



**The Impact of Country Attitudinal Brand Equity on
Country Financial Brand Equity: The Case of the United States**

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ABSTRACT

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Approaching a country as a brand is growing in importance and significance. The advent of globalization, geopolitical concerns and global environmental issues place nation states in highly visible positions where a country's brand is a concern for nation state policy makers as well as for the country's businesses and citizens.

Country brand equity derives from firm brand equity and the research similarly follows two major streams; brand equity as an emotional construct (i.e. trust, loyalty, emotional connection) and as a financial construct (i.e. brand value NPV calculations, Tobin's Q, sales, market share)

Recent debate surrounding the brand equity of the United States centers on the impact of attitudes toward the US and their impact on US businesses. The aim of this research is to determine, from a macro country level, if country attitudinal brand equity has an impact on country financial brand equity, and if so, to what extent.

Based on in-depth interviews with US International Trade Representatives, and the recent literature on country brands, this study uses Granger Tests of Causality to determine the relationship between country attitudes toward the US and country imports of US goods and US export market share. This study then derives, validates and compares three country brand equity models using Structural Equation Modeling.

This dissertation contributes to the marketing literature by advancing our understanding of US country attitudinal brand equity and its impact on US financial

brand equity. This research demonstrates that the relationship between country attitudinal brand equity and country financial brand equity is statistically significant and that attitudes toward the US impacts US export market share, yet is the impact on US exports is less certain. Specific recommendations for nation state policy makers, business managers and future areas country brand equity research are also included.

TABLE OF CONTENTS

ABSTRACT	ii
LIST OF TABLES	vii
LIST OF FIGURES	viii
CHAPTER 1- INTRODUCTION	1
Problem Statement	2
Purpose and Significance of the Study	3
Motivation for This Research	4
CHAPTER 2: LITERATURE REVIEW	8
Brand and Branding	9
Country of Origin and Product Country Image	13
Brand Equity Defined	15
Brand Equity Measures	18
Country Brand	24
Country Brand Equity Measures	26
US Country Brand Equity	29
CHAPTER 3: RESEARCH PROBLEM	35
Research Hypotheses	37
CHAPTER 4: METHODOLOGY	40
Depth-Interview	40
Grounded Theory	41
Granger Test of Causality	43
Structural Equation Modeling	44
CHAPTER 5: INITIAL DATA COLLECTION and ANALYSIS	46
Primary Data Collection and Analysis	48
CHAPTER 6: RESULTS	52
Granger Test of Causality for Trust	64
Structural Equation Models	69
CHAPTER 7: CONCLUSION	85

CHAPTER 8: LIMITATIONS & FUTURE RESEARCH	88
REFERENCES	92
APPENDIXES	118
Appendix A Depth Interview Questions	107
Appendix B Country Brand Equity Definitions	108
Appendix C Constructs for Consumer Based Brand Equity	109
Appendix D Survey Methodology for Attitudinal Measures	110
Appendix E Pew Survey Data for View of US Business	111
Appendix F Pew Survey Data for View of Americans	113
Appendix G Pew Survey Data for View of the US	116
Appendix H Pew Survey Data for View of US Foreign Policy	118
Appendix I Pew Survey Data for View of US Science & Technology	120
Appendix J Brand Finance Country Brand Valuations	122
Appendix K Primary Data Participants & Interview Information	123
Appendix L List of Secondary Data Sources	124
Appendix M AMOS Output for the Economic Factor Model	125
Appendix N Bollen-Stine Normality Test for Economic Factor Model	131
Appendix O AMOS Output for Economic & US Image Model	134
Appendix P Bollen-Stine Normality Test for Economic & US Image	144
Appendix Q AMOS Output for C.A.B.E. & Economic Factors Model	147
Appendix R Bollen-Stine Normality Test for C.A.B.E. & Econ Model	157
Appendix S Open Coding Participant A Data	158
Appendix T Axial Coding Participant A	159
Appendix U Open Coding Participant B Data	161
Appendix V Axial Coding Participant B Data	164
Appendix W Opening Coding Participant C Data	166
Appendix X Axial Coding Participant C Data	168
Appendix Y Open Coding Participant D Data	169
Appendix Z Axial Coding Participant D Summary Verbatim Data Blocks	172
Appendix AA Q-Plots for Assessing Normality for Granger Tests	174
Appendix BB Q-Plots of Transformed Data for Granger Causality Tests	175

Appendix CC	Q-Plots for Assessing Normality for Granger Tests	176
Appendix DD	Q-Plot of Transformed Data for Granger Causality Tests	177
Appendix EE	SPSS Time Series Sequence Plots for Stationarity	178

LIST OF TABLES

Table 1. Brand Equity Drivers for The United States.....	51
Table 2. Comparison of Brand Equity Drivers	52
Table 3. Relative Estimated Importance of Brand Equity Drivers	53
Table 4. Changs in US Image, Country Imports and US Market Share	60
Table 5. Comparison of US Image Change and Country Imports of US Goods ..	62
Table 6. ANOVA US Image on Country Imports and US Market Share.....	64
Table 7. Trust Level of Business Headquartered in the US.....	65
Table 8. Granger Test of Causality Results	68
Table 9. Regression Weights C.A.B.E. and Economic Factors Model	73
Table 10. Reliabilty Statistics for Attitudinal Brand Equity.....	74
Table 11. Regression Weights Economic Factors Model.....	77
Table 12. Standardized Regression Weights Economic Factors Model	78
Table 13. Regression Weights Economic and US Image Model.....	81
Table 14. Standardized Regression Weights Economic and US Image Model	82
Table 15. Structural Equation Models Comparison of Model Fit Indices	83

LIST OF FIGURES

<i>Figure 1.</i> Source: Anholt-GMI Nations Brand Index Q1 2005	33
<i>Figure 2.</i> Source: World Trade Organization	54
<i>Figure 3.</i> Source: World Trade Organization	55
<i>Figure 4.</i> US Small Medium Enterprise Exports 1999-2007	56
<i>Figure 5.</i> Source: US Depart. of Commerce, International Trade Association...	57
<i>Figure 6.</i> Source: US Dept. of Commerce, International Trade Administration..	58
<i>Figure 7.</i> Source: 2007 Pew Global Attitudes Project & WTO	59
<i>Figure 8.</i> Source: Edelman Trust Barometer	66
<i>Figure 9.</i> Source: Edelman Trust Barometer	66
<i>Figure 10.</i> Country Attitudinal Brand Equity and Economic Factor Path Model	71
<i>Figure 11.</i> Path Diagram and Estimates for C.A.B.E. Model	72
<i>Figure 12.</i> Economic Factors Model-Time Series	75
<i>Figure 13.</i> Economic Factors Model- Time Series Path Diagram Estimates	76
<i>Figure 14.</i> Economic and US Image Model Path Diagram	79
<i>Figure 15.</i> Economic and US Image Model –Time Series Path Estimates	80

CHAPTER 1- INTRODUCTION

Country brand equity is emerging as an important concept in the global business environment. The significance of nations as brands in their own right is an emerging field of research for academics and field practice for marketers. The advent of globalization, geopolitical concerns and global environmental issues place nation states in highly visible positions where a country's "brand" is a concern for nation state policy makers as well as for the country's businesses and citizens. Michael Porter's (1990) emphasis on the importance of nations, even with the advent of globalization, in his book "The Competitive Advantage of Nations" is echoed, focused on and expanded by Ahnolt (2007) in "Competitive Identity: The New Brand Management for Nations, Cities, and Regions." The emergence and significance of this field of research, its breadth, depth and complexity provides ample opportunity for researchers to develop areas of inquiry that add to the understanding of country brand equity. The significance of brand equity at the corporate level is evident where intangible assets account for a significant portion of corporate value. Berman (2001) reveals that some studies estimate intangible value at sixty-six percent while others estimate it at more than eighty-five percent of corporate value. Previous studies examine brand equity from either a qualitative standpoint using attitudinal measures, or from a quantitative standpoint using financial measures. This paper examines country brand equity and its impact on firm's conducting business

overseas by using both qualitative and quantitative measures. Using the case of the United States, global attitudes toward the United States and economic factors are examined to determine their impact on US country brand equity in the form of country imports of US goods and US export market share by country.

Problem Statement

Two significant streams of research emerged from brand equity studies that carried over to country brand equity studies. One stream of research associates brand equity with attitudes and feelings toward the brand. The other stream of research focuses on placing a financial valuation on the brand. Country Brand Equity is an emergent area of inquiry where the impact of attitudinal brand equity on financial brand equity has yet to be sufficiently explored. Anholt (2008) states “the reputation of countries function like the brand images of companies and that they are equally critical to the progress and prosperity of those countries” (p.22). Additionally, “nations are making increasingly conscious efforts to hone their country branding in recognition of the need to fulfill three major objectives: to attract tourists, to stimulate inward investment and to boost exports” (Dinnie, 2008, p. 17) Over the past several years the Pew Global Attitudes Project, along with numerous authors, cite a decline in the image of the United States and US business across the globe. Akutsu (2008) states “just like a company brand, the equity of a nation resides in the minds of its audience” (p.219). Prior to implementing a marketing program, US policy makers and marketers must first understand the nature of the problem. There is considerable debate as to whether or not attitudes toward the US impact US business and if so, in what form.

Global attitude surveys attempt to measure the minds of an audience (in this case the US) and thus, the nation's brand equity from a perception standpoint. What has not been established is what impact this "attitudinal brand equity" toward a country has on the "value or financial brand equity" of the country itself and on the businesses from that particular country. Therefore, this study examines the Country Attitudinal Brand Equity of the United States and its impact on US country financial brand equity.

The problem of determining what impact attitudinal measures have on US country financial brand equity is expressed in this paper by the following four major questions:

1-Do attitudes toward the US impact country imports of US goods?

2-Do attitudes toward the US impact US export market share?

3-What impact attitudinal brand equity has on US exports?

4-What impact attitudinal brand equity has on US export market share?

Purpose and Significance of the Study

The purpose of this study is to determine what impact country attitudinal brand equity measures have on country financial brand equity measures. The study is unique and significant in that it examines the role of attitudinal brand equity measures not as the end result measure of brand equity in and of themselves but as determinants of financial measures of brand equity. This study is also significant because Country Brand Equity "represents an area in which there is little existing theory but a huge amount of real world activity...and [it] is steadily gaining prominence, with more and more countries around the world committing resources to the development of their nation-brand" (Dinnie, 2008

p.13). Additionally, this study is significant for international businesses headquartered in the US and for US policy makers since it examines the global attitudes toward these two entities and reveals their impact on the two entities financial brand equity. Attitudinal brand equity research results in qualitative measures, such as awareness, associations, loyalty, purchase intention, trust level, emotional connection (Laidler-Kylander, 2007). That is, they measure thinking and feeling toward a brand. US brand equity, as measured by anecdotal evidence and attitudinal surveys is well documented and widely reported to be declining significantly. However, the impact of the reported decline in qualitative US brand equity on financial US brand equity has not yet been sufficiently examined. The purpose of this paper is to add to the literature by beginning an initial inquiry on the impact the widely reported decline in US Attitudinal Brand Equity has on US financial brand equity.

Motivation for This Research

The erosion of America's brand is widely cited in the literature. Using anecdotal evidence Revel (2003), Pearse (2004), Martin (2004), Davies and Hollander (2005), and Farber (2007) describe the US's decline. In recent years, particularly since 2003, numerous books and articles describe the diminishing status of the US, in some cases outright hatred of the United States, and its perceived impact on US business. Martin (2007, 2006), Anholt (2004) and Douthat (2004) describe the erosion of brand America and how America can rebrand itself while Goodman (2005) articulates how businesses must restore trust and change world perception of US businesses.

Anti-Americanism around the globe is chronicled by Schatz (2002), Berman (2004), Revel (2003), Ross & Ross (2004), Hollander (1995, 2005, 2008), Katzenstein

and Keohane (2006), McPherson (2006), Roger (2006), O'Connor and Griffiths (2006), Schweitzer & Schweitzer (2006), Stephan (2006), Markovits (2007), and Nimer (2007),. A working paper by Choudhury (2007), at The Princeton Project on National Security, outlines several questions to be answered in order to understand the economic impact of Anti-Americanism. The "erosion of Brand America's power, the increasing distrust of American business and the declining affinity to American brands that is turning global consumers away from American products" (p.3). Additionally, Kendall (2004) of GMI Inc. states that "American corporations are in danger of suffering a major shift in purchasing habits as nearly 20% of foreign consumers say they'll avoid select U.S. products due to America's position on foreign affairs" (p.1). Choudhury (2007) quotes Douglas Massey, a professor at Princeton University's Woodrow Wilson School of Public and International Affairs, where Massey refers to the Iraq war and GMI's poll of US foreign policy and states "that continued unilateral action on the part of the U.S will not only isolate it politically, but economically as well, depressing worldwide demand for American products and services" (p.8).

Tsao (2003), in a Business Week article "Wars and Boycotts, Both Fade Away," portrays a contrasting view of the impact US foreign policy has on US business. He quotes Jan Lindemann, the global Brand-Valuation Director at Interbrand, a New-York based brand consultancy. Lindemann states that the "Anti-American debate is waged by...groups that don't reflect most consumers" (p.1). Lindemann also indicated that the global negativity toward the US since the Iraq war "shouldn't have too much of a lasting effect" on US brands (p.2). Additionally, US International Trade Association Director Cox (2009) states that US foreign policy has minimal to no impact on US trade and

exporting. A key to trade and export is US trade policy. That is, trade agreements impact exports significantly while foreign policy does not. One example demonstrates the paradox. An Egyptian boycott of McDonalds, where the researcher queried a corporate executive as to how much money the firm lost because of the protest against the U.S. iconic brand, paradoxically revealed that sales in Egypt increased during the protest period due to the firm's ability to adjust to local conditions and establish a delivery service. While Egyptians observed the protest by not frequenting their local McDonalds and thus, did not incur social pressure for their patronage, they quietly spent more money when using the clandestine home delivery. The seemingly contradictory evidence, coupled with the deductive reasoning that since global attitudes toward the U.S. have increased in their negativity (Pew, 2004 & 2007) U.S. (financial) brand equity must similarly be negatively impacted, presents an interesting case.

Interestingly, two streams of brand equity research have emerged that potentially mirror the conflicting debate about the impact of the erosion of brand America and its impact on US business. One stream of research examines brand equity from the standpoint of qualitative measures. This paper refers to this stream of research as Attitudinal Brand Equity. A second stream of research examines brand equity from a financial standpoint. This paper refers to this stream of research as Financial Brand Equity. The dichotomy of brand equity studies provides an interesting parallel to the US Brand Equity debate in that both views may be correct. That is, US Brand Equity, as measured by Attitudinal Brand Equity may be in decline. However, what is not clear is the status of US Financial Brand Equity and the impact attitudes have on financial

measures. This paper seeks to clarify the status of US Financial Brand Equity and also determine the impact of US Attitudinal Brand Equity on US Financial Brand Equity.

CHAPTER 2: LITERATURE REVIEW

Dinnie (2008) authored the first academic book on “Nation Branding” and he states that it “represents an area in which there is little existing theory but a huge amount of real word activity” (p.13). Additionally, he states that “Nation Branding is an exciting, complex and controversial phenomenon” (p.13). Dinnie (2008) also states that subject area of nation brand is complex, controversial, highly politicized, and “generates passionately held and frequently conflicting viewpoints and opinions” (p.13.) In order to approach the concept and study of nation (or country) brand we must first examine the relevant literature from which country brand is derived and from which country brand equity has evolved.

The streams of research that serve as the genesis of country brand equity stem from Brand, Branding, Brand Management, Country of Origin (COO), Product Country Image (PCI), and Country Image. Not unlike Dinnie’s synopsis of Nation Brand, the foundation literature from which Nation Brand and Country Brand Equity evolve, the streams of research preceding country brand equity share a diverse view and methodological approach. This diversity produces varied results and a lack of consensus on fundamental issues, such as definitions, core elements, conceptual models and measurements. In this section we explore the foundations for Country Brand Equity

within the context described above. First, we briefly explore the relevant Brand and Branding literature. Then, we look at Brand Management followed by Country of Origin (COO) and Product and Country Image (PCI). Finally, we examine Brand Equity and Country Brand Equity.

Brand and Branding

A literature review of brand and branding reveals numerous definitions, elements and approaches for studying the both brand and the process of branding. In this section, we review the definitions of brand, discuss the importance of brand and follow with a brief review of brand measures from a select and influential set of brand studies.

Kotler (1984) defines brand as “as a name, term, symbol or design, or a combination of them, which is intended to signify the goods or services of one seller or group of sellers and to differentiate them from those of competitors” (p.482). Aaker (1991) defines brand as “one of the most important intangible assets of any business” (p.10). Bedbury (2002) summarizes a brand as “a psychological concept, held in the minds of the public” (p.46). Doyle (1992) defines a successful brand as “a name, symbol, design, or some combination, which identifies the ‘product’ of a particular organisation as having a sustainable differential advantage” (p.23). Macrae et al (1995) define brand as a “unique combination characteristics and added values, functional and non-functional, which have taken on relevant meaning that is extricably linked to the brand, awareness of which might be conscious or intuitive. (p.15). Lynch and deChernatoney (2004) define brands as “clusters of functional and emotional values that promise a unique and welcome experience between a buyer and a seller” (p.404).

The importance of brand is manifested in multiple ways. The concept of brand serves as a proxy for function and information for consumers. Morrison and Firmstone (2008) state that “brands function in the same way as trust,” by “simplify[ing] decision making by acting as summarized knowledge” (p.38). Brands enable consumers to differentiate among offers, provide convenience, assurance, a measure of satisfaction, and feelings of affiliation (Feldwick 2002). Bedbury (2002), concludes that “one cannot entirely control a brand. At best one can only guide and influence it” (p.46).

Consumer product brands account for much of the brand research conducted to date. The impact of marketing mix variables on brand choice is well documented in the literature with studies by Massy et al (1970), Bass (1974), Guadagni and Little (1983), Chintagunta et al (1991), Gonul and Srinivasan (1993), Rossi and Allenby (1993), and Siddhartha et al (2004). The research by Siddhartha et al (2004) examines brand choice where the consumer makes a no-purchase decision. Erdem and Swait (1998) and Keller (2002) examine brand as a signal for credibility while Blackstone (1992), Aaker (1997) Blyth (2007) explore brand as a dimension of personality and Fournier (1998) examines brand impact on customer loyalty. “Proportionally little research however, has been devoted to brands and brand choice models as they apply to organizations, places or people” (Kylander, 2007, p.15). Consistent with the notion for including attitudinal measures in brand studies, Gobe’s (2001) paradigm of brand (where the importance of a brand’s ability to elicit positive emotional reactions and create connections with consumers) captures the essence and rationale for studying brand as an emotional construct.

As defined above, brands include tangible and intangible assets. Researchers examining brand have applied various methods and financial measures to quantify brand. Fournier (1998) examines brand from a standpoint of market share the impact brand has on customer loyalty. Fournier (1998) and Aurand et al (2005) examine how brand drives price premiums, increased market share and increased stockholder return while Lamons (2003) estimates that brand may account for as much as seventy percent of some firm's market valuation. Herberden (2002) indicates that a firm's brand may account for up to seventy-two percent of its value.

Moving from brand to branding we again begin by reviewing definitions and examining commonalities. Arnold (1992) indicates that branding is the collection of activities that go into building, nurturing and protecting a brand over time. Jobber and Fahy (2003) define branding as "the process by which companies distinguish their product offerings from those of the competition" (p.7). Anholt (2002) incorporates the notion of country branding when he defines branding as "the application of a brand to a product, company, organization, individual and even a country" (p.59). Bergstrom et al (2002) state that a brand is the "sum total of all perceived functional and emotional aspects of a product or service" and that "everything and everyone is branded, because all actions communicate a meaning of some kind" (p.134). Additionally, Bergstrom et al (2002) state that, "branding, the verb, is about adding a higher level of emotional meaning to a product or service, thereby increasing its value to customers and other stakeholders" (p.134). The commonality amongst Branding definitions is that it is an application or process. The differences pertain to the entity conducting the process or application. Definitions of branding reveal that branding may apply to companies and

individuals, as well as countries and be measured by emotional attributes and/or quantitative financial valuations.

Subsequent to Globe (2001), Thompson et al (2006) substantiate the importance of emotional branding. The authors indicate that a brand's value is positively related to the extent of the emotional attachment stakeholders have toward the brand and emotional attachment is important for building relationships with stakeholders. Emotional branding studies (Aaker 1997, Fournier 1998, Kozinets 2001, Muniz and O'Guinn, 2001; McAlexander et al, 2002; Brown et al, 2003; Aaker, Fournier, and Brasel 2004) are replete in the brand literature. Ladler-Kylander (2007) states that "it appears therefore, that in research marketing, the emotional branding paradigm is replacing the original paradigms based on cognitive theories of consumer knowledge formation (Thompson, Rindfleisch and Arsel 2006)"(p.16).

Brand extensions, that is using an existing brand name to launch new products or services (Aaker and Keller 1990, Dacin and Smith 1994, Bottomley and Doyle 1996, Swaminathan, Fox and Reddy 2001, and Volckner and Sattler 2006) is an area of research with significant contribution to brand and branding literature. A specific area on inquiry significant to this study is the concept of brand extension relating to spillover (Balachander and Ghose 2003, Anand and Shachar 2004, Kumar 2005, and Roehm and Tybout 2006). Roehm and Tybout (2006) in particular, study the negative spillover effects of brand scandal. While Roehm and Tybout (2006) studying the negative impact of brand scandal on products, this paper examines, in part, negative country attitudes impact on firm brand equity. Concluding this section and leading to the next section on brand equity Vinjamuri (2004) concludes that when talking about branding "we are really

talking about the process of building brand equity-or the reach and strength of our brand” (p.86).

Prior to examining brand equity we first examine the Country of Origin and Product Country Image literature in order to understand the evolution of brand and country studies before proceeding to brand equity and ultimately to country brand equity.

Country of Origin and Product Country Image

Papadopoulos and Heslop (1993) describe the longevity and importance of the notion of country-of-origin and image by stating “the use of place-of-origin to evoke the image of everything from persons to ideas and products can be traced to antiquity. From ‘Joseph of Arimathea’ and ‘Greek mythology’ to ‘Chinese silk’ and ‘German engineering,’ origin has played a significant role throughout history in enabling people to identify, classify, assess, think of, and act upon phenomena and objects” (p.9).

Papadopoulos and Heslop (2003) indicate that the first PCI literature review was conducted by Bilkey and Nes in 1982. Bilkey and Nes (1982) refer to a COO study by Schooner that dates to 1968 while Nagashima is credited with (1977) developing the “Semantic Differential Scale” to study product image origins. Klien, Ettenson and Morris (1998) determined that a product's origin can affect a consumer’s purchase decision independent of the consumer’s view of the product. That is, a consumer may deem a product of high quality but decide not to purchase it because it comes from a country they hold animosity toward. Shin (2001) validated the animosity model in a study of Korean students using a high quality Japanese product coupled with economic and war animosity scales. Roth and Romeo (1992) examine country image and determine that it is a multi-

dimensional construct that is product category specific. Lotz and Hu (2001) find that consumers hold stereotyped images of countries and use that image to judge products.

Bhaskaran and Sukumaran (2006) call for a comprehensive approach toward COO studies in order to reduce the hindrance for generalization and theory building caused by conflicting results in the 96 published studies they examined.

Peterson and Jolibert (1995) conclude that “based on fifty-two articles or papers containing sixty-nine independent studies and 1,520 effect sizes, an analysis of fifteen study characteristics revealed that country-of-origin effects are only somewhat generalizable” (p.883). Samiee, Shimp and Sharma (2004) found that consumer knowledge of a product’s origin is only moderate and conclude that COO influence on consumer decision is inflated in prior studies. Early studies (Etzel and Walker 1974, Kaynak and Cavusgil 1983, Schooler 1971) found that where consumers indicated a country-of origin preference, their choice was product specific. Cattin, Jolibert and Lohnes (1982) and Nagashima (1970) found that COO product specific preferences also applied to industrial buyers.

Han (1989) determined that consumers unfamiliar with a product infer country image into the product while Erickson, Johansson and Chao (1984) and Johansson, Douglas and Nonaka (1985) determined that country image influenced beliefs about a product’s tangible attributes and in turn influenced overall evaluation of the product. Cordell (1992) described this as the halo model.

Shimp, Samiee and Madden (1993) introduced the “concept of country equity as a new way of thinking about global brands” in a study of countries and their products.

Pappu, Quester and Cooksey (2004) “examine the relationships between consumers’ country-level and product-level images of a country, and the equity they associate with a brand from that country” and determine that “the consumer based equity of a brand was significantly associated with both “micro and macro images of the country of origin of the brand. Kotler (2002) explores place marketing and “examines how widely held country images affect attitudes towards a country’s products and services and ability to attract investment, businesses, and tourists” (p.249). Maheswaran and Chen (2006) state that “like brands, countries also have equity associated with them, termed “nation equity,” that has both performance and emotional components. The authors study the impact of emotions (anger, sadness) on product country of origin product evaluations. Yasin, Noor and Mohamad (2007) determine that a “brand's country-of-origin image positively and significantly influences dimensions of brand equity” for refrigerators and air-conditioners in the Malaysian market (p.38).

Country-of-Origin, Country Image, Product/Country Image studies are relevant predecessors that influenced and contributed to the evolution of brand equity and country brand equity studies. In the next section we examine the origins of brand equity beginning with brand equity definitions followed by brand equity measures.

Brand Equity Defined

The complexity of operationalizing the concept of brand equity is predisposed by the lack of consensus among marketing researchers as to what is brand equity. The literature review reveals numerous and varied definitions for brand equity. This paper includes a set of brand equity definitions that appear most frequently in the literature.

“Brand equity refers to the value of a product with a brand name in comparison with that if the same product did not have a brand name (e.g., Aaker 1991; Ailawadi, Lehmann, and Neslin 2003; Farquhar 1989; Keller 2003). It reflects certain consumer attitudes and associations with a branded product (e.g., Aaker 1991, 1996; Keller 2003) that, in the aggregate, yield specific consequences, such as incremental volume, price premiums, and margins.

Keller (2003) provides a list of definitions from various sources: “The set of associations and behaviors on the part of the brand’s customers, channel members, and parent corporation that permits the brand to earn greater volume of greater margins that it could without the brand name and that gives the brand a strong, sustainable, and differentiated advantage over competitors” (Marketing Science Institute). Farquhar (1989) defines brand equity as “the added value to the firm, the trade, or the consumer with which a given brand endows a product” while Aaker’s (1991) definition is “a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers” (p.43).

Brodsky (1991) defines brand equity as the sales and profit impact enjoyed as a result of prior years’ marketing efforts versus a comparable new brand. Sriavastava and Schocker (1991) describe brand equity in terms of strength and value. “Brand equity subsumes brand strength and brand value. Brand strength is the set of associations and behaviors on the part of a brand’s customers, channel members, and parent corporation that permit the brand to enjoy sustainable and differential competitive advantages. Brand value is the financial outcome of management’s ability to leverage brand strength via

tactical and strategic actions in providing superior current and future profits and lowered risks” while Smith (1991) defines brand equity as the measureable financial value in transactions that accrues to a product or service from successful programs and activities” (p.43). Simon and Sullivan (1992) define brand equity as “the incremental cash flows that accrue to branded products over and above the cash flows that would result from the sales of unbranded products” (p.29).

Market Facts defines brand equity as “the willingness for someone to continue to purchase your brand or not. Thus, the measure of brand equity is strongly related to loyalty and measure segments on a continuum from entrenched users of the brand to convertible users” while the Brand Equity Board states that brands with equity provide “an ownable, trustworthy, relevant, distinctive promise to consumers.”(Keller 2003, p.43).

VanAuken (2003) states that “brand equity is the commercial value of all associations and expectations (positive and negative) that people have of an organization and its products and services due to all experiences of, communications with, and perceptions of the brand over time” (p.6). Moran (1994) states that “brand equity is an expression of the future value of the brand [name and that] total brand equity is a function of market share, relative price and durability” (pp.289-99). Lockwood (1994) defines brand equity as “the value added to a product by attaching a particular brand to the product” (p.272). Christiani (1993) defines brand equity, “in its purest sense, is a brand’s assets minus its liabilities” (p.126). Axelrod (1993) states “our conceptual definition of brand equity is the incremental amount that a customer will pay to obtain a brand rather than a functionally equivalent alternative with a different brand name” (p.91).

The literature review reveals a plethora of definitions attributable to brand equity. The lack of consensus in defining brand equity spills over to determining appropriate elements that represent brand equity and to assigning appropriate measures for brand equity. The next section reviews elements that comprise brand equity and the various means for measuring brand equity.

Brand Equity Measures

Two main streams of brand equity research have evolved over time. One stream approaches brand equity from an attitudinal standpoint. That is, the focus is on qualitative attitudes and emotional connections perceived toward the brand. A second stream of research focuses on quantitative valuation of brand equity. Thus, the spillover from the lack of consensus on the definition of brand equity contributes to the numerous and varied models, elements and measures of brand equity. This section reviews the main elements and measures of brand equity found in the literature.

Eubank (1993) characterizes the process of building brand equity “as the sum of two main components, marketing stimuli and attitudes about your brand. The firm or organization controls the marketing stimuli, which consists of advertising, promotion events and product. The attitudes about your brand consist of: awareness, attitudes about stimuli, attitudes about brand and intention to purchase. The measure of brand equity is sales volume” (p.322).

Van Auken (2003) indicates that brand equity can be measured in several ways: as the economic value of the brand asset itself, as the price premium (to the end consumer or the trade) that the brand commands, as the long-term consumer loyalty the brand

evokes, or as the market share gains it results in, among many others” (p.60). “Brand equity monitoring should highlight changes in consumers’ attitudes, preferences, and behavior regarding your brand. It should also perform a diagnostic role providing insights into why those changes are occurring”(p.18). “The most important brand equity measures are: unaided brand awareness, especially first recall, remembered/ recalled brand experience, knowledge of the brand’s promise, brand’s position in the purchase consideration set, brand’s delivery against key benefits. Additionally, Van Auken lists emotional connection to the brand, price sensitivity, and relative accessibility as keys to brand equity.

Ambler and Vakratsas (1996) state that “many marketers are content to describe brand equity purely in behavioral terms because they can be objectively observed; they can be accurately measured; and that attitudinal measures have been shown to correlate poorly (0-0.3) with behavior. What people say they will pay, which brands they claim to be loyal to, do not closely match what they actually do” (p.285).

Ambler (1997) cites Gale (1994) and states that “perceived quality has been identified as a key, perhaps *the* key, indicator of future [brand] performance” (emphasis in original, p.287). Story and Hess (2005) acknowledge attitudinal and behavioral measures exist for core brand equity variables and cite Oliver (1999). “There is behavioral loyalty – commonly measured in the marketplace. Yet, beyond behavior, there is attitudinal loyalty – comprising beliefs, feelings, and intentions toward a brand” (p.407). Additionally, Story and Hess (2005) indicate that trust is the primary differentiator between loyalty and satisfaction.

Story and Hess (2005) discuss trust and its importance for ensuring loyal customer relationships. Additionally, Delgado-Ballester and Munuera-Aleman (2005) indicate that trust is critical for developing brand equity and that “brand equity is best explained when brand trust is taken into account” (p.187). Although this paper concentrates on Country Brand Equity from a merchandise export standpoint, trust is also crucial to developing brand equity for services. Berry (2000) states that “branding plays a special role in service companies because strong brands increase customers’ trust of the invisible purchase” (p.128) while Morgan and Hunt (1994) conceptualize trust as “the confident expectation of the brand’s reliability and integrity” (p.23). To measure brand trust Delgado-Ballester (2004) is the “first to develop and validate a scale to measure brand trust for consumer products, which is called the brand trust scale (BTS)” (p.574). The BTS incorporates the following eight items: meets expectations; inspires confidence; never disappoints, guarantees satisfaction; honest and sincere; reliable; makes efforts to satisfy; compensates for problems (Delgado-Ballester, 2004).

Moran (1994) states that “brand equity is a function of market share, relative price and durability (pp.289-99) [and that] operational evidence of durability is loyalty” (p.303). Moran lists both attitudinal and financial components. Attitudinal components include brand awareness, brand preference brand emotional connection, brand loyalty, brand vitality, brand personality. Quantitative measures include brand usage, brand accessibility, brand value, brand relevant differentiation, brand consideration set” (pp. 229-31).

Biel (1992) states that “brand equity deals with the *value*, usually defined in economic terms, of a brand *beyond* the physical assets associated with its manufacture or

provision” (emphasis in original, p.11). Although Biel (1992) uses a valuation approach for measuring brand equity, he follows with a qualifier of what drives brand equity.

“While brand equity has come to stand for a financial concept associated with the valuation placed on a brand, it is useful to recognize that the equity of a brand is *driven* by brand image, a consumer (or customer) concept” (emphasis in original, p.13).

Lockwood (1994) proposes that the evidence of brand equity includes:

image/associations/symbolism, brand switching/brand loyalty, awareness/familiarity, brand extension potential, market share and response of brands to pricing” (p.274).

Rubinson (1992) uses NPD Intellect’s (a brand consultancy) methodology of calculating brand equity “where ‘base’ equity is the portion of an existing brand’s annual sales that a comparable new brand could not generate at the same marketing support levels and ‘potential equity’ is the increased level of sales that line or franchise extensions would have versus comparable new brands, that these major brands would be able to spawn over time” (p.281). Rubinson (1992) states that “we have developed a new model that proves that brands generate equity from the loyalty of their consumer franchise [and that] ‘loyalty’ is measured by the consumer’s probability of purchasing that brand” (p.282).

Mottram (1994) uses the Interbrand (a brand consultancy) methodology that “assesses seven attributes to calculate a ‘Brand Strength’ score. The seven attributes are: leadership, stability, market, internationality, trend, support, and protection. The brand strength score is then converted into a multiple or discount rate of future cash flow or earnings which results in a brand value calculation” (p.209).

Longman (1995) proposes “a simple brand equity measure that includes three elements: price/share (market share in excess of what its price suggests), durability (customers should exhibit loyalty to the brand), and the cost of money (compare brand’s performance to alternative forms of investment)” (p.197).

Blackston (1992) states that studies of consumer relationships with corporate brands have invariably found two components of a successful, positive relationship: trust in the brand and customer satisfaction with the brand” (p.114). Additionally, Keller (2003) alludes to trust and simplified decision making when he states that “brand equity relates to the fact that different outcomes result from the marketing of a product or service because of its brand than if that same product or service had not been identified by that brand” (p.42).

Christiani (1993) states that “the most elusive and debated subject revolves around this intangible asset consisting of a brand’s consumer loyalty base” (p.126). More recently, Dinnie (2008) indicates that “consumer loyalty is a key element in brand equity” (p.63).

Kapferer (2004) states that “brand valuation is not an exact science” (p.464) while Dinnie (2008) concludes that “there is no universal consensus on accounting methods and procedures for the financial valuation of brands” (p.65). A number of methods have been and continue to be used to value brands and calculate brand equity. Keller (1998) suggests using the residual method in order to determine a firm’s tangible and intangible value; with brand as the component of the intangible value. Interbrand uses the classical residual method which is a discounted cash-flow methodology (Kapferer, 2004). “Our

method evaluates brands much like analysts would value any other asset: on the basis of how much they're likely to earn in the future” (Interbrand, 2008).

Damodaran (1996) states “no single approach will give all the answers to a correct valuation. The starting point is to understand the purpose of the valuation and what benefits the brand delivers. Due to a lack of transparency of the workings and the underlying assumptions, some managers are not prepared to accept brand equity valuations”(p.347). “The models that we use in valuation may be quantitative, but there is a great reliance on subjective inputs and judgments. Thus, the final value that we obtain from these models is coloured by the bias that we bring into the process" (p.347).

The significant disparity in financial brand value measures (by Interbrand, Brand Finance and Millward Brown) prompts Knowles (2008) to suggest marketers focus on behavior-based or outcome measures of brand equity. “Value can only be created by changes in customer behavior. Changes in customer attitudes are nice, but in and of themselves they do not generate cash flow” (p.1).

The brand equity literature review reveals disparate views on the definition, elements and measures of brand equity. However, two streams of research emerge from the review. One focuses on the qualitative aspect of brand equity and the other on financial valuation. Laidler-Kylander (2007) sums up the qualitative aspect by revealing that there are over fifty-two academic and twelve commercial models of brand equity and that the qualitative dimensions found most frequently in brand equity studies are awareness, trust, loyalty, product quality.

Donius (1994) captures the complexity, challenge and tenuous nature of trying to measure brand equity with his comment; “It is my belief, after looking at the notion of brand equity and its measurement for now nearly ten years, that there really is no one best way to look at it. Brand equity is not something that you measure directly. It falls somewhere between top of mind awareness and brand loyalty” (p.57).

The financial valuation stream of research and the attitudinal stream of research include numerous and varied elements and methods for measuring brand equity. Since the study of Country Brand Equity is an evolving area of inquiry and its genesis is brand equity, it follows that the next section reviews the various qualitative and quantitative approaches to Country Brand Equity.

Country Brand

A literature review reveals that there is no consensus among academics and practitioners on the definition of brand equity, what elements comprise brand equity, or how to measure brand equity. What is evident is that two main streams of research have emerged around the notion of brand equity. One stream focuses on the notion of qualitative or attitudinal brand equity where consumers are surveyed on qualitative measures such as brand awareness, trust, loyalty, purchase intention and other measures.

A second stream of research focuses on quantifying brand equity by employing financial measures such as Tobin’s Q, cash flow, discounted net present value, royalty relief and other techniques. The lack of consensus surrounding the notion of brand equity notwithstanding, a more recent stream of research focusing on Nation or Country Brand

Equity is emerging. Due to globalization and the importance of the nation state as an actor in global business the notion of brand equity has been extended to the country level.

Country Brand is a relatively new phenomenon within the brand literature. While COO and PCI studies are numerous and varied dating back to 1968, a nation as a brand was introduced in to the literature in 1996. GfK America (2008) credits Anholt with developing the field of nation branding in 1996. “Since 1996, when he coined the term 'nation branding' and gave birth to this important new field, Simon Anholt has been working with governments to help them plan the policies, strategies, investments and innovations which lead their country towards an improved profile and reputation” (p.1).

Kotler (1997) in “The Marketing of Nations” demonstrates the importance of nation as a brand when he states that “consumers form their preference based on their personal background, experience, and national stereotypes about different nations’ quality, reliability, and service” (p.362). Kotler (1997) emphasizes the benefits of a positive nation brand and mirrors previous PCI and brand equity studies that include the qualitative approach using awareness and image when he states “well-known brands from countries with a strong positive image make good use of their image advantage” (p.363). The literature reveals that the concept of a country as a brand has also been articulated by Olins (1999 & 2002), Kotler (2002) Lodge (2002), Keller (2003) and Mashawaren (2006).

Keller (2003) asks the question “Can anything be branded?” (p.13). He answers the question by stating “although firms provide the impetus for brand creation through their marketing programs and other activities, ultimately *a brand is something that*

resides in the minds of consumers” (Emphasis in original, p.13). Thus, geographic locations can be branded (Keller, 2003). Keller cites Britain as an example. Britain’s image, as perceived by Australasia, Europe and America and Brits themselves are cited.

As an extension of brand equity, nation or country brand equity similarly encounters a lack of consensus regarding its definition. Adjusting for country and context Papadopoulos and Heslop (2003) mirror Aaker’s (1991) definition of brand equity to define Country Equity. Country Equity is defined by Papadopoulos and Heslop (2003) as “a set of country assets and liabilities linked to a country, its name and symbols, that add or subtract from the value provided by the country’s outputs to its various internal and external publics” (p.428).

Dinnie (2008) defines the nation brand as “the unique, multidimensional blend of elements that provide the nation with culturally grounded differentiation and relevance for all its target audiences” (p.15). He further states that this definition “recognizes the contention that brands exist in the consumers’ minds rather than being a totally controllable creation of the marketing function” ...and therefore the definition “incorporates reference to perceptual attributes and target markets” (p.15).

Country Brand Equity Measures

Ahnolt (2004) believes all countries are a brand. “Most countries send out messages about themselves most of the time, via a ‘hexagon’ of communication channels and actions and behaviors, and it’s the cumulative effect of these which, over the years, creates their brands” (Anholt S. &., 2004, p. 14) Anholt (2004) developed a six point hexagon to model a country brand that results in a numerical score. Countries are then

ranked against each other to create an index. The six points on the hexagon are tourism, export brands, foreign and domestic policy, investment and immigration, culture and heritage, and people. Anholt's "Nation's Branding Index" is an attitudinal survey of respondents that are queried regarding these six areas. The six points of the hexagon include three variables that can be characterized as results, outcomes or levels (tourism, exports, investment and immigration) and three that can be characterized as subjective inputs or potential causes (foreign and domestic policy, culture and heritage, and people).

Anholt polls a "worldwide panel of over 25,000 people on their perceptions of the cultural, political, commercial and human assets, investment potential, and tourist appeal of over 35 developed and developing countries. According to GfK, "this adds up to a clear index of national brand power, a unique barometer of global opinion"(p.2). The index "measures the power and appeal of a nation's brand image, and tells us how people around the world see the character of that brand" (p.2).

A literature review indicates that a financial measure of country brand equity, using the Royalty Relief method, has been completed by Brand Finance in 2005 and 2006 as part of Anholt's (2006, 2007) Nations Brand Index. Anholt (2007) reveals that the firm Brand Finance calculated the first nation-brand equity valuation using the 'royalty relief' method. "The royalty-relief method is based on the theoretical assumption that an operating company owns no brands and needs to license them from a non-operating brand owner" (Anholt 2007, p.1).

Abrahams (2008) indicates that the "Royalty Relief approach is based on the hypothesis that if the firm did not own its brand (or brands) it would have to pay someone

else a royalty to use them. Since the firm actual owns the brand it is 'relieved' of the burden of paying royalties and this cost avoidance becomes a measure of the brand's value" (p.37). Berman (2001) states that the "Royalty Relief method involves estimating likely future sales and then applying an appropriate royalty rate to arrive at the income attributable to brand royalties in future years" (p.411). Schultz and Schultz (2006) cite the royalty relief method as "the most common method (other than highly flawed actual cost or replacement cost methods) used to value brands" (p.267).

Dinnie (2008) states that "whilst there will always be debate within accounting and financial circles as to the validity of the various brand valuation techniques currently in use, Anholt's innovative attempts at financial valuation of nation-brands may help to focus governments' attention to the need to cultivate their nation-brands in an increasingly globalized economy" (p.65).

Anholt (2005) states that "the Anholt Nation Brands Index measures the power and appeal of a nation's brand image, and tells us how consumers around the world see the character and personality of the brand. The nation brand is the sum of people's perceptions of a country across six areas of national competence" (p.1).

Anholt (2005) articulates that importance of nation branding when he states "globalisation means that countries compete with each other for the attention, respect and trust of investors, tourists, consumers, donors, immigrants, the media, and the governments of other nations: so a powerful and positive nation brand provides a crucial competitive advantage. It is essential for countries to understand how they are seen by publics around the world; how their achievements and failures, their assets and their liabilities, their people and their products are reflected in their brand image" (p.1).

For the first time, it is now possible for us to put a dollar value on the reputations of the countries in the NBI, giving a sense of the real contribution of the brand to the nation's economy”(p.3).

US Country Brand Equity

The Anholt-GfK Nations Brand Index and the Pew Global Attitudes Project serve as measures of us brand equity. The Pew Global Attitudes project measures favorable/unfavorable views toward the United States in several areas. The measures are purely attitudinal. Historically, the Anholt- GfK Nations Brand Index surveyed attitudes only. However, in 2006 and 2007, Brand Finance calculated financial brand equity values for several countries. The US was one of the countries included in the financial valuation. This section reviews the recent published literature from each of the two entities measuring US brand equity.

Anholt (2004) cites a decline, for the first time in 2003, of “Power Brand” scores measured by Roper and research from NOP World showing a significant drop in “trust” and “honesty” for four US brands. He cites the decline as evidence of global erosion for the US as a brand.

Global views of the US in the GfK-Anholt Nations Brand Index fourth edition scored the US at 124.9. The score for the US in the third addition was 123.3. However, even though the US score increased, the rank of the US fell from 3rd in the third edition to 10th in the fourth edition.

Brand Finance rates the US as the strongest country brand with a rating of AA- and a brand value of \$17,893 Billion. The UK is second in brand rating with a rating of

B, yet it ranks fourth in brand value at \$3,475 Billion. Japan is third in brand rating with a rating of BBB and is second in brand value at \$6,205 Billion.

Anholt (2005) states that “this [the US] really is a country that polarises global opinion, and the majority of our respondents rank it near the top in categories like brands, popular culture, investment, technology, education and sport, and near the bottom for cultural heritage and governance” (p.6).

Anholt (2007) states that “the nation brand is the sum of the perceptions of a country and its people across six dimensions of national assets, characteristics and competence: Exports, People, Governance, Tourism, Culture and Heritage, and Immigration and Investment” (p.2.). Further, in describing the basic methodology of the Nations Brand Index Anholt (2007) states “we poll our worldwide panel of over 25,000 people on their perceptions of the cultural, political, commercial and human assets, investment potential, and tourist appeal of over 35 developed and developing countries. This adds up to a clear index of national brand power, a unique barometer of global opinion” (p.2).

In the 2007 report Brand Finance calculated country equity but did not provide a brand rating (such as AA- or BB) as in the Q4 2005 report. The equity calculation increased by over ten percent for the United States. However, the United States again fell in the opinion ranking. The US fell from 3 to 10 to 11 over the past three polls. Japan also fell in the ranking. In the past three polls Japan fell from 4 to 7 to 9. The change from 7th to 9th occurred even though Japan’s equity calculation increased by over fifty-four percent.

Using the financial brand equity measure the US ranks number 1 in both the 2006 and 2007 Nations Brand Index reports (2007 p.9) with an increase of \$1.842 billion over the year time period. Note that while the reports were published in 2006 and 2007 respectively, the measured change occurs over the year 2006. That is, the 2006 \$17.893 billion US brand equity is a measure of 2005 and the \$19.735 billion is a measure of 2006.

U.S. country brand equity, similar to the dichotomous brand equity research stream, is measured qualitatively and financially. The qualitative measures of U.S. country brand equity stem from Country of Origin (COO) Product Country Image (PCI) and country image research as discussed in the literature review chapter. The Anholt-GfK Roper Nation's Brand Index SM (2008) uses a panel of experts to comparatively rank fifty countries in each of five categories. The categories are: Exports, Governance, Culture and Heritage, People, Investment and Immigration.

GfK Custom Research (2009) states that "Anholt developed the Nation Brands IndexSM (NBI) in 2005 as a way to measure the image and reputation of the world's nations, and to track their profiles as they rise or fall" (p.1). Thus, the ranking is a determinant for the qualitative image and reputation measure. Anholt explains the results of the US qualitative ranking results. "We've heard so much recently about the decline of Brand America, perhaps it should come as no surprise that the United States doesn't come out on top of the first Anholt-GMI Nation Brands Index. But it was still as shock that the USA came fourth, together with Germany, in the league tables of the world's most powerful nation brands. And who knows, if the list had included countries like

France, Canada, Ireland, Australia, New Zealand, Brazil, Spain, Switzerland or the Netherlands, the United States might have ranked even lower” (p.2).

Anholt further explains the qualitative methodology in relation to US exports. “We asked consumers about their level of satisfaction with products and services produced in each country, and also about their tendency to actively seek out or actively avoid products from each country. These two questions allow us to measure any difference between the appeal of each country’s “Made In....” label and the reality of the products produced there. We also asked what kinds of products people would expect to be produced in each country” (p.1).

Despite many surveys reporting ‘protest’ behaviour on the part of consumers in various countries (as shown in the 2004 GMI survey – reference), the US still has the best image as a producer of products, with Japan a close runner-up. In this respect, at least, Brand America appears to be in good health – but it should be remembered that most of the respondents in our survey are from countries which are allies and/or trading partners of the US.

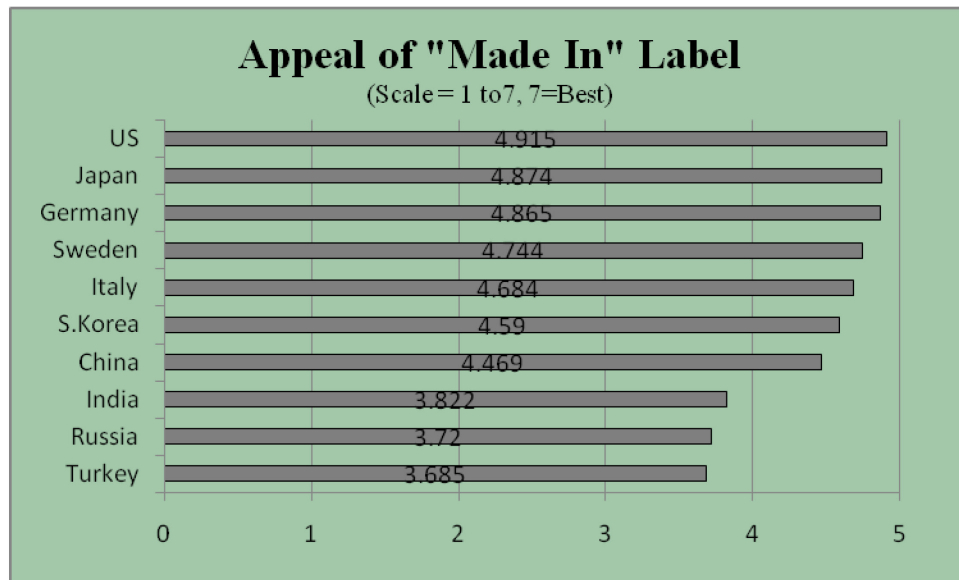


Figure 1. Source: Anholt-GMI Nations Brand Index Q1 2005

Interestingly, the Nations Brand Index qualitative assessment of the US does not align with the quantitative assessment. In 2007, Anholt-GfK stated that “the highest valuation, once again, is an impressive figure of nearly \$20 trillion for ‘Brand America’ – which despite the continued unpopularity of the country’s foreign policy interventions and the impact of this unpopularity on its people, products, culture, tourism and immigration appeal, has still managed to increase its brand equity by nearly \$2 trillion” (p.8).

In the Q3 2007 survey, reacting to the Brand Finance valuation of Brand USA, which increased from \$17,893 Billion to \$19,783 Billion, Anholt stated “what is abundantly clear – and this is the essence of high-profile, complex brands like the USA’s - is that these weak dimensions of the brand have not had a serious dampening effect on the strong dimensions, notably Exports and Investment and Immigration. This is also true of sub-dimension areas such as contemporary culture. USA was 2nd in Exports and

Investment and Immigration, and in contemporary culture despite many Muslims' misgivings about the morality of Western popular culture" (p.10).

The contradictory status of US attitudinal brand equity and US financial brand equity is evident from the PEW Global Attitudes Project results and the results of the Anholt-GfK surveys. US attitudinal brand equity has declined, from 2000-2007, as evidenced from both organizations' surveys. However, US financial brand equity, as measured by Brand Finance, increased from 2006-2007. The next section outlines the research problem this study seeks to address.

CHAPTER 3: RESEARCH PROBLEM

Country brand is a significant factor impacting nation states (Anholt 2004-2009, Olins 1999 & 2002, Kotler 2002, Lodge 2002, Mashawaren 2006, Dinnie 2008). What is not clear is what impact global attitudes have on brand equity. Choudhury (2007) reports that the “increasing distrust of American business and the declining affinity to American brands that is turning global consumers away from American products” (p.3) while Kendall (2004) states that “American corporations are in danger of suffering a major shift in purchasing habits as nearly 20% of foreign consumers say they’ll avoid select U.S. products due to America’s position on foreign affairs” (p.1). Edelman (2007) reports that over 77% of survey respondents said they would not buy US products if given a choice and Pew (2007) that 10% of global respondents will not buy US products. However, Tsao (2003) reports that the global negativity toward the US since the Iraq war “shouldn’t have too much of a lasting effect” on US brands (p.2.) Also, Chaudhuri and Holbrook (2001) determined brand equity elements (such as brand loyalty, purchase loyalty and attitudinal loyalty) are linking variables in the chain of effects from brand trust. The chain extends from trust to brand effect to brand performance. Brand performance is defined as market share and relative price (p.81).

Country Brand Equity, as a derivative of brand equity, similarly encounters a dual assessment issue between qualitative and quantitative measures. That is, country brand equity may be determined by qualitative measures (such as trust, loyalty, image, purchase intention, emotional connection etc.) and by quantitative financial measures (such as market share, sales, discounted cash flow, royalty relief). However, what is not sufficiently clear is what impact does country attitudinal measures have on a country's sales and market share. As described in the literature review, brand and brand equity may be characterized by the emotional connection stakeholders have with the branded entity (whether that is a country, firm, NGO or individual). There is significant literature describing the decline of brand USA (from the emotional, attitudinal perspective). There are recent financial valuations (Brand Finance and Anholt's Nation Brand Index) of brand USA that shows a substantial increase. This study links the two streams of brand equity research measures and evaluates their relationship.

Recent surveys by the PEW Global Attitudes Project and the Edelman Trust Barometer show a decline in trust, by foreign individuals, toward US businesses and the US in general. This study examines the impact attitudinal measures toward a country have on country brand equity. Specifically, this paper examines the impact of surveyed foreign country attitudes on US exports and US export market share, as US brand equity financial measures.

Pew (2007) indicates that ten percent of respondents would avoid purchasing US products given a choice. Edelman (2006) indicates that eighty percent of respondents, that do not "trust" businesses headquartered in the United States, refuse to purchase US products and services (p.4). China, Japan and South Korea are reported at seventy-two

percent; Brazil at eighty-one percent; Canada at seventy-six percent; and UK, France, Germany, Italy and Spain at eighty-one percent.

Research Hypotheses

The following six hypotheses are tested. Each hypothesis is stated in the null form.

Hypothesis H₀: There is no relationship between the country level of Trust of US Business and country imports of US goods

Hypothesis H₀: There is no relationship between the country level of Trust of US Business and US export market share

Hypothesis H₀: There is no relationship between Favorable Views of the US and country imports of US goods

Hypothesis H₀: There is no relationship between Favorable Views of the US and US export market share

Hypothesis H₀: Country Attitudinal Brand Equity does not impact country imports of US goods

Hypothesis H₀: Country Attitudinal Brand Equity does not impact US export market share

Consistent with Van Auken (2003) this study examines attitudes, preferences and behavior. Attitudes are operationalized using Pew Global Attitudes survey questions conducted between 1999 and 2007 and the Edelman Trust Barometer surveys from 2004 through 2007. Consistent with Brodsky (1991) and Eubank's (2003) measure of brand equity (sales volume), this paper examines US country sales volume using exports. Consistent with Moran's (1994) determination that brand equity is a manifestation of market share, this paper examines US export market share as a measure of country financial brand equity.

Since Donius (2004) concludes that there is no one best way to measure brand equity and that brand equity is unable to be measured directly. This paper includes several measures of country brand equity and contributes to the country brand equity literature by analyzing the impact attitudinal brand equity has on financial brand equity, in the form of exports and export market share, at the country level. The lack of consensus on: a definition of brand equity, a measure of brand equity and the variables that comprise brand equity is readily evident and carries over to the study of country brand equity. What is also evident in the literature is the seemingly consensus view that the country brand equity of the United States is declining. Two broad categorical methods, for measuring country brand equity, emerge from the literature. One method is the qualitative or attitudinal approach and the second method is the financial approach. One contribution this paper makes to the study of country brand equity is the inclusion of both attitudinal and financial measures of brand equity in the same study.

Consistent with Biel's (1992) assertion that "while brand equity has come to stand for a financial concept associated with the valuation placed on a brand, it is useful to recognize that the equity of a brand is *driven* by brand image, a consumer (or customer) concept" (p.13) this study incorporates country brand image by including image views of the United States.

Keller (2003) states "customer-based brand equity occurs when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favorable, and unique brand associations in memory" (p.47). In the case of the United States, global attitudes toward the country are considered favorable by only 7 (15%) of the 46 foreign countries surveyed in 2007. Of the 46 foreign countries surveyed, 39

(85%) view the US unfavorably. However, 28 (61%) of the countries view US science and technology favorably while 18 (39%) view it unfavorably. Thus, from a country brand equity standpoint this paper operationalizes purchase frequency using US exports and share of wallet by using US export market share (ratio of US exports to a specific country / total imports of a specific country).

In this paper Country Attitudinal Brand Equity is conceptualized, consistent with the referenced above, using foreign country attitudes toward and image of the US to develop and test three Structural Equation Models. Attitudes and image are operationalized by using the observed variables of: 1- favorability toward US foreign policy, 2-favorability toward Americans, 3- favorability toward US business, 4-favorability toward the US, 5-favorable view of US science and technology from the PEW Global Attitudes surveys between 2000 and 2007.

For these reasons, this study employs a multi-step approach using a combination of qualitative and quantitative methodologies in examining country brand equity.

The next section discusses the three techniques used in this study; Depth-Interviews using Ground Theory, paired t-tests, Granger Causality test and Structural Equation Modeling.

CHAPTER 4: METHODOLOGY

This study employs a multi-step approach using several methodologies. Primary data is obtained using the Depth-Interview and the data is analyzed using Grounded Theory. Primary data and secondary data are used to develop the theoretical constructs used for modeling later in the study. Granger Causality tests are used to determine if there is a relationship between Country Attitudinal Brand Equity measures and US country financial brand equity measures. Analysis of Variance (ANOVA) is used to determine if groups differences exists between country's with significantly negative, moderately negative and neutral/positives views of the US. Finally, Structural Equation Modeling (SEM) is used to examine and test the impact of economic and attitudinal factors on US exports and US export market share. Each of the methods is described in more detail below.

Depth-Interview

Gubrium and Holstein (2002) identify the depth interview as a vehicle for tapping into people's knowledge and experiences (p.57-58). Alvesson (2003) indicates that the depth interview provides the researcher a flexible means to gather relevant information for the project while not limiting the researcher to a structured questionnaire or interview guide (p.13). Milena et al. (2006) cite an important consideration, particularly for a

research topic that lacks clear consensus on most elements of the topic studied; the depth interview “is also an opportunity to gain insight into how people interpret and order the world [and] we can accomplish this by being attentive to the causal explanations” (p.1289). Additionally, Wright (1996) uses “the in-depth interview technique as an efficient, cost-effective, qualitative approach in international research into US and Japanese firms” (p.59) while Eagle et al. (2003) use in-depth interviews to determine the impact of gray marketing/parallel importing on brand equity.

Laidler-Kylander (2007) uses focus groups and depth-interviews to build a model of brand equity for international not-for profit organizations. Evidence supporting the use of depth-interviews for brand equity studies and for studies seeking to establish and test causal relationships reinforces its selection as one methodological component for this study.

The data obtained from the depth interviews are discussed in the data section and the semi-structured questions used are listed in the appendix.

Grounded Theory

The purpose of Grounded Theory is to generate a conceptual theory based on data. Theory generation using Grounded Theory is done primarily through induction rather than deduction. Johnson (2004) states that “the term ‘induction’ refers to the processes by which observers reflect upon their experience of social phenomena and then attempt to formulate explanations that may be used to form an abstract rule, or guiding principle, which can be extrapolated to explain and predict new or similar experiences”(p.165). “In contrast to the speculative and a priori nature of deductively

tested theory, explanations of social phenomena, inductively grounded in systematic empirical research are more likely to fit the data because theory building and data collection are closely interlinked” (p.165) Thus, induction allows for theory to emerge from data rather than using data to propose and test a hypothesis based on preconceived notions. Grounded Theory uses constant comparison analysis in order to code data (Glaser & Strauss, 1967).

Strauss and Corbin (1994) state that “because grounded theory is a general methodology, a *way of thinking about and conceptualizing data*, it was easily adapted by its originators and their students to studies of diverse phenomena (emphasis in original). Besides the constant making of comparisons, these [general procedures] include the systematic asking of generative and concept-relating questions, theoretical sampling, systematic coding procedures, suggested guidelines for attaining conceptual (not merely descriptive) ‘density,’ variation, and conceptual integration” (p274-275).

Data is coded in three iterative steps; 1-Open Coding, 2-Axial Coding, and 3-Selective Coding. ‘Opening coding’ (Strauss & Corbin, 1990) refers to the process of data analysis where the data is “first read and categorized into codes that are suggested by the data rather than imposed from outside” (Lansisalmi et.al. p.245). Next, these codes are clustered into ‘concepts’. Then, after all data is examined the concepts are organized by themes that become “a set of stable and integrative categories” (Lansisalmi et.al. p.245). Historically, Grounded Theory is generated from qualitative data.

Glaser (2008) developed Quantitative Grounded Theory that discovers conceptual hypotheses indexes and single item indices by theoretical elaboration analysis. The result

is a conceptual multivariate Quantitative Grounded Theory. “The purpose of Quantitative Grounded Theory, like substantive GT generated from qualitative data, is to generate conceptual theory. QGT is not generated to test or correct theory” (Glaser, 2008 p.11). Additionally, Laidler-Kylander (2007) uses Grounded Theory in a brand equity study of international not-for profit organizations.

Details of the multi-step coding process and the data obtained from the primary data participants are described in the Initial Data Collection section below.

Granger Test of Causality

The Granger Test of Causality is used to determine if a linear relationship exists between country attitudes toward the US and 1-country imports of US goods; and 2-US export market share by country. A method for determining whether changes in one variable are a cause of changes in another was proposed by Sims and Granger (1969, 1972). Pindyck and Rubinfeld (1998) explain the rationale of determining causality using the Granger Test of Causality. “If X causes Y, then changes in X should *precede* changes in Y” (emphasis in original). The Granger causality procedure is completed by running two regressions. One termed an unrestricted regression and one a restricted regression. Pindyck and Rubinfeld (1998) describe the two step procedure. “First test the null hypothesis ‘X does not cause Y’ by running [the following] two regressions:

Unrestricted regression:

$$Y_t = \sum_{i=1}^p \alpha_i Y_{t-i} + \sum_{i=1}^p \beta_i X_{t-i} + \varepsilon_t$$

Restricted regression:

$$Y_t = \sum_{i=1}^p \alpha_i Y_{t-i} + \varepsilon_t$$

And use the sum of squared residuals from each regression to calculate an F statistic and test whether the group of coefficients B_1, B_2, \dots, B_m are significantly different from zero. If they are, we can reject the hypothesis that ‘X does not cause Y’” (p.243).

Seth (2007) illustrates the Granger causality formula in context of a bivariate linear autoregressive model with two variables X_1 and X_2 as:

$$X_1(t) = \sum_{j=1}^p A_{11,j} X_1(t-j) + \sum_{j=1}^p A_{12,j} X_2(t-j) + E_1(t)$$

$$X_2(t) = \sum_{j=1}^p A_{21,j} X_1(t-j) + \sum_{j=1}^p A_{22,j} X_2(t-j) + E_2(t)$$

Where;

p is the maximum number of lagged observations included in the model the matrix A contains the coefficients of the model (i.e., the contributions of each lagged observation to the predicted values of $X_1(t)$ and $X_2(t)$, and E_1 and E_2 are residuals (prediction errors) for each time series. “If the variance of E_1 (or E_2) is reduced by the inclusion of the X_2 (or X_1) terms in the first (or second) equation, then it is said that X_2 (or X_1) Granger-(G)-causes X_1 (or X_2). In other words, X_2 Granger causes X_1 if the coefficients in A_{12} are jointly significantly different from zero. This can be tested by performing an F-test of the null hypothesis that $A_{12} = 0$, given assumptions of covariance stationarity on X_1 and X_2 . The magnitude of a Granger causality interaction can be estimated by the logarithm of the corresponding F-statistic (Geweke 1982)” (Seth, p.1).

Structural Equation Modeling

Structural Equation Modeling (SEM) analysis is used to determine the impact of attitudinal and economic factors on US exports and US export market share using the AMOS statistical program, Version 16.0. The economic and attitudinal variables

included in the SEM models are based on the literature review and the results of the primary data analysis of Grounded Theory's Constant Comparison Analysis described earlier.

SEM was selected as a methodology because of a number of advantages. Garson (2008) describes several SEM advantages of using SEM including its more flexible assumptions (particularly allowing interpretation even in the face of multicollinearity), use of confirmatory factor analysis to reduce measurement error by having multiple indicators per latent variable, better model visualization through its graphical modeling interface, the desirability of testing models overall rather than coefficients individually, the ability to test models with multiple dependents, the ability to model mediating variables rather than be restricted to an additive model as in regression, the ability to model error terms, and the desirability of its strategy of comparing alternative models to assess relative model fit.

Garson (2008) asserts that the reporting of SEM results varies widely among researchers. Following Garson's recommendations, this study follows standard reporting conventions developed by the American Psychological Association (2002) and by McDonald and Ho (2002).

CHAPTER 5: INITIAL DATA COLLECTION and ANALYSIS

Data collection was carried out in two distinct phases. The first phase obtained primary data via depth interviews with expert participants from the case study country: The United States of America. The purpose of the depth interview was to gather relevant information regarding the drivers of US brand equity from the standpoint of the US Department of Commerce's International Trade Administration (ITA). Dinnie (2008) states that country brand equity "represents an area in which there is little existing theory but a huge amount of real world activity" (p13). US International Trade Administration personnel directly represent the US in foreign trade activities, have vast experience and exposure foreign views of US brand equity and are able to provide extensive insight concerning global attitudes, exports and drivers of US brand equity.

Using constant comparison analysis, initial themes emerge from coding and subsequently relevant variables emerge from iteration and question refining. The emergent variables are then compared to the themes and variables that emerged from the literature review. For example, foreign trade policy, from the ITA standpoint is deemed to have little to no impact on US exports. Additionally, trade experts generally agree that, although there have been specific instances where attitudes toward the US have impacted trade, negative views toward the US are not systemic nor systemically impact

US exports negatively (Merguerian 2009). However, the literature reveals that foreign policy is deemed to have a significant impact of foreign individual's intent to purchase US products (Choudhury 2007, Edelman, 2007, PEW 2006).

The objective of the second phase was to gather economic and attitudinal secondary data in order to test the hypotheses and determine the impact of attitudinal measures on exports and brand equity. Secondary data from the US Census Bureau, the United Nations Center for Trade and Development (UNCTAD), the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), the Pew Global Attitudes Project, and the Edelman Trust Barometer are used.

Export and import data for the period 1948 through 2007 is from two sources. US merchandise exports to the world and to individual countries is obtained from the US Census Bureau's Foreign Trade Division TradeStatsExpress™ database. World merchandise imports and individual country merchandise imports is from the WTO.

Exchange rates, inflation, tariff rates, gross domestic product (GDP), gross national income (GNI), and foreign direct investment (FDI) for forty-four countries, for the period 1999 through 2007, are from several sources.

Exchange rates are from the IMF's International Financial Statistics database. The database query produced quarterly end-of period (EOP) exchange rates. The EOP exchange rates were averaged to produce a single annual exchange rate to mirror the annual data for the remaining variables.

Inflation figures are from the IMF's World Economic Outlook 2009 database. There were three cases missing cases of inflation data. Data imputation using regression

was used to replace the three missing cases. Tariff rates are from UNCTAD's Trains database and FDI figures are from UNCTAD's World Investment Report, 2008. GDP figures are from the IMF's World Economic Outlook Database, 2009 and GNI figures are from the World Bank's World Development Indicators database. Data imputation for two missing GDP PPP cases was required for calculating the Bollen-Stine bootstrap in SEM. The Maximum Likelihood estimation was used in the data imputation.

For each of the economic and US Favorability time series variables $n=153$. For the multiple attitudinal variables (view of: US foreign policy, Americans, the US, Science and Technology, American way of doing business) $n=44$. For the Edelman Trust Barometer data $N=10$.

Primary Data Collection and Analysis

The depth interview semi-structured methodology (Gubrium and Holstein 2002 and Alvesson 2003) was used to gather the primary data for this research since the topic of brand equity in general and country brand equity in particular lacks clear consensus. The depth interview allows the researcher to gain insight into how people interpret and order the world (Milena et al. 2006). Primary data collection was carried out in two phases. The objective of the first phase was to tap into the mental models (Senge 1990 and Forrester 1995) of international trade experts, who represent the United States, and are charged with increasing existing and developing new markets for US based firms. The second phase consisted of face-to-face depth interviews in order to attend to causal explanations (Milena et al 2006) of country brand equity and to employ Grounded Theory's constant comparison analysis (Glaser and Strauss 1967, and Charmaz 2006).

Participants were selected on the basis of their international business experience representing the United States and US firms, in developing markets internationally for US products and for their interest with the issue of country branding. The participants included: Regional Network Director for the U.S. Department of Commerce's Trade Promotion and Foreign Commercial Service; Director U.S. Commercial Service for the U.S. Department of Commerce; International Trade Specialists from the U.S. Department of Commerce's U.S. Commercial Service; Director Office of International Commerce for State of New Hampshire Department of Resources and Economic Development; and Market Research and Information Specialist Office of International Commerce for State of New Hampshire Department of Resources and Economic Development. The primary data participants have a cumulative sixty years experience in international business representing the United States and US firms. The areas of expertise include conducting trade missions in foreign countries, trade shows, counseling US businesses of exporting and building relationships, conducting international business matching making events, advising on international trade resources management, conducting market research, marketing, networking, providing export finance, export development and special events. The participants also have access to a worldwide network of U.S. Department of Commerce posts.

Initial phone interviews were conducted with a Network Director, Director and an International Trade Specialist with the Department of Commerce to outline the "mental models," gather data and compare data from each of the three levels of the organization. The Network Director's phone interview was conducted February 2, 2009 and lasted for twenty minutes. The Director's phone interview was conducted on February 3, 2009 and

lasted for thirty minutes. The International Trade Specialist's phone interview was conducted on February 4, 2009 and lasted for twenty-one minutes. Phone interview time totaled seventy-one minutes.

The second phase of the primary data research consisted of face-to face depth interviews using a semi-structured approach. Each face to face interview was conducted between April 29, 2009 and May 7, 2009 in individual sessions with one exception. One interview was conducted with two participants at the same time. Each of the interviews were digitally recorded and lasted between thirty minutes to forty-eight minutes. Each face-to face interview was transcribed verbatim in order to ensure participant comments were not missed by the researcher taking notes. All interviews (phone and face-to face) were conducted by the researcher.

Each digital interview recording was listened to first by the researcher and then sent to a third party for verbatim transcription. The verbatim transcriptions to Word documents totaled eighty-four pages. The face-to face interview time totaled one hundred and forty minutes. The total time for all interviews equaled two-hundred and twenty-one minutes or three hours and forty-one minutes.

As detailed earlier, the process of Grounded Theory's Constant Comparison Analysis includes: Open Coding; Axial Coding; and Selective Coding. Opening and Axial Coding data resides in the Appendix (see appendices S through Z). The third and final primary data analysis discerns core categories for the emergent theory. Goulding (2002) states the importance and rationale for this step by explaining "through the process of coding and abstraction the data are finally subsumed into a higher order or

core category which he researcher has to justify as the basis of the emergent theory” (p. 88). A core category sums up the pattern of behavior (Glaser, 1978).

The results of Selective Coding data, from the US International Trade Representatives, for brand equity drivers for the Unites States, are displayed below in Table 1.

Table 1
Brand Equity Drivers for The United States

Key Category	Frequency	Percent
Product Quality	6	100
Exchange Rates	6	100
Trade Agreements	6	100
Trust	6	100
Innovation	5	83
Technology	5	83
Relationships	3	50

CHAPTER 6: RESULTS

Results of the data analysis for the follow-up semi-structured questions relating to the brand equity variables, from the literature, proposed to impact US business is presented as a comparison in the table below.

Table 2
Comparison of Brand Equity Drivers

Category	View	Impact on US Brand Equity	
		Attitudinal	Financial
US Foreign Policy	N/A	Low/No Impact	Low/No Impact
US Product Quality	High	High	High
US Business Trust	High	High	High
US Product Trust	High	High	High
US Trade Policy	N/A	High	High
Exchange Rates	N/A	N/A	High

Factors impacting the level of US exports include: exchange rates, prices, inflation, income levels, trade agreements and tariffs. Attitudes toward the US were not deemed a significant negative impact on US exports. The consensus view is that people

(foreign individuals) can separate business from politics and that US products are high quality, particularly in high technology areas. The table below compares the estimated importance of brand equity variables between country, international nonprofits and for profit entities.

Table 3
Relative Estimated Importance of Brand Equity Variables

	International Nonprofits*	For profits*	Country Brand Equity Primary Data
Consistency	Very high	Average	Low
Focus	Very high	Average	Low
Trust	Very high	Average	Low
Partnerships	Very high	Low	Low
Integrity	High	Low	Low
Awareness	Average	Very high	Low
Perceived Quality	Average	High	High
Image	Average	High	Low/High**
Emotional Connection	Average	High	Low
Differentiation	Average	Average	Low
Knowledge	Average	Average	Low
Loyalty	Low	Very High	N/A
Associations	Low	High	N/A

*Source: Laidler-Kylander

**Primary data respondents view image in context of exports. US image is low relative to traditional definition and high in context of US exports (product image).

Initial primary data analysis establishes the country brand equity drivers and factors driving US exports. Next, secondary data analysis is performed on US exports, US export market share and country attitudinal brand equity.

US Export Data Analysis

Secondary data analysis begins with an examination of US exports over time. Pew (2007) indicates that ten percent of surveyed respondents would not purchase US

products if given a choice. Additionally, Edelman Trust Barometer 2006 reports that surveyed respondents that do not trust companies headquartered in the US and refuse to buy US products range from seventy-two percent in China, Japan and South Korea to eighty-one percent in Brazil, the UK, France, Germany, Italy and Spain. Edelman reports seventy-six percent of surveyed Canadians refuse to buy products from companies they do not trust headquartered in the US. Thus, one measure to examine in order to determine the impact of negative country attitudinal brand equity on country financial brand equity is the purchase of US products US exports are used as a proxy for the purchase of US products. Figure 2 compares the level of US exports to World exports from 1948 to 2008.

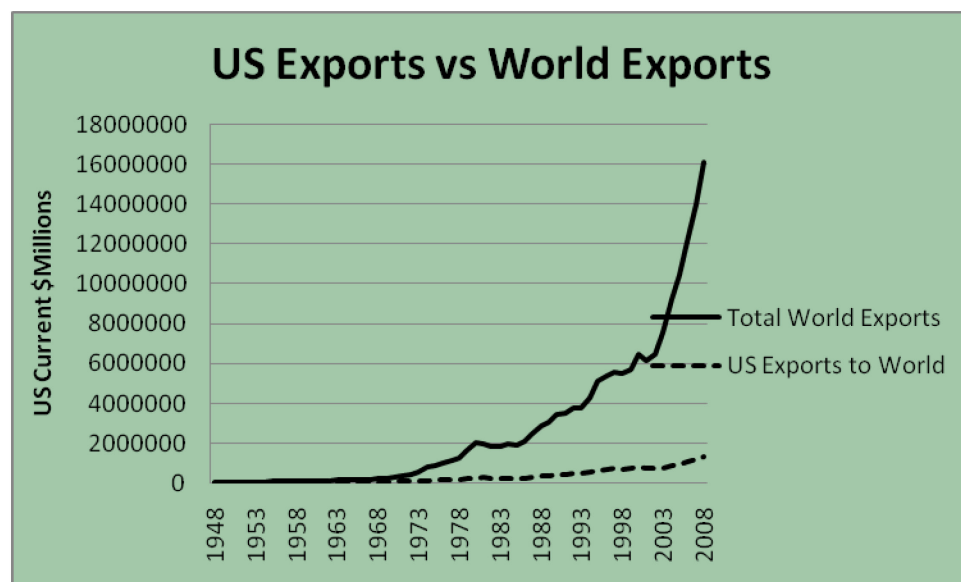


Figure 2. Source: World Trade Organization

Figure 1 shows that the value of total US exports is generally positive and slightly increasing through 2008. The value of total world exports is generally positive and growing a significantly increasing rate. The figure clearly demonstrates that the value of

world exports are growing at a substantially greater rate than the value of US exports.

The numerous and varied reasons for an increasing gap between the value of US exports relative to the value of world exports, over time, is well documented in the literature and beyond the scope of this paper. However, it is important to include export figures to establish a baseline of comparison between countries included in this study and because exports may be considered one measure of a country's level of sales.

Next, a comparison of US exports to world exports as a percentage establishes a world export market share baseline for the US. The baseline serves as a means to compare changes in US exports relative to country attitudinal brand equity measures and changes relative to the product purchase survey data reported by Pew (2007) and Edelman (2006).

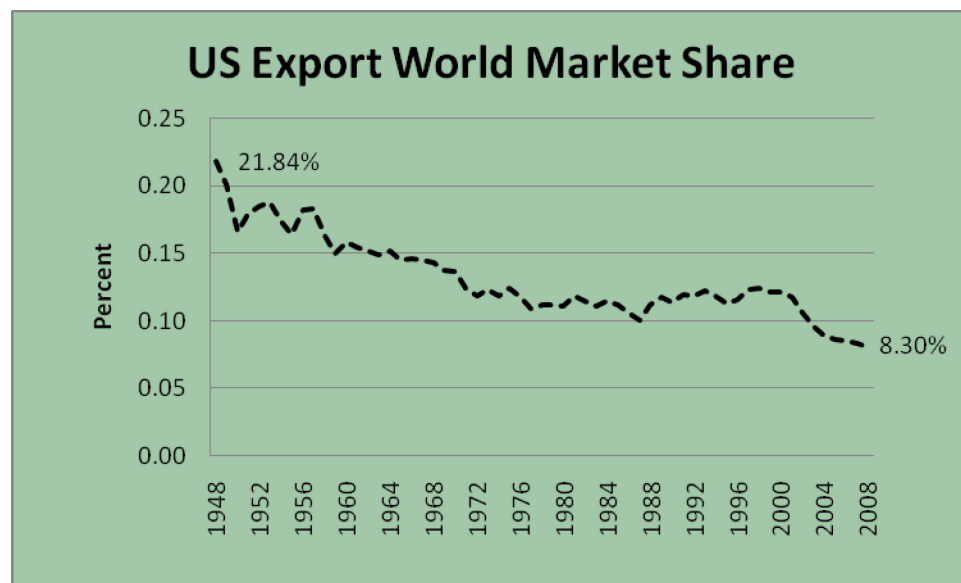


Figure 3. Source: World Trade Organization

As Figure 2 demonstrates, US export world market share declined from over twenty-one percent in 1948 to just over eight percent in 2008.

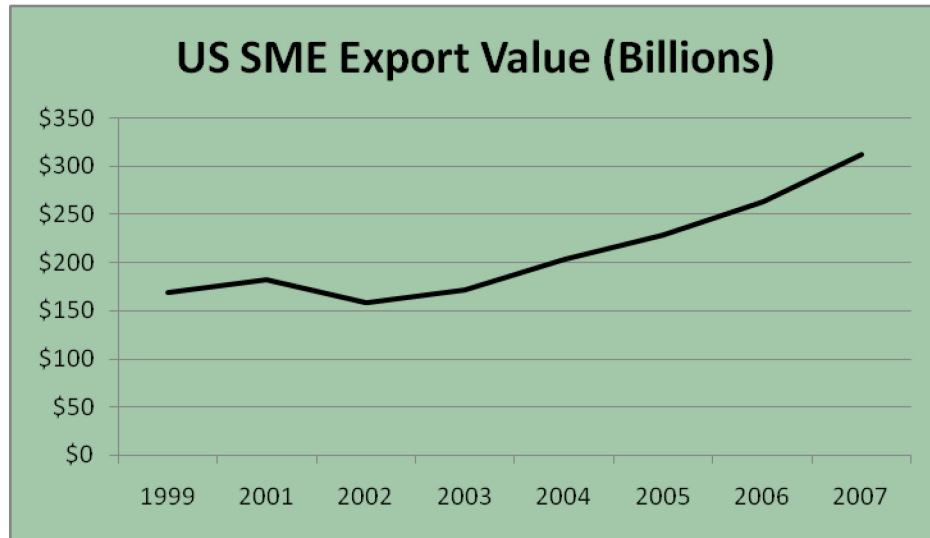


Figure 4. US Small Medium Enterprise Exports 1999-2007

Small Medium Enterprises (SME) in the United States account for nearly ninety-seven percent of the firms exporting from the US (US Department of Commerce, 2003). A review of SME exports reveals that the value of exports has increased substantially from 1999 to 2007. SME exports from the United States increased over the three periods examined. Between 1999 and 2007, SME export value increased by over eighty-five percent, from \$168.5 Billion to \$312 Billion. Between 2001 and 2007, SME exports increased from \$182 Billion to \$312 Billion and between 2003 to 2007 SME exports increased from \$171.5 Billion to \$312 Billion.

SME export market share has declined from 2.85% to 2.51%. SME market share is calculated by the formula:

$$\text{SME MarketShare} = \frac{\text{US SME Exports}}{\text{World Imports} - \text{US Imports}}$$

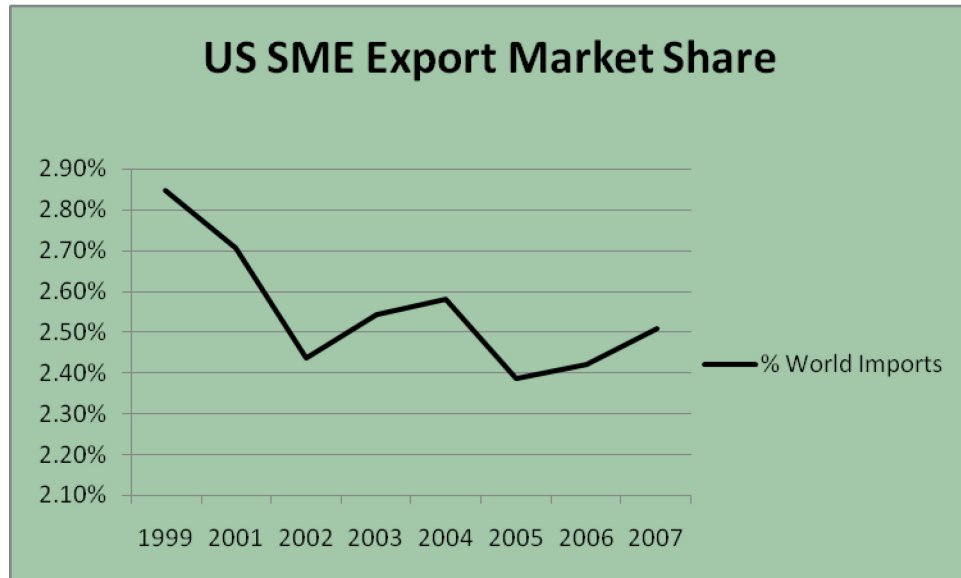


Figure 5. Source: US Department of Commerce, International Trade Association

However, between 1999 to 2007 SME market share (as measured by the ratio of SME exports to total world imports) fell from two point eighty-five percent to two point fifty-one percent; a change of negative point thirty-four percent. From 2001 to 2007 SME market share fell from two point seventy-one percent to two-point fifty-one percent; a change of negative point twenty percent. The third time period examined, 2003 to 2007, shows that SME market share fell from two point fifty-four percent to two point fifty-one percent; a change of negative point zero three percent.

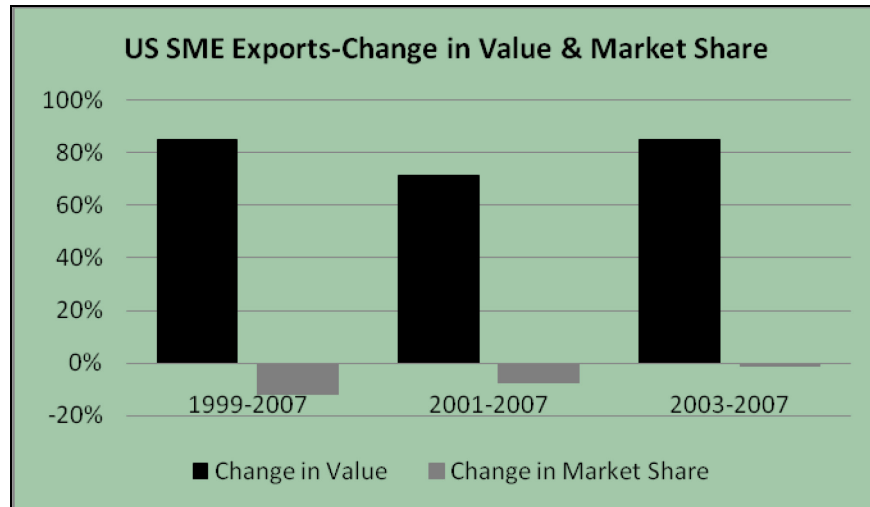


Figure 6. Source: US Dept. of Commerce, International Trade Administration

Change of the image of the US between 2000 and 2007, based on the Pew Global Attitude surveys and the change of US exports into the countries surveyed reveal a gap. Figure 6 shows the percent change for each. For example, the image of the US in Turkey fell from a favorability rating of fifty percent in 2000 to nine percent in 2007; a decrease of over eight-two percent. However, Turkey's imports of US merchandise increased over fifteen percent. Nigeria's image rating of the US changed from forty-six percent in 2000, to seventy percent in 2007; a positive change of over fifty-two percent. Nigeria increased its imports of US merchandise, over the same period, by over twenty-four percent.

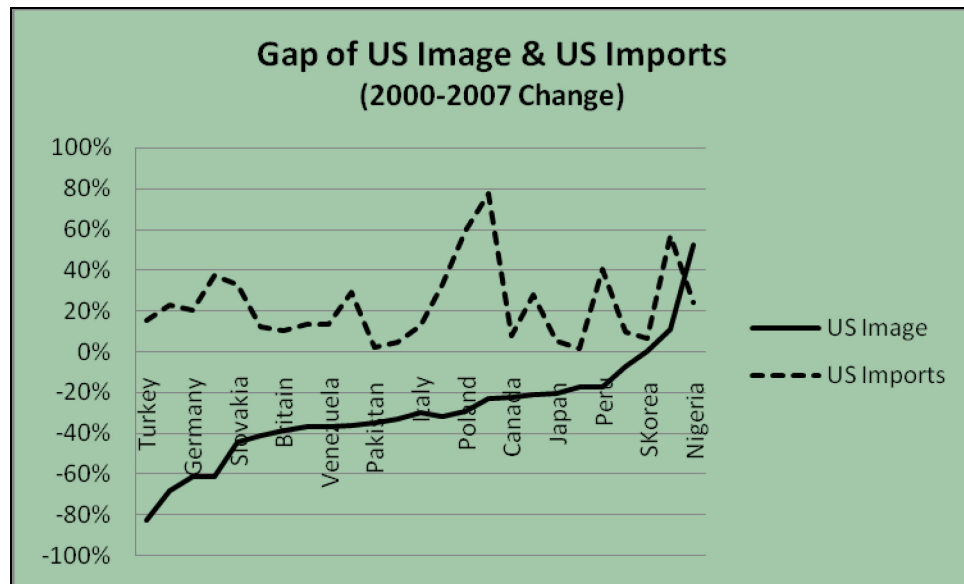


Figure 7. Source: 2007 Pew Global Attitudes Project & WTO

Change of the image of the US, by country, and the level of US export market share reveals that the US market share decreased in 16 of the 25 countries studied. While overall US exports to Turkey increased, US merchandise imports relative to all merchandise imports into Turkey decreased by five point five percent between 2000 and 2007. The largest decreases in US merchandise export market share as a percentage, for the countries included in the study, were in Bulgaria, Venezuela and Kenya. The market share changes were negative nineteen point eighteen percent, negative seventeen point thirty-seven percent, and negative eleven point sixty-one percent respectively. The largest market share increases occurred in Ukraine, Poland and Indonesia. The market share increases were thirty one point eighty-six percent, twenty-one point ninety-seven percent and nineteen point thirteen percent respectively. The countries with the largest US merchandise export market share increases possess substantial negative image changes for the US. Indonesia's image of the US fell from a seventy-five percent

favorable view to thirty percent between 2000 and 2007. However, US merchandise export market share increased over nineteen percent. Bulgaria's image of the US decreased by over thirty-two percent and Venezuela's image of the US fell by over thirty-seven percent.

Table 4

US Image -Index Country Imports & US Market Share Δ 2000-2007

Country	Δ US Image	Δ Country's Total Imports	Δ Country US Imports	Δ US Market Share
Turkey	-82.69%	121.8424	115.1391	94.4984
Argentina	-68.00%	130.8816	122.6118	93.6815
Germany	-61.54%	116.3537	120.1646	103.2753
Indonesia	-61.33%	115.4734	137.5626	119.1293
Slovakia	-44.59%	134.4326	133.2448	99.1164
Czech Rep	-41.56%	126.9236	112.4477	88.5947
Britain	-38.55%	103.7685	110.6112	106.5942
France	-37.10%	114.4585	113.1935	98.8949
Venezuela	-37.08%	137.1269	113.3095	82.6311
Bolivia	-36.36%	122.8383	129.0095	105.0238
Pakistan	-34.78%	109.2711	102.3081	93.6278
Bulgaria	-32.89%	129.2970	104.5000	80.8217
Italy	-30.26%	114.0645	112.7816	98.8752
Spain	-32.00%	118.5052	132.7946	112.0580
Poland	-29.07%	130.6056	159.2976	121.9684
Ukraine	-22.86%	134.5912	177.4687	131.8576
Canada	-22.54%	109.0199	107.9045	98.9768
Brazil	-21.43%	132.0551	128.0514	96.9681
Japan	-20.78%	107.4567	105.1847	97.8856
Mexico	-17.65%	110.1114	101.5773	92.2496
Peru	-17.57%	133.8452	140.7584	105.1651
Kenya	-7.45%	124.2821	109.8551	88.3917
S. Korea	0.00%	115.3412	106.7914	92.5874
Russia	10.81%	136.0388	156.6758	115.1699
Nigeria	52.17%	135.2652	124.3781	91.9512

An examination of US merchandise exports, to the countries included in the Pew Global Attitudes Surveys, reveals that the value of US exports continue to rise. This study proposes another measure to assess the impact of attitudes on US merchandise exports. This paper also examines US export market share. While US exports continue to rise a determination of the proportion of each country's imports of US goods compared to imports of all other countries presents a measure of US export market share. One hypothesis is that attitudes toward the US are significantly and positively associated with US market share. Thus, we would expect that countries with significantly negative attitudes toward the US will demonstrate a greater decrease in US market share.

The following table displays the change in country attitude toward the US between 2000 and 2007 and the change in US export market. A US World Market Share Index was developed using US export data and country total import data between 1999 and 2007. Using 2000 as the base year, the following three indices were developed: 1-US World Market Share Index; 2-Country Import Index; 3-Country Imports of US Goods Index.

Table 5

Comparison of US Image Change and Country Imports of US Goods

Country	Δ US Image 2000-2007	Δ US Imports > Δ US World Market Share	Δ US Imports > Δ Total Imports
Turkey	-82.69%	No	No
Argentina	-68.00%	No	No
Germany	-61.54%	Yes	Yes
Indonesia	-61.33%	Yes	Yes
Slovakia	-44.59%	Yes	No
Czech Rep	-41.56%	No	No
Britain	-38.55%	Yes	Yes
France	-37.10%	Yes	No
Venezuela	-37.08%	No	No
Bolivia	-36.36%	Yes	Yes
Pakistan	-34.78%	No	No
Bulgaria	-32.89%	No	No
Italy	-30.26%	Yes	No
Spain	-32.00%	Yes	Yes
Poland	-29.07%	Yes	Yes
Ukraine	-22.86%	Yes	Yes
Canada	-22.54%	Yes	No
Brazil	-21.43%	No	No
Japan	-20.78%	Yes	No
Mexico	-17.65%	No	No
Peru	-17.57%	Yes	Yes
Kenya	-7.45%	No	No
S. Korea	0.00%	No	No
Russia	10.81%	Yes	Yes
Nigeria	52.17%	No	No
Totals		Yes 14/25 or 56%	No 11/25 or 44%
		Yes 9/25 or 36%	No 16/25 or 64%

The data in Table 5 shows that even countries with significant negative attitudes toward the US increased US imports and US market share (Germany, Indonesia, and Britain) between 2000 and 2007.

Next, in order to statistically determine if attitudinal factors have an impact on US exports and US export market share, the Granger Test of Causality is used. The Granger

Test of Causality is used to determine if a linear relationship exists between the variables and if so, is the relationship unidirectional or bi-directional.

Next, a one-way analysis of variance is conducted to determine the difference in means between changes in country attitudes toward the US and the country's imports of US goods and US export market share in that country. The change in country views of the US, between 2000 and 2007, are categorized as 1-highly negative, 2-moderately negative, and 3- neutral/positive. Ten countries, Turkey (-82.86%) to Bolivia (-36.36%) were categorized as 1-highly negative. Eleven countries, Pakistan (-34.78%) to Peru (-17.57%) were categorized as 2-moderately negative. Four countries, Kenya (-7.45%) to Nigeria (52.17%) were categorized as 3-neutral/positive.

The results of the analysis of variance, displayed in Table 6, indicate that the change in country imports of US goods and the change of US market share by country are not statistically significant while the change in attitude toward the US is statistically significant at the .01 level.

Table 6

ANOVA-US Image on Country Imports of US Goods & US Market Share

		Sum of Squares	df	Mean Square	F	Sig.
ChgUSimp2000_07	Between Groups	94.493	2	47.247	.116	.891
	Within Groups	8955.408	22	407.064		
	Total	9049.902	24			
ChgUSmrktsh2000_07	Between Groups	123.196	2	61.598	.392	.681
	Within Groups	3461.228	22	157.329		
	Total	3584.424	24			
ChgUSimage2000_07	Between Groups	12264.500	2	6132.250	27.432	.000
	Within Groups	4917.899	22	223.541		
	Total	17182.399	24			

Next, this study uses the Granger Test of Causality to determine what impact the country attitudinal brand equity measures of Trust and US Image have on country imports of US goods and on US export market share.

Granger Test of Causality for Trust

Using the data from the Edelman Trust Barometer surveys, from 2004-2007, Granger Causality (G-Causes) is tested to determine if a linear relationship exists between “Trust” and Country Imports of US Goods as well as Trust and US Export Market Share.

Table 7 displays the trust levels toward, US business, for the countries included in the Edelman Trust Barometer surveys. Edelman (2004) asks the question “Do you trust companies headquartered in the US to do what is right?”

Table 7

Trust Level of Business Headquartered in the US (in %)

Country	Year			
	2004	2005	2006	2007
Canada		49	53	66
UK	28	46*	42	48*
France	44	46*	55	48*
Germany	41	46*	41	48*
Italy	38*	46*	69*	48*
Spain	38*	46*	69*	48*
Japan		58	80	71**
China	62	64	68	71**
Korea			69	71**
Brazil	52	65	67	72

Source: Edelman Trust Barometer (2004-2007)

*Reported as “Europe”

**Reported as “Asia”

Edelman (2007) states that approximately seventy-seven percent of all respondents to the 2007 Edelman Trust Barometer survey report they refused to purchase products from business they do not trust. According to Edelman (2004, 2005, 2006, 2007) US firms suffer from a significant trust deficit in Europe. The Edelman surveys include four of the top five export markets for the US (Canada, China, Japan, and UK). Mexico, the second largest importer of US goods is not included.

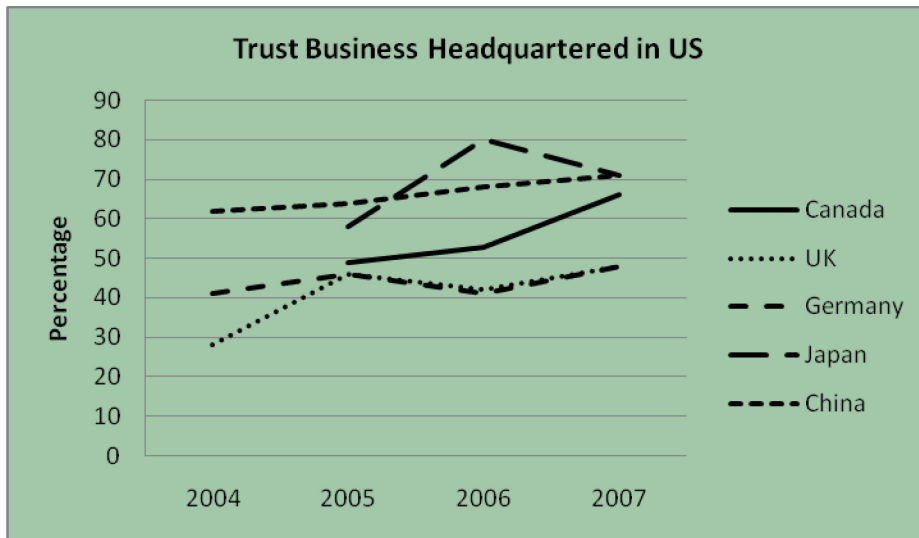


Figure 8. Source: Edelman Trust Barometer

Generally, the trend is increasing over time. Though, China's trust level dropped substantially in 2007, it remains strongly positive at seventy-one percent. The UK and Germany show a drop in trust in 2006. As noted in the table above, Edelman aggregated Europe into one trust level in 2005 and 2007. Therefore, Germany and the UK each have separate scores in 2006 which may skew the results.

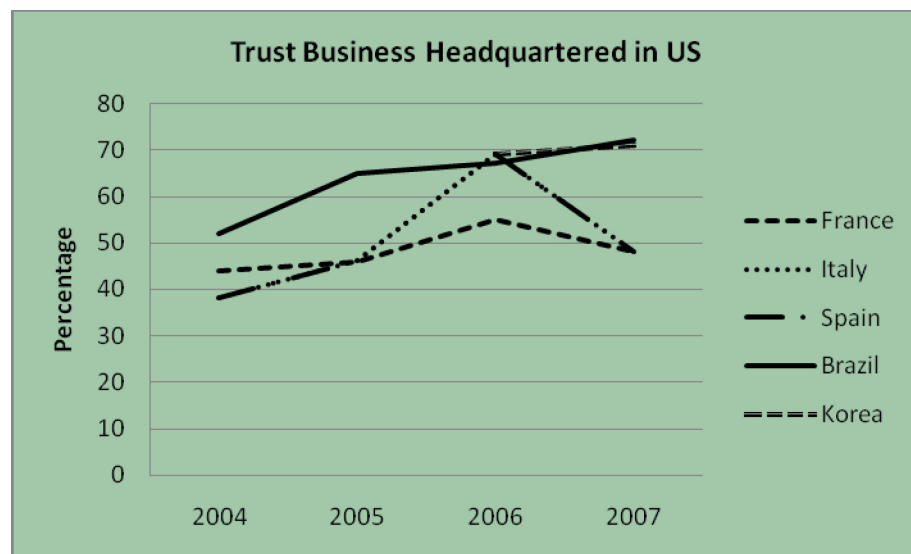


Figure 9. Source: Edelman Trust Barometer

The remaining five countries included in the Edelman Trust Barometer surveys display mixed trust level trends. Brazil is positive from 2004 through 2007. Spain and Italy display sharp change from positive, from 2005 to 2006, to negative, from 2006 to 2007. Korea's two trust level data points, in 2006 and 2007 are positive at sixty-nine percent and seventy-one percent respectively.

Using the Granger Test of Causality, this study tests the Granger Causes (G-Causes) of the country attitudinal brand equity measures Trust and US Image on country imports of US goods and US export market share by country. Granger Causality requires the characteristics of the data to be normally distributed and exhibit stationarity. Normality tests indicate the original data requires transformation (see appendix AA). Data transformation using the natural log exhibits normality and stationarity (see appendix EE) and is used in the Granger tests. However, the number of cases is a limiting factor and future research as more data become available is warranted.

Table 8
Granger Test of Causality Results

Variable and Direction	Res. DF	Lag Period/Yr	F	p-value
Trust G-Causes Imports	33	-1	4.0972	0.0514
	31	-2	4.1951	0.0251*
	29	-3	2.9430	0.0517
Imports G-Causes Trust	33	-1	4.1828	0.0466*
	31	-2	4.2832	0.0253*
	29	-3	4.2616	0.0142*
Trust G-Causes Market Share	33	-1	5.2312	0.0289*
	31	-2	3.8320	0.0334*
	29	-3	2.0856	0.1266
Market Share G-Causes Trust	33	-1	6.4222	0.0164*
	31	-2	7.2006	0.0029**
	29	-3	5.5543	0.0044**
US Image G-Causes Imports	33	-1	0.2441	0.6220
	31	-2	0.8423	0.4328
	29	-3	1.9576	0.1231
Imports G-Causes US Image	150	-1	0.8116	0.3691
	148	-2	2.5901	0.0785
	146	-3	1.9124	0.1303
US Image G-Causes Market Share	150	-1	1.7104	0.1929
	148	-2	0.9864	0.3754
	146	-3	1.5487	0.2045
Market Share G-Causes US Image	150	-1	0.2536	0.6152
	148	-2	6.6771	0.0017**
	146	-3	4.4359	0.0052**

*Significant at the .05 level

**Significant at the .01 level

Table 8 displays the results of the Granger Tests of Causality. For brevity the term “Imports” is substituted for “Country Imports of US Goods” and “G-Causes” is used in place of “Granger Causes.”

The Granger Test of Causality indicates that Trust G-causes Imports with a two year lag while Imports G-causes Trust at each of the lags tested. Lag 1 and lag 3 are extremely close to the .05 level of significance. The results indicate that Trust and

Imports are bi-directional. That is, Trust influences Imports and Imports influences Trust. The results indicate that there is a feedback loop between Trust and Imports.

The results for Trust and Market Share also indicate the variables are bi-directional with Market Share G-causing Trust at the .01 level of significance at lag 2 and lag 3. Additionally, lag 1 is extremely close to the .01 level of significance.

The results for US Image and Imports indicate that there is no Granger Causality while the results for US Image and Market Share indicate that Market Share G-causes US Image, at the .01 level of significance for lag 2 and lag 3 and is therefore, uni-directional. The Granger Test of Causality establishes that there is a significant relationship between Country imports of US goods and trust, US export market share and trust as well as between US image and US export market share.

Next, using Structural Equation Modeling, this study seeks to determine the extent of the impact and the interaction between the economic and attitudinal variables deemed significant by the primary data respondents and the literature. While the Granger Test of Causality establishes that Trust is significant, the Edelman surveys are limited to only ten countries and, in some cases, the reported country trust levels have been grouped. For example, one score for Europe is used rather than reporting each individual country. For these reasons the SEM models exclude the trust levels in the next analysis.

Structural Equation Models

Structural Equation Modeling (SEM) is used to test several models of country brand equity. The first model incorporates multiple country attitudinal brand equity measures and economic factors, as proposed by the primary data participants in this study, the literature, and PEW Global Attitudes, using cross-sectional 2007 data. The

second model examines economic factors only using 2000-2007 time series data. A third model, using 2000-2007 times series data, incorporates the US Image attitudinal measure with the economic measures. Model comparisons are explored.

Based on the results of the primary data analysis and the literature review this study includes the following economic variables for SEM modeling: exchange rates, inflation, gross national income purchasing power parity (GNI), gross domestic product purchasing power parity (GDP), foreign direct investment (FDI), and tariffs. Based on the primary data analysis and literature review the following attitudinal variables are included in SEM modeling: view of the United States (FAVUS), view of Americans (FAVAM), view of US foreign policy (FAVFP), view of US business (FAVBUS), and view of US science & technology (FAVSCTECH).

Indicator (observed) and latent variables are used to determine the impact each factor has on US financial brand equity in the form of: 1-US imports into a country and 2- US export market share of a country. Figure 10 displays the SEM path model using economic variables. Time series data from 1999 through 2007 was used in the Economic Factors model. Maximum Likelihood estimates, the preferred default method (Garson 2008), was used for all SEM models.

Structural Equation Model

Country Attitudinal Brand Equity & Economic Factors on Imports of US Goods and US Export Market Share

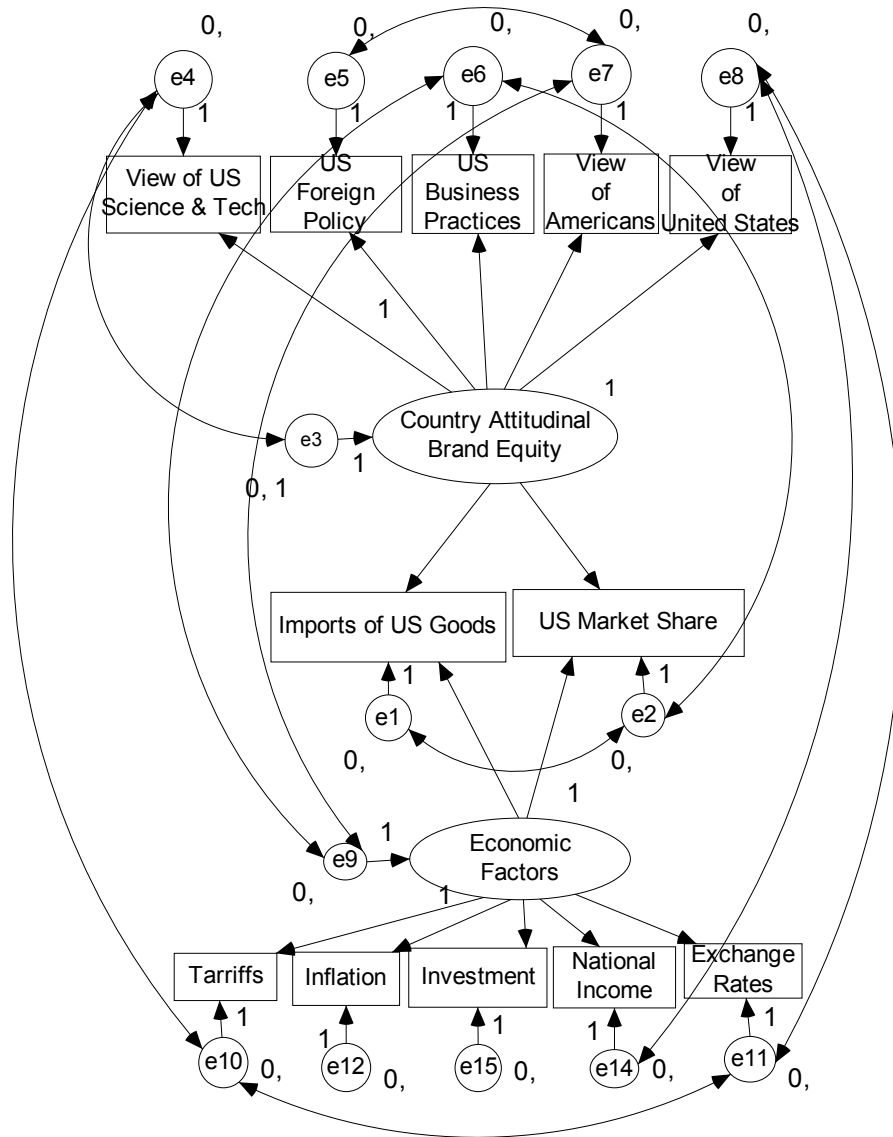


Figure 10. Country Attitudinal Brand Equity and Economic Factor Path Model

The Country Attitudinal Brand Equity and Economic Factor Model measures the impact of two latent variables, Economic Factors and Country Attitudinal Brand Equity,

that are each composed of five indicator (observed) variables, on Country Imports of US Goods and US Export Market Share.

Cross-sectional data for forty-four (44) countries, for 2007 was used for this model. The path diagram and estimates are shown below.

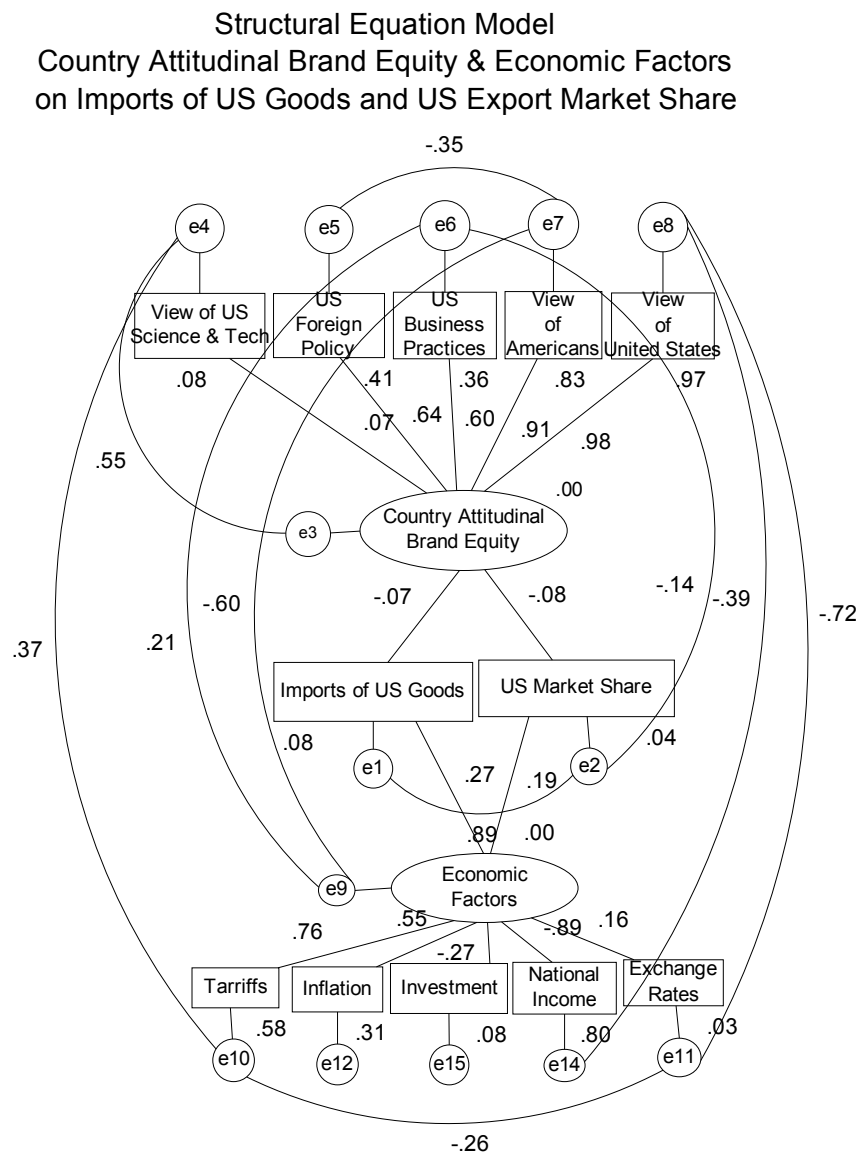


Figure 11. Path Diagram and Estimates for C.A.B.E. Model

The path diagram results indicate that Country Attitudinal Brand Equity impacts Imports of US Goods and US Export Market Share negatively. That is, when Country

Attitudinal Brand Equity goes up by 1, Imports of US Goods decline by .07 and US Export Market Share decreases by .08. When Economic Factors increase by 1, Imports of US Goods increase by .27 and US Export Market Share increases by .19.

Table 9

Regression Weights: Country Attitudinal Brand Equity & Economic Factor Model

			Estimate	S.E.	C.R.	P
FAVBUS	<---	ABE	9.903	.263	4.375	***
FAVAM	<---	ABE	15.325	.913	.012	***
FAVUS	<---	ABE	18.803	.092	8.986	***
FAVFP	<---	ABE	11.764	2.521	4.666	***
FAVSCTECH	<---	ABE	1.000			
USIMPORTS	<---	Econ_Factors	2.629	.646	.597	.110
USMRKTSH	<---	Econ_Factors	1.319	1.127	1.171	.242
USIMPORTS	<---	ABE	-1.598	3.199	.500	.617
USMRKTSH	<---	ABE	-1.274	2.281	-.559	.576
Tariffs	<---	Econ_Factors	1.557	.438	3.553	***
GNIPPP	<---	Econ_Factors	-5311	472.02	-3.608	***
INFLATION	<---	Econ_Factors	1.000			
EXRATES	<---	Econ_Factors	101.344	105.229	.963	.336
FDISTOCK	<---	Econ_Factors	-18711	1643	-1.607	.108

*** Significant at the .001 level

Examination of the regression weight estimates reveals that both of the latent variables, Country Attitudinal Brand Equity and Economic Factors, impact on Imports of US Goods and US Export market Share result in p-values that are not statistically significant. The result is not surprising since the available cross-sectional data represents

2007. Recall the Granger Test of Causality indicated that US Image is statistically significant at lag 2 and lag 3. The multiple attitudinal measures included in the model are available for 2007 only. Additionally, even theoretically valid models may suffer from Structural Equation Modeling limitations using small sample sizes. Nonetheless, this model provides a basis for future research and validates the Attitudinal Brand Equity construct. Using Cronbach's alpha (Garson 2008) even with a small sample size (N=44) this study validates the reliability of Attitudinal Brand Equity as a latent variable construct.

Table 10

Reliability Statistics for Attitudinal Brand Equity

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.870	.871	5

Customary reporting of the standardized regression coefficients (Garson 2008, Hu and Bentler 1999) and other analysis of the Attitudinal Brand Equity and Economic Factor Model is omitted for the sake of brevity and lack of significance. Next, time series data is used to model economic factors.

In order to compare fit between time series models, first a time series model containing only economic factors is examined. Then, a time series model that includes US Image is examined. The Economic Factors model path diagram is displayed below in Figure 11.

US Export Market Share Structural Equation Model Economic Factors

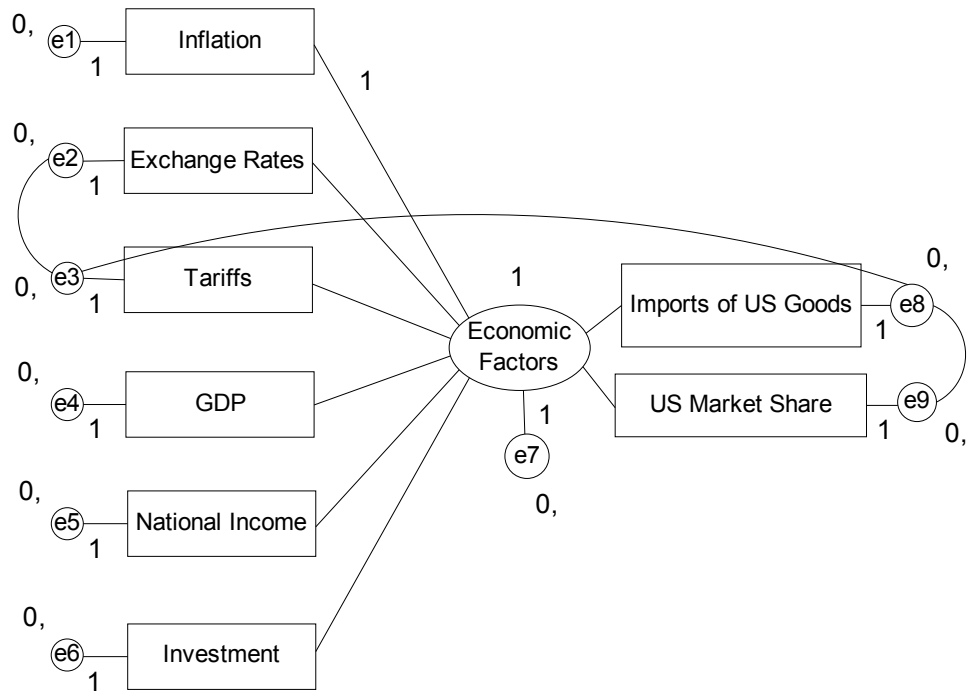


Figure 12. Economic Factors Model-Time Series

Inflation, exchange rates, tariffs, GDP, National Income and investment are observed variables that comprise the latent variable Economic Factors. The latent Economic Factors variable impacts the observed Imports of US Goods and US Market Share variables. Imports of US Goods and US Market Share are significantly correlated (since Imports are a component of US Market Share) as are Imports of US Goods and Tariffs, as well as Exchange Rates and Tariffs. The significant correlation between tariffs and exchange rates is consistent with the literature (van Wijnbergen 1987, Connolly & Devereux 1992) where an increase in protection (tariffs) will cause an

increase in the real exchange rate. The correlation between tariffs and imports is also supported by the literature (Iwrin 1998, 2007, Fukao & Stern, 2002).

US Export Market Share Structural Equation Model Economic Factors

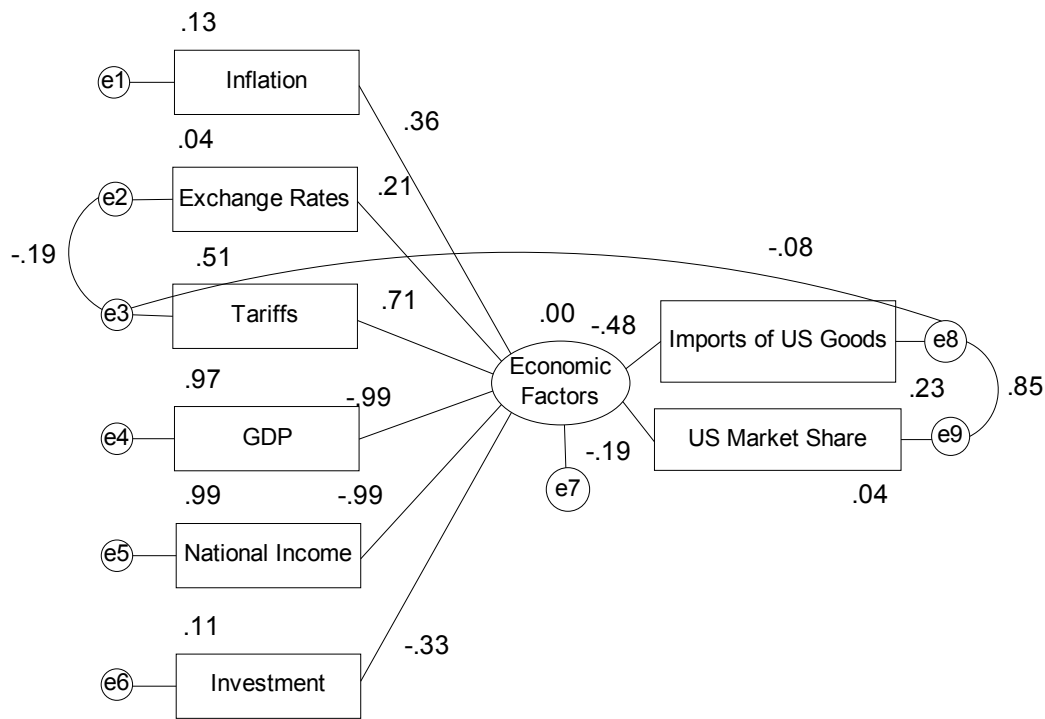


Figure 13. Economic Factors Model- Time Series Path Diagram Estimates

The Economic Factors estimates indicate that when Economic Factors goes up by 1 US Market Share declines by .01 (or 1%) and Imports of US goods declines by \$69.65 Billion. The results are significant at the .01 level for Imports of US goods and at the .05 level for US market share.

Table 11

Regression Weights Economic Factors Model-Time Series

			Estimate	S.E.	C.R.	P
INFLATION	<---	Economic_Factors	1.000			
EXRATES	<---	Economic_Factors	139.900	60.778	2.302	.021*
TARIFF	<---	Economic_Factors	1.516	.342	4.437	***
GDPPPP	<---	Economic_Factors	-4202.227	886.745	-4.739	***
GNIPPP	<---	Economic_Factors	4213.598	888.646	.742	***
FDISTOCK	<---	Economic_Factors	-16777.094	5243.371	-3.200	.001**
USIMPORTS	<---	Economic_Factors	-6965293360	1801977823	-3.865	***
USMRKTSH	<---	Economic_Factors	-.010	.005	-2.162	.031*

*Indicates significant at the .05 level

**Indicates significance at the .01 level

*** Indicates significant at the .001 level

The Economic Factors model indicates that Exchange rates and US Market Share is significant at the .05 level while FDI Stock is significant at the .01 level and the remaining indicators are significant at the .001 level. Note that Inflation is fixed at 1. Structural Equation Modeling in AMOS requires one indicator per latent variable to have a fixed regression weight in order to calculate the estimates. The choice of fixed indicator is arbitrary (Arbuckle 2007).

The standard regression weights listed in Table 12 indicate that when Economic Factors goes up by 1 standard deviation, Imports of US Goods decline by .476 standard deviations and US Export Market Share decreases by .194 standard deviations.

Table 12
Standardized Regression Weights: Economic Factors Model

			Estimate
INFLATION	<---	Economic_Factors	.361
EXRATES	<---	Economic_Factors	.210
TARIFF	<---	Economic_Factors	.712
GDPPPP	<---	Economic_Factors	-.986
GNIPPP	<---	Economic_Factors	-.994
FDISTOCK	<---	Economic_Factors	-.333
USIMPORTS	<---	Economic_Factors	-.476
USMRKTSHARE	<---	Economic_Factors	-.194

Next, we expand the Economic Factors model to include a measure of Country Attitudinal Brand Equity. Time series data, from 2000-2007, of the image of the US, as measured by the Pew Global Attitudes Project of US favorability levels is added to examine its impact on country imports of US goods, its impact on US market share and its interaction with the economic factors.

US Export Market Share Structural Equation Model Economic Factors and US Image

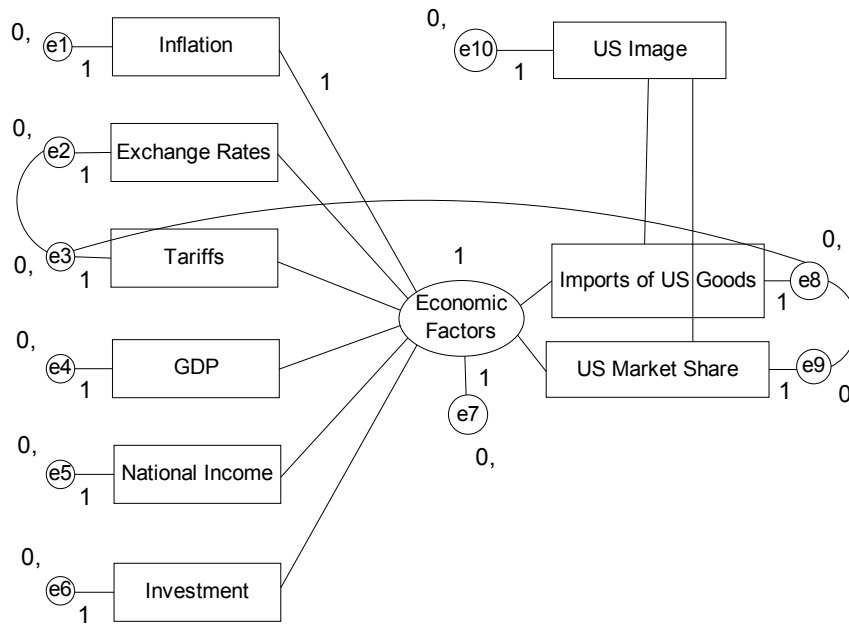


Figure 14. Economic and US Image Model Path Diagram

As discussed previously, Granger Causality Tests indicate that there is a statistically significant relationship between US Image and Country Imports of US goods and US Export Market Share. Adding the US Image time series data to the economic factors provides a means for assessing the magnitude of the impact and the level of significance. Additionally, Structural Equation Modeling provides a means for validating a model's fit as well as for comparing model fit between competing models.

Figure 14 displays the path diagram model including US Image, as operationalized by the favorability ratings of the US by foreign countries in the Pew Global Attitudes surveys.

Figure 15 below displays the path diagram and standardized model estimates for the Economic Factors and US Image model.

US Export Market Share Structural Equation Model Economic Factors and US Image

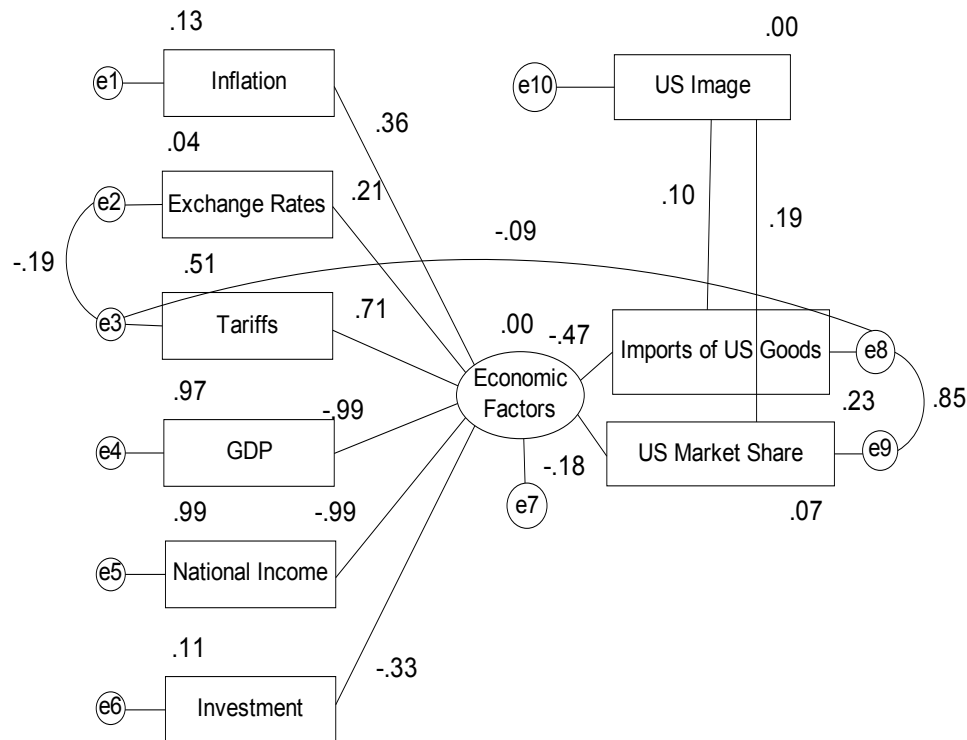


Figure 15. Economic and US Image Model –Time Series Path Estimates

The model estimates indicate that the only factor weight NOT statistically significant is US Image (FAVUS) on Country Imports of Goods (USIMPORTS). The results indicate that when US Image goes up by 1, US Export Market Share increases by .001 (or .10%). When Economic Factors goes up by 1, Country Imports of US Goods declines by \$68.35 Billion and US Export Market Share decreases by .009 or (.09%).

Economic Factors impact on Country Imports of US Goods is significant at the .01 level and significant at the .05 for Economic Factors impact on Country Imports of US Goods.

Table 13
Regression Weights: Economic and US Image Model

			Estimate	S.E.	C.R.	P
INFLATION	<--	Econ_Factors	1.000			
EXRATES	<--	Econ_Factors	140.017	60.804	2.303	.021*
TARIFF	<--	Econ_Factors	1.516	.342	4.436	***
GDPPPP	<--	Econ_Factors	-4202.730	87.123	4.737	***
GNIPPP	<--	Econ_Factors	-4215.765	89.352	-4.740	***
FDISTOCK	<--	Econ_Factors	-16787.975	246.169	-3.200	.001**
USIMPORTS	<--	Econ_Factors	-6835397898	776608041	-3.847	***
USMRKTSHR	<--	Econ_Factors	-.009	.005	- 2.038	.042*
USMRKTSH	<--	FAVUS	.001	.001	2.457	.014*
USIMPORTS	<--	FAVUS	191725595	34962447	.421	.155
*Indicates significant at the .05 level						
** Indicates significant at the .01 level						
***Indicates significant at the .001 level						

The results of the standardized regression weights of the Economic and US Image Model indicate that when Economic Factors goes up by 1 standard deviation, Country Imports of US Goods decline by .469 standard deviations and US Export Market Share decreases by.177 standard deviations.

The results indicate that when US Image increases 1 standard deviation, US Export Market Share increases .192 standard deviations.

Table 14
Standardized Regression Weights: Economic and US Image Model

			Estimate
INFLATION	<---	Economic_Factors	.361
EXRATES	<---	Economic_Factors	.210
TARIFF	<---	Economic_Factors	.712
GDPPPP	<---	Economic_Factors	-.986
GNIPPP	<---	Economic_Factors	-.994
FDISTOCK	<---	Economic_Factors	-.333
USIMPORTS	<---	Economic_Factors	-.469
USMRKTSHARE	<---	Economic_Factors	-.177
USIMPORTS	<---	FAVUS	.101
USMRKTSHARE	<---	FAVUS	.192

The effect of adding US image to the model changes the impact that Economic Factors have on Country Imports of US Goods and on US Export Market Share. When Economic Factors increase by 1, Country Imports of US Goods now decline by \$68.35 Billion; a difference of \$1.30 Billion. When Economic Factors increase by 1, US Export Market Share declines by .009; a difference of .001. However, the Country Imports of US Goods is not statistically significant at the .05 level. Referring back to table X, that displays the change in attitude toward the US, total country imports, country imports of US Goods and US Export Market Share by country, it follows that there is a decrease in significance since there were countries that demonstrated an increase in US exports but a decline in US market share.

Table 15
Structural Equation Models-Comparison of Model Fit Indices

Model	Chi-sq	DF	P	CFI	RMSEA	PCFI	AIC	Hoelter .05/.01
Full	44.272	43	.418	.995	.026	.649	138.272	58/66
Econ	20.945	17	.234	.996	.038	.637	74.821	202/244
Econ & Image	24.945	23	.353	.998	.024	.605	86.945	215/254

Garson (2008) reports SEM Chi-square goodness of fit is actually a ‘badness of fit’ measure. Therefore, a p-value that is not statistically significant ($>.05$) indicates the model fits the data. Byrne (2001) and Garson (2008) indicate that Bentler (1990) determined CFI is a model fit measure of choice. CFI is a comparative fit index that provides a measure of complete covariation in the model data while taking into account sample size. Hu and Bentler (1999) indicate that CFI should be $>.95$. Table 14 shows that each of the three models are greater than the recommended .95 and the Economic and US Image model’s CFI is the highest at .998. PCFI is a measure of model parsimony and is also used when comparing models. Bentler (1999) indicates PCFI is the parsimony measure of choice. The lower the PCFI number the more parsimonious the model. Table 14 shows that the Economic and US Image Model has the lowest PCFI value at .605. Brown and Cudeck (1993) indicate that RMSEA (root mean square error of approximation) less than .05 equal a good model fit while values as high as .08 indicate reasonable errors of approximation. Hu and Bentler (1999) suggest that a value of .06 equals a good fit. Each of the models RMSEA is $>.05$ with the Economic and US Image Model the lowest at .024. Hu and Bentler (1995) indicate that small AIC values are

indicative of a better of the hypothesized model. Table 14 shows that AIC is lower in the Economic model. Byrne (2001) indicates that Hoelter (1983) proposed a measure of sample size and that a Hoelter number in excess of 200 indicates a model that adequately represents the sample data. This measure clearly shows a shortcoming of the “Full” model (the Attitudinal Brand Equity and US Image Model) where, at the .05 level the Hoelter number is 58 and at the .01 level it is 66. The Economic and US Image Model shows the highest levels at 215 and 254 respectively and exceeds the 200 threshold proposed by Hoelter.

Structural Equations Modeling Assumptions

Structural Equation Modeling assumptions include a lack of multicollinearity, a linear relationship and multivariate normality of the data. The AMOS Structural Equation Modeling program tests for multicollinearity as an automatic function. If perfect multicollinearity is present the program will not will not produce model parameter estimates and an error message indicating a matrix is “not positive definite” (Arbuckle 2007).

In cases where there may be a question of multivariate normality Byrne (2001) and Garson (2008) recommend testing for multivariate normality. One recommended method is the Bollen-Stine Bootstrap. Each of the three models was tested for multivariate normality using the Bollen-Stine Bootstrap with 2000 iterations. The results indicate that multivariate normality holds for all three models (see Appendices N, P and R).

CHAPTER 7: CONCLUSION and RECOMENDATIONS

The results of this study support the notion that country attitudinal brand Equity affects country financial brand equity. Specifically, attitudes toward the US (country attitudinal brand equity) affects US export market share (country financial brand equity).

This study developed and validated “Country Attitudinal Brand Equity” as a latent construct and determined that trust of US business and favorable views of the US demonstrate a Granger-causal linear relationship. This study provides a modeling framework for operationalizing both country attitudinal brand equity and country financial brand equity.

Using measures consistent with Eubank (1993) and Brodsky (2004), where brand equity is measured by sales volumes and market share, this study demonstrates that a 1% decline in US country attitudinal brand equity results in a .001% decrease in US export market share. Previous brand studies have determined that consumers often do not do what they say they will do. The findings in this paper in this context are consistent with these studies. Pew and Edelman report that 10%-77% of consumers indicated that they would not purchase US products. US exports increased in many of the countries where highly negative attitudes toward the US exist and the market share research results do not support a decrease in US export market share that approaches either the 10% or 77%

level. However, contrary to the research and opinions discussed in the literature review, attitudes toward the US do impact US business in the context of US export market share. As stated earlier a decrease of 1% in US image results in a .001% decline in US export market share. The implication of this research indicates that when assessing the impact of US image on US business the choice of the selected measurement is critical. In this case, the value of US exports produces a significantly different result than US market share.

Examining the level of country changes in attitudes toward the US and the resulting impact on country imports of US goods indicates that there is no statistical difference between countries with highly negative attitudes, moderately negative attitudes, and neutral/positive attitudes.

Structural Equation Modeling results indicate a model that includes a measure of attitudinal brand equity is more robust than a model that includes only economic factors. US country attitudinal brand equity impacts US export market share at a statistically significant level.

The results of this study support the recommendation to marketers of US businesses, US policy makers and US International Trade Representatives to be cognizant of which attitudinal factors and which business measures are examined in assessing and determining causal influences. Examination of a single measure, such as exports, may lead to a different conclusion than examining several measures, as is the case with US export market share.

Secondly, results of attitudinal surveys as well as the literature indicating US business is severely hindered by negative attitudes toward the US should be viewed with

caution. This study demonstrates a link between the two but at a level much lower than reported by Pew Global Attitudes Project and the Edelman Trust Barometer.

CHAPTER 8: LIMITATIONS & FUTURE RESEARCH

In using Structural Equation Modeling methodology it is acknowledged that there is always the possibility that an unexamined model may conform to the data better than a model deemed a good fit (Garson, 2008). Limitations of using SEM in this study include sample size, data imputation and modeling fitting. The two time series models contained 153 cases while the combined model included 44 cases. Loehlin (1992) recommends at least 100 cases, preferably 200 and Hoyle (1995) also recommends a sample size of at least 100 - 200. Kline (1998) considers sample sizes under 100 to be untenable in SEM. Garson indicates that with a sample size under 200 and over ten variables, parameter estimates are unstable and significance tests lack power. Stevens (1996), is to have at least 15 cases per measured variable or indicator. Bentler and Chou (1987) allow as few as 5 cases per parameter estimate (including error terms as well as path coefficients) if one has met all data assumptions. The Economic and Economic & US Image models used 153 cases. While the countries included in the sample account for approximately 75% of US exports, the number of cases is a limiting factor.

Although accepted data imputation methods were followed in this study missing data is a limitation. Published survey data from the Pew Global Attitudes Project includes various countries during various years. Thus, limiting the number of cases available for study and placing a limitation on data consistency.

Granger Causality Tests and SEM require linear relationships of the data. Additional non-linear estimation methods may be appropriate for studying country brand equity.

Only two US Country Financial Brand Equity measures have been produced to date. As Brand Finance continues to produce annual valuations further inquiry of Country Brand Equity the data may prove valuable for further studies.

The Edelman Trust Barometer question is highly interpretive and culture specific. The question “Do you trust companies headquartered in the US to do what is right?” is not specific and well defined. Using this secondary data to measure trust as a construct has its limitations. The Edelman Trust Barometer is widely reported and the follow-up question regarding doing business with companies you do not trust is relevant to this study.

Lack of time series for the Pew Global Attitudes View of Americans, View of US Foreign Policy, View of US Business, View of US Science and Technology allow a limited analysis of the interaction among the factors for the SEM combined model. However, the cross-sectional data was useful for determining the validity of attitudinal brand equity as a latent construct.

Finally, despite following guidelines for conducting Grounded Theory (Glaser and Strauss 1967, Glaser 1978 1992 1998 2008, Strauss and Corbin 1994, Charmaz 2006) possible primary participant bias and researcher bias could impact the ability to replicate this research. Participant responses to interview questions and data coding by the researcher involve a measure of interpretation.

Future Research

The study of Country Brand Equity as a field of inquiry is increasing. Future research on countries other than the US is certainly warranted. Similarities and differences between individual countries, between developed and less developed countries, and between regions are areas to be explored.

Country attitudinal brand equity and its impact on other financial brand equity measures, such as individual firm financial brand equity and not-for profit entities, is another area of inquiry for study.

A third area of inquiry for future research pertains to examining specific industries as well as specific products. For example, one primary data participant suggested that attitudes toward the US may significantly impact travel and tourism. Additionally, attitudes toward the US may impact the demand for education. That is, attitudes may impact the application and attendance rates of foreign students looking to study in the US. Analysis of country brand equity and its impact on specific industries, specific products and on services are areas that may provide insight to marketers and policy makers.

From the attitudinal perspective, the country level views of purchasing managers and importers/wholesalers are a significant area for examination. Attitudinal survey data

is primarily from the individual consumer perspective. However, product availability in any given country is a function (at least partially) of the importers, wholesalers and purchasing managers. An understanding of the attitudes of key decision makers responsible for selecting products imported into any given country is an area of exploration that may significantly increase our understanding of country attitudinal brand equity's impact on country financial brand equity.

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Appendix A

Depth- Interview Questions

Semi-structured questions used in depth interviews with primary data participants.
(Adapted from Laidler-Kylander 2007)

Brand Equity

1. Has the strength of your brand (the US) changed over the last 10 years?
2. How has the strength of your brand (the US) changed over the last 10 years?
3. Why has the strength of your brand (the US) changed over the last 10 years?
4. What are some of the major drivers behind these changes?

Brand Equity Variables

5. What are the key variables that impact your brand equity (the US) both positively and negatively?
6. What are the drivers behind these key variables?
7. Which of these drivers and variables are controllable?
8. What actions/activities could you take to impact your (the US) brand equity?
9. How does US foreign Policy toward a particular country influence the level of US Exports to that county?
10. How does trade policy influence

Appendix B

Country Brand Equity Definitions

Selected Country Brand Equity Definitions		
Year	Author(s)	
2008	Dinnie	The tangible and intangible , internal and external assets (or liabilities) of the nation
2002	Lodge	Those residual beliefs in people's minds about a country which they believe they have adduced for themselves
1997	Kotler et al	Consumers form their preference based on their personal background, experience, and national stereotypes about different nations' quality, reliability, and service.”
1993	Shimp et al	Country equity is the emotional value resulting from consumers' association of a brand with a country

Appendix C

Constructs for the Consumer Perspective Approach to Brand Equity

Year	Author	Construct
2005	Jones	Brand value is co-created through interaction with multiple strategic stakeholders, and therefore, it would be erroneous to focus only on the consumer
2005	Pappu et. al	Four dimensions of customer based brand equity are brand awareness, brand associations, perceived quality and brand loyalty
2004	Kapferer	Four indicators of brand assets: Aided brand awareness, spontaneous brand awareness, membership of the consumer's evoked set and whether the brand has already been consumed
2004	De Chernatony & McDonald	Brand equity describes the perceptions consumers have about a brand, and this in turn leads to the value of a brand
2003	Keller	Customer Based Brand Equity occurs when consumer has high level of awareness, familiarity with the brand and unique associations in memory
2002	Temporal	Descriptive aspects of a brand such as symbols, imagery, consumer associations reflect the strength of a brand in terms of consumer perceptions
2002	Van Auken	Trust and an emotional connection
2002	Baker	Market share held by the brand, the degree of loyalty and recognition it enjoys, its perceived quality, and any other attributes that distinguish it positively from competitive offerings such as patent protection and trade marks

Appendix D
Secondary Data - Survey Methodology for Attitudinal Measures

Anholt-GMI Nations Brand Index Survey Methodology		
Dates		
Q1 2005	Consumers in the following countries were polled about their opinion on these nation brands: Canada, China, Denmark, France, Germany, India, Japan, South Korea, United Kingdom, and the United States. Representative samples of 1000 consumers (3% margin of error) were collected in each country for a total of 10,000 consumers surveyed. Consumers were not asked questions about their own country (p.10).	
Q4 2005	The Q4 Anholt Nation Brands Index was conducted November 08-19, 2005. A 200-1,000 representative sample based on age, gender, and where applicable, geographical region, race and ethnicity were collected in each of 35 countries.	
Q3 2007	A worldwide panel of over 25,000 people was polled on their perceptions of the cultural, political, commercial and human assets, investment potential, and tourist appeal of 35 developed and developing countries.	

Appendix E
Pew Global Attitudes Survey Data –Favorable View of US Business

Pew Global Attitudes Survey Questions (Labeled as FAVBUS in this study) Q.27 Which comes closer to describing your view? I like American ways of doing business, OR I dislike American ways of doing business.			
Country	Like	Dislike	Don't Know/Refused
US	55	38	7
Canada	29	59	12
Argentina	16	67	17
Bolivia	34	51	15
Brazil	31	61	8
Chile	41	40	19
Mexico	38	53	9
Peru	44	40	16
Venezuela	40	51	8
Britain	24	53	23
France	25	75	0
Germany	27	64	10
Italy	32	46	22
Spain	25	52	24
Sweden	20	44	36
Bulgaria	42	23	34
CzechRepublic	45	47	8
Poland	29	45	27
Russia	32	41	27
Slovakia	46	42	12
Ukraine	44	31	25
Turkey	6	83	11
Egypt	48	50	2
Jordan	51	47	2
Kuwait	71	23	6
Lebanon	63	33	4
Morocco	44	39	17
Palestinian ter	40	46	15
Israel	70	19	11
Pakistan	16	56	28
Bangladesh	46	47	8
Indonesia	42	46	13
Malaysia	53	33	13
China	49	25	26
India	51	38	11
Japan	40	36	24
South Korea	61	28	11
Ethiopia	52	26	21

Appendix E (continued)
Pew Global Attitudes Survey Data 2007

Q.27 Which comes closer to describing your view? I like American ways of doing business, OR I dislike American ways of doing business.			
Country	Like	Dislike	Don't Know/Refused
Ghana	74	12	13
Ivory Coast	78	22	0
Kenya	79	16	5
Mali	57	37	5
Nigeria	78	19	3
Senegal	46	50	4
South Africa	60	22	18
Tanzania	45	36	19
Uganda	58	16	26

Appendix F
Pew Global Attitudes Survey Data-Favorable View of Americans

Pew Global Attitudes Survey Question Labeled as FAVUS in this study Q.16a Please tell me if you have a very favorable, somewhat favorable, somewhat unfavorable, or unfavorable opinion of the United States					
Country	Very Favorable	Favorable	Somewhat Unfavorable	Very Unfavorable	Don't Know / Refused
US	47	33	12	6	2
Canada	12	43	28	14	3
Argentina	2	13	31	41	1
Bolivia	8	34	33	19	7
Brazil	4	40	38	13	5
Chile	14	41	24	11	1
Mexico	10	46	26	15	0
Peru	12	49	20	11	3
Venezuela	12	44	18	22	7
Britain	9	42	29	13	3
France	5	34	44	16	7
Germany	2	28	47	19	0
Italy	6	47	28	10	4
Spain	2	32	32	28	9
Sweden	9	37	37	12	6
Bulgaria	13	38	24	16	9
Czech Republic	5	40	40	10	5
Poland	12	49	25	6	9
Russia	8	33	32	16	1
Slovakia	3	38	37	17	5
Ukraine	10	44	19	20	7
Turkey	2	7	8	75	8
Egypt	7	14	32	46	2
Jordan	8	12	26	52	2
Kuwait	14	32	19	27	9
Lebanon	16	31	24	28	1
Morocco	4	11	16	40	2
Palestinian ter	4	9	16	70	9
Israel	29	49	15	5	1
Pakistan	4	11	14	54	1
Bangladesh	17	36	15	26	6
Indonesia	4	25	41	25	5
Malaysia	4	23	30	39	4

China	2	32	47	10	8
India	20	39	18	10	2
Japan	8	53	33	3	3
South Korea	3	55	33	5	5

Appendix F (continued)

Pew Global Attitudes Survey Questions (continued)					
Q.16a Please tell me if you have a very favorable, somewhat favorable, somewhat unfavorable, or unfavorable opinion of the United States.					
Country	Very Favorable	Somewhat Favorable	Somewhat Unfavorable	Very Unfavorable	Don't Know / Refused
Ethiopia	41	36	14	8	1
Ghana	45	35	7	7	6
Ivory Coast	51	37	8	3	0
Kenya	43	44	8	3	3
Mali	44	35	9	9	2
Nigeria	44	26	9	18	3
Senegal	26	43	19	10	3
South Africa	21	40	15	15	8
Tanzania	20	26	15	24	13
Uganda	29	35	8	11	17

Appendix G
Pew Global Attitudes Survey Data-Favorable View of Americans

Pew Global Attitudes Survey Questions Labeled as FAVUS in this study Q.16b Please tell me if you have a very favorable, somewhat favorable, somewhat unfavorable, or unfavorable opinion of Americans					
Country	Very Favorable	Somewhat Favorable	Somewhat Unfavorable	Very Unfavorable	Don't Know / Refused
US	46	40	10	2	2
Canada	21	55	15	6	3
Argentina	3	23	28	30	17
Bolivia	6	37	30	15	12
Brazil	3	42	39	10	5
Chile	1	45	24	7	12
Mexico	10	42	30	12	6
Peru	9	50	18	9	14
Venezuela	14	50	20	13	3
Britain	16	54	16	4	10
France	7	54	31	8	1
Germany	10	53	26	7	5
Italy	6	56	21	7	10
Spain	6	40	27	18	10
Sweden	21	52	16	2	9
Bulgaria	14	46	21	10	9
Czech Republic	4	52	29	6	9
Poland	11	52	22	4	11
Russia	8	46	26	8	11
Slovakia	5	47	28	9	11
Ukraine	14	53	16	11	7
Turkey	1	12	14	63	10
Egypt	7	24	27	40	2
Jordan	6	30	32	30	3
Kuwait	22	40	15	11	11
Lebanon	25	44	14	17	1
Morocco	3	22	22	19	35
Palestinian ter	4	17	25	50	4
Israel	26	49	19	3	2
Pakistan	4	15	18	42	21
Bangladesh	17	34	15	24	11
Indonesia	4	38	39	13	6
Malaysia	3	37	28	25	7
China	3	35	44	9	9
India	18	40	21	13	9
Japan	11	64	18	1	5

Appendix G continued

Pew Global Attitudes Survey Questions –Favorable View of Americans (continued) Q.16b Please tell me if you have a very favorable, somewhat favorable, somewhat unfavorable, or unfavorable opinion of Americans					
Country	Very Favorable	Somewhat Favorable	Somewhat Unfavorable	Very Unfavorable	Don't Know / Refused
South Korea	3	67	23	3	4
Ethiopia	33	40	17	7	4
Ghana	37	38	10	6	9
Ivory Coast	49	44	5	2	0
Kenya	40	46	8	3	2
Mali	40	41	10	7	2
Nigeria	38	28	11	17	5
Senegal	24	43	21	9	4
South Africa	22	45	15	11	8
Tanzania	20	32	14	18	16
Uganda	29	35	10	9	17

Appendix H
Pew Global Attitudes Survey Data-Favorable View of US Foreign Policy

Q23. In making international policy decisions, to what extent do you think the United States takes into account the interest of countries like (survey country)?					
Country	Very Favorable	Somewhat Favorable	Somewhat Unfavorable	Very Unfavorable	Don't Know / Refused
US	23	36	27	8	6
Canada	2	12	50	33	2
Argentina	9	12	22	48	10
Bolivia	17	34	29	14	6
Brazil	21	24	25	27	4
Chile	7	23	36	25	8
Mexico	13	34	25	24	3
Peru	16	37	21	19	8
Venezuela	24	39	17	17	2
Britain	7	17	45	29	3
France	1	10	49	40	0
Germany	3	24	49	22	3
Italy	3	33	37	17	10
Spain	3	14	31	44	7
Sweden	0	5	54	37	4
Bulgaria	2	8	38	43	9
Czech Republic	2	18	52	27	1
Poland	2	29	38	22	10
Russia	4	15	41	31	8
Slovakia	3	16	50	29	3
Ukraine	7	21	38	27	8
Turkey	5	9	19	56	11
Egypt	12	12	33	41	2
Jordan	8	15	43	32	2
Kuwait	8	22	22	42	5
Lebanon	6	28	32	33	1
Morocco	3	6	13	57	21
Palestinian ter	5	7	26	57	5
Israel	24	50	18	6	2
Pakistan	5	16	19	35	25
Bangladesh	11	13	53	15	8
Indonesia	9	36	33	9	14
Malaysia	4	17	41	28	11
China	10	34	35	11	11
India	16	53	16	8	6
Japan	3	32	49	9	7

Appendix H (continued)

Pew Global Attitudes Survey Questions (continued)-US Foreign Policy Q23. In making international policy decisions, to what extent do you think the United States takes into account the interest of countries like (survey country)?					
Country	Great Deal	Fair Amount	Not Too Much	Not At All	Don't Know / Refused
South Korea	5	11	58	21	5
Ethiopia	11	28	32	22	6
Ghana	16	37	25	7	14
Ivory Coast	27	43	24	5	0
Kenya	28	39	21	8	5
Mali	26	34	28	9	4
Nigeria	30	35	21	8	6
Senegal	12	25	34	23	5
South Africa	21	33	24	8	13
Tanzania	16	33	13	19	19
Uganda	30	29	12	7	23

Appendix I
Pew Global Attitudes Survey Data-Favorable Views of US Science & Technology

Pew Global Attitudes Survey Question Labeled as FAVSCTECH in this study Q29. Which comes closer to describing your view? I admire the United States for its technological and scientific advances, OR I do not admire the United States for its technological and scientific advances.			
Country	Admire	Don't Admire	Don't Know / Refused
US	88	9	3
Canada	74	21	5
Argentina	51	39	10
Bolivia	71	25	5
Brazil	74	24	2
Chile	67	24	9
Mexico	62	33	6
Peru	78	16	7
Venezuela	76	21	3
Britain	74	16	9
France	71	29	0
Germany	65	33	2
Italy	74	14	12
Spain	61	35	4
Sweden	73	18	9
Bulgaria	67	15	18
Czech Republic	56	42	2
Poland	71	21	8
Russia	32	53	15
Slovakia	58	40	2
Ukraine	46	42	13
Turkey	37	51	12
Egypt	69	24	6
Jordan	68	27	5
Kuwait	88	10	2
Lebanon	74	22	5
Morocco	55	26	19
Palestinian ter	67	25	7
Israel	73	19	8
Pakistan	36	37	27
Bangladesh	81	16	4
Indonesia	84	12	3
Malaysia	83	14	4
China	80	11	9
India	64	26	10
Japan	81	9	9
South Korea	85	11	4
Ethiopia	92	8	1

Appendix I (continued)

Pew Global Attitudes Survey Questions (continued) Q29. Which comes closer to describing your view? I admire the United States for its technological and scientific advances, OR I do not admire the United States for its technological and scientific advances.			
Country	Admire	Don't Admire	Don't Know / Refused
Ghana	88	5	7
Ivory Coast	97	3	0
Kenya	87	11	2
Mali	88	10	1
Nigeria	86	13	2
Senegal	88	9	3
South Africa	80	11	9
Tanzania	63	28	10
Uganda	75		

Appendix J
Brand Finance Country Brand Valuations

Country Financial Brand Equity Brand Finance Royalty Relief Method Source: Anholt-GMI Q1 2007 Nations Brand Index						
ank 2006	ank 2007	Country	Country Brand Value \$US Billions 2007	Country Brand Value \$US Billions 2006	Change \$US Billion	Change Percent
1	1	USA	19735	17,893	1842	10.29%
2	2	Japan	9590	6205	3385	54.55%
3	3	Germany	5396	4582	814	17.77%
4	4	UK	3560	3475	86	2.47%
5	5	France	3168	2922	246	8.42%
6	6	Italy	2787	2811	-23	-0.82%
7	7	Spain	1604	1758	-154	-8.76%
8	8	Canada	1402	1106	296	26.76%
12	9	China	1121	712	409	57.44%

Appendix K

Primary Data Participants & Information

Name	Organization	Title	Interview Date(s)/Type(s)
James Cox	U.S. Commercial Service U.S. Dept. of Commerce	Network Director	February 2, 2009 Phone: 20 minutes
Justin Oslowski	U.S. Commercial Service U.S. Dept. of Commerce	Director	February 3, 2009 Phone: 30 minutes April 29, 2009 In-person: 28 minutes
Dawn Wivel	State of NH Office of International Commerce	Director	April 29, 2009 In-person: 21 minutes
Ed Merguerian	U.S. Commercial Service U.S. Dept. of Commerce	International Trade Specialist	February 4, 2009 Phone: 21 minutes May 4, 2009 In-person: 48 minutes
Paula Newton	State of NH Office of International Commerce	Market Research & Information Specialist	May 7, 2009 In-person: 38 minutes*
Taylor Little	U.S. Commercial Service U.S. Dept. of Commerce	International Trade Specialist	May 7, 2009 In-person: 38 minutes*
Totals		Phone Interviews: 71 minutes	
		In-Person Interviews: 140 minutes	
		Verbatim Pages Transcribed: 71	
		Edited Primary Data Pages: 35	

*Depth Interview conducted simultaneously

Appendix L Secondary Data Sources

Data	Source	Year(s)	Type
Attitudes Toward US	Pew Global Attitudes Project	2000-2007	Qualitative
Nations Brand Index	Anholt-GMI	2001-2004	Qualitative
Nations Brand Index	Anholt-GfK	2005-2008	Qualitative
Country Brand Values	Ahnholt-GMI/ Brand Finance	2006-2007	Quantitative
US Firm Brand Values	Brand Finance	2006-2007	Quantitative
US Firm Brand Values	Interbrand	2000-2008	Quantitative
US Firm Brand Values	Millward Brown	2006-2007	Quantitative
Exports	US Census Bureau	1948-2008	Quantitative
Imports	World Trade Organization	1948-2008	Quantitative
Exchanges Rates	International Monetary Fund	1999-2008	Quantitative
Gross National Income PPP	The World Bank	1999-2007	Quantitative
Gross Domestic Product PPP	International Monetary Fund	1999-2007	Quantitative
Foreign Direct Investment-Stock	UNCTAD	1999-2007	Quantitative
Prices	OECD		Quantitative
Inflation	International Monetary Fund	1999-2007	Quantitative
Tariffs	UNCTAD	1999-2007	Quantitative
Trust of US Firms	Edleman Trust Barometer	2005-2006	Qualitative

Appendix M Economic Factor Model AMOS Output

The Model is Recursive Sample size = 153

Computation of degrees of freedom

Number of distinct sample moments: 4

Number of distinct parameters to be estimated:

Degrees of freedom (44 - 27): 7

Result

Minimum was achieved. Chi-square = 20.821 Degrees of freedom = 17

Probability level = .234

Standardized Regression Weights: Economic Factors Model

			Estimate
INFLATION	<---	Economic_Factors	.361
EXRATES	<---	Economic_Factors	.210
TARIFF	<---	Economic_Factors	.712
GDPPPP	<---	Economic_Factors	-.986
GNIPPP	<---	Economic_Factors	-.994
FDISTOCK	<---	Economic_Factors	-.333
USIMPORTS	<---	Economic_Factors	-.476
USMRKTSHARE	<---	Economic_Factors	-.194

Appendix M Economic Factor Model AMOS Output (continued)

Intercepts: Economic Factors Model

	Estimate	S.E.	C.R.	P
Economic_Factors	1.00			
EXRATES	353.052	157.668	2.239	.025
GDPPPP	17848.377	1284.312	13.897	***
GNIPPP	17557.519	1282.048	13.695	***
FDISTOCK	47162.613	12181.346	3.872	***
TARIFF	5.134	.576	8.907	***
INFLATION	5.213	.604	8.630	***
USIMPORTS	2591761754336611936077.079			***
USMRKTSHARE	.115	.012	9.380	***

Variances:

	Estimate	S.E.	C.R.	P
e7	7.221	3.152	2.291	.022
e8	11935621064990100000	13646951826358900000	8.746	***
e1	48.235	5.540	8.706	***
e3	16.171	1.872	8.640	***
e4	3681958.866	1633114.827	2.255	.024
e5	1594544.846	1596396.449	.999	.318
e6	16343090840.409	1876704905.468	8.708	***
e2	3075771.422	352955.817	8.714	***
e9	.019	.002	8.715	***

Appendix M (continued)

Squared Multiple Correlations:

	Estimate
Economic_Factors	.000
USMRKTSHARE	.038
EXRATES	.044
FDISTOCK	.111
GNIPPP	.988
GDPPPP	.972
TARIFF	.506
INFLATION	.130
USIMPORTS	.227

Economic_Factors		
	Total Effects	Standardized Effects
USMRKTSHARE	-.010	-.194
EXRATES	139.900	.210
FDISTOCK	-16777.094	-.333
GNIPPP	-4213.598	-.994
GDPPPP	-4202.227	-.986
TARIFF	1.516	.712
INFLATION	1.000	.361
USIMPORTS	6965293360.105	-.476

Appendix M (continued)

Economic_Factors		
	Direct Effects	Standardized Direct Effects
USMRKTSHARE	-.010	-.194
EXRATES	139.900	.210
FDISTOCK	-16777.094	-.333
GNIPPP	-4213.598	-.994
GDPPPP	-4202.227	-.986
TARIFF	1.516	.712
INFLATION	1.000	.361
USIMPORTS	-6965293360.105	-.476

Model Fit Summary

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	27	20.821	17	.234	1.225
Saturated model	44	.000	0		
Independence model	16	905.883	28	.000	32.353

Appendix M (continued)

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.977	.962	.996	.993	.996
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.607	.593	.605
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

NCP

Model	NCP	LO 90	HI 90
Default model	3.821	.000	19.587
Saturated model	.000	.000	.000
Independence model	877.883	783.299	979.868

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	.137	.025	.000	129
Saturated model	.000	.000	.000	.000
Independence model	5.960	5.776	5.153	6.447

Appendix M (continued)

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.038	.000	.087	.598
Independence model	.454	.429	.480	.000

AIC

Model	AIC	BCC	BIC	CAIC
Default model	74.821	78.219		
Saturated model	88.000	93.538		
Independence model	937.883	939.897		

ECVI

Model	ECVI	LO 90	HI 90	MECVI
Default model	.492	.467	.596	.515
Saturated model	.579	.579	.579	.615
Independence model	.170	5.548	6.841	6.184

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	202	244
Independence model	7	9

Appendix N
Bollen-Stine Bootstrap Test of Multivariate Normality for Economic Factors
Model

Summary of Bootstrap Iterations

Iterations	Method 0	Method 1	Method 2
1	0	0	0
2	0	0	0
3	0	0	0
4	0	0	2
5	0	0	52
6	0	0	295
7	0	0	398
8	0	0	301
9	0	0	270
10	0	0	280
11	0	0	199
12	0	0	114
13	0	0	56
14	0	0	21
15	0	0	9
16	0	0	1
17	0	0	1
18	0	0	0
19	0	0	1
Total	0	0	2000

Appendix N (continued)

0 bootstrap samples were unused because of a singular covariance matrix.

1 bootstrap sample was unused because a solution was not found.

2000 usable bootstrap samples were obtained.

Bollen-Stine Bootstrap

The model fit better in 1681 bootstrap samples.

It fit about equally well in 0 bootstrap samples.

It fit worse or failed to fit in 319 bootstrap samples.

Testing the null hypothesis that the model is correct,

Bollen-Stine bootstrap $p = .160$

Result: Cannot reject that the model is correct

Appendix N (continued)

Bootstrap Distributions for Economic Model

ML discrepancy (implied vs sample) (Default model)

	.668	*****
	6.278	*****
	11.888	*****
	17.498	*****
	23.108	*****
	28.718	***
	34.328	**
N = 2000	39.937	*
Mean = 11.957	45.547	*
S. e. = .215	51.157	*
	56.767	*
	62.377	*
	67.987	*
	73.597	
	79.207	*

Appendix O

Economic and US Image AMOS Model Output

Notes for Model : Economic and US Image Model

Computation of degrees of freedom

Number of distinct sample moments:	54
Number of distinct parameters to be estimated:	31
Degrees of freedom (54 - 31):	23

Result Economic & US Image Model

Minimum was achieved

Chi-square = 24.945

Degrees of freedom = 23

Probability level = .353

Standardized Regression Weights: Economic and US Image Model

			Estimate
INFLATION	<---	Economic_Factors	.361
EXRATES	<---	Economic_Factors	.210
TARIFF	<---	Economic_Factors	.712
GDPPPP	<---	Economic_Factors	-.986
GNIPPP	<---	Economic_Factors	-.994
FDISTOCK	<---	Economic_Factors	-.333
USIMPORTS	<---	Economic_Factors	-.469
USMRKTSHARE	<---	Economic_Factors	-.177
USIMPORTS	<---	FAVUS	.101
USMRKTSHARE	<---	FAVUS	.192

Appendix O (continued)

Intercepts: Economic and US Image

	Estimate	S.E.	C.R.	P
Economic_Factors	1.000			
FAVUS	51.346	1.669	30.766	***
EXRATES	352.935	157.678	2.238	.025
GDPPPP	17848.880	1284.573	13.895	***
GNIPPP	17559.687	1282.537	13.691	***
FDISTOCK	47173.494	12182.551	3.872	***
TARIFF	5.134	.577	8.905	***
INFLATION	5.213	.604	8.630	***
USIMPORTS	15943301963	7820245186	2.039	.041
USMRKTSHARE	.047	.030	1.587	.112

Appendix O (continued)

Sample Correlations: Economic & US Image Model

	FAV US	USMRKTSH ARE	EXRAT ES	FDISTO CK	GNIP PP	GDPP PP	TARI FF	INFLATI ON	USIMPO RTS
FAVUS	.000								
USMRKTSH ARE	.207	1.000							
EXRATES	-.095	-.096	1.000						
FDISTOCK	-.081	-.079	-.060	1.000					
GNIPPP	.090	.188	-.212	.335	1.000				
GDPPPP	.082	.208	-.199	.321	.980	1.000			
TARIFF	-.059	-.038	.010	-.192	-.706	-.704	1.000		
INFLATION	-.045	-.037	.037	-.126	-.356	-.365	.167	1.000	
USIMPORTS	.143	.820	-.102	.032	.474	.484	-.323	-.198	1.000

Covariances: Economic and US Image Model

	Estimate	S.E.	C.R.	P
e3 <--> e2	-1338.32	576.798	-2.320	.020
e8 <--> e3	-11932339897.295	5984170175.303	-1.994	.046
e8 <--> e9	3913984009.470	490586958.299	7.978	***

Appendix O (continued)

Correlations: Economic and US Image Model

	Estimate
e3 <--> e2	-.190
e8 <--> e3	-.086
e8 <--> e9	.847

Variances: Economic and US Image Model

	Estimate	S.E.	C.R.	P
e7	7.217	3.150	.291	.022
e10	423.364	48.563	8.718	***
e8	1179368992497070000000	134790721798239000000	8.750	***
e1	48.240	5.541	.707	***
e3	16.178	1.872	.641	***
e4	3732486.108	1634486.435	2.284	.022
e5	1544154.660	1596843.308	.967	.334
e6	16341746896.438	1876518101.443	8.709	***
e2	3075625.166	352936.665	8.714	***
e9	.018	.002	8.715	***

Appendix O (continued)

Squared Multiple Correlations: Economic and US Image Model

	Estimate
FAVUS	.000
Economic_Factors	.000
USMRKTSHARE	.068
EXRATES	.044
FDISTOCK	.111
GNIPPP	.988
GDPPPP	.972
TARIFF	.506
INFLATION	.130
USIMPORTS	.230

Matrices

Factor Score Weights: Economic and US Image Model

	FAV US	USMRKTS HARE	XRA TES	DIST OCK	GNI PPP	GDP PPP	TARI FF	INFLAT ION	USIMP ORTS
Economic_ Factors	.000	.115	.000	.000	.000	.000	.006	.001	.000

Appendix O (continued)

Total Effects: Economic and US Image Model

	FAVUS	Economic_Factors
USMRKTSHARE	.001	-.009
EXRATES	.000	140.017
FDISTOCK	.000	-16787.975
GNIPPP	.000	-4215.765
GDPPPP	.000	-4202.730
TARIFF	.000	1.516
INFLATION	.000	1.000
USIMPORTS	191725595.469	-6835397898.318

Standardized Total Effects: Economic and US Image Model

	FAVUS	Economic_Factors
USMRKTSHARE	.192	-.177
EXRATES	.000	.210
FDISTOCK	.000	-.333
GNIPPP	.000	-.994
GDPPPP	.000	-.986
TARIFF	.000	.712
INFLATION	.000	.361
USIMPORTS	.101	-.469

Appendix O (continued)

Direct Effects: Economic and US Image Model

	FAVUS	Economic_Factors
USMRKTSHARE	.001	-.009
EXRATES	.000	140.017
FDISTOCK	.000	-16787.975
GNIPPP	.000	-4215.765
GDPPPP	.000	-4202.730
TARIFF	.000	1.516
INFLATION	.000	1.000
USIMPORTS	191725595.469	-6835397898.318

Standardized Direct Effects: Economic and US Image Model

	FAVUS	Economic_Factors
USMRKTSHARE	.192	-.177
EXRATES	.000	.210
FDISTOCK	.000	-.333
GNIPPP	.000	-.994
GDPPPP	.000	-.986
TARIFF	.000	.712
INFLATION	.000	.361
USIMPORTS	.101	-.469

Appendix O (continued)

Model Fit Summary: Economic and US Image Model**CMIN**

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	31	24.945	23	.353	1.085
Saturated model	54	.000	0		
Independence model	18	917.407	36	.000	25.484

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.973	.957	.998	.997	.998
Saturated model	1.000		1.000		.000
Independence model	.000	.000	.000	.000	.000

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.639	.622	.637
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

Appendix O (continued)

NCP

Model	NCP	LO 90	HI 90
Default model	1.945	.000	18.293
Saturated model	.000	.000	.000
Independence model	881.407	786.413	983.807

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	.164	.013	.000	.120
Saturated model	.000	.000	.000	.000
Independence model	6.036	5.799	5.174	6.472

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.024	.000	.072	.764
Independence model	.401	.379	.424	.000

AIC

Model	AIC	BCC	BIC	CAIC
Default model	86.945	91.312		
Saturated model	108.000	115.606		
Independence model	953.407	955.942		

Appendix O (continued)

ECVI

Model	ECVI	LO 90	HI 90	MECVI
Default model	.572	.559	.680	.601
Saturated model	.711	.711	.711	.761
Independence model	6.272	5.647	6.946	6.289

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	215	254
Independence model	9	10

Appendix P
Bollen-Stine Bootstrap Test of Multivariate Normality
Results for Economic & US Image Model

Summary of Bollen-Stine Bootstrap Iterations: Economic and US Image Model

Iterations	Method 0	Method 1	Method 2
1	0	0	0
2	0	0	0
3	0	0	0
4	0	0	1
5	0	0	58
6	0	0	306
7	0	0	396
8	0	0	291
9	0	0	297
10	0	0	269
11	0	0	194
12	0	0	107
13	0	0	51
14	0	0	17
15	0	0	9
16	0	0	3
17	0	0	0
18	0	0	1
19	0	0	0
Total	0	0	2000

Appendix P (continued)

0 bootstrap samples were unused because of a singular covariance matrix.

0 bootstrap samples were unused because a solution was not found.

2000 usable bootstrap samples were obtained.

Bollen-Stine Bootstrap (Default model)

The model fit better in 1530 bootstrap samples.

It fit about equally well in 0 bootstrap samples.

It fit worse or failed to fit in 470 bootstrap samples.

Testing the null hypothesis that the model is correct,

Bollen-Stine bootstrap $p = .235$

Results: Cannot reject that the model is correct

Appendix P (continued)

Bootstrap Distributions Economic & US Image Model

ML discrepancy (implied vs sample) (Default model)

	1.762	****
	9.019	*****
	16.277	*****
	23.534	*****
	30.792	*****
	38.049	***
	45.307	**
N = 2000	52.564	*
Mean = 18.029	59.821	*
S. e. = .266	67.079	*
	74.336	*
	81.594	*
	88.851	*
	96.109	
	103.366	*

Appendix Q
Country Attitudinal Brand Equity & Economic Factors Model AMOS
Output

Notes for Group

The model is recursive.

Sample size = 44

Notes for Model Country Attitudinal Brand Equity & Economic Factors Model

Computation of degrees of freedom (Default model)

Number of distinct sample moments: 90

Number of distinct parameters to be
estimated: 47

Degrees of freedom (90 - 47): 43

Result

Minimum was achieved

Chi-square = 44.272

Degrees of freedom = 43

Probability level = .418

Appendix Q (continued)

Covariances: Country Attitudinal Brand Equity & Economic Factors Model

	Estimate	S.E.	C.R.	P
e5 <--> e7	-34.576	15.682	-2.205	.027
e8 <--> e14	-7798.505	11231.581	-.694	.487
e4 <--> e3	7.317	1.805	4.054	***
e7 <--> e9	-9.369	3.839	-2.441	.015
e1 <--> e2	274.317	63.104	4.347	***
e6 <--> e9	6.336	4.621	1.371	.170
e6 <--> e2	-27.196	13.724	-1.982	.048
e8 <--> e11	-3309.289	1355.761	-2.441	.015
e4 <--> e10	14.463	6.037	2.396	.017
e11 <--> e10	-1078.640	646.797	-1.668	.095

Correlations: Country Attitudinal Brand Equity & Economic Factors Model

	Estimate
e5 <--> e7	-.349
e8 <--> e14	-.394
e4 <--> e3	.551
e7 <--> e9	-.596
e1 <--> e2	.893
e6 <--> e9	.215
e6 <--> e2	-.139
e8 <--> e11	-.725
e4 <--> e10	.368
e11 <--> e10	-.264

Appendix Q (continued)

Variances: Country Attitudinal Brand Equity & Economic Factors Model

	Estimate	S.E.	C.R.	P	Label
e3	1.000				
e9	5.002	2.697	1.855	.064	par_35
e4	176.164	37.295	4.724	***	par_36
e5	199.087	43.688	4.557	***	par_37
e6	174.359	37.951	4.594	***	par_38
e7	49.397	16.017	3.084	.002	par_39
e8	10.916	17.731	.616	.538	par_40
e1	429.461	93.667	4.585	***	par_41
e15	21440520148.063	4679408499.939	4.582	***	par_42
e14	35859274.414	22684465.459	1.581	.114	par_43
e12	11.252	2.607	4.316	***	par_44
e2	219.657	46.972	4.676	***	par_45
e11	1908969.680	412606.203	4.627	***	par_46
e10	8.765	2.726	3.215	.001	par_47

Appendix Q (continued)

Squared Multiple Correlations: Country Attitudinal

	Estimate
Economic_Factors	.000
ABE	.000
TARIFF	.581
EXRATES	.026
USMRKTSHARE	.045
INFLATION	.308
GNIPPP	.797
FDISTOCK	.076
USIMPORTS	.080
FAVUS	.970
FAVAM	.826
FAVBUS	.360
FAVFP	.410
FAVSCTECH	.082

Matrices

Factor Score Weights Country Attitudinal Brand Equity & Economic Factors

	Tariff	ExRate	MRKT SHARE	INFL	GNI	FDI	IMPORTS	FAV US	FAV AM	FAVB US	FAV FP	FAV SCTECH
Econ	.163	.000	.000	.056	.000	.000	.004	.033	-.034	.009	-.005	-.018
ABE	.019	.000	.000	.002	.000	.000	.000	.049	.004	.000	.001	-.002

Appendix Q (continued)

Total Effects Country Attitudinal Brand Equity & Economic Factors

	Economic_Factors	ABE
TARIFF	1.557	.000
EXRATES	101.344	.000
USMRKTSHARE	1.319	-1.274
INFLATION	1.000	.000
GNIPPP	-5311.223	.000
FDISTOCK	-18711.766	.000
USIMPORTS	2.629	-1.598
FAVUS	.000	18.803
FAVAM	.000	15.325
FAVBUS	.000	9.903
FAVFP	.000	11.764
FAVSCTECH	.000	1.000

Appendix Q (continued)

Standardized Total Effects

	Economic_Factors	ABE
TARIFF	.762	.000
EXRATES	.162	.000
USMRKTSHARE	.195	-.084
INFLATION	.555	.000
GNIPPP	-.893	.000
FDISTOCK	-.275	.000
USIMPORTS	.272	-.074
FAVUS	.000	.985
FAVAM	.000	.909
FAVBUS	.000	.600
FAVFP	.000	.640
FAVSCTECH	.000	.072

Appendix Q (continued)

Direct Effects

	Economic_Factors	ABE
TARIFF	1.557	.000
EXRATES	101.344	.000
USMRKTSHARE	1.319	-1.274
INFLATION	1.000	.000
GNIPPP	-5311.223	.000
FDISTOCK	-18711.766	.000
USIMPORTS	2.629	-1.598
FAVUS	.000	18.803
FAVAM	.000	15.325
FAVBUS	.000	9.903
FAVFP	.000	11.764
FAVSCTECH	.000	1.000

Appendix Q (continued)

Standardized Direct Effects Country Attitudinal Brand Equity & Economic Factors

	Economic_Factors	ABE
TARIFF	.762	.000
EXRATES	.162	.000
USMRKTSHARE	.195	-.084
INFLATION	.555	.000
GNIPPP	-.893	.000
FDISTOCK	-.275	.000
USIMPORTS	.272	-.074
FAVUS	.000	.985
FAVAM	.000	.909
FAVBUS	.000	.600
FAVFP	.000	.640
FAVSCTECH	.000	.072

Model Fit Summary Country Attitudinal Brand Equity & Economic Factors

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	47	44.272	43	.418	1.030
Saturated model	90	.000	0		
Independence model	24	341.429	66	.000	5.173

Appendix Q (continued)

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.870	.801	.996	.993	.995
Saturated model	1.000		1.000		.000
Independence model	.000	.000	.000	.000	.000

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.652	.567	.649
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

NCP

Model	NCP	LO 90	HI 90
Default model	1.272	.000	21.276
Saturated model	.000	.000	.000
Independence model	275.429	221.371	337.013

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	1.030	.030	.000	.495
Saturated model	.000	.000	.000	.000
Independence model	7.940	6.405	5.148	7.838

Appendix Q (continued)

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.026	.000	.107	.604
Independence model	.312	.279	.345	.000

AIC

Model	AIC	BCC	BIC	CAIC
Default model	138.272	179.005		
Saturated model	180.000	258.000		
Independence model	389.429	410.229		

ECVI

Model	ECVI	LO 90	HI 90	MECVI
Default model	3.216	3.186	3.681	4.163
Saturated model	4.186	4.186	4.186	6.000
Independence model	9.056	7.799	10.489	9.540

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	58	66
Independence model	11	13

Appendix R **Bollen-Stine Bootstrap Test for Multivariate Normality** **For Country Attitudinal Brand Equity & Economic Factors Model**

Bollen-Stine Bootstrap Country Attitudinal Brand Equity & Economic Factors

The model fit better in 744 bootstrap samples.
It fit about equally well in 0 bootstrap samples.
It fit worse or failed to fit in 1256 bootstrap samples.
Testing the null hypothesis that the model is correct, Bollen-Stine bootstrap p =
.628 Results: Cannot reject the model is correct

	11.114	***
	28.897	*****
	46.681	*****
	64.465	*****
	82.249	*****
	00.032	*****
	117.816	*****
N = 2000	135.600	*****
Mean = 68.706	153.384	***
S. e. = 1.021	171.167	**
	188.951	*
	206.735	*
	224.519	*
	242.302	*
	260.086	*

Appendix S
Open Coding-Participant A
Theme Summary Verbatim Data Blocks

The positive variables are exchange rates, free trade agreements, price sensitivities like reduction of tariffs can help drive it and obviously the reputation for quality.

On the negative side, U.S. export controls would be one of them. After, 9/11 there was this move to restrict more U.S. dual use products, defense products. Obviously U.S. export controls are in a place to safeguard the U.S. but that does hurt trade because, if you're in France and you needed a defense article, you'd rather get it from the States. But a country like Israel supplies the same thing, and you know from the States you're going to have a delay of six to eight weeks because of export licensing requirements, and you don't have those same constraints from Israel. You're probably going to buy an Israeli product.

Another negative is a trade war where we feel that someone's dumping product on us; we're going to have some sort of counter duty; then they're going to reciprocate

I think adaptability of U.S. companies is pretty critical because, again, we can't compete on the penny parts anymore or we can't compete on, the low labor, low skills sort of things. We just can't.

The single biggest complaint we get is about US business culture where we don't want to develop relationships and we want to tell people what to do. And that has been a common theme across the board and any time we've worked with any country in the world that has been a common complaint. And I think that's where businesses become more knowledgeable about what they should and should not be doing in meetings overseas.

In fact, again, it's more a case where U.S. businesses are driving their export markets and that if they have a high tech intellectual property they're not going into South Korea because they're worried about intellectual property rights or they're not going into China because of the intellectual property rights.

Identifying and using a local partner. The partner knows it's a good American product; he/she customizes it to the local market understanding their cultural concerns, needs, wants, variations, so on and so forth, and adapting it. You know, and that's why it's so successful.

Trust is the ability to have recourse in case someone doesn't deliver on the contract terms. Like it's, okay, I have a problem with this. Okay, now trust comes into play because, yes, something - there has to be recourse. And I still can continue to feel that, you know, most international companies still feel that there is recourse if a product arrives damaged or non functional versus getting it from somewhere else. There's more accountability in the U.S. legal system.

Appendix T
Axial Coding-Participant A
Summary Verbatim Data Blocks

Change in US Brand Equity	<p>US brand equity has always been positive. US has high product quality which is major driver of brand equity</p> <p>Major impacts on international trading: economic recession. Currency exchange and fluctuations, and trade policy</p> <p>Us foreign policy does not impact trade and brand equity</p>
US Products	<p>US goods are seen as the standard in international trade. US is known for reliability & quality. Politics have absolutely nothing to do with importing US goods</p> <p>It is US firms that are concerned about instability of certain overseas markets and are choosing not to enter certain markets</p> <p>Chinese parts are still not known for high quality</p> <p>There is substantial demand for US products overseas</p> <p>Even in Indonesia which is perceived as anti-American, the commercial officer from Indonesia said, "We still want U.S. goods"</p> <p>The higher quality, higher technology sort of technology driven exports. That's really where the growth has always been</p>
Attitudes	<p>People can separate politics and economics and they do.</p> <p>U.S. companies' decision not to look at Indonesia as a market because of their concerns about political instability, economic instability, that sort of issue. Versus someone saying in Indonesia, "Boy, we really hate American companies. We don't want them here"</p>

Appendix T (continued)
Axial Coding-Participant A
Verbatim Data Blocks

Brand Equity Variables	<p>The positive variables are exchange rates, free trade agreements, price sensitivities like reduction of tariffs can help drive it and obviously the reputation for quality.</p> <p>On the negative side, U.S. export controls and trade wars</p>
Other Factors	<p>Adaptability of U.S. companies is pretty critical. We can't compete on, the low labor, low skills sort of things.</p> <p>Single biggest complaint we get is about US business culture where we don't want to develop relationships and we want to tell people what to do.</p> <p>U.S. businesses are driving their export markets (choosing where to go) For high tech intellectual property they're not going into South Korea because they're worried about intellectual property rights or they're not going into China because of the intellectual property rights.</p> <p>Identifying and using a local partner. The partner knows it's a good American product; he/she customizes it to the local market</p> <p>Trust is ability to have recourse (with contracts). US legal system is transparent. Foreign businesses know they have recourse in with US</p>

Appendix U
Opening Coding-Participant B
Theme Summary Verbatim Data Blocks

I've seen over a longer period of time a much - a larger change in terms of it [US brand equity], it used to be that all the best came out of the United States and it's not like everybody thinks that way anymore.

Over the past 10 years I don't know so much has changed in terms of the feeling people have about American-made products and service in so much as wanting to do business with Americans.

We still have a pretty good image of well made products.

No one thinks our food is any good. But so that tells you that obviously we have this high level - we're well branded

When I was in Saudi Arabia last year (2008) at a luncheon with the Board of Directors of the U.S. Saudi Business Council. So these are the highest level industrialists. I was with Osama Bin Laden's uncle, for instance. He's the second most powerful man in Saudi Arabia and second only to king Abdula. And one of them said, "We love American products." And I was shocked because I realized it had been years and years and years since I had heard that.

We used to hear that all the time but I just hadn't heard that in a long time. I think the war, the Bush years, people just didn't want to do business with Americans if they didn't have to.

Overall, US has high product quality.

A firm here makes fire suits that are probably considered the second best in the whole world. They're very expensive. And you would think anybody who's buying a fire suit for a fireman is going to spend top dollar to make sure that that fireman is safe because he's saving lives. It doesn't make any sense. But actually it doesn't work that way because most municipalities don't have a lot of money so a lot of times their government contract goes to the lowest bidder.

This firm's sales are up and down depending on the economy.

They would be the product that everyone would want to buy, but they're not always the product that everyone buys because they're not priced competitively.

I can actually follow the increase in exports based on a free trade agreement. When Mexico was added into the free trade agreement making (it NAFTA), Mexico went from being like - I don't know. Maybe we do a few things in Mexico to being our second largest market.

Appendix U (continued)
Opening Coding-Participant B
Theme Summary Verbatim Data Blocks

We're the most demanding consumers in the world everybody wants to test their products here. So wouldn't it stand to reason that any product that came out of here would probably have that same level of quality?

I wanted to say something else about the exchange rate. What was really interesting was exports really boomed with the weak dollar. But what was really interesting was that I was shocked because I just don't think people in this country really read - pay attention as much as they should. But we did have several small companies who never felt that they were ready to export call us during that time and say, "We really think we should take advantage of, you know, the fact that the dollar's weak and we probably, you know, could be much more marketable price wise overseas."

The negative changes in these barometers regarding America is because we elected Bush twice. It's a statement.

And I've been to like 55 countries. You just say, "Well, yes, I tried to explain, you know, that America is very diverse. It's a huge country. How can you blame everything." "Well, you guys elected him twice."

I think people really put politics aside because why? You're not going to be really successful in business if you hook everything to foreign policy and the politics of the country you're doing business with. Most business people are at a whole different strata.

It's like is this a good product, is it a good price, are these good people to deal with, do I like them? People do business with people they like. But, you know, you have to look at the bottom line. You're not going to be saying, "I don't think I'll be doing business with Americans because they might have voted for Bush."

Exports are going down, but that's because of the global economic crisis.

When it comes down to it, politics are politics and business is business. And you know, what really drives business is simple things. Well, not so simple. But number one, do you like the person you're doing business with? We don't think that way as Americans. But relationships are very important to most other cultures.

The consistency of the company, delivery, after sale service, customer service. All of those things are very important.

Relationships are very important to most other cultures.

Appendix U (continued)
Opening Coding-Participant B
Theme Summary Verbatim Data Blocks

You know, most foreigners see Americans as being a little childlike because we still have that very positive, optimistic way of looking at things. We don't have like - we're not from a country that's been war torn and ravaged over centuries and centuries and centuries.

Yes, so we don't have the cynical outlook.

We're innovative. Innovation and design and technology and science, I mean, it's just - that is - the entire economy in the world is about that.

We're kind. I mean, we - it's a well-known fact that if there is a disaster everywhere, the Americans are the first ones there. So we do have, you know, we're very egalitarian.

Appendix V
Axial Coding-Participant B
Summary Verbatim Data Blocks

<p>Change in US Brand Equity</p>	<p>It used to be that all the best came out of the United States and it's not like everybody thinks that way anymore.</p> <p>Over the past 10 years I don't know so much has changed in terms of the feeling people have about American-made products and service</p> <p>We still have a pretty good image of well made products.</p> <p>Saudi Arabia last year (2008) Saudi Business Council, the highest level industrialists, one of the most powerful men in Saudi Arabia and second only to king Abdula. "We love American products."</p> <p>It had been years and years and years since I had heard that. We used to hear that all the time but I just hadn't heard that in a long time.</p> <p>I think the war, the Bush years, people just didn't want to do business with Americans if they didn't have to.</p> <p>Quality and price are the most significant factors. And it really depends on what industry you are looking at</p> <p>When Mexico was added into the free trade agreement making (it NAFTA), Mexico went from being like - I don't know-to being our second largest market.</p>
<p>US Products</p>	<p>Overall, US has high products</p> <p>Firm's sales are up and down depending on the economy.</p> <p>High quality product that everyone would want to buy, but since government contracts go the lowest bidder they do not always get the deal-they're not priced competitively.</p> <p>I think that in terms of science and technology we're still number one in everybody's minds.</p> <p>We're the most demanding consumers in the world everybody wants to test their products here</p>

Appendix V (continued)
Axial Coding-Participant B
Summary Verbatim Data Blocks

Attitudes	<p>The negative changes in these barometers regarding America is because we elected Bush twice. It's a statement.</p> <p>And I've been to like 55 countries. You just say, "Well, yes, I tried to explain, you know, that America is very diverse. It's a huge country. How can you blame everything." "Well, you guys elected him twice."</p> <p>People really put politics aside because why? You're not going to be really successful in business if you hook everything to foreign policy and the politics of the country you're doing business with. Most business people are at a whole different strata.</p> <p>A good product, a good price, good people to deal with, do I like them? People do business with people they like.</p> <p>You're not going to be saying, "I don't think I'll be doing business with Americans because they might have voted for Bush."</p>
Other Factors	<p>Exports are going down, but that's because of the global economic crisis.</p> <p>When it comes down to it, politics are politics and business is business. What really drives business is do you like the person you're doing business with?</p> <p>We don't think that way as Americans. But relationships are very important to most other cultures.</p> <p>The consistency of the company, delivery, after sale service, customer service. All of those things are very important.</p> <p>We're innovative. Everything today is about innovation. So innovation has to do with science and technology.</p> <p>We're kind. It is a well know fact that if there is a disaster anywhere, the Americans are the first ones there. We're very egalitarian</p>

Appendix W
Opening Coding-Participant C
Theme Summary Verbatim Data Blocks

Has there been a change in attitudes over the past six years towards the United States, a significant change? Yes, I guess yes and no. To some extent for sure, there are definitely, I mean you definitely hear executives complain about certain things, not so much, certainly there are incidents of, you know, where an attitude towards the U.S. has affected a business relationship.

And you see this from time to time with government contracts. It's anecdotal although I don't think I've seen a systematic change.

There was an incident where the U.S. companies interested in selling into a Central American country, but there had been an incident there where the U.S. had dropped funding for a particular program in that country because (this was in) Ecuador and it's causing some friction.

But this U.S. company wants to sell into the police force there, the police force and military there. So, our recommendation, our office's recommendation (is) well, we need to take a step back for a little while and look at this later.

So, there are incidents. And you can say that with, Venezuela over the last few years, certain other places where you see it's particularly with government buying. Maybe there's an unfavorable bias towards the U.S.

Then, but then you see other shifts. And I mention this in certain industries, in certain sectors you might see it more so than others. And I mentioned the travel and tourism industry.

So, this is an area that certainly the industry, the U.S. industry as a whole is very concerned about. How founded or unfounded their concerns are maybe I think will require some study.

I would say that still, and I don't think there's been a change over the six years or probably longer (I'm) sure that people generally tend to view the quality of U.S. products as being good.

You might hear a government buyer interested in U.S. products because they generally think it has good quality. But then again usually when the U.S. competes for a contract they're usually competing against, you know, it's usually players like U.S., maybe Japan, maybe some Western European countries.

Appendix W (continued)
Opening Coding-Participant C
Theme Summary Verbatim Data Blocks

Generally speaking I would say people trust the U.S. People trust U.S. business people compared to, you know, developing nations and things like that, so.

I'll take an extreme case, U.S. exporters to Nigeria. Of course they're very wary about doing business in Nigeria. So, I imagine people buying from Nigeria are wary.

But even selling to Nigeria people are very concerned and cautious. And I'm sure they can do business there. It's just, it's the type, you know, it's a country where there's a lot of fraud and a lot of scams. So, people generally are, you know, are worried about it. So, from their brand perspective people's trust is low

So, obviously, you know, people consider the U.S. brand. So, there is something there. I think it's probably stronger in some industries than others, certainly between differences in countries.

Drivers in exports are well established things like changes in the real exchange rate and changes in income

I would say, but overall in trade the areas where I think the brand is, where you might see a lot of brand influence over I would suspect is in education in this (service), you know, like in education, in travel and tourism, maybe although much less so in some lifestyle brands

Appendix X
Axial Coding-Participant C
Summary Verbatim Data Blocks

Change in US Brand Equity	<p>A change in attitudes over the past six years towards the United States, a significant change? Yes, I guess yes and no.</p> <p>And you can say that with, Venezuela over the last few years, certain other places where you see it's particularly with government buying. Maybe there's an unfavorable bias towards the U.S.</p> <p>Then, but then you see other shifts. And I mention this in certain industries, in certain sectors you might see it more so than others. And I mentioned the travel and tourism industry.</p> <p>I don't think I've seen a systematic change.</p>
US Products	<p>I would say that still, and I don't think there's been a change over the six years or probably longer (I'm) sure that people generally tend to view the quality of U.S. products as being good.</p>
Attitudes	<p>Generally speaking I would say people trust the U.S. People trust U.S. business people compared to, you know, developing nations and things like that, so.</p> <p>So, obviously, you know, people consider the U.S. brand. So, there is something there. I think it's probably stronger in some industries than others, certainly between differences in countries.</p>
Other Factors	<p>Drivers in exports are well established things like changes in the real exchange rate and changes in income</p> <p>I would say, but overall in trade the areas where I think the brand is, where you might see a lot of brand influence over I would suspect is in education in this (service), you know, like in education, in travel and tourism, maybe although much less so in some lifestyle brands</p> <p>In general foreign policy is not a major factor. However, it depends on the industry. In Government buying, as I mentioned before, we have seen specific instances where it affected a deal. But it is not systemic.</p> <p>Of course trade policy, like trade agreements plays a significant role.</p> <p>Our technology is viewed positively. In government buying our competition, Germany and France in many cases, is strong too.</p>

Appendix Y
Open Coding-Participant D
Theme Summary Verbatim Data Blocks

I know our exports have continued to, until really last month, we were setting records in exports each month so...American products are just still really highly sought.

So I would say I haven't seen a decline in the US brand
Specifically because we're dealing so much with medical, software and IT people, those products are still, in all the reports we read from our offices overseas, especially medical products always U.S. so it's pretty much the highest.

We've always been sort of the innovator, and so then it's made here for awhile and then it's now a commodity and it's been made in Asia or something like that. It – you may, not right away, but you may in a few years see that change a little bit, because the innovators are beginning to be in those countries as well.

Although I still think the U.S. will be the key innovator.

Entrepreneurs it was viewed differently in other countries now. I mean commercializing research from universities was like a dirty word. But now they all say oh, that's a way for our university to make some money.

But now foreign university students that come here for college are going back at – that adds a whole new kind of generation of people that have been exposed to other things and now are bringing them home and it changes the culture of their country as far that sort of thing too.

The United States always has notoriously less vacation time and longer work days. So I think part of our brand equity is built into the fact that the U.S. worker takes pride in his work and our output is huge, so, you know, I suppose that goes back into trusting our products.

When the economy was really tanking but foreign entities were still investing in U.S. and it's because they still trusted our product and trusted our workforce and that sort of thing

I don't think trust toward the US has changed, but I think just with the way that the world is, they realize that oh it's that they trust our product and they trust our workers and that sort of thing and where it could've existed all along, it's just they maybe they didn't realize it

Appendix Y (continued)
Open Coding-Participant D
Theme Summary Verbatim Data Blocks

The importing of foods from the U.S. has gone up because of things like (melomania) in the baby formula in China...I think again have reinforced their trust in U.S. products. So there are all kinds of antidotal that have become more than just antidotal reasons why the trust is there.

Because they see that we automatically attack that and begin testing and saw China, you've got a test and that sort of thing and because the FDA is famous, for drug testing. So that's prevented us from having a lot of – I know people get frustrated with it, but it's prevented us from having a lot of horrible things happen.

The horrible birth defects that caused and it was never made legal in this country. And you have the FDA to thank for that

They also don't trust China with their product, with their IP (intellectual property)

If they don't agree necessarily with the foreign policy and all the places I've been people separate the leader and the rest of the people.

I've never really had an incident where someone said something that like all the Americans, but pretty much was recognized, if they didn't agree with one person he had (inaudible) be in charge or whatever, but I don't think it – I think they do separate and again like with products, I think they still can see that as – even if that's the foreign policy, I don't think they're going to boycott the whole country because they don't agree with something. At least not for an extended period. Maybe there's an initial kind of backlash to certain things, but it didn't – didn't seem to affect.

No because what we've always – we've learned is it's all about any kind of political issue but it's all about relationships.

And so you've worked hard and you've established them and so they know that a decision that what made from the top is not your decision, so it doesn't...

Right because when you go and the companies meet with them and they all find out oh we can actually talk and we get along and great guy.

Then they don't really care about where you're from, just it depends more how you do business, if you're honest and if you follow up on your stuff and you do your warranty and all that kind of stuff, I think is more important than where you're actually from.

Appendix Y (continued)
Open Coding-Participant D
Theme Summary Verbatim Data Blocks

If they need your product and the price is right, you know, unless there's some reason we can't sell to them, then you know, they'll buy ours. Because as they have no reason to believe they shouldn't, because it's not going to be inferior.

Part of the reason exports like exploded was because the dollar was so weak.

Foreign policy may have a short term impact if it is a crisis of some sort but not long term

Trade policy certainly makes a difference but you usually see a change over time because the tariffs are usually phased out.

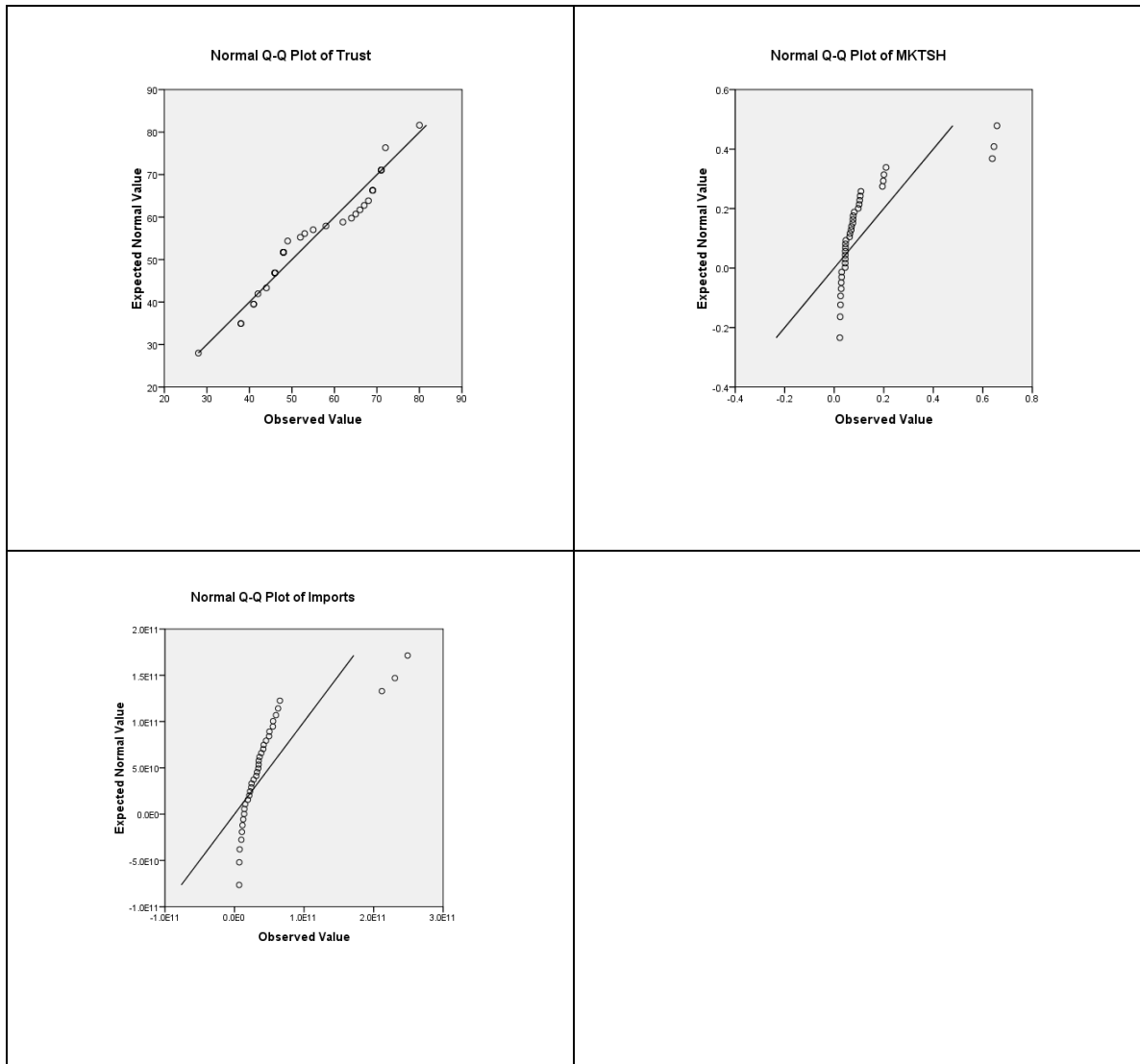
Appendix Z
Axial Coding-Participant D
Summary Verbatim Data Blocks

Change in US Brand Equity	<p>American products are just still really highly sought.</p> <p>So I think part of our brand equity is built into the fact that the U.S. worker takes pride in his work and our output is huge, so, you know, I suppose that goes back into trusting our products.</p>
US Products	<p>When the economy was really tanking but foreign entities were still investing in U.S. and it's because they still trusted our product and trusted our workforce and that sort of thing</p> <p>If they need your product and the price is right, you know, unless there's some reason we can't sell to them, then you know, they'll buy ours. Because as they have no reason to believe they shouldn't, because it's not going to be inferior.</p>
Attitudes	<p>I haven't seen a decline in the US brand Specifically because we're dealing so much with medical, software and IT people, those products are still, especially medical products always U.S. so it's pretty much the highest.</p> <p>The importing of foods from the U.S. has gone up because of things like (melomania) in the baby formula in China...I think again have reinforced their trust in U.S. products.</p> <p>Because they see that we automatically attack that and begin testing and saw China. So The FDA prevented us from having a lot of – I know people get frustrated with it, but it's prevented us from having a lot of horrible things happen.</p> <p>The horrible birth defects that caused and it was never made legal in this country. And you have the FDA to thank for that</p> <p>They also don't trust China with their product, with their IP</p> <p>If they don't agree necessarily with the foreign policy, all the places I've been people separate the leader and the rest of the people.</p>

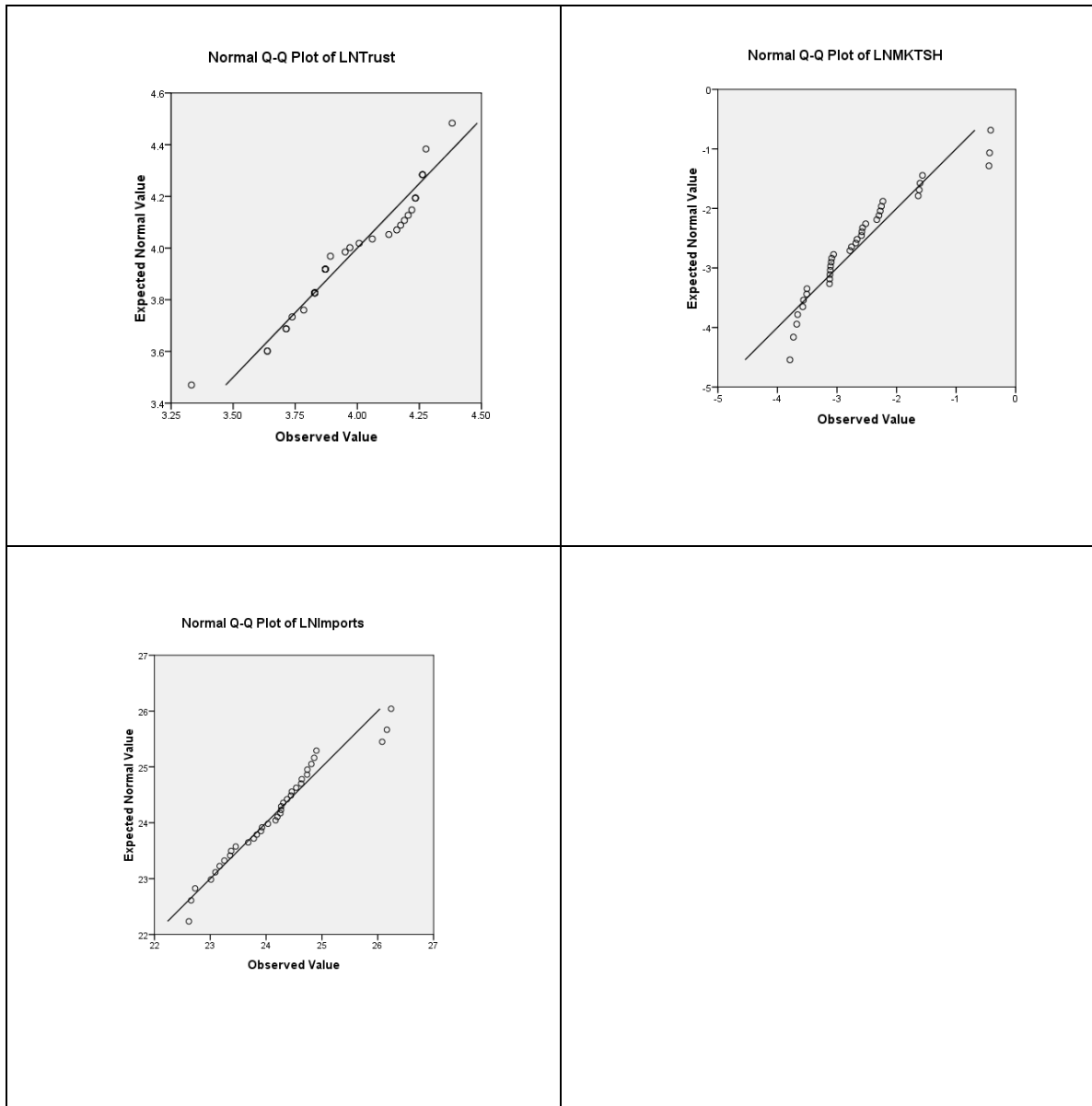
Appendix Z (continued)
Axial Coding-Participant D
Summary Verbatim Data Blocks

<p>Attitudes (continued)</p>	<p>I've never really had an incident where someone said something about all the Americans</p> <p>I think they do separate politics and like our products. I think they still can see that difference – even if that's the foreign policy,</p> <p>I don't think they're going to boycott the whole country because they don't agree with something. At least not for an extended period. Maybe there's an initial kind of backlash to certain things, didn't seem to affect long term.</p> <p>We've learned it's not about any kind of political issue but it's all about business relationships.</p> <p>Right because when you go and the companies meet with them and they all find out oh we can actually talk and we get along and great guy.</p> <p>Then they don't really care about where you're from. If you're honest and if you follow up on your stuff and you do your warranty.</p>
<p>Other Factors</p>	<p>We've always been sort of the innovator, and so then it's made here for awhile and then it's now a commodity and it's been made in Asia or something like that.</p> <p>Part of the reason exports exploded was because the dollar was so weak.</p> <p>Foreign policy may have a short term impact if it is a crisis of some sort but not long term</p> <p>Trade policy makes a big difference but you usually see a change over time because the tariffs are usually phased out.</p>

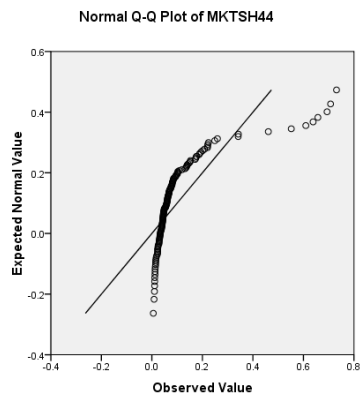
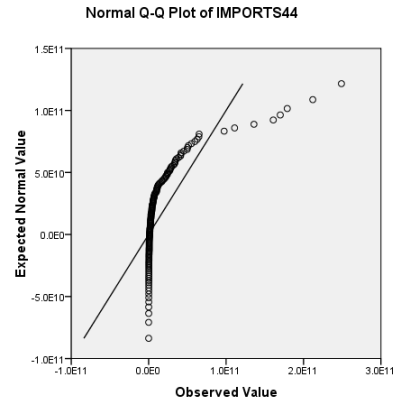
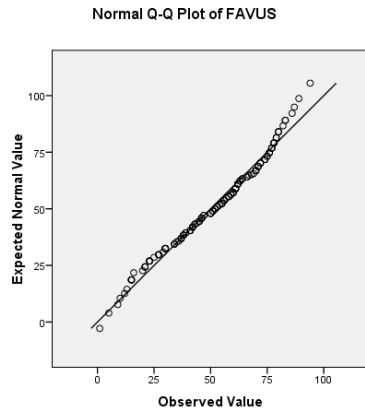
Appendix AA **Q-Plots for Assessing Normality for Granger Causality Tests** **Trust, Market Share and Imports Data for 10 Countries Surveyed by** **Edelman Trust Barometer**



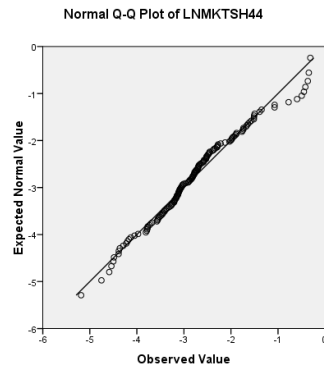
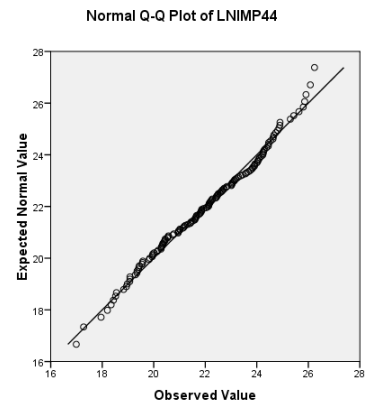
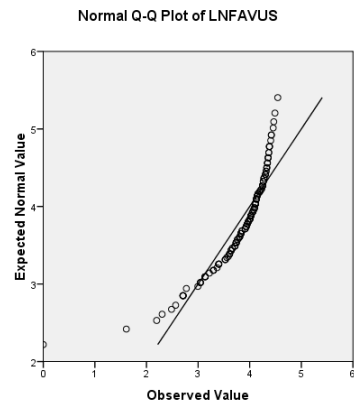
Appendix BB
Q-Plots of Transformed Data for Granger Causality Tests
Natural Log: Trust, Market Share & Imports for 10 Countries Surveyed
by Edelman Trust Barometer



Appendix CC **Q-Plots for Assessing Normality for Granger Causality Tests** **US Favorability, Market Share & Import Data of 44 Countries Surveyed by** **Pew Global Attitudes**

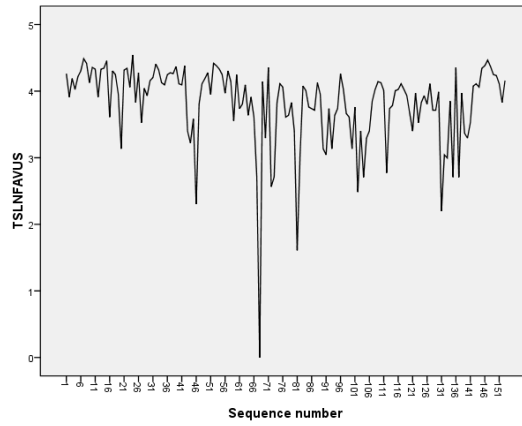


Appendix DD
Q-Plot of Transformed Data for Granger Causality Tests
Natural Log: US Favorability, Market Share & Imports for 44 Countries
Surveyed by Pew Global Attitudes

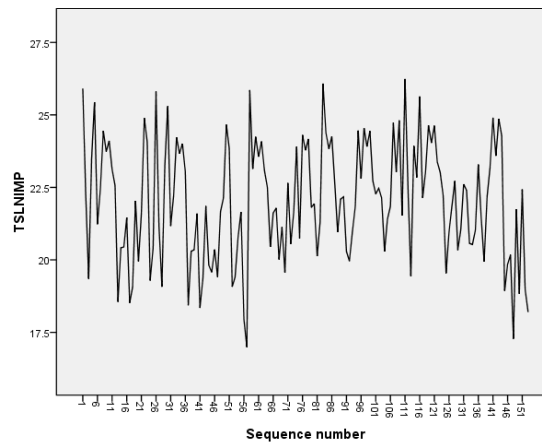


Appendix EE

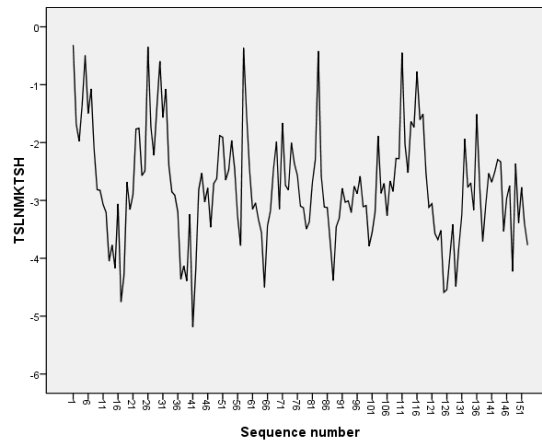
SPSS Time Series Sequence Plots for Stationarity



Natural Log of US Image (Favorability of US)



Natural Log of Country Imports of US Goods



Natural Log of US Export Market Share