A Work Project, presented as part of the requirements for the award of a Master's degree in Management from the Nova School of Business and Economics.

PORTUGUESE CONSUMERS AND MADE IN PORTUGAL LUXURY – WHAT PERCEPTION?

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Abstract

For many years, the Country of Origin (COO) effect and luxury were under the analysis of many studies. Nevertheless, little research has been conducted about the Portuguese market and its consumers. Therefore, this work project aims to provide a deeper understanding of the case of Portugal in the luxury field and comprehend the perceptions of the Portuguese consumers regarding the luxury products made in Portugal. The research methodology was focused on a quantitative approach using an online survey that allowed testing the hypothesis created, which were based on the literature review. Additionally, from the analysis of the data, theoretical and practical implications and recommendations were extracted. The primary beneficiaries are business owners, responsible institutions and authorities, and future research.

Keywords

Luxury, Made in Portugal, Country-of-origin, Young Portuguese Consumers

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1. Introduction

Throughout time, much marketing research has been conducted to understand the effect of the country-of-origin (COO) on the consumers' perceptions and attitudes toward a product or a brand and ultimately on their intention to purchase. The studies about COO also include research regarding the effect of country of assembly, for example, the impact of country of location of the headquarters and the "made in" effect. Additionally, luxury has also given rise to numerous reflections in different areas such as economics, marketing, and psychology. Defining luxury may be difficult since it can have several meanings and has been evolving. The evolution of the word "luxury" turned its definition broader. Thus, it includes more concepts such as quality, comfort, personal pleasure, and singular experiences besides the exclusivity, prestige, status, and high prices that used to characterise luxury (Vesilind 2016). However, the "The New Luxury Conceptualization" approach suggested by Kapferer and Bastien (2012) focuses on the duality of the concept where a luxury product must include two different functions: individual pleasure (substance) and a social statement (status).

Before the coronavirus pandemic, affecting the luxury market worldwide, Portugal was experiencing an unexpected growth driven by an increase of foreign demand and an expansion of the purchasing power of the Portuguese consumers (SIC 2019). In 2017, the luxury market was worth 9,000 million euros, representing almost 5% of Portugal's GDP (Dinheiro Vivo 2017).

This dissertation aims to combine two broad areas of research – country of origin effect and luxury - and have a deeper understanding of Portugal's case. Therefore, the main goal is to understand and develop Portuguese consumers' perceptions of Portugal's luxury products and, thus, explore a topic of economic relevance that lacks investigation.

2. Literature Review

The COO Effect

The country-of-origin, more known as COO, is an extrinsic product cue, i.e., an intangible product attribute that is not fundamental for a product's performance (JG, R. e MD 1998). In literature, the impact of COO on consumers is recognised as the COO effect.

The COO of a product reflects the information structure similar to people's stereotypes, predicting the link between a stimulus and the possible features. Thus, a COO stereotype permits estimating the probability of a particular country's product to have specific characteristics (Maheswaran 1994). Therefore, since COO has a significant effect on consumer product evaluation, it is known as a significant cue in consumer choice behaviour (Al-Sulaiti & Baker, 1998; Schooler, 1965) and it is generally accepted that COO is essential in consumer decision-making behaviour, having different impacts on several stages - product information, product evaluation, product appreciation, and product purchase.

Additionally, according to Chattalas and Takada (2013), the effect of COO on expectations of product perceptions is motivated by national stereotypes. National stereotypes can be defined as "differences in perceptions of the warmth and competence of a particular country's people" (Chattalas e Takada 2013), and its expectations may comprise products' information regarding the presence of specific attributes or product quality, price, and craftsmanship (Devine 1989). Furthermore, higher warmth perceptions lead to better expectations of hedonic product characteristics and, consequently, perceived warmth facilitates the COO's effect on hedonic product expectations. The same applies to the relation between competence perceptions and utilitarian product characteristics (Chattalas e Takada 2013). However, other product characteristics also play a role in the COO effect, namely the product category, the associated risks, and product technology (SémioConsult s.d.). When purchasing a product, the consumer can face different tangible or intangible risks. In terms of tangible risks, there is the possibility of a physical risk motivated by product safety and dangers associated with the use, a performance risk, i.e., actual effectiveness of the good to deliver the promised, and a financial risk when the product doesn't pay off. Regarding the intangible, the consumer may have social risks, i.e., if the use of a particular product is socially accepted, and psychological risks due to the good's underperformance that make the consumer feel cheated (SémioConsult s.d.). However, it is not exclusive to product features. Consumer attributes may also influence the process of COO information to which the consumer is exposed. By this, it is meant the socio-demographic characteristics, in particular, nationality, the social identity, i.e., the essence that the consumer may have constructed for himself socially, the consumer expertise and its motivation to process information and, finally, its level of ethnocentrism, i.e., how much consumers favour the national products at the expense of foreign ones (SémioConsult s.d.).

Country-image and its impact on product/brand perception

The first definition of country image belongs to Nagashima (1970) and appears as "the picture, the stereotype that businessmen and consumers attach to products of a specific country". Therefore, the country image represents the common perception of products' quality made in a specific country (Cerviño, Sánchez e Cubillo 2005) and is captured by the: economic, technologic, political (Martin e S. 1993), industrial and cultural factors (Jung, et al. 2013). However, for Roth and Romeo (1992), the country dimensions can be defined as innovativeness (superiority, cutting-edge technology), design (style, elegance, balance), prestige (exclusiveness, the status of the national brands), and workmanship (reliability, durability, quality of national manufactures). These dimensions are production and marketing oriented, and the ones followed for the purpose of this research. Furthermore, country image is a multidimensional construct, and so, overall quality cannot be estimated as equivalent to product image (Roth e Romeo 1992).

"Made in X" helps develop consumers' beliefs about a specific country's products leading to a positive purchasing behaviour and assessment of a country's goods in general (Han 1989). However, the effect is slightly different when consumers are or are not familiar with the country's products. In case they are not familiar, the products' attributes are inferred by the consumers, which can implicitly impact their brand attitude. If they are aware, the country image may turn into a construct that summarises consumers' beliefs, directly influencing their brand attitude. Consequently, this suggests "structural interrelationships between country image, beliefs about products attributes and brand attitude" (Han 1989). Once this study explores the Portuguese consumers' perception regarding Made-in Portugal, only the last effect (consumers are familiar with the country's products) will be considered.

Consumers tend to have well-developed, product-specific knowledge structures in mind, especially when they are familiar with the country’s products (Bilkey e Nes 1982). They tend to hold different opinions and beliefs according to the product category in question. Thus, their attitudes towards a product from a specific country vary by product category (Bilkey e Nes 1982).

COO and Luxury

According to Kapferer and Bastien (2012), a luxury brand needs to provide a "very qualitative hedonistic experience or product made to last, offered at a price that far exceeds what their mere functional value would command, tied to a heritage, unique know-how and culture attached to the brand, available in purposefully restricted and controlled distribution, offered with personalised accompanying services making the owner or beneficiary feel special with a sense of privilege". This sense of privilege, also known as status, is crucial to distinguish a luxury brand from a premium one since the last offer substance to the consumer. However, besides substance, a luxury brand also provides a feeling of distinction (Kapferer e Bastien 2012).

The COO effect can have different levels of importance in a consumer's purchasing decision depending on the product type (luxury versus necessity) and the occasion of consumption (private versus public) (Piron 2000). In the case of luxury, since it provides high-involvement products or services, and its purchase decisions are more elaborated, the importance of COO is more pronounced (Li e Wyer Jr 1994). Additionally, in terms of product quality assessment, COO tends to have a more substantial effect than price (Wall, Liefield e Heslop 1991). It may lead consumers to reorganise their priorities in terms of purchase decision making (Piron 2000). Therefore, a more positive COO or even lack of information about it leads to more purchase intentions than a less favourable one (Piron 2000).

Nevertheless, when considering the luxury brands, country image is regarded as one of the most trustworthy product information for brand awareness and the association between consumers and the brand (Wittig, et al. 2014). Countries can resemble brands because they have equity regarding performance and emotional aspects (Maheswaran e Chen 2006). Therefore, the country image can be a signal for overall quality, but it can also provide a symbolic or social value (Shukla 2011), both essential attributes for a luxury brand.

Moreover, when purchasing luxury products, the consumers' intentions may simultaneously be affected by the brand and the country image, since both give information regarding brands' attributes and the place of manufacture, and are therefore considered in consumers' purchase decisions (Haubl 1996). Also, both have been revealed to have a relevant impact on consumers' evaluations, especially the perception of product quality (Haubl 1996). Besides, research results show that perceived brand-name origin substantially impacts perceived luxury and, consequently, willingness to pay a higher price (Krupka, Ozretic-Dozen e J. 2014). According to Aiello et al. (2009), the brand name's effect is higher than the impact of the country's image. Thus, a luxury product with a reliable brand name is more prone to the country-image effect (Salciuviene, et al. 2010).

Portuguese consumers and Portugal-image

Portugal, located in a geostrategic position between Europe, America, and Africa, is a small country with about 10 million people and a history of almost 900 years, making it one of the oldest countries in Europe. Its attractiveness is mainly due to its technologically advanced telecommunications infrastructure network, the quality of overall infrastructure, the social and political stability, and the relevance of the tourism sector (aicep Portugal Global 2020). It is known as a nation full of traditions and hospitality. However, it is seen as a country with low levels of industrialisation that doesn't innovate significantly. The associations made by the majority of the citizens when asked about Portugal are related mainly with warmth and hospitality, history, a less developed Europe, wine, tradition, relaxation, beautiful architecture, nature and seafood and, therefore, there are not mainly associated with the country's products/industries (ICEP 2003). However, Made in Portugal has been rising due to the leather manufacturing heritage believed to be equal to the luxury production powerhouse France and comparable quality offered at a lower cost (Bof 2015).

While buying a product, the Portuguese consumers consider mainly the freshness and quality, the relation between price and quality, promotions, and the product's availability (Nielson 2016). Yet, a "new Portuguese consumer" is growing. This consumer does its research before purchasing and uses the possibility to shop online more than ever. If we think in a persona, it would be a man of 40 to 45 years old who lives in one of the big cities with some purchasing power and knows how to deal with digital tools (Marketeer 2020).

In the lockdown sequence due to the COVID-19 pandemic, research regarding “Return to Consumption” in Portugal was conducted. Most of the Portuguese’s believe it is a priority or essential to buy products made in Portugal because it helps job creation and promotes economic development. Besides the economic factors, they also believe that they can consume better quality products (Observador Cetelem Consumo 2020). This showcases consumer ethnocentrism, i.e., consumers' propensity to show a more positive predisposition towards national products, leading to the overestimation of local products (Kaynak e Kara 2000). However, the level of ethnocentrism measured in the luxury market is relatively low (Ribeiro 2018).

Additionally, the consumption of premium products from Portugal has been increasing, and the main segments demanded are Meat, Fish, and Seafood (36%), followed by Clothes and Shoes (32%) and Electronics (32%) (Nielsen 2019). Portuguese consumers are willing to pay a higher price for these products in exchange for higher quality and performance, better service, or/and a differentiated good (Nielsen 2019). Finally, their overall perceptions regarding the Portuguese’s luxury products and brands are positive (Ribeiro 2018).

3. Research hypotheses

Although research has shown that COO has an impact on product evaluation made by consumers, it may be more challenging to agree on the valence and weight of that effect since there are product and consumer characteristics that play a role in the COO effect, such as the product category and the consumer's familiarity with the products, the level of involvement with them, the presence of several cues in the product evaluation and the consumer's ethnocentrism (SémioConsult s.d.).

The perception of warmth and competence, i.e., national stereotypes, significantly impact consumer expectations regarding the product's properties (Chattalas & Takada, 2013). The

Portuguese national stereotype is mainly pronounced for its warmth. Additionally, in this study, consumers are familiar with the country's products, and consequently, they will tend to have well developed product-specific knowledge structures in mind. However, its attitudes towards the products will depend on the category (Bilkey e Nes 1982). Thus, the following is proposed:

Hypothesis 1: The Portuguese consumers have higher expectations of hedonic luxury product characteristics made in Portugal rather than utilitarian ones.

Hypothesis 2: The presence of the information "Made in Portugal" leads to higher purchase intentions by the Portuguese consumers while buying a hedonic luxury product.

Hypothesis 3: Portuguese consumers are less prone to hedonic luxury products made in Portugal than made in another luxury country of origin.

4. Methodology

To address the points raised in the literature review and describe the Portuguese consumers regarding their perceptions, attitudes, and behaviours towards luxury made in Portugal, a conclusive research was designed. This involved creating an online quantitative survey (see follow up the questionnaire in Appendix 2) with closed-ended questions that will test the hypothesis presented before. The survey was seen as the best-suited method since it provides easily accessible quantitative results that can be generalised and gather a large size of information in a short period of time (Denscombe 2010).

It was structured to approach the following aspects: importance is given to the hedonic characteristics in comparison to the utilitarian; the value that the Portuguese consumers give it to the "Made in Portugal" itself and in comparison with Made in Italy or France, for example. Moreover, two pre-recutting filters were created to reach only the Portuguese consumers who have reached the age of 18 and consume luxury products (Appendix 1). In the end, their socio-demographic information was collected.

When it is challenging to identify and contact the group to be analysed, as it is the case for consumers of luxury products, the non-probability sampling method (Atkinson e Flint 2001) can be used. This approach is followed in this Work Project. Additionally, due to the object of study and the time available, the convenience and snowball sampling were used. The questionnaire was sent to certain chosen people and distributed through an anonymous link posted on relevant social media channels (Facebook, WhatsApp, and Instagram), and the participants were asked to share the survey. A total of 203 Portuguese consumers of luxury products answered between the 29th of October and 8th of November 2020. Most respondents were female (58%), students (64%), aged between 18-29 years old (82%). Lastly, the study reached consumers living in different Portuguese regions, with the majority being located in Porto and Lisbon, where 110 and 36 respondents, respectively.

Table 1 – Demographic Variables

		Frequency	**Percentage**
Gender	Female	117	58
	Male	84	41
	Prefer not to say	2	1
Age	18-29	164	82
	30-39	17	8
	40-49	11	5
	50-59	9	4
	60-69	2	1
Occupation	Student	128	64
	Employed	42	21
	Self-Employed	16	7
	Working Student	10	5
	Unemployed	2	1
	Prefer not to say	5	2
Place	North	138	68
	Centre	20	10
	Metropolitan Area of Lisbon	37	18
	Alentejo	1	0,5
	Algarve	0	0
	Açores & Madeira	1	0,5
	Outside Portugal	6	3

Source: Work Project Author, based on primary data from the online survey

5. Results & Discussion

The data collected was processed using SPSS. It englobes only information regarding the Portuguese consumers that purchase luxury products. While evaluating and buying luxury products, they mainly consider the goods' quality, design, and durability (Appendix 3). Regarding the association that these consumers have with Portugal and what they believe is the opinion of most Portuguese, quality appears among the first three being chosen by 134. However, the cutting-edge technology comes up at the bottom, being selected by only 8, followed by design (27), exclusivity (30) and prestige (30) (Appendix 4).

Additionally, the opinion of the respondents was asked using a 5-Likert type of question. To ensure the research's quality and credibility, i.e., its reliability, the Cronbach Alpha test was used, which is an instrument that measures internal consistency. It is acknowledged among scholars that the acceptable coefficient should be higher than 0.7 as it happens (Cronbach Alpha is 0,813).

Table 2 – Cronbach's Alpha

Case Processing Summary

		N	%
Cases	Valid	188	92,6
	Excluded	15	7,4
	Total	203	100,0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
,813	10

Source: Work Project Author, based on SPSS using primary data from the online survey

On a scale from 1 to 5, even though there were answerers among all the options, most Portuguese consumers who answered the survey evaluated the sentence "The Portuguese products have a lot of quality" with a 4, which means they agree with it. In the same direction, their perception of the products' durability is high, and they recognise them as differentiated goods even though this aspect received a lower score in comparison with the previous two products' characteristics. Additionally, they don't identify innovation as a competitive advantage of national production. The majority of the respondents evaluated the sentence "Portuguese products are very innovative" with a 2, meaning they disagree with it. (Appendix 5).

The majority of the respondents already bought or would buy a luxury product made in Portugal (Appendix 6). When asked to distribute 100 points for the available options, their choices were mainly regarding food and drinks, shoes and bags, and clothes, respectively. On the other hand, categories like fragrances and skincare, cars, and electronic products were the ones that received the least amount of points from these consumers (Appendix 7). However, to better understand if the Portuguese consumers have higher expectations of hedonic or utilitarian products, a scenario was created where the respondents were presented with adjectives related to warmth and competence attributes. First, the consumers were asked to select three characteristics which they believe a luxury product of their choice should have. Later, the same question was repeated, but the respondent was asked to consider the same luxury product but made in Portugal. In both situations, **the most adjectives selected were "functional", "useful," and "practical", all adjectives associated with competence characteristics and, consequently, with utilitarian attributes**. Additionally, using a Paired-Sample t-test to compute the differences between the two answers and considering a confidence interval of 95%, **neither result appeared as significant** (all the values under Sig. (2-tailed) are higher than 0,05)**, which means the place of manufacture being Portugal didn't affect what these consumers look for in a luxury product**. Thus, **we have to reject hypothesis 1**, i.e., we cannot say that the Portuguese consumers have higher expectations of hedonic luxury product characteristics made in Portugal rather than utilitarian ones.

Table 3 and 4 – Descriptive Statistics and Paired Samples Test, Scenario 1

Descriptive Statistics

	Frequencies		Mean	
	0	1	0	1
Practical	84	88	0,4138	0,4335
Funny	26	29	0,1281	0,1429
Charming	75	71	0,3695	0,3498
Functional	101	91	0,4975	0,4483
Pleasant	60	59	0,2956	0,2906
Effective	64	76	0,3153	0,3744
Useful	95	95	0,4680	0,4680
Exciting	59	52	0,2906	0,2562

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Lower	Upper			
Pair 1	Pratical1 - Pratical	0,01970	0,40979	0,02876	-0,03701	0,07642	0,685	202	0,494
Pair 2	Funny1 - Funny	0,01478	0,35149	0,02467	-0,03386	0,06342	0,599	202	0,550
Pair 3	Charming1 - Charming	-0,01970	0,38487	0,02701	-0,07297	0,03356	-0,729	202	0,467
Pair 4	Functionall1 - Functional	-0,04926	0,43091	0,03024	-0,10889	0,01037	-1,629	202	0,105
Pair 5	Pleasant1 - Pleasant	-0,00493	0,40416	0,02837	-0,06086	0,05101	-0,174	202	0,862
Pair 6	Effective1 - Effective	0,05911	0,46294	0,03249	-0,00495	0,12318	1,819	202	0,070
Pair 7	Useful1 - Useful	0,00000	0,38538	0,02705	-0,05333	0,05333	0,000	202	1,000
Pair 8	Exciting1 - Exciting	-0,03448	0,35010	0,02457	-0,08293	0,01397	-1,403	202	0,162

Source: Work Project Author, based on SPSS using primary data from the online survey

When asked about the value of the made-in Portugal, the respondents evaluated the sentence "Made in Portugal increases the commercial value of the products" mainly with a 3 to a 4, which means some agree. Still, others don't have a formalised opinion (Appendix 8). Nevertheless, to better understand the Portuguese consumers' value to the Made in Portugal in the luxury market, two scenarios were created. In the first one, the goal was to evaluate the weight given to Made in Portugal itself and test the second hypothesis and thus, perceive if the Made in Portugal leads to higher purchase intentions. Firstly, the consumers' probability of buying certain products (Product A – Shoes; Product B – Bag; Product C- Tableware and Product D – Watch) was asked. Later, the same question was made but considering that they were manufactured in Portugal. A Paired-Sample t-test was used to compute the differences between the two answers.

The information regarding the place of manufacture made increased the probability of the consumers to buy product A (shoes) in 0,0274 and C (tableware) in 0,1091 but decrease for B (bags) in 0,0263 and D (watch) in 0,1011. However, having a look at the p-value and considering a confidence level of 95%, only products C and D present significant differences between the probabilities of purchasing the same product, but in opposite directions (0,000<0,05). Nevertheless, if we consider a confidence level of 90%, product A shows a significant increase in the probability of buying shoes, knowing that they were produced in Portugal (0,052<0,1). With these results, **we need to reject hypothesis 2**, i.e., we need to discard that the presence of **the information "Made in Portugal" leads to higher purchase intentions by the Portuguese consumers while buying a hedonic luxury product** because, in the case of the watch, for example, the presence of that information reduces the purchase intention of the consumers.

Table 5 – Paired Samples Test, Scenario 2

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	A.1-A	0,0274	0,1916	0,0140	-0,0003	0,0551	1,952	185	0,052
Pair 2	B.1-B	-0,0263	0,2181	0,0160	-0,0579	0,0052	-1,647	185	0,101
Pair 3	C.1-C	0,1091	0,2010	0,0147	0,0801	0,1382	7,405	185	0,000
Pair 4	D.1-D	-0,1011	0,2551	0,0187	-0,1380	-0,0642	-5,404	185	0,000

Source: Work Project Author, based on SPSS using primary data from the online survey

Lastly, it was essential to understand the value given by the Portuguese consumers to the made in Portugal in comparison with other countries. Thus, they were asked to rate aspects essential for the country image of a country, namely innovativeness (superiority, cutting-edge technology), design (style, elegance, balance), prestige (exclusiveness, the status of the national brands) and workmanship (reliability, durability, quality of national manufactures) from 1 to 5. In terms of innovativeness, when comparing Portugal with other countries, namely Spain, France, Germany, and Italy, the respondents evaluated Germany as the most innovative country, followed by Italy. Portugal appeared in the 4th place just above Spain. Additionally, Portugal appeared also in 4th place in terms of the consumers' perceptions regarding the design and prestige of the products. However, in terms of the quality of workmanship, Portugal was positioned better, reaching the 3rd place (Appendix 9). Even though the relative position of Portugal was almost the same for the four dimensions, there are differences between them regarding the Portuguese consumer's evaluations. The aspect that received the lowest evaluation was innovativeness, where 28,1% of the respondents from 1 to 7, gave a 4 and 29,6% gave a 5. Similar, but with a little bit higher evaluation, prestige was assessed with a 4 by 27,1% of the consumers and with a 5 by 33,5%. Additionally, regarding design, almost 35% of the respondents evaluated it with a 5 and 24,6% with a 6 and, thus, it shows better perceptions of the consumers of the dimension design when compared to the two mentioned previously. Last, of all, the dimension that consumers Portuguese perceived as better was workmanship which received a 5 by 28,1% of the Portuguese consumers and a 6 by 34% (Appendix 10).

Furthermore, the majority of the respondents rated the sentence "If a Portuguese product has the same characteristics as a foreign one, I prefer to buy the Portuguese one" with a 4. Therefore, they prefer a Portuguese product when the rest of the characteristics are constant (Appendix 11). However, they evaluated the sentence "If I have to choose between luxury products, my choice would be a Portuguese product" with 2 and 3, which means they disagree with it or they don't have a formalised opinion (Appendix 12). **Therefore, considering only the luxury market, these consumers are not so prone to the Portuguese products**. Nevertheless, to test the third hypothesis, a scenario was created where it was asked the probability to buy two products from a specific product category. The product category chosen from the options shoes, bags, tableware, or watches was according to the respondents' preferences. Firstly, the respondent had no information regarding the place of manufacture of both products, being only given that information on a second time that the same question was made. The information given included in all situations one product produced in Portugal. With this experience, it was possible to understand the value given by the consumers to the made in Portugal compared to other places of luxury manufacture such as Italy and Switzerland.

The first option for the respondents was shoes. Product A represented a pair of shoes made in Italy, while product B represented a pair of shoes made in Portugal. The information regarding the place of manufacture led to a decrease in the probability of buying Italian shoes and, on the other hand, an increase in the likelihood of purchasing the Portuguese ones. This increase made the probability of buying the shoes made in Portugal higher than in Italy when the consumers knew the place of manufacture (0,558 > 0,465) but also higher when they didn't have that information (0,558 > 0,533). Additionally, considering a confidence level of 95%, **the increase in the probability regarding the Portuguese shoe appeared as significant (0,001<0,05).**

Table 6 and 7 – Paired Samples Statistics and Paired Samples Test, Scenario 3: Shoes

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	A.1	0,465	40	0,3199	0,0506
	A	0,533	40	0,3467	0,0548
Pair 2	B.1	0,558	40	0,3537	0,0559
	B	0,428	40	0,3289	0,0520

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	A.1-A	-0,0675	0,2505	0,0396	-0,1476	0,0126	-1,704	39	0,096
Pair 2	B.1-B	0,1300	0,2186	0,0346	0,0601	0,1999	3,761	39	0,001

Source: Work Project Author, based on SPSS using primary data from the online survey

Secondly, the respondents could have chosen bags. Product C represented a bag made in Italy, and Product D a bag made in Portugal. As previously, the consumers obtained this information for the second time when they were asked to state their probabilities to buy the products. The place of manufacture made increase the likelihood of buying C and decreasing D even though the Portuguese bag presented in both cases a higher probability of purchasing. However, this time for 95% of confidence, **neither the reduction nor the increase of the probabilities appeared as significant (0,279>0,05; 0,723>0,05).**

Table 8 and 9 – Paired Samples Statistics and Paired Samples Test: Bags

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	C.1	0,518	39	0,3386	0,0542
	C	0,487	39	0,3389	0,0543
Pair 2	D.1	0,528	39	0,3170	0,0508
	D	0,541	39	0,3218	0,0515

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	C.1-C	0,0308	0,1749	0,0280	-0,0259	0,0875	1,098	38	0,279
Pair 2	D.1-D	-0,0128	0,2238	0,0358	-0,0854	0,0597	-0,358	38	0,723

Source: Work Project Author, based on SPSS using primary data from the online survey

Regarding the option of tableware, the number of Portuguese consumers preferring this option over the others was significantly reduced, not even achieving the 30 respondents. Therefore, those results were excluded from the analysis due to a lack of representativeness.

The last option for the respondents was watches. Once again, product E represented a watch made in Switzerland, and product F a watch made in Portugal, and this information was only shared afterwards. This led to an increase in the probability of the consumers buying product E and a decrease for product D. **While the growth appeared significant for a level of**

significance, the same didn't happen for the reduction in the case of product F (0,028<0,05; 0,280>0,05).

Table 10 and 11 – Paired Samples Statistics and Paired Samples Test: Watches

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	E.1	0,698	63	0,2986	0,0376
	E	0,644	63	0,2816	0,0355
Pair 2	F.1	0,475	63	0,3100	0,0391
	F	0,505	63	0,2581	0,0325

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	E.1-E	0,0540	0,1899	0,0239	0,0061	0,1018	2,255	62	0,028
Pair 2	F.1-F	-0,0302	0,2197	0,0277	-0,0855	0,0252	-1,090	62	0,280

Source: Work Project Author, based on SPSS using primary data from the online survey

After the analysis of the three situations, **we are not able to reject H3**. Therefore, the Portuguese consumers are less prone to hedonic luxury products made in Portugal than made in another luxury country of origin, **but it is not valid for all the product categories.**

From the comparison of the means of the probability of buying certain products, only for the case of the shoes, the difference was significant. Thus, for this product category, the consumers are more predisposed to Portuguese luxury products.

Regarding bags, the data made us conclude that the actual mean difference tends to zero, i.e., the information about the place of manufacture for both places, i.e., made in Portugal and Italy, didn't impact the consumers significantly, which showcases indifference between the two options.

Finally, for the case of watches, regarding the actual mean difference of the watch made in Portugal, it tends to zero, but the same didn't happen with the watch made in Switzerland. In this category, there is a preference by these consumers for a foreign place of manufacture.

6. Theoretical and Practical Implications & Recommendations

Due to the sample size characteristics, this research's conclusions cannot be applied to the general Portuguese population but instead seen as more insightful for the young adults Portuguese who consume luxury products. Nevertheless, this work project adds up new information to the market since little research has been conducted exploring the Portuguese consumers' perceptions regarding the luxury products made in Portugal. Additionally, it also serves as a ground for future research on the subject.

While the Portuguese consumers seem to recognise the quality of the goods made in Portugal in general and associate the country with this attribute, the same doesn't apply to their perception of the luxury market, which is an essential aspect of these goods. Additionally, quality is also an important aspect for these consumers in particular since it was stated as one of the main elements that they consider when purchasing a luxury product. Furthermore, prestige and exclusivity are not in their leading associations with the country, essential aspects of the status of a luxury product that distinguish from a premium one. And, taking into consideration that country image can be defined through the variables innovativeness (superiority, cutting-edge technology), design (style, elegance, balance), prestige (exclusiveness, the status of the national brands), and workmanship (reliability, durability, quality of national manufactures), Portugal is not assessed with high values in terms of innovativeness and prestige by the young Portuguese consumers. Therefore, even if the consumer's perception of Portugal's image is satisfactory in general, it seems to be affecting their perceptions about the luxury market.

Consumers stated local of manufacture as one of the least important points considered while evaluating and purchasing a luxury good. Nevertheless, from the scenarios, in some cases, the place of manufacture showed to have an impact on the consumers since all the characteristics of the product besides country of origin remained the same, but their perceptions and wiliness to purchase the given products changed. As seen, in the second scenario, the presence of Made in Portugal, made increase the probability of buying shoes and tableware, but decrease the watch' probability. Furthermore, the valence and weight of COO's effect can be affected by the product characteristics, as seen in the literature review. These consumers don't value as much the hedonic versus utilitarian aspects as they value the product category and the associated risks. The associated risks in question are the performance risks, i.e., actual effectiveness of the product and the social risk, i.e., if the use of a particular product is socially accepted or not. This occurs due to a less favourable opinion of these consumers regarding the exclusiveness, the status of the national brands and the lack of superiority of the Portuguese luxury products in terms of innovation. Therefore, marketing a luxury product as made in Portugal will succeed depending on the product category in question and the associated risks. Additionally, as proven in research (Piron 2000), the consumers' priorities regarding purchase decision making can be reorganised due to country of origin information and perceptions. Thus, a less favourable COO results in fewer purchase intentions than a more favourable one or even lack of knowledge about it. It can be a better strategy for some product categories, such as watches, to focus on other attributes that are not related to Portugal's country of origin.

Nevertheless, there is potential for the Portuguese luxury products to succeed, especially for those categories that showed an increase in the probability of buying the respective products with Portugal's information as the country of origin. The truth is that there are already products from some categories showing to have triumphed and taken advantage of their strengths as the leather shoe and accessories industry (Bof 2015). However, it cannot be forgotten that there are still some concerns in consumers' minds, i.e., the associated risks as seen previously but also quality perception, lack of exclusivity and loss of value when compared with other luxury countries of origin. As seen, for some categories, Portuguese consumers are less prone to hedonic luxury products made in Portugal than made in other luxury countries of origin.

The main recommendation and the key managerial implication of this dissertation highlight the urge to cultivate a strong brand of "Made in Portugal" in the eyes of the end consumers. Otherwise it will risk limiting its prospects. Accordingly, it involves increasing the perception of these young Portuguese consumers in terms of innovativeness and prestige since those are the two dimensions have seemed to be poorly perceived by them. Regarding innovativeness, young consumers don't distinguish Portugal as the creator of cutting-edge technologies which generally attracts them. Portugal is already the host of Web Summit, the European largest technological conference, which makes Portugal the global capital of innovation at least once a year. The country must leverage this kind of event that also contributes to the prestige factor, but it is only beneficial if it portrays an increase in the technological capacity of the Portuguese companies and initiatives. For the same purpose, it should also be promoted international specialized fairs where Portugal would be the host of already existing events or the main creator of new actions. Additionally, to enhance the prestige of the national production and to make the use of it socially accepted, it is also essential for business owners to create partnerships with personalities who are respected and admired by their target audience which will depend on the product in question. Besides this aspect, it can also be a good investment for one luxury product category made in Portugal to be associated with others that are already successful in Portugal.

Lastly, this work project also allows the responsible authorities to understand Portugal's image by the younger consumers better and understand how to improve it. In order to enhance these the perception, there is a need to have industries and responsible authorities working for the same purpose. A successful promotion of "Made in Portugal" relies on an efficient campaign that must be planned on a national level. It should focus on the "traditional sectors" for which Portugal is already known. However, it should concentrate most of its efforts on promoting the product categories and, consequently, the industries that need more credibility and prestige. The reason why the second category of products and industries are more important is due to the fact that these categories can also impact the image of others and damage the overall image of Portugal. Furthermore, the responsible authorities should also be committed to attracting a more significant amount of Foreign Direct Investment to the country, a more indirect strategy to help boost national production. This approach would only be helpful if it generates spillover effects to local communities, but it doesn't imply that the Country of Brand needs to be Portuguese.

7. Main Limitations and Future Research

The main limitation of this research is related to the sample. Around 80% of the respondents are young adults aged between 18-29 years old, and therefore, the findings of this research can't be generalised to all the population. Many analyses in the field of luxury have been made with samples of young consumers. Nevertheless, it is recommended that future studies should cover broader demographics and analyse if there are differences in the Portuguese consumer's perceptions in terms of age and occupation. Additionally, it may also be at hand to access the level of educations of the respondents.

Furthermore, the study looked at only four product categories. Thus, different categories may lead to different results since product type is also one of the product characteristics that may impact the country of origin's effect. The products' images presented to the consumers who answered the survey tried to be simple and similar for Portuguese and foreign luxury goods. Still, they may not correspond to the taste of everyone. This influences the probability of buying a certain product and don't allow a generic and abstract evaluation of the impact of the place of manufacture.

Lastly, this study focuses only on the place of manufacture and the Portuguese consumers' perception. However, due to globalisation, the luxury goods may have different COM, brand, design, assembly, or R&D so, future research could analyse how Portuguese origin in other aspects of the COO may affect consumer behaviour. In addition, most of the consumption of luxury products in Portugal come from foreign consumers. Thus, understanding these consumers' perceptions regarding the made in Portugal could be also part of future studies.

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Appendices

List of Appendices

Appendix 1 – Pre-recutting Filters for the questionnaire

1. Are you Portuguese?

   a) Yes

   b) No

2. Did you purchase at least a luxury product for you or others in the last year? (Please keep in mind there are many possible categories such as handbags, shoes, sunglasses, scarves/wallets/belts/ties, clothing, fragrances and cosmetics, watches/smartwatches, jewellery, design furniture, cars, smartphones, ...)

   a) Yes

   b) No

Appendix 2 – Questionnaire for the Portuguese consumers of luxury products

1. Concerning innovation, what is your opinion about the products surveyed in each of the countries declared below? By innovation, it is meant the use of new technologies and advances in engineering. (1- little innovative; 7- very innovative)

	1	2	3	4	5	6	7
Espanha	○	○	○	○	○	○	○
França	○	○	○	○	○	○	○
Itália	○	○	○	○	○	○	○
Alemanha	○	○	○	○	○	○	○
Portugal	○	○	○	○	○	○	○

2. What about the prestige of your products? That is the exclusivity and status of national brands. (1-little prestige, 7-very prestige)

	1	2	3	4	5	6	7
Espanha	○	○	○	○	○	○	○
França	○	○	○	○	○	○	○
Itália	○	○	○	○	○	○	○
Alemanha	○	○	○	○	○	○	○
Portugal	○	○	○	○	○	○	○

3. For the same set of countries, how do you evaluate the design of their products? (1-little design, 7-much design)

	1	2	3	4	5	6	7
Espanha	○	○	○	○	○	○	○
França	○	○	○	○	○	○	○
Itália	○	○	○	○	○	○	○
Alemanha	○	○	○	○	○	○	○
Portugal	○	○	○	○	○	○	○

4. What about the quality of the workmanship used by them? (1-low quality, high quality)

	1	2	3	4	5	6	7
Espanha	○	○	○	○	○	○	○
França	○	○	○	○	○	○	○
Itália	○	○	○	○	○	○	○
Alemanha	○	○	○	○	○	○	○
Portugal	○	○	○	○	○	○	○

5. Please select 3 words based on your association with Portugal.
   a. Hospitality
   b. Cutting-edge technology
   c. Quality
   d. Prestige
   e. Exclusivity
   f. Design
   g. Progression
   h. Reliability
6. Please select 3 words but now taking into account what you think is the opinion of most Portuguese.
   a. Hospitality
   b. Cutting-edge technology
   c. Quality

d. Prestige
e. Exclusivity
f. Design
g. Progression
h. Reliability

7. Would you buy or did you purchase luxury Made-in Portugal products?
   a. Yes
   b. No
8. Distribute a total of 100 points for the luxury products you would be willing to buy, knowing that they were manufactured in Portugal. Assign the highest value to the product that would most interest you, and so on. (You can assign 0 to the categories).
   a. Fragrances and Skincare
   b. Accessories and Jewellery
   c. Clothing
   d. Shoes and Bags
   e. Watches
   f. Cars
   g. Electronic products
   h. Food and Drinks
   i. Tableware and Furniture
9. How do you rate the overall image of Portugal? From 1 to 10
10. How do you evaluate the quality of luxury products made in Portugal? From 1 to 10
11. Evaluate the following statements according to your level of agreement with them.
    a. Portuguese products have a lot of quality.
    b. Portugal has many successful industries.

c. Made in Portugal increases the commercial value of the products.
d. Portuguese products are durable.
e. Portuguese products stand out for their superior quality.
f. Portuguese products are different from the others.
g. If a Portuguese product has the same characteristics as a foreign one, I prefer to buy the Portuguese product.
h. If I have to choose between luxury products, my choice would be a Portuguese product.
i. Portuguese products are very innovative.
j. Portuguese products are gaining notoriety.

12. Order the following factors according to the importance you attach to the evaluation and purchase of luxury products.
    a. Quality
    b. Brand
    c. Place of manufacture
    d. Design
    e. Prestige
    f. Durability
    g. Innovation
13. Please imagine a luxury product of your choice, within your preferences. What features should this product have? Please select 3.
    a. Practical
    b. Funny
    c. Charming
    d. Functional

e. Pleasant

f. Effective

g. Useful

h. Exciting

14. Now consider that this product is manufactured in Portugal. What characteristics should it have? Please select 3.

a. Practical

b. Funny

c. Charming

d. Functional

e. Pleasant

f. Effective

g. Useful

h. Exciting

15. Please consider the following products:

A. B. C. D.

15.1 Suppose you want to buy them, they are products with quality and high economic value. How likely would you be to buy each one? From 0 to 1.

15.2 Suppose now that these products were produced in Portugal. How likely would you be to buy them? From 0 to 1.

16. Of the following product categories, which one does interests you the most?

a. Shoes

b. Bags

c. Tableware

d. Watches

e. None

17. Please indicate your gender

a. Female

b. Male

c. Prefer not to say

18.

A. **B.**

18.1 Consider that you want to buy shoes. You have two options to choose from that have the same price and the same quality. How likely would you be to buy them? From 0 to 1.

18.2 There is new information: Shoe A was produced in Italy; Shoe B was produced in Portugal. Considering that all the previous information remains, what is the probability of buying it now?

19.

A. **B.**

19.1 Consider that you want to buy shoes. You have two options to choose from that have the same price and the same quality. How likely would you be to buy them? From 0 to 1.

19.2 There is new information: Shoe A was produced in Italy; Shoe B was produced in Portugal. Considering that all the previous information remains, what is the probability of buying it now?

20.

A. B.

20.1 Consider that you want to buy a bag. You have two options to choose from that have the same price and the same quality. How likely would you be to buy them? From 0 to 1.

20.2 There is new information: Bag A was produced in Italy; Bag B was produced in Portugal. Considering that all the previous information remains, what is the probability of buying it now?

21.

A. B.

21.1 Consider that you want to buy a bag. You have two options to choose from that have the same price and the same quality. How likely would you be to buy them? From 0 to 1.

21.2 There is new information: Bag A was produced in Italy; Bag B was produced in Portugal. Considering that all the previous information remains, what is the probability of buying it now?

22.

22.1 Consider that you want to buy tableware. You have two options to choose from that have the same price and the same quality. How likely would you be to buy them? From 0 to 1.

22.2 There is new information: Tableware A was produced in Germany; Tableware B was produced in Portugal. Considering that all the previous information remains, what is the probability of buying it now?

23.

23.1 Consider that you want to buy a watch. You have two options to choose from that have the same price and the same quality. How likely would you be to buy them? From 0 to 1.

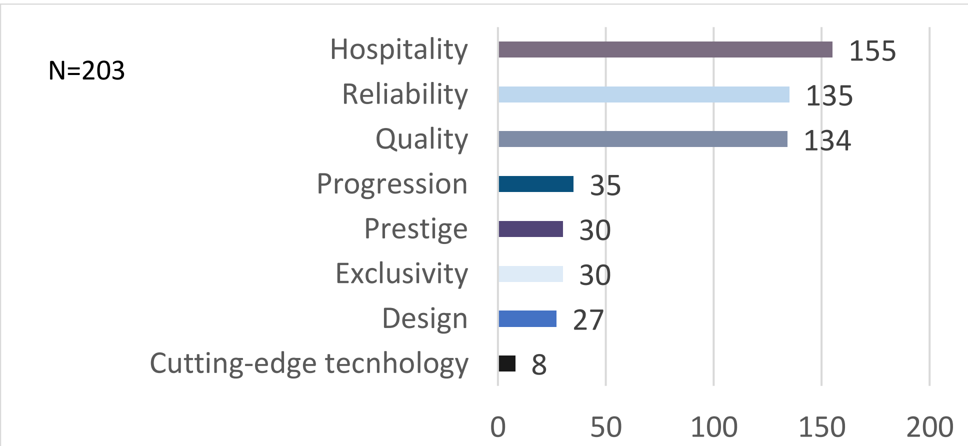
23.2 There is new information: Watch A was produced in Switzerland; Watch B was produced in Portugal. Considering that all the previous information remains, what is the probability of buying it now?

Appendix 3 - Factors considered while evaluating and purchasing a luxury product by the Portuguese consumers

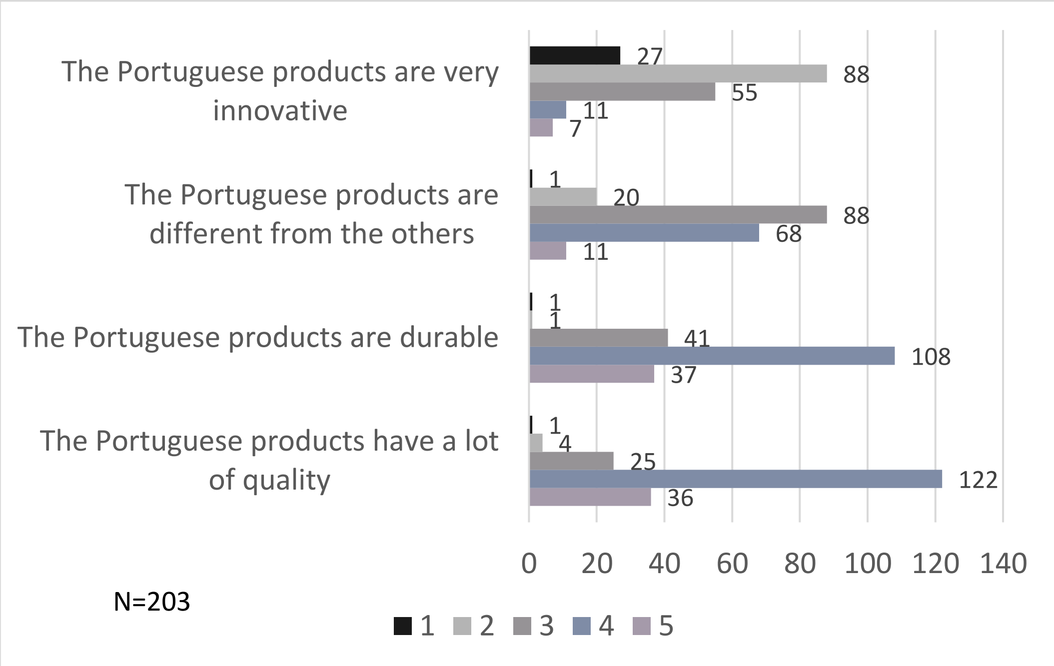
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Quality	203	1	7	1,99	1,671
Brand	203	1	7	3,86	1,877
Place of Manufacture	203	1	7	5,57	1,602
Design	203	1	6	3,09	1,373
Prestige	203	1	7	4,76	1,623
Durability	203	1	7	3,61	1,573
Innovation	203	1	7	5,13	1,683
Valid N (listwise)	203				

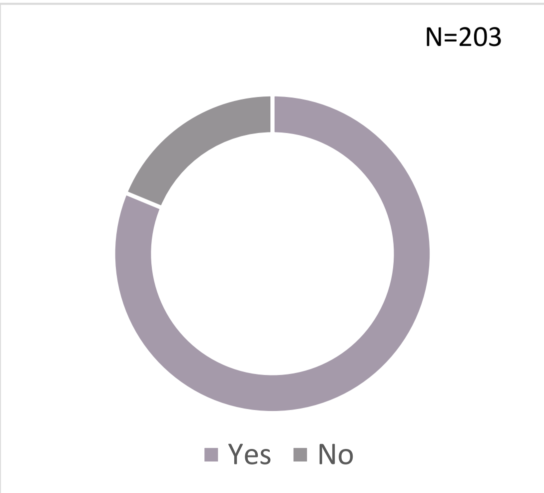
Appendix 4 - Main associations of the respondents with Portugal



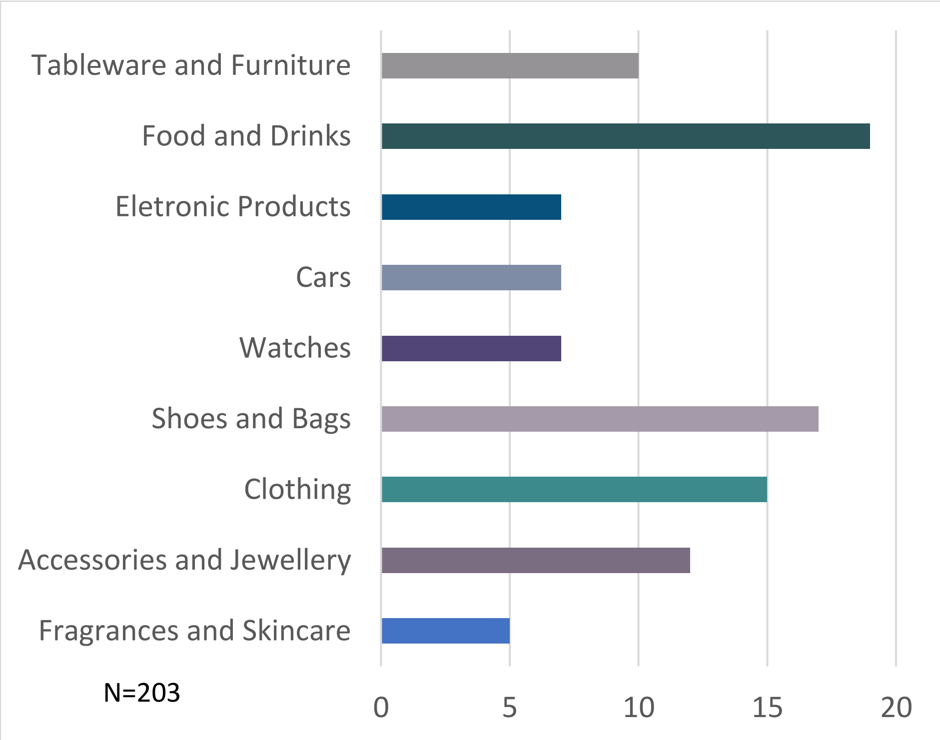
Appendix 5 – Evaluation of the sentences by the consumers (5-Likert)



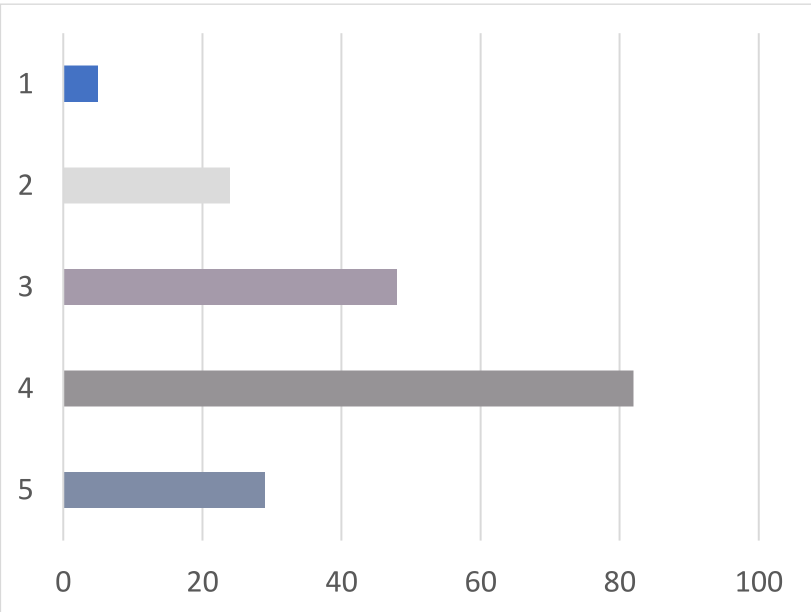
Appendix 6 - Would you buy, or did you purchase luxury Made-in Portugal products?



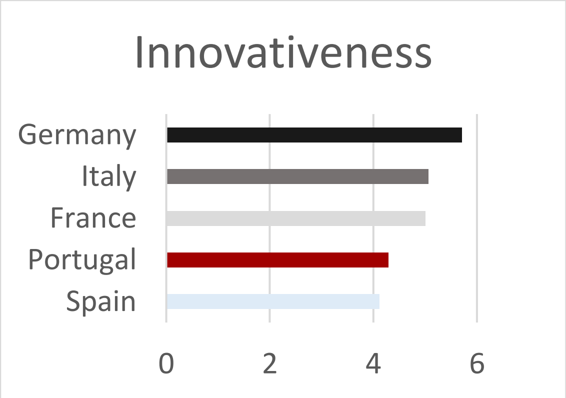
Appendix 7 - Product Categories that the Portuguese Consumers were willing to purchase knowing they were manufactured in Portugal

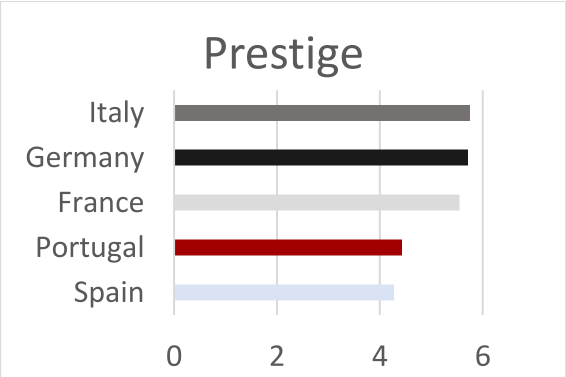


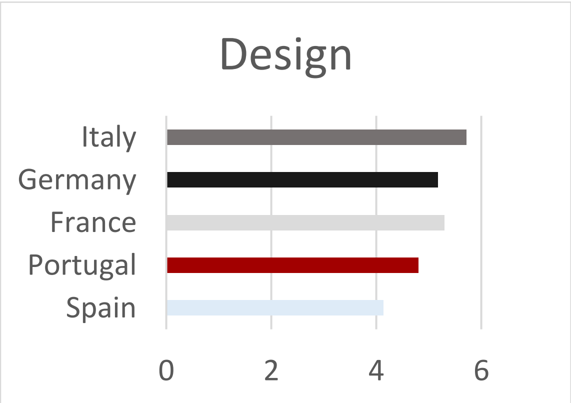
Appendix 8 - Made in Portugal increases the commercial value of the products, (5 Likert)

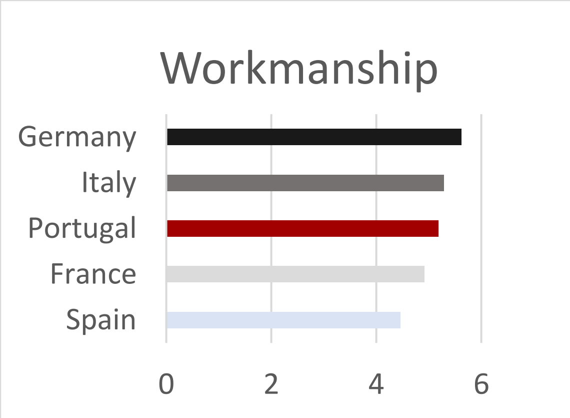


Appendix 9 – Comparison between Portugal and Germany, Italy, Spain and France about innovativeness, prestige, design and workmanship









Appendix 10 – Evaluation of Innovativeness, Prestige, Design, Workmanship for Portugal

Innovativeness

	Frequency	Percent	Valid Percent	Cumulative Percent
1	12	5,9	5,9	5,9
2	6	3,0	3,0	8,9
3	34	16,7	16,7	25,6
4	57	28,1	28,1	53,7
5	60	29,6	29,6	83,3
6	22	10,8	10,8	94,1
7	12	5,9	5,9	100,0
Total	203	100,0	100,0	

Prestige

	Frequency	Percent	Valid Percent	Cumulative Percent
1	13	6,4	6,4	6,4
2	8	3,9	3,9	10,3
3	19	9,4	9,4	19,7
4	55	27,1	27,1	46,8
5	68	33,5	33,5	80,3
6	26	12,8	12,8	93,1
7	14	6,9	6,9	100,0
Total	203	100,0	100,0	

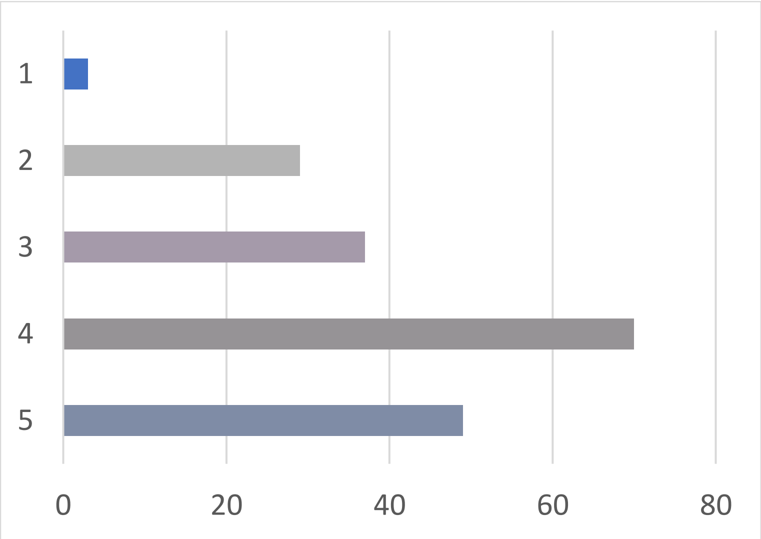
Design

	Frequency	Percent	Valid Percent	Cumulative Percent
1	11	5,4	5,4	5,4
2	4	2,0	2,0	7,4
3	9	4,4	4,4	11,8
4	45	22,2	22,2	34,0
5	70	34,5	34,5	68,5
6	50	24,6	24,6	93,1
7	14	6,9	6,9	100,0
Total	203	100,0	100,0	

Workmanship

	Frequency	Percent	Valid Percent	Cumulative Percent
1	11	5,4	5,4	5,4
2	2	1,0	1,0	6,4
3	14	6,9	6,9	13,3
4	18	8,9	8,9	22,2
5	57	28,1	28,1	50,2
6	69	34,0	34,0	84,2
7	32	15,8	15,8	100,0
Total	203	100,0	100,0	

Appendix 11 – "If a Portuguese product has the same characteristics as a foreign one, I prefer to buy the Portuguese one."



Appendix 12 – "If I have to choose between luxury products, my choice would be a Portuguese product."