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MARILIA MARIN MINUSSI

THE COUNTRY OF ORIGIN EFFECT: TRACKING BRAZIL'S BRAND IMAGE AMONG ITALIAN CONSUMERS

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Dissertação apresentada à Escola de Administração de Empresas de São Paulo da Fundação Getúlio Vargas como requisito para obtenção do título de Mestre em Gestão Internacional

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ABSTRACT

Brazil has become during the last years an important economy in the global scenario. The country has always been seen as a typical commodity exporter but the rise in the country investments and recent development of diverse economic sectors has changed this image. Companies in order to become more competitive need to understand deeply how consumers perceive and evaluate Brazilian products nowadays. It's mandatory for Brazil to realize the competitive potential of the country to compete against high-industrialized nations and also against giant emerging economies like Russia, China and India.

This paper explores how a group of Italian respondents evaluates Brazilian cosmetics category. It has been conducted an exploratory survey in order to identify which category from 4 different categories could be explored in detail. Among 4 different categories (apparel, cosmetics, fresh fruits and meat) it was selected the category cosmetics which had the lowest evaluation in the exploratory survey. After this category selection, a qualitative research taking 10 interviews in depth with Italian consumers residents in Brazil was taken.

From this inquiry it is obtained the recent perceptions of an attractive and growing group of consumers about the attributes and psychological associations regarding this specific category. The analysis is conducted taking into consideration 3 main components to explain the consumer attitude: the cognitive, the conative and the emotional components.

Finally the results and conclusion are presented and explored. Furthermore, a psychological map of the attitudes regarding Brazilian product categories to Italian young consumers will be developed, aiming to point out the strengths and weaknesses. From this final analysis it will be possible to understand a broad picture of the characteristics and also critical points that still need to be improved in the future in order to become a competitive nation in the cosmetic industry and also some issues that could be extended to other industries.

Keywords: Globalization – Brazilian Industry Sectors – Cosmetics – Country of Brand – Consumers preference – Italians.

RESUMO

O Brasil se tornou nos últimos anos uma importante economia no cenário global. O país sempre foi visto basicamente como um exportador de commodities; no entanto, devido ao crescimento de investimentos e ao desenvolvimento de diversos setores econômicos, essa imagem mudou e está em processo de reconstrução. As empresas para poderem se diferenciarem e ganharem competitividade, precisam entender profundamente como consumidores percebem e avaliam os produtos brasileiros atualmente. É de extrema importância para o Brasil entender o potencial competitivo para posicionar-se corretamente contra as nações desenvolvidas e altamente industrializadas, bem como contra as gigantes economias emergentes como Rússia, China e Índia.

Este estudo explora como um grupo de respondentes italianos avaliam a categoria de cosméticos brasileiros. Foi conduzida uma pesquisa exploratória com o objetivo de identificar dentre quarto categorias diferentes de produtos qual seria analisada em detalhe posteriormente por meio de entrevistas em profundidade. Das 4 categorias diferentes de produtos (vestuário, cosméticos, frutas frescas e carnes) foi selecionada a categoria cosméticos que obteve a menor avaliação geral no estudo exploratório. Após a escolha da categoria a ser analisada, uma pesquisa qualitativa com 7 entrevistas em profundidade com consumidores italianos residentes no Brasil foram realizadas.

Das pesquisas realizadas são obtidas as percepções de um grupo de consumidores sobre os atributos e associações psicológicas sobre a categoria de cosméticos brasileiros. A análise será conduzida utilizando 3 componentes para explicar a atitude de consumo: a cognitiva, a conativa e a emocional.

Deste modo, os resultados e conclusões são apresentados e explorados. Ademais, um mapa psicológico das atitudes sobre a categoria analisada perante o público estudado será desenvolvido, com o objetivo de pontuar suas forças e fraquezas. Desta análise final será possível ter uma visão ampla das características, bem como dos pontos críticos que precisam ser melhorados no futuro para que o Brasil seja uma nação competitiva na indústria de cosméticos e também algumas questões que podem ser estendidas a outros setores da economia brasileira.

Palavras-chave: Globalização – Setores da Indústria Brasileira – Cosméticos – Marca-País – Preferência do consumidor – Italianos.

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INTRODUCTION

Globalization and the Brazilian economic position

Globalization has dropped the barriers in world commerce and increased the competitiveness among countries. Countries each time more will compete with neighbors or block regions for tourism, inward investments and export sales. In this context, countries that start with a poor or unknown reputation will be limited or marginalized and it will be difficult to boost this image in order to achieve sustainable success in positioning their image.

On the other hand, when reputation is clear and positive, products made in that country carry an extra aura and can be more successful in the global market. (German cars illustrate this point). Those countries detain brand equity that allows them to open doors more easily and win contracts.

During the last years, we have seen countries like Brazil, China, India and Russia emerging and achieving great awareness among consumers and investors. They are the so-called BRIC countries, emerging nations that have reached tremendous economic growth and power in the last years.

The importance of emerging economies in the list of top countries regarding the GDP is expected to rise and Brazil is already the 7th largest GDP in the world. (FMI, 2012)

The figure below represents Austin Rating's forecasted list of the 10 largest economies for 2012, 2014, 2021 and 2030 by GDP. It's notable from this ranking that the group of developed economies in the next 20 years will account less for the world's total GDP.
Austin Rating is a Brazilian credit risk agency with more than 25 years of experience in the market and recognized methodology worldwide. According to it, in 2012 emerging economies represented just 31,3% of world's total GDP, whereas in 2030 they will account for 58,3% of it.

Ranking	Country	2012	
1	United States	15,653	33,60%
2	China	8,25	17,70%
3	Japan	5,984	12,80%
4	Germany	3,367	7,20%
5	France	2,58	5,50%
6	United Kingdom	2,434	5,20%
7	Brazil	2,425	5,20%
8	Italy	1,98	4,30%
9	Russia	1,954	4,20%
10	India	1,947	4,20%
	Total TOP 10	**46,575**	**100%**
	Developed	**31,999**	**68,70%**
	Emergent	**14,576**	**31,30%**

Ranking	Country	2014	
1	United States	16,913	33,10%
2	China	9,926	19,50%
3	Japan	6,163	12,10%
4	Germany	3,462	6,80%
5	Brazil	2,685	5,30%
6	United Kingdom	2,652	5,20%
7	France	2,622	5,10%
8	India	2,315	4,50%
9	Russia	2,308	4,50%
10	Italy	1,983	3,90%
	Total TOP 10	**51,027**	**100,00%**
	Developed	**33,793**	**66,20%**
	Emergent	**17,234**	**33,80%**

Ranking	Country	2021	
1	United States	24,012	30,80%
2	China	19,295	24,70%
3	Japan	7,221	9,30%
4	India	4,752	6,10%
5	Russia	4,176	5,40%
6	Brazil	4,174	5,30%
7	Germany	4,081	5,20%
8	United Kigndom	3,782	4,80%
9	Indonesia	3,319	4,30%
10	France	3,242	4,20%
	Total TOP 10	**78,053**	**100%**
	Developed	**42,337**	**54,20%**
	Emergent	**35,715**	**45,80%**

Ranking	Country	2030	
1	China	45,253	30,70%
2	United States	37,522	25,40%
3	Indonesia	12,497	8,50%
4	India	11,955	8,10%
5	Russia	8,894	6,00%
6	Japan	8,813	6,00%
7	Brazil	7,337	5,00%
8	United Kingdom	5,95	4,00%
9	Germany	5,024	3,40%
10	France	4,233	2,90%
	Total TOP 10	**147,479**	**100%**
	Developed	**61,543**	**41,70%**
	Emergent	**85,936**	**58,30%**

Figure 1: Austin Rating GDP Forecast (FMI, 2012)

Brazil's importance among the large world economies has been highlighted by many studies from economists and also publications of important banks and consulting firms. Nearly ten years ago, Jim O'Neill coined the acronym BRICs—standing for Brazil, Russia, India, and China—to represent the four emerging economies with a potentially vast influence on the global economy. In 2005, Goldman Sachs introduced the concept of the "Next 11" ("N-11") as a simple description to bracket the eleven most populous countries beyond the BRICs and to see if they, collectively or individually, might have BRIC-like potential.

In 2011/2012, most of the positive momentum behind the world economy is being driven by the majority of these 15 countries. To describe many of these countries as "Emerging Markets" no longer seems appropriate.

To better describe some of the world's most dynamic economies, Goldman Sachs Asset Management (GSAM) has adopted the term "Growth Markets," believing the traditional labels of "Developed" and "Emerging" countries no longer reflect the fundamental nature of the global economy today. This economic model, describes Growth Markets as any country outside the developed world that is responsible for at least 1% of global GDP. According to it, eight countries currently satisfy this criterion: each of the BRIC countries (Brazil, Russia, India and China), as well as the four largest "Next 11" (N-11) countries: Mexico, Korea, Turkey and Indonesia. (Jim O'Neill, 2011).

Before choosing the subject of this study and conduct the researches it was important to analyze the internationalization image of Brazilian products and the commercial relation of Brazil with Italy, understanding some figures about the commercial partnership between those two countries.

According to a study conducted in 2012 by MRE (Ministério das Relações Exteriores do Brasil) and DPR (Departamento de Promoção Comercial e Investimentos), Brazil has exported to Italy in the fiscal year of 2011 around 5,75 billion of USD FOB, with variation of almost 28,5% regarding the previous year of 2010. In 2011 Italy was the 8th largest commercial partner of Brazil. From 2007 to 2011 the commercial exchange with Italy has grown 49%, going from 7,8 billion USD to 11, 6 billion USD. According to the Commerce, Industry and Development Ministry (MDIC), in 2011, the 5 countries that most imported products from Brazil are: China, United States, Argentina, Holland and Germany.

Therefore, since Italy and Italian consumers can be considered a strategic audience for Brazilian products, this study will aim to analyze the Italian perceptions and emotional connection with Brazilian products. The image and perceptions of the country are connected to its strength in order to endorse product categories and also brands. The study will analyze the country of origin effect and attitudes towards Brazilian cosmetics.

The analysis proposed by this paper is a description of the image of Brazil's attributes and reputations among Italians students, trying to understand the psychological reactions that can be translated into consumer attitudes and willingness to buy in the future. This can help to create awareness for managers to better market and position Brazilian products abroad and gain more competitiveness.

It is possible to find some researches about the topic Country of Origin effect (Shirin, Kambiz, Fisher, Balabanis, Diamantopoulos), but when it comes to analyzing Brazil's brand image among target consumers, not so much has been written and published.

This paper was based in previous studies exploring the idea of country of origin effect. One study that most influenced this work is the one conducted by Giraldi, Ikeda and Carvalho (2008).

This paper aims to investigate the image of Brazilian products from the point of view of Italians living in Brazil. Therefore, the research question of this study is: What are the perceptions and attitudes regarding Brazilian products from the perspective of Italian consumers living in Brazil?

The choice of the category cosmetics to be analyzed in details through in-depth interviews was based on a previous exploratory research about the country image of Brazil. The final output of the investigation is an analysis taking into consideration three main macro findings: the relationship of the respondents with Brazil and the image of the country, perceptions of the cosmetic category and how this category relates to country of origin and, finally, the attitude regarding the Brazilian cosmetics and benchmarks.

The Brazilian cosmetic Market

According to the Personal Hygiene, Perfumery and Cosmetic Industry Brazilian Association (Abihpec) Brazil has been elected in 2012 the largest Market in consumption of fragrances and deodorants, with net sales growing 15.62% and totalizing R$ 34 billion (US$ 17.5 billion)

The category fragrances has earned R$ 5.4 billion (15.9% of the total) and deodorants, R$ 3.3 billion (9.7% of the total). The average growth of fragrances in the last five years was of 14.2% and deodorants, 15.3%.

However, Brazil also has a strong positioning in other categories, in which it holds the world vice-leadership in consumption: Bath (R$ 3.4 billion, with average growth of 15.7% in the last five years); Hair (the largest in the internal market, R$ 7.7 billion and growth of 7.7%); Child care (R$ 1.3 billion, growth of 17.9%); Male products (R$ 4.1 billion and growth of 16.2%); and Sun Protection/Care (R$ 1.1 billion and growth of 11.2%).

In general, Brazil continues as the third largest global player, with 9.6% market share, behind just USA (15.9%) and Japan (10.9%). The perspective for Brazil is that it will replicate the double digit growth that it has seen for 17 years until 2017, leveraged by some factors like the increase of life expectancy, the middle class income and production plants modernization and gains in productivity. From the industry side, the actions to innovate have been fundamental in order to compete in this market.

The companies from this industry invested last year R$ 13.6 billion in assets, R&D (research and development) and brand image. The value is about 18% higher than the value spent in 2011.

The Brazilian brand Natura stands between the 50 most valuable brands in the world according to Brand Finance Consulting. It comes in the 20º place, with brand value of US$ 1.84 billion.

Regarding the most valuable brands, in the top of the ranking there is the anti-age brand Olay, owned by the American Procter & Gamble, which holds a restrict cosmetic product portfolio, but Olay itself has the value of US$ 11.7 billion. It is followed by the French brand L'Oreal which was evaluated for US$ 8.69 billion; Neutrogena, dermo-cosmetic brand owned by J&J (US$ 6.9 billion); in fourth place, the German brand Nivea (US$ 5.8 billion); and in fifth place, the French high end cosmetic brand Lancôme (US$ 5.5 billion).

1. LITERATURE REVIEW

This chapter will focus in six important concepts for this study: brands, branding and brand equity, global brands, nation/country branding, country of origin phenomena, consumer attitude and cultural issues.

Brands, branding and global brands are the topics presented at first in order to create the common knowledge to introduce further the concept of country/nation branding, which is fundamental to this study. (Roth & Romeo, 1992).

Secondly, country of origin phenomena is one of the most important subjects presented in this chapter since it explains the theory and relevant previous studies regarding this area. The topic consumer attitude is explained exploring the cognitive, affective and conative components of attitude.

And finally, the topic of cultural issues is presented since it is one of the main factors influencing the answers of the respondents and it is a subject that every company needs to take into account when marketing a product to a foreign audience.

1.1 Concept of Brands, Branding and Brand Equity

The concept and principles of branding have been present in several studies and they are applicable to countries as well as to products and corporations. During the past years, those concepts have changed and, many definitions have appeared with respect to brands.

According to the American Marketing Association (2007), brand is a “name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. A brand may identify one item, a family of items, or all items of that seller. If used for the firm as a whole, the preferred term is trade name.”

The renowned consulting firm Futurebrand (2012) states that nowadays, the term “brand” is not simply a descriptor for consumer goods: it also includes products, services, places and experiences, and how they are marketed to audience groups to create familiarity and favorability.

A well known brand can affect the way that people see a product or service. If they see a name as a premium brand in a product, probably they perceive the item as high quality, exclusive and expensive. If people see a discount brand in a product, probably they will perceive the item as low quality and cheap (Calkins and Tybout, 2006). This concept can be extended and related to the country of brand, meaning that the perceptions of a brand do impact the perceptions of the products, together with the brand itself.

The author also developed a comprehensive model in order to explain better the concept of brand identity. The purpose of this model is to identify 4 different brand elements and patterns that will help managers to clarify, enrich and differentiate an identity. The main purpose is to detail the identity in order to guide implementation decisions. (Aaker, 1995)

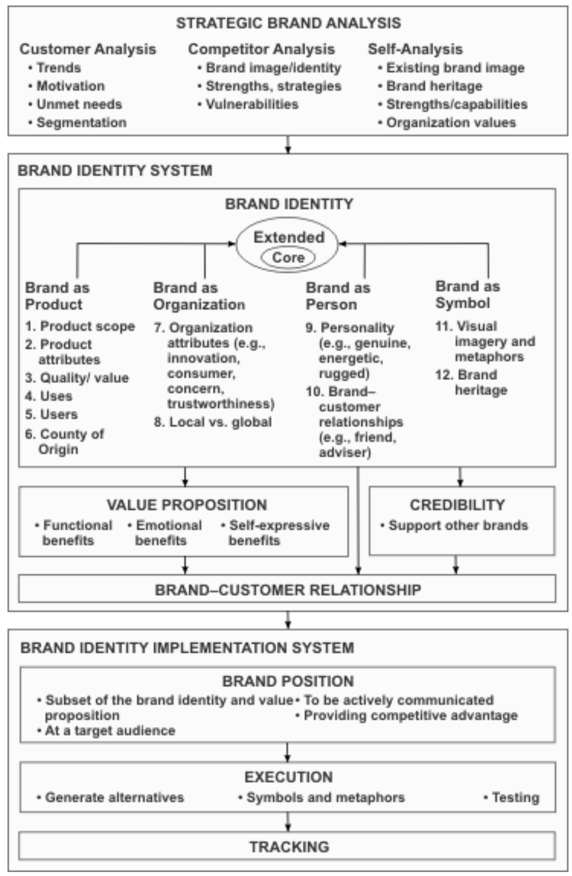

Figure 2: Brand Identity Planning Model (Aaker, 1995)

According to the Brand Identity System developed by Aaker (1995), there are four dimensions in order to consider a brand and it is possible to observe that the country of origin is present in the brand as a product dimension but also is connected with other ones. For instance, the local vs. global (brand as organization) and also the brand heritage (brand as a symbol) or personality (brand as a person) can be related to the country of origin effect.

After explaining the concept of brands it is important to explore the what ‘Branding’ is. According to Kotler (2005), ‘Branding’ means to give the power of a brand to products and services. It is related to create differentiation. In order to insert a brand in a product it is necessary to educate the consumers about that product, using other brand elements that will help to identify it as what it is and why the consumer will have interest for it.

Branding and brands are related to a very important business aspect: the value adding. In other words, brands add value to a basic product/service by enabling the product or service to charge a higher price or to obtain higher market share than a similar product that is unbranded.

Another important concept in Branding studies is Brand Equity. It is only recently that marketers came to realize that the principal asset of a company is in fact its brand equity (brand awareness, brand image), which actually represents the added value in customers' minds (Kapferer, 2001).

David Aaker's (1991, p. 11) definition of brand equity is: "a set of assets (or liabilities) linked to a brand's name and symbol that adds to (or subtracts from) the value provided by a product or service". This is a definition that takes into consideration both the visible (name and symbol for instance) and abstract marks of a brand (values and emotions). For the purpose of this paper, the abstract perspective of brands and categories of products will help to understand how consumers evaluate products from a specific country, defining them as collections of perceptions in the mind of the consumer.

According to Keller (1998), a basic premise of brand equity is that the power of a brand lies in the minds of consumers and what they have experienced and learned about the brand over time. The author also emphasizes that for brand equity to provide a useful strategic function and guide marketing decisions, it is important for marketers to fully understand the sources of brand equity, how they affect outcomes of interest (e.g., sales), and how these sources and outcomes change, if at all, over time. Understanding the sources and outcomes of brand equity provides a common denominator for interpreting marketing strategies and assessing the value of a brand: The sources of brand equity help managers understand and focus on what drives their brand equity; the outcomes of brand equity help managers understand exactly how and where brands add value.

Aaker (1991) also emphasizes the value adding perspective in conceptualizing Brand Equity stating that brand equity is a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customer.

1.2. Global Brands

The concept of Global Brands is correlated with the Country of Origin effect since global brands, although being present in many countries/continents, have an identity and a background from their country of origin. Moreover, the topic of global branding is highly correlated with the concept of brand equity highlighted in the previous section.

Undoubtedly, globalization and a widespread marketplace for companies have brought many challenges to the field of brand management, especially dealing with brands willing to compete in the global scenario. In many product categories, consumers are increasingly faced with a choice between global and local brands. In today's global marketplace, it is important for marketers to understand how consumers make this choice and why some consumers prefer global brands to local brands (Sankar, 2006).

As brands become more global, consumers around the world are moving away from being ordinary buyers to becoming reviewers, inventors, designers, ad creators, and champion or critic of the products among others. Hence, marketing practitioners will have to work with all of these varying groups (Neisser, 2006).

The concept of global brands is linked with attributes like: widespread regional/global awareness, availability, acceptance and demand. Global brands also have the concern to be consistent in all the markets they are present; the positioning, personality, look and feel must be consistent and clear through centrally coordinated marketing strategies and actions. By centralizing corporate strategies and actions directed to a global brand/product many companies contemplate economies (of scope and scale) and operational gains. (Ozsomer & Altaras, 2008).

A recurring question is whether being global affords a brand more benefits than being a geographically niche-focused one. (Interbrand, 2006)

From the business strategy perspective, going global appears highly attractive. It represents a perception of excellence but comes with a set of challenges that many do not anticipate or adequately plan for. It is daunting to achieve a competitively relevant presence in all strategic markets with an identical set of core values. Companies must harness the coherence and scale of a global brand, as well as the closeness of a local brand if they wish to succeed. (Best Global Brands, Interbrand, 2006)

According to Harvard Business Review paper "How Global Brands Compete" (2004), after a two-stage research project conducted in partnership with Research International/USA, there are 3 main dimensions related to the power of global brands from the consumer's point of view: quality signal, global myth and social responsibility. A citation made by an Argentinian interviewed present in this research shows how Global Brands affect psychologically the choice of the consumer and is related to the concept of global myth: "Global Brands make us feel like citizens of the world and they somehow gives us an identity". (Holt, Quelch & Taylor, 2004)

However, in many markets, global brands compete with strong local counterparts, being this one of the most crucial challenge that some global brands face in exploring and entering new markets.

According to Steenkamp, Batra, and Alden (2003), the concept of "local iconness" is a possible defense strategy available to local brands when fighting in the global brands arena. Holt (2004) categorizes iconic brands as brands that possess "consensus expressions of particular values held dear by some members of a society." Brands that become local icons achieve dominant positions partly due to their high levels of group symbolism or associations with a group and its culture.

And finally a concept that is highly connected with the perception of brands and consumer behavior regarding them is the situational issue. This is affected by the perceptions and also the cultural factor of the country where the contact with brands is happening (Belk, 1975).

According to Bengtsson, Bardhi and Venkatraman (2009), when consumers travel internationally, it often brings them to a new cultural context characterized by unfamiliarity, novelty, and the exotic. The context in which the brand is consumed influences the meaning the consumer ascribes to the brand, and therefore, the meaning of a global brand can differ across contexts for the same consumer. The authors also state that often, consumption by travelers abroad is characterized as exploratory of the other culture.

1.3. Nation/Country Branding

There are several authors describing the strategy to market a country. Some of the terms mentioned by them are: country branding (Allan, 2004, Anholt, 1998), national identity branding (Delorie, 2000) or even the place branding (Kotler, 1999) are nomenclatures to explain the way that countries act in marketing their products and services.

Kapferer (2004) defines brands as strong names, which are capable of influencing buyers. It is a common orientation in the definitions of country/nation branding among the authors that link countries to strong names that can work like brands resulting in images and attributes that will shape purchasing decisions of consumers.

Allan (2004), defines country brands as symbolic constructs, which emphasizes the positive, memorable, attractive, unique, relevant and sustainable qualities of a nation. Following and complementing this definition, Olin (2002) attests that 'country branding' will offer the highest benefits to countries that have a negative or undesirable national image or reputation, which they seek to change or improve.

Anholt has been disseminating the term 'nation branding' since 1998 in his published articles (eg. Nation-Brands of the Twenty-First Century) and his work has been playing a critical role in establishing it through consulting practice and also in the academic filed. He states that nation branding is about “a component of national policy, never as a ‘campaign’ that is separate from planning, governance or economic development” (Anholt, 2008)

Delorie (2000) presents the country brand linked to the concept of brand identity. The author defines a country brand as a national identity that has been proactively distilled, interpreted, internalized among the citizens and projected for international recognition to construct a favorable national image, and enhance a nation's competiveness.

According to Kotler (1999), place marketing has been defined as a strategic planning procedure undertaken by a place’s brand developers aiming to satisfy diverse needs of target audiences. The author also explored the concept of national image, attributing it to a set of beliefs, ideas and impressions that a person can have towards a certain country.

1.3.1. The Country-of-Origin (also Country-of-Brand) phenomena

It is known that products can be described by their attributes. Country of origin is one of the attributes present in products and this study aims to explore the effects of it regarding consumers’ attitudes and perceptions.

With the rise of globalization and after 1990 the international marketplace has become more competitive, marketing professionals are paying more attention to the attribute ‘country of origin’. For instance, Gaedeke (1973) acknowledged that attitudes towards a specific product or brand could be changed (favorably and unfavorably), when the country of origin of the product or brand was revealed to the consumer.

It is possible to notice that most published work exploring Country of Origin phenomena has reported descriptive empirical work. These studies aimed to detail, for instance, which countries, products, or consumer groups, exhibit or possess which stereotypical effects. That countries carry different product images or stereotypes in consumers' minds has been firmly established.

According to Patterson and Tai (1991), in the article entitled “Consumer Perceptions of Country of Origin in the Australian Apparel Industry”, the country of origin effects may not be as strong as it is expected and it varies according to age and migrant status of the consumers. But it is also valid and the authors state that consumers tend to generalize their attitudes and opinions across a wide range of products from a given country. In pursuing an exploratory qualitative research this study aims to understand in-depth the attitudes and perceptions of a specific target audience about Brazilian cosmetics.

Shirin and Kambiz (2011), in a recent study published by the Chinese Business Review, analyze the relation of country-of-origin image, product knowledge and product involvement on consumer purchase decisions, identifying that the country of origin does play a very important role when a consumer makes a purchase decision. Through regressions models the study found out that country of origin image has a positive impact on information searching intention and also in the purchase intention.

Few studies involving the analysis of the country Brazil and statistical analysis and evaluation of categories of products from the country were published. The study conducted by Giraldi, Ikeda & Carvalho (2008) regarding 4 categories of Brazilian products has served as a model and inspired the purpose of this dissertation. The study proposed by the authors has researched and measured the perceptions and evaluations regarding 4 categories of Brazilian products/industries (furniture, shoes, meat and fresh fruits) from the point of view of Dutch students. The main finding of this research was that the Brazilian products analyzed have different evaluations from the respondents, except the attitudes related to furniture and meet. The products that had the best evaluations were the fresh fruits, and the one that had the lowest grade of evaluation were the Brazilian shoes, however the study has demonstrated that in this category (shoes), the most positive evaluations came from the people that actually had a good knowledge about it.

Another study conducted by Giraldi and Guina (2012) entitled Attitudes towards Brazilian Beef: Differences in European Consumers' Perspectives according to Country of Residence and Demographic Characteristics" that analyses the image of a category of Brazilian product (meat) from the European perspective is important to highlight. This research study investigated the attitudes of European consumers towards Brazilian beef and how they differ by country of residence and demographic characteristics. After conducting a quantitative survey among students and staff at universities in France, England, Ireland and Germany, the researchers concluded that many Europeans have not formed an opinion about Brazilian beef, maintaining a basically neutral assessment. Differences in attitude were found according to country of residence, gender, age, level of familiarity and involvement with Brazilian beef and level of knowledge about Brazil. The results indicate a need for investment by both the Brazilian private sector and the Brazilian government in promoting Brazilian beef abroad, as the product is little known, despite Brazil's strategic role in the international food market.

In recent studies about the Country of Origin topic, Fisher, Diamantopoulos and Oldenkotte (2012) have discussed the impact of a favorable country image in the willingness to pay more for products and also the extent to which brand familiarity moderates this relationship. Through three experimental studies the authors have attested that Country of Origin has a positive impact in the willingness to pay.

Another interesting study published by Balabanis and Diamantopoulos (2011) reveals the misperceptions about Country of Origin, linking the concept with brand strength. The study presents the hypothesis that adverse or favorable COO misclassification leads to losses or gains in brand image and purchase intention.

In 2011, Interbrand has launched the ranking Best Brazilian Brands 2011, identifying the 25 most valuable brands/companies present in Brazil. All those brands have been evaluated in terms of financial and marketing performance. It's possible to identify that the top 10 companies have international projection and presence. Interbrand's brand valuation methodology takes into account the market presence as one of the ten attributes that influence and determine the brand strength index. This is an indicator that international projection can enhance the brand value, but the projection must come with the right recognition from the consumer side.

1.4. Consumer attitude

It's important to understand the relation between attitudes and consumer behavior. Therefore, in this paper, it was used models to understand and in a better way explain and predict the consumer behavior.

According to Day (1972), a relevant model capable of explaining the variable attitude in purchasing is the so-called 3-component model of attitude. There is a great acceptance that the consumer attitude can be split in 3 sub-parts: cognitive, affective and conative or behavioral. It's essential to describe the characteristics of each component of this model.

First, the cognitive component consist on the cognitions of individuals, their knowledge and perceptions that were acquired by the combination of direct experience with the studied object together with other information from many different sources. To Schiffman and Kanuk (1997), this knowledge and the final perceptions can become beliefs, meaning that the consumer in the end believes that to the object of attitude belongs many attributes.

The affective component represents emotions or feeling of consumers in relation to a particular product or brand. Those emotions and feelings are often treated by behavioral researchers as evaluative by nature.

And lastly, the conative or behavioral component is linked with the probability that an individual will adopt a specific behavior in relation to the object of attitude. In consumer behavior research, this component is frequently taken as expression of the consumer's intention to buy about a category/product. This component is more independent from beliefs and brand evaluation. For instance, a reduction in price or any other direct action similar to this can be enough for the purchase of a less desirable brand. The beliefs and attitudes regarding a determinate brand don't need to change in this context in order for customers establishing an intention or not to buy. (ASSAEL, 1995).

According to Assael (1995), the link between those three components illustrates the effect of hierarchy of high involvement: the beliefs about brands/products influence their evaluation (affection) that also influences the intention to buy.

This hierarchy of effects is an important and discussed theme for the marketing professionals that are always trying to create positive attitudes in relation to the brand and to enhance the chances of buying.

This paper will explore specifically the attitude of Italian customers regarding Brazilian brands on those three important components in order to understand the image and attributes that different Brazilian segments of products have for that specific audience. This will lead to conclusions and recommendations to guide future improvements and actions in order to better communicate the country of brand Brazil, especially targeting the Italian consumer.

1.5. The relationship between beliefs and attitudes

Marketing has always focused on the issue of how people's beliefs can affect their attitude and therefore their intention to buy a determinate brand/product. Fishbein's multi-attribute theory focuses and tries to explain in depth this relationship. (ASSAEL, 1995).

According to the multi-attribute model, attitude is explained as a direct function of consumer's beliefs about attributes and benefits of a brand.

The model describes attitude (A) in relation to an object (O) as dependent of the beliefs (c) that a consumer has about the attributes (i) that this object possesses, and about the evaluation or weight (p) of those attributes (i).

The function can be demonstrated as:

n $A(O) = \sum ci \cdot pi$

The image of a country can influence the attitude regarding the products, which come from that country. According the theory of Fishbein and Ajzen (1975), the beliefs about product's can influence the consequent attitude about it. If the image of a country influences directly the beliefs about a product, it consequently affects the final attitude regarding it.

According to Nebenzhal, Jaffe and Shlomo (1997), when consumers don't have enough information about a country, the perceptions regarding the attributes of a product from that country and the perceptions about those products are based in any knowledge that they can have about that country, for instance the political, economic or social situation of the country.

Since people have stereotyped evaluations about countries, this paper aims to help understand and bring light to the studies of how the country of origin can affect and consequently influence the evaluation of products and the intention to buy them.

This field is extremely interesting and important for managers of companies who need to market products abroad. Marketing managers are always concerned in understanding how consumers rationale about country of origin information and apply them to foreign products. It's essential to stress that it needs to be considered the psychological factor that each individual possess and therefore is responsible for different evaluations in the country of origin effect. This knowledge is crucial for companies in order to guide them in adopting more effective strategies and actions regarding the commercialization of their products abroad.

1.6. Cultural issues

Culture is an expression and concept that is important to analyze every time it is discussed the perceptions of people regarding an object that is not familiar to them, here also meaning not familiar to their culture. In this study it is clear the cultural factor since the category of product analyzed, Brazilian cosmetics, is evaluated by an audience of consumers coming from a different background country. The purpose of the in-depth interviews is exactly to explore and investigate how they perceive and which are the factors influencing their background.

The concept of culture has become fluid and dynamic with time. According to Kawar (2012), culture may be defined as "the inherited values, concepts, and ways of living which are shared by people of the same social group. Culture is not possessed by a certain social class; in fact each and every person has not only one culture but cultures which causes the complexity of the term. Culture can be defined as dynamic in the sense that it changes over time."

Cross-cultural marketing communication is very important especially for companies that want to position themselves in a foreign market or to a foreign audience. This communication requires that firms discover if markets are viable by including in its business and marketing planning, the study of the culture in which the company intends to do business. This involves identifying cultural factors that can be employed to support marketing communication in the proposed markets. To succeed, the business uses pre-existing factors and creates new ones that suit the situation. (Borges and Tian, 2011)

Lim & O'Cass (2000) have presented in their studies the idea and concept of 'culture-of-brand-origin'. According to the authors, it is stated that specific country-of-origin information is becoming less dominant as it is becoming increasingly difficult for consumers to extract it from products. Instead, the authors suggest that instead of country-of-origin, what consumers identify in a product is the culture-of-brand-origin, which is more readily available to the consumer as a result of exposure to the marketing activities of the brand. In this case, the brand acts as a main and critical factor in order to communicate the products' attributes and differentials to the general audience.

Products and Brands are marketed in foreign markets and, therefore, to different cultures. Aaker (1997) has affirmed that a brand can hold personality, in other words, a way to consumer to express his or her own self, and ideal self, or specific dimensions of the self through the use of a brand. The author also states that brand personality can be viewed as a key way to differentiate a brand in a product category, and is a common denominator that can be used to market a brand cross cultures.

2. RESEARCH METHODOLOGY

2.1. Research Considerations

According to Ludke & André (1986), in order to create a research it's necessary to promote the confrontation between data, evidences, and collected information about a specific subject and the accumulated theoretical knowledge about it. This knowledge is not only the result of curiosity, restlessness, intelligence and the investigative activity of the researcher, but also of the continuation of what has been already elaborated and systematized by those who have already worked on the subject previously.

This research was conducted in two phases: first it was done an exploratory research with 42 Italians students. The second phase was a qualitative analysis using the method of in-depth interviews, with 7 Italians currently living in Brazil in order to better understand some dimensions of the evaluation of a specific category (cosmetics).

In the first phase, the exploratory research, the questionnaires were applied in a group of 42 Italian students that could have lived or not in Brazil, from August to December of 2012. The proposed questionnaire consisted in a three dimensions analysis (cognitive, affective and conative/belonging) each dimension having three main sub questions to be evaluated and answered according to a Likert scale composed of five statement items. The design of the questionnaire follows the same approach proposed by Giraldi, Ikeda & Carvalho (2008) in a study conducted among Dutch students about Brazilian product categories. Below, the model proposed and the questions related to each component of the attitude analyzed, adapted from the study conducted by Giraldi, Ikeda & Carvalho (2008).

Components of attitude	Questions
Cognitive	The Brazilian product has a good reputation The Brazilian product is expensive The Brazilian product has high quality
Affective	I like/have empathy for the Brazilian product I think the Brazilian product is better in comparison to those from other countries I admire the Brazilian product
Conative	I would buy a Brazilian product I would recommend a Brazilian product I prefer Brazilian products to those from other countries

Table 1: The 3 component of attitude. Adapted from Giraldi, Ikeda and Carvalho (2008)

The choice of the categories was based in the idea of analyzing four categories that Brazil has relevance in terms of the existence of large multinationals, with significant exports and/or worldwide presence (subsidiaries and acquisitions).[2] Moreover, the choice of two commodity categories (meat and fresh fruits) and two categories that possess a value added (apparel/fashion and cosmetics) were made in order to observe the differences of evaluation regarding those two groups.

The second phase was the application of in-depth interviews in a smaller group of Italian that were actually living in Brazil. The objective of this phase was to investigate the relation and attitudes regarding the Brazilian cosmetics category. An in-depth interview is a dialogue between a skilled interviewer and an interviewee. Its goal is to elicit rich, detailed material that can be used in analysis (Lofland and Lofland, 1995).

According to Mears (2012) in-depth interviews are purposeful interaction in which an investigator attempts to learn what another person knows about a topic, to discover and record what that person has experienced.

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[2] The choice of the categories was based in the presence of relevant industries according to the study entitled “Ranking das Transnacionais brasileiras 2012, conducted by Fundação Dom Cabral.

Some of the interviews were conducted face to face and some of them were conducted by the telephone or Skype conference.

The questionnaire proposed for the in-depth interviews was divided in three main subjects:. First, the demographic aspects of the respondents and their relation with the country Brazil. Second, the habits regarding the use of cosmetics and how the country of origin could be related to that. And finally, the attitudes regarding Brazilian cosmetics and the benchmark, using the personification analysis of the product category.

3. RESULTS

3.1. Findings of the exploratory research (1st phase)

In this part of the study it will be presented the profile of the respondents of the proposed questionnaire and the main findings and evaluations about each Brazilian industry researched.

This research had the intent of getting the main perceptions about 4 different Brazilian product categories, considering a specific audience: Italian students from Bocconi University in Milan (Italy) enrolled in a Master Degree Program.

The population answering the proposed research totalized 42 people. The division of gender was characterized by the predominance of male respondents (25 respondents) and female were counting for 17 of the total respondents.

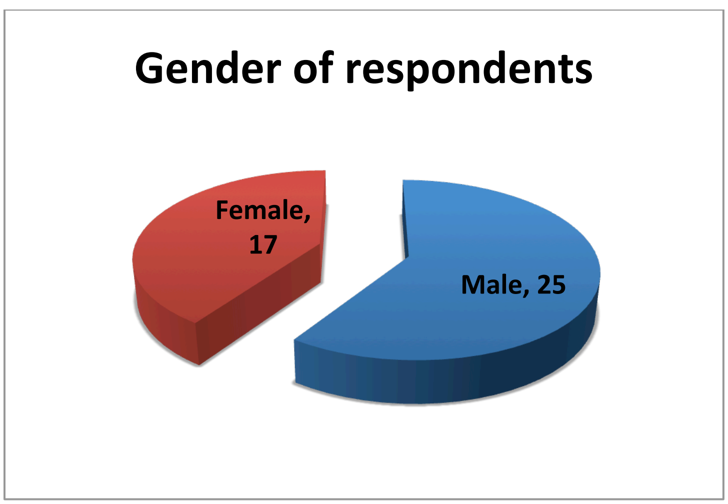

Figure 3: Gender of respondents

The average age of the respondents was between 20-29 years old (33 respondents, around 80% of the total sample) since the study was conducted in a Master of Science course in an Italian University. This average age is a good target and sample for this specific survey, since it's the young consumer, which is starting the professional life and will be the management of companies and will influence the Italian economy and decisions in the future.

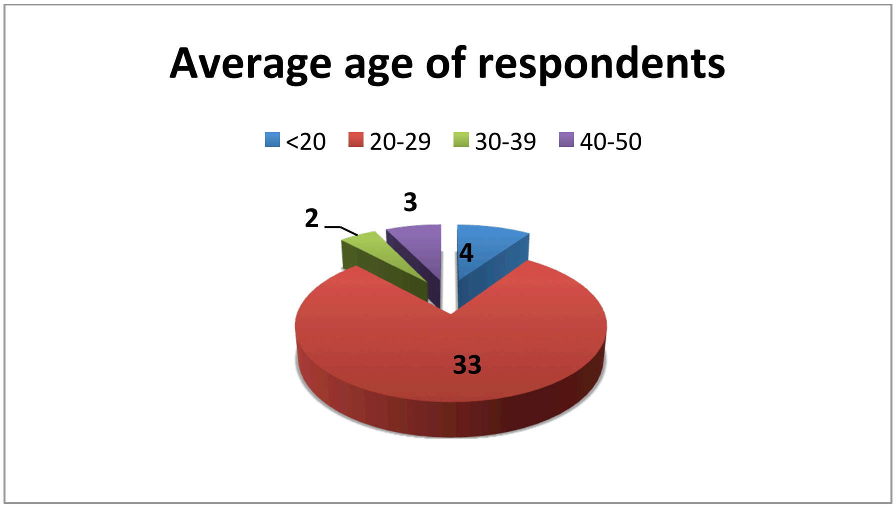

Figure 4: Age of respondents

Regarding the previous knowledge about the country Brazil the majority of the respondents has heard or has been to Brazil, which gives relevance to apply the proposed questionnaire. (Around 48% have heard and 40% have been to Brazil)

Your knowledge about Brazil		
	Absolute	**%**
I have been to Brazil	17	40%
I have read about Brazil	5	12%
I have heard about Brazil	20	48%
I don't know anything about Brazil	0	0%
Total	42	

Table 2: Knowledge about Brazil

3.2. Findings per product category

Brazilian Apparel

Regarding the knowledge about this specific sector, the major part of the respondents had a small knowledge about Brazilian apparel (13 respondents, around 31% of total sample). Although Brazil in the last years has been more present in International Fashion Shows and textile fairs, the audience attested to have a small knowledge about this category.

Knowledge about Brazilian apparel		
	Absolute	%
I don't know anything about Brazilian apparel	11	26%
I have a small knowledge about Brazilian apparel	13	31%
i have an intermediate knowledge about Brazilian apparel	10	24%
i know quite well Brazilian apparel	7	17%
I know very well Brazilian apparel	1	2%
Total	42	

Table 3: Knowledge about Brazilian apparel

The evaluations for this category of product were conducted under 3 different levels of analysis: cognitive, affective and conative. Below, a representative table showing the results for those 3 sublevels of analysis and their respective means:

Evaluation Brazilian Apparel						
	Totally disagree	Partially disagree	Not agree or disagree	Partially agree	Totally agree	Average
Has a good reputation	0,0% (0)	19,0% (8)	33,3% (14)	47,6% (20)	0,0% (0)	3,29
Is expensive	4,9% (2)	29,3% (12)	43,9% (18)	17,1% (7)	4,9% (2)	2,88
Has good quality	2,4% (1)	23,8% (10)	38,1% (16)	33,3% (14)	2,4% (1)	3,1
I have empathy for the Brazilian apparel product	0,0% (0)	14,3% (6)	35,7% (15)	38,1% (16)	11,9% (5)	3,48
I think Brazilian apparel is better in comparison to other countries	11,9% (5)	26,2% (11)	47,6% (20)	11,9% (5)	2,4% (1)	2,67
I admire it	7,1% (3)	16,7% (7)	47,6% (20)	26,2% (11)	2,4% (1)	3
I would buy it	4,8% (2)	14,3% (6)	33,3% (14)	45,2% (19)	2,4% (1)	3,26
I would recommend it	7,1% (3)	19,0% (8)	45,2% (19)	26,2% (11)	2,4% (1)	2,98
I prefer Brazilian products than those from other countries	14,6% (6)	19,5% (8)	56,1% (23)	7,3% (3)	2,4% (1)	2,63

Table 4: Evaluation of Brazilian Apparel

As it is possible to notice from the table, the Brazilian apparel products were evaluated on average around 3 (meaning a neutral evaluation). The statement that scored the highest was “I have empathy for the Brazilian apparel product” (which scored 3,48). The affirmations “I prefer Brazilian products than those from other countries”, was the less evaluated by the respondents (it scored 2,63), implicating that Brazilian apparel products does not have strength to compete in a global arena yet.

Brazilian Cosmetics

Regarding the knowledge about this specific sector, the major part of the respondents had no knowledge about it (26 respondents, 62% of the total sample) and a significant part had just a small knowledge about it (13 respondents). Although Brazil for some years has made efforts to internationalize important national companies like Natura and O Boticário, this number show that apparently the category cosmetics is still not related often to the country Brazil (in opposite to France and US for example which are countries that for years are related to the beauty industry and famous cosmetic brands).

Knowledge about Brazilian cosmetics		
	Absolute	%
I don't know anything about Brazilian cosmetics	26	62%
I have a small knowledge about Brazilian cosmetics	13	31%
i have an intermediate knowledfe about Brazilian cosmetics	1	2%
i know quite well Brazilian cosmetics	1	2%
I know very well Brazilian cosmetics	1	2%
Total	42	

Table 5: Knowledge about Brazilian cosmetics

Below, a representative table showing the results for the 3 sublevels of analysis for the cosmetic product category and their respective means:

Evaluation Brazilian Cosmetics						
	Totally disagree	Partially disagree	Not agree or disagree	Partially agree	Totally agree	Average
Has a good reputation	0,0% (0)	6,5% (2)	67,7% (21)	22,6% (7)	3,2% (1)	3,23
Is expensive	3,2% (1)	12,9% (4)	67,7% (21)	12,9% (4)	3,2% (1)	3
Has good quality	0,0% (0)	6,5% (2)	74,2% (23)	9,7% (3)	9,7% (3)	3,23
I have empathy for the Brazilian cosmetics product	0,0% (0)	13,3% (4)	63,3% (19)	20,0% (6)	3,3% (1)	3,13
I think Brazilian cosmetics are better in comparison to other countries	6,5% (2)	12,9% (4)	71,0% (22)	6,5% (2)	3,2% (1)	2,87
I admire it	3,2% (1)	12,9% (4)	64,5% (20)	16,1% (5)	3,2% (1)	3,03
I would buy it	3,1% (1)	15,6% (5)	53,1% (17)	25,0% (8)	3,1% (1)	3,09
I would recommend it	3,3% (1)	3,3% (1)	70,0% (21)	20,0% (6)	3,3% (1)	3,17
I prefer Brazilian products than those from other countries	9,7% (3)	12,9% (4)	64,5% (20)	9,7% (3)	3,2% (1)	2,84

Table 6: Evaluation of Brazilian cosmetics

Considering the table above, the Brazilian cosmetic products were better evaluated according to the cognitive statements, being considered as a product of good reputation and good quality. However, as it happened with the category apparel described before, when looking to the affirmation “I prefer Brazilian products than those from other countries”, this was the less evaluated by the respondents (it scored 2,84), demonstrating that Brazilian cosmetic products still don't have strength to fight against the well positioned and traditional competition.

Brazilian Fresh Fruits

Regarding the knowledge about this specific sector, the major part of the respondents had a small knowledge about it (15 respondents, 36% of total sample) and a significant part had no knowledge about it (8 respondents, 19% of total sample). In comparison to the two previous product categories analyzed (apparel and cosmetics), it can be perceived that people have more confidence in the knowledge about the fresh fruits category.

Knowledge about Brazilian fresh fruits		
	Absolute	%
I don't know anything about Brazilian fresh fruits	8	19%
I have a small knowledge about Brazilian fresh fruits	15	36%
i have an intermediate knowledfe about Brazilian fresh fruits	6	14%
i know quite well Brazilian fresh fruits	6	14%
I know very well Brazilian fresh fruits	7	17%
Total	42	

Table 7: Knowledge about Brazilian Fresh Fruits

Below, a representative table showing the results for the 3 sublevels of analysis for the Brazilian fresh fruits product category and their respective means:

Evaluation Brazilian Fresh Fruits						
	Totally disagree	Partially disagree	Not agree or disagree	Partially agree	Totally agree	Average
Have a good reputation	0,0% (0)	0,0% (0)	21,4% (9)	42,9% (18)	35,7% (15)	4,14
Are expensive	7,1% (3)	38,1% (16)	35,7% (15)	9,5% (4)	9,5% (4)	2,76
Have good quality	0,0% (0)	0,0% (0)	26,2% (11)	38,1% (16)	35,7% (15)	4,1
I have empathy for Brazilian fresh fruits	0,0% (0)	2,4% (1)	26,2% (11)	38,1% (16)	33,3%	4,02
I think Brazilian fresh fruits are better in comparison to other countries	2,4% (1)	4,8% (2)	40,5% (17)	26,2% (11)	26,2% (11)	3,69
I admire them	2,4% (1)	7,1% (3)	40,5% (17)	28,6% (12)	21,4% (9)	3,6
I would buy them	0,0% (0)	0,0% (0)	28,6% (12)	38,1% (16)	33,3%	4,05
I would recommend them	0,0% (0)	4,9% (2)	36,6% (15)	26,8% (11)	31,7%	3,85
I prefer Brazilian products than those from other countries	0,0% (0)	7,1% (3)	54,8% (23)	19,0% (8)	19,0% (8)	3,5

Table 8: Evaluation of Brazilian Fresh Fruits

Looking carefully to the table above, the first insight that comes out is that the evaluation averages are demonstrating a trend to be higher than the categories describes until now. The statement that scored the highest was "Brazilian fresh fruits have a good reputation" (it scored 4,14) and the statement that had the worst evaluation was "I prefer Brazilian products than those from other countries" (it scored 3,5).

Brazilian Meat

Regarding the knowledge about this specific sector, the major part of the respondents had no knowledge about it (13 respondents, 31% of total sample) and a significant part had an intermediate knowledge about it (9 respondents, 21% of total sample). Similar to the fresh fruits category, it is possible to notice that people have more confidence in the knowledge about the meat product, but still a relevant part attests to have no knowledge.

Knowledge about Brazilian meat		
	Absolute	%
I don't know anything about Brazilian meat	13	31%
I have a small knowledge about Brazilian meat	8	19%
i have an intermediate knowledfe about Brazilian meat	9	21%
i know quite well Brazilian meat	8	19%
I know very well Brazilian meat	4	10%
Total	42	

Table 9: Knowledge about Brazilian meat

Below, a representative table showing the results for the 3 sublevels of analysis for the Brazilian meat product category and their respective means:

Evaluation Brazilian Meat						
	Totally disagree	Partially disagree	Not agree or disagree	Partially agree	Totally agree	Average
Has a good reputation	2,4% (1)	7,1% (3)	33,3% (14)	23,8% (10)	33,3%	3,79
Is expensive	2,4% (1)	21,4% (9)	52,4% (22)	19,0% (8)	4,8% (2)	3,02
Has good quality	2,4% (1)	9,5% (4)	35,7% (15)	33,3% (14)	19,0% (8)	3,57
I have empathy for Brazilian meat	0,0% (0)	4,8% (2)	50,0% (21)	28,6% (12)	16,7% (7)	3,57
I think Brazilian meat is better in comparison to other countries	4,8% (2)	11,9% (5)	38,1% (16)	31,0% (13)	14,3% (6)	3,38
I admire it	4,8% (2)	7,1% (3)	59,5% (25)	16,7% (7)	11,9% (5)	3,24
I would buy it	0,0% (0)	7,1% (3)	35,7% (15)	33,3% (14)	23,8%	3,74
I would recommend it	2,4% (1)	7,1% (3)	42,9% (18)	26,2% (11)	21,4% (9)	3,57
I prefer Brazilian products than those from other countries	2,4% (1)	16,7% (7)	52,4% (22)	14,3% (6)	14,3% (6)	3,21

Table 10: Evaluation of Brazilian meat

The table above also demonstrates higher averages as it happened with the fresh fruits categories. The statement with the highest score was “Brazilian meat has a good reputation ”followed really close by “I would buy it”. And as the statement that scored the lowest was “I prefer Brazilian products than those from other countries”.

It's important to state that in all the sectors researched, the audience confirmed to have no knowledge or a small knowledge about the topic. This demonstrates one first impression about the research, which is that Brazilian products are not well communicated abroad and this implies in the small knowledge still influenced by the old and present stereotypes.

The chart below represents the total average for each category analyzed, taking into consideration the 9 statements answered by the respondents. From that chart it is possible to perceive that the Brazilian fresh fruits had the highest evaluation and the category cosmetics had the lowest. The average for the categories Brazilian apparel were around 3 which means that for many statements the answer was neutral, not demonstrating a favorable or unfavorable position regarding them.

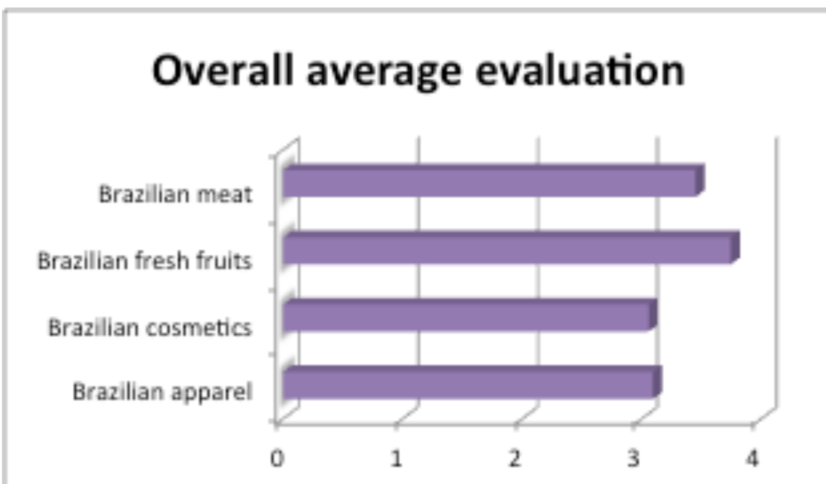

Figure 5: Overall average evaluation of product categories

Group analysis (cross analysis regarding the knowledge about Brazil)

For the first product category, Brazilian apparel, it is possible to accept that there were no major differences in the evaluation among the sub groups created. All the three groups had a very similar average evaluation for the category, around 3.

It is possible to notice that the group of respondents that have heard about Brazil had a lower evaluation, but this number was slightly lower.

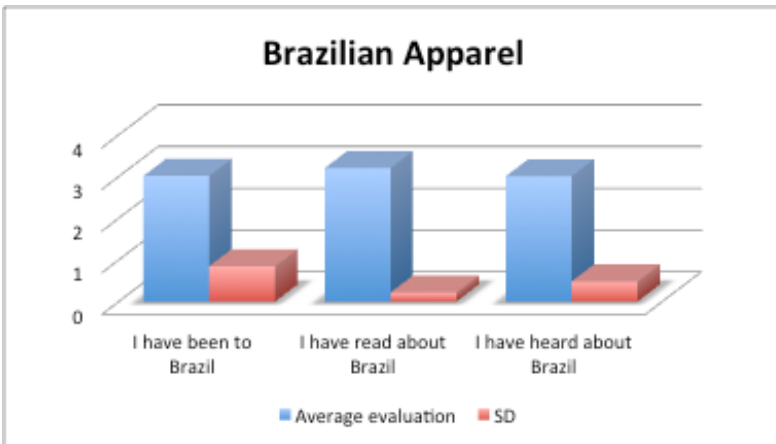

Figure 6: Brazilian apparel, average evaluation per group

For the second product category, Brazilian cosmetics, the average evaluation was similar for the three sub-groups but we can perceive that the group that read about Brazil had a slightly better evaluation for this category and that the group that heard about Brazil had an evaluation a little lower than 3, which is the neutral evaluation in the survey, implying that this group evaluated more negatively this category.

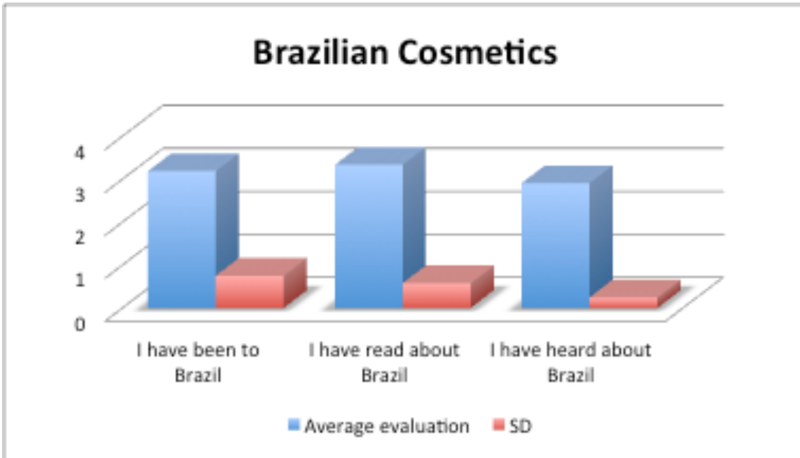

Figure 7: Brazilian Cosmetics, average evaluation per group

For the third product category, Brazilian fresh fruits, the average evaluation was not so similar like the previous categories analyzed, it had more variability among the three categories and higher scores. The group that has been to Brazil and that have read about the country has given higher grades to this category (the average is around 4 in a scale from 1 to 5); on the other hand, the group that has heard about Brazil has evaluated the category with a neutral evaluation (the mean was around 3 in a scale from 1 to 5)

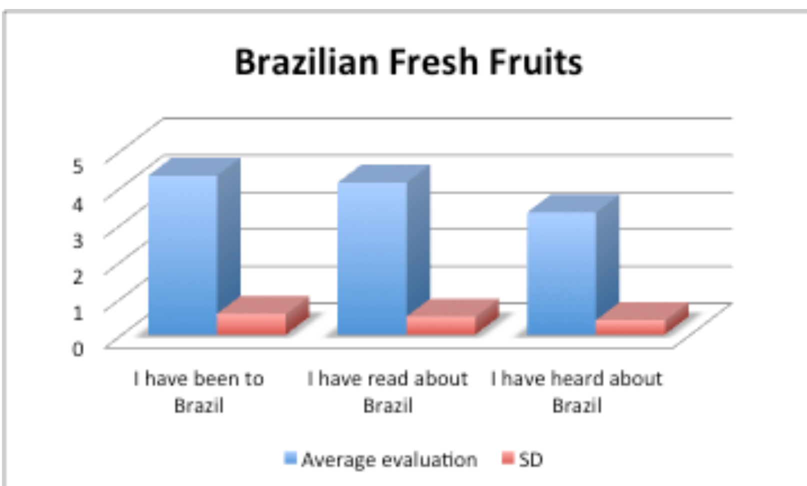

Figure 8: Brazilian Fresh Fruits, average evaluation per group

And finally, the fourth category, Brazilian meat, like the fresh fruits category, had a mean evaluation different from the two previous categories analyzed (apparel and cosmetics).

The group that had read about Brazil evaluated better this category (average around 4); on the other hand the group that has heard about Brazil had a neutral evaluation on average around 3.

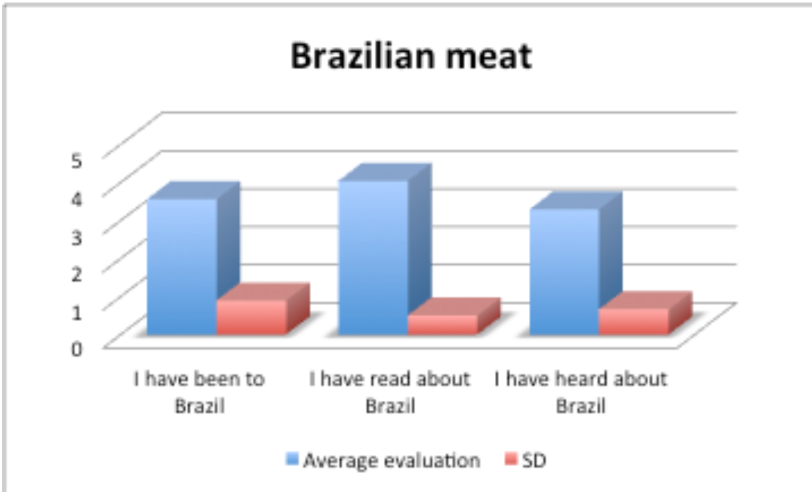

Figure 9: Brazilian Meat, average evaluation per group

In order to verify if the attitude regarding the Brazilian products are positive, neutral or negative, it was created some procedures. First, variables were created to represent the attitudes by the sum of the answers of the respondents for the 9 questions. It is possible to notice that the minimum values are higher for the fresh fruits and meat categories demonstrating again the highest average evaluation of those categories. The median and average are also higher for those categories.

Descriptive statistics for the attitude variables						
	N	MIN	MAX	MEDIAN	AVERAGE	STANDARD DEVIATION
Attitude apparel	42	13	43	28	27,286	5,667
Attitude cosmetics	42	12	44	27,357	27	5,117
Attitude fresh fruits	42	23	45	33,619	32,5	6,020
Attitude meat	42	18	45	31,095	31	6,952

Table 11: Descriptive statistics for the attitude variables

The attitude regarding the different product categories was calculated based on the sum of answers per questionnaire, being 27 the neutral score, from 9 to 26 included the unfavorable attitude and from 28 to 45 the favorable attitude.

Below the results of this analysis demonstrated by the charts, showing the percentage of those three attitudes for all the categories analyzed.

Regarding the results about the attitude towards the product categories, except from Brazilian cosmetics, the other three categories analyzed had the higher percentage of favorable attitude.

The cosmetics category had a neutral attitude for the major part of the respondents (almost 50% of the respondents). As it was also confirmed through the overall mean evaluation for the categories, for the fresh fruits and the meat product categories, the percentage of favorable attitude was higher than 60%, indicating a better evaluation for those categories.

Below, it was created four charts indicating the attitude and their respective percentages.

The first chart demonstrates the attitude regarding Brazilian apparel. It is possible to perceive that this product category has the majority of respondents with a favorable attitude (25 respondents) but at the same time 11 respondents demonstrated an unfavorable attitude.

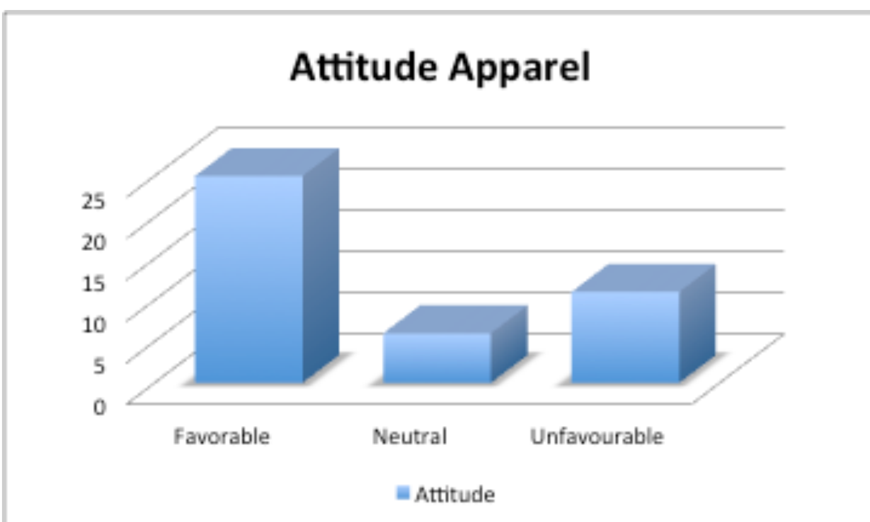

Figure 10: Attitude Brazilian Apparel, Brazil Country of Brand Research

The second chart demonstrates the attitude regarding Brazilian cosmetics and is the only category analyzed that totalized more neutral answers instead of favorable. Also, the number of favorable and unfavorable attitudes was the same. (20 neutral and 11 favorable and unfavorable respondents)

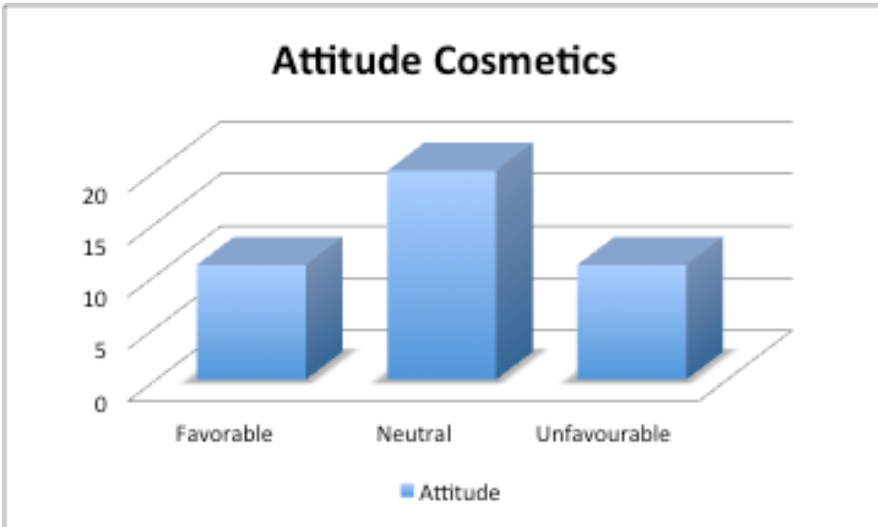

Figure 11: Attitude Brazilian Cosmetics, Brazil Country of Brand Research

The third chart demonstrates the attitude regarding Brazilian fresh fruits and has a visible dominance of favorable attitude regarding the category (33 favorable respondents).

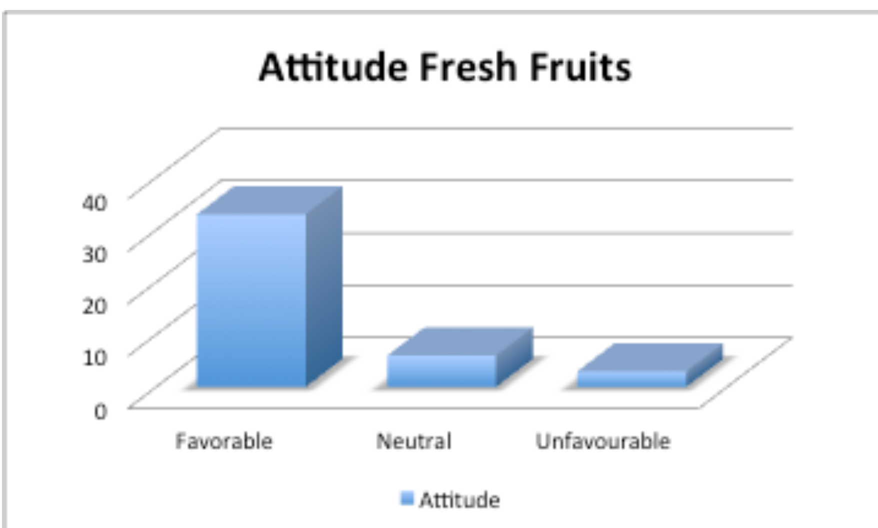

Figure 12: Attitude Brazilian Fresh Fruits, Brazil COuntry of Brand Research

The fourth chart demonstrates the attitude regarding Brazilian meat and like the previous category analyzed, it has a visible dominance of favorable attitude regarding it (25 favorable respondents).

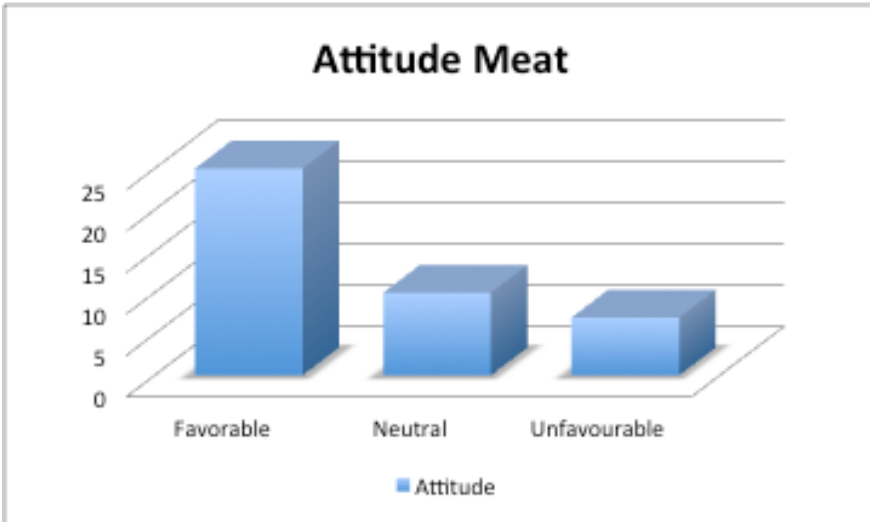

Figure 13: Attitude Brazilian Meat, Brazil Country of Brand Research

In summary, the categories that had the better evaluation were the so called commodities categories (fresh fruits and meat) demonstrating that people tend to associate Brazil as a country that is known for products that are less complex and that are more related to nature.

From the results of this exploratory research, especially observing the attitude regarding each category, it was chosen Brazilian cosmetics to be analyzed in-depth in the subsequent section of this study. Since it was the category with the highest neutral and unfavorable attitude from the respondents, and also the category that they attested to have the lowest level of knowledge.

The answers that will be investigated in-depth in the next section of this study are related to the image and perceptions regarding Brazil and the category cosmetics (including cosmetics in general and Brazilian cosmetics). The main findings will be the image of the country Brazil before and after living in the country, how the respondents relate to cosmetics in their daily life and what is their impression of the most important attributes and key drivers of choice when purchasing cosmetics. Most importantly, it will be analyzed Brazil as a country to endorse cosmetics and the attitudes regarding Brazilian cosmetics when directly compared to benchmark countries for this industry. And finally a generic approach to Brazilian positive and negative attributes when endorsing products to foreign markets.

3.2 Findings of the in-depth interviews (2nd phase)

The interviews were conducted with 7 Italians currently living in Brazil. The main objective was to collect their perceptions about Brazilian cosmetics and the relation of the product category with the country of origin. This will allow the study to identify possible weaknesses of Brazilian cosmetic and also the country of origin effect in this product category.

Below, a table summarizing the profile of the seven respondents. Their main answers for the in-depth questionnaire, organized into seven important topics, can be found in this table. The respondents of this research were from both gender (3 female and 4 male) and the age of them was from 25 to 30 years old.

	Relation with Brazil	**Image of Brazil before**	**Image of Brazil now**	**Use of cosmetics**	**Cosmetics and Country of origin**	**Attitude regarding Cosmetics**	**Personification – Brazilian Cosmetics**
R1	Brazilian boyfriend Working in Rio	Always summer, happy people, fanatics for soccer	More sophisticated country full of opportunities	Uses cosmetics every day and quality is very important	Sees more the brand not the country of origin	Has quality but product is expensive Buy Brazilian products and would recommend them	Female, single likes to shopping and could be a singer like Selena Gomez
R2	Had an uncle living in Sao Paulo. Came to work in consulting.	Had a good image, a dynamic country full of opportunit ies.	Found a successful career. It is a country that offers a lot of opportunities with people from different cultures.	Uses cosmetics but the fiancé chooses for him. Name of the brand and quality and innovation associated.	Says a lot about the provenience and the quality.	Brazil has good quality and it is not so expensive. It has empathy.	Female, young, top model and intelligent
R3	Came to Brazil to find a job and is currently taking Portuguese classes.	Opened country with young mindset. Concerns about violence.	Brazil and São Paulo are seen as places with different people, violence but the economy is dynamic.	Price and quality ratio. Brand is also important	It is important the country of origin because of the segment. Research behind the company is also mandatory	Brazilian cosmetics have a fair quality and are not expensive compared to foreign products	Female, Young, Single and an actress.
R4	Came to work in Flores Online.	Brazil was close in terms of culture to Italy.	Brazil is felt like a second home, a welcoming country.	Uses foreign and Brazilian brands of cosmetics.	It says a lot about quality and symbols associated with the product. It also tells a history.	Quality is ok and price is not expensive. Don’t think the product is admired.	Female, between 20 to 35 years old, single and an artist.

R5	Is spending 6 months per year in the last couple of years.	Knew the country as a potential commercial partner	Found that the country is very closed to new businesses in terms of bureaucracy.	Uses cosmetics but not in a huge quantity. Prefers to buy in drugstores high level brands.	It is important because of high quality standards. France is the benchmark.	Brazilian products have good quality but are expensive in the high-end level.	Female, 20 years old, single, a singer or top model.
R6	Came to Brazil 4 years ago to work in consulting	Had some stereotypes of beach and parties.	Saw that Brazil has a multidisciplinary culture. But also a lot of inequality and violence.	Uses a lot of foreign brands usually the most common in drugstores like L'Oreal and Nivea	It is very important because it says a lot about the reputation and quality.	He is not sure about the quality and the price is not so much expensive.	Female, young, single and a surfer, sportiest.
R7	Came to São Paulo (Brazil) to work in banking/consulting.	Slow life, wonderful places and Samba.	Frenetic life, not so much time to travel, huge varieties of cultures.	He is very conservative uses known Italian brands.	It is a critical attribute because it shapes the symbols and perception of quality of the product	Brazil has good quality, it has high-end brands in the cosmetics segment but price is too expensive when the product has high quality.	Female, 30 years old, single and a famous top model like Gisele Bundchen.

Table 12: Summary of the in-depth interviews

4. MAIN FINDINGS AND CONCLUSIONS

4.1. Results from the In-depth interviews

In this part of the study it was selected two main macro topics to be analyzed in-depth: Cosmetics and the country of origin effect and attitudes regarding Brazilian cosmetics. The basis for this analysis were the seven in-depth interviews conducted with Italian consumers living in Brazil.

a. Cosmetics and the country of origin effect

It is possible to perceive that the category cosmetics is strongly affected by the country of origin. The main attribute of cosmetics is quality and research/technology. From the answers collected it was clear for all the respondents that country of origin is a synonym of quality behind the product, in other words, a type of certificate of how it was made and a big country or company behind it. Quality is linked to the concept of country of origin since in many industries. Some older studies have demonstrated that country of origin influences evaluations by signaling product quality (Han 1989, Johansson 1985).

> *"I use cosmetics every day, quality is very important." (R1)*
>
> *"It is mandatory the experience with the product, and the quality that it has." (R4).*
>
> *"I think it is really important in this segment because it is a product that demands a lot of quality and efficiency. Sometimes the research of the company behind cosmetics is the most important attribute to sell." (R3)*

The attribute brand was mentioned but always taking into account that the brand was a symbol of a country and provenience as well. Brand is a larger concept, being able to incorporate many attributes and symbolic images, but in this research one of the references in terms of country of origin was the brand itself. Brand was a synonym for quality and origin. Therefore, the countries of origin or the brand were attesting the quality as a first impression even before the customer knew the product.

> *"Brand and aroma are the most important ones." (R7)*
> *"I have some favorite brands in each category." (R1)*
> *"I see the brand, not the country of origin, for me it doesn't matter where the product comes from, if I like the brand." (R1)*
> *"The name of the brand says a lot for cosmetic products because it brings the question of heritage and consequently quality associated with that." (R2)*
> *"Most important attribute probably the brands, using some of them I am sure enough to purchase and use a high quality product." (R5)*

Brazil as a country of origin was not strong for this product category according to the audience interviewed. It lacked some important attributes as: high quality (state of the art), heritage, research and technology behind production processes. In other words, Brazil has a fair offer of quality products but it is not the most attractive quality a customer can expect.

> *"Maybe regarding the quality is not the most attractive, because of the stereotypes." (R1)*
> *"Brazil is a young country that has not build heritage in many industries so it is hard for people to associate the country with serious commitment for quality in determinate categories"(R2)*

On the other hand, the respondents also mentioned an important issue regarding the positive attributes of Brazil. In a strategic analysis, it is possible to infer that those attributes could spontaneously add benefits to cosmetics the attributes of nature and beautiful landscapes, natural beauty, good weather and the exotic. Furthermore, the attributes of the country people such as joyful, youth, happiness (samba, music and party) and could be extended to the communication strategy of Brazilian cosmetics.

> *"Brazil is a country that nowadays can sell many things and especially food it is really good on it but cosmetics is a segment that demands heritage and a strong image built on it." (R3)*
>
> *"I can imagine that in Europe people would like Brazilian products, because it's exotic." (R1)*
>
> *"Brazil has a lot of good things and the image of beauty is on it. Since it is a young country it need to develop its image in some sectors and this demands a lot of time and investment from companies." (R3)*

And finally when questioned about the potential of Brazil to endorse products almost all the respondents said that Brazil is in the right track but still needs to improve many aspects like its commitment with sustainable development and the image as a country that is changing; its image from a commodity exporter to a manufacture and production driven country. This according to the respondents still needs to be taken seriously in order to all the companies present in Brazil to benefit from a consolidated positive image. Since Brazil is a young country it is years behind old developed world so the efforts to change this image need to be effective and sustainable.

> *"Brazil is a young country that has not build heritage in many industries so it is hard for people to associate the country with serious commitment for quality in determinate categories." (R2)*
>
> *"My image is very positive although I still see that Brazil lacks commitment for sustainable development of industries and needs to receive investments to continue positioning itself more competitive." (R2)*
>
> *"Brazil in some years has gained credibility to play in the international field but still needs to make a lot of changes. But definitely companies and brands have a better image especially in sectors that are not related with commodities." (R5)*

b. Attitudes regarding Brazilian Cosmetics

The proposed analysis for the attitude of the consumers in relation to Brazilian cosmetics followed the approach of the 3-component model described in the literature review: cognitive, affective and conative.

Regarding the cognitive attitude, the respondents demonstrated that Brazilian cosmetics have a fair quality but when comparing to countries that are benchmark Brazil lacks attractiveness because the quality is mentioned as inferior.

> *"I consider them (Brazilian cosmetics) as medium high quality; I purchased last year a VitaDerm product in S Paulo. Sincerely is hard for me to give you a generic level of attractiveness, probably medium for most of the people." (R5)*

The prices of Brazilian cosmetics are not a consensus for all the respondents. It is possible to infer that the major part of the respondents does not think that Brazilian products/cosmetics are expensive in general. But some of the respondents pointed out that for high end product with high quality and standards, Brazilian products can be expensive at the same level of the foreign benchmarks.

> *"Brazil has (quality), but high quality is still too expensive compared to the benchmark." (R7)*
>
> *"No it does not seem expensive because it cannot put a premium for many attributes like heritage or complex technology on it." (R6)*
>
> *"It has an average price not so expensive and not so cheap I think. It is a product that for companies like Natura the price is a little over the market average." (R2)*
>
> *"I consider Brazilian products expansive in the high-end level." (R5)*

For the majority of the respondents Brazilian cosmetics evoke empathy (good feelings, good products, perception of healthiness and nice brands like Natura and O Boticário). For the respondents that said that they don't have empathy the reasons were lack of experience in using them or no understanding of the concept/message behind Brazilian cosmetics.

> *"Yes I would say it is a product that evokes empathy, good feelings."(R2)*
>
> *"No, I don't have empathy because it does not say many things to me." (R1)*

However, the majority doesn't think the product has enough strength to evoke admiration. Admiration would be something that would come from a differentiated positioning, unique attributes and reputation. And for this Brazil is still not mature in this industry. Admiration is linked to the comparison with the benchmark or being the benchmark.

> *"I think it is not admired. Brazilian is definitely less than benchmark products." (R1)*
>
> *"I wouldn't say admired because it is hard to understand attributes in order to admire it since it is not so well positioned or differentiated." (R2)*

Analyzing the conative dimension, related to the intention to buy the products, in general, all the respondents said that they would buy Brazilian cosmetics or have already bought/used some known brands.

> *"Yes I already bought some products from Água de Cheiro, Natura, O Boticário, etc. I think they are good but not the best quality I have tried for sure." (R3)*
>
> *"Yes I would buy and I already bought Natura products." (R2)*

When the question was related to recommending Brazilian cosmetics to friends, the majority of the respondents have declared to do it but with some restrictions. (e.g. they would not do it when it would be a specific need, as the case of clinical recommendations or complex products)

> *"I would recommend the Italian cosmetics/perfums because I use them and I know the quality and what you are getting for the price you are paying." (R7)*
>
> *"A point of advantage of the European manufacturer is that they are probably known worldwide. I mean company as Sisley, Clarins, Armstrong, L'Avene, La Roche, They invest in advertising on TV, magazine, gadget, and this increase the visibility of their brands. At the same time I don't know if Brazilian manufacturers invest in the same way in Europe, sincerely I don't know Brazilian brand present on the Italian market." (R5)*

4.2. Combined analysis from the first and second phase of interviews

In the first phase of this research the category Brazilian cosmetics had the lowest evaluation in the consumer attitude measured by a scale from 1 to 5 and taking into account the 3 components of attitude: cognitive, affective and conative. The results from this phase also showed that the respondents had a low knowledge about this category. Therefore, this category was chosen as the most interesting to be explored in a second phase research, using in-depth interview methodology to understand the perceptions in detail from a specific target audience: Italians living in Brazil.

From the first phase research most of the answers were Neutral for Brazilian Cosmetics, this category had no clear evaluation compared to the other categories analyzed. It was decided that the audience that could provide some knowledge about this product should have contact with the country. Thus, only Italians living in Brazil were interviewed in the second phase (in-depth interviews).

Analyzing both results from the phases we can notice that when questioned about the presence of quality in the Brazilian cosmetic product, the answers were neutral. But when questioned in the in-depth research, the respondents affirmed that the Brazilian product had quality but not the best one. So quality was present but not as a benchmark product. The neutral answers in the first research attested that the attribute quality is not strong in the image of Brazilian cosmetics. It was important the second phase in this analysis to understand that Brazilian cosmetics have quality, but this attribute is not immediately recognized and a main characteristic in this industry.

When asked about the price and if Brazilian cosmetics were expensive, in the exploratory research most of the respondents had a neutral opinion. This is the result of the non-familiarity with this product and also the idea of its price. In the following research, the great majority attested that Brazilian cosmetics are not expensive in general but when it comes to the high end product the price can be very expensive. But in general, Brazilian cosmetics are not perceived as expensive.

The attribute admiration demonstrated similar results in both researches. The majority of the respondents from the exploratory research attested a neutral or negative evaluation for this attribute. In the subsequent research, the respondents also declared that they don't think Brazilian cosmetics have enough quality and reputation to be admired. Therefore, the great majority declared having empathy for Brazilian cosmetics but no admiration. Empathy was an attribute that most of the respondents in the second research linked with the idea of good feelings, good products and nice brands (like Natura and O Boticário for instance)

Regarding the behavior to buy or recommend Brazilian cosmetics, in the first exploratory research just a small part of the respondents actually would take a positive attitude to do it. On the other hand, the respondents in the second interview declared that they would buy or had already bought Brazilian cosmetics. Moreover, they would definitely recommend them to friends; just in case of specific treatments or medical needs they would not give this recommendation. It is important to pose that in some of the answers the respondents affirmed that the benchmark brands/product would be the first recommendation to friends.

Component	Findings
Cognitive	Neutrality about the quality, Brazilian cosmetics have quality but not the best quality as a benchmark. In general Brazilian cosmetics are not expensive (but in some high-end categories it can be very expensive).
Affective	Respondents tend to have empathy The attribute admiration was not strong
Conative	Respondents would definitely buy or have already bought Brazilian cosmetics. They would recommend to a friend but just in generic cases, for more specific needs they would be more careful in recommending them.

Table 13: Findings of the researches

5. MANAGERIAL IMPLICATIONS

In addition to theoretical contributions presented, this study has also provided some insights for practical business management.

This paper aimed to demonstrate how Brazilian cosmetics are viewed through the point of view of an European foreign audience (Italians). This has a strict link to how the country is marketed abroad and also how relevant Brazilian product categories are being communicated to foreign clients.

Regarding the topic of Brazilian multinationals/transnational companies exporting or developing business abroad the subject of this study poses some important contributions: to develop the internationalization process of companies through the knowledge creation that will enable the formulation and implementation of global competitive strategies.

The process of internationalization can bring benefits to companies and also to the country. As a benefit to companies we can highlight the enlargement of the brand value through its international strengthen presence and also its capacity to reach global clients.

On the country side, the main benefit of the internationalization process is the improvement of the country of brand Brazil and also its consolidation in the global arena.

By observing the aspects that the respondents brought in both researches, it is explicit that Brazil still has a weak image specially in the cosmetic industry and the country is viewed as a growing emergent country but still needs to invest and pursue a sustainable commitment to quality.

Since it has the legacy of a commodity exporter country, Brazil needs to invest more in modifying this negative heritage and communicate better the changes that it has been through in many key industries.

6. LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

This study aimed to present the topic of country of origin effect focusing on the qualitative evaluation of one category of product (Brazilian cosmetics) by a specific target audience: Italian consumers. The type of research conducted was divided in two main phases: an exploratory research evaluating nine statements that would indicate the category among four chosen to be evaluated that had the lowest perception of value and could be explored through in-depth interviews.

Since the proposed questionnaire for the exploratory research was answered by a small sample of individuals, the method chosen to analyze all the data was simplified into a descriptive statistical analysis as it was mentioned in the section about the research methodology. One of the main limitations of this research was the restrict sample that did not allow to make extended inferences about the whole population of the country.

The in-depth interviews were answered by seven respondents which is a low amount of questionnaires completed but since the data collected was analyzed in an open and qualitative way it is accepted in order to generate opinions about one specific category of product.

Concerning future research, other studies can extend this analysis focusing on other European countries and trying to understand if there are differences about the attitudes among 2 or 3 countries. Another research can also include different categories of products or even services provided in the country Brazil and the evaluation from the Italian or other nationalities.

To conclude, future research exploring the Brazilian country of origin effect can be conducted in order to present a perception map about the products and services offered by the country and also guide the internationalization strategy developed by the country in the next years.

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ANNEX 1

Proposed questionnaire

Title: Brazil Country of Brand Research

Profile of respondents (students of Università Commerciale Luigi Bocconi, Milan, Italy)

1. Age:
2. Gender:

3. Knowledge about Brazil (multiple choice)

I have been to Brazil ( )
I have read about Brazil ( )
I have heard about Brazil ( )
I don't know anything about Brazil ( )

Research Design
Category of products analyzed

Brazilian:

- ⇒ Apparel
- ⇒ Cosmetics
- ⇒ Fresh fruits
- ⇒ Meat

4. Primary question for each category (multiple choice)

I don't know anything about Brazilian apparel ( )
I have a small knowledge about Brazilian apparel ( )

I have an intermediate knowledge about Brazilian apparel ( )

I know quite well Brazilian apparel ( )

I know very well Brazilian apparel ( )

<u>Likert scale for dimensions</u>

Totally Disagree ( )

Partially disagree ( )

Not agree or disagree ( )

Agree partially ( )

Totally agree ( )

<u>Dimensions analyzed</u>

5. Cognitive

The Brazilian product has a good reputation

Totally Disagree ( )

Partially disagree ( )

Not agree or disagree ( )

Agree partially ( )

Totally agree ( )

The Brazilian product is expensive

Totally Disagree ( )

Partially disagree ( )

Not agree or disagree ( )

Agree partially ( )

Totally agree ( )

The Brazilian product has high quality

Totally Disagree ( )

Partially disagree ( )

Not agree or disagree ( )

Agree partially ( )

Totally agree ( )

6. Affective

I like/have empathy for the Brazilian product

Totally Disagree ( )

Partially disagree ( )

Not agree or disagree ( )

Agree partially ( )

Totally agree ( )

I think the Brazilian product is better in comparison to those from other countries

Totally Disagree ( )

Partially disagree ( )

Not agree or disagree ( )

Agree partially ( )

Totally agree ( )

I admire the Brazilian product

Totally Disagree ( )

Partially disagree ( )

Not agree or disagree ( )

Agree partially ( )

Totally agree ( )

7. Conative/Belonging

I would buy a Brazilian product

Totally Disagree ( )

Partially disagree ( )

Not agree or disagree ( )

Agree partially ( )

Totally agree ( )

I would recommend a Brazilian product

Totally Disagree ( )

Partially disagree ( )

Not agree or disagree ( )

Agree partially ( )

Totally agree ( )

I prefer Brazilian products to those from other countries

Totally Disagree ( )

Partially disagree ( )

Not agree or disagree ( )

Agree partially ( )

Totally agree ( )

ANNEX 2: IN-DEPTH INTERVIEWS TRANSCRIPTS

OBJECTIVE: **To describe the attitude of Italians living in Brazil** towards a category of Brazilian products: **cosmetics made in/from Brazil**

GUIDELINE

GENERIC QUESTIONS:

- Demographic questions:
    - Age, male/female:
    - What he or she does/studies:
- How long has been living in Brazil?
- Reason for choosing Brazil?
- Image of the country before coming?
- The image now (what has changed, why?)

CATEGORY - COSMETICS

- The relationship with this category of product? (brand, frequency of use, where to buy, types of use)
- What are the most important attributes in choosing this product?
- Process of choosing cosmetics. Is it different when you buy it for yourself or as a gift to someone?
    - If it doesn't come spontaneously, the relevance of Country of Origin.

COUNTRY OF ORIGIN QUESTIONS:

- How do you relate the country of origin/provenience with this category of product (cosmetics)?
- What is the level of attractiveness of the country Brazil?
- What is the benchmark in terms of country of origin for cosmetics?
- Brazil and benchmark country:

- Questions of attitude in relation to the category for Brazil and the benchmark
    - Does the Brazilian/benchmark product have good quality? Why?
    - Is the Brazilian/benchmark product expensive? Why?
    - Do you have empathy for the Brazilian/benchmark product? Why?
    - Is the Brazil/benchmark product admired? Why?
    - Would you buy the Brazilian/benchmark product? Why?
    - Would you recommend the Brazilian/benchmark product? Why?

- If the Brazilian cosmetic would be a person, how would it be:
  - Gender?
  - Age?
  - Marital status (single or married)?
  - Profession?
  - Does it have a hobby?
  - Which celebrity would it be?

- What your experience has changed in terms of Brazil endorsing products as a country of origin?