

**Country branding emerging from citizens' emotions and the perceptions
of competitive advantage: the case of Malaysia**

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Abstract

This paper aims to examine elements of country branding from the perspectives of a country's citizens. In this exploration, the study constructs their views towards the country using both emotion (affect) and perceptions of competitive advantage, and subsequently conceptualizes and tests a framework of internal country branding elements. Using a survey approach, the study generated a total sample of 445 respondents across Malaysia. Structural equation modeling (SEM) was employed to analyze the data and to test the hypotheses. Findings indicate that Malaysia can be portrayed favorably through export, human capital, culture and heritage, and political efforts. While some elements (human capital, culture and heritage, and politics) are important to foster positive emotions among its citizens, others (export, human capital, and politics) are considered as key tools to build competitive advantage. Implications exist for tourism marketers and policymakers, as the study highlights the importance of branding towards a country's citizens and revealing the specific preferences affecting the citizens' emotions and perceptions towards competitive advantage.

Keywords

Country branding, destination marketing, citizenship choice, place marketing, nation branding, country image, country-of-origin.

Introduction

Country branding is gaining popularity among academicians and practitioners alike (e.g. Anholt, 2005; Henderson, 2007; Herstein, 2012; Pike and Page, 2014). Many countries are branding and rebranding themselves, as they recognize that a favorable country brand attracts tourists, investors, donors, media, and potential citizens to their country (Gudjonsson, 2005; Kotler and Gertner, 2002; Morgan, Pritchard, and Pride, 2011). Scholars regard country branding as a strategic positioning tool to enhance a country's economic, political, and social conditions (Domeisen, 2003; Nickerson and Moisey, 1999; Papadopoulos, 2004), and in today's competitive marketplace, it is accepted as a tool of competitive advantage (Kubacki and Skinner, 2006; Magnusson et al., 2014). The existing literature, however, emphasizes country branding to outsiders with little attention given to country branding to its own citizens. To be a successful brand, countries should be both competitive in retaining and enhancing resources, and viewed by their citizens as a place full of opportunities to exercise their skills and interest (Kotler, 2004; Morgan, Hastings, and Pritchard, 2012). It is crucial for a country to have supportive and proud citizens, as they are a reflection of the country brand (Blichfeldt, 2005; Kemp, Williams and Bordelon, 2012).

The objective of our study is to examine internal country branding, which within the existing literature, remains in its infancy. We utilize the country branding of Malaysia, and, in this respect, explore its citizens' preferences and perceptions toward country branding elements. Based on the existing literature, we postulate that country branding elements are

multi-faceted and include numerous entities, such as physical, human capital, exports, investment, culture and heritage, social, and political (e.g. Anholt, 2005a; Gudjonsson, 2005; Morgan et al., 2012). In our exploration of the citizens, we construct their preferences and views toward their country as emotion (affect) and perceptions of competitive advantage. Emotion is the positive or negative perception of the country's image, whereas perception of competitive advantage is the country's ability and capability to compete with others. We determine that countries need to be attractive among their citizens in both their emotional attachment and create notions of competitive advantage (or superiority) as a way to retain the citizens and their affinity. As such, we capitalize on Malaysia as the research context, as the government is aggressively positioning Malaysia as a world-class tourist and investment destination. Moreover, the government is also trying the lure Malaysians overseas to come back to join workforce in the country in order to enhance their competitiveness. With these continuous efforts carried out by the government it is high time to examine the emotion and perceptions of its citizen on its country branding.

Malaysia has branded itself as 'Truly Asia' and to the best of our knowledge, there is no empirical evidence that encapsulates Malaysia's country branding. To effectively compete with the neighboring countries, including Singapore and Thailand (e.g., Ooi, 2010), as well others around the world, it is critical for Malaysia to understand the underlying spirit of its country. We posit that a framework is needed to assist the Malaysian tourism marketers and policymakers in gauging what Malaysians think about branding their country. Hence, our study contributes to the body of knowledge within brand management, tourism marketing, and public policy management. Our paper is organized as follows: we begin with a review

of country branding and its elements, followed by our hypotheses development. Subsequently, we present our data collection and data analysis. Finally, we critically discuss our findings and conclude with theoretical contributions and implications for practitioners.

Theoretical background

Researchers define country branding as using a country's image, products, and attractiveness to promote different aspects of a country's identity and image (Mihalache and Vukman, 2005) in order to appeal to tourists and foreign direct investors (De Vicente, 2004). Country branding pertains to a country's quality, identity, and perception toward its goods and services (Idris and Arai, 2006). It is an effective platform to influence and create positive country brands to compete in the global marketplace (Gudjonsson, 2005). A common theme among country branding definitions rests on image building (Fan, 2006) with a country's image consisting of composite elements, such as history, geography, industry, culture, media, tourism, art and music, famous citizens, and commercial products (Kotler and Gertner, 2002; Kubacki and Skinner, 2006).

Researchers have discussed multiple dimensions of country branding through indexes and models (e.g. Gudjonsson, 2005). For instance, the Nation Brands Index captures six dimensions of national competence including exports, governance, investment and immigration, cultural and heritage, people, and tourism (Anholt, 2005a). The Fombrun-RI Country Reputation Index (CRI) measures six dimensions – emotional, physical, financial,

leadership, cultural, and social – to assess country branding (Passow et al., 2005). The National Brand Pentagon is a model used by Taiwan for its advertisement campaigns focusing on tourism, export brands, foreign policy, investment, and culture (Amine and Chao, 2005). In similar campaigns, Sweden’s National Brands Hexagon emphasizes tourism, export brands, foreign and domestic policies, investment, culture and heritage, and people. De Vicente (2004) asserts that four core dimensions explain country branding, namely, tourism branding, public diplomacy, export promotion, and investment promotion activities. These include a blend of theory and practice. Johansson (2005) stresses that a country brand is at least a mixture of six components that includes a country’s exports, government policy, citizens, investment and talent, cultural exports, and tourist experience.

Based on the indexes and models discussed above and the following leads from Anholt (2005a), Kotler and Gertner (2002), Kubacki and Skinner (2006), and Passow et al. (2005), we include seven elements to best describe country branding. Our framework comprises physical, human capital, exports, investment/FDI, culture and heritage, social, and political. We integrate these variables as a multidimensional country-branding concept and treat them as important elements for branding a country (Nguyen et al., 2015). In our framework, tourism is not included because, as stated by Anholt (2005a), tourism is “often the most visibly promoted aspect of the nation brand”, thus it might have “a disproportionate effect on people’s perception of the county as a whole” (p. 297). Nevertheless, our study has important implications for both tourism marketers and policymakers due to our investigation of citizens’ underlying perceptions and preferences. In Table 1, we present and discuss each element used for our study.

Table 1: Key country branding elements

| Construct | Definition | Authors | Relation to the study |
|-------------------------------|---|---|---|
| <i>Physical</i> | Physical refers to a country's geography or physical appearance. Attributes including nature, climate, position, cities, residents, infrastructure, disasters, and richness in natural beauty. Physical elements are important due to their influence on the target markets' perceptions toward the overall country. | Anholt, 2006b; De Vicente, 2004; Gudjonsson, 2005; Kotler and Gertner, 2002; Kubacki and Skinner, 2006; Passow et al., 2005 | Physical provides the context in which citizens live. Citizens have a sense of affinity toward the physical aspects of their country due to the environment, which inevitably affects their daily lives. |
| <i>Human capital</i> | Human capital is, if properly utilized and capitalized, the most powerful communication tool in branding a country. People act as ambassadors and create positive images for their country. Famous citizens, such as athletes, with outstanding abilities can influence people's perceptions toward a country by raising the country's positive profile. | Anholt, 2005a; Georgescu and Botescu, 2004; Gudjonsson, 2005; Kotler and Gertner, 2002; Kubacki and Skinner, 2006 | Citizens are part of a country's human capital themselves. Their perceptions of the image of their fellow citizens are important in understanding a country's human characteristics and behavior toward potential tourists and investors. |
| <i>Exports</i> | Exporting brands is a powerful approach to building a country's image. For example, in electronics, 'Made in Japan' and in fashion, 'Made in Italy', create positive associations among consumers, representing exceptionality and appealing features for the country of origin. Competition for superior export brands in international markets is constantly intensified, thereby forcing countries to compete on their exported products or services' quality and value added. | Georgescu and Botescu, 2004; Mihache and Vukman, 2005. | Citizens will often view exporting brands from their country as part of the country's identity and image. Export brands say something about 'what the country is famous for'. |
| <i>Investment/ FDI</i> | Countries, regardless of their economic standing, always look for inward investments. Foreign investments create a multitude of advantages by bringing technology, employment, increased quality standards, flow of skilled and knowledgeable employees, increased interactions between countries, and other advances and innovations. Consequently, countries compete for an investment friendly image by developing varying investment | Mihalache and Vukman, 2005; Phan, 2005; Wanjiru, 2005 | Increased foreign direct investments influence citizens' perceptions in a number of ways, including their attitude toward other cultures, economic standing and beliefs in the country's continuing development and prosperity. |

| Construct | Definition | Authors | Relation to the study |
|------------------------------------|---|--|---|
| | attractions, such as low or non-tariff barriers, large and rapidly growing markets, low labor costs, secure access to mineral or raw material, peace and safety, adequate infrastructure facilities, a sound legal framework and cost-effective logistics. | | |
| <i>Culture and heritage</i> | Culture exists in all aspects of economics, management, politics, psychology, and others. It is uniquely connected to the country's past and present, and a country's people and institutions' spiritual and intellectual qualities. Culture is inimitable and distinctive, thus, it is the core of a country's competitive advantage. History, art, music and other cultural products, such as books and films, represent a country and have a long lasting influence on its reputation and image. | Anholt, 2005a; Dinnie, 2004; Kotler and Gertner, 2002; Kubacki and Skinner, 2006; Mihalache and Vukman, 2005 | A country's history and heritage will shape how citizens perceive themselves and their relationships with other countries. Culture permeates every aspect of how citizens behave and act in any given situation. It may be the single most important factor in inducing an effect among citizens. |
| <i>Social</i> | A country can champion its social or environmental issues to gain support and attention from the world. For example, a country can create competitive advantage by collaborating with the public and appealing to them in non-economic ways. By using environmental causes, ethical and social marketing to promote their social responsibility, countries are able to gain goodwill and win public attention and world support. | Ma, 2004 | Citizens affiliated with countries organizing social responsibility may feel proud of their country for helping others and inducing sustainability. Social is typically perceived to be an important investment for the future generations. |
| <i>Political</i> | Politics is important for understanding the culture, government and social system. Politics influence communication channels through diplomacy and protocol and affect all levels across a country's image. | Gudjonsson, 2005 | Political issues deeply affect the daily lives of citizens'. Perceptions of the political system influence how citizens feel about their country's future. |

Research model and hypothesis development

Researchers posit that consumers' choices and actions are, to a large extent, based on their emotions (Magill, 2005). Emotion is defined as the emotional value resulting from a person's association with a brand (Kotler and Gertner, 2002). An emotional response can be mild or intense, and positive or negative, and studies demonstrate that brands need to evoke an emotional connection in order to gain customer loyalty (e.g., Daye, 2007). This is also the case for country branding, in which nurturing an emotional value (Gilmore, 2002) can create strong emotional bonding with the country's citizens (Wanjiru, 2005).

As mentioned earlier, countries need to compete for investors, tourists, consumers, donors, immigrants, the media, and also the governments of different nations. Countries need to not only gain the attention, respect and trust of their stakeholders, but also compete with other countries, which requires them to actively manage their reputation to gain and sustain competitive advantage (Morgan, Pritchard and Piggott, 2003; Passow et al., 2005). To be able to achieve sustainable competitive advantage, countries require a robust positive identity (Kotler and Gertner, 2002). Porter (1998:71) highlights four factors that determine national advantage or competence: (1) factor conditions: the nation positions itself in respect to factors of production, such as skilled labor or infrastructure; (2) demand conditions: the nature of home demand for the industries' products or services; (3) related and supporting industries: the presence or absence of internationally competitive supplier industries and related industries; and (4) form strategy, structure and rivalry: the condition

governing how companies are created, organized, and managed, and the nature of domestic rivalry.

Gudjonsson (2005) asserts that even though the economy is often seen as the driving force behind measuring country competitiveness, other factors, such as people, culture, politics, and geography are fundamental to a country's competitive advantage. Next, we present and discuss our hypothesis development for each of the seven country branding elements.

The relationship between country branding elements, emotions and competitive advantage

Physical. A country's attractions and attributes, such as geography, nature, climate, position, and cities, create images that affect people's perceptions, and, emotions toward the country (Anholt, 2006; Gudjonsson, 2005). Countries desire creating impressions at various places like ports of entry and city centers (Brymer, 2003). Countries with frequent natural disasters have higher risks of losing tourism and inward investment, thereby diminishing their competitiveness (Wanjiru, 2005). Countries with vast raw material deposits enjoy core competencies that cannot be replicated by others (Gilmore, 2002).

Human capital. Instead of relying on natural and physical characteristics, other countries emphasize human capital dimensions (Szondi, 2006). When branding a country, human capital is regarded as the most competitive asset for a country (Shurchuloo, 2002). If the human capital is not well developed and managed, a country often lags behind (Wanjiru, 2005). Moreover, the qualities of the human capital influence visitors (Idris and Arai, 2006)

by making a lasting impression (Wanjiru, 2005) and contributing to a country brand's performance in global markets. While people are the most important element in country branding (Gudjonsson, 2005), stereotypes exist, which are sometimes negative and difficult to change (Szondi, 2006).

Exports. The image of a country is associated with its exported goods and services. These products increase a country's reputation, its self-confidence, and success (Mihalache and Vukman, 2005). According to Klein and Ettenson (1999), consumers avoid purchasing products from countries with a bad image, including those that engage in malicious military, political, or economic acts. The example shows that a country's export brands are directly linked with consumers or citizens' emotions (Kotler and Gertner, 2002). When consumers have no prior experience or knowledge concerning a product, the country of origin and its image are used to evaluate a product (Johansson, 1989). Thus, countries with well-branded exports contribute to sustaining the country's image (Anholt, 2003).

Investment and FDI. Wanjiru (2005) asserts that a country would not gain competitive advantage if it lacks investment opportunities. He notes that a country must offer strong financial incentives, including tax exemption and infrastructure investment to lure prospects (Kotler and Gertner, 2002).

Culture and heritage. In country branding, culture is an important brand component (Anholt, 2006). The culture is the national identity of a country (Anderson, 1991; Gellner, 1983). Anholt (2006a) posits that culture is a starting point for connecting people's interest

in a country and vice-versa (Anholt, 2006a). Culture is regarded as the social glue that attracts and binds people to one another (Warner and Joynt, 2002). Countries, from their culture and history, can compete over customers' hearts and minds (Wanjiru, 2005). Culture and heritage are also 'tools' of competitive advantage, as they are factors considered by investors or buyers (Gudjonsson, 2005; Schulz and Soontiens, 2004). Culture and heritage play a critical role in branding a country's image to its desired vision. A country with a very rich cultural life is an attractive tourist destination (Anholt, 2006).

Social. Other issues affecting people's emotions (Passow et al., 2005) and their subsequent holiday destination, exports, and place for investment (Wanjiru, 2005) include social issues, such as economic and political instability, war, and malnourished children. Optimizing a country's social benefits attracts visitors and investors (Robinson, 2003), creating opportunities for increasing exports and competitiveness. A preserved landscape, a stable social model, a deep culture and heritage, and people's worldview become components of a country's competitive advantage (Anholt, 2006a).

Political. A country's top leaders are associated with the country brand, and affect people's impression – good, bad, or indifferent – of that particular country (Quelch and Jocz, 2005). In this case, public diplomacy and politics play a major role in developing a country brand (Anholt and Olins, 2005). Gilmore (2002) suggests that a country uses political events as a barrier to competitive threat. Quelch and Jocz (2005) assert that politics and business must formulate a common policy in order to constitute the country's competitive advantage. Politics and political events have the ability to wreak havoc, damaging the country brand

(Country Brand Index, 2005). Anholt (2007) utilizes the terms “competitive identity (CI)” to “nation branding” when referring to country branding with political and economic elements of competitiveness.

Emotion. Emotion is the emotional value developed from the association with a country brand (Kotler and Gertner, 2002). Since people hold different images of the same place, it is important for a country to continuously create favorable images, not only to evoke positive emotion among its citizen but also attract investors, potential residents and visitors to the country and to foster strong relationships with these stakeholders (Gertner and Kotler, 2004; Wanjiru, 2005). Capturing the hearts and minds of the people in the country is critical for them to live the brand. A country needs to evaluate the emotion of its people with measures such as, ‘likeability’ (Nguyen et al., 2013), ‘respect’ and ‘trust’, which are often used to examine the emotional appeal (Passow et al., 2005). A positive emotion is likely to result to overall positive image score (Passow et al., 2005), decision to stay and continued commitment (Wong, 2004).

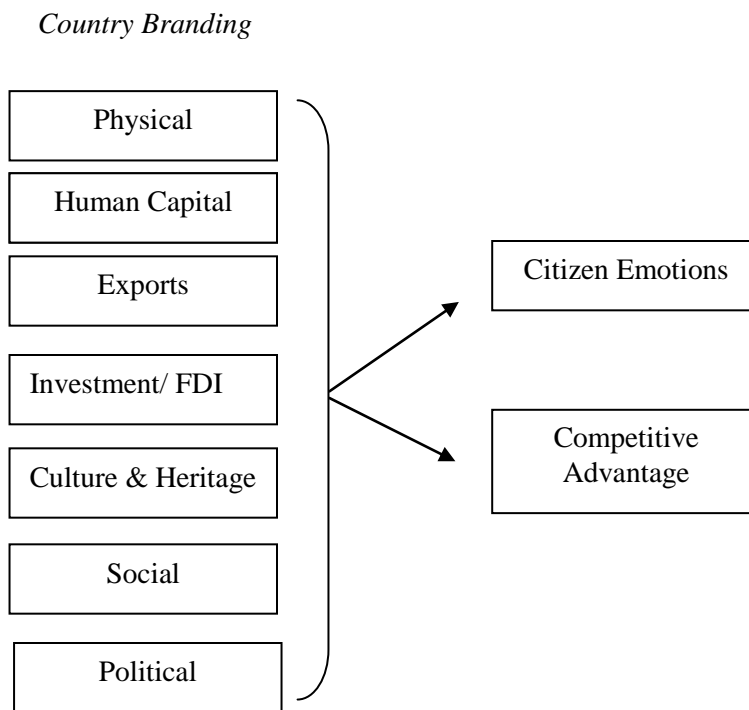
Competitive advantage. A country brand has to constantly manage its reputation in order to create, gain and sustain the competitiveness, since it is also competing with other countries in devising and expanding its sources of competitive advantage (Kotler and Gertner, 2002). There are many ways to measure a country’s competitiveness, for instance, with Porter’s model, which looks at factor conditions, demand conditions, related and supporting industries and firm strategy (Porter, 1998). Even though the economy has always been the main factor used to evaluate country competitiveness, other factors such as people, culture,

political and geographical are also critical in defining country competitiveness (Gudjonsson, 2005). Gertner and Kotler (2004) assert that a country that has many competitive advantages are better able to attract investors, potential residents and visitors. Based on the discussion above, we present our framework and corresponding study propositions, as follows:

H1: Country branding elements are positively related to citizen emotions.

H2: Country branding elements are positively related to perceived competitive advantage.

Figure 1: Framework of the study



Method

Data collection

Using a survey approach with a self-administered questionnaire, we investigated our propositions in Malaysia (Blichfeldt, 2005; Gilmore, 2002; Wanjiru, 2005). We used convenience sampling to distribute our questionnaires via both e-mail and face-to-face. The questionnaires were distributed to students (undergraduate and postgraduate students) at several colleges in Kuala Lumpur. Of the 500 distributed questionnaires, 445 were returned and used for data analysis. This represents a response rate of 96.1%. The choice of students as informants was desirable for this study for four main reasons: (1) in line with Gilmore (2002), we stress that students are an important segment of the population with greater impact on the countries' current and future development; (2) students are regarded as having appropriate knowledge and direct experience with the Malaysian context (Roslin and Melewar, 2008); (3) anecdotal evidence suggests that students may have found customer-related themes more interesting and important, thus increasing the response rate (Chang and Lu, 2007); and, (4) it was the most accessible and expedient group of respondents to us (researchers) in terms of facilitating the data collection (Nguyen and Simkin, 2013). We made sure to follow ethical guidelines related to the data collection and ensured anonymity with regards to the data. Appendix A shows a detailed sample profile.

Measures

In order to increase the reliability of the findings, we employed six-point scales for all measures: 'strongly disagree', 'disagree', 'somewhat disagree', 'somewhat agree', 'agree'

and 'strongly agree' (full list in Appendix B). We adapted previously validated measures to fit the current research setting. The different measures that were used for the study were chosen due to their relevancy in creating a realistic depiction of the Malaysian context.

We assessed the country branding elements as follows: (1) physical was measured using items from Anholt (2006), De Vicente (2004), Passow et al. (2005), with sample items, such as "Malaysia is a beautiful place" and "Malaysia is a natural disaster-free country." As shown, we changed the orientation for each of the five item measures from general perceptions and adapted it to the study's context. (2) We measured human capital by a four-item scale (e.g. Anholt, 2006; Fanning, 1984). Based on validated measures, sample items included "Malaysians are friendly" and "Malaysians will make me welcome if I am a visitor." (3) With respect to exports, we used a five-item scale from Katsikeas (1994), Schultz and Soontiens (2004), and Wee (1994). Specifically, sample items included "Malaysia exports high quality goods and services" and "Malaysia's export brand image in the relative industries is highly competitive." (4) We operationalized investment/FDI using six items from Passow et al. (2005), with sample items, such as "Malaysia is an attractive place to conduct business" and "Malaysia is a safe place in which to invest." (5) We measured culture and heritage using a five-item scale from Beerli and Martin (2004), Passow et al. (2005), and Sya (2004). Sample items included "Malaysia is a culturally diverse country" and "The language barrier in Malaysia is low." (6) With the social element, we used a five-item scale from Anholt (2006), Beerli and Martin (2004), and Passow et al. (2005). Examples included "Malaysia has high standards of living" and "Malaysia behaves responsibly in the areas of international peace and security." (7) Finally, for the political

element, a five-item scale from Beerli and Martin (2004), and Passow et al. (2005) were used with items, such as “Malaysia is a politically stable” and “Malaysia is a terrorist-free country.”

(8) Further, with respect to citizen emotions, we utilized four items from Passow et al. (2005), containing items, such as “I like Malaysia” and “Have a good feeling about Malaysia.”

(9) Lastly, we measured competitive advantage by adapting eight scales from Gudjonsson (2005), Kotler and Gertner (2002), Wee (1994), and, in addition, a report from the Japanese government. Sample items included “Malaysia tends to outperform its competitors” and “Malaysia is capable of generating more wealth than its competitors in the world.”

Data analysis

To test for reliability and validity of the data, several statistical tests using Statistical Package for Social Sciences (SPSS) and AMOS were employed. We examined construct validity by analyzing both convergent and discriminant validity. Scholars propose several methods for assessing convergent and discriminant validity; namely, factor analysis, correlation, and advanced procedures including Confirmatory Factor Analysis (CFA) via Structural Equation Modeling (SEM). For the purposes of our study, convergent and discriminant validity were assessed by CFA. To analyze the scales, we employed factor analysis using the extraction method of principal component analysis with the rotation method of Varimax with Kaiser Normalization. Varimax rotation was applied because it

minimizes the correlation across factors and maximizes within the factors. This procedure helps to yield 'clear' factors (Nunnally, 1978). Nunnally (1978) posits that items with loadings higher than 0.50 on one factor are retained for further analysis. We used exploratory factor analysis to examine the underlying measure structure, establish dimensionality and convergent validity of the relationship between items and constructs. Bartlett's Test of Sphericity (Bartlett's Test) and Kaiser-Meyer-Okin (KMO) were used. To be considered appropriate, the Bartlett's Test should be significant ($p < 0.05$) and KMO more than 0.60 (Pallant, 2001). Thus, we provide an adequate explanation of the covariance between the observed variables (Kelloway, 1995). Table 2 exhibits the item measures, EFA results, and construct reliability.

Table 2a: Exploratory Factor Analysis and Reliability Analysis of the Constructs

| Country Branding α 0.838; KMO 0.841; Bartlett's Sig = 0.00 | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|
| Exports α =0.898 | F1 | F2 | F3 | F4 | F5 |
| CBI item 2 | 0.751 | | | | |
| CBE item 5 | 0.698 | | | | |
| CBE item 4 | 0.679 | | | | |
| CBE item 3 | 0.677 | | | | |
| CBE item 2 | 0.658 | | | | |
| CBE item 1 | 0.513 | | | | |
| Political α = 0.849 | | | | | |
| CBPO item 5 | | 0.771 | | | |
| CBPO item 3 | | 0.726 | | | |
| CBPO item 1 | | 0.623 | | | |
| CBPO item 2 | | 0.530 | | | |
| Human α =0.769 | | | | | |
| CBH item 2 | | | 0.591 | | |
| CBH item 4 | | | 0.530 | | |
| CBH item 3 | | | 0.527 | | |
| CBH item 1 | | | 0.514 | | |
| Cultural α =0.823 | | | | | |
| CBCH item 3 | | | | 0.810 | |
| CBCH item 2 | | | | 0.709 | |
| CBCH item 1 | | | | 0.634 | |
| CBCH item 4 | | | | 0.597 | |
| Social α = 0.861 | | | | | |
| CBS item 3 | | | | | 0.575 |
| CBS item 2 | | | | | 0.572 |
| CBS item 5 | | | | | 0.541 |
| CBS item 4 | | | | | 0.537 |

Note: CBI – country branding investment, CBE – country branding exports, CBPO – country branding political, CBH – country branding human, CBCH – country branding culture and heritage, CBS – country branding social.

Table 2b: Results of EFA Continued

| 'Dependent Variables' α 0.922; KMO 0.914; Bartlett's Sig = 0.00 | | |
|--|-----------|-----------|
| Emotions α =0.920 | F1 | F2 |
| E item 1 | .859 | |
| E item 2 | .819 | |
| E item 3 | .786 | |
| E item 4 | .770 | |
| Competitive advantage α =.895 | | |
| CCA item 8 | | .793 |
| CCA item 1 | | .766 |
| CCA item 2 | | .709 |
| CCA item 3 | | .678 |
| CCA item 4 | | .631 |
| CCA item 5 | | .619 |
| CCA item 6 | | .594 |
| CCA item 7 | | .502 |

Note: E – Emotions, CCA – country competitive advantage.

For country branding, five factors were built up from the output with eigenvalues greater than one. Each factor had more than three items and contributed 59.81% of total variance explained. The factor loadings of items in the five factors were between 0.810 and 0.513. We labeled the five factors as exports, political, human, cultural, and social. Apart from assessing country branding, we further assessed the reliability and validity of the measurement for the dependent variables. Two factors were built up from the output with eigenvalues greater than one. Each factor had more than three items and contributed 66.31% of total variance explained. The items' factor loadings in the five factors were between 0.859 and 0.502. We labeled the two factors as emotions and competitive advantage. Tables 3 and 4 capture the CFA results of the study constructs. The majority of the CFI and TLI yielded results of more than 0.98, indicating a very good fit model. Further,

the majority of the GFI yielded results above 0.97. Finally, the RMR also yielded results below 0.05, thus, all the statistics indicate a good fit model. This suggests that convergent validity in this study is established. We conclude that all measures exhibit strong reliability with composite reliabilities ranging from 0.60 to 0.80.

Table 3: Results of Confirmatory Factor Analysis

| Variable | Chi-Square (χ^2); P value | χ^2 /df | CFI | GFI | TLI | RMR |
|-------------------------|-------------------------------------|--------------|-------|-------|-------|-------|
| Country Branding | | | | | | |
| Exports | 35.64;0.00 | 3.96 | 0.982 | 0.974 | 0.970 | 0.022 |
| Political | .359;.836 | .179 | 1.0 | 1.0 | 1.0 | 0.005 |
| Human | .359;.836 | .179 | 1.0 | 1.0 | 1.0 | 0.005 |
| Cultural | 9.2;0.010 | 4.608 | 0.989 | 0.989 | 0.967 | 0.020 |
| Social | 0.051;0.007 | 4.976 | 0.990 | 0.989 | 0.970 | 0.017 |

Table 4: Descriptive Statistics, Composite Reliability and Construct Intercorrelations

| | Mean (S.D) | Exports | Political | Human | Cultural | Social |
|-----------|----------------|-------------|-------------|-------------|-------------|-------------|
| Exports | 23.0360 (4.25) | 0.82 | | | | |
| Political | 16.0831 (3.83) | .517** | 0.76 | | | |
| Human | 15.8202 (2.99) | .636** | .530** | 0.62 | | |
| Cultural | 19.3933 (2.88) | .395** | .411** | .383** | 0.78 | |
| Social | 15.9955 (3.27) | .662** | .637** | .597** | .438** | 0.64 |

Composite reliability are shown on diagonal

** . Correlation is significant at the 0.01 level

Table 5 captures the CFA results for emotions and competitive advantage. The majority of the CFI, GFI, and TLI show values of more than 0.90, indicating a very good fit model. The RMR also yielded results below 0.05 indicating that all the statistics are a good fit model. Thus, convergent validity is established. Finally, all measures also exhibited strong reliability with composite reliabilities ranging from 0.66 to 0.86 (Table 6).

Table 5: Results of Confirmatory Factor Analysis

| Variable | Chi-Square (χ^2); P value | χ^2/df | CFI | GFI | TLI | RMR |
|--------------------------|--|-------------------------------|--------------|--------------|--------------|--------------|
| Emotions | 193.101;0.00 | 9.655 | 0.905 | .900 | 0.867 | 0.050 |
| Competitive advantage | 26.7;0.00 | 13.35 | 0.982 | 0.974 | 0.945 | 0.023 |

Table 6: Descriptive statistics, composite reliability and construct intercorrelations

| | Mean (S.D) | AVE | Emotions | Competitive Advantage |
|--------------------------|--------------|-------------|-------------|--------------------------|
| Emotions | 17.64 (3.98) | 0.66 | 0.79 | |
| Competitive Advantage | 32.75 (5.94) | 0.45 | .631** | 0.86 |

Composite reliability are shown on diagonal

** . Correlation is significant at the 0.01 level

To assess the overall fit of the measurement model, the critical ratio (t-test) for the factor loading is often used to assess convergent validity. Dunn et al. (1994) note that when factor loadings are statistically significant, convergent validity is achieved. To assess convergent validity, we examined the magnitude and direction of the estimated parameters between the latent variables and their indicators (Steenkamp and Van Trijp, 1991). Table 7 exhibits the results of the magnitude, direction, and statistical significance of the estimated parameters between the latent variables and their indicators.

Table 7: The Magnitude, Direction and Statistical Significance of the Estimated Parameters between the Latent Variables and their Indicators

| Latent Indicator | Std. Regression Weight | Standard Error (S.E) | Critical Ratio (CR) | p |
|-----------------------|------------------------|----------------------|---------------------|-----|
| Exports | | | | |
| →CBI2 | .654 | | | |
| →CBE5 | .799 | .056 | 20.321 | *** |
| →CBE4 | .865 | .054 | 18.173 | *** |
| →CBE3 | .792 | .051 | 16.549 | *** |
| →CBE2 | .735 | .052 | 17.733 | *** |
| →CBE1 | .776 | .052 | 14.353 | *** |
| Political | | | | |
| →CBPO5 | .630 | | | |
| →CBPO3 | .770 | .105 | 12.885 | *** |
| →CBPO1 | .806 | .100 | 13.269 | *** |
| →CBPO2 | .855 | .106 | 13.652 | *** |
| Human | | | | |
| →CBH2 | .683 | | | |
| →CBH4 | .670 | .088 | 10.869 | *** |
| →CBH3 | .643 | .097 | 10.589 | *** |
| →CBH1 | .708 | .087 | 11.198 | *** |
| Cultural | | | | |
| →CBCH3 | .892 | | | |
| →CBCH2 | .660 | .055 | 14.046 | *** |
| →CBCH1 | .671 | .055 | 14.319 | *** |
| →CBCH4 | .716 | .049 | 15.317 | *** |
| Social | | | | |
| →CBS3 | .779 | | | |
| →CBS2 | .720 | .053 | 14.964 | *** |
| →CBS5 | .809 | .062 | 16.847 | *** |
| →CBS4 | .812 | .062 | 16.892 | *** |
| Emotions | | | | |
| →E1 | .814 | | | |
| →E2 | .866 | .051 | 21.689 | *** |
| →E3 | .878 | .061 | 21.584 | *** |
| →E4 | .901 | .054 | 22.789 | *** |
| Competitive Advantage | | | | |
| →CCA8 | .718 | | | |
| →CCA1 | .570 | .103 | 11.484 | *** |
| →CCA2 | .721 | .125 | 12.350 | *** |
| →CCA3 | .815 | .118 | 12.241 | *** |
| →CCA4 | .803 | .120 | 11.757 | *** |
| →CCA5 | .749 | .110 | 11.514 | *** |
| →CCA6 | .724 | .119 | 10.746 | *** |
| →CCA7 | .651 | .122 | 11.450 | *** |

Finally, we conducted a multicollinearity test to examine the relationship between two or more independent variables. Multicollinearity among variables can create a problem as a high correlation among clustering variables may overweigh one or more underlying constructs. A high score for multicollinearity results in coefficient regression bias such that the standard errors and confidence interval will be large and the level of significance will be low (Tabachnik and Fidell, 1996). A low multicollinearity indicates that independent variables are independent of each other. We utilized tolerance and the value of variance of inflation (VIF) to detect multicollinearity for this study. Tolerance values less than 10 percent or 0.1 indicate a problem of multicollinearity (Kline, 1998). The higher the VIF, the higher the multicollinearity. Kline (1998) suggests that when the VIF values are above 10, the variables may be redundant with others. Table 8 illustrates the multicollinearity test of the variables in the study. As shown in Table 8, multicollinearity was not a problem since the tolerance values were all above 0.10 and VIF values were below 10.

Table 8: Multicollinearity Diagnostic

| Collinearity Statistics | | |
|--------------------------------|------------------|------------|
| Variables | Tolerance | VIF |
| Exports | .382 | 2.620 |
| Political | .474 | 2.108 |
| Human | .470 | 2.129 |
| Cultural | .748 | 1.337 |
| Social | .414 | 2.413 |
| Emotion | .477 | 2.096 |
| Competitive Advantage | .375 | 2.663 |

Discussion

Using a survey approach with the data from 445 responses, we tested the country branding dimensions (exports, political, human, cultural, and social) against citizen emotions and perceived competitive advantage. Table 9 shows the results of the hypotheses testing from our hypothesized propositions. The results for Culture and Heritage are significant ($p \leq 0.1$) toward emotions, but not significant toward country competitive advantage. The first result is similar to Dinnie (2004) who insists that culture and heritage have major parts in determining a country's reputation and image. The second result, however, is in contrast to Anholt's (2005b) study, which suggests that culture and heritage are a country's net value in creating competitive advantage.

Table 9: The Relationship between Country Branding, Emotions and Competitive Advantage

| Hypotheses | Direct Effect (β) | S.E. | Support |
|-----------------------------------|------------------------------|------|---------|
| Country Branding | | | |
| Cultural → Emotions | .048* | .064 | Yes |
| Political → Emotions | .320**** | .089 | Yes |
| Human → Emotions | .520**** | .128 | Yes |
| Social → Emotions | -.016* | .113 | No |
| Exports → Emotions | -.009 | .107 | No |
| Cultural → Competitive Advantage | .005 | .038 | No |
| Political → Competitive Advantage | .339**** | .057 | Yes |
| Human → Competitive Advantage | .188** | .069 | Yes |
| Social → Competitive Advantage | -.062* | .069 | No |
| Exports → Competitive Advantage | .487**** | .074 | Yes |

β is standardized regression weights and SE is standard error
Significance level: **** $p \leq 0.001$ *** $p \leq 0.01$ ** $p \leq 0.05$ * $p \leq 0.1$

The political and human elements display positive significant relationships with emotions ($p \leq 0.001$). The results for politics and emotions are parallel to the findings of Passow et al. (2005). We thus show that Malaysia can leverage on both its political standing and people in creating a positive country image and reputation. The results for exports and emotions are insignificant. This finding is not surprising, as we note that Malaysia is a developing country and is still in the process of developing its own strong export brands. Politics and exports are found to have positive significant relationships with competitive advantage ($p \leq 0.001$). The results support the findings of Gudjonsson (2005) and Passow et al. (2005), suggesting that exports, despite not being linked to emotion, drive the country's competitive advantage. The social element shows an insignificant relationship toward emotions. To win over the public, Malaysia needs to be more involved with good causes and global issues. The social factor, however, does not indicate any significant relationship with the country's competitive advantage, thus, it is mainly branding for its own citizens.

In summary, emotions are influenced by country branding factors, such as culture and heritage, politics, and human capital. Competitive advantage is achieved with political, human capital, and exports. Social is not considered as a factor in building a country's branding.

Practical implications

The results offer insights into how Malaysia is perceived by its citizens, and what they feel are the most favorably ways to brand the country. Specifically, the findings reveal that Malaysia can be branded through its culture and heritage, politics, human capital, and

exports. These elements are essential to gain a favorable image and competitiveness. More effort is needed to enhance Malaysia's involvement in social responsibility.

Successful country branding assists countries in gaining popularity from external audiences. We suggest that the process of country branding needs to start with its citizens. If the public believe and support factors that contribute to the country's branding, it will assist the country in embedding a sense of loyalty and retention among its citizens. Consequently, it is essential for a country to ensure that country branding is strongly nurtured inside the minds and hearts of its citizens.

For tourism marketers and policymakers, a useful finding from this study is the adaption of citizens' emotions and perceptions toward competitive advantage. The identification of emotions and perceptions, allows an organization to detect the public opinions about important elements within the country's state of affairs. This enables marketers to develop systems and adjust campaigns based on both the characteristics of the population and their corresponding views toward that of the country's branding elements.

Conclusion, limitations, and future research directions

Our study investigates elements of country branding from the point of view of Malaysian citizens. We test the country branding elements against two key outcomes, namely, citizen emotions and perceived competitive advantage and conducted the study in Malaysia, as little empirical evidence exists in country branding in this area (Morgan et al., 2011; Pike

and Page, 2014). We believe that it is critical for Malaysia to identify competitive advantage elements, as it is in direct competition with neighboring countries, such as Thailand and Singapore (e.g., Ooi, 2010), which are well-known brands and tourist destinations.

Our study indicates that Malaysia can be portrayed favorably through exports, human capital, culture and heritage, and politics. Elements, such as human capital, culture and heritage, and politics are important to foster positive emotions among its citizen, while exports, human capital, and politics are considered as key tools to build competitive advantage. Our findings have important implications for tourism marketers and policymakers, by highlighting the importance of branding toward a country's citizens and revealing their specific preferences affecting their emotions and perceptions toward competitive advantage.

Due to time and financial constraints, we collected the data for the study from Malaysians in Malaysia. The respondents were students pursuing undergraduate and postgraduate studies in Kuala Lumpur. With support from precedents in the literature (e.g. Nguyen and Simkin, 2013), we acknowledge the usual caveats that apply to survey research using university student samples. Inasmuch as university-educated students in Malaysia are more educated than the general population, we recognize that the social and behavioral differences observed create issues of generalizability. As mentioned by Bolton et al. (2010), we also note that student samples are naturally plagued by a set of inherent confounds, including several layers of culture and sub-culture within a given nation. We encourage

future research to consider these sub-cultural dimensions, and call for expansive consideration of cross-cultural variation. Specifically, future research should expand the sample to outside Kuala Lumpur and include various age groups in order to understand a wider range of the population. A comprehensive sample may uncover other factors that are important in building a country brand. Future research should include views from the returning visitors/tourists that have been to Malaysia. Analyzing these groups of ‘customers’ can strengthen factors that drive country branding. The study used a survey approach. Future researchers may consider qualitative approaches, such as face-to-face interviews, to explore more in-depth the aspects of country branding relating to emotions, which may not have surfaced using the self-administered survey questionnaire. Further, effective implementation of tourism marketing requires an understanding of the level of impact that each of the country branding elements exerts on different groups. While the elements are a cause for inciting emotions and perceptions, future studies should investigate whether certain elements exert more influence than others. Finally, we call for more research into the development of country branding, and, in particular, this area of ‘internal’ country branding, by incorporating the literature from human resources management and internal marketing, which may provide different views in this interesting area.

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Appendix A - Respondents' profiles

| | <i>Description</i> | <i>No</i> | <i>Percentage</i> |
|-----------------------------|---------------------------------|--------------|-------------------|
| Gender | Male | 171 | 38.4 |
| | Female | 274 | 61.6 |
| | Total | 445 | 100.0 |
| Age | 20 or below | 88 | 19.8 |
| | 21 - 25 | 278 | 62.5 |
| | 26 - 30 | 43 | 9.7 |
| | 31 - 35 | 20 | 4.5 |
| | 36 - 40 | 8 | 1.8 |
| | 41 - 45 | 3 | 0.7 |
| | 46 - 50 | 3 | 0.7 |
| | 51 and above | 2 | 0.4 |
| Total | 445 | 100.0 | |
| Education | High School | 8 | 2.0 |
| | Certificate/ Diploma | 66 | 14.8 |
| | Degree/Professional Certificate | 335 | 75.3 |
| | Postgraduate | 35 | 7.9 |
| | Total | 445 | 100.0 |
| Occupation | Professional | 39 | 8.8 |
| | Executive | 60 | 13.5 |
| | Manager | 9 | 2.0 |
| | Non-Executive | 21 | 4.7 |
| | Self-employed/ Own business | 6 | 1.3 |
| | Student | 310 | 69.6 |
| | Total | 445 | 100.0 |
| Current Income Level | Less than RM 1,499 | 287 | 64.5 |
| | RM 1,500 – RM 2,999 | 94 | 21.1 |
| | RM 3,000 – RM 3,999 | 37 | 8.3 |
| | RM 4,000 – RM 4,999 | 11 | 2.5 |
| | RM 5,000 – RM 5,999 | 3 | 0.7 |
| | RM 6,000 and above | 13 | 2.9 |
| | Total | 370 | 100.0 |

Appendix B – Full List of Original and Adapted Measurement Item Scales

| Author (Year), | Original Measurement | Measurement for this study |
|-----------------------------|--|--|
| Physical | | |
| Passow et al. (2005) | [COUNTRY] is a beautiful place. | Malaysia is a beautiful place. |
| | [COUNTRY] has well-educated residents. | Malaysia has well-educated residents. |
| | [COUNTRY] has a good infrastructure of roads, housing, services, healthcare and communications. | Malaysia has a good infrastructure of roads, housing, services, healthcare and communications. |
| De Vicente (2004) | Critical events on national image: Natural disaster | Malaysia is a natural disaster-free country. |
| Anholt (2006) | This country is rich in natural beauty. | Malaysia is rich in natural beauty. |
| Human Capital | | |
| Fanning (1984) | People – warm, friendly, hospitable, artistic | Malaysians are friendly. |
| | | Malaysians are artistic |
| Anholt (2006) | This country excels at sport. | Malaysians are active in sports. |
| | The people in this country would make me feel welcome if I were a visitor. | Malaysians will make me feel welcome if I am a visitor. |
| | Imagine you are a manager and need to make an important hiring. Please rank the following countries in order of your preference for the nationality of your candidate. | Malaysians are high quality of skilled workers and executives. |
| Export | | |
| Katsikeas (1994) | Quality control process | Malaysia exports high quality goods and services. |
| | New product development | Malaysia exports a variety of products/ services to global. |
| | Production method/technology | Malaysia has a good production methods/ technologies in order to produce innovative products. |
| Wee (1994) | The ability to create world class brands not only to build larger market share for their products, but also to shift their production overseas without suffering any less of product quality of brand image. | Malaysia produces world-class products and services. |
| Schulz and Soontiens (2004) | “Made in German” image being a competitive advantage in the relative industries. | Malaysia’s export brand image in the relative industries is highly competitive. |
| Investment/ FDI | | |
| Passow et al. (2005) | [COUNTRY] is an inviting place to do business. | Malaysia is an attractive place to conduct business. |
| | [COUNTRY] has a well-developed industrial sector. | Malaysia has a well-developed industrial sector. |
| | [COUNTRY] is a low tax country. | Malaysia is a country with low tax rate. |
| | [COUNTRY] is a safe place in which to | Malaysia is a safe place in which to invest. |

| Author (Year), | Original Measurement | Measurement for this study |
|-----------------------------|--|--|
| | invest. | |
| | Has a strong record of profitability. | Malaysia has a strong record of profitability. |
| | Looks like a company with strong prospects for future growth. | Malaysia looks like a country with strong prospects for future growth. |
| Culture and Heritage | | |
| Passow et al. (2005) | [COUNTRY] is socially and culturally diverse. | Malaysia is culturally diverse country. |
| | [COUNTRY] has a rich historical past. | Malaysia has abundance of historical attraction. |
| | [COUNTRY] offers enjoyable entertainment activities. | Malaysia offers a wide range selection of entertainment. |
| Beerli and Martin, (2004) | Gastronomy (The art or science of good eating) | Malaysia has a variety of food from different places around the country. |
| Sya (2004) | Language barriers Offer the tourist a multi0cultural experience. | The language barrier in Malaysia is low. Malaysia has multi-cultural attractions. |
| Social | | |
| Beerli and Martin, (2004) | Quality of life | Malaysia has high standard of living. |
| Passow et al. (2005) | [COUNTRY] support good causes. | Malaysia supports good causes. |
| | [COUNTRY] is a responsible member of the global community. | Overall, Malaysia is a responsible member of the global community. |
| Anholt (2006) | [COUNTRY] supports responsible environmental policies. This country behaves responsibly in the areas of international peace and security. | Malaysia concern towards international environment policies. Malaysia behaves responsibly in the areas of international peace and security. |
| Political | | |
| Passow et al. (2005) | [COUNTRY] is well-managed | Malaysia is well-managed |
| Beerli and Martin, (2004) | Political stability | Malaysia is politically stable. |
| | Safety | Malaysia is a safety country. |
| | Crime rate | Crime rate in Malaysia is low. |
| | Terrorist attacks | Malaysia is a terrorist-free country. |
| Emotion | | |
| Passow et al. (2005) | I like [COUNTRY]. | I like Malaysia. |
| | I respect [COUNTRY]. | I respect Malaysia. |
| | I trust [COUNTRY]. | I trust Malaysia. |
| | Have a good feeling about the company. | Have a good feeling about Malaysia. |

| Author (Year), | Original Measurement | Measurement for this study |
|---|---|--|
| Country Competitive Advantages | | |
| Kotler and Gertner (2002) | “The country need to attract tourists, factories, companies and talented people and to find markets for their exports requires that countries adopt strategic marketing management tools and conscious branding.” | Malaysia is capable in attracting tourists. |
| Gudjonsson (2005) | “The nation’s position in factors of productions, such as skilled labor or infrastructure, necessary to compete in a given industry.” | Malaysia has knowledgeable and skillful human capital. |
| | The presence or absence in the nation of supplier industries and related industries that is internationally competitive. | Malaysia is tends to outperform its competitors. |
| | People or culture is clearly very influential features in nation brands’ performance in global market. | Malaysia is capable in generating harmony and stable society. |
| | Communication within political and cultural factors is important in nation brands’ compatibility, differentiation and competitive advantage. | Malaysia is capable in maintaining political stability. |
| Wee (1994) | “The ability to create world class brands not only to build larger market share for their products, but also to shift their production overseas without suffering any less of product quality of brand image.” | Malaysia is capable in producing world-class export brand. |
| The report of the committee on brand valuation, The | Capability to gain huge income by offering license or selling brands to other companies. | Malaysia is capable in generating more wealth than its competitors in world. |
| ministry of economy, trade & industry, the | Capability to sell the product at higher price than that of other companies. | Malaysia is capable in producing goods and services, which meet the standard of the international markets. |
| government of Japan. | Capability to sell and offer more products at the same price of those of other companies. | |
| June 24, 2002 | | |