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## The country of brand communication in the retail setting: An analysis of Italian products in China

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## ABSTRACT

The aim of this paper is to investigate the role of country of brand (COB) communication within the retail environment of emerging markets. Drawing from the literature on store image, we developed a framework to analyse static and dynamic elements of COB communication. By adopting an inductive approach, we analysed COB use in a sample of 20 stores of Italian fashion brands in China using the mystery shopping technique. Given the increasing growth of e-retailing in China, the in-store observation is complemented by an analysis of the use of COB within the brand's local website and e-commerce page. In order to have a multi-layered representation of the phenomenon, in-depth interviews with managers of Italian firms in fashion industry are carried out. Findings confirm that retailing represents a primary communication channel for firms operating in China; however, the results of the participant observation show that COB is a cue information utilised only by a small percentage of the sample, mainly in a textual and iconic way. Managerial implications are discussed on the extent to which COB communication in store should be managed within an effective marketing strategy in line with the country and consumer characteristics in order to enhance the brand image in a growing market like China.

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## CHINESE ABSTRACT

本文的目的在于调研品牌国在新兴市场的零售环境下的传达。我们借鉴关于店铺形象的文献资料，制定出一个框架用于分析品牌国传达的各种静态和动态要素。我们采用归纳法抽样分析了中国国内20间意大利时装品牌店铺对品牌国的使用，而这些店铺都采用神秘购物手法。考虑到中国网上零售的持续增长，应对品牌本土网站和电子商务页面上的品牌国使用情况进行分析，作为对店内观察的补充。为对该现象进行多层次的表述，时装业内的意大利企业的经理们接受了深入的采访。研究结果确认零售是在中国运作的企业的主要沟通交通渠道，然而参与性观察的结果表明品牌国是一种暗示信息，其使用仅在本次抽样店铺中占很小的百分比，且主要以文字和图标形式使用。在有效营销策略的范围内，店铺里的品牌国传达应当受到何种程度的管理，以符合国别和消费者特点，从而在中国等成长型市场中增强品牌形象，本文对管理层面上的启示进行了探讨。

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### 1. Introduction

Since the publication of Schooler's study (1965), a large body of literature has analysed the concept of country of origin (hereafter, COO) and its effects on consumers' product perception and evaluation process (for a review, [Verlegh and Steenkamp, 1999](#)). COO represents an extrinsic attribute of products, which is often used as quality cue and is aimed at stimulating positive associations between products and the country where they were originated and influence consumer judgement ([Olson, 1972](#); [Papadopoulos and Heslop, 1993](#); [Verlegh and Steenkamp, 1999](#)).

However, findings regarding COO effects have been contrasting. Some studies show that COO has symbolic and emotional meanings to consumers ([Fournier, 1998](#)), whereas according to other scholars ([Agrawal and Kamakura, 1999](#)) COO is only one extrinsic cue among other extrinsic and intrinsic cues available to the consumer during purchase. Moreover, some studies ([Samiee et al., 2005](#); [Usunier, 2006](#)) show that consumers actually have only a modest knowledge of the national origins of the brand. They conclude that past research has inflated both the influence that COO information has on consumer product judgements and behaviour and its importance in managerial practice.

In the case of emerging countries, several studies ([Agbonifoh and Elimimian, 1999](#); [Batra et al., 2000](#); [Essoussi and Merunka, 2007](#); [Ettenson, 1993](#); [Marcoux et al., 1997](#)) have found that a preference for imported, branded products over domestic ones seems to

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prevail among consumers. However, other studies (Checchinato et al., 2013; Samiee et al., 2005) suggest that COO does not affect the brand image since brands and countries are sometimes associated incorrectly or, especially in emerging countries such as China, COO may not affect consumers because they are not aware of the country's image and characteristics, so the COO cue has a limited meaning for them.

Given the limitations of COO research, recently the debate has shifted from country of origin to country of brand (COB) (Usunier, 2011). In an era where products are designed in one country and manufactured in another one before reaching the final consumer, consumers tend to focus on brand origin, rather than on country of manufacture (Hamzaoui and Merunka, 2006; Samiee, 2011; Usunier, 2011). Moreover, COB has to be known by consumers to affect their decisions, so where and how companies decide to use this cue in their communication represent a key issue.

In this study, we focus our attention on retailing, which represents a relevant communication tool, since online and offline stores are the last touchpoints before sale between brands and customers.

So far, previous literature has analysed COO and COB from the consumer perspective, overlooking how these cues are effectively communicated within the retail environment.

By providing an empirical research in a retail setting in China, we aim at contributing to the debate on marketing strategies in emerging markets. Drawing from the literature on store image (Kotler, 1973; Lindquist, 1974; Martineau, 1958; Schmitt, 2003), we developed an analysis framework of COB use within stores. Then we tested it on a sample of 20 points of sale of Italian fashion brands in China by using an inductive approach based on the participant observation technique. We choose fashion as it is a sector characterised by high symbolic values, which constitute one of the primary motivating forces for Chinese consumers to purchase foreign products (Zhou and Hui, 2003). Moreover, since firms sell their products in different retail channels and in China one of the most important ones is Internet, COB use is also analysed in online communication (Chinese website), and in particular in the leading e-commerce site (Tmall). We complement this analysis by interviewing 7 managers of Italian fashion firms operating in China in order to obtain a deeper understanding of COB role in retailing and marketing strategies of foreign brands, and properly explain the results that emerged from the observational data.

The remainder of the paper is structured as follows. First, we provide a literature review on COO and COB, focusing on emerging markets and the interplay with retailing. We also briefly review the main elements of store image provided by literature. Second, we present the research questions and we define the methodology adopted in our research. The proposed framework is based on the analysis of COB presence within static and dynamic elements of the store. Third, we present the results of our exploratory analysis, followed by the discussion and managerial implications. Last, we provide the conclusion of this study.

## 2. Literature review

A vast stream of literature has analysed COO since the publication of Schooler's (1965) study, which was the first to empirically test the "country of origin effect" in products (juices and fabrics) with identical characteristics. The COO effect is related to consumers' attitude towards a given country; therefore, when consumers are not familiar with a country's products, country image serves as a halo to infer a brand's product attributes (Han, 1989).

Since the 90s, the globalisation of today's business activities has led to a renewed interest in the effect of a product's country of origin on consumer decision making (Papadopoulos and Heslop, 1993). On the one hand, several studies have focused on COO effects in developing countries due to their increasing importance as new

markets for international companies and their products. On the other hand, the concept of COO itself has evolved, leading to new definitions such as Country of Design (COD), Country of Manufacture (COM) and Country of Brand (COB) (Hamzaoui and Merunka, 2006; Usunier, 2011).

In emerging markets, COO main effects determine a competitive advantage for foreign companies and a reverse ethnocentrism among consumers (Agbonifoh and Elimimian, 1999; Ettenson, 1993). In addition to quality perception, another factor that explains COO influence on consumers' perception is represented by the social status associated with foreign brands. For example, brands seen as nonlocal have been found to be attitudinally preferred to brands seen as local among Indian and Chinese consumers (Batra et al., 2000; Zhou and Hui, 2003).

Regarding the evolution of COO concept, recently scholars have pointed out several limitations. First, Samiee et al. (2005) argue that the importance of COO cue might be inflated in the past literature since consumers are not really knowledgeable about the origin of the brand. Second, Usunier (2006) identifies a relevance gap between COO research (mainly on manufacturing origin) and managerial practice that usually refers to the origin of the brand. Therefore, the concept of "hybrid (or bi-national) products" has been introduced (Chao, 1993; Hamzaoui and Merunka, 2006). Third, countries under consideration do not represent the mere notion of the national origin of a product but their country-of-image (Roth and Diamantopoulos, 2009) or culture-of-brand-origin (Lim and O'Cass, 2001). Therefore, in recent literature the focus has shifted from COO concept as country of manufacture to country of brand (COB) (Samiee, 2010; Usunier, 2011).

Managing a proper COB is fundamental for international companies. In particular, scholars stress the relevance of the brand origin recognition accuracy (BORA), as companies with non-classified or incorrectly classified brands may obtain an unfavourable association (Magnusson et al., 2011; Samiee et al., 2005; Usunier, 2011).

Regarding China, Chinese consumers tend to associate foreign brands with symbolic benefits, such as sophistication, prestige, modernity and novelty (Zhou and Hui, 2003). Even if in the past few years there has been a decline in Chinese preference for Western brands (Cui and Liu, 2000; Zhu et al., 2003) attributed to the improved quality of local products (Cui, 1997), the diminishing symbolic value of foreign brands (Zhou and Hui, 2003), and the brand origin confusion (Zhuang et al., 2008), international brands and their companies still maintain a preference among consumers. In the retailing context, previous studies have shown that in China foreign stores are perceived as superior to local stores in three dimensions: customer service, products and complaint handling (Chaney and Gamble, 2008). Liu et al. (2006) suggest that the store signs of foreign (Australian and US) brands should include their brand's Chinese name, English name and country of origin. Examining the impact on attitudes about product country-of-origin in relation to the store type, Jeong et al. (2012) found that COO alone is not important, but there is a significant effect of COO connected to store type, suggesting that stores and COO interact with each other.

None of these studies reveal if findings depend on the way COO is presented to consumers, that is an issue firms have to tackle with, as suggested by Insch and Florek (2009). Past research on consumer information processing has proved that the differences in the presentation format of products can affect the consumer choice (Zhang, 1996), but only a few research are related to this topic. For example, Chaney and Gamble (2008) analyse the impact of the retailers' ownership on consumer perception. In their analysis, they identify COO as one dimension of store image.

Literature in retailing defines store image as the consumer's global impression of a retail store (Zimmer and Golden, 1988); it represents a mixture of tangible or functional factors and intangible or psychological factors that a consumer perceives to be present

(Lindquist, 1974). Schmitt (2003) distinguishes between static and dynamic elements of the store. Static elements include cold, hard, tangible elements of the store (for example, items used to present the merchandise), communication material (brochures, leaflets, etc.), and store atmosphere, which is represented by visual, aural, olfactory, and tactile cues (Kotler, 1973; Lindquist, 1974). On the contrary, dynamic elements include human interactions with the store personnel, other customers, and entertainment activities (Pullman and Gross, 2004; Schmitt, 2003).

Since retailers might play a primary role in affecting perceptions of product quality, product value and willingness to buy (Dodds et al., 1991), how to successfully manage the store image is a key issue. In particular, the store image represents a primary asset in mono-brand or flagship stores, where the COB element can be a positive cue since consumers in developing countries tend to perceive foreign retailers as premium players (Chaney and Gamble, 2008; Corstjens and Lal, 2012). Moreover, in fashion retailing, flagship stores are used as market entry method since they are a signal of the brand strength and as a means of assuring partner companies of their commitment to China (Moore et al., 2010).

Therefore, it is important to understand how the actors involved in the selling process – i.e. wholesalers, exporters, internet and stores – transfer the COO attribute to consumers (Clarke et al., 2000). However, to the best of our knowledge, no empirical research has been conducted on the way in which the information about COO or COB is provided to consumers in the retail context, and how firms manage this element in their overall communication strategy.

### 3. Research

#### 3.1. Research questions

Given the literature gap on COO/COB use within the store environment and the need to explore its linkages with foreign products' brand image in emerging markets, our study represents an exploratory analysis that aims at investigating COB use in fashion stores.

In order to achieve this aim, we need first to understand the role of retailing as a communication tool within the strategies of foreign firms operating in an emerging market environment. Our first research question is:

- What is the role of retailing within the international branding strategies of foreign firms in China?

Then, we are able to answer our main question:

- What is the role of COB communication within the retail environment of foreign fashion (mono-brand) stores in China and which COB elements are used?

In the analysis, we considered the products' COB as our focus is on the interactions between the country of brand and the brand image of foreign products; therefore, we did not consider the country of the retail or company owner.

#### 3.2. Methodology

To investigate the phenomenon, we choose the Chinese market since it represents a relevant venue for international firms in retail sector. In fact, despite the economic deceleration, retailing in China maintained a 7% growth in 2014 (Euromonitor, 2015a).

In order to answer the research questions, since our aim is to explore a phenomenon for which there are no previous empirical studies, we adopted an inductive approach (Saunders et al., 2007). To reduce limitations of generalisability and obtain a multi-layered representation of the phenomenon (Arnould and Wallendorf, 1994), data were collected using different techniques:

1. participant observation in store (mystery shopping),
2. analysis of COB use in the online environment, and
3. semi-structured interviews with key informants (seven managers operating in the retailing sector in China).

The participant observation was carried out adopting the mystery shopping technique, in which researchers act as customers/potential customers mainly in order to monitor staff behaviour and report on their service quality (Wilson, 1998), but also to study consumers in the experiential environment in an unobtrusive way and provide rich information on the retail environment (Healy et al., 2008). For example, Barnes and Lea-Greenwood (2010) used mystery shopping to understand how fast fashion is translated and communicated in the retail store environment, a topic new in literature. Jamal (2003) adopted an ethnographic approach to investigate the consumer behaviour of different ethnic groups in UK through repeated participant observation and long qualitative interviews.

In order to analyse COB use within stores, we developed a framework drawing from the literature related to store environment we reviewed in the previous paragraph (Kotler, 1973; Lindquist, 1974; Martineau, 1958; Schmitt, 2003). A summary of the analysed elements is shown in Table 1.

We focus our attention on both static/physical and dynamic/relational elements of the store; therefore, we did not limit the analysis to observation only (as in Barnes and Lea-Greenwood, 2010). In fact, the researchers also interacted with store personnel, whose argumentations seem to have a relevant role in China, as highlighted by previous research (Lane et al., 2006).

Since the researcher's true intentions are not disclosed, the mystery shopping technique raises ethical concerns regarding the rights of respondents (Healy et al., 2008). Kimmel (2001) argues that deception may be considered necessary to obtain valid and unbiased investigations, eliciting more spontaneous behaviour from participants; in fact, revealing the researcher's true identity would in turn cause people to behave unnaturally. In our study, the type of deception used concerns withholding information to the store personnel regarding the shopper's true identity and visit purpose. If this information had been revealed during the interaction, store assistants would not have treated researchers as regular shoppers, not allowing to investigate how Made in Italy products are presented through the human interaction in store. However, we agree with Smith et al. (2009), who stress that researchers'

**Table 1**

The COB analysis framework developed from literature.

Store elements	Presence of COB information in
Static/physical elements (Kotler, 1973; Lindquist, 1974; Martineau, 1958; Schmitt, 2003)	<ul style="list-style-type: none"> <li>• Decoration elements (furniture, displays, personalised walls, etc.)</li> <li>• Communication materials (catalogues, leaflets, etc.)</li> <li>• Store atmosphere (colours and flag, texts, music, perfumes, etc.)</li> </ul>
Dynamic/relational elements (Lindquist, 1974; Pullman and Gross, 2004; Schmitt, 2003)	<ul style="list-style-type: none"> <li>• Sales personnel's product presentation and interaction</li> <li>• Entertainment activities</li> <li>• Clientele (congruency between brand image and target)</li> </ul>

deliberations about the use of deception should be informed by their moral standards as well as by community and institutional norms before deciding to adopt this type of research method.

Twenty mono-brand stores selling Italian products were analysed in the period between November 2012 and July 2013. The mystery shopping activity was separately carried out by two researchers belonging to the same socio-demographic class of the store's target, who later discussed the results together and shared them with other research members. These results were cross-checked with the findings from the online analysis and the semi-structured interviews.

During the participant observation the researchers followed a protocol, since it is necessary to ensure that the information collected is not biased as a result of arbitrary behaviour by the observer (Smith, 1995). Each participant observation was conducted in the following way:

- The mystery shopper randomly selected mono-brand stores selling Italian fashion items in urban areas.
- She started the observation by examining the point of sale from outside, and then she entered the store and started to examine the internal elements.
- Sales personnel initiated the interaction with the mystery shopper. Only if the salesperson did not actively offer his/her service did the shopper herself start the dialogue.
- In order to make the simulation credible, the mystery shopper always asked about the products sold in the store with the intention of buying. She also tried on some clothing items; however, no purchases were completed by the participant.
- Whenever possible, photographs were taken to overcome potential limitations (e.g. loss of data or subjective bias) and the shopper integrated the observational data with field notes as immersive process aimed at gaining understanding of the holistic situation (Ereaut, 2002; Healy et al., 2008).
- Immediately after the store visit, the fieldworker filled an analysis template, based on the developed framework, integrating it with additional comments, in particular related to the dynamic elements, in order to provide a more complete description of each participant observation.

The duration of the observations covered the necessary time to explore the store elements identified in the framework and conduct the interactions with store assistants.

Since in the fashion context brands adopt an omnichannel vision and are keen to deliver seamless customer experience across various online and offline channels (Hansen and Sia, 2015), the participant observation was completed by an analysis of the online environment, to evaluate if the use of COB is consistent within the retailing communication strategy. For each store of the sample, we analysed whether COB elements are present on the home page of the website for the Chinese market (to verify if it is considered an important element to differentiate their brand) and on the brand page of the main e-commerce clothing website (Tmall). We also analysed if in the product and brand description there were any references to COB or the history of the brand.

The third type of data comes from seven semi-structured interviews with managers from firms operating in China, which lasted from twenty minutes to one hour. Detailed notes were taken during interviews by the researchers and later cross-checked in order to fill verbal reports.

The interviewed managers held the following roles:

- three store managers from three points of sale of different firms,
- two managers (retail manager and B2B manager) of the local subsidiary of a high-end brand,
- the general manager of the Chinese distributor of an Italian firm, and

- the operations director of a designer outlet mall.

The main topics covered in the interviews were the role of retailing within the branding strategies of the firm in China and the role of COB communication in store. More specific questions were asked to the interviewees depending on their role in the company. Store managers were asked questions regarding the dynamic elements activated in store and consumers' behaviour in store towards foreign products and the store communication. Interviews with managers holding decisional power in turn covered broader topics, including the strategies adopted to communicate the brand image and an assessment of the perception of Chinese consumers towards foreign brands.

The cities where the analysis was conducted are Beijing and Shanghai, China's main first-tier cities, since they have a more advanced distribution system (Wong and Yu, 2003). This decision was taken to avoid the risk of comparing communication strategies based on different aims and targeted to different consumer profiles, since as Elliott and Tam (2014, p. 312) stated: "Marketers who treat important markets, such as China, as single, homogeneous markets may be making a fundamental error."

#### 4. Results

Regarding the role of retailing within a foreign firm's marketing strategy in emerging markets, interviewed managers argued that in China stores play an important role in building brand awareness among consumers. The retail manager of a high-end clothing brand declared that the retail strategy is also integrated with the e-commerce channel in order to reach consumers in areas where physical stores are not available yet. Moreover, e-commerce is used to promote brand awareness and create brand image.

In order to enhance the brand image and engage with consumers, along with traditional media (e.g. advertorials on magazines), a high-end clothing firm (operating directly in China since 2001) implements unconventional activities, such as invitations to special concerts or galas, which are communicated to consumers in an exclusive way. However, as stated by one of the interviewed managers, one of the most relevant choices in the Chinese market is related to the store location. The decision about where to open a new store is made based on several criteria, among which the main ones are total population, average income, and presence of other competitors in that city. The primary consumer target is located in first-tier cities, but also second-tier cities and new developing areas have increased their importance in the past few years. In the decision of the location, the operations director of a retail outlet stated: "It is important to maintain an exclusive offer and not to be affected from the local competitors." Therefore, differentiation is important, and also by means of their stores brands have to be perceived as foreign.

Moreover, the interviewed managers argued that retailing is not only a channel to reach the final consumer, but it is also aimed at "increasing the contractual power towards B2B clients" (manager of a high-end clothing firm), who have a deeper knowledge of product quality than end users.

From the analysis of the retail stores belonging to the sample, it emerged that only a few of them used either static or dynamic elements that identified "Made in Italy" products, suggesting that COB does not represent a primary cue for these brands in their physical retail channel.

Six stores (30% of the sample) contained COB static elements, in details (Table 2):

- All stores used at least an element from store atmosphere. The most common elements were texts (four stores), followed by the flag symbol and iconic images (both in three stores). The

**Table 2**  
Results from the analysis of COB use in static/physical elements.

Type of static/physical elements	N of stores	COB presence
Decoration elements		
Furniture	2	1
LCD displays	1	1
Personalised walls	2	0
<b>Total*</b>	<b>5</b>	<b>2</b>
Communication materials		
Catalogues	8	1
Leaflets	3	0
Flyer	0	0
Counter display	1	0
<b>Total*</b>	<b>12</b>	<b>1</b>
Store atmosphere		
Iconic images	3	3
Colours and flag	3	3
Texts	4	4
Music	1	1
Perfumes	0	0
<b>Total*</b>	<b>11</b>	<b>11</b>

\* Please note that multiple elements could be present.

auditory element was used in just one store, whereas the olfactory element was absent. The tactile dimension was not analysed because of risk of subjectivity bias.

- 12 stores displayed communication materials, but among them only one contained COB elements in a catalogue.
- Within the decoration elements, only one store contained COB references in a furnishing item and a monitor displaying a video of Italian cities.

We compared these results with the communication implemented in the online platforms (local website and Tmall page) of the analysed brands (Appendix). Findings reveal that none of the brands with COB in store had a specific website for the Chinese market. Among the 8 brands that had a website specific for the Chinese market, only one showed the COB reference on the title bar of the webpage. The brand presence on the e-commerce platform Tmall resulted higher with 12 brand pages and half of them containing the "Made in Italy" label either on the brand description or product specifications. Overall, only two stores with COB elements also had a Tmall brand page, which showed COB reference as well.

Regarding the overall atmosphere, the participant observers positively evaluated the visited Italian brands' stores in Beijing and Shanghai for what concerns the following aspects: location, store cleanliness, lightning, and setting pleasantness. All visited stores were located in high traffic areas, either on main urban streets or inside high-end malls. In both cases, other foreign stores with a similar positioning of the analysed stores were also present, whereas local firms were almost or totally absent.

For what dynamic elements of the store concerns, the store traffic was generally low, suggesting that the considered stores were characterised by exclusivity. Most shoppers were female, middle-aged (25–45 years old) and belonging to a high-status group, as assessed by the observation of their outfit. Moreover, in most observations (18 interactions), the clientele was composed of both local and foreign customers, suggesting congruence between the international brand image of the products and the target at the stores.

An important element of the analysis is represented by the interactions with the store personnel. A positive assessment was made by the mystery shoppers regarding their courteousness and willingness to help. In our interviews with sector experts, several managers stressed the importance of sales personnel's role, as "they transmit brand knowledge and also represent a 'brand ambassa-

**Table 3**  
Results from the interaction with store personnel (presentation of Italian products).

Characteristics highlighted	N of stores	% of stores
Fashionable product	8	26.67
High quality product	7	23.33
Famous brand	3	10.00
Imported product	2	6.67
Locally produced product	2	6.67
Comfortable product	1	3.33

dor" (retail manager of a high-end firm). However, no storytelling activities about the brand's values and history were performed during the interactions. One reason might be due to the personnel's training level; in fact, during the interviews it was pointed out that it is not that high because of a frequent turnover among store assistants and managers. Also, no entertaining activities were performed during the observations.

In the product presentation, the main features highlighted by store assistants were fashionableness (8 stores) and high quality (7 stores). In three cases, store assistants defined the product brands as "famous," for example it was mentioned that the products were popular among several actors from Hong Kong. In the case of products manufactured in Italy, store personnel did not particularly highlight this aspect (Table 3).

Regarding consumers' COB perception, interviewed firm managers reported that "Made in Italy" identification is not clear for most Chinese consumers. "(Consumers) usually cannot distinguish an Italian brand from a French one," declared the retail manager of a high-end brand. She also pointed out: "When Made in Italy, and Made in Europe in general, is perceived, the associations are: quality, classicism, durability, design, flexibility and functionality..." However, she also suggested that Chinese consumers have a general idea of different lifestyles connected to a precise country, so for certain product categories such as leather shoes, associations are more precise.

## 5. Discussion and managerial implications

From the results of this exploratory study, a controversial behaviour emerges. Key informants stressed that being perceived as foreign firms is relevant for the development of the products' brand image in the Chinese market. However, from the store visits and the on-line analysis, COB does not result a primary cue the fashion firms of the sample rely on to communicate their product image in store.

Regarding RQ1, the research confirms the primary role of fashion retailing in China towards both consumers and business partners (Moore et al., 2010). In fact, retailing serves to reinforce the strength of the brand, especially by selecting adequate locations for their stores in urban areas, in order to attract consumers in first-tier cities and later expand themselves in second-tier cities. Interviews with firm managers suggest that most Italian firms in China adopt the same retail format of other international markets, without any particular specific adaptation for the local market.

Answering our main research question regarding the role of COB, findings suggest that in the considered sample this type of cue is marginal. From our analysis of COB communication within the physical stores and online platforms (Chinese website and Tmall page), it emerges that only 30% of the sample used COB elements in their store settings. 40% of the analysed brands operate in China with a local website, while 60% of the brands have an official online presence in Tmall.<sup>1</sup>

<sup>1</sup> Data as of December 2014.

Given the increasing usage of the online communication among Chinese consumers (637.7 million users in 2014<sup>2</sup>), it is important for international brands to have a website in Chinese language to advertise their products and provide information that represents quality cues and leads to purchase (Chao et al., 2012).

However, from our analysis, the following points emerge: first, there is not an integrated marketing communication between the physical store and the online website; in fact, none of the stores with COB elements in their point of sale have a specific website for the Chinese market; second, the percentage of brands that communicate online have a slightly higher presence on Tmall than those with their own website (60% and 40%, respectively); third, the Made in Italy reference is present online only in one website in a hardly noticeable part (the title bar of the webpage) and six Tmall brand pages.

Comparing the use of COB in the two channels, it seems that COB is more frequently used as a cue when consumers need more information, such as on the Internet where they cannot touch products or physically experience the brand world. This is consistent with previous research where COB has been considered as a simple product descriptive information (Hye and Leslie, 2002; Zhang et al., 2011). Indeed, virtual store spaces have become relevant for communicating with consumers, especially with the ones from culturally and physically distant markets. Therefore, in order to attract sales in an online shopping platform such as Tmall, a brand needs an association that immediately proves its quality, so marketers tend to adopt the COB as a quality cue more often (Verlegh and Steenkamp, 1999).

Regarding the type of elements used, Insch and Florek's (2009) findings are confirmed as simple elements (the "made in" label, the Italian flag and iconic images) are more common than elaborate symbols and texts. However, in such a new and culturally distant market as China, this type of elements might not immediately enhance the brand recognition. As pointed out by the interviewed managers, the "Made in Italy" association is not clear for most Chinese consumers in favour of a general idea of "Made in Europe," confirming previous research (Checchinato et al., 2013). Moreover, as discussed by Samiee (2011), the mere use of certain colours shared by a country's flag is not effective since consumers may associate them with colours used in other countries' flags.

Regarding dynamic elements, although sellers are highly important in China (Merrilees et al., 2001), they tend not to rely on COB to enhance the brand image, focusing more on product quality and fashionableness. Considering that most Chinese people have only a vague idea about Italian's characteristics and culture, these findings seem to be consistent with previous research (Samiee et al., 2005) that states the inflated importance of the COB cue.

The entertaining element together with storytelling activities by the store personnel were missing in the sample. In the product presentation, no reference was made to the brand history. Since shopping is highly experiential in the Chinese market (Yu and Bastin, 2010) and the culture of brand origin is more likely to influence the consumer (Lim and O'Cass, 2001), retail strategies should consider this aspect more in order to make shoppers engage with the brand, facilitating products' presentation at the same time. In this way, sellers would truly act as brand ambassador.

Samiee et al. (2005) suggest that international marketing strategies should place much greater reliance on non-geographic attributes of brands than those related to their origins. This conclusion is consistent with results obtained by Lee and Ganesh

(1999), Papadopoulos and Heslop (1993), and Godey et al. (2012), indicating that the brand image is more important than COB and a very strong brand could decrease the relevance of COO. Therefore, international firms should properly manage COB as part of their brand image (Magnusson et al., 2011), integrating the origin reference within a cultural value system that is relevant for the destination market and differentiates the brand from competitors.

## 6. Conclusion

Many scholars have analysed how the COO and COB impact consumers' perception and behaviour in developed countries, and more recently in developing countries such as China. However, so far research has not approached how companies use COB elements in their marketing strategy and, in particular, in the context of the last touch point before sale, the store. This paper contributes to the literature as it tries to fill this gap, by adopting an exploratory approach to examine the effective use of the COB and its relation with the overall brand strategy of foreign firms in China.

In our proposed framework analysis, COB represents a cue that companies may adopt in order to provide information to consumers and, at the same time, modify their quality perception of the products. In retailing, COB can be used in static and dynamic elements; however, in order to be effective, it must build a true value and information system to be provided to consumers (Verlegh and Steenkamp, 1999; Zhang et al., 2011). Especially in new and distant markets, simple elements such as "Made in" label, colours and iconic images should be integrated in a defined brand image. As Li et al. (2012) suggest, retail sellers should consider emphasising the intrinsic brand value to current Chinese customers in their marketing strategies. Dynamic elements such as interaction with store personnel and entertainment activities might enhance the transmission of the brand image, making it more recognisable and significant for consumers.

More studies should be done to explore this phenomenon and overcome the limitations of the present research. The main one is related to the fact that, even if some evidence about the use of the elements that communicate COB in the retailing context might be generalisable, findings are related to a limited sample of stores in a specific country, China, and a specific COB, Italy.

In the future research, findings of this exploratory research on COB in the fashion retail environment should be verified in the context of other sectors and other markets. Moreover, the consumer's perception and attitude towards the brand and purchase intention related to the COB communication in store represent an interesting aspect to analyse. In this case, an ethnographic approach could be considered since it allows to record human action in natural settings (Fielding, 1993), which are characterised by deeply embedded sociocultural patterns that are resistant to transfer to other research settings (Arnould and Price, 2006; Arnould and Wallendorf, 1994). By analysing the natural setting of the topic of interest, ethnography would be able to offer valuable insights into the market and consumer behaviour, for which empirical evidence are not well established yet.

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<sup>2</sup> Euromonitor (2015b).

## Appendix

## Results from the analysis of COB use in store and online communication

Store ID	Type of products	COB in store	Chinese Website	COB in Chinese website homepage	Tmall brand page	COB In Tmall brand page
A	Women apparel	0	0	0	0	0
B	Women apparel	0	0	0	1	0
C	Accessories	1	0	0	1	1
D	Family apparel	1	0	0	1	0
E	Women apparel	0	1	0	1	1
F	Men/women apparel	0	0	0	1	0
G	Men/women apparel	0	1	0	1	0
H	Shoes	1	0	0	0	0
I	Shoes	1	0	0	0	0
J	Women apparel	0	0	0	0	0
K	Men/women apparel	0	0	0	0	0
L	Accessories	0	1	0	1	1
M	Men/women apparel	0	1	0	1	1
N	Shoes	0	0	0	1	1
O	Accessories	1	0	0	1	1
P	Accessories	0	1	0	0	0
Q	Shoes	0	1	1	1	0
R	Men apparel	0	1	0	0	0
S	Women apparel	1	0	0	0	0
T	Men/women apparel	0	1	0	1	0
	<b>N. of stores</b>	<b>6</b>	<b>8</b>	<b>1</b>	<b>12</b>	<b>6</b>
	<b>(%)</b>	<b>30%</b>	<b>40%</b>	<b>5%</b>	<b>60%</b>	<b>30%</b>

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