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COUNTRY BRAND EQUITY, MEDIATING COUNTRY BRAND CHOICE FOR FOREIGN DIRECT INVESTMENT IN KENYA

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ABSTRACT

This paper presented findings from the study on the mediating effect of country brand equity on the relationship between country marketing mix and county brand choice for foreign direct investment in Kenya. Country brand equity was found to affect the choice of investors to a large extent, while the effectiveness of government, safety and security was rated moderate. Kenya's country brand equity dimensions like investment experience, friendliness of investment environment, advancement of the economy and investor satisfaction were rated positively to a large extent, while the effectiveness of government, safety and security was rated to be moderate. Overall, Kenya's brand equity is rated positively to a large extent. Findings indicated that country marketing mix has a significant effect on country brand choice, and that country brand equity mediates the relationship between country marketing mix and country brand choice. Therefore, the study concluded that country brand equity mediates the relationship between country marketing mix and country brand choice. And that country brand equity has a statistically significant mediating effect on the relationship between country marketing mix and country brand choice for foreign direct investment in Kenya. An improvement in country marketing mix results in an increase in likelihood that an investor will choose Kenya for Foreign Direct Investment (FDI). Therefore, the study concluded that there is a statistically significant relationship between country marketing mix and country brand choice, a significant relationship between county marketing mix and country brand equity as well as a significant relationship between country brand equity and country brand choice. The study concluded that country brand equity mediates the relationship between country marketing mix and country brand choice. And that country brand equity has a statistically significant mediating effect on the relationship between country marketing mix and country brand choice for foreign direct investment in Kenya. The policy makers should strive to maintain high level of government effectiveness, safety and security in order to improve the likelihood that an investor will choose Kenya over other countries for foreign direct investment. This paper was an extract from PhD study on Country marketing mix and country brand choice for forign direct investment in Kenya. The paber builds on the country marketing mix framework published in the paper "Beyond Nation Branding to Building country Brands through Marketing Mix"

Keywords: *Country Brands, Nation Branding, Country Brand Equity, Country Marketing Mix, Brand Choice*

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BACKGROUND

Countries are now competing so that they can be the preferred locations of choice for Foreign Direct Investment (FDI) (Nielsen, Asmussen & Weatherall, 2017). Increasing need for FDI has led to places being marketed as brands with the aim of creating a positive image (Medway & Warnaby, 2008). A country, a city, or a region is one of the places that can be marketed (Zenker & Braun, 2017). The concept of branding has also shifted from products to places, and places are now marked as brands thus countries are considered powerful brands (Bose, Roy & Tiwari 2016). In this case, the name of a country or the geographical locus is the place being marketed, and referred to as the "product" or "brand" (Kavaratzis & Ashworth, 2008). Country brand choice, is the probability of a country being chosen from a set of country brands on the market (Swait *et al.,* 2007). Places are now being marketed as brands with the aim of creating a positive image (Medway & Warnaby, 2008). Thus, countries are considered powerful place brands (Bose *et al.,* 2016). The purpose of country branding is to eliminate misconceptions, improve country reputation, as well as image and attract foreign direct investment (Papadopoulos, Ibrahim, Nisco & Napolitano, 2018). According to Kotler (2002), countries have either a positive or negative image, which can influence foreign investors either to choose a country or not to choose a country for investment. The image can also determine if people will purchase country's products or not, as well as influence the decision to visit a certain county (Queiroz & Giraldi, 2015).

Most countries are not attractive for visiting or investment (FutureBrand, 2019). The response and liking of a brand can be linked to the marketing strategies employed (Kalampokis, Karamanou, Tambouris & Tarabanis, 2016). Kenya is one of the countries that had not reached the level of being categorized as a country brand (FutureBrand, 2019). Kenya had been hit by incidences that impacted negatively on the country's brand (Oxford Business Group, 2016). Kenya's image in ease of doing business had not significantly improved and stakeholders believed these constraints have led to a decrease in FDI inflows (Atengg, 2017). The country was experiencing a constant deficit in the balance of trade, the demand of country's goods and services was constrained and the Foreign Direct Investment (FDI) flowing into Kenya has reduced (UNCTAD, 2020). This implied that investors were choosing other countries over Kenya. Despite these efforts, there had been an exodus of multinational corporations from Kenya to other African countries mainly South Africa, Egypt and Ethiopia (Bargoret, 2019). The concept of marketing and branding as a strategy can be applied to countries to improve their economy, enhance their culture, wealth and increase their competitive advantage and positioning in the global market (Queiroz & Giraldi, 2015). The ultimate goal of marketing is brand equity (Cobb-Walgren, et al 1995, Rice & Bennett 1998). Most marketing mix elements affect brand equity, and marketing efforts can be quantified as financial brand equity, customer-based brand equity or a combination of the two (Kotler & Keller, 2006). Probability of choosing a brand increases with increase in brand equity (Chattopadhyay, Shivani & Krishnan, 2010).

This study conceptualized Country Brand Equity (CBE) based on Aaker's (1996) CBBE model. Out of Aaker's model, only brand associations and brand loyalty were considered as dimensions of country brand equity under investigation. Country brand associations are a sum of people values or programs associated to the organization which forms the reputation of the organization (Aaker, 1996). Bromley (1993) used the term public image interchangeably with the term reputation. The public image of a country is also referred to as country reputation. A country has different images based on economy, political stability and culture, and the cumulative effect of such images form the country's reputation (Kang & Yang, 2010). Positive brand image leads to positive brand reputation, where reputation is defined as the picture of a brand held by internal and external customers, over

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a long time, while image is the impression created by the logo symbol and identity (Qalati, Wenyuan, Kwabena, Erusalkina & Pervaiz, 2019). The reputation of a country is a well-established, founded opinion held by investors, visitors, country citizens after critical evaluation of its activities, natural merits, therefore, image is an indicator of reputation, while reputation is built from visitor experience and transmitted as an emotional value that a country holds (Szwajca, 2017). Country RepTrak (2016) conceptualized country reputation in 3 dimensions as effective government that ensures safety and security, efficient with policies that provide favourable business environment, offering an appealing environment that is friendly, beautiful, with enjoyable lifestyle, and has an advanced economy with technology, quality products, and an educated reliable, productive work force.

Country Brand Equity (CBE) is also defined by the degree of loyalty and recognition it enjoys that distinguishes it competitively from other offerings. Investors, visitors, traders and citizens' loyalty is key in assessing country brand equity (Anholt, 2008). Brand loyalty is a measure of the customer intention to return and intention to recommend (Fuchs, Chekalina & Lexhagen, 2012). Customer loyalty is reflected in the brand choices they make, based on attitudes and intention to be loyal, intention to maintain the brand as their primary choice (Pappu , Quester & Cooksey, 2007). Brand loyalty is also a measure of the intention to replace the brand with a similar brand, the satisfaction to have the current brand as the only ultimate choice brand, and the willingness to recommend the brand to a friend (McAlexander, Schouten & Koenig, 2002). Place brand loyalty is represented by repeat use and word of mouth recommendations (Hanna & Rowley, 2013). Customer repurchase intention is the consideration to buy again, which depends on brand preference, this preference is either favourable or unfavourable. A positive brand preference signifies strong repurchase intention and is influenced by customer satisfaction and customer loyalty (Hellier *et al.,* 2003). Brand choice can be modelled to include preference, or no preference, and evaluating the choices through marketing mix variables, hence the importance of studying the variables that are leading to no preference (Chib, Seetharaman & Strijnev, 2004). This study adopted the prior purchase model to evaluate the investors country brand choice by evaluating the investors country brand preference based on post investment experience. The study evaluated their preference which signified a strong intention either to re-invest or not to re-invest in Kenya, these can predict future country brand choices as well as level of investor retention.

Problem Statement

The number of foreign investors who chose to register companies in Kenya declined in 2019 and 2020, while some multinational corporations had been choosing to relocate their operations from Kenya to other African countries mainly South Africa, Egypt, and Ethiopia. More than 10 multinationals had scaled down their operations in Kenya (Bargoret, 2019). Coca-Cola scaled down its headquarters in Nairobi and transferred most of its operations to Nigeria and South Africa (Business Today, 2016). Eveready East Africa, Bridgestone, Cadbury’s, Caltex, Colgate Palmolive, ExxonMobil, Johnson & Johnson, Agip, Unilever, Shell, Barclays Bank, Sameer Africa, and Procter & Gamble, closed down their operations in Kenya (Yatich, 2017). Kenya has not marketed and promoted itself efficiently, it suffers inadequate visibility, lacked presence in international investor source markets (Keninvest Authority, 2018). There is a gap on how IPAs can change investment facilitation strategies and the government had been focusing on investment promotion 80% by setting up IPAs, incentives and special economic zones more than facilitation and this is not sufficient (UNCTAD, 2017). Studies on brand choice in relation to marketing mix, brand equity have focused on consumer goods and not country marketing and country branding (Chattopadhyay, Shivani & Krishnan (2010), Gómez *et al.*(2019), Njuguna *et al.*

(2014) Taleghani and Almasi (2012) focused on the service industry, specifically insurance companies.

Objectives of the Study

To establish the mediating effect of country brand equity on the relationship between country marketing mix and country brand choice for foreign direct investment in Kenya. The study was guided by the following hypothesis;

- H_0: Country brand equity has no significant mediating effect on the relationship between country marketing mix and country brand choice for foreign direct investment in Kenya.

Brand Equity Theoritcal Review

Aaker (1991) proposed a brand equity model, defining it as a set of liabilities and assets, a symbol, a logo, or a name that adds to the value of a company, product or a service. Such assets and liabilities depend on context but are classified as brand loyalty, brand name awareness, brand perceived quality, brand association in relation to perceived quality, and proprietary assets comprising of channel relationships, trademarks and patents. Brand equity assets can influence customer choices, the perceived quality and brand associations can lead to customer experience and satisfaction. Customer satisfaction can lead to brand loyalty; thus, brand loyalty is a dimension of brand equity but is also affected by other dimensions like perceived quality, awareness, associations and proprietary assets. Brand equity assets provide a competitive advantage, leverage on distribution channels, brand extensions, higher profit margins and customer loyalty (Aaker, 1991). Brand loyalty can only exist with prior purchase and brand experience. Brand loyalty lowers the cost of acquiring new customers. Loyal customers don't easily switch brands, and this discourages competition and new entrants. Loyal customers facilitate brand exposure through word of mouth and recommendations to other customers, which makes brand loyalty the most important aspect of brand equity (Aaker, 1991).

Brand awareness is key in purchasing decisions, customers buy brands that they are aware of. This familiarity builds customer confidence and implies reliability and quality. In terms of choice, brand awareness facilitates a brand to be considered, customers do not consider brands that they have never heard off. When buyers have limited ability to deeply analyse brands, purchase choices are made based on perceived quality. This perception of quality influences premium pricing and brand extensions. Brand associations give customers a reason to choose a brand, and brand names associated with credibility, reliability, as a solution to a problem or as a lifestyle, are likely to influence customer experience (Aaker, 1996b). Brand equity should be measured from assets that cannot be easily duplicated. It should be based on constructs that drive the market. Customer satisfaction, and brand liking are key measures of brand loyalty, and therefore the level of commitment to a brand and the level of willingness to recommend and make others buy a brand is the highest measure of brand loyalty (Aaker, 1996a).

Loyalty can be measured by price premiums and the willingness to pay. Perceived quality can be measured by describing a brand to have high quality, average, or inferior, the best or the worst brand, consistent or inconsistent, leading or not leading compared to other brands. If brands do not successfully differentiate themselves, customers have no reason to choose it over the competition, such brands remain to compete based on prices only and lack a sustainable loyal customer base (Aaker, 2003). Brand associations can be measured through the ability of the brand to deliver value for money, however, the concentration on measuring the financial indicators of brand equity erodes the brand (Aaker & Joachimsthaler, 2000). Brand personality is another indicator for brand associations, it measures the emotional attachment, the express benefits, and customer relationships. Brand associations are measured as interesting, or image. They can be measured by people, values or programs associated to the

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organization which forms the reputation of the organization. Trust, admiration, credibility, are the key measures this reputation. Awareness is measured as brand recognition, recall, top of the mind, dominance, brand knowledge, brand opinion. Other brand equity measures are market behaviour which can be measured from secondary data as repeat purchase, market share, market price and distribution coverage (Aaker, 1996a). This model was applied to the current study and informed the indicators of country brand equity as a mediating variable. The model identified brand loyalty as the most important brand equity dimension. The model also identified reputation as a sum of brand associations. This model supports the choice of investor loyalty and country reputation as the key dimensions to be studied.

Country Brand Equity and Country Brand Choice

Product is one of the key elements of the generic marketing mix (7Ps), Strazdas (2011) widened the concept of product to include information, ideas, enterprises, events, places, people, experiences, natural resources, property rights, and services (Išoraitė, 2016). In this context, country attributes are synonymous with product attributes. Brands attributes must constantly respond to the needs of the consumers in order to continue being the preferred brand of choice (Toroitich et al., 2016). According to Cobb-Walgren, et al (1995) and Rice and Bennett (1998), advertising increases brand awareness, once consumers are aware of the brand, they are likely to choose it. However, advertising frequently does not build a brand but word of mouth does. There is a significant positive relationship between sales force and brand preference. similarly, findings indicate that online communication influences brand preference as well as promotional agents and direct promotion (Toroitich et al., 2016). According to Future Brand (2015) country brand awareness is key in the decision people make in choosing a country either to invest or to visit. This implies that promotion could be key in country marketing.

Koenig Mishra and Gobeli (2002) conducted a study on brand equity and strategic investments. The study sampled 77 multinational corporations. Secondary data on investment in marketing mix was obtained from 1986-1988 CompStat, while the strategic variables were obtained from Purkis and Stopford (1989). Brand equity was measured by Tobin's q, using structural equation modelling. Findings indicated that strategic investment in the marketing mix has positive significant connections with brand equity, while price and promotion have a greater impact on brand equity compared to investment in product (Koenig Mishra & Gobeli, 2002). The use of secondary data limited the study on variables and time with available data. The period under study was too short for a time series study to make such conclusions. Such findings cannot therefore be generalized. The current study used cross-sectional survey research design, and primary data was collected using structured, coded closed ended questionnaires. Unlike using investment in a firm’s marketing mix as a measure, the current study focuses on a country marketing mix, country brand equity and country brand choice.

Chattopadhyay, Shivani and Krishnan (2010) conducted a study on marketing mix elements influencing brand equity and brand choice. The study adopted a shopping centre intercept survey method, using a questionnaire with 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The study employed stratified sampling based on premium, volume and economy brand types in the motor vehicle industry, after which random sampling was used to identify respondents. The study utilized structural equation modelling and revealed that price, place, promotion, and country of origin are significant parameters in brand choice, while word of mouth is a marketing mix element that significantly affects brand equity dimensions and finally brand choice. Brand price is positively correlated to perceived brand quality, brand image influences perceived quality and brand awareness, while advertising is

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insignificant to brand perceived quality. Brand choice is related to brand awareness and brand perceived quality.

Chattopadhyay *et al*., (2010) findings are consistent with Cobb-Walgren *et al*., (1995) and Rice and Bennett (1998), who indicated that brand awareness can be increased through advertising, and this awareness of the brand influences consumer choices of brands. This creates the link between brand equity dimensions and brand choice as influenced by marketing mix promotional elements. Most marketing mix elements affect brand equity. However, word of mouth is likely to build a brand as compared to frequent advertising which may not build a brand. The study was conducted based on slow moving consumer goods in India. The factors affecting choice of goods differ from factors affecting choice of country for investment. The current study departs from this study by applying country marketing mix, country brand equity and country brand choice among foreign direct investors in the manufacturing sector in Kenya.

Gartner and Ruzzier (2011) conducted a study targeting 376 German citizens, stratified as repeat visitors and potential renewal visitors. Data was collected through interviews, and measured awareness, image, perceived quality and loyalty using a 5-point Likert scale where 1 was disagree and 5 strongly agree. Findings indicated that all the 4 dimensions of customer-based brand equity model for destinations (awareness, image, perceived quality and loyalty) play an important role in ensuring new and repeat visitors. Awareness dimension is insignificant for repeat purchase, loyalty plays a key role in determining repeat purchase, quality is statistically significant for both new markets and repeat markets, while image remains a central focus in destination brand equity. Loyalty plays a greater role in repeat market while awareness plays a greater role in renewal market. The use of interviews is likely to introduce bias in scaling, and can also compromise the anonymity the respondents. The current study departs from this study by focusing on customer-based brand equity among foreign investors in manufacturing industry in Kenya. This study used cross-sectional survey research design with highly coded questionnaires to be delivered to respondents as opposed to telephone interviews. This method ensured respondent anonymity. The study focused on investors already in the country, did not study awareness as a variable since it plays a lesser role in repeat purchase, and image was studied as one of the indicators of country reputation and not a dimension on its own. The current study applied brand equity to country brand choice for FDI destination, while the previous study focused on tourism destination.

Taleghani and Almasi (2012) conducted a study on brand equity among insurance companies. The study adopted the survey method, targeting 400 companies in Iran, where data was collected using questionnaires based on a 5-point Likert scale. Brand equity was measured at outcome level using preference and purchase intention. Brand equity dimensions mediated brand equity. The study used structural equation modelling and correlation analysis. Findings indicated that brand image, brand perceived quality, brand associations, brand awareness have a direct positive effect on brand loyalty, while brand loyalty has a direct positive effect on customer-based brand equity. Advertising has a direct positive effect on brand awareness, brand image, and brand associations. Brand association is insignificant and does not directly affect brand equity. The study concludes that brand loyalty is a mediator to purchase intention, and brand preference (Taleghani & Almasi, 2012). The research focused on the service industry, specifically insurance companies. The current study was conducted in Kenya, targeting foreign investors in Kenya. The study adopted a cross-sectional survey research design, quantitative method, with the use of structured, highly codded questionnaire. Brand equity was measured as a composite index of loyalty and reputation dimensions. Brand choice was measured as an outcome of brand equity and not a brand equity dimension.

Njuguna, Makau and Kerre (2014) conducted a study on brand equity and consumer choice, moderated by industrial context. The study adopted cross-sectional survey design, where convenience and systematic sampling technique was used to identify 400 respondents out of 264,808 smart card customers. The study adapted logistic regression analysis, with 0 meaning no purchase, and 1 meaning purchase. The study concluded that both brand equity and industrial context have a significant positive effect on consumer choice. This study was conducted on fast moving consumer goods, with industry context as a moderator. The current study focused on country brand choice for foreign direct investment. Country brand equity was tested as a mediator while the regulatory environment was tested as a moderator.

Prado and Trad (2018), conducted a study on country reputation, using online interviews, targeting the general public in 55 countries, where 58,000 individual ratings were recorded. Countries were selected based on GDP. The findings indicated that an increase in country reputation leads to an increase in investment. Political tension and social unrest affect country reputation hence can lead to a drop in a country's brand equity. This can also translate into a drop, in international support. These finding is consistent with another study that found that reputation of a country attracts tourists, and stimulates exports, investments and immigrants, which in turn contributes to sustainable development (Pike & Anholt, 2013), and a similar study in 2017, also found that an increase in country reputation leads to an increase income from tourists which in turn increases openness to markets for export. These findings contradict Wekesa *et al.,* (2016) who found a negative insignificant relationship between security and FDI inflows, and likewise contradicts Nyaosi (2011) who found that insecurity scares away investors. The use of interviews is likely to introduce bias and can compromise the anonymity of the respondents. The current study adapted quantitative research methods, with coded closed ended questionnaires. The questionnaires were delivered to respondents. Unlike the general public, the current study targeted foreign investors in Kenya and respondents were identified through stratified random sampling across years of investment in Kenya. Reputation was tested as a dimension of country brand equity mediating variable as opposed to independent variable.

Papadopoulos, Ibrahim, Nisco and Napolitano (2018) conducted a study on country branding and foreign investment. The study was quantitative, based on secondary panel data 2008-2011. Ordinary Least Squares (OLS) logistic regression was used, with FDI inflows as dependent variables, and country brand as a predictor based on FutureBrand (2012) country brand index as a mediator and Investment Promotion Agency (IPA) status either private or other (binary) as a moderator. Findings indicated that promotion is key in attracting FDI and governments utilize marketing strategies to position their countries as favourable destinations. The study concluded that a good investment climate must be complemented by perceptions. This study was based on secondary data, the current study adapted cross-sectional, survey research design, with both descriptive and inferential statistics analysed as opposed to time series secondary data. The study used promotion as a moderator, while the current study adopted promotion as an independent variable influencing the choice of a country brand for foreign direct investment.

Gómez, María and Pérez (2019) also, conducted a study on brand equity and repurchase intention was among children. The study was quantitative and targeted 431 respondents. The survey targeted children under 12 and university students. Findings indicated that brand equity has a positive correlation with purchase decision and repurchase intention, while the loyalty dimension of brand equity has the highest correlation with repurchase intention. This study targeted young children, and was based on purchase intention of consumer goods. The motivators in purchasing consumer goods differ with investment decisions. Investment decisions are more involving compared to fast moving consumer goods purchase decisions. The current study focused on country brand equity and country brand choice. Instead of correlation analysis, the study conducted logistic regression analysis to determine the effect of country brand equity on country brand choice.

Studies on brand choice in relation to marketing mix, brand equity have focused on consumer goods and not country marketing and country branding (Chattopadhyay, Shivani & Krishnan (2010), Gómez *et al.*(2019), Njuguna *et al.* (2014) Taleghani and Almasi (2012) focused on the service industry, specifically insurance companies. The factors affecting purchase intent for fast moving consumer goods and service industry are likely to differ with country brand choice. The current study seeks to address this contextual gap by focusing on country marketing mix, country brand equity and country brand choice. Instead of consumers, the study targeted foreign investors

Conceptual Framework

Figure 1 is a framework developed from various constructs in country marketing mix, country brand equity and country brand choice. Country marketing mix is the independent composite variable, it comprises of 5 elements (country business processes, country attributes, country physical evidence, country prices and country promotion). The country marketing mix composite variable can also influence the country brand choice. Besides the direct relationship, the Hypothesis indicated that that the country marketing mix composite variable can influence country brand equity, and that country brand equity can influence country brand choice

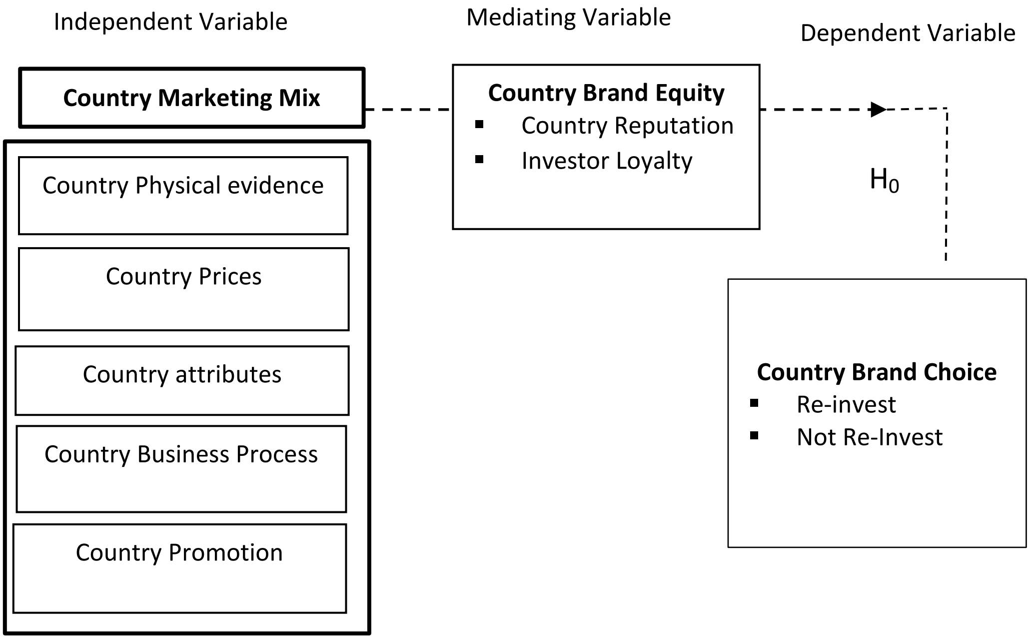

Figure 1: Conceptual Framework

Source: Author (2022)

METHODOLOGY

This study was guided by positivism research philosophy. The study focused on observable measurable facts, finding causal relationships, creating theories, laws and generalizations about country marketing mix and country brand choice which can be used to predict the future choice of countries for foreign direct investment. This study adapted both descriptive and explanatory research design. The explanatory design was utilized in

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testing for the relationship between country marketing mix and country brand choice, the explanatory design explains causal relationships between country marketing mix variables and country brand choice. This design was chosen because it allows quantitative data analysis and relationships between variables are tested through hypothesis (Saunders *et al.,* 2009). Quantitative approach involved hypotheses testing and factor analysis (Kothari, 2004). On empirical model, country brand choice is binary in nature with two options either prefer or not prefer to reinvest in Kenya or to recommend Kenya. The study adapts the general equation for multinomial logistic regression.

The study targeted a total of 1,038 investors in foreign companies registered in Kenya between 2015 and 2020. This was the period of critical regulatory environment changes after UNCTAD (2013) policy recommendation and period after December 2014 launch of the one stop shop at Kenya Investment Authority to facilitate investors. Investors who invested in Kenya before 2015 and those after 2020 were not considered. Sample was obtained based on Cochran's sample size formula for categorical data (Bartlett II et *al.,* 2001)

The study adopted stratified sampling. Stratified sampling is used where there is great variation in population (Taherdoost, 2016). In this case, the period of coming to Kenya and the number of years an investor has stayed in Kenya was likely to influence their perception and choices over time. The study focused mainly on primary data targeting company directors and equivalent representatives within the country. The data was collected using closed ended questionnaire.

Both inferential and descriptive statistics were analysed using Statistical Packages for Social Sciences (SPSS) version 26. The descriptive statistics was used to determine the frequency of distributions, measure the central tendencies, and dispersion. The inferential statistics analysed the causal relationships between variables. Country Brand Choice is a binary variable, logistic regression was utilized. Country marketing mix was regressed against country brand choice, the odds ratio was used to calculate the probability of investors choosing to re-invest in Kenya over other countries as $=\frac{CBCi}{1-CBCi}=Ki$ hence every element of the country marketing mix had a different effect on investors choice. The Ex (β) coefficients of every element of the country marketing mix were obtained and interpreted. The Ex (β) maximises the likelihood that an investor would either choose to re-invest in Kenya or other. The F-statistic was used to confirm variables level of significance $P \leq 0.05$. The adjusted R-Squared (R^2) was used to interpret the linear relationship between country marketing mix and country brand equity. The Nagelkerke 's R^2 was used to explain the extent to which country marketing mix improved the predictability of country brand choice and the model specification. Country Brand Choice (CBC) is either directly related to County Marketing Mix or partially related. Barron and Kenny (1986) recommend a step-by-step analysis for mediation. Different steps were explored, the intercepts, the slopes, the direct and indirect effects were obtained.

FINDINGS AND DISCUSSIONS

Country Brand Equity

The study sought to determine the effect of country brand equity on the choice of a country for investment. The respondents were asked to rate their experience, attitude, level of satisfaction towards Kenya. They rated the extent of their feelings towards brand equity dimensions ranging from country reputation, investor experience, Kenya's competitive advantage, and investor satisfaction. The respondents rated from a scale of 1-5, where 1 indicated not at all, 2-small extent, 3, moderate extent 4-large extent, while 5 indicated a very large extent. The responses were analysed using the means and standard deviations as presented in Table 1.

Table 1: Country Brand Equity

Description	n	Mean	Std. Dev.
	Statistic	Statistic	Statistic
Kenya has an effective government that provides safety and security	250	3.456	1.001
My firm has had a wonderful investment experience in Kenya	250	3.704	0.949
Kenya has friendly investment environment	250	3.708	0.900
Kenyan has a competitive advanced economy	250	3.572	0.908
My firm is delighted to have invested in Kenya	250	3.792	0.988
My firm does not regret the decision It made to invest in Kenya.	250	3.896	1.032
Investing in Kenya is the best decision that my firm ever made	250	3.804	1.017
Aggregate mean score		3.705	0.971

Source: Survey Data (2022)

Findings in Table 1 indicate that investors are satisfied and do not regret their decision to invest in Kenya. The level of satisfaction was rated to a large extent with a mean of 3.896. The investors rated the wonderfulness of their investment experience, the friendliness of the investment environment to a large extent with means of 3.704 and 3.708 respectively. Kenya's government effectiveness in providing safety and security for investors was rated moderate, with a mean of 3.45. Overall, Kenya's brand equity is rated to a large extent with an aggregate mean of 3.705 and standard deviation of 0.971. The aggregate mean of 3.705, which is approximately 4 (large extent) on the adopted 5-point Likert scale, implies that respondents agree to satisfied to a large extent with their choice of Kenya for investment. An overall standard deviation of 0.971 is within the acceptable range of +/-2 variability from the mean (Hassani *et al.,* 2010). This implies there was low variability of responses about the feeling of satisfaction, delightedness in the choice to invest in Kenya, and respondents agree to a large extent that investing in Kenya was a great choice.

Effect of Country Brand Equity on the Relationship Between Country Marketing Mix, and Country Brand Choice

The objective was to establish the mediating effect of Country Brand Equity (CBE) on the relationship between country marketing mix and country brand choice for foreign direct investment in Kenya. The corresponding null hypothesis stated that:

H_0: Country brand equity has no significant mediating effect on the relationship between country marketing mix and country brand choice for foreign direct investment in Kenya.

This test follows step by step test by Baron and Kenny (1986). The relationship between composite variable country marketing mix and country brand equity, and the relationship between country brand equity and country brand choice is assessed through 4 steps.

Step 1: Relationship between Country Marketing Mix and Country Brand Choice

The accuracy by chance classification table indicated that the overall percentage accuracy of the expected model is 94.4%. An omnibus test was conducted to test the overall significance of all the variables. Findings indicated that the probability of the model Chi-square was 27.225, with a p-value less than 0.001, which is less than 0.05 significance level. Hence the variables are statistically significant. This finding indicates that there is a relationship between country marketing mix composite variable and country brand choice. The overall model is statistically significant $X^2(1) = 27.225, p \leq 0.05$. A model summary presents the Cox and Snell R^2 and Nagelkerke's R^2 for country marketing mix and country brand choice as indicated in Table 2.

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Table 2: H_{06} Country Marketing mix and Brand Choice Model Summary

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	80.683[a]	.103	.294
a. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.			

Source: Survey Data (2022)

Table 2, indicated that based on Nagelkerke R Square findings, of 0.294 which is less than 1, with a smaller -2likelihood value of 80.683[a] which indicates that the model is a good fit. The models also indicate a 29.4% improvement in the model likelihood of country marketing mix predicting country brand choice for foreign direct investment in Kenya over the null model. Hosmer and Lemeshow test findings indicate a p-value of 0.103 which is greater than 0.05 significance level. This implies that the model is a good fit. An actual accuracy classification table was computed, the accuracy increased to 96.4%, with 100% specificity and 35.7% sensitivity. The model predicts country brand choice correctly by 96.4%.

The probabilities of Wald statistic were computed to determine the logistic equation Beta coefficients of each variable and statistical significance the variable country marketing mix in relation to country brand choice. A p-value of less than 0.05 indicates a significant direct relationship based on Table 3 and equation 1.

ln $\left(\frac{Ki}{1-Ki}\right)$ **= pr (CBC**$_i$**=** $\beta_{10}+\beta_{11}CMM+\varepsilon$ 1

Table 3: H_0 Variables in the Equation-Step 1 mediation

Variables in the Equation							
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Country Marketing Mix	2.163	0.468	21.365	1	0.000	8.701
	Constant	-3.859	1.340	8.290	1	0.004	0.021
a. Variable(s) entered on step 1: Country Marketing Mix.							

Source: Survey Data (2022)

Findings in Table 3 indicate that country marketing mix is a significant independent predictor of country brand choice with β=2.163, *SE*=0.468, p= 0.000<0.05 level of significance. The standard error *SE*=0.468, is less than 2, indicating no case of multicollinearity. The Exp (B) 8.701 indicates that the probability of an investor choosing Kenya is equal to 1 and it is eight times (8.701) likely to happen if the country improves its country marketing mix by one unit. The standard errors indicate no multicollinearity with all independent variables having SE less than 2. Therefore, the study concludes that there is a statistically significant relationship between country marketing mix and country brand choice, and that country marketing mix has a significant effect on country brand choice for foreign direct investment in Kenya. The study concludes that country marketing mix has a significant effect on country brand choice for foreign direct investment in Kenya.

ln $\left(\frac{Ki}{1-Ki}\right)$ **= pr (CBC**$_i$**=** $-3.859\ _{\beta 10}+\ 2.163\ _{\beta 11}CMM+\varepsilon$ p-value 0.000. ≤ 0.05.

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Step 2: Relationship between Country Marketing Mix and Country Brand Equity

Linear regression analysis was utilized to determine the relationship between country marketing mix and country brand equity. The F-statistic is used to interpret the model. A p-value of less than 0.05 indicates that the model is significant as indicated in Table 4.

Table 4: Model Summary Country Brand Equity

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.707[a]	0.500	0.498	0.54425	2.018
a. Predictors: (Constant), Country Marketing Mix					
b. Dependent Variable: Country Brand Equity					

Source: Survey Data (2022)

According to Table 4, findings indicate that country marketing mix explains 49.8% of country brand Equity, with a standard error of 0.54425. Based on ANOVA, the F-statistic p-value of less than 0.001 which is less than 0.05 significance level, indicates that the model is a good fit as indicated in Table 5.

Table 5: ANOVA -Country Marketing Mix and Country Brand Equity

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Linear regression	73.516	1	73.516	248.189	0.000[b]
	Residual	73.460	248	.296		
	Total	146.976	249			
a. Dependent Variable: Country Brand Equity						
b. Predictors: (Constant), Country Marketing Mix						

Source: Survey Data (2022)

A linear regression between country marketing mix and country brand equity was computed to determine the effect of country marketing mix on country brand equity. A p-value of less than 0.05 indicates a significant effect, while the beta coefficient indicates the contribution of marketing mix to brand equity as indicated in Table 6.

CBE= $\beta_{20} + \beta_{21}$CMM + ε ……………………………............2

Table 6: Variables in the equation -Step 2 Mediation

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Constant	0.643	0.197		3.255	0.001
	Country Marketing Mix	0.883	0.056	0.707	15.754	0.000
a. Dependent Variable: Country Brand Equity						

Source: Survey Data (2022)

Based on variables in the equation in Table 6, findings indicated that a unit increase in country marketing mix, increases country brand equity by 70.7%. The p-value less than 0.001 which is less than 0.05 significance level. This indicates that there is a statistically significant relationship between country marketing mix and country brand equity. This finding is consistent with Chattopadhyay *et al.,* (2010b) who concluded that marketing mix elements affect brand choice through brand equity, that marketing mix has a strong effect on brand equity which in turn affects brand choice. These finding is also consistent with Koenig, Mishra and Gobeli (2002) whose findings indicated that strategic investment in the marketing mix has positive significant connections with brand equity. The findings are also consistent with Chattopadhyay, Shivani and Krishnan (2010) who revealed that price, place, promotion, and country of origin are significant parameters in brand choice, while word of mouth is a marketing mix element that significantly affects brand equity dimensions and finally brand choice. The equation for country marketing mix predicting country brand equity is stated as indicated below.

CBE= $0.643_{\beta 20} + 0.707_{\beta 21}\text{CMM} + \varepsilon$ 3

Step 3: Relationship between Country Brand Equity and Country Brand Choice

The accuracy by chance classification table indicates that the overall percentage accuracy of the expected model is 94.4%. An omnibus test was conducted to test the overall significance of all the variables in the model. Findings indicated that the probability of the model Chi-square is 49.423, with a p-value less than 0.001, which is less than the p-values of 0.05 significance level. Hence the variables are statistically significant. This finding indicates that there is a relationship between country brand equity and country brand choice. The overall model is statistically significant $X^2(1) = 49.423$, $p \leq 0.05$. A model summary presents the Cox and Snell R^2 and Nagelkerke's R^2 is indicated in Table 7.

Table 7: Country Brand Equity and Country Brand Choice Model Summary

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	58.485[a]	0.179	0.512
a. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.			

Source: Survey Data (2022)

Table 7 indicates that based on Nagelkerke R Square findings, of 0.512 which is less than 1, with a smaller -2likelihood value of 58.485[a] which indicates that the model is a good fit. The models also indicate a 51.2% improvement in the brand equity model likelihood in predicting country brand choice for foreign direct investment in Kenya over the null model. The Hosmer and Lemeshow test findings indicate a p-value of 0.245 which is greater than 0.05 significance level. This implies that the model is a good fit with 99.6% specificity and 57.1% sensitivity. The model predicts country brand choice correctly by 97.2%.

The probabilities of Wald statistic were computed to determine the logistic equation Beta coefficients of country brand equity and statistical significance in relation to country brand choice. A p-value of less than 0.05 indicates a significant direct relationship based on Table 8 and equation 4.

In $\left(\frac{Ki}{1-Ki}\right)$ = pr (CBC$_i$= β_{30}+ β_{31}**CBE**+ ε 4

Table 8: H_0 Variables in the Equation-Step 3 Mediation

Variables in the Equation							
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Country Brand Equity	7.501	1.466	26.169	1	.000	1809.658
	Constant	-5.318	1.456	13.350	1	.000	0.005
a. Variable(s) entered on step 1: _Country Brand Equity.							

Source: Survey Data (2022)

Findings in Table 8 indicated that country brand equity is a significant independent predictor of country brand choice with β=7.501, *SE*=1.466, p= 0.000<0.05 level of significance. The standard error *SE*=1.466, is less than 2, indicating no case of multicollinearity. The Exp (B) 1809.658 indicates that the probability of an investor choosing Kenya is equal to 1 and it is one thousand eight hundred times (1809.658) likely to happen if the country increases its brand equity by one unit. The standard errors indicate no multicollinearity with all independent variables having SE less than 2. Therefore, the study concludes that there is a statistically significant relationship between country brand equity and country brand choice, and that country brand equity has a significant effect on country brand choice for foreign direct investment in Kenya. These findings are consistent with Aaker, (1996a) brand equity model, which states that customer satisfaction, and brand liking are key measures of brand loyalty, and therefore the level of commitment to a brand and the level of willingness to recommend and make others buy a brand is the highest measure of brand loyalty. This finding is consistent with Njuguna, Makau and Kerre (2014) conducted a study on brand equity and consumer choice, and concluded that both brand equity and industrial context have a significant positive effect on consumer choice. The equation for country brand equity predicting country brand choice is stated below.

$$\ln\left(\frac{Ki}{1-Ki}\right) = \text{pr}\ (CBC_i = -5.318\ _{\beta30} + 7.501\ _{\beta31}\mathbf{CBE} + \varepsilon$$

Step 4: Test for country marketing mix and country brand equity predicting country brand choice

The accuracy by chance classification table indicated that the overall percentage accuracy of the expected model is 94.4%. An omnibus test was conducted to test the overall significance of all the variables**.** Findings in indicated that the probability of the model Chi-square is 49.637, with a p-value less than 0.001, which is less than 0.05 significance level. Hence the variables are statistically significant. This finding indicates that there is a relationship between country marketing mix, country brand equity and country brand choice. The overall model is statistically significant $X^2(2)$ = 49.637, P≤ 0.05. A model summary presents Cox and Snell R^2 and Nagelkerke's R^2 as 18.0% and 51.4% respectively as indicated in Table 9.

Table 9: H_0 Country Brand Choice Model Summary-Step 4 Mediation

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	58.271[a]	0.180	0.514
a. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.			

Source: Survey Data (2022)

Table 9 indicated that based on Nagelkerke R Square findings, of 0.514 which is less than 1, with a smaller -2likelihood value of 58.271[a] which indicates that the model is a good fit. The models also indicate a 51.4% improvement in the country marketing mix and country brand equity model likelihood in predicting country brand choice for foreign direct investment in Kenya over the null model. The Hosmer and Lemeshow test findings indicate a p-value of 0.053 which is greater than 0.05 level of significance. This implies that the model is a good fit. An actual accuracy classification table was computed, the accuracy increased to 97.2% with 99.6% specificity and 57.1% sensitivity. The model predicts country brand choice correctly by 97.2%.

Wald statistic was computed to determine the Beta coefficients of country marketing mix, (CMM), country brand equity (CBE) and statistical significance of the variables in relation to country brand choice. A p-value of less than 0.05 indicates a significant direct relationship as indicated in Table 10 and equation 5.

In $\left(\frac{Ki}{1-Ki}\right)$ = pr (CBC$_i$= β_{40}+ β_{41}**CBE**+ β_{42}CMM + Ɛ .... 5.

Table 10: H_0 Variables in the Equation Step 4 Mediation

Variables in the Equation							
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Country Marketing Mix	-0.977	2.111	0.214	1	0.644	0.376
	Country Brand Equity	8.219	2.183	14.173	1	0.000	3709.475
	Constant	-4.996	1.593	9.831	1	0.002	0.007
a. Variable(s) entered on step 1: Country Marketing Mix, Country Brand Equity.							

Source: Survey Data (2022)

Findings in Table 10 indicated that country brand equity a significant independent predictor of country brand choice with β=8.219, *SE*=2.183, p= 0.000<0.05 level of significance. The Exp (B) 3709.475 indicates that the probability of an investor choosing Kenya is equal to 1 and it is three thousand seven hundred times (3709.475) likely to happen if the country increases its brand equity by one unit. The effect of country marketing mix is insignificant in the presence of country brand equity.

Therefore, the direct relationship equation between Country Marketing Mix and country brand equity predicting the probability of an investor choosing to re-invest in Kenya is stated as:

In $\left(\frac{Ki}{1-Ki}\right)$ = pr (CBC$_i$= -4.996 $_{\beta 40}$+ 8.219 $_{\beta 41}$**CBE** -0.977 $_{\beta 42}$CMM + Ɛ

CONCLUSIONS AND RECOMMENDATIONS

Therefore, the study concludes that country brand equity mediates the relationship between country marketing mix and country brand choice. And that country brand equity has a statistically significant mediating effect on the relationship between country marketing mix and country brand choice for foreign direct investment in Kenya. The study rejects the null hypothesis (Ho_6). This finding is consistent with Gartner and Ruzzier (2011) whose findings indicated that all the 4 dimensions of customer-based brand equity model for destinations (awareness, image, perceived quality and loyalty) play an important role in ensuring new and repeat visitors.

Kenya's country brand equity dimensions like investment experience, friendliness of investment environment, advancement of the economy and investor satisfaction were rated positively to a large extent, while the effectiveness of government, safety and security was rated to be moderate. Overall, Kenya's brand equity is rated positively to a large extent. An improvement in country marketing mix results in an increase in likelihood that an investor will choose Kenya for Foreign Direct Investment (FDI). Therefore, the study concludes that there is a statistically significant relationship between country marketing mix and country brand choice, a significant relationship between county marketing mix and country brand equity as well as a significant relationship between country brand equity and country brand choice. The study concludes that country brand equity mediates the relationship between country marketing mix and country brand choice. And that country brand equity has a statistically significant mediating effect on the relationship between country marketing mix and country brand choice for foreign direct investment in Kenya.

Country brand equity was found to affect the choice of investors to a large extent, while the effectiveness of government, safety and security was rated moderate. The policy makers should strive to maintain high level of government effectiveness, safety and security in order to improve the likelihood that an investor will choose Kenya over other countries for foreign direct investment.

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