THE COMMUNICATION OF FOREIGN PRODUCTS IN CHINA THROUGH THE STORE: AN EMPIRICAL ANALYSIS

FRANCESCA CHECCHINATO*, LALA HU, TIZIANO VESCOVI
Ca' Foscari University of Venice, Italy

Abstract

In China foreign brands are faced with brand origin confusion, which creates benefits for local brands. Therefore, marketers should provide information related to the COO by using not only products and promotions, but also distribution. In particular, stores could be an important starting point to communicate the brand origin and image, as they represent evidence of the brand world and a powerful setting for storytelling. In order to analyse how the COO has been used by foreign (Italian) brands in the Chinese market, we examined 45 points of sale in China to check whether Italy is somehow recalled in their hard elements or during the shopping experience by using the mystery shopping research technique. The results highlight a relatively traditional, marginal, and iconic use of the COO in a market that is new, important, and highly dynamic. Some managerial implications will be discussed.

1. Introduction

China has become one of the major battlegrounds for Western brands, competing with local ones to attract consumers' attention in order to increase their market share. These brands can be sold both in specialized multi-brand stores, among many other foreign brands, and in stores dedicated to the brand (mono-brand or flagship stores). Since 1992, when the central government opened China's retail market to foreign investors, many companies decided to enter this huge market by using the second strategy, opening direct-owned stores, such as flagship stores, to help them reinforce the brand status and enhance and maintain relationships with customers, distribution partners, and the media (Moore, Doherty, & Doyle, 2010).

Although China remains an opportunity for foreign companies, in the past few years we have faced decreasing competitiveness of foreign brands (Zhou & Hui, 2003). The reasons are many – e.g. improvement of quality of local products, ethnocentrism, etc. – but one of them could be related to confusion about the brand origin (Zhuang, Wang, Zhou, & Zhou, 2008), due to the use of a foreign-sounding name by some local brands or, on the contrary, to the company's brand localization strategies in the case of foreign brands. Chinese consumers are not always aware of the country of origin (COO) of the products they purchase and this could dilute its positive effect. For foreign brands, reducing the brand origin confusion could be

helpful as they seem to be preferred to local brands (Zhou & Belk, 2004; Zhuang *et al.*, 2008); thus, the higher is the knowledge of the foreign brand, the less likely consumers will be to misjudge its origin.

Marketers should provide information related to the COO using the product itself, promotions, and distribution, in particular stores. In the case of multi-brand stores, the COO can be provided with the packaging of the products or in some point of purchase (POP) materials, while in the case of flagship or mono-brand stores, the COO could potentially be used in any attribute of the store.

Considering the increasing importance of the retailing sector, the role of the store to build a true and long relationship with its customers (Hirschman & Holbook, 1982; Schmitt, 1999) and enhance the brand image most of all in the Chinese market (Checchinato, 2011), it seems important to analyse how the country of origin has been communicated to consumers through the store, which is the aim of this study.

In fact, despite the important role given to the country of origin and country of design by companies and the recognition given by the literature, to our knowledge no study has tried to analyse how this information cue is used in store during the consumer shopping experience, by using store elements and sellers' information.

In particular, this paper aims to analyse how the COO has been used for Italian products in the Chinese market. We examined 45 points of sale in China by using the mystery shopping research technique, first checking the store's characteristics, then whether Italy is somehow recalled in the hard elements of the store and during the overall shopping experience.

The paper is organized as follows. First, we present a review of the literature related to store image and COO, highlighting the gap, then we develop a framework for the analysis. Next, we describe the research methodology, providing some details about the technique we decided to use, mystery shopping. Last, the results are discussed and some managerial implications are provided.

2. Literature review

According to many authors (Aaker, 1996; Kapferer, 1997; Keller, 2003), brand image is the perception of a brand as reflected by a network of brand associations in the consumer's memory. The brand associations are developed from many sources, including the brand name, logo, product use, packaging, communication, and point of sale. In fact, the store, as it is the physical place where the product is sold, represents an important medium for the brand, above all in emerging countries where consumers are less educated about branded products.

In order to define a framework to analyse how marketers could provide information related to the COO by using the store, we examined the literature related to two main topics: the elements that contribute to the store image and the main issues related to the COO.

Traditionally, a store was solely considered as a *point of sale* (POS), where the customer's purchase was rationally directed to satisfy a specific need; therefore, the communication in store was simply aimed at selling the product. Later, as consumers' buying behaviour started to be influenced more by symbolic values than by the product's functions (Levy, 1959), the point of sale turned into the *point of purchase*, representing a *point of permanence*, too, a place where it is possible to enjoy experiences and give to the customer sensorial, emotional, cognitive, behavioural, and relational values.

Store image refers to a consumer's global impression of a retail store (Zimmer & 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).

In the marketing literature (Ghosh, 1990; Lindquist, 1974; Martineau, 1958; Zimmer & Golden, 1988), the store image's attributes have been classified into different categories. Martineau (1958) identified four core attributes – *layout and architecture*, *symbols and colour*, *advertising*, and *sales personnel* – while Lindquist's classification (1974) included nine attributes – *merchandise* (quality, assortment, styling or fashion, guarantees, and price), *service* (staff service, ease of return, credit, and delivery service); *clientele* (social class appeal, self-image congruency, and store personnel); *physical facilities* (layout and architecture), *convenience* (mainly location), *promotion* (sales promotion, product displays, advertising programmes, symbols, and colours), *store atmosphere* (defined as "atmosphere congeniality", which represents a customer's feeling of warmth, acceptance, or ease); *institutional factors* (projection of the store, reputation, and reliability); and *post-transaction satisfaction* (returns and adjustments). Another categorization was provided by Ghosh (1990), who stated that store image is composed of retail marketing mix elements, which are: *location*, *merchandise*, *store ambience*, *customer service*, *price*, *advertising*, *personal selling*, and *sales incentive programmes*.

If we compare these previous classifications, some attributes are recurrent. First of all are the layout and architecture, which include the store's physical elements and are termed by Pastore and Vernuccio (2008) "hard elements", as opposed to the store's "soft elements" (entertainment, interactions, brand values …). Depending on their location, physical elements can be internal or external.

Regarding the internal elements, they are composed of the product assortment and store equipment as well as promotional elements (communication material and sales promotion). The product assortment (or merchandise) is represented by the quality, selection or assortment, styling, and fashion of the store products (Lindquist, 1974; Nevin & Houston, 1980), while promotion concerns the actions aimed to create public awareness of the store's activities (Bagozzi, Baumgartner, & Pieters, 1998), encouraging shoppers to repeat their visits. Concerning the external elements, they are the potential influencers that appear at the front of the store: building signs, neon writing, window displays, merchandise presentation, and so on (Cornelius, Natter, & Faure, 2009). Especially regarding windows displays, previous researchers have investigated their role in information acquisition, the store entry decision, as well as purchase influence (Sen, Block, & Chandran, 2002).

In addition to tangible elements, the literature identifies intangible attributes inside the store, among which the main one is the store atmosphere, defined by Kotler (1973) as the conscious planning of buying environments to produce specific emotional benefits that enhance the consumers' purchase probability. Atmosphere consists of four main dimensions: visual (colour, brightness, size, and shapes), aural (volume and pitch), olfactory (scent and freshness), and tactile (softness, smoothness, and temperature).

Another attribute that previous research has investigated is the customers' interaction with the seller, which affects customers' feelings, brand attitudes, and satisfaction (Grace & O'Cass, 2004) and also provides them with entertainment, an attribute that is part of the store's soft elements (Pastore & Vernuccio, 2008). The marketing literature distinguishes the interaction between a customer and a company employee as an "encounter", if the customer interacts non-specifically with any representative of the organization, and a "relationship", in the case that the customer engages in repeat contact with a specific employee (Gutek, 1995). Consequently, in our analysis, the interaction inside the store is considered as an encounter.

Lastly, the store's image is also influenced by its clientele, defined as the demographic and lifestyle characteristics of the shoppers (Akhter, Reardon, & Andrews, 1987). Lindquist (1974) included sales personnel as part of the clientele; however, in our research framework,

we keep these two attributes separate as by referring to sales personnel we focus more on the interaction and service provided rather than the social cues that are defined by the clientele.

One particular element of the store image concerns the COO (Chaney & Gamble, 2008), which is cross-dimensional as it could be related to many of the attributes discussed before.

Country of origin is not a new concept in the marketing literature; many studies have been conducted to determine how it affects consumers' evaluation of products, brand perception, and intention to buy (Checchinato, Disegna, & Vescovi, 2012; Godey *et al*., 2012; Insch & McBride, 2004; Lim, Darley, & Summers, 1994; Papadopoulos, 1993). Even if the findings are not clear yet, as they depend on the countries involved in the studies and the methodologies, the COO continues to be a cue used by companies in order to improve the image of their products and brands. Since retailers represent the ultimate participants in the value chain, they can influence consumers' evaluations and purchase decisions and reinforce the brand communication by spreading values such as the country of origin.

While many studies highlight the role of retailers in influencing consumers' perceptions and behaviour (Jacoby & Mazursky, 1984; Mulhern, 1997; Nicholson, Clarke, & Blakemore, 2002; Shergill & Cheng, 2008), studies related to the use of the COO in a retailing context are scarce. They analyse the effect of the origin on the retail patronage (Swoboda, Pennemann, & Taube, 2012), how the product origin image improves the retailer-perceived brand equity (Baldauf, Cravens, Diamontopoulos, & Zeugner-Roth, 2009), the extent to which the store country of origin affects consumers' perceptions of stores (Chaney & Gamble, 2008), and the consumers' view of ethnicity and localness of local vs. foreign stores (McKenzie, 2004). As Chaney and Gamble's (2008) findings show, the country of origin of the retail store may have an impact on consumers' intention to purchase; in addition, foreign stores are perceived as superior to local stores in three dimensions: customer service, products, and complaint handling.

While the current literature indicates how the COO influences consumers' product evaluation, purchase intention, brand equity, and other variables, the ways in which this information is provided to consumers seems to have been investigated little, even though the indicators of origins could be numerous (Papadopoulos & Heslop, 1993).

From the findings related to research on consumer information processing, we can suppose that the differences in the presentation format of products can affect the consumer choice (Zhang, 1996), and since the COO is an information cue, using verbal or different visual information can affect consumers' evaluation.

As Insch and Florek (2009) suggested, research on the use of COO associations in practice is an overlooked issue, but there are differences in the types of COO associations used and how effectively they are communicated to prospective buyers. Only a few pieces of research help marketers provide a way to communicate the brand's origin and how the actors involved in the selling process, i.e. wholesalers, exporters, and stores, transfer this attribute. Clarke III, Owens, and Ford (2000) analysed marking statutes related to "made in", but mainly from a legal point of view. Insch and Floreck (2009) conducted a content analysis about the use of symbols, emblems, or icons that carry the perceptions of COO in the packaging of fast-moving consumer goods (FMCG).

Some suggestions can also be found in the conclusion and managerial implications of COO studies about the means to make consumers aware of the COO. For example, Baldauf *et al*. (2009, p. 449) suggested referring to "the workmanship and/or design/style of offerings stemming from a specific country to capitalize on positive country associations" through sales communications or advertisements.

3 Methodology

3.1 The analysis framework

While both the importance of the COO and the role of the store in consumers' product evaluation and purchase intention have been explored, the extent to which retailers indicate the COO in their stores as well as in the brands they sell is unclear.

Therefore, following the previous research about store image, store dimensions, and attributes and analysing how the information related to "made in" can be provided to consumers through the store, we created a framework to be tested in a sample. The presence of the elements and explicit and implicit information (texts, flags, maps, labels, iconic images, colours, testimonials ...) related to the COO were investigated.

The framework was used as a coding scheme for the field analysis (Table 1).

Table 1 – The analysis framework

Core attributes	Presence of COO information in
Layout and architecture (Martineau, 1958)	Window displays Inside the store Furniture Monitor LCD Themed walls
Store atmosphere (Kotler, 1973; Lindquist, 1974)	Visual dimension (colours, texts, images …) Aural dimension (music) Olfactory dimension (perfumes)
Promotion (Lindquist, 1974)	Sales promotions Communication materials (flyers, catalogues, leaflets, totems)
Sales personnel (Martineau, 1958; Pastore & Vernuccio, 2008)	Sellers' product presentation Entertainment experience activated by sellers
Clientele (Lindquist, 1974)	International clientele

In addition, the researchers were asked to highlight other different elements (not previously coded) that could recall the COO.

3.2 Research method

In order to achieve our objectives and analyse not only the physical (hard) elements of the store but also the relational elements, the mystery shopping technique was considered the most appropriate. According to Wilson (1998, p. 414), mystery shopping is "a form of participant observation, uses researchers to act as customers or potential customers to monitor the quality of processes and procedures used in the delivery of a service", so it is used to measure the process rather than the outcome, such as customer satisfaction. Moreover, as noted by McKechnie, Grant, and Bagaria (2007, p. 120), "although they are pre-structured, mystery shopping interactions take place in everyday situations, which adds value to the results that are obtained". Mystery shopping can be used to collect factual information, too

(Finn, 2001), such as the number of customers inside the store, the number and gender of the employees serving the clients, etc.

This research technique has been used in the service field; in fact, previous empirical findings specifically related to the retail context can be found in the study by McKechnie, Grant, and Bagaria (2007), who analysed the extent to which service providers use listening actions when interacting with customers, in the work by Kehagias, Rigopoulou, and Vassilikopoulou (2011), who analysed the impact of salesperson behavioural items on the overall evaluation of the salesperson, intention to purchase, and store recommendation in order to develop a reliable mystery shopping inventory (MSI), and in the study by Finn (2001), who analysed the psychometric quality of mystery shopping data for retail chains and durable goods retailers.

3.3 The field setting

The research sample was composed of 45 randomly selected stores belonging to the three sectors of Italian excellence with high symbolic values (food, fashion, and furniture), which sell Italian products in China's most relevant first-tier cities: Beijing and Shanghai.

First-tier cities were chosen as they have a more established retail system than second- and third-tier cities; in addition, they are characterized by a higher level of consumer sophistication (Wong & Yu, 2003). Previous research (Chaney & Gamble, 2008) found that more sophisticated consumers are drawn to foreign stores, whereas those from second-tier cities tend to favour locally owned stores.

The fieldwork in Shanghai was directly conducted by a researcher of Chinese origin, while in Beijing the mystery shopper was a female of Western origin, fluent in the Chinese language, who had been living in China for more than three years.

The two mystery shoppers belonged to the same age group (28–29 years old), gender (female), and level of education (master's degree from a Western university); however, two different ethnic groups were chosen for the mystery shoppers' identity as the target of the stores selling Italian products in China is not only local, but especially for the first-tier cities also international. This is consistent with Wilson's hypothesis (Wilson, 1998), based on which shoppers must match a customer profile that is appropriate for the scenario that they are being asked to enact. Moreover, in order to minimize the subjectivity, rating scales were used to judge some predetermined items, such as the evaluation of the sales personnel and store, and some photos were taken to justify the environmental evaluation.

Data collection was set for a one-month period between November and December 2012.

3.4 Conducting of the mystery shopping

The shopping fieldworker initiated the activity by examining the point of sale from outside, then she entered the store and started to examine the internal and external elements. The interaction with the mystery shopper was initiated by the sales personnel; 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; in fashion stores, she also tried on some items.

After the store visit, the fieldworker filled in the framework template, adding some comments if necessary.

4. Research

4.1 The sample

A total of 45 stores were visited, composed by mono-brand stores, i.e. speciality stores based on one brand, and multi-brand stores in which the Italian brands have their own corner or their own point of sale in Beijing and Shanghai.

The visited stores belong to the fashion, food, and furniture industries. In the case of food, we did not consider shelf products as their store communication elements are not directly managed by the brands, but by the retailers. Only three stores were considered for the food sector: a famous Italian pasta corner inside the supermarket of a department store in Shanghai, a coffee shop in Beijing, and a pizza restaurant in Beijing.

For each store, we analysed the core attributes using the proposed framework (Table 1): *layout and architecture*, *store atmosphere*, *promotion, store personnel*, and *clientele*.

Most of the visited stores are located in shopping malls, big structures strategically located in city areas of high foot or car traffic, where top-brand stores are present next to each other (Italian and foreign brands in general). Compared with Western countries, Chinese shopping malls are relatively new; they are multi-storey buildings that sell different types of goods, from food to fashion, speciality products, and so on. Usually each floor is dedicated to particular categories: for example, supermarkets are in the basement, the first and second floors are occupied by fashion retailers, on the upper floors there are more speciality products, and on the top floors there are restaurants and sometimes a cinema. This distribution format reflects the increasing experiential importance of shopping for Chinese consumers (Euromonitor International, 2010), who can satisfy their needs in one place.

4.2 Layout and architecture

COO elements were present in more than half of the visited stores (53.33%) (Table 2). The distribution format with the highest percentage of COO elements was the speciality store, in fact 88.89% of the analysed point of sales in this format displayed at least one COO element. Also in department stores the usage of COO is above average (62.50%), whereas mono-brand stores had a quite low percentage usage (37.04%). In this consideration the only supermarket sample is not significant.

Table 2 – Distribution format and COO

Distribution format	Department store	Mono-brand store	Speciality store	Supermarket	Total
Number of stores	8	27	9	1	45
Presence of COO (N)	5	10	8	1	24
Presence of COO elements (%)	62.50	37.04	88.89	100.00	53.33

Most stores do not have their own window displays (17 stores), as their layout, also when they are located in shopping malls, is similar to open spaces, separated from their competitors by lateral walls only. However, if window displays are present, they tend to be relatively large (14 stores have window displays from 6 to 10 metres). The only store with window displays that surpass 10 metres is a speciality store for furniture in Shanghai, which sells Italian and foreign luxury brands' products; in this case, window displays are used to show a selection of the merchandise and capture consumers' attention.

As we can see from Table 3, most stores showed COO elements only inside the store (18); in 6 cases they were both in window displays and inside the store, whereas in none of the analysed stores were they shown only in windows displays.

Table 3 – Presence of COO elements

COO elements	Number of stores
Inside the store	18
In window displays only	0
Both inside and in window displays	6

Among the stores' internal elements (Table 4), themed walls appeared most frequently (12 stores), followed by LCD displays (5 stores) and furniture (3 stores). One of the furniture elements is represented by a Vespa scooter, used in a bag store in Shanghai. The total number of stores using at least one of the COO elements in the layout and architecture dimension was 11, 24.44% of our sample.

Table 4 – Elements inside the store and COO

	Themed walls	LCD displays	Furniture
Stores (N)	12	5	3
Presence of COO (N)	7	4	3
Presence of COO (%)	58.33	80.00	100.00

Note that multiple elements could be present.

4.2 Store atmosphere

Based on the analysis of Kotler's dimensions of store atmosphere (Kotler, 1973), the visual dimension (texts, colours, images …) is the prevailing one among Italian stores in China. In fact, most stores (14) used texts (both Chinese and English) to indicate the products' COO, then other common elements were the Italian flag (11 stores) and images (10 stores). No testimonials were used in the visited stores.

Table 5 – Store atmosphere's COO elements

	Images	Colours	Texts	Testimo-nials	Italian flag	Music	Perfumes
Presence of COO (N)	10	5	14	0	11	2	1
Presence of COO (%)	41.67	20.83	58.33	0.00	45.33	8.33	4.17

Note that multiple elements could be present.

The aural dimension (Italian music) was used in two stores (most of the time Italian stores played international music or no music at all, as we can see from Table 6), while the olfactory dimension (perfumes) was used in one store only.

Table 6 – Type of music

Type of music	Number of stores
Italian	2
International	21
No music	20
Chinese	2
Total	45

Regarding the colours used in the stores, the most common one is white (16 stores, but in 2 cases it was used combined with another colour), followed by other colours (15 stores), black (10 stores), brown (9 stores), and grey (6 stores). In most stores, the colours reflected the brand's identity more than its country of origin: for example, the store of a pipe manufacturer used the colour of the product's material, brown. Only one store used the Italian flag's three colours in order to stress the COO in the entire environment: more precisely, a pizza restaurant.

The total number of stores using the COO at least in one of the atmosphere elements was 21, 46.67% of our sample.

4.3 Promotion

In our framework, promotion is composed of two categories: sales promotion and the communication materials that are displayed in the store (leaflets, catalogues, totems, etc.).

Regarding sales promotion, only eight stores ran these, among which five stores communicated them by mean of banners, while in the remaining three stores it was the seller who informed the customer about the special sales, thus giving importance to the interaction between seller and customer.

As far as the communication material is concerned, more than half of the visited stores (26) displayed it in different forms: a catalogue (which is the most used material), flyer, leaflet, totem, and counter display (Table 8). However, only in 4 stores (20.00%) did the catalogues contain COO elements.

Table 7 – Communication materials and COO

	Catalogue	Leaflet	Flyer	Totem	Counter display
Stores (N)	20	8	2	2	2
Presence of COO (N)	4	5	2	0	1
Presence of COO (%)	25.00	62.50	100.00	0.00	50.00

Note that multiple elements could be present.

4.4 Sales personnel

As we saw in the previous paragraph, in some Chinese stores it is the seller who directly offers the consumer a price discount on the products, making the interaction more personalized.

Regarding the characteristics of the sales personnel, out of the 45 visited stores, the majority were female (35 stores), while they were male in only 10 stores. The most

represented age group was formed by people aged between 30 and 39 years (21 stores), followed by the category of 20–29 year olds (18 stores) (Table 8).

Table 8 – Age group of sales personnel

Age group	Number of stores
Less than 20	0
20–29	18
30–39	21
40–49	5
More than 50	1
Total	45

The middle-age group is linked to the experience of sales personnel, whose level of training and professionalism is relatively high (Table 9). Sellers' highest quality results as courtesy, followed by willingness to help, while sellers' insistence appears to be quite low. Only in two stores did the sellers ask the shopper for her phone number in order to keep her updated on the sales promotion.

The products' level of description was above average, but less positive than the other sellers' attributes.

Table 9 – General evaluation of sales personnel*

Evaluation	Mean
Courteous	1.60
Experienced	2.84
Professional	2.53
Willingness to help	1.73
Level of product description	3.38
Insistent	5.51

* In the evaluation, we used a seven-point Likert scale (1 = "strongly agree" and 7 = "strongly disagree").

In the products' presentation (Table 10), of the 45 visited stores, fewer than half of the sellers stressed Italian products' high quality (21 interactions), while in quite a relevant number of situations (10) sellers showed an indifferent attitude towards Italian brands, without referring to any special characteristics, in 6 other interactions even comparing them with local or other countries' products.

Sellers informed the shopper about the fashionable and famous character of the brand (10 interactions) and emphasized the imported origin of goods (3 interactions), while in 2 situations they informed the client that the product was produced locally. In only one situation did a seller highlight the comfort of the product (more precisely, in a shoe store).

Concerning entertainment activities, these took place only in the pasta corner of a supermarket in Shanghai, where a Chinese cook demonstrated how to prepare Italian pasta. The product itself implicitly recalls Italy and the communication materials also stress the COO. No entertainment activities took place in other stores during the fieldwork.

Table 10 – Characteristics related to Italian products using during presentation

Characteristics	Interactions
Materials' high quality	21
Comfort	1
Fashionable, famous brand	10
Imported goods	3
Locally produced goods	2
Made in Italy not emphasized, product is equivalent to local or other countries' products	6
No special characteristics	10

Note that multiple elements could be present.

4.5 Clientele description

Based on the number of other shoppers visiting the stores while they were present, the fieldworkers evaluated the stores' traffic.

Almost all the visited stores were not crowded at all or very little, only one store was very crowded (an Italian coffee shop in Beijing, similar to the Starbucks format), and three stores were fairly crowded (the pasta corner inside a supermarket in Shanghai, a young fashion store in Shanghai, and a pizza restaurant in Beijing).

The majority of the visited stores had a mixed clientele of Chinese and foreign shoppers (Table 11), whereas the clientele was totally local in only six stores. In none of the visited stores was the clientele exclusively composed of foreigners.

Table 11 – Clientele's composition

Clientele	Number of stores
Local	6
Mixed	39
International	0
Total	45

Regarding the clientele's age and social status, most shoppers encountered during the fieldwork were middle-aged (25–45 years old) and belonged to a high-status group, as shown by their apparel and luxury brands' bags; thus, the clientele's image reflects Italian brands and their target.

The clientele's image is also closely related to the location of the visited stores, i.e. high-level department stores or shopping malls with the world's most famous brands in Shanghai and Beijing.

4.6 Assessment by shoppers

Based on the store's physical elements, atmosphere, and clientele's presence, the fieldworkers gave an overall evaluation of the store, considering the following aspects: pleasantness, cleanness, lighting, spaciousness, tidiness, and crowding (Table 12).

Table 12 – Store's overall evaluation*

The store is	Mean
Pleasant	2.39
Clean	1.50
Light	2.41
Spacious	3.07
Tidy	1.73
Crowded	6.22

* In the evaluation, we used a seven-point Likert scale (1 = "strongly agree" and 7 = "strongly disagree").

5. Discussion

In general, both the physical elements and the atmosphere of the store are used to communicate the country of origin. Out of our sample, 24 stores (53.33%) used at least one of the COO elements.

The most common elements to recall COO were texts, which identified "Made in Italy" products in 14 cases (58.33%). Also the flag symbol was frequently used (11 cases, 45.33%). This is consistent with Insch and Florek's (2009) research, which examined the different types of COO indicators and found that explicit statements or information disclosing a product's origin (i.e. "made in" text) are more common than elaborate symbols and labels.

As Johansson (1993) and Lusk *et al.* (2006) found, a product's COO is used as an indicator of quality in the case of limited information, which is what happens when consumers are outside the store and do not know the brand sold. As window displays play an important role in information acquisition and the store entry decision (Sen *et al.*, 2002), the COO elements should also be placed in the windows. However, the COO was only highlighted there in 6 stores (21.43%) out of the sample that have windows.

COO elements favour brand recognition (Keller, 2003) and were also emphasized by sales personnel, who stressed the high quality of Italian products as their main characteristic, sometimes also mentioning the goods' imported origin.

However, the sellers' ability in product presentation was not particularly high and the entertaining element was almost completely missing in the visited stores. Therefore, in order to make shoppers engage more with the brand, stores' COO elements together with entertaining activities could be increased. In this way, the sales personnel's presentation would be facilitated, as well as becoming more interactive and effective, as Chinese consumers seem to be fairly influenced by promotions and sellers' argumentations (Lane, St-Maurice, & Süssmuth Dyckerhoff, 2006). Moreover, previous research has stressed the importance of the service provided by sales assistants as it influences the customers' overall shopping experience (Merrilees, Miller, & McKenzie, 2001) and their satisfaction with the brand (Grace & O'Cass, 2004).

The general impression of the visited Italian stores in Shanghai and Beijing was positive; however, the traffic rate was still relatively low (Table 12). This is probably due to two reasons: first, the location of the stores, big shopping areas with a high concentration of foreign brands' stores, which can facilitate the Italian brand awareness, but on the other hand can also makes the competition stronger; second, to be consistent with the luxury brand strategies that try to give a sense of uniqueness to the consumer.

In accordance with luxury/foreign brand strategies, in 86.67% of the stores local consumers were mixed with foreign ones.

Overall, the store image of our sample stores is coherent with their brand image in all attributes: physical elements, atmosphere, promotion, sales personnel, and clientele.

6. Conclusions and managerial implications

This study examined the extent to which the country of origin is used in retail stores. The field setting for the study was composed of 45 stores in the most important first-tier cities of China: Shanghai and Beijing. Mystery shopping and observations were used for the data collection.

More than half of our sample used COO elements in the store and this confirms the importance that Italian brands give to their origin, in particular those selling products in speciality stores, whereas in mono-brand stores the brand itself prevails over the COO. Besides that, the use of the COO could be improved, especially outside the store to convince consumers to enter, during the products' presentation by sales personnel, and through entertainment activities in order to influence purchase. Also, in their communication materials, firms could start to refer to the origin of the brand, if they consider it to be an important cue.

The results of our research address some key points:

1. stores represent a powerful setting for storytelling and brand experience; therefore, if the brand is included in the context of a favourable COO image, the point of sale becomes a starting point for the COO storytelling;
2. although marketing studies and institutions involved in promoting firms' internationalization have recognized that the COO represents a powerful and significant creator of positive images, reputation, and value, so far the COO has not been used in a significant and consistent way by companies;
3. the main tools used to highlight the COO in the stores analysed in the research are relatively traditional, marginal, static, and iconic in a market that is new, important, and highly dynamic;
4. the potential benefits offered by the relationship between sales personnel and customers, as well as storytelling, are not used; in fact, references or image descriptions are provided with generic presentations;
5. as expected, the brand image dominates the COO, but without creating significant integration between the two aspects.

The use of the COO image's descriptive elements cannot follow the logic of standardization or generic globalization since the knowledge of the products' country of origin can vary in different contexts due to the cultural, geographical, and, in general, psychic distance. This is especially true in China, where we face a new market that has only opened its doors to the rest of world's products and brands in the last twenty years. As a result, Chinese consumers cannot have a consolidated knowledge of and positive stereotypes about the history of the relationship between a product category and the country of origin. In this case, static and self-explanatory elements, such as the flag or the "made in" identification, do not help the client to understand the Italian lifestyle better. Firms assume that customers should have traditionally strong expertise, which is not present in new markets (or only marginally present). These tools do not tell a story, they just inform the customer that the product comes from a specific country, but if the customer does not know the country's creative and productive value in a certain category of products, then the informational value is very low. Therefore, sometimes the information provided is without value or even incorrect in the case of negative stereotypes, as a not traditionally consolidated image may overlap with more recent images, determined by controversial events (as in the case of Japan or the US), leading to a negative brand experience and covering the long history of the products' quality.

Managers should consider how the COO value could be built in new markets in an integrated and consistent combination of the individual brands and the country of origin, by using the history of the relationship between the brand and the COO value. If we consider new markets, including the Chinese one, in the same way as traditional ones, in which the COO image is well established, taking for granted the knowledge of its value, we make a logical and partly ethnocentric mistake. This is even more risky if the country of origin has not provided recent evidence of excellence that could be highlighted in the hosting country's media, as in the Italian case.

In new markets, the COO value has different dimensions and is more related to geographical multi-country regions than specific countries (Europe vs. Italy). Therefore, managers should control and develop the communication, reassurance, and reputation effects on the brand and its relationship with the COO in a different way, gaining more generic and valuable characteristics. In new markets, COO communication requires much more proactive action by companies. To exploit the COO image effectively, it is not sufficient simply to highlight the country of origin, but it is necessary to explain its features and value in the following ways:

- through integrated communication between the brand image and the COO image;
- through proactive storytelling activities regarding the meaning and the value of the COO connected to the product and the brand, in order to educate the customer;
- through increasing the sales staff's involvement in the development and explanation of the reputation and quality assurance inherent in the product's and the brand's COO.

Regarding the above points, the aspect concerning how the COO is communicated should be considered with specific reference to the Chinese market. The COO should be consistent with the specific culture and society, highlighting the product's role and value according to the cultural and society references, as they can be very different from those normally used in traditional mature markets.

For further research, the consumer's perception and purchase intention related to the COO elements in store represent an interest and new field of investigation.

Secondly, the COO elements in the store image could be analysed in the context of second-tier cities in order to investigate whether the brand strategies adopted by foreign brands in their stores together with the consumers' perception differ from those in first-tier cities or not.

The latter aspect is particularly relevant in case it is necessary to modify the way in which the COO should be presented and integrated into the brand communication.

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