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COUNTRY-OF-ORIGIN EFFECTS ON DESTINATION PRODUCT: IMPLICATIONS FOR BRAND USA

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INTRODUCTION

Tourism in general, and its proceeds in particular, is a powerful force in global and regional wealth distribution and economic development, causing destinations to engage in branding and marketing battles for tourists. In 2011, the United States launched a new initiative, Brand USA, the first centralized effort to promote the country overseas and capitalize on the globally increasing travel and tourism. The Brand USA's message is "fresh, welcoming and inclusive" highlighting "boundless possibilities of the United States" (Montgomery 2011). However, with the U.S. being both a supreme economic power and a mighty geopolitical player, the Brand USA marketers cannot expect that their focused, carefully crafted messages will not be "diluted" by multitudes of information streams about the U.S. that reach actual and potential tourists from various sources (Stepchenkova and Li 2014). These informational fragments about the U.S. government, people, international politics, and bi-lateral relationships with the source market country contribute to perceptions of the U.S. as a country and, quite possibly, affect tourists' perceptions of the U.S. as a vacation destination.

In business and marketing literature, the "country-of-origin image – product image" research has a long history (Dinnie 2004). The general consensus is that the better the country image, the more likely the product of that country will be popular with consumers. Avoidance of foreign products may be driven by the feelings of animosity stemming from economic or political conflict between countries (Amine 2008; Klein et al. 1998; Klein 2002), as well as feelings of national pride and ethnocentrism (Verlegh 2007). Destinations, however, are remarkably more complex products than fast-moving consumer goods and are characterized by a high level of consumer involvement at all stages of product consumption (e.g., Bigne et al. 2001; Chen and Tsai 2007), destination selection included. While studies indicate that, when the product is tourism, political instability at destination affects tourism (Seddighi et al. 2001), research on the relationships among the country image, tourism destination image, and willingness to buy the destination product has emerged in tourism literature relatively recently (Elliot et al. 2011; Roth and Diamantopoulos 2009). Tourism literature on buying destination product in a situation of conflict and animosity is also scarce, with a notable exception of Chen et al. (2012).

The purpose of this study is to examine attractiveness of global tourism brands when the country of the brand and the country of the source market are in a situation of political and economic conflict. The study is set in the U.S.-Russia context, where the U.S. is the vacation destination, and Russia is the tourism generated region. The relationships between the U.S. and Russia have been steadily deteriorating over the past two years. The amount of negative coverage of the U.S. in Russian media and social networks has been noticeably increasing, starting with the Magnitsky Act and the Dima Yakovlev Law in 2012 and culminating over the events of 2013-2014 in Ukraine, annexation of the Crimea, and the military conflict in Donbass. Media and social networks, as well as rhetoric of Russian official agencies, reflect the growing levels of national pride and animosity towards the U.S. To investigate whether these attitudes affect the desire of Russian tourists – a lucrative market in terms of tourist expenditures – to vacation in the U.S. is a timely research focus. Specifically, the study investigates the effects of the country image, tourism destination image, animosity, and ethnocentrism on the desire to buy destination product, that is, visit the destination, in the context of the current U.S.-Russia bi-lateral relationship.

THEORETICAL BACKGROUND

Country-of-origin image influences consumers' evaluation of the product, risk, likelihood of purchase, and other mediating variables; the nature and strength of those effects depend on a number of product-related (e.g., product category) and consumer-related (e.g., demographics) factors (Liefeld 1993). Papadopolous et al. (1990) were among the first researchers to use distinct country image measures to model the relationships between country beliefs, product beliefs, familiarity, product evaluations, and willingness to buy. While the majority of country-of-origin effects studies used tangible products like

watches or blenders (Dinnie 2004), a few studies dealt with medical, legal, and financial services, as well as such service sectors as education, air carriers, cruise lines, and services in general. Studies in destination context, however, are quite rare; Elliot et al. (2011) provides an overview of the limited body of studies that addressed the interactions between the country image (CI), the tourism destination image (TDI), and intention to visit.

To date, CI have been understood in, essentially, two ways. One, as “a mental network of affective and cognitive associations connected to the country” (Verlegh 2001, p. 25) and, two, as “consumers’ general perceptions of quality for products made in a given country” (Han 1989, p. 222). TDI definitions exhibit a striking resemblance with the first formulation, albeit the term “network” is applied to a “narrower” entity of a vacation destination rather than a country. Both traditions view the CI construct as having a number of dimensions like, for example, political, economic, technological, and social desirability (Martin and Eroglu 1993, “CI as a network”) or technical advancement, prestige, workmanship, economy, and serviceability dimensions (Han and Terpstra 1988, “CI as product perceptions”). Because the tourism product is evaluated at consumption, at the stage of destination selection consumers may turn to CI to infer the quality of yet unexperienced tourism offer; this is what in the literature is called the halo hypothesis (Han 1989). Thus, in the destination context: CI --> beliefs about TDI (destination attributes) --> brand attitude (likelihood of purchase).

Animosity is a hostile attitude comprising beliefs and emotional components; it is the “remnants of antipathy related to previous or ongoing military, political, or economic events” (Klein et al. 1998, p. 90). In a situation of high animosity, consumers may give high ratings to foreign products but be resolved not to buy them because in the past the exporting nation has engaged in acts that a consumer finds difficult to forgive (Klein et al. 1998, p. 90). With respect to the “outer” conflict, Jung et al. (2002) identified “stable” and “situational” animosity. Stable animosity refers to general antagonistic emotions accumulated in a long-standing conflict between the countries or in difficult political relationships over a prolonged period of time. Situational animosity arises due to a current circumstance and is in itself a strong feeling of enmity associated with it. With reference to the “inner” conflict, the animosity has been classified as “personal” or “national”. “Personal” animosity is thought to arise from personal negative experiences with a foreign country or its people in the context of tourism, business travel, or interaction in an international setting. “National” animosity is a product of memories about how this country has treated their home country in the past.

Ethnocentrism is the tendency to see one’s group in the center of everything and scale other groups with reference to it (Pandian 1985). In the consumer behavior context, there is extensive literature that documents predispositions of some consumers towards imported goods and at the same time preference of others for products manufactured in their own country (Verlegh 2007). The preferences are explained by consumers’ perceptions of goods quality as well as patriotic bias against things foreign. Supporting domestic products for the good of the domestic economy may therefore be regarded as a form of ethnocentrism behavior. Consumer ethnocentrism has been reported in countries at various stages of development. National identification and ethnocentrism are related concepts, as national identification strongly influences individuals’ judgments of their own country and of other countries (Verlegh 2007).

The research questions in this study were formulated as: Does general country image (CI) affect tourism destination image (TDI) and willingness to visit the destination? What role in this process do animosity and ethnocentrism play? Based on the research literature, the following hypotheses were stated:

H1: Country Image has a direct positive impact on Destination Image.

H2: Country Image has a direct positive impact on Visit Intention.

H3: Destination Image has a direct positive impact on Visit Intention.

H4: Animosity has a direct negative impact on Country Image but not Destination Image.

H5: Animosity has a direct negative impact on Visit Intention.

H6: Ethnocentrism has a direct negative impact on Destination Image but not Country Image.

H7: Ethnocentrism has a direct negative impact on Visit Intention.

METHODS

The study used a survey of 400 students from several bachelor programs at a large regional university in Russia and the data were collected in November-December of year 2014. Student samples are suitable to test theoretical propositions, as these samples are demographically homogeneous, thus, random sources of error may be controlled for (Martinez and Alvares 2010). The questionnaire measured perceptions of the U.S. as a country; perceptions of the U.S. as a travel destination; animosity towards the U.S.; national identification and ethnocentrism; desire to travel to the U.S. as a vacation destination; familiarity with the U.S.; and demographic variables. Constructs were measured on 7-point Likert scale anchored at 1=Strongly Disagree and 7=Strongly Agree. To control for question order effect, half questionnaires had the country image questions first and half had the tourism destination image questions first. Pilot study with 30 students was conducted to perfect the instrument.

CI construct had cognitive (eight items) and affective (four items) components (Roth and Diamantopoulos 2009). The former reflected standard of living, wealth, technology, economy, democracy, infrastructure, product quality, and innovativeness. And the latter, that is, people affect (Laroche et al. 2005), reflected the emotional attributes and beliefs toward people of the U.S. TDI was specified by items measuring beliefs about variety or destination features (14 items), anticipated emotional reactions (four items) and desire to visit the U.S. as a tourist (two items). The cognitive items were taken from the literature (e.g., Chen et al. 2012), while affective items reflected the four most cited affective states of Chinese tourists associated with travel to U.S.: happiness, excitement, relaxation, and novelty (Li and Stepchenkova 2012). Two types of overall attitudes – towards the U.S. as a country and a vacation destination – were measured on the 10-point Likert type scale anchored at 1=Absolutely Negative and 10=Absolutely Positive.

Animosity was specified by ten items following Jung et al. (2002). To make the measure country-specific (Klein et al. 1998), the National/Stable items were excluded, as attitudes towards the U.S. have been shifting over the last 25 years (the age of the survey respondents). Overall, the focus of the scale on economic (National/Situational) and personal (Personal/Stable and Personal/Situational) aspects of animosity seems to reflect the current situation well. Ethnocentrism was specified using four national identification items (Verlegh 2007) and six consumer ethnocentrism items (Shimp and Sharma 1987).

RESULTS

Gender split was 37 percent (males) to 63 percent (females). With respect to age, 97 percent were 24 years old or younger; the median age was 19 years. Eighty-eight percent identified themselves as being Russian. Only six percent had visited the U.S. before the survey took place, while 32 percent had either friends or relatives living in the U.S. Seventy-three percent followed news about the U.S. occasionally, and 15 percent on a regular basis. Seventy-nine percent evaluated their knowledge of English as either intermediate or advanced. The median number of trips abroad was two; 27 percent of respondents had no trips, while 14 percent had more than five trips.

Measurement models for each construct exhibited a good level of fit (Table 1). The full measurement model was analyzed and found acceptable: $\chi^2(335)=645.78$, $p < 0.001$, RMSE = 0.048 (90% CI: 0.043-0.054), GFI = 0.90, AGFI = 0.87, TLI = 0.93, CFI = 0.93.

Table 1. Measurement Model

Measurement Model	χ^2	df	p-value	χ^2/df	GFI	AGFI	TLI	CFI	RMSEA	90% CI
Country Image	6.070	8	0.639	0.759	0.995	0.987	1.006	1.000	0.000	0.000-0.049
Destination Image	61.970	32	0.001	1.936	0.971	0.950	0.972	0.980	0.049	0.030-0.067
Animosity	18.987	8	0.015	2.373	0.985	0.960	0.976	0.987	0.059	0.025-0.094
Ethnocentrism	17.480	8	0.025	2.185	0.986	0.962	0.986	0.992	0.055	0.018-0.090
Full measurement model	645.777	335	0.000	1.928	0.896	0.874	0.925	0.934	0.048	0.043-0.054

In the structural equation analysis, the dependent variable was Visit Intention; it was comprised by the two items, that of “I would like to travel to America in the next 5 years” and “Given money and

time, I would prefer America over other destinations”. Four out of seven hypotheses were confirmed (Table 2). In the process of modeling the relationships among constructs, the direct effect of animosity on ethnocentrism was discovered.

Table 2. Hypothesis Testing

HYPOTHESES		RESULT
H1	Country Image has a direct positive impact on Destination Image.	Confirmed
H2	Country Image has a direct positive impact on Visit Intention.	Not confirmed
H3	Destination Image has a direct positive impact on Visit Intention.	Confirmed
H4	Animosity has a direct negative impact on Country Image but not Destination Image.	Confirmed
H5	Animosity has a direct negative impact on Visit Intention.	Not confirmed
H6	Ethnocentrism has a direct negative impact on Destination Image but not Country Image.	Confirmed
H7	Ethnocentrism has a direct negative impact on Visit Intention.	Not confirmed
	Animosity has a direct positive impact on Ethnocentrism.	Established

The final model achieved a good level of fit: $\chi^2(392)=784.725$, $p < 0.001$, RMSE = 0.050 (90% CI: 0.045-0.055), GFI = 0.89, AGFI = 0.86, TLI = 0.92, CFI = 0.92. All paths (standardized regression weights) were significant at 0.05 level. Overall, the model accounted for 79 percent of the variance in the willingness to buy American destination product, that is, to visit the United States as a vacation destination.

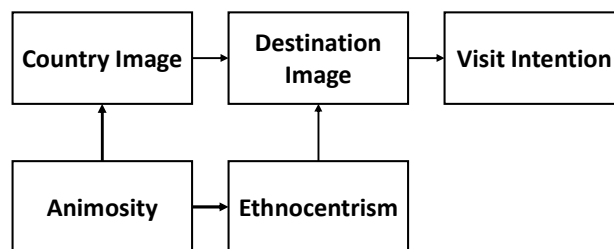


Figure 1. Country-of-origin Effects on Destination product: Final Model

The only significant impact on intention to visit the U.S. is produced by destination image. Country image, animosity, and ethnocentrism do not directly affect willingness to buy the destination product, which is a good sign for the Brand USA.

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