

Misconceptions about Country-of-origin among consumers: understanding its drivers and effects on brand equity.

A real case of Misconceptions about Country-of-origin is presented in this work: Italian consumers consider Pandora, the famous jewellery brand, to be an Italian when it is actually Danish.

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ABSTRACT

This paper investigates how the Country-of-origin Effect influences consumer behaviours and the equity of a brand. The work is based on the assumption that the Country-of-origin impacts consumers only when they actually perceive the origin of the product as being from that country. This means that it is not the actual country of origin that influences consumer behaviours and the equity of a brand, but rather the country associated with those products, even when it is not the actual country of origin (misconceptions about the COO). Through an inductive approach I developed a detailed observation of a specific case (the misconception about Pandora's COO) to obtain generalized and transferable ideas as well as relevant cues for managerial implications.

The concept of the COO has been explored extensively in traditional economic and marketing, especially as far as companies are concerned. This research study, on the other hand, focuses on today's consumers in order to identify new strategies helpful to companies wishing to target contemporary consumers, taking in account all the implications of the country-of-origin effect. The suggested implications and strategies are linked to the statistical techniques used here (cluster and conjoint analyses) which companies could be effectively replicated on a wider scale. The suggestion is, that through the interesting cluster analysis results obtained innovative retargeting strategies could be implemented to cluster consumers and communicate different insights linked to the country-of-origin effect to each cluster. Similarly, I suggest using the results of the conjoint analysis to implement strategies focused on creating new customer experiences, since consumers appear to appreciate taking an ever more active role in the buying processes.

In sum, this work explains the content aspects derived from the analysis of the 257 respondents' answers about the Country-of-origin Effect, with the intention of converting the mathematical-statistical techniques into managerial implications. In doing so, I focused on two main aspects. The first concerns the preponderant role played by the sense of affectivity and belonging to one's own country and the implications it produces in the explication of the country-of-origin effect. While the second concerns brand elements, particularly the brand name and its capacity to strengthen the power of communication allowing companies to renew their entire brand identity, even in relation to its country-of-origin and its reputation.

| | |
|---|-----------|
| 1. Introduction..... | 1 |
| 1.1 What the Country-of-origin is: clarification of this multidimensional construct..... | 3 |
| 1.2 Research questions | 5 |
| 2. Methodology..... | 7 |
| 2.1 Company overview: Pandora..... | 8 |
| 2.2.1 The COO's power measured by conjoint analysis..... | 10 |
| 2.2.2 The experiment | 12 |
| 3. Literature review | 14 |
| 3.1 From the single-cue to the multi-cue approach..... | 14 |
| 3.2 Diffusion of multi-cue studies | 15 |
| 3.3 The multidimensional nature of COO: brand image and brand reputation | 17 |
| 3.4 Contemporary researches | 19 |
| 4. Conceptual frameworks: Country-of-Origin and its effect on brand equity..... | 22 |
| 4.1 Country-of-origin and consumer based brand view | 22 |
| 4.2 Customer based brand equity Pyramid | 25 |
| 4.3 Brand name as an important brand element and its role in the COE | 29 |
| 4.3.1 Brand name: definition and role..... | 29 |
| 4.3.2 Foreign branding and its role in the country of origin effect..... | 30 |
| 5. Qualitative research: main findings | 32 |
| 6. Quantitative research: data analysis | 36 |
| 6.1 Sampling | 36 |
| 6.2 Country-of-Origin still influences consumers in some product categories | 38 |
| 6.3 Country-of-origin influences consumers when they purchase a bracelet..... | 42 |
| 6.3.1 Most relevant factors when buying a bracelet..... | 42 |
| 6.3.2 The COO is the second most important driver – Conjoint analysis technique | 44 |
| 6.3.2.1 <i>Each Consumer has a different attitude towards COE (Value Based Segmentation)</i> | 46 |
| 6.4 Affecting feeling really influences Italians' perceptions about brands and products..... | 51 |
| 6.4.1 Italy has a better country's image than Denmark for Italian consumers | 52 |
| 6.4.2 Country-of-origin Effect on Buying Decisions: Pandora's experiment | 55 |
| 6.4.2.1 <i>Appeal, Willingness-to-Buy and Willingness-to-Pay</i> | 55 |
| 6.4.2.2 <i>Country-of-origin Effect on Pandora's brand equity</i> | 60 |
| 6.5 Brand Name: the reason behind misconceptions about Pandora's COO..... | 62 |
| 7. Discussion and managerial implications..... | 64 |
| 7.1 The Country-of-origin still influences consumers and brands in some product categories | 64 |
| 7.2 Affective feelings and the sense of identity play a crucial role in evaluating brand origin | 66 |
| 7.3 Selling a bracelet: the design is the driver of the success..... | 68 |
| 7.4 Consumers are not all the same: enhance the diversity through a re-targeting strategy | 69 |
| 7.5 The misconceptions about COO do not influence Pandora's brand equity but consumers' WTB.... | 70 |
| 7.6 The brand name plays crucial role in the brand identity | 72 |
| 8. Conclusion, limitations and further researches | 74 |
| Bibliography..... | 77 |
| Sitography..... | 81 |
| Appendix I: Questionnaire | 82 |
| Appendix II: Qualitative Research Protocol..... | 98 |

1. Introduction

Since the 1960s, international marketing literature has conceptualized the Country-of-origin¹ concept and tested its effect on consumer behaviours and decision-making processes.

Over the years, scholars have tried to test and verify the hypothesis that consumers use the country to which they associate the origin of a product or a brand as a summary of the characteristics of the product/brand which in turn influences their consumption and purchasing choices (Busacca et al 2006; Bertoli et al 2005).

Despite multiple studies on this topic, the conclusions of the more well-known studies are not unanimous. Moreover, the number of studies about this topic has intensively decreased in the last years. I would like my work to contribute to recent research studies on the Country-of-Origin effect², by answering this question: does the COO still matter for contemporary consumers?

Despite the COO concept being the main focus of many research studies there are still several gaps that need to be filled. The main gaps are related to finding practical implications for companies and their marketing/communication strategies. Even though many studies have analysed the COO and its effects on consumer behaviour, on the one hand, and on brand equity, on the other, there is still some questions that need to be answered. For example, the importance of converting the theoretical implications of the COE into practical marketing activities, in particular communication and distribution which are considered the two most important tools required to reinforce or mitigate the COE (Schooler et al.1987; Han e Tepstra 1988; Chao 1989; Nes and Bilkey 1993).

My research did not simply focus on the general and multidimensional concept of COE, but its aim is to investigate a particular phenomenon: misconceptions about country of origin. +

In fact, I made an important assumption: COO only has an impact when people really feel that a product/brand originates from that country. This means that it is not the actual country-of-origin and the brand equity that influences consumer behaviours but the country that people believe to be the country-of-origin of the brand itself. This assumption brings us to the topic of misconceptions about the country-of-origin: in some cases, consumers believe the country-of-origin of a specific brand to be country A and, even if the actual country-of-origin is country B, it is country A that influences consumers' perceptions and choices.

¹ From this point called also COO

² From this point called also COE

I have contributed to study the misconceptions about COO, which is not considered by the existing COO literature, by conducting an empirical research study focused on the misconceptions about the COO of an important and famous jewellery brand: Pandora. In fact, several Italian consumers, which are the target of my research, think that Pandora is an Italian brand even if it is Danish: this is a clear example of misconceptions about COO.

My approach involves inductive reasoning whereby, from a detailed observation of a phenomena of the world/ a specific case (misconceptions about Pandora's COO), it is possible to move towards more abstract generalizations and ideas. "Inductive reasoning is often referred to as a "bottom-up" approach to knowing, in which the researcher uses observations to build an abstraction or to describe a picture of the phenomenon that is being studied" (Lodico, Spaulding, Voegtle, 2010, p.10). Accordingly, with the specific case investigated, I considered a specific product category (jewellery) as an example and a specific company (Pandora³) to investigate how the COE influences this specific product category and this specific brand, and then drew general conclusions about the country-of-origin effect on consumer behaviour and brand equity and related managerial implication. These final conclusions and implications, even though general and abstract, can be applied only to the consumer product sector (B2C⁴), which is the focus of my work. I have not focused on the industrial sector and on B2B⁵ companies.

Empirical research constitutes the most important part of my thesis. However, before presenting my research findings, I would like to clarify some important points in the following two paragraphs of this introduction:

- firstly, what the country-of-origin is, and what aspects of the multidimensional construct I used in my thesis;
- secondly, the research questions defined for this work.

Further important clarifications are given in chapters 2, 3 and 4. Chapter 2 outlines the methodology of the empirical research work. Chapter 3 and 4 respectively present the literature review and the conceptual framework required to understand the research questions.

In chapter 5 and 6 my thesis focuses on the findings of the research study, while chapter 7 is dedicated to the discussion and the managerial implications.

³ <http://www.pandora.net/>

⁴ B2B (Business to Business): "A business that markets its products or services to other businesses" (AMA)

⁵ B2C (Business to Consumer): "A business that markets its services or products to consumers" (AMA)

In the very last section, chapter 8 final considerations and limitations are expounded which demonstrate that further research studies are possible.

1.1 What the Country-of-origin is: clarification of this multidimensional construct

Dicher (1962) was the first to conceptualize the COO, followed by Schooler (1965) and Nagashima (1970). Both agreed that the COO of a product or a brand plays a vital role in facilitating the success of a product/brand on the market. These studies, as all of the first-generation COO analyses, can be classified as *single-cue* since these consider the COO to be the only relevant factor in the evaluation of a product.

It is generally agreed that the way a consumer perceives and considers the information on the intrinsic⁶ and extrinsic⁷ qualities of a product, strongly influences purchasing and consumption choices. The country-of-origin can be classified as an extrinsic characteristic and it can influence several aspects of a consumer's choices and behaviours.

In literature, the expression country-of-origin was initially considered in its literal meaning and only later, as society evolved, did its symbolic and emotional meanings become more and more complex. These meanings create the need to consider, when defining the COO, concepts or aspects related to creativity, elegance, sophistication and hand-made techniques (Busacca, 2006).

Several authors among the years have tried to analyse the different meanings of this concept.

In particular, Obermiller Spangenberg (1989) and Verlegh e Steenkamp (1999) identify three main components of the COO, which are complementary to each other:

- The cognitive dimension;
- The affective dimension;
- The normative dimension.

In the cognitive dimension, the COO is an indicator of the quality of the product and its attributes. It guarantees aspects such as reliability, functionality, resistance or design.

The consumer evaluates a product subjectively using the information he/she has about the country as a substitute for the information on the product or brand. Therefore, if in a consumer's mind a country has a good reputation for a particular product category, the consumer will probably transfer this good reputation to any product in that same category manufactured in that country.

⁶ Intrinsic qualities: attributes strictly related to the physical characteristic of the product

⁷ extrinsic qualities: non physical attributes of the product

The affective dimension exists when in the consumer's mind the country is given emotional value (for example, a positive personal experience in that country or the love of one's native country); or given symbolic value (for example, when the country image is associated with social status or with a positive national identity).

The normative dimension exists when a person wants to buy a product from a specific country to support the economy of that country. This dimension is strictly related to the fact that the consumer approves of the policies of that country and to his/her perception of that country's reputation. In my work I considered all the three taxonomies as relevant in the country of origin effect.

Because it increases the complexity of the influence on consumers' decision-making processes and its effect on the equity of brands, this fragmented definition has resulted in further research on the COO concept.

I would like to present the two major taxonomies that are emerged from the studies, which aim is to clarify the multidimensionality of COO. Therefore, this demonstrates how the country-of-origin construct is a complicated and multidimensional concept and how several dimensions must be taken into account.

The first taxonomy (Samiee, 1994, Nebenzahl et al., 1997; Jaffé e Nebenzahl, 2001) divides the COO in:

- *country of manufacture* (COM), the country where the product is produced;
- *country of assembly*(COA), the country where the product is assembled;
- *country of design*(COD), the country where the product is planned and designed (Samiee, 1994, Nebenzahl et al., 1997; Jaffé and Nebenzahl, 2001).

The second taxonomy is the one suggested by Eugene D. Jaffe e Idrael D. Nebnzhal (1997). They give a solution to the fragmentation of meaning by identifying:

- *Country-of-origin* (COO): the country to which the consumer associates the origin of the product, independently of where the product is actually produced;
- *Designed-in Country* (DC): the country where the product is planned or designed;
- *Made-in Country* (MC): the country that is in the "made in" label; it is usually the country where the last phase of production is processed.

In this study, I have considered the first element of the second taxonomy. Having studied and analysed COO literature, I have come to the conclusion that the COO adds value to a product/brand only when people really feel that a product/brand originates from that country. In fact, the aim of this work is to understand if the country associated with a specific product affects consumers'

choices. Therefore, the important element is what country does a consumer associate a specific product with (COO by Jaffe and Nebnhal) rather than what he/she perceives the Country-of-Origin to be (i.e. difference between COD/COM/COA).

1.2 Research questions

As previously outlined, the aim of this study is to understand whether COO still matters in consumers' minds, and whether it is still effective in differentiating one company from another. Therefore, the first research question of this thesis is:

***RQ1** In a globalized world, does the COO still influence contemporary consumers (in terms of appeal, willingness to buy and willingness to pay) and the brand equity of products/brands?*

This first research question is wide and general and its aim is to investigate if the COO (and its misconception) still influences consumers perceptions and buying decisions.

A more specific aspect that I have investigate is the role the affective dimension plays (Obermiller and Spangenberg, 1989, Verlegh and Steenkamp 1999; see p.6) in the COE. In particular, I investigated the role played by the positive feeling and the sense of identity that a person feels for his/her own country in the COE. In other words: do people attribute a more positive value to a product which originates from their native country (or that they believe originates from their country)? This point leads to a second research question, which is:

***RQ2** What bearing does the affective/sense of identity with one's own country have in evaluating brand origin?*

Thirdly, I have investigated the factors that lead a consumer to identify the country-of-origin of a brand. And more specifically, considering what has been previously said about the misconception of the country-of-origin my question is: how does this happen? What are the main factors that help the consumer identify the country-of-origin (even when a misconception leads to erroneous identification)?

The managerial implications of this aspect are particularly important because they can help managers in two ways. Firstly, it is very important that a company identifies the brand elements required to communicate the country-of-origin. Secondly, managers should also focus on the brand elements to avoid assigning misleading country-of-origin labels, which can create confusion in consumers' perceptions of the actual country-of-origin. Considering the broader aspects of branding

and the numerous factors that need to be taken into account when evaluating a brand and its brand elements, I decided to conduct a more focused and specific analysis by choosing a particular brand element: the brand name. So, the third and final research question is:

RQ3 *What bearing does a name have in leading consumers to establish the country-of-origin of a brand and associating it to a narrative/story/identity of a country in a specific and recognisable manner?*

2. Methodology

To analyse the Country-of-Origin and its misconceptions and to answer the research questions I have developed a quantitative research study. Data were collected through an online quantitative questionnaire (CAWI method⁸) managed and developed through the website qualtrics.com⁹. Before the development of the quantitative research study a qualitative study was conducted, through 10 extensive interviews. The qualitative research study follows the same structure of the quantitative study (which is outlined in this paragraph) and its exploratory aim is to identify whether the structure of quantitative research is clear and effective for the purposes of this study.

The structure of this research study is experimental. An experiment is research conducted under controlled conditions (or factors) decided by the researchers with the aim of evaluating the impact of these conditions (or factors) on the experiment results (Molteni, Troilo, 2012). The aim of this research experiment was to verify the ability of certain factors to influence some of the respondents behaviours/perceptions. In this particular case, the aim of the *design of experiment* (DOE) was to verify how the COO influences some consumer perceptions and behaviours. Therefore, being the independent variable the COO was presented to the respondent as a stimulus to a buying situation, in order to test the influence of this variable on some depend variables: overall perception, appeal, willingness to buy and willingness to pay. To achieve my aim, the experiment consisted in manipulating the COO and in a follow up to check the different influences of the manipulated COO. To do this, the sample of respondents were divided into two groups: the first was exposed to a stimulus (a particular level of the variable COO) and the second to a different one (a particular level of the variable COO). The comparison between the two groups was the outcome of my experiment, which helped me answer the research questions.

In my analysis I chose Pandora, a brand with the perfect characteristics for my experiment. Pandora is a Danish company that designs, manufactures and markets hand-finished contemporary jewellery. In my experiment, I used Pandora's most famous item, its personalized charm bracelet, which is iconic to Pandora. While Pandora's COO is Denmark, this fact is not well known and several Italian consumers believe Pandora to be an Italian brand, probably because it sounds Italian and is widely distributed in Italy. Therefore, Pandora was the perfect brand to test the influence of the COO and to verify if the perceptions about a foreign product are less positive than national products. In other words: would Italians love Pandora all the same if they were

⁸CAWI: *Computer Aided Web Interviews*

⁹<https://unibocconi.qualtrics.com>

aware of the real COO, or does the misconception that Pandora is Italian help Pandora to be a much-loved brand in Italy?

Given the aim of this study and the brand I chose, the target of the study naturally only included Italian women. In this experiment, the respondents were randomly divided into two independent sample groups, sample DE and sample IT, where the first is the control group and the second is the experimental group. The experimental group (IT) was exposed to the manipulation of the stimulus: in this case Pandora's COO was manipulated by presenting it as "Made in Italy". Whereas the control group (DE) was presented with Pandora's real COO, i.e. "Made in Denmark". The experiment consisted in measuring the differing influence the independent variable (the COO) has on the two groups.

Finally, as already stated, this study did not analyse the multiple dimensions of COO (Country of Assemblage, Country of Design and Country of Manufacturing). In fact, the focus of this work was to study whether and how the COO affects consumers' perceptions rather than understanding how the different COO definitions influence consumers. Therefore, to stimulate a connection in consumers' minds between the brand/product and the country, only the "Made-in" was used since this is how consumers usually associate a brand/product with a country.



Fig. 1 - The two stimuli – Pandora's logo with the two Made in indications (developed by the author)

2.1 Company overview: Pandora

Since I chose the brand Pandora as the main stimulus for this work, I will give a brief description of the company and of its business strategy. All the information presented in this paragraph is on the Pandora website¹⁰. Pandora is a Danish company that produces and distributes jewellery in more than 100 countries worldwide. The company was founded in 1982, in Copenhagen, by Winnie Enevoldsen; however, at the time Pandora was only small jewellery store in Nørrebrogade, the main shopping area of Copenhagen. In 1987, after some years as a wholesaler, the company expanded and began production of its first line of jewellery. In 1989 Per and Winnie Enevoldsen opened a second production site in Thailand, but the pieces were still entirely designed in Denmark.

¹⁰<http://www.pandora.net/>

The turning point in Pandora's history was the birth of its first charm bracelet: *Moments*, an innovative, sophisticated and completely hand-finished designer bracelet, that, thanks to different charms, can be personalized. Even though Pandora's range of products include rings, earrings, and necklaces the charm bracelet is Pandora's core business. Its charm bracelets have become so well-known that people associate the company with this new type of bracelet, in other words Pandora charms is now synonymous with charm bracelet. Pandora's charm bracelets are pieces of jewellery designed to express the creativity and the individuality of women who can create their own individual and unique piece of jewellery thanks to the variety of charms on offer. It only took a few years for the charm bracelet to become famous all over the world while Pandora has continued to internationalize its strategy. Pandora jewellery is sold in more than 100 countries and has approximately 7,900 points of sale, including more than 2,100 concept stores. In 2016, Pandora's revenue totalled DKK 20.3 billion (approximately EUR 2.7 billion) making Pandora the world's third largest jewellery company, after Tiffany and Cartier.

Pandora's mission is "to offer women across the world a universe of high quality, hand-finished, modern and genuine jewellery products at affordable prices, thereby inspiring women to express their individuality. All women have their individual stories to tell – a personal collection of special moments that makes them who they are. That is why we celebrate these moments. That is why we say these moments are unforgettable" (Pandora, 2017). These charm bracelets, all hand-finished and some completely hand-made, give every woman in the world the chance to possess a unique hand-finished and high-quality, affordable piece of jewellery.

Although the management believes there is something in their collection for every woman, Pandora's actual target is women aged 25 to 49. In recent years, however, they have expanded their key demographic to include a younger target.

I would like to conclude with a brief focus on the company's brand name. Naturally, it is linked to the Greek mythological figure of Pandora, who was the first woman created by Zeus (according to the myth) and sent by him to earth with a box of seducing gifts. The name Pandora means "gifts" and "all", and in choosing this name the company is saying that their jewellery is the perfect gift, because with all the different charms to choose from no two bracelets are alike, they are all unique. Moreover, the brand name evokes the feminine dimension in all its nuances especially curiosity and generosity.

2.2 Research Design

The structure of the research study is divided into four different sections. The first three sections are exploratory and include a traditional survey, while the fourth part contains the experiment.

The first section introduces the respondents to the theme of the survey, the COE with the same questions for both sample DE and sample IT. The aim is to identify if and what bearing the COO has on consumers when considering different sectors and how the consumers are influenced by country-stereotypes in these sectors.

The second section is more specific. In fact, while the first section focuses on multiple countries and multiple product categories, in the second section the shift focuses on a single product category (bracelets) and on only two countries, one for each sample (Italy for sample IT and Denmark for sample DE). The choice of a single product category is important because it allows the consumer to imagine a real-life buying experience and hence give more realistic answers. Since the objective of this work was to investigate the affective dimension of the COO, two countries were chosen for my experiment (Obermiller and Spangenberg, 1989, Verlegh and Steenkamp 1999; see p.6). More specifically, as I have investigated the role of positive feelings and the sense of identity with one's own country in the COE, I had to compare the perceptions of Italian respondents to a "Made in Italy" and to a foreign brand ("Made in Denmark" in this case). Sample IT was asked to answer questions on Italy while sample DE on Denmark. This is the reason why the target is composed only of Italian women: having respondents of the same nationality in both samples allowed me to clearly compare the feelings for one's native country and for a foreign country. The choice of Denmark as the foreign country is obviously related to having chosen Pandora as the brand on which to test the COO effect.. The questions put to the respondents to evaluate their perceptions of "Made in Italy"/ "Made in Denmark" and of "Italian bracelets"/ "Danish bracelets" are based to some extent on existing COO literature. In particular, I have used the work of Roth and Romero (1992) to study the country's image and the work of Keller (building block of BCCE pyramids, 1992) to analyse consumer perceptions of the two "made in" brands. A detailed focus on how this two work is used in my quantitative research is shown in chapter 6, when analysing the data.

2.2.1 The COO's power measured by conjoint analysis

While the second section analyses *how* the country-of-origin effect influences consumers' perceptions of a "Made in" brand, the third section of the questionnaire focuses on *whether* the country-of-origin does influence consumers' perceptions, and consequently their buying decisions. This section is the same for both samples and was carried out using the conjoint analysis technique.

Conjoint analysis is a technique of multivariate analysis which allows us to measure the relative importance of a range of attributes of a product/service and which also gives some indication as to the extent of appeal of specific levels of such attributes (Molteni, Troilo 2012). My analysis starts with an overall evaluation of what the respondent attributes to a range of complex alternatives. Therefore, to develop this analysis I had to identify a range of product alternatives (in this case bracelets), each one characterized by the most important attribute of the product. These alternatives are defined by the combination of different levels of the attributes considered.

In this research study, the respondent has to evaluate nine cards, each one representing a different bracelet and constructed by the combination of the different levels of three common attributes.

The attributes and their levels are described in the following chart:

| ATTRIBUTES | LEVELS |
|-------------------|--|
| Country-of-origin | 1. Italy 2. Denmark |
| Design | 1. Charm bracelet (personalized) 2. Minimal 3. Elaborate |
| Price | 1. Less than 40 € 2. 40-80 € 3. 80-150 € |

Tab 1. Attributes and levels of the variables for the conjoint analysis – Developed by the author

The central point of conjoint analysis is measuring consumers' preferences for the levels of the attributes. However, this measure is not obtained by directly asking consumers which level they prefer. Instead the respondent must evaluate, in terms of buying appeal (rating evaluation), bracelets characterized by the different levels of the three attributes. By combining the evaluation of all nine bracelets, it is possible to indirectly understand the importance of each attribute in buying decisions, and the preference for some levels over others. Conjoint analysis is a "micro" technique, which means that it measures the preference from the attributes/levels at an individual level (Molteni, Troillo, 2012). Therefore, in order to identify a homogenous group of preferences, we must verify if there is homogeneity or heterogeneity in all respondents' answers and combine this information with socio-demographic data. In summary, the research design of the conjoint analysis can be split in four steps:

1. choose the relevant attributes and their levels
2. identify the different alternatives that the respondent rates (through the orthogonal design)
3. launching the survey
4. elaborating the data collected through the regression analysis technique

The last point, regarding the results of conjoint analysis is given in chapter 6.

2.2.2 The experiment

The last section of the questionnaire (excluding a few socio-demographical questions) concerns the experiment. As previously stated, the aim of this section is to verify the influence of an independent variable (the COO) on some dependent variables, through the comparison of two different sample answers: sample DE was exposed to the real country-of-origin of Pandora (Denmark), while sample IT to a manipulated stimulus, which consisted of Pandora - Made In Italy.

The dependent variables I chose are: Appeal, Willingness-to-Buy (WTB) and Willingness-to-Pay (WTP).

Appeal is measured through a 10-point Likert scale, where the respondent is asked to rate the product with 1 being the lowest and 10 highest score.

I used the 10-point Likert scale for several questions in the questionnaire. I chose this scale, rather than the well-known and established 7-point Likert scale, because this is an even scale with no middle value which would allow a consumer to say: "it is all the same to me". Therefore, consumers are forced to make a clear decision and there is greater probability that relevant findings are identified.

The WTB, on the other hand, is measured through a 5 point Likert scale which measures the *level of probability* in 5 dimensions: *not probable, somewhat improbable, neutral, somewhat probable and very probable*.

This type of question allows us to calculate the top-two-boxes score, which include responses to the two most favourable response options. In the case of a five point Likert scale the top-two-boxes would include all positive responses ("somewhat probable" and "very probable"). Similarly, it is possible to calculate the bottom-two-boxes score, which include the two least favourable response options.

Finally, Willingness-To-Pay is measured through a model developed by Van Westendorp, named *Price Sensitivity Meter* (Westendorp, 1976). This model is very effective because it reduces the limits of relativity and subjectivity which are common when asking the consumer "How much are you willing to pay for this product?". Moreover, this model can help analyse the relationship between the actual price of a product and the value perceived by consumers. Only if the price is equal or lower to the value perceived, will the consumer buy the product. Here PSM model helps a company to identify the correct price positioning of a product or of a range of products. In my work, I have used the PSM price to understand if the two samples perceive the value of the product differently, subsequently resulting in different WTP.

The PSM consists of 4 questions which are answered by the respondent referring to a scale of prices:

1. What price on this scale do you consider [product] cheap?
2. What price on this scale do you consider [product] expensive?
3. What price on this scale do you consider [product] too expensive to ever consider buying it?
4. What price on this scale you do you consider..... [product] too cheap – making you feel that quality is poor?

The main framework of this method is a graph of four intersecting lines. Each of these lines shows cumulative frequency for each of the four price levels across the respondents. The range of reasonable price is the one at the point of the intersection between “too cheap” and “expensive” (named *point of marginal cheapness* or PMC) and the intersection between “cheap” and “too expensive” (named *point of marginal expensiveness* or PME). Moreover, the *indifferent price point* (IPP) is in the intersection of “cheap” and “expensive”, where there is an equal number of respondents that rate the price point as either “cheap” or “expensive”. Finally, the intersection between “too cheap” and “too expensive” can be identified as *optimal price point*, because at this point there is an equal number of respondents that describe the price as exceeding either their maximum or their minimum budgets. Optimal in this sense refers to the fact that there is an equal trade-off in extreme sensitivities to the price at both ends of the price spectrum (Westendorp, 1976).

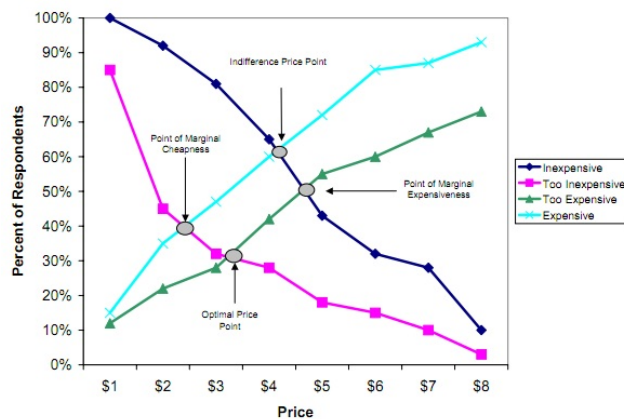


Fig. 2 - Example chart of PSM Model (Re-elaborated version of Westendorp, 1976)

The fourth section of the questionnaire ends with some general questions about Pandora. Firstly, I decided to test the overall perception of the brand, using the brand dimensions highlighted by Keller in the model of CBBE Pyramid. Secondly, I tried to establish what their opinion of the brand name was. The questionnaire’s last questions are socio-demographic questions that have allowed me to perform some bivariate analyses and to test if the answers change with changing socio-demographic variables.

3. Literature review

The aim of this chapter is to review the literature on the country-of-origin concept.

Having considered the major sources, I have focused on:

- studies that analyse how the country-of-origin influences consumer behaviour;
- studies, whose main subject is price offering. Therefore, research which analyses the relationship between the COO and other tangible aspects of the offer, such as price;
- some research on brand management, which investigates the COO in relation to certain concepts, such as: country image (Baumgartner, Jolibert, 1977; Roth, Romeo, 1992), stereotypes related to each country, environmental factors of the country (wealth, performance index, extent of economic development, level of economic development) (Johanson, Nebenzahl, 1986, Cordell, 1992; Dzever, Quester, 1999), and finally some aspects related to production/ideation (brand origin, country of design, country of assembly, country of manufacture) (Han, Terpstra, 1988; Leclerc, 1994; Hui, Zhou, 2003).

As well as the theoretical definition and the model, I am also interested in the methodological aspect of such important and relevant research, which gives me a more practical understanding of how to investigate the Country-of-origin effect.

3.1 From the single-cue to the multi-cue approach

Ditcher's study (1962) was the first to introduce the concept of country-of-origin and to imagine the effect of the COO, which he identified as a "tremendous influence on the acceptance and success of products". His study launched a first generation of literature named single-cue studies, because these consider the COO to be the only factor to influence consumer behaviour.

The first article with specific focus on the COO and which included empirical research was written by Schooler (1965). He analysed in-depth how the geographic origin of the product influences a consumer's assessment of the product itself. He demonstrated that an invisible mental block related to the image the country possess does exist. He also introduced the concept of stereotypes related to consumer evaluation of products.

Some years later Nagashima (1970) highlighted how the country-of-origin effect originates from a prejudice or a stereotype that the consumer has of the country-of-origin. So, according to Nagashima (1970), the focus of the country-of-origin effect lies in the mental representation of the country in the consumer's mind.

If until 1982 studies were totally single-cue, from 1983 onwards multi-cue literature started to establish itself. This literature is more ample and accurate since it analyzes the COO aspect in relation to other factors that influence consumer behaviours and that are equally important and relevant (Dinnie, 2004). For this reason, the literature developed after 1982 (multi-cue literature) is the one that I will review more accurately and I will use for my work.

An important turning point was the article “Country-of-Origin Effects on Product Evaluations” (Bilkey Warren J., Nes Erik A-A, 1982) which contributed to the fact that awareness of the COO shifted “from a fledgling to a growth industry” (Papadopoulos, 1993). This article engendered the first literature review and is considered by different authors to be one of the most significant articles in COO research. In fact, they analysed twenty-five articles, all connected to the main theme: country-of-origin. Each article was analysed taking into account several aspects: respondents, products, research design and methodology (experimental design or questionnaire design).

From this point on, all the research on the COO can be classified as multi-cue, and these consider several factors, not only the COO as an influencer of consumer behaviours. These variables can be classified in three groups: consumer characteristics (gender, level of income, age, education...), product characteristics (price, tradition, brand, country-of-origin, image, reputation...) and economic environment (level of economic development, level of technological growth, GDP). As for the variables related to the economic environment, COO studies should also consider the process of globalization since it is the main reason consumer purchasing habits of international products are changing.

The nature and the intensity of the relationship between the COO and other factors is so complex that it has required numerous studies and a great deal of research in this field. In fact, literature refers to a large number of research studies that investigate the country-of-origin effect and the many factors involved. As well as trying to identify the exact weight of each factor, researchers have attempted to measure the COE with ever increasing precision.

3.2 Diffusion of multi-cue studies

Even if multi-cue studies try to overcome the limits of considering one single factor, some of them are still static and have weak implications. This awareness has led to more dynamic studies which take into account the COE changes over the years.

Several scholars have developed analyses on the direction and timing of the changing COE and have suggested empirical analysis of the consistency of the multi-cue theory. We can identify some

authors and their studies as “milestones who have left an indelible mark in this field” Papadopoulos (1993). Since, the multi-cue analyses focus on a variety of different factors which contribute to creating the country-of-origin effect, the aim of the multi-cue studies is to place these factors in different categories. The most discussed and important categories being: consumer features, country features, product categories and brands.

Anderson, Cunningham (1972) and Han (1988) introduced new concepts and stricter methodological rigour in the identification of the consumer features which make a consumer more responsive to the country-of-origin effect. In particular, they stressed the importance of previous experiences as well as the educational background of a consumer.

Also, characteristics of the country generate different attitudes towards products. For example, the differences in evaluation of the more developed countries with less developed ones are noticeable. This different evaluation is guided in the consumer’s mind not only by economic variables but also by socio-political factors (i.e. if the country is a democratic nation or not).

Thirdly, the product category acts as a mediator in the country-of-origin effect. In fact, it mediates the relationship between the country-of-origin and the behaviour of the consumer (Kaynak Cavusgil, 1983). In particular a study demonstrates that shopping goods and specialty goods consumption is more influenced by country-of-origin than is the consumption of convenience goods (Eroglu Machleit, 1988; Liefeld, 1993; Manrai, Lascue Manrai, 1998). Moreover, other analyses, which are more specific and more focused on certain specific product categories, have investigated the relationship between the product category and the country-of-origin effect (Etzel and Walker, 1974; Roth e Romeo 1992; Papadopoulos e Heslop 2002).

Finally, the brand is an important cue that needs to be considered when analysing the country-of-origin effect. Talking about the interaction between COO and brand, Johansson e Nebenzahl (1986) demonstrate that the brand image is always influenced by the image of the country where the product is manufactured or designed. However, other studies demonstrate that the country-of-origin is considered by a consumer to be a more important influencer than the brand as far as his/her purchasing and consumption decisions are concerned.

However, even these studies concede that when brand knowledge is low the country-of-origin is a relevant cue. If consumers do not have enough information they rely on the Country-of-Origin cue (Pecotich and Ward, 2007; Han and Terpstra, 1988a; Hong and Wyer, 1989).

As for the interaction between the brand and the country-of-origin, Han (1989) conducted important research on the double nature of the Country-of-origin effect. Han (1989) stated that the country-of-

origin can influence consumer preferences and behaviours, acting as a halo or summary. The bottom line of this theory is the idea that the COO can be used as a substitute for product or brand information, thus influencing consumer decision-processes and behaviours.

The halo construct refers to how the information on the country-of-origin influences a consumer who has no direct experience of a specific country and a specific product.

The country image exists a priori; it is an image in the consumer's mind, based on perceptions, feelings and stereotypes, but not on real or direct experience of the country.

The summary construct, on the other hand, refers to the image in a consumer's mind that is built through actual experience, direct or indirect, of the country or of products manufactured in that country.

COO can, therefore, play two roles in a decision-making process: it can act as a halo during the first evolution of a product, and as a summary at a later stage when a consumer has actual experience of the product itself and, indirectly, of the country-of-origin of that product. Regarding the halo/summary effect, several scholars have tried to verify whether familiarity with the product reinforces (Johansson, 1989) or minimises the country-of-origin effect (Laroche, 2005).

3.3 The multidimensional nature of COO: brand image and brand reputation

In the 2000s with the rise of globalization several scholars tried to give an updated view of the phenomenon. In a globalized world several countries can be involved in the process of ideation and production. Moreover, the number of hybrid products is growing, products are designed in one country but manufactured and assembled in another. This often creates confusion in a consumer who, therefore, assigns a country-of-origin to the product based on personal perceptions and feelings.

The original phrase "country-of-origin" implies that design and production occurs in the same country. However, in a globalized world, the expression "country-of-origin" cannot be given its original connotation. The COO must be re-conceptualized by taking into consideration its multidimensional nature. As a result, (as mentioned in the introduction) the phrase "made in" has given rise to other concepts such as "assembled in", "designed in", "engineered in", "manufactured in" and "supplied by" (Han and Terpstra, 1988; Chao, 1993; Ahmed and D'Astous, 1996; Chowdhury and Ahmed, 2009).

In this globalized context, what is really relevant is not simply the origin of the product (where the product is actually manufactured/assembled) but the origin as perceived by the consumer, according

to their perceptions of the product as well as how the brand is associated in the consumer's mind (Johansson et al., 1985; Thakor and Kohli, 1996).

For this reason, studies on COO have become more oriented towards a new concept: product-country image (PCI) (Papadopoulos and Heslop, 1993; Liefeld, 2004) or country image (Roth and Diamantopoulos, 2009). This new concept focuses on the importance of the reputation that a country possesses and what, in a given sector, the international consumer ascribes to it.

As a result of this multidimensional nature of the COO three dimensions for the country image were identified. According to Roth and Dimantopolus (2009) these should be simultaneously considered when analysing the COE:

- the overall image of a country (CI), i.e. the general opinion of a country;
- the image of a country and its products(PCI), i.e. the general opinion of the productive system of a country;
- the images of products from a country (CRPI), opinions on products of a specific category produced in a country.

Similarly, some authors (Roth, Romeo, 1982; Papadopoulos, Heslop, 2002) have used two different approaches to summarize the research of the country image:

- the general country image approach, which analyses the impact of exogenous and endogenous on the overall image of the country (Papadopoulos, Heslop, Bamossy, 1988; Goldberg, Baumgartner, 2002; Laroche, Papadopoulos, Heslop, Murali, 2005);
- the product-specific approach, which analyses the impact of the COO in a specific category of products or services (Nagashima, 1970, 1977; Han, 1989).

Finally, I would like to focus on a third analysis of the country image: the work of Roth and Romero (1992). This research is particularly important in my work because I will use it in my quantitative research, as stated in the methodology section and as will be deeply explained when presenting the data analysis. In order to define the country image and its main dimensions, Roth and Romero identify four factors from which the image of a country in relation to its products can be extracted. These factors are:

- innovativeness, "use of new technologies and engineering advances" (Roth and Romeo, 1992);
- design, "appearance, style, colours and variety" (Roth and Romeo, 1992);
- prestige, "exclusivity, status, brand name reputation" (Roth and Romeo, 1992);
- workmanship, "reliability, durability, craftsmanship, manufacturing quality" (Roth and

Romeo, 1992).

Having outlined three important studies that define the country image, it is important to focus on a concept strictly related to country image: country reputation.

Marino (2011) states that country brand cannot be considered only in its country image dimension, because what really influences consumer behaviour is the country's reputation.

In fact, the country's reputation is strictly related to its power in the economic world, while its reputation in relation to other countries can really influence consumer perceptions and decision-making processes.

According to the stakeholder management approach (Freeman, 1984; Carroll, 1989), country reputation is the global perception that a stakeholder has of a country, considering several aspects of their relationship (direct or indirect) with the country. In this perspective, to manage a country's reputation, the strategic tool for presenting the country's identity to a consumer is the country brand. Moreover, reputation is not the only result of strategic positioning but most importantly it is how a consumer perceives this positioning. For this reason, the concept of country reputation is strictly related to emotional concepts, such as trust or positive/negative feelings. In turn, a consumer's perception of a country's reputation and positive/negative feelings towards that country are related to information and communication. This phenomenon is particularly relevant today, since consumers have easy access to information thanks to the internet and social networks, including information related to country image and reputation.

3.4 Contemporary researches

The contemporary researches about the COE, developed in the years 2000, principally focuses two main themes, which are connected one to each other. The first theme concerns the managerial implications of the COE for the marketing strategies of the companies, especially for the ones working in international markets. The second one, instead, concerns the of the COO in the communicational strategies, which focus on the choice of communicate a product as related with its country of origin

Moreover, the contemporary analysis start to consider the COE applied not only to a country, but to any geographical area (cities, regions, districts, ..) which is able to create positive and strong associations with the products/brand in consumers' mind (Lentz et al., 2006; Andehn e Berg, 2011).

In general the analysis followed the changing of the economic environment of this period, with the aim of identifying how the COE change coherently with the economic and technological development. In fact two are the two most important changes of these years:

- The globalization of the market which led to the standardization of productive process: consumers can find everywhere the same products and firm delocalize their process of production and distribution, choosing sometimes also standardize and international marketing strategies;
- The diffusion of digital technologies that profoundly change the consumer behaviors and increase the power of the consumer in the market (Lambin, 2012).

In this context it is necessary a new interpretation of the role of COO in the marketing activities in particular for international companies. Several studies focused on influence of COO in the consumer decision making process when they have to buy hybrid products, which are products for which the process of design and production is realized in different countries. In fact, one of the main consequences of the globalization is that the companies decide to delocalize the process of production and to realize each phase of this process in different countries, for reason of cost saving. For example it is common to find companies that ideate and design the product in one country, but then the real production of the product is realized in a different country, where the cost of raw materials and workforce is lower. Another common situation is a company that realize the part of a produce in a country and then assemble the final product locally, where the company sell and distribute the products in order to save the transportation cost.

In this context it is important to identify which is the role of the COE in the internationalization strategies of the companies. The main studies concluded that in order to define an international strategy a company need to analyse several aspects concerning the consumer perceptions about the brand elements, included the COO of all the countries involved in the production process.

Considering that several countries are involved and that each of this country can have a positive or a negative image for the consumer, the COE is more complex than what it was before the globalization. The contemporary researches stated that the consumers tend to link the countries of the world with stereotypes and that they use these stereotypes in order to build a consumer identity in their mind. If the product is an hybrid product, of course, all the stereotypes connected with all the countries involved become associations with the brand. Associations connected with different countries can be different and create a misunderstanding in consumer mind and this is very dangerous for the

companies: if the consumer is confused about the characteristic of the brand and its elements the probability to consider the brand in its consideration set is lower.

The reason why consumer use the stereotype about the COO to evaluate the brand and the product is that they don't have enough information about the products themselves. Even if in the last year the consumers, thank to internet and the social media, are better informed and empowered, the number offering in the market is so enormous that it is impossible for them to evaluate each aspect. In this situation, a stereotypes connected with the country of origin (or the countries of origin in case of hybrid product) can help them to make or to reinforce the decision of buying a product, instead of another. The challenge for the companies is to manage efficiently all the aspects that contribute to the brand image in consumer's mind, included the country image of all the countries involved in the design and production process. While some aspect are under the company control (branding, price policy, communication strategy) the effect of the country image tend to get out of their control (Jaffe e Nebenzahl, 2006).

Coherently with what said about the consumer and how they are influenced by the country image in globalized word, the research of A. Pastore (Pastore, 2008) identify two types of consumers: geocentric consumers and ethnocentric consumer. The geocentric consumers usually have a positive perceptions of foreign countries, and sometimes they prefer a priori foreign products. They are usually curious people that aspire to be "world citizen" and that buy products of different countries to live a "melting pot experience". On the contrary the ethnocentric consumers are lovers of product of their native country and they tend to by just this kind of product. They are characterized by a strong sense of identity and affectivity with their own country.

Another important theme, connected to the country of origin effect, and emerged in the last ten years concern the discipline of place branding. Place branding is "the coordinate use of marketing tools supported by a shared customer-oriented philosophy for creating communicating delivering and exchanging urban offering that have value for the place's customers and the place's community at large (Braun 2008).

Manufacturing companies understood that the activities of place branding influence the consumers perceptions of the place of the origin of the products, which in turn influence their perceptions about the products themselves and overall the brand. A place brand is "a network of associations in the consumer's mind based on the visual, verbal, and behavioral expression of a place, which is embodied through the aims, communication, values, and the general culture of the place's stakeholders and the overall place design (Zenker & Braun, 2010), and is strictly connected with the

brands originary of that place. For this reason in a globalized word, with no boundaries and where is competition is not only between companies but also between place (especially between countries), for a company is not enough to build a strong brand, it also need to contribute to the definition of the place brand. In this context place branding has become a central concept for promoting local competitiveness; its goal indeed is to add value to a place in a broad sense, and the manufacturing companies have the commitment and the interest to participate in place branding activities. For this reason companies start to participate to activity of city/country valorization, in collaboration with the municipalities and the private institution of city/place branding.

4. Conceptual frameworks: Country-of-Origin and its effect on brand equity

As explained in the previous paragraphs, the term country-of-origin refers to the geographic origin of a product or a brand that becomes the expression of the cultural, socio-demographical and political values of the product/brand itself. In fact, it can be conceptualized as an indirect indication of the quality of a product or as a guarantee of a brand's promises to the consumers.

Firstly, the variable country-of-origin can influence the brand equity of a brand and its associated dimensions, such as brand image and brand associations, and consequently the consumer's purchasing decisions, in terms of willingness to buy and willingness to pay. In other words, country-of-origin is an important variable when it comes to influencing consumer perceptions of brands and brand images (Pappu, Quester and Cooksey, 2006). These are the main drivers that influence a consumer's decision to buy a product or to spend a premium price for a product.

In this work, I will use the conceptualization of brand equity developed by Aaker (1991) and Keller (1993) which is a marketing (or consumer) perspective, as opposed to a financial one. They use the term consumer based brand equity to which they have both given a definition.

4.1 Country-of-origin and consumer based brand view

Aaker defined the consumer based brand equity as "the value consumers associate with a brand, as reflected in the dimensions of brand awareness, brand associations, perceived quality and brand loyalty". So, according to Aaker, the main dimensions of brand equity are:

- brand awareness, "the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category" (Aaker, 1991 p.61);
- brand associations, "anything linked to the memory of a brand" (Aaker 1991, p. 109);

- perceived quality, “customer’s perception of the overall quality or superiority of a product or service with respect to its intended purpose relative to alternatives” (Aaker 1991, p. 85);
- brand loyalty, “the degree to which a consumer consistently purchases the same brand within a product class” (AMA Definition, 2011).

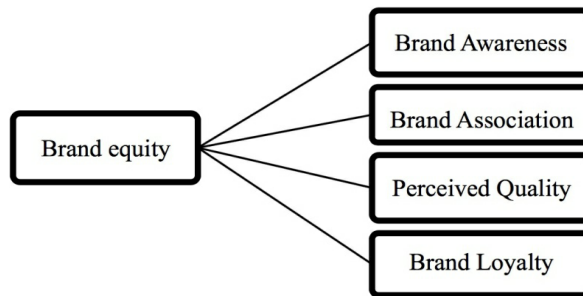


Fig. 3 - Brand Equity Model (Aaker, 1991)

Keller, on the other hand, defined customer based brand equity as “the differential effect of brand knowledge has on consumer response to the marketing of that brand” (Keller, 1993, p.2).

He thought that brand equity could be conceptualized as brand knowledge and, rather than focusing on four dimensions of brand equity, he considered only two of Aaker’s dimensions as components of the brand knowledge/brand equity: brand awareness and brand associations (which he named brand image).

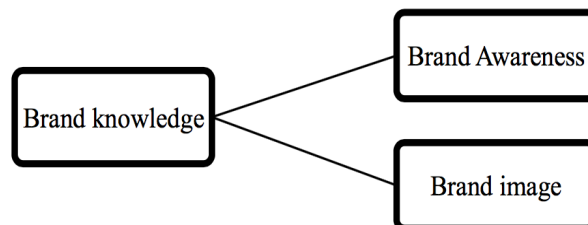


Fig. 4- Brand Equity Model (Keller, 1993)

Brand awareness, as already mentioned in reference to Aaker’s point of view, is the ability to recognize a brand and to remember previous exposure to it (brand recognition) and to recall the brand as a member of a certain product category (brand recall). Brand image according to Keller is the “perception about a brand as reflected by the brand associations held in consumer memory” (Keller, 1993, p.2).

Several authors used Aaker's or Keller's definitions in their analysis of the effect of COO on brand equity and have stated that the country-of-origin influences the brand equity by influencing these four main dimensions, which are mediating variables. In particular, this concept is explained by Yasin, Noor and Mohamaed (2007) who developed the following clarifying model:

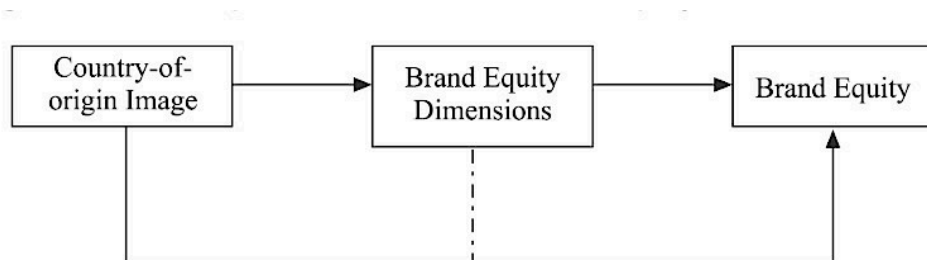


Fig. 5 - A Conceptual framework of brand equity (Yasin, Noor and Mohamaed, 2007)

This model considers the COO as the independent variable, the brand equity as the dependent variable and the four dimensions as mediating variables. Firstly, looking at this model it is important to understand how brand awareness, brand image (or brand associations), brand perceived quality and brand loyalty influence brand equity. Secondly, at how the COO influences brand equity through the four dimensions.

Brand awareness is very important for brand equity because only if a consumer is aware of a brand and has the ability to recognize and to recall it, is there the possibility that the brand will be part of a consumer's consideration set¹¹.

Brand associations, on the other hand, are all the beliefs, perceptions, ideas and opinions that a consumer has about a brand, which contribute to a specific brand image. Also, brand associations constitute a very important dimension of brand equity since more positive and unique are the associations connected to a brand in a consumer's mind, more likely is a consumer to purchase the brand and eventually become loyal to it. According to Aaker, perceived quality is not just another brand association but it is elevated to the status of a separate dimension of brand equity that is very important in a consumer's decision-making process.

Finally, it is easy to explain why brand loyalty creates value for a brand. Aaker stated that the equity of a brand depends on people that are loyal to a brand, that is the people who purchase it regularly, since they represent a regular revenue for the firm. Moreover, if consumers are loyal to a brand it

¹¹ Consideration set is the "group of alternatives that a consumer evaluate in making a decision" (AMA)

means that they prefer this brand to the competitor's, assigning greater value to it than to others. To understand how the Country-of-origin influences the four dimensions of brand equity we can use the associative network memory model developed by Anderson (1993). This model was also used by both Aaker and Keller to explain brand equity; therefore, it is quite consistent to use this model here. According to this model, in every consumer's mind there is a network connected to a brand. This network is made up of nodes and connecting links: the nodes represent information or concepts about the brand while the links represent the strength of associations between these concepts. Several authors, including Keller and Aaker, have stated that this associative network represents brand image. Considering the definition of brand image presented above (see p. 16), it is easy to understand that these associations represent the brand image and that they do influence consumer behaviour and decision-making processes.

Both Aaker (1991) and Keller (1993) have stated that the COO is a second brand association (part of the association memory network) and it can influence brand equity. In fact, the COO can be seen as one of the associations that guide a consumer's perception of a brand, "an extrinsic cue, which, similar to brand name, is known to influence consumers' perceptions and to lead consumers to cognitive elaboration" (Pappu, Quester and Cooksey, 2006, p. 699). According to Ahmed et al. (2002), "COO affects consumer perceptions first and behaviour as a purchasing cue for indicator of quality, as symbolic and emotional connection to consumer and as a link with consumer's social and personal norms" (Panda and Misra, 2014).

Over the years, many studies have analysed how the COO influences the branding strategies and its outcomes. Several scholars have found that both brands (and brand names) and their country-of-origin are factors that influence a consumer's perceptions of quality, uniqueness and favourability (Chu et al., 2008; Lots & Hu, 2001; Tse & Lee, 1993; Pappu et al., 2006; Kim, 1995).

4.2 Customer based brand equity Pyramid

Having established the two main definitions of brand equity and given a general description of how the COO influences a brand and its equity, I would like to focus on the brand equity model developed by Keller (2001): the CBBE pyramid (Customer-Based Brand Equity Pyramid). This model is of particular importance to my research because I will use it to identify the brand equity of two different "Made in" concepts (considering the "made in <country>" as a brand for all intents and purposes), their differences and how the COO influences the brand equity pyramid of a particular brand.

According to this model, the process of building brand equity can be seen as a four-steps process. Each step is characterized by an important question (Keller, 2001):

1. Who are you? (brand identity)
2. What are you? (brand meaning)
3. What about you? What do I think or feel about you (brand responses)
4. What about you and me? What kind of association and how much connection would I like to have with you? (brand relationships)

The first step is to ensure that consumers are aware of a brand and that they associate it to a specific product category. The second step is to establish the meaning of a brand, by identifying a network of brand associations in consumers' minds. It involves creating a brand image, which is the representation of a brand in consumers' minds. The third step is identifying consumers' feelings for, and opinions of, a brand. Finally, the last step involves converting these brand responses into a strong and lasting relationship between a consumer and a brand. These four steps are sequential. This means that none can be fulfilled unless the previous step has been completed.

Considering that creating the right brand identity, brand meaning, brand responses and brand relationships is a very difficult process, Keller's model provides some practical guidelines. The structure of Keller's model identifies six building blocks, all of which need to be followed to fulfil all four steps. The building blocks are assembled to form a pyramid, where the first step is connected to the building block at the base of the pyramid and the last step is connected to the building block at the top. The pyramid reflects the sequential structure of the phases and the importance of the step at the bottom to complete the ones at the top. Only by reaching the pinnacle of the pyramid can a strong brand equity be built, and this is possible only if the all the building blocks are completed.

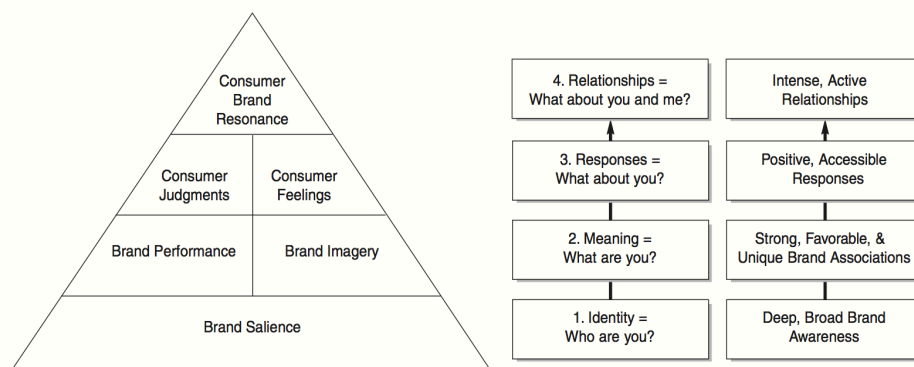


Fig. 6 - Customer-Based Brand Equity Pyramid (Keller, 2001)

I would like to briefly illustrate each step of the building blocks in this pyramid.

Brand identity is connected to the brand salience building block. Therefore, according to this model, the only way to create the right brand identity is by working with brand salience. Moreover, the brand salience/identity is at the base of the pyramid, so only by completing the brand salience step is it possible to climb to the top of the pyramid, thus creating a strong brand equity.

“Brand salience relates to aspects of customer awareness of the brand” (Keller 2001), i.e. how often a brand is evoked in various situations, to what extent a brand is easily recognized or recalled, to what extent a brand is at the top of the list of a specific product category. On a broader and more abstract level, brand salience is the extent to which a consumer knows which of his/her needs are satisfied by products in a certain brand category.

Brand meaning, on the other hand, is connected to two building blocks: brand performance and brand imagery. This is because brand meaning is the sum of brand associations in a consumer’s mind. Despite the noticeable difference of each brand association, we can identify two main dimensions which respectively represent the two building blocks: performance-related associations (functional associations) and imagery-related associations (abstract associations).

Brand performance relates to the way a brand, through its products/services, can satisfy the functional needs of a consumer. In other words, in terms of product-related characteristics and benefits, brand performance refers to the functional and intrinsic characteristics of the brand itself.

Keller (2001) identifies five categories of performance-related associations:

1. primary characteristics and secondary features;
2. product reliability, durability and serviceability;
3. service effectiveness, efficiency and empathy;
4. style and design;
5. price.

For a brand, each of these five dimensions can be a point of parity (PoP) or a point of difference (PoD) (Keller, Ostillio, Busacca) over a competitor brand. To maintain its market power, it is important for a brand to strengthen its PoP, while to differentiate itself from the competition and to gain competitive advantage it must create new PoDs. Brand imagery, instead, refers to “the extrinsic proprieties of the product or service, including the ways in which the brand attempts to meet consumer psychological or social needs” (Keller, 2001). In other words, brand imagery is “what the brand is” and “what it can do” as perceived by consumers.

Keller (2001) identifies four main dimensions of brand imagery:

1. user profiles;
2. purchase and usage situations;
3. brand personality and values;
4. history, heritage and experiences.

The third step, brand response, deals with consumer response to a brand and its marketing strategies. In other words, brand response is what a consumer feels or thinks about a brand. The objective of brand management is to create positive responses to a brand and to generate positive feelings around it. Brand responses can be either rational i.e. brand judgments, or emotional i.e. brand feelings.

Brand judgments are a consumer's overall evaluation of a brand which includes how a consumer gathers all performance-related and imagery-related associations to make an overall judgment. The main features of brand judgments are: brand quality, brand satisfaction, brand credibility, brand consideration and brand superiority.

On the other hand, brand feelings are a consumer's emotional responses and reactions to a brand. Brand feelings can be separated into:

- experiential and immediate, which exists only at the moment of purchase/consumption
- private and enduring, which becomes part of the life and value system of the consumer.

Keller (2001) identifies three experiential-immediate feelings (with increasing levels of intensity): warmth (in terms of calm/peaceful) fun and excitement. Moreover, he identifies three further major enduring-private feelings (increasing in levels of intensity): security, social approval and self-respect.

The final step of the model is brand relationships. It focuses on the "ultimate relationship and the level of identification that the costumer has with the brand" (Keller, 2001). The building block of here is brand resonance, which refers to the extent a consumer feels in sync with a brand. In other words, brand resonance is characterized by the strength and ongoing psychological relationship between a brand and a consumer and by the loyalty it generates. According to Keller, (2001) the four dimensions of brand resonance to be analysed are: behavioural loyalty, attitudinal attachment, sense of community and active engagement. Only when these four aspects are fulfilled does a brand have strong brand resonance, which results in active, intense and ongoing relationships between a consumer and a brand. This building block is the final step needed to create strong brand equity, and, as mentioned above, this is not possible unless the four preceding building blocks have been built.

4.3 Brand name as an important brand element and its role in the COE

Branding experts identify brand elements as: name, logo, symbols, URL, characters, slogan, jingle and packaging (Keller, Busacca and Ostilio, 2005).

These brand elements are the distinguishing marks of a brand which differentiate a brand from its competitors. Various research studies analyse the strengths and weaknesses of these brand elements as well as the importance of selecting and combining the right elements to create a strong brand identity.

Considering the multidimensional identity of a brand, it is important to underline that the most important brand element is probably the brand name.

The brand name identifies the essence of a brand: without a name, a brand cannot exist and it cannot be identified or recognized by consumers.

4.3.1 Brand name: definition and role

In marketing literature a common theory is that the potential of a brand is the sum of tangible and intangible features, of which the brand name is the most important. The value of a brand lies in its ability to create connections between brand elements which in turn develop strong, unique and positive associations for the brand itself.

For this reason, the challenge brand managers face when planning a branding strategy is addressing and understanding the motivation and needs of their target. Only with logical and consistent branding strategies can a brand attract new consumers and retain their loyalty. Therefore, the importance of the brand name is quite clear: the name is the first thing that catches the attention of a consumer.

One of the main characteristics of human rationality is the ability to identify an entity and its elements and to create a concept consistent with these elements. The first step of this process is naming the entity, after which it is classified and categorized. An individual has the ability to develop concepts consistent with the essence of a brand, and a name represents these concepts in a consumer's mind. Through a brand name a consumer can share information and feelings with other consumers.

Taxonomy gives us a better understanding of the importance of a brand name. Taxonomy (from greek τάξις, taxis, "arrangement ", ε νομος, nomos, "method") is the classification and naming of

things and need to classify, categorize and recognize them is part of human nature. This need, in an economic context, is translated into the need for a clear definition of the different types of goods offered and for a clear distinction between brands. An analysis of a brand name will confirm that a name plays a relevant role in the process of classification. In fact, a brand name has the power to recall feelings, sensations, opinions and images of a brand in a consumer.

In her research Beatrice Ferrari analyses the lexical, technical and commercial aspects of a brand name (Ferrari, 2002). According to Ferrari, a brand name plays three different roles:

- a marketing role, i.e. positioning a product on the market, consistently with brand mission/vision and so that it stands out from the competition;
- a linguistic/semantic role, i.e. the ability to remember and easily pronounce a brand name,
- a legal role, where a brand name (and its domain on the web) is legally protected.

In conclusion, a brand name is not only an essential element in any relationship between a brand and its consumers, but it is also essential to the rest of the market (suppliers, retailers, competitors, etc). A product presents itself with its brand name in order to create and develop a relationship to communicate with others.

4.3.2 Foreign branding and its role in the country of origin effect

I would like to conclude this chapter by presenting the foreign branding strategy.

Foreign branding is “the strategy of spelling or pronouncing a brand name in a foreign language” (Leclerc et al., 1994, p. 263), with the aim of directing consumers to desirable product associations. This strategy was used by the Baoxiniao Group Co., a Chinese producer of men’s suits, that chose a French-sounding brand name *Carl Bono* to evoke French clothing style associations in consumers’ mind. Another example is the Chinese refrigerator brand *Haier*, a German-sounding name to evoke the functionality and durability of goods associated with German appliances.

This strategy is based on the hypothesis that when a consumer purchases/consumes a particular product he/she tries to justify his/her choice. To justify their choice, consumers use salient product characteristics, such as a brand name, to infer product benefits.

Keller et al. (1998) demonstrated that “just the semantic meaning of a brand name can enable consumers to infer certain benefits of the product and consequently enables its justification” (Melnik, Klein and Volckner, 2009). Moreover, when a brand name evokes a particular country it is attached to associations with the country of origin, and both contribute to justifying their purchase.

Therefore, considering what drives consumers' decision-making processes, this strategy can be very effective. However, a problem arises when a consumer discovers that the foreign-sounding brand name is actually inconsistent with the country-of-origin.

In fact, both a brand name and the "made in" labels can elicit country associations. Where there is an inconsistency between these two, the "corresponding country associations are likely to be diluted in consumers' minds and this, in turn, makes consumers' justification of the product purchase more difficult" (Melnyk, Klein and Volckner, 2009). In other words, inconsistency leads to a dilution of a brand's image and to poorer quality perceptions in consumers' minds (Keller 1993), consequently the likelihood of purchasing the product is reduced.

The managerial implications of these findings (Melnyk, Klein and Volckner, 2009) is that when a product category has favourable country associations it can be a good idea to use a foreign sounding brand name which recalls that country. However, a company should avoid doing this when the actual country of origin is explicit, in particular in sectors where regulations prescribe the mandatory labelling of the country of manufacture.

5. Qualitative research: main findings

Before starting collecting data for the analysis, I developed a qualitative research made up of 10 in-depth interviews of women aged 21 to 50 (coherently with the target of the study). The aim of the qualitative research was twofold. Firstly, I wanted to test if the structure of the research design was clear and effective for its scope. Therefore, the interviews are structured like the questionnaire (research design seen in chapter 6)¹². The second objective of this qualitative research was to obtain some of the qualitative insights that are inevitably lost in the quantitative research; in particular, the qualitative perception of respondents about the two made in assigned to Pandora and Pandora's brand name.

The aim of the first part of the interview was to introduce the concept of COE to respondents and investigate if they think that this effect influences their purchasing decisions. Moreover, I tried to test if the typical stereotypes about the COO (i.e. Germans white goods are the best or Italy is the hometown of Fashion) still exist. I did so interactively by presenting some cards to the respondents and asking them to rank the card according to their favourites COO for different product categories.

All the respondents seemed interested in the topic of my research and all confirmed that the COE influences their buying and consumption decisions even if only in some sectors. The sectors that are more frequently associated with the COE are: food, fashion products, white goods, jewellery and cars. The stereotypes do seem to exist because all the respondents ranked German white goods highly, while all respondents placed Italy at the top when it came to buying clothes or accessories (fashion products). This perfectly reflects the main European countries stereotypes.

The second part aims to understand respondents' overall perceptions of Made in Italy and Made in Denmark. It was a way to understand if the respondents' perceptions of their own country are more positive than perceptions of a foreign country, also considering that the interviewees are all Italian. The questions were very open questions to allow respondents to brainstorm about the two made in brands (such as "which are the first three words that come to mind if I say Made in Italy/Made in Denmark?"). All the answers I gathered were placed in two *Word Clouds*¹³, one for Made in Italy and one for Made in Denmark.

¹² the interview protocol can be found in the appendix

¹³ Word cloud is picture or visual made of words; the more a specific word appears in a source of textual data (such as a speech) the bigger and bolder it appears in the word cloud (AMA)



Fig. 7 - Made in Italy Word Cloud (Author's elaboration)

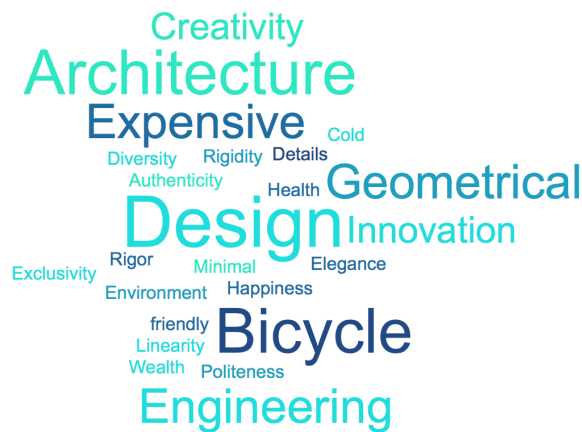


Fig. 8 - Made in Denmark Word Cloud (Author's elaboration)

Furthermore, a very useful technique for understanding respondents' perceptions without influencing them was the ZMET technique (*Zaltman metaphor elicitation technique*). The ZMET technique is a market research tool developed by Dr. Gerald Zaltman at the Harvard Business School in the 1990s (En.wikipedia.org, 2017). Zaltman described it thus, "A lot goes on in our minds that we're not aware of. Most of what influences what we say and do occurs below the level of awareness. That's why we need new techniques: to get at hidden knowledge - to get at what people don't know they know" (En.wikipedia.org, 2017).

To this end Zaltman developed a technique that elicits conscious as well as unconscious thoughts by exploring people's non-literal or metaphoric expressions. There are several variations of the ZMET, which nevertheless always involve the usage of images and pictures, which represent the metaphors of the respondent's thoughts. In my case the ZMET technique consists in asking respondents to choose more or less ten images from some magazines which in their view represent Made in Italy and Made in Denmark respectively. Respondents can also write some words or draw something in order to complete their work.

The final collage that they produce is their representation of these two brands, and the respondents are not influenced in this process which has the merit of explaining their unconscious and emotional thoughts. I would like to present some of the most representative and interesting collages.



Fig. 9 Collage **Made in Italy 1**



Fig. 10 Collage **Made in Italy 2**



Fig. 11 Collage **Made in Denmark 1**



Fig. 12 Collage **Made in Denmark 2**

The most important finding of this technique is that there are some concepts that are present in all collages, especially some categories of products. The Made in Italy collages always present aspects related to the world of fashion, brand names of big Italian fashion companies, clothes from the latest fashion collections but also accessories, such as bags and jewellery. The Made in Denmark collages, on the other hand, the images of all respondents represent design.

The third part of the interview focused on jewellery consumption and buying behaviours. I asked respondents when (how often in a year) and why they bought jewellery, what were the first brands of jewellery that came to mind and which of these brands were Italian, in their opinion. Almost all respondents mentioned Pandora as a top-of-the-list brand, and 7 out of 10 respondents thought that Pandora was an Italian brand. I used the technique of the competitive positioning map¹⁴ in order to identify how respondents perceive the different jewellery brand. The map below is the result of the average map of all respondents:

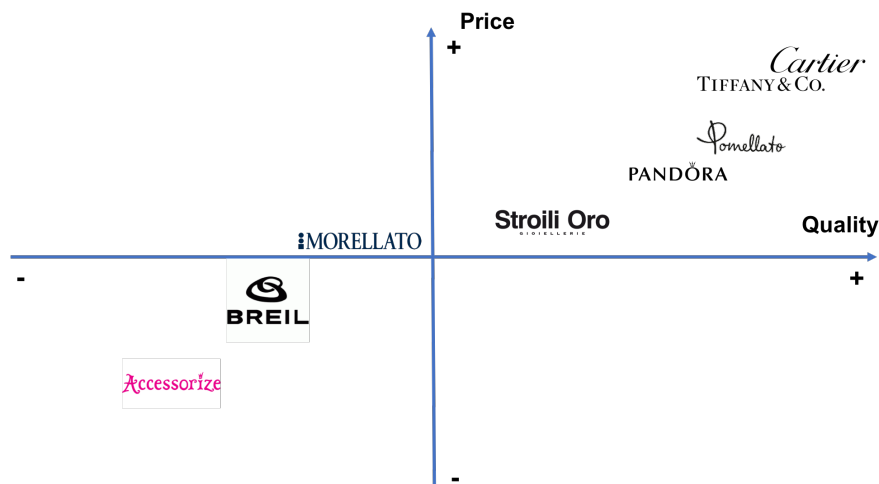


Fig. 13 - Made in Denmark Word Cloud (Author's elaboration)

The final part focuses on Pandora's charm bracelet with the aim of testing if the experiment in the questionnaire is clear and effective. The result of this test was positive: the experiment was effective. Moreover, the output of this part of the interviews was to better understand respondents' overall perceptions of Pandora. One important finding about respondents' perceptions of Pandora is that 70% of respondents believed Pandora to be an Italian brand, mainly because the name of the brand evokes an ancient Greek myth and the Mediterranean culture, hence the association with Italy.

¹⁴ competitive positioning map is the visual plotting of specific brands against axes, where each axis represents an attribute that is known to drive brand selection (usually quality and price)

6. Quantitative research: data analysis

This chapter includes the main part of my work: the analysis and interpretation of the collected data. Before starting the analysis, I studied the data audit to ensure the most reliable results possible, as briefly described below.

First of all, I had to decide how to deal with missing values. I decided not to replace missing values with other values (i.e. mean, median), which would have manipulated respondents' answers. Therefore, wherever a value was missing that case was not taken into account in the specific analysis. In order not have a different number of respondents per different questions and therefore a misleading response percentages, I decided not to consider any answers where even only some data was missing. Therefore, I discarded all cases that did not fully complete the questionnaire, according to the *listwise* deletion method. Although this procedure has the drawback of reducing the number of cases on which to work (from 380 to 299), I focused on achieving the most reliable results possible and substituting missing values with arbitrary data would have gone against this principle. Moreover, the number of cases without missing values was sufficient to obtain significant results, thus deleting the missing values had no negative impact on the statistical significance of the results.

A second important decision concerning the data audit was dealing with outliers. The outliers were considered case by case depending on the question involved. However, problems related to outliers might have emerged only where questions contained continuous variables (in particular the questions of the PSM model related to willingness to pay) since all the other questions were set specifically to avoid all outliers.

Finally, I would like to conclude by clarifying that the data was analysed using the software SPSS (Statistic Package for Social Science), the advanced static software developed by IBM, and with the support of Excel (Office Calculation Software).

6.1 Sampling

Of the 380 completed questionnaires 81 were discarded because of missing data, leaving 299 questionnaires to work with. For the purpose of my research the interview included Italian women aged 16 to 49, Pandora's client target. Therefore, the aim of first two questions was to identify which respondents fitted the target. The questionnaire immediately excluded respondents that were men (32) and non-Italians (10), thus reducing the number of suitable questionnaires to 257. These were then randomly divided into two sample groups, sample DE and sample IT, composed of 122 and 135 respectively. Considering that the two sample groups were random their socio-demo

characteristics are independent and homogenous. I have therefore described the entire sample (257) without considering the two divided sub-samples. Using the socio-demographic information I was able to outline the main points of the sample's profile in the following table:

| Variable | Levels | Absolute frequency | Relative frequency* |
|-------------------------------|--------------------|--------------------|---------------------|
| Gender | Woman | 267 | 89,30% |
| | Man | 32 | 10,70% |
| Nationality | Italians | 257 | 96,25% |
| | Not Italians | 10 | 3,75% |
| Age | 16-24 | 99 | 38,52% |
| | 25-35 | 55 | 21,40% |
| | 36-49 | 103 | 40,08% |
| Geographical origin | North | 163 | 63,42% |
| | Centre | 48 | 18,68% |
| | South and islands | 46 | 17,90% |
| Professional situation | Student | 61 | 23,74% |
| | Intern | 24 | 9,34% |
| | Public employee | 100 | 38,91% |
| | Private employee | 33 | 12,84% |
| | Manager/Director | 7 | 2,72% |
| | Independent worker | 17 | 6,61% |
| | Housewife | 2 | 0,78% |
| | Retired | 6 | 2,33% |
| | Unemployed | 7 | 2,72% |

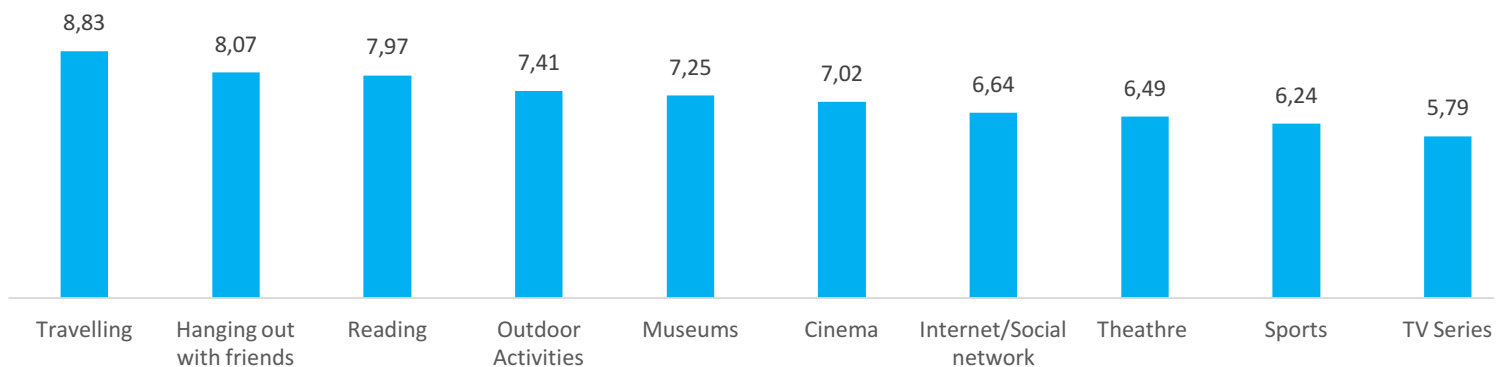
*The first two relative frequencies are calculated out of 299; the others are calculated out of 257, the actual number of the sample

Tab. 2 - Sample's profile (Author's elaboration)

As far as age is concerned, the sample is homogenous with more or less the same percentage of younger (38,52%) and older people (40,08%); the group with fewer respondents is the one aged 25-35. Geographically there are many more respondents from northern (63,42%), than from southern and central Italy.

Finally, looking at respondents' professional situation, we find that approximately 33% are students or interns, 61% are workers and the remainder are homemakers, retired or unemployed. Among the workers, the majority are public employees, as shown in Table 2.

Moreover, for a better understanding of the sample profile respondents were also asked how they prefer to spend their leisure time, rating ten activities from 1 (not at all) to 10 (very much). The graph below shows the average rate for each activity:



Graph 1 - Respondents' leisure time favourite activities (Author's elaboration)

As shown in the graph all the activities are popular: all have above-average values (5 out of 10) with favourite activities being travelling, hanging out with friends and reading.

6.2 Country-of-Origin still influences consumers in some product categories

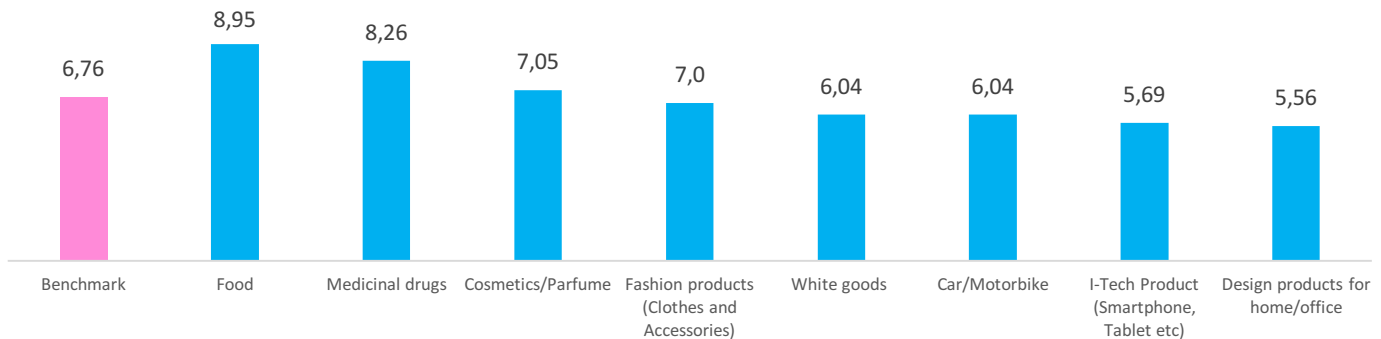
The aim of the third question of the questionnaire¹⁵ was to answer an important question: does the country of origin still matter, in consumers' opinion? In particular, respondents were asked to rate if and how much the country of origin was important to them (from 1=not at all to 10=very important), considering different product categories, and I analysed the mean of the answers for each product category.

Before proceeding with the means analysis, a T-test (significance 5%) between all the possible pairs of means variables (Paired sample T test) was performed to check the significance of the differences between them and, therefore, the validity of their interpretation. The T-test showed that the majority of variables have significantly different means (P value < 0,05). The only pairs of variables

¹⁵ the questionnaire can be found in the appendix

whose means were not significantly different are: White goods -Car/Motorbike (P value=1) and Hi-tech products –Design products (P value= 0,439).

The results of this analysis are shown in the following graph:



Graph 2 - Respondents' perception of the COO importance considering different product categories (Author's elaboration)

All the values are above the average scale value (which is 5 considering the 10-point scale). This means that respondents consider the country-of-origin important in their buying decisions in all product categories. If we calculate the mean of this average values we obtain a rating of 6.76 meaning that country of origin, irrespective of product categories, is fairly important in consumers' buying decisions. We can use this value as a benchmark to identify the product categories which respondents consider to be more influenced by the country of origin. These product categories are: food, medicinal drugs, cosmetics/perfume and fashion products. In particular food and medicinal drugs are rated higher than 8.0 (out of 10). This is probably because these two product categories are related to health and personal well-being. Cosmetics/perfume are also rated above the benchmark, followed by fashion where the rate is almost equal to the benchmark. These two latter product categories share a point: they are personal care products, intended to improve one's appearance, which can boost self-esteem. In conclusion, the four product categories which the country-of-origin influences most are those more closely related to personal well-being, in terms of both health and appearance .

This question is too direct and therefore limited: consumers are directly asked their opinion on the extent COO influences their buying decisions. This type of question elicits only a conscious response, while unconscious thoughts are lost entirely. Moreover, respondents may be influenced by their cultural and social background, which may push them to give a socially acceptable answer (i.e. I rate the country of origin of food because nowadays society is extremely concerned about food and its

provenance). My questionnaire included questions which overcame the limits of this type of question. I used this question just to introduce the topic of my research and to get a direct response.

6.2.1 Stereotypes about COO still exist and influence consumer

After a question which included all the product categories, each of the following questions focused on a single product category asking respondents to rate some European countries, according to their COO preferences. I chose to consider only European countries (and not for example the USA or Japan) to avoid confusing respondents with too many different countries. Another reason for using only “European countries” was because the stimulus in the fourth part of the research questionnaire uses two European made in (made in Denmark and made in Italy).

The aim of this test was to understand whether some stereotypes which link a country to a product category (i.e. Italy-Fashion or Germany-White goods) still exist.

Stereotype 1 “Italy is the house of Fashion”

The results of the question “Imagine that you have to buy a fashion product (clothes or accessories). Rate the country of origin of this product (from 1 = do not like it at all to 10 =very much)” are shown in the following table, where the average value of appeal of each country of origin for “fashion products” is given:

| | <i>Benchmark</i> | <i>Denmark</i> | <i>France</i> | <i>Germany</i> | <i>Italy</i> | <i>Spain</i> | <i>Sweden</i> | <i>Switzerland</i> | <i>UK</i> | <i>Russia</i> |
|-------------|------------------|----------------|---------------|----------------|--------------|--------------|---------------|--------------------|-----------|---------------|
| <i>Mean</i> | 6,71 | 6,04 | 7,58 | 6,08 | 9,12 | 7,27 | 6,53 | 6,19 | 6,68 | 4,92 |

Tab. 3 - COO preferences for fashion products (Author’s elaboration)

Even in this case a *paired sample T-test* (significance 5%) was carried out to check the significance of the differences between the means. According to the T-test the only pairs of variables where the means do not differ significantly (P value > 0.05) are: Denmark-Germany (P Value= 0.671), Denmark-Germany (P Value=0,199) and France-Spain (P Value=0,013) and Germany-Switzerland (P=0.387).

Italy does not appear in these 4 pairs so the conclusions here presented are statistically significant.

As seen in Table 3 Italy has the highest rating, almost the maximum in the 10-point scale. Comparing the Italian value with the benchmark it is clear to what extent Italy is considered the preferred country of origin for fashion products, as per the above-mentioned stereotype.

Stereotype 2 “Denmark and Sweden are the birthplace of Design”

The second product category I focused on is Design, a term that in this study concerns furniture (home and office) design products. The aim of question “Imagine that you have to buy a design product (for your apartment or office). Rate the country of origin of this product (from 1 = do not like it at all to 10 = very much)” was to test whether stereotype 2 exists in Italy. The results of this question, always considering the average values are:

| | <i>Benchmark</i> | <i>Denmark</i> | <i>France</i> | <i>Germany</i> | <i>Italy</i> | <i>Spain</i> | <i>Sweden</i> | <i>Switzerland</i> | <i>UK</i> | <i>Russia</i> |
|-------------|------------------|----------------|---------------|----------------|--------------|--------------|---------------|--------------------|-----------|---------------|
| <i>Mean</i> | 7,06 | 7,48 | 7,3 | 6,65 | 8,9 | 6,93 | 7,78 | 6,48 | 6,66 | 5,36 |

Tab. 4 - COO preferences for design products (Author’s elaboration)

The T-test in this case shows that the only pairs of variables where the means do not differ significantly (P value > 0.05) are: Germany-Switzerland (P Value= 0.136), Germany-UK (P Value=0,953) and France-Spain (P Value=0.013) and Switzerland-UK (P=0.144). Therefore, the significance of Denmark and Sweden is not compromised.

The first thing that I would like to highlight here is that the benchmark is really high (7,06 out of 10): this means that all the countries in the list are considered good producers of design products (except for Russia, which is the only country with a low rating).

Secondly, we can state that in this category Sweden and Denmark are in second and third place. This means that they are recognized as very good producer countries (in line with stereotype 2). However, there is a country with a higher rating: Italy. Considering that the respondents are all Italian these results show a preference for national products as far as design is concerned.

Stereotype 3 “Germany is the most reliable country, this is why German white goods and cars are the best and the safest”

Germany is well known for the reliability of its products, in particular cars and white goods. People have always thought German cars to be the safest and of the highest quality and German white goods the most durable. The analysis of the average values for each country confirms this.

In fact, Germany has the highest rating in both product categories, with values almost at the top of the scale (8.6 for cars and 8.81 for white goods).

| | <i>Benchmark</i> | <i>Denmark</i> | <i>France</i> | <i>Germany</i> | <i>Italy</i> | <i>Spain</i> | <i>Sweden</i> | <i>Switzerland</i> | <i>UK</i> | <i>Russia</i> |
|-------------|------------------|----------------|---------------|----------------|--------------|--------------|---------------|--------------------|-----------|---------------|
| <i>Mean</i> | 7,01 | 7,04 | 6,44 | 8,6 | 7,71 | 6,1 | 7,64 | 6,9 | 5,24 | 7,42 |

Tab. 5 - COO preferences for cars (Author’s elaboration)

| | <i>Benchmark</i> | <i>Denmark</i> | <i>France</i> | <i>Germany</i> | <i>Italy</i> | <i>Spain</i> | <i>Sweden</i> | <i>Switzerland</i> | <i>UK</i> | <i>Russia</i> |
|-------------|------------------|----------------|---------------|----------------|--------------|--------------|---------------|--------------------|-----------|---------------|
| <i>Mean</i> | 6,68 | 6,04 | 6,98 | 8,81 | 7,9 | 6,11 | 6,86 | 5,98 | 6,58 | 4,89 |

Tab. 6 - COO preferences for White Goods (Author's elaboration)

The T-test in both case shows all the pairs of variables with means that differ significantly (P value < 0,05). Therefore, the interpretation of these results is perfectly valid.

6.3 Country-of-origin influences consumers when they purchase a bracelet

While the aim of the part of the questionnaire described in chapter 8.2 is to understand the general findings on the effect of the country of origin, this is where research is more specific and detailed. As mentioned, the questions analyzed up to this point are limited in that only the conscious thoughts of the respondents are considered. From here on, instead, the aim of the study is to identify respondents conscious and unconscious perceptions by indirect analysis of respondents point of view.

This is done in two different ways:

- Two-samples analyses, which involve comparing the results of the two independent sample groups (and which includes the experiment);
- Conjoint analysis, to indirectly understand the importance of certain attributes in buying decisions without asking respondents direct questions.

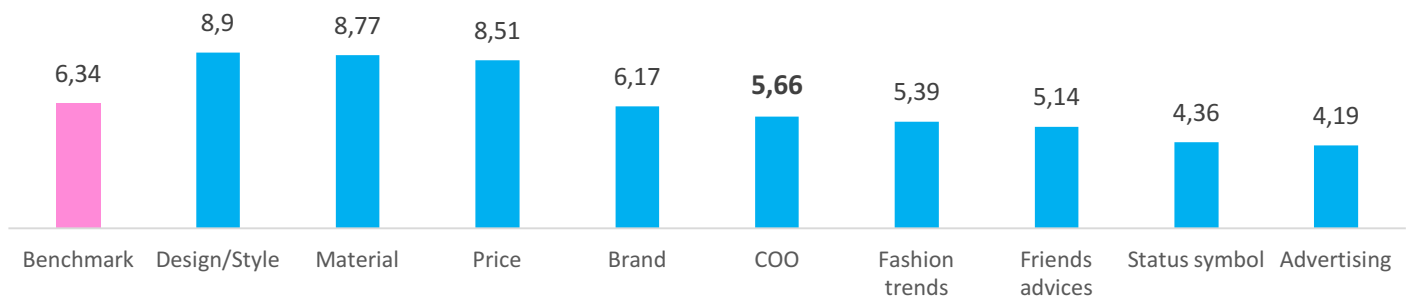
Even if in the structure of the questionnaire (see appendix) means that I would now have analyzed other questions, in this paragraph I focus on the conjoint analysis, while the next paragraphs focus on the entire two-samples analysis.

6.3.1 Most relevant factors when buying a bracelet

For the conjoint analysis an introductory question was required: "Imagine you have to buy a bracelet, how important do you rate the following factors?" (considering the 10 point Likert scale). The data resulting from this information was analyzed considering the average values for each driver of purchase. For this reason, here I also conducted a T-test to check the significance of the

differences and, therefore, their validity. Consistently with the test the majority of the variables differed significantly ($P \text{ Value} < 0,05$). The only factors with means that do not differ significantly are: Material-Design, Advertising-Friends advice, Advertising-Status symbol, Country of origin-Fashion trends. The results of this analysis are given in the following graph:

Graph. 3 - Bracelet drivers of purchase (Author's elaboration)



The drivers considered most important in a bracelet buying decision are functional variables: Design/Style, Material and Price, all with an average importance value greater than 8.5 out of 10. While the values of the emotional drivers, such as status symbol and advertising, are very low (4.36 and 4.19 respectively).

The COO, which result is highlighted for the scope of this study, has an average position: it is the fifth driver in importance, with a score of 5.66 which is lower than the benchmark (6.34) but higher than the average value (5.0) of the scale. This shows a positive attitude in considering the COO when buying a bracelet, even if not as strong as other drivers (design, material, price and brand).

To verify if the importance of these drivers is the same for all respondents (based on their socio-demographic features) I conducted two bivariate analyses, crossing the result of this question with the age and the profession of respondents.

Before proceeding with the first bivariate analysis, I performed a test (ANOVA) to check if there was a significant relation between age and the importance attributed to the purchase drivers. The

ANOVA table shows that only four variables are significant in this bivariate analysis (P value =0 for all four): Fashion trends, Friends' advices, Status symbols and Advertising. These are the emotional variables, which scored lowest in the univariate analysis. The score of the other variables is homogenous in the different age range, so the bivariate analysis is of no statistical significance here (P Value >0,05).

The table below shows the different average rating of these variables for the different age ranges:

| Age | <i>Fashion trends</i> | <i>Friends' Advice</i> | <i>Status Symbol</i> | <i>Advertising</i> |
|--------------|------------------------------|-------------------------------|-----------------------------|---------------------------|
| 16-24 | 6,25 | 5,69 | 5,37 | 5,21 |
| 25-35 | 5,38 | 5,78 | 4,47 | 4,13 |
| 36-49 | 4,57 | 4,27 | 3,32 | 3,18 |

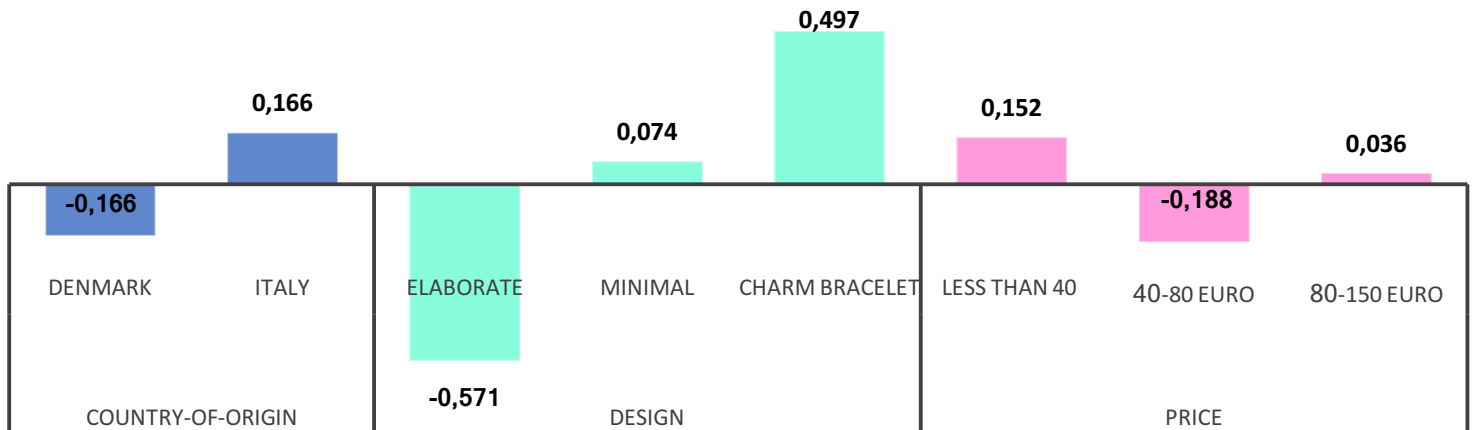
Tab. 7 - Purchase drivers by age (Author's elaboration)

The four drivers have quite a low score in all three age groups; however it is evident that the score decreases with age. This means that the emotional variables influence young people more than older people, who rate these variables negatively (less than 5 out of 10) and are not influenced at all by fashion trends, status symbols, friends' recommendations or advertising.

6.3.2 The COO is the second most important driver – Conjoint analysis technique

As stated in chapter 2, Conjoint analysis is a technique of multivariate analysis which allowed me to measure the relative importance of a range of attributes of a product/service (Molteni, Troilo 2012), by asking the respondent to evaluate, in terms of buying appeal (rating evaluation), bracelets characterized by the different levels of three attributes (COO, Design and Price). In this case, the respondent had to evaluate nine cards, each representing a different bracelet and constructed by the combination of the different levels of three common attributes (see tab 1, page 10).

The most important output of the conjoint analysis is the Utility scores table (represented in graph 4), which are the esteems of the utilities implicitly associated by the average respondent to each level of each variable.

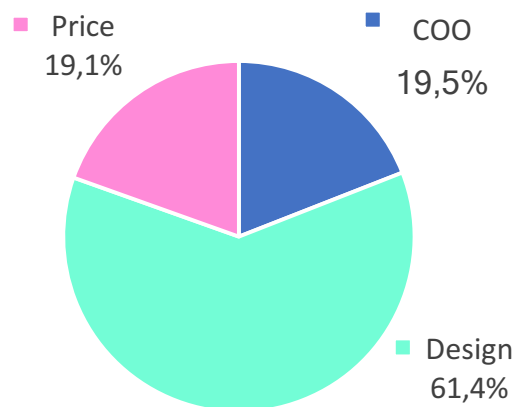


Graph 4 - Utility scores (Author's elaboration)

The scores of the utilities need to be considered in a relative terms

(greater/smaller utility) and not in an absolute terms; therefore a negative score does not mean "disutility" but a lower utility.

From the utility scores is possible to find out the Percentage of Relative Importance of each attribute, which are shown in the following table and graph.



Graph 5 - % of relative importance (Author's elaboration)

Important considerations can be made about this study by analyzing these percentages of relative importance. These considerations are based on the assumption that the more important an attribute is the more its potential impact on the overall utility (therefore, greater is its percentage of importance).

From the results of this analysis it emerges that the most important attribute is design (61% in

purchasing decisions). However, we can also see that considering the remaining two variables the percentage is the same (19%): this means that the COO is as important as the price in purchasing processes. In other words, the Country of Origin, according to this analysis, is of importance in the decision making process, even if design is the most important driver.

Moreover, analyzing the utility scores we identify three important insights. Firstly, the respondents prefer Made in Italy to Made in Denmark. Since the respondents are all Italian these results show a strong preference for national products rather than foreign products. Therefore, according to the results of the conjoint analysis, the affective dimension of the Country of Origin effect and the sense of identity that consumers have for their native country play a role when purchasing jewelry.

Secondly, as already mentioned design has a strong impact on the final buying/not buying decision. Respondents of this research showed a strong preference for a particular bracelet style: the Charm bracelet, which is Pandora's icon bracelet. This means that this type of bracelet, even if quite new on the market, is already very popular with consumers.

Finally, the price: we are used to thinking that the lower the price, the happier the consumer, especially for products that do not last in time because of fashion trends and because people like to change them frequently (like bracelets). This is not quite true: respondents associated the highest level of utility to the lowest price (less than 40 euro), however utility does not follow a decreasing curve with decreasing price range. In fact, the lowest level of utility is not associated with the highest price range, but with the medium one. People prefer to spend 80-150 euro than 40-80, probably because they associate the highest price with the highest quality. If they have to spend more than a limit (40 euro) they are willing to pay a premium price to have what they desire (in terms of quality, material, design, country of origin, ...).

6.3.2.1 Each Consumer has a different attitude towards COE (Value Based Segmentation)

A conjoint analysis split by subgroups can be analysed also by combining this analysis with the cluster analysis. While in the previous cases (paragraph 8.3.2.1) the subgroups were realized by splitting the sample using variables chosen by the author, in this cluster it was done by the software through which groups of respondents were characterized by similar utility scores in the conjoint variables. These groups (called clusters) are, therefore, internally homogenous and heterogeneous between them as far as the benefits searched for in a bracelet are concerned (Molteni, Troilo, 2012). In this study, I chose to use a non-hierarchical cluster analysis (*Two Step Algorithm*) which allowed to me to identify three different clusters. These three clusters are more or less homogeneous in size, though

cluster 3 is the biggest: cluster 1 includes 72 respondents (28% of the total sample), cluster 2 includes 83 respondents (32,3%) and cluster 3 includes 102 respondents (39,7%).

This test was possible because the correlation indexes (Pearson's R) were statistically significant in all the subgroups (P Value < 0,05).

Correlations^a

| TwoStep Cluster Number | | Value | Sig. |
|------------------------|-------------|-------|------|
| 1 | Pearson's R | ,554 | ,006 |
| 2 | Pearson's R | ,959 | ,000 |
| 3 | Pearson's R | ,755 | ,009 |
| . | Pearson's R | ,903 | ,000 |

Tab. 8 - Pearson's R Correlation Index – Split by cluster analysis (Author's elaboration; SPSS Output)

a. Correlations between observed and estimated preferences

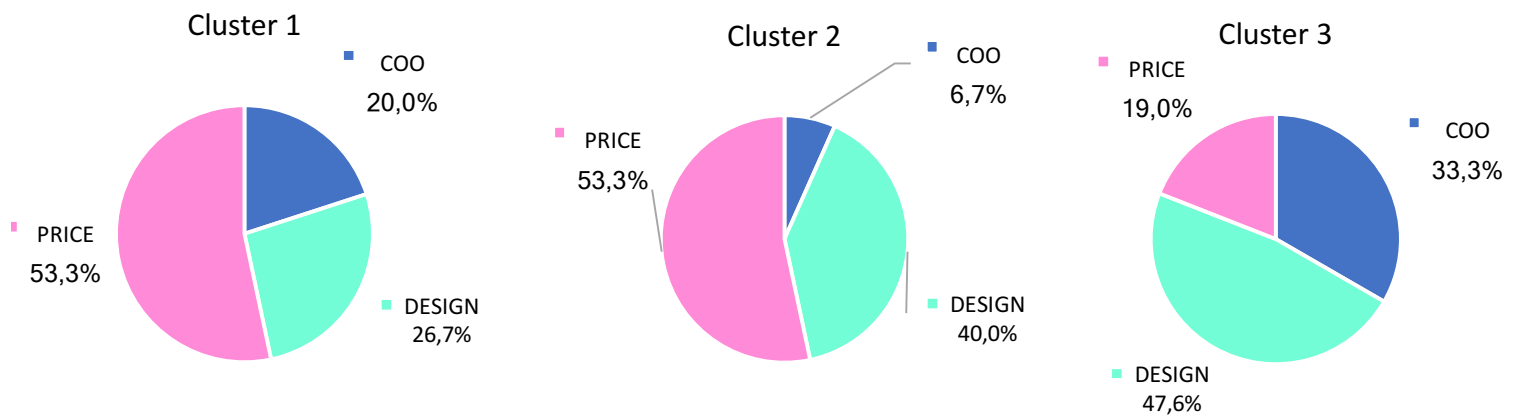
As seen in the previous paragraph, even in this analysis the percentage of importance and the utility scores of the different clusters are compared. Furthermore, it is important to describe these clusters in relation to their socio-demographic and psychographic characteristics. In order to do this, I carried out a bivariate analysis from which I drew the profile of the three clusters.

Cluster 1 includes the highest number of younger respondents (16-24). This group, which has the highest number of interns and unemployed, is the cluster that prefers watching TV series and surfing the net more than any other group. When buying a bracelet, they are more influenced (than the other clusters) by fashion trends and friends' recommendations, and above all by the price.

Cluster 2 is the one with the highest number of older respondents (36-49). This group, which has the highest percentage of employees in the private sector, is the cluster that prefers intellectual activities, such as reading, going to the cinema, the theatre and museums. When buying a bracelet, they are more influenced by the material, design and above all by the price.

Cluster 3 includes a homogenous age group with respondents in all the age range categories. They are the most cosmopolitan and extrovert: they love travelling, sports and outdoor activities. This cluster includes the highest percentage of public employees, self-employed workers and housewives. When buying a bracelet, they are more influenced by design, country-of-origin and status symbol.

The results of the conjoint analysis split by clusters, in terms of both percentage of importance and utility scores, are given in the following graphs.

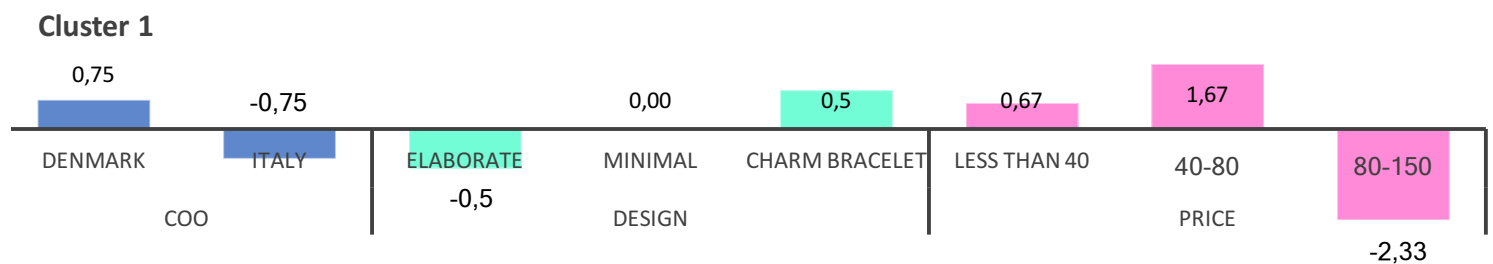


Graph. 6 - % of relative importance – split by cluster (Author's elaboration)

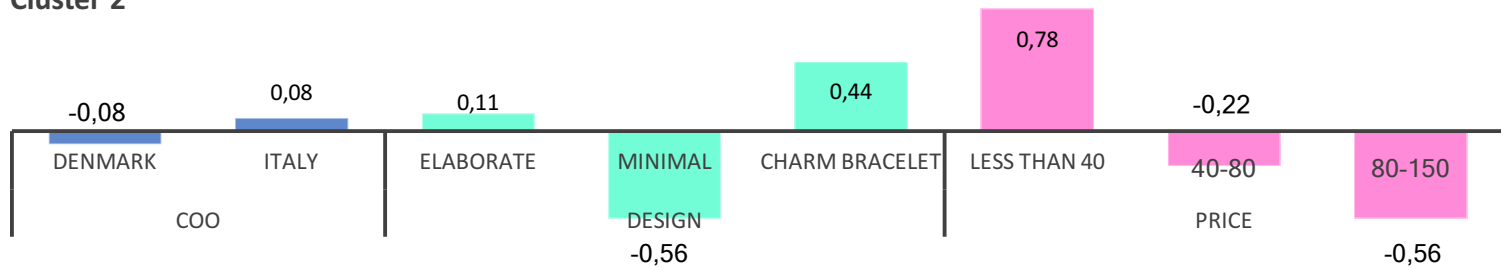
In Cluster 1 the most important driver is price. The country-of-origin is the third driver, but it is only marginally less important than design. Therefore, we can consider both design and COO important in Cluster 1 even though price is what really guides their purchasing decisions.

Cluster 2 is the cluster where the COO is the least important: COO matters in bracelet purchasing decisions only 7%. This means that respondents are not at all influenced by the COO and their buying decision is based on the design of the bracelet (40%) and above all price (53,3%). Finally, the third cluster is the one where the most important driver is the COO which really matters to this group, the percentage of importance being 33,3%. Whereas, price scores lowest in terms of importance, only 19% which is a much lower percentage than COO and Design.

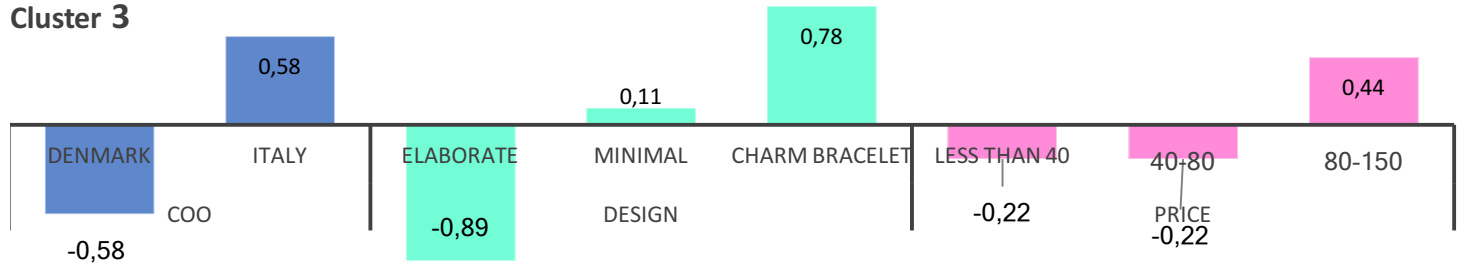
The utility scores for the three clusters are presented in the graph above:



Cluster 2



Cluster 3



Graph 7 - Utility scores – split by cluster (Author's elaboration)

As for the design variable, the results are clear and homogenous: all three clusters prefer the charm bracelet. This demonstrates that this type of bracelet, Pandora's icon bracelet, is popular with all respondents.

Whereas the results of other two variables are more heterogeneous and, therefore, need more extensive analysis.

To cluster 3 the most important variable is the COO; it is clear from the utility score that this group prefers products made in Italy rather than made in Denmark. This preference is not as strong in Cluster 2 (even if Italy has a higher utility score), and this is because cluster 2 does not rate the COO as important. However, the most surprising result concerns cluster 1: here respondents prefer Denmark to Italy. We can, therefore, conclude that for the majority of respondents' patriotism influences their purchasing decisions even though part of the sample (72 out of 257) are not influenced by any patriotic feelings, albeit only a minority (28% of the sample). In contrast to the other two clusters, cluster 1 is characterized by a certain level of xenophile, a term to define love for foreign things as opposed to national ones.

A final consideration needs to be made regarding price. While in cluster 1 and 2 the price range with the lowest utility score is 80-150 euros, in cluster 3 (where price is the least important driver) this price range has the highest utility score. This confirms a result identified in the previous chapter: the lower the percentage of importance allocated to the price variable, the higher the preference for the

most expensive product. In other words, if price sensibility is low it means that price is not the most important driver; if it is a choice between the lowest and the highest price, choice falls on the highest in order to satisfy the more important drivers (such as design, material or country of origin).

By combining the socio demographic information with the different results of the conjoint analysis for each cluster we can better identify the clusters themselves and give each a specific symbolic name.

Cluster 1 could be named **Cosmopolitan Millennials**: they are the youngest group (most of them are 16-24 years old) who surf the net to discover the new fashion trends emerging all over the world. In fact, through their social network and their friends they are always up to date on latest fashion trends to follow when shopping. However, price is also plays a very important role in their purchasing decisions. They are cosmopolitan and not only surf the Internet but love travelling and love to learn about what is happening in the world. They are fascinated by foreign countries: this is why they prefer to buy a Danish rather than an Italian product. They are the only group not influenced by patriotism but by a desire to be citizens of the world.

Cluster 2 could be named **Intellectual Savers**: it is mainly made up of respondents aged 35-49. They prefer intellectual activities (museums, reading, theatre, cinema) and like to be educated and informed. Price is the most important driver in this group: they are very price sensitive and want to spend as little as possible on fashion. For this reason, even if they prefer an Italian to a Danish bracelet, the COO loses importance when it comes to fashion: to save money they are willing to sacrifice the country-of-origin driver.

Finally Cluster 3 could be named **Pandora lovers** since this group associates the highest utility score to the Pandora's iconic charm bracelet *Moments*. They want a charm bracelet which reminds them of all the moments of their everyday life. A charm bracelet to them is a personal collection of special moments that makes them who they are. For this reason, to them price is unimportant and are willing to spend more to get what they want. Design is more important than the COO, but the COO has also a relevant role. They prefer Italian to Danish products and this is why some of these respondents like and believe that Pandora is an Italian brand while others love the implied associations the brand name has with Italy.

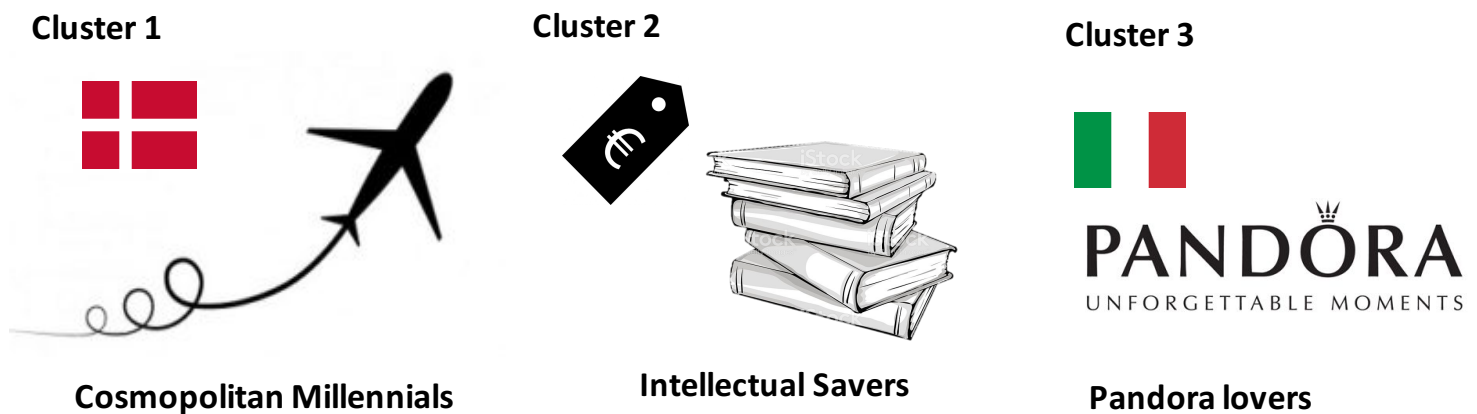


Fig. 14 – Three Clusters' names (Author's elaboration)

6.4 Affecting feeling really influences Italians' perceptions about brands and products

The analysis of the two different samples, sample IT and sample DE, is given in the following paragraph. I obtained important information for my research by comparing the two samples.

As stated in the methodology section, the two samples are randomly defined and characterized because, while some questions are the same for both samples (those analysed up to this point) some questions are different in the two-sample group.

This paragraph aims to analyse the questions that are different for the two clusters. Firstly, sample IT answered questions on their perceptions of Made in Italy and Italian bracelets, while sample DE on Made in Denmark and Danish bracelets. This helped me understand the different perceptions Italians have of Made in Italy brands and Italian products and of Made in Denmark brands and Danish products. In other words, the aim of this analysis was to verify the differences in perceptions between national and foreign products.

Secondly, the two samples were exposed to two different stimuli in the experiment; while sample DE was asked to evaluate Pandora as a Danish brand, sample IT was asked to evaluate Pandora as an Italian brand. The aim of this experiment was to verify whether the appeal of the brand changes if the country of origin (from national to foreign) changes, as well as respondents' willingness to buy and pay.

6.4.1 Italy has a better country's image than Denmark for Italian consumers

To study the Country Image, I took into account the work of Roth and Romeo (1992) who developed four factors from which the image of a country in relation to its products can be extracted. These four factors are:

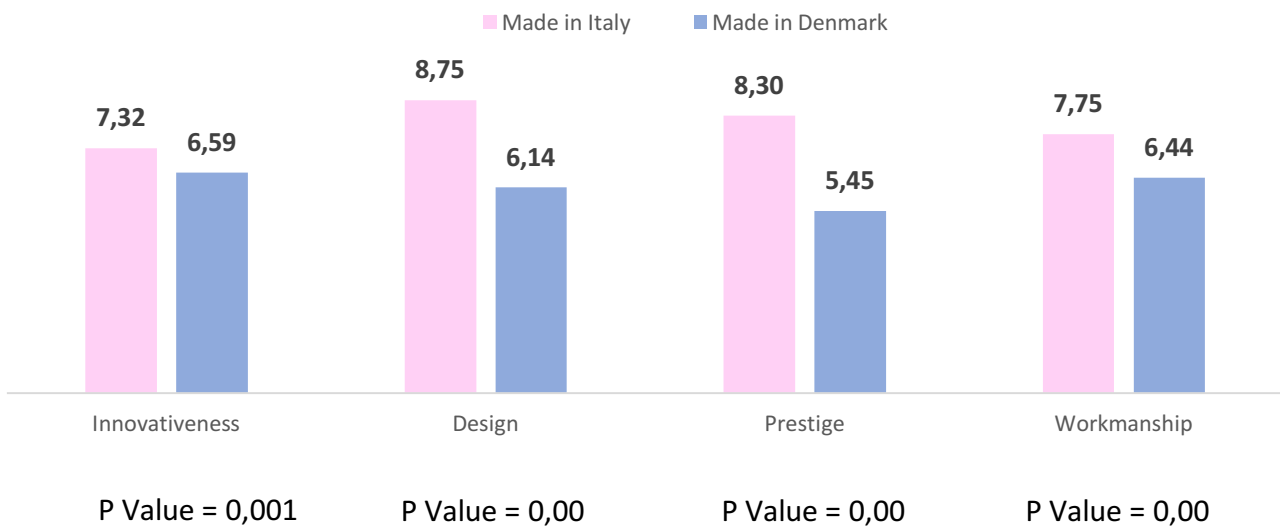
- innovativeness, “use of new technologies and engineering advances”;
- design, “appearance, style, colours and variety”;
- prestige, “exclusivity, status, brand name reputation”;
- workmanship, “reliability, durability, craftsmanship, manufacturing quality” (Roth and Romeo, 1992).

The questionnaire contains two 10-point Likert scale questions, one on Made in Italy (given to sample IT), the other on Made in Denmark (given to sample DE), where respondents were asked to rate (from 1= strongly disagree to 10= totally agree) seven different items, each related to one of the four factors. The items are the same for both Made in Denmark and Made in Italy, the only thing that changes is the subject of the seven sentences (Italian products in one case, Danish products in the other). An example being “Italian/Danish products are made by a valuable mix of tradition and innovation” (innovativeness)¹⁶.

By grouping the items, I computed the means values of Roth and Romeo's four factors and then compared the means of the two samples.

An important test was conducted to verify if respondents' perceptions of Made in Italy (sample IT) and Made in Denmark differed significantly. The output of this test is the ANOVA table (one for each pair, for example Innovativeness Made in Italy-Made in Denmark) which shows the P value of the relation between the means of the two independent samples. If this P Value is lower than 5% the differences between the two samples' answers are statistically significant. The P Value for each pair is presented in the following graph which compares the results for Made in Italy (sample IT's answers) and Made in Denmark (sample DE's answers).

¹⁶For all items see the questionnaire in the appendix



Graph 8 - Country's Image – Made in Italy vs Made in Denmark (Author's elaboration)

Since all the P Values are lower than 0,05 we can state that the differences of the two samples' answers are statistically different. This means that the perceptions of Italians respondents about Made in Italy and Made in Denmark are different. In fact, as it is possible to see in the graph 20, the values for Made in Denmark are lower than Italy's: all below 7/10, while the Made in Italy values were all above 7. In particular, the two factors with a lowest score for Denmark are design and prestige, which are the same two factors with the highest score for Italy.

This comparison, therefore, shows more positive perceptions of Italy in all of the four dimensions developed by Roth and Romeo, which results in a more positive overall Country Image. Considering that the respondents were Italian this could also be seen as a more positive Country Image for one's own country as opposed to a foreign country. Therefore, the affective dimension (love for one's country and sense of identity) and the normative dimension (the desire to support the economy of one's own country) is still strong and very relevant in consumer's perceptions and so I have concluded that nowadays Country Image is still biased by patriotic feelings.

According with the case study of this research, I also conduct the analysis for the chosen product category: jewellery (in particular bracelets). To do this I used the Consumer Based Brand Equity Pyramid model developed by Keller (2001)¹⁷ used to investigate this influence. In particular, I investigated the perceptions related to a bracelet Made in Italy/Denmark according to five out of the six dimensions in the pyramid (also named building blocks): imagery, performance, feelings,

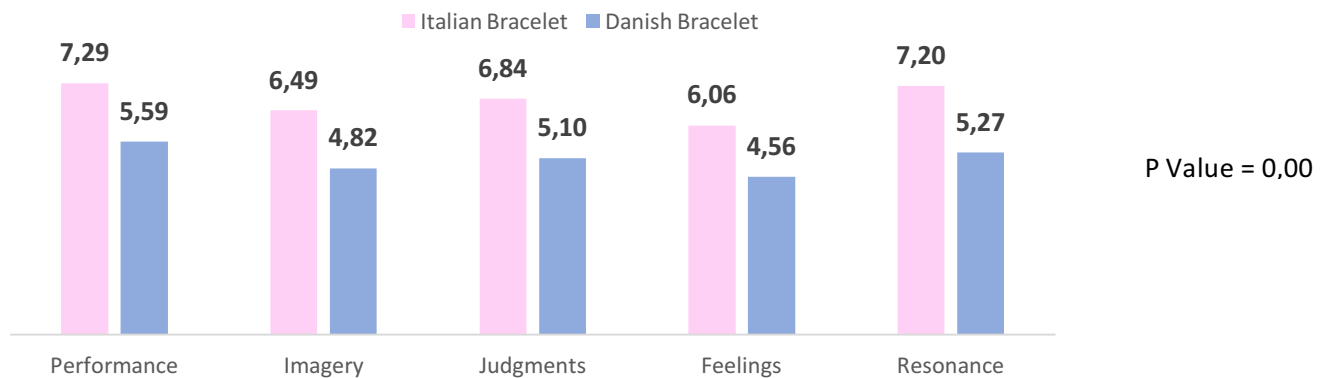
¹⁷ For further explanation of the CBBE model please refer to p. 24

judgments, resonance. The brand salience dimension, which identifies the awareness of the product category, was not considered. I assumed that this dimension is not influenced by the country-of-origin, so I decided not to insert it in the analysis.

The questionnaire asked respondents to rate (from 1=strongly disagree to 10=totally agree) nine different items, each related to one of the six building blocks¹⁸. An example: “With an Italian/Danish bracelet makes I feel confident and accomplished” (feelings)¹⁹. Before proceeding with the analysis, I conducted a T test in both cases, which showed that all the means differ significantly ($P \text{ Value} < 0.05$), except for Performance and Resonance in the Italian case and Judgments and Resonance in the Danish one.

A bivariate test was also conducted here to test if the differences in perceptions between the Italian and the Danish bracelets were statistically different.

Each pair was tested and the P Value of the ANOVA Table is given in the following graph.



Graph 9 - Country's Image – Made in Italy vs Made in Denmark (Author's elaboration)

Here too the P Values are all lower than 5 %, showing a statistically significant difference in perceptions between the Italian and Danish bracelets. The result of this analysis confirmed previous conclusions: as well as the Made in brand, the product category is perceived more positively when associated with Italy, rather than when associated with Denmark. In other words, even considering a single product category (bracelet) national products are preferred to Danish products. This is true for all five dimensions in the CBBE Pyramid.

¹⁸If more than one item is related to the same building block, this item was grouped together and I considered the final average score

¹⁹For all the items see the questionnaire in the appendix

An important conclusion is that, in both cases, Performance and Judgments score higher than Imagery and Feelings. This means, firstly, that respondents are more satisfied by the functional and intrinsic aspects of the products (primary and secondary characteristics, reliability and durability, price, style, ...) than by the extrinsic ones (the ways in which the brand attempts to meet consumer psychological or social needs). Secondly, it means that judgments of the products are more satisfying than the feeling that respondents have for the product.

This is an unconventional result for a product category considered emotional which leads me to conclude that bracelets are also appreciated (and consequently bought) for their objective and functional characteristics.

As seen in the above graph the Italian bracelet scores well in all five dimensions (all above 6 out of 10), especially Performance and Resonance; it is considered a very stylish and durable product and has gained consumer loyalty. This result, is probably influenced by the COO (Italy) since it was rated highly for prestige and design in the previous analysis.

The Danish bracelet, as previously mentioned, ranked lower than the Italian one. This is consistent with the previous analysis which shows Denmark having lower scores in all the Roth and Romeo categories, especially prestige and design. The category with the lowest score is feelings: this is probably influenced by a poor sense of identity in respondents who considered Danish bracelets foreign products.

6.4.2 Country-of-origin Effect on Buying Decisions: Pandora's experiment

This paragraph deals with the experiment. As stated in the methodology section, the experiment consisted in exposing the two samples to two different stimuli (Pandora-Made in Italy and Pandora-Made in Denmark), to test if the COO influences some dependent variables, such as Appeal, Willingness-to-Buy and Willingness-to-Pay.

Through this method I tried to follow the entire consumer decision making process: *I like something; thus, I am willing to buy it; therefore, I am willing to pay for it and I have to decide how much I want to spend*. Moreover, the aim of the experiment was also to verify if the overall perceptions about the brand Pandora, measured by the CBBE dimensions, change in the two samples.

6.4.2.1 Appeal, Willingness-to-Buy and Willingness-to-Pay

In order to test the influences of the stimulus on the three independent variables, the two samples were first exposed to the brand's logo with the made in indication (in one case Made in Italy and in

the other Made in Denmark) and secondly to the product with the same Made in label. The respondents were asked to rate these products (see fig. 24) in terms of appeal and to express their willingness to buy and pay for it.

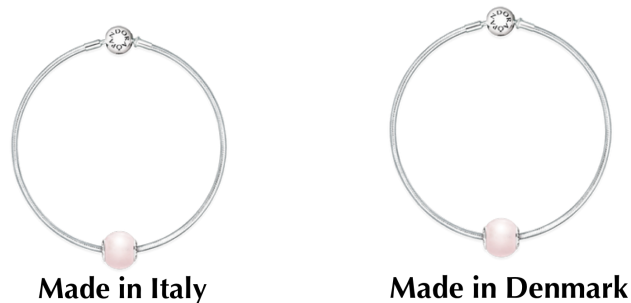
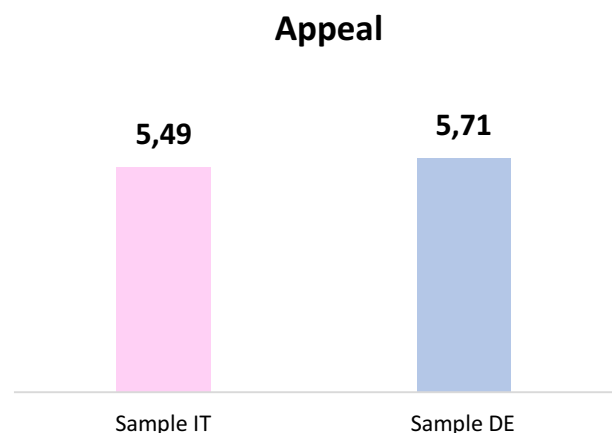


Fig. 16 - The two stimuli – Pandora bracelet with the two Made in indications (Author's elaboration)

The first independent variable presented in the experiment is *Appeal*. The appeal of the Pandora bracelet (with the Made in label) is measured by a 10-point Likert scale question asking respondents to rate (from 1=not at all to 10=very much) the extent of the product's appeal. The result of the Appeal analysis is given in the following table and graph, split by sample.

| Appeal | | |
|----------------|-----------|-----------|
| | Sample IT | Sample DE |
| Mean | 5,49 | 5,71 |
| Std. Deviation | 2,631 | 2,692 |
| Minimum | 1 | 1 |
| Maximum | 10 | 10 |

Tab. 9 - Appeal index – Split by sample
(Author's elaboration; SPSS Output)



Graph. 10 - Appeal index – Split by sample
(Author's elaboration)

I conducted a bivariate analysis test (significance 5%) to verify if there is a statistically significant difference between sample IT and sample DE. The P Value of this test was 50% which is a very high P Value and shows no statistically significant differences between the answers of both samples. In fact, the first result of this analysis demonstrated that there are no significant differences between

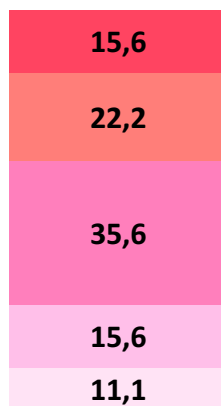
the average appeal of the Made in Italy and Made in Denmark bracelets (5.49 and 5.71 respectively):

this means that the COO does not influence the appeal of Pandora's bracelet.

Secondly, I would like to highlight that the Appeal score is not very high in both cases, however it is higher than average (5.0), so it demonstrates a positive attitude towards the product. Moreover, the standard deviation is the very important value: 2.631 for sample IT and 2.692 for sample DE, which are strongly significant considering a 10-point Likert scale. The standard deviation value shows that the appeal of the bracelet differs from respondent to respondent. This result demonstrates how the appeal of a bracelet depends on personal and subjective taste, more than objective aspects such as the COO.

The second variable analysed is Willingness-to-Buy (WTB). It is measured through a 5-point Likert scale which measures the *level of* willingness to buying in 5 dimensions: 1. Not likely, 2. Somewhat unlikely, 3. Neither unlikely or likely, 4. Somewhat likely, 5. Very likely.

It is therefore possible to define the percentage of respondents that are in the top-two-boxes (the ones that will definitely or probably make a purchase) and in the bottom-two-boxes (the ones that will definitely not make or are unlikely to make a purchase). As far as sample IT is concerned, willingness to buy a (Made in Italy) Pandora bracelet is shown in the following graph.



Graph. 11 - WTB Sample IT (Author's elaboration)

The most important result is that the percentage of the top-two-boxes (37,8%) is higher than the percentage of the bottom-two-boxes (27,6%). This result shows the positive WTB of this product.

The results of sample DE are given in the following graph and table.



Graph. 12- WTB Sample DE (Author's elaboration)

In this second case the situation is reversed: the percentage (23.8%) of top-two-boxes is higher than the bottom-two-boxes (37,7%). This result shows an overall negative WTB for the Pandora Bracelet when the COO is Denmark. The most important result, however, is the comparison between the two samples: it is clear that the WTB is higher for sample IT than for sample DE. In order to verify the statistical significance of this conclusion a bivariate analysis test (ANOVA TABLE – significance 0,05) was conducted. The result of this test was a P Value of 0,01 which shows that there is a statistically significant difference between the WTB of the two samples. This demonstrates that the COO influences the WTB, since when the product is “Made in Italy” the percentage of the top-two-boxes is higher by 14%. Further evidence of the positive influence of Made in Italy in WTB is that the bottom-two-boxes also decreased by 10%. We can conclude that the COO does play a role in WTB: respondents are more willing to buy a product made in their own country than a product from another country. However, it is also important to state that even in the Made in Italy case there are still 27% of respondents unwilling to buy and 35.6% who are neutral; this means that though the COO counts it is not the only factor that plays a role in the decision making process where other factors are involved, in this case the brand (shown in the stimulus) and personal taste on bracelet styles and design (respondents are shown an image of the bracelet).

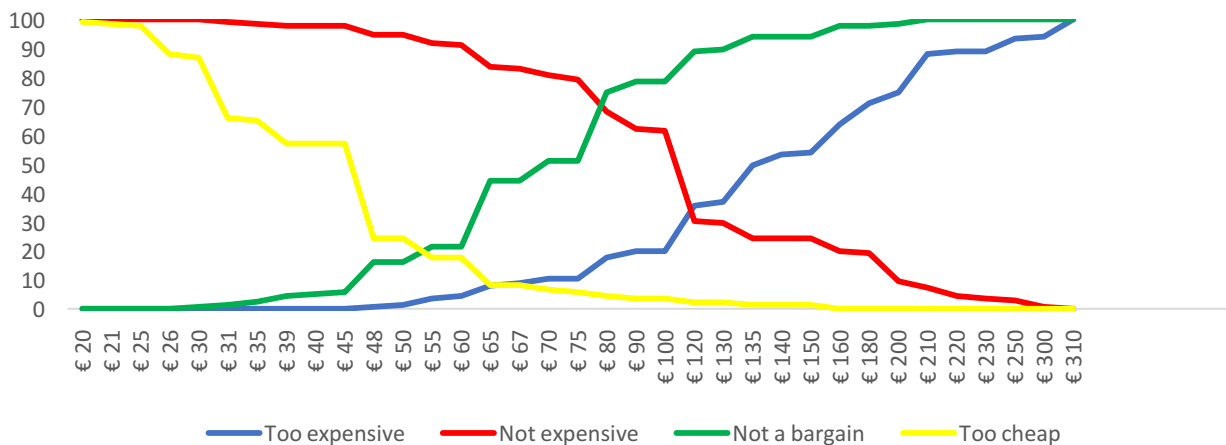
The last variable I analysed is Willingness-to-Pay. As stated in the methodology section this analysis was developed using the PSM model (see p. 48). The result of this model was given first for sample IT and secondly for sample DE, and lastly, I compared the data of the two samples. The data are given

using the typical graph of the PSM model, which consists in presenting the cumulative percentages of the answers to four questions:

1. What price on this scale do you consider [product] cheap?
2. What price on this scale do you consider [product] expensive?
3. What price on this scale do you consider [product] too expensive to ever consider buying it?
4. What price on this scale you do you consider..... [product] too cheap – making you feel that quality is poor?

While the percentage of too expensive and too cheap are represented directly, those related to expensive and cheap are flipped, so they become “not expensive” and “not a bargain”.

As for SAMPLE IT the results are presented in the following graph:

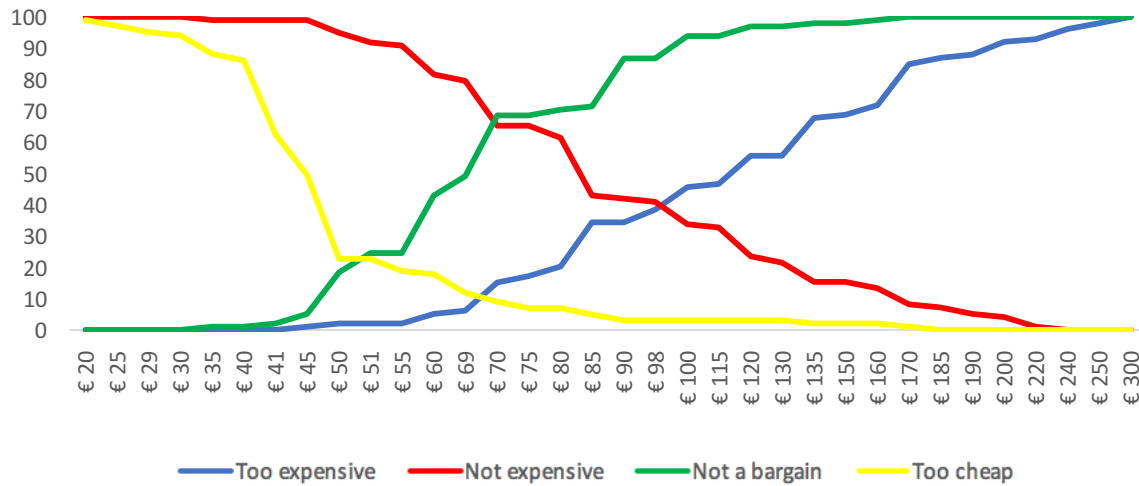


Graph. 13 - WTP Sample IT (PSM Model; Developed by the Author)

According to this graph the acceptable price range for the bracelet should be 65-120 and the optimal price 65 euro. This is seen in the intersection between the lines “Too expensive” and “Too cheap” and represents the point where there is an equal number of respondents that declare that the price exceeds either their maximum or minimum budgets. This price is slightly lower than the actual price of a Pandora bracelet with a single charm (59 euro for the bracelet and 29 euro for the charm used in the questionnaire). However, we can state that the acceptable price range (65-120 euro) is in line with Pandora’s price range (considering a bracelet with a single charm).

On the other hand, for sample DE the results are similar to the previous case.

As seen in graph 26, the price range in this case is 50-100, which is slightly lower than in the previous case. The optimal price point instead being slightly higher: 70 euros. In this case price is also in line with Pandora's price range, even if slightly lower than the actual price of the bracelet shown.



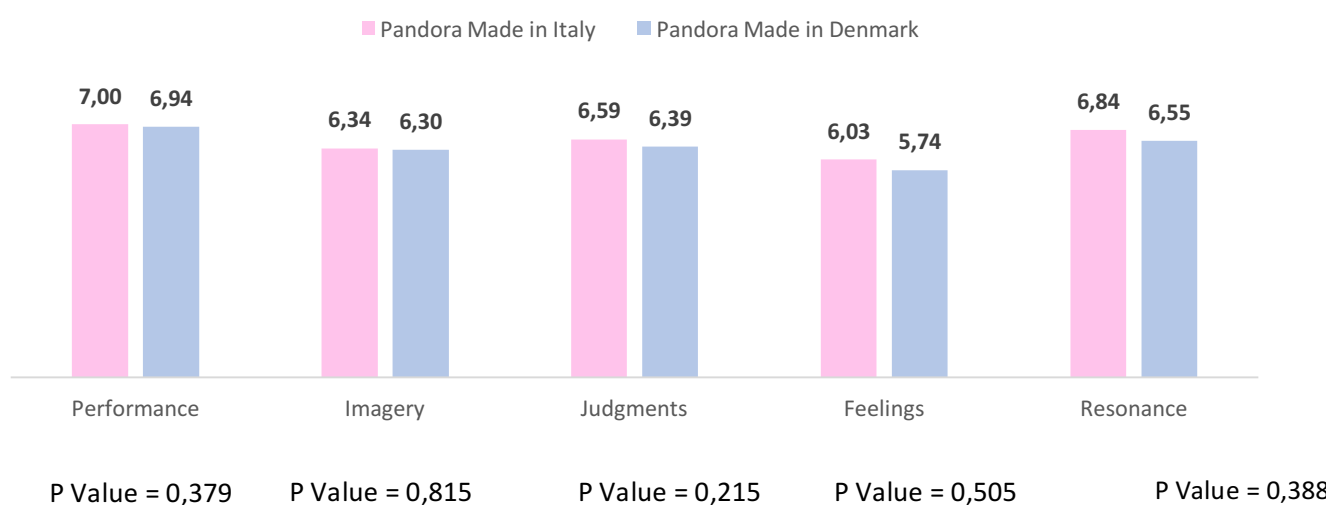
Graph. 14- WTP Sample DE (PSM Model; Developed by the Author)

Considering that both samples indicated prices similar to the actual price of a Pandora bracelet, we can assume that these results were biased by the fact that respondents were aware of the brand. Pandora's brand awareness is strong, it is distributed and recognized all over the world. Its mission is to offer high quality jewellery at accessible prices to every single woman on the planet, and their price range is well known. This means that when answering the WTP questions respondents are influenced by their awareness of Pandora's price range and therefore are not influenced by other variables, hence not even by the Made in stimulus. In fact, the most important result of the comparison between the two samples is that the WTP is not influenced by the COO. This is also demonstrated by the bivariate analysis test (ANOVA Table – significance 5%); the test was conducted for all four questions in the PSM model and in all cases the P Value was above 5%. This means that the differences in the WTP between sample IT and sample DE is not significant, and hence that the WTP is not influenced by the COO.

6.4.2.2 Country-of-origin Effect on Pandora's brand equity

I again used the CBBE (Keller, 2001) model to analyse Pandora's consumer based brand equity and to test if the consumer based brand equity change with different stimuli (Pandora-Made in Italy and Pandora-Made in Denmark). In particular, even here I investigated perceptions of Pandora using five

of the six building blocks): imagery, performance, feelings, judgments, resonance. The questionnaire asked respondents to rate (from 1=strongly disagree to 10=maximum totally agree) ten different items, each related to one of the five building blocks²⁰. An example being: “Pandora’s bracelet is used by people I consider fashionable” (imagery)²¹. Before proceeding with the analysis, I conducted a T test in both cases which showed that all the means differ significantly (P Value< 0.05). The result of this analysis is given separately for respondents exposed to the Made in Italy stimulus and those exposed to the Made in Denmark stimulus to test if their perceptions differ.



Graph. 15- Pandora consumer based brand equity – split by sample (Author’s elaboration)

The most important result of this analysis is that, as seen in the graph, the perceptions of the two samples do not differ. This result is confirmed by the bivariate analysis test (ANOVA Table – significance 5%) which shows that the P Value for all the pair analyses are higher than 5% (see graph 15). For such a well-known and internationally distributed brand, the overall perception of the brand does not change if the country of origin is different. In fact, respondents give the same score in the CBBE dimensions, irrespective of whether Pandora is an Italian or a Danish brand. The dimensions all score satisfactorily, even though the average value is never higher than 7.0 in any of the dimensions. This means that Pandora is building its brand equity correctly and is well perceived by consumers.

²⁰If more than one item is related to the same building block, this items is grouped together and I considered the final average score

²¹For all the items see the questionnaire in the appendix

6.5 Brand Name: the reason behind misconceptions about Pandora's COO

The last question in the questionnaire (before the socio-demographic sections) concerns Pandora's brand name. Respondents were asked to rate on a 10-point Likert scale (from 1= strongly disagree to 10=strongly agree) six sentences about Pandora's brand name.

The result of this question is given in the following table:

| <i>Pandora's brand name....</i> | Mean |
|---|-------------|
| <i>It is easy to remember</i> | 8,14 |
| <i>It is synonymous of a new product category</i> | 7,99 |
| <i>It evokes the Greek mythology</i> | 7,71 |
| <i>It makes me think about Italy</i> | 7,52 |
| <i>It gives to me positive emotions</i> | 7,4 |
| <i>It makes me thinks that the product has a high quality</i> | 5,78 |

Tab. 14- Perceptions about Pandora's brand name (Author's elaboration)

The highest scores were given to the first two sentences. These demonstrate that Pandora is a suitable as a brand name. In fact, it respects one of the most important criteria of the naming strategy: it is easy to remember. Together with pronounceability and exportability, an easily remembered name is one of the most important rules when choosing an effective brand name.

Furthermore, the effectiveness of Pandora relies on its distinctiveness and evocativeness, since the brand is able to evoke universal semantic feelings through its meaning, sound and shape. Its sound, in fact, thanks to the numerous vowels is open and sweet and welcoming. The rhythm of its pronunciation is calm and soft and evokes, in consumers mind, positive sensations. This is probably why respondents' scores for positive emotions and sensations are high (average score=7.4). The brand name spreads more positive emotions than the idea of quality. In fact, in terms of quality the brand name is not as evocative, this value, with a score in the middle range (5.78), is not higher than other sentences.

The brand name is well-known all over the world not just because it is easy to remember but because it has also become the synonymous with a new product category (average score=7.99).

There are some brand names that are so powerful that they become generic names for a single product (*Scottex, Scotch, Post-it, Biro*, etc.). This concept is called *genericide* and Pandora has become one of these. Pandora's bracelet is becoming synonymous with charm bracelets all over the world, even if other producers make charm bracelets (i.e. *Trollbeads*). The result of the questionnaire (average score=7.99) confirms that *genericide* applies to Pandora and demonstrates the power of the brand name.

As already mentioned, Pandora is a very evocative brand name. In the qualitative research test all respondents stated that Pandora evokes Greek mythology and the myth of Pandora, with its ability to elicit the idea of bearing gifts. The same result is seen in the questionnaire (average score=7.71). The brand name was probably chosen by the company with exactly this myth and gift bearing evocations in mind. By choosing the name Pandora the company borrowed from the Mediterranean culture and not from their own Danish culture. As a result, several respondents stated that this brand name makes them think of Italy. This is the concept at the root of the misconceptions about Pandora's country-of-origin and why people may think that the brand is Italian. In fact, considering only the respondents in sample IT the average value of the sentence "Pandora's brand name makes me think about Italy" is even higher (8.3). This result is also confirmed by the qualitative research test: all respondents stated that Pandora evoked Italy, and all respondents that thought Pandora was an Italian brand gave the name itself as being one of the reasons.

7. Discussion and managerial implications

This chapter aims to summarize the aspects related to the Country-of-Origin effect and of the case analysed in order to identify guidelines and points of reflection for managers.

The managerial implications of this study for obvious reasons also concern Pandora, since this brand is my case study; however, the main aim is to identify guidelines applicable to any company in any country, to find out if it makes sense for a company to highlight its country of origin or not. Therefore, the objective was not to identify the managerial implications of Pandora's strategy, which is a well-established and successful worldwide strategy, but to use Pandora as a stimulus to ensure that the impact of the country-of-origin effect on brand equity is taken into account.

This chapter is divided in six paragraphs, each representing an important *takeaway* of this work together with its related managerial implications.

7.1 The Country-of-origin still influences consumers and brands in some product categories

Country-of-origin for Italian consumers is still relevant and being aware of this fact means Italian companies can influence the preferences of commercial distributors and final consumers to create sell-in and sell-out policies. However, the power of the COE is not the same in all sectors. Through my work I was able to identify the product categories where country-of-origin is considered more important: food, medicine, beauty products and fashion (clothes and accessories). These four product categories are all strongly related to personal identity and to personal well-being, in terms of both physical health and appearance (influencing their self-confidence). It can, therefore, be concluded that the more product categories are related to personal well-being (physical and psychological) the more the consumer is influenced by the COO. In fact, consumers are more demanding before deciding on a purchase in this product categories and need to be more reassured about their choices after any purchase. To this end, they use a COO that includes an indication of the product quality to help them make a choice and reassure them after a purchase. Since the COO is perceived by consumers through the brand and its associations, in these cases the COO is just like another brand association which helps the consumers of the above-mentioned categories make difficult purchase choices. This influence is something companies that sell food, medicine or beauty and fashion products should strategize. The implications can be both positive and negative and are strongly related to a country's reputation. Marino (2011) states that what really influences consumer behaviour is the country's reputation, and this research study not only confirms his thesis

but allowed me to draw important managerial guidelines in this regard. Where the reputation of the COO is not positive, or consumers are not aware of it (latent reputation), companies should avoid highlighting it. Whereas, if the country has a universally accepted positive reputation, the COO must be the central focus of the branding and communication strategies.

This strategy has been adopted by some Italian fashion companies, such as *Dolce&Gabbana* that recalls Italy in all its marketing and advertising campaigns as well as in their design (e.g. in their Spring-Summer 2017 collection their clothes include images of Pasta and Ice Cream, iconic Italian elements). Another way to introduce the COO in the brand identity is through a brand name: *L'Oréal* for example uses French names for its brands (i.e. *L'Oréal Paris*, *Garnier*, *Lancome*) to recall its country of origin (France), which is the home of perfume and cosmetics. The importance of a brand name is discussed more in-depth below.

Finally, focusing promotional policies, in- store communication and event management activities on the COO, when the COO is perceived positively, can help companies to influence consumers decisions. There are multiple ways to introduce the COO into the brand equity, but the principle is the same for all cases; the connection between the COO and the brand should be managed through a co-branding strategy, emphasizing the coherence between the brand and the country's image/reputation.

In conclusion, the COO still matters in a globalized world, and still influences consumers, even if only in some product categories and together with several other variables (brand, price, design, etc.). For example, in product categories such as Design or Hi-tech products consumers are not influenced by the COO because aesthetics in the former and technology in the latter are aspects that empower products/brands. In these cases, companies should focus their communicational efforts on other aspects, i.e. functional ones (price, functionality and effectiveness of the products, materials, design etc.).

As seen in the results of the questionnaire, the influence of the country of origin in previously mentioned sectors is guided by stereotypes, such as "*Italy is the home of fashion*" or "*Germany is the most reliable country for white goods and cars*". Companies from these countries should leverage these stereotypes but should also continue to perform well to keep these positive stereotypes alive. It takes years to build a stereotype but it can take one single negative performance to ruin the country reputation of a well-known company.

7.2 Affective feelings and the sense of identity play a crucial role in evaluating brand origin

When a company decides to use its country of origin as a leverage for its brand associations process, extensive knowledge of how consumers perceive the country is paramount. The managerial implications of using the COO as a brand element is a three-step process:

1. Step one: understanding what are the positive associations of a country in consumers' minds;
2. Step two: identifying if these associations are strategic for the brand and consistent with its identity;
3. Step three: focusing on transferring the strategic and positive associations from the country to the brand.

I therefore analysed how Italian consumers perceive Italy and Denmark to identify some guidelines for Italian companies. In fact, to realize a communication and branding strategy focused on "Made in Italy", Italian companies should have a clear understanding of how consumers perceive Italy. Whereas, to oppose the competitive drive of foreign companies on the Italian market, Italian companies are aware of how other countries are perceived by Italian consumers.

Considering the four dimensions identified by Roth and Romeo (1992) to establish a country's image - innovativeness, design, prestige and workmanship - Italy performs better than Denmark in all four. This means that respondents consider Italy's image better than Denmark's, in all of these dimensions.

This result is the same if we compare Italian products (in particular Italian bracelets) to Danish products (Danish bracelets): the brand "Made in Italy" performed better than the brand "Made in Denmark", in all dimensions, measured according to the CBBE pyramids developed by Keller (2001). Finally, the results of the conjoint analysis of all analysed cases (except for Cluster 3 in the cluster analysis, which is only 28% of the sample) show that "Made in Italy" has a higher utility score than "Made in Denmark" for the consumers.

These results prove that consumers' perceptions of a country are strongly influenced by their affective feelings/sense of identity with their own country. In other words, the affective feelings and sense of identity with one's own country play a crucial role in evaluating a brand origin, and therefore in the country-of-origin effect.

It can be concluded that the affective dimension (love of one's country and sense of identity) and the normative dimension (the desire to support the economy of one's own country) of the COO are still

strong and very relevant to consumers. Therefore, as far as COE is concerned, patriotism is a powerful element that influences consumers' choices and purchases.

The outcome of this result is that in the Italian market, Italian companies should highlight their Italian origin, especially in product categories considered relevant.

The valorisation of their national origin should be a key element in the branding and communicational strategies of Italian companies; strategies that can be implemented operationally through advertising, in-store communication, co-branding, and other non-conventional activities. There are several activities a company can implement to implement this strategy and companies should evaluate the strategy that is most consistent with its brand equity and more suitable to its sector as well as its relevant competitive context.

I would like to present a single example that, in my opinion, constitutes a guideline for Italian companies wishing to introduce the association with "Made in Italy" into their brand equity through co-branding. A strategy to introduce to consumer associative networks and associations that link the brand with "Made in Italy" is one which creates co-branding with a company which is emblematic of Italy. An example being *Collistar*, an Italian cosmetics and skin care company that wishes to position itself as a cosmetics brand strongly linked to its territory: Italy. In fact, the brand is labelled as "Made in Italy" and its Italian history and culture as the central point of its identity. In order to reinforce its association with "Made in Italy" this year *Collistar* launched a new range of makeup in partnership with an iconic Italian brand: *Illy*, Italian coffee produced since 1933.

However, Co-branding is not the only effective strategy. All activities aimed at creating concrete links between a country and a product can be applicable strategies, such as product policies, marketing campaigns, branding strategies (naming, packaging, sponsorships, ..). Marketing campaigns can be powerful tools. In particular, a Made in Italy campaign should focus on the undisputed strengths of Italian production, such as design and creativity. Such a campaign should also emphasize that Italy is famous for this particular product category, instead of focusing on abstract features unrelated to the Italian manufacturing system. In fact, literature demonstrates how communication which emphasizes the link between products and typical manufacturing processes of a country are stronger than those that emphasizes the link between the product/brand and the general image of the country (Bursi, Grappi, Martinelli, 2012). Finally, in-store activities can be also very effective: selling products through in-store events and highlighting Italian manufacture aimed at positively representing products of Italian origin are important trade communication tools that can be used to stimulate the valorisation of the "Made in Italy" label.

7.3 Selling a bracelet: the design is the driver of the success

As mentioned above, fashion products are one of the product categories still influenced by the COO. In this study, the term fashion products refers to clothes and accessories, including jewellery. Therefore, I hypothesised that the purchase of a bracelet is influenced by the COO. To verify this hypothesis and to identify what really drives consumer choices in purchasing bracelets, I carried out several analyses. In this paragraph, I have summarised the results of this analysis to create guidelines and managerial implications for jewellery companies.

Respondents rated ten drivers of choice of a bracelet (see graph 7): their answers showed that design was the first driver in order of importance, while the COO was only the fifth. This is further confirmed by the conjoint analysis where design is the predominant driver of choice, even though price and COO play a decisive role in their final choice. Moreover, the conjoint analysis clearly identified that the design more popular with consumers is the charm bracelet. This result is a demonstration of Pandora's key success. In fact, Pandora's iconic product is a charm bracelet, called Moments and well known all over the world. Pandora's charm bracelets are pieces of jewellery designed to express women's creativity and individuality, thanks to the variety of charms on offer women can create their own individual and unique pieces of jewellery. It can, therefore, be indeed stated that this concept is at the core of the brand's winning strategy. Pandora's position on design is not a restricted one (i.e. creating an object for an exclusive clientele) but an open concept of design aimed at consumers who want aesthetically pleasing/valid products but which are neither exclusive nor an expression of an artist's personal style. It is part of a market which revolves around experiences and the personalization of experiences. It is a "serial" yet "not serial" product because though it is widely available worldwide its characteristics are both intrinsic and extrinsic making each bracelet unique and exclusive. A woman is an active participant in the purchasing stage and it can be stated that this increases buying satisfaction. In fact, she feels she is creating the accessory as well as personalizing her shopping experience and implementing her decision-making abilities. It is the fact that Pandora's bracelets are designed to be personalized that makes them so popular with women around the world; a finished bracelet is special and unique to every consumer, a reminder related to our need for originality and creativity. What is implied in this third conclusion is that Pandora's strategy is a winning strategy in the accessory sector, a strategy which could be imitated by new companies. These companies should be inspired by Pandora's strategy, not simply duplicating the strategy but by readapting and finding an idea (like Pandora did with its charms) to make their large-

scale products seem a unique item that evokes emotions, sensations and creates experiences. Therefore, in their strategy managers should include the concept of personalizing products so that purchasing a bracelet becomes an active, not passive, experience by making the most of the design driver which is the most important process as far as buying bracelets is concerned.

7.4 Consumers are not all the same: enhance the diversity through a re-targeting strategy

By applying the cluster analysis to the conjoint analysis (see p. 44) I have reached an important conclusion, which though in some ways obvious, it in fact allows for new ways to approach the target: consumers are not all the same.

It is evident that there are different types of consumers, even in terms of perceptions related to country-of-origin. First of all, not all consumers are influenced by the country-of-origin effect; for example, there are consumers strongly price sensitive for which the price is the only important driver. Secondly, even among those who believe that the country-of-origin is a fundamental driver in their choices, there is a strong distinction dividing consumers: those with strong patriotic feelings for their country of origin and those driven by a love for everything foreign. These two facts can be considered a fair summary, albeit simplified, of the countless nuances that characterize the country-of-origin effect in consumers.

Marketing strategies today must make it a point of taking these diverse nuances into account. In fact, the “one too many” approach which uses the same strategy for all consumers is now outdated and companies should as far as possible implement “one to one” strategies by making use of the new digital technologies and the unlimited information on consumers found on the web.

This research study, thanks to the cluster analysis technique, underlines the importance of a new country-of-origin approach towards consumers, which can be achieved through sophisticated re-marketing strategies.

Re-marketing, also known as Re-targeting, is a kind of online publicity directed at users based on their previous internet activity (web searches). The purpose is to identify consumer clusters, as I have done in this study, on the web to send specifically targeted advertisements according to each consumer’s needs and interests.

In the case given here, for example, consumers would have to be divided on the basis of the identifying clusters - Cosmopolitan Millennials, Intellectual Savers and Pandora Lovers - with the objective of selecting specially targeted online advertisements. For example, for intellectual savers

the price stimulus would be emphasized in the advertisement, while design and everything Italian would be a must for Pandora Lovers, and finally for Cosmopolitan Millennials the emphasis would be on building memories through moments in their lives.

In the past year many success stories confirm the efficacy of re-targeting techniques and the main implication of this fourth implication is that companies would be able to exploit the country-of-origin effect in full through a re-targeting strategy, appropriately implemented.

Consumers are ever more informed and aware of what they buy making the “Made in” indication no longer the only influencer which creates the need for a wider message that links the product’s country-of-origin to satisfying the needs of different consumers.

And since consumer needs are countless and varied the only way to implement this strategy is by considering the various consumers and their needs separately, hence the importance of the internet and re-marketing techniques.

7.5 The misconceptions about COO do not influence Pandora’s brand equity but consumers’ WTB

Up to this point in this chapter the companies considered have been ones that use their own country of origin as a brand association, when the country’s reputation is positive. However, there are also cases of companies that have tried to take advantage of the associations of another country. When a company uses another COO creating confusion over the actual COO of the country it is known as misconception of country-of-origin. This misconception allows a company to transfer the associations of another country to their own brand, randomly and/or arbitrarily.

This is the case of Pandora whose brand name recalls certain associations with the Mediterranean culture and, in particular, with Italy. Several Italian consumers think Pandora is an Italian brand causing misconceptions about the country-of-origin, even though it is unknown whether this misconception was randomly or arbitrarily chosen by the company.

I tested if this misconception influences Pandora’s brand equity and consumers’ behaviours toward the brand (in terms of Appeal, Willingness-To-Buy and Willingness-To-Pay).

It appears that only one variable depends on the COO: willingness-to-buy. Since Pandora is a well-known international brand distributed all over the world, consumers have a well-established idea about the brand and its identity and for this reason the COO does not influence their overall perceptions of the brand (in terms of Consumer Based Brand Equity) and brand appeal. Moreover, the pricing dimension depends on several aspects, both subjective (i.e. personal disposable income)

and objective (i.e. material of the bracelet) and the COO does not have a strong influence in the willingness-to-pay driver. The only variable influenced by the COO is the Willingness-To-Buy. The COE on the WTB can be due to several factors, for example, the desire to sustain the economy of the country where the product is developed (normative dimension of the COO) or patriotism and a strong sense of identity with one's country (affective dimension of the COO).

Nor is the overall perception of Pandora influenced by the COO. In fact, the values that consumers associate with the brand (measured through the CBBE model) do not change when the country of origin changes. This is because Pandora has strong brand awareness among its target (which is also the target of this study): consumers know the brand and have set ideas about its brand equity, so they are not influenced by the country of origin. However, this does not exclude that the associations with Italy inherent in the brand name do not contribute to creating a strong and positive brand image in consumers' minds, even though the role of Italy is subtle and not recognized by consumers. Even if Pandora's brand equity is stable and not influenced by the COO, consumers' willingness to buy a Pandora bracelet is influenced by the COO. Pandora could use the findings of this research to increase Italian consumers willingness to buy. This should not be done by pretending to be Italian but by creating a link with the Italian territory and culture. For example, Pandora could create an Italian collection with charms representing the most important Italian cities and Italian iconic symbols (Pandora has already created charms representing some cities such as Rome). This Italian collection could also contain charms made in partnership with Italian companies (such as Illy for a coffee charm), in order to associate the brand image with important Italian brands and create the idea that Pandora would like to collaborate with Italian companies and with the country itself.

However, Pandora should not expect Italian consumers to be more willing to pay for these charms: in fact, according to this study the WTP does not change in relation to the COO, because consumers are aware of Pandora's price range and as a result they are unwilling to spend more than what they already do. According to this research this new collection is unlikely to change the appeal of the brand since consumers that would buy these new charms are likely to be ones that already like the brand. However, this will increase the WTB of Pandora's Italian consumers driven by patriotism and by tourists who wish to collect moments and memories of their Italian holidays.

7.6 The brand name plays crucial role in the brand identity

As per the marketing theory which states that the potential of a brand is the sum of tangible and intangible features, I decided to test the influence of one of these elements, the brand name, on the brand equity including its relevance to the COE.

The results of the questionnaire confirm that the brand name is relevant to the brand equity, since these prove that Pandora's brand name was an important element in the brand's success (see paragraph 8.5). In fact, the brand name plays an important role in building a strong and coherent brand identity. There are two main objectives to this role: firstly being remembered by consumers and secondly creating positive and unique associations in consumers' minds. The final objective being to create a strong relationship with consumers founded on loyalty.

The first key point that other companies could learn from Pandora is the importance of finding a memorable brand name. Pandora is a brand name that is very easy to say (pronounceability) and therefore to remember and recall (memorability). A memorable name is very important for being part of the consumer's consideration set. However, being a memorable name is not sufficient: it is important that consumers associate the brand to the right product category. Thus, the effort Pandora put into its brand name is exemplary: today this brand name is synonymous with a new product category, the charm bracelet.

Therefore, the guidelines for finding a perfect brand name must be a name that is easy to pronounce and remember, must have the ability to create strong and unique associations. Furthermore, when placing a brand in a certain product category, those associations must also be related to the relevant category.

The name Pandora is definitely full of associations: Pandora's myth is not only well-known all over the world but is also linked to gifts and to giving. This is very consistent with Pandora's mission statement: "to celebrate women by offering them the opportunity for personal expression through our universe of high-quality and contemporary jewellery at affordable prices". This celebration is represented by a bracelet which is a gift every woman can give to a loved one or to herself. The consistency of Pandora's brand name with its identity and mission is another key learning point. In fact, only with consistency between all the brand elements and the brand identity can brand positioning be appreciated and perceived. Pandora's brand name evokes positive emotional and romantic associations linked to gifts and the celebration of ourselves. Moreover, the phonetics of the brand, with its many vowels, means the brand name is perceived as being positive and bright.

Nevertheless, the most important question at this point is: how does Pandora's misconception about its country-of-origin satisfy the principle of coherence? The majority of respondents stated that Pandora's brand name recalls Italy, even though some, those exposed to the "Made in Denmark" stimulus, knew that Pandora was a Danish brand. The success of this misconception lies in the fact that consumers do not feel deceived by Pandora's brand name nor that Pandora has stolen from their culture. They appreciate a brand name that is easy to pronounce in Italian and above all they appreciate the candour of a brand that has associations with an ancient Greek myth. They understand what the brand is trying to communicate through its name because Pandora uses clear and simple associations (gifts, love, friendship, beauty) in all its advertising/marketing campaigns. The simplicity and transparency of the brand name has become a "loan word", a gift, that Italian consumers are more than happy to make.

In conclusion, the positive acceptance of Pandora's brand name by Italian consumers confirms the need for managers to focus on their naming strategies. Furthermore, the fundamental starting point of a brand naming strategy is understanding that language does not simply constitute arbitrary or opaque signs, but contains an essence, a symbolic, sensorial and material richness which can be relied on to build a positive and lasting relationship with the consumer as well as a clear, stable and durable market position.

8. Conclusion, limitations and further researches

Though there is room for improvement in this empirical research, its limits do not invalidate the results obtained so far, results which can be used to identify analytical and interpretative caution and to consider whether there are reasons for further research.

In fact, the objective of this study was to use the empirical research to cross analyse it with the most accredited existing literature and identify new or partially explored methods related to theory-procedure. The main gap in COO literature lies in the complexity of identifying the managerial implications that focus on the characteristics of contemporary consumers; consumers that have changed immensely since COE was considered relevant in marketing literature.

There is, therefore, a need for this type of research and analysis which uses statistical analysis techniques (e.g. conjoint and cluster analyses) to offer strategies that help companies to strengthen their communication methods hence allowing them to update their entire corporate identity and their commercial communication approach.

In fact, one of the main conclusions of this research study is related to the importance of the results of the cluster analysis which direct the managerial implications towards new strategies of online consumer segmentation, such as re-targeting.

Therefore, the contribution of this study to the COE literature is to consider an established topic like the COE and analyse it in light of contemporary consumers, the new company-customer relationships as well as the new technologies available to companies to improve this relationship. Considering that, the COO in company communication strategies can no longer be limited to the “Made in” label of a product but must be included in a more extensive branding strategy which is based on discovering what consumers really need and desire and what inspires them. Today’s consumers have the means to find out where a product is manufactured (Country-of-Origin), assembled (Country-of-Assemblage) and designed (Country-of-Design), therefore a mere “Made in” label only goes so far in determining their choices.

Thus, the COO must be linked to the needs of contemporary consumers, who according to consumer behaviour studies, consume products as a means of self-fulfilment and to affirm their identity.

Results show that most the unanimous answer was the obvious affinity respondents have with “Made in Italy”. In fact, this study undoubtedly confirms their preference for their own country and Italian products thus establishing that this is the effect of the country-of-origin has in Italy.

Italian products are often underpinned by cultural complexities, probably one of the main reasons of the success of the Made in Italy label, especially among Italian consumers who want to honour their

culture. Italian products carry with them intrinsic features such as quality, experienced craftsmanship, style, history, and the overall concept of identity linked to people, places and experience. As a result, the Made in Italy label continues to be appreciated and sought after, as mixture of personalization and universality, an authenticity linked to specific cultural traditions. Italian consumers look for these traditions when making a purchase, since they prefer and appreciate Italian products they are more willing to buy. As for foreign brands, such as Pandora, they love references to Italy because features that remind them of their traditions validate their purchase.

In conclusion, the results of this empirical analysis can be summarized as follows: a feeling of belonging and a sense of identity with one's country play a crucial role in evaluating the country-of-origin and hence in the explication of the Country-of-Origin effect.

However, this research studied the link between sense of identity and Country-of-Origin effect only as far as Italy is concerned and therefore this link cannot be transferred to other settings. Consequently, this creates the need for new research studies to investigate the strength of this relationship in other "Made In". This means setting specific studies on the power the effect of the sense of identity has on the country-of-origin in other countries, and thanks to research in several countries on the comparative utility of sense of identity analyse it further.

Moreover, further research could be more practical analysis aimed at understanding how to implement ways to transform this national identity, so important to consumers in their buying decisions, into competitive assets for companies.

These should follow on from the "National Branding" studies, a term coined by S. Arnholt in his work on competitive identity. Arnholt states that the reputation of the single countries and managing said reputation is basically similar and as important as that of company brands and their products (Arnholt, 2007).

According to Arnholt the branding of a country is intrinsic to "national identity", the economy and the politics of competitiveness, aspects which he summarizes as "competitive identity". What is meant by competitive identity is how a modern country manages its reputation within its borders and abroad. It stems from a country's need to understand contemporary global political and social changes as well as to place the country, internally and externally, in a position which continually reduces the gap between the reality and the perception of the country.

Studies on competitive identity help strengthen the country's image based on national identity and the unity of its citizens. This is achieved through traditional and innovative marketing strategies, foreign policies, cultural activities, fairs and events, and high-profile names.

Creating and managing a competitive identity requires all the participants of a country (companies, private bodies, public institutions, organizations and groups, etc.) to engage in competitive identity projects based on thorough marketing strategies, including all the essential cultural, social psychology, tradition and innovation aspects.

In conclusion, therefore, reputation and identity are the key elements of this research which pave the way for new and specific research on the subject.

Another important concept that has emerged from this study is the role played by the brand name in the equity of a brand, including its relation to the Country-of-origin-Effect and thus to the cultural and linguistic references of the brand name.

As regards the naming process, further research could help implement the dimensions that have emerged from this study and discover other dimensions that would clarify the limits and the potential a name has on a product with worldwide distribution (including online and e-commerce).

One must consider that the number of products is constantly rising yet the available (registered) names are decreasing, as a result inevitable linguistic changes are reflected in the brand names, they become increasingly innovative especially considering the new relationships between different cultures and countries.

In conclusion, by exploring the COE concept one sees how traditional principles related to companies have been extensively investigated. The methodological reconstruction of this empirical research study is an attempt to bridge the existing gap in the current analyses on the COE by focusing on contemporary consumers.

Therefore, the objective is to suggest companies use statistical-mathematical tools, digital clustering strategies and consumer research studies to implement the COO in a large-scale branding strategy. In order to understand all the consumer nuances, this branding strategy must necessarily be multidisciplinary, using aspects that analyse consumer behaviours, recent theoretical interpretations of domains such as socio-linguistic ones (brand naming) and finally transcultural approaches to global economic scenarios.

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Appendix I: Questionnaire

Q1 Gender

- ☐ Female
- ☐ Male

Skip To: End of Survey If Gender = Male

Q2 Nationality

- ☐ Italian
- ☐ Other

Skip To: End of Survey If Nationality = Other

Q3 How important is the county-of-origin to you in following product categories? (from **1=not at all** to **10=very important**)

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Fashion products (Clothes/ Accessories) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| White Goods | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Food | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Car/Motorbike | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I-Tech products (smartphone, tablet, etc.) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Cosmetics/Parfume | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Medicinal drugs | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Design products for home/office | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Q4 Imagine you are buying **clothes or an accessory**, how would you rate the country of origin? (From **1 = very low to 10 = very high**)

Q5 Imagine you are buying **white goods** , how would you rate the country of origin? (From **1 = very low to 10 = very high**)

Q6 Imagine you are buying a **car or a motorbike**, how would you rate the country of origin? (From **1 = very low to 10 = very high**)

Q7 Image you are buying a **design product for your home or office**, how would you rate the country of origin? (From **1 = very low to 10 = very high**)

Q8 Image you are buying a **Hi-tech product** (smartphone, tablet, etc.) . how would you rate the country of origin? (From **1 = very low to 10 = very high**)

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Denmark | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| France | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Germany | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Italy | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Spain | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Sweden | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Switzerland | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| UK | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Russia | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Start of Block IT: only SAMPLE IT was asked the following question

Q9 On a scale from 1 to 10 do you agree with the following statements? (from **1 =not at all** to **10 = totally agree**)

Italian Products...

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| contain a remarkable mix of tradition and innovation | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| are highly innovative, where innovative means the use of new technologies and engineering techniques | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| are expression of good taste and style | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| are famous for their design | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| are prestigious | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| are reliable | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| enjoy an excellent reputation and are products you can trust | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

End of Block IT

Start of Block DE: only SAMPLE DE was asked the following question

Q10 On a scale from 1 to 10 do you agree with the following statements? (from 1 =not at all to 10 = totally agree)

Danish Products....

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| contain a remarkable mix of tradition and innovation | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| are highly innovative, where innovative means the use of new technologies and engineering techniques | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| are expression of good taste and style | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| are famous for their design | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| are prestigious | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| are reliable | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| enjoy an excellent reputation and are products you can trust | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

End of Block DE

Q11 Imagine you are buying a bracelet, how important are the following factors to you?
 (From 1 = not at all to 10 = very important)

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-----------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Material | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Brand | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Advertisement | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Price | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Design/Style | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| COO | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Friends' advice | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Status Symbol | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Fashion trends | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Start of Block IT: only SAMPLE IT was asked the following question

Q12 On a scale from 1 to 10 do you agree with the following statements? (from 1 =not at all to 10 = totally agree)

A Made in Italy bracelet

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| guarantees high-quality design and fashionable style | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| used by people I consider to be of good taste and fashionable | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is durable | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I wear it on special occasions | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| a high quality product | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| when I wear it makes me feel confident and accomplished | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| would recommend it to my friends | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is a product that inspires trust | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is unique and inimitable | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

End of Block IT

Start of Block DE: only SAMPLE DE was asked the following question

Q13 On a scale from 1 to 10 do you agree with the following statements? (from 1 =not at all to 10 = totally agree)

A Made in Denmark bracelet

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| guarantees high-quality design and fashionable style | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| used by people I consider to be of good taste and fashionable | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is durable | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I wear it on special occasions | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is a high quality product | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| when I wear it makes me feel confident and accomplished | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| would recommend it to my friends | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is a product that inspires trust | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is unique and inimitable | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

End of Block DE

Q14 Imagine you are buying a bracelet and have several alternatives to choose from.

I will present nine bracelets each featuring these three variables:

Country of Origin: Italy or Denmark

Design: Elaborate, Minimal or Personalized (with a charm of your choice)

Price: less than 40 euros, 40 to 80 euros or 80 to 150 euros

Rate, on a scale of 1 (definitely not) to 10 (definitely), how likely you are to buy a bracelet

Q15 How likely are you to buy this bracelet, from 1 (definitely not) to 10 (definitely)?

| Bracelet 1 | |
|------------|---|
| COO | Italy  |
| Design | Minimal |
| Price | Less than 40 euro € |



1 2 3 4 5 6 7 8 9 10

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Q16 How likely are you to buy this bracelet, from 1 (definitely not) to 10 (definitely)?

| Bracelet 2 | |
|------------|---|
| COO | Italy  |
| Design | Elaborate |
| Price | 40-80 euro € € |



1 2 3 4 5 6 7 8 9 10

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Q17 How likely are you to buy this bracelet, from 1 (definitely not) to 10 (definitely)?


| Bracelet 3 | | |
|------------|-------------|---|
| COO | Denmark |  |
| Design | Minimal | |
| Price | 80-150 euro | €€€ |



1 2 3 4 5 6 7 8 9 10

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Q18 How likely are you to buy this bracelet, from 1 (definitely not) to 10 (definitely)?

| Bracelet 4 | | |
|------------|------------|---|
| COO | Denmark |  |
| Design | Minimal | |
| Price | 40-80 euro | €€ |



1 2 3 4 5 6 7 8 9 10

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Q19 How likely are you to buy this bracelet, from 1 (definitely not) to 10 (definitely)?


| Bracelet 5 | | |
|------------|----------------|---|
| COO | Denmark |  |
| Design | Charm Bracelet | |
| Price | 40-80 euro | €€ |



1 2 3 4 5 6 7 8 9 10

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Q20 How likely are you to buy this bracelet, from 1 (definitely not) to 10 (definitely)?

| Bracelet 6 | | |
|------------|-------------------|---|
| COO | Denmark |  |
| Design | Charm Bracelet | |
| Price | Less than 40 euro | € |



1 2 3 4 5 6 7 8 9 10

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Q21 How likely are you to buy this bracelet, from 1 (definitely not) to 10 (definitely)?

| Bracelet 7 | | |
|------------|-------------|--|
| COO | Denmark |  |
| Design | Elaborate | |
| Price | 80-150 euro | € € € |



1 2 3 4 5 6 7 8 9 10

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Q22 How likely are you to buy this bracelet, from 1 (definitely not) to 10 (definitely)?


| Bracelet 8 | | |
|------------|----------------|---|
| COO | Italy |  |
| Design | Charm Bracelet | |
| Price | 80-150 euro | € € € |



1 2 3 4 5 6 7 8 9 10

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Q23 How likely are you to buy this bracelet, from 1 (definitely not) to 10 (definitely)?

| Bracelet 9 | | |
|------------|-------------------|---|
| COO | Denmark |  |
| Design | Elaborate | |
| Price | Less than 40 euro | € |



| | | | | | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Start of Block IT: only SAMPLE IT was asked the following questions

Q24 Pandora is a Made in Italy brand that creates, designs, manufactures and markets handcrafted jewellery all over the world, all exclusively made from precious materials at affordable prices.

PANDORA
Made in Italy

Q25 Rate how much you like this product on a scale from **1 =not at all** to **10 =very much**



Made in Italy

| | | | | | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Q26 Would you buy it?

- ☐ Not likely
- ☐ Somewhat unlikely
- ☐ Neither likely and unlikely
- ☐ Somewhat likely
- ☐ Very likely.

Q27 What do you think is a reasonable price for this product? (indicates the euro figure) _____

Q28 What price do you consider expensive (but would still consider buying?) (indicates the euro figure) _____

Q29 What price do you consider too expensive to buy? (indicates the euro figure) _____

Q30 What price do you consider too cheap to guarantee quality and therefore would not consider buying? (indicates the euro figure) _____

End of Block IT

Start of Block DE: only SAMPLE DE was asked the following questions

Q31 Pandora is a Made in Denmark brand that creates, designs, manufactures and markets handcrafted jewellery all over the world, all exclusively made from precious materials at affordable prices.


PANDORA
Made in Denmark

Q32 Rate how much you like this product on a scale from **1 =not at all** to **10 =very much**



Made in Denmark

| | | | | | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Q26 Would you buy it?

- ☐ Not likely
- ☐ Somewhat unlikely
- ☐ Neither likely and unlikely
- ☐ Somewhat likely
- ☐ Very likely.

Q27 What do you think is a reasonable price for this product? (indicates the euro figure)_____

Q28 What price do you consider expensive (but would still consider buying?)
(indicates the euro figure) _____

Q29 What price do you consider too expensive to buy? (indicates the euro figure)_____

Q30 What price do you consider too cheap to guarantee quality and therefore would not consider buying? (indicates the euro figure) _____

End of Block DE

Q38 On a scale from 1 to 10 do you agree with the following statements? (from **1 =not at all** to **10 = totally agree**)

A Pandora Bracelet ...

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| guarantees high-quality design and fashionable style | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| used by people I consider to be of good taste and fashionable | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is durable | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| I wear it on special occasions | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is a bearer of history and tradition | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is a high quality product | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| when I wear it makes me feel confident and accomplished | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I would recommend it to my friends | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is a product that inspires trust | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is unique and inimitable | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Q39 On a scale from 1 to 10 do you agree with the following statements? (from **1 =not at all** to **10 = totally agree**)

The brand name Pandora ...

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| is easy to remember | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is synonymous with a new product category | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| evokes Greek mythology | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Reminds me of Italy | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Inspires positive feelings | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| makes me think that it is a high quality product | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Q40 Age:

- ☐ 16-24
- ☐ 25-35
- ☐ 35-49

Q35 Geographic origin:

- ☐ Northern Italy
- ☐ Central Italy
- ☐ Southern Italy & Islands

Q36 Professional situation:

- ☐ Student
- ☐ Intern
- ☐ Public employee
- ☐ Private employee
- ☐ Manager/Director
- ☐ Independent worker
- ☐ Housewife
- ☐ Retired
- ☐ Unemployed

Q37 How do you prefer to spend your leisure time? Rate the following activities (from 1=not at all to 10=very much).

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Reading | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Travelling | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Hanging out with friends | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Cinema | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Theatre | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Museums | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Outdoor Activities | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Sports | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

| | | | | | | | | | | |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Internet/Social Networks | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| TV series | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Appendix II: Qualitative Research Protocol

ICE-BREAKING

First of all, I would like to welcome and thank you for coming to this interview. As you know I am a Master's Degree marketing student and will soon be graduating with a thesis on the Country-of-Origin Effect on brand equity and consumer behaviours.

By Country-of-Origin we mean the geographic origin associated to a product and/or its brand. Therefore, its geographic context (nation, region, city) becomes the expression of values that can influence the individual, the product image itself and the choices a consumer product choices, thus explicating the effect of the COO.

Your contribution is essential to my research, so I would ask you to please be very honest (do not worry,) and do not omit.....simple to you, as these may be very important to me.

Please rest assured that everything you say in this interview will only be used for my research and your real name will not appear if you so wish (your answers will be anonymous as I will use pseudonyms). If you would like to read the finished research I will send you a copy.

Again thank you very much, let us now begin.

INITIAL PRESENTATION

Please introduce yourself briefly.

(Some socio-demographic questions are asked if necessary)

PART ONE: generic questions about the COE

- Having briefly explained the country of origin effect, could you give your opinion on how much and how this affects your purchasing decisions?
- From personal experience, would you say that your answer is the same for all product categories, or are there certain categories where the county-of-origin is more relevant?

If so, what are the product categories and what are your preferred countries of origin for these categories?

- In front of you there are some cards with the name of the major European countries. I will name some product categories and will ask you to rank the countries in descending order, from your favourite to your least favourite.

Product categories involved: *fashion products (clothes/accessories, cars, white goods, design products, HI-Tech products)*

PART TWO: Made in Italy

This part focuses on your country: Italy

- What are the first three words that come to mind when I say “Made In Italy”?
- Are there some product categories which you prefer to be Italian? If so, why? For these products do you consider yourself loyal to “Made in Italy” brand?
- Please rate on a score from 1 to 10 “Made in Italy” according to these four dimensions: innovativeness, design, prestige, workmanship. Could you please explain the reasons for these scores?
- I would now like you to make a collage of what “Made in Italy “ means to you. To do this please cut out pictures from the magazines in front of you. (*ZMET Technique*).

PART THREE: Made in Denmark

Here the focus is on a foreign country: Denmark.

- What are the first three words that come to mind when I say “Made In Denmark”?
- Are there some product categories which you prefer to be Danish? If so, why? For these products do you consider yourself loyal to “Made in Denmark” brand?
- Please rate on a score from 1 to 10 “Made in Denmark” according to these four dimensions: innovativeness, design, prestige, workmanship. Could you please explain the reasons for these scores?
- I would now like you to make a collage of what “Made in Denmark “ means to you. To do this please cut out pictures from the magazines in front of you. (*ZMET Technique*).

PART FOUR: Jewels purchasing behaviors + Pandora

- How often do you buy jewellery? (in a year)
- Which are the first three brands that spring in mind when I say “Jewellery”?
- Which are the first three Italian brands that spring in mind when I say “Jewellery”?
- In front of you there is a graph with two axes: the ordinate represents the prices, while the abscissa represents the quality. I will name some jewels brand, could you

please positioning them in the map, according to your perceptions about their price and their quality? (*competitive mapping*)

- Do you know the brand Pandora? Do you like it? Do you buy it? How many times have you bought Pandora products?
- What are the first three words that come to mind when I say "Pandora"?

PART FIVE: EXPERIMENT

Do you know Pandora's country of origin?

CASE A the respondent replies "Danish"

I'll show you a Pandora's charm bracelet. Would you buy it?

How much are you willing to pay for this item?

If this product was Italian, would you like it more? Would your willingness to pay be different?

And lastly, what does the brand name evoke?

CASE B the respondent replies "Italian"

Does the (Italian sounding) brand name make you believe that Pandora is Italian?

What does the brand name evoke?

I'll show you a Pandora's charm bracelet. Would you buy it?

How much are you willing to pay for this product?

If this product was Danish, would you like it more? Would your willingness to pay be different?

CASE C the respondent replies "I don't know"

From its brand name, what do you think its country of origin could be?

What does the brand name evoke?

I'll show you a Pandora's charm bracelet. Would you buy it?

How much are you willing to pay for this product?

If this product was Italian, would you like it more? Would your willingness to pay be different? And if it was Danish

