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## **Italian Brands in the Chinese Market**

### **Abstract**

The choice of a brand name can be highly important for the success of the product and it becomes even more relevant in international context, where the company has to choose whether to translate it or not. The aim of this paper is to investigate how Italian brands enter the Chinese market relating to the brand name issue and taken into consideration the completely different language system. In the literature review the brand translation methods will be analyzed and in the following research session an exploratory research will be presented, focusing on some case studies of Italian brand entered in the China market and an experiment on 300 Chinese subjects.

### **Abstract**

La scelta del nome di marca può risultare di estrema importanza per il successo di un prodotto. Tale scelta assume particolare rilevanza in contesti internazionali, in cui l'azienda deve scegliere se mantenere il nome di marca nella lingua di origine, o tradurlo. L'obiettivo del presente lavoro consiste nell'analizzare come le aziende italiane che entrano nel mercato cinese affrontano tale problematica, considerando le caratteristiche del sistema di scrittura cinese. L'analisi della letteratura approfondirà i differenti metodi di traduzione a disposizione delle aziende, mentre successivamente sarà presentata una ricerca esplorativa, che prende in considerazione alcuni casi di studio di aziende italiane che operano nel mercato cinese e un esperimento su 300 persone cinesi.

**Key terms:** branding, International marketing, China, communication

### **1. Introduction**

The choice of a brand name can be highly important for the success of the product. Brand name is one of the brand elements and produces important effects on brand attitude and brand image (Leclerc, Shnitt and Dube-Rioux 1989), moreover it can enhance awareness and create a favorable image of the product (Aaker 1991).

The two major components of brand knowledge are brand awareness and brand image (Dong and Helms 2001). According to Doing and Helms (2001), being able to read or pronounce the brand name is the first step to achieve brand recognition or brand recall (the two components of brand awareness). If a company therefore wants to be recognized by a consumer, the first step is being readable and pronounceable. About the brand recall, one of the most important factor of a desirable name is the memorability (Robertson 1989). A brand name easy to be remembered is the prerequisite to process information and to lead to an effective positioning (Aaker 1991). Brand name, in fact, should be easy to pronounce to obtain repeated word of mouth (Keller 2003).

The brand name issue becomes even more relevant in international context, where the company has to choose whether to translate it or not. In many cases, talking about Western countries, there are no reasons to translate the brand name, since, even if

foreign, the brand name can be understood and pronounced by most consumers. We can refer to the most known brand name, such as Nike, Apple, Google, etc, but we can also refer to some Italian brand name, such as Armani, Prada, Barilla, Diesel and so on.

Moreover, going abroad with the original brand name can add a competitive advantage to the product, due to the country of origin effect. The origin of the brand, in fact, has a deeper impact on consumer purchase intention than the manufacturing origin (Papadopoulos 1993). This effect is even stronger in emerging economies, because of the positive symbolic meanings, such as modernity and high social status which are associated with foreign brands (Zhou and Belk 2004). Nevertheless, one best way doesn't exist in the brand name strategy.

In the brand name standardization/adaptation debate, many factors are considered and some frameworks are suggested to support the decision. Alashban *et al.* (2002) propose a revised structure-conduct-performance model (SCP) as a framework to describe the antecedents and consequences of brand-name standardization/adaptation strategy. In their model one of the environmental factor that may influence the brand name strategy is the language because of three aspects: pronunciation, meaning and phonetic sound.

This is particularly important when the language system is completely different, such as in the Asian Countries. McDonald and Roberts (1990) start to question the applicability of Western brand naming models in the Asia Pacific context, because there are no evidences that the factors leading to a good brand name are the same in the western and eastern world.

China has become more and more interesting over the last year, but not only as production place, (due to the low labor cost), but as a market. China is, in fact, the largest potential consumer market in international business today. The size and the growth of the Chinese market offer great opportunities for Western companies. Chinese country still has significant differences among urban consumers and rural consumers (Casaburi 2008), but even if the target for most of the Western companies is only a small part of the Chinese consumers, the number is still very impressive. As we all know, in fact, China has one fifth of the world entire population and right now, it is the fastest growing economy (Dong and Helms 2001). Consumer in the urban areas might be more close to the Western culture, but the language and translation still represent a limit for the Western companies because they differ greatly from Western European languages.

The problem that companies have to face with, if they are willing to enter the Chinese market and communicate with locale consumers, is therefore the Chinese language itself.

Unlike Western European languages, Chinese language use characters. This logographic writing system cannot coin a name by codifying some alphabetic letters, as it usually happens in European naming processes. All Chinese names are constructed from meaningful words and the creativity of Chinese brand names reflects certain Chinese cultural values (Huang and Chan 1997).

The aim of this paper is to investigate how Italian brands enter the Chinese market relating to the brand name issue. In particular we would like to understand if companies usually translate the brand name and which way they choose to do it. Answering this question will help us to achieve the second aim of our research<sup>\*</sup>, that will be

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<sup>\*</sup> The topic analyzed in this paper is part of a wider research, PRIN 2007, titled "Business models and marketing strategies for the Italian companies entering the Chinese market"

investigated in the future and that is to understand how the brand translation affects consumer evaluation of the brand.

This paper is organized as follows. In the literature review session we will highlight the reasons why brand translation is so important in China, the translation methods and the factors that should be taken into consideration in translating the brand name in this country. In the research session we will present an exploratory research, focusing on some case studies of Italian brand entered in the China market. We are going to examine which way companies choose to use their brand name and the reason of the choice will be discussed. From the literature review and the case studies we will develop a framework that will help us to design an experiment to test hypotheses concerning brand translation and country of origin effects. Preliminary results of this experiment will be discussed in the paragraph 4.

## **2. Literature review**

Brand translation in China is highly important due to cultural and legal problems. Previous research has shown that language differences might affect the information processing and the mental representation of a brand, that has placed in consumer memory (Schmitt and Pan 1994).

Chinese people are not so confident with the Latin alphabet and this means that they are not able, or, if able, with effort, to pronounce western brand names. International literature states that difficult pronunciation may affect brand sales (Chan 1990) so this cultural background could negatively influence the word of mouth, that is so important to enhance brand knowledge. Consumers, in fact, rather than risk the embarrassment of mispronouncing a name, may decide to avoid pronouncing the brand name altogether.

Ideograms are written symbol that represents an object rather than a particular word or speech sound and each of them has both an independent meaning and a different transformed meaning when paired with others (Li and Shooshtari, 2003). So a name is a meaning more than a sound because of this ideographical linguistic nature and because of the cultural tradition of attaching social valence to name in general.

In translating the brand name, companies have therefore to take into consideration more than the sound or the way Chinese consumers could pronounce the chosen ideograms.

Another aspect to be considered is related to the way consumers process information; this depends on the language system and has an impact on the way companies could improve the brand recall in consumer's mind. Due to the visually oriented writing style in the Chinese market, visual aspect and writing are more important than sound, so whereas advertisers in the West try to improve memorability for a corporation or a brand by means of jingles, marketing communications to Chinese consumers should create distinct writings for the corporate and brand names and for product benefits (Schmitt and Pan 1994; Henderson 2003).

Another important reason to translate the brand name using Chinese characters concerns the imitation of the name and trademark. The sound of a successful brand name might be translated in Chinese ideograms by a Chinese company and used for its products, creating favourable misunderstanding for it in consumer's mind.

Moreover as Alon *et al.* (2009) states, to avoid choosing Chinese characters for the brand, allows others to choose part of the Chinese identity for your brand. If a foreign company does not translate the brand name, Chinese distributors or consumers will invent their own terms and will influence the identity of the brand (Alon *et al* 2009).

Some researches identify different translation methods based on the presence or absence of the original sound and/or meaning. Dong and Helms (2001) define three basic methods. The first is the free translation, simply based on the original meaning without considering the sound of words. The second one is the literal translation (transliteration) that consists in transferring the brand name, based on the original sound, with or without considering the original or new meaning. Four different kinds of translations can occur using transliteration:

- a. pure literal translation: a translation based only on sound (when the brand name is without meaning)
- b. literal translation with meaning created: a translation based on original sound and meaning attached to the new name for a brand name that originally has no meaning (e.g. a surname, such as Barilla)
- c. literal translation with meaning modified: a translation based on original sound and a meaning different from the original one
- d. literal translation with meaning lost: a translation based only on sound that lose the original brand name meaning

The third one is the creative translation, that does not have to be considered a real translation because is not based on original meaning or sound

Fan (2002) suggests a simpler framework, based on three cases: direct translation or transliteration where translation is based on equivalent sound, but no specific meaning; free translation, that is a translation according to the original meaning regardless of their original pronunciation, and finally, the mixed translation, where both sound and meaning are considered, the pronunciation of the original name dictates the sound of the new name and the meaning of the name is chosen after the sound

Finally, Alon *et al* (2009) suggests four methods:

1. Transliterations without meaning: the brand sounds is similar but the characters have no discernable meaning.
2. Transliteration with meanings: the brand sounds is similar and the characters shown in the brand provide a meaningful combination
3. Interpretive: the sound of the brand is different but the meaning of the brand stays about the same.
4. Transliteration with an interpretive component: some part of the brand English sound remains, but an additional character is used to provide some meaning.

These authors (Alon *et al*. 2009) in a study of 122 randomly selected international brands available in Shanghai, find that 62% use transliteration without meaning, 22% use transliteration with meaning, 15% use interpretive, and only 2% use both transliteration and interpretive translation.

Different translation methods might lead to different impact, due to cultural influences and language familiarity (Aaronson and Ferres, 1986). The education can be considered (Hong, Pecotich and II Schultz 2002) as a good indicator for cultural resilience. Those Chinese consumers, who attend English school, are more close to the Western culture and attitudes.

The way a company decides to translate its brand name is not the only issue that affects a successful market entry because a Chinese brand name is usually compound and it should be governed by four linguistic principles (Huang and Chan 1997):

1. It should be a two syllable compound
2. The second syllable should be high-pitched

3. The compounding structure should respect the trend of modifier-noun
4. The compounded brand should have a positive connotation

The length of the name is a key factor also because the shorter is a name, the easier it is to remember (Fan 2002).

As well as linguistic principles, there are other factors that should be considered:

- The target
- Product category
- The Country of Origin Effect
- The luckiness

Chinese population, as widely known, is the largest in the world and represents one-fifth of the entire population. The customer based in China, needs to be diversified, since a single brand can be hardly accepted by the entire market.

Dong and Helms (2001) indentified six different segments in Chinese market, based on the consumers' education and on reaction to the Western language. The Authors took into consideration only US brands, but the segmentation, can be useful for general consideration. Education, in fact and as previously mentioned, can be considered as a good indicator for culture resilience (Hong, Pecotich and Schultz II 2002).

The six market segments can be summarize as follow:

1. *Organizational purchasers*: this segment represents a small part of the population, since they are well educated with high knowledge of international products and not likely to be influences by brand name translation
2. *College graduates*: consumers in this segment have an adequate knowledge of the English languages, are well paid, and are in favor to the US brands and inclined to pay more for a branded products. They represent a small to medium part of the entire population.
3. *Urban middle class*: this segment represents a large part of the population, they have a moderate income and a basic knowledge of the English language.
4. *Rural residents or farmers*: this is a large part of the population (80%), and in this segment, consumers have a low income, low education and low or absence knowledge of the English language. They usually are more price sensitive and the origin of the product is not important.
5. *College students*: students don't have income, but they can use the parents' money. They have a high knowledge of the English language and about the international products, thanks to the Internet. This segment is small to medium.
6. *New rich entrepreneurs*: this segment is growing in size; they have a good income, but not necessarily a good education or the knowledge of the English language.

The Authors suggest that the translation choice, should take into consideration the targeted segment and its education level.

Concerning the product category, it is important to note that, according to Alon *et al.* (2009) the type of industry may also have an impact on the strategy used to translate the brand name. Services and high technology are most likely to use straight transliteration. Beyond the specific method of translation, Chow, Tang, Fu (2007) examined the effect of translation presence or absence in purchase intention. They found that for hedonic product translating the brand name can reduce the purchase intention towards the product, on the contrary, for utilitarian products translation can enhance the purchase intention. Moreover, for certain kinds of western products, the presence of the Chinese

language in the brand name may damage the ‘western image’ - still a premium in the China market - of the products (Chow, Tang, Fu 2007).

As known, country of origin (COO) can affect consumers’ evaluation because people attach stereotypical perception about a country to the products and this influences purchase and consumption behaviors. Moreover, expectations concerning foreign products could be different (Kumara and Canhua 2009) and companies that enter China market should be aware of that. In China, foreign brands from more developed countries represent status, cosmopolitanism, and modernity (Zhou and Belk, 2004), so, if this is the aim of a brand positioning, companies have to maintain the original name or logo or use specific characters that recall western world. In fact there are some brand names that Chinese people define as having a Western flavor. This happens because even though translated in Chinese characters, not all the names are perceived as Chinese language. Some words could never be used by a Chinese person for a name (Dong and Helms 2001), and here it comes the Western flavor.

Companies have also to face with another problem: consumer confuse brand origins. A possible explanation concerns the behavior of local companies that adopt brand names or advertising elements with foreign characteristics, confounding consumer about the brand origin (Zhang, 2001; Zhou and Hui, 2003; Zhou *et al.*, 2007)

In the Chinese market it is also important to consider the luckiness factor of a brand name. There are some researches concerning this topic. Schmitt and Pan (1994, p.38) suggest that:

«to qualify as a lucky name, a name should have an appropriate balance of yin and yang—roughly, feminine and masculine qualities. Yang characters are made up of odd number of strokes in Chinese characters while yin words are made up of even number of strokes. In a name, consisting of two or three characters, the combination of yin/yang elements matters, too. Yin Yin Yang is better than Yin Yang Tin. Finally, the total number of strokes should be auspicious. In lucky names, the total number of strokes equals a lucky number such as 8, 11, 13, 15, 16, 17, 18, 25, 29, 31, 32, and 39».

Also Chang and Lii (2008) highlight the importance of the lucky number of strokes and analyzing a sample of 1,202 brand names they find that 59% of them are lucky names and that the lucky names are more common in high-uncertainty environments.

### **3. Methodology and findings from case studies**

Literature review highlights the need to translate the brand name in Chinese language and shows the different ways that companies can choose to do it.

Most of the literature is based on US companies. In Italy, we often have the presence of companies that have, as a brand name, the surname of the owner. This leads to the fact that most of the Italian brand names, such as Barilla, Prada, Armani, Ferrari and so on, are without meaning.

As exploratory step of our research, we decided to collect some case studies, in order to build the possible scenario for Italian companies.

Starting from the information related to brand translation and in particular related to the methods that can be used, we interviewed seven Italian managers (for a total of eight brands) asking them:

- the brand name adopted in China
- the type of translation
- the meaning of the new brand name (if present)
- the reason why they decided to use (or not use) a new brand name
- the way they use the new brand name

A summary of this information could be found in the exhibit 1.

Managers seem to be aware that brand translation issue is more important in the China market than in the other countries they are involved. All of the managers interviewed, highlight the importance to maintain the original characters on the logo to be perceived as foreign brands. Translating the logo only using Chinese ideograms might be dangerous because positioning can be changed. Each brand tries to avoid to be perceived as a Chinese brand, because the country of origin is still a strength. Association to Italian style and design is so important that simplify the word of mouth process. Dott. Ferrarese, Idrobase CEO states that even if this means to be calling “*the Italian or foreign high pressure washer company*” (and not with the name of the company), this is better than compete as a Chinese company because in this way positioning on the quality and design is easier.

This affects the brand recall as happen to the other brands that are not using Chinese brand name. To improve brand recall and try to limit this problem some companies state that they do not use the brand translation in the logo, but in other way. For example Paluani, that is the sponsor of Chievo Verona, an Italian football team of the Premier League, has sometime used the Chinese characters in the football strip, helping the brand recall and discussion about the brand name on the Internet, in particular on the Chinese fans websites that incite to buy the Paluani products. In the Paluani case, a translation of the brand name is also added in the Chinese product label.




When the brand is translated, companies that have original names without meaning related to their positioning such as Paluani and Palzileri, prefer a sound translation with added meaning. When the original name has a meaning such as Inglesina, translation is mainly based on sound, since trying to maintain the same meaning, it might lead to some misunderstanding from Chinese consumers.

Pasta Zara, on the contrary, decided to not use a translation at all. Pasta is a well-known Italian food and the interviewed manager stated that they did not need a translation when entered the Chinese market. Today company is thinking about this issue to define if having a Chinese brand name paired to the original one might be better to improve the brand memorability.

Lotto, like Pasta Zara, operates in the Chinese market with the Italian brand, and the company decided to use the institutional logo for performance products, and the Lotto Leggenda brand, for leisure products. Colors of the institutional logo, in fact, have been considered not adapted to the Chinese market, while the gold color of the Lotto Leggenda logo, has been valuated as more likely to that market. The company is therefore investing more on the Leggenda Logo, and for legal reasons, to protect the brand itself, two Chinese brands name related to Lotto Leggenda, have been registered by the company, but they are not adopted in communication activities or to support brand recall.



Exhibit 1: Italian brand name in China

Brand name	Original Logo	Chinese Logo (if available)	Brand translation	Type of translation	Brand Meaning in Chinese	Translation adoption/use
Inglesina			英吉利那	Sound with a partially meaning	The Chinese brand name recalls England and a female concept	To support communication activities and to support brand recall
Idrobase			Only the mission, but not the brand name	Meaning of the mission	Advanced Pressure Water machines	To support communication activities and to support brand recall
Oikos				Only sound		Local distributor uses the translated brand, but on the merchandising and the product itself they use the original logo
Paluani				Sound with a new positive meaning added	100 years of happiness and prosperity	To support communication activities and to support brand recall
Pasta Zara				Any translation yet		
Palzileri			伯爵莱利	Sound with a new positive meaning added		To support communication activities and to explain the brand meaning and the company history

Lotto	 	 	<p>乐途传奇 “CHUÁN QÌ”</p> <p>乐途乐坚达 “LÈ JIĀN DÀ”</p>	<p>Any translation yet for the institutional logo</p> <p>“CHUÁN QÌ” Literal translation</p> <p>Transliteration. “LÈ JIĀN DÀ”</p>	<p>Happy, lucky, love</p>	<p>The Chinese brands logo are not adopted in China; the brand name has been translated only for legal reason, to protect the brand name.</p>
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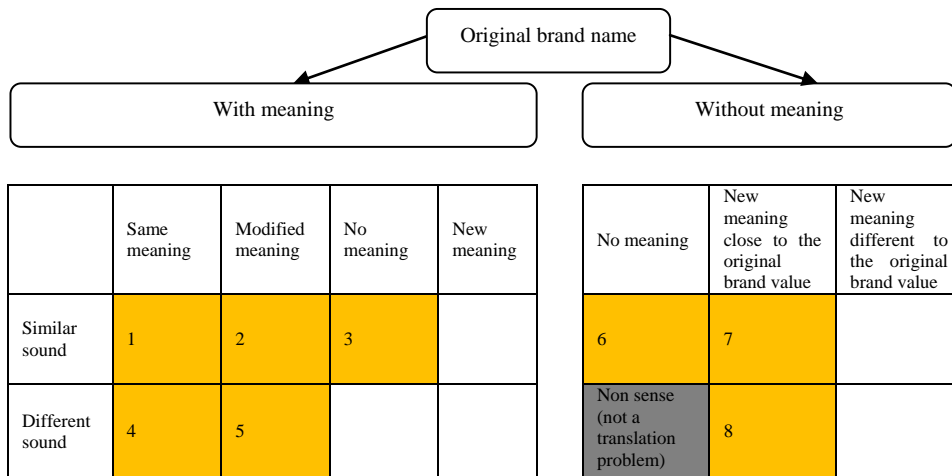
The brand name choice is often delegated to distributors that use it for providing information to customers or to consumers in general. This is the case of Palzileri, Paluani, Oikos and Synua whose name in Chinese characters is used more by distributors to talk about the brand in verbal and writing communication than by the company itself as an advertising and promotional tool.

Based on literature review and the case studies we can suggest a framework (Exhibit 2) considering the original brand name as starting point and dividing brand name with meaning (e.g. Inglesina, Taplast, Bottega Veneta) from brand name without meaning (e.g Barilla, Ferrero etc). Generally, for the marketers the choice depends on the original name and it could have strong managerial implication. The choice of the translation options reflects, in fact, the marketing strategy of the foreign company enters China market.

We have a modified meaning when the brand name has to be changed due to some cultural reasons, because the value of the original brand name would be different if translated in a literal way (an example could be red bull that in Chinese language means red cow, due to the positive meaning of the cow animal). We have a new meaning when company would enter the China market with a different positioning.

Since we are facing with a translation problem more than a new brand launch, in our research we propose to analyze only the situations in which companies decide to maintain their original positioning or brand values. We have highlighted in the framework (in orange) the eight options that could fit with our research purpose.

*Exhibit 2: Theoretical Framework*



#### 4. The research

It has been designed an experiment that involves Chinese consumers and Italian brands.

Even if the product and brand success depends on name as well as other marketing mix variables, some studies try to investigate whether a brand name can affect consumer evaluations. A lot of them are based on experiments. Thanks to this methodology Klink (2000) examines the effect of brand name sound to communicate product information, analyzing in particular the role of front vs. back vowels and the stops vs. fricative, voice vs. voiceless consonants in giving a word meaning. Chow, Tang, Fu (2007) investigate the influence of brand translation on consumer purchase intention taking into consideration the moderating effects the degree of hedonism vs. utilitarianism and the degree of consumer involvement in purchasing the product. A lot of other studies like these can be found in the literature.

We developed a framework of 3x2 factorial design, where brand name translation has three levels (1) *phonetic* - brand name translation based on the original sound 2) *meaning* - brand name translation based on the original meaning 3) *combined* - brand name translation based on the original meaning and sound) and the Country of Origin has two levels (presence or absence)

Each subject has viewed 2 products presented in the form of product card. After viewing the stimuli, subjects will answer questions pertaining the products.

Six opposite couple of attributes have been chosen in order to represent the most important brand associations that the brand name should communicate and to represent important factors, both for Chinese culture and for Italian Country of Origin effect, such as the luckiness, the gender, the design, etc.

It has been developed an explorative research having the objective of verifying the following assumptions:

H1 – There is a better way to translate the brand name in China, and this refers to the combined use of original sound and brand/product meaning

H2 – There is a “country of origin” effect that modifies the perception of the product and brand attributes, connecting them to the typical image of a country.

In this regard, six cards have been prepared containing brand/product description including 2 consumer durable products, 2 mass consumer products, and 2 industrial products. Each of them was associated with 3 different ways to translate the brand name in China: a phonetic way only, the meaning of the brand/product, a way that combines the two previous ways.

In order to verify the test on brand/product it has been prepared a questionnaire related to the cards which asked respondents to freely associate attributes to the brand/product, to assess the proposed translations and to judge them from opposite brand attributes. In all evaluations it has been used a Likert scale of 1-7,

in the case of congruity of brand name from 1=no correlation, and 7=complete correlation, in the case of brand attributes it has been asked to consider a 1-7 scale as closer to the brand perception between 6 opposed descriptions of the brand: positive-negative, lucky-unlucky, masculine-feminine, emotional-functional, tradition-modernity, high-design-no design.

The stimuli and the questionnaire were submitted to 300 subjects, 45% were male and 44% females, aged between 18 and 25 years, considering that young adults are the most “modern” consumers in China, in the city of Hangzhou, a city considered standard in China.

Half of the respondents knew that the brands were Italian, to the other half was not given any information about the country of origin. Each respondent expressed his/her opinions on two brands/products, one relative to consumer goods and one to technical-industrial goods.

#### 4.1 Results concerning brand name translation

The results of the research do not reveal any general category of “best translation” (preferred) of the western brand at all, but the opinion on the preferred alternative (phonetic, meaning, combined) varies depending on product type and different market, as can be seen in Exhibit 3.

In particular, with regard to products that require an evocative image connected to Western Europe, whose part of the value is also built on this brand evocation (for example, products such as fashion – Giuliana Teso), a phonetic translation seems better because the sound is immediately recognize as Western, giving the sense of "exoticism" of foreign products, assigning credibility and value.

*Exhibit 3. Evaluating different kinds of brand translation*

	GIULIANA		PASTA			
	TESO	PALUANI	ZARA	INGLESINA	MICROLINE	IDROBASE
PHONETIC	4,6	4,4	4,0	3,5	3,3	3,3
MEANING	3,7	4,2	4,0	5,4	4,5	3,5
COMBINED	3,9	3,1	3,8	5,3	5,1	4,3

With regard to consumer products (cakes and pastas), does not emerge a better way to translate the brand name, but a "Western" solution is accepted given the net foreign origin of the products, as well as one solution which explains the meaning of the product, because of the need to approach it in terms of mass and family use. The *meaning* translation is especially asked for products so unusual but that should be commonly used as food from abroad, where the preferred solution fluctuates between evocation and use explanation.

In the durable goods and in products having technical content or functional us besides symbolic (Inglesina prams), have been preferred the *combined* and

*meaning* solutions, instead of the *phonetic* one, as it is required a clarification of the meaning of the product (being complex) and a link with the familiarity needed for the everyday use, where the functional contents are more important than the symbolic ones.

Concerning industrial goods, the preferred solution seems to be the *combined*, which defines the function of the product, while maintaining a Western image that guarantees quality and technological content.

#### 4.2 Results concerning Country of Origin effect

The country of origin effect has been measured on two answers, one by one to the test and the questionnaire. In the test was asked to assign to each brand/product up to six descriptive adjectives in open mode, so with no proposed lists. Among the various answers (about 3,000) similar adjectives or attributable to a common factor were grouped. Among these blocks those that could be linked to a "Country of Origin" effect have been isolated.

Their frequency it has been measured, based on an index that considers the number of citations of a particular factor on the number of people who analysed the specific brand/product. The results are presented in exhibit 4.

*Exhibit 4. Measurement of the "COO" effect on the brand/product perception*

<b>MADE IN ITALY</b>	GIULIANA TESO	PALUANI	PASTA ZARA	INGLESINA	MICROLINE	IDROBASE
delicious		<b>0,65</b>	0,45			
sexy	<b>0,38</b>					
beautiful	<b>0,42</b>	0,46		0,16		
nice package		<b>0,23</b>	0,56			
design				0,36		<b>0,10</b>
elegant	0,78			0,19		
fashion	<b>0,69</b>					
quality	0,20		0,17	<b>0,36</b>	0,67	0,27
expensive			0,19			<b>0,35</b>
uneasy						0,30
high-tech					0,45	

<b>NO MADE IN</b>	GIULIANA A TESO	PALUANI	PASTA ZARA	INGLESINA	MICROLINE	IDROBASE
delicious		<b>0,89</b>	0,36			
sexy	<b>0,51</b>					
beautiful	<b>0,29</b>	0,36		0,12		
nice package		<b>0,43</b>	0,45			
design				0,41		<b>0,23</b>
elegant	0,76			0,24		
fashion	<b>0,82</b>					
quality	0,18		0,26	<b>0,22</b>	0,71	0,23
expensive			0,30			<b>0,49</b>
uneasy						0,32
high-tech					0,39	

The data analysis shows that the expected effect of COO does not appear clearly, and in some cases it seems to have an adverse impact on the brand, whereas it has usually rather positive connotations in the traditional export markets. This is particularly evident in the case of Paluani and Giuliana Teso on certain attributes such as "delicious", "sexy" or "fashion" or even "design". On other attributes, on the contrary, is perceived as a positive effect in the case of "beautiful" and "expensive".

Exhibit 5. Findings based on the opposed brand attributes list

MADE IN ITALY							NO MADE IN									
GIULIANA TESO							GIULIANA TESO									
positive	1	2	3	4	5	6	7	negative	1	2	3	4	5	6	7	negative
lucky	1	2	3	4	5	6	7	unlucky	1	2	3	4	5	6	7	unlucky
masculine	1	2	3	4	5	6	7	feminine	1	2	3	4	5	6	7	feminine
emotional	1	2	3	4	5	6	7	functional	1	2	3	4	5	6	7	functional
tradition	1	2	3	4	5	6	7	modernity	1	2	3	4	5	6	7	modernity
high design	1	2	3	4	5	6	7	no design	1	2	3	4	5	6	7	no design
PALUANI							PALUANI									
positive	1	2	3	4	5	6	7	negative	1	2	3	4	5	6	7	negative
lucky	1	2	3	4	5	6	7	unlucky	1	2	3	4	5	6	7	unlucky
masculine	1	2	3	4	5	6	7	feminine	1	2	3	4	5	6	7	feminine
emotional	1	2	3	4	5	6	7	functional	1	2	3	4	5	6	7	functional
tradition	1	2	3	4	5	6	7	modernity	1	2	3	4	5	6	7	modernity
high design	1	2	3	4	5	6	7	no design	1	2	3	4	5	6	7	no design
PASTA ZARA							PASTA ZARA									
Positive	1	2	3	4	5	6	7	negative	1	2	3	4	5	6	7	negative
Lucky	1	2	3	4	5	6	7	unlucky	1	2	3	4	5	6	7	unlucky
masculine	1	2	3	4	5	6	7	feminine	1	2	3	4	5	6	7	feminine
emotional	1	2	3	4	5	6	7	functional	1	2	3	4	5	6	7	functional
Tradition	1	2	3	4	5	6	7	modernity	1	2	3	4	5	6	7	modernity
high design	1	2	3	4	5	6	7	no design	1	2	3	4	5	6	7	no design
INGLESINA							INGLESINA									
Positive	1	2	3	4	5	6	7	negative	1	2	3	4	5	6	7	negative
Lucky	1	2	3	4	5	6	7	unlucky	1	2	3	4	5	6	7	unlucky
Masculine	1	2	3	4	5	6	7	feminine	1	2	3	4	5	6	7	feminine
Emotional	1	2	3	4	5	6	7	functional	1	2	3	4	5	6	7	functional
Tradition	1	2	3	4	5	6	7	modernity	1	2	3	4	5	6	7	modernity
high design	1	2	3	4	5	6	7	no design	1	2	3	4	5	6	7	no design
MICROLINE							MICROLINE									
Positive	1	2	3	4	5	6	7	negative	1	2	3	4	5	6	7	negative
Lucky	1	2	3	4	5	6	7	unlucky	1	2	3	4	5	6	7	unlucky
Masculine	1	2	3	4	5	6	7	feminine	1	2	3	4	5	6	7	feminine
Emotional	1	2	3	4	5	6	7	functional	1	2	3	4	5	6	7	functional
Tradition	1	2	3	4	5	6	7	modernity	1	2	3	4	5	6	7	modernity
high design	1	2	3	4	5	6	7	no design	1	2	3	4	5	6	7	no design

IDROBASE							IDROBASE										
Positive	1	2	3	4	5	6	7	negative	positive	1	2	3	4	5	6	7	negative
Lucky	1	2	3	4	5	6	7	unlucky	lucky	1	2	3	4	5	6	7	unlucky
Masculine	1	2	3	4	5	6	7	feminine	masculine	1	2	3	4	5	6	7	feminine
Emotional	1	2	3	4	5	6	7	functional	emotional	1	2	3	4	5	6	7	functional
Tradition	1	2	3	4	5	6	7	modernity	tradition	1	2	3	4	5	6	7	modernity
high design	1	2	3	4	5	6	7	no design	high design	1	2	3	4	5	6	7	no design

In general, therefore, the situation is still confused about the perception of "Made in Italy", the Country of Origin image is not clear, sometimes even reversed. It seems obvious that this aspect should be reconsidered and studied more deeply into the Chinese market, avoiding easy transposition from other world markets.

Another measure of the COO effect was made by mean of the questionnaire submitted after the stimuli where the respondents were asked to describe the image of the brand on the basis of 6 opposed attributes , as described in paragraph 4. The results are reported in exhibit 5.

The analysis of the answers shows that the information "made in Italy" tends to tone down the extremes, bringing the choice of the respondents on average evaluations of indifference, while the lack of such information results in more radical and net choices, as if "made in Italy" would lead to reduce the presence of sharp opinions and would put the respondents in a feeling of uncertainty where the best answer is "in the middle".

In particular, this attitude can be seen in fashion products, where on the contrary the information "made in Italy" should lead to clearer perceptions. Obviously this is another aspect to be analyzed in depth in future research.

The perception of "made in" is still not very refined and clear in China, it seems that the Western-European brand/product is defined as a homogeneous category, with significant difficulties in distinguishing specific country images that in the traditional markets are far more clear and deeply influencing the value perception. The low market and products experience and the poor knowledge of the brand-country stereotypes, upsets the brand communication as Italian and European companies are accustomed to use in their traditional markets.

The evaluation on the hypotheses of the research is therefore as follows:

- H1 – the assumption that there is a single best way to translate the brand is not demonstrated, while the research shows that the translation process must be differently addressed considering the specific product and market where the Western company wants to enter;
- H2 – the assumption that there is a COO effect, in particular of "Made in Italy", is not clearly demonstrated. Even if some surveys seem to indicate a reversal of expectations on the image traditionally assigned to the "made in Italy" perception, the assessments do not allow to give clear responses, but they require further in-depth investigation. It seems possible the existence of a general COO factor as "West" and not for a single country.



## **5. Future research and managerial implication**

The main problem in this kind of research is that we are facing with a marketing decision, the definition of the best way to translate the brand name, but we need to understand the point of view of the Chinese consumer. Even if a company has five (if the brand has a meaning) or three (if the brand has not a meaning) options, the consumer perceives only two situations: a brand with a meaning or a brand without meaning. The Chinese consumer, in fact, does not have any clue about the original brand sound or meaning, so we cannot test these options starting from the consumer's point of view.

This first test should be repeated by increasing the number of respondents and by trying to compare the image of "Made in Italy" with precise images of other specific countries.

Based on the managers' interviews and based on information coming from this first experiment, we expected that the best solution for companies would be to choose a name close to the original brand name, both from the sound and the meaning aspect, where the meaning has also to be accepted by the Chinese culture.

In creating a brand name, a good sound facilitates the brand recall process and therefore the memorability of the brand name. If the brand name is too difficult to be pronounced, in fact, it is hardly remembered and spread through the word of mouth among consumers.

At the same time, the brand meaning is important since it reinforces the brand image and the brand preference. If the brand meaning is close to the consumers' values and/or expectations, the brand will be accepted and shared more easily.

This can be a general best practice, but this option is not always possible and it might depend on the already mentioned problems due to the different language system, but it might also due to some cultural problem. When it is not possible, companies have therefore to be even more focused on the Chinese culture.

Nevertheless the research shows that, although reasonable, hypotheses too much based on existing literature and management experience, may not be appropriate to interpret the situation of the Chinese market. In fact, in the brand tests, sometimes the preference for Western sounds overrides, sometimes the preference for illustrating the meaning of the product and for the combined solution. So not always the Chinese cultural reference represents the best solution, especially for brands/products capturing value from their foreign and even Western European origin.

For complex products, however, or for those that do require an explanation of normal use, being unusual for the Chinese culture, the combined solution seems to be preferred, combining both the Western image and the information about how to use the product.

Concerning the brand meaning, if not present or not consistent with the culture, it has to be created taken into consideration some elements, linked to the Chinese culture:

- The social value of the product category in terms of status;
- the education of the target;
- the value of the country of origin;
- the cultural value of the product category, in terms of luckiness.

The Country of Origin effect also exists in the Chinese market, but it appears in a measure quite different from what usually happens in Western or more traditional markets. In fact, the poor knowledge of the history of brands and products, of their manufacturing tradition and of their country references, reduces the sophistication and detail of knowledge about the Country of Origin and therefore the value that it may produce.

The formation of stereotypes about brand and product images concerns therefore a larger geographical area and not only a nation. In this sense the effect regards Western and Eastern (Japan, Korea, etc.) products compared to local ones, in a first reading, and European compared to American in a second reading.

Only the most sophisticated consumers, a small minority, are able to distinguish the Made in Italy from the Made in France, for example, often creating conditions for a confused or mixed perception between brands of similar category (fashion, design, cosmetics, food, etc.).

The brand manager needs to decide the main asset on which build the brand meaning, depending on the strategic positioning. In some cases, in fact, the brand can be strongly related to the Country of Origin, considered in a broader sense and not only within a nation, and this needs to be present also in the brand name. In some other cases, the brand name might need to be more global, without connection to the Country of origin or, on the contrary, connected to the local culture.

Brand strategies should therefore recognize the particular situation of the Chinese market and develop different ways to manage the brand compared to those previously adopted in traditional export markets. In this sense, country images related to products should be first developed, even geographical area images (Europe), while efforts to affirm even the image of micro-regional areas within nations seem useless.

All of these aspects and questions need some further studies and tests.

A correct comprehension of the value system of the Chinese society and of the tradition and norms on which the culture and the history are based, can be a good way to find the best brand name, that it is the first step to reach the Chinese consumers and enter in the market.

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