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DOES THE IMAGE OF A COUNTRY MATTER? THE CASE OF
PORTUGAL AND ITS COUNTRY OF ORIGIN EFFECTS ON THE
PORTUGUESE FOOTWEAR INDUSTRY

A COMPARATIVE ANALYSIS BETWEEN PORTUGUESE AND FOREIGN
NATIONALS

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Abstract

A positive country image is regarded as crucial for the success of countries worldwide, given the intense competition, most of all for the availability of products. Producing a positive influence on the value of products and on customers' decision to buy them is nowadays the main objective for countries.

This dissertation aims to deepen the study on the image Portugal enjoys abroad, regarded as negative and damaging towards the value of products, and on the effects of the Portuguese origin of products, for which the Portuguese footwear industry was selected. Regarding this industry, the importance of country of origin (COO) as a criterion in its evaluation by customers was measured.

The methodology for this research was based on a literature review on globalization, nation branding and COO effects topics. It was carried out through the application of a questionnaire to two different samples, formed by Portuguese and foreign nationals, respectively, in order to perform a comparison on the perceptions of Portugal domestically and abroad.

The conclusions reinforce the fact that Portugal must act on improving its image by trying to change what is being mistakenly perceived and damaging the performance of its products internationally. This research will bring to light that the image of Portugal abroad is being wrongly managed especially in what regards the main Portuguese industries. The Portuguese footwear industry ends up being a great example of a high quality industry that internationally still suffers as a result of stereotypes that accompany the country for decades.

Resumo

Ter uma imagem positiva é crucial para o sucesso dos países no exterior, dada a crescente e intensa competição, principalmente pela disponibilidade de produtos. Produzir uma influência positiva no valor dos produtos e nas decisões de compra dos consumidores é hoje o principal objectivo dos países.

Esta dissertação visa aprofundar o estudo sobre a imagem de Portugal no exterior, considerada como negativa e tendo um impacto prejudicial no valor dos produtos, e sobre os efeitos da origem portuguesa de produtos, para o qual a indústria do calçado foi seleccionada. Relativamente ao calçado, a importância do país de origem como critério na sua avaliação pelos consumidores foi medida.

A metodologia para este trabalho baseou-se numa revisão da literatura nos temas da globalização, *branding* de nações e efeitos do país de origem, e consistiu na aplicação de um questionário a duas amostras, portugueses e estrangeiros, respectivamente, a fim de realizar uma comparação sobre as percepções de Portugal internamente e no exterior.

As conclusões reforçam o facto de que Portugal deve agir para melhorar a sua imagem, tentando mudar o que está a ser erradamente percepcionado e que prejudica o seu desempenho dos seus produtos internacionalmente. Esta dissertação vem mostrar que a imagem de Portugal no exterior está a ser mal gerida sobretudo no que diz respeito às principais indústrias portuguesas. A indústria do calçado acaba por ser um excelente exemplo de uma indústria de alta qualidade que internacionalmente ainda sofre como resultado de estereótipos que acompanham o país há décadas.

Palavras-chave: imagem do país, efeitos do país de origem, origem portuguesa de produtos, calçado

Classificações JEL: M31 – Marketing; F10 – International Economics – Trade – General

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Executive Summary

The increasing globalization of economies has contributed significantly to an intense competition between countries for the attraction of tourists and investments, for the availability of their products in international markets and for the increasing value of their exports. Nation Branding appears, nowadays, as essential for countries, in a setting in which images and perceptions are more and more a factor in the differentiation between countries by customers. Having a strong nation brand that promotes competitive advantages and that allows a clear identification of product origin becomes crucial to build a positive reputation and for economic progress. In fact, the COO has been greatly used as criterion in the evaluation of products. Previous studies revealed that countries whose perceptions are positive have an advantage over countries that have a negative image which is harmful in its valuation and assessment by customers.

The present dissertation is intended to deepen the study on the image of countries abroad and the COO effects on purchase decisions. In order to study a reality in which perceptions and stereotypes are incorrect, this dissertation focuses on the case of Portugal, a country characterized by a negative image abroad, which severely damages the value of its products in the market. With the intention of evaluating the effects of Portuguese origin on products, the Portuguese footwear industry, considered as the most internationalized of the Portuguese industries, was chosen. In particular, the importance of the COO in its evaluation was measured in comparison to other criteria used by customers in their decision process.

The theoretical validation was based on a literature review of the globalization, nation branding and COO effects topics. The methodology used to achieve the outlined objectives consisted of a questionnaire applied to two distinct samples, of 281 Portuguese nationals and 232 foreign nationals respectively, in order to perform a comparison between the perceptions among both samples about Portugal. The data were analyzed with the use of the SPSS statistical software, through descriptive analysis and hypothesis testing.

Portugal is undoubtedly a country with a great history, once characterized by a set of accomplishments that made it one of the major world empires. However, nowadays the country lives in a new reality, expressed by a negative image abroad, associated to the decreasing value of Portuguese products, and a balance of trade deficit. As an aggravating factor, Portugal has been facing one of the worst economic crisis of its history which

culminated with the request for financial help from the International Monetary Fund in 2011. Despite the decrease of its balance of trade deficit in the last years, the low value of Portuguese exports persists, resulting in the fact that Portugal exports in big quantities but not in value. Nevertheless, the footwear industry appears as an industry whose international performance has been contributing to reverse this trend, by presenting extremely innovative and modern products that directly compete with the best players in the world.

However, the Portuguese reality in the eyes of foreign nationals is still quite distant from what really happens in the country. Foreigners acknowledge Portugal's history, tradition and hospitality, but there is a strong lack of knowledge about the main Portuguese industries and products. Such unawareness causes the "made in Portugal" logo to be associated with low quality abroad, even if the products are equal to those produced in countries whose perceptions of quality are higher. The image of Portugal abroad has been promoted by several organizations, including AICEP[1], whose efforts and campaigns proved to be ineffective as they were not able to change the negative perceptions about the country, namely for the lack of a clear message and for the fact that they often do not reach the final customers.

Upon analysis of the questionnaires, the results support the idea that there is some lack of knowledge about Portugal, with some respondents stating that they only know its name and others, although statistically insignificant, stating they have never heard about it before. However, in general the respondents have some knowledge about the country. The results clearly reveal an extremely negative perception by foreign nationals of Portuguese industries and products, which are, on the other hand, very positively evaluated by Portuguese nationals. Regarding the effects of Portuguese origin, both samples are in agreement by showing indifference towards the value of products. The variable "Heritage, Tourism and People", considered to be more positive abroad, is in reality evaluated negatively by foreign nationals, although the difference between national and foreign perception is less significant than in the case of Portuguese industries and products. Life and work conditions, as well as the country's competitiveness, are seen as negative by Portuguese nationals and as positive by foreign nationals. Finally, the perceptions about Portugal and its success abroad are markedly more positive than they appeared to be. The opinion of Portuguese nationals contrasts with this as they consider the perceptions abroad to be negative.

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[1] Agency for the Investment and External Trade of Portugal

Regarding the footwear industry, the COO is clearly less important for customers in their purchasing decision, being at the level of Advertisement; Quality, Price and Design appear as the most important criteria. Portuguese footwear it is still perceived by foreign nationals as having lower quality than footwear from other countries, while the opinion of Portuguese nationals is completely the opposite. These results reinforce the fact that Portugal needs to urgently improve its image abroad, since an incorrect image renders the country unable to achieve better results. Despite being regarded as a competitive advantage for the country and being one of the most successful Portuguese industries, the footwear industry is still strongly affected by a negative image that has lasted for decades.

Sumário Executivo

A crescente globalização das economias exerceu um contributo significativo na ordem mundial, tendo originado uma intensa competição entre países, os quais lutam pela atracção de turistas e de investimentos, pela presença dos seus produtos nos mercados internacionais e pela valorização positiva das suas exportações. O *branding* de nações surge, actualmente, como preponderante para o sucesso de um país, num panorama em que as imagens e percepções são cada vez mais um factor de diferenciação entre países pelos consumidores. Ter uma marca nação forte que promova vantagens competitivas e que permita a clara identificação da origem dos produtos torna-se crucial para a criação de uma reputação positiva e para o progresso económico. De facto, o país de origem dos produtos tem sido grandemente utilizado como critério de avaliação dos mesmos. Estudos realizados revelam que países cujas percepções sejam positivas terão vantagem sobre países possuidores de uma imagem negativa, que se torna prejudicial na valorização e avaliação dos produtos pelos consumidores.

A presente dissertação pretende aprofundar o estudo da imagem dos países no exterior e dos efeitos do país de origem dos produtos nas decisões de compra. No sentido de estudar uma realidade em que as percepções e estereótipos se encontram desajustados, esta dissertação foca-se no caso de Portugal, país caracterizado por uma imagem negativa no exterior, que prejudica severamente a valorização dos seus produtos no mercado. A fim de avaliar os efeitos da origem portuguesa nos produtos, foi escolhida a indústria portuguesa do calçado, considerada a mais internacionalizada das indústrias portuguesas. Ainda em relação ao calçado, mediu-se a importância do país de origem na sua avaliação, em comparação com outros critérios utilizados pelos consumidores no seu processo de decisão.

A validação teórica baseou-se numa revisão de literatura dos temas globalização, *branding* de nações e efeitos do país de origem. No que concerne à metodologia utilizada, a mesma consistiu na aplicação de um questionário a duas amostras distintas, portugueses e estrangeiros, com 281 e 232 inquiridos, respectivamente, a fim de realizar uma comparação entre as percepções acerca de Portugal das duas audiências. Os dados foram analisados com recurso ao *software* estatístico SPSS, através de análises descritivas e de testes de hipóteses.

Portugal é, indiscutivelmente, um país com uma grande história, pautada outrora por um conjunto de conquistas que o tornaram num dos maiores impérios mundiais. No entanto, o país vive actualmente um novo panorama, manifestado por uma imagem negativa no exterior, associada a uma desvalorização dos produtos portugueses, e um défice da balança de pagamentos. Como agravante, Portugal enfrenta uma das piores crises económicas da sua história, que culminou com um pedido de ajuda financeira em 2011 ao Fundo Monetário Internacional. Apesar da diminuição do défice da sua balança de pagamentos nos últimos anos, o baixo valor das exportações portuguesas persiste, fazendo com que Portugal exporte maioritariamente em grandes quantidades e não em valor. Não obstante, a indústria do calçado surge como uma indústria cuja *performance* internacional tem contribuído para inverter esta tendência, apresentando produtos extremamente inovadores e modernos que competem directamente com os melhores *players* mundiais.

Contudo, a realidade portuguesa vista pelos estrangeiros está ainda bastante distante do que realmente se verifica no país. A Portugal são reconhecidas a sua história, tradição e hospitalidade, mas verifica-se um desconhecimento acentuado das principais indústrias e produtos portugueses. Tal contribui para que o símbolo *made in* Portugal seja associado, no exterior, a baixa qualidade, ainda que os produtos sejam iguais aos produzidos noutros países cuja percepção de qualidade é superior. A imagem de Portugal no exterior tem sido divulgada por diversas organizações, entre as quais a AICEP[2], cujos esforços e campanhas se têm revelado ineficazes no sentido de que não têm contribuído para alterar as percepções negativas acerca do país, nomeadamente pela falta de apresentação de uma mensagem clara e pelo facto de esta muitas vezes não chegar ao consumidor final.

Após análise dos questionários, os resultados suportam a ideia de que existe algum desconhecimento relativamente a Portugal, tendo alguns inquiridos afirmado apenas conhecer o nome do país e outros, apesar de estatisticamente insignificantes, afirmado nunca antes terem ouvido falar do país. Todavia, na generalidade, os inquiridos têm algum conhecimento acerca do país. Os resultados revelam claramente uma percepção extremamente negativa por parte dos estrangeiros acerca das indústrias e produtos Portugueses, que são, por outro lado, avaliados de forma bastante positiva pelos Portugueses. No que concerne aos efeitos da origem Portuguesa no valor dos produtos, as duas amostras estão de acordo, afirmando que o efeito sobre a *performance* dos produtos é indiferente, não aumentando nem diminuindo o valor.

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[2] Agência para o Investimento e Comércio Externo Português

A variável "Herança, Turismo e Pessoas", tida como mais positiva no exterior, é, na realidade, avaliada negativamente pelos estrangeiros. Todavia, a diferença é menos significativa do que aquela demonstrada em relação às indústrias e produtos. As condições de vida/trabalho, bem como a competitividade do país, são tidas como negativas pelos portugueses e como positivas pelos estrangeiros. Finalmente, as percepções acerca de Portugal e o seu sucesso no exterior são acentuadamente mais positivas do que se afiguravam. A opinião dos portugueses contrasta com esta na medida em que consideram negativas as percepções no exterior.

Passando à questão do calçado, o País de Origem é claramente menos importante para os consumidores na sua decisão de compra, estando ao nível da Publicidade. Como critérios mais importantes surgem a Qualidade, o Preço e o *Design*. Particularizando a indústria portuguesa do calçado, esta é ainda vista pelos consumidores estrangeiros como de qualidade inferior à de outros países, sendo a opinião dos portugueses completamente oposta. Estes resultados vêm reforçar o facto de que Portugal necessita urgentemente de alterar a sua imagem no exterior, desfasada principalmente no que diz respeito aos seus produtos e que impossibilita o país de alcançar melhores resultados. Apesar de tida como uma das vantagens competitivas do país e de ser uma das mais bem sucedidas indústrias portuguesas, a indústria do calçado é ainda penosamente prejudicada por uma imagem negativa que perdura há décadas.

1. Introduction

1.1. Importance of the Topic

The phenomenon of globalization brought to the table the opening of borders and an intense competition between countries, as well as the need to rethink global strategies in order to surpass other countries in terms of customers, exports, tourists, investors and resources. In this line of thought, most countries realized that an important factor to be successful in the international market is their own image, the image they transfer and create in the mind of all the stakeholders present in the current environment. Although this subject is rather recent, nowadays it is widely spoken about. Numerous authors consider that countries can be seen as products and therefore associated to a certain image, either positive or negative, which may or may not correspond to reality. They refer to this issue as "Nation Branding" and most of them claim that the image of a country will have an impact on the decisions made by customers and investors. Thus, the promotion of countries is a very important subject nowadays, which has had significant developments in the last decade.

In today's globalized world, the amount of available products we can buy from different countries is overwhelming, and buying foreign products becomes almost a routine. The country of origin (COO) of products is increasingly considered a source of differentiation between products based on stereotypes and perceptions and, from previous studies, it is widely believed that it influences the evaluation of products by customers. A strong nation brand that clearly identifies the origin of products is today determinant since the image the nation projects to customers might have an impact on their decisions when purchasing products. In a world where the perceptions about countries are more and more important, countries must communicate its values and strengths effectively through what the author Anholt (2008) calls *nations' communication channels*: tourism, exports, people, culture and heritage, politics and the way the country is directing its investments.

In the last few years, the world has fallen into an economic recession which directly influences the countries' resources and their decisions in terms of investments and leads to a decrease in customers' available income. Therefore, more than ever it makes sense that

countries spend time working on their communication to the world and adopt nation branding strategies as now all the steps should be taken more thoughtfully.

1.2. Main Purpose

The present study will be made in the form of a dissertation and its major objective is to study the overall image of Portugal and investigate the influence of COO as a criterion in the process of evaluation and purchase of footwear, by making a comparative analysis between two different audiences: Portuguese and foreign nationals. Firstly, we assess the level of knowledge/awareness and the perceptions about Portugal, whether those confirm the negative image that accompanies the country and how much that negative image is at odds with reality. Secondly, we determine how the COO impacts the choice of a product, specifically footwear in general, compared to other cues such as quality, price or brand. Lastly, the objective is to make the same analysis on the COO effects but by focusing on the particular case of the Portuguese footwear industry.

Therefore, the main research questions are the following:

1. Do Portuguese and foreign nationals have similar country images for Portugal and products produced in the country?
2. Is COO an important factor in the evaluation and purchase of footwear?
3. How does the Portuguese origin of products influence the evaluation of footwear produced in the country?
4. Are customers aware of the Portuguese footwear industry? Does familiarity with the country contribute to the level of foreign nationals' awareness?

1.3. Motivations

The choice of the present topic relates to the fact that Nation Branding is a Marketing field that has taken its first steps only in the last decade and for that reason deserves special attention and a closer look. It is interesting to understand how the behavior of countries in

terms of their auto promotion and of their effort to bring out their most distinctive characteristics reflects both internally and abroad, and to assess its impact on customers' behavior of evaluating and purchasing products.

The use of Portugal as the main focus of this dissertation is due to the fact that it has not been the focus of many previous studies, which makes an interesting target to deepen and apply the theoretical concepts of COO. Portugal, once the main empire in terms of economic, political and military power, has now much harder challenges to overcome with the advent of globalization, such as facing the increasing competition between countries and improving the country's external perception as a reliable source for exports. In fact, one of the main barriers the country faces is the negative image of low quality attributed to its products abroad, which damages the country's performance in international markets. Plus, with the economic crisis, Portugal has weakened its position, making the issues of Nation Branding and COO effects very relevant since the confidence levels concerning Portugal have been declining as well as the credibility of products produced in the country.

The Portuguese footwear industry appears as one of the most important industries for the country in international markets, being present in 132 countries, and has been experiencing extremely good results due to its prestige and recognition worldwide. The industry is based on very innovative and high quality products making it one of the most important footwear industries in Europe, competing directly with the best ones, such as those of Italy and Spain. Footwear is a product that usually does not display clearly its "made in" logo, so it is noticeable that most of the time customers are not aware of the origin of the product they are purchasing. Fortunately, in Portugal there are already many footwear stores that encourage the purchase of Portuguese products by displaying its origin.

1.4. Domain and Outline

The literature review for the validation of the present study was based on the following main areas:

- Globalization
- Nation Branding

- COO Effects

Chapter 2 analyzes the importance a country image has nowadays and its implications on the country's strategic decisions in a global scale. Moreover, the relation between a negative or positive assessment of the nation brand and the customers' evaluation and purchase of products will also be explored.

Chapter 3 focuses on Portugal by determining its present situation regarding the image the country enjoys and the Portuguese origin of products. The main entities responsible for the management of the brand Portugal abroad will also be presented. Attention will be given to the Portuguese footwear industry by showing the evolution of the sector and what makes it one of the most profitable, successful and competitive in Portugal. Finally, the major criticisms to the country's national brand management will be enunciated.

Chapter 4 is dedicated to the presentation of the conceptual framework as well as the proposed research hypotheses expected to be accepted or refuted at the end of the dissertation. The methodology used will also be presented by characterizing the data collection process.

Chapter 5 presents the characterization of the samples as well as other descriptive statistics concerning the topic of the dissertation. The research hypotheses are tested by analyzing the results of the questionnaires applied to the samples.

Chapter 6 concludes by confronting the research questions Chapter 3 and the results obtained in Chapter 5. Finally, the contributions, the limitations and the lines for future research are presented.

2. Literature Review

The present chapter has the purpose of setting the theoretical background for the Nation Branding and COO Effects issues, which first requires a brief background on the need for countries to consider their image as one of the main factors to compete in the world market. The nation brand concept will be defined and then the chapter will focus on determining whether the country image influences customers' purchasing decisions by introducing the COO effects concept. Finally, a relation will be made between the image countries communicate and the reputation they enjoy in the world.

2.1. Nation Branding

2.1.1. Context of globalization and the need for affirmation by countries

Nowadays, the world is a busy market in constant change, transformed in the so called "global village". The term "globalization" is recent but it is something that results from an old intention of exploring and making a better use of resources. For instance, in the Age of Discovery, Portugal sought to discover new worlds and build new trade relations, making the country one of the pioneers of globalization. In the past, countries would appeal to national and foreign audiences by having strong military and industrial power or big territories. However, with the development of communication and transportation and the opening of international borders, those factors do not make sense any longer. Now, attractiveness, being a reliable source for imports, tourism and reputation represent the new sources of power in the world (Athias and Echegaray, 2006).

The process of globalization involves the homogenization of cultures and values by breaking the boundaries of protectionism and giving rise to neoliberal practices. It also gives rise to a whole new level of communications, to the fragmentation of the production process on a global scale, to the opening of new markets and to the appearance of global brands. With the quick advance of globalization and the intensification of global trade and communications, the world has become a free market where countries compete between each other for customers, investors, tourists, students, entrepreneurs, resources and media, among

others (Anholt, 2008; Kang and Yang, 2010). Countries felt the need to differentiate themselves in the pursuit of several objectives from economic to political or social. Governments are now trying to design the identity of their countries according to a certain image in order to target markets and attract them (Dumbravean, 2010).

Countries now feel the pressure to create an identity that evokes their most important and unique assets in order to stand out, to build a strong and competitive position and to gain visibility in the international audience. Therefore, globalization involves two different challenges: first, to adapt to the global market and trends; second, to preserve what is unique to the country in order to differentiate from others. Athias and Echegaray (2006) state that *"what differentiates nations is the perception of them and the quality of their brand"*, meaning the country's image and reputation with the international public opinion.

Now, more than ever, competition between countries is like a combat where countries fight for being the best at something and giving the best impression possible. Differentiation and making strengths stand out becomes imperative in a world where a bad action can have global consequences in a matter of seconds. Economic, political or military powers are not enough for the progress and prosperity of countries any longer. The destiny of most countries lies in the hands of the international opinion, working as a panel of judges, and one bad decision can be fatal for their reputation. Contradicting a well-known proverb "don't judge a book by its cover", nowadays countries are being judged by their cover by international audiences so, if not concentrated on what images they project to the outside, created opinions about those countries might be far from reality.

2.1.2. Emergence of countries as brands: definition of Nation Brand

The American Marketing Association defines brand as *"a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers"*. The goal of branding is to help build customer loyalty and the market share of companies and products. The concept of brand has naturally evolved and, in the last two decades, the concept of branding, usually used to identify companies, products and services, has also become a critical tool for nations/cities: *"countries have now become brands that can be strategically marketed to a targeted audience in order to achieve desired goals"* (Mugobo and Ukpere, 2011). With the globalization of world markets, countries had to rethink and

redefine their competitive strategies which were once directed to a smaller audience and now to a much bigger one. Thus, nation branding appears as a solution for countries to achieve their economic goals in an era of recession as well as their political aspirations since it offers differentiation, an attractive identity and competitive advantages.

Thus, the concept of <u>nation brand</u> is an extremely important one and, having a powerful and strong nation brand, provides countries significant advantage in terms of competitiveness since it represents the countries' position in the world. Anholt (2008) was the first author to point out the concept of nation brand and refers to it as *"...a clear and simple measure of its license to trade in the global marketplace, and the acceptability of its people, hospitality, culture, policies, products and services to the rest of the world."*. Thus, the main objective of the nation brand is to build the country's reputation with the aim of progress and prosperity.

Fan (2009) describes nation branding as *"a process by which a nation's images can be created, monitored, evaluated and proactively managed in order to improve or enhance the country's reputation among a target international audience"*, based on elements such as people, culture, history, political and economic systems, food, tourism, exports, famous people, brands among others. Dumbraveanu (2010) adds that the goal of branding countries is making *"people aware of the location and then produce desirable associations to construct a favorable image to attract either visits or businesses or both"*.

Dinnie (2008), Mugobo and Ukpere (2011) stated the main objectives for countries to engage in nation branding:

- Restore the country's credibility in the world
- Increase political influence
- Stimulate stronger international partnerships
- Attract customers and investors
- Erase misconceptions about the country
- Improve competitiveness
- Promote tourism and facilitate trade
- Increase exports
- Increase the access to global markets

For Anholt (2005) a believable and strong nation brand is obtained when countries' actions are based on a clear vision and when all its communication and interaction channels

with the world are coordinated around that image. The author states that countries must use six different channels which together represent the *"idea of the nation"*. The author created the following model (Figure 1), according to which he ranks the countries in his Anholt-GfK Roper Nation Brands Index (NBI).

Tourism   Exports

People   Nation Brand   Foreign and Domestic Policy

Culture and Heritage   Investment and Immigration
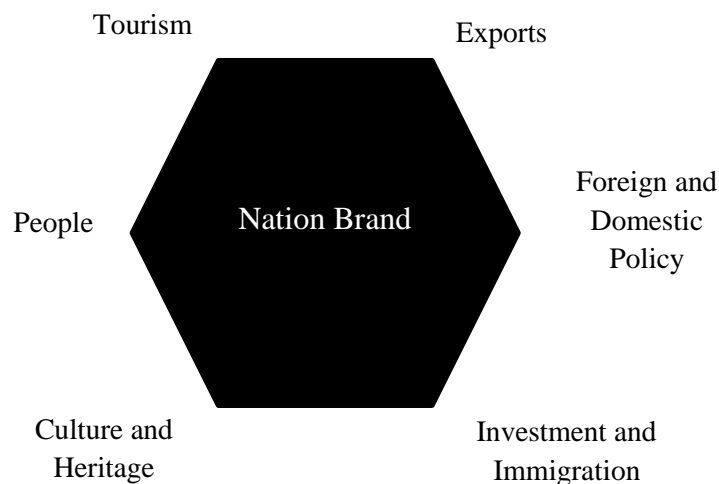
Figure 1: The Nation Brand Hexagon (Anholt, 2008)

Anholt (2008) believes that if countries have a well-defined idea of what they are and what they want to transmit and if they coordinate the six different points of the hexagon to reinforce that idea, there is a good chance of building and preserving a powerful reputation, both internally and externally.

- **Tourism**

Nowadays, tourism promotion is a vital Marketing tool and is one the most resorted to by countries to promote their image. In fact, with today's competitiveness and similarity between tourist destinations, the devolpment of a unique tourism identity is crucial for a country's success. It is believed that the tourism image created about a country can strongly impact other areas of the country's performance. Regularly, this area of promotion is the one that gets the biggest budgets from governments to promote the countries.

- **Exports**

Along with tourism, they represent the two main communication channels for nation brands. Exports are usually associated with the concept of COO effects (which will be analyzed further in the literature review), which is related to the influence the image of a

country has on the customers' perception of products and services from that country. It is believed that giving an appealing and powerful nation brand to exports is the most powerful way to build and sustain the national image and reputation.

- **People**

This relates to the country's leaders, personalities with high international exposure and the population in general, i.e., all the people that contribute to the diffusion of the country's image. This means that the perception of the population of a country influences the perception about of the nation brand by transferring the people's identity to the brand. It relates not only to the people's friendliness and hospitality but also to their behavior, skills, values and qualifications. Therefore, all the country's citizens can work as embassadors for the nation brand, whether they are known or not.

- **Foreign and Domestic Policy**

It concerns the role played by the country's leaders and the way their policies are being communicated. It relates not only to the percieved competence, honesty, stability and responsibility of governments but also to the respect for the rights of the citizen and the country's behavior in international matters: peace, security, environment protection, poverty reduction, among others. The government's actions can influence the image of the brand if they communicate a clear and credible message of what the country represents and if they have a good interaction with the citizens.

- **Culture and Heritage**

This is something that is irreplaceacle because it is characteristic of each country, being an efficient way to communicate something that is particular to the country and differentiating it from others. Not only it relates to the country's history, heritage, culture, geography but also the country's performance in arts, literature, music, films and sports. By ensuring that the country's culture is recognized abroad, it is possible to reinforce the image of the nation brand as it can give places richness, respect, trust and esteem.

- **<u>Investment and Immigration</u>**

This is related to how the countries attract not only foreign investment but also foreign talent, qualified in certain areas. The intensification in the attraction of investment has been potentiating the economic development and the emergence of new markets in developing countries (e.g. the Asian market). This communication channel can significantly influence the image of a country especially because the perceptions created by foreign companies will have an impact on the selection of markets for their investments.

2.1.3. Differences between a Traditional Brand and a Nation Brand

Brands have always been considered as one of the most valuable elements and one of the main sources of income for companies. In fact, many companies make high investments in the improvement of their brands, making customers focus more on the emotions the brand transmits than on the actual product qualities. In some cases, the power of the brand can even surpass the importance of the company products as main assets (Andrejevic and Volcic, 2011). When well-managed, brands can generate multiple benefits such as:

- Differentiation from competitors
- Creation of emotional benefits to customers
- Simplification of customers' purchase decision
- Protection of the organization
- Development of long-term relationships between company and customers
- Creation of value and increase of efficiency
- Assurance of quality

Like companies, countries can also be brands and need *"to be able to develop their self-promotion to reach the marketing level of a company"* (Moilanen and Rainisto, 2009). Even though there are similarities, a nation brand is different and much more complex than a traditional brand. While a traditional brand is centered on a product or service promoted to the final customer, a nation brand works as an umbrella brand not intended to be sold and concerns the country's image as a whole (Fan, 2006). Table 1 shows the main differences between a nation brand and a traditional brand:

	Nation Brand	Traditional Brand
Offer	No physical product	A product or service
Attributes	Difficult to define	Well defined
Benefits	Mostly emotional	Emotional and Functional
Image	Complex, Varied	Simple, Clear
Purpose	Promote national image	Increase a company's sales and help develop an emotional relationship with the customers
Ownership	Unclear (multiple stakeholders)	Sole owner
Audience	Diverse and wide (hard to define)	Targeted segment

Table 1: Comparison between Nation Branding and Product Branding (Fan, 2006)

2.2. Country of origin of products as a criterion on customers' buying decisions

2.2.1. Customers' decision making cues

Ever since customer behavior began to be studied, one of the most important and more studied questions has been understanding what really leads and triggers them to opt for a certain purchase as there are many factors that can influence it and each customer can be influenced differently. Karunaratna, Quester and Veale (2006) define products and services as *"bundles of attributes used as "cues" by consumers to shape opinions of expected or experienced product quality".* Hence, when evaluating products and services, customers look for the available information that will help them choose and base their evaluation on a series of information cues, which can be described as a *"group of informational stimuli available to customer's prior purchase"* (Dzidrov, 2011). Steenkamp and Verlegh (1999) stated that more than giving information about the products, those stimuli help customers create preferences and also elicit the creation of certain feelings and emotions towards the products.

Those cues can be intrinsic, related to the physical and inherent characteristics of products, or extrinsic, related to the product intangible characteristics and that are not

fundamental to its performance (Insch and McBride, 2004; Karunaratna, Quester and Veale, 2006; Dzidrov, 2011).

Intrinsic Cues	Customers' evaluation of products	Extrinsic Cues
(taste, design, style, reliability, specifications, performance)		(COO, price, brand name, seller and brand reputation)
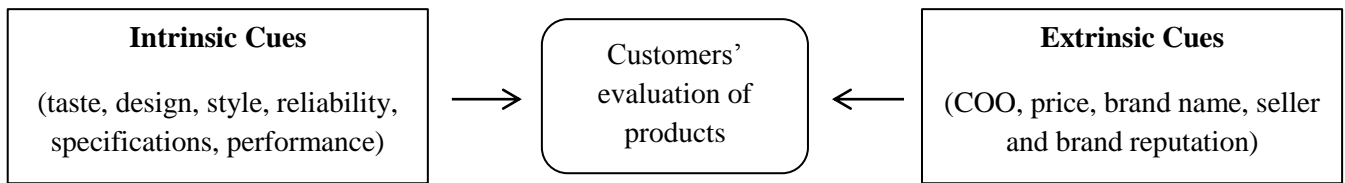
Figure 2: Cues used to evaluate products (Dzidrov, 2011)

In the absence of intrinsic cues that help differentiate a product from another, customers tend to resort to extrinsic cues to base their evaluations. While intrinsic aspects are characteristics that are product specific and can't be generalized to other products, extrinsic characteristics can be generalized to other products from the same brand or even the same country.

2.2.2. Definition of COO and its impact on product evaluations

Research proves that, with the massive availability of foreign products in the market, the COO of products plays an increasingly important role in customer behavior leading them to evaluate the products through the *made in* label[3]. The COO concept is therefore occasionally an extrinsic cue used to evaluate products; usually, positive perceptions about a country will result in positive perceptions about that country's brands and products (Krupka, Ozretic-Dosen, Skare, 2007; Hinner, 2010). Karunaratna, Quester and Veale (2006) add two different concepts that must be taken into account:

- Country Image which involves *"the general perceptions, or stereotypical images (akin to a brand image) that consumers from one country (or region) form about another country or region"*

- COO effects defined as *"the degree to which country image (or country of brand or assembly) influences consumers' evaluations of products from that specific country"*.[4]

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[3] *"symbol that stands for certain perceived qualities associated with a country and products from that country"* (Hinner, 2010)

[4] *"overall perception that customers' form for a particular country and its products based on prior experience with products originating from that country"* (Dzidrov, 2011, citing Roth and Romeo, 1992)
"any influence that the country of manufacture has on a consumer's positive or negative perception of a product" (Ghazali, Ibrahim, Othman and Yahya, 2008)

COO is nowadays a determinant factor for the competitiveness of countries as it can work as a differentiating element of their products and services in the market and can contribute for the creation of competitive advantages. Globalization brought with it an intensified competition between countries as well as a wider variety of products and the fact that a country participates in the international markets no longer is a sufficient condition for its success. Products are increasingly indistinguishable among themselves and COO can be crucial for countries to gain the international visibility they pursue, as long as they enjoy a positive country image. A positive country image can work as a guarantee of the product's quality and of the country's positive performance. Some countries enjoy a favorable image in a certain sector; in other cases, a positive image in a specific sector is transferred to other sectors. These countries usually benefit from customers' good will in a purchase situation. On the other hand, a negative country image can have devastating consequences economically. Having an unfavorable image associated to a sector can lead to a negative impact on all that comes from that country (Silva, 2010).

The study that triggered further research in this area was conducted by an author named Schooler in 1965 who found out that products identical in all characteristics but their origin were evaluated in a significantly different manner. Since then, numerous authors have studied this phenomenon, but yet there is some disagreement concerning the importance and magnitude of COO in product evaluation. Although there are other extrinsic cues beyond COO, it is considered that COO plays a different role since it can trigger in customers symbologies, emotions and connections that other cues don't trigger, such as pride, cultural identification or patriotism (Steenkamp and Verlegh, 1999). Patterson and Tai (1991) stated that *"attitudes towards a specific product or brand could be substantially changed, both favorably and unfavorably, when the country of origin of the product or brand was revealed to the consumer"*.

> Some years ago, Chrysler decided to produce some of its models in Mexico, the exact same models produced in the USA. For that, installed the necessary infrastructure, provided its employees with the skills and started its activity. The effects on sales of Chrysler cars manufactured in Mexico were not the best. The cars produced in the USA sold much more than the cars produced in Mexico.

Figure 3: Example of the COO effects (Silva, 2010)

The use of COO as a criterion for the purchasing decision can be explained by several factors:

- due to globalization, many customers resort to the product's origin to simplify the huge amount of available information and end up generalizing the country's characteristics to its products (*"product related stereotyping"*);

- the standardization of products and the difficulty in providing a unique selling proposition leads customers to use other ways to differentiate the products and COO is one of them;

- as a result of global media, customers rapidly become aware of foreign products and of their characteristics, becoming more familiar with certain countries than with others.

Usually customers evaluate products from developed countries more positively (Krupka, Ozretic-Dosen, Skare, 2007) and consumers that live in developed countries generally have preference for products from their home country (Watson and Wright, 2000). Also, *"if a nation is commonly perceived as having attributes that carry over into everything done there, then the country of origin becomes a factor in the image of any product from that country"* (O'Shaughnessy and O'Shaughnessy, 2000). Brands originated from the same country usually share the same images and associations. For instance, Toyota, Mitsubishi and Suzuki probably share associations since they have a common COO, Japan. (Cooksey, Pappu Quester, 2007).

Lawley, Peng and Perry (2000) propose a model (Figure 4) that combines the effects of country, corporate and brand images on the customers' product evaluation and purchasing decision. It is believed customers' decisions can be impacted not only by a country's image, but also the image of brands and companies from that country, which can be sources of origin information as well. The model follows the perspective beliefs → attitudes → intention to explain customer behavior. Customers' images (about the country, companies or brands) drive their product evaluation, which will consequently influence their purchasing decision.
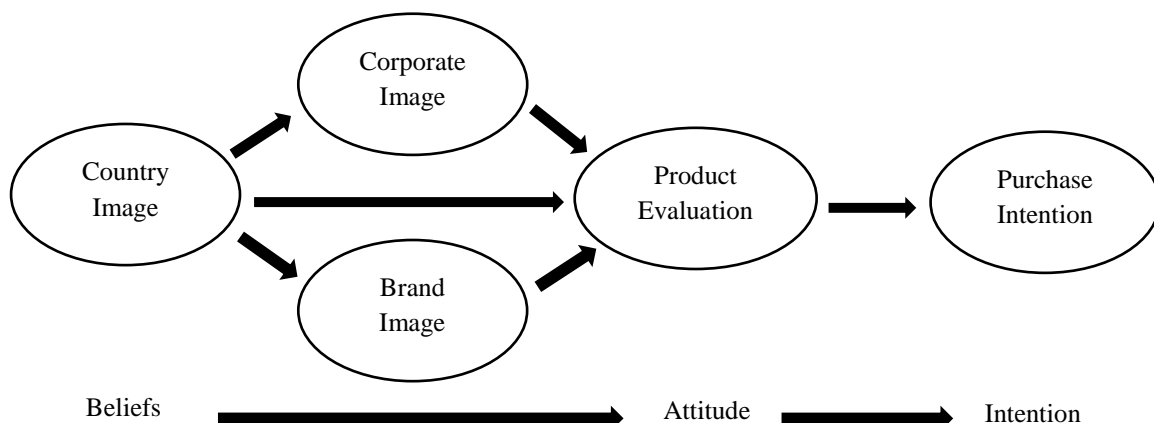
Figure 4: COO Research Model (Lawley, Peng and Perry, 2000)

Some customers are loyal to certain countries, just like they are to brands. Then, it can be assumed that customers' brand loyalty can be linked to the brand's COO since positive images about the country can lead to the popularity of the brand and, consequently, to brand loyalty (Cooksey, Pappu and Quester, 2007). In fact, many customers look directly for products from a certain country. There are some product categories where COO plays an important role: perfumes from France, whiskey from Scotland, watches from Switzerland, fashion from Italy, technology from Japan and coffee from Colombia (Dinnie, 2008; Agrawal and Kamakura, 1999).

2.2.3. Factors moderating the impact of COO on product evaluation

Despite much research on the COO factor, there is still no agreement on the magnitude of the impact of COO on product evaluation and what factors moderate the effect. Below there is a summary of the factors found in previous research:

- Product category
- Presence of several cues in the product evaluation
- Level of involvement with the product
- Customers' ethnocentrism
- Familiarity with the country's products

According to Gineikienè and Urbonavicius (2009), the use of COO as a cue depends on the product category as the *"product itself carries a great deal of weight in determining the extent to which COO effect will emerge"*. There are product categories in which COO is more important, for instance perfumes, cars or electronics. However, if we think of a customers' essential needs product such as toothpaste, the importance of COO is believed to be weaker (Hinner, 2010).

One of the major criticisms to COO studies is that many are single-cue which means they ignore factors other than COO, which can exaggerate its impact. However, Agrawal and Kamakura (1999), Gineikienè and Urbonavicius (2009) and Hanzaee and Khosrozadeh (2011) state that in an actual purchase situation customers are presented with additional information and other cues, such as price, brand, design, among others. The authors defend multi-cue studies, which have proven that in the presence of other cues COO's impact on purchase evaluations is significantly weaker.

Gineikienè and Urbonavicius (2009) conducted a study in Lithuania to determine the importance of several factors (quality, experience, price, brand, recommendations, COO, advertising) when purchasing several types of products (automobiles, cell phones, TV sets, furniture, clothing, cosmetics, wine, cheese, beer, candy). The results confirmed that COO influences product evaluations but with much less importance than all the other considered cues. However, COO presents the largest standard deviation which means that the use of COO varies more than the use of the other cues. This can be explained by the fact that, while some cues such as price and quality are considered and are very important for almost every product category, COO is important only for some categories. The results show that respondents give more importance to COO when purchasing wine, followed by cheese, TV sets and furniture. On the other hand, respondents pay less attention to COO when purchasing cell phones, candy and clothing. These findings prove that COO's importance is product-specific and the complexity of the products determines the attention given to COO on the evaluation and purchase by consumers. Likewise, it proves that in the presence of other cues the importance of COO is not significant.

Krupka, Ozretic-Dosen and Skare (2007), Shergill (2009) and Hanzaee and Khosrozadeh (2011) believe that a factor that influences the magnitude of COO is the customers' level of involvement with the product. They believe that the impact of COO is weaker on the evaluation of low-involvement products — the ones that are bought more frequently and don't take too much effort on the part of customers when choosing them. On the other hand, when customers are in the presence of high-involvement products, the impact of COO is believed to be stronger. However, Josiassen (2009) contradicts the previous idea and, citing Verlegh (2005), states that *"country of origin has a greater impact on product evaluations when consumers are less motivated to process available information, for example when involvement is low"*. In fact, the research conducted by Gineikienè and Urbonavicius (2009) concluded that those customers gave more importance to COO when buying wine and cheese while giving less importance when buying candy and clothing, being all four product categories considered as low involvement. Hence, the moderating effect of level of involvement in the use of COO is still unclear.

COO effects do not always refer to a foreign country; sometimes it has to do with the customers' own country. People might prefer national products because it helps the economy or because otherwise it would be unpatriotic and wrong. Hinner (2010) defines ethnocentrism as *"considering one's own country as the best in the world"*, which can also have a

significant impact on the COO effect, translated in the fact that customers tend to perceive their own country more favorably than customers from other countries, having a strong and significant preference for products produced in their country (d'Astous and Sadrudin, 2008). When domestic products are not available these customers are most likely to choose foreign products from a country with a similar culture (Watson and Wright, 2000). A study conducted in 1987 by Shimp and Sharms through the administration of a questionnaire in some North American cities revealed that, if people feel that their quality of life and economic situation is threatened by other countries, the preference for national products will be stronger. Another study, by Watson and Wright in 2000, showed that customers are more likely to buy products from a country with a similar culture than from one whose culture is dissimilar. The study revealed that customers in New Zealand had preference for products manufactured in the USA or the UK, with a culture similar to New Zealand's, than for products from Singapore and Italy, with different cultures (Hinner, 2010).

Finally, customers' familiarity with a country's products is also a factor that influences their overall image of the country and will consequently help make inferences about the products' relative quality through their COO. For Karunaratna, Quester and Veale (2006), when customers have limited knowledge of the products from a certain country, it is more likely for COO to be used as a cue by allowing a quick evaluation of the product without having to search for information. However, Heslop, Laroche, Mourali and Papadopoulos (2005) are in disagreement and state that the propensity to use COO increases when the product familiarity is higher as *"people with more prior knowledge will have more relevant information on a country and will feel more comfortable about using it than others"*. According to d'Astous and Ahmed (2008), *"a greater level of direct contact with a country or its products leads to a more objective consumer product perceptions",* which means that the higher the level of familiarity with the country, the more likely the perceptions about the products quality will be closer to reality, and the more efficient the use of COO in its evaluation will be.
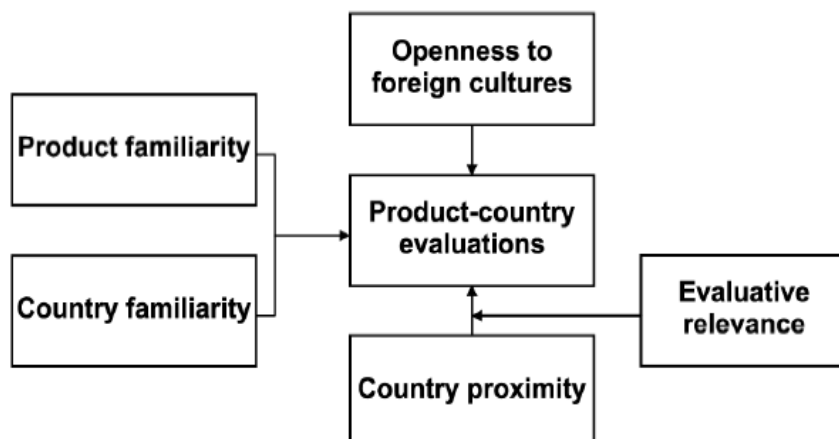
Figure 5: Product/Country familiarity Conceptual Framework (d'Astous, Caldwell, Carù, Courvoisier, Voss, 2008)

2.3. Country's reputation as ultimate goal of building a strong nation brand

Country image and COO effects directly impact on the country's reputation. In fact, what matters to nation branding is the reputation and image nations possess in the world. A country's reputation works similarly to that of a company or a product, being equally critical to the prosperity, progress and management of the country. Some countries are lucky to have a positive reputation and to those the challenges of the globalized world are much easier. On the other hand, for a country with a bad reputation everything it does outside its borders is harder (Anholt, 2008; Fan, 2009). The reputation is created based on the perceptions by domestic and international audiences and it is through these perceptions that people make judgments about the country. But why do countries need to manage their reputation?

- Countries compete with one another;
- Countries depend on resources and support that they might not have on their own (financial or non-financial);
- Countries need to be appealing to the audience;
- Countries have their own vision and strategic plan (Kang and Yang, 2010).

The function of a government can be compared to the management of a company. The main challenge in nation branding is how to transfer a single image/message to such different audiences from different countries. With the complexity of the global market and the variety of existent stakeholders, it is extremely difficult to communicate a core and consistent message that will fit and be understood by multiple stakeholders in different countries (Fan, 2009). The reputation of a nation is something that is built over time and that depends on the dialogue between the country and the rest of the world. A country that is more active internationally usually creates an image that is more accurate and closer to its reality while less active countries will likely generate an incorrect image (Anholt, 2008). Some countries, due to flaws in the development of their strategies or as a result of preconceived stereotypes, have a negative reputation that affects them as a whole. Thus, many are confronted with the need to correct the negative image that accompanies them and with which they are identified in international markets. Improving a country's reputation is something hard and it takes a long time to achieve as it involves altering the perceptions rooted in people's minds.

However, there are cases of successful countries that were able to transform their negative image into something positive, through the repositioning of their brand. The case of Spain is a good example as the country was able to change its reputation in a short time. After Franco's regime, the country was isolated, poor and was not considered a modern European country. Today, the country's image and identity have changed drastically. Spain developed a national promotion campaign and chose the Joan Miro's sun as a symbol of the country's modernization. The country was promoted on national and regional levels (e.g. Barcelona

Figure 6: Spain Nation Brand

Olympics; Guggenheim Museum in Bilbao)[5]. The country has also many embassadors such as movie director Pedro Almodóvar, actors Antonio Banderas and Penélope Cruz, clothes designer Adolfo Dominguez or singers Julio and Enrique Iglesias and Alejandro Sanz. Furthermore, the country is also a good example of success in the sports sector, both individual and collective, and is considered as one of the most successful countries in sport. The greatness of Spanish sports is well demonstrated, individually, by Rafael Nadal, Fernando Alonso, Pau Gasol and Alberto Contador; and, collectivelly, by Real Madrid C.F., F.C. Barcelona and the Spanish National Team (UEFA European Football Championship 2008 and FIFA World Cup 2010). Spain is one of the best examples of nation branding and it proves that in can be done successfully (Gilmore, 2002; Silva, 2010)

Nowadays, countries must think of their reputation as something that is crucial to gain a prominent role in the global market and act decisively to build one that is appealing to all the world players. Aronczyk (2009), citing Anholt, stated that *"every responsible government in the global age is duty bound to take steps in the management of their nation's reputation, since the only sort of government that can afford to ignore the impact of its national reputation is one which has no interest in participating in the global community and no desire for its economy, its culture or its citizens to benefit from the rich influences and opportunities that the rest of the world offers them"*. Today, governments are taking action and managing their nation brands so that they reside in the mind of customers as favorable and positive images and not left in the hands of stereotypes (Dinnie, 2008).

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[5] Woody Allen's 2008 movie "Vicky Christina Barcelona" was part of the city's promotion and was partially funded by the government of Barcelona.

3. The Case of Portugal

3.1. Country's Profile

Portugal, with a privileged location in the Western Europe, is a small country with almost 900 years of history and one of the oldest in Europe. A pioneer in the Age of Discovery, Portugal established an empire which lasted almost 600 years. At that time, the Portuguese empire was the most important in the whole world in terms of political, economic and military power. Thanks to this great empire, Portuguese is the 7th most spoken language in the world with 193 million speakers. Today, Portugal is considered a developed country appearing in 41st place in the Human Development Index (2011)[6] which corresponds to a very high human development. Portugal also has one of the best healthcare systems worldwide and is considered one of the most peaceful countries. Regarding tourism, in 2011 Portugal was ranked 19th in the World Tourism Ranking, elaborated by the World Tourism Organization (WTO), which ranks countries in terms of the number of international tourist visits (Source: WTO).

Economically, Portugal was severely affected by the 2009 international crisis which culminated, in 2011, with the request for financial help to the International Monetary Fund and the European Union in order to balance the public finances, under the condition of developing reforms with the aim of creating jobs and fostering economic growth and competitiveness.

Indicador		2010	2011	2011 1°T	2011 2°T	2011 3°T	2011 4°T
PIB em volume (tvh %)	Portugal	1,4	-1,6	-0,6	-1,1	-1,9	-2,8
	Área Euro	1,9	1,4	2,4	1,6	1,3	0,7
Taxa de desemprego (%)	Portugal	10,8	12,7	12,4	12,1	12,4	14,0
	Área Euro	10,1	10,1	10,0	10,0	10,2	10,4

Table 2: Evolution of the Portuguese economic indicators: GDP in volume (growth rate %) and Unemployment Rate (%) 2010-2011. Source: Banco de Portugal

Although Portugal faces a balance of trade deficit every year, exports are still the factor that contributes more positively to the country's economic growth. As it can be seen in Table 3, in 2011 Portugal experienced a significant increase in the value of exports. Although the

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[6] Source: http://hdr.undp.org/en/ - The HDI compares the countries' levels of GDP, alphabetization, education, average life expectancy, birth rate, between other factors. Top 5 in the Human Development Index: Norway, Australia, Netherlands, USA, New Zealand

deficit has been decreasing and the exports have increased in the past few years, Portugal still imports more than it exports, which is believed to be a result of the combination of two factors: first, Portugal is unable to match its domestic demand, and second, it is incapable of selling its production abroad.

Portugal's International Trade		2006	2007	2008	2009	2010	2011	YoY (%) 2011/2010
Trade in goods and services								
Exports (fob)	Million EUR	50,495	55,486	57,066	48,339	54,467	61,727	13.3
Imports (fob)	Million EUR	63,883	68,159	73,449	60,148	65,950	67,173	1.9
Balance (fob)	Million EUR	-13,388	-12,673	-16,383	-11,809	-11,483	-5,446	-52.6
	% of GDP	-8.4	-7.5	-9.5	-7.0	-6.7	-3.2	
Trade in goods								
Exports (fob)	Million EUR	35,837	38,525	39,201	32,021	36,889	42,570	15.4
Imports (cif)	Million EUR	54,243	57,731	62,186	49,815	55,084	55,760	1.2
Balance (fob-cif)	Million EUR	-18,406	-19,206	-22,985	-17,794	-18,195	-13,190	-40.5
	% of GDP	-11.5	-11.3	-13.4	-10.6	-10.5	-8.4	

Table 3: Portuguese international trade of goods and services, 2006-2011 (AICEP)

3.2 Management of the brand Portugal and its promotion

As reported in the previous literature review, in the highly competitive environment countries live in today, promotion becomes vital for the success of a nation brand, which must consist of the creation of a consistent international message that can be used by the different sectors and that can be apprehended by all the foreign stakeholders. Portugal was not indifferent to this growing tendency and started developing its own strategy of international promotion, which is, however, regarded by many as being ineffective.

The management of the brand Portugal is nowadays responsibility of an organization called AICEP (Agency for the Investment and External Trade of Portugal)[7], created in 2007, as a result of the fusion between ICEP (Investment and External Trade of Portugal) and API (Portuguese Agency for the Investment)[8]. Its main objectives are to support the internationalization of
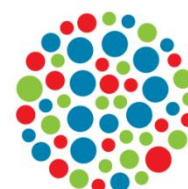
Figure 7: AICEP Logo

Portuguese companies and to promote the image of Portugal in order to create value for the

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[7] AICEP – Agência para o Investimento e Comércio Externo Português
[8] ICEP - Investimento e Comércio Externo de Portugal
API – Agência Portuguesa para o Investimento

country. This public entity works with the final goal of increasing the country's prominence and competitiveness through the insertion of Portuguese companies in the international and highly competitive business environment.

Regarding tourism, another organization that plays an important role in the international promotion of the brand Portugal is ITP[9] (Portuguese Tourism Institute), whose main competence is the dynamization of the Portuguese tourism industry by developing tourist infrastructures, qualifying human resources, supporting

Figure 8: Turismo de Portugal Logo

investment in the sector and coordinating the promotion of Portugal, both internally and externally, as a tourist destination.

The strategy of promoting Portugal abroad has gone through the development of several promotion campaigns. The latest was **"Portugal: Europe's West Coast"** in 2007**.** The campaign was intended to change the perceptions about Portugal abroad by associating the country to the West of Europe and to concepts of innovation, technology, modernity, entrepreneurship and life quality. It was also intended to use the campaign as a way of attracting investment with the aim of transforming Portugal in a more competitive country and consolidating, at the same time, its image of prominent tourist destination and its cultural nature. AICEP resorted to the use of national personalities with international exposure such as José Mourinho, Cristiano Ronaldo, Mariza, Vanessa Fernandes, Nélson Évora, Joana Vasconcelos, among others.
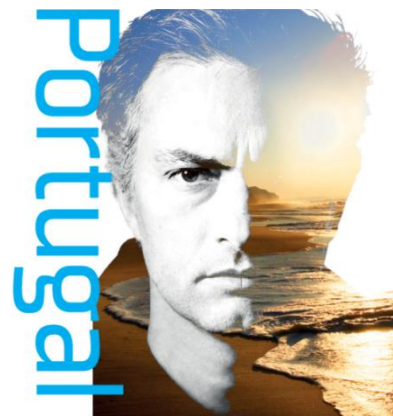
Figure 9: "Portugal: Europe's West Coast" Campaign

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[9] ITP – Instituto Português do Turismo

3.3.   *Made in Portugal*

Nowadays, Portugal is still seen as a country of tradition and hospitality but with low industrial and innovation levels, making the perceptions of Portugal abroad inconsistent with what really happens in the country. In fact, when foreign nationals are asked about attributes they associate with Portugal the majority of them are not related to the country's products/industries: warmth and hospitality, history, a less developed Europe, wine, tradition, relaxation, beautiful architecture, nature and seafood (ICEP, 2003). Also, when confronted with the real Portuguese industries the respondents act surprised. In a survey developed by ICEP in 2003, which involved 13 countries from 4 continents (Europe, America, Asia, Oceania), the respondents were asked about what they thought were the most important Portuguese industries (Graph 1). Data from 2010 reveals the following distribution of the Portuguese GDP by sectors: 74.5% for services (which includes tourism), 22.8% for industry, construction, energy and water, and 2.7% for agriculture, forestry and fishing. For the most important industries, Table 4 shows the main products exported in 2011. It can be concluded that perceptions abroad about the most important Portuguese industries are incorrect. Although Portugal is not considered an industrial country, the majority of its exports are driven by the industrial sector.

Type of Product	% of Exports
Machinery and Tools	14.5%
Vehicles and other transport materials	13.3%
Base Metals	8.2%
Oil Products	7.0%
Plastic and Rubber	7.0%
Chemical Products	5.8%
Clothing	5.7%
Wood, Pulp and Paper	5.3%
Minerals and Mineral Products	5.1%
Agricultural Prodcuts	5.0%
Food Products	4.9%
Textile Materials	4.1%
Footwear	3.9%
Wood and Cork	3.4%
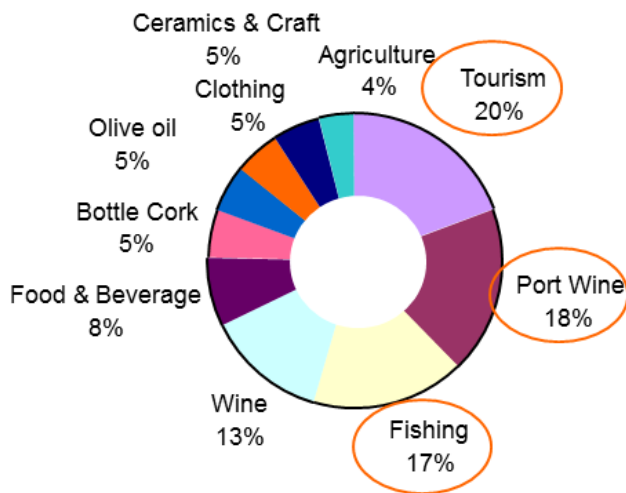
Graph 1: Foreign perception Portuguese industries, by number of mentions (Source: ICEP, 2003)

Table 4: Main Portuguese exported products in the period Jan-Sep 2011 (INE)

In a study performed in 1998, elaborated by Roland Berger for the ICEP, the image of Portugal and of its products and brands was evaluated in Spain, France, the United Kingdom, Germany, Belgium, the Netherlands and Brazil. The results revealed that, for customers, Portugal was a welcoming and friendly nation with maritime tradition and good for vacationing; the economic agents considered that Portugal had a low technological level, an economy with a low level of industrialization and underdeveloped infrastructures. Regarding the image of Portuguese products, customers revealed lack of generalized knowledge about the products, even considering that they were unable to compete with products from other countries such as the USA, the United Kingdom and France (Filipe, 2010).

According to Teresa Carvalho, director of Communication and Marketing of the former ICEP, the gap between the perception other countries have about Portugal and what the country really is, is in part explained by the Portuguese emigration in the 60's which gave rise to stereotypes in other countries that take time to disappear. She added that since the times of the *Estado Novo*, Portugal has been promoted as a typical, traditional, conservative and picturesque country, the country of the *fado* and of the sardines. According to her, such strategy was adequate to the period in which it was developed; however, today new challenges are emerging and both objectives and image of Portugal must be different. It is imperative to change the perceptions about the Portuguese reality and increase the awareness of Portuguese industries abroad.

Although the efforts to promote the brand Portugal abroad were expected to contribute positively to the reduction of Portugal's balance of trade deficit through an increase in exports, the brand is not bringing competitive advantages for the country and the Portuguese products are losing market share every year, which compounds the problem. Although there are cases of products in which the Portuguese origin adds value[10], in most sectors the products are penalized once they pass the border and lose value[11].

In fact, Portuguese companies are harmed by the *made in Portugal* label, which translates to a decrease in the perceived value of the Portuguese products even in cases where they are better than the competitors'. In an experiment carried out by APICCAPS (Portuguese Association of Footwear Manufacturers, Components, Leather Articles and its Substitutes) [12],

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[10] In 2003, according to ICEP, those products were: molds, stones, wine, olive oil and home textiles.
[11] In 2003, according to ICEP, those products were: textiles, engineering, auto components, clothing, construction, furniture, footwear and cork.
[12] APPICAPS – Associação Portuguesa dos Industriais de Calçado, Componentes, Artigos de Pele e seus Sucedâneos

a group of footwear importers were asked to choose the best shoes from a mixture of Portuguese and Italian ones, without the identification of their origin. After the first evaluation of the shoes taking into account the design and the quality of the materials, the majority of the chosen shoes were Portuguese. However, when the COO was revealed, the perception of value decreased in about 25% (Filipe, 2010).

In the survey developed by ICEP in 2003 referred to above, the respondents were asked about their opinion on whether the *made in Portugal* label adds value to the products. The results were the following: 65% considered it as being indifferent; 25% considered it takes away value and 15 % considered it adds value. Nowadays, the COO has a lot of strength and the Portuguese origin clearly makes a difference in the moment of purchase by giving the exports a negative image. Indeed, products manufactured in Portugal might be equal to the ones produced in, for instance, Germany, but the stereotypes and perceptions about the two countries are different. For an economy as the Portuguese, the external market is crucial but the inability to positively differentiate the Portuguese offer leads to not being able to add significant value to products. As a result, Portugal exports in quantity but not in value. In fact, Portugal manufactures products with high quality but the country is unable to make the image of its products match their intrinsic quality (Silva, 2010).

3.3.1. Portuguese Footwear Industry

3.3.1.1. Characterization of the Industry

The footwear industry is believed to be one of the sectors in which the Portuguese origin has a negative impact on product value. However, the sector is now trying to change this tendency and overcome the negative perception that accompanies the generality of Portuguese products. The sector contributes very positively to the country's competitiveness, being today one of the most export-intensive sectors of the Portuguese economy. In 2010, the sector had 1354 companies, employed 32738 workers and was responsible for the production of around 62 million pairs of shoes (1,376 million €). The industry's production units have small and medium dimension and are located in the north of the country. Once seen as very traditional, the industry was forced to engage in new differentiating factors such as

innovation, quality and technological modernization[13], in order to face the international competition. Therefore, the sector underwent a repositioning by moving its target market to higher and international segments and by presenting more bold and fashionable products.

The Portuguese Footwear Industry represents a case of success in the country since it was able to give a strong answer in the context of globalization by modernizing an industry that in the early 90's was very traditional with few and small family businesses. The industry is, today, a new reality as it became more innovative due to the development of new machinery and cutting-edge technology that allow the industry to be a worldwide reference and a symbol of quality, design and innovation by combining tradition with the best technology, design and know-how. All this was only possible with the understanding that, more than marketing, the industry needed product innovation by improving its quality and design.

The industry's orientation to more valuable and high quality products is expressed by the large prevalence of leather footwear, comprising 90% of it, as it may be seen in Graph 2. The industry *"specializes in producing high value-added leather footwear"* and, combined with Italy and Spain, the three countries amount to *"23% of the global leather footwear exports"* (World Footwear Yearbook 2011). The footwear high quality allows the industry to practice high prices and compete in the most important international markets.
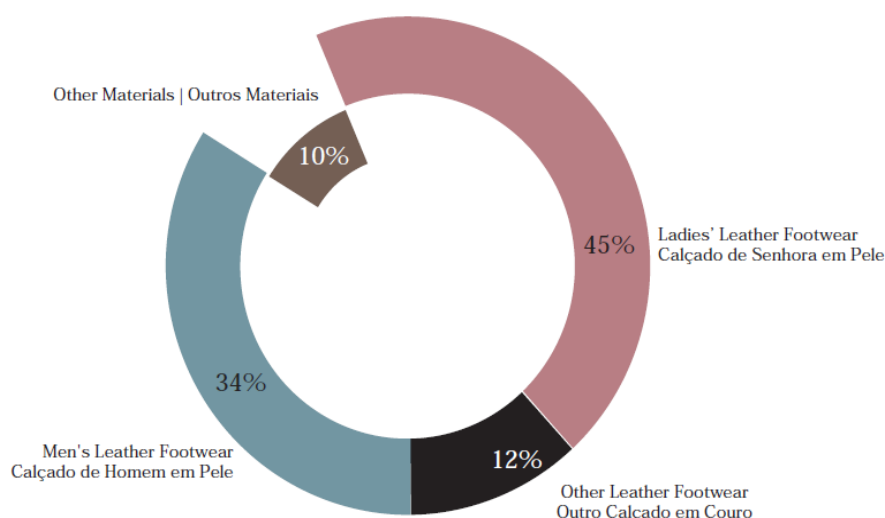
Graph 2: Portuguese production (value) by type of footwear in 2010 (Source: APICCAPS – Monografia Estatística 2011)

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[13] Portugal is the world leader in technology for the production of footwear (Teresa Carvalho, Director of Communication and Marketing of former ICEP, 2007)

3.3.1.2. International Trade

The international footwear trade nowadays is characterized by an intense competition between producers and it is dominated by the Asian continent. In terms of production, in 2010, China was the leader with a world share of 62.4% (12597 million pairs) followed by India with 10.2% (2060 million pairs) and Brazil with 4.4% (894 million pairs). In spite of Asia's dominance[14], in the Top 15 of the biggest footwear exporters appear nine European countries, with Portugal in 11th place. The best European exporter is Italy which appears in 2nd place surpassed only by China in terms of value.

In terms of the average export prices, the trade is led by Italy followed by Spain and Portugal, with the highest prices among the top 15 exporters. Concerning leather footwear, Portugal appeared, in 2010, as the 8th top exporter of leather footwear, with a world share of 3.4% in value and 2.1% in quantity. According to APICCAPS, the major objective is that the industry become the 5th world exporter of leather footwear by 2020.

The footwear industry is the industry that contributes more positively to the Portuguese external account due to the high revenues generated and presents the biggest coverage rate of imports by its exports, being 301% in 2010 (in value). In fact, in that year, the industry reached the highest trade balance of the Portuguese economy and was one of the only five sectors that presented positive balances with significant weight (Pulp, Paper and Cardboard; Ceramics and Glass; Wood and Cork; Textiles). Internationalization is a priority for the industry strategic plan and it can be affirmed that the Portuguese footwear industry is already the most internationalized of the country given that it exports 96% of its production (Graph 3), which shows its clear orientation to external markets. The industry is increasingly internationalized and already exports footwear to 132 countries in five continents.

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[14] The Asian continent assures more than 80% of the production of footwear worldwide (Source: APICCAPS – Footwear Yearbook 2011)
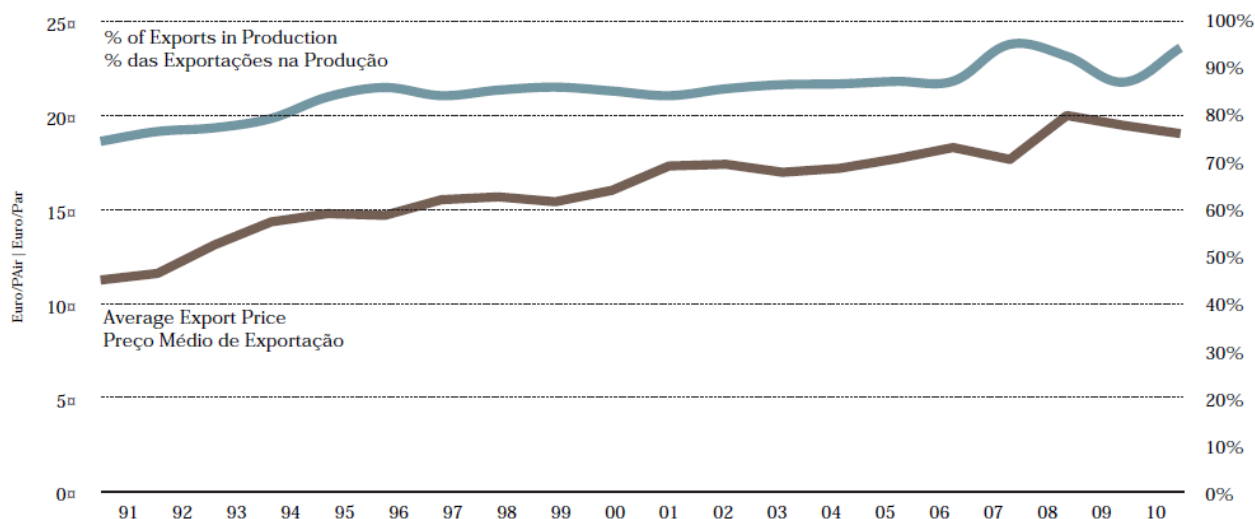
Graph 3: Portuguese footwear "Share of exports in production and average export price" (1991-2010)

(Source: APICCAPS – Monografia Estatística 2011)

Concerning the main trading partners, 92% of Portuguese exports of footwear are to Europe. In 2011, France, Spain, Germany and Italy absorbed 68% of the Portuguese exports. As for imports, Portugal imports mostly from Spain (45%), China (12%), Belgium (12%) and Italy (10%). Regarding the type of footwear exported, 70% of the exports are of leather footwear, 11% of textile footwear and 8% of rubber & plastic footwear. On the other hand, Portugal imports 46% of rubber & plastic footwear, 27% of textile footwear and 17% of leather footwear (APICCAPS).

In the past 10 years, while the imports have been decreasing, the Portuguese footwear industry has experienced a great increase in exports, an increase that was very significant in the year of 2009. Also, the industry has registered an increase in the value of the exports, which is demonstrative of the investment in the quality of the Portuguese footwear. After the economic crisis that struck the world in 2009, the following year appeared as a year of recovery, which gave a new dynamism to international trade, an opportunity that was not wasted by the Portuguese footwear industry (Graph 4). Despite the weak growth of the Portuguese economy, the Portuguese footwear industry took advantage of the global economic recovery, enjoying a growth of 5% in its exports in 2010.
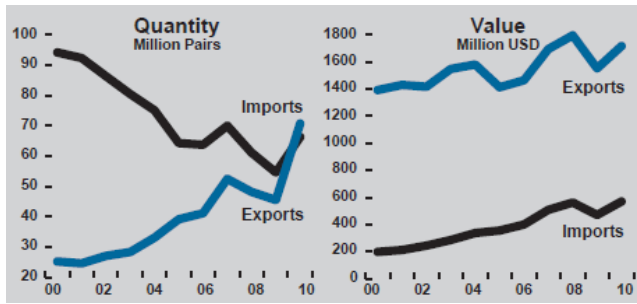
Graph 4: Evolution of the Portuguese footwear industry (2000-2010) in quantity and value (APICCAPS – World Footwear Yearbook 2011)

2010	Value		Quantity		Prices
	Million USD	World Rank	Million Pairs	World Rank	USD
Exports	1 718	11	66	18	25.90
Imports	570	29	71	26	8.05
Production	1 825		62	20	29.65
Consumption	720		66		10.91

Table 5: The Portuguese footwear industry in 2010 (APICCAPS – World Footwear Yearbook 2011)

After a good performance in 2010 (Table 5), 2011 represented the best results for the industry in the last 17 years. In the first nine months of 2011, the exports of Portuguese footwear increased 20.2% corresponding to a value of 1,231 million €. The industry is growing in almost all markets especially in the European Union, obtaining a historical result against the biggest player and competitor in the EU, Italy. Portugal exported more footwear to Italy than it imported from there in the first 9 months of 2011 with 2 million pairs exported (39.8 million €) against 1,8 million pairs imported (39.76€ million €). The Portuguese footwear industry is also gaining market share to the second biggest competitor in Europe, Spain.

By the end of 2011, the industry had grown 16.2%. This good performance reinforces the prestige the industry enjoys in international markets being now a world reference in the sector. Considering imports, while Portugal specializes in the production of leather footwear, its imports are mostly based on footwear made of other materials, whose prices are significantly lower than the footwear produced in Portugal. From January to September 2011, the footwear industry represented 3.9% of the total Portuguese exports and only 1% of total Portuguese imports (INE).

3.3.1.3.   Promotion

In the present times of economic slowdown and austerity that Portugal faces, the footwear industry gives a strong contribution to balance the Portuguese foreign accounts since it is the industry that gives more relevance to the country worldwide. Given the importance

Figure 10: Portuguese Shoes: Designed by the Future Logo

and prestige of the industry abroad, a huge effort is being made with the aim of promoting the industry in external markets. This effort started with the creation of the brand "Portuguese Shoes – Designed by the Future" which identifies the Portuguese footwear internationally. The promotion of the Portuguese footwear industry is responsibility of APICCAPS, founded in 1975, which supports the increasing internationalization of the companies of the sector and develops promotion campaigns for the Portuguese footwear in international markets.

Figure 11: "The Sexiest Industry in Europe" Campaign

During 2012 APICCAPS will, in partnership with AICEP, invest more than 10 million € in a bold external promotion campaign with the slogan "The sexiest industry in Europe" (*"A indústria mais sexy da Europa"),* with a presence in the major international fairs and exhibitions and specialty forums. The campaign has as major objectives the consolidation of the Portuguese footwear industry position in the external markets by improving the image and the positioning of the industry, diversifying the destination of the exports by entering growing markets (Brazil, United Arab Emirates, Japan, Russia) and opening new windows of opportunity to Portuguese footwear companies in their process of internationalization. This campaign aims to promote the Portuguese footwear industry as an innovative, attractive and technologically advanced one, which constitute its competitive advantages and differentiation factors in the international markets.

3.3.1.4.   Fly London

Fly London is one of the most recognized brands of Portuguese footwear abroad. Intended for younger customers, the brand has as main characteristics originality, extravagance, comfort and trying to always be ahead of tendencies. The brand enjoys great and

Figure 12: Brand Fly London Logo

increasing popularity in international markets, with internationalization being one of the most salient features of its strategy since the beginning. The United Kingdom is its main market, followed by Portugal, Denmark, Germany and the USA. It is present in the 5 continents and in almost all European countries with 1500 points of sale. Its strategy of internationalization started in the choice of a global name for the brand that can identify it worldwide. However, such a name may possibly conceal the true, Portuguese origin of the brand, which is still unknown to most consumers. It is curious that the most important and successful brand of Portuguese footwear in international markets is camouflaging its true origin behind a name, which proves that the Portuguese origin still holds a negative weight in the value of footwear.

3.4.   Major criticisms to the brand Portugal

One of the biggest problems found for the country's lack of competitiveness and the fact that Portuguese product quality has a poor perception is the failure of the promotion campaigns. The ultimate goal of Marketing, in addition to persuading customers to buy a certain product instead of another, is to increase sales. In the case of the brand Portugal, that objective is not being achieved since the investments made to promote the country outside are not generating enough sales to overcome the country's deficit. Below are the factors considered as the source of the failure of the Portuguese promotion campaigns:

- Large number of campaigns and waste of money spent in the promotion, instead of a focus on fewer campaigns and with more impact;
- The communicated message is unclear, sometimes incomprehensible and does not transmit anything useful or relevant;
- The campaigns do not expose a buying motive (competitive advantage), i.e., a motive for customers to buy Portuguese products instead of the competitors';
- Lack of definition of a real and needed objective (for example, increase exports 15% each year).

Also, Portuguese promotional activity has been directed to the professional sales (B2B) which ignores the real decision makers, the customers. Therefore, there is a lack of promotion of the brand among the potential buyers. The Portuguese products might enter the distribution channels but it does not mean they are purchased by the final customers

(Agostinho, 2007). As a result of inefficient promotion, Portugal ends up being ignored, confused with Spain and sometimes considered irrelevant as there is a lack of information about the country and its industry, one that can have negative consequences such as the intensification of the already existing stereotypes. In the absence of information about the COO of the product, customers tend to substitute the unknown for the stereotype, which in the case of Portugal is based on the idea of industrial and technological delay (Silva, 2010). Thus, there is an imperative need for a greater awareness of Portuguese industries abroad in order to change the perceptions about the Portuguese reality.

Another problem that contributes to the failure of Portugal abroad is the fact that the country lacks global brands or the fact that few Portuguese brands are known abroad. The Top 5 of the most valuable Portuguese brands in 2011 was composed by EDP, PT, Pingo Doce, Caixa Geral de Depósitos and Galp. In a study made by ICEP in 2003, Port Wine and Mateus Rosé were considered the strongest goods-selling Portuguese brands. This may represent again the lack of knowledge about the country's other industries that can result from the inexistence of strong brands or the inexistence of brands at all. In fact, most Portuguese products are exported with no brand and when they arrive to the final customers they have already been branded by a company of non-Portuguese origin. Another problem the country faces is the fact that a great part of the Portuguese exports is dependent on multinationals that have production infrastructures located in the country. An example of this is Autoeuropa, from the German group Volkswagen, which constitutes the biggest foreign industrial investment in Portugal, representing almost 1% of the Portuguese GDP and 10% of the Portuguese exports.

But a question arises: if the lack of Portuguese brands and the fact that the Portuguese companies are not investing in branding activities is a problem that affects the performance of Portugal internationally, why is AICEP supporting the promotion abroad of brands like Fly London which conceal their true origin? It is undeniable that Fly London contributes very positively to the high value of Portuguese footwear exports but, on the other hand, it does not promote the industry itself.

4. Conceptual Framework, Research Hypotheses and Research Methods

4.1. Conceptual Framework

Based on the theories referred to in the previous literature review, this dissertation aims to deepen the study on the impact of COO on product evaluations and purchase intentions with a focus on consumers' attitudes towards footwear in general and towards footwear specifically produced in Portugal.

As Cooksey, Pappu and Quester (2007) suggested, this dissertation will try to respond to the low variety of products and countries already studied by introducing new ones. Not many studies exist focusing on the Portuguese COO effects and, for this reason, the impact of the image of Portugal on evaluations of Portuguese products is still unknown, which can be considered a gap in the literature. On the other hand, and while research has proven the impact of COO on products from several categories and industries, no study was applied to the footwear industry in particular, only to clothing in general.

The conceptual framework of this study is presented below.
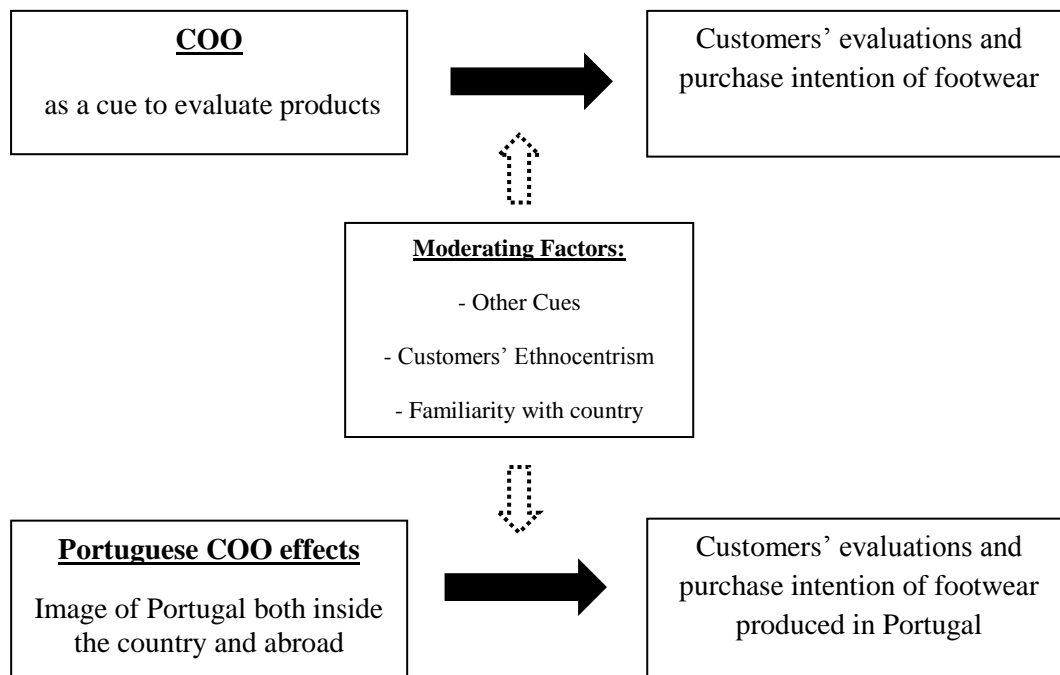
Figure 13: Conceptual Framework

4.2.   Research Hypotheses

Based on the previous literature review, some gaps were identified concerning the COO of products and its influence on customers' decisions when purchasing products. Therefore, taking into account the gaps identified, the research hypotheses of the present study will reflect the following aspects:

- New Country: Portugal
- New Product Category: Footwear
- Two different subject samples: Portuguese and foreign nationals

First of all, and as stated in the research questions defined at the beginning of the study, the first objective is to know how Portugal is perceived, concerning aspects such as industries, culture, people, tourism and overall opinion about the country, by both Portuguese and foreign nationals. The literature review indicated that usually customers tend to make more favorable appreciations about their own country than customers abroad (d'Astous and Sadrudin, 2008). Also, stereotypes about Portugal are mostly negative, especially concerning the country's industries. Thus, we formulate our first research hypothesis:

> H1: The image of Portugal as held by Portuguese nationals is more positive than that of foreign nationals

Past research concluded that the extent to which COO impacts on customers' behavior towards products is product-specific, which means that the magnitude of the impact is different from product to product (Gineikienè and Urbonavicius, 2009). Although there is not still a common conclusion among authors concerning the magnitude of that influence, the following assumption will be made based on the research conducted by Gineikienè and Urbonavicius in 2009 which concluded that the importance of COO in the evaluation of clothing is weak. The product category chosen for this study, footwear, can be considered as similar to clothing. Therefore, the following hypothesis can be formulated:

H2: The use of COO as a proxy in the purchase intention of footwear is weaker than other criteria:

H2$_{a)}$: COO as a criterion for purchase intention of footwear is less important than Quality

H2$_{b)}$: COO as a criterion for purchase intention of footwear is less important than Brand

H2c): COO as a criterion for purchase intention of footwear is less important than Price

H2d): COO as a criterion for purchase intention of footwear is less important than Recommendations

H2e): COO as a criterion of purchase intention of footwear is less important than Design

H2f): COO as a criterion of purchase intention of footwear is less important than Advertisement

Moreover, Patterson and Tai (1991) determined that attitudes towards products produced in a certain country can change substantially, both in favor or disfavor, when customers are made aware of the origin of products. Therefore it can be assumed that the Portuguese, when in the presence of Portuguese footwear and other countries' footwear, would give preference to the Portuguese one, while, for foreign nationals, the impact of COO would increase but negatively since, as seen in Chapter 3, the Portuguese origin of products has a negative influence over products in international markets. Given these assumptions, the following research hypothesis was formulated:

The COO of footwear products influences buying decision making:

H3: When deciding to buy footwear, Portuguese nationals are more positively influenced in their decision to purchase by the Portuguese origin of footwear than foreign nationals

Still concerning the Portuguese origin of footwear and taking into account H1 and H3, it can be assumed that Portuguese nationals evaluate the Portuguese footwear industry abroad more favorably than the foreign nationals. Therefore, the next hypothesis was formulated:

H4: The image of the Portuguese footwear industry abroad as held by the Portuguese nationals is more positive than that of foreign nationals

Finally, the literature review also indicated that familiarity with a country can moderate the magnitude of the use of COO as a cue in the evaluation of products, as stated by d'Astous and Ahmed (2008). Hence, it can be assumed that foreign nationals with more familiarity with Portugal perceive the Portuguese footwear industry more positively than others with a lower level of familiarity with the country. The following hypothesis reflects the previous assumption:

> H5: The evaluation of the Portuguese footwear and the propensity to buy it by foreign nationals varies according to the level of familiarity with Portugal, being higher for those with a higher level of familiarity with the country

4.3. Research Methodology

4.3.1. Collecting the Data

The gathering of the necessary data for the achievement of this research was made through the application of a self-administered questionnaire, posted on social networks, forums and sent by email. A web-based questionnaire was chosen in order to obtain a sample as diverse as possible. As stated before, this study is intended to make a comparative analysis on the overall image of Portugal and the influence of COO on the purchase intention of footwear by two different samples: Portuguese and foreign nationals. Thus, two questionnaires were developed in order to overcome the language barrier (Portuguese and English) as well as to make questions specifically to each sample. Both are presented in Annex 8. The questionnaires are divided into three parts.

Part I consists of respondents' personal information (gender, age and academic degree). For foreign nationals, an extra question was made concerning their country of origin.

In Part II, respondents were asked about their overall opinion about Portugal. Portuguese nationals were asked about their level of satisfaction with the country, what image of the country they believe foreign nationals hold, and also their will towards moving to another country. Foreign nationals were asked about their familiarity with the country, if they had already visited it and their will towards returning. As for a common question, the

respondents had to evaluate eleven sentences concerning Portugal, which regard most of what Anholt (2008) calls the nations' communication channels in his Nation Branding Hexagon, in a 5-point Likert scale, ranging from "Strongly Disagree" to "Strongly Agree".

Part III concerns the evaluation and purchase intention of footwear in general as well as the Portuguese footwear industry specifically. A question was made concerning the recognition of the Portuguese footwear industry abroad. Then, respondents were asked to rank criteria (quality, brand, price, COO, recommendations, design, advertisement), from 1 to 7, according to the importance given in the evaluation and purchase decision of footwear, in order to determine the importance attributed to COO in relation to other criteria. Finally, the respondents had to evaluate 8 sentences in a 5-point Likert scale, ranging from "Strongly Disagree" to "Strongly Agree", about the impact of COO on the purchase intention of footwear in general and, then, specifically about the impact of the Portuguese origin of footwear.

4.3.2. Sample Dimension

From the application of the questionnaires, from December 6th 2011 to January 6th 2012, the following samples were collected: 281 Portuguese nationals and 238 foreign nationals. A minimum of 200 respondents per sample was deemed appropriate, based on the previous research done concerning similar topics (Annex 1). During the period of the reception of the responses, that minimum was surpassed, which means that, taking into account past research, the dimension of both samples can be considered adequate. The sample dimension of foreign nationals, although adequate, is lower than the Portuguese nationals', which can be explained by the lower access to foreign nationals than to Portuguese ones or their lower interest and openness towards the topic (out of 302 responded questionnaires, 64 were incomplete):

4.4. Principal Components Analysis

In order to facilitate the analysis, a Principal Components Analysis was performed with the aim of reducing the number of variables without losing too much information,

making its interpretation easier. Thus, the initial variables were transformed into a set of new and fewer variables (so-called principal components).

4.4.1. Overall perceptions of Portugal

In order to apply the Principal Components Analysis, some assumptions must be verified. The value of the Kaiser-Meyer-Olkin test must be higher than 0.5 (KMO = 0.718); the number of observations must be at least 5 times the number of variables (483 > 11×5 = 55); the significance level of the Bartlett's test must be lower than 0.05 (sig. = 0.00) so that its null hypothesis can be rejected[15], i.e., the correlation matrix is not an identity matrix, which means that there is a correlation between the variables.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,718
Bartlett's Test of Sphericity	Approx. Chi-Square	933,509
	Df	55
	Sig.	,000

Table 6: KMO and Bartlett's Test (Overall perceptions of Portugal)

Looking at the Total Variance Explained (Annex 2.1), the Kaiser Method suggests the retention of four components that explain 61.034% of the total variance. However, this is a low percentage (lower than 70%) that can make it difficult to interpret and name the components. Therefore, five components were retained accounting for 69.283% of the total variance, making the interpretation of the components easier. Graph 5 supports the retention of the five components.
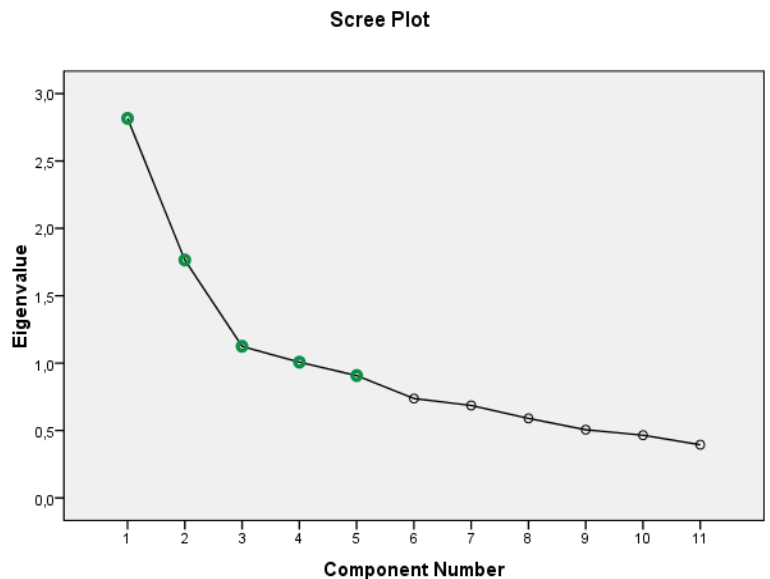
Graph 5: KMO and Bartelett's Test (Overall perceptions of Portugal)

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[15] H_0: $\rho = 1$
H_1: $\rho \neq 1$

The Rotated Component Matrix in Table 7 shows which variables are associated to each of the components. The table shows the correlations between the variables and the components through the value of the loadings. Thus, the variables 7, 6 and 8 are associated with component 1; the variables 10, 11 and 5 with component 2; the variables 9 and 2 with component 3; the variables 1 and 3 with component 4; and variable 4 with component 5.

Rotated Component Matrix

	Component				
	1	2	3	4	5
7 - Portugal has a rich historical and cultural heritage	**,805**	-,064	,027	,026	,074
6 - It's a good country for tourism	**,802**	,161	,023	,084	,008
8 - The Portuguese are very warm and welcoming	**,695**	,041	,111	,238	-,004
10 - The brand Portugal is well publicized abroad	-,099	**,769**	-,036	,320	,192
11 - The stereotypes created abroad about Portugal are mainly positive	,068	**,751**	,296	-,249	-,147
5 - People outside Portugal have good things to say about the country	,394	**,571**	,107	,021	-,249
9 - Portugal is a good place to live and work	,283	-,009	**,787**	,046	,002
2 - Portugal is a very competitive country economically	-,161	,288	**,748**	,151	-,044
1 - Portugal is a country with successful industries	,088	,059	,386	**,744**	,067
3 - Products produced in Portugal have good quality	,426	,007	-,112	**,672**	-,211
4 - The "made in Portugal" logo reduces the commercial value of products	,070	-,055	-,021	-,052	**,938**

Table 7: Factor Analysis (Overall perceptions of Portugal)

The five principal components extracted will be new and standardized variables. The interpretation of each component is as follows:

Component	Interpretation
Component 1	Heritage, Tourism and People
Component 2	Perceptions about Portugal and its success abroad
Component 3	Life/work conditions and country's competitiveness
Component 4	Industries' success and quality of Portuguese products
Component 5	Portuguese COO effects on the value of products

Table 8: Principal Components (Overall perceptions of Portugal)

4.4.2. COO effects on the evaluation of footwear

As we can see in Table 9, the value of the Kaiser-Meyer-Olkin is higher than 0.5 (KMO = 0.745); the significance level of the Bartlett's test is lower than 0.05 (0.000), which means that the null hypothesis of the Bartlett's Test is rejected, i.e., there is a correlation between the variables; the number of observations is at least five times the number of variables (483 > 8×5 = 40)

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,745
Bartlett's Test of Sphericity	Approx. Chi-Square	1127,767
	Df	28
	Sig.	,000

Table 9: KMO and Bartlett's Test (COO effects on the footwear industry)

In the Total Variance Explained table (Annex 2.2), the Kaiser Method suggests the retention of two components that explain 59.057% of the total variance, which is a low percentage and makes it difficult to interpret the components. Therefore, three components were extracted, explaining 69.608% of the total variance. Graph 6 supports the retention of the three components.
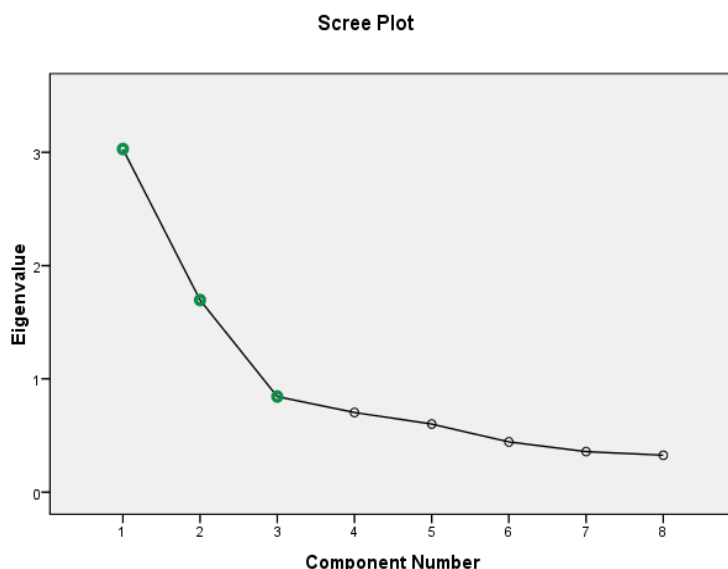
Graph 6: KMO and Bartlett's Test (COO effects on the footwear industry)

In Table 10, the variables associated to each of the components can be seen. The table shows the correlations between the variables and the components through the value of the loadings. Thus, the variables 6, 3 and 5 are associated with component 1; the variables 2 and 1 with component 2; and the variables 8, 7 and 4 with component 3.

Rotated Component Matrix

	Component		
	1	2	3
6 - I would pay more for footwear produced in Italy than for footwear produced in Portugal	**,855**	,051	-,031
3 - I'd rather buy footwear from produced in Italy than in Portugal	**,831**	,181	-,054
5 - Footwear produced in Portugal has lower quality than others produced in other European countries	**,695**	-,107	-,375
2 - I'd rather buy footwear produced in a country I have a positive image of	,075	**,869**	-,002
1 - When I buy footwear, I look for the country of origin to make sure it has good quality	-,011	**,868**	,125
7 - The Portuguese footwear industry is very competitive	-,029	,031	**,881**
4 - Footwear produced in Portugal has good quality	-,549	,216	**,563**
8 - I would buy footwear produced in Portugal	-,500	,033	**,501**

Table 10: Factor Analysis (COO effects on the footwear industry)

The three principal components extracted will be new and standardized variables. The interpretation of each component is as follows:

Component	Interpretation
Component 1	Portuguese footwear vs other countries' footwear
Component 2	COO effects on footwear evaluation
Component 3	Quality of Portuguese footwear and customers' propensity to buy it

Table 11: Principal Components (COO effects on the footwear industry)

5. Data Analysis and Results

5.1. Descriptive Statistics

5.1.1. General Information about Respondents

In this section we present the respondents' personal characteristics concerning gender, age, academic degree and, for foreign nationals, country of origin.

Among the Portuguese nationals (Annex 3.1), the number of women (180) exceeds the number of men in 79. Most respondents belong to the age group 18-24 (26.3%), followed by 25-34 (22.4%) and 45-54 (19.9%). The least represented age group is ≥ 65 (2.1%). The majority has a bachelor degree (52.7%) and the master degree is the second most represented (19.9%).

Concerning the foreign nationals (Annex 3.2), the sample is more balanced than the Portuguese nationals' but the number of men (131) is slightly higher than the number of women (107). Most respondents belong to the age groups 18-24 (26.9%) and 25-34 (22.7%). Again, the age group ≥ 65 is the least represented (4.6%). There is a predominance of respondents with a bachelor degree (41.2%) followed by the master degree (29.8%). The basic and professional degrees are the least represented with only 0.4%. Regarding the respondents' country of origin, the USA and the UK were significantly more represent (64 and 49 respondents, respectively), followed by Germany (9 respondents), Ireland (8 respondents), India (7 respondents), China, Italy and France (6 respondents).

5.1.2.   Foreign nationals' familiarity with Portugal

What is your level of familiarity with the country?
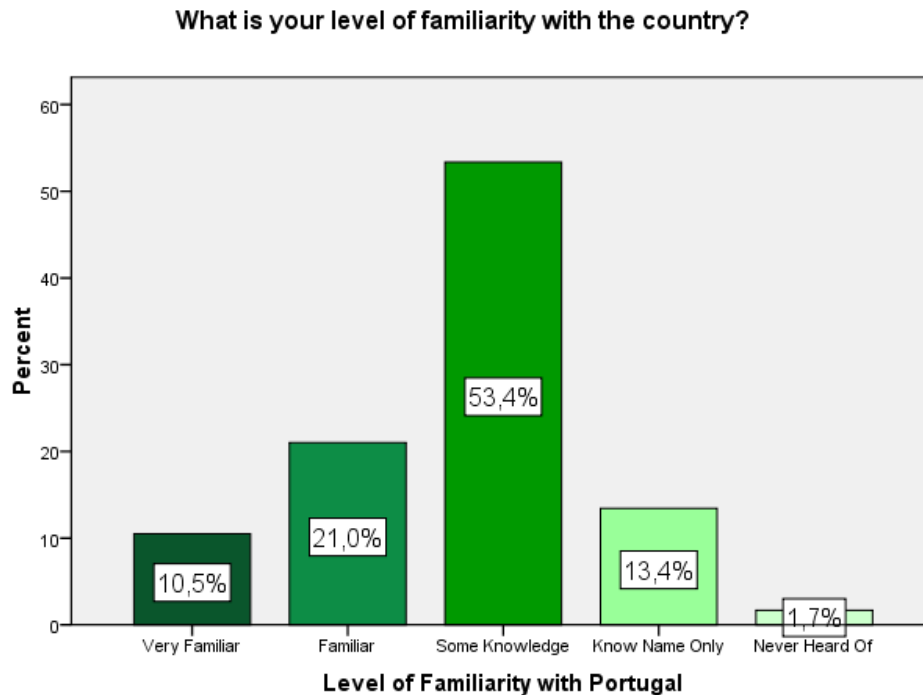
Graph 7: Foreign nationals' level of familiarity with Portugal

First of all, this question, applied to the foreign nationals, is part of the methodology used in the Anholt-GfK Roper Nation Brands Index (NBI), previously referred to the literature review, with the main objective of measuring the awareness of nations.

As for the present study, as shown in Graph 7 (Annex 4), the majority of the respondents know the country and have some familiarity with it. More than 50% of the respondents (127 respondents) states having "some knowledge" about the country, while 21% (50 respondents) are "familiar" and 10.5% (25 respondents) are actually "very familiar". 32 respondents (13.4%) claim not to have any knowledge about Portugal but have heard of it before, knowing only its name. Surprisingly, although with a too low percentage of 1.7%, 4 respondents claim not to have heard about the country before[16].

Respondents who answered "know name only" and "never heard of" were not required to respond to the rest of the questionnaire since it was assumed that those would not have the knowledge to answer the following questions about perceptions and the Portuguese

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[16] Very Familiar: 24 out of 25 respondents have already been to the country
Familiar: 40 out of 49 respondents have already been to the country
Some Knowledge: Only 30 out of 125 have been to the country before
Country-of-origin of those who answered "Never Heard Of": India, Israel, Philippines, South Africa

COO effects. Thus, from now on, a sample of <u>202 foreign nationals</u> will be considered. From those who have some knowledge or more about Portugal:

- To the question "Have you ever been to Portugal?" 53% of the respondents claimed not to have ever visited Portugal against 47% that responded "Yes".

- From the ones that have already been to Portugal, 36.8% visited the country only once while 37.9% visited it 5 or more times.

- Concerning the duration of the visits, 37.9% have been to the country less than a month while 30.5% from 1 month to 6 months and 24.2% for more than 1 year.

5.1.3.   Levels of Satisfaction with Portugal
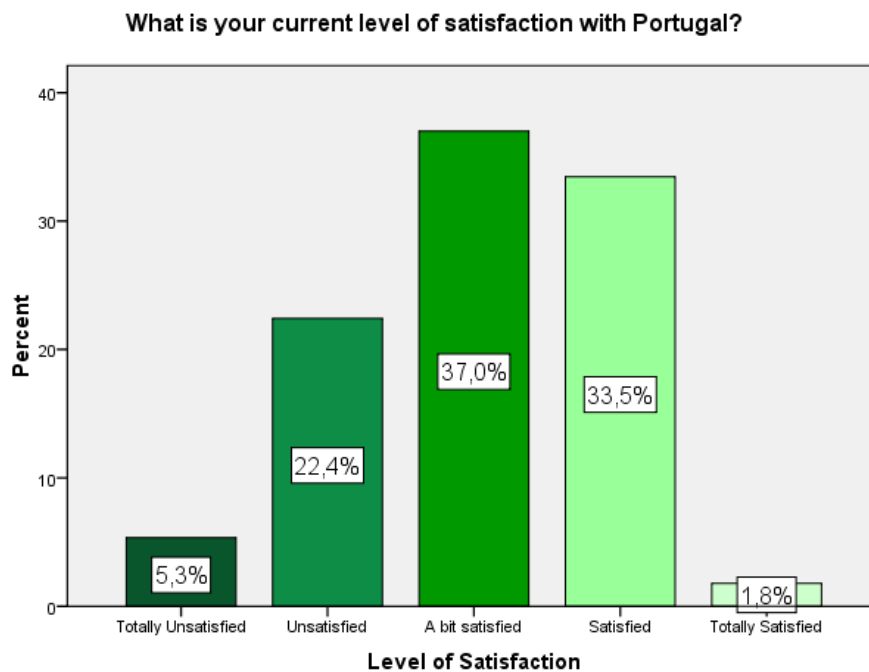
Graph 8: Portuguese nationals' level of satisfaction with Portugal

Although some Portuguese nationals are satisfied with the country, clearly the majority of them are not, since more than 60% chose the three lower levels of satisfaction, with a predominance of answers in the "A bit satisfied" level (Annex 5). While about 35% of the respondents claim to be "Satisfied" or "Totally Satisfied", the level of unsatisfaction is significant as 28% is "Unsatisfied" or "Totally Unsatisfied". This disparity in the Portuguese levels of satisfaction with their own country can also be stated in their will to move to other

country, given the opportunity. 50.9% of the respondents claim that, if they had the opportunity, they would move to another country. This percentage is very significant since it is half of the sample. Regarding the foreign nationals that have already visited Portugal, 97.9% of them state they would return to the country.

5.1.4.   Favorability towards Portugal abroad
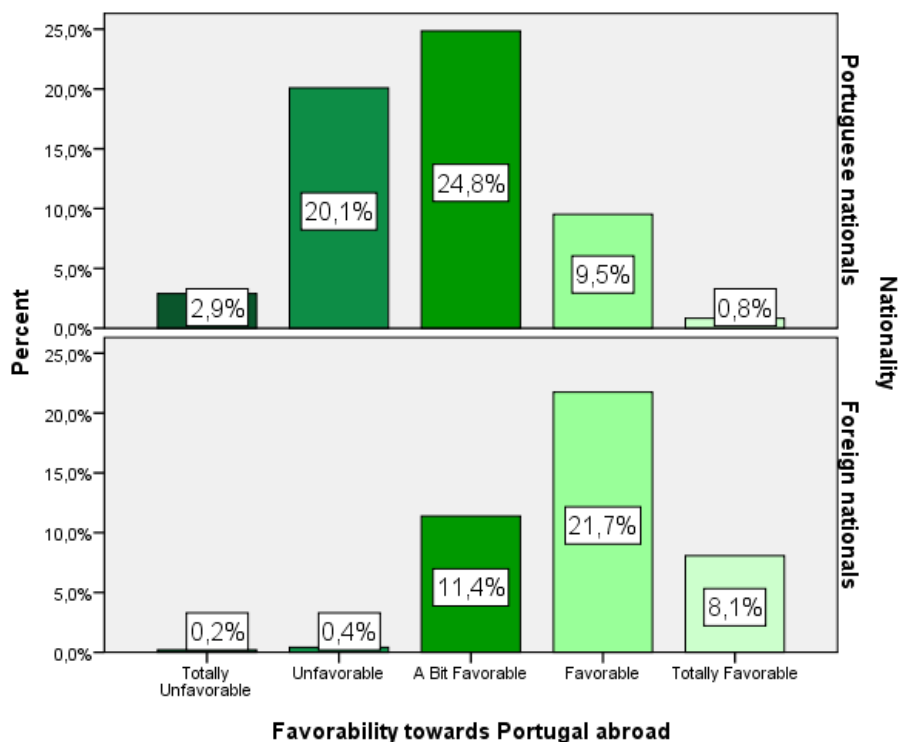
Graph 9: Level of Favorability towards Portugal abroad

Portuguese nationals were asked about their opinion concerning the image of Portugal perceived by foreign nationals in terms of favorability towards the country (Annex 6). Graph 9 shows that Portuguese nationals perceive Portugal as having mostly a negative image; as 23% (111 respondents) chose the lower levels of favorability and 24.8% (120 respondents) chose the middle one, which means that the image of the country produces low levels of favorability although it is still favorable. On the other hand, foreign nationals see Portugal as having a favorable image; as close to 30% (144 respondents) answered in the two highest levels of favorability and 11.4% (55 respondents) in the middle one.

5.2. Hypotheses Testing

H1: The image of Portugal as held by Portuguese nationals is more positive than that of foreign nationals

First of all, testing this hypothesis requires the analysis of several variables, i.e., the analysis of the five new dimensions created previously in the Principal Components Analysis. Therefore, we must define a hypothesis to be tested in respect to each of the five dimensions.

H1a: Portuguese nationals' level of agreement with the dimension "Heritage, Tourism and People" is higher than that of foreign nationals

H1b: Portuguese nationals' level of agreement with the dimension "Perceptions about Portugal and its success abroad" is higher than that of foreign nationals

H1c: Portuguese nationals' level of agreement with the dimension "Life/work conditions and country's competitiveness" is higher than that of foreign nationals

H1d: Portuguese nationals' level of agreement with the dimension "Industries' success and quality of Portuguese products" is higher than that of foreign nationals

H1e: Portuguese nationals' level of agreement with the dimension "Portuguese COO effects on the value of products" is lower than that of foreign nationals

Through the analysis of Graph 10, some conclusions can already be drawn regarding the differences in the evaluation of the image of Portugal by Portuguese nationals and foreign nationals:

- In the dimensions "Heritage, Tourism and People" and "Industries' success and quality of Portuguese products", Portuguese nationals have higher levels of agreement, with a greater difference in the second dimension;

- Regarding the dimensions "Perceptions about Portugal and its success abroad" and "Life/work conditions and country's competitiveness", more positive evaluations are given by foreign nationals;

- Concerning the dimension "Portuguese COO effects on the value of products", Portuguese and foreign nationals give similar evaluations, although they are slightly lower for Portuguese nationals.

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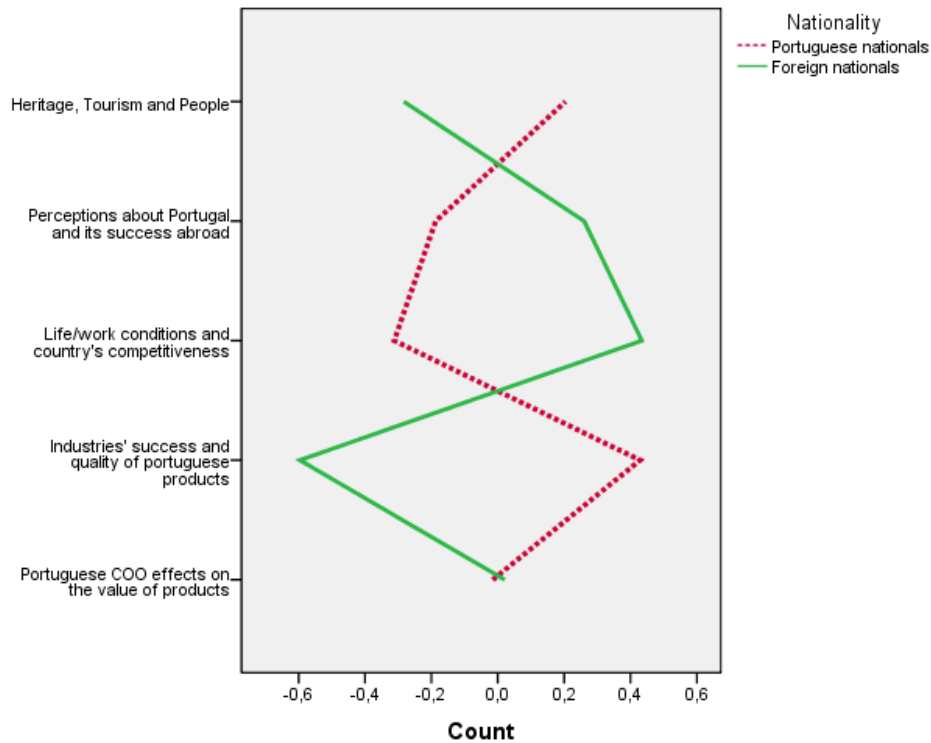
Graph 10: Line Chart (Image of Portugal)

To test these hypotheses, the parametric t-test for the equality of two population means was applied, with a significance level of 0.05 corresponding to a confidence level of 95% (Annex 7.1). The test hypotheses are the following:

$$H_0: \mu_1 = \mu_2$$
$$H_1: \mu_1 \neq \mu_2$$

1: Portuguese nationals; 2: foreign nationals

Regarding the first four dimensions, "Heritage, Tourism and People", "Perceptions of Portugal and its success outside", "Life/work conditions and country's competitiveness" and "Industries' success and quality of Portuguese products", the test significance level (0.00) is lower than 0.05, which means that the null hypotheses must be rejected, i.e., there are significant differences in the evaluation of those dimensions by Portuguese and foreign nationals. Therefore, and taking into account Graph 10, the following can be concluded:

✔ **H_{1a}** ❌ **H_{1b}**

✔ **H_{1d}** ❌ **H_{1c}**

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Concerning the last dimension "Portuguese COO effects on the value of products", the significance level of the test is 0.695, higher than 0.05, which means the null hypothesis fails to be rejected, i.e., there are no significant differences in the evaluation made by Portuguese and foreign nationals. Thus, H_{1e} is not considered true.

❌ H_{1e}

Therefore, H_1 is rejected or partially rejected.

H2: The use of COO as a proxy in the purchase intention of footwear is weaker than other criteria

First of all, since the respondents were asked to rank the factors from 1 to 7, the most important ones have lower means and are closer to 1, while the least important have higher means and are closer to 7. To test this hypothesis, the t-test to the equality of two population means (paired samples) will be used as we have pairs of quantitative variables and the objective is to compare their means for the same individuals (Annex 7.2).
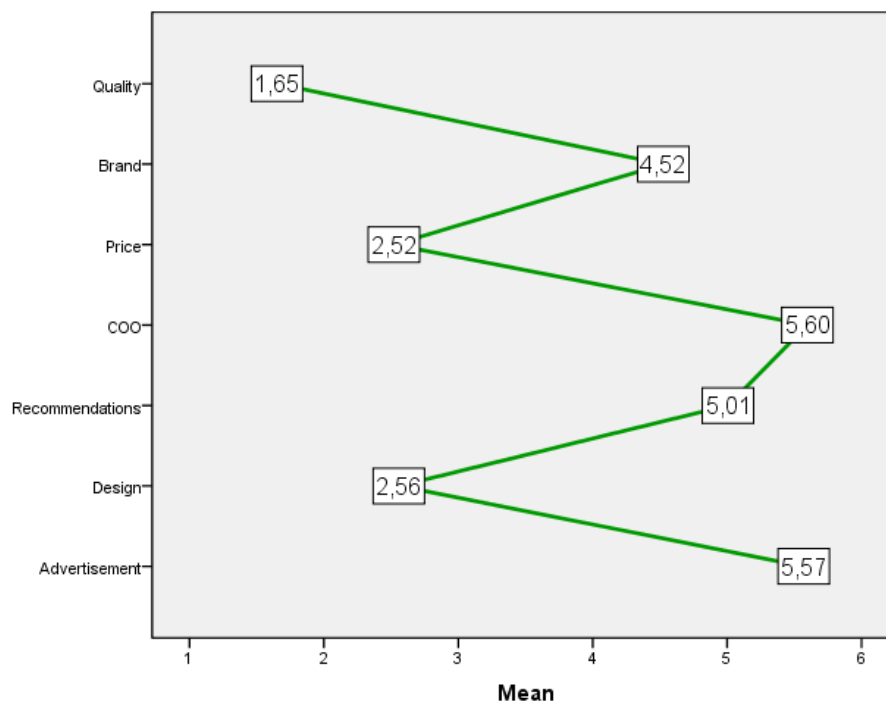
Graph 11: Line Chart (Importance of the cues on the purchase of footwear)

As it can be seen in Graph 11, all the criteria present a lower mean than COO; Quality, Price and Design stand out as the criteria respondents give more importance to when purchasing footwear. Recommendations and Advertisement, in addition to COO, are the least important criteria and the latter presents a mean only slightly lower than COO.

H_{2a}: COO as a criterion for the purchase intention of footwear is less important than Quality

$$H_0: \mu_{COO} \leq \mu_{Quality}$$

$$H_1: \mu_{COO} > \mu_{Quality}$$

The test value belongs to the rejection region (0.000 < 0.05), which means the null hypothesis must be rejected. It can be concluded that the mean of COO is significantly higher than the mean of Quality, i.e., COO is significantly less important than Quality in the purchase of footwear. Thus, together with the conclusions drawn from Graph 11, H_{2a} is considered true.

✓ **H_{2a}**

H_{2b}: COO as a criterion for the purchase intention of footwear is less important than Brand

$$H_0: \mu_{COO} \leq \mu_{Brand}$$

$$H_1: \mu_{COO} > \mu_{Brand}$$

The test value belongs to the rejection region (0.000 < 0.05), which means the null hypothesis must be rejected. It can be concluded that the importance given to COO is significantly lower than the importance given to Brand by Portuguese and foreign nationals. Thus, with the conclusion taken from Graph 11, H_{2b} is considered true.

✓ **H$_{2b}$**

H$_{2c}$: COO as a criterion for the purchase intention of footwear is less important than Price

$$H_0: \mu_{COO} \leq \mu_{Price}$$

$$H_1: \mu_{COO} > \mu_{Price}$$

The test value belongs to the rejection region ($0.000 < 0.05$), which means the null hypothesis must be rejected. It can be concluded that the importance given to COO in the purchase intention of footwear is significantly lower than to Brand as the mean of COO is significantly higher than the mean of Brand. Thus, with the conclusion drawn from Graph 11, H$_{2c}$ is considered true.

✓ **H$_{2c}$**

H$_{2d}$: COO as a criterion for the purchase intention of footwear is less important than Recommendations

$$H_0: \mu_{COO} \leq \mu_{Recommendations}$$

$$H_1: \mu_{COO} > \mu_{Recommendations}$$

The test value belongs to the rejection region ($0.000 < 0.05$), which means the null hypothesis must be rejected. It can be concluded that the importance given to COO is significantly lower than the importance given to Recommendations by Portuguese and foreign nationals in their purchase of footwear. Thus, adding to the conclusion drawn Graph 11, H$_{2d}$ is considered true.

✓ **H$_{2d}$**

H$_{2e}$: COO as a criterion for the purchase intention of footwear is less important than Design

$$H_0: \mu_{COO} \leq \mu_{Design}$$

$$H_1: \mu_{COO} > \mu_{Design}$$

Once more, the test value belongs to the rejection region (0.000 < 0.05), which means the null hypothesis must be rejected. It can be concluded that the importance given to COO is significantly lower than the one given to Design by Portuguese nationals and foreign nationals. Thus, with what was drawn from Graph 11, H$_{2e}$ is considered true.

✓ **H$_{2e}$**

H$_{2f}$: COO as a criterion for the purchase intention of footwear is less important than Advertisement

$$H_0: \mu_{COO} \leq \mu_{Advertisement}$$

$$H_1: \mu_{COO} > \mu_{Advertisement}$$

Contrary to other pairs of variables, the test value belongs to the acceptance region (0.757/2 > 0.05)[17], which means that the null hypothesis fails to be rejected. It can be concluded that the differences in the importance attributed to COO and Advertisement in the purchase of footwear are not significant. Therefore, and although the mean of Advertisement is slightly lower than the mean of COO (Graph 11), there is no evidence to support the idea that Advertisement is more important than COO. Thus, H$_{2f}$ is not considered true.

✖ **H$_{2f}$**

Therefore, H$_2$ is rejected or partially rejected.

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[17] The significance level must be divided by 2 since the test is 2-tailed and not 1-tailed, which would be if we were testing that the mean of COO is different/equal from the others (for example, H$_0$: $\mu_{COO} = \mu_{Quality}$ / H$_1$: $\mu_{COO} \neq \mu_{Quality}$). In the others pairs the significance level was not divided by 2 because in all the cases it was equal to 0.000).

Analyzing the mean of responses for the dimension "COO effects on footwear evaluation" (Annex 7.2), composed by the variables "When I buy footwear I look for the country of origin to make sure it has good quality" and "I'd rather buy footwear produced in a country I have a positive image of", it is close to 0, which means that respondents chose mainly the answer "Do Not Agree or Disagree". It can be concluded that COO has some importance but it is still low.

H₃: When deciding to buy footwear, Portuguese nationals are more positively influenced in their decision to purchase by the Portuguese origin of footwear than foreign nationals

First of all, as it happened in hypothesis 1, the testing of this hypothesis requires the analysis of several variables, i.e., the analysis of two new dimensions created previously in the Principal Components Analysis. Therefore, we must define, to each of the dimensions, a hypothesis to be tested. Concerning the first dimension, "Portuguese footwear vs Other countries footwear", the variables that constitute such dimension have an inverted scale, which means that it must be analyzed differently from the second dimension, i.e., a lower mean level means that the Portuguese footwear is valued in detriment of other countries' footwear. Thus, the new hypotheses are the following:

H_{3a}: Portuguese nationals' level of agreement with the dimension "Portuguese footwear vs other countries' footwear" is lower than that of foreign nationals

H_{3b}: Portuguese nationals' level of agreement with the dimension "Quality of Portuguese footwear and customers' propensity to buy it" is higher than that of foreign nationals
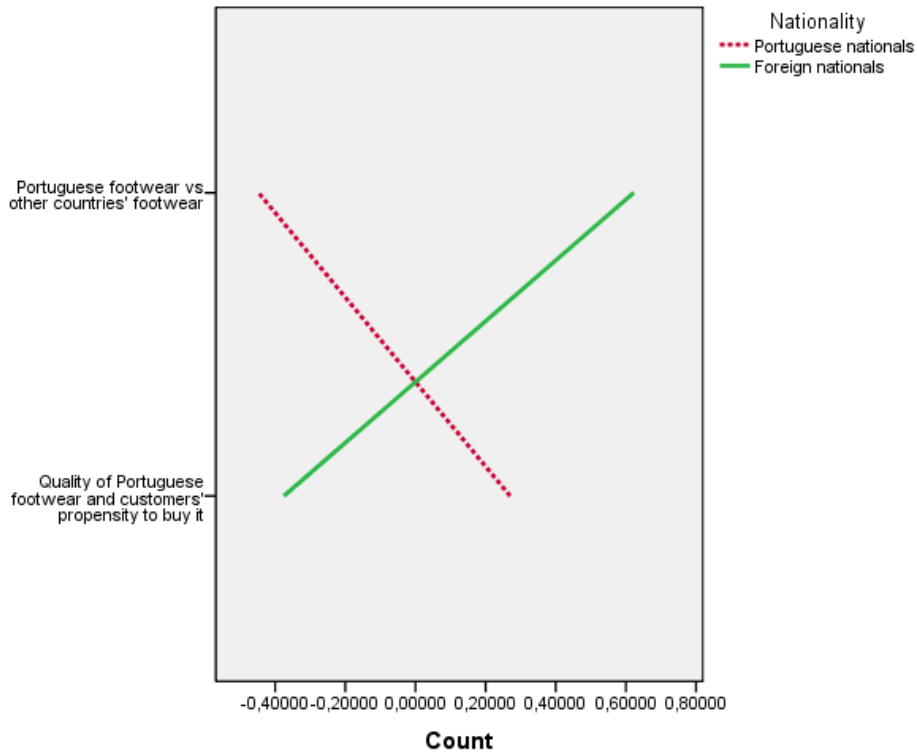
Graph 12: Line Chart (Portuguese origin of footwear)

According to Graph 12, it is clear that the image of the Portuguese industry as held by Portuguese nationals is much more positive than that of foreign nationals in the dimension "Portuguese footwear vs other countries footwear" as we can see from the large difference between the means of the two groups. In the other dimension, "Quality of Portuguese footwear and customers' propensity to buy it", the image held by the Portuguese nationals is also more positive than that of foreign nationals but in this case the difference between the means is not so clear. To test the previous hypotheses, the t-test for the equality of two population means was applied (Annex 7.3).

H3$_a$: Portuguese nationals' level of agreement with the dimension "Portuguese footwear vs other countries' footwear" is lower than that of foreign nationals

H$_0$: $\mu_1 \geq \mu_2$

H$_1$: $\mu_1 < \mu_2$

1: Portuguese nationals; 2: foreign nationals

The value of the test belongs to the rejection region as the significance level of the t-test is lower than 0.05 (0.000) which means the null hypothesis is rejected, i.e., Portuguese nationals' level of agreement with the dimension "Portuguese footwear vs other countries footwear" is significantly lower than that of foreign nationals. This conclusion can be confirmed in Graph 12 as Portuguese nationals' mean (-0.4474231) is lower than that of foreign nationals (0.6224054). Therefore, it can be concluded that $H3_a$ is true:

✓ **$H3_a$**

H_{3b}: Portuguese nationals' level of agreement with the dimension "Quality of Portuguese footwear and customers' propensity to buy it" is higher than that of foreign nationals

$H_0: \mu_1 \leq \mu_2$

$H_1: \mu_1 > \mu_2$

1: Portuguese nationals; 2: foreign nationals

Concerning the second dimension, the test value is also in the rejection region ($0.000 < 0.05$) which means the null hypothesis is rejected, i.e., Portuguese nationals' level of agreement with the dimension "Quality of Portuguese footwear and customers' propensity to buy it" is significantly higher than that of foreign nationals. Again, this conclusion can be confirmed in Graph 12 since the Portuguese nationals' mean (0.2697336) is higher than that of foreign nationals (-0.3752234). Thus, $H3_b$ is considered true:

✓ **$H3_b$**

Therefore, H_3 is not rejected.

H$_4$: The image of the Portuguese footwear industry abroad as held by the Portuguese nationals is more positive than that of foreign nationals
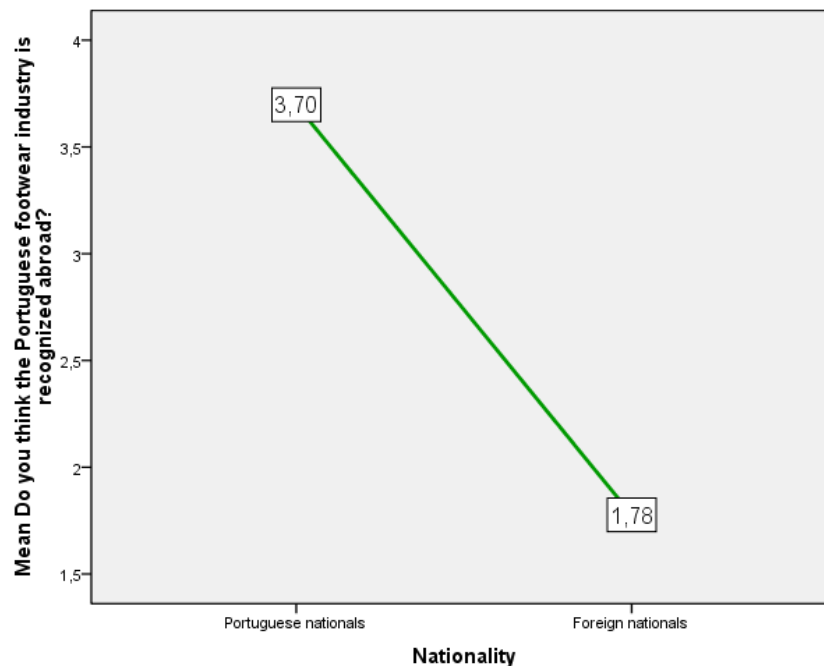
Graph 13: Line Chart (Portuguese footwear industry abroad)

In Graph 13, a major difference regarding the awareness of the Portuguese footwear industry abroad by Portuguese nationals (3.70) and foreign nationals (1.78) can be seen. To test this hypothesis, the parametric t-test for the equality of two population means was applied, with a significance level of 0.05 corresponding to a confidence level of 95% (Annex 7.4).

$$H_0: \mu_1 \leq \mu_2$$
$$H_1: \mu_1 > \mu_2$$

1: Portuguese nationals; 2: foreign nationals

The test value is in the rejection region since the test's significance level is lower than 0.05 (0.00), rejecting the null hypothesis. It can be concluded that there are significant differences between the evaluation of the image of the Portuguese footwear industry abroad by Portuguese and foreign nationals. Graph 13 shows that Portuguese nationals (3.70) present a higher mean than foreign nationals (1.79). Thus, H$_4$ is considered true.

✓ **H₄**

H5: The evaluation of the Portuguese footwear and the propensity to buy it by foreign nationals varies according to the level of familiarity with Portugal, being higher for those with a higher level of familiarity with the country

H$_{3a}$: Foreign nationals' level of agreement with the dimension "Portuguese footwear vs other countries' footwear" varies according to the level of familiarity with Portugal, being higher for those with a higher level of familiarity with the country

H$_{3b}$: Foreign nationals' level of agreement with the dimension "Quality of Portuguese footwear and customers' propensity to buy it" varies according to the level of familiarity with Portugal, being higher for those with a higher level of familiarity with the country
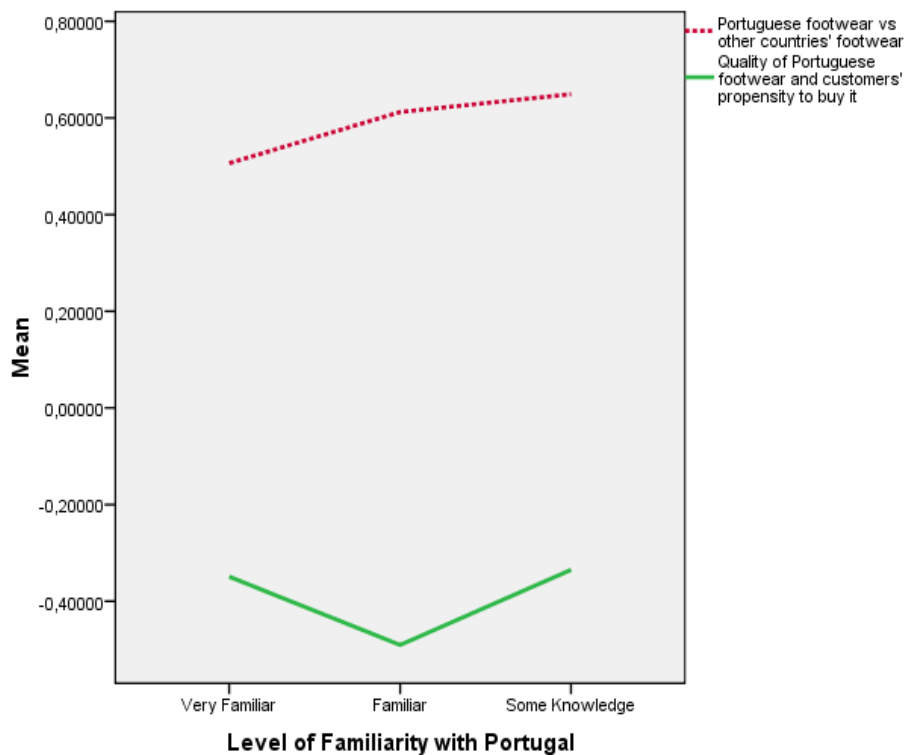
Graph 14: Line Chart (Portuguese footwear and levels of familiarity with Portugal)

Some conclusions can be drawn from Graph 14:

- Regarding the first dimension, "Portuguese footwear vs other countries' footwear", respondents have almost the same level of agreement but it is slightly lower to the ones that are "Very Familiar", which means that, given that the variables that compose this dimension have an inverted scale, those respondents evaluate the Portuguese footwear more positively than they evaluate footwear from other countries.

- Concerning the other dimension, "Quality of Portuguese footwear and customers' propensity to buy it", the "Some Knowledge" level of familiarity with Portugal appears as the one with higher levels of agreement with the dimension, followed by "Very Familiar" and "Familiar" levels of familiarity.

To test the previous hypotheses, a non-parametric test to the equality of more than two distributions, the Kruskal-Wallis test, in alternative to the Oneway ANOVA, was applied (Annex 7.5).

H_{5a}: Foreign nationals' level of agreement with the dimension "Portuguese footwear vs other countries footwear" varies according to the level of familiarity with Portugal, being higher for those with a higher level of familiarity with the country

H_0: the distribution of the variable "Portuguese footwear vs other countries' footwear" is equal for the three levels of familiarity with Portugal: Very Familiar, Familiar and Some Knowledge

H_1: at least two of the levels of familiarity with Portugal groups have different distributions of the variable "Portuguese footwear vs other countries' footwear"

According to the value of the Kruskal-Wallis test, there are no significant differences since the test value belongs to the acceptance region ($0.760 > 0.05$). Although Graph 14 shows that there are some differences in the mean of each level of familiarity with Portugal, the test corroborates that those are not significant. Thus, H_{5a} is not considered true.

❌ H_{5a}

H$_{5b}$: Foreign nationals' level of agreement with the dimension "Quality of Portuguese footwear and customers' propensity to buy it" varies according to the level of familiarity with Portugal, being higher for those with a higher level of familiarity with the country

H$_0$: the distribution of the variable "Quality of Portuguese footwear and customers' propensity to buy it" is equal for the three levels of familiarity with Portugal: Very Familiar, Familiar and Some Knowledge

H$_1$: at least two of the levels of familiarity with Portugal groups have different distributions of the variable "Quality of Portuguese footwear and customers' propensity to buy it"

The Kruskal-Wallis test value belongs to the acceptance region, i.e., there are no significant differences since the significance value is higher than 0.05 (0.225). Thus, H$_{5b}$ is not considered true. Although Graph 14 shows that there are some differences in the mean of each group, the test supports the idea that those are not significant.

❌ **H$_{5b}$**

Therefore, H$_5$ is rejected.

6. Conclusions, Implications, Limitations and Lines for Future Research

6.1. Conclusions and Discussion

In this subsection, conclusions about the results of the questionnaires will be drawn and confronted with the literature review and the information in Chapter 3. The main conclusions will also answer the research questions enunciated in the first Chapter:

1. Do Portuguese and foreign nationals have similar country images for Portugal and products produced in the country?
2. Is COO an important factor in the evaluation and purchase of footwear?
3. How does the Portuguese origin of products influence the evaluation of footwear produced in the country?
4. Are customers aware of the Portuguese footwear industry? Is familiarity with the country a factor in the level of foreign nationals' awareness?

As seen before, Portugal is still sometimes ignored by the international media and there is an overall lack of information about the country and its most important industries and products. According to the results from the questionnaires, most foreign nationals are overall aware of Portugal. This can be a result of a more close relation to Portugal either due to the proximity to the country or a previous visit, which a considerable percentage of respondents have done. However, the majority of respondents only have "some knowledge" about the country, which means they are only aware of its general features and do not have a deep knowledge; this is probably because they have not been to the country before. Still, there are people who only heard about its name and, surprisingly or not, four respondents claimed not to have heard about the country before. But even more surprising is the fact that one of those respondents was of Indian origin, a country in whose history Portugal played an important role. Although the percentage of people that have no knowledge about Portugal is not significant, as almost 90% claim to have some or more knowledge, it still proves that Portugal is not generating the likable levels of awareness.

The answer to the first research question, "Do Portuguese and foreign nationals have similar country images for Portugal and products produced in the country?", is definitely no.

Although the answer is negative, the pleasantness towards Portugal differs according to the variables in question. As we have seen in Chapter 3, Portugal is regarded abroad as being a country of traditions and with a great history, but with low development and innovation levels regarding its industries/products. Also, the Portuguese origin is believed to decrease the value of products. According to the results, concerning factors related to the country's inherent history such as culture, heritage, people and even tourism, Portuguese nationals have more positive perceptions than foreign nationals and the latter even evaluate it negatively. The same happens when talking about the success of Portuguese industries and the quality of Portuguese products, although here the differences are much more evident. Portuguese nationals clearly present higher levels of agreement with this variable, which means that they, more than foreign nationals, consider the Portuguese industries and products to be strong. Regarding the effect that the Portuguese origin has on the value of products, this is the only aspect in which both Portuguese and foreign nationals agree by saying that there is no such effect. Even though, as seen in Chapter 3, the Portuguese origin is believed to hinder the performance of the products in the market, respondents think it is indifferent.

Concerning the life/work conditions and the country's competitiveness, the variable is more positively evaluated by foreign nationals. Again, while Portuguese nationals trust the quality of Portuguese products and industries, they do not consider the country to be competitive. Regarding the first part of the variable, Portuguese nationals are not satisfied with their life and work conditions. Here, it is important to introduce the levels of satisfaction with the country. Portuguese nationals, despite showing some satisfaction by answering "a bit satisfied" (37%) and "satisfied" (33.5%), are clearly less satisfied with the country than foreign nationals and half of them even claim that they would move to another country if they had the opportunity. On the other hand, almost 100% of the foreign nationals that have already visited the country stated they would return.

Regarding the perceptions of Portugal and its success abroad, foreign nationals made slightly more positive appreciations, which means that the performance of Portugal abroad as seen by Portuguese nationals is more negative than that seen by foreign nationals. When Portuguese nationals were asked on what they think is the overall opinion of foreign nationals about Portugal, they clearly think it is more negative than it actually is. Portuguese nationals have clearly the wrong idea about the performance of Portugal in the eyes of foreign nationals. When answering the same question, foreign nationals showed they have a more favorable opinion towards Portugal than that thought by portuguese nationals. However, half

of the foreign respondents have already been to Portugal, which might have a positive influence on their perceptions as they have already had a closer contact with the country.

The answer to the second research question, "Is COO an important factor in the evaluation and purchase of footwear?", is no. As stated in the literature review, for Agrawal and Kamakura (1999), Gineikienè and Urbonavicius (2009), Hanzaee and Khosrozadeh (2011), COO has significantly weaker influence in products' evaluation in the presence of additional cues. As the results show, in a purchase situation for footwear, respondents clearly give less importance to COO than to other cues. As most important cues in the evaluation of footwear appear Quality and Design (intrinsic cues) followed by Price, Brand and Recommendations (extrinsic cues). As for Advertisement, its importance is only higher than the importance attributed to COO by 2%, which, according to the results, is not significant. Then, it can be assumed that Advertisement and COO share similar levels of importance in the evaluation of footwear. However, and responding to the third research question, "How does the Portuguese origin of products influence the evaluation of footwear produced in the country?", when confronted with the COO factor alone, the results show that the factor has an increased influence in the evaluation of footwear. When respondents were asked to compare the Portuguese footwear industry to other countries', foreign nationals clearly evaluated it as being worse and the same happened when evaluating its quality by itself and when expressing their propensity to buy Portuguese footwear. However, in this case, the results were closer to the Portuguese nationals'. The questionnaires' results support the idea, put forth in Chapter 3, that footwear is still an industry where the Portuguese origin has a negative influence.

Regarding the last research question, "Are customers aware of the Portuguese footwear industry?", the answer differs for Portuguese and foreign nationals. Portuguese nationals are clearly more aware of the Portuguese footwear industry than foreign nationals, according to the levels of recognition of the industry abroad. Although, nowadays, the industry enjoys high prominence and has managed to reach a strong and consolidated position internationally, it seems that it is still unknown by most foreign customers. Although the industry seems to be well advertised inside the country, abroad it is not raising high levels of awareness among customers, which might be a result of the fact that the industry is being promoted only in professional channels (B2B), a promotion that does not reach the potential buyers of the Portuguese footwear. The results also show that the level of familiarity of foreign nationals with Portugal is not a factor that influences the awareness and evaluation of

the Portuguese footwear, i.e., bigger levels of familiarity do not translate to higher levels of awareness of the Portuguese footwear industry.

The main objective of this dissertation was to explore the perceptions about Portugal and the COO effects on the process of purchasing footwear. Concerning the first part, the results suggest that Portugal is generally recognized abroad, though with low levels of knowledge. Although foreign nationals perceive the country as having an overall favorable image, perceptions about Portugal abroad are still rather distant from reality especially concerning products manufactured in the country, where the Portuguese origin clearly plays a negative role and where the negative stereotypes clearly prevail. Though Portugal is a country with many strengths, its footwear industry being one of them, it is still a small country in Europe that clearly struggles to stand out and communicate an image closer to reality. The research also indicated that COO, when combined with other criteria, shows low levels of importance for customers that clearly value other criteria in this specific product category. However, when the customers were made aware of the Portuguese origin of footwear, that importance increased, but in opposite directions for Portuguese and foreign nationals: positive for the first and negative for the latter.

6.2. Theoretical and Practical Implications

In a theoretical point of view, this dissertation adds up to all the previous studies regarding the Nation Branding and the COO effects topic. By introducing a new country, which was the subject of little previous study, and a new product category, which was not included in past research about the impact of COO, this dissertation serves as grounds for further investigation on the subject in question, namely filling gaps in the proposed research questions and the methodology used. The use of a different product category adds up to the amount of categories already studied in previous research and complements it by adding that in a purchase situation for footwear, the COO effects are not significant. Also, the results confirm that the importance of COO in the evaluation of products is weak in the presence of other cues and that, when the COO is revealed to customers, its importance increases. Moreover, the results show that a higher level of familiarity with a country does not have a

direct relation to the respondents' awareness of the country's products, in this case the Portuguese footwear industry.

In a practical point of view and regarding the management of the brand Portugal, this dissertation allows the responsible authorities to better understand the performance of some of the different variables of the brand in order to work towards its improvement. Regarding the communication channels Culture, Heritage, Tourism and People, defined by Anholt in his model, according to the results Portugal is perceived as having a somewhat negative image but, on the other hand, the results show that the communication of its Exports is an area that needs more urgent improvement. The country's foremost objective is to increase its international reputation in order to facilitate the exports of Portuguese products in international markets, which is imperative given the importance of the industrial sector in the Portuguese economy.

Therefore, Portugal should concentrate its efforts on promoting its industries and products that are not giving the Portuguese origin the needed credibility and that are clearly being stereotyped as negative. The country has developed several campaigns with the aim of altering the negative perceptions abroad but those efforts have been ineffective. The tourism sector, considered as a strategic sector for the country, already generates more positive perceptions, which means that Portugal should focus on promoting other strategic sectors such as footwear, not by abandoning the promotion of tourism but by giving it less relevance. Concerning the receivers of that promotion, the managers of the brand should consider the promotion not only in professional channels but also closer to the final customers, who are the ones that hold the negative stereotypes about Portugal and clearly have wrong perceptions.

Thus, Portugal must create a new positioning and change its current image by communicating its main strengths. For instance, in the case of the footwear industry, it must be promoted for its high quality and innovative, modern design, as those are two of the most important factors in the evaluation of this specific product. As witnessed in the case of Spain, despite the difficulty, it is possible to change a country's negative image. Then, Portugal should start adding the COO to its products abroad and promote the Portuguese brands as being Portuguese.

6.3. Limitations of the Study and Lines for Future Research

The major limitation in the elaboration of the present dissertation is the dimension of both samples of Portuguese and foreign nationals, especially the latter's. Although it was considered adequate, compared to other studies, it is small. Thus, in future research, the use of larger samples is advised. Also concerning the samples, the use of more heterogeneous ones is suggested, mostly in what pertains to demographic characteristics such as age, academic degree and country of origin. The samples used in this dissertation had a clear predominance of respondents from the age group 18-24, the Bachelor academic degree and, in the case of foreign nationals, close to 50% of the sample were from the USA or the UK. It would also be interesting to study whether the respondents' demographic characteristics have any influence on the COO effects on product evaluation. In terms of the country of origin, it could be studied whether the proximity to the country contributes to increased knowledge and awareness of that country's products.

In addition to the sample size limitation, this dissertation only focuses on one product category which means it may not be generalized to other categories of Portuguese products. Therefore, future studies should focus on different product categories and could replicate this study in other established Portuguese industries. As this dissertation focused in the effects of the Portuguese origin of footwear, it would be interesting to make a similar study focusing on other countries that are considered very relevant and reliable in the production of footwear, such as Italy and Spain, and then perform a comparison. Still regarding the footwear industry, a study focused on measuring the awareness of Portuguese brands of footwear and whether those are associated with the Portuguese origin is suggested. Plus, an updated version of the study performed by ICEP in 2003 could be useful to evaluate whether the foreign nationals knowledge of the most important Portuguese industries has changed since then.

7. Bibliography

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8. Annexes

Annex 1: List of sample dimensions from previous research

Title	Author(s)	Sample Dimension
"Importance of the product country-of-origin factor on purchasing process in the context of globalization"	Gineikienè and Urbonavicius (2009)	N = 204 Master Class Students
"Consumer Perceptions of Country of Origin in Australian Apparel Industry"	Patterson and Tai (1991)	N = 174 Australians
"Consumer ethnocentrism and attitudes toward domestic and foreign products"	Watson and Wright (2000)	N = 421 New Zealands
"Assessments of country of origin and brand cues in evaluating a Croatian, western and eastern European food product"	Krupka, Ozretic-Dosen and Skare (2007)	N = 278 Undergraduate Students
"Modeling and testing effects of country, corporate and brand images on consumers' product evaluation and purchase intention"	Lawley, Peng and Perry (2000)	N = 280 Chinese Students
"The effect of country-of-origin image, product knowledge and product involvement on information search and purchase intention"	Hanzaee and Khosrozadeh (2011)	N = 379 College Students
"The impact of country-of-origin cues on consumer perceptions of product quality : a binomial test of the decomposed country-of-origin construct"	Insch and McBride (2004)	N = 375 USA nationals / 583 Mexicans
"Does country matter? The country of origin effect on sports apparel users' brand perceptions"	Raty (2009)	N = 343 Finland Swimmers

List of sample dimension from previous research

Annex 2: Principal Components Analysis

2.1.   Overall Perceptions of Portugal

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,817	25,607	25,607	2,817	25,607	25,607	2,362	21,475	21,475
2	1,765	16,048	41,654	1,765	16,048	41,654	1,695	15,409	36,884
3	1,125	10,225	51,879	1,125	10,225	51,879	1,596	14,508	51,392
4	1,007	9,155	**61,034**	1,007	9,155	61,034	1,061	9,642	61,034
5	,907	8,249	**69,283**						
6	,737	6,704	75,987						
7	,686	6,235	82,222						
8	,590	5,364	87,587						
9	,506	4,599	92,185						
10	,465	4,228	96,413						
11	,395	3,587	100,000						

Extraction Method: Principal Component Analysis.

Extracted components and explained percentage of the total variance (Kaiser Method)

2.2.   COO effects on the footwear industry

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3,029	37,862	37,862	3,029	37,862	37,862	3,023	37,782	37,782
2	1,696	21,195	**59,057**	1,696	21,195	59,057	1,702	21,275	59,057
3	,844	10,551	**69,608**						
4	,703	8,787	78,396						
5	,601	7,517	85,913						
6	,444	5,545	91,458						
7	,358	4,471	95,928						
8	,326	4,072	100,000						

Extraction Method: Principal Component Analysis.

Extracted components and explained percentage of the total variance (Kaiser Method)

Annex 3: General Information about Respondents

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3.1. Portuguese nationals

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	180	64,1	64,1	64,1
	Male	101	35,9	35,9	100,0
	Total	281	100,0	100,0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 - 24	74	26,3	26,3	28,5
	25 - 34	63	22,4	22,4	50,9
	35 - 44	52	18,5	18,5	69,4
	45 - 54	56	19,9	19,9	89,3
	55 - 64	30	10,7	10,7	100,0
	≥ 65	6	2,1	2,1	2,1
	Total	281	100,0	100,0	

Academic Degree

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Basic	1	,4	,4	,4
	Secondary	31	11,0	11,0	100,0
	Profissional	11	3,9	3,9	89,0
	Bachelor	148	52,7	52,7	65,1

	Frequency	Percent	Valid Percent	Cumulative Percent
Master	56	19,9	19,9	85,1
Doctoral	34	12,1	12,1	12,5
Total	281	100,0	100,0	

3.2. Foreign nationals

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	107	45,0	45,0	45,0
	Male	131	55,0	55,0	100,0
	Total	238	100,0	100,0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 - 24	64	26,9	26,9	31,5
	25 - 34	54	22,7	22,7	54,2
	35 - 44	41	17,2	17,2	71,4
	45 - 54	38	16,0	16,0	87,4
	55 - 64	30	12,6	12,6	100,0
	≥ 65	11	4,6	4,6	4,6
	Total	238	100,0	100,0	

Academic Degree

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Basic	1	,4	,4	41,6
	Secondary	43	18,1	18,1	100,0
	Professional	1	,4	,4	81,9
	Bachelor	98	41,2	41,2	41,2
	Master	71	29,8	29,8	81,5
	Doctoral	24	10,1	10,1	51,7
	Total	238	100,0	100,0	

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Country of Origin

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Afghanistan	1	,4	,4	,4
	Australia	4	1,7	1,7	2,1
	Austria	1	,4	,4	2,5
	Bangladesh	1	,4	,4	2,9
	Belgium	3	1,3	1,3	4,2
	Brazil	3	1,3	1,3	5,5
	Bulgaria	3	1,3	1,3	6,7
	Canada	5	2,1	2,1	8,8
	Chile	1	,4	,4	9,2
	China	6	2,5	2,5	11,8
	Colombia	1	,4	,4	12,2
	Czech Republic	1	,4	,4	12,6
	Denmark	2	,8	,8	13,4
	Estonia	4	1,7	1,7	15,1
	Finland	2	,8	,8	16,0
	France	6	2,5	2,5	18,5
	Georgia	1	,4	,4	18,9
	Germany	9	3,8	3,8	22,7
	Greece	2	,8	,8	23,5
	Hungary	1	,4	,4	23,9
	Iceland	1	,4	,4	24,4
	India	7	2,9	2,9	27,3
	Indonesia	1	,4	,4	27,7
	Ireland	8	3,4	3,4	31,1
	Israel	1	,4	,4	31,5
	Italy	6	2,5	2,5	34,0
	Latvia	1	,4	,4	34,5
	Libya	1	,4	,4	34,9
	Lithuania	2	,8	,8	35,7

Netherlands	4	1,7	1,7	37,4
Peru	1	,4	,4	37,8
Philippines	1	,4	,4	38,2
Poland	4	1,7	1,7	39,9
Puerto Rico	1	,4	,4	40,3
Romania	3	1,3	1,3	41,6
Russia	1	,4	,4	42,0
Saudi Arabia	2	,8	,8	42,9
Slovakia	1	,4	,4	43,3
Slovenia	4	1,7	1,7	45,0
South Africa	4	1,7	1,7	46,6
Spain	4	1,7	1,7	48,3
Sweden	3	1,3	1,3	49,6
Switzerland	3	1,3	1,3	50,8
Trinidad	1	,4	,4	51,3
UK	49	20,6	20,6	71,8
Ukraine	1	,4	,4	72,3
USA	64	26,9	26,9	99,2
Zimbabwe	2	,8	,8	100,0
Total	238	100,0	100,0	

Annex 4: Foreign nationals' familiarity with Portugal

What is your level of familiarity with the country?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Familiar	25	10,5	10,5	100,0
	Familiar	50	21,0	21,0	21,0
	Some Knowledge	127	53,4	53,4	89,5
	Know Name Only	32	13,4	13,4	34,5
	Never Heard Of	4	1,7	1,7	36,1
	Total	238	100,0	100,0	

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Have you ever been to Portugal?
- No
- Yes
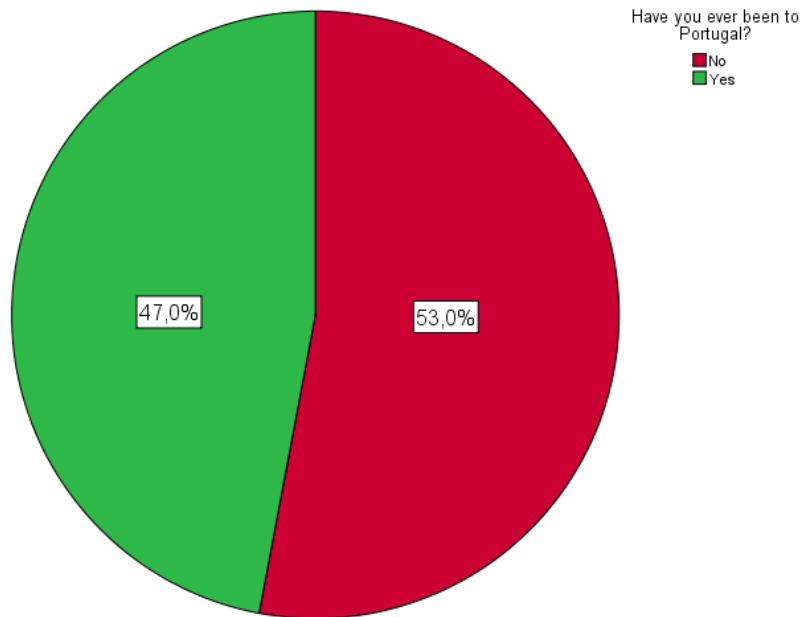
What is your level of familiarity with the country? * Have you ever been to Portugal?

Crosstabulation

		Have you ever been to Portugal?		Total
		No	Yes	
What is your level of familiarity with the country?	Familiar	9	41	50
	Some Knowledge	97	30	127
	Very Familiar	1	24	25
Total		107	95	202
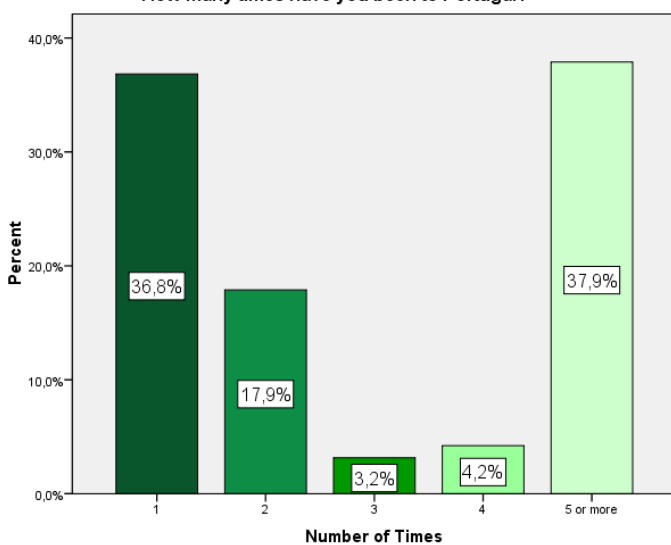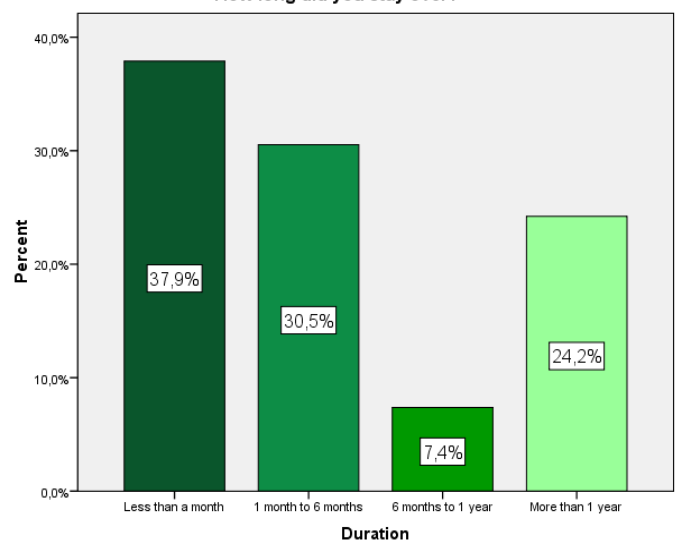
Annex 5: Levels of Satisfaction with Portugal

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What is your current level of satisfaction with Portugal?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Totally Unsatisfied	15	5,3	5,3	98,2
	Unsatisfied	63	22,4	22,4	22,4
	A bit satisfied	104	37,0	37,0	59,4
	Satisfied	94	33,5	33,5	92,9
	Totally Satisfied	5	1,8	1,8	100,0
	Total	281	100,0	100,0	

If you had the opportunity, would you move to another country?
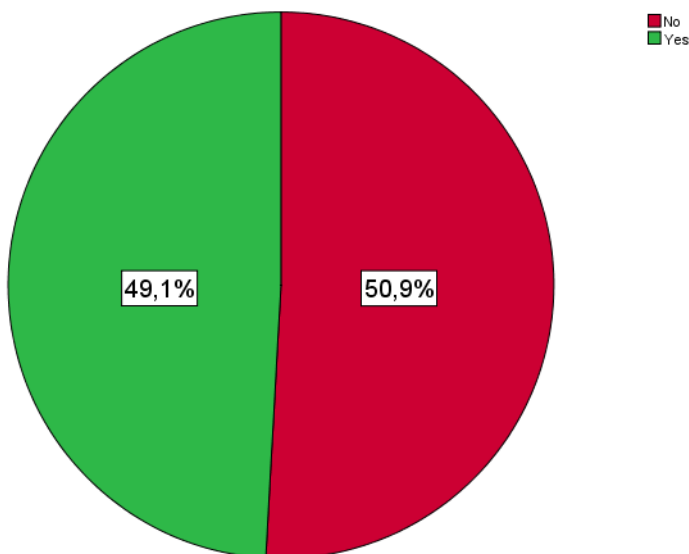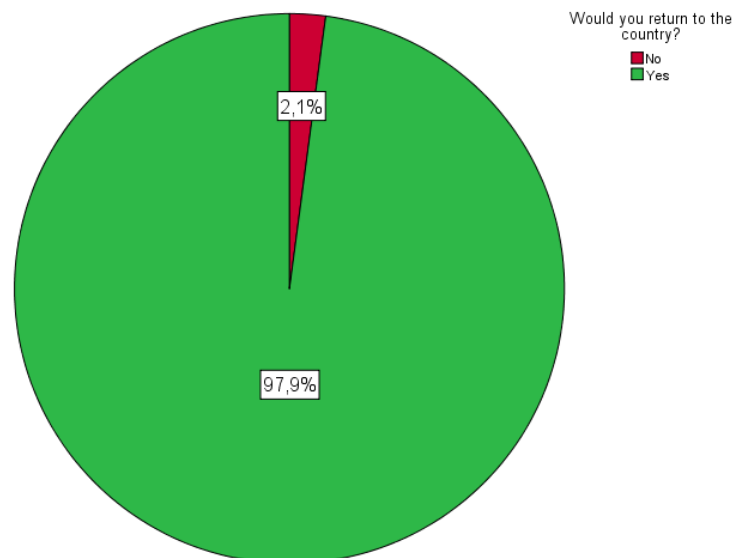
Annex 6: Favorability towards Portugal abroad

Favorability towards Portugal abroad * Nationality Crosstabulation

Count

		Nationality		Total
		Portuguese nationals	Foreign nationals	
Favorability towards Portugal abroad	Totally Unfavourable	14	1	15
	Unfavourable	97	2	99
	A Bit Favourable	120	55	175
	Favourable	46	105	151
	Totally Favourable	4	39	43
Total		281	202	483

Annex 7: Hypotheses Testing

7.1. Hypothesis 1

To proceed to the test, the conditions of Normality and Equality of Variances must be satisfied. Since the dimension of the samples is considered big (n > 30) through the Central Limit Theorem we can assume than both samples come from populations approximately normally distributed. Regarding the Equality of Variances, it is also satisfied since the significance levels of the Levene's Test For Equality of Variances for all the dimensions are bigger than 0.05,[18] i.e., the null hypothesis of the Levene's Test is not rejected and the samples come from two populations with equal variances.

Group Statistics

	Nationality	N	Mean	Std. Deviation	Std. Error Mean
Heritage, Tourism and People	Portuguese nationals	281	,2037806	,94665163	,05647250
	Foreign nationals	202	-,2834770	1,00540006	,07073970
Perceptions about Portugal and its success abroad	Portuguese nationals	281	-,1871007	,98523462	,05877417
	Foreign nationals	202	,2602737	,96373735	,06780832
Life/work conditions and	Portuguese nationals	281	-,3120973	,94751018	,05652372

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[18] Levene's Test for Equality of Variances: $H_0: \delta^2_1 = \delta^2_2$ / $H_1: \delta^2_1 \neq \delta^2_2$, 1 = Portuguese nationals / 2 = Foreign nationals

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| country's competitiveness	Foreign nationals	202	,4341552	,90651862	,06378243
Industries' success and quality of portuguese products	Portuguese nationals	281	,4287805	,86942591	,05186560
	Foreign nationals	202	-,5964719	,85465556	,06013336
Portuguese COO effects on the value of products	Portuguese nationals	281	-,0151482	1,04133067	,06212058
	Foreign nationals	202	,0210725	,94163599	,06625328

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Heritage, Tourism and People	Equal variances assumed	,521	,471	5,436	481	**,000**	,48725755	,08962872	,31114534	,66336976
	Equal variances not assumed			5,383	417,196	,000	,48725755	,09051657	,30933217	,66518293
Perceptions about Portugal and its success abroad	Equal variances assumed	,691	,406	-4,968	481	**,000**	-,44737444	,09006001	-,62433409	-,27041480
	Equal variances not assumed			-4,986	438,711	,000	-,44737444	,08973501	-,62373838	-,27101051
Life/work conditions and country's competitiveness	Equal variances assumed	,942	,332	-8,693	481	**,000**	-,74625257	,08584360	-,91492736	-,57757779
	Equal variances not assumed			-8,756	444,067	,000	-,74625257	,08522399	-,91374503	-,57876012
Industries' success and quality of portuguese products	Equal variances assumed	1,008	,316	12,875	481	**,000**	1,02525250	,07963402	,86877896	1,18172603
	Equal variances not assumed			12,911	437,490	,000	1,02525250	,07941071	,86917859	1,18132640
Portuguese COO effects on the value of products	Equal variances assumed	2,843	,092	-,392	481	**,695**	-,03622074	,09232647	-,21763377	,14519230
	Equal variances not assumed			-,399	456,492	,690	-,03622074	,09082105	-,21469993	,14225846

7.2. Hypothesis 2

Concerning the correlation between the pairs of variables, the table below shows that there is a linear correlation between the variables in pairs 2, 3, 4, 5 and 6, since the significance level is lower than 0.05, i.e., the null hypothesis, which states the absence of linear correlation[19], is rejected. Concerning Pair 1, there is not any linear correlation between the variables COO and Quality, as the significance level (0.090) is higher than 0.05 and the null hypothesis is not rejected. However, although it is not linear, there can still exist some kind of relation between the variables, which means the test can still be applied.

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	COO & Quality	482	,079	**,083**
Pair 2	COO & Brand	482	-,305	**,000**
Pair 3	COO & Price	482	-,151	**,001**
Pair 4	COO & Recommendations	482	-,282	**,000**
Pair 5	COO & Design	482	-,292	**,000**
Pair 6	COO & Advertisement	482	-,161	**,000**

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	COO	5,60	482	1,440	,066
	Quality	1,65	482	,938	,043
Pair 2	COO	5,60	482	1,440	,066
	Brand	4,52	482	1,269	,058
Pair 3	COO	5,60	482	1,440	,066
	Price	2,52	482	1,050	,048
Pair 4	COO	5,60	482	1,440	,066
	Recommendations	5,01	482	1,319	,060
Pair 5	COO	5,60	482	1,440	,066
	Design	2,56	482	1,249	,057
Pair 6	COO	5,60	482	1,440	,066
	Advertisement	5,57	482	1,259	,057

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[19] H_0: $\rho = 0$
H_1: $\rho \neq 0$
If the null hypothesis is rejected it means that the correlation between the two variables is significantly different from 0, i.e., there's a linear correlation between the variables.

Paired Samples Test

		Paired Differences							
					95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2-tailed)
Pair 1	COO - Quality	3,944	1,660	,076	3,795	4,093	51,988	478	**,000**
Pair 2	COO - Brand	1,073	2,191	,100	,876	1,270	10,719	478	**,000**
Pair 3	COO - Price	3,077	1,911	,087	2,906	3,249	35,237	478	**,000**
Pair 4	COO - Recommendations	,587	2,216	,101	,388	,786	5,793	478	**,000**
Pair 5	COO - Design	3,031	2,165	,099	2,837	3,226	30,643	478	**,000**
Pair 6	COO - Advertisement	,029	2,065	,094	-,156	,215	,310	478	**,757**
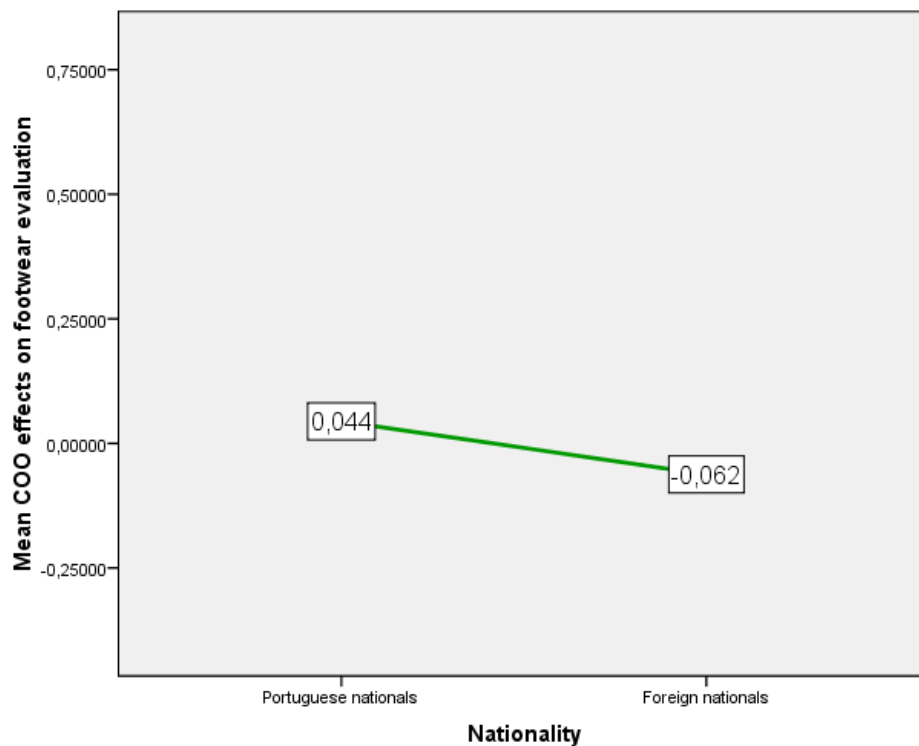
Mean of the dimension "COO effects in footwear evaluation"

7.3. Hypothesis 3

The assumptions of Normality and Equality of Variances must be verified. Concerning normality, we can assume the samples were taken from a population with approximately normal distribution, since the sample dimensions are bigger than 30. Regarding equality of variances, the significance level of the Levene's test is higher than 0.05 (0.321), i.e., the equality of variances is not rejected.

Group Statistics

	Nationality	N	Mean	Std. Deviation	Std. Error Mean
Portuguese footwear vs other countries' footwear	Portuguese nationals	281	-,4474231	,84770543	,05056987
	Foreign nationals	202	,6224054	,85310549	,06002429
Quality of portuguese footwear and customers' propensity to buy it	Portuguese nationals	281	,2697336	1,02629089	,06122338
	Foreign nationals	202	-,3752234	,82919058	,05834165

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper	
Portuguese footwear vs other countries' footwear	Equal variances assumed	,214	,644	-13,645	481	**,000**	-1,06982856	,07840547	-1,22388811	-,91576901	
	Equal variances not assumed			-13,631	431,533	,000	-1,06982856	,07848711	-1,22409314	-,91556398	
Quality of Portuguese footwear and customers' propensity to buy it	Equal variances assumed	15,887	,000	7,368	481	**,000**	,64495700	,08753344	,47296183	,81695217	
	Equal variances not assumed			7,626	474,432	,000	,64495700	,08456979	,47877932	,81113468	

7.4. Hypothesis 4

To proceed to the test, the conditions of Normality and Equality of Variances must be satisfied. Since the dimension of the samples is considered big (n > 30), we can assume than both samples came from populations that have approximately normal distributions. Regarding the Equality of Variances, it is also satisfied since the significance level of the Levene's Test For Equality of Variances is bigger than 0.05 (0.455), i.e., the null hypothesis of the Levene's Test is not rejected and the samples come from two populations with equal variances.

Group Statistics

	Nationality	N	Mean	Std. Deviation	Std. Error Mean
Do you think the Portuguese Footwear Industry is recognized abroad?	Portuguese nationals	281	3,70	,962	,057
	Foreign nationals	202	1,78	,980	,069

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Do you think the Portuguese Footwear Industry is recognized abroad?	Equal variances assumed	,597	,440	21,468	481	**,000**	1,920	,089	1,745	2,096
	Equal variances not assumed			21,405	428,488	,000	1,920	,090	1,744	2,097

7.5. Hypothesis 5

To test this hypothesis, we must use the Oneway ANOVA test as the objective is to compare a particular variable in three independent groups. To apply the test, there is the need to first verify the assumptions of Normality and Homogeneity of Variances. As it can be seen in the table below, the samples "Familiar" and "Some Knowledge" have dimensions bigger

than 30, i.e., it can be assumed that they satisfy the assumption of normality. In regards to the sample "Very Familiar", with a dimension lower than 30, the normality must be verified.

Descriptives

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Portuguese footwear vs other countries' footwear	Very Familiar	**25**	,5064427	1,05469790	,21093958	,0710848	,9418006	-1,11272	2,17783
	Familiar	**50**	,6123599	,90571401	,12808730	,3549588	,8697610	-1,34754	2,57036
	Some Knowledge	**127**	,6491877	,79162471	,07024533	,5101742	,7882011	-1,11373	2,70183
	Total	202	,6224054	,85310549	,06002429	,5040473	,7407635	-1,34754	2,70183
Quality of Portuguese footwear and customers' propensity to buy it	Very Familiar	25	-,3491280	1,19945273	,23989055	-,8442377	,1459818	-3,01471	1,77257
	Familiar	50	-,4904517	,98283389	,13899370	-,7697700	-,2111334	-2,99578	1,75305
	Some Knowledge	127	-,3349949	,66339606	,05886688	-,4514907	-,2184991	-1,83835	1,63984
	Total	202	-,3752234	,82919058	,05834165	-,4902636	-,2601832	-3,01471	1,77257

Tests of Normality

	Level of Familiarity with Portugal	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
Portuguese footwear vs other countries' footwear	Very Familiar	,131	25	,200[*]	,940	25	**,145**
Quality of Portuguese footwear and customers' propensity to buy it	Very Familiar	,116	25	,200[*]	,968	25	**,586**

To small sample dimensions (< 30), the Shapiro-Wilk test is more appropriate. Analyzing the significance level of the test for both dimensions, they are higher than 0.05 which means that the null hypothesis of the Shapiro-Wilk[20] test is not rejected, i.e., it can be assumed that the sample was taken from a population with a normal distribution. The second assumption is to verify if "Very Familiar", "Familiar" and "Some Knowledge" samples were drawn from populations with equal variances:

---

[20] H_0: X ∩ Norrnal (μ,δ)
   H_1: X ∩ Normal (μ, δ)

Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Portuguese footwear vs other countries' footwear	3,161	2	199	**,045**
Quality of Portuguese footwear and customers' propensity to buy it	7,387	2	199	**,001**

Once again, the significance values must be checked. In the table above, it can be seen that for both dimensions the significance level is lower than 0.05 which means that the null hypothesis[21] is rejected. Thus, the assumption of Homogeneity of Variances is not verified for any dimension so the non-parametric test Kruskall-Wallis was applied, as an alternative to the Oneway ANOVA test.

Test Statistics[a,b]

	Portuguese footwear vs other countries' footwear	Quality of Portuguese footwear and customers' propensity to buy it
Chi-Square	,548	2,982
df	2	2
Asymp. Sig.	**,760**	**,225**

a. Kruskal Wallis Test

Annex 8: Questionnaires

- **Portuguese nationals**

Parte 1: Dados Pessoais

1.1.   Género:

Masculino ☐

Feminino ☐

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[21] H_0: $\delta_1^2 = \delta_2^2 = \delta_3^2$
   H_1: There is at least one different variance

1.2.   Idade:

18-24 ☐

25-34 ☐

35-44 ☐

45-54 ☐

55-64 ☐

≥65 ☐

1.3.   Habilitações Literárias

Básico ☐
Secundário ☐
Profissional ☐
Licenciatura ☐
Mestrado ☐
Doutoramento ☐

Parte 2: Opinião acerca de Portugal e de produtos Portugueses

2.1. Qual é o seu nível actual de satisfação com Portugal?

Totalmente Insatisfeito ☐

Insatisfeito ☐

Pouco Satisfeito ☐

Satisfeito ☐

Totalmente Satisfeito ☐

2.2. Qual pensa ser a opinião no exterior acerca de Portugal?

Totalmente Desfavorável ☐

Desfavorável ☐

Pouco Favorável ☐

Favorável ☐

Totalmente Favorável ☐

2.3. Avalie, de 1 a 5, as seguintes afirmações de acordo com o seu nível de concordância com as mesmas.

	Discordo Totalmente	Discordo	Não Concordo nem Discordo	Concordo	Concordo Totalmente
1. Portugal é um país com indústrias de sucesso.					
2. Portugal é um país economicamente muito competitivo.					
3. Os produtos de origem portuguesa têm boa qualidade.					
4. O carimbo "*made in Portugal*" reduz o valor comercial dos produtos.					
5. Os estrangeiros normalmente fazem apreciações positivas acerca de Portugal.					
6. Portugal é um bom destino turístico.					
7. Portugal possui uma rica herança histórica e cultural.					

8. Os portugueses são um povo simpático e acolhedor.					

9. Portugal é um bom sítio para viver e trabalhar.					

10. A marca Portugal é bem divulgada no exterior.					

11. Os estereótipos criados no exterior acerca de Portugal são maioritariamente positivos.					

2.4. Se tivesse a oportunidade, mudaria para outro país?

Sim ☐

Não ☐

Parte 3: Avaliação e compra de calçado / Indústria Portuguesa do calçado

3.1. Pensa que a Indústria Portuguesa do calçado é reconhecida no exterior?

(1 – Nada Reconhecida; 5 – Muito Reconhecida)

1	2	3	4	5

3.2. Ordene, de 1 a 7, os seguintes factores de acordo com a importância que dá na avaliação e compra de calçado?

Qualidade ☐

Marca ☐

Preço ☐

País de Fabrico ☐

Recomendação de Terceiros ☐

Design ☐

Publicidade ☐

3.3. Avalie, de 1 a 5, as seguintes afirmações de acordo com o seu nível de concordância com as mesmas

	Discordo Totalmente	Discordo	Não Concordo Nem Discordo	Concordo	Concordo Totalmente
1. Quando compro calçado, verifico o país de origem para garantir que tem boa qualidade.					
2. Prefiro comprar calçado produzido num país do qual eu tenho uma imagem positiva.					
3. O país de origem da marca do calçado é muito importante.					
4. Prefiro comprar calçado produzido em Itália do que em Portugal.					
5. O calçado produzido em Portugal possui boa qualidade.					

6. O calçado produzido em Portugal possui menor qualidade do que calçado produzido noutros países europeus.					

7. Pagaria mais por calçado produzido em Itália do que por calçado produzido em Portugal.					

8. A indústria Portuguesa do calçado é muito competitiva.					

9. Eu compraria calçado produzido em Portugal					

- **Foreign nationals**

Part 1: Personal Information

1.1. Gender:

Male ☐

Female ☐

1.2. Age:

18-24 ☐

25-34 ☐

35-44 ☐

45-54 ☐

55-64 ☐

≥65 ☐

1.3. Academic Degree

Basic ☐

Secondary ☐

Professional ☐

Bachelor ☐

Master ☐

Doctoral ☐

1.4. Country of Origin: _____

Part 2: Opinion about Portugal and products produced in the country

2.1. What is your level of familiarity with Portugal?

Very familiar ☐

Familiar ☐

Some Knowledge ☐

Know name only ☐

Haven't heard of ☐

(If the answer is "Know name only" or "Haven't heard of", the questionnaire ends here)

2.2. Have you ever been to Portugal?

Yes ☐

No ☐

2.3. How many times?

1 ☐

2 ☐

3 ☐

4 ☐

≥ 5 ☐

2.4. How long did you stay over?

Less than a month ☐

1 month to 6 months ☐

6 months to 1 year ☐

More than 1 year ☐

2.5. Would you return to the country?

Yes ☐

No ☐

2.6. What is your opinion about Portugal?

Totally Unfavorable ☐

Unfavorable ☐

A Bit Favorable ☐

Favorable ☐

Totally Favorable ☐

2.7. Evaluate, from 1 to 5, the following sentences based on your level of agreement with them

	Strongly Disagree	Disagree	Do Not Agree or Disagree	Agree	Strongly Agree
1. Portugal is a country with successful industries.					
2. Portugal is a very competitive country economically.					
3. Products produced in Portugal have good quality.					
4. The "*made in Portugal"* logo reduces the commercial value of the products.					
5. People outside Portugal usually have good things to say about the country					
6. It's a good country for tourism.					
7. Portugal has a rich historical and cultural heritage.					
8. The Portuguese are very warm and welcoming.					
9. Portugal is a good place to live and work.					
10. The brand Portugal is well publicized abroad.					
11. The stereotypes created abroad about Portugal are mainly positive.					

Part 3: Evaluation and purchase decision of footwear / Portuguese footwear industry

3.1. Do you think the Portuguese Footwear Industry is recognized abroad? (1 – Unrecognized; 5 – Highly Recognized)

1	2	3	4	5

3.2. Rank, from 1 to 7, the following factors according to the importance you would give to when evaluating and purchasing footwear.

Quality ☐

Brand ☐

Price ☐

Country of Origin ☐

Recommendations ☐

Design ☐

Advertisement ☐

3.3. Evaluate, from 1 to 5, the following sentences based on your level of agreement with them.

	Strongly Disagree	Disagree	Do Not Agree or Disagree	Agree	Strongly Agree
1. When I buy footwear, I look for the country of origin to make sure it has good quality.					

| 2. I'd rather buy footwear produced in a country I have a positive image of. | | | | | |

3. I'd rather buy footwear produced in Italy than in Portugal.					

4. Footwear produced in Portugal has good quality.					

5. Footwear produced in Portugal has lower quality than others produced in other European countries.					

6. I would pay more for footwear produced in Italy than for shoes produced in Portugal.					

7. The Portuguese footwear industry is very competitive.					

8. I would buy footwear produced in Portugal.					