

**EVALUATION OF A THEORETICAL FRAMEWORK
FOR EXPLAINING THE INTERRELATIONSHIPS BETWEEN
COUNTRY-OF-ORIGIN EFFECTS AND CONSUMER-BASED BRAND EQUITY**

By

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ABSTRACT

Building brand equity is considered an important part of brand management. Increasingly, brands from one country are available to consumers in other countries. The country-of-origin is an important marketing variable influencing consumer product evaluations, purchasing decisions and brand images. Hence, marketers must understand the impact of country-of-origin on a brand's equity. However, the extant literature does not explain clearly how the country-of-origin of a brand affects its equity.

The present research develops a theoretical framework explaining the impact of country-of-origin of a brand on its consumer-based equity, in a selected product category, in a given market. Brand equity was conceptualised as a combination of brand awareness, brand associations, perceived quality and attitudinal brand loyalty. Country-of-origin was defined as the 'country in which the product is made'.

An empirical study was designed to test this framework and a model was tested in two product categories, televisions and cars. Three brands in each product category were included in the study. Data were collected from a systematic sample of 672 consumers, drawn from a major shopping mall in an Australian state capital, using a structured questionnaire incorporating a doubly-multivariate design. Respondents' *macro* and *micro* country images were measured using pre-existing and previously used scales, modified using a pilot study. Brand equity was measured using a composite of different measures from the literature.

Confirmatory factor analysis established support for the hypothesised four-dimensional model of consumer-based brand equity for both product categories and across six brands. Multivariate analysis of variance of the data derived from the confirmatory factor analysis indicated that consumer-based brand equity significantly varied according to the (i) country-of-origin of the brand (ii) product category and (iii) brand name within a product category. Canonical correlation analysis indicated that consumer-based equity of a brand was positively related to both *macro* and *micro* images of the country-of-origin of the brand.

Overall, the results supported the proposed framework. The present research contributes to the area of country-of-origin effects and extends existing theory on brand equity by incorporating into it country-of-origin effects. These results have implications for international marketing managers.

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