

COUNTRY IMAGES: DO THEY REALLY MATTER? CRITICAL REFLECTIONS AND EMPIRICAL EVIDENCE REHABILITATING THE IMPORTANCE AND UNDERSTANDING OF COUNTRY-OF-ORIGIN EFFECTS

Abstract. Numerous academics and marketers remain sceptical about the relevance of research on country-of-origin (coo) effects. This criticism is nurtured by a sub-stream of studies suggesting that coo-cues operate as determinants of people's attitude towards products only to a marginal extent. Yet, this paper shows that results already reported should be interpreted with care. Interestingly, classic empirical approaches seem to capture only fragments of the coo-effect while they work with limited conceptions of the key-variable (i.e., 'country image'). We conducted a large-scale field survey to tackle this problem. Our study indicates how a completed country image-construct significantly increases the impact of coo-effects and enhances our theoretical understanding of this phenomenon. More in detail we established that country-specific cognitions, feelings and behavioural intentions cooperate in determining the formation of product-specific beliefs, evaluation and purchase intentions.

Keywords: country-of-origin, environmental conditions, attitude formation

Track indication: "consumer behaviour" or "marketing communication"

1. Introduction

As argued by Johansson (1993), the importance of a product's coo as a determinant of people's attitude towards foreign products is largely underestimated. According to Papadopoulos and Heslop (1993), the main reasons explaining why the status of coo-research is questioned are twofold. In first instance, the field is marked by an overall lack of theoretical transparency. Secondly, a series of empirical studies suggests that coo-cues affect people's product attitude only to a limited extent. However, in our opinion, results reported by these studies should be put in their proper context.

2. Problem statement: background

Our point of departure will be that much debate concerning coo-effects is caused by the fact that numerous studies already performed show a manifest discrepancy between their theoretical- and empirical treatment of the coo-field's key-concept (i.e., 'country image'). As our critical review of the literature will indicate, coo-researchers when operationalizing country images often limited themselves to fragments of the construct as it was defined in theory. Consequently, some of the country image's basic components have not been taken into account during the assessment of its influence on the formation of product attitude. As a result, in no way the outcome of these studies can reflect the total impact of country images on product attitude. Additionally, it remains difficult to gain more insight into the real functioning of this phenomenon. For instance, it might well be that the coo-effect should be seen as a composite mechanism where the country image's constituent parts are simultaneously operating. **So, besides remaining unclear which parts build up the country image it is not well understood how country images affect the formation of people's attitude towards foreign sourced products.**

3. Purpose and structure of the paper

The main objectives of this paper are threefold. In first instance, we intend to develop a measurement instrument that captures the country image in its full complexity. Secondly, we will design an empirical study allowing us to verify what the real impact of country images on product attitude is like. Finally, we hope this extended conception of the country image will gain more insight into the functioning of the process underlying its effect. More in detail, the paper will be structured as follows. To start with, a critical literature review will uncover the shortcomings of traditional coo-studies. Throughout section 5, we will formulate our central research questions. Section 6 will discuss the methodological design of our study with special attention going to the country image-scale. Next, section 7 will focus on analysis procedures and results. Section 8 will turn to the practical- and theoretical implications of our study. Finally, section nine will be reserved for limitations and suggestions for future research.

4. Literature review¹

Coo-effects emanate from internally stored schemas that are activated by stimuli like the 'Made in' label (e.g., Bilkey and Nes 1982). Papadopoulos and Heslop (1993) refer to these as 'product-country images'. The latter are considered to be tri-component attitude-like constructs. Besides activating what people think about a country and its products, coo-stimuli arouse people's feelings as well as their behavioural intentions. Content-wise,

¹ This section of the paper is based on the results of a review that incorporated 213 studies on coo-effects.

O'Shaughnessy and O'Shaughnessy (2000) make a distinction between an individual's image about a country's products on the one hand (i.e., the so-called 'product image') and his image about a country's more general environmental conditions² on the other (i.e., the so-called 'country image'). Typical for most studies is to assume that people base their attitude towards foreign products on their prior knowledge of other products coming from that country. Consequently, the country image has remained largely unexplored. This neglect can be explained in light of the proposition that, for determining a product's quality status, a country's environmental conditions are less relevant than its production- and marketing related aspects (e.g., Roth and Romeo 1992).

As a reaction, studies appeared in which attention went to the role of environment-related cognitions during the process of attitude formation (e.g., Brunner et al. 1993; Crawford and Lumpkin 1993; Knight and Calantone 2000; Lee and Bae 1999; Levin et al. 1993; Li et al. 1997; Manrai et al. 1998; Wang and Lamb 1980, 1983; Yaprak and Parameswaran 1986). However, these exclusively focused on people's thoughts about a country's environment. Only a few exceptions could be retrieved where the country image's affective- and/or conative components were also under study (e.g., Batra et al. 2000; Häubl 1996; Heslop and Papadopoulos 1993; Johansson et al. 1994; Klein et al. 1998; Klein 2002; Lee et al. 1992; Verlegh 2001).

The marginalization of such country-specific feelings and conations is narrowly related to the fact that most scholars adopted a cognitivistic-oriented paradigm towards decision making. Put differently, people when deciding to buy a product or not were assumed to base their decisions on logical reasoning. The rational processing of coo-cues was stimulated even more by the fact that the majority of coo-researchers confronted subjects with typically utilitarian products (e.g., Verlegh and Steenkamp 1999). An additional reason explaining why country-related affects and conations are less intensively studied is provided to us by environmental psychologists. They experienced how standard scales are not very useful for the assessment of affects and conations when these are related to a specific context (e.g., Yoo et al. 1998).

5. Research questions

Based on insights provided by the literature review, we ask ourselves the following questions:

- 1. Do an individual's cognitions about a country's more general environmental conditions exert a significant effect on the formation of his attitude towards a product from that country?**
- 2. Do an individual's affects about a country's more general environmental conditions exert a significant effect on the formation of his attitude towards a product from that country?**
- 3. Do an individual's conations towards a country's more general environmental conditions exert a significant effect on the formation of his attitude towards a product from that country?**

² Kaynak et al. define environmental conditions as any aspect of the country that is "[...] external to a company's marketing system, and neither directly controls it nor is directly controlled by it." (Kaynak et al. 2000: 1227). According to Wang and Lamb (1980, 1983) such environmental conditions are for instance a country's national culture, its political climate, its economic- and industrial development etc.

6. Methodology³

In order to find an answer at the previous questions, we designed a large-scale survey. Our sample consisted of 616 Belgian students. Data was gathered by means of self-administered questionnaires. The product selected for our study was beer and Spain was chosen as the coo. Besides the coo, no other information about the product was offered to our subjects (i.e., a so-called ‘single-cue study’). Participants were questioned about their image of Spain (i.e., independent variable) and their attitude towards Spanish beer (i.e., dependent variable). In line with theory, both constructs were operationalized as tri-dimensional concepts. More in detail, the questionnaire consisted of 7 sections with the first asking for respondents’ gender and age. Section 2 (18 items) probed for subjects’ cognitions about nine specific environmental conditions (i.e., cultural identity, political climate, language, history, landscape, climate, economy, religion and people). These were carefully selected based on (1) an extended interdisciplinary literature review and (2) a series of 19 semi-structured exploratory interviews. Cognitions about each of these nine environmental aspects were operationalized as stereotypes (e.g., Spencer-Rodgers and McGovern 2002), meaning that each of them was measured by means of two items (importance and evaluation). The scores were used to calculate a so-called composite (importance x valence) stereotype index. The outcome of a preliminary pilot study proved this to be more accurate than having each of these nine cognitive sub-dimensions being measured by means of a multiple-item scale (e.g., Martin and Eroglu 1993). Section 3 (20 items) assessed participants’ affects towards the coo. For the operationalization of this dimension we made use of the PANAS-scales (e.g., Watson et al. 1988). Section 4 (5 items) measured students’ behavioural intentions towards the coo. The items selected were borrowed from the literature or obtained by means of a pilot study preceding the main survey. Section 5 (4 items) assessed subjects’ beliefs about Spanish beer. Section 6 (3 items) measured respondents’ evaluation of Spanish beer while section 7 (3 items) probed for their purchase intentions. For the final three sections items were retrieved from the literature. All items were put on 7-point Likert scales or semantic differentials. Completion of the questionnaire took about 20 minutes. Hypotheses were tested by means of Structural Equation Modeling.

7. Analysis and results⁴

Analysis of the data was done following a three-step procedure. First, an exploratory principal component factor analysis with varimax rotation (SPSS 11.5) was carried out in order to verify the structure underlying the sub-scales. As expected, the outcome revealed that each of these was supported by a uni-dimensional structure, except for the scale measuring the country image’s cognitive component. Here, results suggested a two-dimensional structure with the nine composite stereotype indexes spread over two factors labelled ‘geo-cultural stereotypes’ and ‘socio-economic stereotypes’. Secondly, we conducted a maximum likelihood confirmatory factor analysis (AMOS 5.0) on the underlying structures proposed for both constructs of ‘country image’ and ‘product attitude’. After deletion of defective items, this resulted in a 13-item four-dimensional model for ‘country image’ ($\chi^2/df= 3,047$; GFI= .95; RMSEA= .058) and a 10-item three-dimensional model for ‘product attitude’ ($\chi^2/df= 4,457$; GFI= .96; RMSEA= .075). For both models within-method convergent validity as well as discriminant validity could be supported. Also,

³ The data-set analyzed in this paper is just a part of a broader study (total of 1225 respondents) with the same questionnaire-format being applied also to Denmark (as a second coo) and DVD-players (as a second product category).

⁴ Items measuring negative feelings were excluded from analysis because these were too weakly assessed and therefore remained insignificant.

composite reliabilities were very satisfactory, except for ‘socio-economic stereotypes’ (.50). Finally, measurement models were combined in order to arrive at the structural models. In doing so, we decided to decompose the measurement model for ‘product attitude’ into three sub-models with each of its three underlying factors operating as a (separate) dependent variable. As a result, we had three autonomous structural models to be estimated. Our main reason for doing so was to avoid structural models to become too complex. The first model, focussing on the impact of country image on beliefs about Spanish beer had very satisfactory goodness-of-fit ($\chi^2/df= 2,306$; GFI= .95; RMSEA= .046). The second model concentrated on the influence of country image on the evaluation of Spanish beer with excellent goodness-of-fit ($\chi^2/df= 2,538$; GFI= .95; RMSEA= .050). The third model showed the country image as a determinant of purchase intentions towards Spanish beer and also fitted the data very well ($\chi^2/df= 2,371$; GFI= .95; RMSEA= .047). For each model Table 1 gives an overview of the path estimates (and t-values) that stand for the effects exerted by the country image’s four constituent components.

Insert Table 1 about here

These results clearly indicate it would be unwise to disregard country images as determinants of people’s attitude towards foreign products. First of all, our study shows that each of the three product attitude’s underlying dimensions is significantly affected by subjects’ image of the country where the product was made. More in detail, socio-economic stereotypes seem to be most important in case respondents are forming beliefs about Spanish beer while for the rest cognitive stereotypes play no significant role. Positive feelings towards the coo are to be taken into account when subjects form beliefs about Spanish beer or when they are evaluating it. Finally, we established how behavioural intentions towards coo seem to be determining respondents’ evaluation as well as their purchase intentions towards Spanish beer. Secondly, as for the theoretical understanding of coo-effects, it seems that, in most cases, these should be understood as composite mechanisms where several of the country image’s constituent components are simultaneously operating (e.g., Hadjimarcou and Hu 1999; Li and Wyer 1994). Thirdly, it is interesting to establish how the two most neglected parts of country image (i.e., affects and conations) appear to be most influential.

8. Implications

This study has some important theoretical- and practical implications. First of all, it seriously rehabilitates the status of a topic that is still questioned within the literature. Secondly, it extends our knowledge about the mechanisms underlying coo-effects. Clearly, our study demonstrates how coo-effects are to be seen as a network of what might be referred to as simultaneously occurring ‘sub-effects’. Consequently, if scholars wish to be complete in their capturing of coo-effects, they should take into account that none of the country image’s basic constituent components can be excluded from research. From a practical point of view, this study encourages advertisers and marketers to reconsider their opinion about the utility of the ‘country image’ concept. More specifically, it appears that country images are not only of ‘informational value’ as (surrogate) indicators of the product’s quality attributes, but additionally, a coo-cue’s affective- and conative connotations announce themselves as accurate devices for determining people’s evaluative judgements and purchase intentions.

9. Limitations and future research

As all studies, our study has a number of limitations. First of all, it should be noticed that we studied effects exerted by country image within a single-cue setting. Also, we worked with a so-called 'intangible product stimulus'. These elements might have artificially inflated the size of the effects we encountered. Also, our study opted for a student sample. This inevitably diminished the external validity of our results. Therefore, we should be cautious in applying our findings to daily-life reality. In addition, questioning respondents about their personal feelings and opinions about other countries might have exposed participants to the risk of a social desirability bias. Finally, although our broader study resulted in comparable findings with regard to Denmark and DVD-players, it must be said that more countries-of-origin and other types of products should be included before any generalizable conclusions on the functioning of coo-effects can be drawn.

Of course, these shortcomings already announce some very appealing topics for future research. However, besides focussing on such methodological issues, future attempts towards coo-research would do best in not losing out of sight a series of other interesting questions. In first instance, it would be helpful to gain more insight on the potential moderators of effects generated by country images. A special role might be reserved here for 'product typology'. As indicated within the literature on information selection and processing, the type of product (i.e., utilitarian or hedonic) might determine to a large extent whether the formation of product attitudes is cognitively- or affectively driven (e.g., Dhar and Wertenbroch 2000; Holbrook and Hirschman 1982; Mittal et al. 1990; Verlegh 2001). In line with insights stemming from this field it might be reasonable to suggest that, in case of a hedonic-oriented product, the impact of the country image's affective component becomes more powerful while for utilitarian products, the role of the country image's cognitive component will be more accentuated. Still another valuable topic for future research would be to examine the importance of other environmental-related conditions than the ones we included in our study.

10. References

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Appendix 1

Table 1: Path estimates and t-values for effects exerted by the country image's four basic components

Model 1: Country image → Beliefs about Spanish beer		
PATHS STANDING FOR COO-EFFECTS	b	t
Geo-cultural stereotypes → beliefs	.01	0.15
Socio-economic stereotypes → beliefs	.33*	2.56
Positive feelings → beliefs	.23*	2.44
Behavioural intentions → beliefs	.14	1.73
Model 2: Country image → Evaluation of Spanish beer		
PATHS STANDING FOR COO-EFFECTS	b	t
Geo-cultural stereotypes → evaluation	.03	0.29
Socio-economic stereotypes → evaluation	.19	1.41
Positive feelings → evaluation	.23*	2.26
Behavioural intentions → evaluation	.24*	2.81
Model 3: Country image → Purchase intentions towards Spanish beer		
PATHS STANDING FOR COO-EFFECTS	b	t
Geo-cultural stereotypes → purchase intentions	.16	1.87
Socio-economic stereotypes → purchase intentions	.09	0.71
Positive feelings → purchase intentions	.18	1.76
Behavioural intentions → purchase intentions	.36*	4.02

* t > 1.96, b significant at $\alpha = .05$