Relationship between Country of Origin Image and Brand Equity: An Empirical Evidence in England Market*

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Abstract
This study investigates the reflections of ‘country-of-origin image’ on consumers’ brand equity. In this context, a research design was formed to measure the perceptions towards Turkish-originat brands BEKO in the sector of durable household appliances such as, refrigerator, laundry& dishwasher etc. Data was collected from 275 British consumers at several locations in the city Coventry in the UK through face to face interviews by using a structured questionnaire. The findings of the data were evaluated in terms of designing an international or global competitiveness. The findings reported in this study that evaluations about country image have an effect on the brand evaluation processes of consumers from various aspects.

Key words: Marketing, country of origin, brand equity.

1. Introduction
Brand equity is one of the key topics in marketing in recent years. A strong brand with positive brand equity has several advantages such as higher margins, brand extension opportunities, more powerful communication effectiveness and higher consumer preferences and purchase intentions (Keller, 1993; Rangaswamy et al., 1993; Cobb-Walgren et al., 1995). Measuring brand equity is important due to its strategic value guiding marketing strategy, aiding tactical decisions and providing a basis for assessing brand extendibility (Ailawadi et al., 2003). Country of origin is another important variable influencing consumer perceptions of brands (Hulland, 1999). Information processing theory posits that consumers use product cues to form beliefs and evaluations about a product, which in turn influence their purchase behaviors. Generally the country of origin is considered as an extrinsic product cue. (Norjaya, 2007).

There is many research in both the areas of country of origin effects and brand equity, but not many ampricial research to date has evaluated how country image may affect brand equity. Understanding the relationship between consumers’ country of origin and consumer-based brand equity is important for some reasons. Globalisation and increased international business activity have facilitated the vailability of brands from one country to consumers in other countries (Hsieh, 2001). Besides Firms in developed countries are increasingly shifting production to other countries to benefit from cheaper labour or reduced transportation costs (Haubl, 1996). Further, firms are introducing their brands in other countries for strategic reasons, such as leveraging economies of scale. A Better understanding of the relationships between and consumer- based brand equity would assist marketing decision- makers seeking to improve marketing productivity (Kleppe et al., 2002).

Since country of origin and Brand equity could be one of the influencing factors in determining consumers’ choice, the purpose of this study is to explore brand’s country of origin on the formation of brand equity. To accomplish this goal the brand equity of household electrical appliances particularly laundry & dishwasher, fridges & freezer, and cooking, in the England market is examined. This research aims to develop a better understanding of the effect of country of origin on the brand equity.

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2. Country-of-origin

Country-of-origin is one of the most important factors that significantly influence the purchasing decision of consumers. It is defined as comprising the subjective perceptions of a consumer about the products that provide an important observation that such belief, ideas and impressions before making buying decisions. Therefore, the country of origin “made in label” has been used as an important function in meeting with today's competitive and global environment in order to increase product sales.

The importance of country-of-origin as a cue in consumer choice behavior was first highlighted by Schooler (1965) over the past decade, there has been an effort to better explicate the country-of-origin cue by focusing on the larger, more comprehensive construct of “country-image” (Roth and Romeo, 1992). One of the first conceptualizations of the country-of-origin phenomenon was that of Nagashima (1970). He defined the image that consumers associate with a given country-of-origin as:

*The picture, the reputation, the stereotype that businessmen and consumer attach to products of a specific country. This image is created by such variables as representative products, national characteristics, economic and political background, history and traditions (Nagashima, 1970)*.

However, a different definition was provided by Roth and Romeo (1992): ‘country image is the overall perception consumers form of products from a particular country, based on their prior perceptions of the country’s production and marketing strengths and weaknesses’. The term product country image is a broader more accurate descriptor than country of origin or made in . . . and defines the image of the country and the thoughts such images create in the minds of consumers (Papadopoulos and Heslop, 1993). Some other researchers view country image as consumers’ general perceptions about the quality of products made in a particular country (Han and Terstra, 1988; Parameawan and Yapraek, 1987).

3. Consumer-based brand equity

Building strong brands has become a marketing priority for organizations today because it yields a number of advantages. Strong brands help the firm establish an identity in the market place (Aaker, 1996). In measuring the overall value of a brand, marketing researchers and practitioners have begun to examine the concept of “brand equity” (Aaker, 1991; Keller, 1993) which has been referred to the tremendous value that the brand name brings to the producers, retailers and consumers of the brand. The equity that the strong brand possesses can give the company a loyal consumer franchise that could bring substantial returns to firm similarly, the 1989 Marketing Sciences Institute defines brand equity as the value that is added by the name and rewarded in the market with better profit margins or market shares. It can be viewed by customers and channel members as both a financial asset and as a set of favorable associations and behaviors (Norjaya et al, 2007).

Aaker (1991) defined brand equity as “a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers” While Keller (1993) defined brand equity as “the differential effect of brand knowledge on consumer response to the marketing of the brand”.

There are many classifications and dimensions proposed in the analysis of brand equity. Aaker (1991), conceptualized brand equity as a set of assets (or liabilities) suggesting the five categories of brand equity: perceived quality, brand loyalty, brand awareness, brand association, and other proprietary brand assets The last element is usually disregarded in marketing research because it is not directly related to the customer. Keller (2002) separated into two components: awareness and association, Schocker and Weitz (1988) establish brand equity in function of loyalty and image. Agarwal and Rao (1996) consider overall quality and choice intention as the main diensions of brand equity Vazquez at al (2002) indicate the importance of stored associations expressing both functional and symbolic utilities, etc. Yoo and Donthu (2001) referred to consumer-based brand equity as “cognitive and behavioral brand equity at the individual customer level” which can be described and measured by four dimensions of brand: perceived quality, brand loyalty, brand awareness, and brand association. One important consensus among the definitions is that brand equity is the incremenntal value of a product due to the brand name (Srivastava and Shocker1991
4. Conceptual framework and research hypotheses
4.1. Country of origin and consumer based brand equity

The country of origin of a product is an important marketing element known to influence consumer perceptions as well as behavior. An improved understanding of how country of origin information influences brand equity is also valuable to marketing practitioners, for whom “quantification of brand equity” are two important issues (Biel, 1993).

Extant research suggests linkages between certain consumer based brand equity dimensions and country of origin. For example several researches have shown that consumers’ perception of quality was affected by country-of-origin.

Haubl and Elrod (1999) found that consumers’ quality perceptions of the Slovenian brand Elan were higher when the brand was made in Slovenia than when the brand was made in Germany. Previous research has also shown that consumer brand images change as the brands are made in different countries because an inferior country of origin could tarnish a brand name (Thakor and Katsanis, 1997).

Johansson and Nebenzahl (1986) found that Japanese brands of automobiles (Honda/Mazda) made in Korea/Mexico/The Philippines lost their attractiveness compared to when they were made in Japan. Similarly, Nebenzahl and Jaffe (1996) found that Sony suffered brand image erosion when made in the USA, whereas GE’s brand image improved when made in Japan.

Ravi and Papu (2007) believed that certain portions of the brand image originate from its country of origin particularly when brands from one country are made available to consumers in other countries. Certain market segments are knowledgeable about the country of the brand. These consumers have positive/negative associations towards the country and their image of the country is likely to influence their image of brands from the country. Aaker (1991) and Keller (1993) argued that country-of-origin generates secondary associations for a brand and could there by influence consumers’ brand.

Agarwal and Sikri (1996) observed that consumers’ country of origin beliefs in relation to a familiar product category transferred to new product offered from the same country. They argued that the country of origin cue operated in a manner similar to brand name in the transference of beliefs. Thus such transference of beliefs may extent to brands made in countries with favourable images.

Rave et al (2007) believed that consumers’ country of origin affects their loyalty towards the brands originating from the country. There are hints in the literature of possible link between country of origin and brand loyalty. Forexample Kim (1995) suggested that favourable country image could lead to brand popularity and hence to consumer loyalty. Paswan et al (2003) have demonstrated that consumers tend to be loyal towards a country just as they are loyal to brands.

Sanyal and Datta (2011) analysed the relationship of country of origin image with the components of brand equity. It has been found that both brand strength and brand awareness lead to a strong formation of country of origin image. Papu et al (2006) examined the impact of the country of origin of a brand and three of the dimensions of its consumer based equity. Each of these three consumer-based equity dimensions of a brand (i.e. brand associations, perceived quality and brand loyalty) was expected to vary significantly by the country of origin their empirical results confirmed this. Papu et al (2007) also examined the relationship between consumers’ macro and micro images of country and the equity they associate with brands originating from that country. Result showed that the relationship between these two set of constructs was found to be positive as well as product category specific. Li et al (2009) examined the effect of country of origin on brand equity. the result of this study proved that country of origin can positively influence brand equity. Yasin et al (2007) also examined the effects of country of origin image on the development of brand equity. The result showed that brand’s country of origin positively and significantly influences dimensions of brand equity. Thus, we posit the first three hypotheses of the study:

H1: The country image has a positive influence on brand awareness/brand associations
H2: The country image has a positive influence on perceived quality
H3: The country image has a positive influence on brand loyalty
4.2. Consumer-based brand equity and overall brand equity

Brand equity is a multidimensional concept and a complex phenomenon. There are many classifications and dimensions proposed in the analysis of brand equity. Among several brand equity models in the literature, we focus on the perceptual components of brand equity constructed by Yoo and Donthu (2001) who tested measure model for the ten items (four-three and one dimensional) and validated the three dimensional model of brand awareness/brand associations, perceived quality and brand loyalty.

**Brand awareness/brand association:** *Brand awareness* is defined as critical dimension of brand equity when customers choose brand for the first time. It is defined as “the ability of a potential buyer to recognize or recall that a brand is a member of a certain product of category” (Aaker, 1991). If a customer recognizes a certain brand name or can recall it, the brand will have a higher chance of being selected than an unknown brand (Tam, 2008). It is created by the extent to which customers are familiar with the brand. Considers that brand awareness may result in brand equity in four different ways; creating a brand node in consumer’s memory, providing a sense of familiarity of the brand in the consumer’s mind, acting as a signal of trust in the brand and being enough reason for the consumer to consider the brand in his consideration set. Brand awareness is the result of consumer’s exposure to a brand (Alba and Hutchinson, 1987).

**Brand association** is defined “as anything linked to the memory of a brand” a set of (brand) associations, usually in some meaningful way. A set of associations, usually organized in some meaningful way, forms a brand image. Brand associations create value for the firm and its customers by helping to process/retrieve information, differentiate the brand create positive attitudes or feelings, provide a reason to buy, and provide a basis for extensions (Aaker, 1991). It is believed to contain the meaning of the brand for consumers. Brand association can be seen in all forms and reflects features of the product or aspects independent of the product itself (Chen, 2001). Consumer based brand equity accrues when consumers have a high level of awareness and hold some strong favorable and unique brand associations in their memories. Based on this, then, the following hypothesis is posited

**H4:** Brand awareness and brand associations has a significant positive direct effect on brand equity

**Perceived Quality** is the consumer’s judgment about a product’s overall excellence or superiority. It is not real quality of the product but the customer’s perception of the overall quality or superiority of the product with respect to its intended purpose, relative to alternatives (Zeithaml, 1988). The best way for a brand to increase perceived quality is to invest in improving its real objective quality moreover the firm has to communicate the quality of its brands through quality signals in its marketing actions. Thus, consumers perceive brand quality through their direct experiences with the brand and the information obtained in the environmental factors (Yoo et al, 2000). Perceived quality lends value to a brand in several ways; high quality gives consumers a good reason to buy the brand and allows the brand to differentiate itself from its competitors, to charge a premium price and to have a strong basis for the brand extension. (Aaker, 1991). Marketers across all product and service categories have increasingly recognized the importance of perceived quality in brand decisions (Morton, 1994). Based on the above definition and the suggested relationship of perceived quality and brand equity in the literature, the following hypothesis is formulated

**H5:** Perceived quality has a significant positive direct effect on brand equity

**Brand Loyalty** is at the heart of brand equity. Its major component (Aaker, 1991). Is defined as a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same-brand set purchasing despite situational influences and marketing efforts having the potential to cause switching behavior. Generally brand loyalty has been considered either an attitude or behavior. From an attitudinal perspective, brand loyalty is defined as “the tendency to be loyal to a focal brand as demonstrated by the intention to buy it as a primary choice” (Oliver, 1997). From a behavioral perspective, it is defined as the degree to which a buying unit such as a household concentrates its purchases over time on a particular brand within a product category (Schoell and Guiltinan, 1990).

Both components explain the formation of brand loyalty. On the hand the attitudinal component indicates that loyalty formation stems from a positive bond or commitment between consumer and brand and this attitude, in turn arises from the coincidence between the brand attributes and the consumer’s preferences.
On the other hand from the behaviour component, loyalty formation is explained by the consumer’s prior purchases which result in a certain purchase habit (Dick and Basu, 1994). Loyal customers are less likely to switch to a competitor solely because of price; they also make more frequent purchases then comparable non-loyal customers (Bowen and Shoemaker, 1998). Hence the following hypothesis of the relationship between brand loyalty and brand equity is proposed

**H6:** Brand loyalty has a significant positive direct effect on brand equity

The hypotheses explained above are presented in the framework of a research model shown in figure 1 below for this study.

**Figure 1: Research Model of the study**

5. Methodology

5.1. Sample and data collection

A research framework was designed to test the above hypothesized in the home appliances industry in England. For this purpose particularly laundry & dishwasher, fridges & freezer, and cooking market targeted. Data was collected at several locations in the city of Coventry in the UK. In total 275. Non-valid questionnaires were discarded, resulting in 231 valid questionnaires.

5.2. Measures

The cognitive component of country of origin (Coo) included eight items taken from the studies of Shirin (2011). The multidimensional brand equity (MBE) was measured as a ten items and overall brand equity (Obe) as a four items taken from a measured by (Yoo and Donthu, 2001) Scale items within the MBE models include brand loyalty, perceived quality, and brand awareness/association. All of the designed measurements were rated on a 5-Point Likert scale from strongly disagree (1) to strongly agree (5).

5.3. Data analysis, testing, and result

5.3.1. Sample characteristic

The analysis of demographic characteristics of the sample revealed that most of them were male (130 respondents; 56 %) single (135 % 59) and in the 40 – 59 year age category (109 respondents; 47 %).

5.3.2. Measurement model

As a preliminary step for the tests to be done to check over the hypotheses asserted within the framework of this study, the validity and credibility of the scales have been realized via the LISREL 8.30 program.
There are views in the literature regarding the fact that the LISREL program is one of the most suitable means in examining multiple relations (Narasimhan and Jayaram, 1998). In order to test the validity of the measuring model, we have resorted to Confirmatory Factor Analysis (CFA).

The measuring model consists of 22 items defining 5 latent variables. These factors are Country of Origin Image (Coo), Brand Awareness / Brand Associations (Aw/As), Perceived Quality (Pq), Brand Loyalty (Lo) and Overall Brand Loyalty (Obe).

CFA is a natural extension of the Explanatory Factor Analysis (EFA) (Lee, 2007). CFA is a type of SEM which deals with the measuring models of the relations between particularly latent variables or factors and observed measurements or indicators (test items, test scores, etc.). Another basic feature of CFA is its nature to hypothesize. CFA is used during the scale development process in order to analyze the latent structure of a measuring instrument. (Browne, 2006). In applied researches, factor analysis is usually used for the psychometric evaluation of multiple measuring instruments (Floyd and Widaman, 1995).

It is searched via CFA whether the 22 itemed factor structure used in the research has been certified or not and it is determined that the scale has certified the theoretical structure as a whole.

According to the results of the Confirmatory Factor Analysis, “χ²/df” is determined as 1.61. That the value is less than 3 bears an importance in terms of the validity of the measuring model. It should be controlled whether the values of GFI, AGFI and CFI, which are among the main indicators in examining the goodness of fit, are more than 0.90 and close to 1 (Bentler, 1990; Baumgartner and Homburg, 1996). It should also be checked whether the value of RMSEA, another indicator, is less than 0.10 and as close as possible to 0. The statistics, ensued as a result of the analyses performed by using the maximum likelihood estimator, are presented in the Table 1. The main indicators point out that the measuring model is appropriate for the data.

### Table 1 Goodness-of-fit measures

<table>
<thead>
<tr>
<th>Goodness-of-fit measure</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square Value (χ²)</td>
<td>321.96</td>
</tr>
<tr>
<td>P-Value</td>
<td>0.000</td>
</tr>
<tr>
<td>Degrees of freedom (df)</td>
<td>199</td>
</tr>
<tr>
<td>χ²/df</td>
<td>1.62</td>
</tr>
<tr>
<td>Adjusted Goodness of Fit Index, (AGFI)</td>
<td>0.87</td>
</tr>
<tr>
<td>Goodness of Fit Index, (GFI)</td>
<td>0.88</td>
</tr>
<tr>
<td>Comparative Fit Index (CFI)</td>
<td>0.96</td>
</tr>
<tr>
<td>Normed Fit Index, (NFI)</td>
<td>0.95</td>
</tr>
<tr>
<td>Non-Formed Fit Index (NNFI)</td>
<td>0.97</td>
</tr>
<tr>
<td>Relative Fit Index, (RFI)</td>
<td>0.93</td>
</tr>
<tr>
<td>Root Mean Square Error of Approximation, (RMSEA)</td>
<td>0.55</td>
</tr>
</tbody>
</table>

In addition to the global measures of fit, several other assessment criteria were considered. Cronbach’s alpha values provided strong evidence of measurement reliability (Fornell and LaCroix 1981, Nunnally and Bernstein 1994). According to Hair et al (1998) Cronbach’s alpha values must be 0.70 in order to establish scale reliability. Internal consistency reliability reflects the stability of individual measurement items across replications from the same source of information; it was assessed by computing Cronbach’s alpha, whose coefficients for the five constructs above 0.70. Indicating a reasonable level of internal consistency among the items of which it is constituted (Hair, et al, 1998).

In summary, the fit indices demonstrate a good overall fit between the measurement model and the data. The statistical results indicate that the measurement model has high reliability and validity and the retained items were able to measure the constructs under study. CFA results are given in table 2.
Table: 2 Confirmatory factor analysis results

<table>
<thead>
<tr>
<th>Factor / Item</th>
<th>Mean</th>
<th>Std.Dev.</th>
<th>Standart loading</th>
<th>t-value</th>
<th>Cronbach’s α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor COO.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.845</td>
</tr>
<tr>
<td>COO 1.</td>
<td>3.40</td>
<td>1.20</td>
<td>0.57</td>
<td>4.19</td>
<td></td>
</tr>
<tr>
<td>COO 2.</td>
<td>3.22</td>
<td>.910</td>
<td>0.62</td>
<td>9.75</td>
<td></td>
</tr>
<tr>
<td>COO 3.</td>
<td>3.21</td>
<td>1.060</td>
<td>0.81</td>
<td>7.41</td>
<td></td>
</tr>
<tr>
<td>COO 4.</td>
<td>3.36</td>
<td>1.010</td>
<td>0.87</td>
<td>12.18</td>
<td></td>
</tr>
<tr>
<td>COO 5.</td>
<td>3.03</td>
<td>1.013</td>
<td>0.76</td>
<td>13.85</td>
<td></td>
</tr>
<tr>
<td>COO 6.</td>
<td>3.29</td>
<td>1.012</td>
<td>0.87</td>
<td>13.35</td>
<td></td>
</tr>
<tr>
<td>COO 7.</td>
<td>3.32</td>
<td>1.011</td>
<td>0.94</td>
<td>14.23</td>
<td></td>
</tr>
<tr>
<td>COO 8.</td>
<td>3.44</td>
<td>1.107</td>
<td>0.88</td>
<td>11.84</td>
<td></td>
</tr>
<tr>
<td>Factor Aw/As</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.754</td>
</tr>
<tr>
<td>Aw1.</td>
<td>3.60</td>
<td>.994</td>
<td>0.74</td>
<td>12.47</td>
<td></td>
</tr>
<tr>
<td>Aw2.</td>
<td>3.55</td>
<td>1.083</td>
<td>0.77</td>
<td>6.11</td>
<td></td>
</tr>
<tr>
<td>As1.</td>
<td>3.63</td>
<td>.871</td>
<td>0.73</td>
<td>12.11</td>
<td></td>
</tr>
<tr>
<td>As2.</td>
<td>3.39</td>
<td>1.015</td>
<td>0.72</td>
<td>10.01</td>
<td></td>
</tr>
<tr>
<td>As3.</td>
<td>3.79</td>
<td>.979</td>
<td>0.65</td>
<td>9.06</td>
<td></td>
</tr>
<tr>
<td>Factor Pq</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.848</td>
</tr>
<tr>
<td>Pq 1.</td>
<td>2.97</td>
<td>.940</td>
<td>0.92</td>
<td>14.64</td>
<td></td>
</tr>
<tr>
<td>Pq2.</td>
<td>2.87</td>
<td>.960</td>
<td>0.82</td>
<td>13.12</td>
<td></td>
</tr>
<tr>
<td>Factor Lo</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.704</td>
</tr>
<tr>
<td>Lo 1.</td>
<td>3.34</td>
<td>1.067</td>
<td>0.74</td>
<td>12.67</td>
<td></td>
</tr>
<tr>
<td>Lo 2.</td>
<td>3.59</td>
<td>1.011</td>
<td>0.80</td>
<td>11.44</td>
<td></td>
</tr>
<tr>
<td>Lo 3.</td>
<td>3.27</td>
<td>1.025</td>
<td>0.75</td>
<td>7.50</td>
<td></td>
</tr>
<tr>
<td>Factor Obe</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.716</td>
</tr>
<tr>
<td>Obe 1.</td>
<td>3.36</td>
<td>1.011</td>
<td>0.67</td>
<td>6.43</td>
<td></td>
</tr>
<tr>
<td>Obe 2.</td>
<td>3.48</td>
<td>1.113</td>
<td>0.83</td>
<td>13.75</td>
<td></td>
</tr>
<tr>
<td>Obe 3.</td>
<td>3.23</td>
<td>1.114</td>
<td>0.90</td>
<td>8.40</td>
<td></td>
</tr>
<tr>
<td>Obe 4.</td>
<td>3.52</td>
<td>.960</td>
<td>0.90</td>
<td>9.73</td>
<td></td>
</tr>
</tbody>
</table>

Figure: 2. CFA Results
5.3.3. Structural model and hypothesis

It should be recalled that the confirmative factor analysis performed concerning the measuring model in the previous stage represents the results about the validity and credibility of the factors. The question whether the hypothetical paths between latent variables in the research model are supported with a field search brings forward the hypothesis tests about the structural model. It is required to check the parameter estimation and statistical importance of every path to test if 6 hypotheses developed within the framework of this study are approved statistically or not.

The theoretical accuracy of the model has been searched by using Structural Equation Modeling (SEM) in order to determine the internal relations of the research model presented in the Figure 2 after the confirmative factor analysis.

As a consequence of this analysis test demonstrated a reasonable fit between the data and the proposed structural model. The fit statistics. $X^2/df = 1.71$, $CFI = 0.97$, $NFI = 0.93$, $IFI = 0.97$ ve $AGFI = 0.85$, $RMSEA = 0.50$ were all indicative of a good fit. In order to determine the validity of the hypothesised paths, the statistical significance of all structural parameter estimates was examined. The structural parameters estimates and the hypothesis- testing results are shown in table 3.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Causal path</th>
<th>Path coefficient</th>
<th>t-values</th>
<th>$R^2$</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>COO $\rightarrow$ As-Aw</td>
<td>0.62**</td>
<td>7.84</td>
<td>0.38</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>COO $\rightarrow$ Pq</td>
<td>0.61**</td>
<td>8.75</td>
<td>0.37</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>COO $\rightarrow$ Lo</td>
<td>0.76**</td>
<td>9.85</td>
<td>0.58</td>
<td>Supported</td>
</tr>
<tr>
<td>H4</td>
<td>As-Aw $\rightarrow$ Obe</td>
<td>0.27*</td>
<td>3.36</td>
<td>Supported</td>
<td></td>
</tr>
<tr>
<td>H5</td>
<td>Pq $\rightarrow$ Obe</td>
<td>0.20*</td>
<td>2.36</td>
<td>Supported</td>
<td></td>
</tr>
<tr>
<td>H6</td>
<td>Lo $\rightarrow$ Obe</td>
<td>0.37*</td>
<td>2.87</td>
<td>Supported</td>
<td></td>
</tr>
</tbody>
</table>

$OBE = 0.27As/Aw + 0.20Pq + 0.37Lo$ 0.46

*Denotes significance at the 0.05 level; ** donotes significance at the 0.01 level

Hypothesis H(1) was statistically verified ($y = 0.62$ $t = 7.84$) a positive impact of Country image on brand awareness/brand associations was detected. Hypothesis H(2) which states that country image has positive effect on perceived quality was also statistically verified ($y = 0.61$ $t = 8.75$) as was Hypothesis H(3) which states that country image has positive effect on brand loyalty ($y = 0.76$ $t = 9.85$).

Hypothesis H1, H2, H3 predicted the relationship between country image and three dimensions of its consumer based equity.

Hypothesis H(4) which asserts that brand Awareness/Brand Associations has a positive effect on overall brand equity was statistically verified and the relation between these two implicit variables was found to be significant ($y = 0.27$ $t = 3.36$).

Research Hypothesis (H5) which argues that perceived Quality has a positive impact on overall brand equity was also verified and the relation between these two variables was found to be statistically significant ($y = 0.20$ $t = 2.36$).

Resercah hypothesis H6 claim that brand loyalty has a positive effect on overall brand equity and was accepted ($y = 0.37$ $t = 2.87$).
6. Discussion and conclusion

This study deals with the possible effect of the “country origin image”, which is a potentially important psychological factor on the brand value. The potential effect of the country name on the market processes positively or negatively could be assessed as “distorting effect” as it will detract decision-making process from the rational level (quality, price, functionality, etc.). Therefore, in case of the existence of such an effect, the market performances of the brands in the international markets shall not be explained only with rational measuring fields and their marketing strategies. Within this framework, when the brands of Turkish origin are used as “stimulant” in the sample of British consumers, the evaluations and approaches of the consumers have formed the main structure of this study.

The research results prove that the evaluations about the country image have an effect on the brand evaluation processes of consumers from various aspects. The view drew by the British consumers taking place in the sample of this study demonstrates that the business firms operating in the international market should take notice of the effect of “country image”. The evaluations of consumers about the country of origin image affect the brand recall constituting the brand value, brand awareness, perceived quality and brand loyalty directly and the buying decision of consumers through the brand equity. This fact makes “country effect” a critically important factor in terms of the market performance of the brand or product in the international markets.

The research model used within the scope of this study has been tested for Beko, a brand of Turkish origin. It is observed that the aforementioned model has produced significant consequences in the context of the British consumers in the sampling. In other words, the evaluations and behavioral intentions of the British consumers for the Turkish brands could not be independent from the effect of country image.

When considered that the brand of Beko is one of the leading actors in the British market, the aforementioned perception of Turkey stays as the biggest handicap for the market performance of the brand. In that case, the brand only depends on marketing strategies; but is devoid of the country name support, which has the characteristic of a general “umbrella brand” to increase the efficiency of these strategies. However, Bosch (Germany) and Sony (Japan), which have powerful country images, use their marketing strategies and also can utilize the names of Germany and Japan as a general umbrella brand. Depending on the evaluations of consumers about the country image, it is clear that the struggle between a brand with double-resourced competitive power and a brand with singular-resourced competitive power is not a balanced and fair struggle.

This case clearly shows that the firms operating in the international markets should carry out big organizations devoted to the public in order to turn the evaluations about their origin countries into positive. Therefore, whether this important resource of competitiveness has been activated should be one of the main issues to be analyzed when the performance in the international markets is in question.
Consequently, unless the perception management regarding the country name and country marketing is integrated into the marketing processes of firms, it shall not be realistic to mention sustainable and superior market performance. That the decision-making processes of consumers are not independent of basic human psychology naturally requires paying special attention to the psychological factors in particularly international marketing. On that sense, detecting the connotations of the country name and developing managing skills of these connotations should be regarded as the junction point of strategic marketing and international marketing.

References


