage other stakeholders. Further in-depth qualitative exploration could therefore aim to understand the influence of corporate image on COI and the factors that influence the image transfer from the

perspective of other stakeholders, for example, business people who evaluate countries as destinations for business.

The analysis of the open-ended questions included in the survey questionnaire to capture the holistic component of the image of Spain was conducted through content analysis, identifying the themes, categories and concepts that at least 5 per cent of the respondents mentioned. Future research may allow for the mapping of associations to enable for a visual comparison and ascertain if there is any pattern of associations. These patterns could be used to cluster respondents into groups.

Furthermore, this study is limited to a few corporate brands, one country brand, Spain, and one location, the UK, specifically London and Greater London. Further research will benefit from replicating this study across different countries and corporate brands through large-scale surveys with consumers in different international markets. Replication of this study in another country with strong industrial bases and whose tradition and history are closely linked with the Industrial Revolution may show a stronger impact of the corporate brands. Furthermore, there may be a threshold of internationalisation: Spain is ranked 25<sup>th</sup> out of 208 countries in the 2010 Economic Globalization Index of the KOF Index of Globalization; it has solely 10 companies in the 2010 Fortune's Global 500 ranking of the largest corporations in the world; and two companies in the 2010 Best Global Brands drawn by Interbrand. The impact of corporate brands on the COI may be stronger for those countries having a higher level of globalisation. Consequently, companies may be a key determinant of the COI for countries with certain levels of globalisation, industrialisation and history of industrial development.

A further limitation of the study is that the data collected through the survey questionnaire are obtained at a single point in time. The dynamic nature of the image construct involves that the influence of corporate image may change over time. Consequently, future research should extend this work by using longitudinal research conducted over a number of years.

The study examined the influence of corporate image- and corporate-related factors on COI. Future quantitative research can focus on assessing the relative impact of corporate brands on COI against other determinants of COI, namely the Royal Family, sports, culture, mass media, universities and business schools and so on, for different stakeholder groups.

The study measured some constructs like net valence, consistency and accessibility with single items. A number of authors acknowledge the limitations of using single items (Churchill, 1979; Spector, 1992). However, due to the nature of the constructs included in the research, only one item was required to operationalise each construct.

Fieldwork is one of the major sources for which inaccuracies can arise and consequently, one of the limitations in survey research (Boyd and Westfall, 1965). Non-response bias was reduced in the study by using call-backs to mitigate the impact. The researcher made one call-back before replacing the not-at-home respondents; however, the lack of resources was the reason for not making two call-backs to reduce further the rate of not-at-homes. Future research can benefit from extensive training and improving rapport between the interviewer and the respondent (Boyd and Westfall, 1965).

All the analysis of the quantitative data is conducted at the individual level. Therefore, another further research route could be to conduct a multi-level analysis and examine the individual effects, the prompted vs. unprompted effects, the corporate effects and the association effects. Moreover, it is recommended that further research should examine the results of the ANCOVA test: political beliefs and positive affect as the COI dimensions that are statistically significantly different in the two samples, to prove either that there is a relationship and it may have a meaning that the researcher cannot explain in the context of this study or that it may be a spurious relationship.

## **7.6. SUMMARY**

This chapter sought to encapsulate and compare the research findings, the research objectives and the literature review of this study. Additionally, a revised theoretical framework was proposed based on the results of the study. The implications of the study for academics and practitioners were discussed, followed by the limitations of the study. Finally, avenues for future research were proposed.

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**APPENDIX A**  
**INTERVIEW GUIDE AND ASSOCIATED DOCUMENTS**

## **EMAIL MESSAGE**

Dear <<Title>> <<Last Name>>,

My name is Carmen Lopez. I am a doctoral researcher and Graduate Teaching Assistant in Marketing at Brunel Business School, Brunel University, London.

My research aims to conceptualise and measure the influence of corporate image on country of origin image (COI). This study seeks to analyse whether corporate image affects COI, and to identify the factors that can affect the influence of corporate image on COI.

This study starts with an exploratory phase that contributes to the main research by collecting qualitative data through in-depth interviews with place branding experts in order to gain a deeper understanding of the influence of corporate image on COI. This initial phase will be followed by a survey questionnaire to determine the influence of corporate image on COI.

As an expert in the place branding field, I would be grateful if I could interview you for approximately 45 minutes whenever it is more convenient for you to shed more light on this topical issue. I would like to take this opportunity to thank you in advance for your time, and would deeply appreciate your help in this research effort.

I look forward to hearing from you in the near future.

Yours sincerely,

Ms Carmen Lopez  
Doctoral Researcher and GTA  
Brunel Business School

## **PLACE BRANDING CONSULTANTS – INTERVIEW SCHEDULE**

### **OBJECTIVES**

The overall aim of this qualitative phase is to explore the influence of corporate image on country of origin image (COI). I seek to analyse whether corporate image affects COI and to identify the factors that affect the influence of corporate image on COI. I will then use this information and the relevant literature to propose a conceptual framework on the influence of corporate image on COI.

### **INTRODUCTION**

Good morning/afternoon and welcome to our session. My name is Carmen Lopez. I am a doctoral researcher and Graduate Teaching Assistant in Marketing at Brunel Business School, in Brunel University, London.

Today we will be discussing your thoughts and opinions about corporate image and its relationship with COI. I basically want to know how you see the influence of corporate image on COI and the factors that affect this influence.

I would be grateful if I could use the digital voice recorder as I do not want to miss any of your comments. I am going to analyse the data for academic purposes. In my thesis there will not be any names attached to the comments. You may be assured of confidentiality.

Let's begin by filling in a registration form that includes some demographic and company background questions

## **REGISTRATION FORM**

1. Name:

2. Gender:

( ) Female

( ) Male

3. Age:

4. Nationality:

5. Please indicate your highest degree:

( ) High school graduate

( ) Bachelor's degree

( ) Professional qualification

( ) Postgraduate certificate, diploma or degree

( ) Doctorate (PhD)

6. Respondent's position:

7. Please specify the number of years you have worked in this industry:

8. Please specify the number of years you have worked in this company:

9. Name of the company/entity:

10. What does your company do?

13. How many employees work in your company?

## **INTERVIEW GUIDE**

### Introduction

1. When you hear the words corporate image, what comes to mind? How would you define corporate image?
2. Which factors shape the image of a company? Can you give me an example?
3. When you hear the words country image, what comes to mind? How would you define country image?
4. Which factors shape the image of a country? Can you give me an example?

### Influence of corporate image on country of origin image

5. How do you see the relationship between corporate image and country of origin image?
6. Could you provide an example of a company that is positively affecting the image of its country of origin? Why does it influence in a positive way?
7. Could you provide an example of a company that is negatively affecting the image of its country of origin? Why does it influence in a negative way?
8. How is the image of companies influencing the image of its country of origin? Can you give me an example?
9. Are there any factors that facilitate or hinder the influence of corporate image on country of origin image?
10. Why do some companies affect the image of their country of origin more positively/strongly than others? Are there any determinants at the company level that affect the influence of corporate image on country of origin image?
11. Are there any determinants at the consumer level that affect the influence of corporate image on country of origin image? Can you give me an example?

### Ending

12. I have no further questions. Is there anything else you would like to bring up or ask about before we finish the interview?

Thank you for your time.



**APPENDIX B**  
**QUESTIONNAIRE AND ASSOCIATED DOCUMENTS**

## STATEMENT OF ETHICS APPROVAL

Head of Brunel Business School  
Professor Zahir Irani

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Brunel Business School  
**Research Ethics Committee**

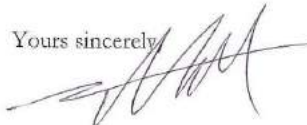
14 August 2009

### STATEMENT OF ETHICS APPROVAL

**Proposer:** Carmen Lopez

**Title:** Conceptualising, measuring and managing the influence of corporate images on country image. The case of Spain

The school's research ethics committee has considered the proposal recently submitted by you. Acting under delegated authority, the committee is satisfied that there is no objection on ethical grounds to the proposed study. Approval is given on the understanding that you will adhere to the terms agreed with participants and to inform the committee of any change of plans in relations to the information provided in the application form.

Yours sincerely  


**Dr. Tillal Eldabi**  
Chair, Research Ethics Committee  
BBS

## **INVITATION FOR THE RESEARCH**

My name is Carmen Lopez. I am a doctoral student at Brunel Business School (London). I am conducting a research project on the influence of corporate image on country of origin image. The purpose is to find out if the image of Spanish companies is impacting the image that British people hold of Spain. I will ask you a few questions on the following topics: corporate image, country image, country familiarity, corporate familiarity and ethnocentrism.

As a participant in this research, you are expected to answer a few open-ended questions and then fill in a questionnaire composed of closed questions designed for the purpose of the research, which will not take you more than 10 minutes.

Please note that your participation is voluntary and you can choose to decline to answer any question or even to withdraw at any point from the project.

Confidentiality means that the answers given in the questionnaire will be coded and stored in such a way as to make it impossible to identify them directly with any individual.

Please feel free to contact me at [carmen.lopez@brunel.ac.uk](mailto:carmen.lopez@brunel.ac.uk) for any further information on this research or if you would like to be informed on the outcomes.

If you have read the above information and agree to participate in this study, please proceed to reply to the open-ended questions.

Many thanks for your help.

Carmen Lopez

This research has been approved by Brunel Business School Research Ethics Committee

Respondent:  
Record:

Filter question: Where are you from?

### **SURVEY QUESTIONNAIRE**

1. What comes to your mind when you think of Spain?
2. What else? (If no companies, go to Q5a)
3. What comes to your mind when you think about this company? What else?

(Answers are written down in the table shown on the next page)

4. Do you see these as positive or negative? (Go to Q5b)

(Answers are written down in the table shown on the next page)

5. a. When you think about Spain, are there any companies that come to your mind?

Which other companies? (Go to Q6)

(Answers are written down in the next table)

- b. Which other companies come to your mind when you think of Spain except the ones that you mentioned? What else?

(Answers are written down in the next table)

6. What comes to your mind when you think about this company? What else?

(Answers are written down in the next table)

7. Do you see these as positive or negative?

(Answers are written down in the next table)

8. In your opinion what is positive about Spain? What do you like about Spain? What else?

9. In your opinion what do you dislike about Spain? What else?

10. What is unique about Spain? How is it different from other countries? What else?

11. In what ways is Spain the same as other countries? What else?



12. Please rate Spain against the following descriptors.

Economically developed	_____:	_____:	_____:	_____:	_____:	_____:	_____:	Economically underdeveloped
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Democratic system	_____:	_____:	_____:	_____:	_____:	_____:	_____:	Dictatorial system
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Mass produced products	_____:	_____:	_____:	_____:	_____:	_____:	_____:	Handcrafted products
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Civilian government	_____:	_____:	_____:	_____:	_____:	_____:	_____:	Military government
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Predominantly industrialised	_____:	_____:	_____:	_____:	_____:	_____:	_____:	Predominantly non-industrialised
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
High labour costs	_____:	_____:	_____:	_____:	_____:	_____:	_____:	Low labour costs
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
High literacy rates	_____:	_____:	_____:	_____:	_____:	_____:	_____:	Low literacy rates
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Free market system	_____:	_____:	_____:	_____:	_____:	_____:	_____:	Centrally planned system
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Existence welfare system	_____:	_____:	_____:	_____:	_____:	_____:	_____:	Lack of a welfare system
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Stable economic environment	_____:	_____:	_____:	_____:	_____:	_____:	_____:	Unstable economic environment
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Exporter of agricultural products	_____:	_____:	_____:	_____:	_____:	_____:	_____:	Importer of agricultural products
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Production of high quality products	_____:	_____:	_____:	_____:	_____:	_____:	_____:	Production of low quality products
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
High standard of living	_____:	_____:	_____:	_____:	_____:	_____:	_____:	Low standard of living
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
High level of technological research	_____:	_____:	_____:	_____:	_____:	_____:	_____:	Low level of technological research
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	

13. How does Spain make you feel? Please indicate the extent to which Spain makes you feel this way.

	Not at all	A little	Somewhat	Moderately	Rather	Very	Extremely
Interested	1	2	3	4	5	6	7
Excited	1	2	3	4	5	6	7
Strong	1	2	3	4	5	6	7
Enthusiastic	1	2	3	4	5	6	7
Proud	1	2	3	4	5	6	7
Alert	1	2	3	4	5	6	7
Inspired	1	2	3	4	5	6	7
Determined	1	2	3	4	5	6	7
Attentive	1	2	3	4	5	6	7
Active	1	2	3	4	5	6	7
Distressed	1	2	3	4	5	6	7
Upset	1	2	3	4	5	6	7
Guilty	1	2	3	4	5	6	7
Scared	1	2	3	4	5	6	7
Hostile	1	2	3	4	5	6	7
Irritable	1	2	3	4	5	6	7
Ashamed	1	2	3	4	5	6	7
Nervous	1	2	3	4	5	6	7
Jittery	1	2	3	4	5	6	7
Afraid	1	2	3	4	5	6	7

14. How familiar do you consider yourself with Spain?

Not at all familiar	A little familiar	Somewhat familiar	Moderately familiar	Rather familiar	Very familiar	Extremely familiar
1	2	3	4	5	6	7

15. How well do you consider that you know Spain?

Not at all knowledgeable	A little knowledgeable	Somewhat knowledgeable	Moderately knowledgeable	Rather knowledgeable	Very knowledgeable	Extremely knowledgeable
1	2	3	4	5	6	7

16. How many times have you visited Spain?

\_\_\_\_\_ times.

17. How many months have you lived in Spain?

\_\_\_\_\_ months.

18. How many Spanish people are you in touch with?

\_\_\_\_\_ Spanish people.

19. How fluent are you in Spanish?

Not at all	Beginner	Basic	Intermediate	Advanced	Native speaker
1	2	3	4	5	6

20. How familiar do you consider yourself with the Spanish business world?

Not at all familiar	A little familiar	Somewhat familiar	Moderately familiar	Rather familiar	Very familiar	Extremely familiar
1	2	3	4	5	6	7

21. How well do you consider that you know the Spanish business world?

Not at all knowledgeable	A little knowledgeable	Somewhat knowledgeable	Moderately knowledgeable	Rather knowledgeable	Very knowledgeable	Extremely knowledgeable
1	2	3	4	5	6	7

22. How frequently do you buy Spanish-made products?

Never	Very rarely	Rarely	Occasionally	Somewhat frequently	Frequently	Very frequently
1	2	3	4	5	6	7



23. To what extent do you agree or disagree with each of the following statements?

	Strongly disagree	Moderately disagree	Slightly disagree	Undecided	Slightly agree	Moderately agree	Strongly agree
Only those products that are unavailable in the UK should be imported	1	2	3	4	5	6	7
British products, first, last, and foremost	1	2	3	4	5	6	7
Purchasing foreign-made products is un-British	1	2	3	4	5	6	7
It is not right to purchase foreign products, because it puts Britons out of jobs	1	2	3	4	5	6	7
A real Briton should always buy British-made products	1	2	3	4	5	6	7
We should purchase products manufactured in the UK instead of letting other countries get rich off us	1	2	3	4	5	6	7
Britons should not buy foreign products, because this hurts British business and causes unemployment	1	2	3	4	5	6	7
It may cost me in the long-run but I prefer to support British products	1	2	3	4	5	6	7
We should buy from foreign countries only those products that we cannot obtain within our own country	1	2	3	4	5	6	7
British consumers who purchase products made in other countries are responsible for putting their fellow Britons out of work	1	2	3	4	5	6	7

24. Gender.

- Male
- Female

25. Age.

\_\_\_\_\_

26. Years in full time education since the age of 5.

\_\_\_\_\_ years

27. Annual household income.

- £0 - £19,999
- £20,000-£39,999
- £40,000-£59,999
- £60,000-£79,999
- £80,000-£99,999
- £100,000-£119,999
- £120,000 or more

**APPENDIX C**  
**TABLES RELATED TO CHAPTER 6**

# C1. PRINCIPAL COMPONENT ANALYSIS

## ECONOMIC BELIEFS

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.748
Bartlett's Test of Sphericity	Approx. Chi-Square	245.223
	df	6
	Sig.	.000

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.225	55.637	55.637	2.225	55.637	55.637
2	.736	18.400	74.037			
3	.568	14.204	88.241			
4	.470	11.759	100.000			

Extraction Method: Principal Component Analysis.

## TECHNOLOGICAL BELIEFS

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.713
Bartlett's Test of Sphericity	Approx. Chi-Square	178.589
	df	6
	Sig.	.000

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.042	51.047	51.047	2.042	51.047	51.047
2	.799	19.970	71.016			
3	.589	14.730	85.747			
4	.570	14.253	100.000			

Extraction Method: Principal Component Analysis.

## POLITICAL BELIEFS

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.693
Bartlett's Test of Sphericity	Approx. Chi-Square	242.440
	df	6
	Sig.	.000

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.157	53.932	53.932	2.157	53.932	53.932
2	.806	20.156	74.088			
3	.639	15.970	90.057			
4	.398	9.943	100.000			

Extraction Method: Principal Component Analysis.

## POSITIVE AFFECT

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.923
Bartlett's Test of Sphericity	Approx. Chi-Square	2224.562
	df	45
	Sig.	.000

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.140	61.403	61.403	6.140	61.403	61.403	4.295	42.950	42.950
2	1.336	13.364	74.766	1.336	13.364	74.766	3.182	31.816	74.766
3	.483	4.827	79.594						
4	.428	4.279	83.873						
5	.382	3.821	87.695						
6	.323	3.232	90.927						
7	.269	2.687	93.614						
8	.237	2.373	95.987						
9	.226	2.264	98.251						
10	.175	1.749	100.000						

Extraction Method: Principal Component Analysis.

## NEGATIVE AFFECT

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.800
Bartlett's Test of Sphericity	Approx. Chi-Square	1626.199
	df	45
	Sig.	.000

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.798	47.983	47.983	4.798	47.983	47.983	2.656	26.563	26.563
2	1.342	13.424	61.408	1.342	13.424	61.408	2.629	26.293	52.857
3	1.077	10.774	72.181	1.077	10.774	72.181	1.932	19.325	72.181
4	.817	8.171	80.353						
5	.529	5.293	85.645						
6	.424	4.244	89.890						
7	.394	3.944	93.834						
8	.273	2.727	96.561						
9	.186	1.864	98.424						
10	.158	1.576	100.000						

Extraction Method: Principal Component Analysis.

## COUNTRY FAMILIARITY

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.595
Bartlett's Test of Sphericity	Approx. Chi-Square	365.017
	df	3
	Sig.	.000

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.085	69.502	69.502	2.085	69.502	69.502
2	.720	23.996	93.498			
3	.195	6.502	100.000			

Extraction Method: Principal Component Analysis.

## BUSINESS FAMILIARITY

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.526
Bartlett's Test of Sphericity	Approx. Chi-Square	432.857
	df	3
	Sig.	.000

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.973	65.782	65.782	1.973	65.782	65.782
2	.895	29.818	95.600			
3	.132	4.400	100.000			

Extraction Method: Principal Component Analysis.

## CONSUMER ETHNOCENTRISM

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.897
Bartlett's Test of Sphericity	Approx. Chi-Square	1761.834
	df	45
	Sig.	.000

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.605	56.053	56.053	5.605	56.053	56.053	4.107	41.069	41.069
2	1.110	11.104	67.157	1.110	11.104	67.157	2.609	26.088	67.157
3	.738	7.375	74.532						
4	.601	6.008	80.540						
5	.453	4.530	85.070						
6	.408	4.085	89.155						
7	.327	3.267	92.422						
8	.298	2.977	95.400						
9	.272	2.719	98.118						
10	.188	1.882	100.000						

Extraction Method: Principal Component Analysis.

## C2. INDEPENDENT SAMPLES T-TEST

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Age	Equal variances assumed	2.969	.086	1.768	298	.078	3.589	2.030	-.405	7.583
	Equal variances not assumed			1.840	223.928	.067	3.589	1.951	-.255	7.433
Education	Equal variances assumed	2.088	.150	.954	298	.341	.482	.505	-.512	1.476
	Equal variances not assumed			1.044	255.096	.298	.482	.462	-.427	1.391
Income	Equal variances assumed	2.499	.115	1.922	298	.056	.365	.190	-.009	.740
	Equal variances not assumed			1.824	175.258	.070	.365	.200	-.030	.761
Country familiarity	Equal variances assumed	1.876	.172	4.282	298	.000	.67210	.15694	.36325	.98095
	Equal variances not assumed			4.413	218.169	.000	.67210	.15230	.37193	.97227
Business familiarity	Equal variances assumed	17.214	.000	3.279	298	.001	.32240	.09833	.12890	.51591
	Equal variances not assumed			2.820	139.009	.005	.32240	.11431	.09638	.54842
Consumer ethnocentrism	Equal variances assumed	2.000	.158	-1.392	298	.165	-.20670	.14848	-.49890	.08550
	Equal variances not assumed			-1.429	216.083	.154	-.20670	.14460	-.49171	.07831
Log Business familiarity	Equal variances assumed	21.373	.000	3.411	298	.001	.07191	.02108	.03043	.11339
	Equal variances not assumed			3.101	157.488	.002	.07191	.02319	.02611	.11771



### C3. ANALYSIS OF COVARIANCE (ANCOVA)

#### Tests of Between-Subjects Effects

Dependent Variable: ECONOMIC-TECHNOLOGICAL BELIEFS

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	12.861(a)	15	.857	1.108	.348
Intercept	165.399	1	165.399	213.758	.000
Companies	.259	1	.259	.334	.564
Gender	1.626	1	1.626	2.102	.148
Age	.850	1	.850	1.099	.295
Education	.010	1	.010	.013	.908
Income	1.739	1	1.739	2.247	.135
Country familiarity	.243	1	.243	.315	.575
Business Familiarity	.626	1	.626	.809	.369
C. Ethnocentrism	.523	1	.523	.676	.412
Companies * Gender	.285	1	.285	.369	.544
Companies * Age	.323	1	.323	.417	.519
Companies * Education	.522	1	.522	.674	.412
Companies * Income	.052	1	.052	.067	.796
Companies * Country familiarity	.576	1	.576	.745	.389
Companies * Business familiarity	.290	1	.290	.375	.541
Companies * Consumer ethnocentrism	.058	1	.058	.075	.785
Error	219.749	284	.774		
Total	8274.563	300			
Corrected Total	232.611	299			

a R Squared = .055 (Adjusted R Squared = .005)

**Tests of Between-Subjects Effects**

Dependent Variable: POLITICAL BELIEFS

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	46.373(a)	15	3.092	4.129	.000
Intercept	117.463	1	117.463	156.873	.000
Companies	.115	1	.115	.153	.696
Gender	4.483	1	4.483	5.987	.015
Age	8.232	1	8.232	10.994	.001
Education	3.138	1	3.138	4.191	.042
Income	.521	1	.521	.696	.405
Country familiarity	.069	1	.069	.092	.762
Business familiarity	.073	1	.073	.098	.755
C. Ethnocentrism	.000	1	.000	.000	.990
Companies * Gender	.414	1	.414	.553	.458
Companies * Age	.223	1	.223	.298	.585
Companies * Education	.048	1	.048	.064	.800
Companies * Income	.009	1	.009	.011	.915
Companies * Country familiarity	.374	1	.374	.500	.480
Companies * Business familiarity	.170	1	.170	.227	.634
Companies * Consumer ethnocentrism	.037	1	.037	.049	.824
Error	212.653	284	.749		
Total	9053.889	300			
Corrected Total	259.026	299			

a R Squared = .179 (Adjusted R Squared = .136)

**Tests of Between-Subjects Effects**

Dependent Variable: POSITIVE AFFECT

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	195.358(a)	15	13.024	8.528	.000
Intercept	50.335	1	50.335	32.961	.000
Companies	1.515	1	1.515	.992	.320
Gender	1.659	1	1.659	1.086	.298
Age	5.727	1	5.727	3.750	.054
Education	2.703	1	2.703	1.770	.184
Income	18.904	1	18.904	12.379	.001
Country familiarity	76.053	1	76.053	49.801	.000
Business familiarity	9.173	1	9.173	6.007	.015
C. Ethnocentrism	.186	1	.186	.122	.727
Companies * Gender	5.710	1	5.710	3.739	.054
Companies * Age	.213	1	.213	.140	.709
Companies * Education	.471	1	.471	.308	.579
Companies * Income	.387	1	.387	.253	.615
Companies * Country familiarity	.240	1	.240	.157	.692
Companies * Business familiarity	.529	1	.529	.346	.557
Companies * Consumer ethnocentrism	4.725	1	4.725	3.094	.080
Error	433.702	284	1.527		
Total	4459.673	300			
Corrected Total	629.060	299			

a R Squared = .311 (Adjusted R Squared = .274)

### Tests of Between-Subjects Effects

Dependent Variable: NEGATIVE AFFECT

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	.336(a)	15	.022	1.405	.144
Intercept	.016	1	.016	1.034	.310
Companies	.001	1	.001	.039	.844
Gender	.007	1	.007	.424	.516
Age	.001	1	.001	.048	.827
Education	.002	1	.002	.116	.733
Income	.033	1	.033	2.046	.154
Country familiarity	.008	1	.008	.484	.487
Business familiarity	.015	1	.015	.919	.339
C. Ethnocentrism	.002	1	.002	.104	.747
Companies * Gender	.013	1	.013	.831	.363
Companies * Age	.028	1	.028	1.788	.182
Companies * Education	.010	1	.010	.643	.423
Companies * Income	.027	1	.027	1.681	.196
Companies * Country familiarity	.060	1	.060	3.736	.054
Companies * Business familiarity	.022	1	.022	1.393	.239
Companies * Consumer ethnocentrism	.015	1	.015	.943	.332
Error	4.525	284	.016		
Total	5.806	300			
Corrected Total	4.860	299			

a R Squared = .069 (Adjusted R Squared = .020)

### Levene's Test of Equality of Error Variances

Dependent Variable: ECONOMIC-TECHNOLOGICAL BELIEFS

F	df1	df2	Sig.
.043	1	298	.835

### Levene's Test of Equality of Error Variances

Dependent Variable: POLITICAL BELIEFS

F	df1	df2	Sig.
.176	1	298	.675

### Levene's Test of Equality of Error Variances

Dependent Variable: POSITIVE AFFECT

F	df1	df2	Sig.
5.395	1	298	.021

### Levene's Test of Equality of Error Variances

Dependent Variable: NEGATIVE AFFECT

F	df1	df2	Sig.
1.584	1	298	.209

## C4. HIERARCHICAL REGRESSION ANALYSIS

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
ECOTEC BELIEFS * Number	Between Groups	(Combined)	.658	3	.219	.297	.828
		Linearity	.287	1	.287	.388	.535
		Deviation from Linearity	.371	2	.185	.251	.779
	Within Groups		71.695	97	.739		
	Total		72.353	100			
POLITICAL BELIEFS * Number	Between Groups	(Combined)	1.924	3	.641	.790	.503
		Linearity	.022	1	.022	.027	.869
		Deviation from Linearity	1.902	2	.951	1.171	.314
	Within Groups		78.776	97	.812		
	Total		80.700	100			
POSITIVE AFFECT * Number	Between Groups	(Combined)	7.911	3	2.637	1.159	.329
		Linearity	.004	1	.004	.002	.969
		Deviation from Linearity	7.907	2	3.954	1.738	.181
	Within Groups		220.703	97	2.275		
	Total		228.613	100			
NEGATIVE AFFECT* Number	Between Groups	(Combined)	.013	3	.004	.361	.781
		Linearity	.006	1	.006	.519	.473
		Deviation from Linearity	.007	2	.003	.282	.755
	Within Groups		1.195	97	.012		
	Total		1.209	100			

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
ECOTEC BELIEFS * Net valence	Between Groups	(Combined)	9.137	11	.831	1.169	.320
		Linearity	.718	1	.718	1.011	.317
		Deviation from Linearity	8.419	10	.842	1.185	.312
	Within Groups		63.216	89	.710		
	Total		72.353	100			
POLITICAL BELIEFS * Net valence	Between Groups	(Combined)	8.803	11	.800	.991	.461
		Linearity	.151	1	.151	.187	.666
		Deviation from Linearity	8.652	10	.865	1.071	.393
	Within Groups		71.896	89	.808		
	Total		80.700	100			
POSITIVE AFFECT * Net valence	Between Groups	(Combined)	58.876	11	5.352	2.806	.003
		Linearity	33.041	1	33.041	17.325	.000
		Deviation from Linearity	25.836	10	2.584	1.355	.215
	Within Groups		169.737	89	1.907		
	Total		228.613	100			
NEGATIVE AFFECT * Net valence	Between Groups	(Combined)	.083	11	.008	.600	.824
		Linearity	.006	1	.006	.461	.499
		Deviation from Linearity	.078	10	.008	.614	.799
	Within Groups		1.125	89	.013		
	Total		1.209	100			

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
ECOTEC BELIEFS * Consistency	Between Groups	(Combined)	11.566	23	.503	.637	.888
		Linearity	.482	1	.482	.610	.437
		Deviation from Linearity	11.084	22	.504	.638	.882
	Within Groups		60.787	77	.789		
	Total		72.353	100			
POLITICAL BELIEFS * Consistency	Between Groups	(Combined)	25.061	23	1.090	1.508	.094
		Linearity	.461	1	.461	.637	.427
		Deviation from Linearity	24.601	22	1.118	1.548	.083
	Within Groups		55.639	77	.723		
	Total		80.700	100			
POSITIVE AFFECT * Consistency	Between Groups	(Combined)	43.325	23	1.884	.783	.741
		Linearity	1.912	1	1.912	.795	.375
		Deviation from Linearity	41.413	22	1.882	.782	.737
	Within Groups		185.288	77	2.406		
	Total		228.613	100			
NEGATIVE AFFECT* Consistency	Between Groups	(Combined)	.355	23	.015	1.393	.142
		Linearity	.040	1	.040	3.609	.061
		Deviation from Linearity	.315	22	.014	1.293	.204
	Within Groups		.853	77	.011		
	Total		1.209	100			

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
ECOTEC BELIEFS * Country familiarity	Between Groups	(Combined)	3.147	10	.315	.409	.939
		Linearity	.004	1	.004	.005	.944
		Deviation from Linearity	3.143	9	.349	.454	.901
	Within Groups		69.206	90	.769		
	Total		72.353	100			
POLITICAL BELIEFS * Country familiarity	Between Groups	(Combined)	8.321	10	.832	1.035	.421
		Linearity	.248	1	.248	.308	.580
		Deviation from Linearity	8.073	9	.897	1.115	.360
	Within Groups		72.378	90	.804		
	Total		80.700	100			
POSITIVE AFFECT * Country familiarity	Between Groups	(Combined)	61.393	10	6.139	3.304	.001
		Linearity	34.752	1	34.752	18.704	.000
		Deviation from Linearity	26.640	9	2.960	1.593	.129
	Within Groups		167.221	90	1.858		
	Total		228.613	100			
NEGATIVE AFFECT * Country familiarity	Between Groups	(Combined)	.099	10	.010	.803	.626
		Linearity	.002	1	.002	.135	.715
		Deviation from Linearity	.097	9	.011	.877	.549
	Within Groups		1.110	90	.012		
	Total		1.209	100			

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
ECOTEC BELIEFS * Business familiarity	Between Groups	(Combined)	3.408	9	.379	.500	.871
		Linearity	.003	1	.003	.003	.953
		Deviation from Linearity	3.406	8	.426	.562	.806
	Within Groups		68.944	91	.758		
	Total		72.353	100			
POLITICAL BELIEFS * Business familiarity	Between Groups	(Combined)	4.980	9	.553	.665	.738
		Linearity	.047	1	.047	.056	.813
		Deviation from Linearity	4.933	8	.617	.741	.655
	Within Groups		75.720	91	.832		
	Total		80.700	100			
POSITIVE AFFECT * Business familiarity	Between Groups	(Combined)	16.058	9	1.784	.764	.650
		Linearity	2.317	1	2.317	.992	.322
		Deviation from Linearity	13.741	8	1.718	.735	.660
	Within Groups		212.556	91	2.336		
	Total		228.613	100			
NEGATIVE AFFECT * Business familiarity	Between Groups	(Combined)	.232	9	.026	2.400	.017
		Linearity	.053	1	.053	4.978	.028
		Deviation from Linearity	.178	8	.022	2.078	.046
	Within Groups		.977	91	.011		
	Total		1.209	100			

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
ECOTEC BELIEFS * Consumer ethnocentrism	Between Groups	(Combined)	26.944	23	1.171	1.986	.014
		Linearity	.103	1	.103	.174	.678
		Deviation from Linearity	26.841	22	1.220	2.069	.010
	Within Groups		45.409	77	.590		
	Total		72.353	100			
POLITICAL BELIEFS * Consumer ethnocentrism	Between Groups	(Combined)	23.614	23	1.027	1.385	.147
		Linearity	.010	1	.010	.013	.910
		Deviation from Linearity	23.604	22	1.073	1.447	.120
	Within Groups		57.086	77	.741		
	Total		80.700	100			
POSITIVE AFFECT * Consumer ethnocentrism	Between Groups	(Combined)	42.568	23	1.851	.766	.761
		Linearity	2.416	1	2.416	1.000	.320
		Deviation from Linearity	40.151	22	1.825	.755	.768
	Within Groups		186.046	77	2.416		
	Total		228.613	100			
NEGATIVE AFFECT * Consumer ethnocentrism	Between Groups	(Combined)	.141	23	.006	.442	.985
		Linearity	.007	1	.007	.472	.494
		Deviation from Linearity	.134	22	.006	.440	.984
	Within Groups		1.068	77	.014		
	Total		1.209	100			