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COUNTRY EQUITY: AN EMPIRICAL INVESTIGATION ON BRAZILIAN AND CHINESE FOOTWEAR IMAGES BEFORE CHILEAN CONSUMERS

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Abstract: Ground on the country equity concept and stemming from the extension of the brand equity construct so as to address countries, this study´s purpose is to empirically investigate the influence a product´s country-brand name imparts on foreign consumer attitude before the same. To this effect, Pappu and Quester´s (2010) model was elected, comprising five dimensions (country awareness, macro country image, micro country image, perceived quality and country-bond loyalty) and combined with Häubl (1996) based affective indicators. The proposed model was tested on a non-durable products category (footwear). Outcomes did not support the proposed dimensions.

Key-words: Country equity; Country of origin; Country-branding

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Introduction

As a result of market place globalization shelves increasingly side products that echo an assortment of origins. Brazilian offerings must ensure differentiation to effectively compete in the global arena. Since price-based competition poses significant risk, one of the alternatives Brazilian companies might resort to rests in investing in the building of strong global brand names which is, in itself, by no means an easy task to tackle. Since a favourable image of a given country is deemed important for both consumer assessment and purchase decision making purposes, one possible pathway might shape if one links a given brand name to its home country (ROTH; DIAMANTOPOULOS, 2009; KOSCHATE-FISCHER; DIAMANTOPOULOS; OLDENKOTTE, 2012). Thus, brand names that are building or intend to build their global brand name and positioning strategy have to know if emphasis ought or not to be placed on their origin. In an article published in the Harvard Business Review journal, Deshpandé (2010) suggested the existence of a "provenance paradox" and that for the forthcoming decades, one might deem the same as being a major emerging market marketing challenge.

In as much as Brazil in particular is concerned, Giraldi and Carvalho (2005) found that there is no competitive advantage in resorting to the Brazilian origin attribute. In recent years, Guina and Giraldi (2012) verified that in the case of Brazilian beef, the country´s image did not impact respondent attitude. Nevertheless, this might be due to the fact that beef qualifies as a low involvement product. In any event, given Brazil´s current visibility and exposure before the international arena, belief rests in the importance of investigating whether such findings apply to Brazilian companies that operate overseas and if so, in which sectors. The analysis might come to subsidize decisions as to employing the Brazil brand name when it comes to exporting certain local products.

This study´s prime purpose was to assess the country equity construct from the consumer´s standpoint. To this effect, an empirical survey with Chilean consumers was conducted in as much as their perception regarding footwear manufactured in Brazil and in China was concerned. Notwithstanding increased interest in this construct, empirical evidence is recent and limited to two studies, namely those conducted by Pappu and Quester (2010) and Zeugner-Roth, Diamantopoulos and Montesinos (2008). In alignment with Pappu and Quester´s (2010) future investigation recommendations, the study was replicated and complemented with an affective component per Maheswaran and Chen´s (2006) suggestions. Thus, Pappu and Quester´s (2010) five dimensions country equity construct comprising country awareness, macro country image, micro country image, perceived quality and country-bond loyalty was complemented by a country affection assessment employing a scale, per Häubl´s (1996) proposal.

The study´s structure was ideated as follows: following this introduction, applicable literature is revised. Subsequently, the elected methodologies and limitations are described, gathered results unveiled and respective implications discussed. Finally, the study´s conclusions are presented.

Conceptual Framework

The country equity construct is ground on both country image and brand equity theories. To adequately picture the theme, one ought to revise existing literature on country image, country of origin image and home country impact concepts.

Martin and Eroglu (1993) define country image as being the set of all descriptive, inferential and informational beliefs that one holds as to a given country. This overall perception ends up impacting the assessment of consumers as to products that come from a particular country, thus shaping into what is known as country origin or home country image. On the other hand, the country origin effect centres on specific product categories. Johansson, Ronkainen and Czinkota (1994) propose that consumer attitude and behaviour before a given product are influenced by a country judgement as a producer of that specific product, resulting in the country of origin effect. One comes across the very same concepts in literature but rather under distinct denominations. For instance, Diamantopoulos, Schlegelmilch and Palihawadana (2011) use "product category image" to refer to what is herein defined as "country of origin effect" whilst Roth and Diamantopoulos (2009) mention the expression "country-product image" to define the "country of origin image".

Likewise, the country of origin concept evolved over the years. At first it was associated with the country where products were manufactured, i.e., the name of the country that appeared on product "made in" tags (USUNIER, 2006). Subsequently, the notion of country of origin referred to the country to which the company was bound to, most often, that where it emerged (SAMIEE, 1994). In other words, the brand name´s country of origin became more significant to consumers than the manufacturing country (LECLERC; SCHMITT; DUBÉ, 1994).

This trend possibly springs from the fact it is the brand name that certifies a product´s quality, not the country where the same is manufactured since, as of the 90´s, multinationals began to manufacture at cheaper sites whether via outsourcing, offshore manufacturing or both. Usunier (2006) understands that one often deems the country of origin as being that which consumers associate with either the product or the brand name, no matter where the former was produced. Nevertheless, Koschate-Fischer, Diamantopoulos and Oldenkotte (2012) draw attention to a possible trend reversion: after several scandals and problems that arose involving products manufactured in Asiatic countries, consumers concerns also included the countries where products are manufactured. A study on ecological cars did indeed demonstrate that corporate country origin, manufacturing country, parts country of origin and brand name country effectively impact product quality perception whilst the later drives purchase intents (SINRUNGTAM, 2013). Patara and Monroe (2011) in turn verified that informing a product´s ingredients' country of origin may positively impact that product´s quality perception and purchase intents, when the country of origin´s image is strong and positively associated with the same.

Research has largely deemed the country of origin primarily as a stimulus employed by consumers to coin product inferences as is the case, for instance, as to quality. To this effect, declaring the country of origin plays a role that is akin to that of other extrinsic attributes such as price, brand name and retail seller reputation (VERLEGH; STEEMKAMP, 1999). However, one ought to take into account that "made in" is not the single clue that consumers may employ to draw inferences as to a product´s country of origin or nationality. Other marketing tools such as propaganda and branding may come to

be employed so one implicitly or explicitly associates a product to a given country (VERLEGH, 2001).

On the other hand, another set of studies demonstrate that the country of origin is not merely another cognitive "clue" for consumers but rather bears emotional and symbolic meanings. According to Verlegh and Steenkamp´s (1999) revision, country of origin information may associate the product to status, genuineness and exoticism. It can further link the product to a whole imagery involving a given country with sensorial, affective and ritualistic connotations (ASKEGAARD; GER, 1998).

Normative aspects can also influence the country of origin effect. The existence of country of origin or brand related norms may directly impact purchase intent when products are being evaluated even though they might not impact attitudes in terms of the product itself (OBERMILLER; SPANGENBERG, 1989). One might come across, for instance, social rulings coined for the purpose of expressing rejection towards a given country´s policies or practices, driving the avoidance of certain products because of their country of origin (VERLEGH; STEEMKAMP, 1999). There is no clear cut delimitation between the frontiers of the three processes (cognitive, affective and normative). However, it is widely known that they interact with each other and influence purchase decision making.

Literature likewise offers criticism as to the theme´s current business world relevance given that research on country origin is both popular and extensive. Some scholars (such as SAMIEE, 2010; USUNIER, 2006) advocate that country origin studies have become increasingly less relevant and criticize authors that remain bound to the theme. Usunier (2006) for instance understands that researchers continue to study country of origin related aspects because of the eased generation of information as of empirical studies. The author advocates that there is a misconnection between the relevance researchers assign to the subject matter and prime global market player concerns, rendering studies immaterial to the business community, despite their holding academic credibility.

Samiee, Shimp and Sharma (2005) understand that if brand name origin were to truly play a relevant role in consumer assessment and purchase decision making processes per most of existing literature on this subject matter´s assumption, consumers ought to hold precise brand name origin identification competencies. Thus, if consumers do not demonstrate knowledge in brand name origins it is either because a given brand name is perceived as being manufactured and sold at a number of countries or the brand name´s origin goes unmarked before the selection process. The authors concluded that consumers either have limited awareness of brand name origins or do not assign relevance to this information and thus do not memorize the same. An opposition to the latter conclusions resides in information as to brand name origin holding an important role to consumers, whether they are or not able to correctly identify its origin. In other words, consumers may react based on incorrect perceptions as to a product´s origin (SAMIEE et al., 2005).

In their studies, Diamantopoulos et al. (2011) investigated whether purchase intents are solely leveraged by brand name image (no country image or product category country-linked image). Results demonstrated that recent country of origin construct criticism are unfounded since the country of origin continues to impart relevant influence on brand name perception and thus remains relevant to international marketing practices.

Kim and Chung (1997) and Shimp et al. (1993) demonstrated that brand names sprung from the same given country shape similar images or associations in consumer mind-sets. Furthermore, a country´s image at a given marketplace may be impacted by the prime national brand name performance (Kim, 1995). In other words, literature suggests that the relationship between country image and brand name image is bidirectional (PAPPU; QUESTER; COOKSEY, 2007). Pappu et al.´s (2007) study indicates that a country´s image might influence brand name equity value assignment´s key dimensions such as brand name associations, perceived quality and brand name loyalty.

Diamantopoulos et al. (2011) investigated the country of origin image, brand name image and purchase intent relation. Analysis unveiled that the country of origin´s image indirectly influences purchase intents since the former´s impact is fully mediated by the brand name´s image. In other words, consumer brand name image assessments already take into account perceptions in as much as the country of origin is concerned.

Brand equity in short refers to the value a brand name adds to a product or service. Aaker (1991, p.16) understands brand equity is "a set of brand assets and liabilities linked to a brand name and symbol, which add to or subtract from the value provided by a product or service to a company and/or it´s consumers". Aaker´s (1991) original ideation is ground on five dimensions, namely: (1) brand name loyalty; (2) brand name awareness; (3) perceived quality; (4) brand name associations and (5) other brand name owner assets (patents, trademarks, distribution channel relations). Numerous authors including Shimp, Samiee and Madden (1993); Shocker, Srivastava and Ruekert (1994) and Pappu, Quester and Cooksey (2006), studied the relations between a brand name´s origin and it´s respective equity. Given this context, the concept known as country equity - sometimes also referred to as country brand equity - arose. Much like consumer assessment of a brand name´s image already comprises their perceptions as to its home country (Diamantopoulos et al., 2011) country brand name evaluations would also embed perceptions of the country´s image.

Shimp et al. (1993) were the first authors to propose the country equity concept with views to understanding the role of a country´s image in consumer attitude. The authors advocate that country equity serves the purpose of separating core brand name value from that associated with the country one associates the brand name with. The subjacent logic rests on the notion that much the same way a new brand name might increase its value thanks to the same company´s previously existing brand names, given brand names may increase their value because of the country with which one identifies them with.

Papadopoulos and Heslop (2002) shaped a multidimensional vision of countries (or locations) as forming a brand name, comprising several portions that gather and might come to interact, namely: investment destinations, producers, exporters or touristic destinations. Their study focuses on foreign investment attraction and suggests that approaches must take into account the maturity stage of target-companies.

Pappu et al. (2007) demonstrated that from the consumer´s standpoint, a country´s macro and micro images significantly influence given product and brand name equities and furthermore, that such influence is product category specific. Macro image is linked to the set of beliefs consumers hold as to a given country (country image) whilst the micro image refers to that nurtured before a given country´s products (country of origin image).

Literature diverges in as much as the country equity´s construct is concerned. Zeugner-Roth et al. (2008) understand country equity as being a tri-dimensional construct comprised by: (1) awareness/brand name-country associations, (2) country-brand name perception and (3) country-brand name loyalty. A more recent Pappu and Quester (2010) study employs a five dimension construct, namely: (1) country awareness; (2) macro country image; (3) micro country image; (4) perceived quality; and (5) country loyalty. Table 1 presents literature´s country equity definitions.

Author(s)	Definition
Shimp et al. (1993, p.328)	"*country equity* serves to disentangle the equity contained in a brand name...from that contained in the country to which the brand name is associated"
Pappu and Quester (2001, p. 258)	"the value endowed by the name of a country onto a product"
Papadopoulos and Heslop (2002, p. 295)	"the value that may be embedded in perceptions by various target markets about the country"
Maheswaran and Chen (2006, p. 375)	"like brands, countries also have equity associated with them…that goes beyond product perceptions and may also have an emotional component"
Zeugner-Roth et al. (2008, p. 583,)	"the value-added brought forth by the association of a product or brand with a given country name, as perceived by the individual consumer."
Papadopoulos and Heslop (2003, p. 427)	"a set of country assets and liabilities linked to a country, its name and symbols"
Papadopoulos (2004, p. 43)	"real and/or perceived assets and liabilities that are associated with a place (country)"
Pappu and Quester (2010, p. 276)	"We define country equity from a consumer perspective, as the value endowed by a source country onto products originating from that country"

Table 1: **Country equity definitions**
Source: extracted from Pappu and Quester, 2010.

Another point that rests unclear within existing literature refers to the role played by a country´s image within the country equity construct. Existing customer standpoint based brand equity conceptualizations (Aaker, 1991) suggest that a brand name´s image comprises its equity. Along these very lines, Pappu and Quester (2010) thus deemed the source country´s image as one of the elements that shape the country equity construct. On the other hand, some researchers (ZEUGNER-ROTH et al., 2008 for instance) believe that source country image and country equity are two entirely distinct constructs whilst others (KLEPPE; IVERSEN; STENSAKER, 2002 for instance) rather understand that it is country equity that integrates the country of origin image construct.

Extending Pappu and Quester´s (2010) proposal by adding the affection component to one of the dimensions advocated by these scholars, the following hypothesis was tested:

Hypothesis: The perception of the country equity construct for footwear sourced in Brazil and China comprises five dimensions, namely: country awareness, macro country image, micro country image, perceived quality and country-bond loyalty.

Methodology

In alignment with the findings revealed by the conceptual framework, the study herein presented understands that the very notion of country equity cannot be applied in a generalized manner across different product categories within the same given country. That is why the proposed model was tested by applying the survey to a specific product category – footwear – sourced at two emerging countries, namely: China and Brazil. Footwear was chosen given the fact that it is often employed in the handful of studies that investigate Brazil and other Latin American countries as home countries (e.g. CORDELL, 1992; ROTH; ROMEO, 1992; GIRALDI; CARVALHO, 2009) and because most consumers, primarily youngsters, are well acquainted with these products. Furthermore, choice fell upon Brazil and China for the following reasons: (i) both are emerging countries that hold sound commercial relations with Chile; (ii) both export footwear to Chile; (iii) both are important global footwear exporters.

Measuring Scales

Two empirical studies measured the country equity construct, namely: those conducted by Zeugner-Roth et al. (2008) and Pappu and Quester (2010).

Zeugner-Roth et al. (2008) resorted to the scale Yoo and Donthu (2001) developed since it was widely accepted by existing literature and used this reference to coin a country equity construct measure. They chose to not employ one of the scale´s original 10 items sheltered by the belief that it reflected ethnocentric trends (SHIMP; SHARMA, 1987). Zeugner-Roth et al.´s (2008) final scale thus remained with nine items, assessed by a seven point Likert grade. Home country images were measured by a scale comprising eight items that stemmed from the set of 10 suggested by Parameswaran and Yaprak (1987). In addition to being strongly supported by prior investigations as to home country effects, the prime underlying reason for having elected this scale in particular rests on the intent to capture the country´s image rather than that of the product. Thus, a country equity measure was coined and tested as of a tri-dimensional conceptualization that includes loyalty, perceived quality and country brand name awareness/associations. Tests confirmed that the home country image and country equity are effectively, entirely different constructs. When studying home country effects one thus may deem both constructs as being potential predictors of purchase intents and attitudes.

Pappu and Quester (2010) employed their five dimensional construct based on a different set of scales. Country image was measured ground on Nagashima (1970, 1977) and Martin and Eroglu´s (1993) scale whilst brand equity was measured according to items extracted from Pappu, Quester and Cooksey (2006), Yoo and Donthu (2001) and Aaker´s (1991) studies. The original scale comprised 35 items which were submitted to factorial analysis and thus reduced to 24. Confirmatory analysis eliminated another five so the final version thus comprised 19 items.

As pinpointed by Maheswaran and Chen (2006), developing a measure for country equity also calls for the capturing of emotion related attitude dimensions. To this effect, the existing affective scales measuring country related emotions and feelings were evaluated so as to improve Pappu and Quester´s (2010) scale. This study selected Häubl´s (1996) scale.

With views to contributing with an improved understanding and application of the country equity construct and in alignment with Pappu and Quester´s (2010) suggestions as

to the incorporation of emotional dimensions to the same´s measuring scale, that of Häubl (1996) was elected since it was deemed amongst those examined, the most parsimonious. Therefore, the study employed Pappu and Quester´s (2010) original scale comprising 35 items plus four of Häubl´s (1996) affective scale. The decision to utilize the original scale and not the purified 19 item version arose from the uncertainty as to the same items remaining throughout the analytical phase once applied to countries other than those researched by Pappu and Quester (2010) and also, given the inclusion of the affective component.

The country awareness dimension comprised four variables (1-4), the macro country image employed eleven variables (5-15), the micro country image used fifteen variables (16-26 and 36-39), the perceived quality dimension five variables (27-31) and that pertaining to country loyalty, four variables (32-35). In as much as the four affection variables are concerned, they were incorporated into the micro country image construct because in the original scale, this dimension already included a variable that measured affection ("I like country x").

Population and Sample

Population definition fell upon a set of Chilean university-level students. The convenience sample was extracted from the population´s subsets, namely: graduate and post-graduate level course students attending the Pontifical Catholic University of Chile (UC Chile), the University of Chile (U. de Chile) and the Adolfo Ibáñez University (UAI), all of which are located at the country´s capital, Santiago. When researching both country image and brand equity it is deemed appropriate and of common use to resort to samples comprised of students for the purpose of developing and testing scales (ZEUGNER-ROTH et al., 2008). It´s worth noting that the age segment of the interviewed population represents more than half of the sample studied by Pappu and Quester (2010) in Australia.

Data collection and analysis

For data collection purposes self-completed questionnaires were chosen whereby interviewees mark their replies down without a researcher´s intervenience. Questionnaires were hand delivered to students at the university *campi* during the month of November 2011. Each questionnaire contained assessments involving both countries, Brazil and China. It also included items covering demographic and familiarity with the countries aspects. Once having been translated from English to Spanish by a native speaker, the questionnaire was pre-tested on Hispanic origin students (two Chileans, one Argentinian and one Peruvian) and was revised for the purpose of improving legibility and ensuring respondent full comprehension.

A Likert-like five point score scale was employed whereby respondents were required to indicate to what extent they agreed or disagreed with affirmations, employing as anchors (1) "fully disagree" and (5) "fully agree". Data collection resulted in 220 respondents but 14 questionnaires were incomplete and thus excluded from the sample. Since two respondents declared to reside less than 5 years in Chile, the end result was a total of 204 valid questionnaires. Respondent age ranged from 17 to 26 years old and the same equally represented both male and female genders.

Questionnaire resultant replies were revised, transcribed and treated. Preliminary analysis revealed that nine variables concentrated a high "don´t know/not aware of"

response rate involving both Brazil and China and were thus excluded from the analysis. One of the queries referred to the country´s macro image dimension, five pertained to the country´s micro image, two to perceived quality and one to the country loyalty dimension.

For starters, an Exploratory Factorial Analysis was conducted enabling the identification of existing inter-indicator relations for the possible reduction of the country equity construct. Once constructs were identified, a Confirmatory Factorial Analysis was conducted.

Findings

First, descriptive variables and consumer perceived dimension statistics are presented, comparing Brazil and China pertinent responses. Subsequently, the country equity related construct is tested.

Descriptive Statistics

Descriptive statistics demonstrate that in the mind of Chilean consumers, China is better known as a product supplier than Brazil despite the fact that the level of knowledge involving both countries is pretty close (Table 2).

	Variables	China		Brazil	
		Average	Standard deviation	Average	Standard deviation
1	There is extensive propaganda as to products manufactured in country x.	3,14	1,271	2,51	0,975
2	I recognize country x´s brand names.	3,04	1,290	2,59	1,158
3	I have already heard of country x.	4,74	0,699	4,69	0,812
4	Some of country x´s characteristics promptly come to my mind.	4,49	0,845	4,56	0,837

Table 2: Descriptive "Country Awareness" Statistics[4]
Source: Prepared by the authors

Macro country image dimension variables descriptive statistics analysis (Table 3) unveils that China is perceived as being more developed and industrialized than Brazil, featuring higher technological levels and lower workforce costs. On the other hand, when it comes to political and economic freedom variables (8, 9 and 15), in the Chilean university-level consumers' mind-set, Brazil is far better positioned than China. This also applies to product quality (variable 11), perceptions involving the quality of Brazilian footwear being substantially superior before footwear sourced in China. Finally, in as much as the life standard offered to the local population is concerned, that of Brazil is understood as being slightly better than that perceived China offers to its people.

	Variables	China - footwear		Brazil - footwear	
		Average	Standard deviation	Average	Standard deviation
5	Country x features a high level of industrialization.	4,64	0,639	3,69	0,827

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[4] **Nota:** Likert-type agreement scale 1= fully disagree to 5=fully agree

6	Country x features a highly developed economy.	4,29	0,788	3,51	0,787
7	People in country x are well educated.	3,68	0,922	3,36	0,787
8	Country x features a free market.	3,28	1,286	3,99	0,933
9	Country x is a democratic country.	2,02	1,092	4,41	0,852
10	Country x features a high level of technological research.	4,22	0,891	3,20	0,670
11	Country x manufactures high quality footwear.	2,62	1,123	3,55	0,960
12	Country x offers a high standard of life to its people.	2,40	0,987	2,86	0,905
13	In country x labour costs are high.	1,58	0,944	2,87	0,692
15	Country x features a civil, non-military government.	2,80	1,119	4,12	0,991

Table 3: Descriptive "Macro Country Image" Statistics[5]
Source: Prepared by the authors

In as much as the dimension "micro country image" (Table 4) is concerned, it´s worth noting, per variable 19 (pride in owning the product), how Brazilian footwear catches the spotlight. Although price perceptions (variable 21) are primarily a matter of competitive positioning as opposed to being a quality related indicator, mention must be made to the fact that here too, the Brazilian product scores higher than that of China. In as much as affection pertinent variables are concerned (25, 36, 37, 38 and 39), once again, yet throughout the entire proposed set, Brazil scores higher averages than China except for the peace related characteristic, when average scores drop and come close to those of China.

	Variables	China - footwear		Brazil - footwear	
		Average	Standard deviation	Average	Standard deviation
19	I´d be proud to own footwear manufactured in country x.	2,68	1,152	3,42	1,103
20	Footwear manufactured in country x provision a high level of status.	2,08	0,898	2,98	1,055
21	Footwear manufactured in country x is expensive.	1,92	0,935	3,31	0,806
22	Footwear manufactured in country x is luxurious.	2,00	0,94	3,11	0,78
24	I trust country x as a footwear manufacturer.	2,85	1,17	3,65	1,05
25	I like country x.	3,41	1,25	4,65	0,71
36	Country x is enchanting	2,79	1,05	4,22	0,85
37	Country x is friendly	2,47	1,00	4,49	0,73
38	Country x is pleasant	2,63	0,96	4,34	0,81
39	Country x is peaceful	2,75	1,23	2,95	1,09

Table 4: Descriptive "Micro Country Image" Statistics[6]
Source: Prepared by the authors

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[5] *Note:* Likert-type agreement scale 1= fully disagree to 5=fully agree
[6] *Note:* Likert-type agreement scale 1= fully disagree to 5=fully agree

"Perceived quality" dimensions (Table 5) present higher Brazil averages across all queries evidencing that Brazilian footwear is perceived as being markedly superior to that manufactured in China.

Variables		China - footwear		Brazil - footwear	
		Average	Standard deviation	Average	Standard deviation
27	Footwear manufactured in country x is of excellent quality	2,37	0,921	3,34	0,818
28	Footwear manufactured in country x feature excellent characteristics.	2,67	0,897	3,31	0,743
30	Footwear manufactured in country x is very reliable.	2,51	0,881	3,29	0,824

Table 5: Descriptive "Perceived Quality" Statistics[7]
Source: Prepared by the authors

Finally, in as much as the "Country Loyalty" dimension is concerned (Table 6) across all queries both countries score low averages indicating that consumers do not prefer or are loyal to footwear sourced from Brazil and from China.

Variable		China - footwear		Brazil - footwear	
		Average	Standard deviation	Average	Standard deviation
32	Country x would be my preferred choice for footwear.	2,06	1,025	2,91	1,115
33	I would not buy footwear manufactured in other countries if in a position to purchase the same product rather manufactured in country x.	1,96	1,052	2,36	1,107
34	I believe I am a loyal buyer of country x´s footwear.	1,65	,996	1,55	,832

Table 6: Descriptive "Country Loyalty" Statistics[8]
Source: Prepared by the authors

Subsequently, the relations between country acquaintance (measured by the query "Have you ever visited Brazil/China?") and the other variables were investigated via cross-tabulation. Since only 10 respondents had visited China and 65% had visited Brazil, only the latter was taken into account in the acquaintance analysis.

Most variables did not support significant difference between respondents who had visited Brazil and those who had never visited the country. However, knowledge of Brazilian footwear brand names prove to be greater amongst those who had visited the country, attention being drawn in particular, to their more often tending to agree with the affirmations "I´d be proud to own footwear manufactured in Brazil" and "Footwear manufactured in Brazil provision a high level of status". On the other hand, they were more inclined to agree with the affirmation "Footwear manufactured in Brazil is expensive". Furthermore, in as much as the three variables that measured perceived quality, respondents that had already visited Brazil recorded greater likelihood of perceiving

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[7] *Note:* Likert-type agreement scale 1= fully disagree to 5=fully agree
[8] *Note:* Likert-type agreement scale 1= fully disagree to 5=fully agree

enhanced Brazilian footwear quality in opposition to those who had never visited the country.

Research Hypothesis Test

The first step comprised applying the Exploratory Factorial Analysis (EFA) technique to both country and product combinations. Indexes testing the existence of correlation between variables and factorial analysis adequacy before collected data resulted in figures that were deemed adequate. The KMO test also revealed higher than 0.5 indexes. Bartlett´s test also evidenced factorial analysis adequacy. To simplify data interpretation, Varimax orthogonal rotation was employed, maximizing the sum of the variances of factor matrix (squared) loadings. Twenty one indicators were selected from the original scale based on EFA results.

Little´s MCAR (Missing Completely at Random) test was applied for missing value analysis purposes. Since results did not reject the null hypotheses (p> 0.05), missing value estimates were thus enabled and conducted via the mean substitution method. This approach comprises replacing a variable´s missing data by that variable´s mean as calculated as of the sum total of valid responses.

"Macro country image" (MA) and "micro country image" (MI) construct indicators were not quite the same for both of the country-product combinations analysed. Therefore, slightly different indicators were employed for both constructs and exactly the same indicators were adopted for the other three constructs, namely: "perceived quality" (PQ), "country loyalty" (CL) and "country awareness" (CA). Table 6 pictures each combination´s indicators and their respective denominations.

Acronym	**China - Footwear**	**Brazil - Footwear**
CA 1	Brand awareness	Brand awareness
CA 2	Country awareness	Country awareness
MA 1	Labour costs	Government system
MA 2	Economic development	Quality products
MA 3	Skilled resources	Life standard
MA 4	Government system	Free market
MA 5	Technological research	Technological research
MA 6	Free market	Industrialization level
MA 7	Quality products	Economic development
MI 1	Luxury footwear	Enchanting country
MI 2	Pride in owning footwear	Luxury footwear
MI 3	Peaceful country	Pride in owning footwear
MI 4	Enchanting country	Like the country
MI 5	Friendly country	Peaceful country

MI 6	Like the country	Expensive footwear
PQ 1	Excellent characteristics	Excellent characteristics
PQ 2	Reliable footwear	Reliable footwear
PQ 3	Durable footwear	Durable footwear
CL 1	Preferred choice	Preferred choice
CL 2	Sole choice	Sole choice
CL 3	Loyal buyer	Loyal buyer

Chart 1: CA, MA, MI, PQ and CL Indicators
Source: Prepared by the authors

As of exploratory factorial analysis results, confirmatory factorial analyses (CFA) were conducted. Models were estimated by employing the Maximum Likelihood method. CFA outcomes resulted in the exclusion of an additional four indicators, two pertaining to the "macro country image" (MA) and two to the "micro country image" (MI) constructs.

Figure 1 presents the proposed model´s diagram, illustrating the herein employed, 17 final indicators.
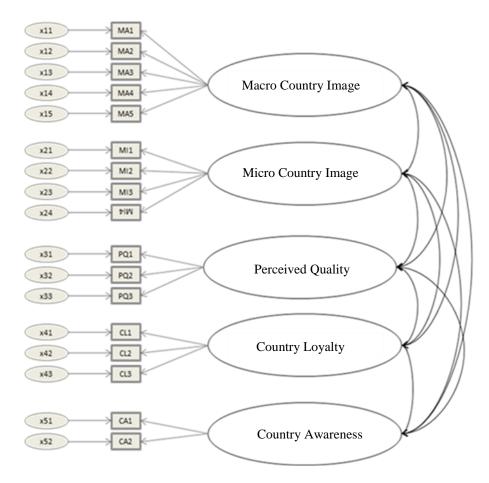

Figure 1: Model and structural routes
Source: Prepared by the authors

The model was further examined to ensure that from an integrated set perspective it conveyed a satisfactory overall vision of the proposed construct. To this effect, Table 7 presents the model´s adjustment indexes and outcomes.

Statistics	China – footwear	Brazil - footwear
χ^2 / df	1.870	3.850
GFI	0.860	0.831
AGFI	0.657	0.769
TLI	0.787	0.639
CFI	0.824	0.702
RMSEA	0.065	0.118

Table 7: Adjustment Measures (Fit)
Source: Prepared by the authors

According to Hair et al.´s (2010) recommendations, sound models comprising 10 or more observable variables and samples containing less than 250 cases, feature Tucker-Lewis (TLI) and comparative fit indexes (CFI) that remain above 0.95, whilst root mean square error of approximation (RMSEA) figures do not exceed 0.08 and acceptable goodness of fit indexes (GFI) exceed 0.90. Whilst the "Brazil – footwear" model did not result in satisfactory indexes, that addressing "China-footwear" prove to better fit matrix data.

Successful convergent validity evaluations feature construct indicators that share high proportion of variance figures, in common. Amongst other approaches, one can estimate convergent validity by analysing factorial loads whereby all must prove to be statistically significant and standardized load estimates, should result in 0.5 or higher, coefficients. Table 9 presents this study´s standardized load estimates and shows how at 10%, some of the indicators are not statistically significant and that some loads fall short of the mentioned 0.5 requirement.

	China - footwear	Brazil - footwear
MA1	.16	.11
MA2	.29 [ns]	.86 [ns]
MA3	.42 [ns]	.13 [ns]
MA4	.34 [ns]	.12 [ns]
MA5	.56 [ns]	.40 [ns]
MI1	.85	.78
MI2	.78	.84
MI3	.18	.92

MI4	.24	.48
PQ1	.81	.92
PQ2	.85	.88
PQ3	.75	.92
CL1	.75	.76
CL2	.65	.74
CL3	.50	.59
CA1	1 [ns]	1
CA2	0,037	.31

[ns] = not statistically significant at 10%

Table 8: Standardized load estimates
Source: Prepared by authors

Hair et al. (2010), state that construct reliability estimates must exceed 0.7. All constructs coined herein presented reliability coefficients that superseded 0.9, confirming the existence of internal consistency, i.e., that all measures consistently represent the same latent construct. An average variance extracted (VE) coefficient that results in 0.5 or more suggests adequate convergence and all of this study´s constructs exceeded this figure.

As of confirmatory factor analysis results, suspicion involving the possibility that the country equity construct - at least as herein coined and before the collected sample – not seeming to comprise the five previously hypothesized dimensions arose, as can be seen from Table 9´s covariance analysis figures.

Construct pairs	China - footwear	Brazil - footwear
MA – CA	0.001 [ns]	0.008 [ns]
CL – CA	0.002 [ns]	0.047
CL – PQ	0.325	0.531
PQ – MI	0.689	0.920
MI – MA	0.056 [ns]	0.078 [ns]
MI – CA	0.006 [ns]	0.102
PQ – CA	0.003 [ns]	0.084
CL – MI	0.455	0.575
PQ – MA	0.032 [ns]	0.077 [ns]
CL – MA	0.012 [ns]	0.043 [ns]

[ns] = not statistically significant at 10%

Table 9: **Inter-construct covariance**
Source: Prepared by the authors

The CA construct presented relations problems with the remaining four constructs, namely: MA, CL, MI and PQ. Therefore, covariance analysis results suggest that at least the "country awareness" (CA) construct does not seem to be a country equity dimension.

Likewise, the "macro country image" (MA) construct also presented problems. Thus, test results do not offer empiric support to the five country equity construct dimensions Pappu and Quester (2010) proposed.

Conclusion

This study contributed with the building of knowledge on how to employ the country equity construct for the purpose of assessing consumer perception regarding imported products and their home countries. To current knowledge, the authors deem that research centred on this construct is both recent and limited to two studies, conducted by Pappu and Quester (2010) and Zeugner-Roth et al. (2008).

Both studies resorted to different country equity measurement approaches so one could not draw conclusions from this previous effort, as to which dimensions comprise the construct. Likewise, this study did not engender an adequate version to address country equity measurement neither were the same´s dimensions confirmed. Outcomes were not similar to results obtained by Pappu and Quester´s (2010) study and the hypothesis that country equity comprises five dimensions was not confirmed. Furthermore, this study offers evidence that Pappu and Quester´s (2010) scale might present problems when applied to different contexts as one modifies home countries and products under assessment.

The investigation itself has a number of limitations one must take into account. The elected size of the sample, the use of a convenience sample comprising university-level students, in addition to the products and chosen countries might have, somehow, biased results.

From a managerial standpoint, one cannot at this stage state that resorting to foreign branding, i.e., to branding practices that aim at associating a given product to its home country, poses advantages to emerging countries such as Brazil and China. Brazilian brands that are currently building or intend to build their global positioning must carefully evaluate if there are advantages in using the country brand name in their marketing strategies. The academy has not as yet managed to come to consistent conclusions as to the existence of competitive advantage in one employing the "made in Brazil" attribute.

Nevertheless, some of the findings herein presented are relevant to both managerial practice and public policies. The positive impact of country awareness on variables that measure the quality consumers perceive, for instance, suggests that promoting Brazil as a touristic and investment destination might pose significant positive impact on the perception of country-brand name tourists. Furthermore, study outcomes may help other researchers when investigating the impact of Brazil´s country-brand name.

Recommendations include further research be conducted on the theme so as to test and improve country equity measurement scales, investigate construct dimensions in an in-depth manner and the role country images play in the construct itself. For forthcoming study purposes, suggestions comprise the use of other product categories and other countries, extending this study´s scope.

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COUNTRY EQUITY: UMA INVESTIGAÇÃO EMPÍRICA SOBRE A IMAGEM DE SAPATOS BRASILEIROS E CHINESES JUNTO A CONSUMIDORES CHILENOS

Resumo: Com base no conceito de country equity, originado da extensão do construto brand equity para países, esta pesquisa teve como objetivo investigar empiricamente a influência que a marca-país de um produto exerce sobre a atitude de consumidores estrangeiros em relação a esse produto. Adotou-se o modelo de Pappu e Quester (2010), composto por cinco dimensões (conhecimento do país, imagem micro de país, imagem macro de país, qualidade percebida e lealdade ao país), que foi complementado com indicadores afetivos baseados em Häubl (1996). O modelo proposto foi testado em uma categoria de produtos não duráveis (sapatos). Os resultados não deram suporte às dimensões propostas.

Palavras-chave: Valor da marca-país; País de origem; Marca-país