

The background features the LIUC logo in a dark blue serif font, with the word "LIUC" on the top line and "Università" on the bottom line. There are five yellow stars scattered across the top of the slide. A white diagonal banner with red text is positioned in the upper right quadrant.

Students' version

International Marketing

October 18, 2019

Università

Contents of the session



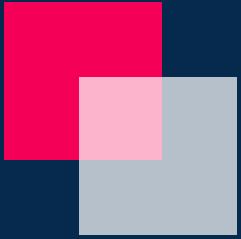
1. Made in issue
2. Country of Origin
3. Review of previous sessions (volunteers)

Learning Objective 2

Entry mode strategies

A stylized world map with glowing blue lines and dots representing global connectivity. The map is centered on the Atlantic Ocean, with the Americas on the left and Europe and Africa in the center. The background is dark blue, and the map is overlaid with a network of glowing blue lines and dots, suggesting a global network or data flow.

International Marketing Course



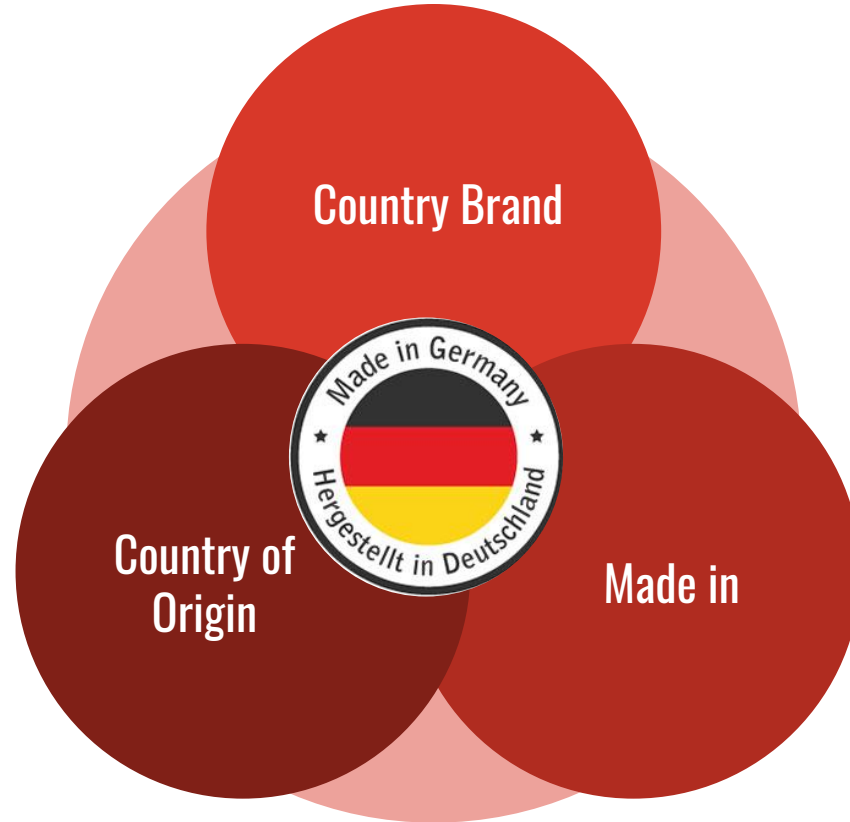
0. Introduction



“Heaven is where policemen are british, chefs are french, italians are lovers, germans are engineers and it is all organized by swiss”



*"Hell is where policemen are german, chefs
are british, swiss are lovers, frenchs are
engineers and it is all organized by italians"*

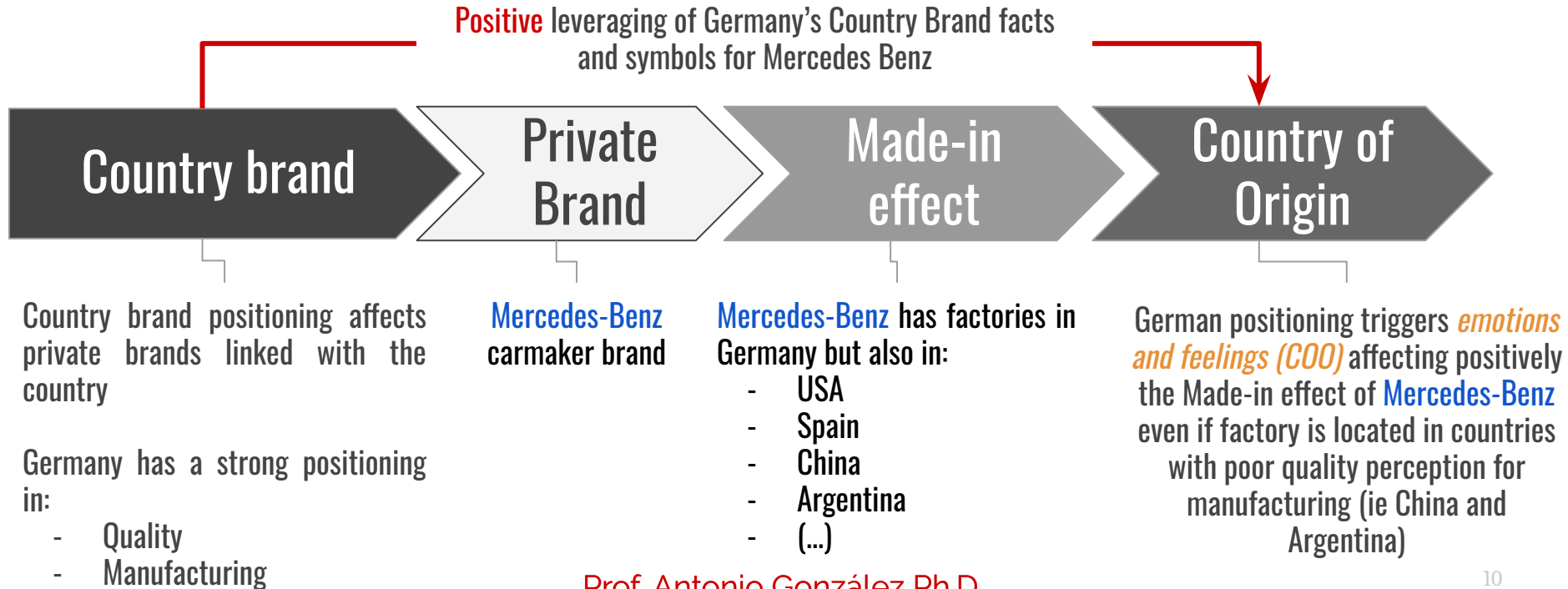


MADE IN PRC

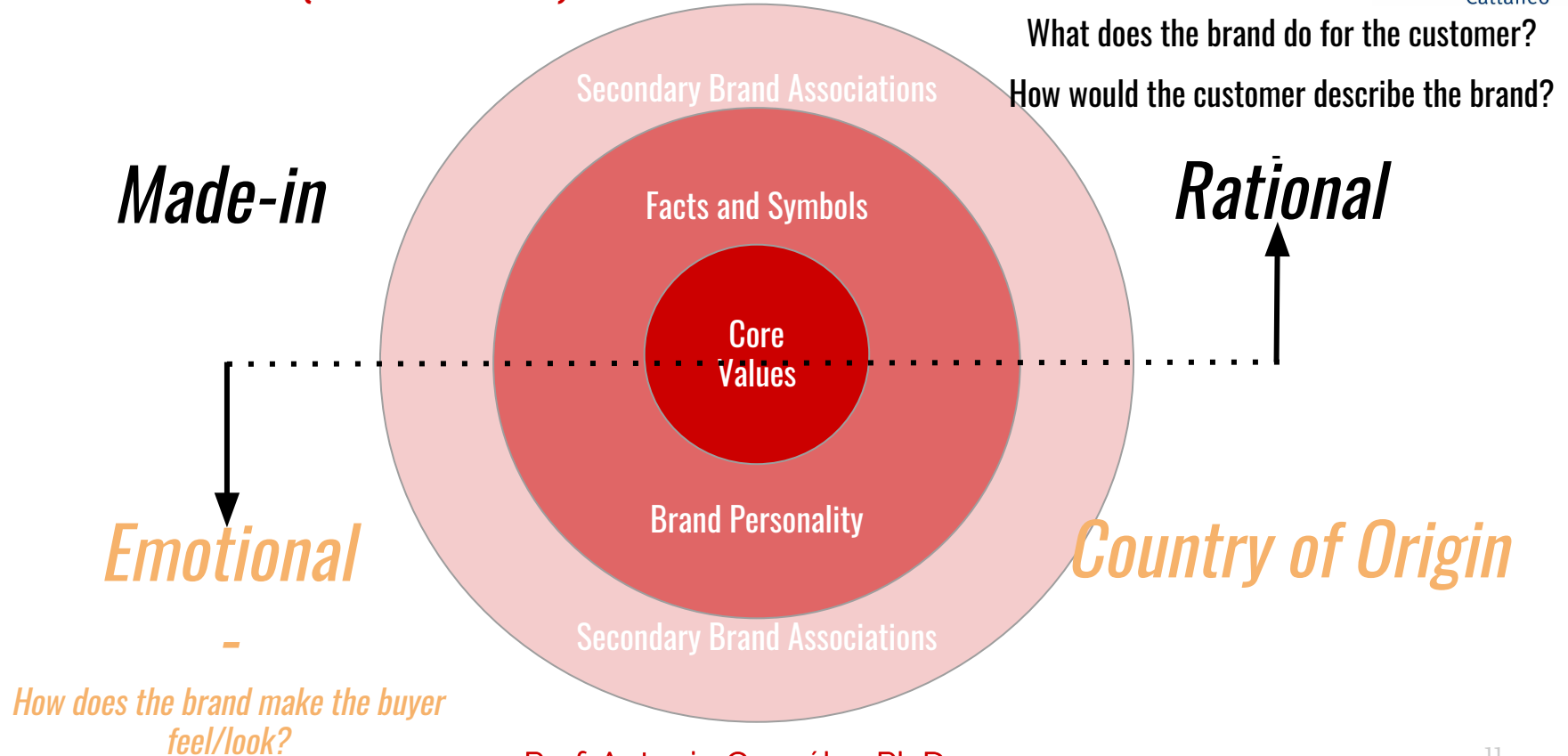


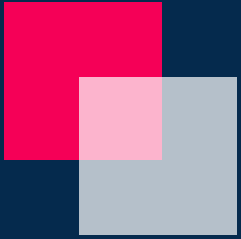
Made-in effect and Country of Origin may co-exist

-An example: Mercedes-Benz



Brand Wheel *(+ Made in +COO)*





1. Made-in issue

What is Country (Nation) Brand?





How do you define Country Brand?

THE WORLD IN WORDS

1. Made-in and Country Brand: Nation Brand Index

Nation	2018 Rank	2017 Rank
Germany	1	1
Japan	2	4
United Kingdom	3	3
France	4	2
Canada	5	4
Italy	6	7
United States	6	6
Switzerland	8	8
Sweden	9	10
Australia	10	9

Categories rated:

- Export
- Tourism
- Culture
- Investment
- Governance
- Immigration
- Safety
- ...

Anholt-GfK Nation Brands Index by Ipsos, 2018

1. Made-in and Country Brand

Germany #1

- Exports: “made in Germany” as best to buy
- Ranked first in China for Export, Governance, People, Immigration and Investments

Japan #2

- Gains in Governance and People

US #6

- Eroded by Culture, Governance and People

South Korea and Russia

- Improved thanks to Winter Olympics and FIFA World Cup

1. Made-in and Country Brand

The more developed the country is, the higher quality perception by clients

Made-in effect is the ability to influence on customers' perception of quality

Made-in effect is closely *related* to customers' *knowledge on a particular country* and the country *development*

1. Made-in and Country Brand

Made-in effect is created mainly by rational facts and symbols, related to where the a given product is actually manufactured

Considering the link between made-in effect and country brand, *factors affecting quality perception* are: (for instance “made in Germany”)

- Quality of raw materials,
- Level of internal competition
- Years of manufacturing expertise
- Country specific factors (positioning over the years)



1. Made-in and Country Brand

- ★ *Country brand* becomes a *driver on quality assessment* for customers because *countries are perceived as having specific skills* and abilities
- ★ *Customers are influenced* not by all product manufactured in one country but *only for specific products or industries*: french perfumes, italian fashion, spanish tourism, german manufacturing,

(O'Shaughnessy, 2002)



1. Made-in and Country Brand: made in Japan example

Image of products made in Japan

Products made in Japan have an image of having excellent quality. Scores for Established reputation, Leading technology and Safe/secure are also high, indicating strong trust in products made in Japan.

- Excellent quality tops the list in nearly all cities, and Established reputation also makes the top three in the majority of cities, showing a high level of trust in products made in Japan.
- Leading technology and/or Safe/secure rank in the top three in Hong Kong, Taipei, Beijing, Kuala Lumpur, Bangkok, Jakarta, Ho Chi Minh City, and Yangon, while they also rank high in other cities.
- Smart/fashionable tops the list in Guangzhou, and also makes the top three in Seoul, Singapore, Metro Manila, Delhi and Mumbai.
- In addition, Active/growing is in the top three in Shanghai and Delhi and Energy saving ranks in the top three in Guangzhou. In Kuala Lumpur, Environmentally conscious and Energy saving are high.

1. Made-in and Country Brand: made in Japan example

	Excellent quality					Smart/fashionable image					Safe/secure				
	Japanese products	US products	Korean products	Chinese products	Thai Products	Japanese products	US products	Korean products	Chinese products	Thai Products	Japanese products	US products	Korean products	Chinese products	Thai Products
GH 2015 (15-city average)	①71.3	②51.1	③31.1	17.1	17.2	①47.8	②46.5	③46.0	19.4	18.5	①44.3	②39.1	③25.5	13.7	15.3
Hong Kong	①87.3	②58.0	③33.9	2.0	8.1	②69.3	③41.9	①72.3	1.0	7.3	①74.1	②70.0	③34.6	2.3	6.5
Taipei	①87.3	②51.9	③19.9	0.9	4.9	②58.6	③47.8	①70.6	0.9	9.4	①69.4	②43.5	③8.0	1.3	1.5
Seoul	①69.6	②48.0	③45.8	0.2	0.8	①49.8	②42.4	③34.0	0.4	0.4	③30.4	②33.4	①37.2	0.4	1.0
Shanghai	①68.4	②33.0	28.0	③28.3	13.5	②42.2	③41.4	①42.3	28.1	15.3	③31.9	①45.3	②33.7	27.0	17.4
Beijing	①50.4	②24.9	20.2	③22.9	9.2	①30.7	②28.6	③26.0	22.3	18.0	①25.0	20.8	②22.6	③21.4	15.6
Guangzhou	①44.6	③28.4	②29.6	26.0	18.8	①50.4	③33.3	②39.1	25.6	28.8	①40.5	②37.0	③33.0	24.7	18.3
Singapore	①74.9	②50.2	③39.8	3.9	5.1	②52.0	③39.8	①58.4	6.5	11.6	①42.7	②33.1	③18.0	4.3	3.9

Source Hakuodo Habit Report, , 2016

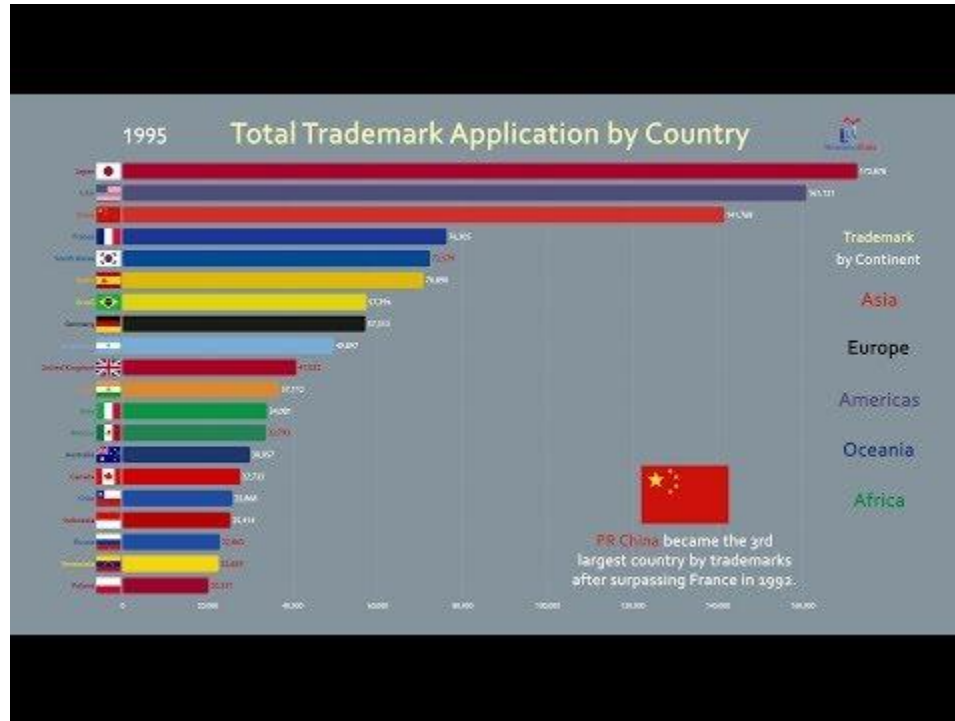
1. Made-in and Country Brand: made in Japan example

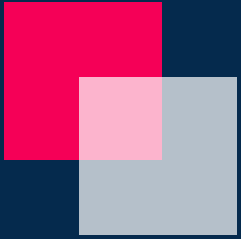
Hakuhodo Habit Report shows that *chinese love japanese products* even though there's a long story of war and rivalry:



The *positioning of Made in Japan* is able even to overcome the resonance of The Slaughter of Nanking by Japanese troops in 1937

1. Made-in and Country Brand: trademark application





2. Country of Origin

2. Country of Origin:

Country of Origin (COO) is referred to the nation where a product is manufactured or branded.

However, the difference between Made-in vs COO: *COO is* an emotional response to the images of a country, produced in customers' minds, mainly *emotions and feelings*



2. Country of Origin:

Customer awareness of COO triggers a *reaction based on the positioning of the "country brand"* (or "nation brand") that will affect positively or negatively to the product positioning. Examples:

- Mercedes Benz (COO is Germany) Made in Argentina:
"MB is a good car because it's german!"
- iPhone designed in California by Apple. Made in China by Foxconn:
"It is an Apple product so no matter if it's assembled in China!"



2. Country of Origin: why is it important?

Country of Origin (COO) affects directly to clients perception (*remember positioning=perception=reality*) and product quality, biasing behaviours and willingness to purchase



2. Country of Origin: why is it important?

So, *why is COO positioning important?*

Because the *better positioning, the more we sell*
(and more expensive)

2. Country of Origin: motivations

The *capacity of countries to perform* in specific industries *varies over time*

Customers are affected by the origin of the products they *purchase* due to different *motivations*:

- The positioning of the country of origin *regarding the nature of a given product (quality, design, cost, ...)* linked with the utility that the customer is looking for
- *Others are indifferent* to country origin effect (very few)

2. Country of Origin: motivations

- Some *customers will favor home country* products due to national pride
(We will make America great again)



2. Country of Origin: factors

Customer believes on COO are often a *simplification of reality* and are *influenced by* different factors:

1. *Stereotypes*, that vary regarding the origin of the judge and the product category that customer is assessing

Example: Japanese cars are disdained by Indians but prized by Russians

2. Country of Origin: factors

2. Nation origin of the firm and location where it is actually manufactured

Example: customers may love german Volkswagen even if the factory is located outside Germany



2. Country of Origin: factors

3. **COO perceptions change** as far as countries develop with time

Example: IT professionals from India and Russia are well positioning nowadays even if 20 years ago (ie) they were not perceived as leaders in this field



2. Country of Origin: factors

4. **Demographics:** seniors and low educated people tend to favour national products shunning foreign goods

Example: Brexit supporters



2. Country of Origin: factors

5. Ethnocentricity:

customers tend to select foreign products from countries that have cultural, political and economic similarities (short CAGE distance)

Example: Spain and Latin America

Cosmopolitanism or world minded is the contrast of Ethnocentricity

Cosmopolitan is someone who maintains a network of links and personal contacts with those outside the immediate community, willing to venture into other cultures (Czinkota, 2013)

2. Country of Origin: factors



2. Country of Origin: competitive advantage

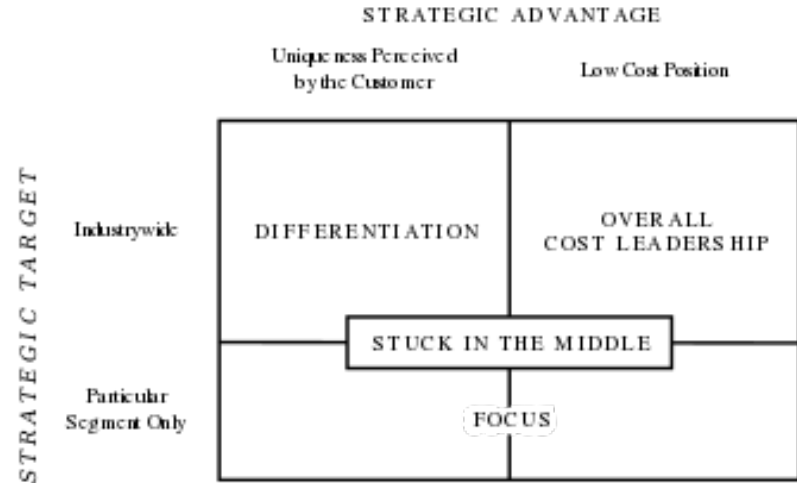
Differences in national economic structures, values, cultures, institutions and histories contribute profoundly to competitive success (Porter, 1998)

International success by a nation's industry is possessing competitive advantage relative to the best worldwide competitors

2. Country of Origin: competitive advantage

3 generic strategies (Porter, 1983):

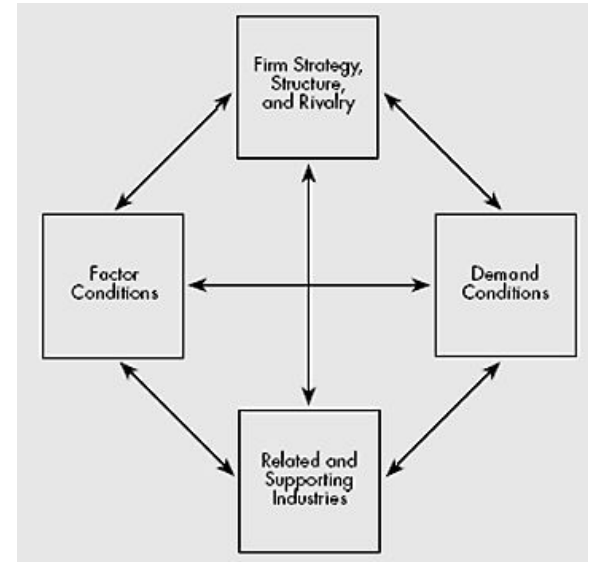
1. Cost Leadership (ie China shipyards)
2. Differentiation (ie Korea tankers)
3. Focused, concentrating on specialized products (ie icebreaker ships in Sweden)



2. Country of Origin: competitive advantage

Determinant factors on Nation Competitive Advantage:

1. Factor conditions (production, skilled labour ...)
2. Strategy, rivalry and structure
3. Demand conditions
4. Related and supporting industries

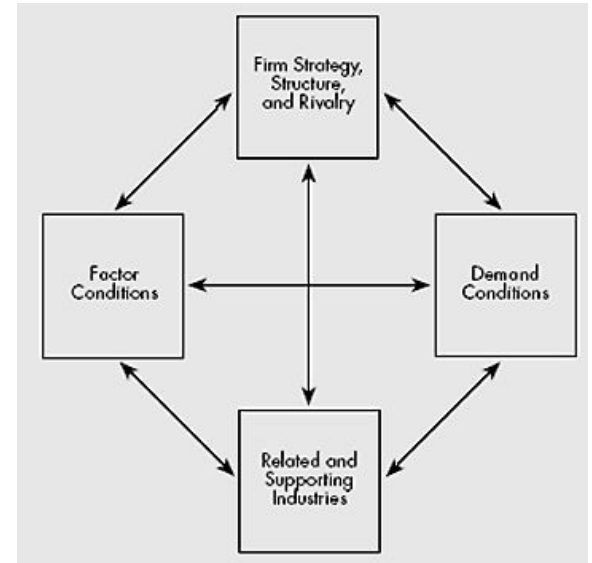


Porter, Michael E. *The Competitive Advantage of Nations*, 1998

2. Country of Origin: competitive advantage

Determinant factors on Nation Competitive Advantage- **Factor Conditions:**

- Cluster of domestic rivals stimulates infrastructure creation
- Home demand influences priorities on factor crafting
- Perceived national challenges stimulate factor creation
- Related and supporting industries boost the creation of transferable factors

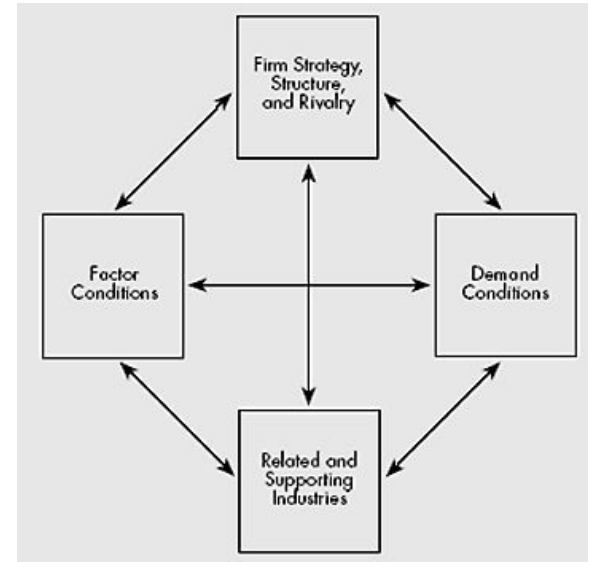


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2. Country of Origin: competitive advantage

Determinant factors on Nation Competitive Advantage- **Firm's Strategy, Rivalry and Structure:**

- Abundance or specialized factor spawn new entrants
- New entrants from supporting industries
- Early product penetration feeds entry
- World class user enter supplying industries

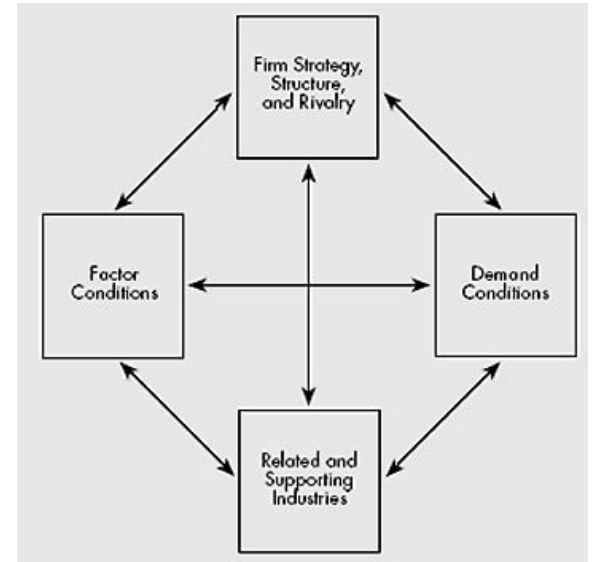


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2. Country of Origin: competitive advantage

Determinant factors on Nation Competitive Advantage- Demand Conditions:

- Intense rivalry makes home demand larger and sophisticated
- Infrastructure attracts FDI, students and labour force
- Complementary successful products pull through foreign demand for industry product
- Image of world class benefits an industry

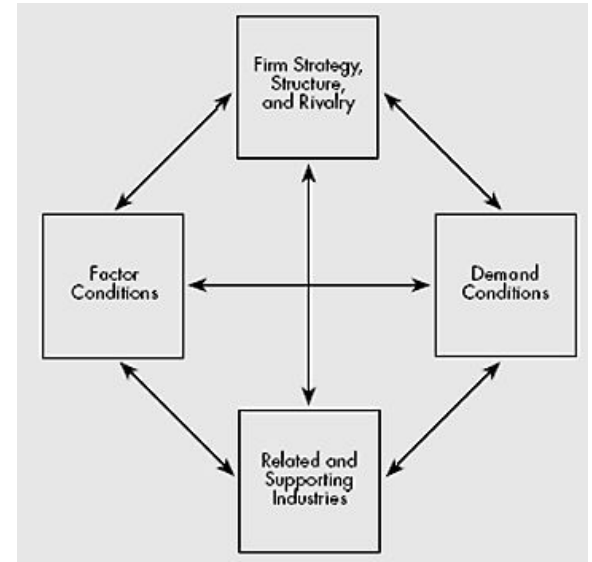


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2. Country of Origin: competitive advantage

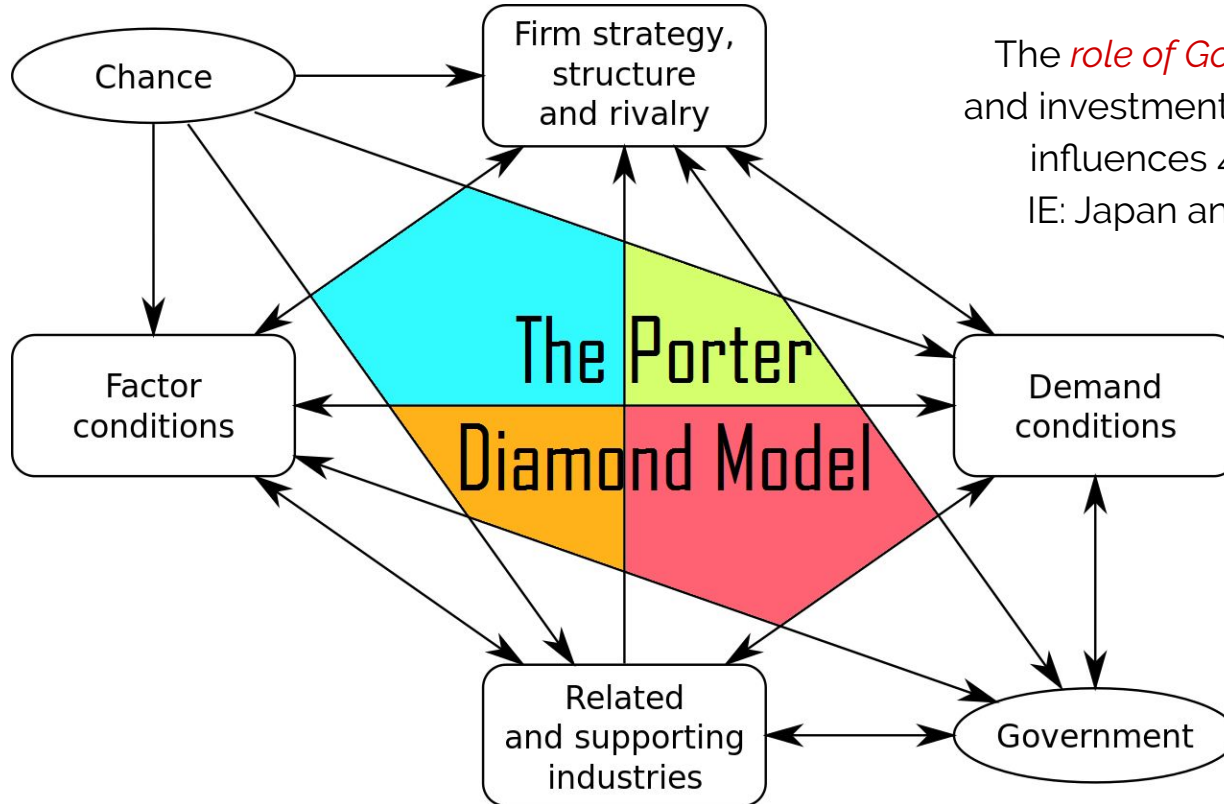
Determinant factors on Nation Competitive Advantage- **Supporting Industries:**

- Specialized factors are transferable to supporting industries
- Domestic rivalry encourages specialized suppliers
- Large or growing home demand stimulates supplier industries



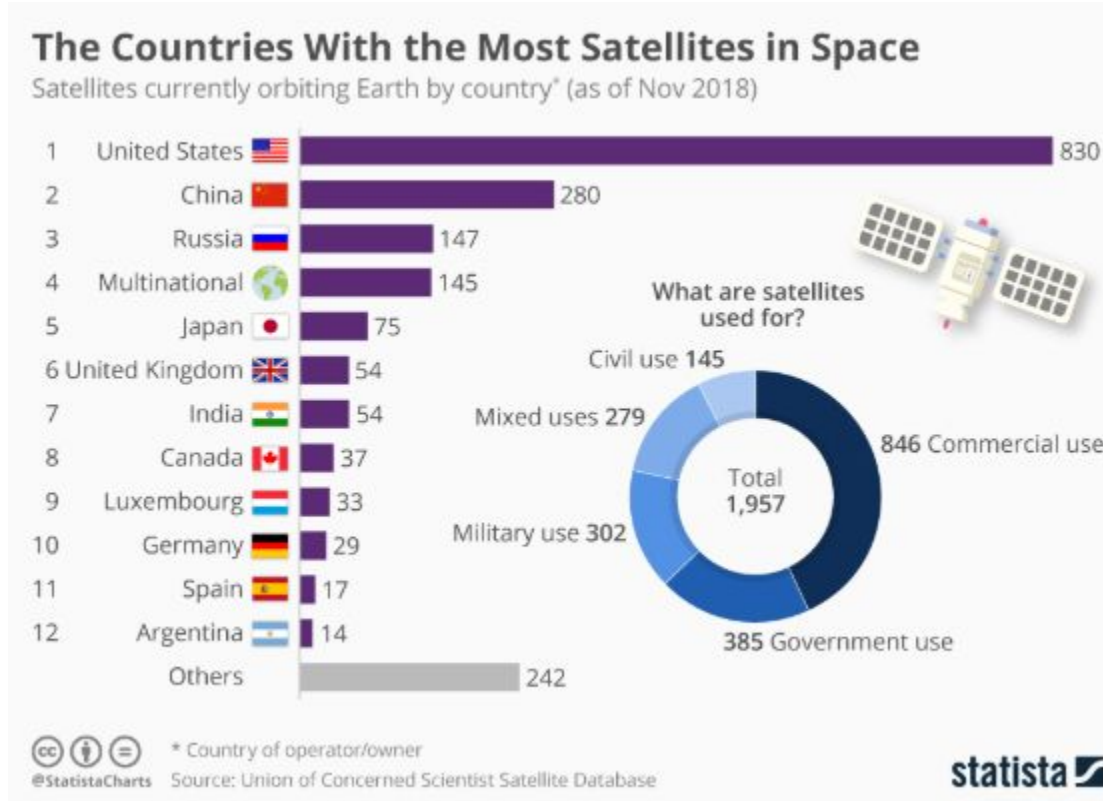
Porter, Michael E. *The Competitive Advantage of Nations*, 1998

2. Country of Origin: competitive advantage



The *role of Government* (policy and investment) is vital because it influences 4 determinants
 IE: Japan and South-Korea

2. Country of Origin: competitive advantage

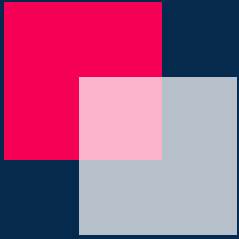


2. Country of Origin: competitive advantage

Marketers must *recognize COO images* and leverage them when developing the *marketing strategy* to enter foreign markets

Highly nationalist countries tend to encourage self-sufficient even at the expense of economic efficiency

Example: Swedish companies found that buyers preferred to deal with domestic suppliers but would use foreign suppliers when necessary



3. Examples of Country Brand

New York City



All You Need is Ecuador



Sweden, *the capital of Scandinavia*



Madrid Never Ends



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