

CONSUMER IMAGE EFFECTS IN INTERNATIONAL MARKETING OF A SERVICE

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ABSTRACT

This paper tests a model of combined effects of country, corporate and brand image on consumers' evaluation and purchase intention, in the context of international marketing of a higher education service. Results indicate that all three images have the power to influence a student's overseas study destination choice.

INTRODUCTION

Country, corporate and brand images have been researched in different areas of business such as international business (Phau and Prendergast 1999; Han 1990), marketing (Lapierre 1998) and consumer behaviour (Bhat and Reddy 1998). However, most past studies tend to approach these images separately, while consumers may employ all three images in their purchase decisions. Moreover, services have not been well represented in the image literature (Phau and Prendergast 1999), despite their growing importance in international trade (Mazzarol and Soutar 1999). The problem for this research is: *What are the interrelationships between country, corporate, and brand images and a consumer's purchase intention for an international service?* This problem is addressed by testing the combined effects of country, corporate and brand images on consumers' purchase intention for an education service, MBA programs from four English-speaking countries, that is, the USA, the UK, Canada and Australia, to prospective students in China.

MODEL DEVELOPMENT

This research draws on image theory and student destination choice theory. Based on this literature review, a structural model (Figure 1) was developed including the five constructs of country image, corporate (university) image, brand (program) image, product evaluation and purchase intention. The proposed model was developed with reference to the Fishbein-Ajzen notion. Earlier image studies suggested that consumers' rational mental activities in high involvement situations were most likely to follow such a procedure of beliefs→attitude→intention (for example, Han 1990), as implied in the Fishbein-Ajzen (1975) behavioural intention model. Despite this procedure being tested as applicable to manufactured goods (Chung and Pysarchik 2000; Chan and Lau 1998), this research attempts to examine its applicability to international trade of higher education services. Figure 1 illustrates this model. Seven propositions were formulated. Firstly, country image was assumed to be the first source that consumers consider in their evaluation for three reasons. Firstly, country image is of increasing importance in the era of globalisation (Samiee 1994). Secondly, country image locates at the highest level in a consumer's hierarchical image structure (Papadopoulos and Heslop 1993). Finally, country image has been found to *positively* impact consumers' product evaluation (Peterson and Jolibert 1995). While little is known about country image's effect upon consumers' attitudes for services (Phau and Prendergast 1999), past studies on student destination choice suggest a relationship (Lawley 1998). Thus, the first proposition is: **P1** *Country image positively influences consumers' product evaluation for a service.*

Consumers' perceptions of a company are thought to impact their attitudes toward products originating from that company (Lapierre 1998). However, supporting evidence for these arguments is scarce, particularly in relation to services (Nguyen and LeBlanc 1998). Hence, the second proposition is: **P2** *Corporate image positively influences consumers' product evaluation of a service.* Similarly, brand image is assumed to be an antecedent of product evaluation. Past studies have indicated that brand image could be an important information cue consumers use in their product assessments (Nebenzahl and Jaffe 1996). Given the importance of brand image for services (Onkvisit and Shaw 1989) and the lack of research in this area (Padgett and Allen 1997), the third proposition is: **P3** *Brand image positively influences consumers' product evaluation of a service.*

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Fourthly, the relationship between product evaluation and purchase intention is assumed to follow the theory of reasoned action in high involvement situations. Product evaluation is induced by a sum of belief expectations on a set of attributes (Fishbein and Ajzen 1975). In turn, product evaluation is regarded as a predictor of consumers' purchase intention. Earlier studies confirmed this relationship for manufactured goods (for example, Han 1990). To investigate the applicability of this relationship to services, the fourth proposition as denoted by the research model in figure 1 is: **P4**: *Product evaluation positively influences a consumer's purchase intention for a service.* Finally, relationships may exist between the three images because they are engaged in a network of marketing leverage (Dowling 1994). Therefore, three more propositions are developed to reflect these relationships respectively: **P5**: *Country image and corporate image influence each other.* **P6**: *Country image and brand image influence each other.* **P7**: *Corporate image and brand image influence each other.* In short, the research model postulates that all three images may jointly influence a consumer's product evaluation and purchase intention, while the three images may relate to each other.

METHODOLOGY

The research incorporated both qualitative and quantitative methodologies. Qualitatively, two focus groups and five in-depth interviews were conducted with 20 Chinese postgraduate students in Australia to operationalise the three image constructs. A set of 26 measures was verified through an online test with 12 prospective MBA applicants in China. Four English-speaking countries were chosen as competing countries because they are the top four destination countries for Chinese students (that is, the USA, Canada, the UK and Australia) (Böhm and King 1999). One MBA program available from one university of each of these four countries was selected because they had been identified as representative ones for each country and had many details with which they could be compared (IDP 1994). The second, quantitative stage tested the model with data from 199 usable questionnaires collected from two cities of Beijing and Shanghai. Structural equation modelling, using a two-step approach, was used to analyse the data (Anderson and Gerbing 1988). The first step comprised confirmatory factor analysis of the three image constructs. Eight poor indicator variables were detected and removed from further analysis. As a result, eighteen measurement variables were verified for the three image constructs.

RESULTS AND DISCUSSION

The second step involved testing the structural model with results reported in Table 1. Considering the research tests joint effects of the three images for the first time and the measurement instrument developed has never been tested before, the model fit results are considered acceptable. Four out of the five goodness-

of-fit criteria are well met across the four destination countries while results for AGFI are within (0.902 for the United Kingdom) or close to (0.899 for Australia, 0.899 for Canada and 0.888 for the United States) the threshold value as noted in Table 1. In addition to the goodness-of-fit indexes for the overall model, significance of individual parameters, in terms of critical ratios and standardized regression weights, was consulted to evaluate proposed relationships between the three image constructs and product evaluation and purchase intention as reported in Table 2. All propositions are supported by the data. Relationships between the three images and product evaluation and purchase intention are confirmed because all but one of the standardized regression weights are significant. Only one insignificant standardized regression weight was detected between program image and product evaluation for the USA, but even in this case the critical ratio (which is 1.912) is close to the threshold value of 1.96. Relationships between the three image constructs are also evidenced because correlation coefficients are momentous across the four destination countries. For example, the standardized correlation coefficient for Australia is 0.814 between country image and university image, 0.870 between country image and program image, and 0.878 between university image and brand image.

In brief, all three images of country, corporate and brand can influence consumers' product evaluation to different extents depending on the specific research context. For example, while country image was found to have greater impact on consumers' overall attitudes than brand image for Canada, the UK and the USA, the contrary situation is true for Australia. Similarly, while corporate image was found to be more important than brand image for Canada and the USA, it had less effect on consumers' product evaluations than brand image for Australia and the UK. Thus, findings of this research suggest that past arguments about whether brand image or country image is more important can now be redirected to whether results of different research are comparable. That is, because different researchers may identify different items to operationalise the same image construct in different contexts, results of most past image studies are generally incomparable about which image has greater influence on consumers' product evaluation. Indeed, this finding of the context-specific nature of image effect is supported by an earlier meta-analysis of country-of-origin studies (Peterson and Jolibert 1995). Two further findings relating to the research problem can be noted. Firstly, while reciprocal relationships between country, corporate and brand image have been tentatively proposed, this research empirically confirmed these reciprocal relationships. Secondly, consistently with earlier studies (for example, Lawley 1998), this research confirmed the proposition that consumers' product evaluation will positively influence their purchase intention for a high involvement international service.

CONCLUSIONS, IMPLICATIONS AND LIMITATIONS

This research contributes to theory by bringing together the existing knowledge in country, corporate and brand image studies and using these three images to predict consumers' attitudes and intentions, specifically in the context of international education. In addition, the findings have practical implications for international education practitioners. For those in destination countries, perceptions of prospective Chinese students can be used to re-examine and adjust their China-specific marketing policies and strategies. For educational agents in China, the items verified as important in prospective students' overseas study choices can be used to improve their consultation services.

Three limitations of this research are noted. Firstly, although the measurement instrument was sensitive enough to capture variances of the observed variables, further refinement of the scales is needed to improve validity and reliability. Secondly, caution should be taken when generalizing results of this research across China because the data was collected from only two metropolitan areas. Finally, good model fit does not necessarily imply that a model represents a valid reflection of reality. All that can be expected from good fit indexes is some indication that the model could be a good representation of relations between variables (Mueller 1997).

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Figure 1. The structural model with associated research propositions

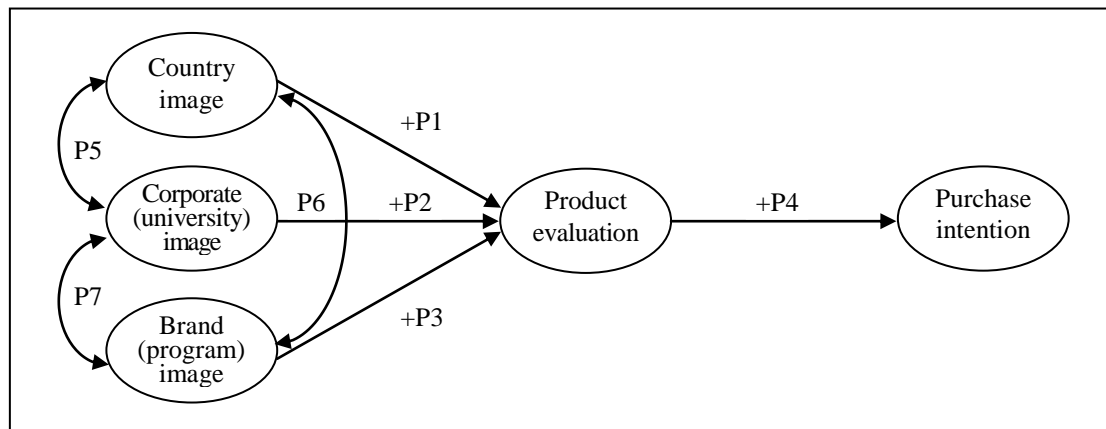


Table 1. Results of goodness-of-fit evaluation across the four destination countries

Destination country	χ^2	p	DF	CMIN/DF	GFI	AGFI	RMSEA
	170.112	0.376	165	1.031	0.920	0.899	0.013
Canada	175.763	0.269	165	1.065	0.920	0.899	0.018
The United Kingdom	178.626	0.222	165	1.083	0.923	0.902	0.020
The United States	185.133	0.135	165	1.122	0.912	0.888	0.025

Note: Cut-off values are: χ^2 associated $p > 0.05$, $CMIN/DF < 3$, $GFI > 0.90$, $AGFI > 0.90$, $RMSEA < 0.08$.

Table 2. Parameter estimates of the structural model

	Parameters	Australia		Canada		UK		US	
		S.E.	C.R.	S.E.	C.R.	S.E.	C.R.	S.E.	C.R.
Regression weights	Country image → Product evaluation	0.164	2.717	0.407	7.066	0.468	8.332	0.601	6.891
	University image → Product evaluation	0.233	3.253	0.362	6.645	0.267	5.663	0.353	6.159
	Program image → Product evaluation	0.618	6.934	0.277	5.104	0.367	6.863	0.101	1.912*
	Product evaluation → Purchase intention	0.879	25.891	0.812	19.551	0.707	14.048	0.828	20.747
Correlation coefficients	Country image ↔ University image	0.814		0.815		0.608		0.717	
	Country image ↔ Program image	0.870		0.821		0.680		0.712	
	University image ↔ Program image	0.878		0.830		0.515		0.624	

Note: S.E. stands for standardized estimate, C.R. is abbreviation of critical ratio, figure with an asterisk (*) is insignificant.