

The country-of-origin effect and its influence on consumers' perception of product quality and purchasing intentions

Case: Luxury clothing brands among the Muscovites

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Bachelor's thesis

April 2018

Marketing, branding

Degree Programme in Business Administration

Author Bliadze, Iuliia	Type of publication Bachelor's thesis	Date April 2018
		Language of publication: English
	Number of pages 68	Permission for web publication: x
Title of publication The country-of-origin effect and its influence on consumers' perception of product quality and purchasing intentions.		
Degree programme Business Administration		
Supervisor(s) Irene Kujala		
Assigned by		
<p>Abstract</p> <p>In the global world, the country of origin is at present a more important factor for the consumers than ever in history. Associations with a territory with a high proprietary image are a significant advantage for commercial brands in comparison with the competitors that do not have such associations.</p> <p>The objective of this work was to determine the perception of the image of luxury clothing brands among the Muscovites based on territorial positioning. Another objective was to define the principles of a successful application of territorial positioning, especially with regard to the aggravation of the relations between Russia and the West, the fall of the ruble, the introduction of sanctions and attempts to popularize the import substitution.</p> <p>Being highly competitive and dynamic, the global clothing market of the luxury segment attracted the author's interest. Italy was chosen for the study because of its strong brand as a country. Moreover, Italy has a rich cultural heritage and it has a special position in the "luxury" and "fashion" categories.</p> <p>The data was collected from a survey, which was held online and in person among the residents of Moscow.</p> <p>The existence of positive associations with goods of Italian origin was acknowledged. Recognition of the significance of territorial positioning in the example of Italy was expressed to a considerable extent in increased willingness to purchase goods of Italian origin.</p>		
Keywords/tags (subjects)		
Miscellaneous		

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1 Introduction

Innovation, technological development, changes in the global political situation, as well as gradual improvements in the personal economical situation made the “open world” idea attractive for people from different countries. There has been a steady growth in the volume and scale of tourist flows around the world. According to Google data on the number of queries in the search system, the users’ interest in a wide range of subjects about foreign countries, namely attractions, economic, political, and social realities, national holidays, and major events is also growing.

According to the conclusion of many researchers (Rocchi & Gabbai 2013), these trends have led to a considerable increase in the importance of the territory of origin as one of the factors of consumer demand. Most goods and services are now associated with the territory of origin, development, design and manufacturing. A territory can be either a macro region, for example, Asia, or a territory in a narrow sense of the world, – a region or a city, for example, Provence.

The scientific community recognized the strong influence of the image of the territory of origin on the image of the brand associated with it (Koschate-Fischer, Diamantopoulos & Oldenkotte 2012). The implementation of the territorial strategy opens attractive market opportunities to companies for a long-term period, improves strategic positioning, strengthens competitive positions and provides stable benefits for interested parties. The territory can also be used as an efficient tool for creating and maintaining a brand in the field of marketing communications while reducing the costs of promotion. By exploiting the unique features of a certain territory, a brand can improve consumers’ perception of a product as a high quality and authentic one. In addition, this can improve brand recognition as well as increase the number of positive associations with the brand with minimum advertising efforts.

Due to the practical focus and numerous advantages of territorial positioning in the recent years, the scientific community has been actively studying the concept of a geographic location as an independent brand, whose image development and promotion are subject to the laws similar to commercial brands.

The concept of a geographic location as a brand is not new. Increasing the attractiveness of individual places, as well as that of the goods and services, related to these places, has been taking place since ancient times. The concepts of “Greek mythology”, “Chinese silk” acquired unique associations at the dawn of the civilization, and they are still used as set phrases (Gunn 1997, 45). However, in our days, under the conditions of globalization and severe competition for the minds and purses of the consumers in combination with the growth of tourist flows and general indicators of the tourists’ interest in different destinations, the level of the companies’ interest in territorial positioning demonstrates a steadily rising trend (Gunn 1997, 45).

In our days the territory is a sort of a marketing tool, having a certain added value. For economists, sociologists, and anthropologists the term “territory” describes integration of individual or collective practices outside physical space – i.e. influence of the territory on the consumer choice occurs at a subconscious level. At present, the image of many territories by itself forms a strong brand, steadily consolidated in minds of the residents of different corners of the world. (Rocchi & Gabbai 2013, 230) A logical consequence of this fact is the intention of the companies to use the created value of places in positioning their own brands by linking the image of the latter with the stable image of the territories associated with them.

The question of the influence of territorial positioning on a brand’s image has already been the subject of multiple theoretical studies. However, it is extremely difficult to give general recommendations that would guarantee successful introduction of territorial positioning for the companies due to the specific features of different branches and categories.

In order to achieve success in the application of territorial branding, it is necessary to use this concept only in the promotion of the products, whose image is in line with the territorial image. This concept requires the agreement of the product’s ingredients in its manufacturing process and the brand history. Finding a common ground with culture and territory image as well as with the adaptation of a brand image to them determines the substantiality, consistency and success of the territorial strategy of the brand. (Rocchi & Gabbai 2013, 150.)

Since the concept of the “territory” is a complex one, the territory image is made up of many factors. Moreover, studies (Anholt 2010; Ashworth & Kavarazis 2010) prove that aspects of territorial positioning change depending on the specific features of the branch. Therefore, the management of various companies often finds it difficult to determine the significant factors and the power of the latter’s influence in practice. They also face difficulties in determining the impact of territorial positioning on different categories of consumers, depending on interests and customer behavior. The solution of such problems lies in the field of studying the issues of the correct territorial positioning of a brand by an organization. This is the reason for the relevance of this study.

The concept of the Country-of-Origin effect was interesting to the author as there was an absence of distinct criteria of measurability since it lay at the intersection of different concepts from the point of view of the countries, products, and consumers. Therefore, the goal of this work was to determine the perception of the image of luxury clothing brands among the Muscovites from the perspective of territorial positioning and to define the principles for its successful application.

Because of being highly competitive and dynamic, the global clothing market of the luxury segment is quite interesting. Thus, this work studied the factors of territorial positioning and the principles of its successful application specifically to this market. Moreover, because of the limited resources it was decided to focus on studying this issue exclusively among the residents of Moscow due to relatively easy access to the respondents of this group.

The objective of the work determined the following research tasks:

- To descry different models of formation, interpretation and creation of a brand image
- To analyze specific models of creating an image and territorial brand identity
- To determine the main characteristics of the impact of territorial positioning on the perception of high fashion clothing brands image
- To conduct a survey with Moscow residents
- To give recommendations to luxury segment brands on tow to succeed in the implementation of a territorial strategy

The research question was the following:

- What is the impact of geographical references to Italy on the perception of Italian luxury clothing brands' image and quality and on purchasing intentions among the Muscovites?

The target group of the research were residents of Moscow, The Russian Federation.

The study was based both on primary and secondary sources. The primary data was collected by sending out an Internet survey or asking people on the streets to fill it in. The survey was created by using Google Forms and it was conducted during 10 days, and 470 Muscovites took part in the survey. According to the Russian Statistics Service, the population of Moscow is 12,330,126 people (2017). The sample size was calculated based on the population of Moscow and recommendations of the SurveyMonkey website, according to which the minimum sample had to be 385 persons (with an account for the margin of error of 5% and confidence level of 95%). The secondary data was obtained from electronic resources, Internet portals, official sites of the companies, whose brands were selected for the study and printed publications.

2 Brand and territory branding

2.1 Various interpretations of a brand

Two companies with equal tangible assets, but existing in the market for a different number of years, will have different market values as a rule. (Kotler & Armstrong 2013, 50) This is because the companies' assets are not only limited to physical capital. The difference in their value will be equal to the expenses of the newcomer company used in creating a reputation and a name on the market, so that it would have credibility for a wide client base and a competitive advantage. These concepts cannot be referred to as tangible assets included in the company's balance sheet, and hence, they can be referred to as intangible assets.

Intangible assets include intellectual assets that comprise, for example, patents, software and know-how. They also include business processes, business models and new technologies as well as assets that are related to a stable position in the market,

for example, licenses, promising contracts and exclusive dealer rights. Finally, these assets are also related to the brand and management of the clients' interactions, such as trademarks, registered symbols, logotypes, audio, odor and flavor as well as packaging. (Woods 2004, 37.)

Brand is one of the most important constituents of intangible assets to which this work is devoted to. A brand holds a prominent place among the intangible assets in a company's estimated value. Thus, Apple's brand is estimated at more than 100 billion US dollars, about one-fifth of the company's market value. (Anholt 2010, 210.)

It is difficult to define the concept of a "brand" unambiguously since there are many approaches to studying it. Below are some the most frequently used definitions proposed by the representatives of different marketing schools. These definitions differ from each other based on their focus. For example, David Aaker, professor and an expert in the field of marketing, advertising and branding defines brand as "a set of qualities, which is associated with the brand name, and a symbol that increases or decreases the value of the product or service that is offered under that symbol" (Aaker, 2010). On the other hand, Kotler defines brand in the famous work "Principals of Marketing" (2013) as a "name, term, sign, symbol, design or a combination of these that identifies the products or services of one seller or group of sellers and differentiates them from those of competitors" (80).

It should be kept in mind that there are both psychological and legal definitions of brand. In the theory of consumer psychology, brand is defined as information, which is kept in the consumers' mind, and from the legal point of view – as a trademark belonging to the manufacturer, identifying it and being subject to legal protection. Kotler's definition is quite universal in its formulation, though, certainly, it is correct to interpret it from the psychological point of view.

There is also a multi-directional approach proposed by the leading researcher in the field of brand management, L. Chernatony. He believes that the one-directional approach will lead to an inharmonious strategy and considerable reduction of the life cycle of a brand. That is why companies need to strive for a complete use of the basic brand interpretation approaches as a work tool, which is presented visually in Figure 1.

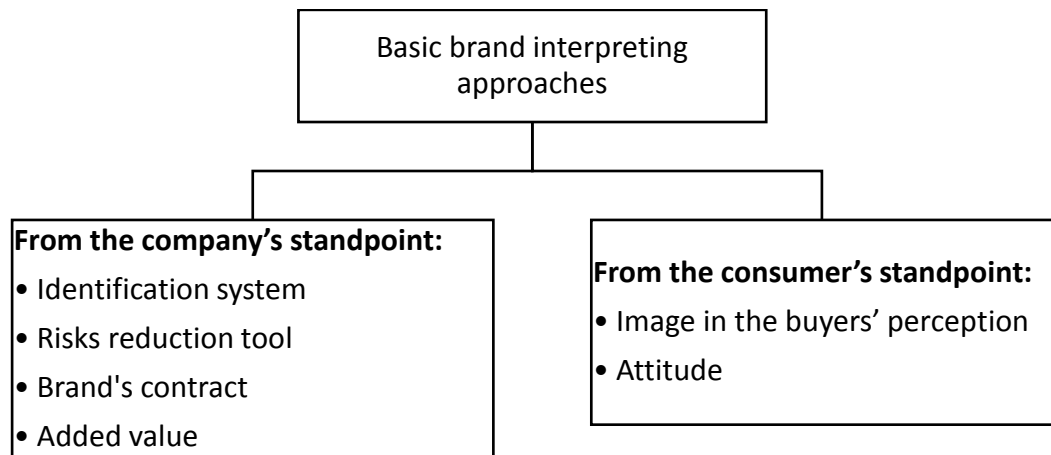


Figure 1. Various interpretations of brand (adapted from Chernatony 2006, 55)

Consumers perceive brand as a certain image and form an attitude towards it in their minds. From a company's position, the concept of a brand is more instrumental: as it was already said, it is a factor of formation of added value, but it is also a powerful tool for risks levelling, an identification system of the company's offer in the market and the brand's contract.

The concept *of a brand as an identification system* matches with the definition of brand by Kotler. This concept emphasizes the significance of the visual symbols of a brand, ensuring identification of the trademark and its differentiation from the competitors.

A brand as a risk reduction tool assumes that in the selection of a brand, consumers take a risk to some extent. As Chernatony believes, the possible risk is the "lack of the consumers' confidence that a favorable result will be achieved due to the purchase of the certain brand". Correspondingly, the probability of the purchase of the brand product by the consumer depends on the extent, to which the company's marketing specialists manage to reveal the features, by which the buyers assess the expected risk, the "painful points" and demonstrate that the choice of the brand can minimize the consumer's risks.

Brand as an added value. This category accounts for certain added (concerning the product) benefits, which are important for the consumers. It means that this brand has advantages in comparison with the competitors, and this motivates purchase. It is important that in this case, it can happen that the perceived positive features of the brands are not related directly to the functional properties of the goods. Often,

the basic motives for purchase include an emotional desire for the brand and people's striving for self-expression. Added features, associated with the brand, give some gain to the buyers, despite possible additional expenses, such as financial ones, loss of time or other discomfort. However, it is necessary to remember that successful development of a brand requires the presence of the added value for the buyers and not only for the company.

Brand as a brand's contract, or promise. American scientist S. Davis (2002, 40) defines a brand's contract as "a list of all obligations assumed by the brand, the achievement of which falls entirely on the company's shoulders, and which, however, is formed and perceived in the company's external environment". Such promises are subject to review in the course of time in order to meet the changing environment and the people's expectations.

From the buyer's position, a brand is first seen as relations. Usually, in the promotion of certain categories of brands, they can acquire human qualities or become personified. Hereby, the buyers can establish certain relations in respect to such brands. In this case, the consumer choice becomes a proactive action, in which consumers can project their personal qualities to the properties of the brand that underwent personification. (Aaker 2010, 98) The brand becomes a "partner in the dialogue", because by consuming certain goods and services of specific brands, people have an opportunity to express their identity and designate their high status to others and to themselves.

Brand as an image in the buyers' imagination. From the point of view of the followers of this consumer-oriented approach, a brand is the integrity of sustainable associations formed by people's perception. The interpretation of this approach can create some difficulties, since people do not always correlate their perception of a brand precisely with the desired perception for the company. It is fair to ask why this happens.

2.2 The concept of brand image and brand equity

The buyers receive information about the brands from the companies through various means of communication. Certainly, when striving for the achievement of

their own goals, the companies tend to send messages that are beneficial for them. However, on their way, messages can face various obstacles (see Figure 2).

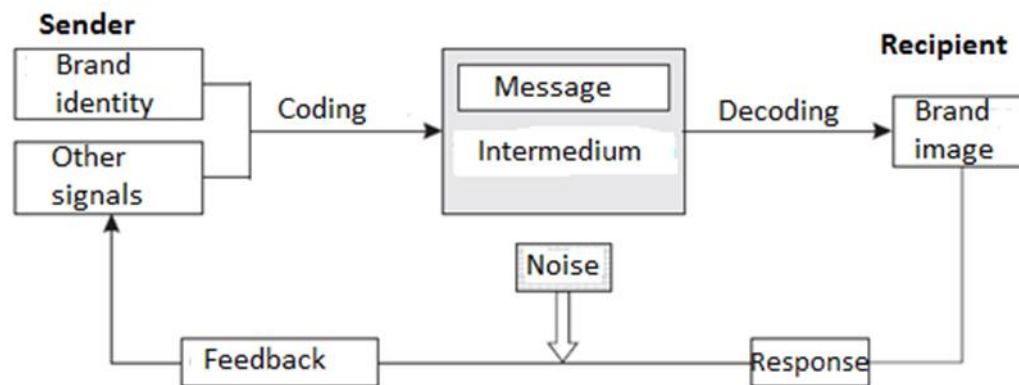


Figure 2. Brand identity and brand image

The problems can be competing messages, disadvantages of positioning, i.e. low degree of the brand identity, inefficiency of the messages, wrong choice of media and many other problems. Therefore, the preferred image of a brand, which the manufacturer tries to achieve, that is, brand identity and the real perception of the brand by the consumers, the brand image, will not always coincide. Information noise can also arise at the feedback stage, which may prevent the companies from responding promptly to emerging drawbacks.

At this stage, it is necessary to introduce the concept of the brand image, one of the key concepts of branding. The brand image is full impression about the brand in a consumers' mind (real and imaginative advantages and disadvantages). The concept of the "brand image" is related to the name of the American scientist David Ogilvy. In 1955 David Ogilvy delivered a lecture to the American Association of Advertising Agencies, where he presented his concept for the first time. The emergence of this concept became a natural result of the development of society and technologies. Since due to the development of technologies, manufacturing of high-quality products did not present any difficulties for many manufacturers any longer, they needed a new method of self-identification and differentiation. Brands gained increasing importance since the products themselves became increasingly alike. Branding became the central object of advertising discussions, and finally, the respective term came to stay also including spheres of life far from marketing.

On the other hand, clients also strove for self-identification more and more, and they needed a method to express their individuality. Hence, brand image and brand identity became the tools with which the consumers could satisfy their need for self-expression.

Certainly, this concept was not absolutely new in the advertising communities. However, David Ogilvy was recognized as “the apostle” of the brand image just due to focusing on this question. Ogilvy admitted: “I did not invent brand image. I pinched it” (The Birth Of Brand Image 2011). Any advertising is a part of long-term investments into the brand personality.

It follows from the above that the main task of branding is to achieve the maximum coincidence with the created and a perceived concept of the brand by using a complex of marketing communications. If the brand image correlates to its identity adequately and without substantial distortions, then such a brand can be called original, or authentic.

The concept of the “Brand” is evolving continuously and changing its essence naturally. It can transform from an aggregate of identifying external features, for example, name and firm style, to the distinctive value of the brand realized by the consumers clearly. The concept is also changing and adapting to the market realities. With the development of technologies, in particular of the Internet, new facets are opened in the concept of a brand.

Despite this, a brand is a very integral concept. L. Chernatony’s *model of the unified nature of the brand* (see Figure 1) determines the basic aspects of trademark management by minimization of the gaps between brand identity and image of a brand perceived by the consumers. With a clear understanding of the vision and competent positioning of a company’s brand, it becomes possible to transfer the values of a brand to the consumer successfully. It is a means of forming a brand reputation, and it helps to earn the trust of the buyers with the course of time.

When tracking consumers’ perception of a brand, a company can coordinate its actions in order to reduce the gap between the desirable and actual perception of a brand. Alternatively, companies can apply additional efforts and focus on the aspects of their brands, which are the most important for their target audiences.

A trademark helps an organization to differentiate its offer from the competitors' offers. In the modern competitive world, clients expect branding from the products and services that they consume. Due to branding, there is the so-called brand loyalty that is a creation of the clients' long-term relations with the brands in which they trust. This increases the regularity of the purchases of products or services of a brand. Brand loyalty can be such that some people only purchase a specific brand even if there are acceptable alternatives in the market. A good example is the lovers of the products by Apple Inc. The 2017 Customer Loyalty Engagement Index report declared Apple to be the best representative of customer enjoyment and loyalty in nearly every market that it operated in (Martindale 2017).

Since the beginning of the 1980s, a new trend in branding theory has been actively developing – brand equity management, which is focused on the value, added by the brand to extremely tangible objects, as well as on the management of this added capital, its multiplication, and development. This area defines the brand as a rather specific object, which has a notable value for its holders. David Aaker is one of the researchers that discovered this aspect in more details. He offers a principally new approach to disclosing the content of the concept of “brand equity”.

From the consumer's point of view, brand equity is based on the consumers' awareness of it, recognition of its positive features, availability of positive associations with the brand, brand loyalty, positive perception of the brand quality – all this leads to an understanding of beneficial effects of using the brand. As mentioned earlier, the brand equity is based on the idea that the owner of the well-known brand can make more money from the products with this brand than from the products with less known name, since the consumers believe, often on insufficient grounds, that the product with the well-known name is better than not so well-known products. (Kotler & Armstrong 2013, 86.) Brand equity does not develop instantaneously. It is cultivated thoroughly and is aimed at increasing the real value and trust to brand from consumers.

Peter Doyle offered the formula of the successful brand (S). In his opinion, it is a combination of an effective product (P), distinctive identities (D) and added value (AV): $S = P \cdot D \cdot AV$. Successful brands guarantee specific consumer satisfaction. (Doyle 2009, 166)

Judging by this formula, three conditions must be implemented so that the brand develops successfully:

- 1) A high quality of the goods;
- 2) Distinctive differentiation of the product, its differences from the competitors, visibility, memorability;
- 3) An offer of additional values, which form the distinctive benefits of the product, stimulating the purchase. (Doyle 2009, 167)

Figure 3 below presents the basic elements of the brand equity: the more clearly the three elements of the successful brand formula are expressed, the faster they develop.



Figure 3. Elements of the brand equity (Aaker 1991, 430)

The above elements (Brand associations, Brand Awareness, Perceived quality, Brand loyalty, Brand identity) increase the brand equity and help a company to get maximum benefit from using the brand.

2.3 The studies of the territorial positioning of brands

Many researchers (Martin, Gunn, San Martin) admit that the concept of the brand is now broader than a simple definition of commercial goods or services. At present, the territory can be the brand by itself. The authoritative research group

FutureBrand mentions that it is useful to analyze different countries as the totals of their identity and reputation. Likewise, the characteristics of commercial brands, the strength or weakness of the countries' brand can influence the people's decision to visit these countries, to move for permanent residence or to invest in their economies.

For the last five years, continuous study of this concept by various groups of researchers revealed the increase in the significance of the concept of the "territory of origin of goods and services" in a way of the influence of the country's image. Lately, the role of this factor as a driver of the consumer choice has become evident. In addition, mutual influence of the image of the countries and their products is observed. People are increasingly eager to choose the goods from a certain number of countries. This means that every time when they buy a car, take meals, or put on clothes of the certain brand, they consciously take into account their origin.

The concept of the territorial positioning of brands is a part of the concept of the country of origin. This concept is interesting for me as there is an absence of distinct criteria of measurability since it lies at the intersection of different concepts from the point of view of the countries, products, and consumers. The scientific community takes much more or less successful attempts to separate the country's image from the product image or to study self-perception of buyers in case of a purchase of the goods of certain countries. However, the research data present mainly the special cases, and there is no more or less agreed theory on this subject.

Certainly, there is a continuity of meanings for the concept of territory: macroregion (Europe, North America), country (France, Germany, USA), a region of the country, province, city (Milan, New York, Moscow), and many other categories. Nevertheless, within this work, it was decided to study the country as a unit of territory and the object of territorial reference, since the division by countries as units of the territory has the most unanimously adopted territorial boundaries, and most of the secondary sources in collection and processing of information represent data by country.

The concept "Country of origin"

The concept of "Country of origin" was formed at the beginning of the 20th century. During this time, this concept has undergone significant changes. The term "Country

of origin, has acquired a new meaning in the last decade as a part of the wider evolution of the branding concept since the early 20th century. (Merunka & Zhang 2014)

Table 1. Periodization of the concept “Country of origin” (adopted from Merunka & Zhang 2014, 80-120)

Stage (period of time)	1900-1970	1970-2000	2000 – Present
Meaning	Origin as “given”	Origin as a “distinctive feature”	Origin as an “asset”
Relation	A territory, on which the product is made	A territory, which is known due to the product or brand	A territory, which is famous due to the product or brand, credible origin
Accent	Product	Brand	Intellectual property
Competitive advantage	Resources as a competitive advantage	Differentiation as a competitive advantage	Authenticity and ethics as a competitive advantage

Origin as “given”

Most of the researchers (Zhang & Merunka) are inclined to think that the concept “Country of origin” was formed in the early 1900-s, with the emergence and increased mass development and spread of branded goods, when the consumer choice was to a great extent limited to offers of local manufacturers. In most product categories, from food and clothes to early automobile brands, import and export were much less common, and consumers expected, mainly, that the products, which they purchased, were local-made or, at least, were manufactured within their native country. This can explain independent and simultaneous early growth of automobile brands of various national origin within the original territories, for example,

Mercedes in Germany, Ford in the United States, and Citroën in France. This is exactly the feeling of the local origin as "given" in the consumer choice.

Undoubtedly, in the course of its development, it nevertheless led to the differentiation of goods by the place of origin. Indeed, the consumers had associations of the goods with the regions or cities of origin of the goods, however, in this period the international trade only had to experience rapid growth, and consumers simply did not have another choice as to buy goods or services of the national brands and companies.

Origin as a "distinctive feature"

After the Second World War, American and European brands began to develop beyond the local and national borders. The development rate of international supplies, mass production, and export of the goods started to accelerate in response to the decreasing prices and expanding choice of the goods. Companies entered international multi-national markets in mass scales. Development and increase of exactingness of the prosperous middle class in the USA and Europe demanded complication of marketing communications. Whereas the product categories got more distinct definition, brands often not only went beyond their origin but also developed products of related categories of the goods and provision of related services. (Merunka & Zhang 2014, 240-300.)

Nevertheless, for many brands the place of their origin and historical heritage is still a key part of their attractiveness and differentiation, and, as a result, key peculiarity of their marketing communications. The name, distinctive features, design or logotypes of many huge brands became the synonym of their place of origin. (Merunka & Zhang 2014, 240-300.)

Since the 1980s some companies began to take into account the development of such a phenomenon, as globalization. The supply and demand for brands already depended on the interrelated global market. This period was characterized by an inexhaustible source of differentiation for the brands, which used their origin and territorial associations of their products or product categories for the promotion of brands. The brands of global corporations got the features and associations with the symbols of the territories and cross-cultural values, not in the pure form, but rather

in the form of generalized ideas. There were often the cases, when the brands began to borrow the concept “country of origin” more for the marketing purposes, than as an original reflection of the heritage, design or manufacturing place. (Merunka & Zhang 2014, 240-300.)

Origin as an “asset”

At the turn of the millennium, in 2000, the transforming power of the Internet began to interfere in the balance of forces between the corporations, their supply chains, and, the main thing, to influence their clients and consumers.

As the euphoria from the “new economy” and mass madness about dot-coms began to weaken, opponents of global consumerism found the voice. Rapidly evolving anti-global and anti-brand movements tried to reduce and restrict the power of corporations. With increasing frequency, the opinion was expressed that marketing is a superficial and manipulative phenomenon. The world economic crisis led to the establishment of the national austerity programs in some countries and generated calls for the economic nationalism, calls for support of the domestic manufacturers sounded with the increasing frequency. Finally, mass introduction of the concepts of corporate social responsibility and sustainable development have become the two key elements of communication for the companies and brands. In a wider meaning, for the countries of origin of the latter, economic and political stability in combination with the social and cultural values of freedom, trust, and integrity of the image, increasingly influence the reputation and perception of the country’s brand in general. (Martin & Eroglu, 2013)

Currently, both the countries and the companies can hardly afford not to deal with their brand management. It becomes increasingly clear in the world without borders that the country of origin is now a more important factor for the consumers than ever before. Whereas earlier in the number of cases the concept “country of origin” may have been limited to the verbal association with the place – the “Greek yogurt” phenomenon can be given as an example - at present the place of manufacturing is really a key factor of the consumer choice.

The concept of the territory branding

The concept of the territory branding is consistent with the model of the creation of the brand (see Figure 4).

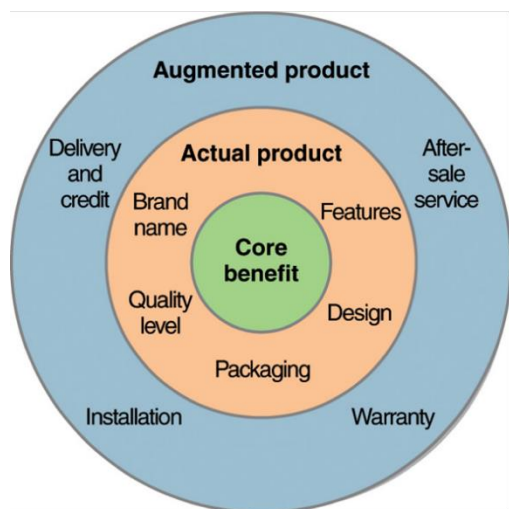


Figure 4. Brand construction (adapted from Kotler 2008, 80)

Climatic conditions, natural resources, etc. can be distinguished among the key features. At the second level, due to the external artifacts (name, history), the overall attractiveness of the country is ensured, which quite reflects its reality. As a rule, it has already been created historically, it is necessary just to maintain it. At the third level, there is a service level, additional opportunities, special programs for tourists, investors, increasing the prestige of the territory brand on the international arena.

According to the classification by Leslie de Chernatony (2006), the territory branding can be presented:

- as an identification system – due to visualization;
- as a risk reduction tool – political, economic, social, technological peculiarities of the territories can be studied easily in open sources;
- as an added value – many territories are extremely attractive and desirable for visiting and studying;
- as a brand contract – the study of the territories often justifies the people's expectations.

From the buyer's point of view, the territory branding can:

- be vested with human qualities (Paris – romantic, New York – dynamic),
- have a lot of images in the public mind.

2.4 Nation brands index – Anholt-GfK hexagon model

The nation brand is, probably a more complex concept, than the commercial brand. And it was decided to study the modern practice-oriented models of evaluation of the territory brand in order to achieve the most complete understanding of the key aspects of the influence of the country's brand on the image of the consumer brand. It is the Anholt-GfK Nation Brands hexagon, as well as Hierarchical Decision Model (HDM) of FutureBrand research group.

The nation brands index by the famous scientist Simon Anholt (2010) in cooperation with GfK represents one of the most structured and comprehensive world ratings of the power and quality of each country's "brand image". Anholt's work represents an annual panel study among residents of different developed and developing countries, beginning from 2005, and the image of 50 countries in 2016, against 10 in 2005. Countries are distributed by regions: North America, Western Europe, Central / Eastern Europe, Asia-Pacific, Latin America, Middle East / Africa.

The Anholt-GfK Nation Brands Index is held based on the theoretical model, titled The Nation Brand Hexagon by Simon Anholt (see Figure 5). This model combines 6 dimensions, forming the overall brand image of the territories: these are People, Governance, Export, Tourism, Culture and Heritage, Investments and Immigration.

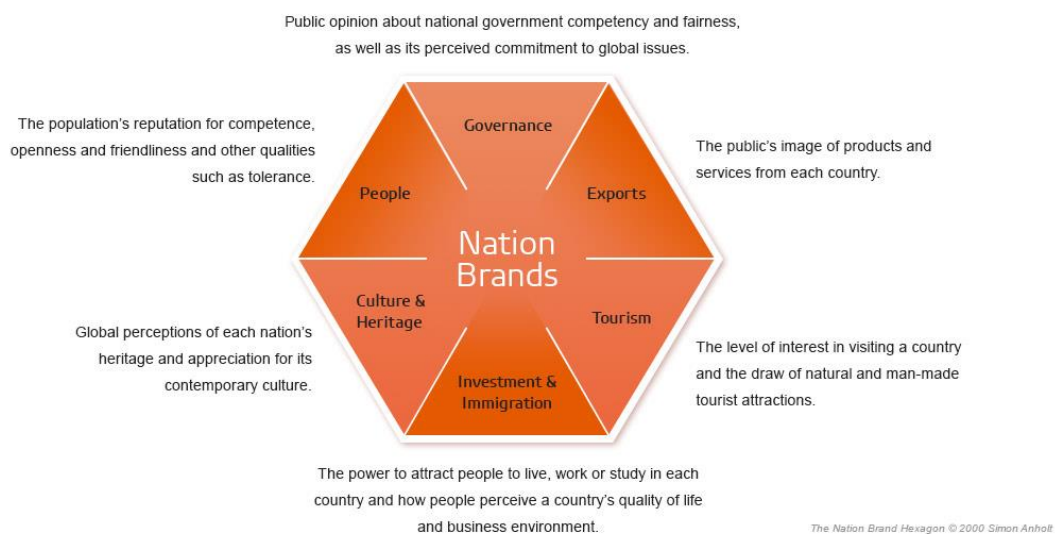


Figure 5. The Nation Brand Hexagon (adapted from Simon Anholt 2010, 78)

As a result of the research, the index of the attractiveness of the nation's "brand image" is formed for each country and says, how the consumers all over the world evaluate the character, identity, and combination of positive and negative qualities of the territory brand.

Tourism

Tourism is often characterized by the maximum efforts in promotion on the part of the national governments. Attractive landscapes – blue sky, golden sands, or snowy mountains, though they are just a small part of the country, they are promoted most aggressively, that is why they produce a disproportionately great influence on the perception of the country in general by the foreigners (Gfk 2017).

Export

To assess the country's image on this characteristic, the level of the consumers' satisfaction with products and services manufactured in each country is studied, as well as the consumers' inclination to actively search or actively avoid products from a certain country. Associations between certain products and countries are also studied. It becomes clear which territories are best known for producing what types of the products. French perfume is a vivid example. Judging by the finding of the researchers, commercial brands are increasingly playing the role of intermediaries in the transfer of national culture and are often the source, by which people form their ideas about national identity. (Gfk 2017.)

Governance

In this dimension, respondents are asked to evaluate countries according to national government competency and fairness. Moreover, they determine the extent to which they trust these governments to make responsible decisions that affect international peace and security. The researchers also propose an adjective, which best describes the governance in each country. (Gfk 2017.)

Investment and Immigration

Respondents determine the personal willingness to live and work in each studied country for a considerable period of time. Besides, respondents determine which country will be the most suitable place for the creation of a foreign branch of their

company. In addition, the researchers again offer the respondents to indicate the adjective, which best describes the current economic and social situation of the country.

Culture and Heritage

This part studies the perception of the cultural heritage of the countries, as well as interest in their most popular commercial cultural products and activities (for example, visits to concerts or shows, purchase of audio records) (GfK 2017).

Furthermore, the respondents' expectations are evaluated in respect of the types of cultural pastime in a particular country.

People

In this dimension, the readiness of respondents to recruit candidates of a particular nationality is considered. Respondents also evaluate hospitality, friendliness, tolerance and other qualities of the population.

The brand of each country has strengths and weaknesses, therefore for each of the dimensions, the country-winner is determined separately. The top list of the countries, which ranked the highest positions by the total of dimensions, is made.

The table 2 below presents the overall top countries as per 2015 and 2016 research results.

Table 2. Nation brands index: rating of the countries (adapted from GfK.com)

2016 rank	Country	2015 rank
1	United States	1
2	Germany	2
3	United Kingdom	3
4	Canada	5
5	France	4
6	Italy	7
7	Japan	6
8	Switzerland	8
9	Australia	9
10	Sweden	10

Canada has captured the 4th place, leaving France in 5th, due to significant France's losses in Governance and Immigration & Investment dimensions. Italy also moved up from 7th place to 6th.

2.5 Hierarchical Decision Model (HDM)

One of the competing studies on this subject is developed by FutureBrand research group and also contains the original theoretical model as a basis.

It is called the Hierarchical Decision Model (HDM). It includes several steps, resembling the AIDA model proposed by Elmo Lewis in 1898 by its format: Awareness (Attention) – Interest – Desire (Demand, Decision) - Action (Kotler, 2013).

This model has the following steps: Awareness, Familiarity, Associations, Preference, Consideration, Decision/Visitation, Advocacy. (See the Appendix 1)

The main step of this model - Associations – is based on 2 dimensions: Status and Experience. Each dimension includes 3 categories. Status includes Value system, Quality of life and Business potential. Experience comprises Heritage and Culture, Tourism and the so-called category “Made in...” - an assessment of the country's credibility among the international community in terms of purchasing goods and services of this country. By this dimension, the model is analogous to the Anholt model.

The authors calculate the average level by both measurements and divide all countries into 4 categories (Koschate-Fischer, Diamantopoulos, Oldenkotte, 2012):

- simply “Countries”, which are scored below the average in both categories.
- “Status Countries”, whose brand strength is in such indicators as the Value System, Quality of Life and Business Potential.
- “Experience Countries”, which rating is based on the Heritage and Culture, Tourism and “Made in...” category.
- “Countries - nation brands” includes only those countries, which position in both dimensions exceeds the mean value.

Within the last research in 2014-2015, only 22 countries are recognized as “Country Brands”. (See the Appendix 2)

Its leaders are distinguished in different categories. Getting into the common top of the countries is ensured due to representation in most categories. (See the Appendix 3)

It can be concluded from both studies that not all countries are strong as brands. In Anholt's research, the strength of the country's brand decreases with movement down the rating from the leaders to the outsiders. As it was already mentioned, according to this research, top-10 countries include USA, Germany, Great Britain, Canada, France, Italy, Japan, Switzerland, Australia, Sweden.

In FutureBrand's opinion, Japan, Switzerland, Germany, Sweden, Canada, Norway, United States, Australia, Denmark, Austria, New Zealand, Great Britain, Finland, Singapore, Iceland, Netherlands, France, Italy, United Arab Emirates, and South Korea can be qualified as "Country Brands".

According to FutureBrand's conclusions, "Country Brands" have a competitive advantage over other countries. In comparison with the average indicators for all countries, "Country Brands" have higher indicators of "Confidence" (48% of respondents expressed such an opinion about the "Country Brands" against 7% in general) and "Feeling passionate" (27% against 18%). The indicators of "Desire to distance oneself" and "Low confidence" have demonstrated the opposite dynamics. Moreover, by 21% more respondents expressed a desire to purchase products, knowing about their territorial belonging to "Country Brands", than in the average for all the countries.

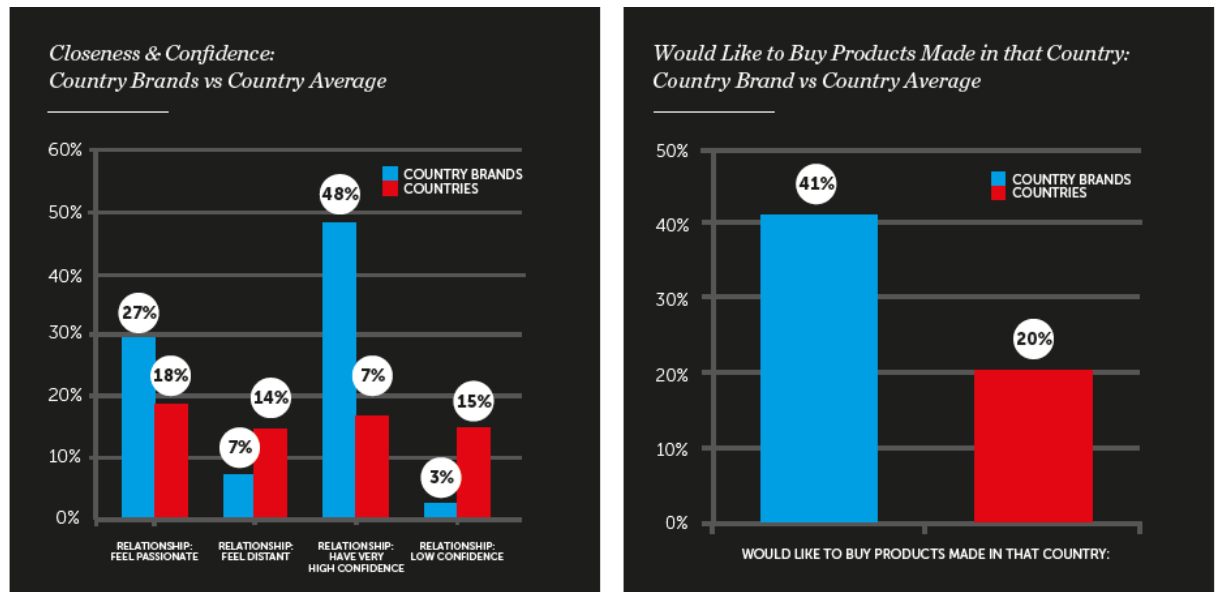


Figure 6. Features and preferences of people in respect of the Country Brands (adapted from FutureBrand)

From the report, it was found that the awareness of the international audience about the country does not create a strong country brand by itself. For example, in FutureBrand's research the index of "Awareness" in respect of Italy reaches 89% against 84% for Japan, however, it is 17 places lower in the overall rankings.

So far, the territorial positioning of different countries has been viewed in general. As already mentioned, it is necessary since the concept of "Country of origin" is complex. And it is impossible to carry out an adequate analysis of the impact of territorial positioning on the image of brands associated with a particular territory without considering a set of factors that directly create the image of a particular territory.

Now it is needed to focus on the specific sphere of the creation of the brand image – Anholt's "Export" or FutureBrand's "Made in..." (these categories are similar to their meaning). FutureBrand research group made a considerable contribution to the development of this question, having issued special research in 2014 under the title "Made in...", representing a study of the value of the country of origin's contribution to the formation of the image of the brands that actively associate themselves with this country.

One of the interesting results proving the considerable mutual influence of the country of origin and the brand image is that not only the brand of the country plays a role in the formation of the brand image, but also a strong reverse trend is observed. According to FutureBrand's conclusions, the strength of the country's image depends on the quantitative and qualitative characteristics of recognizability of global brands, having a particular origin. Subject to availability of the strong brands in some or other commodity category, the strength of the country's brand is growing in this area. The Japanese companies Toyota, Nintendo, Honda, Panasonic, Sony, Toshiba have formed the unreachable authority of Japan as an innovational and developed country in the sphere of technologies, household electronics, and automobile construction. And at this moment, there is an incredible mutually beneficially synthesis of the reputations of these companies, supported, in its turn already by the image of Japan. (FutureBrand, 2014)

Certainly, the concept of ranking of the countries as brands has its critics in general. Mark Ritson, one of the authors of the popular website Branding Strategy Insider, believes that, in general, the concept of the brand and branding does not get into such a wide, multifaceted, and ambiguously defined notion, as a country. Mark Ritson also doubts the ethical aspect of the question: "Countries and cultures are relegated to the very bottom of the rating based on extremely basic analytical data. If we speak about corporations and commercial brands, these are capitalist entities, and it is absolutely normal to range them in their relative value. However, is it admissible to tell the people of Cuba that their country brand makes only three-quarters as good as Switzerland or Canada? And how can the fact be treated that Iran ranks as the least valuable country brand on the planet? That is what GFK determined in the last report on the ranking of national brands!"

The introduction of the concept of commodity categories weakens the arguments of the critics of the countries branding concept. Even Mark Ritson recognizes that the country of origin has an influence on the perception of the product, also because consumers buy the goods or service from the specific country, and this perception changes from one commodity category to another.

FutureBrand notes that strong ones in the overall rating of "Country-brand" have expertise in a whole number of commodity categories, though, certainly, there is one

or two predominant. For example, USA has the weight above the average in 14 commodity categories and leads in the category of “Technologies”. Also “Countries-brands” have stronger associations with high quality of the products.

Often there is non-conformity of spontaneous associations of commodity categories and specific brands. For example, in FutureBrand’s research many respondents had a strong association with the word “beer” with Germany, however, none of them gave the name of the specific beer brand.

The diagram below presents the relative strength of the brand of different countries in different industries (Rank in the column “Country” corresponds to the category “Made in...” in general in 2013-2014 in the time of the research).

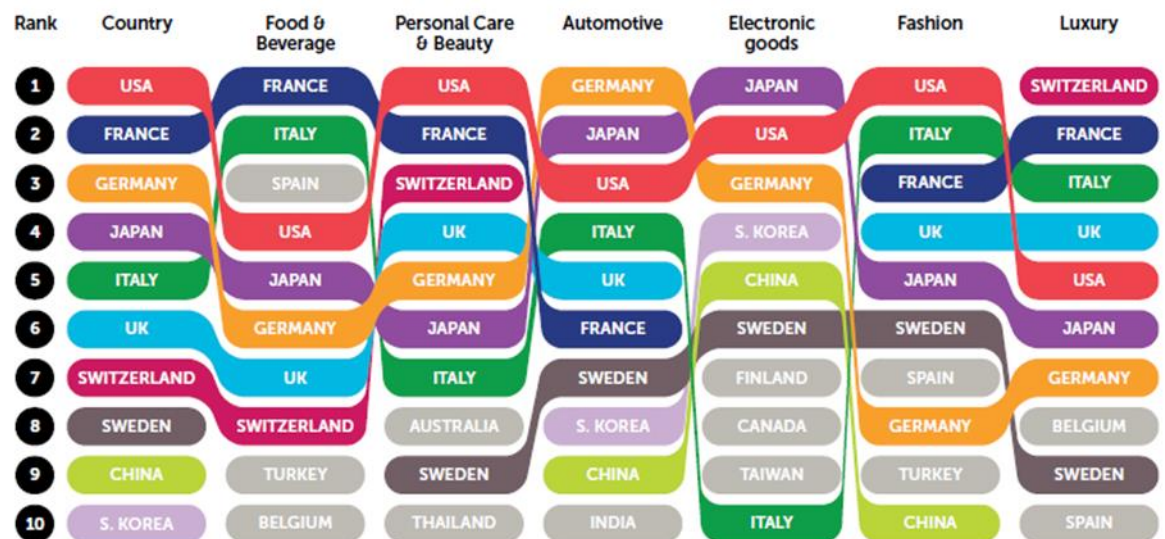


Figure 7. Rating of the countries by commodity categories, FutureBrand’s research

It can be seen from the diagram that different countries have the world leadership in different categories. However, some countries, for example, USA, take the leading positions steadily in the overall standing.

As a result of the conducted work, the researchers have formulated some important theoretical conclusions.

It is established based on a large amount of empirical data that even such traditional purchase motivators, as Price, Availability, and Style, have begun to play a less important role in recent years, than such concepts, as the Country of Origin, Country

of development and Country of manufacturing (may coincide) (San Martin & Rodriguez del Bosque 2008, 264).

However, recently associations with the country of origin have become so frequently used as a marketing tool, that marketing specialists have to apply considerable efforts to distinguish themselves from the competitors. Now it is not enough just to show one's relation to the territory, it is necessary to demonstrate deeper territorial roots. Among the tools for creating an image of belonging to a certain territory, one can distinguish production located in this territory, design and patents, the heritage of the brand, coming back through the years and even centuries. Scandals related to falsification of different attributes of authenticity focused the public attention on this problem even more. There were cases, for example, when the employees from Africa or from Near East were brought to Italy in mass and worked for very small money under bad conditions so that the companies, employing them, could put a label "Made in Italy" on the product. Of course, such precedents could not but affect the perception of authenticity.

When it comes to segmentation, the most beneficial strategy is a territorial association of the brand in the segment, in which country associations show the best result: for example, at present, it is much easier for the French fashion house to get recognition, than for the French automobile manufacturer. The higher is the coherence of the country's image and the brand image, the higher is the role of territorial positioning in the formation of the image of the brand. (Woods 2004)

In positioning, it is necessary to view the country's position in the "Country of origin" For example, China, and South Korea rank 66th and 49th in the overall rating of the strength of the brand of the countries, however, they are among ten best countries of origin. On the contrary, Japan and Switzerland are the leaders in the rating of the strongest brands of the countries, however, they yield positions to other countries in the rating of the countries of origin. This happens because the rating of brands of the countries is a complex indicator, which includes a lot of economic, political, social, technological factors, due to the influence of which the rating of the country sustains considerable metamorphoses.

In conclusion, if the owners of the brand decide to make geographical reference of the brand to any territory, they must check this reference for authenticity and consistency. If they have original reasons to use these associations, for example, the goods were invented or manufactured on the associated territory, it would be beneficial to use all possible methods to maintain and strengthen these associations, to view these associations as some intangible asset, significant for differentiation of the brand. If the background of the marketing communications is unreliable, it would be much more difficult to maintain it, and there are all chances that consumers will transfer to alternative brands. (Woods, 2004)

Then, if a brand is associated reliably with some territory as a place of origin, the owner of the brand needs to study the question, how important manufacturing in this place is in fact for the consumers. Does this place have any special unique associations or resources, which are one of the determinative factors of leadership in the commodity category? Probably, it is closer geographically to the target market and, consequently, it is a more economically viable choice? If there are no such restrictions, as a rule, there are no significant reasons, for which the brand cannot be manufactured physically in other places - country or region, which have better associations with the production qualification in the given field. (Rocchi & Gabbai 2013, 295)

2.6 Influence of the territory brand on the selection of luxury segment clothing

American researchers D. Kahneman and A. Tversky (2000) carried out an analysis of irrationality of the consumer choice and peculiarities of purchasing decisions. Their main conclusion was substantiation of intuitive nature of most choices. Moreover, they recognized that the rules the intuition conforms to, are, mainly, similar to the rules of perception.

Perception is built both on objective and subjective criteria. In some product categories, objective criteria prevail: for example, in the selection of different types of electronics a consumer can compare technical characteristics. In selection of a smartphone, a buyer can compare such features, as size and screen resolution,

accumulator capacity and so on. However, there are categories of goods and services, in which choice of the specific offer can hardly be subject to the quantitative analysis. The luxury clothing segment, this research is focused on, is one of these categories.

It was also noted that there are different features for different categories of goods and services, which are important for the consumers. In the selection of clothes, the consumers are governed by a whole number of features. Review of several studies on this subject (Zhang & Merunka 2014, 320-360) allowed to form a short list of qualities, which are generally important for the consumers in selection of luxury segment clothes. This list (based on Zhang & Merunka 2014) comprises of quality, originality (not counterfeit or authenticity), style, fashion, convenience, elegance, creativity, handmade, expensive look, natural fabrics, attractive price and high reputation of the manufacturing country.

The preferable variant in the selection of clothes is, evidently, the one, in which the total of these indicators in the consumer's subjective perception is maximum, and neither of the indicators crosses the subjective minimum critical admissibility line either.

Based on the list, one of the factors, affecting the consumer choice, is the high reputation of the manufacturing country. It is necessary to remind that the associations with the territory, having a high proprietary image, are a considerable competitive advantage for commercial brands, in comparison with the competitors, which do not have such associations. And the strength of territorial influence on the brand image is maximum upon achievement of correspondence of the territory image and the brand image.

However, this does not mean that the territory image can be treated from one side only. This concept opens great opportunities for creativity to the clothing brand marketing specialists. For example, the traditional majestic fashion of the Royal Court does not interfere contemporary fashion designers (John Galliano) to exist under the British flag. In France grandeur of the Eiffel Tower, Triumphal Arch, Louver, Opera, and such giant brands, as Dior, Yves Saint Laurent, Chanel neighbor well on Provence

charm, which is, besides the style on clothes, for example, a widespread trend in home decoration and in the manufacture of cosmetic products. (Woods 2004)

It follows from this that the management of the companies, having luxury segment clothing brands in the brand portfolio, gets the maximum positive effect, when uses territorial positioning as follows:

- 1) Most of the famous clothing brands use territorial associations with the countries, having a comparatively high "Territory brand" in general;
- 2) Most of the famous clothing brands use territorial associations with the countries, having a comparatively high "Territory brand" by the parameter "High value of the country as a territory of origin of export goods";
- 3) Leading brands benefit from countries, which exports are perceived by the international community as having high results by the parameters, which play an important role in consumer's selection of luxury clothing: Quality, Originality, Style, Fashion, Convenience, Elegance, Creativity, Handmade, Expensive look, Natural fabrics, Attractive price, High reputation of the manufacturing country.
- 4) Leading brands apply a lot of efforts to maintain the consistency of territorial positioning, and have formal attributes of such positioning, for example, authentic production, company's history.

Nowadays, neither the country nor the companies can afford to stay out management of their brands. In the global world, the country of origin is at present a more important factor for the consumers, than ever in the history.

To sum up, associations with the territory, having a high proprietary image, are a significant comparative advantage for commercial brands, in comparison with the competitors, which do not have such associations. The strength of territorial influence on the brand image is maximum upon achievement of the correspondence of the territory image and the brand image.

2.7 Italy as a country of origin

According to Anholt's research and FutureBrand's work, Italy is a "country-brand". It is among the top of the countries with a strong brand, it has rich cultural heritage

and is positioned especially successfully in “luxury” and “fashion” categories, ranking 3rd and 2nd in the world respectively.

Choice of Italy as a specific country for research was made due to this fact and is confirmed in the preliminary survey of respondents. They were asked to name first three luxury clothing brands coming to their mind. Most of the brands on the list had an Italian origin.

The definition and understanding of intangible assets of Italy as a brand is obligatory for the companies, which use it. It is done to compete successfully in new markets with the manufacturers from other countries and to improve the “price-value” ratio, justifying the high price level.

The brand of Italy will be considered under Leslie de Chernatony’s classification:

- as an identification system – boot-shaped country, rememberable flag, leaning tower of Pisa, Italian language, Colosseum, and so on;
- as a risk reduction tool – Italy is a member of the European Union and is a developed country. Investments, travels, choice of goods from this country have long-established characteristics;
- as an added value – Italy is an attractive and desired place for visiting and studying for many inhabitants of the planet.
- as a brand contract – the architecture of Italy, the warm climate, the seas and beautiful landscapes do not leave anyone indifferent. And if people buy Italian goods, the quality usually meets their expectations.

From the buyer’s position, the brand of Italy as a territory:

- is often vested with human qualities (Italy is a bright, stylish, dynamic, country with a melodic language);
- has a lot of images in the public mind.

Italy has an image of the country, making a cult of the products quality, and creating a sort of esthetic feeling of belonging to the desired and attractive way of living for the consumers. (Rocchi & Gabbai 2013)

The exquisite Italian style includes a lot of regional interpretations, which are related to the specific products and images. In addition to the grandeur of the historical and

architectural masterpieces, and the capitals of the classic art, such as Rome, Venice, and Florence, there are also the world recognized regional products, associated with the definite geographic regions, for example, balsamic vinegar, Parmesan cheese (Parmigiano Reggiano), Parma ham (Prosciutto di Parma), and many other products, which have registered trademarks, including the place of origin of the goods.

The label "Made in of Italy" has dedicated fans represented by young designers, which maintain the country's brand in the supportive personal interpretation from year to year. Many goods and services are submitted to the consumers under the Italian flag, claiming for exclusivity. However, certainly, Italian clothing remains the quality standard and the indicator of the high status of its owner.

Fashion as an economic indicator in Italy

Another reason why I decided to choose Italy for a research is the aggravation of relations between Russia and the West, the fall of the ruble, the introduction of sanctions and attempts to popularize the import substitution.

In the Italian government, some parties support extensions of the EU's anti-Russian sanctions, while others consider them as ridiculous and prejudicial to Italy's economy.

In 2017 the Italian government has allocated 35 million euros to promote Italian fashion brands abroad. The president of the Institute of Foreign Trade of Italy (ITA) Michele Scannavini noted that the amount of financing increased by 45%, compared with 2016. The funds would go to finance professional exhibitions, marketing, and distribution, to increase the representation of Made in Italy goods in the world's major department stores and online websites. (ItalyEurope24, 2017)

Fashion, tourism and other sectors of the economy of Italy got also affected by the currency difficulties faced by Russia. Fashion Consulting Group stressed that the crisis was a disaster for Russia since the actual income of Russians fell sharply because of the devaluation. During the crisis, profound changes in consumer behavior have appeared. For example, there are fewer impulsive purchases, and there is no longer that demonstrative consumption that was typical for Russians 10 years ago. All

brands in Russia have slowed sales in 2015-2016. Fortunately, economic indicators show that the situation is improving.

In 2017 more than 20 international fashion brands opened their first stores in Russia. And about 50% of them are Italian companies. Some of these brands already operated in Russia but only through franchising. Now they have entered the market independently. (Fashion Consulting Group, 2018)

All this shows that the situation is getting better though the relations between the EU and Russia are worsening and the ruble is still unstable. And new Russian and CIS fashion brands come out to the market making worthy competition to European, including the Italian brands.

3 Research methodology

This part discusses the methodology used in this paper and explains the choices made in this regard. Moreover, it explains why the chosen methodology was relevant to this specific study.

3.1 Research problem and Research questions

The country-of-origin effect is at present a more important factor for the consumers than ever in history. However, there was an absence of distinct criteria of measurability since it lay at the intersection of different concepts from the point of view of the countries, products, and consumers.

The author set a goal to investigate the country-of-origin effect. Namely, the point of the research was to examine impact of geographical references to Italy on the perception of Italian luxury clothing brands' image and quality as well as on purchasing intentions among the Muscovites. Secondly, it was decided to study whether difficulties such as the aggravation of relations between Russia and the West, the introduction of sanctions and the fall of the ruble affected the Muscovites' consumer behavior and their perception of Italian brands. Thirdly, main principles of a successful territorial strategy had to be figured out.

3.2 Research methods

Research method: Quantitative Research

Here I have to access my research method, the technique for collecting data. Two ways are commonly distinguished: Quantitative and Qualitative.

Theoretically speaking, quantitative research is “the collection and analysis of numerical data” (Bryman & Bell 2015, 45), while qualitative research is considered “exploratory research with an interpretive position” (Bryman and Bell 2015, 59).

Quantitative research is beneficial for obtaining views from large numbers of people, in quantifying attitudes, behaviors and opinions. Moreover, quantitative methods (a survey in this case) can be applied within a shorter duration of time compared to qualitative methods. In this research, a big number of Muscovites were to be interviewed in order to find reliable results and conclusions. Therefore, my study is in the form of a quantitative research. It is reasonable and suitable for a research topic.

Qualitative research digs into behaviors and the way humans think. Interviews and focus groups’ interviews are common methods for qualitative research. They both allow exploring a topic in depth within a small group or with one or two people at a time. (Bryman and Bell 2015, 60) Since the mass, the inhabitants of the most populous city of Russia are observed, qualitative research is not suitable here.

Research approach: Deductive

This study relied on the use of a deductive approach, where “theory guides research” (Bryman & Bell 2015, 19). Wilson (2010, 7) gives us a more detailed definition of the deductive approach to create new theory: generating a hypothesis (or hypotheses) by reviewing the existing theory and using this and then designing a research strategy to test the hypothesis. Indeed, this study used previous research on the topic of country-of-origin effect as a basis for this research process.

The opposite of the deductive approach is the inductive approach, which is defined as an approach “characterized by the inference of general laws from specific cases” (Oxford Dictionary, 2018). At the beginning of a research process, no theories or hypotheses apply in inductive studies. Usually, the aim of the inductive approach is to

examine new phenomena or formerly researched phenomena from a different perspective. (Bryman & Bell 2015, 30)

Data collection: Primary and Secondary Sources

Data collection is the key point of any research project (Bryman & Bell 2015, 11). Collected data is analyzed and interpreted to solve the research problem, examine the hypothesis and evaluate the results. All statistical information (population, demographics variables and so on) is generated from data.

I here have to deal with a literature review in order to receive more information, explore existing theories and concepts.

There are two types of data sources in research: secondary and primary. The use and analysis of secondary data offer the prospect of being able to explore research questions of interest without having to go through the process of collecting the data (Bryman & Bell 2015, 340). In the present study, when a specific material was not available or insufficient, the author relied on data collected by herself to advance the research.

Secondary sources

For this paper, secondary data provided the theory, which was used as a basis for the thinking process, primary data research and the ensuing findings. The secondary data collected here was mostly multisource (books, journals, Internet portals).

I searched for the materials mostly through Google Scholar and Microsoft Academic Search with the use of such keywords as brand management, country of origin, principles of marketing, and fashion industry in Italy. Because of the above-mentioned platforms, I discovered some websites (Marketing Week, Digital Trends, Fashion Consulting Group websites) with curious and valuable articles. When choosing relevant books, difficulties arose due to the huge diversity of the materials. First of all, this paper is based on books of Kotler P., Saunders M., Anholt S. and Chernatony L. Some necessary books were in access at the university library and city library, the others were downloaded in the Play Market. From the lectures, I also recall some of the websites such as GfK and Future Brand website, which turned out to be very useful for this research.

Primary source: survey

A survey using structured questionnaires is one of the most frequently used in quantitative research. It is also a significant data collection strategy because it typically involves collecting data with a large number of variables from a large and representative sample of respondents (Hox & Boeije 2005, 2).

The survey was sent out on the Internet to the residents of Moscow or it was filled in by people encountered on the streets. The survey was created through Google Forms and conducted during 10 days, and 470 Muscovites took part in the survey.

According to the Russian Statistics Service, the Moscow population is 12,330,126 (2017). The sample size was calculated based on the number of Moscow inhabitants and recommendations of the SurveyMonkey website. The minimum sample must make 385 persons (with a 5% account for the margin of error and confidence level 95%) for constructing samples for the populations exceeding 1,000,000 persons.

The questionnaire consisted of 19 questions (see the Appendix).

- 1-2 General questions about the criteria for choosing clothes
- 3-9 Questions about the territorial positioning of brands
- 10-14 Questions about the perception of the image of Italian clothing brands in comparison with brands from other countries
- 15-19 Demographic questions

Quantitative Data Analysis

The data analysis stage is about data reduction. It means reducing a large quantity of information in order to make sense of it (Bryman & Bell 2015, 12).

The survey was made through Google forms. This platform enables the researcher to analyze the survey results within the platform. It provides statistics of the answers as well as automatically created Google tables and graphs. In addition to Microsoft Excel and Google forms, SPSS was also used for analyzing the data. For example, using the hierarchical cluster analysis, the qualities, which people appreciate in clothing, have been broken down into 3 categories: main, desirable additional and optional characteristics. In addition, a weighted average score of the characteristics and their importance level was found.

Reliability and Validity

Validity and reliability of a project are two essential drivers of the credibility of a researcher's findings (Saunders et al. 2009, 156). Reliability refers to the repeatability of findings. If other researchers would repeat the project, it should necessarily yield similar results. For this reason, the study is carried rigorously so that it could (in theory, at least) be reproduced identically and lead to analogous findings. According to Saunders and others (2009, 157), validity examines whether the findings are really about how they occur. In other words, validity means that a tool or test is precisely measuring what it should.

The content of the survey in this research can be claimed to have been valid because it examined the research phenomenon. The questionnaire was designed without bias. The questions did not lead the participant to answer in a certain way. The number of the received answers was 470, which could be considered sufficient. Based on the number of Moscow inhabitants and recommendations of the SurveyMonkey website, the minimum sample must make 385 persons for constructing samples for the populations exceeding 1,000,000 persons.

4 Research results

The indicators, which were formulated earlier as determining factors in the selection of luxury class clothes, were used as the main criteria of the perception of brand image:

1. Quality
2. Originality (not counterfeit)
3. Style
4. Fashion
5. Convenience
6. Elegance
7. Creativity

8. Handmade
9. Expensive look
10. Natural fabrics
11. Attractive price
12. High reputation of the manufacturing country

The influence of these factors on the image was studied in two dimensions: their importance in the selection of clothes and their conformity to the goods with “Made in of Italy” label. After this, a multi-attribute model was made according to these indicators.

As an introductory question, the respondents were asked to evaluate their level of awareness of the modern trends. It can be seen in Figure 8 below that almost a half of the respondents believed that their awareness was average, and that almost 40% of them said that they had a high or very high level of awareness.

1. ASSESS YOUR LEVEL OF AWARENESS OF THE FASHION TRENDS

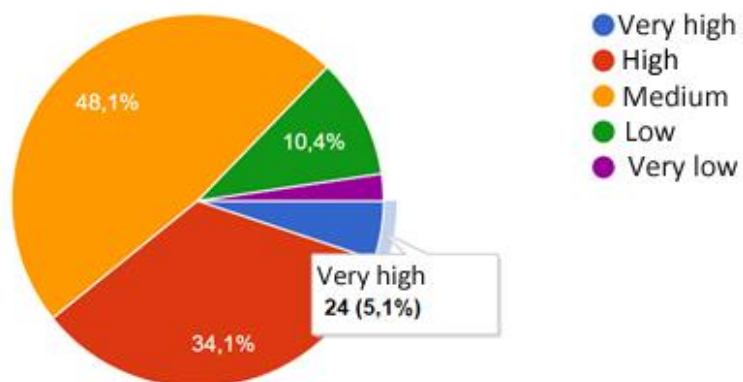


Figure 8. Level of awareness about the modern trends (available note for the respondents: in clothing)

Furthermore, each respondent was asked to determine the importance of the above criteria in the selection of clothes. Determining the importance of these criteria for the respondents played a considerable role in further comparison with the data about the influence of the image of Italy as a country of origin on the respondents.

Using the hierarchical cluster analysis, the qualities that people appreciate in clothing were broken down into three clusters: the main, desirable additional and optional characteristics. See Figures 9, 10 and 11 for details.

Importance of the criteria in selection of clothing: the main characteristics

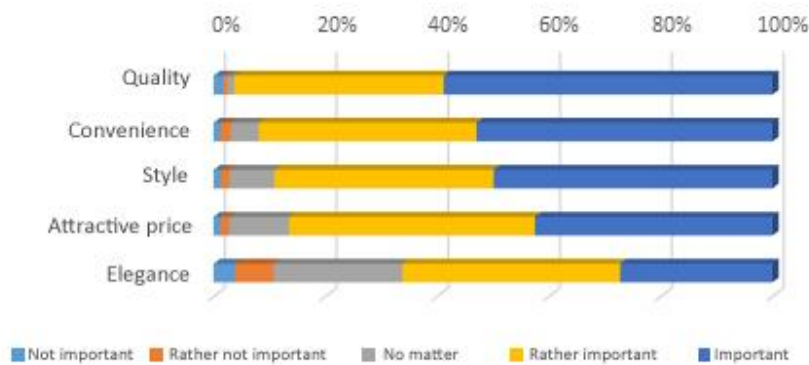


Figure 9. Importance of the criteria in selection of clothing: the main characteristics

Importance of the criteria in selection of clothing: the desirable additional characteristics

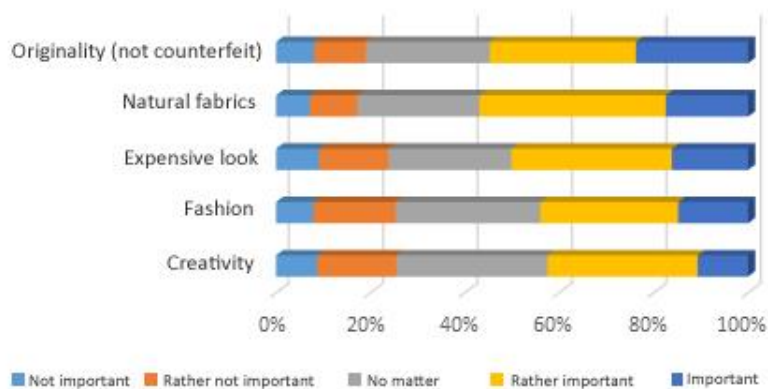


Figure 10. Importance of the criteria in selection of clothing: the desirable additional characteristics

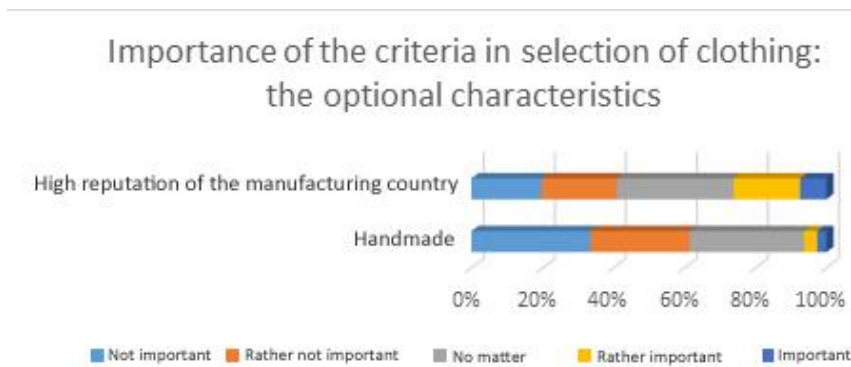


Figure 11. Importance of the criteria in selection of clothing: the optional characteristics

The criteria by which people select clothes can be broken into three categories. The first one is determining the main characteristics in a selection of clothes. This includes quality, style, convenience, elegance and an attractive price. The second group of additional desirable characteristics includes Originality (not counterfeit), Fashion, Expensive look, Creativity, and Natural fabrics. The third group of optional characteristics includes Hand-made and High reputation of the manufacturing country.

The following is an analysis of the grounds for breaking down the criteria into the clusters, based on the responses of the respondents.

First, the weighted average score of the respondents' answers for each criterion was calculated (maximum is 5). For the subsequent application in the multi-attribute model, the author also calculated the importance of each criterion as the ratio of its weighted average to the sum of the weighted averages.

Table 3. Weighted average score of the characteristics and their importance level

Characteristics	Weighted average score	Importance level
Quality	4,52	10,51%
Convenience	4,41	10,26%
Style	4,35	10,12%
Attractive price	4,27	9,93%
Elegance	3,83	8,91%
Originality	3,52	8,19%
Natural fabrics	3,46	8,05%
Expensive look	3,31	7,70%
Fashion	3,27	7,61%
Creativity	3,2	7,44%
Reputation	2,72	6,33%
Handmade	2,13	4,95%

The criteria of the 1st cluster, the main characteristics, were the top-5 weighted average scores of the respondents, and, respectively, top-5 by importance. Indeed, the absolute majority of the responses by these criteria are in the categories “Important” and “Extremely important”. The scatter of the respondents’ replies with the criteria “Quality” and “Convenience” was minimal - the absolute majority of the respondents were not ready to compromise with these criteria. In addition, the style and attractive price and, to a smaller extent, elegance, were extremely important for the Muscovites. The remaining clusters were allocated as the weighted average was reduced. Handmade and reputation of the manufacturing country represented the smallest value in general when choosing clothes for Muscovites.

The next question asked to determine the percentage of Moscow residents who had experience of perception of territorial positioning. Neutral examples of territorial positioning were given to the respondents.

3. HAVE YOU NOTICED THAT SOME BRANDS USE AN ASSOCIATION WITH A CERTAIN TERRITORY IN THEIR ADVERTISEMENT (FOR EXAMPLE, CHINESE SILK, CLOTHING FROM MILAN, CEYLON TEA)?

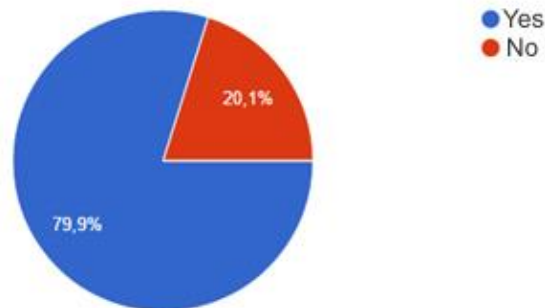


Figure 12. The emergence of territorial associations among the surveyed Muscovites

As a result, it turned out that almost 80% of the respondents recognized such associations. The hypothesis can be put forward from the obtained data that territorial positioning plays a role in the perception of brand image. The validity of this hypothesis will be confirmed in the course of further analysis.

Also, the third question served as a qualification for two subsequent questions. Questions 4 and 5 were asked only to those respondents who answered “Yes” to the question 3 since they dealt with the frequency of occurrence of such associations, and it was asked to give examples of such associations.

4. ASSESS, HOW OFTEN YOU NOTICED SUCH ASSOCIATIONS?

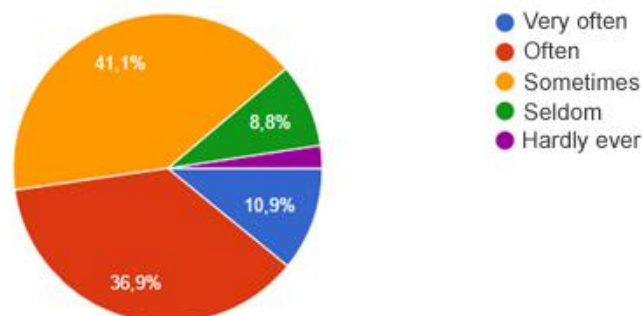


Figure 13. Frequency of occurrence of territorial associations among surveyed Muscovites

Judging by the 377 received responses, almost a half of the respondents (46,8%) noticed such associations often or very often. The number of those who noticed such associations seldom or hardly ever made only 11,2%. However, the assessment was given to self-determination for the respondents. As one respondent views dozens of advertisements per day, and it is very seldom for him to see an example of territorial positioning once a week, whereas for another respondent the same time indicator can become the indicator of a frequent phenomenon, which has a considerable influence on him.

Question 5 was not mandatory, in it the respondent was asked to indicate the real examples of territorial positioning from the personal experience. Surprisingly, the respondents were eager to answer this question– 234 responses were received from 377 respondents who were asked this question. Many of responses included more than one example. The most common associations were Italian clothes and shoes, Swiss watch, French perfumes, German quality, Ceylon tea.

Many responses to this question became an additional evidence of the influence of territorial positioning on the formation of perception of the brand image – respondents noticed such territorial connections and could recall a lot of set phrases. These responses can be divided into 2 categories:

Table 4. Territorial relations categories

Category	Examples
Pairs of words “territory – significant product category” (most of the associations)	Italian shoes, Serbian white cheese, Damascus steel, Brazilian coffee
Pairs of words “territory – property attributed to this territory”	German or Swiss quality, English traditions, Italian fashion and style, Parisian chic, French decoration, Japanese technology, and quality

Some respondents gave a lot of examples. Below are the three most complete responses.

1). Italian shoes, Provence lavender, American sneakers (New Balance), German orthopedic shoes, "Scholl – a German brand with a long history", manicure and pedicure accessories of the German brand ZINGER, French croissant, Turkish coffee, Swiss watch (for example, "Tissot"), Swiss knife ("Wenger" - quality proved for years), Chinese porcelain, Russian vodka (for example, "Russian Standard"), Japanese cosmetics (Holika Holika, Shiseido, etc.), Siberian herbs (including cosmetics: for example, Natura Siberica), American jeans (Levi's), American donuts (for example, Dunkin' Donuts)

2). French/Chilean/Spanish/Crimean wine, Russian dairy products, Kubachi silver, Khokhloma, Gzhel, French perfume, Spanish jamon and other national delicacies, Abkhazian mandarins, Italian shoes, Czech beads, Yakut diamonds/ emeralds, Czech beer, Indian spices.

3). Ceylon tea, Arabic coffee, Canadian maple syrup, American marshmallow (there is almost always an American flag on the package), German sausages, French pastries, Turkish sweets (Rahat-lokum), Bulgarian rose (rose oil), Serbian white cheese.

The next, sixth, question was an indicator of whether the label "Made in of Italy" on goods is a source of positive associations – this effect is a consequence of the influence of territorial positioning. 78,5% of Muscovites noted that the goods with the "Made in of Italy" label really arouse positive associations from them.

6. DO THE GOODS WITH THE LABEL "MADE IN ITALY" AROUSE POSITIVE ASSOCIATIONS ?

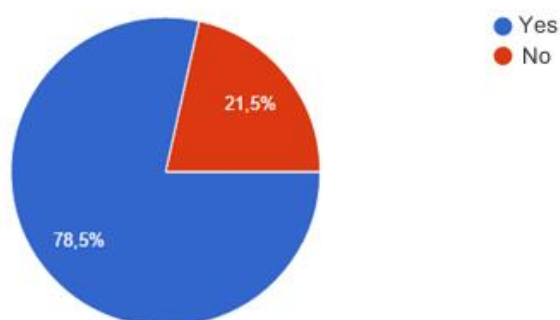


Figure 14. Positive associations with Italian goods

The respondents, who answered “Yes” to the question 6, were asked to assess the qualities inherent in goods with the “Made in Italy” label.

A similar analysis of the above-mentioned criteria is carried, but based on the responses to the question “What positive associations and to what extent do the goods with the label “Made in Italy” label evoke?”. As a result, 3 groups of characteristics were identified: those, which were assessed positively, neutrally, or negatively by the respondents in respect of Italy.

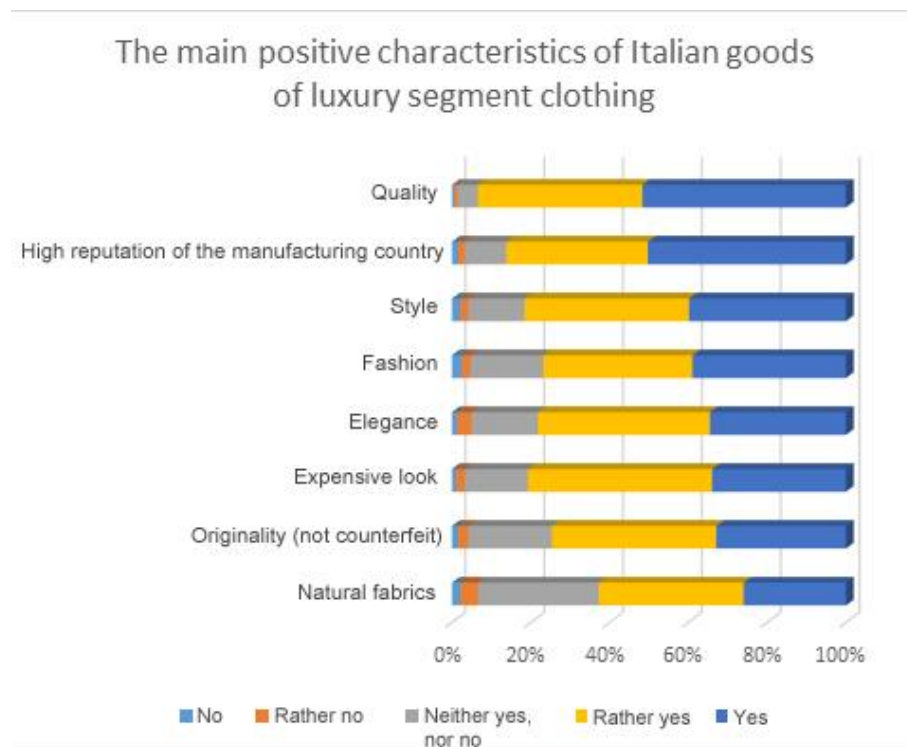


Figure 15. The main positive characteristics of Italian goods of luxury segment clothing

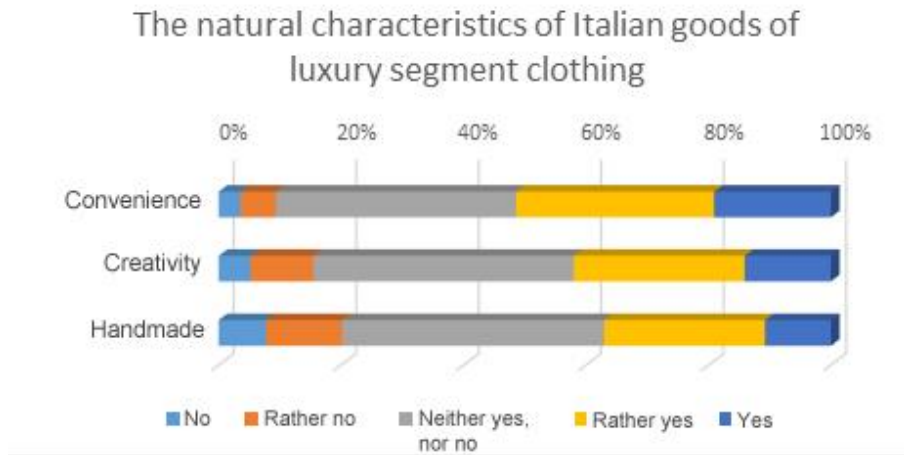


Figure 16. The natural characteristics of Italian goods of luxury segment clothing

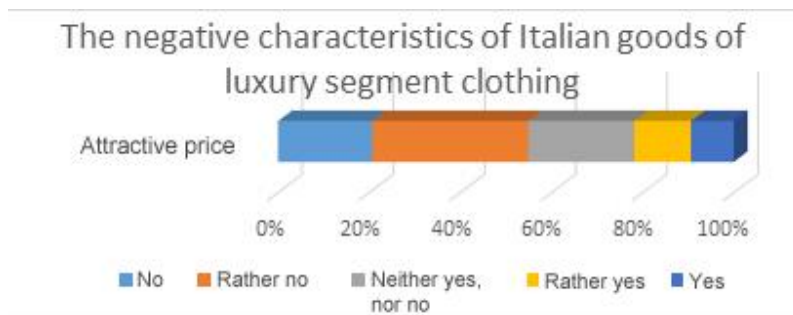


Figure 17. The negative characteristics of Italian goods of luxury segment clothing

Muscovites positively appreciated luxury clothing of Italian origin by the following criteria: Quality, Originality (not counterfeit), Style, Fashion, Elegance, Expensive look, Natural fabrics, and High reputation of the manufacturing country.

The second cluster, neutral features, includes Convenience, Creativity and Handmade. Muscovites negatively rated Italian goods according to the criterion “Attractive price”.

This means that Muscovites consider Italian goods to be very high -quality, stylish, fashionable and elegant. They believe that such goods have an expensive look and are made of natural fabrics. Muscovites highly appreciate the reputation of Italy as a manufacturing country highly and think that the goods made domestically are likely to be original brands, and not counterfeit. Clothing from Italy, according to the respondents, has average indicators of Convenience, Creativity and is not always handmade. However, the respondents consider Italian goods as too expensive.

Similarly to the previous case, the groups were distinguished as the weighted average score decreased.

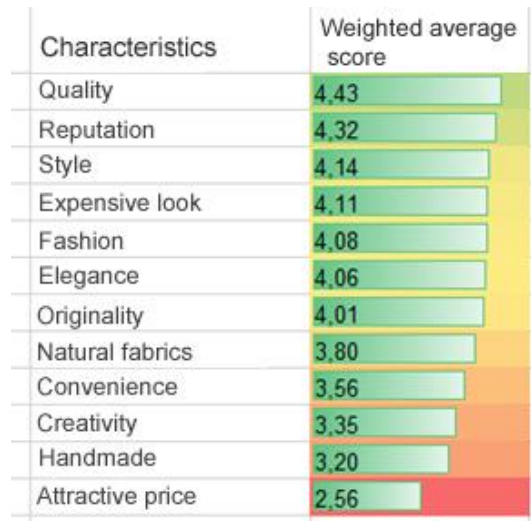


Figure 18. Evaluation of Italian goods

Then I have reviewed the same criteria, evaluated in general and applicable to Italy. (for example, the importance of Quality as such and the availability of this criterion for Italian goods), and calculated the difference between the weighted average estimates.

Attractive price (the difference of the weighted average score – 1,71) and Reputation of the manufacturing country (1,59) are the absolute leaders in this comparison. This is due to the fact that the importance of attractive prices for clothing is significant for Muscovites, but they believe that Italian goods do not have an attractive image by the price. Moreover, despite the fact that the reputation of the manufacturing country is not very important for Muscovites in the selection of clothing, they assess the reputation of Italy as a clothing manufacturer very highly.

Characteristics	Weighted average score (in general)	Weighted average score (Italy)	Difference of weighted average scores
Attractive price	4,27	2,56	1,71
Reputation	2,72	4,32	1,60
Handmade	2,13	3,20	1,07
Convenience	4,41	3,56	0,85
Fashion	3,27	4,08	0,81
Expensive look	3,31	4,11	0,80
Originality	3,52	4,01	0,49
Natural fabrics	3,46	3,80	0,34
Elegance	3,83	4,06	0,23
Style	4,35	4,14	0,21
Creativity	3,2	3,35	0,15
Quality	4,52	4,43	0,09

Figure 19. Difference of the weighted average estimates

The multi-attribute model was subsequently constructed.

Table 5. Multi-attribute model

Characteristics	Assessment of importance	Importance level (%)	Assessment of Italian goods	Total weight	Estimation of perception of the image of the Italian goods on a five-point scale	Estimation of perception of the image of the Italian goods (in %)
Quality	4,52	10,51%	4,43	0,466	3,804	76,1%
Originality (not counterfeit)	3,52	8,19%	4,01	0,328		
Style	4,35	10,12%	4,14	0,419		
Fashion	3,27	7,61%	4,07	0,310		
Convenience	4,41	10,26%	3,55	0,364		
Elegance	3,83	8,91%	4,05	0,361		
Creativity	3,2	7,44%	3,34	0,248		
Handmade	2,13	4,95%	3,18	0,157		
Expensive look	3,31	7,70%	4,11	0,316		
Natural fabrics	3,46	8,05%	3,8	0,306		
Attractive price	4,27	9,93%	2,56	0,254		
High reputation of the manufacturing country	2,72	6,33%	4,32	0,273		

According to the received data, it can be determined that Muscovites evaluate the image of Italian goods rather highly – by 76,1% from the hypothetical ideal. The greatest contribution to this assessment was made by Quality, Style, Convenience, and Elegance since these criteria were of special importance for Moscovites, and Italian goods met them to a considerable extent.

Question 8 was called to assess the impact of different sources of information on the formation of perception of such brand image, related to territorial positioning.

The conclusion can be made from the obtained data that most of the respondents formed the perception of Italian goods as those, having Quality, Style, Convenience,

and Elegance to a considerable extent, from the sources such as Internet, books, movies. Moreover, Muscovites turned out to be largely susceptible to the public opinion. The criterion “so accepted” was noted as one that influenced 67% of the respondents to a certain or considerable extent. As one of the respondents said: “Only after passing the survey, I wondered, why I had always considered Italian clothes so qualitative and prestigious, and realized that there are few rational grounds for this in my personal experience. I have always dreamt of a handbag by Fendi, but I never held it in my hands to independently verify its quality.”

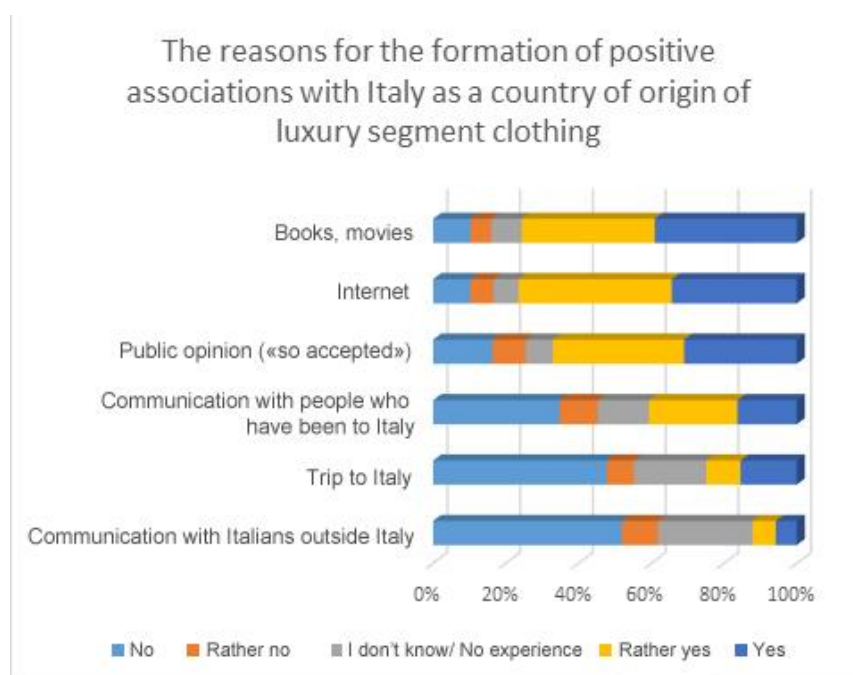


Figure 20. The reasons for the formation of positive associations with Italy as a country of origin of luxury segment clothing

At the same time, the next question reveals a paradox. With absolute equivalence of two items of clothing – Italian and the one manufactured in other country (it was specified in the remarks, which were visible to a respondent: The items are equivalent in price, quality, appearance, durability and any other characteristics), the label of “Italy” by itself does not mean too much. Consumers’ preferences were not in its favor. 57% of the respondents stated either indifference in the selection of goods in such conditions or choosing any product except Chinese/Vietnamese one, etc. This means that in the minds of Muscovites, Italy is important not as an independent brand, but as an indicator of premium characteristics of the goods. The responses to this question can be related to the responses to question 2 about the

factors of selection of clothes. Though the Reputation of the manufacturing country is not one of the main characteristics in the selection, the brand of Italy as a country of origin is strongly associated with the characteristics, which play the most important role – Quality, Style, Convenience, Elegance.

9. IF YOU HAD A CHOICE OF TWO ABSOLUTELY EQUIVALENT ITEMS OF CLOTHING – ITALIAN AND PRODUCED IN ANOTHER COUNTRY, WHICH PRODUCT WOULD YOU BE MORE INCLINED TO BUY?

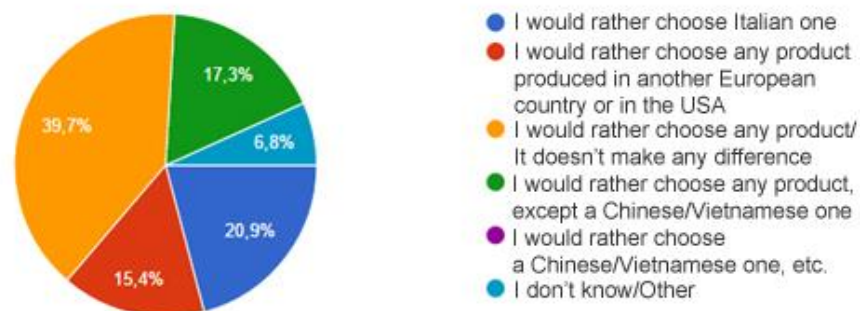


Figure 21. The preferences of Muscovites in choosing the country of origin of clothing

Question 10 was called to determine the recognition of 20 brands of the luxury segment. This sampling was obtained through a preliminary survey of 30 respondents (“Name 3 luxury segment clothing brands, which come to your mind first”) and the selection of 20 most common. Most of the brands presented in the survey are Italian (9), this became one of the reasons for choosing Italy as a country for study.

The list of brands, offered to the respondent, looks as follows (in alphabetical order):

Table 6. The brands

Armani	Dolce&Gabbana	Hermes	Ralph Lauren
Burberry	Ermenegildo Zegna	Hugo Boss	Salvatore Ferragamo
Calvin Klein	Fendi	Louis Vuitton	Stella McCartney
Chanel	Givenchy	Michael Kors	Valentino
Dior	Gucci	Prada	Versace

The respondents were asked to answer the question if they know the given brand, the answer options were “Yes”, “No” and “Not sure”. The obtained responses are given in the table below. As it can be seen from the table, the respondents know most of the brands well.



Figure 22. Recognition of luxury clothing brands, % of respondents

The next question was asked in order to understand whether the respondents know the origin of brands. The question was the following: “Which of the above-listed brands are Italian?”. According to the received data, the percentage of correct responses was calculated, most of the brands (8) were recognized by 60 to 70% Muscovites. The Ermenegildo Zegna brand got the minimum value by the number of correct responses (33,3% of the respondents identified correctly that it is Italian), the Chanel brand got the maximum value (78% identified correctly that it is not Italian).

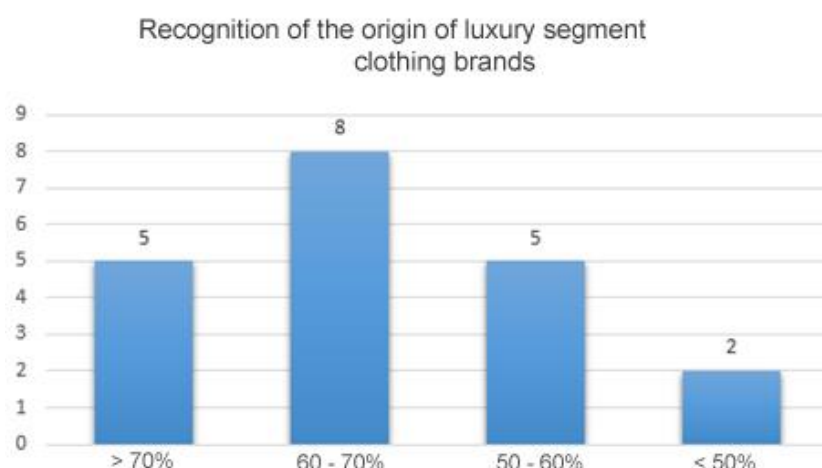


Figure 23. Recognition of the origin of luxury segment clothing brands

The received data indicate high awareness of Muscovites about territorial belonging of brands. Certainly, some brands got a lower score than others. This is explained, to a considerable extent, by the fact that the brands, which got low score by the indicator of “Recognition of the origin”, also got low score by the indicator of “Recognition”.

Brand	Recognition	Recognition of the origin
Chanel	98,7%	78,0%
Stella McCartney	75,6%	68,6%
Dolce&Gabbana	98,0%	76,0%
Calvin Klein	98,5%	75,4%
Salvatore Ferragamo	44,4%	59,7%
Michael Kors	87,8%	70,2%
Armani	98,9%	73,4%
Burberry	89,1%	69,1%
Dior	98,9%	72,3%
Ralph Lauren	79,7%	61,4%
Versace	98,3%	70,4%
Hugo Boss	96,3%	66,9%
Givenchy	93,7%	62,7%
Gucci	98,7%	65,4%
Ermenegildo Zegna	20,3%	33,3%
Valentino	95,9%	59,7%
Hermes	87,1%	55,1%
Fendi	76,7%	47,9%
Louis Vuitton	95,9%	55,6%
Prada	98,5%	51,6%

Figure 24. Recognition of the origin of luxury segment clothing brands

Judging by the responses to the next question, the majority of the respondents either already have clothes from Italian brands, or wish to buy them.

12. DO YOU HAVE ANY ITEMS OF CLOTHING OF ITALIAN BRANDS?



Figure 25. Availability of items of clothing of Italian brands among the respondents

The next two questions were designed to compare the level of willingness to pay for clothing of Italian brands and for clothing in general. The score was averaged, there was no breakdown by the articles of clothing to receive more aggregated data.

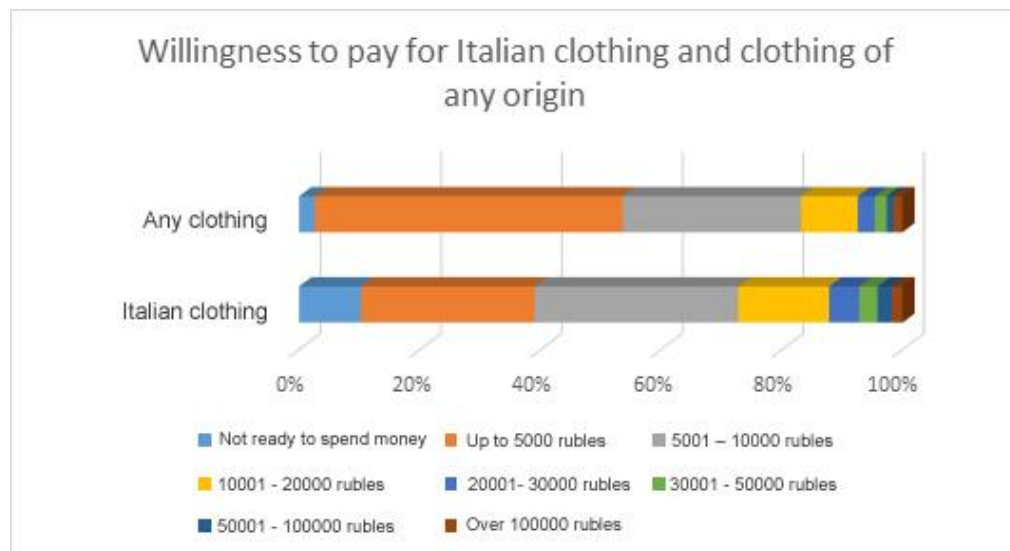


Figure 26. Willingness to pay for Italian clothing and clothing of any origin

The descriptive statistics of responses to the above two questions were obtained in SPSS. There was an assumption that the middle of the respective interval corresponds to each value (the last value corresponding to the interval "Over 100 thousand rubles", was determined as a half of the value of the previous interval). Value "0" linked to the variant of the response "Not ready to spend money". A variable "PayItaly" corresponded to the question "How much are you willing to spend for one article of clothing of Italian brands in average?", "PayAll" variable corresponded to the question "How much are you willing to spend for one article of clothing of any manufacturing country in average?".

Table 7. Descriptive statistics of willingness to pay

Descriptive statistics of willingness to pay

		Willingness to pay for Italian clothing	Willingness to pay clothing of : origin
Mean		11955,34	9117,65
Median		7500,00	2500,00
Mode		7500	2500
Percentiles	10	,00	2500,00
	20	2500,00	2500,00
	25	2500,00	2500,00
	30	2500,00	2500,00
	40	7500,00	2500,00
	50	7500,00	2500,00
	60	7500,00	7500,00
	70	7500,00	7500,00
	75	15000,00	7500,00
	80	15000,00	7500,00
	90	25000,00	15000,00

The highest value for each indicator is highlighted in green. This statistics show that, though most people are not ready to spend money on Italian clothes (10,2% against 2,6% who are not ready to buy clothes at all), a considerable number of people are willing to spend a much bigger amount on purchasing Italian clothes than those, which country of origin is not emphasized.

From the obtained data, it can be seen that the average willingness to pay for the clothing of Italian brands is higher than for the clothing, in a purchase of which manufacturing country is irrelevant.

According to the research by N. Koschate-Fischer, A. Diamantopoulous, and K. Oldencotte (2012), supported by a considerable number of actual data, buyers are willing to pay significantly more for goods that are associated with territories, which have favorable characteristics.

This means that revealed willingness to pay more arose for the respondents due to association with the favorable qualities, which Italy has as a place of origin of clothing. The main qualities have already been listed above: Quality, Style, Convenience, and Elegance.

In addition, the respondents were asked to answer demographic questions. Despite the fact that I tried to send out the questionnaires and to interview evenly Muscovites of both sexes, female respondents turned out to be more responsive. That is why 57,1% of the respondents were women. Age categories were distributed as follows: 14,2% were the respondents of under 18 years old; 69,3% - from 18 to 23 years old; 11.9% - from 24 to 29 years old; and the respondents of 30 years old and older totaled 4.4%.

More than a half of the respondents have incomplete higher education, about a quarter – one and more completed degrees. Talking about the sphere of employment, about three-quarters are students, about a quarter are working.

In terms of income, most respondents do not experience material problems. About 37% of the respondents have an average income. And about 55% have income above the national average. They can quite easily buy large household appliances and even a new car.

To sum up, the role of territorial positioning in the formation of the brand image of luxury segment clothing is high for several reasons:

- 1). The absolute majority of respondents (about 90%) estimate their awareness of fashion trends as a medium, high or very high. And Italian goods received high score by the “Fashion” criterion.
- 2). About 80% of the respondents noticed that some brands use associations with a certain territory in their advertising. And almost half of respondents (47,8%) noted such associations often or very often, and more than 40% - sometimes.
- 3) The recognition of the origin of clothing brands is high. Even for not most famous brands many respondents, knowing the brand, know about its origin.

Although the place of origin by itself is not the determinant factor in the selection of clothing in general, Italy as a place of origin of clothes creates associations in the minds of consumers with a number of factors that are significantly more important: for example, Quality, Style, Convenience, and Elegance. Almost 80% of respondents recognized the existence of positive associations with goods of Italian origin. They believe that such goods have an expensive look and are made of natural fabrics.

It is interesting that one of the reasons for the formation of such associations is public opinion. Accepted in society attitudes and stereotypes about Italy as the place of origin of goods, backed up unceasingly by images from books and movies, as well as the Internet, allow interested persons – the government of the country and representatives of brands – to make almost no effort to maintain the image of the country as such. Brands need only to maintain an associative line with Italy – all remaining work will be done by the public opinion. The authoritative sources of secondary information (Ashworth 2010, Diamantopoulos 2012) were found within this research, in which similar conclusions were also made for other countries with a favorable associative line, for example, France.

Recognition of significance of territorial positioning in the example of Italy is expressed to a considerable extent in increased willingness to pay for goods of Italian origin even in conditions of sanctions, unstable currency (ruble) and tense relations with the West.

5 Discussion

First, it is the most advantageous to use territorial associations with countries that have a relatively high “Territory Brand” as a whole. Moreover, the considerable benefit in the construction of the brand image will be brought by territorial associations with the countries, having a comparatively high “Territory Brand” in terms of “High value of the country as the territory of origin of export goods”.

When drawing up a territorial strategy, it is necessary to check which associations a particular country causes among consumers. If associations are related to a certain type of activity, then when creating brand identity, companies that produce these goods must use branding of territories, since they will receive the main advantages of this strategy. For example, the greatest gain of clothing manufacturers in the luxury segment is from associations with countries whose export is perceived by the international community as having high results in terms of those parameters that play an important role in choosing luxury clothes: Quality, Originality (not counterfeit), Style, Fashion, Convenience, Elegance, Creativity, Handmade, Expensive look, Natural fabrics, Attractive price, High reputation of the manufacturing country.

In their turn, the companies need to develop and maintain associations that link the goods or activities of companies with the brand of the territory, thereby developing the territory brand and related associations. For example, fashion shows, constantly taking place in Milan and other Italian cities, maintain the following association: Italy is a trendsetter, which in turn increases the influence of Italy as a territory brand in the fashion and luxury segments.

It is essential to constantly apply a lot of effort to maintain the consistency of territorial positioning. It is favorable to have formal attributes of such positioning, for example, authentic production or the history of the company.

In addition, it is necessary to determine the potential for perceiving the territorial strategy of the company by different categories of the target audience. For example, within this research, the most responsive categories of consumers are women and those who follow the fashion trends and have a fairly high income. The success of fashion brands in the luxury segment is largely due to the fact that their main target audience has a high potential for perceiving the territorial strategy.

6 Conclusion

As a result of studying the theoretical background of the brand and different concepts of territory branding, as well as conducting a practical research of the importance of a strong territory brand in the positioning of Italian luxury segment clothing, the goal of the work was achieved. The perception of the image of luxury clothing brands among the Muscovites according to territorial positioning was determined. And the principles of successful application of territorial positioning were developed.

To begin with, different points of view for a definition of the brand were given from different authoritative sources. Brand concepts, its formation, brand image, brand identity, brand loyalty were studied in details. The main task of branding was distinguished. Further, the analysis of the theoretical aspects of the territory brand was carried out. Anholt-GFK hexagon and Hierarchical Decision Model (HDM) were analyzed.

The significant role of the country of origin in decision-making by consumers has been determined and proven. And the interdependence of the image of the commercial brand and the brand of its country of origin has been revealed.

Then a list of characteristics was formed that affect the perception of consumers in general when choosing clothes of the luxury segment, being the basis for the further practical study.

On this, the study continued in the practical part. The explanation for choosing Italy as a focal country was made, the brand of Italy as a country was analyzed, a description of the distinctive features of the image of Italy was given. Preferences of Italian brands to brands of a different country of origin for purchase among Moscow residents were identified, related to the image created due to the territorial positioning. The last step was to make recommendations for luxury brands to achieve success in implementing the territorial strategy.

To conclude, the territory of origin plays a crucial part in the formation of customers brand perception. When a company implements the territorial strategy, it receives many long-term strategic advantages for the future. The associations with the territory, having a high proprietary image, are a significant comparative advantage for commercial brands, in comparison with the competitors, which do not have such associations. A brand identity in the field of marketing communications can be also effectively created and maintained due to the territory strategy.

The effective territorial positioning of commercial brands has several key characteristics. Associations should be made with territories that have a strong own brand. The strength of territorial influence on the brand image is maximum upon achievement of the correspondence of the territory image and the brand image. Therefore, the company constantly needs to maintain and strengthen brand and territory connections, and consider the individual perception of the territorial positioning of diverse categories of consumers.

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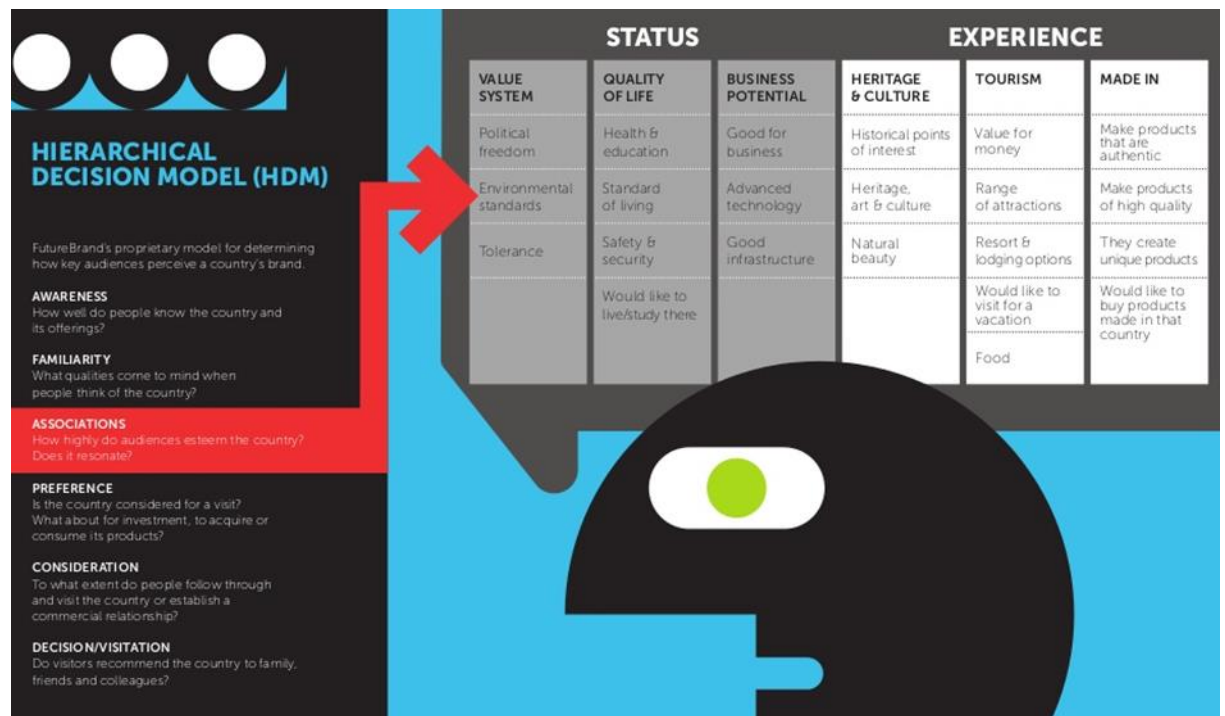
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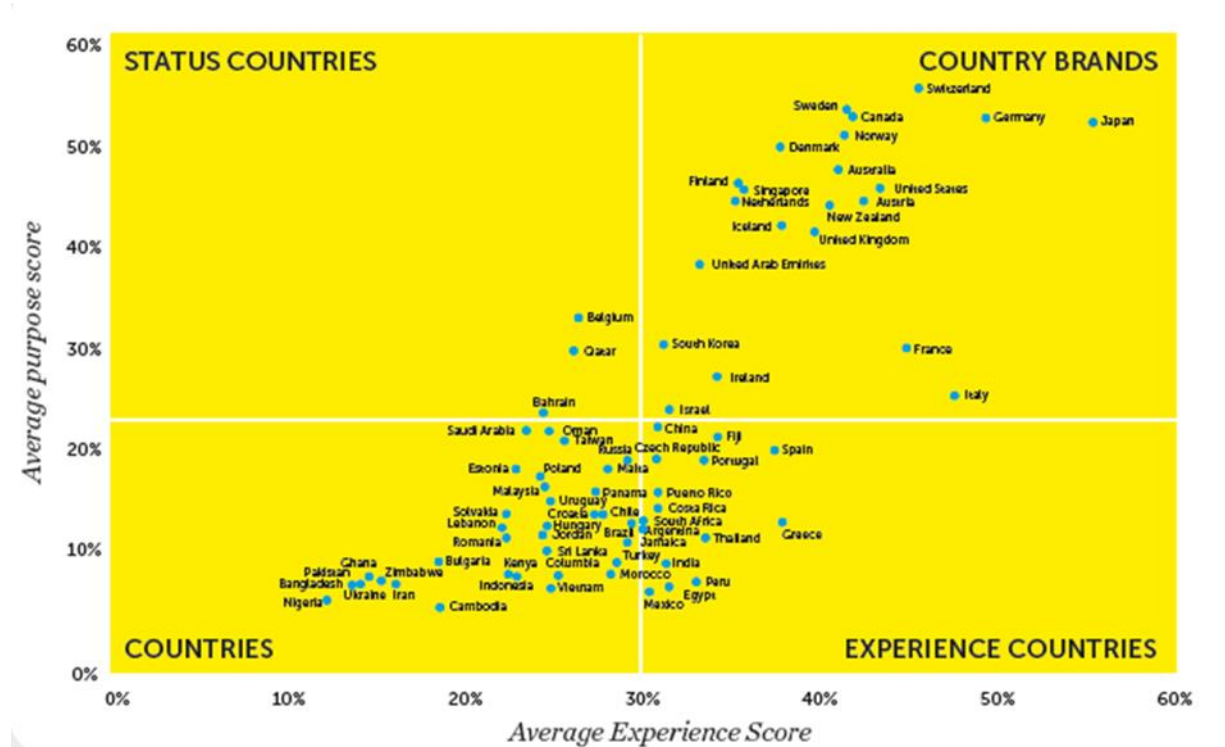
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Appendices

Appendix 1. Hierarchical Decision Model (adapted from FutureBrand)



Appendix 2. Countries distribution by FutureBrand



Appendix 3. Rating of the countries by categories (adapted from FutureBrand)

Rank	Country	STATUS			EXPERIENCE		
		Value System	Quality of Life	Good for Business	Tourism	Heritage & Culture	Made In
1	JAPAN	SWEDEN	SWITZERLAND	JAPAN	ITALY	ITALY	JAPAN
2	SWITZERLAND	CANADA	SWEDEN	UNITED STATES	JAPAN	GREECE	GERMANY
3	GERMANY	SWITZERLAND	NORWAY	GERMANY	UNITED STATES	JAPAN	SWITZERLAND
4	SWEDEN	NORWAY	DENMARK	SINGAPORE	CANADA	FRANCE	UNITED STATES
5	CANADA	NEW ZEALAND	GERMANY	SWITZERLAND	AUSTRALIA	PERU	SWEDEN
6	NORWAY	DENMARK	CANADA	UNITED ARAB EMIRATES	FRANCE	EGYPT	FRANCE
7	UNITED STATES	ICELAND	JAPAN	CANADA	NEW ZEALAND	AUSTRIA	DENMARK
8	AUSTRALIA	FINLAND	AUSTRALIA	SWEDEN	SWITZERLAND	GERMANY	SOUTH KOREA
9	DENMARK	AUSTRALIA	AUSTRIA	NORWAY	GERMANY	INDIA	CANADA
10	AUSTRIA	NETHERLANDS	FINLAND	UNITED KINGDOM	AUSTRIA	SPAIN	NORWAY

Appendix 4. Survey

1. ASSESS YOUR LEVEL OF AWARENESS OF THE FASHION TRENDS *

- ☐ Very high
☐ High
☐ Medium
☐ Low
☐ Very low

2. HOW IMPORTANT ARE THE FOLLOWING CRITERIA FOR YOU IN THE SELECTION OF CLOTHES? *

Score the importance from 1 to 5

	1 - Not important	2 - Rather not important	3 - No matter	4 - Rather important	5 - Important
Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Originality (not counterfeit)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Style	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fashion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Convenience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Elegance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Creativity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Handmade	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expensive look	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Natural fabrics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Attractive price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
High reputation of the manufacturing country	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. HAVE YOU NOTICED THAT SOME BRANDS USE AN ASSOCIATION WITH A CERTAIN TERRITORY IN THEIR ADVERTISEMENT (FOR EXAMPLE, CHINESE SILK, CLOTHING FROM MILAN, CEYLON TEA)? *

- ☐ Yes
☐ No

4. ASSESS, HOW OFTEN YOU NOTICED SUCH ASSOCIATIONS? *

- ☐ Very often
☐ Often
☐ Sometimes
☐ Seldom
☐ Hardly ever

5. MAY YOU GIVE THE SPECIFIC EXAMPLES OF SUCH ASSOCIATIONS (A SPECIFIC BRAND OR A CATEGORY IN GENERAL – LIKE “CHINESE SILK”)?

6. DO THE GOODS WITH THE LABEL "MADE IN ITALY" AROUSE POSITIVE ASSOCIATIONS? *

- ☐ Yes
☐ No

7. WHAT POSITIVE ASSOCIATIONS AND TO WHAT EXTENT DO THE GOODS WITH THE LABEL "MADE IN ITALY" EVOKE? *

Score the importance from 1 to 5

	1 - No	2 - Rather no	3 - Neither yes, nor no	4 - Rather yes	5 - Yes
Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Originality (not counterfeit)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Style	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fashion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Convenience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Elegance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Creativity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Handmade	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expensive look	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Natural fabrics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Attractive price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
High reputation of the manufacturing country	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. WHAT (AND TO WHAT EXTENT) INFLUENCED ON THE FORMATION OF THESE ASSOCIATIONS? *

Score the importance from 1 to 5

	1 - No	2 - Rather no	3 - I don't know/ No experience	4 - Rather yes	5 - Yes
Internet	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Books, movies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Trip to Italy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Communication with Italians outside Italy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Communication with people who have been to Italy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public opinion ("so accepted")	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. IF YOU HAD A CHOICE OF TWO ABSOLUTELY EQUIVALENT ITEMS OF CLOTHING – ITALIAN AND PRODUCED IN ANOTHER COUNTRY, WHICH PRODUCT WOULD YOU BE MORE INCLINED TO BUY? *

Articles are equivalent by the price, quality, durability and any other characteristics

- ☐ I would rather choose Italian one
- ☐ I would rather choose any product produced in another European country or in the USA
- ☐ I would rather choose any product/ It doesn't make any difference
- ☐ I would rather choose any product, except a Chinese/Vietnamese one, etc.
- ☐ I would rather choose a Chinese/Vietnamese one, etc.
- ☐ I don't know/ Other

10. HAVE YOU HEARD THE NAMES OF THESE CLOTHING BRANDS? *

	Yes	No	Not sure
Armani	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Burberry	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Calvin Klein	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Chanel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dolce&Gabbana	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ermenegildo Zegna	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fendi	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Givenchy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gucci	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hermes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hugo Boss	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Louis Vuitton	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Michael Kors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Prada	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ralph Lauren	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Salvatore Ferragamo	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stella McCartney	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Valentino	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Versace	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

11. WHICH OF THE ABOVE LISTED BRANDS ARE ITALIAN? *

	Yes	No	Not sure
Armani	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Burberry	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Calvin Klein	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Chanel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dolce&Gabbana	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ermenegildo Zegna	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fendi	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Givenchy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gucci	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hermes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hugo Boss	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Louis Vuitton	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Michael Kors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Prada	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ralph Lauren	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Salvatore Ferragamo	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stella McCartney	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Valentino	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Versace	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. DO YOU HAVE ANY ITEMS OF CLOTHING OF ITALIAN BRANDS? *

- ☐ Yes
- ☐ No. But I wish to buy one
- ☐ No. And I am not going to buy one
- ☐ I don't know

13. HOW MUCH ARE YOU WILLING TO SPEND FOR ONE

ARTICLE OF CLOTHING OF ITALIAN BRANDS IN AVERAGE? *

OR WHAT IS THE APPROXIMATE AVERAGE COST OF YOUR ARTICLES OF CLOTHING OF ITALIAN BRANDS (FOR 1 ARTICLE)? (IN RUBLES AT THE CURRENT EXCHANGE RATE OF 1 EURO ≈ 70 RUBLES)

- ☐ Up to 5 000 rubles (up to 71 Euros)
- ☐ 5 001 - 10 000 rubles (72 - 142 Euros)
- ☐ 10 001 - 20 000 rubles (143 - 285 Euros)
- ☐ 20 001 - 30 000 rubles (286 - 428 Euros)
- ☐ 30 001 - 50 000 rubles (429 - 714 Euros)
- ☐ 50 001 - 100 000 rubles (715 - 1 428 Euros)
- ☐ Over 100 000 rubles (Over 1 428 Euros)
- ☐ Not ready to spend money for Italian clothing

14. HOW MUCH ARE YOU WILLING TO SPEND FOR ONE

ARTICLE OF CLOTHING OF ANY MANUFACTURING COUNTRY IN AVERAGE? *

OR WHAT IS THE APPROXIMATE AVERAGE COST OF YOUR ARTICLES OF CLOTHING (FOR 1 THING)? (IN RUBLES AT THE CURRENT EXCHANGE RATE OF 1 EURO ≈ 70 RUBLES)

- ☐ Up to 5 000 rubles (up to 71 Euros)
- ☐ 5 001 - 10 000 rubles (72 - 142 Euros)
- ☐ 10 001 - 20 000 rubles (143 - 285 Euros)
- ☐ 20 001 - 30 000 rubles (286 - 428 Euros)
- ☐ 30 001 - 50 000 rubles (429 - 714 Euros)
- ☐ 50 001 - 100 000 rubles (715 - 1 428 Euros)
- ☐ Over 100 000 rubles (Over 1 428 Euros)
- ☐ Not ready to spend money for Italian clothing

15. SPECIFY YOUR SEX *

- ☐ Male
- ☐ Female

16. SPECIFY YOUR AGE *

- ☐ Under 18 years old
- ☐ 18-23 years old
- ☐ 24-29 years old
- ☐ 30-40 years old
- ☐ 41-50 years old
- ☐ Over 50 years old

17. WHAT EDUCATION DO YOU HAVE?

- ☐ Incomplete Secondary Education
- ☐ Secondary Education
- ☐ Post-secondary vocational Education
- ☐ Incomplete Higher Education
- ☐ Higher Education
- ☐ Two or more Degrees

18. WHAT IS THE SPHERE OF YOUR EMPLOYMENT? *

- ☐ Entrepreneur
- ☐ Top Manager
- ☐ Middle Manger
- ☐ Technical Engineer
- ☐ Military man/ Public servant
- ☐ Worker
- ☐ Student/ Pupil
- ☐ Pensioner
- ☐ Unemployed
- ☐ Other

19. WHAT IS THE INCOME LEVEL OF YOUR FAMILY?

- ☐ There is not enough money even for food
- ☐ There is enough money for products, but buying clothing causes difficulties
- ☐ There is enough money for food and clothing, but buying large household appliances is difficult
- ☐ We can easily purchase large household appliances, but buying a new car would be difficult
- ☐ There is nnough income for a new car, but buying an apartment or house (other real estate) is difficult
- ☐ We don't experience material difficulties. If necessary, we can buy an apartment, a house (other real estate)