How Country Image Affects Tourists’ Destination Evaluations:
A Moderated Mediation Approach

ABSTRACT

Limited tourism research has as yet drawn attention to the differences and interactions between country image and destination image. Therefore, this research explored the relationships among country image, destination image, familiarity, and destination evaluation. Based on an empirical study of international tourists in Beijing, China, a model was proposed covering these four variables. Country image mainly affected international tourists’ evaluations of China as a destination in a conditional indirect way, mediated by destination image and especially by psychological image, and moderated by familiarity. Moreover, familiarity directly and positively influenced functional destination image and negatively moderated the relationship between country and psychological destination images.

**Keywords:** China, country image, destination evaluation, destination image, familiarity

INTRODUCTION

There has been an upsurge in interest in country brands and nation branding in recent years. A number of proprietary systems have emerged that rank countries by distinctive sets of criteria including the Anholt-GfK Nation Brands Index, the FutureBrand Country Brand Index, and the Bloom Consulting Country Brand Ranking. These systems demonstrate that the application of marketing and branding techniques can be powerful in global wealth distribution, cultural, and economic development (Anholt, 2002). The Travel and Tourism Competitiveness Index (TTCI) produced by the World Economic Forum is another ranking system for countries that is attracting greater attention. A handful of the world’s top ten tourism destinations according to UNWTO typically also feature as leaders in these country branding charts including the U.S., Germany, U.K., France, and Italy. Other top destinations including China (Mainland) and Russia usually do not fare as well in these broader country ranking systems. This seems to pose some interesting questions including how a country’s overall image affects its destination image.

The research focusing on destination image and country image has been intense in the last four to five decades. Several review articles on destination image research have indicated that more than 200 articles have been published on the topic from 1973 to 2007 (Pike, 2002, 2007; Stepchenkova and Mills, 2010). There has also been acceleration in the number of published articles on country image, particularly in business and international marketing
journals. The topics have tended to be analyzed separately and the relationship between country image and destination image has only been examined in a limited number of previous works (Nadeau et al., 2011).

This research adds to the limited literature on the destination research in a country image context, and does so against the background of inbound international tourism to Mainland China. Theoretically, there is potential to enhance the understanding of image on both the country and destination dimensions, and also to help develop more effective marketing and branding strategies, especially for developing countries. The specific research objectives were to:

1. Analyze the relationship between country image and destination image.
2. Examine how familiarity with a country affects country image and destination image.
3. Determine how country image impacts international tourists’ destination evaluations when traveling within a country.
4. Propose and test a model that considers destinations in a country image context.

LITERATURE REVIEW

Country image (CI)

Research on country image can be dated back to the 1930s and 1940s (e.g., Katz and Braly, 1933; Klingberg, 1941), with a main focus on national stereotypes and the perceptions of nations. More recently with the increasing development of the global economy, consumers have more purchasing alternatives and can choose between local and international products and brands. From the mid-1960s, scholars began paying greater attention to the concept of country-of-origin (COO) and it became a popular topic of international marketing research.

Unfortunately, from a review of the recent literature on country image, there is no clear and universal definition of the concept. Country image (CI) (Gertner and Kotler, 2004), country-of-origin image (COI) (Lee and Lockshin, 2012), and product-country image (PCI) (Papadopoulos and Heslop, 2014) are the terms appearing to be closely associated. In a study jointly reviewing country image, product-country image and destination image, Mossberg and Kleppe (2005) suggested three levels of origin concepts for country image in international marketing research: country, product class, and specific product. They also proposed an organizing model of destination image concepts comprised of country image concept/object and place specific concepts/objects (state, region, city, and attraction).

Roth and Diamantopoulos (2009) categorized country image into three component concepts. The first concept was the definition of the overall image of countries (country image). Country image was considered as the generic concept, containing different elements including culture, traditions, history, economy, politics, and technology. Country image is an
overall, diversified impression that people have of a particular country, similar to Kotler et al.’s (1993) definition as “the sum of beliefs and impressions people hold about places.” The second concept focuses on countries as the origins of products, often referred to as the product-country image (PCI). This is the most popular definition of country image applied in the international business field. According to Bilkey and Nes (1982), country image is the general perceptions of the quality of products based on the products’ country of origin. Nadeau et al. (2008) noted that product-country image represented the perceptions about countries based upon where certain groups of products and brands are made and designed, and where head offices are located. The third concept is not about the country but the specific product (product image). The narrowest definition, it can be traced back to Nagashima (1970) as the products of a particular country. It can be generalized that the image of a country represents a set of beliefs from specific products or well-known products (Agarwal and Sikri, 1996). From these various definitions, this research selected the first definition -- country image -- according to the recommendation of Kotler et al. (1993). Country image should be “perceived as a generic pool of associations, which is not linked to any particular context” but the country itself (Mossberg and Kleppe, 2005, page 497). As with Roth and Diamantopoulos’ (2009) work, most of the country image studies were based on attitude theory. A majority of the scholars focused on consumers’ perceptions or stereotypes of countries corresponding to the cognitive component. Relatively few scholars conducted affective evaluations (Alvarez and Campo, 2014; Laroche et al., 2005; Wang et al., 2012).

Destination image (DI)

Contemporary tourism has become intensively competitive and marketers must find and apply approaches and techniques that effectively communicate the unique identities of their destinations. Destination marketers need to figure out methods to convey positive images in order to increase and motivate tourists’ visit intentions (Roodurmun and Juwaheer, 2010). With this need to create appropriate, unique customer perceptions, it is essential that research is undertaken on destination image because that helps in understanding strengths and weaknesses and in providing strategic suggestions (Chen, 2001; Echtner and Ritchie, 2003). Destination image research can be traced back to the 1970s (Ehemann, 1977; Hunt, 1975) and there have been numerous studies within the last four to five decades. In fact, destination image has been one of the most popular topics in tourism research (Pike, 2002). Researchers have offered various definitions of destination image based on different dimensions (Gallarza et al., 2002). It is interesting to note that the most frequently cited definitions of destination image are quite similar to the definition of country image. For example, one broadly cited destination image definition by tourism scholars is from Crompton (1979, page 18): “the sum of beliefs, ideas, and impressions that a person has of a destination” (Chen and Tsai, 2007; Choi et al., 2007; Hosany et al., 2006; Lee et al., 2005). It is very similar to Kotler et al.’s
(1993) definition of country image. Both definitions emphasize the cognitive images that individual people have of particular places. However, the destination marketer’s target often includes individual tourists and groups of people. An alternative definition of destination image is as a combination of a visitor’s or tourist group’s impressions, beliefs or perceptual representations of a place as a tourism destination (Al-Azri and Morrison, 2006).

As with the research on country image, many destination image studies are applications of attitude theory. In the earlier studies, researchers mainly focus on the cognitive attitude component, referring to beliefs and knowledge about a destination. Emotional feelings about destinations represent the affective component (King et al., 2015; Papadimitriou et al., 2015). In contrast to the country image research, the consensus in tourism research is that cognitive-affective evaluations are both essential elements in forming destination images. Other researchers introduced a third component known as conation, meaning the actions and decisions during visits to destinations (Gartner, 1994; Pike and Ryan, 2004). Konecnik and Gartner (2007) said that the conative component is the action step; it is how tourists take action on information and how they feel about their experiences with destinations. Baloglu and McCleary (1999) based on the destination image formation literature suggested that cognitive, affective, and overall (holistic) images were involved. They suggested that personal factors like people’s personalities and educational levels, stimulus factors such as information sources, and previous experiences underpinned their cognitive and affective evaluations; the interaction of cognitive and affective images producing the overall image.

Echtner and Ritchie (1993) presented a different and comprehensive way to analyze and measure destination image. They suggested that researchers needed to capture the full scope of destination image along three dimensions: attribute-holistic, functional-psychological, and common-unique. The attribute-holistic continuum ranges from perceptions of individual attributes (attribute) to overall mental pictures or imagery of destinations (holistic) (Echtner and Ritchie, 1993,). The range from tangible and measureable and intangible attributes is measured on the functional-psychological continuum. The common-unique continuum measures the level of uniqueness of a destination’s attributes. Further, both structured and unstructured methodologies should be utilized in research to acquire the destination image and many subsequent studies were based on the Echtner and Ritchie model (MacKay and Couldwell, 2004; O’Leary and Deegan, 2005; Prebensen, 2007; Stepchenkova and Morrison, 2008; Tasci et al., 2007).

The present research was designed to provide deeper insight into the second dimension – the functional-psychological continuum. This decision was made because previous research had indicated that there was a paradoxical relationship between the functional and psychological characteristics of China. Tseng et al. (2015) analyzed international travel blogs about China and found that international tourists had positive images of Mainland China closely related to its ancient heritage sites. Paradoxically, most of the unfavorable comments in blogs concerned more psychological aspects such as noise, unsanitary conditions,
overcrowding, and language barriers. Xiao and Mair (2006) also noticed that although the perceived images of China as an international destination were changing, ideological perceptions were changing much more slowly than the physical ones.

In summary, it appears that country image and destination image have developed over roughly the same time period on parallel but unconnected paths. The results have clearly demonstrated that image is a crucial concept in influencing people’s choices of products, services, and destinations. Attitude theory has been a common foundation in the two fields. From a practical perspective, place marketing and branding can contribute to image formation, so a deeper understanding of country and destination images can assist in developing more effective positioning and destination branding approaches.

A country as a tourism destination

There has not been a great volume of research about the relationship between country image and destination image, but there have been several recent contributions that have considered both concepts. Mossberg and Kleppe (2005) argued that country image and destination image were both areas of applied marketing involving the sale of export products to international consumer markets. They also stated that using countries as advertising or branding objects was most visible in tourism marketing. In the Mossberg and Kleppe (2005) study, a distinction between product and destination was put forward; when a destination is a country, destination image is similar to country image; when the object is a smaller-scale destination (e.g., a city or an attraction), it is similar to product-country image. Nadeau et al. (2008) expanded the scope of destination image into product-country image research by applying an attitude theory framework in an examination of tourist intention effects. Lee and Lockshin (2011) analyzed the impact of destination image on the images of a destination’s local products, in their case attitudes about Australian wines.

Zhang and Cai (2011) built a three-level hierarchy model of CI-DI including country image, product-country image, and product image. Destinations were regarded as intangible products and placed in the third level of the model. Elliot et al. (2011) also proposed a model to examine place image, which discussed both the theory of destination image and product country image. They combined CI, PCI, and DI into one model, while the part of CI-DI was the same as CI-PCI. Therefore, these CI-DI models, in a sense are just a special form of the CI-PCI model. Although a destination can be broadly defined as a product, DI does have particular features when compared with PCI. DI is much closer to country image especially when the destination is a country. They totally overlap in physical space and share many similar attributes of the country. The destination and the product are both associated with the resource pool of country image, so DI should not be regarded as a special form of PCI. Therefore, in this research PCI was excluded from the model and the relationship between DI and CI was considered independently.
Previous studies of PCI reveal that positive country images lead to positive product images, while negative country images generate negative product images. However, this notion cannot automatically be transferred to country destination images. Campo and Alvarez (2010) examined the difference between country and destination image in the context of a developing country (Turkey), and found that a paradox exists in a developing country where people simultaneously perceive a negative country image and a positive destination image at the same time. This phenomenon was confirmed by other studies (Alvarez and Korzay, 2008; Öztürkmen, 2005; Xiao and Mair, 2006). Moreover, this relationship is dynamic rather than static. For example, political incidents can damage country image and result in lower visitation intentions to that country (Alvarez and Campo, 2014). A country’s image is also reassessed after visits and negative images may be transformed into more positive ones (Alvarez et al., 2009).

**Familiarity**

Familiarity is a variable which has been applied and tested in many PCI studies (Ahmed and d’Astous, 2007; Alba and Marmorstein, 1987; Han, 1989; Laroche et al., 2005; Orbaiz and Papadopoulos, 2003), and its potential importance to destination marketing is increasingly being recognized by scholars. From previous studies, the variables that affect familiarity with and knowledge about destinations, including travel experiences and information sources, are already widely accepted influences on destination image. Pearce (1982) analyzed the transformation of destination image through the influence of travel experiences. Kim et al. (2012) found that travel experiences reinforced individuals’ images of a destination and positively affected the intention to revisit. Besides personal experiences, secondary information sources, even autonomous ones, can influence perceptions/cognitive evaluations (Baloglu and McCleary, 1999; Beerli and Martin, 2004; Chi, 2010). In addition, mass media channels were also found to impact upon destination image formation (Kim and Richardson, 2003; Kwon, 2005).

To simplify matters, Hu and Ritchie (1993) concluded that familiarity effectively integrates factors such as geographic distances and previous personal visit experiences, and plays an important role in influencing an individual’s perceptions of particular destinations. However, it remains a difficult task to conceptualize and operationalize familiarity since it is a very broad and complex concept. In previous tourism research, familiarity is alluded to as “information resources” (Baloglu and McCleary, 1999) and “previous experience” (Hu and Richie, 1993). Baloglu (2001) combined these two dimensions to define familiarity: informational, operationalized as the amount of information sources, and experiential, operationalized as non-visitor, first-timer, or repeater. However, these measurements tend to represent the means for gaining familiarity rather than the outcomes of familiarity. Prentice (2004) added another three types of familiarity: proximate, educational, and self-described
familiarity. The former two are operationalized by variables such as nationality and readership of materials about destinations; they are more difficult to analyze using sophisticated statistical techniques. The last type, self-described familiarity, is a more popular measurement (Elliot et al., 2011), although it has been criticized by several scholars as not reflecting “objective” and exact degrees of familiarity. Researchers using objective knowledge tests to measure the familiarity include Alvarez and Korzay (2011) who analyzed tourists’ history knowledge (ancient civilizations that have lived in the Turkish territory) to determine its correlation with perceptions of historic attractions in Turkey. In the present research, both subjective (self-described familiarity) and objective (knowledge tests) measurements were applied to gain a more exact account of familiarity.

Despite the varied conceptualizations, the literature suggests that familiarity influences aspects of destination marketing, including destination image (Seo et al., 2013), intentions to visit destinations (Yang et al., 2009), destination choice (Lee and Tussyadiah, 2012), and tourists’ satisfaction and destination loyalty (Mechinda et al., 2009; Toyama and Yamada, 2012). Recent studies have demonstrated more specific mechanisms on how familiarity influences consumer decision-making. The moderating role of familiarity was not only found in PCI research (Ahmed and d’Astous, 2007; Jiménez and San Martin, 2010; Josiassen et al., 2008), but also in tourism destination research. Maestro et al.’s (2007) research analyzed the moderation effect on the relationship between attitude and perceptions of quality, and showed that more experienced tourists had less altered evaluation results. Horng et al. (2012) found that familiarity positively moderated the effect of brand loyalty and perceived quality on travel intentions in culinary tourism. And a negatively moderating effect of familiarity on product beliefs and destination beliefs was found by Lee and Lockshin (2012).

Hypotheses and proposed model

Based on the literature review, familiarity with a country and destination should be considered an important factor in the interaction between country image and destination image. Thus the first hypothesis is proposed:

_Hypothesis 1: Familiarity with a country moderates the relationship between country image and destination image (both functional image (H1a) and psychological image (H1b))._

The strong and direct relationship between destination image and tourists’ evaluation has been confirmed by many previous studies (Zhang et al., 2014). Testing to determine if country image has direct and indirect effects on tourists’ evaluations of country destinations have been neglected in the literature. It can be hypothesized that the indirect effect is mediated by destination image, in a similar way to PCI in the CI-PCI model. To develop a
more detailed understanding of the interactions of CI and DI, the functional-psychological structure of destination image proposed by Echtner and Ritchie (1993) was applied. Thus the second and third hypotheses are proposed:

*Hypothesis 2: A country’s image is positively related to (both direct \((H2a)\) and indirect \((H2b)\)) international tourists’ overall evaluation of the country as a destination.*

*Hypothesis 3: The relationship between country image and destination evaluation is mediated by the country’s destination image (both functional image \((H3a)\) and psychological image \((H3b)\)).*

Based on the foregoing review of the published literature and the subsequent three hypotheses, This research proposes a model of how country image affects international tourists’ destination evaluations (Figure 1), in which five constructs (country image, functional and psychological destination images, familiarity, and destination evaluation) are integrated. A fourth hypothesis specifying the overall moderated mediation effects of the model is specified:

*Hypothesis 4: A country’s image has a conditional indirect effect on international tourists’ overall evaluations of the country as a destination through destination image at different levels of familiarity.*

[Insert Figure 1 here]

**METHODOLOGY**

**Questionnaire survey**

The proposed model and hypotheses were empirically tested based on data collected in Beijing, China during September 2013. Through a personally administered questionnaire survey, international tourists were asked about their country and destination images of China. As Beijing is a most important destination as well as being a gateway point for touring China, the survey was conducted at major attractions in the city. Given the reason that there has been a slowdown in the growth of Western tourists to China, while nearby markets have continued to grow quite strongly, the authors, therefore, considered it to be a higher priority to investigate destination image in the context of Western countries, hypothesizing that an image problem existed outside of Asia and the Pacific. So visitors from North East Asian areas (Japan, Korea, Taiwan, Hong Kong and Macau), were excluded from this research. The questionnaire was administered in English only.

The questionnaire was developed with scales tested in previous studies. It consisted of
five sections: tourists’ knowledge of (familiarity with) China, China’s country image, China’s destination image, the evaluation of China as a tourism destination, and respondents’ demographic and trip characteristics.

The first questionnaire section explored tourists’ familiarity with China. Familiarity is a broad concept and can be defined and operationalized in different ways (Spotts and Stynes, 1985). Familiarity in this research was operationalized as tourists’ knowledge of China, which could be the outcome of previous experiences, information gathered, and educational and cultural backgrounds. A familiarity index scale was developed based upon a self-rating scale and two objective knowledge tests. Respondents were asked to rate their knowledge of China on a scale of 1 (not knowledgeable) to 7 (very knowledgeable). The two knowledge tests required respondents to name seven cities in China, and then to identify seven major tourism attractions when supplied with their photographs. One point was given for every correct answer.

The second questionnaire section consisted of 13 items regarding respondents’ evaluation of China’s country image. Country image usually includes country and people aspects, while a more multidimensional formative construct is also suggested (Jarvis et al., 2003). Some scholars have recommended that tourism should be included as one of the components contributing to country image (Anholt, 2005). However, to clearly examine the interactions between country and destination image, tourism was separated from country image in this research. Since only a few previous studies employed measures for country effects (Roth and Diamantopoulos, 2009), only the cognitive component of country image was measured in this research. The scales applied were from the research of Martin and Eroglu (1993) and Nadeau et al. (2008) and were 7-point differential semantic scales.

Echtner and Ritchie’s (1993) scales to measure destination image were applied in the third questionnaire section. The attributes were grouped according to their functional or psychological characteristics following Echtner and Ritchie (1993). A confirmatory factor analysis of these attributes by Bigné et al. (2009) has verified the application of this functional-psychological structure. Thus, 27 items with 7-point Likert scale from the functional (12 items) to psychological (15 items) dimensions were applied.

The evaluation section of the questionnaire contained two questions with 7-point Likert scale: “China is a desirable tourism destination” and “My experience in China positively matches my expectations.” The final questionnaire collected information on respondents’ demographics and trip characteristics within China (gender, education, continent, travel types, number of trips to China, and trip length).

A pilot test was conducted with 30 international tourists in Beijing and the questionnaire was revised based on the results of the pilot test.
**Moderation and mediation**

Moderation, which affects the direction and/or strength of the relationship between an independent variable and a dependent variable, and mediation, which serves to clarify the indirect effect mediated by some transformation processes between two variables, are very important analytical approaches for exploring people’s psychology and behavior. Baron and Kenny (1986) provided a very classic analytical procedure to examine moderating and mediating effects, while Smith (2012), the editor of the *Attitudes and Social Cognition* section of the *Journal of Personality and Social Psychology*, claimed in the editorial that this old approach was no longer state-of-the-art and more powerful methods should be applied. Muller et al. (2005), Edwards and Lambert (2007), Preacher et al. (2006), and Hayes (2009) discussed new ways to estimate these two effects including conditional process modeling which integrates the two functions into one model. This research followed the moderation and mediation techniques based on the regression approach which are widely applied in psychological and behavioral research (Ambrose et al., 2013; Berndt et al., 2013; Cole et al., 2008; Hayes, 2013; Ng et al., 2008; Wang and Hsieh, 2014; Zimmerman et al., 2015). Thus, SPSS 21.0 and the macro PROCESS developed by Hayes (2012) were applied to test the proposed moderated mediation model. The bootstrapping method was chosen to test the proposed model instead of the Sobel (1982) test or the Baron and Kenny (1986) approach, because it requires fewer assumptions such as the imposition of sample size and distributional assumptions, and it also allows multiple mediators to play a role in one model.

**RESULTS**

**Demographic and trip characteristics**

Some 378 useable responses were collected. The sample was made up of 48.9% males and 51.1% females who were mainly from Europe (73.0%) and North America (14.9%). Respondents between 18-30 years accounted for the largest proportion (54.0%), followed by 31 to 45 years olds with 17.8%. The respondents were highly educated, 38.9% holding Bachelor’s and 37.9% having Master’s degrees. Only 15.2% had only high school or lower levels of education. Most of the respondents (64.6%) were on their first visits to China (Table 1).

[Insert Table 1 here]

**Descriptive analysis of key variables**

Table 2 includes the basic statistics for each key variable and provides a first-level view of
international tourists’ assessments of China. Most respondents had low levels of familiarity with China; the overall mean score for familiarity was 3.54. It should be noted that the reliability of familiarity in Table 2 is relatively low (alpha = 0.64). This may be caused by the contradiction between subjective and objective measurements, and the small number of scale items (Cortina, 1993). O'Rourke and Hatcher (2013) claimed that coefficient alphas under the rule of thumb of 0.7 can be also acceptable especially in the social sciences. Hair, Black, Babin, Anderson, and Tatham (2009) also indicated that the 0.6 level can be the lower threshold.

Previous studies have implied that developing countries usually suffer a mismatch between country image and destination image. To be more specific, a paradox of negative country image and positive destination image tends to exist. A paired-sample T-test was done on the country and destination images to determine if this was the case for China. Table 2 and 3 demonstrate that there was a significant difference between the country (4.12) and destination (4.88) image means for Mainland China. The mean for country image was 0.76 lower than the destination image mean. The result seems to confirm the paradox from which many developing countries suffer.

Overall, China’s country image was viewed relatively negatively by international tourists. In particular, the lowest ranked items were environmental quality (mean = 2.57), politics (mean = 3.04), and worldliness (mean = 3.50). These findings are similar to Nadeau et al.’s (2011) results and suggest that international tourists’ negative perceptions of these attributes of China have not changed since around 2008. In addition, poor product quality and low living standards in China are also contributing to a negative country image. However, not all attributes were viewed negatively by international tourists. People’s friendliness (mean = 5.30) and trustworthiness (mean = 4.81), and the economic (mean = 4.76) and technological development (mean = 4.98) in China had relatively high ratings.

China paradoxically was regarded as a desirable tourism destination. This favorable perception resulted more from functional rather than psychological attributes. International tourists generally had more positive functional destination images (mean = 5.17), and these images were significantly more positive than the psychological (mean = 4.62) (Table 3). Benefitting from thousands of years of history and a vast territory, China has rich and abundant tourism resources, including breathtaking scenery and world-class historic attractions. Moreover, the rapid economic development and burgeoning domestic consumer market are leading to significant improvements in tourism-related facilities. Enhancements in product quality and access will contribute to more positive functional destination images. Unfortunately, international tourists tend to view China as an overcrowded and unclean destination where communications with locals are fraught with problems.

[Insert Tables 2 and 3 here]
Hypotheses tests

Mean centering was required for all predictor variables prior to analysis to reduce multi-collinearity between the product and its constituent terms (Aiken and West, 1991). The PROCESS developed by Hayes (2012) was used, which calculates the results in multiple steps.

Table 4 shows six models estimated to derive the total, direct, and indirect effects of country image (CI) on destination evaluation (DE) mediated by destination image (FDI and PDI) and moderated by familiarity. Model 1 represents the total effect of CI on DE. As can be seen in Table 4, country image had a strong total effect on international tourists’ evaluation of Mainland China ($\beta = 0.45$, $p = 0.00$). Thereafter, this effect was decomposed to show the moderating and mediating effects.

[Insert Table 4 here]

Moderation analysis: Hypothesis 1

Models 2, 3, and 4 examine the influence of the independent variable (country image), the moderator variable (familiarity), and their interaction on the mediator variables (destination image including functional and psychological images).

The main purpose of moderation analysis is to determine whether the change in $R^2$ is statistically significant by the interaction term. The results of Model 2 indicate that both country image and familiarity have a significant main effect on destination image. Of greatest importance, the regression coefficient of interaction between country image and familiarity is also significant ($\beta = -0.10$, $p < 0.05$), which denotes the moderating effect of country image on destination image for different levels of familiarity.

Simple slope analysis was conducted to further understand the nature of this two-way moderation (Aiken and West, 1991). Based on the “pick-a-point” approach (Preacher et al., 2006), one standard deviation (SD) above and below the mean of familiarity was chosen to represent the high and low levels of familiarity respectively (Cohen and Cohen, 1983). The test demonstrated that both slopes were significantly different from zero ($p < 0.05$). As can be seen in Figure 2(a), for international tourists with lower familiarity, their perceptions of the country image of Mainland China had a stronger influence on destination image; in contrast, higher familiarity resulted in a weaker relationship between country and destination images. Familiarity had a negative moderation effect on the relationship between country and destination images, confirmed by the negative coefficient of the interaction term.

Models 3 and 4 provide deeper insights into these relationships. The direct effect of familiarity on functional destination image was significant ($\beta = 0.16$, $p < 0.05$) while the moderation effect was not ($\beta = -0.08$, $p > 0.05$). On the contrary, for psychological
destination image, the direct effect of familiarity was not significant ($\beta = 0.03, p > 0.05$), while the moderating effect was ($\beta = -0.10, p < 0.05$). The simple slope analysis (Figure 2(b)) shows both slopes were significantly different from zero ($p < 0.05$), and the relationship between country image and psychological destination image was stronger in the low familiarity group. The results demonstrate the two different kinds of effects of familiarity on destination image.

[Insert Figure 2 here]

**Mediation analysis: Hypothesis 2-3**

Model 5 examines the mediating effect of destination image on the relationship between country image and destination evaluation, while Model 6 tests the two components of destination image as mediators. As predicted, destination image played a strong role in mediating the relationship between country image and destination evaluation ($\beta = 0.52, p < 0.01$), as the main effect of country image was sharply reduced ($\beta = 0.15, p < 0.05$) compared with that in Model 1 ($\beta = 0.45, p < 0.01$). The results demonstrate that country image has both direct and indirect positive effects on international tourists’ destination evaluations (Hypothesis 2), and destination image acts a mediator between them (Hypothesis 3). In addition, psychological destination image ($\beta = 0.36, p < 0.01$) showed a stronger mediating effect than functional destination image ($\beta = 0.23, p < 0.01$).

**Moderated mediation analysis: Hypothesis 4**

Based on the analyses above, the indirect effect of country image on destination evaluation depended on levels of familiarity, that is, the mediation was moderated. So it was necessary to test for the existence of overall conditional indirect effects as Hypothesis 4 predicts. Bootstrapping techniques using 5,000 bootstrap resamples for 95% bias-corrected bootstrap confidence intervals were performed (Preacher et al., 2006). This can generate confidence intervals for the magnitude of the indirect effects and test the significance of these indirect effects by checking whether these confidence intervals include zero. The mean as well as one standard deviation above and below the mean of familiarity were used to represent moderate, high, and low levels of familiarity. The results of the conditional indirect effects of country image on destination evaluation at different levels of familiarity can be found in Table 5. Because familiarity did not have a significant moderating effect on the relationship between country image and functional destination image, the indirect effects mediated by FDI at different levels of familiarity were not significantly different, and only the general effect is displayed in Table 5.

As can be seen, all the confidence intervals did not include zero, which means all the
indirect effects were significant. The indirect effect of country image on destination evaluation though destination image (IE = 0.32) was stronger than the direct effect (DE = 0.13), while the mediating effect of psychological destination image (IEP = 0.22) was stronger than that of functional destination image (IEF = 0.10). Familiarity played a moderator role at all levels when destination image and psychological destination image were mediators. With lower familiarity of a country, the conditional indirect effects of destination image and psychological destination image became stronger.

[Insert Table 5 here]

CONCLUSIONS AND DISCUSSION

Academic implications

Traditional tourism destination image research has developed into a full-fledged field over four to five decades. However, the accumulated research is lacking in analysis of the interactions between country and destination images. This research attempted to link these two streams together. A moderated mediation approach was used to explore the process of how country image affects international tourists’ destination evaluations. A proposed model was outlined and tested using original survey data about Mainland China.

Familiarity is one of the key variables in the proposed model. In this research, it was found that familiarity influenced destination image in two different ways; familiarity had both a direct effect and a moderating effect on destination image. Familiarity directly and positively influenced destination image, and familiarity negatively moderated the relationship between country and psychological destination images. Tourists can infer functional destination images containing elements such as attractions and tourism facilities, from their direct knowledge of that country. The more familiar they are with the destination country, the more accurate are their functional destination images. Familiarity does not seem to influence psychological destination image in a similar way. Containing more intangible elements such as quality of service and atmosphere, psychological destination images are more difficult to infer from knowledge of the destination. In this situation, familiarity plays a negative moderator role between country and psychological destination image. When international tourists have lower levels of familiarity, their country images have a stronger influence on psychological destination image. In contrast, when they have higher degrees of familiarity, the influence of country image on psychological destination image lessens, which means that tourists will disregard country image and evaluate the destination’s image more independently.

Country image has direct and indirect positive effects on international tourists’ destination evaluations. The direct effect is much less than the indirect one, which is mainly
mediated by destination image. When this indirect effect is decomposed into two parts mediated by functional and psychological destination images respectively, the psychological image is stronger than the functional image. Based on the data analysis, country image has its strongest effects on destination evaluation though psychological destination image (IE_p = 0.22), then by itself (DE = 0.13), and last through functional image (IE_f = 0.10).

A comprehensive statement of these relationships can be outlined as: country image mainly affects international tourists’ evaluations of a country as a destination in a conditional indirect way, which is mediated by destination image, especially by psychological image, and moderated by familiarity. The conditional indirect effect of country image on tourists’ destination evaluation decreases with increases in tourists’ knowledge of the country. This indirect effect does not disappear even if the level of tourists’ familiarity is very high; at that point tourists evaluate the destination more independently based on the characteristics of tourism in the country.

**Practical implications**

China, a high-profile developing country, appears to suffer from a negative country image. Frequent negative press reports in foreign media may be reinforcing this negativity. Additionally, inbound tourism to Mainland China has not grown significantly since 2007 and in some years has actually declined. The Western tourist markets for China have been especially soft and there is some concern that negative perceptions of China in the West have begun to impact tourist arrivals. However, China’s destination image seems to be favorable and the country has the capacity for significant international tourism growth with the steadily improving quality of its facilities and services.

Campo and Alvarez (2010) underlined the importance of differentiating country image and destination image especially when considering developing countries. Developing nations often face a paradox in having negative country images along with positive destination images (Alvarez and Korzay, 2008; Xiao and Mair, 2006). Only to make a better understanding of how these two images interact can result in highly effective marketing strategies.

Based on the proposed model, it can be inferred that negative country images lead to negative destination evaluations. There are two potential strategies for achieving better destination evaluations under these circumstances. First is to improve the weaknesses and accentuate the strongest attributes of country image. For example, China’s country image should build on its friendly and helpful people as well as its status as one of the world’s fastest growing economies. China has recently attained the position of the second largest economy in the world after the USA (World Bank, 2015). The continuing economic growth prospects for China are important to international businesses, investors, developers, and meeting planners, and should be emphasized as well in destination marketing.
Second the moderating effect of familiarity should be fully utilized. If people have very limited knowledge and negative country images, then these negative country images will have much stronger indirect effects on destination evaluation. However, if people are exposed to more positive information about countries, including non-business and tourism information, their evaluations of those destinations will be less influenced by negative country images and more affected by the destination image itself. Since China has a relatively positive destination image, tourists’ destination evaluations can be improved even if they still retain negative country images. Experts in destination marketing have suggested that China’s destination marketing abroad is not as effective as it could be (Morrison, 2012). In particular, China’s destination branding and positioning, and digital and social media marketing, have drawn criticism. Critical comments have centered around an over-emphasis on the natural attributes of China rather than on its rich history and heritage resources. Distributing more positive online and offline content about tourism will enhance potential tourist’s familiarity with China. Additionally, crowdsourcing favorable contents from past international visitors to China may be influential.

Furthermore, developing countries often have positive functional destination images due to rich tourism resources and relatively negative psychological destination images because of the presence of disease, personal safety and security concerns, and poor service quality. This was confirmed in the case of China where often poverty and economic progress sit side by side. According to the proposed model, psychological destination image has a stronger mediating effect on the relationship between country image and destination evaluation, so improving psychological destination image may be the most effective way to enhance the competitiveness of the destination, especially for a developing country. For China, improved sanitation, service quality, and the foreign language interpretation systems have the potential to significantly enhance international tourists’ destination evaluations. Additionally, China must more effectively deal with problems of overcrowding at major attractions and the behaviors of domestic tourists, both which frequently draw negative comments from international tourists.

**Limitations and recommendations for future research**

The first limitation may lie in taking China as the subject destination for this research. China is a unique country in many ways. It is a vast country with rich tourism resources and a complex destination image; it is also a socialist country with rapid economic growth and a multi-faceted country image. It is not sufficient to exclusively apply the proposed model to China. Future studies should test the model for other countries and examine the differences between countries in order to control the influences of country size and development stage.

Second, the measurement of familiarity in future research is still worth greater exploration. Familiarity is a broad concept and there is still not a consensus about its
definition and operationalization. This research measured familiarity by tourist’s knowledge of Mainland China with relatively low reliability. In the future, a more comprehensive concept and measurement of familiarity is required. Additionally, a more systematic and targeted sampling approach should be applied to encompass different levels of familiarity. In this research, tourists from Northeast Asia and other areas more familiar with China were excluded from the sample. A future research opportunity is to explore if there are any difference between this group and Western tourists. Comparing potential visitors with actual tourists is another interesting topic, given the assumption that these two groups should have significantly different familiarity levels.

Third, in the proposed model, the relationship between country and destination images was uni-directional. In fact, country image is treated as an independent variable in all of the previous CI-DI models. But theoretically, this relationship should be bi-directional. Alvarez et al. (2009) found that the image of one country will be reviewed after an individual’s visit and negative images can be converted into positive as a result. Tourism can ameliorate a negative country image internationally, even when other aspects of a country’s development are deteriorating. Creating better destination images may be more effective in enhancing countries international images, especially when considering developing countries. The connections between country and destination images are natural and unavoidable. There is a need for further research on the interactions between these two image concepts. Moreover, in the proposed model, only cognitive components of images were included; future research can apply a more comprehensive model including affective components of destination image.
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