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THE INFLUENCE OF A COUNTRY'S BRANDS AND INDUSTRY ON ITS IMAGE

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The influence of a country's brands and industry on its image

Structured Abstract

Purpose – Extant research has largely treated country image (CI) as an exogenous variable, focusing mostly on its consequences on consumers' evaluations and purchases of products or brands originating from a country. Scant research has examined the instrumental role of a country's brands and products in the evaluations of CI. This study investigates how the brands of a country contribute to CI ratings and the conditions underlying their effect on CI.

Design/methodology – Three experimental studies test the hypotheses, one pertaining to the effect of brands on CI (N = 227), the second to the effect of products on CI (N = 116), and the third to the effect of brands and products on industry image (N = 215). The experimental approach overcomes the limitations of cross-sectional surveys commonly used in CI studies to detect the direction of the observed effects. Furthermore, a sample of British consumers were allowed to determine the brands and products associated with a country.

Findings – Drawing on memory schema theory, across three studies, the authors identify two types of reverse inferences: from brand to CI and from product category to CI. The reverse inference from brand to superordinate image is stronger for industry image than for CI.

Research limitations – This research focuses on consumers' evaluations from only one country (the United Kingdom). Further research could replicate the studies across different countries and with different countries of origin (COOs). Researchers could also examine the influence of brands misidentified with the wrong COO and mistakenly stored as such in consumers' memories.

Practical implications – The results are relevant for managers and consultants working with country- (place-) branding campaigns. Brands and industries can help strengthen the evaluations of the economic dimension of different countries; however, these assets are

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3 underdeveloped in country-branding campaigns. Linking countries with brands and industries
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5 in campaigns could result in positive associations, which in turn could enhance the
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7 reputational rating of the countries.
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10 **Originality/value** – This research extends previous studies on the effects of a country's
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12 products and brands on CI by incorporating the mediating role of industry image between
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14 brands/products and CI, separating the effects of brand and product category on CI, allowing
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16 consumers to determine which brands and products are associated with a country, and
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18 adopting an experimental methodology to ascertain the causal direction of the effects.
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24 **Keywords:** country image, brand, industry image, memory schema
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Introduction

In 2017, the French foreign ministry honored the chief executive officer of LVMH for promoting his country's economic prestige (Mimosa 2017). Similarly, in 2015, Marca España, a governmental organization in charge of promoting the image of Spain abroad, gave an award to the chief executive officer of the information technology export company Libelium for contributing to the enhancement of the image and reputation of Spain (Libelium 2015). The contribution of globalized local companies to the promotion of country image (CI) is largely recognized by governments around the world. This contribution is not always positive, however, as the emission scandal involving Volkswagen shows. According to a Brand Finance study, the value of Germany's reputation has decreased by 4% since the Volkswagen scandal (Löhr 2015). Furthermore, only a handful of studies have provided some evidence for an effect of either country's brands (e.g., Kim and Chung 1997; Magnusson et al. 2014; White 2012) or product categories (e.g., Lee et al., 2016) on different aspects of CI (general and product-related CI); however, the focus of these studies has been limited to only one country industry (e.g., Kim and Chung 1997; Lee, Lockshin, and Greenacre 2016), the negative effects of company transgressions (e.g., Magnusson et al. 2014), the effect of prototypical brands or industries (e.g., White 2012; Lee Magnusson et al. 2014; Lockshin, and Greenacre 2016), and the lack of a theoretical basis (e.g., Kim and Chung 1997).

Furthermore, existing empirical studies reveal some inconsistencies. Magnusson et al. (2014) find that prototypical brands of a country affect the product-related CI but not the general image of economically advanced countries. Lee, Lockshin, and Greenacre (2016) find that congruent (to the country) product categories have a positive effect on the general CI of an advanced economy. Additionally, there are ecological validity concerns about the findings of those studies as the identified effects are restricted to preselected brands and industries (Kim and Chung 1997; White 2012; Magnusson et al. 2014; Lee et al. 2016). Additionally,

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3 they focus on negative effects (Magnusson et al. 2014), which are subject to negativity bias
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5 (see Ajzen, 2001) and inflate attitude measurements.
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8 The current research aims first, to address the methodological limitations of past
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10 studies using an improved experimental approach; and second, to improve our theoretical
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12 understanding on the sequence that brand image evaluations spillover to industry image and,
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14 subsequently, to CI. The methodological approach the study uses is based on a mixed effects
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16 experimental design that assesses memory-based evaluations with spontaneous evaluations of
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18 image. The study provides a theoretical explanation of the image evaluation transfers between
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20 brand and CI that is grounded on memory-schema theory. It contributes to international
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22 marketing literature in four ways: (1) by incorporating the mediating role of industry image
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24 between brands and CI, (2) by separating the effects of brand and product category on CI, (3)
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26 by allowing consumers to determine which brands and products are associated with a country,
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28 and (4) by adopting an experimental methodology to ascertain the causal direction of the
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30 effects.
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35 Prior research has used memory schema theory to justify the difference in the
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37 attitudinal evaluation of CI (e.g., Lee et al. 2016; Magnusson et al. 2014). However, the
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39 memory schema about a country has been assumed to trigger image evaluation with the mere
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41 presence of a stimulus cue (a brand or a product from the assessed country). A schema is a
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43 “cognitive structure that represents organized knowledge about a given concept or type of
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45 stimulus” abstracted from prior experience (Fiske and Taylor 1984, p. 139) and has an
46
47 associative network structure (Ghosh and Gilboa 2014). The current research evaluates the
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49 assumption that consumers’ CI evaluations are based on schemas (in the form of country
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51 associations) about the country stored in memory and that these schemas are automatically
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53 activated. In particular, we use Hastie and Park’s (1986) theory on memory schema and the
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55 distinction between memory-based and online judgments to compare memory-based
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3 evaluations of a country with spontaneous evaluations of a country's image. Memory-based
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5 evaluations of a country can be elicited by retrieving brands of that country from memory.
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7 Thus, the difference between the two types of evaluations should determine whether the
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9 recalled brands affect CI evaluations.
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12 Another assumption previous studies have made is that every consumer's schema will
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14 include the brands or products selected by the researcher as stimuli and that these stimuli will
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16 be equally salient to all individual consumers' schemas. Rather than an a priori selection of
17
18 specific industries and brands as possible sources of CI, the presence of products and brands
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20 in a consumer's memory schema of a country is determined by that consumer's free recall.
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22 Research (e.g., Balabanis and Diamantopoulos 2008; Samiee et al. 2005) highlights the
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24 dangers of forcing respondents to evaluate prespecified brands to establish country-of-origin
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26 (COO) effects and acknowledges that consumers struggle to link many brands with their
27
28 COO. Previous studies also recognize the methodological issues involved when respondents
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30 are told in advance the origin of brands under evaluation (Andéhn and L'Espoir Decosta,
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32 2016). The current study addresses this problem by allowing a sample of British consumers to
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34 reveal the brands or products they have in their associative networks of a country.
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40 By using the aforementioned approaches, we establish whether a country's brands
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42 have an effect on CI and expose the locus of the effect (i.e., which brands have the most
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44 influence on CI). Determining how a country's brands contribute to shaping the country's
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46 image is crucial both theoretically and managerially. Doing so aids in the development of a
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48 more discriminate, refined, and evidence-based configuration of CI evaluation frameworks.
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50 Understanding the makeup of a country's image and the contribution of each element can
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52 shed more light on the mechanisms underlying COO effects and help identify the elements of
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54 CI that are critical to the activation of such effects. Finally, the results of this study help
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3 practitioners improve the accuracy of their predictions about the outcome of CI-building or
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5 nation brand equity programs and better allocate resources in nation-branding campaigns.
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8 The structure of this study is as follows: We first discuss the theories related to our
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10 topic and justify our hypotheses. This is followed by the three studies that test our hypotheses,
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12 after which we discuss the findings. Finally, we examine the implications and limitations of
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14 our findings and provide avenues for further research.
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20 **Theoretical background and hypotheses**

21 *Importance and conceptualisation of CI*

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23 The importance of CI has been recognized as early as the 1950s and 1960s (Perlmutter, 1954;
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25 Schooler, 1965). Since then, there have been several academic approaches to
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27 conceptualization, decomposition, and measurement. Roth and Diamantopoulos' (2008)
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29 review of the literature finds that CI affects intended behavior toward the country (e.g.,
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31 intended tourist visits, intended ties with the country, evaluations of and purchase intentions
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33 toward products of a country). Josiassen et al.'s (2016) calculation of the average regression
34
35 coefficient of destination image on the willingness to recommend finds moderate positive size
36
37 effects. However, as Hsieh et al. (2004), Josiassen et al. (2008), and Josiassen et al. (2013)
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39 highlight, CI's effects on behavior and intended behavior toward the country are not
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41 unmoderated. Indeed, they are moderated by several factors, such as country familiarity,
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43 product category, involvement, public/private consumption, and social visibility, among
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45 others.
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52 The CI literature seems to have followed two seemingly different paths: one using CI
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54 as a means to assess the international acceptability of a country's products and the other
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56 assessing CI from a tourism perspective as a possible destination. Each stream focuses on
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58 different aspects of CI depending on the relevance of each CI aspect to the targeted groups
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3 (e.g., consumers, tourists). Although these two streams of research have developed
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5 independently of each other and are disseminated in different academic journals and
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7 conferences, they are interrelated. Recent empirical evidence (e.g., Nadeau et al. 2008; Lee
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9 and Lockshin 2011; Bowe et al. 2013) suggests that CI and destination image are interrelated
10
11 and that the image of a country as a tourist destination spills over to the evaluation of local
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13 products. Ryu, Decosta and Andéhn (2016) find that a reverse effect is also in place and that
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15 the evaluation of local products influences the image of a country as a destination. Regardless
16
17 of the image distinctions identified and the paths, little empirical work exists on how CI is
18
19 formed. Bar-Tal (1997) produces a process model that explains how several factors contribute
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21 to the development of CI. The conceptual model focuses on the perceiver's background and
22
23 relationship with the people from the evaluated country, the transmitting mechanism (e.g.,
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25 media, direct contact), and the facilitators and inhibitors of the information transmission
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27 process. However, the focus is on the process, and little attention is paid to the content and
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29 source of information that help shape CI.
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35 CI refers to "the total of all descriptive, inferential, and informational beliefs about a
36
37 particular country" (Martin and Eroglou, 1993, p. 93) and is conceptualized as attitudes
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39 towards the country. The CI definition is generic and does not particularly aim at the products
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41 of a country. Roth and Romeo's (1992) study shows that there is a link between consumers'
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43 evaluations of a country's products (i.e., product-related CI) and perceptions of the country's
44
45 culture, economy and politics (i.e., general CI). Consumer's attitudes toward the product of a
46
47 country are related to the match between the product and country. Papadopoulos and Heslop
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49 (1993) advocate the use of the term product CI for this type of CI. According to them, the
50
51 object of a product CI is a product category from a country, which can be seen as a subsidiary
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53 component of a country's general image. The distinction of CI into general (also referred as
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55 macro CI by some academics) and product-related CI (also referred as micro CI) has persisted
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3 in the current literature (see Pappu et al., 2007; Magnusson et al. 2014, Balabanis and
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5 Diamantopoulos 2004; Jaffe and Nebenzahl 2001, 2006; Nebenzahl, Jaffe, and Lampert 1997;
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7 Tseng and Balabanis 2011; Usunier and Cestre 2007). Product-related CI is context-specific
8
9 and structured around the country's industry competences according to the patterns of global
10
11 production specialization (Papadopoulos 1993). General CI captures a broader spectrum of
12
13 country-related factors and associations than the product-related CI. Mossberg and Kleppe
14
15 (2005) graphically depicted a hierarchical relationship between the two dimensions of CI and
16
17 explained that general “country image can be perceived as a generic pool of associations,
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19 which is not linked to any particular context” (p.497), whereas “the image unit or object
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21 related to a product CI is a product class from a specific country, which can be perceived as a
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23 sub-unit of a country’s general image” (p.496). Given the differences between the two
24
25 dimensions of CI in terms of scope and origins, a discriminating approach is required when
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27 studying them.
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32 *Influence of brands and products on industry image and CI*

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35 Despite an increasing acknowledgment of the influence of brands and products on CI
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37 (Maheswaran and Chen 2009), surprisingly little empirical research has assessed these effects
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39 (e.g., Kim, 1995; Kim and Chung 1997; White 2012; Magnusson et al. 2014; Lee et al. 2016).
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41 Using market data for 13 brands in a single industry (i.e., subcompact cars) from the United
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43 States and Japan from 1982 to 1987, Kim (1995) and Kim and Chung (1997) find that the
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45 popularity of a set of car brands has a positive effect on the image of the Japanese car industry
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47 in the United States. Their analyses show that six Japanese car brands collectively created
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49 unique images for themselves, reflected the image of the whole Japanese car industry, and
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51 were beneficial for other car brands from Japan. Kim and Chung (1997) find that the positive
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53 image of foreign brands transfers to the image of the whole industry of their COO.
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3 White's (2012) study is not based on any theoretical arguments. She empirically
4 examines the effects of three brands (Skype, IKEA, and Red Bull) on the image of their
5 respective COOs (Estonia, Sweden, and Austria) using pre- and post-test comparisons in a
6 U.S. sample. The treatment was exposure to a four-minute video that revealed to respondents
7 the real COO of the three stimuli brands. She finds that the minority of respondents who, in
8 the pretest, knew the real origins of the brands scored the CI higher than those who did not.
9 Brand image was positively related to CI, and the treatment (knowledge of the brands' COO)
10 had a positive effect on the respective CIs. The effect was strongest for Estonia (for the Skype
11 brand).

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24 Two subsequent studies (Lee et al. 2016; Magnusson et al. 2014) use memory schema
25 theory to explain the reverse COO effect. Both studies' theoretical justification of the effect is
26 based on associations with the country that consumers store in their memory and then use to
27 evaluate CI, though the approaches in each study differ. Magnusson et al. (2014) conduct an
28 experiment on how fictional brand transgressions (product recalls of a car) of three
29 prototypical German and South Korean brands affect the micro image of the respective COO.
30 They confirm that brand transgression has a negative effect on micro CI. The main
31 assumption is that prototypical brands of a country have the potential to influence micro CI.
32 Prototypical brands, according to Magnusson et al. (2014), are dominant and iconic brands.
33 Conversely, Lee et al. (2016) find that the general CI of an advanced country (Australia) is
34 influenced by product categories that are congruent with the country but not by product
35 categories that are incongruent. They define congruence as the extent to which a product
36 category's associations share content and meaning with the country's associations. Australian
37 wine served as the congruent product, and Australian laptops served as the incongruent
38 product. However, evidence of a causal direction is weak, as the researchers test their
39 hypothesis using a cross-sectional research design. Furthermore, the selected sample was
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3 unfamiliar with Australia (the country whose image they assessed), and therefore memory
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5 schema about the country was underdeveloped. The associative nodes of wine or laptops with
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7 Australia were weak or nonexistent.
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10 11 12 *Memory schema theory* 13

14 Memory schema theory and the attitude formation literature provide the theoretical
15
16 framework for understanding CI development and change. Hastie and Park (1986) address the
17
18 relationship between information stored in memory (schema) and CI evaluations. Specifically,
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20 they identify two types of judgment tasks -memory-based and online- and outline three
21
22 possible types of information-processing models related to the causal priorities of memory
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24 schema or judgment: (1) no priority–independence (i.e., no relationship between the two), (2)
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26 judgment causes memory schema (i.e., biased retrieval, biased encoding, and incongruity-
27
28 biased encoding), and (3) memory schema causes judgment (i.e., availability-biased judgment
29
30 based on the availability heuristic theory). Their research is important for understanding how
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32 information about a country collected or accessed by consumers (intentionally or
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34 unintentionally) and stored in memory (as a network of associations) influences the
35
36 consumers' judgments about the country, and therefore their work helps disentangle the
37
38 puzzle of causal direction. According to Hastie and Park (1986), in many cases, such
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40 judgments are memory based, and people inevitably rely on information or evidence stored in
41
42 their long-term memories (their associative networks or schemas) to make an evaluation.
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44 Consequently, a relationship between information stored in memory and judgment can be
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46 established by focusing on memory-based process tasks. This can be accomplished by
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48 inducing individuals to retrieve information from their memories, which can then serve as
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50 input in their judgments (Hastie and Park 1986).
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58 The second type of judgment task that Hastie and Park (1986) identify is online
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3 judgment. In this process, information input about an object is external to the individual (i.e.,
4 it is not stored in his or her memory), and input moves into working memory in the form of a
5 judgment. This type of judgment formation is called “online” because the person forms a
6 judgment as he or she encounters information. In online processes, whether it is the judgment
7 that causes memory or whether the two (memory and judgment) are independent of each other
8 is difficult to predict (Hastie and Park 1986). In their experiments, Hastie and Park (1986)
9 provide empirical evidence that memory-based judgments are stronger than judgments
10 originating from online processes (judgment-causes-memory and independence theories).
11 Their results confirm that memory is not independent of the judgments formed and that
12 memory causes judgment.
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26 In online tasks described above, judgments of the objects are made in an automatic
27 and nonconscious manner as respondents spontaneously evaluate the objects; this
28 nonconscious evidence is more prominent if research is conducted under conditions that
29 resemble the real world outside of the laboratory (Bargh, 2002). However, in line with the
30 above studies, the focus of this study is on explicit measurements of the CI (through self-
31 reporting rating) which is the outcome variable. It does not consider nonconscious cognitive
32 processes (Bargh, 2002) which can be manifested only with the use of an implicit measure of
33 CI. Implicit here refers “to a measure of which people are unaware, or to a basis of the
34 attitude of which people are unaware, or to an effect of an attitude of which people are
35 unaware” (Petty et al., 2007, p.658). This is not a problem as implicit and explicit measures
36 are postulated to be relatively independent of each other and to operate in different situations.
37 The two measures are not expected to be in discord (Petty et al., 2007, 2019).
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General CI and product-related CI

Drawing on the aforementioned theories, we can check the causal relationship between a country's brands and CI by analyzing the brand cues stored in memory. Specifically, a memory-based experimental procedure can compare CIs derived from memory with those derived from an online process. If memory-based CIs are different from online CIs, we can conclude that the person is using the information retrieved from his or her memory schema to form the CI. If the resulting CIs are the same in the two processes, we can infer that the person is not using retrieved information about a country's brands to assess the CI.

To establish the causal relationship between CI and the brands of a country, we experiment with the brand information stored in and retrieved from memory. With this approach, we (1) establish that we are testing the effect of brands that form part of individual consumers' memory schemas about the country rather than preselected brands that may not be part of their schemas and (2) ensure that the country's memory schema is activated (through the recall task) rather than assuming automatic activation and the use of consumers' schema in CI evaluations. To be consistent with previous research (e.g., Magnusson et al. 2014; Pappu et al. 2007), we use two dimensions of CI: product-related (or micro) and general (or macro) CI. According to Heslop and Papadopoulos (1993) and Pappu et al. (2007), product-related CI and general CI are conceived as two interrelated dimensions of CI. The product-related CI dimension is related to the products of a country. The general CI dimension is related to the general aspects of a country, such as its economy and political organization.

Pappu et al. (2007) note that prior research has relied on one or the other dimension and that the inclusion of both can provide a more accurate evaluation of CI. From a practical perspective, the use of product-related and general CI dimensions is beneficial for another reason. Fazio (1995, p. 262) suggests that the functionality of an attitude depends on "the extent to which the attitude is capable of being activated automatically from memory when

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2
3 the individual observes the attitude object.” The accessibility of attitudes is important for their
4
5 activation potential and their functionality (e.g., usefulness to guide judgment and make
6
7 decisions). Because general and product-related dimensions of CI represent different aspects
8
9 of an attitude toward a country, they should have different levels of accessibility. The strength
10
11 of the respective CI is related to the knowledge base from which product-related and general
12
13 CIs are formed (Fazio, 1995). For example, White (2012) finds that respondents were more
14
15 familiar with the products of a country than with the country itself. However, less
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17 consumerist-minded people may not know more about the products of a country than its
18
19 people and culture. Although the conditions of White’s (2012) study may not apply
20
21 universally, it raises the issue of differences in the knowledge sources people draw on when
22
23 forming product-related and general CIs. Because product-related and general CIs are
24
25 interrelated (Heslop and Papadopoulos,1993; Pappu et al. 2007), their relationships with third
26
27 variables are expected to be related and in the same direction. The hypothesized effects of
28
29 third variables on product-related and general CIs will be parallel and will be expressed as
30
31 such. However, because product-related CI draws more from an individual’s knowledge of
32
33 the brands of a country, we expect (though do not formally express here) that product-related
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35 CI will be more strongly affected by information about brands than general CI. Thus, we
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37 propose the following:
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44 *H1.* Information about a country’s brands retrieved from memory influences (a)
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46 product-related CI and (b) general CI.
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50 The valence of the retrieved information affects the direction of the relationship
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52 proposed in H1, as indicated by the expectancy-value model (Ajzen 2001). Favourability
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54 (valence) of brand associations and its impact is a well-researched topic in the brand
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56 management and image transfer literature (Keller, 1993; Dacin and Smith 1994; Riezebos,2003
57
58 and Story 2005). According to that stream of literature, favorable associations lead to positive
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3 attitudes towards a brand. Similarly, Krishnan (1996) concludes that brands with strong images
4 have more positive than negative memory associations (i.e., net positive memory associations).
5
6 Consistent with the above arguments, Hastie and Park (1986) propose that the effect of
7 information retrieved from memory on judgments depends on the balance between favorable
8 and unfavorable items recalled. They use a recall ratio to conceptualize the balance or
9 imbalance of favorable to unfavorable items retrieved from memory (the recall ratio is
10 calculated by dividing the number of favorable items recalled by the total number of items
11 recalled, which include favorable, unfavorable, and neutral items; it is indicated as a proportion
12 to account for differences in the number of items recalled). A similar approach was used by
13 Maheswaran (1994) to assess the effects of favorable and unfavorable thoughts about a country
14 on country evaluations.

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28 More recently, the meta-cognitive model of attitudes (Petty et al. 2007) suggests that
29 individuals may store in their memory evaluative associations of both positive and negative
30 valence about an attitude object like a country. According to this approach, participants are
31 required to tag their associations as positive or negative, true or false. The term meta-cognition
32 concerns an individual's thoughts about his/her thoughts. In the present study, a meta-cognitive
33 approach is used by asking individuals to tag brands as favorable or unfavorable after eliciting
34 brands associated with the country. According to that theory, the attitude object evaluations are
35 expected to be valence-congruent with elicited associations (e.g., the evaluated country). Petty
36 et al. (2007, 2019) and De Liver et al. (2007) suggest that a person develops an ambivalent
37 attitude about an object when, being equally accessible, positive and negative associations are
38 present. They propose that attitudinal ambivalence about an object (when equally strong
39 positive and negative associations are present) will be recorded as "a neutral or slightly positive
40 attitude that represents the integration of the separate positive and negative reactions" (Petty et
41 al., 2007, p.668). Hence, we expect that if the valence ratio is closer to 1 more favorable brands
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3 will be elicited and more positive the evaluations of CI. A valence ratio closer to .5 will indicate
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5 ambivalence about the CI (nearly equal number of favorably and unfavorably rated brands) and
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7 a neutral or slightly positive evaluation is expected in the rating scale. If the valence ratio is
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9 near to 0, unfavorably rated brands are more salient in the individual's memory and a weak
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11 rating of the CI is expected.
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14 Thus:

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17 *H2.* The valence ratio of a country's brands retrieved from memory positively
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19 influences (a) product-related CI and (b) general CI.
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22 *Industry image*

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25 The operationalization of CI is inconsistent across studies, which makes comparison difficult.
26
27 For example, Han (1989), one of the first researchers to examine the nature of CI effects,
28
29 equates CI with industry image, creating some misapprehension in subsequent studies.
30
31 According to Han (1989, p. 225), "Country image and brand attitude are assessed with
32
33 subjects' overall evaluation of products made in the country (e.g., Japanese television sets)
34
35 and brands from the country (e.g., Panasonic television sets)." Clarifying the levels according
36
37 to which CI is evaluated is important for assessing any possible spillover image effects from
38
39 one industry to another (Magnusson et al. 2014) or image transfer to other superordinate or
40
41 subordinate levels (e.g., product-related and general country level) of CI (Pappu et al. 2007).
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46 Dowling (1993) and Magnusson et al. (2014) acknowledge the influence of brands on
47
48 the image of the industry to which they belong. Dowling's (1994, 2001) conceptualization of
49
50 image includes four components linked to one another through two-way arrows, indicating an
51
52 interaction between each pair: CI, industry image, company image, and brand image. We
53
54 consider the previous argument and examine industry image as a related but separate entity
55
56 from CI. As such, we propose that the industry image of a country is influenced by the brands
57
58 of that industry retrieved from memory and whether they are positively or negatively
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3 evaluated. For the reasons explained in the discussion of H2, the valence ratio will be used
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5 here as an independent variable to check the balance of positively and negatively rated brands.
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8 Thus:

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10 *H3.* Information about a country's brands retrieved from memory influences the
11
12 corresponding industry image.
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15 *H4.* The valence ratio of the retrieved brands from the evaluated industry of a country
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17 positively influences the corresponding industry image.
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21
22 *Products of a country*
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24 In addition to brands, consumers associate countries with specific product categories
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26 (Balabanis and Diamantopoulos 2004; Andéhn and L'Espoir Decosta 2016; Jaffe and
27
28 Nebenzahl 2001, 2006; Nebenzahl et al. 1997; Tseng and Balabanis 2011; Usunier and Cestre
29
30 2007). This argument builds on the economic theories of comparative advantage and
31
32 international trade specialization, which maintain that certain countries have an advantage
33
34 over other countries because of factor endowments that affect the opportunity cost in the
35
36 production of certain products (Maneschi 1998). According to the theory on international
37
38 trade specialization, consumers are able to associate countries with certain products and their
39
40 superior ability to produce such products. For example, Switzerland is world-renowned for its
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42 chocolates, Belgium for its beers, and Iran for its carpets. Previous studies have used different
43
44 lenses to examine this phenomenon. For example, Magnusson et al. (2014) rely on prototype
45
46 theory and explain that the effect of brands on CI occurs only with prototypical products or
47
48 brands. Lee et al. (2016) argue that the same effect occurs only with products that are
49
50 congruent with the country. This argument is in line with their previous study (i.e., Lee and
51
52 Lockshin 2012), which highlights the congruence between the product category and the
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54 destination image. According to schema theory and Tversky and Kahneman's (1973)
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3 availability heuristic, salience and accessibility of information are key influencers of
4
5 judgment. In line with these arguments, in memory-based processes, we expect consumers to
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7 base their evaluations of CI on salient products that they can retrieve from memory. Thus:
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9

10 *H5.* Information about a country's products retrieved from memory influences (a)
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12 product-related CI and (b) general CI.
13

14 *H6.* Information about a country's products retrieved from memory influences the
15
16 corresponding industry image.
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23

24 *Hierarchy*

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26
27 Categorization theory (Rosch et al. 1976) postulates that people structure the categories of
28
29 different entities into hierarchies by breaking down larger categories into smaller ones and
30
31 that the amount of information transfer from superordinate categories to basic categories
32
33 decreases. In our case, consumers can categorize different products according to their COO,
34
35 their industry membership, and the brands to which they belong. Rosch et al. (1976) suggest
36
37 that information about members of a subordinate category (e.g., brands assigned a specific
38
39 industry) is more concrete and imaginable because these members share more attributes with
40
41 one another than with members of a superordinate category (e.g., brands of a specific COO).
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43
44 The number of attributes increases when moving to the superordinate category (Goldberg
45
46 1986) because superordinate categories tend to include more diverse exemplars. Applying this
47
48 argument to our context, we expect that more attributes exist at the country level than at the
49
50 industry level. As such, we assume that as people move from subordinate categories (e.g., the
51
52 brand category) to less coherent superordinate categories (e.g., the country category), image
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54 evaluations based on the availability of brand information in memory become less direct and,
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56 therefore, weaker.
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3 *H7.* The effect of recalled brands on the corresponding industry image is stronger than
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5 the corresponding effect on CI.
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8 *H8.* The effect of recalled brands on CI is weaker than the effect of the pertinent
9
10 industries' image on CI.
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14 The final hypothesized relationship is proposed by Magnuson et al. (2014) and
15 replicated here to control for possible confounding effects, in line with Becker et al.'s (2016)
16 recommendations. According to Magnuson et al. (2014), the effects of brands on general CI
17 will differ between the image of economically advanced countries and that of newly
18 industrialized countries (NICs). On average, consumers (at least those in the West) are more
19 familiar with economically advanced countries than with NICs (Pappu and Quester 2010).
20 According to this argument, they tend to develop a stronger (Fazio and Zanna, 1981) and
21 more stable, refined, and complete cognitive structure of country knowledge (Alba and
22 Hutchinson, 1987) for advanced countries. On the contrary, consumers' cognitive structures
23 for countries they are less knowledgeable about are weaker and more malleable, and they rely
24 on fewer applicable activated knowledge units to form a CI (Wilson et al. 1989; Wilson et al.
25 1993). Consequently, consumers' memory structure for NICs is less developed and more
26 likely to be changed and influenced by brands. Magnuson et al. (2014, p. 26) argue that the
27 brands of NICs "are more closely associated with the country's general CI in consumers'
28 minds" because the general CI of NICs is composed of a limited number of nodes that are less
29 established in consumers' minds. We do not expect this difference in effect to hold for
30 product-related CI, because product-related CI refers to perceptions at the product level and,
31 in line with the conversion model, information about a country's brands will influence
32 product-related CI regardless of the level of economic development of the country (Magnuson
33 et al. 2014). Thus, we propose the following:
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3 *H9*. The effect of recalled brands on the general CI of NICs is stronger than that on the
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5 general CI of economically advanced countries.
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8 Figure 1 shows the hypothesized relationships.
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12 Figure 1 goes about here
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16 17 **Overview of studies**

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19 We conducted three experimental studies to test the hypotheses, one pertaining to the effect of
20 brands on CI (Study 1), a second pertaining to the effect of products on CI (Study 2), and a
21 third pertaining to the effects of brands and products on industry image (Study 3). We used an
22 experimental approach to overcome the weaknesses of cross-sectional surveys commonly
23 used in CI studies to detect the direction of the observed effects (Lee et al. 2016).
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26
27 Furthermore, we allowed consumers from a British sample to determine the brands and
28 products associated with a country rather than using a prespecified set of brands and products.
29
30 The evidence that Kim (1995), Kim and Chung (1997), and Magnusson et al. (2014) provide
31 is based on two industries (car and beer) that did not emerge naturally but were selected on
32 the basis of the different rationales and assumptions underlying their studies (e.g., data
33 availability, prototypicality of the stimuli brands). Their approach constrains generalization of
34 the effects to other industries that may also affect CI. Furthermore, the use of brand
35 transgressions (product recall or contamination) to check changes in CI may suffer from
36 negative bias (see Ajzen 2001). When negative cues are used to test the impact on attitudes,
37 the effects are usually higher than normal (Ajzen 2001). As in the case of Magnusson et al.'s
38 (2014) study, we need to test whether the observed effects of brands on CI are inflated from
39 the use of transgressions.
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3 To test our hypotheses, we selected two COOs namely, Italy and South Korea. There
4 are several reasons that underlie their choice for this study. First, H9 refers to the moderating
5 effect of the level of economic development of the COO on the influence of the recall brands
6 on the general CI thus, a NIC and an advanced economy country are needed to test the effect.
7
8 Second, to be consistent with Magnusson et al. (2014), we used the same NIC country (South
9 Korea) in our study. Magnusson et al. (2014, p. 27) argue that in consumers' minds, South
10 Korea's "image is still far less developed than that of advanced economies (Anholt 2010;
11 Magnusson et al. 2011), and several business publications still categorize it as an emerging
12 market (MSCI 2012; Vale Columbia Center 2012)." South Korean products are widely
13 available in the United Kingdom and largely known to British consumers. Third, for the
14 advanced economy country, we used Italy, as there is sufficient diffusion of Italian brands
15 and/or products in the United Kingdom. South Korea has a weaker CI than Italy, and in
16 general British people know less about South Korea than Italy.
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35 *Sample composition*

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38 For the three studies, we used data from an online panel of British people. Data from such
39 panels offer an acceptable sampling frame for testing relationships among variables (Baker et
40 al. 2010; Callegaro et al. 2014). To avoid any confounding effects (the influence of
41 respondent's origin on both the dependent variable and independent variable), respondents
42 were screened to be of non-Italian and non-South Korean origin. All respondents were also
43 screened to be 18 years of age and older.
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52 We collected an aggregate of 558 valid responses from the three studies. Of the
53 respondents, 52% were men, and ages ranged from 19 to 69 years, with an average age of
54 40.76 years (SD = 11.79). The median annual income was in the band of £40K to £50K.
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59 Table 1 shows the distribution of the reported incomes of the sample. There were no
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3 demographic differences across the groups used in the studies (gender: $\chi^2 = 3.780$, d.f. = 4, p
4 = .437; age: $F(4, 553) = 1.271$, $p = .280$; income: $F(4, 552) = 1.704$, $p = .148$). A breakdown
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6 of the sample per experimental group is provided in each study separately.
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10 Table 1 goes about here
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15 *Measures*

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18 We used existing scales to operationalize the image and control variables. To measure CI, we
19 differentiated two components: general and product-related. We measured general CI with
20 Pappu, Quester, and Cooksey's (2007) nine-item, seven-point semantic differential scale. We
21 assessed product-related CI with a seven-item, seven-point Likert scale adapted from Klein,
22 Ettenson, and Morris (1998). Respondents evaluated industry image on a four-item, seven-
23 point Likert scale: "The industry is competitive internationally," "The products/services of
24 that industry are prestigious/of high status," "The products/services of that industry are of
25 high quality," and "The products/services of that industry are up-market." In line with
26 Oberecker and Diamantopoulos (2011), we measured consumer ethnocentrism with a five-
27 item, seven-point Likert scale adapted from Shimp and Sharma's (1987) CETSCALE. We
28 measured country familiarity with a two-item, seven-point rating scale ("How familiar do you
29 consider yourself with country X?" and "How knowledgeable do you consider that you are of
30 country X?"). Finally, we measured brand/product favorability (for each brand/product
31 recalled) with a one-item, seven-point rating scale. All scales used in the study are reflective.
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51 For the purposes of this study, we included only the Italian and South Korean brands the
52 respondents mentioned in the analysis.
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Measurement model validation

Using the pooled data from Studies 1 and 2, we validated the CI constructs through confirmatory factor analysis; specifically, we examined convergent and discriminant validity. The analysis of the measurement model included the scales of general CI and product-related CI of Italy and South Korea, consumer ethnocentrism, and country familiarity. The first general CI dimension involved the economic/technological aspects of the country, and the second dimension entailed political aspects. The fit of the measurement model was adequate ($\chi^2(524) = 1053.480, p < .001, \chi^2/d.f. = 2.010$; comparative fit index [CFI] = .933; root mean square error of approximation [RMSEA] = .054; standardized root mean square residual [SRMR] = .048).

We calculated the fit statistics for the industry image measurement models of the two countries separately (Study 3 did not involve measurements of CI). For the Italian industries' image measurement model, the fit statistics were $\chi^2(260) = 369.528, p < .001, \chi^2/d.f. = 1.421$; CFI = .954; RMSEA = .063; and SRMR = .064. The model included the images of processed food, fashion, and automobile industries together with the control variables. For the South Korean industries' image measurement model, the fit statistics were $\chi^2(125) = 217.325, p < .001, \chi^2/d.f. = 1.739$; CFI = .937; RMSEA = .083; and SRMR = .060. This model included measurements of the Korean electronics and automobile industries in addition to the control variables.

Common method variance (CMV)

We tested for CMV using the confirmatory factor analysis marker technique, which is considered superior to other methods of CMV detection. We followed Williams, Hartman, and Cavazotte's (2010) procedure. As a marker, we used three items from Hepler and

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3 Albarracin's (2013) dispositional attitude inventory ("How do you feel about [a] cold
4 showers, [b] public speaking, and [c] taxes?") on a seven-point rating scale. A comparison of
5
6 the fit statistics of the baseline model, U model, I model, and C model through a chi-square
7
8 test showed that the I model should be retained. The I model is partially noncongeneric and
9
10 assumes that the marker construct will have an equal effect on the items of each substantive
11
12 construct but different effects on each construct. The I model's fit was $\chi^2(625) = 1172.131, p$
13
14 $< .001$. We generated the R model by constraining the retained model's (I model's) covariates
15
16 to the values derived from the baseline model. The baseline model constrains the effects of
17
18 the marker construct to the substantive construct to zero. The R model's fit was $\chi^2(660) =$
19
20 $1208.868, p < .001$. The chi-square difference test ($\Delta\chi^2(35) = 36.737, p = .388$) shows that the
21
22 R model is not worse than the I model, which indicates that CMV does not affect the
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24 substantive relationships.
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34 *Types of analysis*

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36 We used linear mixed models to test the hypotheses regarding the differences between
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38 memory-based evaluations of CI and online evaluations of CI (H1, H5, and H9). We
39
40 preferred this model to an analysis of covariance (ANCOVA) because one of the covariates
41
42 (country familiarity) was related to the main effect (COO effect) of the study, thus violating
43
44 the condition of covariate independence required for an ANCOVA. We used an ANCOVA
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46 to test the hypotheses regarding the differences between the memory-based development of
47
48 industry image and the online development of industry image (H3 and H6). We conducted
49
50 size effects analysis to compare the brand effects on CI with the brand effects on industry
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52 image (H7) and the brand effects on CI with the industry effects on CI (H8). Finally, we
53
54 used hierarchical linear regression analysis to test the influence of valence on memory-based
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56 CI development (H2) and memory-based industry image development (H4). Table 2
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summarizes the hypothesized paths and the results.

Table 2 goes about here

Study 1: the effect of brands on CI

Method

In Study 1, we used a mixed effects (2×2) experimental design to test the effects of brands on CI (as postulated in H1, H2, and H9). The between-subjects factor was the type of CI measurement process employed (memory-based vs. online), and the within-subject factor was the COO effect (advanced country vs. NIC).

We randomly allocated respondents to two groups (memory-based CI development process and online CI development process). The memory-based CI development process group had to recall as many brands as they could from the stimulus country. Then, respondents, through the use of a piped text procedure (available via the online platform), were prompted to assess the favorability of each brand they recalled on a seven-point favorability scale. The second section of the study captured respondents' image of the industry corresponding to each of the brands recalled. The third section measured the CI of the stimulus country. Data collection software allowed us to randomize the order of the second section and the third section. The final section assessed respondents' familiarity with the country, consumer ethnocentrism, and demographics (gender, age, and income). This experimental group consisted of 115 respondents of which 53% were male. The average age was 39.24 years (std dev=11.83). The median income was in the £40K-£50K a year income band. The data collection target was 130 complete responses for each experimental group. However, 15 respondents failed the attention filters and were excluded from the analysis

Respondents in the online CI development process group were asked to rate the CI of the stimulus country followed by the control variables (familiarity, consumer ethnocentrism,

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3 and demographics). The experimental group in the online measurement condition consisted of
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5 112 respondents, of which 50.9% were male. The average age was 39.60 years (std
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7 dev=12.24). The median income was in the £30K-£40K a year income band. Eighteen
8
9 respondents failed the attention filters and were excluded from the analysis.
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12 The within-subject factor included the assessment of an advanced economy and a NIC.
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14 As the NIC stimulus, we selected South Korea, as explained before. As H9 implies, the
15
16 moderating effect of the level of economic development of the stimulus country needs to be
17
18 controlled (Magnusson et al. 2014).
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21 Both groups (i.e., memory-based and online CI development process) needed to repeat
22
23 the same process for both countries. Data collection software allowed us to alter the order in
24
25 which each country served as a stimulus. To avoid contamination between the countries, we
26
27 separated the two stages with a distraction task. Before continuing to fill out the appropriate
28
29 sections related to the second country, respondents read a short newspaper article about the
30
31 recent budget in the United Kingdom and rated their approval on a three-item Likert scale.
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35 After we removed careless respondents, 115 (for the memory-based CI development
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37 process group) and 112 (for the online CI development process group) usable responses
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39 remained. We removed careless respondents with the use of attention filters, which are
40
41 common in online surveys (see Meade and Craig 2012).
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44 *Control variables.* Following the advice of Becker et al. (2016), we selected the
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46 control variables theoretically. First, we controlled for COO effects. This well-established
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48 effect in the literature is based on categorical cognition (see Verlegh and Steenkamp's [1999]
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50 meta-analysis). In general, this body of research suggests that advanced economies enjoy
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52 more favorable evaluations than NICs. To control for the confounding effects of such country
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54 differences on CI ratings, we included the assessed country stimuli as a control variable. In
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56 addition to the direct effect of country stimuli on CI, the country moderates the effect of
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3 brands on CI (see Magnusson et al. 2014). To control for this effect, we included the
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5 interaction between country stimuli and CI development process as a control variable.
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9 A person's familiarity with a country affects not only the way he or she perceives the
10 country (Lee and Ganesh 1999; Samiee et al. 2005) but also the way he or she forms CIs (Han
11 1989). This notion is theoretically congruent with the premises of Allport's (1954) contact
12 theory and mere exposure theory, which have been widely supported in empirical research
13 (Pettigrew and Tropp 2006). Mere exposure and contact theories suggest that, all else being
14 equal, the greater individuals' contact and familiarity with other groups, the more positive are
15 their evaluations of those groups. More recently, Lee et al. (2016), following Han's (1989)
16 arguments, identified a moderating role of country familiarity. They hypothesize that country
17 familiarity decreases the influence of products on CI. The theoretical argument is that people
18 who are familiar with a country use multiple sources of information to form their image of
19 that country rather than just the products of the country that managed to make it to
20 international markets and break through the informational clutter and into the minds of
21 consumers. However, Lee et al.'s (2016) empirical results lend only marginal support to the
22 theory.
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40 Thus, we use familiarity with each of the stimulus countries as a control variable. We
41 include the two types of the proposed relationships between country familiarity and CI (direct
42 effect and moderating effect) in the analysis. Because familiarity varies by stimulus country,
43 we nested familiarity within the stimulus country in our model.
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50 Theoretically, consumer ethnocentrism is negatively related to CI evaluations of
51 foreign countries (Shimp and Sharma 1987), with many studies finding empirical support for
52 this effect (e.g., Roth and Diamantopoulos 2009). To eliminate the effect of individual
53 differences in consumer ethnocentrism, we included it as a control variable.
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3 Finally, we used three demographic variables (gender, age, and income) as control
4 variables. Products or brands associated with a country may be more appealing to men (e.g.,
5 motorcycles), younger people (e.g., fashion products), or people with high incomes (e.g.,
6 premium/luxury products). Furthermore, the composition of products commonly associated
7 with each country may vary in appeal to each demographic group.
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15 *CMV*. To check for CMV, we asked respondents to provide ratings on a marker
16 variable. As explained earlier, we used three items from Hepler and Albarracin's (2013)
17 dispositional attitude inventory as a marker variable.
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23 24 *Results*

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27 *Brand* → *CI* (*H1 and H9*). In this subsection, we test H1, which predicts a statistically
28 significant difference in CI between the memory-based CI development process and the
29 online CI development process, using a linear mixed-effects model. The control variables
30 serve as covariates, and the assessed country stimuli also serve as a moderator (e.g., advanced
31 economy vs. NIC), as theoretically specified. We tested the hypothesized effects on the
32 different dimensions of CI with the restricted maximum likelihood method and the fixed-
33 effects model. We used type III sum of squares to calculate the effects in the models. Table 3
34 reports the results for all CI dimensions. The results confirm significant differences in the
35 effects of the CI development process on product-related CI and general CI
36 (economic/technological) dimensions. We identified no effects for the political aspects of
37 general CI. An examination of the estimates of the effect indicated that the CI dimensions
38 have higher values in the memory-based CI development process than in the online CI
39 development process. These results provide support for H1; activated information about the
40 brands of the country stored in respondents' memories influences their CI evaluations.
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H9 postulates that the effects of brands on general CI will differ between the image of economically advanced countries and that of NICs. As explained in the justification of the hypotheses, we do not expect this difference to hold for product-related CI. An examination of the shows the existence of COO effects for the two general CI dimensions. We find that the CI development process effects on product-related CI varied across the two countries ($F(1, 334.219) = 7.815, p = .005$). The results suggest that when respondents recall the brands of each country, there are no statistical differences in the product-related CI of the two countries. However, in the online development process, the product-related CI for the economically advanced country was higher than that of the NIC. These results provide no support for H9, because we identified no significant interaction between the general CI development process and the country stimuli. Instead, the results confirm that the brands of a country have an equally beneficial effect on the general CI of both the advanced economy and the NIC. However, brands' effects are stronger on the product-related CI of the NIC than on the product-related CI of the advanced economy. In this study, the NIC had weaker general CIs (in both dimensions) than the economically advanced economy, but not weaker product-related CIs.

Table 3 goes about here

Memory-based evaluations of CI: valence (H2). Maheswaran (1994) examines the link between familiarity and the number of thoughts generated about a country. His findings indicate that the number and valence of thoughts vary by the country stimulus and level of familiarity. In the current study, a paired t-test analysis reveals that the average number of brands recalled and the valence ratio of the brands (favorably rated brands to total brands) were higher for the advanced economy (Italy) than for the NIC (South Korea), with t-values (d.f. = 114) equal to 7.567 ($p < .001$) and 3.187 ($p = .002$), respectively. Similarly, as we

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3 expected, the product-related CI and general CI (political) of the advanced economy were
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5 higher than those of the NIC ($t = 2.999, p = .003$ vs. $t = 4.844, p < .001$). We observed no
6
7 significant differences ($t = .860, p = .392$) in the general CI (economic/technological). An
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9 examination of the relationship between country familiarity with the brands recalled and the
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11 valence ratio of the recalled brands of the advanced economy and the NIC, respectively,
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13 indicated no statistical significance (correlation coefficients = .111, .095, .082, .115; $p > .1$).
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17 In addition, Maheswaran (1994) suggests that familiarity interacts with the use of
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19 COO cues in consumers' evaluations of products. Although his study focuses on COO effects
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21 while we focus on the reverse COO effect, it is reasonable to assume that the brand
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23 information stored in consumers' memories has a different impact on people who are familiar
24
25 with the country than those who are unfamiliar with it. As such, we include the interaction
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27 terms of country familiarity \times number of country brands recalled and country familiarity \times
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29 valence ratio of country brands recalled as control variables. To test the effects postulated in
30
31 H2, and taking into account the two aforementioned interaction effects as control variables,
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33 we used Hayes's (2012) moderated regression model. We mean-centered the variables and
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35 used bootstrapped, heteroskedasticity-consistent standard error estimations. The dependent
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37 variables were the different dimensions of CI, while the independent variables included the
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39 ratio of favorably rated brands to total brands recalled from a country, plus the control
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41 variables.
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47 H2 postulates that CI dimensions are positively related to the ratio of the number of
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49 positively rated brands to the total number of brands recalled from a country. As Table 4 and
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51 Table 5 show, the results confirm H2 with respect to the product-related CI for both Italy and
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53 South Korea. However, the ratio had no effect on either of the two dimensions of the general
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55 CI of Italy and had a positive effect on only one dimension of the general CI
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57 (economic/technological) of South Korea. Thus, the results provide partial support for H2.
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Table 4 and Table 5 go about here

Study 2: the effect of products on CI

Method

Study 2 examines the effects of a country's products that consumers store in memory on CI (as postulated in H5). The study follows the same memory-based CI development process as in Study 1. We used a mixed-effects (2×2) experimental design, the between-subjects factor was the type of CI measurement process employed (memory-based vs. online), and the within-subject factor was the COO effect (advanced country vs. NIC). Respondents were asked to recall as many products as they could from the stimulus country. We collected additional measures for the control variables and CMV marker variable, employing an identical procedure to that in Study 1. After removing respondents who failed the attention filter questions, as explained in Study 1, there were 116 usable responses in the memory-based experimental group. 46% of the respondents were male and the average age was 41.84 years (std dev=12.40). The median income was in the £30K to £40K income band. Fourteen respondents were excluded from the analysis as they failed the attention filters. The online condition experimental group was the same as in study 1 (112 respondents, 50.9% male, average age= 39.60 years with an std dev of 12.24 years and median income in the £30K-£40K band).

Results

Product → *CI (H5)*. This section tests H5. Table 6 reports the results of a linear mixed-effects model used to assess differences in CIs when the memory-based CI development process involves recalling products from a stimulus country. We used the same analytical procedures

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3 as in Study 1 here. The results provide empirical support for H5, which proposes a difference
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5 between the memory-based and the online CI development processes for all the aspects of
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7 general and product-related CI. An examination of the estimates of the effects (not reported
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9 here) indicates that CI scores were higher in the memory-based condition for all aspects of CI.
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11 The other effects are consistent with, though weaker than, those for the brand-retrieval task
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13 reported in Table 3. We found no interaction effect of the stimulus country and CI
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15 development. The results fail to confirm Magnusson et al.'s (2014) results that the products of
16
17 a country have a different effect on the CI of advanced economies and NICs. It appears that
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19 the effects of products are the same on both types of countries' CIs.
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24 Table 6 goes about here
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29 **Study 3: the effects of brands and products on industry image**

31 *Method*

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33 Study 3 examines the effects of the brands and products of a country on industry image (as we
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35 postulate in H3, H4, H6, H7, and H8). In the previous studies, respondents evaluated the
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37 industry images of the brands (Study 1) or products (Study 2) that they had recalled directly
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39 through the piped text procedure in the survey software. If respondents identified more than
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41 one brand or product from the same industry, we used the average scores of each industry per
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43 respondent. After the completion of Studies 1 and 2, we identified the corresponding
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45 industries of the recalled brands and products. We first identified all the industries in the
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47 memory-based condition and then classified brands and products into industries using the
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49 U.K. Standard Industrial Classification of Economic Activities 2007. At this stage, we
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51 identified nine Italian industries and five South Korean industries. However, owing to the
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53 sparsity in the cells, we used only the industries that had a sufficient number of observations
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55 in the analysis. Consequently, we included three Italian industries (processed food, fashion,
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3 and automobile) and two South Korean industries (electronics and automobile). For the online
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5 evaluation of the resulting industries, we used two subsamples of respondents (those who
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7 evaluated the image of the Italian industries and those who evaluated the image of the South
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9 Korean industries), due to the large number of measurements and the length of the
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11 questionnaire. In addition to industry image variables, the respondents provided their ratings
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13 for the control variables and the common method marker variable, using the same procedure
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15 as in Study 1. After we removed invalid responses (i.e., respondents who failed to pass the
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17 attention filter questions), there were 215 usable responses (108 responses for the Italian
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19 industries' image and 107 for the South Korean industries' image). Twenty-two respondents
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21 failed the attention filters in the Italian industry image group and 23 respondents in the South
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23 Korean industry image group.
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28 For Italy, a 2×3 experimental design was used. The between-subjects factors are the
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30 type of CI measurement process employed (memory-based vs. online) and the type of
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32 industry (food, fashion and automobile) measured earlier. For South Korea, a 2×2
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34 experimental design was used. The between-subjects factors are the type of CI measurement
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36 process employed (memory-based vs. online) and the type of industry (electronics and
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38 automobile).
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42 The demographics for the online Italian industry image experimental group (108
43
44 respondents) were as follows: 59% of respondents were male; the average age of the sample
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46 was 41.72 (std dev=11.36) and the median income was in the £40 to £50K per year income
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48 band. Similarly, the demographics for the online South Korean industry image experimental
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50 group (107 respondents) were as follows: 53.3% of respondents were male; the average age of
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52 the sample was 41.47 (std dev=10.92) and the median income was in the £40 to £50K per
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54 year income band. The respective memory-based experimental groups were the same as in
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56 study 1 for brands (115 respondents, 53% of the respondents were male; the average age was
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3 39.24 years with std dev of 11.83 and the median income was in the £40K-£50K a year
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5 income band).
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10 *Results*

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14 *Brand* → *industry image* (H3). We used two subsamples in Study 3 because of the large
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16 number of measurements involved in the assessment of the identified industries' images: one
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18 to assess the images of the industries of Italy (the advanced economy) and one to assess those
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20 of South Korea (the NIC). There were no repeated country observations; thus, there was no
21
22 need to use the linear mixed-effects model and account for the nested effect of stimulus
23
24 country familiarity. Instead, we analyzed the data separately for each industry and country
25
26 with an ANCOVA. The control variables were the same as in the previous analysis, except for
27
28 the control for stimulus COO effects. The results reveal significant differences between the
29
30 memory-based (brands) and online image development processes for the Italian fashion
31
32 industry image ($F(1, 155) = 5.874, p = .017, \eta^2 = .037$) and the Italian automobile industry
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34 image ($F(1, 171) = 14.08, p < .001, \eta^2 = .076$). There were no statistically significant
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36 differences between the memory-based (brands) and online development processes of the
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38 Italian processed food industry ($F(1, 142) = 1.439, p = .232, \eta^2 = .010$). Similarly, significant
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40 differences emerged in the South Korean electronics industry image scores ($F(1, 155) =$
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42 $11.386, p < .01, \eta^2 = .068$) but no statistically significant difference for the South Korean
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44 automobile industry ($F(1, 151) = .006, p = .937, \eta^2 = .009$). These results provide partial
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46 support for H3, as industry images differed in the two image development conditions.
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54 An examination of the marginal means reveals that for all three industries that had a
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56 statistically significant main effect, images were higher in the memory-based than the online
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58 image development condition. This finding suggests that brands retrieved from memory
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60 have a positive effect on certain industry evaluations. An examination of the three Italian

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3 industries shows that the Italian fashion industry ($M=5.775$, $SD = 1.153$) had a statistically
4 significant and stronger image ($F(2, 236) = 18.260$, $p < .001$) than both the processed food
5 industry ($M=5.174$, $SD = 1.015$) and the Italian automobile industry ($M=5.328$, $SD = 1.193$).
6
7 Similarly, the South Korean electronics industry ($M=5.134$, $SD = 1.136$) had a statistically
8 significant and stronger image ($t(145) = 6.261$, $p < .001$) than the South Korean automobile
9 industry ($M=5.136$, $SD = 4.579$). Thus, the memory-based image development process is
10 more beneficial for the industries of the advanced economy country than for those of the
11 NIC.
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21 When checking the interaction of country familiarity with the image development
22 process, we identified two statistically significant effects: one for the Italian automobile
23 industry image ($F(1, 171) = 9.377$, $p = .003$, partial $\eta^2 = .052$) and one for the South Korean
24 electronics industry image ($F(1, 155) = 4.189$, $p = .042$, partial $\eta^2 = .026$). An examination of
25 the interaction plots (see Figure 2 and Figure 3) indicates that the differences in the two
26 image development processes were more pronounced when respondents were less familiar
27 with the respective country. Brands have a stronger effect on the image of an industry of a
28 country for people who have limited knowledge about the country.
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40 *Memory-based evaluations of industry image: valence (H4).* To test the effects
41 postulated in H4, we considered the use of the two aforementioned interaction effects as
42 control variables (country familiarity \times number of country brands recalled and country
43 familiarity \times valence ratio of country brands recalled). We again used Hayes's (2012)
44 moderated regression model. We mean-centered the variables and used the bootstrapped,
45 heteroskedasticity-consistent standard error estimations. The dependent variable was the
46 image of the main industries of the country identified by the respondents. The independent
47 variables included the ratio of favorably rated brands to total brands recalled from a country
48 plus the control variables.
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3 The regression analysis results provide partial support for H4, which posits a positive
4 relationship between industry image and the ratio of favorably rated brands to total brands
5 recalled. As Tables 4 and 5 show, the favorability ratio of the recalled brands from the
6 specified countries influences the images of the Italian processed food and fashion industries.
7 This does not apply to the Italian automobile industry and the image of the two salient South
8 Korean industries (electronics and automobiles).
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17 *Product* → *industry image* (H6). We used an ANCOVA to examine the differences in
18 industry image between the memory-based and the online evaluation conditions, in which
19 respondents in the former condition needed to recall products from each country rather than
20 brands. The results indicated a statistically significant difference between the two evaluation
21 conditions related to the Italian automobile industry ($F(1, 145) = 9.511, p = .002, \text{partial } \eta^2 =$
22 $.062$). The relevant differences for the Italian automobile industry were marginally significant
23 (at $p = .1$). We found no statistically significant differences in the two South Korean
24 industries. Thus, the study offers partial empirical support for H6, which posits that
25 information about a country's products retrieved from memory affects industry images. This
26 finding applies only to one industry (automobile) of the advanced economy (Italy), suggesting
27 that information about brands stored in memory has a stronger effect on industry image than
28 information about products stored in memory. This may have to do with the limited product
29 variation in an industry and the perfect alignment of an industry with one product category,
30 which may eliminate differences in memory-based and online industry image evaluations. We
31 found no interaction between country familiarity and the type of industry image development
32 process.
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54 *Brand* → *industry image versus brand* → *CI* (H7). To test H7, which proposes that in
55 memory-based image development processes, the effect of recalled brands on the
56 corresponding industry's image is stronger than the effect on the CI evaluation, we compared
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3 the corresponding size effects (partial η^2) from the ANCOVA for the image development
4 processes (memory-based vs. online) on CI and industry image, respectively. We aggregated
5 the partial eta-squared values of the evaluation mode effects using a meta-analytical software
6 package (Comprehensive Meta-Analysis) and transformed the values into Cohen's d effect
7 sizes (see Cohen 1988, p. 276). Accordingly, the average Cohen's d for the effects on the
8 three Italian CI dimensions was .141 and for the South Korean CI dimension was .266. The
9 equivalent average Cohen's d for the three Italian industry images (processed food, fashion,
10 and automobile) was .387 and for the two South Korean industry images (electronics and
11 automobile) was .372. The z-score values for the three size effects ranged from 2.023 to 4.796
12 and were all statistically significant ($p < .05$). To test H7, we calculated the combined effect
13 sizes for both Italy and South Korea (Cohen's $d = .203$) and compared them (using a fixed-
14 effects model) with the combined industry image effect of the industries of both countries
15 (Cohen's $d = .381$). Both effects in each subgroup (country and industry image) were
16 homogeneous (overall within Cochran's Q statistic: $Q(11) = .11.377, p = .412$). Cochran's Q
17 statistic for the differences in the size effects between CI and industry image was statistically
18 significant ($Q(1) = 4.949, p = .026$). This result confirms H7, as the size effects of retrieved
19 brands on industry image were stronger than the effects on CI.

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43 *Brand* → CI versus industry → CI (H8). To test H8, we followed a similar approach to
44 that for H7. H8 posits that the effect of the recalled brands on the CI evaluations is weaker
45 than the effect of the recalled industries. The average Cohen's d size effect for the three
46 dimensions of Italian CI was .244 and for the South Korean CI was .151. The equivalent
47 effects of recalled brands on CI were .140 and .266, respectively. The average Cohen's d for
48 the evaluation mode effect (for both countries) was .203 when brands from the country were
49 recalled and .197 when products from the country were recalled. Cochran's Q test of the
50 differences between the two size effects was statistically nonsignificant ($Q(1) = .008, p =$
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3 .927). Thus, the results do not provide support for H8. We also performed a similar
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5 comparison of the two size effects for each country separately and found statistically
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7 nonsignificant results.
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10 11 12 **Discussion**

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15 The results of this research provide valuable information about issues related to the influence
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17 of a country's brands that people store in their memory on the image of the country and its
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19 salient industries. First, we find evidence that when consumers are asked to think about the
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21 brands of a country, they form a different CI than consumers who form an impromptu image.
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23 This effect applies to both an advanced economy and a NIC. Second, we provide evidence of
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25 a second type of reverse COO effect—from products to countries. Third, country familiarity
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27 has a positive effect on CI. Fourth, we establish that the reversed COO effect applies beyond
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29 the CI to the respective images of salient industries of a given country. Fifth, our findings
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31 offer some evidence of the hierarchical nature of the reverse COO effect moving from brand
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33 to industry and from industry to country. Sixth, the effect of recalled brands on CI depends on
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35 the valence of those brands. Finally, our study addresses some of the limitations of prior
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37 research by allowing consumers to determine which brands and products are associated with a
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39 country and adopting an experimental methodology to ascertain the causal direction of the
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41 effects.
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51 *Theoretical implications*

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53 With the exception of a few theoretical studies (e.g., Bernstein 1984; Dowling 1994, 2001)
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55 and four empirical studies (Kim and Chung 1997; Lee et al. 2016; Magnusson et al. 2014;
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57 White 2002), scant research has examined the effects of brands on consumers' evaluations of
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3 a country. Filling this gap is important for both theory and practice. First, this research
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5 contributes to international marketing literature by providing additional empirical evidence
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7 that reexamines the axiomatic approach to the COO effect (e.g., that brands can enjoy the
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9 reputational benefits of a positive CI). The study shows that certain brands from specific
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11 industries influence the way consumers evaluate a country. Prior research on this topic has
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13 focused on only one industry (Kim and Chung 1997) or only the negative effects prone to the
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15 negativity bias (Magnusson et al. 2014) or has used a cross-sectional design that is unable to
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17 detect directionality of effects (Lee et al. 2016), thus forcing consumers to provide responses
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19 on preselected brands.
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24 The current research addresses these issues and extends previous findings not only
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26 contextually but also substantially by providing more ecologically valid evidence of the
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28 reverse COO effect. Our findings provide a more solid theoretical explanation for the
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30 proposed relationships that is based on the memory and online judgment development
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32 processes. Furthermore, the current research not only provides more solid support for the
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34 reverse COO effect but also goes a step further and identifies two types of effects (brand and
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36 product) and, in doing so, examines their interrelationship.
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40 Second, we take a different methodological approach that allows the stimuli used in
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42 reverse inference of CI to emerge naturally rather than to be artificially imposed on
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44 respondents. Thus, the current study increases the generalizability of the identified effects
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46 and, in accordance with Samiee's (2010) request for ecologically appropriate research
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48 designs, our study does not artificially expose participants to brands and their origins.
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50 Furthermore, we adopted an experimental methodology to test the causal direction of the
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52 effects and overcome the limitations of most previous CI studies that use cross-sectional
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54 surveys. The experimental evidence provides more solid support for the direction of the
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56 relationship
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3 Third, we evaluate whether the observed brand effects are contained within the
4 boundaries of the industry of those brands or spill over to the evaluations of the country.
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6 Magnusson et al. (2014) partially address this issue but provide inconclusive results. We show
7
8 that (1) industry image mediates brands' impact on the evaluation of CI, (2) not all industries
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10 have an effect on the evaluations of CI, and (3) certain industries are more important than
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12 others. Thus, the CI construct should be reconceptualized to account for industry image
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14 discrepancies.
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19 Fourth, the study shows that accessibility of information about the brands and products
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21 of a country influences CI. Information about widely advertised brands of a country is stored
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23 in consumers' memories and can be accessed in the evaluations of the country. This confirms
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25 that Tversky and Kahneman's (1973) availability heuristic and Menon and Raghurir's (2003)
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27 mere accessibility theory apply in the development of CI.
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30 Fifth, we provide evidence of the scarcely examined differential effect of recollection
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32 and familiarity processes on the evaluation of CI, as proposed by the RK (remember-know)
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34 paradigm (Gardiner 1988; Hansen and Wänke 2009). The idea of country familiarity that Han
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36 (1989) explores, which forms the basis of conceptualizing CI as either a summary construct
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38 (once consumers have a deeper knowledge and familiarity with the brands, CI operates as a
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40 summary of the consumers' experience with products from a country) or a halo effect (people
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42 use CI to make inferences about the country brands, and evaluations of the CI influence their
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44 beliefs about the products and attitudes toward the brands from that country). Han's argument
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46 is in line with Hastie and Park's (1986) independence model (in which brands stored in
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48 memory do not affect CI) for countries with weak country images) depending on the
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50 familiarity with the country's brands, needs to be reexamined through the lens of the RK
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56 paradigm.
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Managerial implications

Focusing on practice, governments around the world are increasingly taking a proactive approach to managing the image of their countries (Van Ham, 2001) to promote differentiation, improve tourism, increase inward investment and exports, and gain political influence (Papadopoulos, 2004). Tourism boards, investment promotion agencies, cultural institutes, exporters associations, ministries of foreign affairs, policy makers, and nongovernmental organizations are among the entities driving such country-branding efforts (Anholt, 2007).

This research contributes firstly understanding the positive or negative influence that the image of corporate brands can exert on CI and the factors that are likely to affect this is, therefore, important for tourism boards, ministries of foreign affairs, and other organizations that drive country-branding efforts (Anholt, 2007). Brands such as Samsung, Hyundai, and LG (Korean) transformed the image of their country (Anholt 2000; Van Ham 2001). The importance of these companies in shaping the image of their countries seems to exceed that of sociocultural, economic, and other factors proposed in the relevant literature. The importance of brands becomes evident with respect to the impact of product recalls such as the recall of HP laptops from British outlets over battery overheating fears. Countries should treat their brands as a national asset and ambassadors of their country. They should develop strategies to internationalize successful local brands and provide incentives to ensure that brands aimed at international buyers are free of image flaws that may be harmful to the CI. Countries can do this through product safety and quality standards agencies and/or regulations, compliance standards and policing mechanisms. Local brands should become part of country-branding campaigns. International labeling requirements regarding the origins of a product may not be sufficient to link local brands with their COO, as White (2012) attests. Countries should

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3 encourage the private sector to use brands or branding strategies that are evocative of the
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5 COO.
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8 Second, the results of this research are highly relevant for managers and consultants
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10 working on country- (place-) branding campaigns. Italy is associated with food, fashion, and
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12 cars, and South Korea is associated with electronics and cars. This study shows that brands
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14 and industries can help strengthen the evaluations of the economic dimension of different
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16 countries; however, these assets are underdeveloped in country-branding campaigns. Linking
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18 countries with brands and industries in such campaigns could result in positive associations,
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20 which in turn could enhance the reputational rating of the countries.
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24 Third, the number of brands outside the domestic market is not the only requirement to
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26 strengthen the impact of brands on the evaluations of CI. The impact of brands on the
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28 evaluation of a country occurs when consumers are aware of both the brand and its COO.
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30 Thus, branding can play a significant role in the degree to which consumers identify the brand
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32 by COO. Therefore, firms should take a proactive approach, for example, by highlighting
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34 their COO in their corporate visual identity and corporate communication. We urge
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36 practitioners to select brands that evoke certain brand associations (i.e., consumers are aware
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38 of the brands); have a powerful image (in terms of favourability, strength, and uniqueness);
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40 have high national and international visibility; and have an image that reinforces and/or
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42 creates desired country image. Practitioners involved in country- (place-) branding campaigns
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44 need to carefully consider and monitor these factors in the process of selecting brands that
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46 could be used in promoting the CI.
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51 Fourth, strong brands can act as flagships to support the development and
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53 enhancement of the image of a country's industry and, in this way, help lesser-known brands
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55 in that industry. For such brands, the image of the country's industry may be more relevant
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57 and important than the overall evaluations of the country.
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Limitations and further research

We recognize several limitations of our research at both the theoretical and conceptual level and the research design and methodological level. Similar to other studies in this specific field, the generalizability of the results may be limited because our focus was on evaluations of consumers from only one country (the United Kingdom). Although research in cultural geography (e.g., Casey, 1993) indicates that the effect of places is ubiquitous and transcends cultural setting, it is likely that context-related factors (e.g., the availability of foreign brands in one country) may influence CI evaluations. Batra et al. (2000) find that contextual factors such as the prevalence of materialism and xenocentrism in a country inflate the importance attached to a COO. Further research would benefit from replicating our studies across different countries and with different COOs. For example, using COOs with strong industrial bases and traditions and histories that are closely linked with the Industrial Revolution would likely show a stronger impact of brands and industries on CI.

Further research could examine the influence of brands misidentified as being from the wrong COO and mistakenly stored as such in consumers' memories. This is the case for Italy, where Italian-sounding names are used widely in the branding of many non-Italian products. It was beyond the scope of this research to examine the influence of such brands on industry image and CI. Further research could examine positive or negative COO misidentification effects on the attitudinal evaluations of an industry.

Our research also has several methodological limitations. One issue is related to our focus on the activation of local brands to assess their effect on CI in isolation of other cues that may be part of consumers' country schema. This approach may have inflated the effects of brands on CIs. Future research should involve the activation of other country cues in conjunction with the activation of brand cues. Such an approach would allow researchers to examine how brands interact with other country cues in shaping CI.

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3 We relied on established operationalizations of CI constructs. Although validation and
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5 measurement model fit statistics were at acceptable levels, the specification of the CI as
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7 reflective constructs should be revisited. Future research should examine the possibility of
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9 respecifying CI constructs as formative scales.
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12 This research is in line with the COO effects literature that assumes that categorical
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14 processes are in place such that brands are assigned to a COO. However, evidence from
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16 Andréhn and L'Espoir Decosta (2016) suggests that COO may not be a categorical variable
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18 but rather an associative one. Brands can be strongly or weakly associated with a COO.
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20 Further research could also examine the degree of a brand's association with a COO or the
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22 salience of COO in the brand's associative network and the effects on CI.
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26 We controlled for familiarity. Given the conflict history and economic competition of
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28 both countries, they may be perceived as equivalent in terms of the enmity they produce.
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30 However, the likely differences in the strength and nature of the relationships of different
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32 consumers with the people of the respective countries may influence CI evaluations.
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36 Finally, we have assumed that consumers consciously reflect on brands and countries.
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38 However, Bargh (2002) shows that automatic nonconscious processing may also underlie the
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40 cognitive process. Further research would benefit from considering nonconscious processes
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42 and should assess implicit attitudes in parallel with explicit attitudes toward the country.
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3 **TABLES**
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8 **Table 1.**
9

10 Income distribution of the sample
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12

| | Frequency | Valid percent |
|-----------------------|-----------|---------------|
| 16 Less than £10,000 | 6 | 1.1 |
| 17 £10,000–£19,999 | 49 | 8.8 |
| 18 £20,000–£29,999 | 93 | 16.7 |
| 19 £30,000–£39,999 | 120 | 21.5 |
| 20 £40,000–£49,999 | 98 | 17.6 |
| 21 £50,000–£59,999 | 62 | 11.1 |
| 22 £60,000–£69,999 | 46 | 8.3 |
| 23 £70,000–£79,999 | 23 | 4.1 |
| 24 £80,000–£89,999 | 18 | 3.2 |
| 25 £90,000–£99,999 | 13 | 2.3 |
| 26 £100,000–£109,999 | 15 | 2.7 |
| 27 £110,000–£119,999 | 1 | .2 |
| 28 £120,000–£129,999 | 5 | .9 |
| 29 £130,000–£139,999 | 0 | 0 |
| 30 £140,000–£149,999 | 1 | .2 |
| 31 £150,000–£159,999 | 4 | .7 |
| 32 £160,000–£169,999 | 0 | 0 |
| 33 £170,000–£179,999 | 1 | .2 |
| 34 £180,000–£219,999 | 0 | 0 |
| 35 More than £220,000 | 2 | .4 |
| 36 Total | 557 | 100.0 |

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Table 2.

Summary of hypotheses tests

| Hypotheses | Relationship | Analysis | Results |
|---|--------------------------------------|-------------------------|---------------------|
| <i>H1.</i> Information about a country's brands retrieved from memory influences (a) product-related CI and (b) general CI. | Brand → CI | Linear mixed models | Supported |
| <i>H2.</i> The valence ratio of a country's brands retrieved from memory positively influences (a) product-related CI and (b) general CI. | Brand → CI | Hierarchical regression | Partially supported |
| <i>H3.</i> Information about a country's brands retrieved from memory influences the corresponding industry image. | Brand → Industry image | ANCOVA | Partially supported |
| <i>H4.</i> The valence ratio of the retrieved brands from the evaluated industry of a country positively influences the corresponding industry image. | Brand → Industry image | Hierarchical regression | Partially supported |
| <i>H5.</i> Information about a country's products retrieved from memory influences (a) product-related CI and (b) general CI. | Product → CI | Linear mixed models | Supported |
| <i>H6.</i> Information about a country's products retrieved from memory influences the corresponding industry image. | Product → Industry image | ANCOVA | Partially supported |
| <i>H7.</i> The effect of recalled brands on the corresponding industry image is stronger than the corresponding effect on CI. | Brand → Industry image vs Brand → CI | Size effects | Supported |
| <i>H8.</i> The effect of recalled brands on CI is weaker than the effect of the pertinent industries' image on CI. | Brand → CI vs Industry image → CI | Size effects | Not supported |
| <i>H9.</i> The effect of recalled brands on the general CI of NICs is stronger than that on the general CI of economically advanced countries. | Brand → CI | Linear mixed models | Not supported |

Table 3.

Linear mixed-effects model analysis results (brand effects)

| Type III Tests of Fixed Effects | | | | | | | | | | | |
|---|--|---------------------|---------|------|---------------------------|---------|------|------------------------|---------|------|--|
| Source | General CI (economic- technological) | | | | General CI (political) | | | Product- related CI | | | |
| | Numerator d.f. | Denominator d.f. | F | Sig. | Denominator d.f. | F | Sig. | Denominator d.f. | F | Sig. | |
| Intercept | 1 | 243.883 | 269.430 | .000 | 245.267 | 146.389 | .000 | 243.870 | 403.542 | .000 | |
| CI development process | 1 | 375.559 | 4.623 | .032 | 393.421 | 1.988 | .159 | 378.403 | 5.179 | .023 | |
| Stimulus country | 1 | 337.454 | 7.292 | .007 | 318.794 | 21.105 | .000 | 336.355 | .046 | .830 | |
| CI development process × Country | 1 | 339.648 | 1.368 | .243 | 320.569 | 2.087 | .149 | 334.219 | 7.815 | .005 | |
| Familiarity(country) | 2 | 434.815 | 17.990 | .000 | 417.479 | 14.960 | .000 | 432.645 | 40.329 | .000 | |
| Familiarity (CI development process [country]) | 2 | 436.027 | .609 | .544 | 419.327 | 2.518 | .082 | 433.983 | .565 | .569 | |
| Consumer ethnocentrism | 1 | 223.582 | 2.969 | .086 | 223.864 | 2.193 | .140 | 223.355 | 9.371 | .002 | |
| Gender | 1 | 226.620 | 3.499 | .063 | 226.519 | 8.131 | .005 | 226.335 | .092 | .761 | |
| Income | 1 | 221.553 | 4.615 | .033 | 221.768 | 5.442 | .021 | 221.312 | 2.108 | .148 | |
| Age | 1 | 223.588 | .979 | .324 | 223.949 | 4.875 | .028 | 223.374 | 6.347 | .012 | |
| Schwarz's Bayesian information criterion | | 1570.01 | | | 1698.817 | | | 1334.71 | | | |

Table 4.

Regression analysis for Italian brands (bootstrapped and heteroskedasticity-consistent estimation of SE)

| | Product- related CI | General CI (economic- technological) | General CI (political) | Food industry | Auto- mobile | Fashion industry |
|--|------------------------|--|------------------------------|------------------|-----------------|---------------------|
| | Beta | Beta | Beta | Beta | Beta | Beta |
| (Constant) | 5.380* | 5.764* | 6.334* | 7.043* | 5.634* | 7.043 |
| Valence ratio | .467* | -.090 | .014 | .898* | .374 | .898* |
| Country familiarity | .158* | .106 | .144+ | .003 | -.072 | .003 |
| Familiarity × valence ratio | .190 | .097 | -.244 | .245 | .164 | .245 |
| Number of brands recalled | .013 | .076 | -.067 | .038 | -.075 | .038 |
| Familiarity × number of brands recalled | -.025 | .011 | .064+ | .008 | .051 | .008 |
| Consumer ethnocentrism | -.136 | -.140 | -.192 | -.342* | -.204* | -.342* |
| Gender (dummy) | .202 | -.005 | -.255 | .199 | .345 | .199 |
| Age | .002 | -.004 | .002 | .008 | -.001 | .008 |
| Income | -.054* | -.070 | -.108 | -.036 | .047 | -.036 |
| R ² | .223* | .113 | .113 | .424* | .207* | .424* |
| ΔR ₁ ² | .014 | .002 | .009 | .016 | .005 | .016 |
| ΔR ₂ ² | .009 | .001 | .023+ | .001 | .031 | .001 |
| ΔR ₃ ² | .019 | .005 | .028+ | .018 | .033 | .018 |

Notes: ΔR² = R-square increase due to interactions, ΔR₁² = due to familiarity × valence ratio;
ΔR₂² = due to familiarity × number of brands recalled interaction; ΔR₃² = due to both interactions. **p* < .05.

Table 5.

Regression analysis for South Korean brands (bootstrapped and heteroskedasticity-consistent estimation of SE)

| | Product- related CI | General CI (economic- technological) | General CI (political) | Electr. industry | Autom. industry |
|---|------------------------|--|---------------------------|---------------------|--------------------|
| | Beta | Beta | Beta | Beta | Beta |
| (Constant) | 4.739* | 5.081* | 3.465 | 6.301 | 3.822 |
| Valence ratio | .890* | .821* | .516 | .407 | .092 |
| Country familiarity | .258* | .211* | .181 | .161 | .298 |
| Familiarity × valence ratio | -.098 | -.154 | -.183 | -.041 | .125 |
| Number of brands recalled | .217* | .238* | .075 | .142 | .039 |
| Familiarity × number of brands recalled | -.103 | .023 | .036 | .087 | -.118 |
| Consumer ethnocentrism | -.042 | .037 | .155 | -.160 | -.040 |
| Gender (dummy) | -.146 | -.272 | -.412 | -.157 | .442 |
| Age | .014 | .002 | .028 | .011 | .010 |
| Income | -.016 | -.018 | -.008 | -.045 | .031 |
| R ² | .446* | .273* | .143+ | .224 | .171 |
| ΔR ₁ ² | .001 | .002 | .002 | .000 | .001 |
| ΔR ₂ ² | .011 | .000 | .001 | .011 | .013 |
| ΔR ₃ ² | .030 | .002 | .002 | .014 | .014 |

Notes: ΔR²=R-square increase due to interactions, ΔR₁² = due to familiarity × valence ratio;
ΔR₂² = due to familiarity × number of brands recalled interaction; ΔR₃² = due to both interactions.

*p < .05.

Table 6.

Linear mixed-effects model analysis results (product effects)

Type III tests of fixed effects

| Source | General CI (economic- technological) | | | | General CI (political) | | | Product- related CI | | |
|---|--|---------------------|---------|------|---------------------------|---------|------|------------------------|---------|------|
| | Numerator d.f. | Denominator d.f. | F | Sig. | Denominator d.f. | F | Sig. | Denominator d.f. | F | Sig. |
| Intercept | 1 | 245.035 | 251.912 | .000 | 246.613 | 131.440 | .000 | 245.423 | 333.674 | .000 |
| CI development process | 1 | 376.193 | 4.714 | .031 | 408.613 | 4.534 | .034 | 386.506 | 8.139 | .005 |
| Stimulus country | 1 | 343.993 | 19.216 | .000 | 305.571 | 48.641 | .000 | 332.214 | 16.325 | .000 |
| CI development process × Stimulus country | 1 | 346.166 | .088 | .766 | 307.116 | .178 | .674 | 334.242 | .580 | .447 |
| Familiarity (Stimulus country) | 2 | 439.378 | 17.758 | .000 | 400.239 | 16.740 | .000 | 431.528 | 34.150 | .000 |
| Familiarity (CI development process [country]) | 2 | 439.870 | 1.032 | .357 | 401.453 | 2.184 | .114 | 432.253 | 1.355 | .259 |
| Consumer ethnocentrism | 1 | 221.724 | 3.117 | .079 | 221.284 | 2.749 | .099 | 221.247 | 4.870 | .028 |
| Gender | 1 | 227.953 | 7.184 | .008 | 226.630 | 29.141 | .000 | 227.263 | .174 | .677 |
| Income | 1 | 223.623 | .746 | .389 | 222.920 | .188 | .665 | 223.085 | .316 | .575 |
| Age | 1 | 222.259 | 2.124 | .146 | 221.526 | 7.007 | .009 | 221.694 | 7.415 | .007 |
| Schwarz's Bayesian information criterion | | 1548.84 | | | 1644.48 | | | 1332.47 | | |

Figure 1.

Conceptual framework

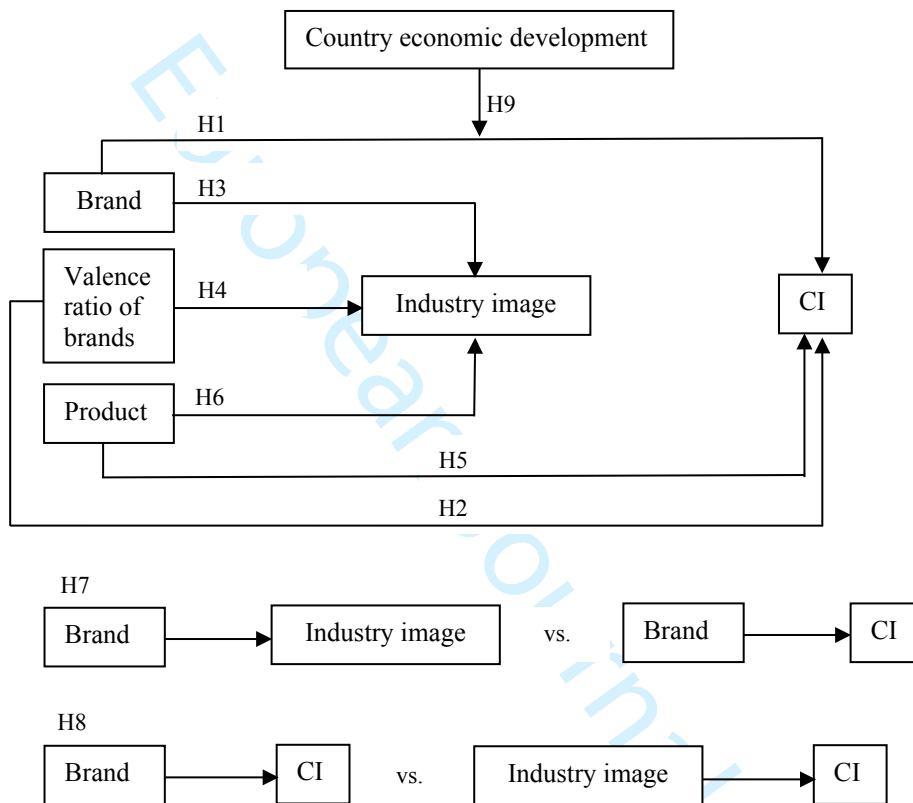


Figure 2. Interaction between familiarity and experimental conditions on Italian automobile industry image

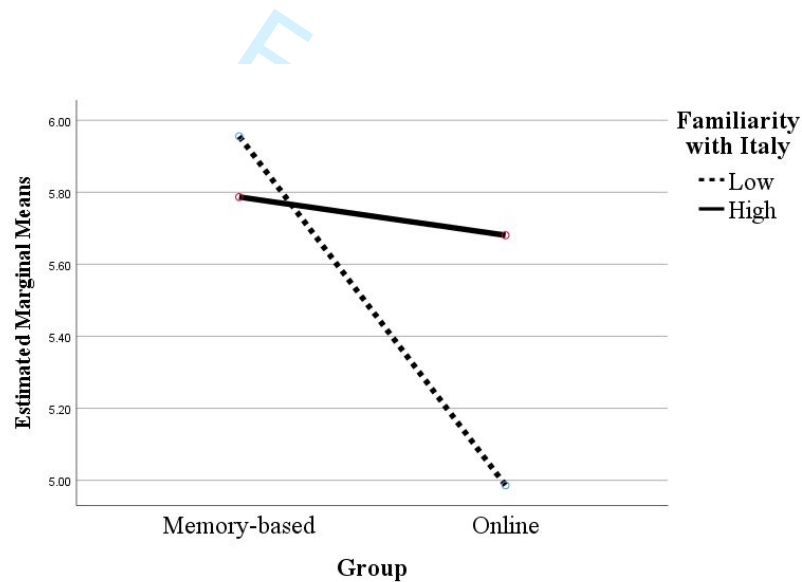
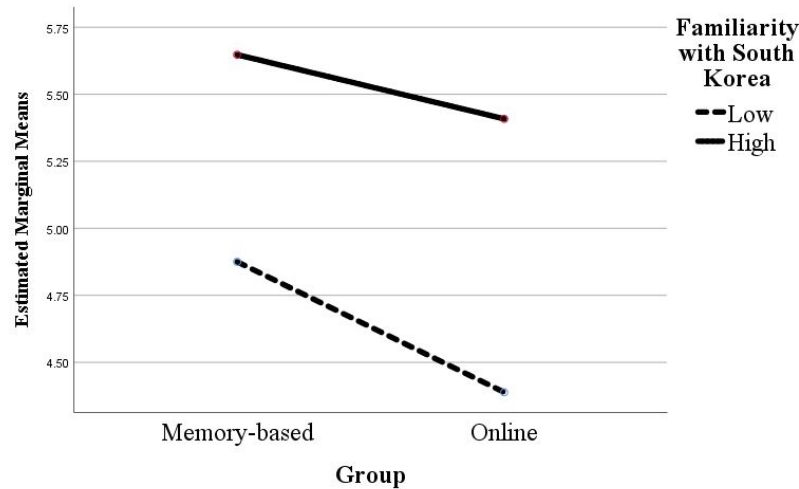


Figure 3. Interaction between familiarity and experimental conditions on South Korean electronics industry image



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Appendix A.

A.1 Items, factor loading, AVE and rho

| | Loading | AVE | Joreskog rho |
|--|---------|------|--------------|
| <i>Italy: General CI</i> | | | |
| Developed economy | .706 | | |
| Industrialization | .532 | | |
| Technological research | .693 | | |
| High standard of living | .755 | .458 | .769 |
| Civilian government | .774 | | |
| Free-market system | .507 | | |
| Democratic | .734 | .465 | .717 |
| <i>South Korea: General CI</i> | | | |
| Developed economy | .918 | | |
| Industrialization | .729 | | |
| Technological research | .746 | | |
| High standard of living | .804 | .644 | .878 |
| Civilian government | .877 | | |
| Free-market system | .816 | | |
| Democratic | .901 | .749 | .899 |
| <i>Italy: Product-related CI</i> | | | |
| Products made in Italy are carefully produced and have fine workmanship. | .841 | | |
| Products made in Italy show a very high degree of technological advancement. | .727 | | |
| Products made in Italy usually show a very clever use of color and design. | .703 | | |
| Products made in Italy are usually quite reliable and seem to last the desired length of time. | .784 | | |
| Products made in Italy are up-market. | .813 | | |
| Products made in Italy are usually a good value for the money. | .635 | .568 | .887 |
| <i>South Korea: Product-related CI</i> | | | |
| Products made in South Korea are carefully produced and have fine workmanship. | .876 | | |
| Products made in South Korea show a very high degree of technological advancement. | .865 | | |
| Products made in South Korea usually show a very clever use of color and design. | .757 | | |
| Products made in South Korea are usually quite reliable and seem to last the desired length of time. | .904 | | |
| Products made in South Korea are up-market. | .787 | | |
| Products made in South Korea are usually a good value for the money. | .815 | .698 | .933 |
| <i>Italy: Familiarity</i> | | | |
| Familiar with Italy | .892 | | |
| Knowledgeable of Italy | .972 | .87 | .930 |
| <i>South Korea: Familiarity</i> | | | |
| Familiar with South Korea | .946 | | |
| Knowledgeable of South Korea | .927 | .877 | .935 |

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|----|---|------|------|------|
| 1 | | | | |
| 2 | | | | |
| 3 | <i>Consumer Ethnocentrism</i> | | | |
| 4 | It is not right to purchase foreign products because it puts Britons out of jobs. | .896 | | |
| 5 | | | | |
| 6 | A real Briton should always buy British-made products. | .812 | | |
| 7 | | | | |
| 8 | Britons should purchase products manufactured in the U.K. instead of letting other countries get rich off us. | .85 | | |
| 9 | | | | |
| 10 | Britons should not buy foreign products because this hurts British business and causes unemployment. | .868 | | |
| 11 | | | | |
| 12 | I always prefer domestic products over foreign ones. | .67 | .677 | .912 |
| 13 | <i>Italian automobile industry image</i> | | | |
| 14 | Competitive internationally | .829 | | |
| 15 | Prestigious | .904 | | |
| 16 | High quality | .935 | | |
| 17 | Up-market | .887 | .791 | .938 |
| 18 | | | | |
| 19 | <i>Italian fashion industry image</i> | | | |
| 20 | Competitive internationally | .868 | | |
| 21 | Prestigious | .952 | | |
| 22 | High quality | .883 | | |
| 23 | Up-market | .914 | .819 | .947 |
| 24 | | | | |
| 25 | <i>Italian food industry image</i> | | | |
| 26 | Competitive internationally | .838 | | |
| 27 | Prestigious | .83 | | |
| 28 | High quality | .869 | | |
| 29 | Up-market | .819 | .704 | .905 |
| 30 | | | | |
| 31 | <i>South Korean electronics industry image</i> | | | |
| 32 | Competitive internationally | .774 | | |
| 33 | Prestigious | .851 | | |
| 34 | High quality | .923 | | |
| 35 | Up-market | .9 | .746 | .921 |
| 36 | | | | |
| 37 | <i>South Korean automobile industry image</i> | | | |
| 38 | Competitive internationally | .658 | | |
| 39 | Prestigious | .889 | | |
| 40 | High Quality | .844 | | |
| 41 | Up-market | .954 | .711 | .878 |
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