

Brand Identity and Country of Origin Effect

Brand Identity of Ararat Armenian Brandies. COO effect on wine from
Armenia

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for the methods that are used or the conclusions that are drawn.*

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ABSTRACT

The thesis has two main purposes. First, it provides an understanding on the brand identity theory, the process of its creation and communication. Particularly it discusses the implementation of the brand identity theory on Ararat Armenian brandies. Secondly, the thesis focuses on the Country-of-Origin effect studying Armenia's country image, products' recognizability, the attributes that consumers value while buying wines, and finally their attitudes towards Armenian wine.

Each part has a different methodology of studying the phenomenon. Ararat Armenian brandies' brand identity creation and communication is discussed by a case study, specifically implementing D. Aaker's brand identity model (2002) on the brandy, and identifying the perspectives and categories that can be found in the brand's identity. The methodology of studying the second purpose of the thesis is a survey conducted among wine experts and students of two different universities.

Those studies produced findings on the main perspectives and categories of Ararat's brand identity and its communication style according to Aaker's brand identity model. The outcome of this study shows that Ararat brandies brand identity is quite complete, which gives it a big opportunity to become better known and successful luxury brand in international markets.

In addition, it was found that for the Norwegian consumers the most important attributes of wine are quality, price and producing country. Also, it was found out that Armenia, as well as its wine, is not well recognized among the Norwegian consumers, however, there is a great amount of interest towards both the country and its wine.

Key words- brand, luxury brand, brand identity, brand image, positioning, brand management, communication, Integrated marketing communication, strategies, Country image, Country of origin effect (COO effect), Ararat Brandy company, Pernod Ricard

CHAPTER ONE: INTRODUCTION

In order for the business to be one of the leaders in the market, it has to have some obvious advantages over its competitors. One of these advantages can be a well-conducted management, particularly brand management with an expressive and unique brand identity, an effective communication of the brand identity, and at last but not least an effective communication of its country image.

In other words, one should not rely solely on product quality to win the trust of the consumers. What also matters is to highlight a clear brand identity, to communicate it effectively, to find how it is affected by the prestige of the country that it originates from, and to get maximum benefit of the COO effect.

When it comes to the company's perspective, communication and brand management have a major role on influencing the image that consumers have concerning the brand, thus impacting their purchase decision-making process. Therefore, this thesis also covers analysis of the impact of brand identity communication on buyer behavior and company's success.

A company, which sets a clear and vivid brand identity and communicates it with the consumers creating a well understandable and satisfactory brand image in their minds, becomes a successful business. Therefore, well-established communication links for a company are a precondition for its normal function as an economic unit, one of the key prerequisites for its successful market activities. Therefore, one of the main scopes of this study is to extract the principles and strategies of Ararat brandies company's brand identity creation and its communication process. One of the main objectives of the thesis is to show that this current success of Ararat Armenian brandies company is not a coincidence but rather something achieved through a well-organized and unique strategy.

This thesis will also focus on the Country of origin effect. COO defines a brand, and impacts on how it is perceived by consumers (brand image) consequently the sales volume and company success. To visualize the facts a quantitative research was conducted among the students of University of Agder and EM-Strasbourg Business School.

Another objective of this paper is to determine what is brand identity, to discuss a brand identity creation model, marketing communication, its types, and the methods of communication strategy, COO effect and its influence on consumers' product evaluation.

The first chapter is an introductory part of the thesis. Theoretical background of the thesis is covered in the second chapter. The third chapter is fully devoted to Ararat brandies' brand identity creation case study, introduction to the wine sector and quantitative research on COO effect on Armenian wine. The last fourth chapter is the conclusion of the thesis.

WHAT

- [To identify and discuss brand identity
- [To examine the brand identity of Ararat Armenian brandies and discuss how it is communicated in Armenia and in international markets
- [To identify the impact of communication with the customers in creating successful brand image
- [To identify and discuss COO effects
- [To find how the COO effect influences the wine from Armenia

WHY

- [Ararat Armenian brandies is quite well known brand in the world and it was able to gain some market share in the international brandies market
- [Interesting to see how it creates its brand identity and communicates it with the customers to develop a favorable brand image
- [Armenian wine sector is well developed and has a rich history tracking back centuries. It has potential to be one of the most exported products of the countries' economy
- [Can obtain an idea about the relationship between COO effect and consumer behavior and how it helps or prevents them to become well-known and successful in the international market.

- [Learn about COO effect on Armenian wines and Armenian Brandies' brand identity creation and communication in international sets: status and possible improvements

HOW

This thesis intends to analyze its purposes in accordance with the theories of international marketing. Information and relevant data are gathered from various sources such as

- [books,
- [scholarly articles,
- [reports from the company or from the industry analyzers
- [companies web pages
- [empirical investigation among students from University of Agder (Norway) and EM-Strasbourg Business School (France)
- [Interviews with industry experts from Norway and Denmark
- [Firstly, identify the concept of brand management, particularly brand identity and communication by reviewing the literature on Brand Identity creation and communication, COO effect
- [Secondly, develop a case study analyzing Armenian brandies company based on these theories
- [Furthermore, the focus will be on the concept of COO effect
- [A quantitative research will be conducted to examine the COO effect on Armenian wine
- [Finally conclusion based on these studies

Independent variables	Dependent Variable	Sample
Product, prestige,	[COO effect	[Students over 18

willingness to buy the product	<ul style="list-style-type: none"> [Stores where it's sold [Company that owns and represents the brand [Price [Design [Communication [Quality assurance [Self-directed pleasure 	<p>(Norway and France)</p> <ul style="list-style-type: none"> [Wine writers from Norway and Denmark
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1.1 Research objectives

The objective of this thesis is to study the Ararat brandies' brand identity, its communication and COO image of wines from Armenia, its potential effects on consumers' product evaluations. To examine which of the given product features consumers generally consider important and if they find these qualities well represented by wines from Armenia. Research is conducted by gathering information from students of University of Agder in Norway, EM Strasbourg Business School in France and wine experts from Norway and Denmark. The main motivators behind this researches are to study how Ararat brandies' brand identity is created and communicated, and to see if it contributes to the companies' growth, to find out if wine with Armenian COO have a good reputation among the wine consumers and they are willing to buy it.

1.2 Research problems

This paper has two research problems. First, to identify Ararat Armenian brandies' brand identity and it's positioning. Second research problem is the COO and consumers' attitude towards the products, particularly wine, originated from Armenia.

Research problem 1: Ararat brandy's brand identity. The way it is positioned and communicated in international markets.

Research problem 2: Whether COO indeed has an influence on consumers' attitude towards a product.

Sub question 1: What is Armenia's country image in international sets?

Sub question 2: The qualities the consumers find important in products from Armenia.

Sub question 3: How the consumers evaluate the wine originated from Armenia.

1. 3 Introduction to Yerevan Brandies Company

“It is easier to climb up Mount Ararat than to get out of the Ararat Cognac cellar.”

Maxim Goriky

Today's most famous and successful brand in Armenia, Ararat brandies from the Yerevan Brandy Company, embodies Armenia, its cultural and historical heritage. Legendary Ararat keeps the traditions of brandy production starting from 1887. Only local varieties of grape are used in the production of an authentic Armenian brandy which grow in the unique microclimate of the Ararat Valley. The double distillation method used by the company preserves the flavor and aroma of grapes in the brandy. The aging, which is one of the important processes of the brandy making is done solely in Caucasian oak barrels. In 2002 the factory rebuilt its own cooperage industry in accordance with classic technology and using only Armenian varieties of oak. Due to this kind of oak the spirit is enriched with natural flavors of dried fruits, spices, chocolate and vanilla during the aging process. Each of the 7 brandies included in the Ararat line: 3 stars, 5 stars, Ani, Otborny, Akhtamar, Vaspurakan, and Nairi, has its own unique taste. In 2011, Yerevan Brandy Company launched the Ararat Exclusive collection uniting the most exquisite and unique brandies in the Ararat range: Armenia and Dvin¹.

¹ www.araratbrandy.com

Ararat brandies have not only preserved its traditions, but also received new opportunities for development and innovations, as well as strengthened its positions in the international arena.

The story began with Yerevan wine and brandy factory founded in 1887 by an upper guild merchant Nerses Tairyants. The factory was big enough for that time equipped with 2 Charente type distilleries, distilling spirits with classic cognac technologies. It differed from other distilleries which made wine only for their home consumption.

Later, in 1897 a very famous Russian spirit distributor Shustov and Sons began to distribute the brandy to Europe and already in the beginning of 1900s the enterprise got the status of the Armenian Brandy distributor to the Tsar-court and Russian admiration. During Shustov enterprise ownership the brand took part in famous international expos and won various gold medals and Grand Prix awards. In 1902 first Armenian vintage brandy Fine-Champagne Select (Otborny) was presented in France, motherland of cognac. Where the brandy was recognized by french expertise to be of a high quality, their approach to making the beverage was considered to be innovative.

The story was as following: Shustov incognito sent some samples of the brandy to the annual exhibition in Paris and was awarded the Grand Prix by the French judges. Thereafter, finding out that the brandy was not French and was sent from Armenia, they were astonished and decided to grant Shustov with the privilege to use the word «cognac» on the labels instead of «brandy» as it should have normally be². He was the first and only one foreign brandy maker throughout the history of brandy producing who was granted that privilege .Then, during Bordeaux International Exhibition and Tasting in 1907 Mkrtich Musinyants got a diploma of cooperation.

Later in 1920 the factory was nationalized by the government. Then in 1953 the factory was renamed as Yerevan Brandy Company and moved into a new monumental (representative) building, where the legendary Armenian Ararat brandies are produced till the present days.

² The European Union and some other countries legally enforce the use of the name Cognac as the exclusive name for brandy produced and distilled in the Cognac area of France and the name Armagnac for brandy from the Gascony area of France. Both must also be made using traditional techniques. Since these are considered PDO (Three European Union schemes of geographical indications, protected designation of origin), a brandy made elsewhere in a manner identical to the method used to make Cognac and which tastes similar to Cognac, cannot be called Cognac in places that restrict the use of that term to products made in the Cognac region of France. Such places include other parts of Europe, the United States and Canada. *Wikipedia*

In 1998, the Yerevan Brandy Company was acquired by the French enterprise Pernod Ricard, which modernized the facilities and firm structure. Until today, the factory produces excellent brandies, among others, the most popular Armenian Brandy Ararat.

1.4 The craziest parts in the history of Armenian brandy

Shustov had an interesting style of marketing to make the sales volume of Armenian brandies grow. He hired students living in Europe who went to high-class restaurants in Europe (Rome, Paris, London, Berlin etc.) and ordered Armenian brandies for the dinner. When they got refused to be served the brandies as there were no such a brandy in those restaurants, they stood up and demonstratively lived the restaurant telling the manager that they would return in case they served those brandies.

Soon after the World War II when the world leaders; Churchill, Roosevelt and Stalin met in Yalta to discuss how to come over the after war crisis. Stalin offered Churchill a glass of a brandy, it was Armenian brandy Dvin, a blend of different cognacs prepared by the master distiller Margar Sedrakyan. Churchill liked it so much that asked Stalin to send him 400 bottles of the brandy each year (365 for him for each day and the rest for his friends).

After some years, when drinking Dvin brandy that Stalin had just sent, Churchill noticed that it had different flavor. Then he found out that Stalin had exiled the distiller Margar to Siberia for some reason. Then, after talking to Churchill, Stalin changed his mind and called Margar back from Siberia.

Years later Margar made a special blend to commemorate his escape from Siberai. That was Erebuny blend, an unusual brandy as he blended it at 57% of alcohol whereas the usual brandies had 40%. The reason was to stay warm in icy Siberia in case he was sent back again.

CHAPTER TWO: THEORETICAL PERSPECTIVE

In this chapter 2 main concepts are going to be discussed; Brand identity creation, the role of marketing communication in this process and Country of origin effect.

2.1 Brand Management

A brand is defined as “a name, term, sign, symbol, or combination of them which is intended to identify the goods and services of one seller or group of sellers and differentiate them from those of competitors”.³A well-known brand name is a vital asset for a company. Brand equity is defined as brand's power derived from the goodwill and name recognition that it has earned over time, which translates into higher sales volume and higher profit margins against competing brands⁴. These include brand-name familiarity, how its quality is perceived by the customers, and any other associations they have with the brand name.

On the other hand brand image does not provide only the characteristics of a product. Successful brand image positively impacts the marketing process of the company when different methods are used to maintain relationships with the consumers.

2.2 Four levels of brand identity (System of characteristic features of the brand)

Strong brands, which have a serious impact on customers and have long been for them something more significant than just a product, have their own special features on these four levels: functional, personal, social and cultural. The brand first seen in advertising or on store shelves is only labeled goods, most of the values of the brand are limited by their functionality.

³ Kotabe & Helsen (2008), *Global Marketing Management*. (4th ed.), John Wiley & Sons, Inc. (p.374)

⁴ Brand equity. <http://www.businessdictionary.com/definition/brand-equity.html>

Personal and social values are rarely equal in degree of expressiveness. Predominance of one of these two levels is usually determined by the specific product category. If the product is intended for personal consumption, or the pleasure or for expressing their individuality, the personal value is more important. In the goods and services created for caring about someone, establishing certain relationships or maintaining social status, social feature prevails over personal feature. Finally, the cultural value affects especially the traditions, history, ethnic, style, fashion, ideals and social norms.

A strong brand is a trinity of particular goods or services, distinct identity and clear features. It has a functional, personal, social and cultural importance. (J. Aaker, 2009)⁵.

2.3 The difference between the brand identity and its image

The concept of brand identity is different from the concept of "image". The brand identity refers to the ideal content: as developers would like to see this brand perceived and assessed by all interested parties (stakeholders), and especially by consumers. Brand image is the way consumers perceive and experience/assess the brand⁶.

In addition to contacts with branded goods and brand, communications of its identity affect entire consumer experience in relation to the product category, including competitors' activities and information "noise" (general information glut, fragmentary, contradictory and often meaninglessness of incoming information to consumers). In this case, properly designed brand identity should have a high noise immunity, that is, ability to deliver the required value to consumers without distortion. Image is then perceived as a brand identity, and the way it should be perceived (J.J. Lambin and I. Schuiling, 2012)⁷.

5 J. Aaker, 2009, "*Building innovative brands*", Stanford Graduate School of Business

6 1) Aaker, D. (1991) «*Managing Brand Equity*», First edition, Free Press, New York. 2) Aaker, J. L. (1997) "*Dimensions of Brand Personality*", Journal of Market Research, Vol. 34, No. 3

7 J.J. Lambin and I. Schuiling, 2012, "*Market-Driven Management: Strategic and Operational Marketing*»

2.4 Positioning

According to the authors of the concept of positioning E. Rais and J. Traut (**Positioning: The Battle for Your Mind, 2000**), positioning is the management of consumers' opinion in regards to the place (position) of the brand among many different brands of this or related product category. During the positioning the brand, the offeror offers the consumer to determine on what "shelf "and next to what the image of the brand will be in his mind. The aim is to create the impression for the consumers that the brand in front of them is a unique, one-of-a-kind brand, for which there is no equivalent replacement.

According to D. Aaker (1992), the position of the brand is a set of associations that binds the consumer with the brand. It can cover the physical attributes, lifestyle, usage situation, brand image, stores where it is sold. Position of the brand is developed through years by means of advertising, rumors and using experience. Position of the brand in the consumer's mind is the relative concept, which is based on a comparative assessment of the brand by the consumer with competing brands.

2.5 Positioning and brand identity conceptions have common goals

Positioning strengthens the differentiation and facilitates the purchasing process of a branded product by the consumer. However, there are important differences between these concepts. First, positioning is focused on the product or service itself. Secondly, it does not reflect the complete meaning of the brand and doesn't express its full potential. Positioning provides consumers a meaningful reason to buy based on rational and emotional benefits of the consumption of the goods (Edward P. DiMingo, 1987)⁸.

Brand identity, in addition to the functionality of the item, includes important psychological, social and cultural aspects that significantly affects consumer preferences and choice of a branded product, so the positioning of the brand is secondary in relation to the concept of brand identity.

⁸ Edward P. DiMingo, *"Fine Art of Positioning. Sound bite or solid marketing?"*, 1987

Brand positioning process is an adaptation of its characteristics to specific market conditions, i.e. the specifics of competitors' supplies and consumption demand. According to J. N. Kapferer⁹, brand positioning indicates the angle at which the brand attacks the market to increase its share by means of competition. Brand identity and its positioning are mutually complementary. J.N. Kapferer suggests to combine them in a separate document, in brand platform.

2.6 The main danger for brand identity

One of the main dangers for the company is when the owner of the brand is constantly striving to change its brand identity in line with market trends: depending on the competitors' actions and for the sake of changing consumer preferences. On the one hand, company executives want their brand always to be "on the crest of " consumer demand, always attract the attention of consumers and fascinate them, always to be modern, bring to life a constant novelty . On the other hand, a unique, relevant and understandable to consumers brand identity requires persistence and consistency in its development (K.L. Keller, 1993)¹⁰.

The causes of these two approaches is the difference between the two strategies of business/ entrepreneurship.

The first strategy aims to increase the monthly, quarterly and annual sales, strategic planning period for the companies that have chosen a similar path, as a rule, is limited to one year. Realization of such a strategy does not allow to extract the maximum economic opportunities of the brand, as consumer brand equity is based on the stability of the consumers' relationship to it (this is formed over years).

The second strategy is expressed in the formation and growth of long-term brand equity as the most valuable intangible asset of the company. For the implication of this strategy there is a need of strategic planning for five years or more.

⁹ Kapferer J. N. (2012) "*The New Strategic Brand Management. Advanced Insights & Strategic Thinking*", Kogan Page Ltd., London. p. 149-177

¹⁰ K.L. Keller, 1993, «*Conceptualizing. Measuring and managing customer based brand equity*», Journal of marketing, Vol. 57

Relevance between the brand and its identity is not antagonistic, but dialectical relationship. Balance between them is achieved with two methods. First, brand identity, maintaining its continuity and consistency, should evolve with the global trends in the market. Secondly, innovation, modernity, ultra trendy or novelty may be an important feature of the brand. This allows it to be constantly updated tracking the changes of consumer tastes. For example, these are the characteristic features of the brand Tefal, relevance, diversity and novelty, which is expressed in the advertising slogan "Without your ideas we will not do it."

2.7 Five traps of brand identity

D. Aaker (2002, p. 95-103) distinguishes four types of traps that impede the development of an integrated approach to the development/elaboration of the system of characteristics features of the brand.

1. The first danger is the excessive emphasizing of attention to the brand image, i.e. on how the buyers would like to see the brand now. Brand image is based on the tactical aspects of brand management, while brand identity is a strategic tool for creating and managing long-term brand equity. Specificity of the first trap is described by dialectic tactics and strategy.
2. The second pitfall/trap is the over-reliance on brand positioning. By positioning brand identity is being adapted to the specifics of the local market. Brand positioning occurs through marketing communication and is the only part of the brand identity: it is only a "breaking" of the identity, especially taking into account supply and demand in a particular local market. Thus, the positioning of the brand is a local adaptation of a global brand identity. Specifics of the second trap is described by dialectic of the part and the whole.
3. Trap of a "bystander" occurs when brand owners are overly passionate with its ability to influence consumer behavior, while ignoring the impact of the strong brand identity on employees, corporate values, vision and mission. Development of brand identity on the "inside out" allows to adapt the corporate culture with customer needs and market conditions. Principle of development "outside to inside" allows to be mostly responsive to customer requests regarding manufactured

goods and services. Only the balance of these two tendencies can create a brand identity, contributing to the objectives of the company, on the one hand and satisfying the complex of customers' needs on the other. The specificity of the third trap is described by dialectic of internal and external.

4. The fourth trap is to focus on the characteristics of the product: excessive enthusiasm for functional features of the product, its purpose, quality, etc. in the development of brand identity. Brand is something more than just a commodity. Specificity of the fourth trap is also described by dialectic of the part and the whole.

Let's add another trap, the fifth one. It consists of connecting the characteristic features of the brand with its identifiers. T. Allen, T. Simmonz (2007) did not avoid a trap like this, who refer brand identity to its visual and verbal representation. B. Vaneken (2004) also believes that the characteristic features of the brand is "a set of visual, auditory, and other components of sensations". L. Upshaw (1995) by identity mainly reflects the means of identification: the brand name, logo/graphics system, sales strategy, the effectiveness of the product/service, promotion/merchandising, marketing communications, brand essence (brand positioning, strategic identity). But it shouldn't be neglected that brand identity is its idea, the ideal content and identifiers are just a means of expressing ideas, performing three major functions: additional brand differentiation, its recognition in the competitive environment and expression of the concept through their meanings and associations.

J. N. Kapferer (2005) believes that the brand identity is clearly defined when the firm formulates the answers to the following questions:

"What are the specific vision and purpose of the brand? What makes the difference? What needs satisfies the brand? What is its unchanging nature? What is the value or values? What is the scope of his competence (legal area)? What attributes make the brand to be recognizable? "

Thus, brand identity is a specific concept that posses the following functions:

- ♣ identification (unambiguous and precise recognition of the brand by consumers in a truly competitive environment in any market);
- ♣ differentiation (significant differences from competitive brands and uniqueness);
- ♣ influence on consumer behavior (maintaining existing and attracting potential customers).

Sources

The quality of brand identity (recognition, associativity, memorability, clarity, consistency, significance, value, attractiveness, etc.) are a means to perform the three major functions; identification, differentiation and influence on consumer behavior.

2.8 Model Brand Identity System

D. Aaker (1 2002) proposed a model in which brand identity is presented as 4 perspectives consisting of 12 categories in total. Those four perspectives of brand identity are the brand as a product, brand as an organization, brand as personality and brand as a symbol (Fig. 1 and 2).

1. Core brand identity.
2. Extended brand identity.
 - 2.1. Brand as a product.
 - 2.1.1. Product scope.
 - 2.1.2. Product Attributes.
 - 2.1.3. Quality / value.
 - 2.1.4. Areas of usage.
 - 2.1.5. Users.
 - 2.1.6. Country of origin.
 - 2.2. Brand as an organization.
 - 2.2.1. Attributes of the organization (e.g., innovation, customer orientation, providing confidence).
 - 2.2.2. Localization / globalization.
 - 2.3. Brand as an individual.
 - 2.3.1. Personality (e.g., sincere, energetic, straightforward).
 - 2.3.2. The relationship between the brand and the customer (for example, "friend", "counsellor").
 - 2.4. Brand as a symbol.
 - 2.4.1. Visual image and metaphors.
 - 2.4.2. Brand heritage.

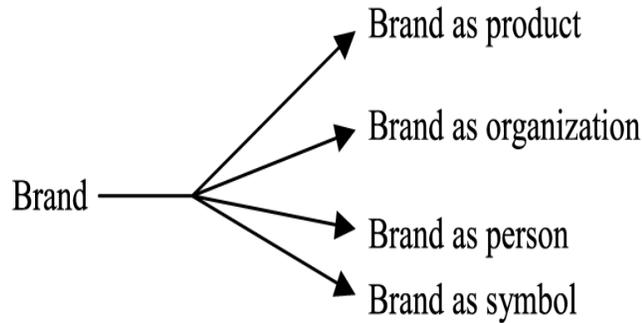


Fig. 1. Four aspects of a brand

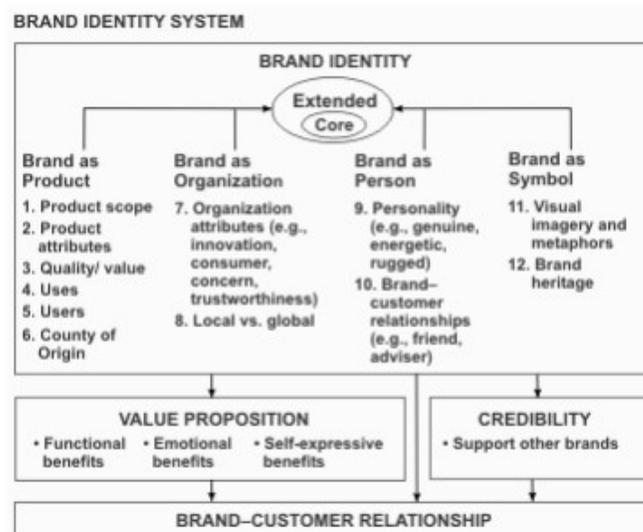


Fig. 2. "Building strong brands" (D. Aaker 2002)

Core identity is a fundamental, sustainable brand identity that does not depend on the product category and the specific market. It's tangible and intangible elements of the brand reflecting the strategy and value of the brand or the organization. It's timeless and very easy to communicate with the consumers. Core identity, as described by D. Aaker, is close (and often is difficult to differ) to the concept of brand essence, the key idea that expresses the spirit of the brand. The brand essence is not a slogan that can be communicated with consumers, but a word or a statement that can be announced to create value. It's unlike the core identity, is philosophy or concept. It's a managerial tool, and in case it's used in the right way, it can describe the brand itself. Extended identity

includes elements of brand identity, which are not present in the core identity, combined into mutually significant groups and giving structural completeness to the brand identity.

Brand identity must help to establish a relationship between the brand and consumers, creating a value proposition involving functional, emotional benefits or the benefits of self-expression.

The model of D.Aaker describes brand identity as a driving force of its associations. This explains some deficiency in harmony and systematic exposition of the structure of the characteristic features of the brand.

Now let's analyze each perspective of Aaker's brand identity model with its categories.

Brand as product. This perspective consists of 6 categories mentioned above: product scope, product attributes, quality / value, areas of usage, users, country of origin. These product related categories are very important in creating a brand identity, yet one should be careful to not overemphasize it. Managers must clearly differ product from the brand. A brand is more than a product which is easy to copy. These categories help to identify the product class or the industry to which the product belongs.

Brand as organization. This perspective is more resistant in terms of competitiveness than the product attributes. A product can be copied, but copying an organization is very difficult. The categories in this brand identity perspective are organization attributes and local vs global. Organizational attributes are often intangible in the contrary to product attributes and makes the brand more feasible in the minds of customers representing organizational values.

Brand as person. This perspective has two categories; personality and brand customer relationship. This suggests that a brand can also have a personality and therefore form relationship between itself and the customer.

The main concept here is that the brand has human characteristics such as special demographics, style etc., by means of which it appeals the customers who find those traits attractive for themselves. Consumers often express their personality or the one that they would like to become by using the brand.

The second category of this brand identity perspective is relationship with the customer. Here the brand is described as a friend, and the relationship can be in different forms as friends can have different personalities etc.

Brand as symbol. This perspective has two categories visual imageries/metaphors and brand heritage. Symbols represent brand and over time create special connection with the consumers. A symbol can include metaphors. A brand heritage is created during a long time of a brand being in the market.

Value proposition

The next essential step in BIPM is value proposition which can be expressed by functional, emotional and self-expressive benefits. If the value proposition is effective it will take to the brand-customer relationship (Aaker, 2002).

If the brand has a strong value it will be commercially powerful staying in the consumers' minds for a long time. Basically, the role of value proposition is to fulfill consumers' functional, emotional and self-expressive needs (moving up on Maslow's hierarchy).

According to Aaker (2000), if the brand is able to capture its target market and provide it with benefits in its various categories, then it is concerned as a strong and successful brand.

Credibility

Another essential process in creating brand identity is credibility. If the other two features, brand elements and value proposition, are not chosen thoroughly and communicated effectively the brand identity will not be perceived as credible by the consumers (Aaker, 2002). Credibility is very important in the case of brand extension. The extensions recalling the brand name will gain credibility that was created by the original brand.

Customer relationship

Customer brand relationship is the last feature of Aaker's brand identity model. This relationship can be resulted from value proposition, core or extended brand identity. When the consumers see the brand as a person, they build relationship with it as they would do it with a human being. This relationship is a two way relationship, meaning that either the brand or the consumer can react on the quality of the relationship. As Aaker states the brand behavior doesn't match with the brand identity and the personality that is communicated, the brand image will change in consumers' minds. That's why it's very important for the brand to be reliable and consistent to do its promises.

Concluding notes on Brand Identity

Brand identity is a key concept of brand management. After analyzing Aaker's model that describes brand identity, one can conclude that the most important elements that have direct relevance to brand identity are: brand values, brand personality, the type of relationship of the brand with the consumer and the essence of the brand.

As it was mentioned above in this subtitle, it's normal for a brand to not have all of the 12 categories, but in the process creating brand identity it should be determined which categories are the most important for the brand. As this can draw the line by the brand and the competition.

By choosing an brand aspect and categories it's vital to ensure that those are relevant to consumers' needs as they form relationship based on the brand identity.

Moreover a strong brand identity must be trustworthy for consumers offering a good reason to choose the brand, otherwise the brand can be treated as an average brand.

2.9 The strategy and methods of marketing communication

A business should support the relationship, the formation of dialogue, empathy and communication in order to be well understood by the consumers, gain their trust and be successful.

Using the techniques of integrated marketing communications a firm integrates all communication processes, to achieve an understandable, coherent, complete broadcasting on the company and its products and positions its brand by visualizing its brand identity.

In the process of creating brand identity communicational message is also created alongside. Thus communication and particularly IMC is discussed below.

Definitions

Integrated marketing communication (IMC): Integrated marketing communication is a concept under which a company systematically coordinates its multiple messages and many communications channels and integrates them into a cohesive and consistent marketing communications mix¹¹.

Luxury: the general notion of luxury is relative and perceptual, luxury brands in contrast acquire a concrete and absolute quality through the product or service provided. Both are imbued with feelings and ambiguity (Dubois and Laurent, 1994)¹².

Brand: Brands in general embody a symbol, an implicit value proposition, and personality. This equally applies to luxury brands (Alleres, 1997)¹³.

Luxury Brand: A definition of luxury brand includes a promise of performance in return for the trust placed in it¹⁴.

Thus, luxury brands combine synthesis of emotion, image and personality, and correspond to self-concept congruency, and communicate these concepts symbolically in brand identity (Seringhaus, 2002). The challenge for luxury brands is to convey the characteristics of intangibility, tangibility, and inaccessibility online using available Internet technology.

11 Dong Hwan Lee, Chan Wook Park, September, 2007, "Conceptualization and Measurement of Multidimensionality of Integrated Marketing Communications", Journal of Advertising Research

12 F. H. Rolf Seringhaus, 2005, "Selling Luxury Brands Online", Journal of Internet Commerce, Vol. 4(1)

13 F. H. Rolf Seringhaus, 2005, "Selling Luxury Brands Online", Journal of Internet Commerce, Vol. 4(1)

14 F. H. Rolf Seringhaus, 2005, "Selling Luxury Brands Online", Journal of Internet Commerce, Vol. 4(1)

2.10 Buyer Behavior

On the other hand customers' needs and wants continually change and become even more demanding. Therefore understanding of consumer behaviour in different cultures is becoming more prominent and it will affect to firms' marketing strategy, internal and external decision making process. Figure 2 presents what factors affect on decision process of buyer behaviour.

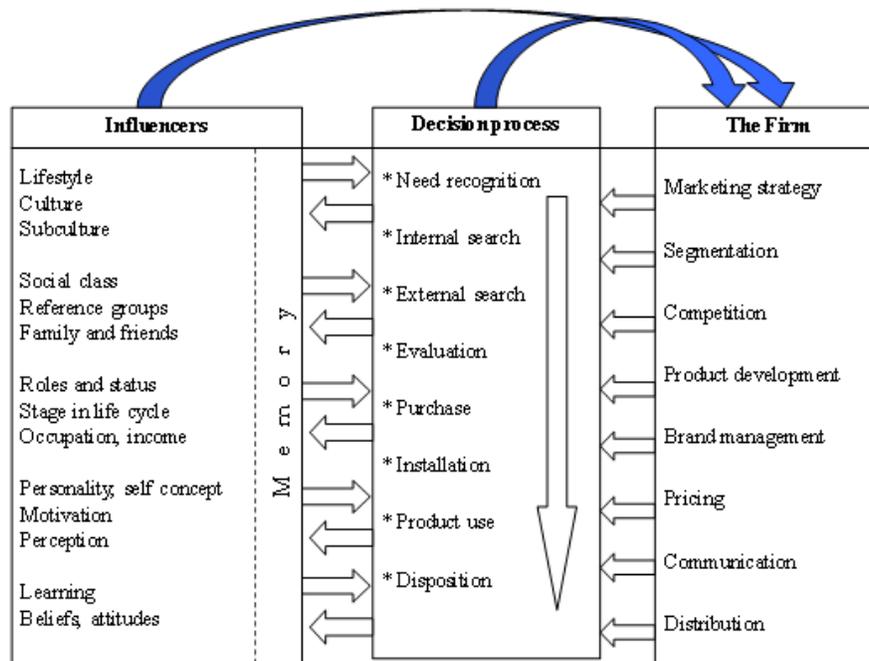


Figure 2¹⁵

2.11 Communication

Marketing communication of a firm is a complex of influences on internal and external environment in order to present their brand identity and create favorable conditions for stable profitable operations in the market.

Marketing communication is a “two-sided” process: on one hand, impact on the target and non-target audience is expected and on the other hand counter information about the reaction of the audience carried on by the impact can be got. Both of these components are equally important, and their unity gives the basis to consider the marketing communication as a system.

For successful marketing of private goods it's necessary that end users (buyers) are well aware of the properties of the proposed consumer goods, shops locations, prices, discounts and terms of payment. And since buying decisions are taken by millions of people, large-scale, often worldwide advertising campaigns are becoming necessary that require significant resources.

The modern firm manages a complex system of marketing communications. It supports communication with their brokers, consumers and various other contact audiences.

Although a comprehensive standard classification of communication types and forms does not exist, however it is assumed that the four main means of influencing; advertising, personal selling, public relations, sales promotion form a "communication complex" of marketing ("complex promotion").

Advertising - any paid form of non-personal presentation and promotion of ideas, goods, or services which are ordered and financed by a specific sponsor with the goal to convince them to buy his/her goods or services.

Sales Promotion – one-time-only incentive measures to encourage the purchase or sale of goods or services.

Propaganda ("publicity") - impersonal and not paid demand stimulation of a product, service or organization by spreading commercially important information about them and which is not paid for by the company.

Private sale - oral presentation of goods during the conversation with one or more potential buyers with intentions to sell and establish long-term relationships with these customers as well as get information for the firm¹⁶.

Communication with the public. Building relationships between the company and the various contact audiences by creating favorable for the company's reputation, positive "corporate image" on the one hand, and by elimination or prevention of unwanted rumors, gossip and actions - on the other hand. Those are directed actions that create an atmosphere of understanding and mutual trust between the company and various audiences. Thus, the purpose of communication in this case is to provide moral support for the actions of the company.

In addition to the direct means of communication such as exhibitions, fairs, salons, telemarketing, global information and electronic systems (such as the Internet), selling through catalogs, direct mailing must be added.

At the same time, the concept of communication is not limited to these tools of promotion. The exterior design of the product, its price, the form, the color of the package, the store where it is sold, all these are methods of transmitting information to the buyer. Thus, although the promotion complex is central for the company's marketing communication program, to achieve the best results, the other components of marketing system must not be neglected.

The main component of marketing communication of any firm is the demand generation and sales promotion system (DGSPS)¹⁷, that is practically an entire set of measures in the marketing system designed to create demand and sales promotion for the benefit of the manufacturer while taking into account the requirements of the market and the consumer.

Demand creature and sales promotion have a special place in modern marketing, because they represent the most active part of all marketing tools.

In preparing DGSPS first the company's purpose is defined, which is usually not the same with the commercial purpose. DGSPS objectives can be, for example, the (spreading) dissemination of information about the company, about its achievements, the clients, what steps it takes to increase the products ecological compatibility etc. Consequently, DGSPS solves not only

16 Gerald Albaum, Edwin Duerr, 2011, "*International Marketinn and Export Managemnet*"

17 Raab, 2008, "Guide to demand generation systems: selection process", p 21

current commercial problems, but also contributes to the respect and confidence towards the goods producer.

To decrease various barriers the buyers have while purchasing a product, or even better to eliminate them, the company must to create attractive, positive emotions evoking and well remembered “image” of the product. Therefore advertising and other activities of demand creating must demonstrate a product from the perspective of the buyer, that is the product must be viewed with their eyes.

The company in this case should take care of the maximum awareness of current and potential customers. The more they know about the latest product, about the manufacturer the higher the probability for choosing the product.

DGSPS is divided into two stages. In the first stage, when the company enters the market with a new product, predominant measures are to create demand. In the second stage, when the buyer is already familiar with the quality of goods and intends to make repeated purchases of the product or its analog-competitors, sales promotions are dominated.

The new technologies have prevailing influence on the technical foundation of modern communications and, consequently, on the whole system of marketing communication.

A strategic approach of marketing communication is based on the need to take into full account firm-wide management strategies (primarily, marketing strategy) and the fundamental properties of any marketing communication as a system, as well as the characteristics of its development, taking into account the conditions and objectives of a particular firm.

Therefore, the strategy of marketing communications of the firm is based on the need to build a reliable, free from internal contradictions, a well-functioning system of communication.

2.12 The complex of stimulation

Budget of stimulation. What should be the cost of promoting? How does the company determine the size of their budget for promotion?

The method of calculation "from cash." Many companies allocate for promotion the amount they think they can afford themselves to spend. Such an approach ignores the influence of incentives on sales volume. As a result the budget remains uncertain from year to year, making it difficult to plan ahead its market activity.

Method of calculation "as a percentage from total sales." Many companies calculate their promotional budgets depending either on the amount of sales, or the price of the goods. Car companies, for instance, usually allocate a certain share of the planned price of the car for promotional purpose.

Method of competitive parity. Some firms set the size of its promotion budget at the level of competitors' corresponding costs, thus they knowingly doom themselves to the role of imitators, industry outsiders.

Method of calculation "based on the goals and objectives." The method corresponds to the modern concept of strategic management and suggests that companies adopt their budgets for promotion based on developing specific objectives, identifying goals to achieve them, and estimations the costs of meeting these challenges.

Forming a complex of stimulus. Companies are very different from each other by the distribution of funds within their budgets of promotion.

Companies are constantly looking for ways and means to improve the efficiency of its operations, replacing one way of stimulating with another, as soon as it becomes clear that it provides better results. Forming a complex of stimulus is particularly difficult when one mean can be used to promote the other one.

Funds for promotion. Every way of promotion - advertising, personal selling, sales promotion and propaganda (publicity) - has its own unique characteristics, its own kinds of costs. Choosing a way of stimulating one should take into account its characteristics and features.

Advertising. Forms and methods of using advertising are so diverse that it is possible to give only the most general assessment of its specific qualities:

1. *the social nature of advertising.* This is a purely social form of communication, where it is assumed that the product is legal and generally accepted. Since one and the same

message gets lots of customers, the buyer knows that the motive with which the customer was led to make the purchase, will meet public understanding;

2. *ability to admonition*. Advertising - is a way of persuasion, allowing the seller to repeat the message numerous times. It allows the buyer to compare the treatments of various competitors. Large-scale advertising is a kind of testament of respectability, popularity and success of the seller;
3. *expressiveness*. Through skillful use of text, sound and color advertising makes it possible to throw a provide presentation of the company and its products. However, explicitness of advertising can distract attention from its substance intention;
4. *anonymity (impersonality)*. Advertising can't be an act as personal as the communication with the firm seller. The audience does not feel the need to pay attention or reply. Advertising can only monologue.

Personal selling. At some stages of the buying process, especially in the formative stages of consumer preferences and beliefs, as well as directly during the sale personal selling is the most effective. The reason lies in the fact that the technique of personal selling is characterized by:

1. *personal character*. Personal selling involves live and direct mutual communication between two or more persons. Each participant can directly study the needs and characteristics of the other participants, and immediately make the appropriate adjustments in the communication;
2. *relations establishment*. Personal selling helps to establish a variety of relationships - from formal buyer-seller relationship to a strong friendship. The astute seller is seeking to establish long-term relationship with the client, so it usually takes his/her interests very serious;
3. *inducement to response*. Personal selling makes the buyer feel somewhat obligated to have commercial conversation with the seller. He/she feels a strong need to listen and respond, even if his/her reaction would be only saying thanks politely.

Sales promotion. Although sales promotion is an activity in which a mix of influencing means is used (coupons, contests, prizes) all these means have three distinctive characteristics:

1. attractiveness and informativeness. They attract attention and usually contain information that may cause consumer's interest to buy the product ;
2. inducement to make a purchase. They suggest some sort of rebate or cooperation that is valuable for the consumer;
3. invitation to make a purchase. They contain a clear proposal to make an immediate deal.

Propaganda ("publicity"). The attractive power of propaganda comes from its three distinctive qualities:

1. reliability. Informative material, article or essay readers seem to readers more believable and credible than advertisements;
2. wide coverage of customers. Propaganda can reach many potential buyers, even those who avoid contact with vendors and advertising. The message comes to buyers in the form of news, and not in the form of communications of a commercial nature;
3. showiness. Like advertising, propaganda has the potential for a spectacular, eye-catching presentation of the company or product.

2.13 Factors determining the structure of the stimulus complex

During the development of stimulus complex a firm takes into account several factors: the type of product or market, strategy of pushing the product and attracting the consumer, the degree of readiness of the buyer and the stage of the product life cycle.

The type of the product or the market. The effectiveness of various means of promotion in consumer markets and industrial markets are different. Firms that are specialized in consumer products, tend to spend funds on advertising and only then on sales promotion, and personal selling, and in the end on propaganda. In general, personal selling is done in the trade of expensive goods as well as in markets with a small number of large sellers and in industrial market much more actively.

“Pushing product” and “attracting the consumer to the product” strategies.

The complex of stimulus depends on what kind of strategy firm uses- strategy pushing a product or strategy attracting consumers to the product.

The strategy of pushing the product involves the use of sales staff and stimulating areas of trade for promoting through the channels of distribution. Manufacturer aggressively imposes product to wholesalers, wholesalers aggressively impose goods to retailers, and retailers aggressively impose it to its buyers.

Strategy of attracting consumers to the product involves high advertising expenses and promotion of consumers in order to create demand. In the case of success of this approach, consumers will start asking the goods from retailers, retailers - from wholesalers, and wholesalers - from manufacturers.

Stages of the product life cycle. The effectiveness of incentives is different depending on the stage of the product life cycle. At the stage of taking the goods into the market the most effective way of creating awareness is advertising and propaganda. Sales promotion is useful for pushing consumers to testing the goods. Personal selling costs relatively expensive, but it will still have to use to encourage retailers to start selling the product.

At the stage of growth advertising and promotion remain valid, but the activities of sales promotion can be reduced, because at this stage less stimulus is required. At the maturity stage value of stimulating the sales increases comparing that in the case of advertising. Brands are already known among the buyers, it's necessary to recall them through advertising only.

2.14 Integrated Marketing Communication (IMC)

All the information obtained from variety advertising media, television, magazines, immediate sales by computer services, is merged into one in buyers' minds. Treatment received by them through a variety of influential means creates an overall impression of the company. If the information coming from different sources is contradictory, it provokes distrust to the company and its products. Mostly companies fail to coordinate the activities of its communication channels properly. As a result, consumers may feel confused.

Today, more and more companies accept the concept of integrated marketing communications. According to this concept, the company carefully thinks over and coordinates the work of its numerous channels of communication (media advertising, personal selling, sales promotion, public relations, direct marketing and product packaging) to develop a clear, coherent and convincing presentation about the company and its products.

Finally, for the implementation of an integrated communication strategy it is necessary to have a head of marketing communications, carrying the full responsibility for all activities of the company in this area. In order for the external communication integration to be effective, first the internal communication activity is coordinated.

Thus, three basic principles of integrated marketing communications strategy is distinguished.

1. **Choice integration:** it is more effective to combine different means of communication to achieve the goals.
2. **Integration of positioning:** every type of communication should be coordinated with the positioning of the brand in terms of synergy interaction.
3. **The integration of the schedule:** after defining the market segment, affect the decision-making speed in favor of the company brand.

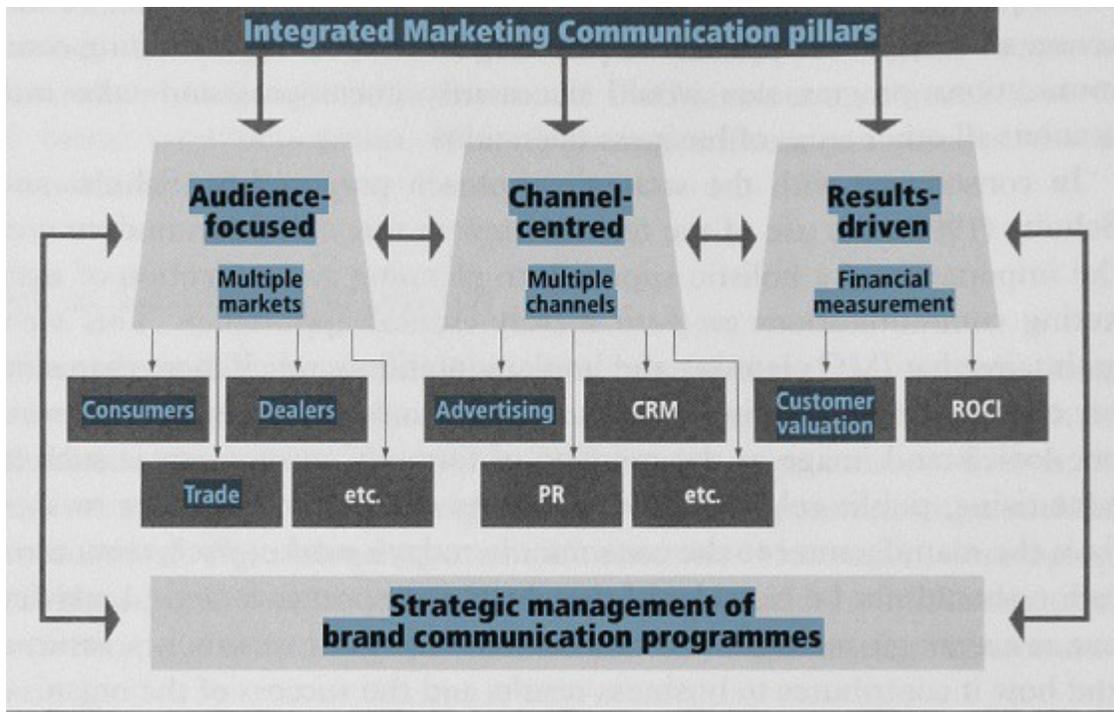


Figure 4¹⁸

2.15 Country of origin effect

COO effect concept is considered to be one of the most important phenomenon in international marketing and has been widely studied starting from 1970s. This effect shows the impact of the product place of origin on consumers' perception of the product.

There are various definitions of country of origin. However all those definitions have one common thing; to relate consumer's overall evaluation of products from a country which is mainly based on their prior perceptions of the country image which includes basically everything starting from the culture, history and finishing with the economical, political stability etc. A common theme is that COO effects relate to “consumers’ evaluations of products from a specific country, affected mainly by their perceptions of that country’s strengths and weaknesses” (Roth and Romeo, 1992).

¹⁸ Jerry Kliatchko, 2005, “Towards a new definition of Integrated Marketing Communications (IMC)”, International Journal of Advertising, 24(1), pp. 7-34

So as product is often associated with country image while judging on its quality and risk level, COO effect helps the consumers to make purchase decision.

It's believed that the country association with the product has similar impact as the name of the brand, moreover it can become a part of product's image. So the country image can either increase or decrease a product perceived value.

There are some stereotypical associations such as Germany-robust automobiles, France-luxury, chic products, Japan- highly advanced electronics. These are examples of positive country image effect. There is positive linkage between country and product. There are also negative linkages, such as China, or overall Asia-low cost, low quality consumer products.

According to Keller (1993, 9) COO effect can “convince” consumers to pay premium prices for products originated from certain countries, by means of which companies can make significant profits. International marketers have realized this, and know how much profits can be added through rational utilization of COO effect (Shocker et al. 1994, 150; Pappu et al. 2006, 697). E.g. western brands are considered to be of a higher quality by consumers from developing economies (Ettenson 1993, 31; Marcoux et al. 1997).

Even though COO isn't a single product evaluation cue (there is also price, brand name and product performance information) for consumers as they use it in combination with other product attributes, COO has an important impact on product assessing (Usunier 2000).

Evaluation of a product depends on a number of factors such as economical development (people from developing economies prefer famous, well established western products, whereas western people prefer their own country products), demographics (sex, age, education, income level etc) (Schooler 1971; Klein et al. 1998; Usunier 2000).

COO is a two-sided effect: in case the country has positive image it allows the brands from there to be assessed positively, otherwise the brands will have negative impact from the negative prestige of the country where they originate from, and the brand equity will decrease. Consequently COO effect is strategic concept for companies that deal with international markets.

Though, the researches on this topic mainly focused on tangible and durable products, while the consumable products, particularly agricultural (food and beverages) ones were ignored over years. The place of origin (more specific extension of COO) for agricultural produce with long history and traditions, is concerned as a positioning which can bring competitive advantage. Thode and Maskulka (1998) have stated that COO and 'place-based' marketing strategies may help agricultural products compete in international markets giving a signal of superior flavor, aroma or other quality performance criteria. These authors note that "if geographic origin influences on a quality differentiation, the producer possesses an attribute that cannot be easily duplicated" (p. 380). In a word, the conclusion of this theory is that place origin or COO effect highly matters in this industry. So the strong COO effect on buyers suggests that it can be promoted in this way (Brookes, 1993).

2.16 How the country image affects consumers' evaluation process

Country image studies are important, as due to them academics discover consumers' general attitudes concerning different countries and thus determine how these attitudes impact product evaluation.

Country image consists of three various elements (Laroche et al. 2005).

Product COO perception by consumers include:

1. A cognitive element; this is what consumers think about the country's industrial, economical and technological development;
2. An affective element; consumers' emotional attitude (e.g. liking, disliking) to the people from that country;
3. A co-native element (normative); the level consumers want to interact with the COO.

Besides COO other attributes related to product affect consumers' product evaluations too. Attributes such as technical advancement, workmanship, reliability and other intrinsic

characteristic of the product. Moreover, those two concepts: country image and other product beliefs affect the product evaluations by consumers simultaneously. (Knight and Calatone 2000; Laroche et al. 2005).

A new model proposed by Laroche et al incorporates country image structure and its effect on product evaluation in one design (see Figure 10).

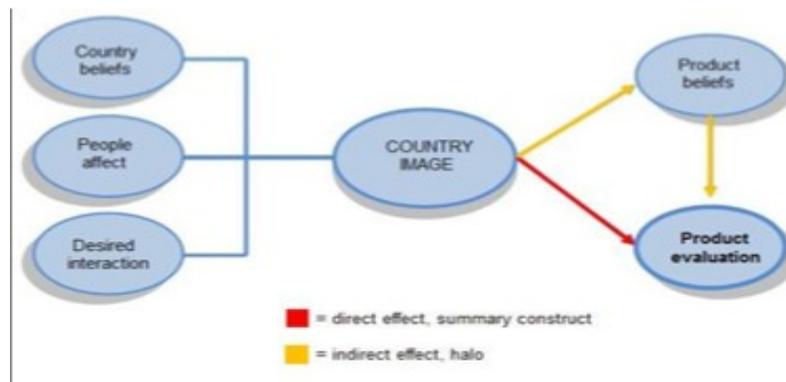


Fig. 10. Country image model (Adapted from: Laroche et al. 2005, 100)

In this model country image has an influence on product beliefs and in this way indirectly affecting on product evaluation. Moreover, the model considers both the halo and summary views.

As one can see from the Figure above, the direct effect of country image on product evaluation reflects its use as a summary construct; while the indirect effect, through product beliefs, indicates that consumers use the country image as a halo. Conforming Han's (1989, p. 223) theory, when consumer has little familiarity with country's products, country image affects consumer's attitudes indirectly through product beliefs (halo model, see Figure 11). Then again in case of high familiarity with country's products, country image affects directly consumer's attitudes toward the product, while product beliefs have an indirect effect (summary construct model, see Figure 11).

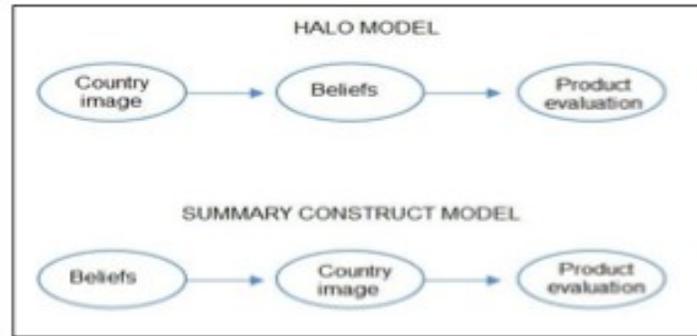


Fig.11. Causal models of halo and summary construct (Adapted from: Han 1989, 224)

So, the conclusion is that there is direct and indirect influence on product evaluations by the country image. Particularly, the product evaluation is directly and strongly affected by the affective component of country image. On the other hand in case a country image consists largely of cognitive impressions then it will have stronger influence on product beliefs and in this way indirectly will affect the product evaluation (Laroche et al., 2005).

It's a fact that nowadays brand can be a signal of a product quality and thus influence on consumer perceptions. That's why it's important to understand the existing relationship between the brand and COO.

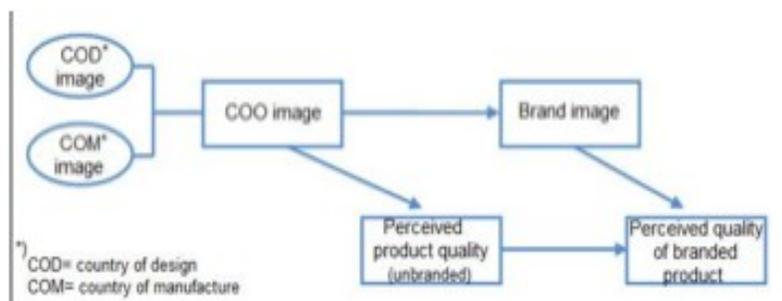


Fig. 12. *Conceptual model of perceived quality of branded product (Adapted from: Essoussi and Merunka 2007, 413)¹⁹.*

An example of a COO effect study on UK consumers' perception of imported wines

In 2008 there was an edition of a research in Journal of Food products marketing concerning the Effect of Country of Origin on UK Consumers' perception of Imported wines. Specifically the focus was on the way consumers perceive wines from various countries depending on such key factor of COO as quality, value for money, reputation and known brands.

The research was conducted by means of a survey which was conducted in June/July in 2002 among wine connoisseurs and aspirational drinkers in specialist off-license stores, who mostly buy wines from specialized stores, while the beverage wine consumers and new/enjoyment drinkers typically buy from supermarkets.

The questions were measured with five-point Likert Scale. The first part of the questionnaire contained questions concerning the preferences for wine from various countries (1-very much preferred - 5-not preferred at all). Next, what choice criteria and communications forms influence their buying decision (1-very important to 5-not important at all). The last part contained statements related to the four dimensions of COO; “It produces high quality/premium wines”, “it produces value for money wines”, “it has well known brands” and “it's a reputable wine producer” (1- completely agree - 5- completely disagree). The response rate for the survey was 54% then SPSS package was used for the data analysis.

While analyzing the data the New world countries such as Australia, Chile and New Zealand were found out to be the three most preferable countries of origin.

Another notable finding was that preferences for wine was dependent on the level of education of consumers. More educated people preferred wines from Australia and USA, and French wines preferred respondents with low level of education.

19 Essoussi, L. H. and Merunka, D. (2007) Consumers' product evaluations in emerging markets: does country of design, country of manufacture, or brand image matter? *International Marketing Review*

What comes to the choice criteria the research showed that most important ones were price, country of origin, grape variety. Communication forms that made impact on consumers buying decision were recommendation from retail assistants, word of mouth recommendations from friends and family and promotional activities at the point of sale.

Australia and France were perceived as “high quality-premium wine producers”, Chilean wines were as “good value for money”. On the other hand France, USA and Australia wines were perceived to have “well known brands of wine”, in addition, France and Australia were perceived as “reputable wine producing countries”.

2.17 Concluding notes on COO effect

So the manufacturers all over the world still have to label the country the product comes from, as the product is still being distinguished by the country of origin reputation and its quality is still being assessed according to individual subjective perception of the country-of-origin before the purchase decision is made by consumers. Therefore, all studies concluded that the perceived quality of products is influenced by country of origin information. They approved that propitious or unpropitious of a country image leads to positive or negative assessment of product quality that comes correspondently from that particular country.

Some of those studies have concluded that country of origin effects may be recognized as a part of the brand equity of certain product. However, there are some recent studies that indicated that country of origin did not have any significant impact on brand equity and consumers' purchase intention (Kim, 2006). It is normal that consumers often have "goodwill" or positive feeling, loyalty regarding a brand or a company, termed "equity" (Gurhan-Canli and Maheswaran, 1998). That is, consumers buy products not only because of their functionality or because they are branded, etc. but also due to the country of origin. Though if the brand itself is powerful enough, it may blur the country-of-origin effects (Leonidou et al., 2007; Kim, 1996).

CHAPTER THREE: CASE STUDY AND QUANTATIVE RESEARCH

3.1 Research limitations

The first part of the study is only limited to the information that could be found in the internet , including companies' official websites and various online publications.

The second part of the paper is limited to survey only students of the above mentioned 2 universities and wine experts from Norway and Denmark. The research is concentrated only on a specific age group (older than 18) and one COO. Therefore, results collected from this limited sample are only a small fraction of all wine amateurs and consumers. It is important to keep in mind that the results that are valid for a chosen sample may not be generalizable to the whole segment of wine consumers. Still the research outcomes are believed to give a general idea about Ararat brandies' brand identity and how wine from Armenia is conceived internationally.

In the second part of the study the product category is limited to wine making the research more detailed and accurate by allowing the use of more product specific features in the questionnaire. A strictly defined research with a valid result is perceived to be more valuable than a broad research which lacks in accuracy. Furthermore, chosen product group is easily approachable and the majority of consumers have an opinion or previous experience of the products.

In addition, the concept of COO which is multifaceted is not divided to various sub-concepts such as, country of production, country of design, country of assembly, and country of parts, as it is in some of the previous literature. Instead, this research focuses on describing COO as a product-country image and define it as the place of origin with which a product is associated through branding, promotion, and other means. In this research the “Armenianness” of products is defined by brands’ and company’s Armenian origin, and not for example by country of owning the company. This clarification means that even though some Ararat Armenians brandies company is now owned by French Pernod Ricard company, the product and the brand

is still Armenian. According to Thakor and Lavack (2003) consumers are more influenced by knowing the country of brand origin, and less influenced by knowing the country of producing.

3.2 Research methodology

Having discussed theories on Brand Identity, communication and Country of origin effect, now it's time to implement those theories on special cases.

The research is consisted of theoretical and empirical parts. The first part is based on international marketing and consumer behavior literature providing understanding of Brand identity, communication, positioning and COO concept and the effect it has on consumers behaviors.

In the second part, the theories of creating brand identity and communicating it is implied on Yerevan brandies company, particularly on Ararat brandies by choosing brand identity elements, studying how it communicates its identity, describing its value proposition, positioning and consumer relationship.

This empirical part uses quantitative research approach to analyze collected data and better gain a complete understanding of the consumers' attitudes toward Armenia and Armenian products. The survey is conducted using a structured questionnaire which is presented in a paper form to focus group consisting of students of University of Agder, Norway, EM- Strasbourg Business school, France and wine experts from Norway and Denmark. The data is collected only once from multiple individuals hence the design of research is a cross-section of study population (Aric Rindfleisch et al, 2008).

The questionnaire is presented in Appendix 1. Structurally the questionnaire can be divided into two main parts. The first part is divided into four thematic groupings discovering the familiarity with the country, valued wine attributes, indication of country image and evaluation of Armenian wine. The second part is set to collect basic background information about target group, such as gender, age, country of origin and country of residence.

The second part of the questionnaire which concentrates on opinions and attitudes uses Likert scale (Rensis Likert, 1932) and semantic differential models (Charles E.Osgood et al., 1957).

The data collected through questionnaire is statistically analyzed using SurveyXact online tool and Microsoft Office Excel. Research methods are presented more thoroughly in the chapter 3 of this thesis.

3.3 Ararat Brandies' Brand identity (case study)

Pernod Ricard

France based company's, Pernod Ricard created in 1975 is the world' co-leader in wines and spirits which consolidated sales are €7,945 million in 2013/14²⁰. Its marketing strategy is very unique . As a company of premium brands, it brings together a number of well-known brands and thus benefits from diversifying its market both in value and geographical terms.

The house of the brands is a strategic segmentation of the company's brands which helps to manage them in more exact way by choosing a specific and coherent marketing and management strategies for each brand. It's divided as follows:

- [the top 14's brands: 2 global icons (Absolut and Chivas Regal),
- [7 strategic premium brands: Ballantine's, Jameson, Kahlúa, Havana Club, Ricard, Malibu and Beefeater
- [5 strategic prestige brands: Martell, Perrier-Jouët, The Glenlivet, Mumm and Royal Salute
- [4 priority premium wine brands: Jacob's Creek, Brancott Estate, Campo Viejo, Graffigna
- [18 key local spirit brands (including Ararat brandies)

²⁰ <https://finance.yahoo.com/news/pernod-ricard-2013-14-full-053000301.html>

The company's marketing strategy consists of two major drivers: Premiumisation and Innovation.

Premiumisation is a long-term strategy which supposes strong and sustained investments in the company's brands.

Innovation is the core function of the company, by means of which it creates value for each of the brands. The company is constantly growing its product range, testing new ways of communications (mostly by digital technologies) with the customers to increase its sales etc. .

“The entrepreneur is the one who innovates, who doesn't hesitate to challenge the established order through a combination of intuition and vision. The entrepreneur dares, imagines, invents – and doesn't hesitate to rewrite the rules.” (Patrick Ricard)²¹

Ararat Brandies

“Never be late for dinner, smoke Hawaiian cigars and drink Armenian cognac.”

Winston Churchill

As for Armenia the revenue in brandy and wine sector counted \$162 mln in 2011, 90% of which was provided by brandy sector. This sector is described as an export oriented sector and differs with dynamic grow rates (the crisis negatively impacted the sector which is recovering starting from 2010). This is the only sector in which Armenia has tangible export share 2.8 % in world brandy export. Ararat brandies is the most successful brandy in Armenia. Being in the market starting from 19th century Ararat brandies became the icon of the country, embodying its soul, history and traditions (Ara Grigoryan, chairman of the board of YBC). The brandy is made from certain varieties of grapes (such as Voskehat, Garan Dmak, Kangun etc.)²²

21 <http://pernod-ricard.com>

22 <http://www.araratbrandy.com/en/ararat/faq>

The popularity of Ararat brandies in the region is expressed by its export, which is 90% of the company sales, to Russia, Ukraine, Kazakhstan, Belarus and other traditional markets for the brand²³.

YBC and Pernod Ricard: creating its brand image

Ararat brandies have come to symbolize Armenia and its traditions; it has won recognition beyond its own borders as the second-largest imported brandy in Russia²⁴.

Pernod Ricard company which has more than 80 affiliates worldwide (including Yerevan brandy company with its Ararat brandies range) with 36 strategic brands, acquiring YBC in 1999, took the marketing of the company in its hands. In order to rebrand the product and completely eliminate the destroying impact of the crisis, the company hired Amsterdam Worldwide Agency to conduct Ararat's international marketing campaign. As the CEO and founder of Amsterdam Worldwide Agency, Brian Elliot, mentioned, Ararat is a legendary brandy but it needed to be updated. For this purpose they produced a long-form film called “The legend of Akhtamar”. The film is a part of a campaign to launch the product repositioning. The movie emphasizes the Eastern cultural heritage of Ararat without focusing particularly on the drink. The film is a part of the global campaign targeting Russia, Eastern Europe expats across the world and being supported by prints, outdoor, blogger and social media²⁵.

So, choosing to be legendary, classic and authentic drink, Ararat developed a new Brand Platform: “Engaging and Inspiring Legends for Today”.

The business objectives were to re-establish Ararat's brand image as a premium category leader and position Ararat ahead of its competitors. Similarly, the communication objectives

23 World Profile group “A Precious Tradition”, Foreign Affaire, January/February 2014

24 <http://pernod-ricard.com/541/brands/see-all-brands/local-brands/ararat>

25 <http://www.marketingvox.com/pernod-ricard-produces-film-to-relaunch-ararat-brandy-045906/>

aimed at communicating Ararat's new Brand Platform and generating strong word of mouth around the Ararat brand²⁶.

The communication with its customers is mostly done by prints and internet (film, posters, Facebook page, internet advertising etc), as advertising alcoholic products through TV is restricted in most Ararat's target market including Russia, Belarus and Kazakhstan, film, posters etc..

“It is important that in our export markets Ararat is perceived as a brand with a strong philosophical platform, the biggest competitive advantage of which is uncompromising quality. Just as classical music and good literature enhance a person, our high-quality product can form a consumer’s tastes.” (Ara Grigoryan, Managing director, 2011)²⁷

To gain a unique position in the market and to reestablish the brand as a premium brandy, the production is made exclusively from local grape varieties (which can be found nowhere in globe) that blend harmoniously with the Caucasian oak barrels used for aging the brandy, this maintains “the taste of Armenia”. The method of double distillation preserves the rare flavors and aromas of the grapes, transferring them to the final product. Since 2001 aging in oak barrels is done in the factory by modern barrel manufacturing facility of Caucasian oak.

The Ararat brandy's position as an undisputed leader in the premium brandies category is supported by the elegant design and the impressive glass bottle. Its luxurious packaging, reflects the characteristics of the spirit, and enhances the authenticity of the Ararat brandies as a modern product that carries heavy and rich tradition²⁸. Today the brandy's production is still the same as it was first done in 1887.

In the second chapter Aaker's brand identity model (2002) was represented. Now that model can be applied to Ararat brandies' to study their brand identity.

Based on the information above concerning Ararat brandies' brand identity, and the way it is communicated with the customers and positioned in the market its brand identity can be described as follows:

26 <http://www.adforum.com/agency/9575/creative-work/34458422/the-legend-of-akhtamar/pernod-ricard-ararat>

27 The European Times, Jan. 11th, 2011, «*Yerevan Brandy company: The Horizons of Ararat*»

28 <http://www.qualitywines.gr/en/history/24-ararat-brandy.html>

Brand as a product	Brand as an Organization	Brand as an individual	Brand as a symbol
<p>1. Product scope</p> <p>7 brandies in the Ararat brandies range, 35-60% alcohol content, with different spices</p> <p>2. Product attributes</p> <p>Classic, luxurious bottling with detailed description on the label</p> <p>3. Quality/value</p> <p><i>Quality product , authentic drink</i></p> <p>4. Uses</p> <p>Multipurpose</p> <p>5. Users</p> <p><i>Middle and Upper class 30-50 years old men and women (brandy connoisseurs and aspirational</i></p>	<p>1. Attributes of the organization</p> <p><i>Innovation and premiumisation</i></p> <p>2. Localization/globalization</p> <p><i>Globalization</i></p>	<p>1. Personality</p> <p><i>Legendary, Mythic, Classic, traditional</i></p> <p>2. The relationship between the brand and the customer</p> <p><i>Committed partner</i></p>	<p>1. Visual image and metaphors</p> <p><i>Biblical Mountain, Noah's path</i></p> <p>2. Brand heritage</p> <p>Embodies Armenia's cultural and historical heritage</p>

<i>drinkers)</i>			
6. Country of origin			
<i>Armenia</i>			

The first element of the brand core identity according to the above-written is innovation. The company has chosen innovation as its strategy. Another element is premiumisation. The brand has chosen to be premium and be sold at premium price in this way showing the consumers its credibility. But there is a danger connected to this perspective, the company should be careful to not be considered as snobbish by the consumers. That's why it should offer proper value for the money. In this case communication also plays a vital role, for the brand to be communicated and positioned in the proper way.

The next element of the core identity is commitment. This can refer to the brand as organization or as a personality. Ararat brandies are committed not only to innovation and premiumization but consumers as well. Commitment will show the consumers that the brand does its promises.

The last element that is chosen to be in the core identity is the product attributes that concerns to brand as a product perspective. This is considered to be timeless and represents what Ararat brandies are: authentic, legendary drink.

Now the elements of the extended brand identity is going to be discussed. These elements reflect the personality of the brand capturing features that are way much marginal to be in the core identity.

The first element is stable. The brand is produced in the way it was done in 1887. This feature also highlights the brand credibility for the consumers.

The second one is multipurpose. It shows the various occasions for uses and users of the brand. Adapting to changing environment, changing tastes and preferences, it still manages to stay loyal to its core identity. This can be referred to a brand as a product and brand as a personality perspectives.

The third one is personality which is traditional and trustworthy. The brand is traditional reflecting the cultural heritage of Armenia one of the oldest christian civilization in the world (Source). It is also trustworthy and can be trusted in any occasion to be a partner with.

The next one is classic, authentic and relationship. The brand is traditional but also classic reflecting its premiumness. It should show that is serious in the relationship and create trust that it will do its promises. The relationship is established by two way communication between the brand and the consumers providing benefits for two sides of the relationship.

The last one is the brand perspective as symbol. It contains it's slogans, logos and design. But as this is itself a very vast topic and is not the purpose of the thesis, it won't be discussed much furthermore.

The brand essence. “*Meet the legend*”, “*Noah's path*”, “*Engaging and Inspiring Legends for Today*”. All these slogans of the brand show that Ararat brandies are legendary, traditional, classic, authentic and premium drink, representing the taste of Armenia. Thus, the brand positions itself as premium. The brand essence is timeless and thus people drinking Ararat brandies will always look for experiencing premium, classic and legendary drink.

Value proposition. The next step is to establish value proposition for Ararat brandies.

Functional benefits of the brand will focus not only on the product attributes but also on other elements of extended brand identity. Elements such as classic, authentic, multipurpose describe the functional benefits of the brand.

Emotional benefits are built on functional benefits and should represent the elements of brand identity and not communicate feelings that are undesirable for the brand.

Self-expressive benefits are the feelings that Ararat brandies would like to communicate to consumers. Being the highest level of Maslow's model it is how Ararat wants to be recognized by the consumers. In a word it's Ararat brandies' personality.

To ensure that the communication is done effectively and is decoded correctly by the consumers, self-expressive benefits should be the focus in the communication of the brand.

The relationship must be mutually beneficial and trustworthy Ararat brandies should focus on the notion of commitment ensuring the consumers that they always will provide on the promises. In the relationship the brand should be a friend for the consumer on which they can rely and have premium time with. This can be reached by positioning, symbols, design, slogans etc.

3.4 Case conclusion and limitations

On this case we saw that it's very hard to separate the processes of creating a brand identity and communicating it. They are interrelated, thus any change in the process of brand identity creation can result the change in brand identity communication process and vice versa.

The theory of creating brand identity and communicating it is a complicated process. It's obvious that there is no way to know which element is the right one to include in the brand identity, thus this case study cannot be considered as an objective study. This is the answer of the second research question.

3.5 Armenian wine industry. Its position in international wine market

Armenia is one of the oldest countries in the world. Its existence counts more than 5 millennia. Armenian highlands are believed to be the biblical Garden of Eden. According to bible, Noah's ark landed at the summit of Mount Ararat during the Big Flood.

As an old legend describes when after the Biblical Flood Noah came down of the ark to the valley of Ararat (where nowadays capital of Armenia is), he knelt and planted the vine that one

of his son's had managed to take with him to the ark. That was a special kind of grape which could not be found anywhere else on the earth. *This is why Armenia is the birthplace of grapes.*

Then the first residents of the valley tasted the wine and liked it so much that they reserved it in their cellars to have them when the summer was gone. But in the winter when they wanted to eat the grapes they found them squashed. They were very sad, but one of them took a cup of the grape juice and tasted it. It really was tasty, sweet and slightly tart. *That's how the first wine was born in the land of Armenia*²⁹.

There was an evidence recently found in an Armenian cave, proving Armenia is the motherland of winemaking, believing the archeologists who discovered the world's oldest winemaking facility which dates back 6100 BC. The discovery was vitis vinifera grapes seeds. This kind of grapes are still being used in winemaking. Viticulture still exists in Armenia, having its modernized return nowadays.

Besides there are a number of references in the history describing ancient Armenia's wine trade (Greek scholars Herodotus, Xenophon and Strabo)³⁰.

The geographical location and climate in Armenia is favorable yet quite unique for winemaking. This characterizes the terroir for Armenian wine industry.

Though the country is located between the Black and Caspian seas, the climate in the most regions where the vineyards are located is dry. Vines mostly growing at altitudes between 500m and 1500m where there is a big difference between day and night time temperature (almost 20°C) also helps the grapes to develop natural sugar and preserve its acidity balancing the sugar (high diurnal temperature variation and low rainfall which characterize their terroirs³¹).

Due to their quality, marketing and also government support Armenian wines and brandies are at present pretty successful in the international markets. Therefore wine industry has become one of the promising sectors contributing to the county's export and economy growth³².

29 <http://www.araratbrandy.com/en/legends/legend?p=026>

30 <http://www.eurasianet.org/node/65429>

31 <http://www.wine-searcher.com/technical-wine-terms-c-d.lml#diurnaltemperaturevariation>

32 World Profile group "The grapes of Armenia", "A new generation of wine-making", Foreign Affaire, January/February 2014

Wine-lovers tend to classify wines coming from “Old world” that is from France, Italy, Spain and other Western European countries traditionally concerned as fine wine producing countries, and wines from “New world” the USA and Australia. But now there should be added another term for wine producing countries: “Ancient world” which includes countries of Transcaucasia, Armenia, Georgia, Azerbaijan, some part of Turkey and Iran.

Though Armenia weakened its tradition of winemaking because of Soviet Union policy, which used to give every region a role in the Union. Armenia got the role of a region producing brandy (this explains the rise of brandy making in Armenia during Soviet times), while Georgia was the wine producing region. Now Armenia is trying to get what it lost during the Soviet union times³³.

Nowadays the global winemaking industry experiences significant changes, beside the countries traditionally known for winemaking (mainly France, Italy and Spain) there are emerging markets such as Chile, The USA, Australia, South Africa and China (though China is focused on its internal market consumption for now). Small countries like Macedonia, Moldova and Georgia continuously try to establish their presence in the international market.

These changes are predetermined by the changes in the wine consumption which in its turn is explained by the alteration in the consumers' preferences. They are eager to try wines from exotic countries.

Alongside Western European countries that are known as the major market of wine consumption, Russia and China are rapidly growing their share as wine consumers.

Due to the changes described above small countries gain great chances to enter global wine market. One of those countries is Armenia which has the potential considering the geographical, climate and historical experience. Besides, Armenia has unique grape varieties.

Despite these advantages there are some obstacles for the country's wine industry to become compatible in the international markets. One of these obstacles is badly developed viticulture because of which the cultivated grapes are low quality. Also the technology used in the wine-making needs to be updated, there is also a need for well-educated and trained wine specialists.

33 <http://www.eurasianet.org/node/65429>

Though the export grew starting from 2000, the quality of the exported wine mostly being below international standards isn't satisfactory for export.

There is some notable private dynamism in winemaking sector, and the export grew, particularly to Europe, North America and CIS countries, the quality of wine is still somewhat poor. Though some representatives, mostly from Diaspora have already managed to establish modern winemaking ventures and exporting new, high-quality Armenian wine to international markets.

Taking into account that the government considers the sector as a priority sector for the country economy (the Industrial Policy decision made in 2011), the chances are great that the sector will develop and the Armenian wine will regain its historical position in winemaking and trade³⁴.

3.6 Wine sector In 2011 and after the decision made in 2011

As it was mentioned above there is a huge difference between wine and brandy sector in the country. They differ with development stages, volumes and compatibilities. While brandy sector historically was one of the main exporting sector, the wine sector has started growing recently after serious investments in the sector.

In 2011 in the wine and brandy sector the revenue was \$162 mln, which consists 90% of the revenue from brandy sector solely.

The production volume (Ministry of Agriculture)³⁵

In 1000 liters	2009	2010	2011	2012	2013
Brandy	9869	12624.1	15380.5	18514.1	20284.4

³⁴ <http://evconsulting.com/brainwork/business-insights/can-armenia-become-a-wine-country#sthash.TDwgzgFE.dpuf>

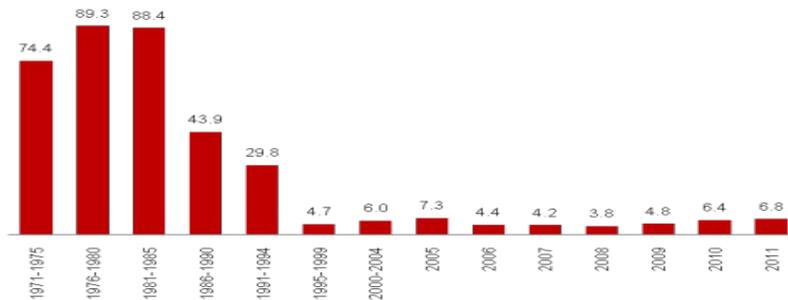
³⁵ <http://minagro.am/jhgjghj/%D5%A1%D5%A3%D6%80%D5%B8%D5%BE%D5%A5%D6%80%D5%A1%D5%B4%D5%B7%D5%A1%D5%AF%D5%B8%D6%82%D5%B4/>

Wine	4372.1	5812	6191.5	5718	6422.3

Source : www.minargo.am

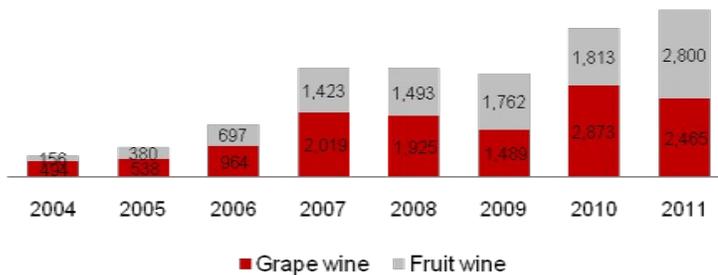
*Industrial policy*³⁶

Wine production on the basis of quantities (including fruit and sparkling wines) in million liters, 1971-2011

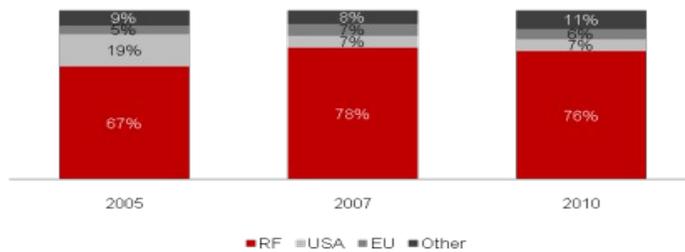


Source: NSS A.F. Harutyunyan, “Viticulture and winemaking in Armenia”, 2007

Grape and fruit wine export in thousand USD



36 “EV Consulting” CJSC By the support of Deutschen Gesellschaft für Internationale Zusammenarbeit (GIZ), Armenian winemaking sector assessment, development, strategy and action plan, Draft 16.10.2012



Source: NSS, UN Comtrade, HS* Code 2206 Other fermented beverages

As for 2012 there were 20 winemaking companies.

By the Industrial policy decision made in 2011 there were sector predictions for 2012-2022 years.

Those predictions mainly include:

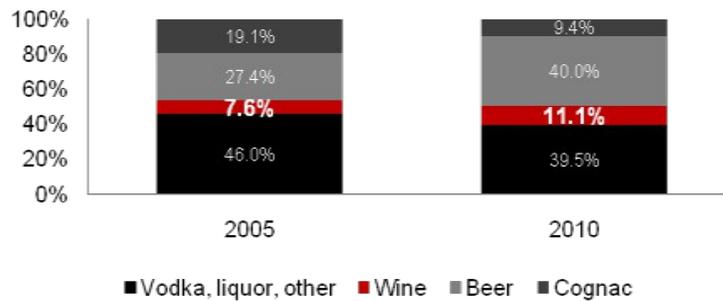
Revenue; they expect 8% in 2012-2016 and 12% growth (annual average) in 2016-2022 years.

The total revenue from the sector by 2022 is assessed to be \$460 mln.

The growth main factors are expected to be:

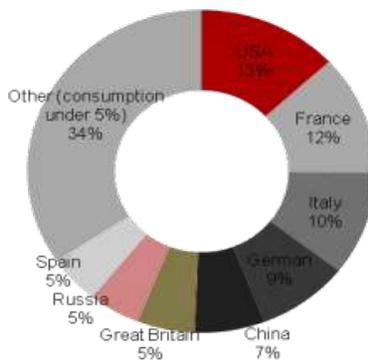
- [New markets entrance, particularly to rapidly growing Chinese market
- [Improvement of the quality, due to which the position in the existing markets will strengthen and the share will grow
- [Improving the transportation system for the export
- [Existence of the raw material
- [Educating new sector specialists.

The structure of alcoholic drink consumption in Armenia in 2005 and 2010

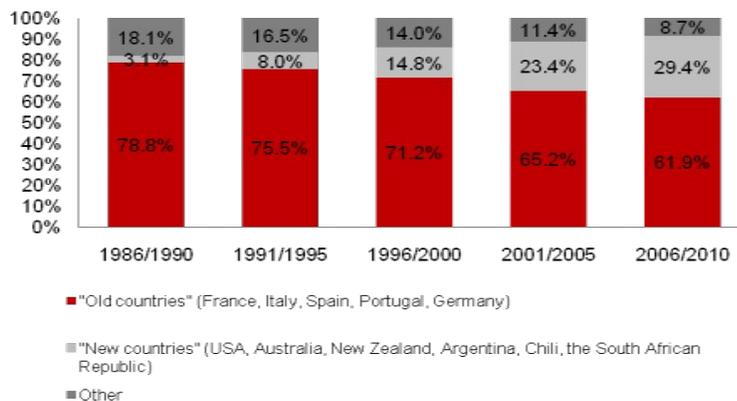


Source: NSS

Countries with largest wine consumption and their share in the world consumption in 2010



Change in structure of the world export of wine by countries, 1986-2010



Source: UN Comtrade, The wine institute

Assessment of overall attractiveness of the potential export markets for Armenian wines

Assessment criteria	Index	Assessment results of overall attractiveness	
Market size	Consumption, liter, 2010	China	5.89
Market maturity	Consumption per capita, liter, 2010	Russian Federation	4.76
Market growth	Growth rate of consumption, %, 2006-2010	Sweden	4.30
Prevalence of local production	Consumption-domestic production ratio, 2010	Denmark	4.15
Import opportunities	Growth rate of import, %, 2002-2010	United Kingdom	3.86
Market experience	Share in the overall export from Armenia, 2010	Canada	3.81
		Holland	3.77
		Japan	3.64
		USA	3.58
		Belgium	3.57
		Germany	3.27
		Switzerland	2.92
		France	1.40

Source: NSS

Here are the countries with minimum \$500 million wine import for potential market assessment. Absolute figures are converted into 1-7 scale and for each country the weighted average of the assessment criteria was calculated³⁷.

Carefully analyzing these figures and the figures of potential target markets analysis in the Appendix 2, we can say that China and Scandinavian countries are the next main target markets (after Russia and the US) for Armenian wine to be considered in the future years.

3.7 Research methods

This chapter will focus on the research methodology. Firstly, the quantitative research will be presented, secondly the design of the survey will be introduced that is the questionnaire will be discussed more thoroughly here. And lastly the focus will be on examining the sampling, data collection and response.

³⁷ “EV Consulting” CJSC By the support of Deutschen Gesellschaft für Internationale Zusammenarbeit (GIZ), Armenian winemaking sector assessment, development, strategy and action plan, Draft 16.10.2012

3.8 Quantitative research

In this thesis quantitative research is used as an empirical part , testing statistically the answers to the research problems. The sampling is done randomly as a randomly chosen sample from population is examined. The research material is primary since it has been collected particularly for this study purpose. As the data is collected only a single time from multiple individuals the research can be considered as a cross-section study (Aric Rindfleisch et al, 2008).This research focuses on finding out if beliefs about Armenia have an effect on international wine consumers' evaluation of Armenian wine. The empirical part is conducted in the form of survey based on question form (Appendix 1). Target group of the questionnaire is students aged older than 18 studying in Agder University, Norway and EM Strasbourg business school, France, also wine experts from Norway and Denmark.

3.9 Design of the survey

The survey is in the form of structured question form which is presented personally to randomly chosen students from above mentioned universities and the wine experts. The survey is fully in English. Before presenting questions, the purpose of the survey is explained to participants in the beginning of the survey.

Two different types of questions are used in the survey: multiple choice questions (in the first part concerning the familiarity with the country) and Likert scale questions or semantic differential of C. E. Osgood. The product category of this survey is limited to wine, making the research more detailed and accurate by allowing the use of more product specific features in the questionnaire. Furthermore, chosen product is easily approachable and the majority of consumers have an opinion or previous experience of drinking wine.

The questionnaire itself is divided into two main parts. The first part concentrates on opinions and attitudes of the respondents, and can be divided into four thematic sections that each follow sub-questions of the main research problem. The second part is intended to collect basic

demographic information about the sample group. This information includes age, nationality, country of residence.

The first section of the first part sets forward the familiarity with Armenia as a country. The second section aims at finding out which of the presented features of wine in general those consumers consider important. The question includes descriptive attributes or phrases which are constructed using the adjectives found in earlier academic researches concerning COO.

Furthermore used in the fourth section in purpose of generating continuity between these two sections. In this last section of the survey asks the respondents to evaluate wine that they consider originating from Armenia. The purpose is to measure the attitudes of the consumers towards wine from Armenia. This section based on their quality, these groupings are: price and value, quality, reputation of brands, design and lastly consumers' profile.

The respondents are asked to evaluate their perceptions of the country on a five-point Likert scale which ranges from "Agree" to "Disagree" and there is one answer option «Don't know».

The main goal of this survey is to determine if consumers outside of Armenia think highly of Armenia as a country which, taking into consideration the theory backing this hypotheses, could be transmitted as more positive perceptions of Armenian wine brands. This hypotheses, if approved, should come across when processing gathered data from the survey, in a way that high values of the country image section should portray as high values in the section that converses on qualitative attributes of Armenian wine. Thus the correlation between country image and product attributes is studied. The general wine attributes that are marked by respondents to be of a high importance are paid attention when evaluating the significance of product attributes used in evaluation of Armenian wine. In addition the effect of background data on the country and product evaluation is studied. The data collected from sample group is gathered and processed using SurveyXact online tool.

3.10 Sampling and data gathering

The survey is conducted using a structured questionnaire which is presented to the students and wine experts.

The students participating in the survey are from University of Agder (Norway) and EM-Strasbourg Business School (France).

The questionnaire was sent to students by e-mail by university representatives (Professors and administrative employees). The survey was sent to over 600 students from University of Agder and Em-Strasbourg Business school and 13 wine experts from Norway and Denmark.

3.11 Research outcomes and discussion

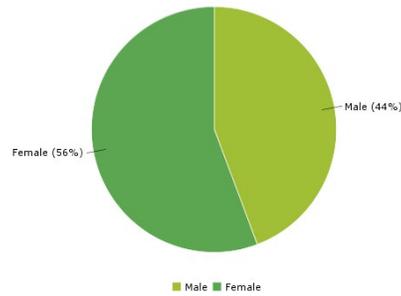
In this chapter the outcomes of the research is discussed and analyzed. Firstly the focus is on the respondents background (age, gender and country of residence), then their familiarity with Armenia. Country image by examining how the products made in Armenia are perceived by them, what they evaluate when buying a product, then especially wine. The specific focus is on the analysis of the Armenian wine evaluation by them. Finally the research results are discussed and summarized. The figures and tables in the section will help to explain the research outcomes.

Respondents' background information analysis

In total 70 students and 5 wine experts participated in this survey. This number of respondents can illustrate how busy the students are, taking into account that the survey was distributed during the semester examination period (November-December 2014).

The demographical description of the respondents is as follows;

[40% is male, 60% is female



[the age average

The average age of the respondents is 26, maximum age is 55 years old.

	Observed minimum	Observed maximum	Average	Respondents
Age	2.00	55.00	25.89	70

[country of origin

The respondents are mainly of Norwegian originality (41 of them), Denmark, Germany and France 3, Armenia, USA, Switzerland 2, and Ukraine, Greece, Ghana, Vietnam, Sweden, Romania, Zimbabwe, Montenegro, Albania, Moldova, Slovakia, Italy, China, Nepal 1 respondents.

[country of residence

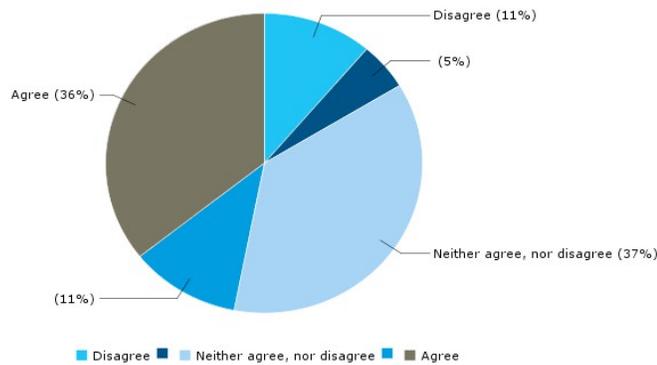
Country	Norway	Denmark	France	Irak	Italy
Quantity	50	3	11	1	1

Familiarity with Armenia

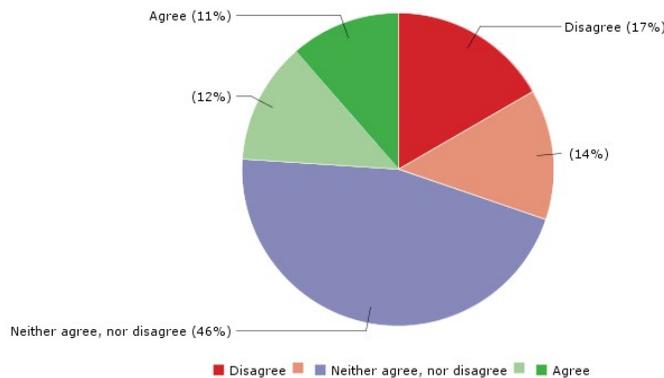
This section shows how familiar the respondents are with Armenia.

Almost half of the respondents, 42 of them, know nothing, the rest at least mentioned something connected with Armenia. Some of them knew about Armenian brandy, some of them know Armenia due to some Armenian celebrities known worldwide.

For the question whether Armenia is christian country or not, 11% of the respondents disagreed with the statement, 5% of them was somewhat disagree, 36% respondents was neutral to this statement, 11% was somewhat agree and 36% of them agreed with it. So, majority was agree with the right answer.



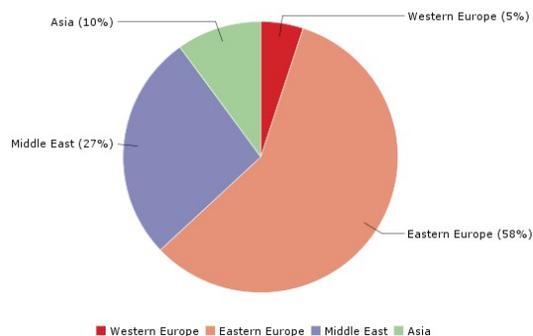
17% of the respondents disagreed with the statement that Armenian culture is closer to western one than to eastern, 14% was somewhat disagree, 46% was not sure about the answer, 12% of them was somewhat agree and 11% of them agreed with it.



The answers concerning Armenia's geographical location is as follows;

Answers	Western Europe	Eastern Europe	Middle East	Asia
Percentage	5	58	27	10

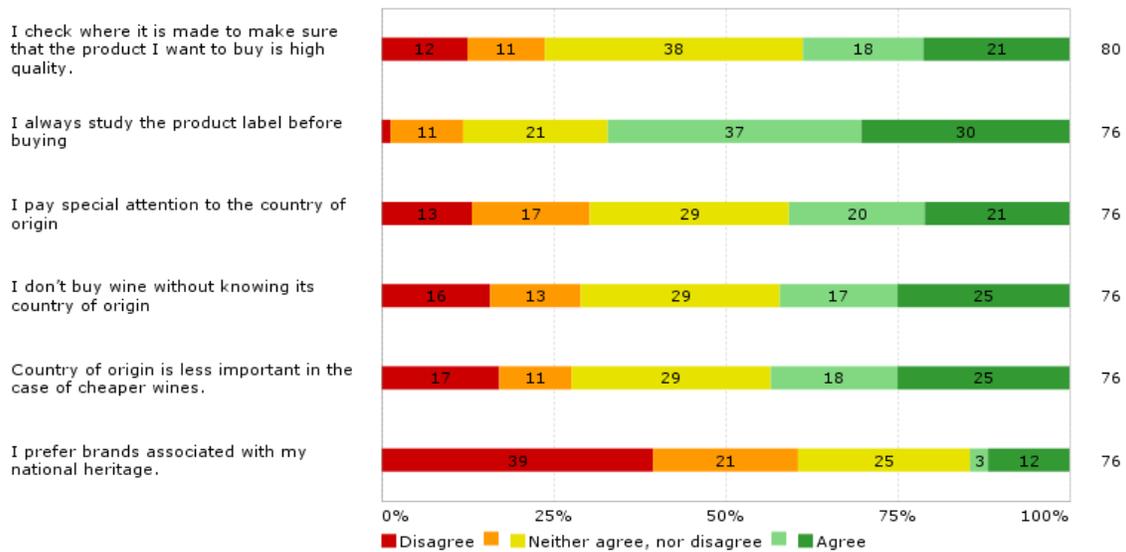
The majority agrees that Armenia is in Eastern Europe.



According to the data mentioned above the familiarity with Armenia can be assessed as satisfactory.

Product attributes valued by respondents

When I buy wine...



It turns out that majority 39% of the respondents checks where the wine is made to be sure of the quality, 23% of them doesn't think that it's an indicator of a quality and 38% of them isn't sure³⁸.

An overwhelming majority, 67 % of the respondents studies the label before buying wine, 12% of them doesn't do it and 21% is not sure.

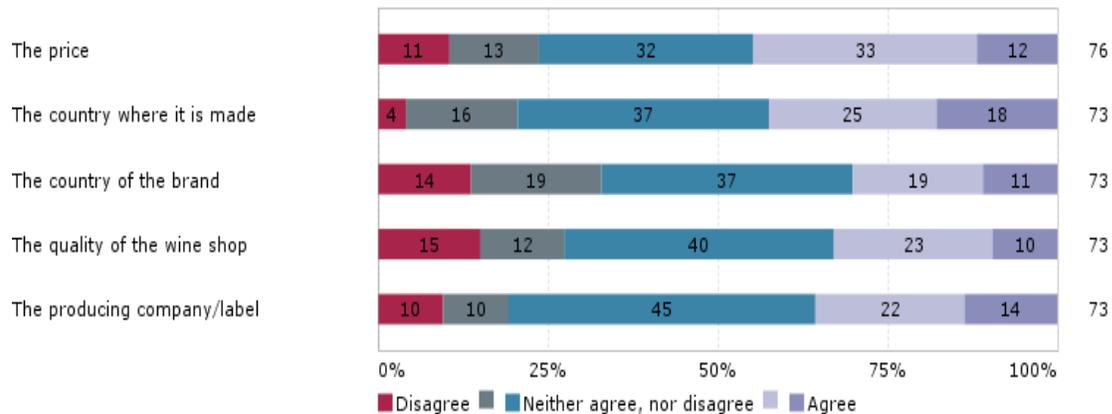
Three of the statements; “I pay special attention to the country of origin”, “I don't buy wine without knowing its country of origin” and “country of origin is less important in the case of cheaper wines” have almost the same results: 41% of the respondents agree, 29% of them doesn't agree and 29 % is neutral with them.

What comes to the statement that the respondents prefer to buy brands associated with their national heritage, an overwhelming majority 60% of them disagreed, and only 15% of them agreed, 25% was neutral.

³⁸ In this subtitle the positive and negative answers are combined: the positive answers consist of agreement of two levels; «agree» and somewhat agree. Likewise negative ones consist of two disagreement expressing answers (somewhat disagree and «disagree»). This is done in order to make it less complicated to categorize and analyze the responses

If the answers are summarized, it's obvious that the respondents do examine the label, the country of origin when buying wine, and they never strive to buy brands associated with their national heritage.

The most important indicator of a quality wine is



45% of the respondents think that the price is the most important indicator of a quality wine, whereas 24% disagree with it.

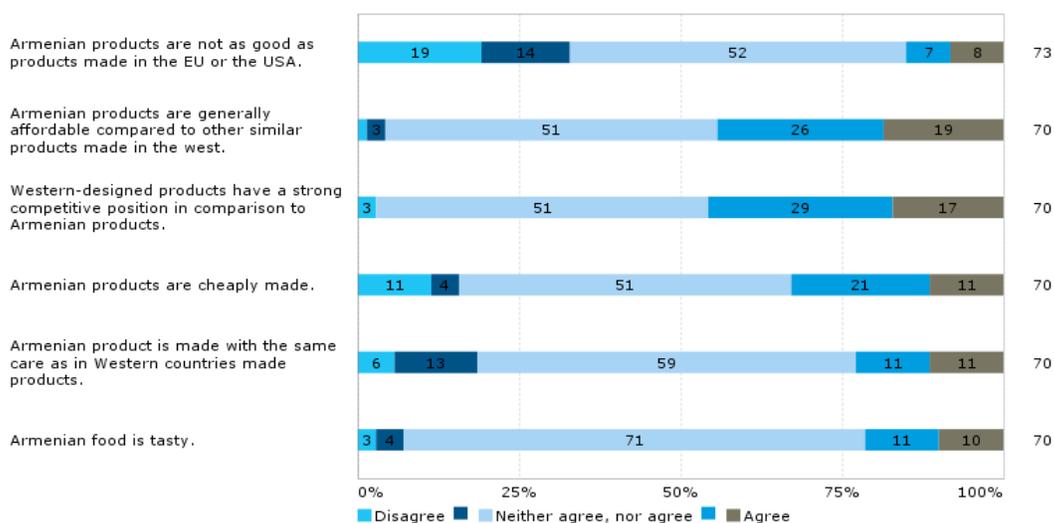
For 43% of the respondents the country where the wine is made is an important indicator of quality, for 20 it's not, and 37% are neutral about that statement.

The rest of the statements; “the country of the brand”, “the quality of the wine shop” and “the producing company/label” are almost of the same importance for being quality indicator for the respondents; almost 33% of them agree with the statements, 25% of them disagree with those quality indicators for the wine.

So, the fact, according to the answers, is that for the respondents the country of production, the country of the brand and the price is of great importance for assessing wine quality when making purchasing decision.

Evaluation of products made in Armenia

What do you associate with the label “Made in Armenia”?



15% of the respondents think that Armenian products are not as good as products made in the EU or US. 33% of them disagree with it and 52 % of the respondents is neutral.

Two of the statements; “Armenian products are generally affordable compared to other similar products made in the west” and “Western designed products have a strong competitive position in comparison to Armenian products” showed the same results; 45 % of the respondents agree with the statements, 4% of them disagree, and 51 % of them is neutral.

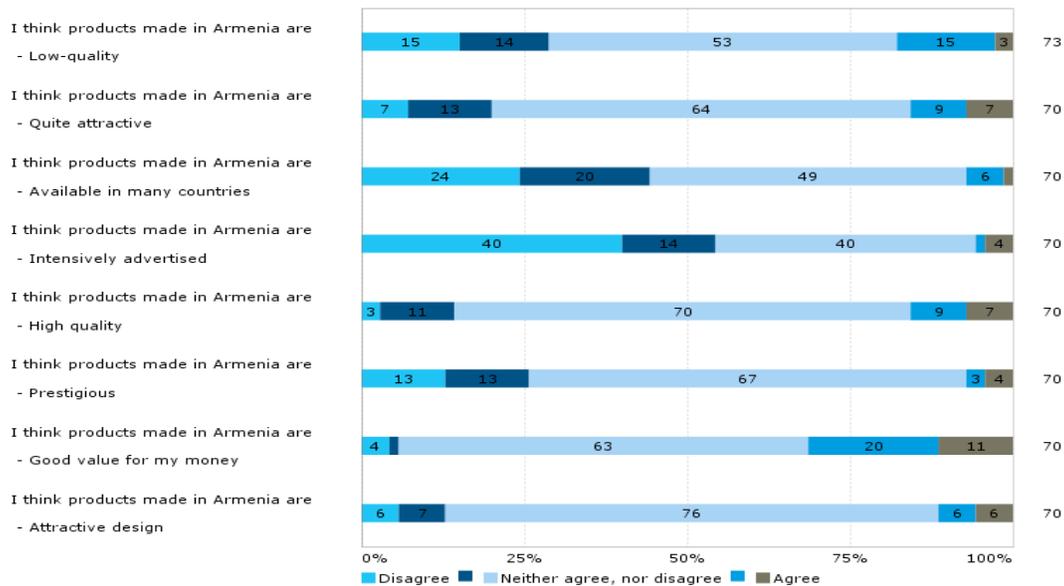
To the statement that “Armenian products are cheaply made” 32% of the respondents agree with it, whereas 15% of them disagree and 51 % is not sure.

22% of respondents agree that Armenian products like the western ones are made with the same care, this many respondents also agree that Armenian food is tasty. 19% of the respondents disagree that Armenian products are made with the same care as in western countries made same products. 7% of them disagree with the statement that Armenian food is tasty. And 59% and 71% of them respectively disagree with the two statement mentioned in this paragraph.

What can be concluded from the answers above, that most of the respondents do not have any exact opinion concerning the label “Made in Armenia”. This can be explained that there are not

that familiar with the products made in Armenia. There is an interesting outcome here, most of the respondents disagreed that products made in west are better designed, more affordable or generally are better than Armenian ones.

I think products made in Armenia are;



Next it's interesting to see what respondents think of products made in Armenia, this can give an overall picture of the Armenian products' image among the respondents.

18% of the respondents agrees that products made in Armenia are of low quality, 29% of them disagrees with it, and 53% of them doesn't have any exact opinion.

The next statement is that Armenian products are quite attractive with which 16% of the respondents agreed, 20% of them disagreed and 64% of them didn't have strong opinion on that.

7% of the respondents agreed that Armenian products are available in many countries, whereas 44% of them disagreed with it and 49% of them neither agreed, nor disagreed.

The majority, 54% of the respondents thinks that Armenian products are not intensively advertised, 5 % of them think they are advertised and 40% of them neither agrees nor disagrees with it.

70% of the respondents doesn't agree or disagree that Armenian products are of high quality, 14% of them disagrees that they are of high quality and 16% of them agrees with it.

7 % of the respondents think Armenian products are prestigious, 26% of them think they are not, and 67% of them doesn't have any exact answer to the statement.

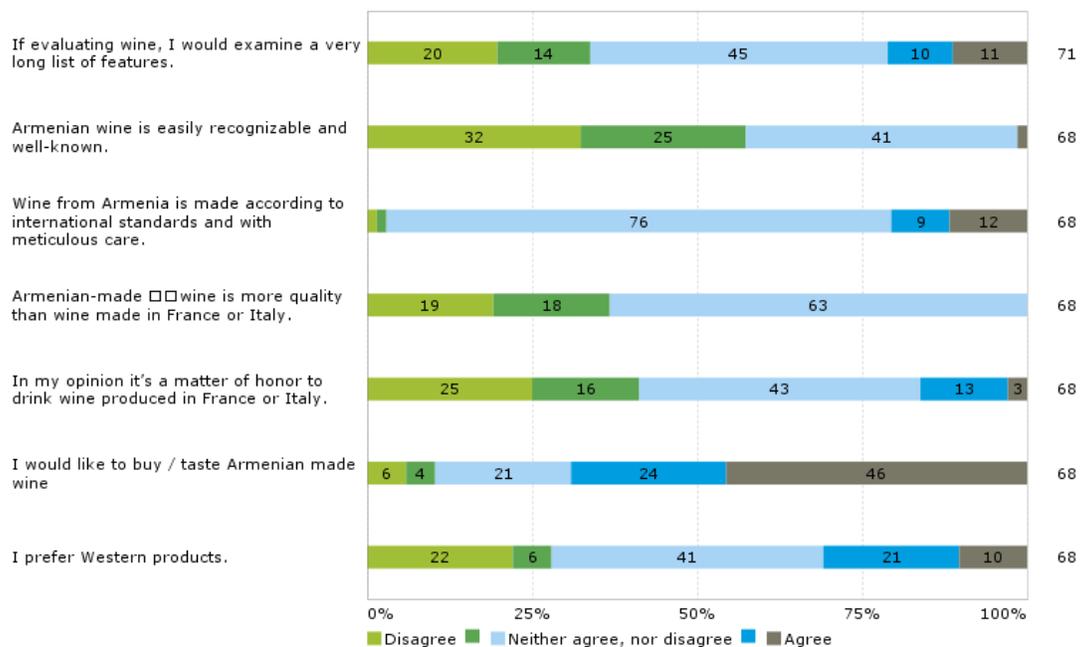
31 of the respondents agrees that Armenian made products are good value for their money, 5% of them disagrees with it and 63% of them neither agrees, nor disagrees with the statement.

The statement that Armenian made products have attractive design got 12% agreement, 15% disagreement and 76% neutral answer.

These answers show that the respondents mostly don't know them Armenian products and some of them think that Armenian made products are not prestigious, available in many countries or intensively advertised.

Evaluation of Armenian wine

What is your attitude towards Armenian wine



The last table and analysis concerns the attitude of respondents to Armenian wine. Here is what can be observed from this table: most of the respondents disagree that Armenian wine is better than French or Italian ones, that Armenian wines are easily recognizable. Most of them (76%) are not sure if Armenian wine is made according to international standards or not. And the most important finding from the answers is that the overwhelming majority (70%) would like to buy or taste Armenian wine.

3.12 The main findings and the limitations

Returning to the research problems and subquestions set in the paragraph 1.2 , we can now address each of the findings of the quantitative research.

The most important findings from the survey are:

- [The answer of the second research problem is that the observed consumers do study the label of wine, paying attention especially where it is from, before making purchase decision, thus it can be concluded that COO effect does play an important role
- [For most of them producing country, country of the brand and the price are important quality indicator of a wine (this is a part of the research subquestion 2)
- [Respondents familiarity with Armenia can be assessed as satisfactory, yet lots of them knew a little or nothing about the country (research subquestion 1)
- [They are not much familiar with Armenian made products either (a part of subquestion 2)
- [They don't think the wine made in Armenia are present or intensively advertised in many countries, thus it's not easily recognizable (subquestion 3)
- [The majority of them though would like to buy or taste Armenian wine (subquestion 3)

It must be noticed that the answers are mostly from Norwegian respondents, French students were not that active in participating in the survey. So, this result is limited mostly on one country representatives. The age factor is also limited, average age is 25, as the respondents were mainly students (there were only a few wine experts and professors of relatively older

age), though middle aged people are known to be better in assessing wine quality than younger people. Due to the time shortage and other circumstances, like the author of the thesis being away from the universities and the countries where the survey took place, only 70 respondents participated in the survey. Thus, it's not the objective image of the reality. We know and saw that there is no export of Armenian products, including wine, to Norway, and consequently, they are not advertised there, thus the results we got is a natural illustration of the fact.

This research doesn't illustrate the real country of origin effect for Armenian wine in international sets, it won't be justified to make generalization to all Norwegian, French and moreover to all international consumers.

3.13 Concluding notes on the quantitative research

This research is unique in terms of the chosen country, product and respondents. So it's supposed to contribute in the COO effect literature. It is reliable as the respondents were chosen randomly, also it's reliable as the link to the questionnaire was sent by the universities professors and administrative employees, in this way trying to have an unbiased research.

3.14 Managerial implications

This study has important practical implications for Ararat brandies to enter new markets and gain more share in its existing markets, by emphasizing its brand identity and communicating it more effectively and actively.

On the other hand this research provided an approximate understanding about Norwegian consumers perception of wine features that they find more important while making buying decision. Additionally, their attitude towards Armenian product and specifically wine was studied. Therefore this research is valuable in terms of the information about the Armenia's country image and consequently about a brand image originating from Armenia.

Using this information companies producing and/or exporting Armenian products, particularly brandy and wine making companies can create country umbrella brand emphasizing the

country story and myth and intensively communicating the product brand identity according to that and the features that the consumers find important and attractive in the wine or brandy.

4. CONCLUSION

An adequate marketing strategy is the engine of a product to be successfully promoted in the markets. The thesis discussed two of the main concepts of marketing strategy, specifically theories of creating and communicating a brand.

One of the main purposes of the thesis was to discuss brand identity creation and communication process, to learn what perspectives and categories should a brand have in order to be more recognizable and acceptable. For a qualitative research a case was studied to find particularly how Ararat Armenian brandies' brand identity was created and communicated with the consumers, what categories and perspectives the brand has in it. By the means of the theories the most salient elements were chosen in Ararat Armenian brandies' brand identity communication. But as it was mentioned above, this task is a complicated one and the answers to the problem set forth can't be objective, as no one can know for sure if the other elements, value proposition etc. in this process would bring more benefits. Though it was shown that the cornerstone of creation of the brand identity and its communication is the clear understanding of the consumers' needs that are still unmet.

The other purpose of the thesis was to gain understanding about country of origin effect and how a country image can affect consumers' brand perception and consequently buying behavior. The phenomenon was studied on Armenian wine by a survey conducted among University of Agder, EM-Strasbourg Business School students and wine experts from Norway and Denmark.

It was proved once more that the country recognizability and image is one of the most important factors for the product to be known and demanded in international markets.

A successful marketing campaign relies on creating the story and the myth of the country. Armenia has a great potential to position itself as the motherland of viticulture and one of the cradles of winemaking.

Thus, it can be concluded that in order to gain share in the world wine market Armenia needs to create an umbrella, country brand with a unique story³⁹.

³⁹<http://evconsulting.com/brainwork/business-insights/can-armenia-become-a-wine-country#sthash.TDwgzgFE.dpuf>

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APPENDIXES

Appendix 1

Questionnaire

How familiar are you with Armenia?

1. Armenia is a Christian country.

Disagree

Neither agree nor disagree

Agree

2. Armenian culture is relatively close to western culture.

Disagree

Neither agree nor disagree

Agree

3. Armenia geographically is located in;\

(1) Western Europe

(2) Eastern Europe

(3) Middle East

(4) Asia

4. Name an important historical event or a famous person (Armenian or originally Armenian) or a place that you associate with Armenia.

When I buy wine...

1. I check where it is made to make sure that the product I want to buy is high quality.

Disagree

Neither agree nor disagree

Agree

2. I always study the product label before buying

Disagree

Neither agree nor disagree

Agree

3. I pay special attention to the country of origin

Disagree

Neither agree nor disagree

Agree

4. I don't buy wine without knowing its country of origin

Disagree

[

[Neither agree nor disagree

[

[Agree

5. Country of origin is less important in the case of cheaper wines.

[Disagree

[

[Neither agree nor disagree

[

[Agree

6. I prefer brands associated with my national heritage.

[Disagree

[

[Neither agree nor disagree

[

[Agree

The most important indicator of a quality wine is...

1. The price

[Disagree

[

[Neither agree nor disagree

[

[Agree

2. The country where it is made

Disagree

Neither agree nor disagree

Agree

3. The country of the brand

Disagree

Neither agree nor disagree

Agree

4. The quality of the wine shop

Disagree

Neither agree nor disagree

Agree

5. The producing company/label

Disagree

Neither agree nor disagree

Agree

What do you associate with a label “Made in Armenia”?

1. Armenian products are not as good as products made in the EU or the USA.

Disagree

Neither agree nor disagree

Agree

2. Armenian products are generally affordable compared to other similar products made in the west.

Disagree

Neither agree nor disagree

Agree

3. Western-designed products have a strong competitive position in comparison to Armenian products.

Disagree

Neither agree nor disagree

Agree

4. Armenian products are cheaply made.

Disagree

Neither agree nor disagree

Agree

5. Armenian product is made with the same care as in Western countries made products.

Disagree

Neither agree nor disagree

Agree

6. Armenian food is tasty.

Disagree

Neither agree nor disagree

Agree

I think products made in Armenia are

1. Low-quality

Disagree

Neither agree nor disagree

Agree

2. Quite attractive

Disagree

Neither agree nor disagree

Agree

3. Available in many countries

Disagree

Neither agree nor disagree

Agree

4. Intensively advertised

Disagree

Neither agree nor disagree

Agree

5. High quality

Disagree

Neither agree nor disagree

Agree

6. Prestigious

Disagree

Neither agree nor disagree

Agree

7. Good value for my money

Disagree

Neither agree nor disagree

Agree

8. Attractive design

Disagree

Neither agree nor disagree

Agree

What is your attitude towards Armenian wine?

1. If evaluating wine, I would examine a very long list of features.

Disagree

Neither agree nor disagree

Agree

2. Armenian wine is easily recognizable and well-known.

Disagree

Neither agree nor disagree

Agree

3. Wine from Armenia is made according to international standards and with meticulous care

Disagree

Neither agree nor disagree

Agree

4. Armenian-made wine is more quality than wine made in France or Italy⁴⁰.

Disagree

Neither agree nor disagree

Agree

5. In my opinion it's a matter of honor to drink wine produced in France or Italy.

Disagree

40 Old world for quality wine

Neither agree nor disagree

Agree

6. I would like to buy / taste Armenian made wine

Disagree

Neither agree nor disagree

Agree

7. I prefer Western products.

Disagree

Neither agree nor disagree

Agree

Gender

(1) Male

(2) Female

Age

Country of Origin

Country of residence

Thank you!

Appendix 2⁴¹

Armenia winemaking sector assessment

Potential target markets analysis

<i>Assessment criteria</i>	Market size	Market maturity	Market growth	Prevalence of local producers	Import opportunities	Market experience
<i>Indicator</i>	Consumption, liter, 2010	Consumption per capita, liter, 2010	Growth rate of consumption, %, 2006-2010	Consumption – Production ratio, 2010	Growth rate of import, %, 2002-2010	Share in the overall export from Armenia, 2010
United Kingdom	1,291,320,000	21	2.0%	0.002	5.2%	0.007%
USA	2,793,422,000	9	1.5%	0.994	6.0%	7.006%
Germany	2,015,800,000	25	-0.1%	0.460	5.2%	0.979%
Canada	323,590,000	9	-1.0%	0.155	13.6%	0.059%
Japan	236,700,000	2	-0.2%	0.380	4.8%	0.000%
Belgium	263,500,000	24	1.3%	0.001	5.6%	0.040%
Holland	300,680,000	18	0.9%	0.000	8.5%	0.002%
Switzerland	292,000,000	37	1.0%	0.377	6.6%	0.002%
China	1,614,100,000	1	5.0%	0.285	55.5%	0.107%
Russian Federation	1,174,975,200	8	2.6%	0.511	14.1%	73.051%
France	2,768,110,000	43	-5.0%	1.698	6.1%	1.202%
Denmark	160,000,000	29	7.9%	0.000	6.1%	0.000%
Sweden	186,430,935	20	6.3%	0.000	9.3%	0.000%

41 “EV Consulting” CJSC By the support of Deutschen Gesellschaft für Internationale Zusammenarbeit (GIZ), Armenian winemaking sector assessment, development, strategy and action plan, Draft 16.10.2012