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Is the “Made in Italy” a key to success?
– An empirical investigation –

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ABSTRACT

The paper aims to analyze the attitude of the consumers towards “Made in Italy” in order to identify the associated attributes and value systems that may affect the purchase of “Made in Italy” products. The research questions considered are: 1) the existence of a recognition of the “Made in Italy” in terms of a qualitative characterization of products, and 2) the presence of a willingness to pay for such products, attempting a quantification of potential “premium price”. The research project, from a theoretical point of view, presents the main fields of literature, and from an empirical point of view, it investigates -through the use of a questionnaire- the existence and the kind of relationship between the perception of the quality and the willingness to pay for a “Made in Italy” product.

Keywords: Made in Italy, Quality, Willingness to Pay, Premium Price, Country of Origin, Country Image, Brand Image, Consumer Attitude, Commodity.

INTRODUCTION

The objective of this contribution is to analyze the relationship among the perceived quality, the country of origin of the product and the purchase intent of the consumers.
The research aims, in an innovative way, not only to verify if the Made in Italy represents a brand recognized by consumers as a symbol of high quality, but also to analyze if there is a concrete willingness to pay for “Made in Italy” products, trying to quantify the potential premium price.
Presenting the results of primary research, the main instrument developed for the survey by the group of economic-statistics researchers, is a questionnaire, distributed in May 2015. Currently in full development, the survey is able to provide the first evidence to the research questions that we presented. Further results will be presented in forthcoming papers.

BACKGROUND

The table below shows schematically the theoretical background. There is not a specific literature about the “Made in Italy”. The main literature reviewed of the past 50 years, from 1965 to 2015, identifies four scientific lines of research, such as the Country of Origin, Country Image and Brand Image, Willingness to Pay. In order to categorize the literature review, we indexed every topic at the most influential authors, considering the publication period of scientific work.
The Country of Origin, also known as the image of “Made in ..”, is a mental effect describing how the consumers attitudes, perceptions and the related purchasing decisions, are influenced by the labels reporting the country of origin. The Country Image could be defined as the reputation or stereotypes that consumers link to the products coming from a particular country. Country Image is linked to a particular and peculiar productive systems that characterize and valorize the nation of origin. The Brand Image definition involves the construction of a defined set of cognitive, emotional and affective associations, that the perception of the brand element will evoke. Finally, the Willingness to Pay (or buy) could be defined as the attention or perception of consumers towards the purchase product related to the psychology approach to pay a premium price for a “Made in” or for a specific Brand product. This could be correlated to the country origin effect, country and brand image.

Table 1. Literature Review about "Made in Italy" perspective

Period	Topic	Authors
1965-2012	Country of Origin (Effect)	Schooler (1965), Baumgartner and Jolibert (1977), Wang (1978), Johansson et al. (1985), Roth and Romeo (1992), Peterson and Jolibert (1995), Baker and Ballington (2002), De Nisco (2006), de Luca and Marzano (2012)
1982-2010	Country Image (Stereotyping)	Bilkey and Nes (1982), Ger et al. (1999), Batra et al. (2000), Ahmed and D'Astous (2004), Zeugner-Roth and Diamantopoulos (2010)
1994-2012	Brand Image (Consumer Association)	Samiee (1994), Anholt (1998), Balabanis and Diamantopoulos (2004), Valdani and Bertoli (2010), de Luca and Pagan (2012)
1991-2015	Willingness to Pay (Premium Price)	Dodds et al.(1991), Feldwick (1996), Homburg et al. (2005), Jaffe and Nebenzahl (2008), Völckner (2008), Steenkamp et al. (2010), Koschate-Fischer et al. (2012), Zarrouk-Karoui and Bernard (2014), Bhakar and Kharade (2015)

Source: Self-elaboration

MAIN FOCUS OF THE PAPER

The literature does not offer sufficient references for a complete understanding of the real value of Made in Italy in terms of willingness to pay by consumers. There are two limits for the Italian context. The first concerns the *deficit* of empirical studies conducted on the products of our country, given the high symbolic value of our products (Vianelli and Marzano, 2012, 5). The second limitation involves to the difficulty of generalizing the results of existing research on the subject, since there are no cross-sectional surveys, but only studies related to each kind of good. Therefore, appropriate extensions of analysis for most sectors are requested. In addition, the current literature seems still unable to precisely measure how the country of origin effect is generated by the image of a specific country. This means that empirical models, capable of measuring the overall "country of origin effect" generated from the image of the country, are missing (Brijs et al., 2011, 1260).
In the "Made in .." effect, the consumer gives a differential value, positive or negative, to a certain product for the only reason of being made in a specific country or be associated in any case to its traditions.

Method or Approach

The sample survey involving a total of 600 respondents, was conducted in two locations: Cassino and Rome, using a sampling stratified by gender, age and level of education, and exploiting as a means of detection a questionnaire specifically for the survey. The questionnaire is structured into the following four sections: 1) knowledge of the phenomenon 2) behavior towards the Made in Italy, 3) attitude to the Made in Italy, 4) personal data. In section 1 the applications have introduced the analysis and verification of the level of knowledge of the issue, the image and perception of Made in Italy by the interviewees. Particularly it has been examined the association, spontaneously expressed, between the Brand Image and the characteristics attributed to the product. According to respondents, the variables codification allowed to synthesize to 6 the number of sectors associated with the Made in Italy (food, home furnishing, beverage, jewelry, mechanic, fashion, technology) and to 9 of the characteristics that distinguish it (beauty, certificate, quality, cost, elegance, originality, tradition, sustainability, utility). In Section 2, the questions aim to evaluate the willingness to pay a premium price for a Made in Italy product, trying to quantify the amount. In particular, the aim is to investigate whether the possible willingness to pay something more was influenced by the reference sector (food, home furnishing and clothing). In section 3 we highlight two important dimensions for this study: the level of rationality of the consumer and how the interviewees appreciate the “Made in Italy” product. For this purpose two Likert-type rating scale were built, including a series of statements, each divided into four kinds of response (very agree, somehow agree, not very agree and disagree). Finally, in section 4 the collection of personal data has been limited to a few variables: gender, age, residence and level of education. These information have been crossed with the other variables in order to evaluate the difference between the various layers of the sample analyzed.

Limitation

The most relevant weakness of the research is that the sample used for the survey is geographically limited in the two areas of Rome and Cassino. This fact may have some influence on the data resulting from the interviews, if affected by such local phenomena. Our research can thus be improved and expanded, using a more representative statistical sampling of the population. At the same time, the research can be expanded by analyzing a wider number of sectors.

RESULTS AND IMPLICATIONS

In order to discover the association and the recognition of “Made in Italy” as a brand identity, we used descriptive statistic models to calculate the relative frequency, expressing the results in percentage. The results were the following: more than 99,5% of respondents recognize the Made in Italy as a conceptual category that has its own identity. With the 0,34% the respondents have never heard about Made in Italy and about 0,17% of the interviewees responded “Yes, I heard of Made in Italy, but the topic does not interest me at all”.

In the first section of the questionnaire, the knowledge of the phenomenon, it was asked to respondent to indicate 3 brands and 3 attributes that come to mind when talking about Made In Italy, as shown in the following table 2. By the same method proceeding, we decided to represent also “the top of mind” ranking about brands and attributes, as shown in the following table 3.

Table 2. The indication of the top ten that concern brands and attributes

Rank	***Top Brand***	***Top Attribute***
1°	Ferrari	Quality
2°	Barilla	Beautiful
3°	Fiat	Expensive
4°	Armani	Good
5°	Ferrero	Elegant
6°	Parmigiano Reggiano	Reliable
7°	Valentino	Safe
8°	Gucci	Original
9°	Dolce & Gabbana	Unique
10°	Versace	Genuine

Source: Self-elaboration

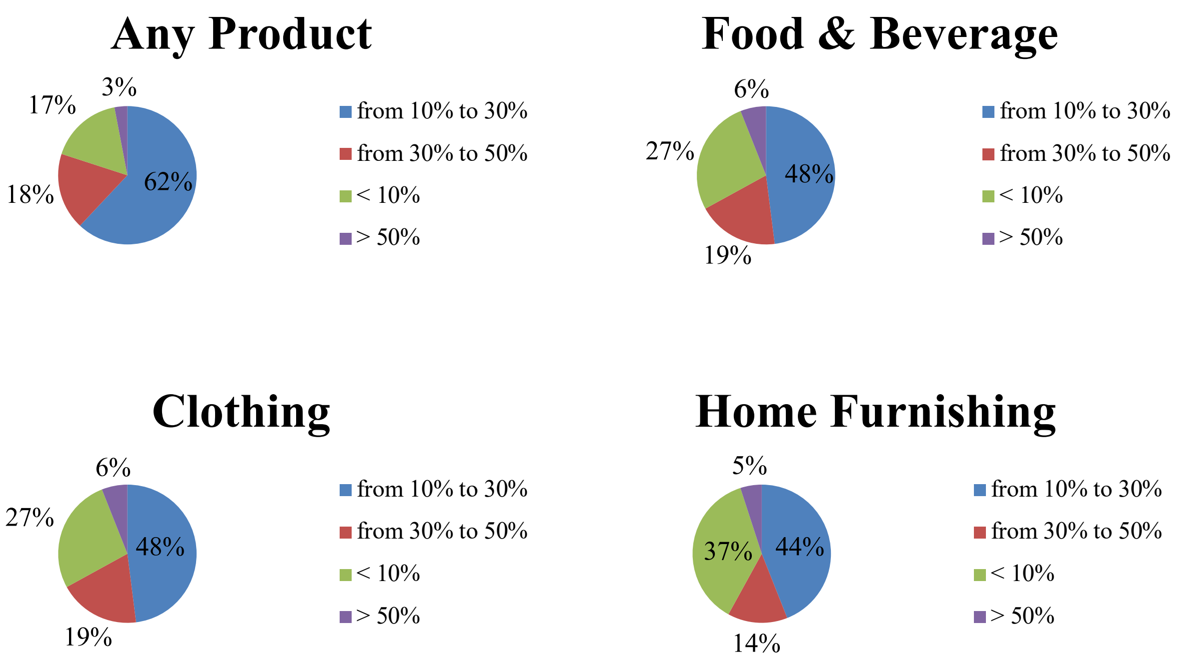
Table 3. The indication of the top of mind that concern brands and attributes

Rank	**Top of Mind Brand**	**Top of Mind Attribute**
1°	Ferrari	Quality
2°	Fiat	Good
3°	Barilla	Elegant
4°	Armani	Beautiful
5°	Ferrero	Reliable/Secure
6°	Parmigiano Reggiano	Expensive
7°	Valentino	Genuine/Original
8°	Gucci	Excellent/Traditional/Unique
9°	Dolce & Gabbana	Refined
10°	Nero Giardini/Versace	Guaranteed/Prestigious

Source: Self-elaboration

As shown in the Figure 1, we analyze the level of premium price that each respondent would be willing to pay for a Made in Italy product. Although with minor differences, both for the aggregate data and for different kind of product, the majority of respondents seem willing to pay a premium price that goes from 10% to 30%.

Figure 1. Respondents to the level of additional premium that would be willing to pay and type of fund



Source: Self-elaboration

The premium price that respondents are willing to pay can be analyzed with respect to the main demographic variables, and in particular: age (Tab.4), gender (Tab.5) and level of education (Tab.6).
The crossings proposed provide information on the effect of these variables on the amount-extra that each respondent is willing to pay for a product Made in Italy. For each of the three socio-demographic variables considered crossing the premium price in general. Compared to all three socio-demographic variables analyzed it is confirmed the pattern already noted above, where the majority of respondents were willing to pay a premium price ranging from 10% to 30% for a product Made in Italy.

Table 4. Amount of premium: age distribution.

General Framework					
		Add a premium in the order of:			
	from 10% to 30%	**from 30% to 50%**	**< 10%**	**> 50%**	**Tot.**
< 1963	61,5%	19,3%	16,8%	2,5%	100,0%
1964-77	65,5%	14,4%	14,4%	5,0%	100,0%
1978-90	55,8%	22,4%	19,7%	2,0%	100,0%
> 1990	66,4%	12,8%	17,4%	3,4%	100,0%
Tot.	**62,2%**	**17,3%**	**17,1%**	**3,2%**	**100,0%**

Source: Self-elaboration

Table 5. Amount of premium: gender distribution.

General Framework					
		Add a premium in the order of:			
	from 10% to 30%	**from 30% to 50%**	**< 10%**	**> 50%**	**Tot.**
Female	63,8%	18,0%	16,4%	1,5%	100,0%
Male	60,2%	16,4%	18,2%	5,1%	100,0%
Tot.	**61,8%**	**17,3%**	**17,2%**	**3,2%**	**100,0%**

Source: Self-elaboration

Table 6. Amount of premium: level of education distribution.

General Framework					
		Add a premium in the order of:			
	from 10% to 30%	**from 30% to 50%**	**< 10%**	**> 50%**	**Tot.**
High School	62,3%	18,4%	16,4%	2,4%	100,0%
Degree/Master/PhD	65,3%	18,9%	10,7%	5,1%	100,0%
Elementary School	0,0%	50,0%	50,0%	0,0%	100,0%
Junior High School	59,1%	14,5%	24,4%	2,1%	100,0%
Tot.	**61,8%**	**17,3%**	**17,2%**	**3,2%**	**100,0%**

Source: Self-elaboration

As regards the practical implications, the possible identification of a specific characterization combined with the willingness to pay of consumers can provide Italian companies a greater incentive to make more of its own productions through appropriate investments.

FUTURE RESEARCH DIRECTIONS

The field survey carried out allows for many future improvements and insights, both to fix some imperfections emerged about the internal consistency of the questionnaire used, both to expand and to better understand the relationship between the identification of Made in Italy and the willingness to pay by consumers. A direction that certainly our research will undertake in the future, will be to further study the relationship between "Made in Italy" and "willingness to pay" for specific sectors of production. That is, it will try to better understand in what areas the "Made in Italy" is more rewarding for companies, in terms of the recognition of a "premium price". Depth study of the phenomenon will also serve to evaluate - in an innovative and more comprehensive way- the behaviour of firms in terms of allocation for their manufacture.

CONCLUSION

At the light of the renewed interest for the Made in Italy, our research provides new elements of discussion. The literature on the topic did not investigate till now if the “Made in Italy” represents a brand recognized by consumers as high quality and if there is a real willingness to pay more for "Made in Italy" products.
From the theoretical point of view, this paper tried an interpretation that can unify the existing literature on Country of Origin, Country Image and Brand Image under the common lens of “Willingness to Pay”.
From an empirical standpoint, the survey investigated the existence of a concrete "premium price" recognized by consumers to the "Made in Italy", also trying to quantify this effect in terms of price ranges and for different sectors.
The first results from processing of the survey data, show first of all that the "Made in Italy" exists and is well established as a conceptual category in the minds of consumers surveyed. But most of all - and this is the most innovative contribution of the research - the survey showed that the consumers surveyed are willing to recognize a "premium price" for products "Made in Italy", and that - in the light of the first processing of data - the increment in price can be placed between 10 and 30%.

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