

A Memory Theory Perspective of Country Image Formation

Richard Lee, Larry Lockshin, Luke Greenacre

Ehrenberg Bass Institute for Marketing Science, University of South Australia

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ABSTRACT

Traditional country-of-origin (COO) strategy in international marketing uses a country-image halo to cue beliefs about the country's products. With expansive trade globalization, domestic consumers are likely to have experience with foreign products, but know little of the products' origin country. Hence, of equal importance is whether product beliefs can imbue country image, but little is known of this reverse influence. If product beliefs can generalize into a favorable country image, a chain effect will then enable traditional COO effects to benefit the country's other products. The results of three surveys across two countries show that product beliefs can indeed influence country image. However, the influence weakens with increasing country familiarity and exists only when the product and country are congruent. Further, the influence may be operating outside of conscious awareness. We draw on the associative network theory of memory to explain our findings. This research improves our theoretical understanding of country and product image halo and provides the grounds for product and brand managers to work with government and tourist organizations for increasing mutual effectiveness.

Keywords: Country-of-origin, halo effects, associative network theory of memory, product-country congruence, country familiarity.

The globalization of today's marketplace makes many demands on international marketers competing in common markets. Faced with intense rivalry among products from different countries, a common strategy used by international marketers is to exploit their country-of-origin (COO) to cue and influence consumers (Balabanis, Mueller and Melewar 2002; Koschate-Fischer, Diamantopoulos and Oldenkotte 2012; Samiee, Shimp and Sharma 2005; Yi, Batra and Siqing 2015). Research into COO effects has established that when consumers lack objective knowledge about a product, they rely on their perceived image of the product's origin country to form stereotypical beliefs about the product (Koschate-Fischer et al. 2012; Srinivisan and Jain 2003). Such country images serve as clichés that can fundamentally affect how people perceive a country and its products (Anholt 2007; Anholt 2005). Consequently, positive country images give the country's products a competitive edge, whereas negative country images can be formidable barriers to international marketers attempting to enter foreign markets, even if the perceptions are misguided or erroneous (Balabanis and Diamantopoulos 2011; Johansson, Ronkainen and Czinkota 1994; Magnusson et al. 2014). This strategy is reflected in industry practices, such as by the German carmaker Audi who uses the same German tagline *Vorsprung Durch Technik* in all foreign markets ostensibly to accentuate their COO.

However, the common conceptualization among these studies – that the direction of the influence flows from country image *to* product beliefs – may give rise to problems. First, given the expansive globalization of trade, many consumers are likely to have experience with some foreign products in their country, but are unfamiliar with the products' COO; in this study, we defined familiarity with a country as having visited a country previously (e.g., see Milman and Pizam 1995; Stepchenkova and Morrison 2008). For example, U.S. consumers may be users of Taiwanese brands (e.g., Acer computers) but are unfamiliar with Taiwan as the brands' COO. It therefore remains unclear whether a *reverse* COO effect,

where product beliefs engender country image, is tenable. Further, although some recent tourism studies have hinted that people may inadvertently use beliefs about a country's products to shape their perceptions of the country as a travel destination (Elliot, Papadopoulos and Kim 2010; Lee and Lockshin 2012), these mainstream tourism studies focus narrowly on the image of the country as a travel destination. Of more pertinent interest to international marketers is whether product beliefs can influence the overall image of the country, rather than just travel destination image. Thus, the first research question of this study is to investigate whether COO effects can have reverse effects such that the influence flows from product beliefs *to* country image.

Second, it is well established that COO effects link country image to product beliefs only when the products are perceived as congruent with the country's image (e.g., France and luxury fashion, Japan and consumer electronics); unless products are congruently associated with a country, COO effects are weak (Chao 2001; Josiassen 2010; Usunier and Cestre 2007). Even if a reverse COO effect is plausible, questions remain regarding whether product-country congruence may similarly moderate the effect. Evidence of product-country congruence would set a boundary on the feasibility of this strategy for international marketers by ruling out countries and products that lack congruence. Hence, the second research question is to determine the potential moderating effects of product-country congruence on a reverse COO effect.

Third, although some studies have shown empirical evidence for their postulation that product beliefs may influence travel destination image (Elliot et al. 2010; Lee and Lockshin 2012), none have detailed a theoretical framework that underpins the influence process. Indeed, recent criticism that international marketing research often lacks theoretical grounding to guide researchers has led to calls for studies to introduce new concepts and focus on theory development in order to stimulate further research in the field (Katsikeas

2014; Samiee and Chabowski 2012). The last question of this study sheds light on the theoretical grounding of a reverse COO effect by building a case that the associative network theory of memory (Anderson 1983; Teichert and Schöntag 2010) underpins the influence process of the effect.

In addressing the three questions, this study contributes to international marketing research, particularly regarding country-of-origin, in several ways. By taking on a different (i.e., reverse) dimension, the effects of a country image may be wider than currently acknowledged or understood. The validation of a reverse COO effect would extend our current understanding of halo effects in general and the COO paradigm in particular. A reverse COO effect would also suggest a “chain effect,” where product beliefs first imbue the origin country’s image, which in turn shapes the beliefs of the country’s other products (Balachander and Ghose 2003; Magnusson et al. 2014). This has wider and more important implications and benefits to many export businesses than just tourism. As trade globalization intensifies competition among foreign firms, understanding this effect would enable exporters and even government trade agencies to develop strategies for a competitive edge by tapping into the favorable perception of one product to improve the beliefs about the country’s other products. Government trade bodies would have another channel – through product users – to promote the country and its products at a national level.

While it is generally acknowledged that a country-image halo can have wide reaching influence (Josiassen et al. 2013; Kotler and Gertner 2002), this study further deepens our current understanding of the relationship between a country and its products by determining the boundary conditions for the relationship. This knowledge would also inform research regarding the effects of the prototypicality of products from particular countries on consumer behavior (Gao et al. 2015; Kalamas et al. 2006; Tseng and Balabanis 2011). For international marketers, evidence that product-country congruence is a necessary condition for a reverse

COO effect would guide the selection of workable product-country combinations in order to harness the effect to influence consumer behavior.

Finally, a key contribution of this study is to shed light on the relationship between COO effects and human memory systems, thereby melding research in international marketing and cognitive psychology. While the study of memory processes in marketing is not new (Bettman 1979; Bowe et al. 2013; Hutchinson, Raman and Mantrala 1994; Zauberaman, Ratner and Kim 2009), we believe this is the first study to explain the workings of a halo effect by deconstructing it in terms of memory functions. An understanding of the memory structure underpinning a reverse COO effect would extend research in both areas. Given the disciplinary maturity of international marketing research (Katsikeas 2014), such cross-discipline investigations would help spawn new research paths for the field. For marketers, understanding how human memory plays a role in COO effects would guide them in developing effective marketing communication strategies to enhance their competitiveness in international markets.

This rest of this paper is organized as follows: we first highlight the associative network theory of memory. Next, we draw on research examining COO, and use key tenets of memory theory to hypothesize and test the relationship between product beliefs and country image. After reporting the methods and results, the paper concludes with applied and academic implications arising from the findings.

ASSOCIATIVE NETWORK THEORY OF MEMORY

In order to better understand the functions of memory in human beings, early researchers conceptualized different memory structures to portray how information is encoded into and retrieved from memory. Examples are the episodic memory and encoding specificity model (Tulving and Thomson 1973), the working versus reference memory model (Olton, Becker and Handelsman 1979), and the multi-store model (Atkinson and Shiffrin 1968). A key purpose for conjecturing such structures is to divide the domain of memory into smaller areas so that theoretical propositions can be made and tested via empirical observations.

Another widely accepted model of memory structure is the associative network theory (ANT) of memory ([Anderson 1983](#); [Bowe et al. 2013](#); [Teichert and Schöntag 2010](#)).

Stemming from the early work by Collins and Quillian (1969) on semantic memory structure, the theory postulates that human memory can be construed as an interlinked network of nodes that are used for cataloguing and storing information. By encapsulating information, these nodes serve to reduce cognitive effort during information encoding and retrieval, and are linked in such a way as to represent meaningful associations between the stored information. It also means that unrelated information or nodes are weakly linked or not at all.

Consequently, the activation of a stimulus node (e.g., by an external cue) can trigger memory retrieval of information in a linked node, a process that is termed the spreading activation of memory ([Anderson 1983](#); [Collins and Loftus 1975](#)). Such spread is consistent with research in memory that suggests that memory retrieval occurs via semantically similar cues (Bower 1981; [Oakenfull and McCarthy 2010](#)).

ANT further posits that the more closely two nodes are associated, the stronger the link between them, and thus the greater the probability of activation by the stimulus node. This probabilistic nature implies that there is a threshold for node activation, where the

threshold is context-specific and generally held to be heterogeneous between individuals ([Collins and Loftus 1975](#)). As each node may be linked to multiple other nodes, it also means that the strongest and most easily accessible (i.e., the most salient) nodes will be activated more often than weaker ones. As a simple example, Figure 1(A) illustrates the concepts of linked (perfume-France, Europe-France) and non-linked or weakly linked nodes (perfume-Europe). Figure 1(B) illustrates that the Eiffel Tower-France association is stronger than the perfume-France association, meaning that recalling “France” from memory is more likely with “Eiffel Tower” than with “perfume” as the activating stimulus.

(Insert Figure 1 here)

The ANT model further postulates that the link between two associated nodes may be bi-directional ([Anderson 1983](#); [Collins and Loftus 1975](#)). As much as “France” can retrieve “perfume” from memory, the reverse is also possible, although the strength of each directional link (i.e., the retrieval) may be asymmetrical. Drawing on ANT, sponsorship marketing research has similarly shown that a sponsor and a sponsored-event can both be used as a cue to retrieve the other ([Cornwell, Clinton and Roy 2005](#)), thereby implying the bi-directionality of a pair of linked ANT nodes.

Finally, the spreading activation process embedded in an associative network structure infers that memory retrieval can be automatic and unconscious ([Anderson 1983](#); [Fazio 2001](#); [Malik, Naeem and Munawar 2012](#)). [Safran and Greenberg \(1986\)](#) surmise that memory nodes may contain temporal, semantic or even affective information that can be stored and linked in memory at a pre-attentive level, and that activation through associated links can take place outside of awareness or consciousness. Supportive evidence of unconscious processing also come from priming studies, where a prior presentation of a

priming concept automatically triggers subsequent processing of neighboring concepts. For example, Fazio et al. (1986) showed experimentally that highly accessible memories were capable of being activated automatically without subjects being conscious of the activating cue. Similarly, asserting that brand image may contain dimensions out of consumers' conscious awareness, associative models have been used to explain the link between brand image and unconscious symbolic and sensorial dimensions of the brand image (Cian and Cervai 2011).

In summary, this review shows that associative network theory (ANT) of memory possesses the following key tenets:

1. Concepts or information are represented as nodes in an associative network.
2. Related concepts are represented structurally by links between the nodes containing the concepts.
3. Activation of one node spreads along the links, with highly accessible nodes (i.e., the more salient nodes) more likely to be subsequently activated.
4. Associative links between nodes can be bi-directional.
5. Activation may occur unconsciously.

In branding research, ANT has been used to explain how brand knowledge resides in memory as a set of associations, where favorable and unique associations among nodes may enhance brand image and awareness (Keller 2003; Ng and Houston 2009). Romaniuk and [Sharp \(2004\)](#) contend that information encountered during brand experiences becomes linked to the brand name as an anchor concept in a consumer's memory. These associations can lead to multiple outcomes, including changing brand salience and brand attitude, and serving as heuristics during choice processes.

International marketing researchers have similarly linked ANT to consumer phenomena such as consumer ethnocentrism ([Siamagka and Balabanis 2015](#)), choice of global versus local brands ([Winit et al. 2014](#)), and brand transgressions ([Gao et al. 2015](#)). For example, Magnusson et al. (2014) viewed country image as a network of associated nodes that reside in consumers' memory, and hinted that ANT can explain how a transgressing brand entraps other brands from the same country. Investigating the problem of trust erosion among brands in a crisis situation where a product causes harm to consumers, Gao et al. (2015; also see Lei, Dawar and Lemmink 2008) suggest that the associative strength between a domestic and an international brand is directional and asymmetrical, a postulation that is consistent with the ANT framework. However, none of these studies have explicitly distilled the role of ANT in these phenomena. In the next section, we extend these studies and draw on the above five tenets to theorize that the relationship between product beliefs and country image is underpinned by an associative memory structure. We then describe the methods with which we tested these tenets within a COO context.

THE INFLUENCE OF PRODUCT BELIEFS ON COUNTRY IMAGE

The effects of country-of-origin (COO) on product evaluations and preferences are well known ([Balabanis and Diamantopoulos 2011](#); [Fong, Lee and Du 2014](#); [Josiassen et al. 2013](#); [Koschate-Fischer et al. 2012](#); [Laroche et al. 2005](#); [Peterson and Jolibert 1995](#)). Especially when consumers lack knowledge of or are unable to detect a product's true characteristics, they often use a perceived image of a product's country of origin to infer stereotypical beliefs about the product. In this sense, COO works like other intangible cues such as price, where higher prices may signal better quality (e.g., [Schindler 2006](#)). Indeed, early research alluded to the notion that people have “a fundamental inability to resist the affective influence of a global evaluation on the evaluation of specific attributes” ([Nisbett and Wilson 1977](#), 255). For example, [Liu and Johnson's \(2005\)](#) experiment showed that deliberately exposing subjects to a product's origin country led them to form country-specific beliefs about the product even though the participants had adequate and differing objective information about the product. The halo effects of a COO are thus powerful tools for marketing, and their effects suggest that vicarious and indirect sources may be more effective than overt sources at influencing consumer behavior ([Fitzsimons et al. 2002](#); [Govers, Go and Kumar 2007](#)).

Differing from traditional COO studies that support a directional influence from a country image to product perceptions, some tourism studies have shown a strong reverse effect, where consumers with favorable product beliefs reported better perceptions of and willingness to tour the product's origin country. ([Elliot et al. 2010](#); [Lee and Lockshin 2012](#)). A recent study by [Magnusson et al. \(2014\)](#) similarly suggests that brand transgression can lead to a degradation of the transgressing brand's origin country.

The reverse COO effect of product beliefs influencing country image resonates with the ANT's premise that when two nodes are associated, the link between them can be bi-

directional (see tenet #4). Since COO research supports the directional influence from country image to product beliefs, a reverse COO effect is therefore also tenable.

However, the link and bi-directionality between two nodes are predicated on the two nodes being conceptually associated (see tenet #1 and #2). This is consistent with research into semantic memory, which suggests cues can only retrieve semantically similar information from memory (Bower 1981; [Tulving 1972](#)). Hence, unless products are conceptually associated with a country, they are unlikely to serve as stimuli to activate the retrieval from memory of information about the country.

Within the context of this study, conceptual association means that the product and country are congruent. First articulated by Keller (1993) for brand research, congruence is defined as the extent that a brand association shares content and meaning with another brand association. As congruent associations improve learning and remembering discrete pieces of information about a brand, they improve cohesiveness and give brands an overall gestalt image that facilitates brand extensions (Keller 1993). Similarly, COO research shows that congruence between a product and origin country may bias consumer product evaluation positively. For example, [Leclerc et al. \(1994\)](#) found that when a brand name (French sounding) was incongruent with an image projected from the origin country (made in US), consumers rated the product less favorably. An explanation is that incongruence creates dissonance and confusion that consequently lead consumers to degrade or even shun the products totally ([Osgood and Tannenbaum 1955](#)). We therefore hypothesize that for consumers:

H1a: When a product is congruent with its country-of-origin, product beliefs influence country image positively.

H1b: When a product is not congruent with its country-of-origin, product beliefs do not influence country image.

Within COO research, the findings are conclusive that once consumers become knowledgeable about a product, they are able to evaluate the product objectively and hence rely less on country image as a halo to guide the evaluation ([Balabanis et al. 2002](#); [Lee and Ganesh 1999](#); [Samiee et al. 2005](#)). Hypothesis one is similarly premised on the condition that consumers are unfamiliar with a country. Indeed, people form simple and stereotypical clichés about a country (e.g., France is about style) without really knowing or having visited the country, and only begin to refine these impressions objectively when they acquire an interest or need to do so ([Anholt 2007](#)). As international travel can expose visitors, voluntarily and involuntarily, to objective information about a country ([Samiee et al. 2005](#)), it is conceivable that as familiarity with a country increases, people rely less on product beliefs to imbue country image. Support for our argument comes from a study by [Papadopoulos and Heslop \(1986\)](#), who found that first-time visitors changed their previously held beliefs about a country and its products after their visits.

The moderating influence of country familiarity can be explained by ANT in that nodes that are easier to access (i.e., more salient) are more likely to participate in the spreading activation process (see tenet #3). As more salient information becomes available, activation of neighboring nodes is likely to originate more from the stronger rather than weaker nodes. Hence, we hypothesize that familiarity with the country-of-origin would negatively moderate the relationship between product beliefs and country image. That is:

H2: For consumers who are unfamiliar with a product's country-of-origin, product beliefs influence country image more positively. Reciprocally, for consumers who are

familiar with the product's country-of-origin, product beliefs influence country image less positively.

The effects of a halo like COO often operate below conscious awareness. The effects may be triggered by the mere presence of a stimulus, particularly when consumers are unaware that the stimulus may bias their perceptions ([Bargh 2002](#); [Fitzsimons et al. 2002](#)). [Chartrand \(2005\)](#) contends that merely exposing people to environmental cues can trigger an automatic process, which consequently leads to altered outcomes including judgments and choice decisions. One theory is that such unconscious cues increase memory processing fluency, which in turn improve product perceptions ([Berger and Fitzsimons 2008](#); [Shapiro 1999](#)).

When Nisbett and Wilson (1977) found that judging an object might occur unconsciously, they further reasoned that conscious awareness of the judgment taking place might have led to different outcomes. In their words, such “altered judgments *require* the absence of awareness ... of the influence of one evaluation on another” (p. 256, italics original). Indeed, the phenomenon of an unconscious halo was already apparent in early psychology experiments, in which attitude formation from mere repeated exposures occurred when conscious processing was minimal or even absent ([Bornstein and D'Agostino 1992](#); [Zajonc 1968](#)).

We similarly draw on ANT (see tenet #5) to contend that the influence of product beliefs on country image may be largely unconscious. Consumers may retain visual cues in their memory without their conscious intention to do so, and the cues subsequently influence their behavior ([Fitzsimons et al. 2002](#)). Moreover, when the memories are strongly accessible, the activation may be automatic and rapid without conscious awareness of the activating cue ([Fazio et al. 1986](#)). Therefore:

H3: For consumers with more positive product beliefs, the influence of product beliefs on country image is more unconscious. Reciprocally, for consumers with less positive product beliefs, the influence of product beliefs on country image is less unconscious.

Figure 2 shows the conceptual model of this study.

(Put Figure 2 here)

METHODS

Context and Pretest

Australia and Australian products serve as this research's context. To enhance the managerial contributions of this study, we chose to focus on Chinese consumers as survey participants because China is a major export market for many Australian products. Prior to addressing the three hypotheses, we carried out a pretest to identify a product that is generally perceived as congruent and one that is perceived as incongruent to Australia. From a list of 10 products (with equal numbers of perceived congruent and incongruent products) developed by the authors, 23 Chinese international students in an Australian university were asked to pick the top three products they perceived as most congruent and most incongruent with Australia. The choice of respondents was to ensure that the selected products realistically represent congruent/incongruent products from the perspective of Chinese consumers who are familiar with Australia. The modal products selected were wine, sheepskin boots and fruit (as congruent products), and athletic shoes, laptops and toothpaste (as incongruent products). To validate the selection of the products, 20 students and 15 university staff rated on a 1-10 scale the extent that they perceived the six products as congruent with Australia. On average, all three congruent products were rated seven or better, with wine scoring the highest at 8.46. The three incongruent products were all rated under three, with the laptop scoring the lowest at 1.37. Consequently, we chose wine and laptops to represent congruent and incongruent products respectively.

Surveys

Prior to discussing the surveys, we first define the concept of familiarity with a country. In this study, the concept is defined as having visited a country previously (e.g., see Milman and Pizam 1995; Stepchenkova and Morrison 2008). Although familiarity with a

country may be due to informational sources or from actual experience (Baloglu 2011), familiarity arising from actual visitation is found to be a better predictor of image formation (Liu 2014; Seo et al. 2013). Further, familiarity based on actual experience is the preferred and predominant conceptualization of country familiarity (Baloglu 2011; Stepchenkova and Morrison 2008).

To address hypothesis H1a and H1b, a survey took place in a shopping precinct in the Chinese city Guangzhou. Four paid undergraduate students in a Guangzhou business school were recruited to conduct the survey. An author of this study trained the students by instructing them on how to recruit participants, and how to address questions regarding the nature of the survey, the questionnaire items and ethics. The interviewers randomly approached people in the precinct and those who agreed to participate were given a questionnaire to complete. The survey yielded a sample of 146 after deleting seven cases for missing data and 19 cases for respondents who self-reported that they had visited Australia one or more times. Of the 146, there were 55 males and 91 females, age ranged from 19 to 65 with a mean of 29. By restricting the sample to only participants who had not been to Australia, this sample constituted consumers who were *unfamiliar* with Australia.

To test H2 regarding the moderating influence of country familiarity, a second survey was conducted in Sydney Australia using the same questionnaire as the first survey, except that only product beliefs about wine, and not laptops, were asked. A Sydney travel agent that specializes in inbound Chinese tours carried out the data collection on-board thirteen tour buses over a period of four weeks. All surveys took place after the first week of arrival in order to ensure that the tourists had some experience with their visit. As a goodwill gesture, tourists received token souvenirs for completing the questionnaires. Forty-four cases were discarded either for missing data or invalid responses (e.g., respondents answered all ones or sevens in seven-point scale questions), and a further outlying 18 cases were deleted, when

factor scores exceeded standard deviations by more than three times. This yielded a final sample of 234 respondents, of 88 males and 146 females, with ages ranging from 19 to 90 and a mean age of 37. Compared to the sample from the first survey that took place in China, this survey constituted consumers who were *familiar* with Australia.

To test hypothesis H3 regarding the extent of unconscious memory processing, a third survey was conducted where trained students intercepted Chinese visitors to a winery in Adelaide Australia. Those who agreed to participate answered an identical questionnaire as the second survey, and were given a token voucher. Of the 80 participants, 35 were male and 45 were female, with age ranging from 18 to 80 with a mean age of 37. The participants also completed an implicit association test (IAT), a popular psychological instrument for measuring implicit associations and attitude that possibly forms from unconscious cognitions and emotions (Greenwald and Banaji 1995; Greenwald, McGhee and Schwartz 1998; Karpinski and Steinman 2006). Table 1 summarizes the characteristics of the three surveys.

(Insert Table 1 here)

Survey Instrument

With one exception, all the three surveys used an identical questionnaire, which tapped Chinese consumers' perceptions of Australia as a country and their beliefs about Australian wine. The exception was that for the first survey in China, respondents also reported their perceptions of Australian laptops. Throughout this study, we used product categories rather than brands because consumer associations or past experiences with brands may confound the results (Jiménez and San Martín 2010). Following common back-translation procedures (Craig and Douglas 2005), a Chinese postgraduate student translated the English questionnaire into simplified Chinese, followed by a translation back into English

to check for consistency and accuracy. Other than minor edits, no problems were found. Items were randomized in the questionnaire in order to minimize potential response bias.

Country image (COI) has been operationalized in many varied forms (Roth and Diamantopoulos 2009). In this study, we were more concerned with a gestalt country image. Hence, we adapted the scale from Martin and Eroglu (1993) to operationalize COI using six items to reflect a generalized image of a country based on characteristics such as economic and political maturity, industrialization, and standard of living. Common with studies on country-of-origin effects (e.g., Erickson, Johansson and Chao 1984; Gallarza, Saura and Garcia 2002), product beliefs were operationalized as latent constructs reflecting the products' perceived attributes. Beliefs about Australian wine were operationalized as a five-item factor measuring respondents' perception of Australian wine, such as its quality and value. Similarly, four items (quality, reliability, technologically advanced, value-for-money) measured respondents' beliefs of Australian laptops.

As respondents were physically in Australia for the second and third surveys, they might be exposed to Australian wine prior to the surveys; we controlled for their familiarity with Australian wine via a single-item. While multi-item measures are more prevalent with social psychology concepts ([Churchill 1979](#); [Nunnally 1978](#); [Peter 1979](#)), single items are commonly used in marketing studies and they have been shown to possess good predictive validity ([Bergkvist and Rossiter 2007](#); [Drolet and Morrison 2001](#)). The use of single-item measures is also compatible with structural equation modelling ([Steenkamp and Baumgartner 2000](#)). All items in the questionnaire used seven-point scales anchored with strongly disagree and strongly agree. Annex 1 lists all the items and their descriptive statistics.

IAT Procedure

As stated previously, Chinese participants in the third survey completed an implicit association test (IAT) during their trip to an Australian winery. Theoretically rooted in the associative network view of memory, IAT is designed to measure the strength of associations between concepts in terms of response time during a classification task (Greenwald and Banaji 1995; Greenwald et al. 1998; Yang, He and Gu 2012). In this research, an IAT was used to test hypothesis H3. The underlying assumption of IAT is that if two concepts are highly associated, the classification should be completed more quickly than when the concepts are weakly related. This is typically done through a computer-based test that employs two response keys on a computer keyboard, where each key is assigned a single meaning. Participants' task is to categorize stimuli as they appear on the screen by pressing one of the two keys. Measuring response latencies makes the assessment of the associations more implicit, and can help reveal cognitive mechanisms that lie beyond conscious awareness (Fazio and Olson 2003; Greenwald and Banaji 1995). This is similar to brand salience research that shows that strong brand associations in memory lead to better response latency in recall exercises (e.g., [Hutchinson et al. 1994](#); [Priester et al. 2004](#); Vermeulen and Seegers 2009).

In this study, we followed the standard 5-block procedure prescribed by Greenwald et al. (1998), of which three were practice blocks and two were measurement blocks, with 10 trials in each block. Response times were captured for the measurement blocks only. The two target concepts were "Australian product" and "Non-Australian product." The classification task for these concepts was comprised of 10 stimuli, five representing products that are typically congruent to Australia (e.g., sheepskin, wine) and five representing non-congruent products (e.g., laptop, shoes). The associated attributes were "good image" and "bad image". The classification task for the attributes used 10 country image attributes, five of which were

pleasant (e.g., good weather, friendly locals) and five were unpleasant images (e.g., polluted environment, traffic jam). All instructions and tests were written in simplified Chinese.

Upon completing the pen-and-paper questionnaire, the participants were given one of three laptops to do the IAT. Prior to starting the test, interviewers explained that this was a classification task and that the participants were to read the instructions on the laptop carefully. They were also told that the first part was a trial run to familiarize them with the test. As explained by the interviewer and also shown on the instruction screen, the participants were asked to respond to the classification tasks as quickly as possible. The appearance order of the stimuli was randomized.

RESULTS

Data Analyses

Table 2 shows the results of analyzing the data prior to fitting it using structural equation modelling with maximum likelihood estimation (www.spss.com/Amos). All factors possessed adequate reliability scores of more than .8. Correlation coefficients among all variables were well below the .7 threshold, and the maximum variance inflation factor (VIF) of 1.596 indicated no multicollinearity problems (Hair et al. 2010). Variance extracted estimates also showed that all factors possessed discriminant validity as the estimates were all higher than the square of the correlation coefficient of any pair of constructs (Fornell and Larcker 1981).

(Insert Table 2 here)

The congeneric measurement model possessed adequate fit statistics (CFI=.908; TLI=.909; RMSEA=.087; $\chi^2=439.23$, df=98, $p<.001$), supporting discriminant validity (Hair et al. 2010). Besides randomizing the order of the questionnaire items, we tested common method variance using Harman's one-factor test (Podsakoff and Organ 1986). First, exploratory factor analysis (using principal components analysis with Varimax rotation) yielded the expected three factors with a cumulative explained variance of 67%. Next, forcing all items into a single factor resulted in a much-reduced explained variance of 29%, meaning that common method variance did not pose a problem.

However, Harman's one-factor test has been criticized for not controlling for method effects and for being insensitive ([Podsakoff et al. 2003](#)). We further tested for common method variance bias using Podsakoff *et al.*'s (2003) common latent factor method by introducing a common latent factor (CLF) on which every variable in the measurement model

was allowed to load, in addition to loading on its respective factor. The model with CLF resulted in a better fit ($\Delta\chi^2=218.72$, $\Delta df=15$; $p<.001$), suggesting that common method variance bias was not an issue.

Although the surveys used identical questionnaires that were administrated only to Chinese nationals, we further tested for measurement invariance as the surveys occurred in different geographical locations and over multiple stages. A successful validation of measurement invariance would mean that there were no systematic biases across the surveys ([Steenkamp and Baumgartner 1998](#)). First, configural invariance was confirmed as the model fitted the data well (see Table 3). Next, we tested metric invariance by constraining the factor loadings to be the same across the surveys. The full metric invariance model also fitted well since there was no significant difference in χ^2 ($\Delta\chi^2=3.987$, $\Delta df=2$; $p=.136$) compared to the unconstrained model. Hence, the model possessed measurement invariance and we concluded that systematic biases were unlikely to bias the results.

(Insert Table 3 about here)

Hypotheses Testing

Hypothesis H1 predicted that product beliefs would influence country image (COI), but only when product-country congruence existed. The results of the structural model (CFI=.947, TLI=.948, RMS=.074, normed $\chi^2=1.755$, $p<.001$) show that product beliefs for wine influenced COI (standardized $\beta=.244$, $p=.018$), but product beliefs for laptop did not ($\beta=-.152$, $p=.115$). H1a and H1b were thus supported.

Hypothesis H2 states that familiarity with the country-of-origin would negatively moderate the relationship between product beliefs and COI, whereby product beliefs will influence COI more positively when familiarity with the country-of-origin is low. To run this

test, we used a standard multi-group technique in structural equation modelling by first assigning the datasets from the China sample (i.e., survey #1) and Australia sample (i.e., survey #2) to different groups (Kline 2005). After controlling for familiarity with Australian wine ($\beta=.111$, $p=.323$), the results show that product beliefs for wine influenced COI more for the China sample (standardized $\beta=.371$, $p=.002$) than for the Australia sample (standardized $\beta=.138$, $p<.001$). Overall model fits were also satisfactory (CFI=.939, TLI=.92, RMS=.067, normed $\chi^2=2.405$, $p<.001$). We further tested if the difference in the path coefficients between the two groups was significant by comparing the χ^2 value of an unconstrained model ($\chi^2=250.091$; $df=104$) with that of a constrained model ($\chi^2=254.755$; $df=106$) that forced corresponding structural paths of the two models to have equal weights. The difference ($\chi^2=4.61$; $df=2$; $p=.091$) was significant although at .1 level. Thus H2 was marginally supported. Figure 3 illustrates this result graphically.

(Insert Figure 3 here)

To test whether the effect of product beliefs on COI was potentially unconscious (H3), we computed the response times from the IAT experiment in survey #3. Table 4 shows the average response times for the four classifications.

(Insert Table 4 here)

The table also shows the mean comparisons using (Australian product/Good image) as the reference point. As the results show, the response time for the congruent classification of (Australian product/Good image) was significantly faster than the two incongruent

classifications of (Australian product/Bad image) and (Non-Australian product/Good image), but not different from the congruent classification (Non-Australian product/Bad image). Within-subject t-tests further revealed that (Australian product/Good image) differed significantly from the three other classifications: (Non-Australian product/Good image: $t=-3.146$, $df=67$, $p=.002$), (Australian product-Bad image: $t=-3.766$, $df=66$, $p<.001$), and (Non-Australian product/Bad image: $t=-2.182$, $df=67$, $p=.033$). Collectively, the results suggest that participants possessed the strongest association between Australian products and a good country image. As IAT response times are in essence reflecting the extent of unconscious and automatic activation of memory ([Fazio 2001](#); [Greenwald and Banaji 1995](#); [Greenwald et al. 1998](#); [Yang et al. 2012](#)), the results infer that the halo effects of product beliefs on country image may lie outside of conscious awareness, particularly under the condition of product-country congruence.

Another noteworthy finding is that product beliefs for wine were inversely correlated with the two congruent classifications of (Australian product/Good image) and (Non-Australian product/Bad image), but not with the two incongruent ones (see the last column of Table 3). Moreover, the correlation coefficient was the most negative for (Australian product/Good image). This further supports that the survey #3's participants with more favorable perceptions of Australian wine not only possessed stronger association with country image, but the association was also more strongly and unconsciously linked in memory – hence the shorter response latency. We also tested whether the response times differed across age and gender. Correlating age with the four response times in Table 4 found no significant relationships between age and any of response times (p -values ranged from .131 to .329). Similarly, a t-test showed that there were no significant differences in response times between genders (p -values ranged from .172 to .686).

DISCUSSION

Recent studies have suggested a possible reverse COO effect, where the influence originates from product beliefs rather than from a country image (Elliot et al. 2010; Lee and Lockshin 2012). We draw on the associative network theory of memory to explain this effect, and show that product beliefs can indeed influence country image. However, the influence weakens with increasing country familiarity and exists only when there is a perceived congruence between the product and country. Moreover, the influence seems to be operating largely outside of conscious awareness. Below we discuss the theoretical and managerial implications of our findings, although they should be tempered with the fact that the convenience sampling approach used in this study may not yield representative results.

Theoretical Implications

The first contribution of this study is in demonstrating the existence of a reverse COO effect, where the influence flows from product beliefs *to* country image. The acknowledgment of a reverse COO effect is an important addition to both halo-effect theory and the COO literature. By extending the works of Elliot et al. (2010) and Lee and Lockshin (2012) from reverse effects on tour destination image to reverse effects on the country's broader overall image, this study not only replicates previous work but it adds to the understanding of halo effects in general. Indeed, the findings reveal that a halo may have a wider effect than currently acknowledged or understood. This is consistent with Tulving's (1972) view, expressed in his paper on the different types of memory, that people can generalize from information in their semantic memory to undertake inferential reasoning about things they have yet to know or learn.

It is also noteworthy that the relationship between product beliefs and country image is positive and significant for both visitors and non-visitors. This supports the robustness of

the influence of product beliefs on country image. However, drawing on the elaboration likelihood model ([Petty and Cacioppo 1986](#)), it is probable that visitors who deliberately chose to visit Australia may form their beliefs through a central learning route. This contrasts with non-visitors who may form their beliefs via passive peripheral cues as they had yet to visit Australia. Studies suggest that the persistence of attitude formed via peripheral processing tend to be less stable than those formed via central processing ([Newhagen and Reeves 2011](#); [Sengupta, Goodstein and Boninger 1997](#)). This implies that over time, the influence of product beliefs on country image would weaken more for non-visitors than for visitors, a topic that future longitudinal research should investigate.

The second contribution of this study is in determining the potential moderating effects of product-country congruence, which is analogous to the congruence found in the branding literature ([Keller 1993](#)). This finding provides a pathway for further research to develop the boundary conditions and viability of this influence. Previous research found that COO effects are weak unless there is congruence between the country image and product beliefs ([Chao 2001](#); [Josiassen 2010](#); [Usunier and Cestre 2007](#)). Each country will have product categories that seem more congruent than other categories (e.g., Japan is more congruent with electronic products than with fashion goods). Further research can investigate whether some specific product categories, such as food, beverages or luxury goods, are better suited to engendering a reverse COO effect. As there is some evidence that emotional appeals create strong memory accessibility ([Ambler and Burne 1999](#); [Ford, Morris, and Kensinger 2013](#)), a stronger reverse effect may come from product categories that have a more emotional compared to a practical appeal.

The final major contribution of this study is in developing a theoretical grounding for the reverse COO effect. The use of memory processes to explain consumer behavior is not new ([Bettman 1979](#); [Bowe et al. 2013](#); [Zauberman et al. 2009](#)), but this study is the first to

deconstruct the COO effect in terms of memory functions, specifically those of the associative memory network. A better understanding of the ANT memory process underlying associations of marketing concepts affords researchers better insights into consumer behavior and how to influence that behavior. An understanding of the memory mechanism underpinning a reverse COO effect can also guide the development of effective communication strategies (Ng and Houston 2009). By bridging these two distinct streams – COO effects and advertising effectiveness – memory theory will help inform research in both areas.

Our findings further highlight the importance of *not* omitting the influence of unconscious cognitions in understanding consumer behavior because “a large part of consumer decision making occurs outside of conscious awareness or is influenced by factors unrecognized by the decision maker” (Fitzsimons et al. 2002, p. 270; Shapiro 1999). Fitzsimons et al. (2002) similarly posit that consumers can retain salient visual cues without their conscious knowledge, and that the cues subsequently influence their purchase decisions. As consumers may simultaneously operate a conscious and an unconscious cognitive process towards an object evaluation ([Yang et al. 2012](#)), both processes should be accounted for in order to form a complete picture of the evaluation process and outcomes. As halo effects may operate outside conscious awareness ([Nisbett and Wilson 1977](#)), using a tool such as the IAT that is theoretically based on the ANT model helps deepen the understanding of the unconscious processes behind such halo.

Managerial Implications

Kleppe et al. (2002) suggest that strong brands (e.g., Louis Vuitton or Mercedes Benz) may be endowed with such strong national identities that they may inadvertently cast an influential shadow on perceptions of the country and the country’s other brands in the

same category. For example, advertising that stresses the quality of a product uniquely associated with a particular country may unintentionally boost the country's overall image. This indirect effect of product image on country image is particularly important as Anholt (2008) has shown in the Nation Brands Index that direct nation-branding advertising, even with extremely large financial expenditure, may make little noticeable impact on a nation's brand image.

Further, we know from COO research that a country image can then subsequently influence the country's products. Collectively, this suggests the possibility of a "chain effect," where a product's perceptions first influence country image, which in turn influences the country's other products. For example, when Toyota was faced with a major public relations crisis in 2009–2010 regarding a fault with unintended acceleration, the Japanese government expressed concerns that Toyota's tarnished image and global recall would have a negative knock-on effect on other Japanese car exports in general (Mochizuki 2010). This is also somewhat analogous to Balachander and Ghose's (2003) contention that a brand may spill over to influence other product categories under the same brand even if the categories are unrelated.

The chain effect is especially pertinent as trade globalization results in foreign products competing with each other for domestic customers. A particularly beneficial scenario is when other products follow a leading product into an emerging market. For instance, once the first Australian wine brand becomes successfully entrenched, then subsequent Australian wine brands entering the same market can exploit the positive country image engendered by the leading brand.

At the very least, the strong and positive relationship between product beliefs and country image would suggest close collaborations between government trade bodies and major product exporters. As long as the promoted product and the country image are

congruent, cross promotion should work to build semantic memory and associated nodes, which would encourage retrieval of either the country or product depending on the context. A good example is the co-promotion of a specific product or brand in major country-level events, like the Olympics or World Expos. Jacob's Creek wine brand was a sponsor of the Wimbledon tennis tournaments and used the tagline "Australia's other great red", referring to their red wine, but using a photo of a red kangaroo as well as their bottle. These types of advertisements can create or strengthen memory nodes associated with a specific country and its products, as well as the semantic links between them.

From a producer's point of view, they have to decide if the cost of creating an explicit link to their country of origin is worthwhile. Our research suggests it is, if there is congruence between the product and country. A collaborative framework might be developed where certain producers emphasize their origin, while the national trade body then includes some references or images of the products in their promotions. In this way, both parties would benefit from building or strengthening the salient links between them. An example of this cooperation is the 'Space for Minds' initiative launched by Sweden, where tourism bodies and private industry came together on a common country-brand platform (Kleppe and Mossberg 2006).

However, the desire to compete internationally must be tempered by a clear and in-depth understanding of what a firm's strengths and weaknesses are. This study's findings further support the fact the use of COO as a competitive strategy only works if perceived congruence exists between a country and its products (Josiassen 2010; Usunier and Cestre 2007); a mismatch may not work or may even backfire. Although we did not test this proposition, it is also plausible that the chain effect from product image to country image and then on to the country's other products would only benefit product categories that are related to each other. For example, Australian wine would imbue a favorable image of Australia,

which in turn would engender positive images of food-related products such as fruits and cheese, but not shoes or furniture. It is also conceivable that a country's products would only gain from the chain effect if they were of similar quality. That is, a higher quality product is unlikely to cast a halo over products of lesser quality.

Future Research

We have identified several key areas for future research that will shed more light on the link between product image and country image. First, research suggests that consumers may react differently to different underlying dimensions of a country's products (Ahmed and d'Astous 2008; Amonini, Keogh and Sweeney 1998). Insch & McBride (2004), for instance, show that dimensions such as country-of-design, country-of-assembly and country-of-parts may have differential effects on overall product-quality perceptions. We recommend future research to investigate whether dimensional derivatives (e.g., Australian branded wine, but bottled and labelled in China) have differential influences on country image perceptions.

Second, studies into hierarchy-of-effects suggest that in adopting products consumers move from mere awareness, knowledge, liking, preference, conviction, and finally to actual purchase (e.g., Johansson et al. 1994). Future research can shed more light on this study by investigating how the influence of product image on country image may differ with consumers at different hierarchy-of-effects stages. Third, the robustness of the reverse COO effect should be further validated using other plausible theories or models. For example, early research into attitude formation already affirmed that exposing people to evaluative information regarding an object of which they have no prior cognitions, can lead to the formation of an initial attitude towards the object ([Kaplan 1972](#)). Further, the formed attitude can be expressed as a weighted sum of each piece of information about the object ([Fishbein 1963](#); [Kaplan 1972](#)). Future research can apply attitude formation theory to determine the

cognitive structure, as well as the relative strength, of multiple pieces of information about a foreign product in engendering an image of the product's country-of-origin.

Fourth, a multi-group experimental design can use IAT to investigate the extent of unconscious memory progressing under different conditions such as how response latencies may change when participants are intentionally distracted with information of related or unrelated products from another country. Finally, a criticism of IAT is that the test may actually be measuring unobtrusive attitudes possibly stemming from close associations with the concepts, rather than unconscious attitudes (e.g., Dasgupta, Greenwald and Banaji 2003). Further tests should determine which of the two provides a better explanation of strong halo effects like the one found in this study.

Our research has built on previous theory to produce both theoretical and managerial outcomes. We used ANT to demonstrate reverse country of origin effects beyond tourist destination image. This result opens the door for countries to work with major export industries to develop co-promotions, which will help build positive subconscious associations to increase the probability of both product and country choice.

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Annex 1: Factors and Items

	Mean (Std dev)	Factor loading	Rho
Country Image (COI)			
Australia has rich natural resources	5.703 (1.518)	.805	.83
Australia is a rich country	5.525 (1.473)	.832	
Australia has good government infrastructure	5.679 (1.398)	.827	
Australia produces high-quality goods	5.092 (1.488)	.695	
Australia is a technologically advanced country	5.955 (1.298)	.765	
Australia is a safe and secure country	5.932 (1.212)	.450	
Product Beliefs (PB) – Wine			
Australian wine is suitable for formal occasions	4.251 (2.111)	.833	.943
Australian wine is suitable for informal occasions	3.921 (2.056)	.756	
The quality of Australian wine is good	4.501 (2.139)	.940	
Australian wine is good value for money	4.419 (2.099)	.959	
Serving Australian wine conveys high status	4.018 (2.105)	.868	
Product Beliefs (PB) – Laptop			
Australian laptops are reliable	4.142 (1.112)	.936	.946
The quality of Australian laptops are good	4.097 (1.046)	.914	
Australian laptops are good value for money	4.02 (1.034)	.936	
Australian laptops are technologically advanced	4.098 (1.116)	.926	
Familiarity with Australian wine			
How familiar are you with Australian wine?	2.9 (1.444)		

Table 1: Sample Characteristics of the Three Surveys

Survey #	Survey Location	Sample Size	Demographics	Purpose
1	China, Guangzhou	146	Male=55; Female=91 Age range 19-65; mean=29	This sample constituted Chinese consumers who were unfamiliar with Australia
2	Australia, Sydney	234	Male=88; Female=146 Age range 19-90; mean=37	This sample constituted Chinese consumers who were familiar with Australia
3	Australia, Adelaide	80	Male=35; Female=45 Age range 18-80; mean=37	This sample performed the implicit attitude test (IAT)

Table 2: Descriptive Statistics and Correlations of Variables

Variable	M	SD	Cronbach's α	AVE	1	2	3
1. Country Image (COI)	5.452	1.054	.83	.558	1.00		
2. Product Beliefs (Wine)	4.429	1.665	.943	.765	.247**	1.00	
3. Product Beliefs (Laptop)	4.089	.994	.946	.861	.027	.611**	1.00

** $p < .01$

Table 3: Results of Measurement Invariance Tests

Model	χ^2	df	CFI	TFI	RMSEA
Configural invariance	386.6*	129	.91	.913	.066
Full Metric Invariance	390.587*	131	.911	.912	.066

* $p < .001$

CFI=comparative fit index; TFI=Tucker Lewis index; RMSEA=root mean square error of approximation

Table 4: Average Response Times for IAT task

	Mean (msec)	Std Dev (msec)	Difference (msec)	t-values	sig.	Pearson's r with PB (wine)
1 Australian product / Good image	1594	951	-	-	-	-.395**
2 Non-Australian product / Good image	1863	846	269	2.824 df=78	.006	-.194
3 Australian product / Bad image	1964	1035	370	3.077 df=73	.003	-.299**
4 Non Australian product / Bad image	1683	969	89	0.816 df=78	.417	-.19

** $p < .01$

Figure 1: Example of an Associative Network in Memory

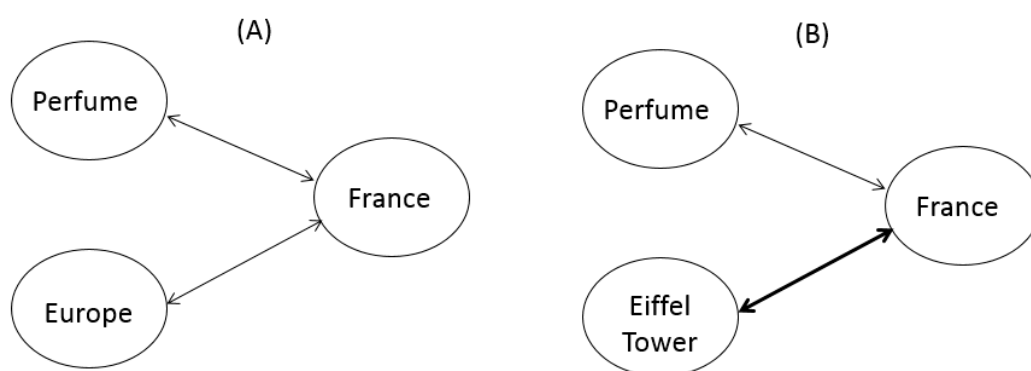


Figure 2: Conceptual Model

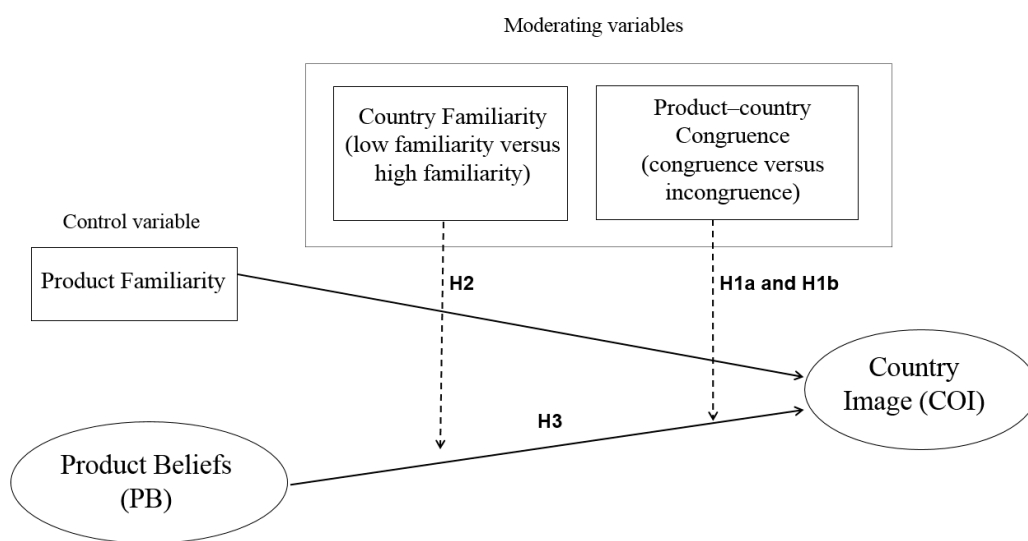


Figure 3: Moderating Influence of Country-Familiarity

