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**Scottish Country of Origin:
Its role and value in the identities of Scottish
premium/luxury brands**

Morag Hamilton

PhD

2010

**Scottish Country of Origin:
Its role and value in the identities of Scottish
premium/luxury brands**

Morag Hamilton

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ABSTRACT

The focus of this study is the role and function of country of origin (COO) in the creation and communication of the brand identities of Scottish premium/luxury brands. It applies the identity concept which is well developed in the branding literature to the COO literature where the focus on the consumer perspective of country image has resulted in the area of origin management being underdeveloped. Recognising the paucity of COO literature which examines the mechanisms and processes used by luxury brands to communicate COO, these are also analysed.

The study uses an innovative two stage sequential mixed methods research design. In the first stage, the macro perspective is gained from the analysis of a database of companies compiled specifically for the study covering six categories of Scottish premium/luxury brands. Additionally a postal survey and analysis of company web pages gather a mix of qualitative and quantitative data to examine the role of COO. The second stage gains strategic insights from semi structured interviews with business elites achieving in depth understanding of the decision making process regarding the strategic advantages of COO in brand identities.

The value of the study lies in the contribution to knowledge from frameworks which identify: the characteristics which differentiate companies within and across luxury sectors and organisational structure models which reflect the dominant ownership structures in the Scottish food and beverage, textiles/cashmere and whisky sectors; the dimensions of Scottish premium/luxury brands across a range of product categories; the motivations and drivers for adopting a COO identity; the criteria which distinguish COO brands; the COO communication process. The importance of COO as a key differentiating device which conveys competitive advantage is developed using the metaphor of COO as the anchor which locates the brand in a place which evokes symbolic, emotional and psychological associations and provides the brand with protection and security.

Key words: Luxury brands; country of origin; brand image; brand/corporate identity; country of origin identity; database; business elites; communication process.

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CHAPTER 1

INTRODUCTION

Chapter Summary

The chapter commences by outlining the focus of the thesis and the justification for the study. The research aim and objectives are stated and the research methodology summarised. It concludes by providing a review of the contribution then the structure of the thesis.

“Times are tough, with China spitting out mass-produced garments and then marketing them as 100% cashmere in the high street. When you go to the factory floor and see the talent that lives and breathes in people in the Borders, it makes you more determined not to go down that route...My customers understand that too. They want ‘Made in Scotland’” (Kane, in Burnside 2008).

1.1 FOCUS AND JUSTIFICATION FOR THE STUDY

This thesis is about the role and function of country of origin in the creation and communication of brand identities within the Scottish premium/luxury consumer goods sector.

The value of this study is that it applies concepts which have been extensively developed in the brand management literature to the COO literature where the concept of origin management is underdeveloped (Samiee 1994; Papadopoulos and Heslop 2003; Usunier 2006; Josiassen and Harzing 2008). Previous brand literature from a company perspective has developed the concept of brand identity, whereas the country of origin (hereafter referred to as COO) literature has mainly adopted a one-sided demand driven customer centric perspective focussing on the impact of COO on brand image perceptions (Usunier 2006). Several authors including: Papadopoulos and Heslop (1993); Samiee (1994); Beverland and Lindgreen (2002); have called for this balance to be redressed. A further deficiency claimed for COO literature relates to the role played by COO research in informing business decisions and origin management. Samiee (1994; 2005), Usunier (2006) and Josiassen and Harzing (2008) assert that for managerial decisions to be more useful, a more cohesive body of knowledge is required.

This study brings together the literatures by examining how firms use COO to generate distinction and value and advantage in their brand identities. Premium/luxury brands have been selected for this study recognising that in this sector brands have prominence and COO is frequently used by such firms (Leclerc et al. 1994; Thakor and Katsanis 1997; Lampert and Jaffe 1998; Phau and Prendergast 2000b; Piron 2000; Jackson 2004) however only two studies have specifically focussed on the premium/luxury sector (Dubois and Paternault 1997;

Aiello et al. 2009) where congruence between COO and competence within the luxury sector has been identified. The study also examines how such firms communicate a COO identity to their stakeholders.

From a theoretical perspective the study focuses on isolating the specific COO component of brand identity, considers how COO is communicated and how that emphasis and means of communication makes some, or in some cases a lot of contribution to the brand identity of a premium/luxury brand. This understanding and interpretation is achieved using the brand image and identity literature to understand how COO communication is achieved for discrete stakeholder groups.

1.2 RESEARCH AIM AND OBJECTIVES

This study is based on the full range of Scottish premium/luxury goods companies representing six product categories. Existing studies of luxury brands have focussed on specific sectors, principally fashion (e.g. Moore and Birtwistle 2005) and wine (Beverland 2004a). This is the first to encompass luxury brands across a wide spectrum of product sectors originating from one country. Although the corporate brand literature has recognised that organisational context e.g. company size and organisational structure, industry sector and main markets can impact on company identity (Pugh 1973; Olins 1995; Melewar 2003) this has received minimal attention in the brand identity literature. Only Djelic and Ainamo (1999) and Kapferer (2006) have examined industry structure formats in their studies of European and American luxury sectors. Recognising the importance of organisational context on company/brand identity, this study identifies the characteristics which define the Scottish premium/luxury sector as a precursor to examining how COO identity is realised both within and across product sectors.

The importance to brand management of brand identity, as projected by the brand producer, has been recognised since the 1990s, and is now accepted as an important perspective in branding studies (de Chernatony 1999; Aaker 2002; Aaker and Joachimsthaler 2002; Kapferer 2008). In contrast, the focus on country image in COO studies has resulted from the domination of consumer behaviour perspectives (Usunier 2006), thus failing to benefit from insights from identity studies which originate from the supply side. The concept of COO identity is absent in the COO literature in marked contrast to the treatment accorded to other identity dimensions such as heritage (Urde et al. 2007; Balmer 2009b) and authenticity (Beverland 2006; Alexander 2009). Application of the identity concept is a new approach to informing business decisions relating to use of the COO cue. Shortcomings resulting from the

lack of application of insights from identity studies have been recognised in two other academic fields i.e. the tourism destination and place branding literatures (Cai 2002; Konecnik and Go 2008), where differentiation between the two concepts of image and identity has proved useful. Place marketing researchers have made other useful connections with the COO literature but extant COO literature has paid scant attention to their work (Papadopoulos and Heslop 2003).

Existing interpretations of COO image in the literature focus on cognitive components, with the affective and conative aspects being relatively neglected (Roth and Diamantopoulos 2009). It is these latter components which dominate in studies of luxury brand dimensions (Vickers and Renand 2003; Fionda and Moore 2009) suggesting that a wider interpretation of COO image is required. Although frequent references are made to the importance of place of origin to luxury brands (Kapferer and Bastien 2009) COO is omitted as a key luxury brand dimension in most taxonomies and has not yet been explored in any detail in academic studies.

Very few COO studies have taken the company perspective (exceptions are Niss 1996; Baker and Ballington 2002; Beverland and Lindgreen 2002; Kleppe et al. 2002; Knight et al. 2007). Examples of recent COO studies which have used a supplier side perspective include: Knight and Holdsworth (2007) who investigated COO preferences of distribution channel gatekeepers when sourcing European food imports and found that stereotypical imagery and symbolism were less important than reputations for quality and value; Inch and Florek (2009) examined the prevalence and types of country associations on product labels and packaging across a range of New Zealand and Australian grocery products and found that origin statements were more prevalent than symbols and images; and Niss (1996) who studied COO marketing by Danish export companies found differences in the use of origin associations by companies of different sizes and at different stages of the product life cycle.

The corporate identity literature recognises COO as playing an important role in corporate identity (Melewar 2003; Melewar and Karaosmanoglu 2006; Balmer 2008) but unlike other antecedents of corporate identity such as history and heritage (Urde et al. 2007; Blombäck and Brunninge 2009) and the role of the founder (Olins 1978) COO's contribution to identity has not been examined. The issue of the 'why?', 'when?' and 'how?' of using a COO identity has not yet been addressed.

The deficiencies in the literature identified above are addressed in this study where the differentiating potential of COO is firmly established and the motivations for adopting a COO identity explored. The COO identity concept is further developed by identifying the drivers for focussing on COO and the key features of a COO brand are elucidated. These insights are developed in the context of the Scottish premium/luxury sector where the characteristics which associate brands with 'Scottishness' are analysed.

The role of COO in the marketing communications of premium/luxury products has not been explored to any significant extent. The COO literature makes few references to the mechanisms and processes for communicating COO other than by the 'made in' label (e.g. Thakor and Kohli 1996; Balabanis et al. 2002; Kleppe et al. 2002; Bhaskaran and Sukumaran 2007). This study builds on Papadopoulos's narrative (1993) and includes an analysis of the mechanisms and processes by which COO is communicated to stakeholders.

Observations from the literature have been used to formulate the following aim and objectives.

1.2.1 Overall thesis aim

To examine the function and value of country of origin in the creation and communication of brand identity by Scottish premium/luxury firms.

1.2.2 Objectives

1. To examine the nature and characteristics of the Scottish premium/luxury brand sector.
2. To examine the role of 'Scottishness' in luxury brand identities.
3. To examine the mechanisms and processes used by Scottish premium/luxury brands to communicate Scottish country of origin.
4. To examine the strategic advantages for different stakeholders of embedding a country of origin identity in premium/luxury brands.

It is important to note at this stage that the focus throughout will be on consumer goods rather than services.

1.3 RESEARCH DESIGN AND METHODOLOGY

Most COO studies have used a positivist perspective and quantitative research methods to measure a limited set of product dimensions, implicitly assuming that a country's image is reflected in its products (Papadopoulos and Heslop 2003; Dinnie

2004). Studies which use an interpretivist point of departure and qualitative methods or mixed methods approaches are very much in the minority, and with only a few recent exceptions (e.g. Niss 1996; Tellström et al. 2006; Knight and Holdsworth 2007; Ryan 2008) there is little in the literature specifically addressing how small countries can use COO to compete globally. Scotland has rarely been referred to in academic studies of COO (Dinnie 2004).

This study is based in Scotland as the COO because Scotland has a powerful brand image, unusual for such a small country, with iconic symbols actively used in branding. Between 1994-2000, the 'Scotland the Brand' initiative promoted the nation brand (Houston 2002; Anholt 2003; Imrie, 2006) evoking a level of national brand literacy which until relatively recently had been absent from most other countries. Scottish premium/luxury consumer product brands have traditionally made prominent use of COO in marketing.

A two stage sequential mixed methods approach is used in this study where diverse types of data from a large sample are collected in the first stage, providing a better understanding of the research problem at the macro level (Creswell 2009) while the second stage is conducted at the micro level of a sample of Scottish premium/luxury companies who returned questionnaires. Quantitative data has primacy in the first stage with only qualitative data collected in the second stage.

The first research stage used an innovative combination of methods. It initially addressed the first objective to analyse the characteristics of the Scottish premium/luxury sector. Discovering the absence of an existing database of Scottish premium/luxury companies, a new database of one hundred companies representing six categories of premium/luxury brands had first to be compiled. The analysis of the database resulted in the creation of a framework of the characteristics which differentiate companies within and across different product categories in the Scottish premium/luxury sector and three organisational structure models which reflected the dominant ownership structures of the whisky, textiles/cashmere and food and beverage sectors. Insights from this analysis underpinned understanding of the importance of COO identity in different sectors. A postal survey, using the companies in the database as a census sample, achieved a response rate of 78% and in the first section collected quantitative data which corroborated and augmented the data held in the database.

The role of 'Scottishness' in brand identities (the second objective) was first examined at the macro level in the first research stage. The second section of the postal survey gathered a mix of quantitative and qualitative data on respondents' perceptions of Scotland's country image and if/how it has changed in recent times. This revealed a complex associative network of the type described by Anderson (1983) and Keller (1993) and gave a context for analysing responses on the role of Scottish COO in brand identities in both the first and second research stages. It was firmly established from the postal survey data that COO is regarded as an important component of brand identity, contributing to differentiation and helping communicate core brand values. Differences in responses emerged between different product sectors.

In the first stage the third objective was also examined by focussing on the mechanisms for communicating 'Scottishness'. These were identified from the third section of the postal survey data and an analysis of selected web pages of participating companies, using a set of criteria specifically designed for judging 'Scottishness'. Incorporating an analysis of web pages is an innovative approach not previously used in the COO literature. The importance of brand name in conveying Scottish origin was established at this stage and the key images and symbols used to communicate 'Scottishness' were identified. Supporting conclusions made previously by Niss (1996) and Beverland and Lindgreen (2002), changes were identified in the way that Scottish origin is communicated over the product life cycle.

A final purpose of the first research stage was to provide a context and direction for the second research stage, in particular to examine the importance of COO compared with other brand dimensions and determine the factors involved in the successful creation and communication of a COO identity. The first stage also established parameters for selection of companies for more in-depth analysis.

In the second qualitative stage deeper strategic insights gained from twenty one semi-structured interviews with business elites built on findings from the stage one analysis relating to the second and third research objectives and addressed the fourth objective on the strategic advantages to a range of stakeholders of embedding a COO identity. The second stage produced in depth understanding of the business decision making process regarding the motivations for using/not using a COO identity and the strategic advantages of these actions. The processes used to communicate COO in different industry sectors were also captured from the interview data thus completing the investigation of all of the research objectives. The range of

innovative methods used in the two stage research process resulted in a set of models including those which elucidate the motivations and drivers for using COO identity, the criteria which distinguish COO brands and the COO communication process, all of which lead to the conclusion that COO is a pre-eminent device for brand differentiation and anchoring luxury brand identity.

1.4 CONTRIBUTION OF THE THESIS

This study integrates concepts derived from the COO and branding literatures contributing to a wider understanding of the COO effect which enhances both literatures. In the same way that Knight et al. (2007) noted that the literature on country image “*seems curiously disconnected from the pricing/buyer behaviour literature*” the same is true for the lack of connection with relevant aspects of the branding literature. The dual approach of this study adds depth and new insights to current understanding of the role of COO in brand identity.

The mixed methods approach adopted in this study includes innovative methods which have not been used previously in either COO or branding studies. In addition to using a mix of quantitative and qualitative methods, the database and analysis of company website methods particularly differentiate this study using protocols which were devised specifically for use in this context.

The process devised for establishing and analysing a company database provides a protocol for use in diverse future studies and introduces a new approach for studying companies in the luxury sector. The resulting frameworks of industry dimensions and organisational structures which differentiate companies within and across different premium/luxury sectors contribute to a nascent area of research on luxury brands. The premium/luxury sector in Scotland is heavily influenced by the ownership structure which is either Scottish family/independent or foreign owned corporation.

In terms of the extant luxury brand literature, this study contributes to current understanding by examining the dimensions of premium/luxury brands across a wider range of categories (Jackson 2004; Okonkwo 2007; White 2007) than in previous studies where the focus has been on either the fashion or wine sectors (Beverland 2004; Moore and Birtwistle 2005; Fionda and Moore 2009). In the luxury literature although frequent references are made to the importance of luxury brands having COO ‘roots’ (Kapferer and Bastien 2009), COO has rarely appeared as a specific luxury brand dimension and has not been subjected to detailed exploration. This study adds to existing theory on luxury brands by identifying associations with

the place of origin and with the people involved with the brand as distinctive brand values which have not previously been identified. It is proposed from this study that place; history and heritage; people; and products; are the key sources which companies use to convey a distinctive COO identity through the use of place names, socio-geographic images and symbols. Scotland's image incorporates elements of national identity such as culture, history and heritage, landscape and scenery which do not feature in most COO studies.

This study concludes that the main motivation for adopting a COO identity is as a key differentiating device which makes the brand distinctive, provides a degree of protection from counterfeiting and justifies a price premium. The COO association is particularly relevant as a shorthand device which stimulates symbolic, emotional and psychological responses through associations with relevant aspects of national identity including culture and heritage, images and symbolism. The metaphor of COO as the anchor of luxury brand identity is developed in this study, where COO locates and secures luxury brands in a safe anchorage characterised by a positive product country match, high reputational capital and appropriate country image. The COO anchor makes a strong connection between the brand and its place of origin, evoking emotions of familiarity and well being.

Derived from the research evidence, a COO brand as one where there is compatibility between national and company/brand identity traits, where COO is the central and distinctive anchor of brand/company identity, where the administration/manufacturing base is in the COO, where there is a positive product country match and there is a clear association either by name or through the use of visual identifiers with the COO. The strategic advantages which are achieved by a COO brand are differentiation in a crowded market and enhanced reputation achieved through links with extensive and positive associative network of images which leads to greater security and protection and higher transactional values. The development of the COO identity concept makes an original contribution to the literature.

The final area where the study makes an important contribution is in stimulating interest in the means by which premium/luxury companies communicate their COO as a key strategic device. The study contributes to existing knowledge by revisiting Papadopoulos's 1993 list of COO communication mechanisms and confirming the importance of brand/company name in communicating COO associations, a factor most often ignored in COO studies (Thakor and Kohli 1996). Scottish identity is

conveyed using tartan and key images and symbols from the landscape, flora and fauna and from references to historical figures. The processes used to communicate COO have received little academic study. This study adds to the understanding of direct processes of communicating COO such as packaging and advertising which have had a small amount of attention in previous studies (Brioschi 2006; Insch and Florek 2009) and has focussed on indirect methods such as visitor centres in the whisky sector the use of celebrities from the COO in the textiles/cashmere sector. These are techniques which have not previously been considered in a COO context. Examination of COO communication mechanisms and processes culminates in a model showing the interconnections between COO identity, communication mechanisms and processes, company stakeholders and COO image, the value of which is to highlight the key roles played by communication and by stakeholders, an important contribution to this underexplored area of the COO literature.

The timing of the study is apposite, coinciding as it does with the early stages of a new Scottish Government (formed in 2006) whose Scottish Nationalist First Minister has emphasised their objective of promoting Scotland and 'Scottishness' worldwide. However the political agenda/public policy aspect of this study although a relevant factor, is not at all the purpose of the study, but given the importance of premium exports to the Scottish economy and their role in promoting Scotland's image abroad, its potential value cannot be ignored.

1.5 STRUCTURE OF THE THESIS

The thesis comprises seven chapters, and the structure reflects the evolving nature of the study. The first chapter provides an introduction and justification for the study, identifies the aim and objectives and considers the methodological approach adopted and the contribution of the study. It concludes with this review of the structure of the thesis.

Chapter Two The theoretical approaches to branding are elaborated, in particular the concepts of brand image and brand identity from both the product and corporate perspectives. The dimensions which characterise luxury brands are analysed.

Chapter Three Development of the COO literature is examined, focusing on its taxonomy, and on specific country image research and findings which have relevance for this study. Treatment of the concepts of image and identity in the branding and COO literatures are compared. Scottish national image and identity and the means available to brand producers to communicate origin associations are

also considered. A set of research questions are devised to guide the direction for the first research stage.

Chapter Four The ontological, epistemological and methodological approaches adopted for the study are justified. A sequential two stage mixed method design and interpretivist/pragmatist ontology are described. The research sample comprises Scottish luxury/premium brand producers across a range of consumer product categories. The design and data collection methods used in the two research stages are explained in relation to the research aim, objectives and research questions.

Chapter Five The findings from the first research stage are presented. An analysis of the characteristics of the Scottish premium/luxury brand sector is achieved through detailed examination of a company database devised for the study and the results from the first part of a postal survey. The value and means of communicating Scottish origin are examined by analysing the results of sections two and three of the questionnaire and evaluating company web sites

Chapter Six The findings from the second research stage are presented. Interview data from business elites is analysed to identify the dimensions of Scottish premium/luxury brands. The motivations for using a COO identity and the drivers which encourage this approach are evaluated. The processes and systems for communicating COO identity are examined before concluding with an analysis of the strategic advantages of adopting a COO identity for a range of stakeholders.

Chapter Seven The overall conclusions of the study are presented. The findings from the two research stages are evaluated in relation to existing literature. The limitations of the study are examined followed by a reflection on the contribution and implications of the research. Areas for future research are proposed.

In the next chapter, relevant concepts from the branding literature are considered.

CHAPTER 2

REVIEW OF THE LITERATURE ON BRAND IMAGE AND IDENTITY

Chapter Summary

“The affiliation that the individual makes with the brand is a unique and amazing characteristic of our time – a cultural and sociological phenomenon. And that is why, like them or loathe them, brands are unstoppable” (Olins 2000 p.65)

This chapter reviews relevant developments in the branding and luxury branding literatures and examines how the concepts of brand and corporate image and identity have been applied to brand management.

2.1 INTRODUCTION

Brands now impact on every aspect of life, and are no longer simply a means of differentiating products from competitors. Over the past forty plus years, the definition of the brand has been subject to a series of refinements, resulting in a dramatic extension in the application and scope of branding (Kapferer 1997a; Keller 1998; de Chernatony 2001; Aaker 2002; de Chernatony and McDonald 2003; Knox and Bickerton 2003;). Branding emerged as an area of academic study during the consumer boom in America in the late 1950s when Gardner and Levy's (1955) seminal work gave new insights into how consumers conceive of brands. Since then, branding has moved up the corporate agenda and is increasingly recognised as a strategic tool that can generate and support value creation (Balmer and Gray 1999; Macrae 1999; Kapferer 2004).

To achieve the aim of this study, which is to examine the role played by COO in luxury brand identities, an understanding of what brands are and how they have evolved to occupy their current dominant position is required before examining the key concepts of image and identity from both the brand and corporate perspectives. The elements which distinguish luxury and mass market brands and the links between luxury brands and image, identity and COO are next examined. How luxury industry structures have developed in different parts of the world are then explored. Conceptual links will be made between the issues identified in the branding literature in this chapter, and the COO literature in the following chapter.

2.2 THEORETICAL APPROACHES TO BRANDING RESEARCH

Theory construction in branding has been influenced by different discipline perspectives. A number of streams of academic research have contributed to defining and conceptualising branding, starting with the cognitive information-processing approaches of economics and behavioural sciences, in particular consumer psychology (Wilkie and Moore 2003). Latterly, additional disciplines,

particularly anthropological and social communication-based approaches have become increasingly important in explaining the role of brands in contemporary consumer culture (Wood 1996; Nandan 2005; Swystun 2006). In addition, the subject area has been influenced by industry practitioners who have promoted different approaches to branding and brand management (Keller 2003a). Recognition of the financial and strategic importance of brands to companies has also resulted in additional disciplines contributing to the branding literature e.g. finance and strategic management (Wood 1996).

Heding et al. (2009) track the development of academic brand management research between 1985 and 2006 by tracing the evolution of the two branding paradigms of positivism and interpretivism. They characterise the positivist stance, based on the marketing concept, as the brand being 'owned' by the marketer. This approach adopts an input perspective (Houston 1986; Low and Fullerton 1994; Holt 2002) where brands are viewed as lifeless objects created by brand managers and positioned, segmented and used to create an image (Low and Fullerton 1994; Rubinstein 2002). Consumers were likewise seen as passive instruments (Goodyear 1996), who deferred to marketers, and who, when asked, were able to give full explanations regarding their attitudes and buying behaviour (Buttle 1994; Woodruffe 1997). The most frequently used research techniques to substantiate this viewpoint have been quantitative methods, derived from the natural sciences, with large, statistically reliable samples (Hanby 1999).

The interpretive branding paradigm reflects an output perspective with interaction occurring between the marketer and consumer. From this stance, consumers use brands as channels for communicating socially valued cultural meanings (Holt 2002). Brands became like living entities which consumers used to help construct their individual identities (Thompson et al. 1994; Thompson and Hyko 1997; Holt 2002). Studies linking attitude and behaviour also demonstrated that consumer decision making is not always a rational, volitional process, and consumers can be both unpredictable and promiscuous when choosing brands (Hanby 1999; Nandan 2005; Gordon 2006). This more subjective orientation has been investigated using qualitative research techniques from the social sciences (especially anthropology, sociology and dynamic psychology) and includes case studies (Moore 1995; Beverland 2004a; Wigley et al. 2005), interviews (de Chernatony et al. 2000; de Chernatony and Segal-Horn 2001) and other open ended techniques e.g.

hermeneutics (Thomson et al. 1994) and ethnography (Schouten and McAlexander 1995).

A paradigm shift from the positivist to the interpretive took place in brand management research during the 1990s (Heding et al. 2009). Whereas between 1985-1992 the focus had been on the company as sender of brand communication, spawning the identity approach to brand management, from 1993 until the end of the 1990s the focus shifted to the receiver of the communication and the consumer/image approach to brand management. Heding et al. (2009) contend that throughout the 2000s a combination of new theoretical tools and significant environmental changes affecting how brands are consumed have added cultural and contextual perspectives to the discipline of brand management. Here the attention shifts from the marketer/consumer transaction to a macro-level global perspective where a relationship has developed between the brand producer and the brand consumer. From the mid 1990s the interpretive paradigm has dominated developments in branding research.

The principal academics who have established many of the key branding principles and theoretical models are, from America, David Aaker and Kevin Lane Keller, and from Europe, Leslie de Chernatony (UK) and Jean-Noël Kapferer (France). All have made extensive contributions to the literature on strategic brand management (Aaker 1991; 1996; Keller 2003a; Kapferer 2004) and each has developed theoretical frameworks to assist understanding of the branding construct (Kapferer 1992; de Chernatony 1993; Keller 1993; Aaker 1996). The work of these four brand thought leaders will be referred to throughout this study, augmented by the work of a burgeoning academy who have built on and augmented seminal branding concepts and principles.

A number of authors have traced the evolution of brands. Stern observes that the word was in use “*for over 15 centuries before it entered marketing in 1922 when it appeared in the compound brand name...defined as a trade or proprietary name*” (2006 p.217). Roper and Parker’s (2006) interpretation of the historical development of brands is summarised in Table 2.1, illustrating how brands have evolved over the last century from their original purpose as identifier to the increasingly complex interpretations of postmodern consumer culture where firms devise, communicate and nurture a clear vision and essence for their brands, from which consumers develop their own mental associations and relationships. How concurrent economic

and market changes have influenced these developments in the role of brands is summarised in Table 2.1.

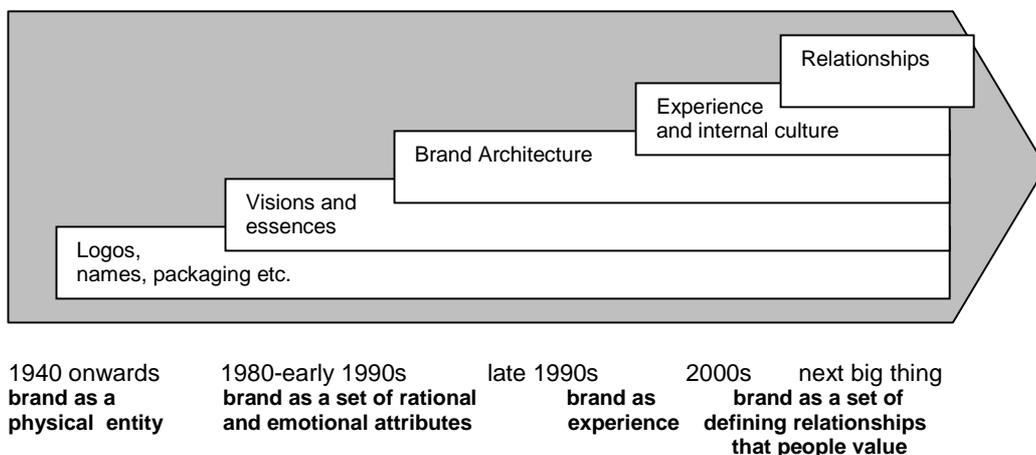
Table 2.1: Stages in the development of brands and branding

Time	Macro-Environmental Change	Purpose	Stage in development of branding
- 1940	Increasing industrialisation of production	Identification of manufacturer	Identification
1940-1970	Mass-production and development of distribution infrastructure and mass communication	Differentiation of product (quality and functionality)	Differentiation
1970-1990	Development of the service sector	Communicating added value (differentiation via intangibles)	
1990-	Globalisation and post-modernism	'Emotionalise' Build relationships Appearance on balance sheets	Personification Asset

Adapted from: Roper and Parker (2006 p.58)

This evolution of brands from identification to relationship is also clear from Rubinstein's (2002) analysis in Figure 2.1 where it can be seen that although each of the first three phases of brand development have remained valid, current marketplace pressures e.g., information technology, changing customer values and brand proliferation (Berthon et al. 1997; Florin et al. 2007) have moved brands into new territories i.e. towards the brand as an experience and ultimately the basis for relationship formation. The current focus for brands is on building relationships with all stakeholders.

Figure 2.1: How ideas about branding have developed and been communicated



Source: Rubinstein (2002 p.14)

Throughout this time the term brand has become over defined and its meaning has become increasingly diffuse (Stern 2006) and there is still no single definition which is universally accepted (Brown et al. 2006; Jevons 2007; de Chernatony 2009).

2.3 PRODUCT AND BRAND

Levitt (1960) first conceptualised the ‘total product concept’ and the theory of product differentiation. He described products as combinations of tangible and intangible attributes and his conclusion, which became highly influential (de Chernatony 2001), was that rather than focus on physical products, organisations should concentrate on solving consumers’ needs (Levitt 1960; 1980; 1983a; 1983b).

Levitt (1960) did not distinguish between a brand and a product, but the difference between the two is important not merely semantic (King 1973), and underpins the whole understanding of the concept of brands. There has since been much discussion in the literature on the relationship between the two terms (Gardner and Levy 1955; Newman 1957; Kapferer 1997a; de Chernatony 2001; Kapferer 2004) which are often used synonymously (Bullmore 1984; Kim 1990; Cobb-Waldren et al. 1995; Myers 2003).

A product is recognised as a functional object with tangible features which exists in the external temporal world and which can be defined, measured and assessed (Bullmore 1984; Farquhar 1989; Kim 1990; Runkel and Brymer 1991; Cobb-Waldren et al. 1995). The brand, on the other hand, has no tangible, physical or functional properties, and comprises the ‘added values’ that augment and differentiate the product (Bullmore 1984; Kim 1990; de Chernatony and McDonald 2003). The brand cannot however exist without the product, thus although conceptually distinct, the two need to be considered as inseparable elements.

In order to examine contemporary understanding of the brand, in the next section the different ways in which brands have been defined and conceptualised will be analysed.

2.4 DEFINING THE BRAND

The definitions in Table 2.2 illustrate the considerable changes in the conceptualisation of brands which have occurred since 1960 mirroring the diversification and growing understanding of the role of brands over the last twenty years (El-Amir and Burt 2010). Definitions also reflect the academic background of their originator (Heding et al. 2009). Five themes for brand conceptualisation can be

identified from the definitions in Table 2.2, i.e. the brand as: an identification device; a means of differentiation by adding value to a product; a mental association; a financial asset; moving from product brand to corporate brand.

2.4.1 Brand as identifier

The initial priority for branding was to create memorable visual identities, as reflected by the American Marketing Association's (AMA) (1960) classic definition (Hanby 1999) (Table 2.2) with its focus on the role of the brand as a naming and differentiating device. Although reproduced widely, the focus on the identification aspect as the differentiator does not recognise the developing purpose of brands post 1970 (Table 2.2). Even the updated AMA definition (2004) does not recognise the function of the brand as being more than an identifier and creating representational value. Aaker (1991) used virtually the same definition as the original AMA one (Table 2.2), but later definitions in Table 2.2 acknowledge that a brand is more than a product with a name. Although not always specifically stated as such, it is this definition or understanding of brands that has been used most consistently in the COO literature (Hankinson 2004).

2.4.2 Brand as differentiator by adding/creating value

Most subsequent definitions make no reference to the brand as identifier, although this can be assumed to have been covered as part of the overall multidimensional construct. Differentiation is achieved by adding 'value', as articulated first in Farquhar's 1989 definition (Table 2.2).

Seven of the ten definitions in Table 2.2 which follow after Farquhar contain the word 'value'. The sense in which the word value is used varies with different definitions. That brands enhance the value of the core product in ways which are of importance to consumers is evident from de Chernatony and McDonald's (1998), Keller's (1998), and Doyle's (2001) definitions. There is considerable empirical evidence in the literature to support a conceptualisation of brands having a functional/utilitarian component and a symbolic/expressive component (Levy 1959; Lannon and Cooper 1983; Park et al. 1986; McWilliam and de Chernatony 1989; Leigh and Gabel 1992; Keller 1993; Park and Srinivasan 1994; Meenaghan 1995; Bhat and Reddy 1998; Ligas 1999; Wee and Ming 2003).

Table 2.2: Selected definitions of brands (in chronological order-from left to right, top to bottom)

Author and Definition	
American Marketing Association (1960) <i>“A name, a term, symbol or design or a combination of them that is intended to identify goods or services of one seller or group of sellers and to differentiate from competition”.</i>	Farquhar (1989 p.25) <i>“A name, a symbol, design or mark that enhances the value of a particular product beyond its functional purpose”.</i>
Aaker (1991) <i>“A distinguishing name and/or symbol...intended to identify the goods or services of either one seller or a group of sellers and to differentiate those goods or services from those of competitors”.</i>	Hankinson and Cowking (1993 p.1) <i>“A product or service made distinctive by its positioning relative to the competition and by its personality”.</i>
de Chernatony and McDonald (1998 p.20) <i>“An identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique, sustainable added values which meet their needs most closely”.</i>	Keller (1998) <i>“A set of mental associations held by the consumer which adds to the perceived value of a product or service”.</i>
Doyle (2001 p.20) <i>“Brands add value by differentiating the firm’s product and providing consumers with confidence in the rational or emotional benefits it offers”.</i>	Seetharaman et al. (2001 p.243) <i>“An asset that does not have physical existence and the value of which cannot be determined exactly unless it becomes the subject of a specific business transaction of sale and acquisition”.</i>
Deagon (2002 p.A3) <i>“Intangible assets that can build shareholder value”.</i>	de Chernatony (2002 p.116) <i>“A dynamic interface between an organisation’s actions and customer’s interpretations...a cluster of functional and emotional values which promise a particular experience”.</i>
Salzer-Mörling and Strannegård (2004 p.228) <i>“Stories about the corporate self; they carry a message of the inner, core values of the organisation or the product”.</i>	American Marketing Association (2004) <i>“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 legal term for brand as trademark. A brand may identify one item, a family of items, or all items of that seller. If used for the firm as a whole, the preferred term is trade name”.</i>
White (2007 p.20) <i>“A complete experience and entertainment”.</i>	Jevons (2007) <i>“A tangible or intangible concept that uniquely identifies an offering, providing symbolic communication of functionality and differentiation, and in so doing sustainably influences the value offered”.</i>

Source: Original

The functional dimension describes product related performance capabilities which comprise the added value component of branding. According to de Chernatony and Dall’Olmo Riley’s (1998) brand construct which comprises twelve dimensions (Table 2.3), these include usage effectiveness, value for money, availability and reliability. The main contributors whose scholarship underpinned an understanding of these characteristics are reflected in Table 2.3.

Table 2.3: Brand construct with antecedents and consequences and supporting literature

BRAND AS:	ANTECEDENTS/CONSEQUENCES	MAJOR CONTRIBUTORS FROM THE LITERATURE
LEGAL INSTRUMENT	Mark of Ownership. Name, logo, design. Trademark. Prosecute infringers.	Broadbent and Cooper 1987; Landes and Posner 1987
LOGO	Name, term, sign, symbol, design. Product characteristics. Identify, differentiate, quality assurance.	Goodyear 1991; Gofton 1995
COMPANY	Recognisable corporate name and image. Culture, people, and programmes of the organisation define corporate personality. Convey consistent messages to all stakeholders.	Aaker 1996; Balmer 2001a and b; de Chernatony 2002; Balmer and Gray 2003.
SHORTHAND	Facilitates information processing, speeds decisions.	Jacoby et al.1977; Sheth et al. 1991.
RISK REDUCER	Confidence that expectations being fulfilled. Brand as contract.	Roselius 1971; Kaplan et al.1974; de Chernatony 1989; Doyle 1989; Low and Fullerton 1994; Kapferer 1995.
IDENTITY SYSTEM	Holistic identity – culture, personality, self-projection, physique, reflection, and relationship. Communicate essence to stakeholders.	Kapferer 1992; Balmer 1995; Aaker 1996; Kapferer 1997a; Meffert and Burman 1996; de Chernatony 1999; Stern 2006; Burmann et al. 2009; Hedning et al. 2009
IMAGE	Consumer centred. Image in consumers' mind is brand 'reality'.	Newman 1957; Keller 1993; Hedning et al. 2009.
VALUE SYSTEM	Consumer relevant values imbue the brand e.g. heritage, ethical, political.	Sheth et al. 1991; Solomon and Buchanan 1991; Kapferer 1997a; Doyle 2001; Urde 2003; Jevons 2007.
PERSONALITY	Psychological values communicated through advertising and packaging, define the brand's personality. Human values projected.	Levy 1959; Woods 1960; Grubb and Grathwohl 1967; Lannon and Cooper 1983; Alpert 1972; Holbrook and Hirschman 1982; Plummer 1985; Park et al. 1986; Broadbent and Cooper 1987; Belk et al. 1988; Biel 1991; Mick and Buhl 1992; Holt 1995; Ligas 1999; Zinkhan et al. 1996; Aaker and Maheswaran 1997.
RELATIONSHIP	Consumer has attitude to brand. Brand as a person has attitude to consumer. Recognition and respect for personality. Develop relationship.	Kapferer 1992; Blackston 1993; Shouten and McAlexander 1995; Fournier and Yao 1997; Fournier 1998; Muniz and O'Guinn 2001; Bengtsson 2003; Hedning et al. 2009.
ADDING VALUE	Non functional extras. Value satisfier. Consumers imbue the brand with subjective meaning they value enough to buy.	King 1973; de Chernatony and McDonald 1992; Wood 1996; Cova 1997; de Chernatony et al. 2000; Jevons 2007; de Chernatony 2009.
EVOLVING ENTITY	Change by stage of development	Goodyear 1996.

Adapted and updated from: de Chernatony and Dall'Olmo Riley (1998)

Not all definitions take a consumer focus however, for example in Seetharaman et al.'s (2001) and Deagon's (2002) definitions the value referred to is the brand's financial value. Salzer-Mörling and Strannegård's (2004) reference to value relates to the brand conveying the core values of either the organisation or the product. De Chernatony's later definition (2002) picks up the two-way communication process at the heart of brands. He recognises that products are augmented with values which

result from communication between brand managers and consumers providing positive experiences for consumers.

2.4.3 Brand as mental association

More recent definitions identified in Table 2.2 focus on the symbolic/expressive component captured in de Chernatony's (2002) definition. These relate to the consumer perception of brands, recognising that ultimately brands exist in consumers' minds (Keller 1998). The symbolic dimension describes the emotional relationship with the brand (del Río et al. 2001). These mental associations which consumers ascribe to products are expressed as '*its personality*' by Hankinson and Cowking (1993), '*emotional benefits*' by Doyle (2001) and '*emotional values*' by de Chernatony (2002) and as identity system, image, personality and relationship in de Chernatony and Dall'Olmo Riley's (1998) brand construct reflected in Table 2.3.

2.4.4 Brand as financial asset

The highly leveraged acquisitions in the late 1980s (Egan 1998), where there were huge differences between the book values of company assets and the prices paid for companies with strong brands, recognised the value of brands as distinct from products (Doyle 2001). Further evidence of this has been the development of the concept of brand equity which originated in the 1990s (Kapferer 2004). Two definitions of brands in Table 2.2 (Seetharaman et al. 2001; Deagon 2002) refer to this aspect.

Later definitions focus on a significant change in the conception of branding in recent years where there has been a growing realisation that brands represent more than just a product line and that the focus of brand managers needs to extend beyond the consumer.

2.4.5 Brand as the corporation

Up until the early 1990s the classic perception and application of branding was focused on stand alone products (Schulz 2003). This traditional branding model was however recognised as being too restrictive with its single minded focus being externally on customers (Aaker and Joachimsthaler 2000; Hatch and Schulz 2001; Kapferer 2001; Olins 2004). More recent definitions of the brand (Table 2.2) reflect the importance of building a consistent internal culture for conveying the values of the corporate brand (de Chernatony 2002; Salzer-Mörling and Strannegård 2004).

King (1991) made the first distinction between product and ‘company’ brands. This concept was developed by Balmer (1995) who introduced the more strategically positioned label, the corporate brand. Ensuing interest from practitioners (e.g. Ind 1998; Macrae 1999; Olins 2000; Ind 2001) and in the academic literature (Balmer 1995; Keller 1998; de Chernatony 1999; Knox et al. 2000; Balmer 2001a and b; Gray and Balmer 2001; Harris and de Chernatony 2001; Aaker 2004) has confirmed that corporate brands are a 21st century phenomenon (Hatch and Schultz 2001; Lewis 2002; Balmer and Greyser 2003).

Several reasons have been identified for the shift to corporate branding including: difficulties in maintaining generic product differentiation (Abimbola 2009); increasing stakeholder expectations (Urde 2003); changing conditions for competition in a global marketplace (Hatch and Schultz 2003; Schultz 2005); growing desires of consumers to know what companies stand for compared with others (Olins 2004; Abimbola 2009). Attention also focused on the interface between internal and external communications. Classical product line brand management focussed externally on consumers. The brand as company has to appeal to a more diverse range of stakeholders (King 1991; Olins 1995). It is recognised that personnel provide the interface between internal/external environments and help build and maintain the corporate brand (King 1991; Balmer 1995; Ambler and Barrow 1996; Balmer 2001a and b; Harris and de Chernatony 2001)

Table 2.4. A comparison between product and corporate brands

	Product Brands	Corporate Brands
Attention focussed on	The product	The company
Management	Middle manager	Chief executive
Functional responsibility	Marketing	Most/all departments
General responsibility	Marketing personnel	All personnel
Disciplinary roots	Marketing	Multidisciplinary
Stakeholder focus	Mainly customers	Multiple internal and external stakeholder groups and networks
Communication channels	Marketing communications mix	Total corporate communications
Time horizon	Short (life of product)	Long (life of company)
Values	Mainly contrived	Real = those of founder(s) + mix of corporate + other sub-cultures

Adapted from: Balmer (2001a); Balmer and Gray (2003); Hatch and Schultz (2003).

Now sophisticated distinctions are made between product brands and corporate brands (King 1991; Balmer 1995; de Chernatony 1999; Olins 2000; de Chernatony 2002; Balmer 2001a and b; Hatch and Schulz 2001; Balmer and Gray 2003; Balmer

and Greyser 2003; Hatch and Schulz 2003). These differences are summarised in Table 2.4.

Product brands are detached from the company behind them whereas corporate brands focus on developing relationships with all stakeholders and engaging stakeholders in defining who the organisation is – and aspires to be. Corporate brands expand parameters of differentiation and enable companies to exploit their unique cultural heritage and identity (Aaker 2004). All of the organisation's unique cultural heritage, significant symbols, iconic leaders and societal importance contribute to the foundation of a corporate brand. The range of image building activities which can be attractive to consumers is expanded (Keller 2003b; Aaker 2004) e.g. social programmes and social responsibility activities of the brand (Ind 1998; Aaker and Joachimsthaler 2000; Hatch and Schultz 2001, Balmer and Geysler 2003; Hatch and Schultz 2003; Aaker 2004; Olins 2004). This offers the potential of grounding the uniqueness of the brand in the heritage and distinct identity of the organisation and has particular relevance to luxury brands where strong use of heritage symbols and histories is important (Kapferer and Bastien 2009).

2.4.6 Summary of defining the brand

The evolution of the definitions summarised in Table 2.2 reflect how the conception of brands has changed in a relatively short period. These changes have occurred in the context of a rapidly changing marketplace characterised by increasing competition in global markets and highly sophisticated brand literate consumers (Florin 2007). Recognition of the changing relationships between the marketer and consumer have been key to the evolution of the branding concept, moving from marketer as the creator of brand value, to consumer as creator of brand value, to the present position where creation of brand value is based on a dialogue between the consumer and the marketer (Jevons 2007). As inferred from the later definitions in Table 2.2, another major change which has occurred in the conception of brands is that brand management has evolved from the product level to the corporate level.

2.5 IMAGE AND IDENTITY

It has been established that brands have a powerful and continually evolving position in contemporary society. Of the many aspects of brands and brand management which have been the subject of academic investigation, this study focuses on the concepts of image and identity. Prior to examining how the two concepts have been developed in the branding literature, the next section outlines how the concepts were first developed in the business and marketing literatures.

2.5.1 Development of the image concept

The first author to draw a comparison between the corporate image and human personality was Newman (1953). The role of image in business activities was developed by Boulding (1956). He theorised that human behaviour is not influenced simply by knowledge and information, but is influenced by the images the person perceives. He argued that individuals do not respond to what is true, but to what they believe to be true. He further asserted that subjective values and knowledge are used to mediate between individuals and the external world. Additionally, Boulding (1956) stated that the human mind can handle only a limited number of complex situations and stimuli; it copes by oversimplifying circumstances and by abstracting only a few meanings that appear relevant.

The theoretical explanation of image is rooted in early constructs within cognitive psychology. The associative network model conceptualises knowledge structure or memory as a network where all units or elements are *nodes* and the connections among them are *links* (Anderson 1983). The nodes represent various pieces of information stored in memory and links represent the strength of associations between them. Images are stored in the long-term memory, defined as “a subcomponent of memory which is permanent, virtually unlimited in storage capacity, and well stored” (Dacin and Mitchell 1986). The spreading activation theory explains the process of retrieving information stored in memory (Collins and Loftus 1975). When a stimulus (e.g. a brand name) triggers a node, through spreading activation, the information in this node is recalled and also triggers new nodes associated with the first one. Spreading activation identifies and favours the processing of information nodes which are most related to the source of activation. How spread the activation is depends on the number and strength of links connected to the activated node i.e. how well the association is stored in long term memory.

Boulding (1956) in his seminal work identified three different but hierarchically interrelated components of image:

- i) Cognitive: images derived from fact, viewed as the sum of beliefs and attitudes of an object leading to some internally accepted picture of its attributes;
- ii) Affective: images related to the motives for selection of the object being considered, thus affecting the object’s valuation;
- iii) Conative: the action component which is directly dependent on the images developed during the cognitive stage and evaluated during the affective stage.

The conceptual development of image in the business literature first focussed on the corporate image process (key contributors were Swanson 1957; Harris 1958; Gardner 1965; Pildich 1970; Kennedy 1977; Gray 1986), and then on the image of retail outlets (e.g. Burke and Berry 1974/75; Lindquist 1974/75; Marks 1986). Bernstein (1984), in relation to corporate image, stressed that the image is not what the company believes it to be, but the feelings and beliefs about the company which exist in the minds of its customers, which arise from experience and observation.

In spite of the considerable amount of discussion of the image concept in the literature between the 1950s-1980s, no universally accepted definition emerged. Kotler's (1997) definition however is one which effectively encapsulates the concept:

“the set of beliefs, ideas, and impressions that a person holds regarding an object...thus, what motivates consumer behaviour is not the ‘true’ attributes of products but rather mental images in the minds of consumers” (p.607).

Abratt (1989) in his review of the conceptual development of corporate image, reflected on the lack of clarity and ambiguity in the use of the term and was first to attempt to differentiate the concepts of corporate personality, identity and image and clarify the relationship between them.

2.5.2 Development of the identity concept

The identity concept originated from Olins (1978) who proposed that a sense of identity is necessary for every social group and that an organisation's identity becomes apparent through its behaviour, communications and symbolism to both internal and external audiences. Central to theoretical and empirical work on organisational identity is the view expressed by Albert and Whetten (1985) that defines identity as that which is central, enduring and distinctive about an organisation's character. Van Rekom (1993) and Balmer (1995) described corporate identity as simply *“what an organisation is”*. Bernstein (1984) observed that a company cannot directly change its image, but it can change its identity.

Abratt (1989), in distinguishing between corporate image and corporate identity, stressed that having a clear sense of identity and successfully communicating that corporate identity is crucial so that the corporate image reflects reality. It was equally recognised that attention to corporate identity could have a major impact on differentiation and repositioning of companies (Abratt 1989).

Van Reil and Balmer (1997) and Balmer (2001a) further attempted to clarify the concept of corporate identity, differentiating between three related concepts from the literature i.e. corporate identity; organisational identity; and visual identity. Balmer (2001a), noting the growing interest in 'business identity' studies offered the following definition of the characteristics of identity:

“An organisation’s identity is a summation of those tangible and intangible elements that make any corporate entity distinct. It is shaped by the actions of corporate founders and leaders, by tradition and environment. At its core is the mix of employees’ values which are expressed in terms of their affinities to corporate, professional, national and other identities. It is multidisciplinary in scope and is a melding of strategy, structure, communication and culture” (p.280).

2.5.3 Image and identity in marketing

Boulding's (1956) concept of image as an important variable in the functioning of human behaviour became a pervasive position in the field of marketing (Lindquist 1974/75). As early as 1957, Newman defined brand image as consisting *“of everything people associate with the brand”*. In marketing, the marketing concept (i.e. following customers' needs) focused on the demand side of the market (Deshpandé 1999; Alsem and Kosteljik 2008). This external customer focus i.e. the images consumers have of entities such as products services and corporations, became the major focus of marketing (Deshpandé 1999) until the mid 1990s when the underlying principles of the subject area started to be questioned (van Riel and Balmer 1997; Balmer 2001b). Doyle's (2000) support for a 'value-based' approach to marketing moved away from an explicit customer orientation to a more introvert activity of identifying core competencies.

2.6 BRAND IMAGE AND BRAND IDENTITY

2.6.1 Brand image

Brand image relates to the consumers' perception of the brand. As has previously been established, image results from mental configuration and analytical processing, and image formation is subject to both internal (the consumer's personal characteristics) and external influences (product features and associations) (Koubaa 2008). Brand image was the first consumer brand perception to be identified in marketing literature. Gardner and Levy (1955) recognised that products had social and psychological as well as physical facets and that the feelings, ideas and attitudes that consumers had about brands i.e. their 'image' of brands, was a crucial part of their decision making. From then on, brand image became a key concept in consumer behaviour research.

Herzog (1963) described brand image as the combination of impressions that consumers receive from many sources. Ditcher (1985) stated that brand image was not about the specific characteristics of the product, but it was the total impression of the brand in the minds of consumers. Dobni and Zinkhan's (1990) critical review revealed a cross section of twenty eight definitions of brand image from a thirty year period. These definitions were categorised into blanket definitions; definitions where the emphasis was on either symbolism; meanings and messages; or on personification; and cognitive and psychological elements.

Dobni and Zinkhan (1990) identified image building; image change; image monitoring and maintenance; product positioning; product differentiation; and image segmentation; among the brand image management activities of the time. The authors also referred to an ongoing debate concerning whether or not an image is something that is conveyed or something that is received. One side refuted that the image belonged to the brand, rather it resided in the consumer's mind and the other side contended that the consumer had a passive role in image creation, the image being projected by the marketer. Dobni and Zinkhan combined these views and concluded that "*product image is a function of the interaction between perceiver and product stimulus*" (1990 p.117). The impoverishment of the term through overuse, while at the same time recognising the value of the term in contributing to marketing practice, was noted in the same article. The authors concluded their analysis by identifying the following essential parameters of brand image:

- The concept of a brand held by the consumer;
- Largely a subjective and perceptual phenomenon formed through consumer interpretation, whether reasoned or emotional;
- Not inherent in technical, functional or physical concerns, rather it is affected by marketing activities, by context variables and by the characteristics of the perceiver;
- The perception of reality is more important than the reality itself.

It is clear from Dobni and Zinkhan's (1990) work that although the term brand image had been frequently used in the branding literature from the 1960s onwards there was no clear understanding or agreement about what the term meant. The most widely cited definition prior to 1990 was Park et al. (1986) for whom brand image meant:

"the understanding consumer's derive from the total set of brand-related activities engaged by the firm" (p.135).

This definition clearly applies to the 'input' or supplier side of brand communication, discussed in 2.2, where the brand image results from communications received from the brand producer.

Aaker (1991) made an important contribution to understanding brand image stating that *"brand image is a set of associations, usually organised in some meaningful way"* (p.109). He distinguished between eleven dimensions of brand image: product attributes; intangibles; customer benefits; price; use/application; user; celebrity; life style; product class; competitors; and **country of origin**. According to Aaker (1991), these brand associations were important to both marketers and consumers: marketers using them to differentiate, position, and extend brands; and consumers using them to help process, organise and retrieve information in memory and assist the decision making process. This early model by Aaker appears to confuse the concepts of brand image and brand identity, however he later revised this interpretation of brand image when he allied himself with the position that marketers could control the brand identity, but that brand image was developed in the mind of the consumer (1996; 2002).

Keller (1993; 1998) was first to apply theories of memory and structure from cognitive psychology (refer to 2.5.1) to explain brand image. Keller (1993) defined brand image as:

'perceptions about a brand as reflected by the brand associations held in consumer memory' (p.3).

He used the associative network model to explain how brand associations were the informational nodes which linked to the brand node in memory and which contained the meaning of the brand for consumers. Having established these links, relationships could then be created between consumers' personalities and the perceived personalities of brands (Fournier 1998). Building a brand image requires that relevant associations are identified and their linkages to the brand strengthened to promote spreading activation as described by Collins and Loftus (1975) (refer to 2.5.1). Keller's work convincingly maintained that rather than being created by the brand producer, the brand resided in the minds of consumers.

The understanding of the brand as residing in the mind of the consumer is conceptualised by Keller (1993; 1998) as 'brand knowledge', which is divided into 'brand awareness' (brand recall and brand recognition) and 'brand image' (the set of associations linked with the brand). Keller (1993; 2003b) proposed three dimensions

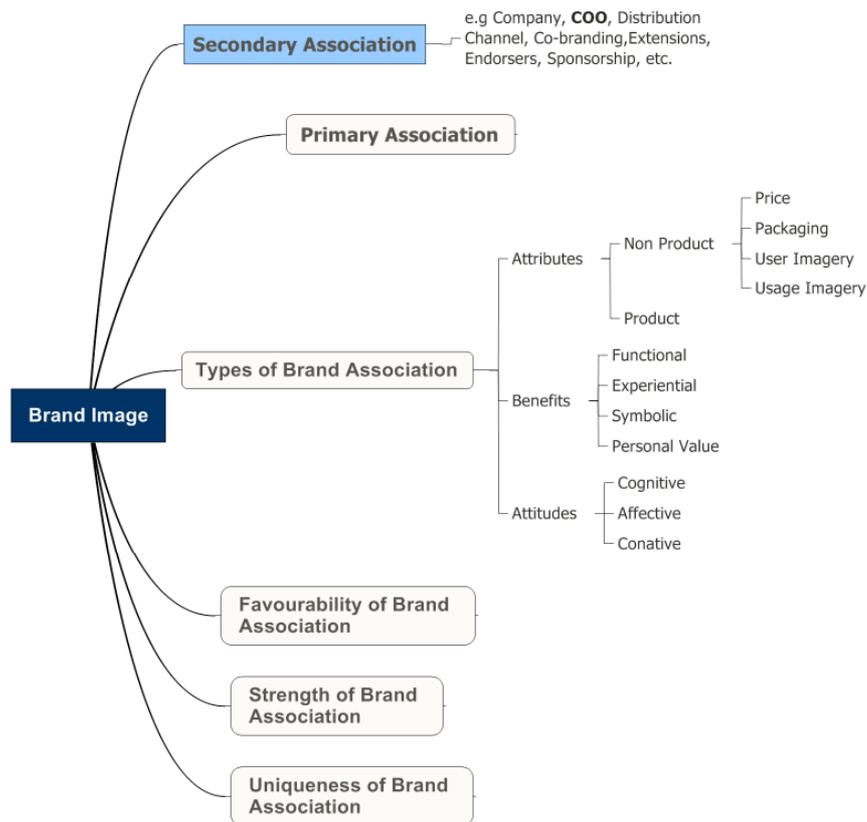
of brand associations (and therefore brand image) which fall along a continuum from concrete to abstract (Figure 2.2):

- i) Attributes: descriptive features characterising a product or service which can be both specific (size, colour, weight) and abstract (brand personality) and are categorised as either product-related (unique to the product) or non-product related (including user and usage imagery which can also produce brand personality attributes);
- ii) Benefits: personal value and meaning attached to the attributes which can be functional (often linked to physiological needs), experiential (what it feels like to use the product) and symbolic (e.g. the need for social approval or self-esteem);
- iii) Attitudes: overall evaluations of a brand (cognitive, affective and conative) and the basis for actions and behaviour.

Keller's concept that brand associations comprise the main components of brand image has been widely applied in branding studies and beyond, e.g. the three dimensions of brand associations (attributes, benefits and attitudes) have been identified by Cai (2002) as corresponding to Boulding's (1956) three image components (cognitive; affective; and conative – discussed in 2.5.1) and later used by Gartner (1993) to develop a framework for destination image.

Keller's (1993) brand image typology further distinguishes between primary and secondary brand associations. Secondary associations have their own knowledge structures in the minds of consumers, are linked to primary brand associations but are not directly related to the product or service (Keller 2003b; Keller et al. 2008). Country of origin and other geographic areas is one of these secondary associations occurring as a result of being linked with primary associations. Others include the company, distribution channels, celebrities or events (Figure 2.2).

Figure 2.2: Dimensions of brand image



Source: Adapted from Keller (1993; 2003b).

These secondary associations are essentially transferred to the brand in what Keller et al. (2008) describe as ‘secondary brand knowledge’. Associations can vary in strength (which makes information more accessible), favourability, and uniqueness (the degree to which the association is not shared with competitor brands). Brands can create a point of difference because of consumers’ identification of and beliefs about the COO.

To summarise this section on brand image, image is clearly not projected by the marketer as had been argued by early researchers (e.g. Park et al. 1986). Brand image is a consumer-constructed opinion of the brand where consumers ascribe an image to the brand based on their subjective perceptions of the associations they have about the brand (Nandan 2005). The development of the brand identity concept which takes the alternative supply side perspective is explained in the next section.

2.6.2 Brand identity

The primacy of the consumer centric focus of marketing (Deshpandé 1999) was questioned increasingly and in response, alternative theories representing 'the supply side', the perspective used to understand the brand identity concept, were proposed (Alsem and Kosteljik 2008).

Kapferer's (1998) explanation of brand identity emphasises the supply side perspective of the brand concept: *"before knowing how we are perceived, we must know who we are"* (p.71). Brand identity is concerned with how managers and staff make brands unique (de Chernatony 1999). These are determined by decision makers from the brand owners' side, not by consumers.

The momentum for studying brand identity came from recognition of a basic weakness in the marketing concept that it lacked strategic content and said nothing about how firms should compete (Webster 2005). From the late 1980s until the mid 1990s, writers such as Abratt (1989) laid the foundations for what would become the identity approach to brand management. This development took place within the wider context of the development of the corporate brand concept, where authors such as Olins (1989); Aaker (1991); Balmer (1995; 2001a and b); Ind (1997); Keller (1997); Kapferer (1997a); de Chernatony (1999); Aaker and Joachimsthaler (2000); Hatch and Schultz (2000; 2001) and Gray and Balmer (2001) played leading roles in influencing thought. They extended branding theory from the product branding approach characterised by a consumer based tactical and visual focus, to corporate branding with a strategic focus based around devising an enduring identity which had relevance for a wide range of stakeholders. This approach recognised the limitations of the product branding model where product brands were seen to be detached from the company behind them (Schultz et al. 2005). It became increasingly accepted that consumers are not just influenced by the brand alone, but also by their perceptions of the organisation behind the brand (Abimbola 2009).

Abratt first contributed to the conceptual development of the approach by linking interior processes (corporate identity) and exterior focused activities (corporate image). The interplay between corporate identity, organisational identity, image and reputation provide the elements for corporate brand identity which draws from a range of academic disciplines such as marketing, visual and graphic design, strategic management, and organisational studies (Heding et al. 2009). The key assumption of the identity approach is that all marketing and communication

activities be aligned to present one unified identity. Kapferer (1986) was the first to specifically apply the identity concept to branding and it was mainly his work which led de Chernatony (1999) to conclude that a fundamental shift in the branding literature away from the focus on brand image (i.e. consumers' perceptions of the brand) to focus more on the concept of brand identity i.e. what the company communicates about the brand had occurred. Identity comes from inside the company and as argued by Burmann and Zeplin (2005), to be trusted, a brand needs to have a credible identity.

Proponents of this approach, argue that brand identity precedes and thus forms the basis of brand image and has been advocated by key European brand theorists as a focus for brand management (e.g. Kapferer 1992; 1997a; de Chernatony 1999; Doyle 2000; Harris and de Chernatony 2001). The identity approach implies that since brand managers cannot directly access or control the image of their brands, active management of the brand can only be achieved through management of the brand identity (Burmann et al. 2009). The brand identity has been conceptualised as having multiple roles as i.e.:

- a set of associations which the brand strategist seeks to create and maintain (Aaker 1996);
- a vision of how the brand should be perceived by its target stakeholders;
- establishing a relationship between the brand and all its relevant audiences by communicating a value proposition (e.g. either providing benefits or credibility) which endorses the brand (Konecnik and Go 2008).

The nature, role and function of core values are central to the value foundation of a corporate brand, divided by Urde (2003) into three different viewpoints: those related to the organisation; those summarised by the brand; and those experienced by consumers. Brand identity specifies *'the facets of brands' uniqueness and value'* which determines the brand's positioning relative to its competition (Kapferer 2008 p.171). Typically, successful brand identity consists of six to twelve dimensions, which are likely to remain constant over time and context (Aaker 1996; de Chernatony 2001). These associations are based on companies' core competences and represent the brands' values, and are thus keys to the process of creating and maintaining a relationship with those customers attracted to these values (Alsem and Kosteljik 2008). To maintain value to customers, core values need to be seen as lasting, but also must be dynamic (Urde 2007).

There are several brand identity models available in the branding literature (Table 2.5). Minor conceptual differences can be seen in the different theoretical approaches, depending largely on whether a product or corporate approach has been taken. Different terminology is used to describe and identify the values that create identity leading to confusion in interpretation, however all of the authors agree that the brand identity has a direct influence on the consumer's perception of the brand (i.e. the brand image) (Burmam et al. 2009).

Table 2.5: Conceptualisations of brand identity

Author	Conceptualisations of Brand Identity
Kapferer (1992)	Hexagonal brand identity prism reflecting the brand's physique, personality, culture, relationship, reflection and self-image
Aaker (1996)	Entity based categorisation with four dimensions: the brand as product reflects the product-related associations; the brand as an organisation focuses on organisational associations; the brand as a person includes the brand personality; the brand as a symbol includes the visual imagery, metaphors and brand heritage
De Chernatony (1999)	Six brand identity dimensions; brand personality, culture and relationship, vision, brand positioning and brand presentation.
Meffert & Burmann (1996)	Six brand identity dimensions; heritage; organisational capabilities, values, personality, vision and core offering.

Source: Burmann et al. (2009 p.391)

Kapferer's (1992) framework was the first tool available to make systematic study of brand identity possible while simultaneously signalling the complexity of the concept (Chevalier and Mazzolovo 2008). Nevertheless its limitations were recognised by de Chernatony (1999) who identified weaknesses relating to new understandings gained from the ascendance of corporate branding (King 1991). De Chernatony (2000) argued that more attention to internal as well as external stakeholders was required. In his subsequent model, de Chernatony (1999) conceptualised brand identity as six interacting and mutually reinforcing components. Central to the model is the brand *vision* which provides the brand's core purpose and sense of direction which is reliant on the appropriate *culture* and values of the organisation to provide direction and guidance. This central core drives: the desired *positioning* strategy which demonstrates the brand's characteristics and the attributes which make it unique; its *personality* which reveals its emotional values; and the *relationships* between employees, consumers and other stakeholders. These are later *presented* as a brand identity, which reflects stakeholders' needs and aspirations.

Aaker and Joachimsthaler's (2000) brand leadership model incorporates an analysis of brand identity which sets out what the brand should stand for from four different perspectives of different stakeholders. Konecnik and Go (2008) favour this model

because it includes both the strategic and visionary roles of managers rather than limiting them to more basic tactical or reactive roles as found in alternative models.

Finally, Meffert and Burmann's (2005) model of brand identity (cited in Burmann et al. 2009) suggests six dimensions which comprise part of a framework for 'internal brand strength' where brand identity is the foundation for employee behaviours and attitudes which collectively determine how the brand is experienced by consumers.

In spite of the differences in the elements of brand identity proposed by various authors they all share the common areas of organisational values, capabilities and behaviour. To create distinctive brand identities, all four models, although using different terminology, refer to the significance of culture and heritage. Kapferer (1992) uses the term 'culture' to include the original values of the creators or to the culture of the country where the brand developed. Aaker's (1996) model identifies country of origin as a product related association. In all cases, brand strength is determined by the consistency of different brand identity components, ensuring that gaps between desired and actual brand identity (i.e. brand image) are minimised.

2.7 CORPORATE IMAGE AND CORPORATE IDENTITY

Developments in the conceptualisation of brand identity largely occurred in the 1990s. Concurrent with the change in focus from product branding to corporate branding, exploration of the concept of identity in the marketing literature since 2000 has occurred more at the corporate rather than brand level. Understanding of corporate identity has evolved from the early focus on visual design and logos to encompass multiple disciplines including corporate communications, management, marketing, organisational behaviour, social and organisational psychology, human resource management and strategy (Cornelissen et al. 2007). Advantages of a strong corporate identity have been recognised as including alignment with the marketplace, attracting investment, motivating employees and providing a basis for differentiation and competitive advantage (Melewar and Karaosmanoglu 2006). For these reasons, a distinctive and recognisable identity is advantageous. Discussions on corporate identity are closely linked with image.

2.7.1 Corporate image

The literature (e.g. Markwick and Fill 1997; van Rekom 1997; Balmer and Soenen 1999; Melewar 2003; Melewar and Karaosmanoglu 2006) is in general agreement that corporate image is the collective perception that stakeholders have of corporate identity. Cornelissen (2000) additionally emphasises that images are formed from

various sources, only some of which are controlled by the organisation. Other sources include corporate communication activities of related businesses in the same industry sector, interpersonal encounters or word-of-mouth, and previous experiences and images stored in memory. As with brand image, the image is stored in the memory of the stakeholder and is unique to that individual.

Stuart's (1999) analysis of developments in conceptual thinking on corporate identity management observed that corporate image formation was the focus of early models (e.g. Kennedy 1977; Dowling 1986; Abratt 1989) and that the concept of corporate identity only came to be used when it was realised that since corporate images resided in the heads of stakeholders, they could not be managed. The interface between corporate image and corporate identity became apparent in later models (e.g. Stuart 1998) and since then, the focus in the literature has been firmly on corporate identity.

2.7.2 Corporate identity

The involvement of diverse discipline domains has contributed to the absence of a widely accepted definition of corporate identity (Cornelissen 2000; Balmer and Greyser 2003). From various definitions which have been proposed (e.g. Ind 1992; Balmer 1998; Gioia et al. 2000; Melewar and Wooldridge 2001;) corporate identity can be described as the strategic manifestation of corporate-level vision and mission, the essence of what the firm is, and how it is presented to its various stakeholders (Balmer 2009a). The increasing body of literature on corporate identity since the mid 1980s has yet to result in an agreement on its dimensions (Cornelissen and Elving 2003).

Various frameworks of corporate identity have been proposed (e.g. Hatch and Schultz 1997; Markwick and Fill 1997; van Reil and Balmer 1997; Stuart 1999; Melewar and Jenkins 2002; Cornelissen and Elving 2003; Melewar 2003). The model of Melewar and Karaosmanoglu (2006) as illustrated in Figure 2.3. provides an holistic view of the concept with corporate culture at its heart, expressed through the mission, vision and values of the organisation. Strong links are identified between corporate culture and corporate history (which preserves company norms and practices over years); the importance of the founder (who initially sets the business philosophy); and to the country of origin (which links national culture characteristics to the company's working principles and practices). In addition, industry identity including characteristics such as competitiveness and size is recognised as playing a major impact on the corporate identity of a company.

In Melewar and Karaosmanoglu's (2006) model (Figure 2.3), the role of the founder in influencing the corporate vision resonates with other corporate image/ corporate identity frameworks (e.g. Dowling 1986; Van Riel and Balmer 1997; Balmer 2001b) with Olins (1978) stating that an organisation's identity is indistinguishable from that of the company founder. This interpretation aligns with Hatch and Schultz's much cited model (1997; 2000; 2002) where corporate culture is conceptualised as the context by which history, founder and national origin are manifested in the mission, vision and values of the company. Equally most studies of corporate identity make links with corporate history concluding that identity is a product of the history of the organisation which is manifested through historical references in organisations (Melewar 2003; Blombäck and Brunninge 2009). This is particularly the case with 'heritage brands' (Urde et al. 2007; Balmer 2009b) a term used for companies which fulfil the following criteria: a solid track record; longevity; articulated long-held core values and symbols; and where history is central to corporate identity.

Balmer (2006) used the identity concept to underpin his exposition of the corporate brand and its relationship with brand culture. He posited that brands are inseparable from their identities and that these identities form the foundation of corporate brands. Part of this identity is the COO which roots the corporate brand in a particular culture based on historical values. Balmer (2006) makes the point that even although corporate brands such as Clydesdale Bank and Jaguar are in foreign ownership, they are still associated with a set of traditional values and are perceived as sharing the cultural associations of their nation (i.e. Scottish, English). When a national focus is seen to convey benefits, or where a nation's people have positive characteristics which are seen to be relevant for a company, companies are likely to promote national identity as part of their corporate identities (Avison 1997; Varey and Hogg 1999).

There are however alternative views on the relevance of national identity as part of corporate identity as explored by Jack and Lorbiecki (2007). They studied British corporations who had dropped references to national origin in their company name e.g. BT (formerly British Telecom). These firms have replaced national forms with homogenous corporate cultures and organizational identities (Howes 1996). One finding from their study was that downplaying Britishness "*generated fears of rootlessness, disloyalty and of not belonging amongst some...customers and employees*" (p.S85), but this was counteracted by instances where "*Britishness served as a divisive and marginalizing marker of identity*" (p.S86). These comments

support the work of Ailon-Souday and Kunda (2003) who challenge that national identity as part of corporate identity can be regarded as homogeneous. In Jack and Lorbiecki's (2007) study, Britishness meant different things to different people and was mobilized for different purposes, a view supported by Balmer (2006). He contends that rather than there being a single corporate culture, there are more likely to be several subcultures which he identifies as corporate, professional and 'national' (p.42). These subcultures can support a similar number of identities which can include an identity exemplifying: the values of the founder; the original corporate philosophy; national norms and precepts; or reflecting key corporate competency. Balmer (2006) argues that a brand like Coca Cola exemplifies national culture through its 'Americanness' as much as corporate culture through its fun and refreshing drinks. The challenge for an organization is how to reconcile these different sub cultures and identities without losing value to different stakeholders.

2.7.3 Summary of image and identity concepts

Having examined the two concepts, it is clear that image and identity represent two different approaches to brand management based on the direction of communication between the brand producer and the brand consumer. Both approaches have been highly influential in branding theory development (Aaker 1991; Keller 1993; Kapferer 1997a; Aaker 1998; de Chernatony 1999; Hatch and Schultz 2000; 2001; Balmer 2001a; Louro and Cunha 2001; Aaker 2002; Burmann et al. 2009). The brand identity approach is strongly linked to the concept of corporate identity where the brand is integrated at all levels in an organisation. Brand value is determined by the brand producer and communicated to the consumer and specifies a brand's uniqueness. Brand image, based on theories from human psychology, transfers creation of brand value to the mind of the consumer resulting from their individual interpretations of all of the information they receive about a brand (Randall 2000). Using this approach, a thorough understanding of the consumer is at the heart of brand value creation.

Brand identity is a pro-active construct which originates from and is communicated by the company. Brand image is constructed in consumers' minds. Identity represents the firm's reality, while image represents the perception of the consumer (Nandan 2005).

In terms of brand management, identity precedes image (Kapferer 2004). From this perspective, brand image should be examined in terms of what the communication of brand identity connotes and evokes from the consumer viewpoint (Ballantyne et

al. 2006). Kapferer (1992, cited in Burmann et al. 2009) defines brand image as a “*construct of acceptance*” stemming from decoding and interpreting brand signals. In contrast, brand identity represents a “*concept of sender*” and can be managed directly.

Identity is the critical component in the concept of the corporate brand and it has been shown that by adopting a corporate branding approach, the relatively narrow perspective of product branding can be considerably expanded. Corporate branding addresses the question of “who we are as an organisation” i.e. the identity of the organisation, and aligns the organisational culture (its origins and everyday practices), the strategic vision (where it aspires to go) with the images of its stakeholders. Corporate brands, rooted in the corporate identity can exploit a wider range of differentiators including their unique cultural heritage and what they stand for compared with others (Hatch and Schultz 2001; 2003).

Of particular relevance for this study which focuses on premium/luxury brands, is the assertion that COO, heritage and the business founder comprise key corporate identity traits (Melewar 2003; Melewar and Karaosmanoglu 2006). This links with the next section where the characteristics and business structures which differentiate luxury brands and influence their identities are considered.

2.8 LUXURY BRANDS

2.8.1 The literature on luxury brands

Of the four major brand ‘gurus’ identified earlier in the chapter, Kapferer (1997b; 2004; Kapferer and Bastien 2009) has been the only one to focus on the luxury brand sector. Other academics who have contributed to understanding of the characteristics of luxury brands have been Vigneron and Johnson (1999; 2004), Vickers and Renand (2003), and Dubois and co-writers (Dubois and Duquesne 1993a and b; Dubois and Paternault 1995; 1997; Dubois and Laurent 1993; 1994; 1996; Dubois and Czellar 2001). Key papers by Moore and co-writers (e.g. Moore and Birtwistle 2005; Moore et al. 2006; Fionda and Moore 2009) and by Beverland (2004) have, through the use of case studies in the luxury fashion and wine sectors increased understanding of the dimensions and specific brand management issues of luxury brands. These academic writers have focussed their research on the traditional luxury sector, whereas recent texts (e.g. Danziger 2005; Silverstein and Fiske 2005; Okonkwo 2007) and trade journals (e.g. *Luxury Briefing* 1996-present; Domoulin 2007) have included explorations of the recently emerging phenomenon of affordable interpretations of luxury.

2.8.2 Defining luxury brands

Traditionally, luxury brands have been associated with specific product categories, identified by Jackson (2004) as: fashion and leather goods; watches and jewellery; perfumes and cosmetics; wines and spirits; selective and other retailing; other businesses (often associated with the arts).

Whilst these six categories broadly reflect the areas covered by the Louis Vuitton Moët Hennessy (LVMH) group (www.lvmh.com), the current luxury market encompasses a much wider range including houses, furniture and household goods, yachts, hotels, holidays (e.g. Gutcher (2007) for a Scottish perspective on this point). The diversification of designer brands into product categories within the lifestyle sector e.g. Julien McDonald wallpaper, Margaret Howell furniture and accessories, Paul Smith furniture, Armani and Bulgari in the hotel sector leads to the conclusion that there is now scope for luxury brands to be present in almost every market category (White 2007).

Along with the changes which have occurred in the luxury sector over the last twenty years there have been continual redefinitions of the term 'luxury' (Dumoulin 2007). Although most people can distinguish brands which they consider to be luxury, it is difficult to precisely define the term. Similar to the branding literature, rather than build on previous contributions, writers tend to introduce their own definitions, resulting in a proliferation of different definitions (Kapferer 2006).

On examining the many different definitions of luxury brands (Table 2.6), several conflicts emerge (Kapferer 1997b; Vickers and Renand 2003; Mintel 2004a). One of the main reasons for this ambiguity is the subjectivity attached to the term 'luxury' (Phau and Prendergast 2000b). Luxury is an ephemeral concept, what is considered as luxury to one group, or in one country, or on one market sector, may be commonplace in others (Quelch 1987; Kapferer 1997b; Phau and Prendergast 2000b) with Kapferer (1998) concluding that there can be no "*single and homogeneous vision*" of what a luxury brand is (p.44) which no definition is able to adequately capture.

Table 2.6: Selected definitions of luxury brands (in chronological order)

Definition	Source(s)
<i>"...those whose ratio of functional utility to price is low while the ratio of intangible and situational utility to price is high".</i>	Nueno and Quelch (1998 p.62)
<i>"...luxury brands compete on the ability to evoke exclusivity, a well known brand identity, [...] brand awareness and perceived quality".</i>	Phau and Prendergast (2000b p.123-124)
<i>"...those whose price/quality relationship is the highest of the market".</i>	Mintel (2004a)
<i>"What sets luxury brands apart is that they command a premium without clear functional advantage over their counterparts....consumption at its most hedonistic and seemingly irrational. Purchasing [is done] for the personal pleasure it provides, despite the financial cost"</i>	Knowledge@Wharton (2007 p.1)
<i>"...that which nobody needs but desires". "...it's more than an extra; luxury is more 'more'".</i>	Danziger (2005 p.xvi and p.17)

Source: Original

The recent trend where luxury goods have extended their range beyond their traditional target group (i.e. high net worth individuals) has added further complexity to defining the concept (Dubois and Laurent 1996).

2.8.3 Classifying luxury brands

Since there is no agreed definition for luxury brands, it is unsurprising that there is no consensus in agreeing the parameters of what actually constitutes a luxury brand. Various attempts have been made to classify luxury goods into a hierarchy of degrees of luxury, spawning a lexicon of terms in the process as demonstrated in Table 2.7. Terms such as luxury, premium, and prestige have been used interchangeably (Dubois and Czellar 2001; Strach and Everett 2006), with Romaniuk and Winchester (2007) giving the example of Rolls Royce which has been classed as premium, luxury and prestige by different authors.

Table 2.7: Selection of terms used to classify luxury brands with a summary of the author's description of each term

Classification Terms used - with their meaning	Source(s)
Pyramid model for traditional European luxury brands: Upper-range brands at the base (factory produced, but the highest quality in the category); Luxury brands in the middle (workshop produced involving hand craftsmanship); Griffe (unique pieces, the result of pure creation) at the top.	Kapferer (1997b; 2004)
Categories derived from French fashion houses: Haute couture (high price point, studio based distribution, intensive design and labour input); Pret-a-porter (medium entry price point, retail based distribution, reduced labour input); Accessory diffusion (low entry price point, retail and wholesale distribution, outsourced manufacturing).	Doyle and Reid (2005)
Three levels of prestige, increasing from upmarket to premium to luxury	Vigneron and Johnson (1999)
Traditional luxury brands - with distinctive characteristics. Limited awareness brands (from small businesses targeted at exclusive niche markets). Well known brands which are either inaccessible to a wide market because of price and which cannot be sampled, or are in categories which make affordable accessory items accessible to a wider market.	Nueno and Quelch (1998)
Distinguished superpremium or old luxury products from new luxury goods further categorised into three major types: Accessible superpremium , products priced at or near the top of their category at a substantial premium over conventional products; Old luxury brand extensions , lower priced versions of traditional luxury brands; Mass prestige ("masstige") premium pricing but well below superpremium or old luxury	Silverstein and Fiske (2005)
Old luxury =iconic heritage luxury brands New luxury =not just more affordable luxury brands, but luxury as a feeling or about the 'experience'.	Danziger (2005)
Two categories of luxury fashion brands: Luxury and prestige brands =the pinnacle of craftsmanship and quality with a loyal consumer base unaffected by trends. Premium brands , (or ' mass-premium ', ' aspirational ', ' mass-luxury ', ' designer ', or ' high-end ')-aspire to become luxury and prestige brands, but target a larger market. Subdivided into: High premium brands e.g. Calvin Klein Medium premium brands e.g. Lacoste, Low premium brands e.g. Gap.	Okonkwo (2007)

Source: Original

2.8.4 The dimensions of luxury brands

Vickers and Renand (2003) articulated the differences between luxury and non luxury goods on the basis of functional, symbolic and experiential dimensions, concluding that:

'the primary value of luxury goods products is psychological, and their consumption is dependent upon a distinctive mix of social and individual cues' (p.473).

Luxury brands in the old luxury, prestige, superpremium category, have been characterised by The Luxury Institute as having: a history of excellent quality; higher price; distinctiveness; and communicated as luxurious or premium to emphasise

their ‘specialness’ to the consumer (Romaniuk and Winchester 2007). Dall’Olmo Riley et al. (2004) have examined key papers in the branding literature to identify the characteristics which differentiate luxury goods from fast moving consumer goods Table 2.8. Luxury brands clearly focus on the symbolic dimensions of brand image of which exclusivity and status are pre-eminent.

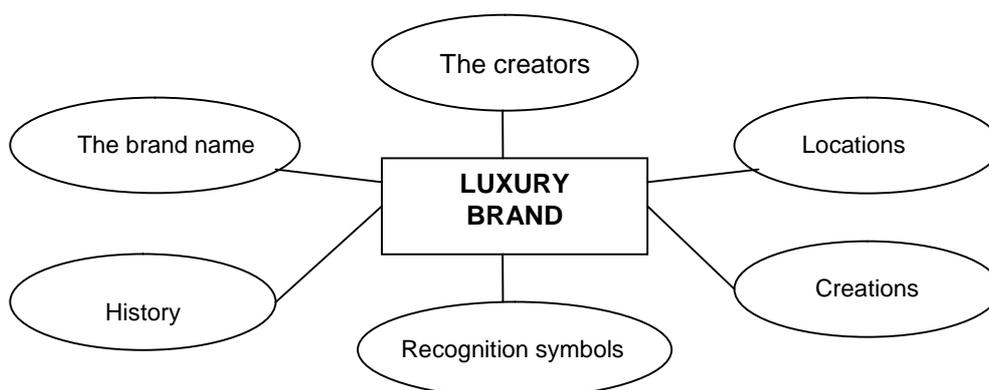
Table 2.8: Comparison of fast moving and luxury goods characteristics

Fast Moving Consumer Goods		Luxury Goods	
Address a mass market	Dibb et al. (2001)	Target a niche market	Phau and Prendergast (2000b)
Mass distribution	Dibb et al. (2001)	Exclusive distribution	Kapferer (1997b)
Functionality	Vickers and Renand (2003)	Symbolism	Vickers and Renand (2003)
Purchase transaction	Grönroos (1994)	After-care service	Dall’Olmo Riley and Lacroix (2000)
Price focus	Nueno and Quelch (1998)	Status focus	Nueno and Quelch (1998)
Technology, R&D	de Chernatony and MacDonald (2003)	Craftsmanship	Kapferer (1998)
		Founder’s heritage	Kapferer (1997b)

Source: Dall’Olmo Riley et al. (2004 p.42)

In terms of more detailed typologies, there is a lack of consistency in the literature regarding the key dimensions of luxury brands. In addition to the characteristics of exclusivity, premium prices, image and status identified by The Luxury Institute (2006), dimensions which are integral to the concept of luxury brands include iconic designs, influence of the founder, location, brand names and the symbols associated with the brand and the history of the brand (Figure 2.4).

Figure 2.4: Characteristics of luxury brands



Source: Bruce and Kratz (2007 p.132)

A number of different typologies and models have been proposed in the academic literature (Tables 2.9 and 2.10). Kapferer (1998), Vigneron and Johnson (1999; 2004), Dubois, Laurent and Czellar (2001), all used a consumer behaviour approach

to increase understanding of the relationship between luxury brands and consumers. The dimensions identified from these studies define the image that consumers have of luxury brands. As well as recognising high quality and exclusiveness as differentiating factors, the importance of luxury brands as symbols of conspicuous consumption and their hedonistic benefits are evident (Table 2.9).

Nueno and Quelch (1998), Beverland (2004a), Moore and Birtwistle (2005), Moore et al. (2006), Okonkwo (2007); Fionda and Moore (2009) adopted marketing management perspectives in compiling their typologies of luxury brand dimensions. These studies were based on luxury brands from different product categories which helps explain some of the differences in the terminology used. The elements of corporate identities which conveyed the essence of luxury included culture/heritage/history, design signature, values of the creator and product integrity/authenticity (Table 2.10). Of these, heritage and links with the founder have been discussed previously as key elements of corporate identity (Melewar 2003). Country-of-origin is only mentioned as a specific dimension by Nueno and Quelch (1998) and by Moore et al. (2006) as one component of the brand authenticity dimension for luxury fashion brands. In other models it could be implied to be part of the heritage dimension but this has not been clearly articulated.

Table 2.9: Dimensions of luxury brands from the consumer (image) perspective

Kapferer (1998)	Vigneron & Johnson (1999)	Dubois, Laurent and Czellar (2001)	Vickers and Renand (2003)	Vigneron & Johnson (2004)
Belonging to a minority Its price	Conspicuousness Bandwagon, snob, Veblen effect	Conspicuous Elitist Very high price Differentiate from others		Conspicuous Elitist Extremely expensive For wealthy
Exclusiveness Its uniqueness	Uniqueness	Scarcity Uniqueness		Very exclusive Precious Rare Unique
Craftsman Its quality Beauty of object Excellence of product	Perfectionism Quality	Not mass produced Rather like luxury Excellent quality Good taste	Functional symbolic	Crafted Luxurious Best quality Sophisticated Superior
Its great creativity Its sensuality Its magic	Hedonism	Pleasure Aesthetics and polysensuality Makes life beautiful	Sensory pleasure Experiential symbolism	Exquisite Glamorous Stunning
Knowing that few have one	Extended self	Refined people Reveal who you are Pleasing Few people own	Symbolic interactionism Self-enhancement Role position Group membership Ego-identification	Leading Very powerful Rewarding Successful
Savoir faire and tradition International reputation Long history Grown out of a creative genius Never out of fashion Forefront of fashion		Ancestral heritage and personal history Superfluous and non functional Makes dream		

Adapted from: Vigneron and Johnson (2004 p.487)

Table 2.10. Dimensions of luxury brands from the company (identity) perspective

Nueno and Quelch (1998) <i>Context=Traditional Luxury Brands</i>	Beverland (2004a) <i>Context=Wine</i>	Moore and Birtwistle (2005) <i>Context=Fashion</i>	Moore et al. (2006) <i>Context=Fashion</i>	Okonkwo (2007) <i>Context=Fashion</i>	Fionda and Moore (2009) <i>Context=Fashion</i>
Heritage	Culture/History	Culture/heritage	Heritage	Heritage	Heritage
Premium quality	Product integrity	Product integrity	Brand authenticity	Consistent delivery of premium quality	Product integrity
Craftsmanship				Craftsmanship	
Associated with country-of-origin					
Recognised style or design		Iconic products/design	Design signature Brand iconography	Emotional appeal	Design signature
Limited production/exclusive			Controlled distribution	Exclusivity in goods production Tightly controlled distribution	Exclusivity
Marketing programme	Marketing	Marketing	Marketing communications	High visibility	Marketing communications
Global reputation				Global reputation	Clear brand identity
Uniqueness				Distinct brand identity	
Personality and values of creator				Innovative, creative, unique and appealing	Culture
Timed design shifts					
	Endorsements	Endorsements	Brand profile building (endorsements/sponsorship)		
	Value-driven emergence				
		Flagship stores and store brand concept	Prestige retail experiences		Environment and service
		Premium pricing	Premium pricing	Premium pricing	Price premium
			That certain something (emotional satisfaction/status)		

Source: Original

Authenticity as a dimension of brand identity (Moore et al. 2006) can be linked with several separate dimensions of luxury brands. According to Beverland (2006 p.253) the six attributes of authenticity are; *“heritage and pedigree, stylistic consistency, quality commitments, relationship to place, method of production and downplaying commercial considerations”*. These attributes were confirmed by Alexander (2009) but with the caveat that depending on the product and the authentication task, some would stand out more than others.

Other dimensions such as premium pricing and exclusivity were the same as those found in studies from the consumer perspective (Table 2.9) whereas others such as marketing and endorsements reflected the brand management techniques which were used to communicate the essential components of brand identity. Different approaches used to achieve an image of exclusivity are identified in the literature. Actual rarity is based either on ingredients which themselves are rare or on processes involving extremely high levels of craftsmanship (Nueno and Quelch 1998). Since these can only be achieved at the highest end of the luxury continuum, other strategies for creating virtual rarity include: restricted distribution within monobrand/flagship stores; associating the product with top celebrity film stars, models, designers; creating special limited edition products with high press/PR appeal which give a halo effect of exclusivity on the standard product (Kapferer 2006). These marketing communications techniques are reflected particularly in the fashion sector, as evidenced by Moore and Birtwistle (2005), Moore et al. (2006) Fionda and Moore (2009) (Table 2.10).

It is evident from the literature that building appropriate associations with images and symbols which drive luxury brand value are crucial in luxury brand management. These associations must be communicated in a consistent manner across all communication forms including, advertising, public relations and internet websites (Moore and Birtwistle 2005). Although studies which examine this aspect of luxury brand management are scarce, Brioschi's (2006) study of contemporary magazine advertising identified the different types of cultural codes which communicate luxury status. These included country of origin (Table 2.11).

Table 2.11 Cultural codes used to communicate luxury effects

Codes	Explanation
Veblen	Conspicuousness, showing off
Snob	Scarcity, exclusivity, limited edition
Quality/functional	Manufacturing, workings, handmade, raw materials
Emotion/hedonism	Feelings, pleasure, excitement, sensory
Aesthetic/artistic	Elegance, beauty, design, 'show-biz', art
Tradition	Traditional, old times, history, classic
Modern fashion	Contemporary, trendy
Country of origin	Made-in, use of foreign languages

Source: Compiled from Brioschi (2006 p.201-206)

These codes were used in an analysis of nearly two hundred luxury brand advertisements, conducted in Italy in 2000, including two British brands - Burberry and Jaguar. Four distinct clusters were isolated by their common use of distinctive codes (Table 2.12). These results provided insights into how marketers can use specific cultural codes and conventions in brand communications to interact with brand identities and consumer imagery to signal certain luxury credentials such as scarcity, quality, heritage etc. (Brioschi 2006).

Table 2.12 Clusters identified from an analysis of advertisements for luxury brands

Clusters	Brand categories	Characteristic features of advertisements
Mechanical	Watches, cars	White backgrounds Tradition code undertones Aesthetics Quality Emotion
Sparkle	Champagne, jewellery	Black backgrounds Nationality (French champagne – use of language)
Fashion		Simple format – brand name/logo – no copy (typical fashion industry convention)
European style	Associated with founder, designer, artisan	Black and white photography (suggests refinement, taste, finesse) Snob code

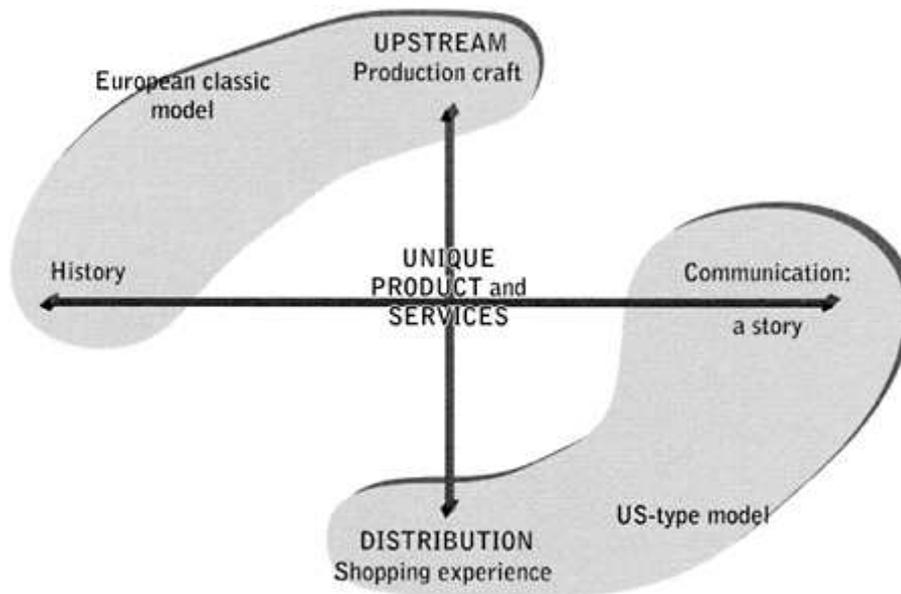
Source: Compiled from Brioschi (2006 p.206-208)

The results also provided evidence that national associations formed important cultural connections with certain types of luxury brands (e.g. France with Champagne) which link to specific deep rooted meanings which are then transformed into value for a brand. Consumers use cultural codes interpreted from marketing communications to both learn new meanings about brands, but also to confirm/reinforce what they already believe (Brioschi 2006).

2.8.5 Business models in the luxury sector

Different approaches to achieving commercial success in the luxury sector have been analysed by Kapferer (2006) who introduced the notion of defining luxury brands according to the business models which had shaped the development of luxury sectors in a particular country. In distinguishing between two different business models Kapferer identified the European model founded on 'history', where luxury status was traditionally based on a craft heritage with the emphasis on the uniqueness of the product. In the American model on the other hand the emphasis has been on inventing 'stories', creating luxury images using merchandising techniques. These contrasting positions are illustrated in Figure 2.5.

Figure 2.5: The two business cultures of luxury brands.



Source: Kapferer (2006 p.72)

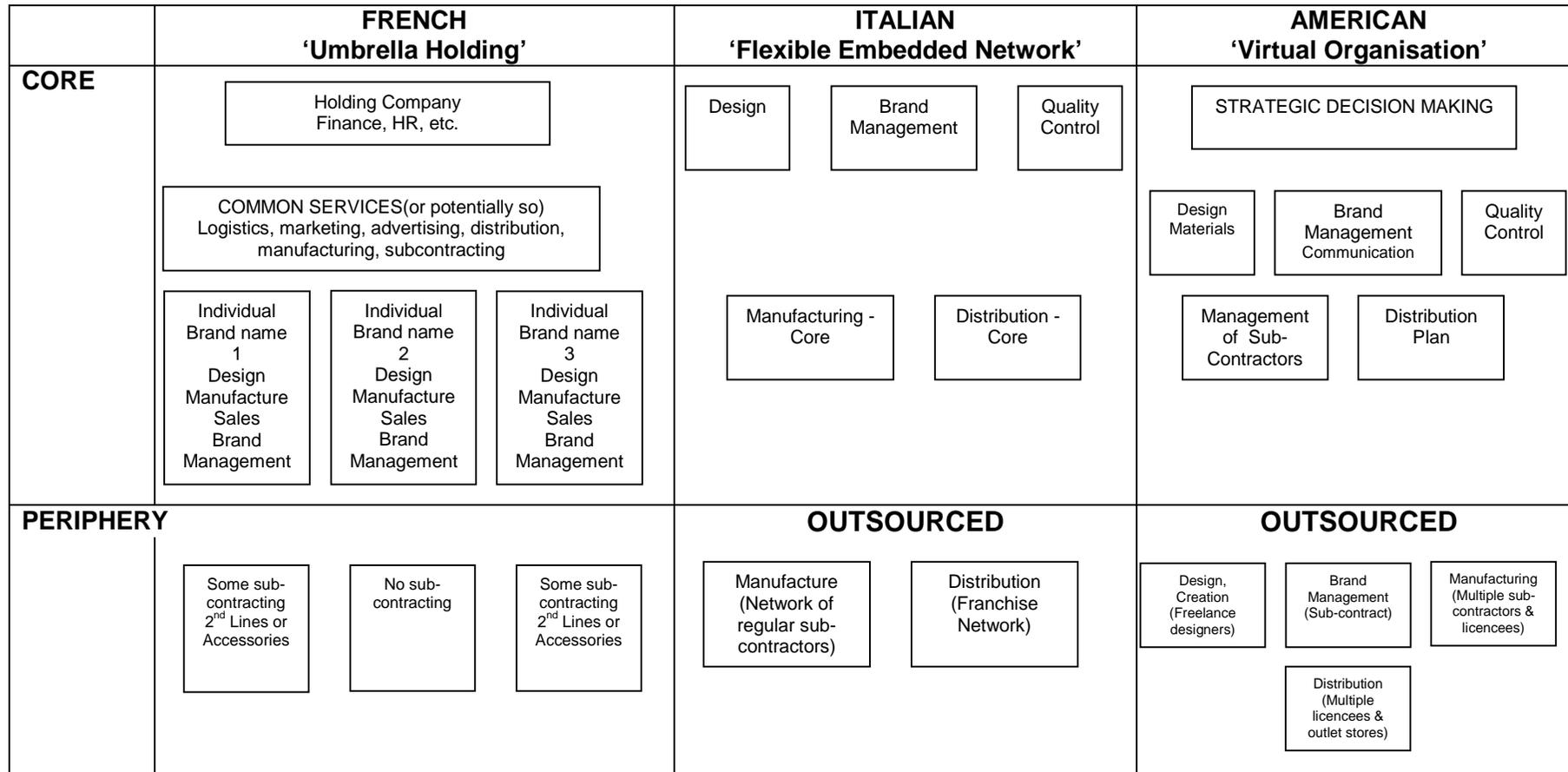
Djelic and Ainamo (1999) also revealed national differences in the structures of the luxury fashion sector. They first identified the French craft based organizational structure based on the traditions of haute couture where design and creation are supported in-house. Individual fashion houses diversified to create different product lines under the umbrella of the brand name produced and marketed in relatively autonomous units. It is argued that this traditional structure provided the impetus for the emergence of the 'umbrella holding' company model exemplified by LVMH where several brand names are brought together under a single umbrella holding.

This compares with the 'flexible embedded network' Italian model based on outsourcing of manufacturing using stable networks of specialist local and regional community partners. The Italian model of partners and subcontractors embedded

within a local or regional community creates total trust between entities stemming from a common cultural background. The American structure is a much more open network structure with significant outsourcing and only minimal activities carried out in-house. Fashion companies have successfully used brand management to create the emotional and symbolic images of luxury rather than in-house design or manufacturing, both of which are outsourced. These three organizational structures are summarized in Figure 2.6.

Awareness of these different corporate models which have arisen out of historical legacies supports the earlier proposition that cultural values rooted in national origin are firmly embedded in different corporate identity types. Djelic and Ainamo (1999) believe that more research to test these models in other contexts is necessary.

Figure 2.6: The organisational structures of French, Italian and American fashion industries, comparing core and peripheral modules



Source: Djelic and Ainamo (1999 pp.631 and 633)

2.8.6 Contextualising luxury brands for this study

As is evident from this section on luxury brands, in the same way that understanding of brands has changed in line with changes in the marketplace, defining luxury brands is also an evolving process and the terminology used to describe luxury brands is diverse and confusing. In terms of this study, the Mintel (2004a) definition of luxury brands i.e. “...those whose price/quality relationship is the highest of the market” is considered to be the most appropriate for the Scottish luxury brand context. On examining the lexicon of terms used in the luxury branding literature the decision to use the term ‘premium’ as well as ‘luxury’ in this study follows Vigneron and Johnson’s (1999), Silverstein and Fiske’s (2005) and Okonkwo’s (2007) classifications (Table 2.7), where premium represents one level below luxury, but still indicating a high level of prestige, priced at a significant premium over conventional brands, but targeting a larger market. Combining the two terms premium/luxury is more appropriate as a general descriptor for Scottish high end consumer brands, where the key dimensions of luxury brands identified in Tables 2.9 and 2.10. including high price; exclusiveness; high quality; heritage; design signature; craftsmanship; limited distribution; differentiate them from fast moving consumer goods.

It has also been demonstrated that these dimensions are often linked to the COO of the luxury brand although a relative scarcity of references to these relationships in the branding and more specialist luxury branding literatures is apparent. In the Scottish case, the COO is the most important differentiator for Scotch whisky and Scotland’s reputation for high quality, heritage, craftsmanship etc. influences a range of other sectors. By basing this study on the full scope of product categories in the Scottish premium/luxury sector, understanding of the relationships with COO and its importance in brand identities will be advanced.

2.9 CHAPTER SUMMARY

Developments in the literature on branding have been reviewed in this chapter. Brands have evolved to become dominant in the minds of consumers, the corporation and its varied stakeholders and they have acquired a place in the world which previously would have been considered unimaginable (Olins 2000). Of the many concepts and theoretical frameworks on branding which have been developed since the mid 1980s the focus here has been on the concepts of brand image and brand identity which underpin much of the literature on brand management. Because

of the focus of this study on premium/luxury brands, the branding literature which specifically addresses this area has been explored.

The central dimensions of the branding and luxury branding literatures, based on relevance to the research objectives, have been reviewed in this chapter. The main findings suggest that:

- Brands have evolved from devices designed to differentiate products to consumer symbols which have considerable emotional attachment (2.4);
- The academic consideration of branding has moved from its roots in product branding to brands becoming the central part of the corporate wide endeavour (2.4.5);
- Brand image, based on concepts from cognitive psychology in particular information processing, is the perception of the brand in the minds of consumers. The strategy of brand management from a brand image perspective is to ensure that consumers hold favourable and strong associations with the brand in their minds. COO is one of these associations (2.6.1);
- The brand identity concept developed out of corporate identity studies and represents a supply side approach to brand management where the brand producer communicates what the brand stands for and what makes it distinctive (2.6.2). Identity precedes image in the brand management process (2.7.3);
- Branding at corporate rather than at product level enables a corporate identity which conveys the company culture (i.e. the vision, mission and values) to be communicated to multiple stakeholders (2.7). The links which can be made between company culture, COO, heritage and the influence of the founder, are of particular relevance for luxury brands (2.7.2);
- The identity concept lies at the heart of the corporate branding process, an approach which offers greater opportunities for differentiation based on the culture of the organisation than could be achieved using the earlier product focussed approach (2.7.2). For many brands, particularly in the luxury/premium sector, COO is an important part of this identity (2.8.4).
- Luxury brands have specific emotional and symbolic dimensions which distinguish them from value brands (2.8.4) and important among these is the contribution made by the COO to the dimensions of authenticity and heritage (2.8.4);
- Differences in national business cultures, based on historical legacies characterise different approaches to the development of luxury sectors in Europe ('old' luxury) and America ('new' luxury) (2.8.5);

- The terminology used to classify luxury brands has been shown to be extensive and confusing (2.8.3). For this study the term premium/luxury has been selected to describe the Scottish high-end consumer goods sector (2.8.6).

The dimensions which have particular significance for this study are first, that as has been clearly established in this chapter, a brand is not the same as a product nor is it simply an adjunct to a product, considered by consumers along with other extrinsic cues like price in the decision making process (2.3). Brands perform a number of critical roles in a highly competitive marketplace. They help differentiate and provide reassurance, but the power of brands nowadays lies in the fact that they help people to define who they are. This is particularly the case for luxury/premium brands. This conceptualisation of brands has not been adopted in the COO literature.

Secondly, brands cannot only be about existing solely in the minds of consumers, conceptualised in the literature as brand image (2.5.1; 2.6.1). Image formation plays only a partial role in the branding process with the brand identity being the critical component which involves a wider range of stakeholders in the brand creation process (2.5.2; 2.6.2). Brand owners have to create a clear identity and communicate this to target stakeholders to encourage the creation of an image which is consistent with the core values of the brand. They need to manage the associations which link with the brand in line with the principles of the spreading activation model (2.5.1).

A key premise of this study is that in certain situations, part of the identity building process can be to associate the brand with relevant parts of a national identity and communicate these to the target market. Keller (1993) and Aaker (1991) both refer to COO as one type of association which may contribute to brand image, and COO appears in models of brand identity by Kapferer (1992); Aaker (1996), and de Chernatony (1999) and in corporate identity models including those by Melewar (2003) and Melewar and Karaosmanoglu (2006). Balmer (2001b) has however reflected that existing identity models have paid insufficient attention to the effects of the external environment, particularly "*super and subordinate reputation types*" (p.274) which includes industry sector, corporate structure and COO. Other criticisms of existing models, particularly Hatch and Schultz's 1997; 2000; 2002, have been made by Jack and Lorbiecki 2007 who draw attention to a lack of explanation of the processes of identity formation, in particular how identity is expressed, which they refer to as the "*grammar*" of identity (p.S80). A further weakness identified by Balmer is that most models assume that a single homogeneous corporate image will be held

by all stakeholder groups. This reflects Ailon-Souday and Kunda's (2003) contention that much of the cross cultural management literature assumes a homogeneous national identity. This has been demonstrated as an over- simplification (Jack and Lorbiecki 2007).

Country of origin has not been identified consistently as an important dimension of luxury brands in spite of a clear origin association with many brands in this sector (Jackson 2004). The brand dimensions of history, heritage and authenticity, all of which are recognised as important dimensions of luxury brands, have recently been the subjects of further elucidation (Beverland 2006; Urde et al. 2007; Alexander 2009; Balmer 2009b; Blombäck and Brunninge 2009) but this has not been the case with COO. In addition, the branding literature provides little further guidance to brand owners as to how they can use and communicate origin associations most effectively as part of their brand/corporate identity.

Moore and Birtwistle (2005) stressed the importance of consistent communication of the associations which form a luxury brand's identity, yet studies which examine how these images and symbols are communicated e.g. Brioschi's (2006) study of magazine advertising, are scarce. This picks up on deficiencies of existing identity models identified above (e.g. Jack and Lorbiecki 2007). There is a lack of understanding of the processes used to compile a brand/corporate identity using the many possible associations available, also on the processes used to communicate that identity most effectively.

Djelic and Ainamo (1999) and Kapferer (2006) provide the only insights into organizational structures used by companies in the luxury sector. Given that Balmer (2001b) has highlighted the important (and under researched) roles of both corporate structure and industry sector on corporate identity, this requires being included in future studies. Djelic and Ainamo (1999) have recommended that further studies to test their models of organizational structures of luxury fashion sectors using other industry contexts be carried out.

The next chapter reviews relevant COO literature to examine how the COO cue has been conceptualised and to seek further guidance on how COO can be used as an effective part of a brand/corporate identity.

CHAPTER 3

REVIEW OF THE LITERATURE ON COUNTRY-OF-ORIGIN IMAGE AND IDENTITY

Chapter Summary

*'Unmistakeably German.*Made in France'* (<http://www.citroen.co.uk/microsite/citroen-c5/>)

This chapter reviews the treatment of the concepts of image and identity in the general COO literature before examining how Scotland's image and identity have been portrayed. This is followed by an analysis of extant knowledge on the means by which COO cues are communicated by brand producers.

3.1. INTRODUCTION

The high profile Spring 2008 advertising campaign by the French car manufacturer Citroën featuring different plays on the tag line 'Unmistakeably German' clearly illustrates how the market positioning strategies used by international firms recognise the effect of stereotypical national images on consumer product evaluations, attitudes, buying intentions and behaviour. Country of origin information, presented in the context of general information about a product's specific attributes has been demonstrated to have an impact on consumer perceptions or evaluations of products, known as "the COO effect" (Samiee 1994).

Given the large amount of COO related literature and the diverse conceptualisations of the COO effect, this chapter represents a selected rather than a comprehensive review of that literature based on relevance to the research objectives. The COO construct is analysed and the terms used in COO literature defined and clarified. The conceptualisations of COO image and identity are examined before exploring the COO literature for examples of studies which either take a business perspective or which focus on the luxury sector. Insights into the mechanisms used to communicate COO in brand marketing are examined before finally examining COO in the specific Scottish context of the study. The chapter ends by identifying and discussing the research questions which will inform the research phase of this study.

The important differences between the concepts of product and brand were explained in the previous chapter, but much of the COO literature does not recognise this distinction, with the terms frequently being used as synonyms. Thakor and Kohli (1996) note that the emphasis on country as the major exogenous variable in COO studies has led to analysis being conducted at the product, rather than the brand level. In most COO literature, the brand (if mentioned) represents a separate

extrinsic cue for product evaluation, just like price, and is manipulated independently of COO information (Klein et al. 1998). Because this is the primary focus of most COO research, and existing research on brand effects is rarely referred to, studies have either omitted brand names entirely, used fictitious names, or have failed to control for the confounding effects of COO and real brand names (Thakor and Kohli 1996; Thakor and Lavack 2003). Country of origin has normally been manipulated through the 'made-in' label (Liefeld 1993; Mohamad et al. 2000) which is given equal prominence to any other cue being considered. Where brands have been considered, they are from the classical line branding perspective rather than the corporate brand (e.g. d'Astous and Ahmed 1993; Tse and Gorn 1993; Okechuku 1994).

3.2 THEORETICAL APPROACHES TO COUNTRY-OF-ORIGIN RESEARCH

Studies of the COO effect are among the most researched concepts in international marketing (Baughn and Yaprak 1993; Papadopoulos 1993; Petersen and Jolibert 1995; Papadopoulos and Heslop 2003; Pharr 2005). This voluminous literature, developed over fifty plus years, deals mainly with how the COO of a product influences consumer evaluation. People are more likely than ever to have formed relatively organised mental representations of countries, e.g. via mass media, products and travel experiences (d'Astous and Boujbel 2007). Marketing products using their place of origin has been recognised in the literature as an underexploited 'positioning' opportunity (Thode and Maskulka 1998).

A number of literature reviews/meta-analyses have attempted to synthesise findings from the COO literature, including: Bilkey and Nes 1982; Ozsomer and Cavasgil 1991; Liefeld 1993; Peterson and Jolibert 1995; Al-Sulaiti and Baker 1998; Verlagh and Steenkamp 1999; Papadopoulos and Heslop 2002; 2003; Dinnie 2005; Pharr 2005. In Papadopoulos and Heslop's (2003) review, an analysis of findings from their inventory of over seven hundred and fifty publications identified the main themes that had been addressed so far in COO studies (Table 3.1). The largest number of studies (25%), focused on how people in one or more countries view products from one or more origins. These largely related to early COO studies.

Works focusing on general theoretical issues were considerably fewer (11%) and there were even fewer still dealing explicitly with strategic issues (7%). The relatively small number of studies in the 'Strategy' category (Table 3.1) is noted as being "*perhaps surprising, given the theme's importance*" (Papadopoulos and Heslop 2003 p.420). In between these two groups, the bulk of the research (57%), dealt with

topics classified as ‘issues’ but subdivided into three main categories: ethnocentrism and views about domestic v foreign products; COO issues from various consumer behaviour perspectives; COO in different types of markets or specific sectors. Of these, particularly in recent years, research on such topics as ethnocentrism, consumer patriotism, consumer information processing and attitude formation has flourished, whereas “research into the antecedents and influencers of national image formation remains virtually non-existent” (Papadopoulos and Heslop 2003 p.424).

Table 3.1: Main country of origin research themes

Principal Focus	Theme	Contributions		
		Subtotal	Total	%
Countries	Views about an origin(s) (109) And/or by a sample(s) (82)	191	191	25
Issues	Ethnocentrism (59) and domestic goods vs. imports (49)	108	167	22
	Cross-national (15) and sub-national (8) studies	23		
	Hybrid products	20		
	Longitudinal studies (10) and impact of events (6)	16		
Research Orientation	Miscellaneous consumer behaviour approaches (incl. gender: 4)	75	155	20
	Info. processing, multiple-cue studies, PCI effects	67		
	Studies using socio-psychological perspectives	13		
Sectors and Markets	Organisational buyers (55) and FDI/investors (21)	76	112	15
	Specific sectors(e.g. cars, food)	28		
	Tourism from PGI perspective (5) and services (3)	8		
Conceptual, methodological, theory development	Methodological aspects	39	82	11
	Integrative works and models	28		
	Literature reviews, meta-analyses, research agendas	15		
Strategy	General (37), adv.(11), other mix (10), legal (1)	59	59	7
Total		766	766	100

Source: Papadopoulos and Heslop (2003 p.419)

Usunier (2006) also noted that in terms of product categories, 75% of COO articles were based either on consumer electronics, cars, or clothing and accessories, with luxury products being used in less than 5% of studies.

By far the majority of COO studies have been conducted from a consumer perspective and with only a few exceptions e.g. the use of case studies by Beverland and Lindgreen (2002) and Kleppe et al. (2002) and semi-structured interviews by Baker and Ballington (2002), Knight et al. (2007), Niss (1996) and Tellström et al. (2006), taking a business perspective. Country of origin has mainly been researched

using positivist methods (experiments, surveys and conjoint analysis) (Usunier 2006). The lack of interpretivist, qualitative approaches in the literature have been criticised (Liefeld 1993; Dinnie 2004) and more research using qualitative techniques recommended (Dinnie 2005). The dominance of the positivist approach can be explained by the fact that most COO research is in the American tradition, published in American journals (Usunier 2006) which continue to “*place a premium on theory and method relative to the problem*” with the emphasis on the “*empirical*” (Lehmann 2005 p.142).

The COO discipline has from its beginnings (Schooler 1965) been mainly pursued by marketing academics who up until the late 1980s neglected to use existing knowledge from related disciplines e.g. cross cultural studies and social psychology, which is considered to have impeded its progress in becoming a recognised research area (Papadopoulos 1993; Thakor and Katsanis 1997). More recently, the disciplines contributing to COO research have expanded to include cross cultural and social psychology (ethnocentrism, stereotyping, national images), political science and sociology (ethnocentrism), consumer behaviour (decision making) and geography and tourism (images of places) (Papadopoulos 1993). In spite of these developments in the COO literature, Papadopoulos and Heslop (2003) still contend that there has been insufficient cross disciplinary integration in COO studies and they point to apposite research streams in social psychology, tourism, political science and international behaviour as examples. They also focus on the relevance of the role of images in marketing, most notably brand image studies, as an area for more collaboration. The potential for links to be made with identity studies has so far been ignored.

3.3 DEFINING COUNTRY-OF-ORIGIN

There is general agreement in the literature that COO effects take place. Where there has been less agreement, concerns what the definition of COO should be, or indeed what the construct should be called. Mossberg and Kleppe (2005) identified fourteen different origin constructs, and observed that several had been used interchangeably in some studies. They argued that “*multiple constructs to measure the same phenomenon are confusing for those who want to do research in this field*” (Mossberg and Kleppe 2005 p.495). In spite of this argument, as will be seen in the following sections, no universally accepted taxonomy has been agreed, with terms frequently being used in an apparently ad hoc manner (Dinnie 2004). One of the main reasons suggested for the blurring and confusions surrounding the use of COO

terminology has been the increase in globalisation of sourcing and production, and proliferation of hybrid (bi-national or multi-national) products.

3.3.1 Taxonomy

First generation COO studies generally adopted the “made-in” interpretation of the construct (Nagashima 1970; Bilkey and Nes 1982). That this still persists can be seen in the following commonly cited definition where the focus is still on the country of manufacture:

‘the positive or negative influence that a product’s country of manufacture may have on consumers’ decision processes or subsequent behaviour’
(Elliot and Cameron 1994 p.50).

This definition’s focus has however been modified in response to the deconstruction of the COO concept (Chao 1993; Tse and Lee 1993), being recognised as increasingly multi-dimensional (Ozsomer and Cavusgil 1991; Nebenzahl et al. 1997). Some of the most frequently cited components of COO are identified in Table 3.2. These origin constructs represent different stages in the value chain or production process (Mossberg and Kleppe 2005) and have allowed for testing different COO subcategories. In particular the differentiation of country of design (COD) and country of manufacture (COM) have been important, both having been shown to have an effect on the overall purchase intention of the consumer (Nebenzahl et al. 1997). The COO, COM and COD as well as the home country of the consumer have all been found to have some bearing on the final purchase. One important origin dimension which is however missing from Table 3.2 is ‘Borrowed Origin’, where origin images which have little or no relation to the ‘real’ origin are used to enhance or distinguish products (Papadopoulos 1993).

Table 3.2: Country-of-origin deconstructed

Country-of-Origin Dimension	Description	Sources
Country of Design (COD)	Where either a part of or the entire finished product is designed	Chao 1993; Tse and Lee 1993; Ahmed and d'Astous 1995; Insch 1995; Insch and McBride 1998; Li et al. 2000; Hamzaoui and Merunka 2006.
Country of Manufacture (COM)	Refers to the country of the 'made-in' label or where the product is manufactured	Ulgado and Lee 1993; Insch 1995; Iyer and Kalita 1997; Chao 1998; Phau and Prendergast 2000a; Insch and McBride 2004; Hamzaoui and Merunka 2006.
Culture of Brand Origin (CuOBO)	The country/culture to which the brand is perceived to belong by its target customers	Lim and O'Cass 2001
Country of Brand Origin (COBO)		Chen 2004
Country of Brand (COB)		Phau and Prendergast 2000a
Country of Association (COA)	The country which consumers typically associate with a brand, irrespective of where it is actually manufactured	Li et al. 2000; Jaffe and Nebenzahl 2006; Usunier 2006; Josiassen 2009
Country of Assembly (COA)	Where the product is assembled	Chao 1993; Tse and Lee 1993; Insch 1995; 1998; Insch and McBride 1998; Li et al. 2000; Insch and McBride 2004;
Country of Parts (COP)	The source of some or all of the parts for the product	D'Astous and Ahmed 1993; Chao 1993; Tse and Lee 1993; Ahmed and d'Astous 1996; Han and Terpstra 1988; Insch and McBride 1998; 2004;
Country of Corporate Ownership (COCO)	The parent company's home country irrespective of its actual place of manufacture	Thakor and Lavack 2003

Source: Original

The recent tenor of contemporary COO literature calls for a refocusing on what is actually meant by COO and the COO effect, with a growing body of opinion favouring a revised definition of COO as that which consumers typically associate with a product or brand irrespective of where it is actually manufactured (Usunier 2006). This would effectively subsume other synonymous terms and addresses the justified criticisms regarding the original 'made-in' conceptualisation. A product/brand in this case can have only one COO, compared with the situation where the origin country is defined as the COM where products with the same brand names can have different places of origin. A more recent definition of COO which encapsulates this interpretation is:

"The country which a consumer associates with a certain product or brand as being its source regardless of where the product is actually produced." (Jaffe and Nebenzahl 2006, p.29)

However, this definition has by no means been universally adopted, and different scholars continue to use different interpretations of COO, many still sticking with the original conception of the term (i.e. 'made-in' country). This inability to provide and use a consistent definition will continue to be problematic for the research area. Thakor and Kohli (1996), in an effort to synthesise the COO and brand image literatures, proposed that country origin (in the 'made in' sense) be replaced by a new concept of brand origin defined as:

'the place, region or country to which the brand is perceived to belong by its target consumers' (Thakor & Kholi 1996, p.27).

This is very similar to Jaffe and Nebenzahl's (2006) updated definition of COO discussed above where the location of manufacture may be different from that perceived by consumers as the product/brand origin. Also, rather confusingly, the definition also covers Phau and Prendergast's (2000a) conceptualisation of country of origin of brand (COB), Chen's (2004) country of brand origin (COBO) and Lim and O'Cass's (2001) definition of culture of brand origin (CuOBO) (Table 3.2).

It is also clear that most COO research fails to deal with the real possibility that the most salient origin cues are those which have been crafted by marketers in an attempt to differentiate their brand and/or improve its image (Thakor and Lavack 2003). That consumer perceptions of brand origin do not necessarily coincide with COM may occur for a number of reasons e.g.: ignorance; lack of salience of origin information for a particular brand; deliberate obscuring of origins by companies concerned with consumer reactions to unfavourable origins; or 'unauthorised borrowing' of strong origin images to enhance or distinguish brands with little or no relation to the actual origin (Papadopoulos 1993; Thakor and Kohli 1996).

3.3.2 Place Origin

Country of origin research, as implied by the name, has been largely preoccupied with showing differences in perceptions of the overall quality of products manufactured in developed versus developing **countries** (Thakor and Kohli 1996). This assumption was first challenged by Papadopoulos (1993) who noted that although the term COO appeared to restrict origin identifiers to country images, 'place' or 'geographical' origins were also relevant e.g. regions, cities, continents and trade blocs or even more specialised areas of production, like the French concept of 'terroir'.

Thode and Maskulka (1998) developed the concept of 'place based marketing' which focussed on specific geographic regions. This extension of the COO construct to

other place origins has recently become more overt where studies of region of origin (ROO) effects, particularly in relation to agricultural products, have augmented the COO literature (Kuznesof et al. 1997; Lewis and Stubbs 1999; Beverland and Lindgreen 2002; van Ittersum et al. 2003; Orth et al. 2005). This avenue of research has become highly relevant for meta-brands i.e. varieties of a product with protected designation of origin (PDO), which are increasing in the European Union (Bonetti 2004). Food manufacturers increasingly use origin (regional and national) to differentiate and add value (Aurier and Fort 2007). In relation to regional foods, links to traditions and heritage and to “perceived authenticity” have been identified as being of particular importance (Kuznesof et al. 1997).

The attraction of the concept of place of origin compared with COO is that it recognises that products within a single country are differentiated using positioning strategies which emphasise attributes which are unique to specific areas/regions (Kent and Walker 2000). Using place rather than COO also acknowledges the reality that products need to be differentiated from both foreign and domestic competitors and that for many types of products, more specific origin references are a means of achieving this (van Ittersum et al. 2003).

3.4 COUNTRY IMAGE

In conceptual terms, COO research has been seen to shift from comparing product evaluations and preferences based on simple national origin to the more challenging construct of evaluating the image of the COO, aimed at finding out not just **if** consumers prefer products from one country rather than another, but **why** this happens (Roth and Diamantopoulos 2009).

3.4.1 Conceptualising country image

In the COO literature, Kleppe et al. (2002) are among the few who have adopted Keller’s (1993) conception of brand image (2.6.1) by describing country image as a knowledge structure with associations which vary in uniqueness, favourability, strength and salience. They recognise that these can vary in both the number of associations and the links between associations. The three structural components of image, identified by Boulding (1956) and subsequently applied by Obermiller and Spagenberg (1989) to the context of national/country image are summarised in Table 3.3. Country image, like brand image (2.6.1) is thus conceptualised as a complex phenomenon, with cognitive, affective and conative dimensions. Examples of studies where these components of country image have been applied are identified in Table 3.3. where it is apparent that the cognitive component relating to

beliefs about product features such as reliability and quality dominates. Affective responses to country image associations are integrated in fewer studies and there are only a small number of studies where personal conative beliefs have been considered.

Table 3.3: Components of country image which affect behavioural intentions

Mechanism	Description	Sources
Cognitive	Includes beliefs about a country's level of industrial and technological development which influences consumer evaluation and buying behaviour e.g. signals product value, quality, reliability, durability, purchase risk and trust.	Han 1988; Hong and Wyer 1989; Papadopoulos and Heslop 1993; Tse and Gorn 1993; Li and Wyer 1994; Maheswaran 1994; Okechuku 1994; Ahmed and d'Astous 1996; Lantz and Leob 1996; Lee and Ganesh 1999; Leonidou et al. 1999; Knight and Calantone 2000; Teas and Agarwal 2000; Ahmed et al. 2002; Jo et al. 2003; Samiee et al. 2005; Knight et al. 2007.
Affective	Evokes emotional responses to imagery of countries, people, culture or national symbols e.g. associations with status; exoticness; links to heritage, famous citizens/celebrities; national pride; autobiographical memories.	Askegaard and Ger 1998; Botschen and Hemettsberger 1998; Fournier 1998; Verlegh and Steenkamp 1999; Papadopoulos and Heslop 2003; Ramaswamy 2003; Beverland 2006; Moore et al. 2006; Verlegh 2007.
Conative	Where the consumer has personal, moral, or ethnocentric norms related to COO e.g. deciding to purchase or avoid a country's products depending on the policies and practices of its government, or adopting a moral stance to buy products manufactured in ones own country. The COO cue can reinforce a sense of national identity	Shimp and Sharma 1987; Friedman 1996; Bruning 1997; Laroche et al. 2005.

Source: Extracts from Roth and Diamantopoulos (2009 p.727)

The boundaries between the three dimensions are acknowledged as being 'fuzzy' and the COO effect in consumer decision making is recognised as most often being caused by interplay between and among them, although one may be more prevalent in the process of consumer preference formation (Verlegh and Steenkamp 1999). Country image is also considered as part of a stereotyping or classifying process that helps simplify decisions where information is lacking or where there is overload of information (Pecotich and Ward 2007).

3.4.2 Defining country image

Although country image dominates COO research, there is no consensus on how the concept should be defined. A recent review by Roth and Diamantopoulos (2009) resulted in the identification of three different approaches to conceptualising country image. These vary according to how the relationship between the image of a country

and the image of a country's products is perceived, expressed by the source of the country imagery, which can be either:

- general image of the country (country image);
- wider associations encompassing all aspects of the country, including its products (product-country image);
- existing/known products from the country (product image).

The definitions in Table 3.4 illustrate these different approaches.

Table 3.4: Selected definitions of country image

Definition	Source
Definitions of (overall) country image	
<i>"the total of all descriptive, inferential and information beliefs...about a particular country".</i>	Martin and Eroglu (1993 p.193)
<i>"The perceptions or impression that organizations and consumers have about a country. This impression or perception of a country is based on the country's economic condition, political structure, culture, conflict with other countries, labor conditions, and stand on environmental issues".</i>	Allred et al. (1999 p. 52)
Definitions of product-country image	
<i>"Consumers' images of different countries and of products made in these countries".</i>	Li et al. (1997 p.116)
<i>"Country-of-origin image (COI) reflects a consumer's perceptions about the quality of products made in a particular country and the nature of people from that country".</i>	Knight and Calantone (2000 p. 127)
<i>"Consumers' perceptions about the attributes of products made in a certain country; emotions toward the country and resulted perceptions about the social desirability of owning products made in the country".</i>	Nebenzahl et al. (2003 p.388)
<i>"Product-country images (PCIs) or the place-related images with which buyers and/or sellers may associate a product".</i>	Papadopoulos and Heslop (2003 p.404)
Definitions of country related product image	
<i>"the overall perception consumers form of products from a particular country, based on their prior perception of the country's production and marketing strengths and weaknesses".</i>	Roth and Romeo (1992 p.479)
<i>"Composite 'made in' image consisting of the mental facsimiles, reputations and stereotypes associated with goods originating from each country of interest".</i>	Strutton et al. (1995 p.79)

Source: Original

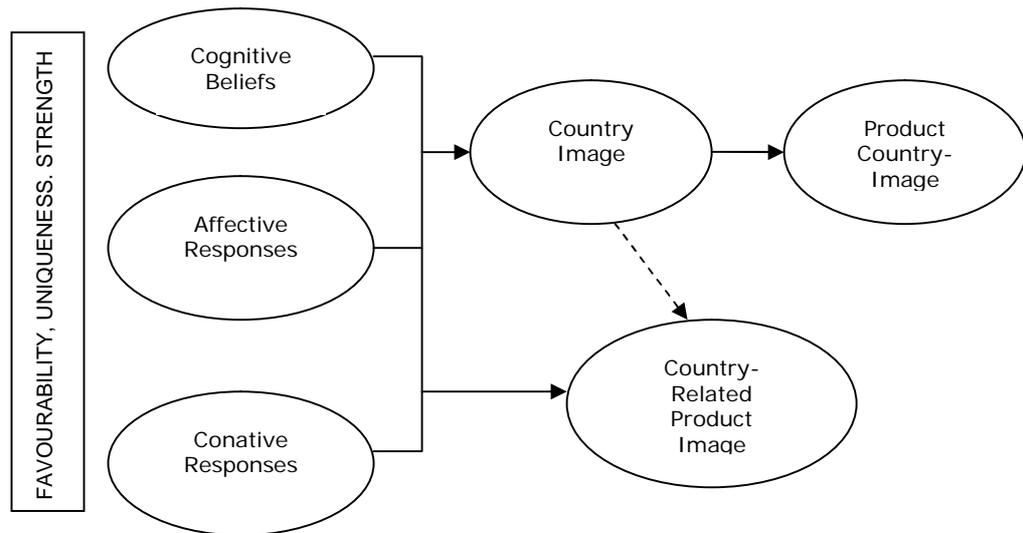
In the first set of definitions, encapsulated by Martin and Eroglu's (1993) definition, the image object is the country rather than its products. It expands the perceptions of country image beyond the consumer's experiences or associations with the country's representative products to include the wider characteristics of the country e.g. cognitive beliefs associated with knowledge of national and cultural symbols, values, political, economic and technological dimensions and knowledge of the capability of a country's people for producing quality products; and also affective beliefs capturing emotions and feelings about the country (Askegaard and Ger 1997; Allred et al. 1999).

The next group of definitions focuses on the image of countries in their role as origins of products, acknowledging that previous associations/experiences with foreign countries, beliefs about its manufacturing system, knowledge about specific brands etc., lead consumers to have different attitudes towards different product categories from a given country (Kaynak and Cavusgil 1983). Knight and Calantone's (2000) definition characterises this approach implying that country image and product image are distinct but related concepts and that country images affect the images of products from that country (Roth and Diamantopoulos 2009). Papadopoulos (1993) narrowed down the conceptualisation of country image by proposing the term product country image (PCI) to capture matches between country image associations and specific product categories. Although favoured by some COO researchers the term has not been widely adopted and is regarded by (Roth and Diamantopoulos (2009) as being too restrictive in its conceptualisation.

The last group of definitions, summed up in Roth and Romeo's (1992) much cited definition of country image make the assumption that consumers construct their perceptions of a country based on their experience or knowledge of the country's products. The image objects are exclusively the products from the particular country. Especially for familiar products, consumers have product specific knowledge structures in memory which are well developed. This is the most common conceptualisation in the COO literature where COO images are derived from dimensions linked to the characteristics of a nation's products and its well known companies (e.g. Roth and Romeo 1992; Papadopoulos and Heslop 1993). As seen in the previous two sets of definitions, some researchers have included references to the economic, political and cultural dimensions of a country (e.g. Allred et al. 1999) and to knowledge about a country's people (Papadopoulos et al. 1990), but these have not been developed to any great extent.

Figure 3.1 summarises the various conceptualisations of country image which have been discussed in this section. The relationships between the image objects of country and product are also illustrated in this diagram. The link between the underpinning cognitive, affective and conative dimensions of image and Keller's (1993) brand image model where brand associations are classified as attributes, benefits and attitudes (Figure 2.2) has been made by Cai (2002) (using Gartner's 1993 'Image Formation Process') in his conceptualisation of destination image. This link has not been developed to any extent in the COO literature.

Figure 3.1: Dimensions of country image



Source: Compiled from Obermiller and Spagenberg (1998); Kleppe et al. (2002); Laroche et al. (2005); Roth and Diamantopoulos (2009).

As was noted in the introduction to this chapter, there has been a failure to connect COO and brand literatures, where revised conceptualisations of brands (2.4) have not been integrated into most COO studies. The original conception of the brand as a naming device has predominated. Given the increased understanding of brands as symbolic/expressive devices, it could also be argued that the focus on COO as a cognitive cue, with scant attention being paid to its affective and conative dimensions, has further distanced the two research streams.

3.4.5 Place image

For the same reasons that place origin has been promoted as a more accurate term than COO (3.3.2), the term place image has been mooted by some researchers as a more acceptable alternative for the term country image. An image of a place is formed by individuals, based on their personal frames of reference and has been defined as:

“the sum of all those emotional and aesthetic qualities such as experience, beliefs, ideas, recollections and impressions, that a person has of a place” (Kotler et al. 1993 p.141)

An important difference articulated by proponents of place rather than country image is that specific places are likely to be more internally homogeneous than countries, thus facilitating the presentation of a consistent image with which consumers can associate (van Ittersum et al. 2003).

In the same way that Papadopoulos introduced the PCI construct to more precisely define the country image construct, van Ittersum et al. (2003) further refined the

place image concept by introducing the construct of Product-Specific Regional Image, defined as:

“the beliefs consumers have with respect to the suitability of a region for the production of a specific product” (p. 217).

This construct has two dimensions: a human factor representing the expertise present in the region-of-origin for making a high quality product, e.g. craftsmanship; and a natural environment factor, representing the natural and climatic suitability of a region for making a product. A region is judged as either suitable or unsuitable for the production of a specific product on both the human and natural environment factors.

3.4.6 Halo and summary constructs

Regarding the specific mechanisms by which country image impacts on consumer evaluations of a country's products, there is a convergence of opinion among researchers in the field that the COO image effect can be explained as either a halo or a summary construct (Bilkey and Nes 1982; Erickson et al. 1984; Han 1989; Shimp et al. 1993).

The halo hypothesis assumes that even when there is little prior knowledge about a country's products consumers will still have an image of the country as a source of products. Country image serves as a halo from which consumers infer the quality (i.e. the intangible product attributes) of unfamiliar foreign products (Bilkey and Nes 1982). This in turn indirectly forms positive or negative consumer attitudes through product attribute rating (country image › beliefs › attitude to product). The halo process thus involves the use of country image which extends across different products.

Since country images are part of the public domain (Anholt 1998) and marketers are limited in how much they can influence the image building process, to benefit from the halo effect, marketers need to activate specific associations from the country image which match the characteristics of the target market (Kleppe et al. 2002). Inducing a specific country image is more likely to succeed if there is consistency between all image agents (Anholt 1998).

Johansson (1989) posited that when consumers become familiar with a country's products through their own experience or from other sources (e.g. word-of-mouth or mass media), they are more likely to rely on country image as a summary construct when evaluating individual products, since they have more confidence in the quality

of the country's products. These perceptions are generalised to other products made in the country and knowledge of the country's products is then abstracted into the image of the country itself. Country image information becomes a salient product attribute which has a direct effect on attitudes towards products and brands (beliefs › country image › attitude to product) (Han 1989). The summary construct thus operates more at the product country image level represented by the reputation of the country as a producer of particular types of products (Papadopoulos and Heslop 1993).

3.4.7 Summary of the country image construct

In this section, the country image construct has been examined and the complexities associated with its conceptualisation analysed. Links have been made to the conceptualisation of brand image (2.6.1). The halo or summary mechanisms which influence consumer evaluation of a country's products have also been identified. It is clear from the discussions that there is considerable variation in the understanding and operationalisation of COO. The next section considers how the identity concept has been developed in the COO literature.

3.5 COUNTRY-OF-ORIGIN IDENTITY

As has been identified in the previous section, the concept of origin image underpins much of COO research. Differentiation between image and identity, although well developed in the branding literature (Heding et al. 2009) has yet to be explored in the COO literature. There has not been the same cross fertilisation of ideas from corporate identity studies which have been used so effectively in the branding literature, probably because most COO studies take the consumer (i.e. image) perspective. The concept of identity has recently been introduced to the COO literature by Dinnie, (2002; 2008) but this has been specifically related to the examination of national identity within the context of the burgeoning research area of nation branding. Dinnie is critical of COO research for its narrow focus on country and product image which has so far neglected the wider determinants of national identity.

As noted by Papadopoulos (1993) representative symbols of the place of origin are frequently used cues to communicate origin. Strong visual and/or aural symbols can capture much of the brand's identity because connections between the symbol and identity elements have been built up over time (Aaker 1996). Associating a brand with a place which adds credibility to it is recognised as a strategic option when determining a brand's identity (Jaworski and Fosher 2003), however in a

comprehensive search of the COO literature, including the few studies where the producer perspective has been used, only one study was found (Graby 1993) where clear links had been made between COO, corporations and identity. In this study however there is confusion in the use of the terms image and identity.

Graby (1993) took the perspective that countries replicated some of the functions of corporate entities in international markets. The following hierarchy was applied to compare the images of brands, companies and countries:

- Desired – referring to the target image that emerges from the strategic planning process of the firm;
- Diffused – concerns the execution of plans by stakeholders e.g. company employees and advertising agencies and which almost always varies from the desired image;
- Registered – refers to the image actually held by consumers and other stakeholders formed on the basis of actions of the company but also from other sources.

The definitions for each of these image levels when compared with current interpretations of the terms ‘image’ and ‘identity’, suggest that ‘desired image’ and to some extent ‘diffused image’ actually comprise ‘identity’ rather than image. This is confirmed by Graby’s application of Kapferer’s (1992) identity prism (2.6.2) to what she refers to as ‘images’ of countries and companies (Table 3.5).

Table 3.5: Company and country ‘Identity Prism’

Facets	Company	Country
Physical	Skills, products, size, resources, performance, markets	Geography, resources, demographics, economic performance
Cultural	Corporate values and mythology	History, culture, the arts
Personality	Name, logotype, brands, visual symbols	Name, flag, famous people, visual symbols
Relations	With employees, agents, competitors, governments, other publics	With domestic and foreign business, governments, & other organisations
Reflection	Controlled image conveyed to customers & various other publics	Controlled image conveyed to foreign customers and others
Internalisation	Extent to which company expresses customers’ and others’ psyche	Extent to which country expresses foreign publics’ psyche

Source: Graby (1993 p.262)

Graby argues that the tri-level view of image can be applied to countries as much as to companies and brands, where the government (like the CEO), designs strategic plans (national objectives and policies), that are executed by its government

agencies and also influence, directly or indirectly, the actions of ‘associated agents’ such as companies and the public. She posits that a country’s registered image is the result of at least three types of outputs:

1. Its products (exports, cultural and political);
2. The effects of external elements and outputs of other agents;
3. The economic, political and social conditions of the country (as perceived and diffused by foreign governments, consumers, media etc).

That the COO literature barely acknowledges the existence of the identity concept is explained by the dominance of the consumer image perspective and is a clear deficiency of the COO literature. The next section identifies and examines the limited number of COO studies where either a business and/or luxury perspective has been taken.

3.6 RELEVANT FINDINGS FROM COUNTRY OF ORIGIN RESEARCH

Previous studies have shown the impact of COO on product evaluations and purchase intentions on a range of products (Erickson et al.1984; Han 1988; Baughn and Yaprak 1993). For the purposes of this study, the areas of interest are those which take the business (i.e. the COO identity) rather than the consumer (i.e. the COO image) perspective, and those which specifically focus on the luxury sector.

Table 3.6: Overview of COO studies with a business perspective

Author(s)	COO	Product category(ies)	Sample	Method
Niss (1996)	Denmark	Range of industry sectors e.g. Construction & engineering,	100 Danish exporting firms (top/middle management)	Mail questionnaires, personal interviews
Beverland & Lindgreen (2002)	New Zealand	Fish, dairy, game, wine, wool, fruit	6 agribusinesses	In-depth case studies
Baker and Ballington (2002)	Scotland		9 business and trade companies/organisations e.g. Scottish Enterprise, CBI Scotland, Chivas	Semi-structured interviews
Kleppe et al. (2002)	Norway	Seafood – mainly salmon	Norwegian Seafood Export Council’s Asia marketing programme in	Case study
Knight et al. (2007)	New Zealand	Food and wine	17 European distribution channel gatekeepers (UK, Italy, Germany, Greece, Netherlands)	Key informant in-depth face-to-face interviews
Insch and Florek (2009)	New Zealand and Australia	26 grocery product categories	788 brands	Audit of types of COO associations on product labels and packaging

Source: Original

The studies reviewed here (and summarised in Tables 3.6 and 3.7) were the only relevant examples found from a comprehensive literature review. It is notable that all of the studies in Table 3.6 are relatively recent, carried out either in New Zealand or in Europe, all using some form of qualitative research method. Business representatives are from exporting companies or from trade/government agencies. In all but two cases agricultural products are the focus of the studies (explained by the importance of this sector in the New Zealand economy).

Table 3.7: Overview of COO studies focusing on the luxury sector

Authors	COO	Product category	Sample	Method
Dubois and Paternault (1997)	France, UK, Germany, Italy Spain, Japan and USA	Luxury brands	7500 respondents (2500 from France, Germany and Italy)	Survey
Aiello et al. (2009)	France, Italy, UK	Luxury fashion brands	165 undergraduate management students from Italy, France, Germany, Russia, India, China, Japan, USA	Semi-structured interview

Source: Original

That only two studies were found where a COO perspective has been applied to luxury brands (Table 3.7) is evidence of the lack of attention that this research area has received. Both studies focussed on European luxury brands. The criticism applied to other studies of consumer perceptions of luxury brands (Beverland 2004a), that of reliance on student samples, applies in the case of the Aiello et al. (2009) study

3.6.1 COO research from a business perspective

There is wide support in the literature from both the practitioner (Winter 2004; Colyer 2005) and academic (Verlegh and Steenkamp 1999) viewpoints that product origin plays an important part in marketing strategies and influences the buying behaviour of consumers. An absence of broader studies of strategic COO related considerations or marketing mix issues has been noted by Papadopoulos and Heslop (2003), and Usunier (2006), in his highly critical paper, expressed concern that academic COO research had not kept up with developments in international business (compared with its relevance in 1968 when the first study originated). Both Beverland and Lindgreen (2002) and Fenwick and Wright (2000) have argued that the strategic use and limitations of origin management remain unclear.

The contention that past studies have failed to present business practice with useful guidelines for origin management (Bhaskaran and Sukumaran, 2007; Josiassen and

Harzing 2008) is supported by the relatively small number of studies carried out from a business perspective (Table 3.6). These authors suggest that COO branding along with effective communication and product differentiation strategies could be more effectively incorporated in market development and initiatives, but first, marketing strategists must be able to identify the cues which would generate positive product specific COO beliefs in target markets. Bhaskaran and Sukumaran (2007) cite the work by Kleppe et al. (2002) as one of the few examples where COO strategies have been applied in a market development and penetration context. This case study analysed the successful methods used by the Norwegian Seafood Export Council in exporting to Taiwan.

It has also been noted that whereas companies have a wide range of tools available to manage brand identities and brand images, the tools available for management of origin identities and images are *“still rather crude and based on anecdotes and advice which do not stem from a holistic framework of COO effects”* (Josiassen and Harzing 2008 p.268). Josiassen and Harzing (2008) while supporting Usunier’s contention that there is a relevance gap between academic COO research and marketing practice, argue that the real gap lies in the discrepancy given by marketing academics to the brand relative to origin, with insufficient attention being given to origin management compared with brand management.

Insch and Florek (2009) have addressed the deficiency in the COO literature concerning the use by manufacturers of COO labelling. They identified that actual labelling and packaging practices had been overlooked and that there was a need for an audit of how COO associations were actually used. Their study investigated the prevalence and types of New Zealand and Australian COO associations in a range of supermarket products. They applied findings from the COO literature on congruence between product category and country image identified by Kaynak and Cavusgil 1983; d’Astous and Ahmed 1993; and Roth and Romeo 1992. Evidence supports the fact that country image perceptions vary across product categories, e.g. COO plays a more important role for agricultural products (Agrawal and Kamakara 1999) and where there is a clear link between product category and COO through historical association (Graby 1993; Heslop and Papadopoulos 1993; Papadopoulos 1993).

The literature is clear that consumers hold strong associations in memory when thinking about certain countries (e.g. fashion and good taste for France, design for Italy, cheap for China) (Hamzaoui and Merunka 2006), and also have stereotyped opinions about specific products from particular countries (Onkvisit and Shaw 1997).

Consumers instinctively identify certain types of products with particular countries, e.g. French perfume, English china, Italian fashion, and consciously or unconsciously use COO cues when evaluating product quality (Cordell 1992; Papadopoulos 1993; Tse and Gorn 1993; Bhaskaran and Sukumaran 2007). Consumer preference is a function of the match between the product and the country. Roth and Romeo's (1992) match-mismatch framework (Figure 3.2) indicates that when a favourable match occurs, consumer willingness to buy the country's products increases. This construct is similar to the concept of 'fit' used by Aaker and Keller (1990) and Park et al. (1991) in the brand extension literature (Hamzaoui and Merunka 2006).

Figure 3.2: Country and product category dimension matches and mismatches

		COUNTRY IMAGE DIMENSIONS	
		Positive	Negative
DIMENSIONS AS PRODUCT FEATURES	Important	I Favourable Match e.g. Denmark Furniture	II Unfavourable Match e.g. Mexico Cars
	Not Important	III Favourable Mismatch e.g. Denmark Cheese	IV Unfavourable Mismatch e.g. Mexico Beer

Source: Adapted from Roth and Romeo (1992 p.495) Jaffe and Nebenzahl (2006 p.128)

A favourable product country match (Cell I, Figure 3.2) occurs when the perceived strengths of a country are important product features or benefits for a particular product category, whereas an unfavourable product-country match (Cell II) occurs when the important product features are not perceived strengths of the country. A favourable mismatch (Cell III) occurs when the image dimensions for a country are positive, but they are not important for the particular product category. Likewise, an unfavourable mismatch (Cell IV) occurs when an image dimension is both an unimportant product feature and not a perceived strength of the country. Roth and Romeo (1992) highlighted the benefits of this matching process for managers in determining a communications strategy for their products in terms of including or omitting COO references.

Insch and Florek (2009) carried out a content analysis of grocery items' labels and packaging to identify the extent of use of symbols, logos and phrases which

indicated associations with New Zealand or Australian COO. They found that 84% of brands carried COO indicators and that these were more prominent in certain product categories (fresh, frozen and minimally processed food categories) compared with others (personal goods, pet foods). This confirmed that the importance of COO indicators was category contingent (Kaynak and Cavusgil 1983; Roth and Romeo 1992; d'Astous and Ahmed 1999), and mattered most for food products with clear links to place of origin which acted as a quality indicator (Tellström et al. 2006). In addition, Insch and Florek (2009) found that explicit phrases identifying the product's origin were more frequently used than "*elaborate symbols and labels*" (p.466). Interestingly, it was also noted that as many brands who indicated the source of ingredients as 100% from the COO also indicated they were either 100% New Zealand or Australian owned. The paper concluded by stating that an investigation of the motives and perceived business benefits for manufacturers and supermarket retailers of using COO associations as part of their brand identities is required.

The Knight et al. (2007) study (Table 3.6) examined COO preferences of European distribution channel gatekeepers when sourcing food imports. Their objective was to link concepts from the COO and pricing/customer perception of value literatures. Their main finding was that perceptions of country image related most to trust in the integrity of regulatory systems and that the stereotypical images of landscape and clean environment were of secondary importance. Trust resulted in enhanced perceptions of quality and value. The issue of congruence was also apparent in Niss's (1996) study where it was found that Danish industrial exporters played down their national origin regarding it as being too weak and one sided. Food and design exporters on the other hand benefited from a strong and favourable country image.

Another finding of note in Niss's (1996) study related to the use of COO associations over the product life cycle. Findings suggested that COO references are more frequently used in the introduction stage compared with the growth and maturity stages of the life cycle. Niss argues that exporters can penetrate markets more quickly by emphasising the COO than might otherwise be achieved using a brand-name strategy. As companies become more established in export markets, they place more emphasis on brand-name marketing where the focus is on creating strong brands with distinctive identities. A further interesting finding from Niss's (1996) study was that country image is relied on more in positioning by small and

medium-sized companies in their export marketing than is the case with larger and more internationally oriented companies.

Beverland and Lindgreen (2002), in a later study based on studies of six agricultural marketing boards in New Zealand, supported Niss's findings on product life cycle, by observing that as the product approaches its maturity and decline stage, the information requirements of consumers also decline. They found that the use of COO was contextual and evolved over time. Positioning is more informative in the introduction stage and becomes more abstract and emotional in the growth stage (Appelbaum and Halliburton 1993).

Lampert and Jaffe's (1998) investigation of the impact of COO during a product's life cycle, found that the halo effect of COO, was most prevalent in the introductory phase of the life cycle. After this point, the degree of image crystallisation is critical. By this they mean that if during the product's growth phase, other products and image attributes emerge from the COO with salient dimensions in common with the initial product and image, then the projected country image will be strongly unified and crystallised. Only when the country image is highly crystallised can the country image be perceived as a summary construct as suggested by Han (1989) (3.4.6). The effect of country image becomes minimal as the product reaches maturity. In the case of low crystallisation, where there is high variability in products associated with the country, country image will have only a minor influence on perception of products. High levels of image crystallisation are demonstrated by successful exporting countries such as Japan known for workmanship, France and Italy for design and Germany for engineering. Kent and Walker (2000) suggest that the process of crystallisation has the potential to reinforce positive images (or modify negative images) using long term strategies which support the intended country image. For country image to change, a consistent and sustained long term experience is required as can be seen in the cases of Japan and South Korea who both changed their country image over a prolonged period.

The concepts of image crystallisation and product-country matching have been developed into alternative concepts in the COO literature. Usunier and Cestre (2007) have developed Roth and Romeo's (1992) product country matching framework into the concept of 'product ethnicity' applied where strong associations are made between a product and its COO. O'Shaughnessy and O'Shaughnessy (2000) use the term 'reputational capital' where products from countries with strong dominant images benefit from a positive national 'parent' brand effect.

These different concepts are all based on congruence between a product category and the COO image and the importance of this effect is applied in the Scottish context by Baker and Ballington (2002) (Table 3.6). They sought the views of representatives from different companies and trade organisations on the possible influences of COO associations as a means of achieving competitive advantage in the domestic market. Findings confirmed the congruency of the product with COO image as an important issue, with traditional food, drink and textiles products benefiting from strong associations with Scottish history and culture. Country of origin associations were considered inappropriate for products such as electronics and computer software. The overall conclusion resonated with Beverland and Lindgreen's (2002) finding that successful use of COO associations is product and context specific.

Although the COO literature offers only limited insights into the value of COO from a company perspective, the internationalisation literature has produced some pertinent findings. An example is McAuley's (1999) study of Scottish 'instant internationals' (firms who have established international markets at an early stage) which revealed that Scottish image as an important product related factor in the internationalisation process (along with quality, good design, price and delivery). The critical role played by the global outlook prevalent in the particular industry sector was also identified.

3.6.2 COO research using luxury brands

In spite of the poverty of research which specifically links COO and luxury brands (2.8.4) there is plenty of evidence in the literature to support the proposition that the effect is particularly important in this context. Heslop and associates' investigations (Heslop et al. 1987; Heslop and Papadopoulos 1993) of the product specific factors which most influence COO found that the following factors had the strongest links to the COO effect:

- The more complex the product, the more information about the product is sought to reduce risk, with more positive responses to products from more industrially developed countries (Heslop et al.1987);
- Where products involve some unique, product-specific characteristic e.g.
 - Specific design or workmanship skills, which are linked historically to certain countries e.g. French/Italian design in fashion;
 - Raw materials particularly associated with a country because of geographic, geological or climatic suitability;

- Product characteristics have specific links with country specific technology or knowledge;
- High status products where status is directly obtained from the COO e.g. cars from Italy, wine from France;
- Pride of ownership, where self image is enhanced by association with the perceived exquisiteness of taste of the host country. Here the COO itself acts as a status symbol;
- For performance products, COO can be used as a surrogate measure of quality. Heslop and Papadopoulos (1993).

Although rarely referred to directly as such, all of these factors can be related to luxury products. This has been recognised in practice by the luxury brand groups who put great importance on gaining footholds in countries which are best known for a particular product e.g. Italy for luxury leather goods, Scotland for whisky (Ramaswamy 2003). Country of origin effects are also moderated by intrinsic product factors such as level and type of consumer involvement and level of product familiarity, and can also be product specific (Cattin et al. 1982), e.g. perfume, fashions and wine made in France have a positive image, but high technology products have not (Lampert and Jaffe 1998). Piron (2000) identified COO as a significant factor influencing purchase intent for luxury products and publicly consumed products.

For luxury brands which are often built on national heritage, Holt et al. (2004) caution against getting rid of these associations, noting that while “globalness” is recognised as a strong quality signal, consumers still relate positively to brands which are linked to countries with relevant expertise, identity and heritage. Kapferer (2004) observes that globalisation is possible for brands such as Mercedes, Barilla and Volvo which epitomise the cultural stereotypes evoked by ‘Made in’ Germany/Italy/Sweden models. Kapferer also contends that brands whose identities focus on their roots (he quotes Jack Daniels whiskey as an example) more readily globalise.

In one of only two studies in the COO literature which investigate country images (European) in the specific context of the luxury goods sector (Table 3.7), Dubois and Paternault (1997) using a cross cultural approach, in spite of noting an element of ethnocentrism in the results, established that there was a relationship between the skills and values associated with a country and the perceptions of competence and leadership in the luxury sector. They also recommended that luxury companies should use different marketing strategies abroad and in their home country, although

other writers have rejected this. As part of Kapferer's (2004) attempt to define different categories of global brands, options ranged from Type One "*the paragon of non-adaptation*" which applied to luxury brands, to Type Seven the full local model (pp.323-324). He explained that luxury brands achieve worldwide appeal through their strong links to their founder's values, to their brand essence and frequently to the cultural undertones imbued by their 'Made in' label.

The second more recent study by Aiello et al. (2009) used the four image dimensions from Roth and Romeo's 1992 study (Table 3.8) to evaluate the key image characteristics of a set of countries (Italy, France, Germany, Russia, China, Japan and the United States). Roth and Romeo (1992) using these dimensions concluded that willingness to buy a product from a particular country will be high when the country image is also an important characteristic for the product category.

Table 3.8: Country image dimensions

INNOVATIVENESS	Use of new technology and engineering advances
DESIGN	Appearance, style, colours, variety
PRESTIGE	Exclusivity, status, brand name reputation
WORKMANSHIP	Reliability, durability, craftsmanship, manufacturing quality

Source: Roth and Romeo (1992 p.480)

Aiello et al.'s (2009) results differentiated between countries, with Russia and China being lowest for 'prestige' and Italy highest for 'design'. Japan, USA and China were mainly characterised by 'innovativeness', Germany and Russia by 'workmanship' and France by 'prestige'. Additionally, participants were mostly able to correctly match luxury brands with their 'historic' COOs. Brand was however found to be more relevant than COO in product evaluation and purchasing decision making.

Although the value of COO in the luxury sector has had limited consideration in the COO literature, the international retailing literature cites a number of examples where luxury retailers have recognised the importance of emphasising their British/English origins as beneficial distinguishing characteristics of their brand identities in international markets (e.g. Moore 1995; Fernie et al. 1998; Moore et al. 2000; Wigley et al. 2005; Hutchinson et al. 2007). Consumers recognise and respond positively to the national origins and COO associations of international luxury retail brands (Alexander et al. 2010). These insights merit more focused consideration and exploration beyond luxury retail brands to encompass luxury goods in general.

3.7 NATIONAL IDENTITY AND SCOTLAND'S IMAGE/IDENTITY

As demonstrated earlier (3.4.1 and 3.4.2), country image is determined by a much broader mix of factors than a country's products alone. Nations are rich in symbolism, imagery and associations, with each possessing a unique and distinctive iconography which up until now has been largely ignored in both the COO and branding literatures (Dinnie 2008). Little attention has been given in the COO literature to the wider country associations which comprise a nation's identity and which are used to contribute to marketing strategies, particularly in the case of luxury/premium brands which are often firmly rooted in some aspect of their home nation's cultural identity (Jackson 2004). The concepts of national image/identity have been advanced largely as a consequence of developments in the tourism/destination marketing and place branding literatures where academic attention has been focussed on conceptualising countries as brands (Cai 2002; Papadopoulos and Heslop 2002; Skinner and Kubacki 2007). Country of origin academic research has however been slow to use these resources.

3.7.1 National identity

It has already been established that the concept of identity is mainly absent in the COO literature, with only Graby's (1993) study directly applying the concept in the COO context. One other example where direct reference to identity and COO was made was in Jaworski and Fosher's (2003) study of what they termed the national brand equity cycle. They argued that this concept captured a nation's essence and core values, which gave rise to a national brand identity. National brand effect, which they posited is similar to the concept of country image effect, offered benefits to the nation, both internally and externally. They gave the example of Germany's Nation Brand Identity (known via German brands like BMW and Mercedes) which boosted by the Nation Brand Effect is further sustained by the core values of hard work, quality, skill, efficiency and innovation. They state that enhanced national brand effect leads to improved COO effects which give competitive advantage in global markets. This resonates with concepts discussed previously (3.6.1) product-country match (Roth and Romeo 1992); image crystallisation (Lampert and Jaffe 1998); reputational capital (O'Shaughnessy and O'Shaughnessy 2000); and product ethnicity (Usunier and Cestre 2007). The potential of a country/place to function in a similar way to an umbrella brand by contributing recognition and credibility to influence consumer purchasing decisions of national brands in international markets is an area which deserves more attention in the COO literature (Gnoth 2002).

National identity is defined as “a ‘set of meanings’ owned by a given culture which sets it apart from other cultures” (Keillor and Hult 1999 p.67). Key features of national identity have been identified as: belief structure; national heritage; ethnocentrism and cultural homogeneity (Keillor and Hult 1999) or as; historic homeland; common myths; national heritage; and a common, mass public culture (Dinnie 2008). These encompass a much wider set of associations, particularly those which reflect affective rather than cognitive characteristics, than has been articulated so far in the COO literature (Dinnie 2008). In spite of the effects of globalisation, national identity still retains emotional and spiritual power and is a relevant and powerful concept which Kotler and Gertner (2002) argue can be harnessed to achieve competitive advantage. Some of the ways in which national identity is manifested are summarised in Table 3.9.

Table 3.9: Manifestations of national identity

Manifestation	Exemplars
Visual	Flags Symbolic colours Uniforms of the armed forces Traditional styles of dress Architectural styles
Sonic	National anthem Traditional music Language Regional accents Dialects Specific voices of well known individuals Family names
Iconic individuals	Historical, sport/media celebrities
Landscape	
Food and drink	
Sport	
Religion	
Political culture	
Cultural products of nationalism	Poetry, prose fiction, plays, art works Folklore Traditional activities
Cultural artefacts	Film

Compiled from: Dinnie (2002); Kubacki and Skinner (2006); Dinnie (2008).

Associations with national identity can be leveraged by brands (Keller 1993) although it may also be the case that negative and simplistic national stereotypes can have a detrimental impact on brand image (O’Shaughnessy and O’Shaughnessy 2000). Careful association with appropriate contemporary affective symbols which resonate with consumer self image or social status is determined as being crucial (Tellström et al. 2006). The issue of which national symbols are most appropriate for associating with a brand is highlighted in studies on the use of symbols to signify Scottishness

(Varey and Hogg 1999; Coombes et al. 2001). In these studies it was contended that Scotland has an image which is clearly distinguishable from other parts of the UK, recently strengthened by political devolution. From interviews with visitors (a mix of Scottish, English and from abroad) to a Scottish art gallery it was determined that Scots, unlike tourists, rejected stereotypical images of kilts and tartan, preferring images associated with the landscape and recent art and cultural events to reflect contemporary Scottish identity. They also valued a sense of history in which to root contemporary identity. How companies portray national image is recognised as an important component of economic development (Patton 1999). The dilemma faced by companies of continuing to reflect a corporate identity based on established national stereotypes or projecting a contemporary identity based on a different set of symbols and images which are not widely recognised (Varey and Hogg 1999; Coombes et al. 2001) is an under researched issue which deserves further investigation (O'Shaughnessy and O'Shaughnessy 2000).

3.7.2 Dimensions of Scotland's image/identity

Scotland has been selected as the COO on which to base this study. The characteristics which justify its selection include its positive and distinctive image, based on its iconic symbols and cultural elements which are recognised worldwide (Scottish Executive 2004; Dinnie 2005). Consumer products manufactured in and exported from Scotland are predominantly high value, high quality and based on traditional expertise (Donald 2005), e.g. cashmere knitwear and malt whisky, thus their symbolic associations are important in developing a prestige image (Nueno and Quelch 1998; O'Shaughnessy and O'Shaughnessy 2000). Additionally, the new Scottish Government in 2007 has stimulated national debate on national identity and "Scottishness" and has returned concepts such as Scottish branding and government driven promotion strategies for Scottish products onto the political agenda.

Scotland is referred to infrequently in the COO literature (Baker and Ballington 2002; Dinnie 2005). Most of the published research on Scotland's image/identity is found either in reports of research carried out for the Scottish Government or for the Scottish Executive for different purposes (e.g. Stewart et al. 2006) or in papers/case studies of the 'Scotland the Brand' initiative (e.g. Houston 2002). One of the few studies to include Scotland in the COO literature was by Papadopoulos et al. (2000) which reprised an earlier 1990 survey. Results indicated a significant positive shift in attitudes of Scottish respondents on nine attributes including workmanship, reliability,

'normally buy' and variety. This however contrasted with a negative change for the dimensions of innovativeness, technological advancement and price, all of which had been identified as being most important for international competitiveness.

Scotland has a high level of global recognition (Hamilton 2000) and there are frequent references in the literature to Scotland 'punching above its weight' in overseas markets (Interbrand 2003; Burnett and Danson 2004; Donald 2005; McInnes 2006).

Table 3.10: Examples of positive and negative Scottish identity/image characteristics and associations from the literature

Source	Context	Characteristics / Associations
Bruce (1996)	Book reviews on Scottish imagery	-ve = Brigadoonry of tartan, clan names, the Loch Ness Monster, Bonnie Prince Charlie, Mary Queen of Scots, Bens and Glens, heather, mist, haggis, Harry Lauder, and Scottish soldiers
Hamilton (2000)	Scotland's brand equity	+ve = integrity, inventiveness, tenacity and independence Scottish icons – tartan, whisky, landscapes, festivals, monsters, isles and cities. Brand essence = enduring, dramatic, human
Papadopoulos et al. (2000)	International evaluation of Scottish domestic products	+ve = workmanship, reliability, value, service, variety, and 'normally buy' -ve = innovativeness, technology advancement, price
Baker and Ballington (2002)	Scotland the Brand – preliminary research	+ve = quality, reliability, consistency, standards, people, attitudes, quality of life, the environment, history/heritage, a tradition of innovation, diversity, education and integrity
VisitScotland (2002)	Scotland's brand promise	+ve = whisky, tartan, golf and castles. Strong, romantic and rich imagery, respected and admired throughout the world -ve = expensive and remote
Stones (2003)	Life company name changes	+ve = reliability, caniness with money, probity -ve = parochialism, being bad at football
Burnett and Danson (2004)	Marketing of quality food products	Iconic elements= scenic wilderness, traditional peasant practices, aristocratic power and stewardship of cultural heritage
Scottish Executive (2004)	Scotland's International Image	+ve = people, natural beauty, culture, interesting, landscape/ green, tradition/history -ve = not rated for doing business, poor weather, economically underdeveloped. Usually related to images and icons rooted in the past rather than contemporary Scotland
Yeoman et al. (2005)	Scottish tourism marketing	+ve = experience, cultural capital and authenticity
Imrie (2006)	VisitScotland 2001-02 – Brand essence	+ve = Enduring – buildings, history, culture, tradition Dramatic – scenery, light, weather Human – down to earth, innovative, solid and dependable, full of integrity and pride

Source: Original

Scotland's characteristics (both positive and negative) as perceived by consumers and/or the business community, have been identified from a range of sources which

have been summarised in Table 3.10. Further analysis of the types of associations which have been used to evoke Scotland's image as summarised from the range of sources in Table 3.10 reveals four main categories: i.e. symbols and images; landscape; the nation's attributes/values; and characteristics of the people. This analysis is shown in Table 3.11.

The lists of image terms in Table 3.11 largely confirm the stereotypical image of Scotland, particularly with respect to the symbols and images and landscape associations. The values associated with the nation and its people are positive, but are more traditional than contemporary. This analysis represents a cross section of image associations from a wide range of sources and confirms that Scotland is rich in associations and that many of these are recognised worldwide.

Table 3.11: A classification of the associations used to identify Scottish image

Symbols and Images	Landscape	The Nation's Attributes/Values	Characteristics of the People
Tartan Whisky Festivals History/heritage 'Brigadoonry' Clan names Bonnie Prince Charlie Mary Queen of Scots Harry Lauder Golf Castles Culture Bagpipes Thistle	Remote High quality environment Dramatic Bens and glens Heather Mist Natural beauty Green Lochs	Quality Reliability Consistency Standards Innovation Ethical Diversity Workmanship Value Service Inventiveness Romantic Respected Admired Interesting Real	Education Integrity Canniness with money Probity Tenacity Independence Strong Pride Friendly Unpretentious Straight Open Distinctive voices

Collated from the sources used in Table 3.10.

The sources used in Table 3.10 include a number of studies commissioned to examine Scotland's provenance and image in both the UK and selected overseas markets. Project Galore in 1998, commissioned by Scotland the Brand, conducted qualitative research in seven countries (Hamilton 2000). There was agreement that quality was a hallmark of Scottish products, particularly cashmere, whisky and salmon (Hamilton 2000). Integrity was Scotland's outstanding virtue and the landscape, history and people (honest, self assured and warm) were regarded with admiration and affection. On the negative side, the reluctance of Scottish people to 'show off' was reflected in poor marketing skills. The reputation of Scots for inventiveness, although recognised by the Scots and the English was not known in other countries. One of the conclusions from the report was the need to emphasise

existing positive values of integrity, tenacity, craftsmanship, and spirit, to focus on developing associations with values such as inventiveness, accessibility, vision, optimism and communication and to lose the negative values of isolation, obstinacy, nostalgia, pettiness and 'stuck in the past'.

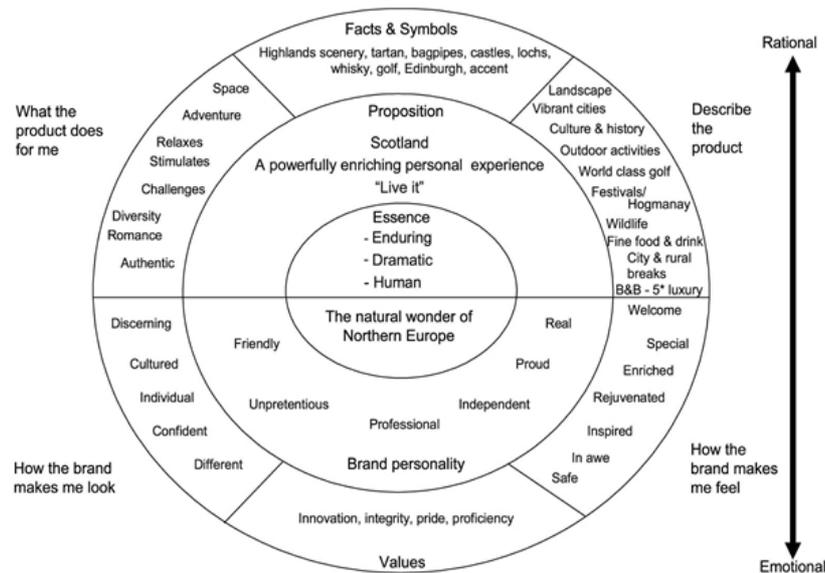
A further study in 2004, commissioned to inform a strategy for raising Scotland's international image found different perceptions from Scots compared with non Scots (www.scotland.gov.uk). Scots regarded themselves as reticent, humble, yet proud. The image of Scotland by the English focussed on the people and the physical environment, while internationally the image of Scotland was seen as being distinctive, of a country rooted in the past, with a beautiful landscape and rich in history and traditions. In a similar study in 2005 into the promotion of Scotland worldwide (Scottish Parliament 2005) the conclusion was that history, associations and icons should be used to raise awareness of contemporary Scotland but that a balance between the historical and the contemporary was essential. Research commissioned by Scottish Enterprise and carried out in its main export markets, also found that images of Scotland were positive, but were focussed on stereotypical historical and traditional imagery rather than on innovation and high technology (Dinnie 2002).

It is apparent that Scotland is most often associated with either its traditional exports or its cultural icons e.g. whisky, tartan and castles (Baker and Ballington 2002). Quality and integrity are consistent values associated with traditional Scottish products such as Harris Tweed and whisky (Mason and Raeside 1999). Reviewing the characteristic associations with Scotland in Tables 3.10 and 3.11, obvious tensions can be identified between the merits of using historic versus contemporary images for marketing purposes (Scottish Parliament 2005). The stereotypical images are well suited for traditional products like food and textiles, but not for electronics or financial services (Baker and Ballington 2002). Traditional products are often based on craft traditions and it is recognised that these 'heritage' brands need to innovate and remain relevant to current consumers (Donald 2005).

Recent research commissioned by Scottish Enterprise for the Scottish textiles industry into customer attitudes and preferences relating to COO, indicated that Scotland had a strong brand image which should be capitalised on and improved by labelling products in line with successful initiatives such as 'Made in Italy' and 'Harris Tweed' (Stewart et al. 2006).

VisitScotland (the national agency responsible for marketing Scotland as a tourism destination), have compiled a 'brand essence wheel' to capture the character and subsequent positioning of Scotland as a tourist destination brand (Figure 3.3). Tartan and whisky have been included as Scottish symbols and the Scottish brand personality and values include many of those identified in Table 3.10 from other sources. Surprisingly the word 'quality' has not been included. The key elements of Scotland's brand essence: 'enduring', 'dramatic' and 'human' build on the concepts of *experience*, *cultural capital* and *authenticity*, and provide the framework used for developing Scotland's destination marketing campaigns. The brand essence reflects the history of Scotland and the tourism experience and captures key components of the national identity (Yeoman et al. 2005).

Figure 3.3: VisitScotland brand essence wheel



Source: Yeoman et al. (2005 p.143)

3.8 MECHANISMS FOR COMMUNICATING COUNTRY-OF-ORIGIN

Having explored the conceptual foundations of the COO effect and examined the complex terminology used in the COO literature, it is clear that COO studies need to go much further than simply recording consumer reactions to the made-in labels on products. The next section will establish current understanding of the many other ways in which COO is communicated to consumers as part of a brand's identity.

Papadopoulos, in the first chapter of the 1993 seminal text *Product Country Images: Impact and Role in International Marketing*, pointed to a number of areas where future research would be useful. He identified that the

“single most important limiting factor in PCI research to date has been the narrow focus on “labels” as encapsulating the concept of country images” (p.31).

He acknowledged that although researchers and practitioners were aware of other manifestations of origin image identifiers, the prevailing frame of reference in COO literature had been the label and not other sources of origin images. An implication of this was that *“a complete inventory of the conditions, ways, frequency, and so on, where origin identifiers appear”* had not been developed and that there was no *“systematic knowledge of the various shapes and forms that PCIs take”* (Papadopoulos 1993 p.32). As previously noted, much of COO research does not recognise that in many cases, the most salient origin cues are those which have been carefully contrived by marketers to either differentiate their product or improve its image (Thakor and Lavack 2003).

3.8.1 Communication Methods

Papadopoulos (1993) supplied a ‘partial’ list of some of the main ways in which origin cues could be provided by suppliers. These are summarised as:

- Embedded directly into the brand name;
- Indicated indirectly through the brand name;
- Indicated either directly or indirectly in the company name;
- Promoted as a significant part of (or as “the”) the brand’s unique selling proposition;
- Included in pack design;
- Used by a company’s sales force e.g. uniform design;
- Associated directly or indirectly with representative symbols of the origin country which can be linguistic visual and/or aural including
 - National flag
 - Animals
 - Landmarks
 - Stereotyped images of ordinary people
 - Personalities
 - Music
 - Geographic characteristics
- Written on the made in label.

Means of communication from sources other than suppliers e.g. by product category descriptors and by third parties were added to the end of the list.

Papadopoulos (1993) added an important caveat regarding the process of communicating COO associations. In refuting the evidence from some studies which questioned whether or not consumers paid attention to made in labels, he emphasised that consumers will only notice **any** form of origin cues (including the 'made in' label) if the producer "*elects to emphasise*" the cue "beyond the point necessary by legal requirement" (1993 p.14).

Alternative forms of conveying origin information have been given little further attention in subsequent literature. Thakor and Kohli (1996) referred to Papadopoulos's catalogue and reiterated his statement that origin cues can be communicated in "*a myriad of ways*" (p.33) not always obviously related to origin at all and also that "*origin cues are already embedded within many well known brand names*" (p.30).

Thakor and Kohli (1996) added the following communication devices to Papadopoulos's list:

- Product styling e.g. "Italian" design of cappuccino makers;
- Pronunciation of the brand name;
- Retail displays which reinforce origin images.

They proposed that where brand images are mainly symbolic, origin cues are more likely to be implicit and subtle, either communicated visually or suggested in a brand name which is typical of the country/region (e.g. Nakamichi). This contrasts with functional types of brand images, where origin cues will be spelt out more explicitly in advertising copy, product claims, or be promoted positively in the brand name (e.g. Clearly Canadian) (Thakor and Kohli 1996).

Although studies which focus on methods of communicating COO are scarce in the literature, there are two recent examples which are apposite for this study. Inch and Florek's (2009) survey of grocery items in New Zealand supermarkets discussed previously (3.6.1), included a content analysis of COO associations used on labels and packaging. Results indicated that use of these associations was routine and commonplace but contingent on the product category. They conceded that this finding was unsurprising for food products, where links with provenance can be an important indicator of quality (Mattiacci and Vignali 2004). They found that symbols such as the fern mark, the national flag or national animals were used far less than

explicit statements disclosing the place of origin. They also, along with Balabanis et al. (2002) echoed Papadopoulos's (1993) comments, by noting that the wider use of origin cues had been largely overlooked in the COO literature and recommended that further studies on the actual practices of manufacturers be conducted.

The second study was carried out for the Scottish Government (2009a), where representative companies from the food sector were asked whether or not they used Scottish references in presenting their products. A significant number used Scottish and Celtic imagery and associations, with the Saltire /St Andrews Cross/ Scottish Flag, Tartan and Landscape being most frequently used. The perceived benefits of using these associations included: adding value; increasing sales; differentiation from other UK/English products; and identifying the product for target consumer groups (i.e. Scottish consumers, tourists/visitors to Scotland and overseas consumers). The attributes which were primarily communicated by Scottish associations were: natural, fresh and pure associations with the Scottish landscape; a reputation for quality products; and a strong 'Scotland' brand. Supporting proponents of place rather than country origins (e.g. Papadopoulos 1993; Thode and Maskulka 1998; Kent and Walker 2000; van Ittersum et al. 2003) there was evidence of companies preferring to use local place branding rather than national branding or using alternative quality marks or organic branding.

As a final observation to conclude this section it is noted that new entrants in product categories with already established origin based superiority claims can imitate the origin of established brands using the inventory of communication methods identified by Papadopoulos (1993) and Thakor and Kohli (1996). This practice is used increasingly in the global marketplace, common examples being Haagen Daz ice cream (US origin) and Smirnoff vodka (US origin). Papadopoulos (1993) noted that whereas traditionally each country 'owned' the image of its comparative advantage, manufacturers can now apply any origin image they choose depending on the relevant competitive environment. This has presented national governments and producer organisations with considerable challenges to protect their market advantage. In the Scottish context, one of the principal functions of the Scotch Whisky Association (SWA), the trade association for the Scotch whisky industry, is to protect the integrity of Scotch whisky worldwide.

3.9 CHAPTER SUMMARY

The central dimensions of the literature on the COO effect, based on relevance to the research objectives, have been reviewed in this chapter. The role of COO image has been examined in detail, and it has been noted that studies which focus on the creation of COO identity by brand producers are extremely scarce. Studies which have taken a business rather than a consumer perspective, or which have specifically focussed on the luxury sector or which have examined methods for communicating COO associations have been explored.

The main findings from the extant COO literature suggest that:

- The concept of image, based on associations which consumers make with COO cues which can come from a range of country or product related sources, is central to COO research (3.4);
- The COO effect is more convincing for: credence-driven high quality; complex; high involvement; publicly consumed or status products; also where some unique, product specific characteristic is involved. In these instances premium pricing and product positioning strategies can be used where product country matches are congruent with product category and country image (3.6.1; 3.6.2);
- A country with a rich association base which can be used for marketing purposes and high levels of image crystallisation, is likely to have a positive product country image for product promotion (3.6.1);
- In certain contexts, place origin/place image may have more relevance in product positioning than COO/country image (3.3.2; 3.4.5);
- Findings from the small number of studies on the types of indicators used to convey COO information indicate a wealth of different types of origin references in addition to the 'made in' label (3.8.1).

National identity in general and aspects of Scottish image and identity have also been addressed in this chapter. Findings from relevant literature in these areas suggest that:

- The concept of national identity has value in informing the COO discipline (3.7.1);
- It is evident that Scottish image/identity is rich and complex providing a wide variety of opportunities for brand producers to exploit relevant aspects of this identity (3.7.2).

3.8.1 Development of research questions

After a comprehensive review of relevant literature on both COO and branding, little direct connection between the two research areas is evident. The transformation that

has taken place in the way in which brands are perceived and used by individuals has not been recognised by the majority of researchers in COO. The conceptualisation of brands compared with products has certainly not been recognised. It is clear that the image concept dominates COO research, where the focus has been on consumer's perceptions and responses to images evoked from COO labelling. In branding research, although the role of image is relevant from the consumer perspective, much more of a firm centred approach has been taken with more attention now focusing on how to create, maintain and communicate a brand/corporate identity.

Within this chapter, it has been demonstrated that the concept of identity is virtually absent in the COO literature. In addition, a number of writers have identified other gaps or deficiencies in the COO literature and have highlighted areas where further research is needed. Those with specific relevance for this study are:

- Papadopoulos and Heslop (2003) have advocated for more robust links to be made between the COO literature and the branding literature, particularly with respect to the image concept;
- It is evident that COO research has predominantly taken a consumer focus with very few studies having taken a business perspective. Papadopoulos and Heslop (2002) have identified a requirement for more findings from COO research to be applicable to advertising and marketing strategies. Dinnie (2005) also noted that further examination of the relationship between brand management and COO was required;
- Both Fenwick and Wright (2000) and Beverland and Lindgreen (2002) have argued that the strategic uses and limitations of origin management remain unclear. It has also been noted that whereas companies have a wide range of tools available to manage brand identities and brand images, the tools available for management of origin identities and images are inadequate (Josiassen and Harzing 2008). Studies which investigate the motives and perceived business benefits for manufacturers of using COO associations as part of their brand identities are thus required;
- Papadopoulos (1993) noted that wider use of origin cues had been largely ignored in the literature and recommended that there should be more research on aspects of COO other than the 'made in' label;
- There has been criticism regarding the dominance of positivist methods in country-of-origin research. There are few examples where other approaches

have been used. More research using qualitative techniques is recommended for conceptual development of the COO construct (Dinnie 2005);

- Future research into how country image carries across product categories has been recommended by Thakor and Katsanis (1997).

These research needs, combined with those identified at the end of Chapter Two, point to significant gaps in knowledge in relation to the central issues of relevance to this study. Using the framework of the research objectives and drawing from the various dimensions and themes on COO and branding identified within the literature, a set of research questions for the research stage of this study have been devised. Following guidelines on preparing research questions (Miles and Huberman 1994; Creswell 2008) the emphasis is on 'how' and 'what' questions which are compatible with an exploratory research design.

In generating these research questions cognisance has been taken of the fact that understanding of how companies use COO in brand positioning has so far received little attention in the literature and consequently there are significant gaps in understanding this aspect in both branding and COO literatures. Inevitably this study, which focuses on Scottish luxury/premium brands will be of an exploratory nature.

3.8.2 Scotland's luxury brand sector

Before addressing the issue of how premium/luxury brands which originate from one country approach the use of origin associations as part of their brand identities, it is first a requirement to gain strategic insights into characteristics which define the companies which operate in the sector as a whole.

Given the wide range of product categories which comprise the luxury sector (Jackson 2004; Okonkwo 2007; White 2007) it is surprising that studies in the luxury branding literature have so far been confined mainly to the luxury fashion (e.g. Moore and Birtwistle 2005; Fionda and Moore 2009) and wine (e.g. Beverland 2004a) sectors. No study has considered the luxury output from a single country across a range of product categories.

Although countries may have traditional associations with particular premium/luxury product categories, these products may not reflect the total output from the country. It is thus necessary to first identify the product sectors which comprise the premium/luxury output from the country being studied.

Few studies have sought to identify the types of business structures which operate within the luxury sector. Djelic and Ainamo (1999) and Kapferer (2006) have compared structural aspects of the luxury fashion sector in different countries, but as yet there have been no studies which have examined the business structures across the different product sectors which represent the luxury consumer products output from one country.

Kapferer (2006) identified two business models within the luxury market (2.8.5, Figure 2.5) differentiating between the European model where the emphasis has been on the product itself as the factor for success compared with the American model where the focus has been more on merchandising and image creation. Djelic and Ainamo (1999) identified differences in the organisational structures within the luxury fashion sectors comparing France, Italy and America (2.8.5 Figure 2.6). These two studies provide a basis for further exploration of the business models which exist within the luxury sector and lead to the first research question which is:

RQ1 What is the scope and structure of the Scottish premium/luxury brand category compared with other countries?

The literature which traces the evolution of the brand from the product to the corporate level has been explored (2.4.5), and the opportunities afforded by applying the identity concept at corporate rather than at product level have been identified (2.7.2). Increasingly the world's most valuable brands share the same corporate and product brand name. The ability to communicate aspects of company culture which include COO, history and heritage and connections with the founder of the company are enhanced at the corporate rather than at the product level (Melewar 2003; Blombäck and Brunninge 2009). In addition to these factors, Melewar and Karaosmanoglu's (2006) model of corporate identity (Figure 2.3), emphasises the important influence that the identity of the particular industry sector within which a company operates has on the corporate identity. Recent studies on 'heritage brands' (Urde et al. 2007; Balmer 2009b), a term which applies to many luxury brands in the European tradition, have also provided new insights into the characteristics of long established brands.

Additionally the observation by Baker and Ballington (2002), that for many small and medium sized enterprises (SMEs) internationalisation is an unrealistic aspiration, has relevance for many companies which operate at the luxury end of the market. Niss (1996) found that smaller companies were more reliant on COO for positioning. An

understanding of the size of firms which operate within a particular product sector therefore becomes a basic requirement for this study.

Equally, since the conceptualisations of corporate identity and 'heritage brands' appear to have particular resonance for luxury brands, some justification for their application in this study is first required, by determining key information not just on company size, but on other aspects such as ownership, naming strategy, age, location, level of internationalisation etc. This leads to the second research question which is:

RQ2 What are the characteristics/dimensions of the Scottish premium/luxury sector?

3.8.3 The role and impact of COO in Scottish luxury brand identities

The concept of luxury has been transformed in recent years with democratisation and the success of 'new' luxury brands being the most noticeable changes (Danziger 2005; Okonkwo 2007). Inconsistent terminology for differentiating 'degrees' of luxury is found in the literature on luxury branding, with most of the terminology having been developed for the luxury fashion sector (Table 2.7). The decision taken in this study of Scottish high end consumer brands is to use the term premium/luxury (2.8.6).

An area of the luxury branding literature which has been given a lot of attention is the development of frameworks which identify the dimensions of the luxury brand. Often these studies have taken the consumer image perspective rather than the company brand identity perspective (Tables 2.9 and 2.10). These frameworks can be generic (e.g. Nueno and Quelch 1998) or based on studies of a particular luxury sector e.g. wine (Beverland 2004a) or fashion (Fionda and Moore 2009). Recent frameworks which identify the dimensions of 'heritage brands' (Urde et al. 2007; Balmer 2009b), or 'authentic' brands (Beverland 2006; Alexander 2009), have contributed to a wider understanding of branding particularly luxury branding.

New dimensions which relate to provenance, environmental and ethical issues are becoming increasingly important (Balmer et al. 2007) and have yet to be reflected in the luxury branding literature. Given that the scope of luxury products has extended considerably beyond the product categories which have so far been addressed in the literature, there is also a paucity of information to assist understanding of the key dimensions of luxury brand identity which may be common across the luxury consumer products sector.

Since this study focuses on brands in the premium/luxury sector which cover a number of product categories but have in common the same COO, prior to addressing the specific value of COO in brand identity, it is necessary to understand their key dimensions, which leads to the third research question which is:

RQ3 What are the identifying dimensions of Scottish premium/luxury brands?

Positioning brands on the basis of their place of origin can be of value to a range of different stakeholders in addition to the brand producing firm itself (Lotz and Hu 2001). The COO literature however offers few insights either into how this has been achieved or guidance on how this can be achieved.

The COO literature focuses on consumers' perceptions of country image based on a range of cognitive, affective and conative beliefs and attitudes from knowledge either of the country or of products from the country (Nagashima 1970; 1977; Narayama 1981; Kaynak and Cavusgil 1983; Roth and Romeo 1992; Martin and Eroglu 1993; Allred et al. 1999; Knight and Calantone 2000). This approach is resonant with early studies in branding where the focus was on brand image, where COO was identified as one of several secondary brand associations (Keller 1993) (Figure 2.2; 2.6.1). It was only later in the evolution of branding research in the mid 1990s that it was realised that from a brand management perspective, it was more important to adopt an internal perspective and manage the brand's identity (2.6.2). It is contended that it is only from an identity perspective that companies can differentiate themselves from their competitors (Kapferer 2004) and influence consumers' perceptions of the brand (i.e. the brand image) (Burmam et al. 2009).

The various models of brand identity (e.g. Kapferer 1992; Aaker 1996; Meffert and Burmann 1996; de Chernatony 1999) and of corporate identity (e.g. Melewar and Karaosmanoglu 2006) all make reference to the COO being an important dimension of the brand/company culture. This contrasts with the luxury branding literature where very few of the constructs (2.8.4; Figure 2.4; Tables 2.9 and 2.10) include COO as a relevant dimension.

Country of origin images result from secondary brand associations which have either been deliberately emphasised as a key part of the brand/corporate identity (Papadopoulos 1993), or have been constructed in the minds of consumers from their knowledge and beliefs about a country and its products (Mossberg and Kleppe 2005). Information on country images is available to consumers via numerous

sources including education, media, travel and marketing cues (made-in-labels, brand names, advertising and packaging).

It is proposed that by linking concepts from the COO and branding literatures, particularly through the introduction of the identity concept to the COO area, some of the deficiencies in COO research in terms of business relevance (Usunier 2006) can begin to be addressed. This study is most concerned with identifying the business decisions surrounding how or if national identity becomes part of an organisation's core corporate values and how these are communicated to consumers to consequently influence the formation of positive brand images.

Manufacturers choose to imbue their products with specific place references because they are a means of achieving distinctiveness or of communicating authenticity or quality (Thakor and Katsanis 1997; Kleppe et al. 2002; Mossberg and Kleppe 2005). In order to leverage these positive place associations, popular perceptions of country associations reflected by various symbols, emblems, icons are used in addition to 'made in' labelling, however few studies exist within the COO literature which examine the extent to which these associations are used. Inch and Florek (2009) found that the use of symbols indicating either New Zealand or Australian origin were contingent on the product category, being used most for food products, and that explicit origin statements were more frequently used than symbols or images. In a Scottish study (The Scottish Government 2009a) Scottish and Celtic imagery, mainly of the Scottish flag, tartan or images of the Scottish landscape were frequently used by companies in the food sector to differentiate and add value. Scotland is a country which has a particularly rich inventory of such symbols but apart from these findings relating to the food sector there has been scant attention on how these have been used in the premium luxury sector. This therefore leads to the fourth research question which is:

RQ4 How important is COO as a dimension of Scottish premium/luxury brands?

Considerable overlap between the components of Scotland's image identified in literature from a range of sources (Tables 3.10 and 3.11) and the Scottish tourism brand identity as expressed in the VisitScotland brand essence wheel (Figure 3.3) have been noted (3.7.2). In most cases the stereotypical image of Scotland dominates. The literature supports the view that 'stereotyping' with respect to a nation or place image influences consumer buying behaviour (Reiersen 1966; O'Shaughnessy and O'Shaughnessy 2000; Papadopoulos and Heslop 2002).

National stereotypes have been shown to act as convenient (although sometimes erroneous) heuristics to simplify consumer choice (Lawrence et al. 1992; Johansson et al. 1994). When Knight et al. (2007) sought views on the impact of COO on choices made by European food distribution gatekeepers they found that the stereotypical images had less impact than associations with quality and value. The country stereotype effect (Samiee 1994) has been linked closely to perceptions of luxury brands (Lewis 2002) where traditional products have benefited from positive stereotypes based on culture and heritage.

Thakor and Katsanis (1997) proposed that a positive image worldwide might benefit a country with respect to several constituents including the evaluation of a country's products in export markets. Scotland has been shown in this chapter to have a positive image, associated with culture and heritage or traditional products. This is compliant with Thakor and Katsanis's (1997) suggestion regarding the desirability for a country to present a 'multiplex' image in order to promote positive associations across diverse product categories. Thakor and Katsanis (1997) however query whether or not one image will work for all products. In Scotland's case, products which are traditionally associated with Scotland are likely to benefit from positive associations with country image, but it is not known if products which do not link directly to stereotypical imagery benefit or suffer adversely from these associations. Concepts of product matching and perceived fit are relevant in this context (Roth and Romeo 1992; Story 2005) as are the related concepts of product ethnicity (Usunier and Cestre 2007) and reputational capital (O'Shaughnessy and O'Shaughnessy 2000) where a favourable match between the country image and the product category has been demonstrated to enhance overall image.

Country-of-origin research, recognising that associations with origin can be more or less specific than that of one country, has been found to have extended to cover more diverse place origins (3.3.2; 3.4.5). Specific origin references have particular relevance for agricultural products where geographical provenance has become a key component of brand identity (Henchion and McIntyre 2000) and where in some cases legal protection can be awarded to curb against counterfeiting. Scotland is a country with a positive reputation for producing premium quality food and drink products, their provenance being associated in many cases with specific regions/places (e.g. Dundee cake, Aberdeen Angus beef, Orkney cheese).

It has been proposed that the paucity of COO research from a business perspective (3.6.1) has resulted in the relative absence of guidance on how to manage origin

identities compared with the plethora of tools available for managing brand identities (Josiassen and Harzing 2008). This study will contribute to understanding of the different options which companies use for origin management by addressing the fifth research question which is:

RQ5 What is the role and function of Scottish COO in the identities of Scottish premium/luxury brands?

3.8.4 Communicating COO identity

Few studies have sought to delineate the mechanisms used to communicate COO by brand producers. Only Papadopoulos (1993) and Thakor and Kohli (1996) have attempted to **list** the different means by which COO can be communicated other than through the 'made-in' label. Both sets of authors recognised that their lists were not exhaustive. Insch and Florek (2009) have since explored the use of COO identifiers in supermarket products, and the Scottish Government (2009a) has identified the types of COO identifiers used by Scottish food companies, but no study has so far analysed the different mechanisms used by companies to communicate the images of luxury products across a range of product categories originating from one country. Therefore the sixth research question is:

RQ6 What direct and indirect communication mechanisms are used by Scottish premium/luxury brands for representing or indicating Scottish COO?

In the decade since the studies by Papadopoulos (1993) and Thakor and Kohli (1996) were carried out, consumers have become technologically savvy and empowered and they use a range of different methods to acquire information (Macdonald and Uncles 2007). Increasing attention is being given to how luxury brand producers are integrating with the internet environment (e.g. Okonkwo 2007; 2009) but few studies have specifically examined processes used by luxury brand producers to communicate their brand identities other than as part of the brand management process. The study by Brioschi (2006) is an exception where cultural codes used by luxury brand advertisements in contemporary magazines were studied (2.8.4; Tables 2.11 and 2.12). Focussing specifically on the COO facet of luxury brand identity, this study will further understanding by addressing the seventh research question which is:

RQ7 What processes are used to communicate 'Scottishness' by Scottish premium/luxury brands?

3.8.5 Motivations for use of COO in luxury brand identities

It was noted at the end of Chapter Two that little attention had been given in branding research to how COO associations could be used most effectively by brand producers, and a similar conclusion has been reached at the end of this chapter. The COO literature makes only scant reference to the strategies firms adopt in order to determine and/or communicate a country or place of origin association and identity for their brands. For firms seeking guidance on how to use the COO cue to best effect, the branding or COO literatures offer few recommendations. Insights which will contribute to this debate will be obtained by addressing the eighth research question which is:

RQ8 What are the motivations and contingent factors which influence the use of a COO identity in premium/luxury brands?

At a strategic level, there is an absence of research to indicate whether or not or in what circumstances COO provides an advantage for luxury brand owners and other stakeholders which would encourage/discourage them from adopting an origin management strategy. This leads to the final research question which is:

RQ9 What are the strategic benefits of adopting COO as a key part of premium/luxury brand identity?

In Chapter Four which follows, the methodology adopted for investigating the research propositions in two stages of empirical research is justified and delineated.

CHAPTER 4

RESEARCH PHILOSOPHY AND DESIGN

Chapter summary

This chapter explains the philosophical underpinnings of the study and justifies the selection of a two stage mixed methods approach. Details of the research design for the two research stages are presented. The rationale for choice of methods, issues concerning analysis and interpretation, ethical considerations, and limitations are examined.

4.1 INTRODUCTION

In Chapter Two, the concepts of brand image and brand identity in the context of brand management were explored. The limited reference to COO in the branding literature was emphasised. This contrasted with the evolution of the COO literature described in Chapter Three where the focus has been almost exclusively on country image rather than the identity concept. The considerable amount of literature on the COO effect is comprised largely of consumer oriented research where the focus on country image has dominated (Kim 1995; Usunier 2006). The limited reference to branding in the COO literature is also indicated. Chapter Three has also identified that COO research in a business context is especially scarce, with very few studies having explored the impact of COO as part of a business strategy either in descriptive or conceptual terms. Inch and Florek (2009) have articulated the need to move beyond research into the effects of COO on consumer purchasing behaviour towards achieving greater understanding of the business benefits of using COO associations. This is echoed by Niss (1996) who highlights unanswered questions concerning the use of COO in marketing strategies. It has also been recognised that COO has particular value in the context of luxury brands, however there is little in the literature on how producers use and communicate COO associations as part of their brand identity, particularly within a luxury context (Beverland and Lindgreen 2002).

As revealed in Chapters Two and Three, COO has been identified as an important dimension of a luxury brand (Heslop and Papadopoulos 1993; Nueno and Quelch 1998; Moore et al. 2006) helping create images linked with associations of quality, heritage and craftsmanship (Dubois and Paternault 1997; Piron 2000; Brioschi 2006). Scotland is a country with many positive images and symbols which brand strategists can leverage as part of their brand identities (Burnett and Danson 2004; Yeoman et al. 2005; Stewart et al. 2006). There are recent contributions in the COO literature which have examined ways in which COO associations are used in products from specific countries (e.g. Niss 1996 (Denmark); Knight et al. 2007 (New

Zealand); Ryan 2008 (Finland); Insch and Florek 2009 (New Zealand)). Some understanding has been gained on how COO marketing changes over the product life cycle (Niss 1996), and Dubois and Paternault (1997) have examined the role of COO in luxury brands. No studies have been identified which have examined in detail the strategic decision making process involved in adopting/not adopting a COO identity in luxury brands representing a range of product categories from one country. Studies which examine the business benefits, i.e. the motives and perceived benefits (whether tangible, financial or more strategic and intangible) of choosing to feature and promote country associations have been called for (Insch and Florek 2009).

Using a two stage research design, this study addresses these gaps in the literature by examining COO from an identity (producer side) rather than an image (consumer side) perspective, basing the study on premium/luxury brand producers in Scotland. In the first stage a macro view is taken, where the nature and characteristics of the Scottish premium/luxury consumer goods sector across a range of product categories is first established prior to examining the role and communication of origin in brand identities. In the second stage the motivations and strategic advantages of using COO in brand identities is investigated from the perspective of key decision makers from a cross section of companies in the Scottish premium/luxury sector.

Prior to carrying out any research investigation, the philosophy of the research has to be clearly established to inform the research design (Easterby-Smith et al. 2008). The following section establishes the philosophical position of the researcher, the ontological and epistemological assumptions which form the foundations of the research and demonstrates how the ontological and epistemological considerations have informed the selection of research methods. The techniques used for data collection and analysis will be examined before concluding the chapter with a consideration of the potential limitations of the research design and the relevant ethical considerations.

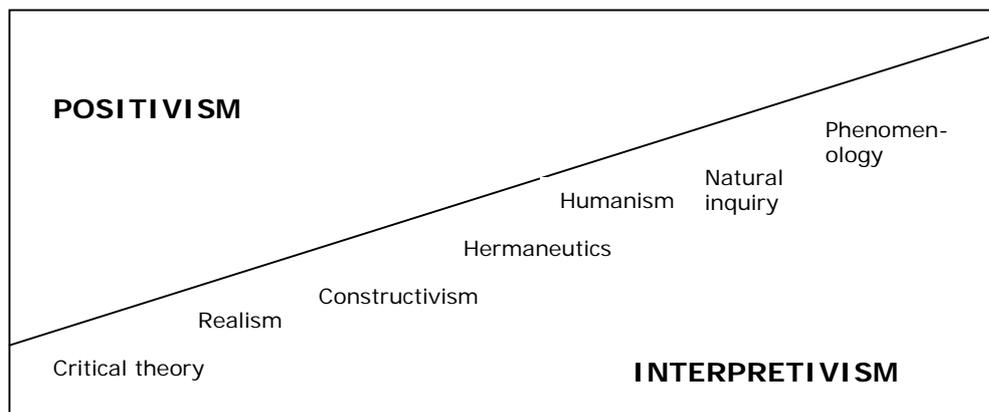
4.2 THE PHILOSOPHY OF SOCIAL RESEARCH

Prior to detailing and evaluating the research design and methodology used in this study, this section first explores the philosophy of research. Social scientists approach their subject via implicit or explicit assumptions about the nature of the social world and the way it may be investigated (Burrell and Morgan 1979). The three sets of assumptions of the research paradigm, i.e. the overall conceptual framework within which a researcher works, are the: ontology which is essentially the 'reality'

being investigated; epistemology which is the relationship between that reality and the researcher; and methodology, the techniques used by the researcher to discover the reality (Guba and Lincoln 1994; Healy and Perry 2000; Carson et al. 2001). Each research paradigm is distinguished by its own ontology, epistemology and methodology, indicating the important issues surrounding a discipline and assisting the researcher in developing a framework to solve such issues (Easterby-Smith et al. 2002).

In the academic literature, there is much debate regarding different philosophical positions with contrasting terminologies in use and different nuances of opinions regarding which position to adopt. Carson et al. (2001) describe the most common philosophical positions used in business research as a continuum between positivist/scientific and interpretivist/relativist philosophies (Figure 4.1).

Figure 4.1: Continuum of research philosophies



Source: Carson et al. (2001 p.8)

The two contrasting research paradigms for business and management are positivism and interpretivism (Hughes 1990). These are referred to by alternative names by different authors e.g. positivism can be referred to as scientific, objectivist or quantitative: interpretivism has variants such as: qualitative (Taylor and Bogdan 1984); humanistic (Hirschman 1986); naturalistic (Belk et al. 1988); social constructivism (Guba and Lincoln 1989); phenomenology (Filmer et al. 1998); or social constructionism (Easterby-Smith 2002). It should be noted that while within each paradigm there are variations and different viewpoints (Hunt 1985), for the purposes of this discussion, the alternative titles will be taken as being interchangeable. The 'interpretivist' label will be applied to all non-positivist research that traditionally incorporates qualitative methods. The philosophical assumptions which support the two paradigms positivism and interpretivism, taken as two ends of

a spectrum with subjectivity and objectivity as the anchors at each end, are summarised in Table 4.1.

Table 4.1: Two contrasting scientific paradigms

Element	Paradigm	
	Positivism	Interpretivism
Ontology	Reality is real and apprehensible and exists independently of the subjects being studied	Reality is individually constructed, dynamic and changing, an output of social and cognitive processes.
Epistemology	Findings constitute observable material things – researcher is objective by viewing reality through a 'one way mirror'.	Knowledge is socially constructed accessed only through social actors using language and shared meanings. Observer interacts with what is being observed
Methodology	Deductive Cause and effect Static design Context free Formulate and test hypothesis Large samples	Inductive Understanding of what is happening Emerging design Context bound Patterns, theories develop Small samples
Common Methods	Mainly quantitative methods such as: survey; experiments; verification of hypotheses	Mainly qualitative methods such as: in-depth unstructured interviews; case studies; participant observation; action and grounded theory research.

Sources: Compiled from: Guba and Lincoln (1994); Perry et al. (1999); Easterby-Smith et al. (2002); Collis and Hussey (2003); Cepeda and Martin (2005); Sobh and Perry (2006); Eriksson and Kovalainen (2008).

The polar opposites of positivism and interpretivism represent the strongest philosophical contrast in terms of how social science research should be conducted. As discussed previously (see 2.2 and 3.2), the positivist perspective, in common with the majority of management and marketing research, has dominated both COO and branding research (Deshpandé 1983).

4.2.1 Positivism

The key idea of positivism is that the social world exists externally and its properties should be measured using objective methods rather than being inferred subjectively through sensation, reflection or intuition (i.e. hard data rather than opinion) (Darke et al. 1998; Healy and Perry 2000). The opposite view is held by interpretivists who view reality as socially constructed and given meaning by people (Milliken 2001). The epistemology of positivism, as derived from Comte, holds that the highest or only form of knowledge is that which can be described by the senses. The “*commitment to a neutral observational language and a correspondence theory of truth*” is common to all forms of positivism (Johnson and Duberley 2000 p.36). Country of origin research, which has almost exclusively taken a quantitative

consumer behaviour approach (Dinnie 2004), has been designed and evaluated using the criteria of the natural science model of research i.e.: pre-defined hypotheses and research questions; controlled observations; controlled deductions; replicability; and generalisability (Lee 1989; Yin 1994; Rowley 2002). Advantages of this approach include their wide coverage through inclusion of large samples and their speed and cost effectiveness. This is balanced by the disadvantages which include their being inflexible and artificial, and their lack of effectiveness in generating theories or understanding of either processes or the significance attached to certain actions (Easterby-Smith et al. 2008).

Positivism, has provided the foundation for much of the development of theories and models in management studies although as Johnson and Duberley (2000) observe,

'Unfortunately, much of what is considered positivistic management research may not actually represent positivism as it remains under-theorised and conceptually lacking, thus perhaps being better described as naïve empiricism' (p.60).

Although positivism has remained the dominant research paradigm in American marketing journals this has been increasingly challenged since the 1980s although there has only been a slight shift away from this approach since then (Chung and Alagaratnam 2001). Hirschman (1986) proposed that *"humanistic modes of inquiry developed specifically to address socially constructed phenomena"* (p.238) be adopted. Since then, the number of marketing academics who have followed an interpretivist approach to research has grown, e.g. Levy 1981; Holbrook and Grayson 1986; O'Guinn and Belk 1989; Hirschman 1992; Goulding 2005; their works having mainly a consumer behaviour perspective.

The American top tier journals continue to *"place a premium on theory and method relative to the problem"* with the emphasis on the *"empirical"* (Lehmann 2005 p.142). Marketing research based on the positivist paradigm is characterised by the methods of cognitive psychology, information technology and complex mathematical modelling. There has been increasing dissatisfaction with this type of research information for several reasons, including the difficulties in understanding and interpreting results from complex statistical analyses and the lack of relevance for current management/marketing practice (Cepeda and Martin 2005; Milliken 2001).

It is argued that studying people and institutions is fundamentally different from that of the natural sciences (Bryman 2004). Critics of the positivist position argue that it is impossible in social research to exclude the subjective reasons for actions or to

adopt a completely independent approach, and that rather than focus on facts and measurements,

'the focus should be on what people, individually and collectively, are thinking and feeling, and attention should be paid to the ways they communicate with each other, whether verbally or non-verbally' (Easterby-Smith et al. 2002, p.30).

4.2.2 Interpretivism

Compared with positivism, the interpretivist approach is based on an ontology in which reality is subjective, a social product constructed and interpreted by humans as social actors according to their beliefs and value systems (Walsham 1995). Research within this perspective is inductive; qualitative; and value dependent (Bonoma 1985). The goal is understanding and 'depth of knowing' rather than quantification and representativeness or repeatability (Bonoma 1985; Stake 1995; Klein and Myers 1999). The risks of low data integrity are traded for the currency and contextual richness of what is learned (Bonoma 1985). This paradigm is recognised as being less artificial than positivism, and other strengths of the approach include: the ability to examine changes over time; to aid understanding of what people mean; to adjust to emerging issues and ideas; and to contribute to the development of new theories. Weaknesses include: the time taken to gather data; the difficulty of analysing and interpreting data compared with quantitative methods; and the low credibility given by decision makers to studies which have been based on 'subjective' opinions (Easterby-Smith et al. 2008).

The task of the social scientist is seen not as gathering facts and measuring how often certain patterns occur, but to understand and explain what people either individually or collectively think and feel, rather than look for external causes and laws to explain their behaviour. The research methods which identify with this paradigm, emphasise words not numbers, are relatively unstructured and are carried out in natural settings, with the researcher being very close to the research participants. The result is rich, deep data where the emphasis is on understanding rather than explaining human behaviour (Bryman 2004). The contrasting methods used in the two approaches are summarised in Table 4.2.

Table 4.2 Contrasting implications of positivism and interpretivism

	Positivism	Interpretivism
The observer	must be independent	is part of what is being observed
Human interests	should be irrelevant	are the main drivers of science
Explanations	must demonstrate causality	aim to increase general understanding of the situation
Research progresses through	hypothesis and deductions	gathering rich data from which ideas are deduced
Concepts	need to be defined so that they can be measured	should incorporate stakeholder perspectives
Units of analysis	should be reduced to simplest terms	may include the complexity of 'whole' situations
Generalisation through	statistical probability	theoretical distributions
Sampling requirements	large numbers selected randomly	small numbers of cases chosen for specific reasons

Source: Easterby-Smith et al. (2008 p.59)

In their consideration of the history and current position of interpretive consumer research within the marketing paradigm, Szmigin and Foxall (2000) highlight the benefits that interpretive research has to offer when investigating human behaviour and conclude that there is:

'little to gain from a continued argument over who is right and who is wrong and should rather look at the contributions which can be made from either side just as in real life major contributions are made by art and science, it just happens that the nature of these contributions is different' (p.195).

In addition to this debate about the relative merits of positivism compared with interpretivism, there are also strong arguments for combining both approaches. Easterby-Smith et al. (2008) observe that the distinction between the two paradigms is very clear at the philosophical level, but they observe that regarding the actual practice of research in management even those who hold extreme views about positivism compared with interpretivism do not rigidly stick to one position or the other, and many management researchers make compromises and adopt pragmatic views deliberately combining methods originating from the two traditions.

4.2.3 Pragmatism

Pragmatism, which derives from the work of nineteenth century philosophers, Pierce, James, Mead and Dewey, provides a philosophical basis for mixed method research, where instead of focussing on methods, researchers emphasise the research problem and use the most appropriate approaches (which are often pluralistic), to understand the problem (Thorpe and Holt 2008). The central theme of pragmatism is that in the social world there are no pre-determined theories or frameworks that shape knowledge and understanding (Easterby-Smith et al. 2008). Creswell (2009)

summarises his and other writers interpretations of the pragmatist approach to research as: not committed to any one system of philosophy; individual researchers are free to choose methods which they consider to be most appropriate; truth is what works at the time; pragmatist researchers look at the WHAT and HOW to research; and they believe in an external world independent of the mind as well as that lodged in the mind. Thus pragmatism is a paradigm which satisfies mixed method researchers who are able to adopt different philosophical approaches as well as using different forms of data collection and analysis (Creswell and Plano Clark 2007). Since the mixed methods research design is a relatively recent concept and is the approach being adopted in this study, a brief background explanation of the theoretical underpinning is given in the next section.

4.3 THE MIXED METHODS APPROACH

'Mixed methods', viewed by some as "*the third methodological movement*" (Doyle et al. 2009 p.175) has become the preferred term to stand for research that integrates quantitative and qualitative research in a single study. Other terms which have been used to describe the approach are: integrating; synthesis; qualitative/quantitative methods; multimethod; mixed methodology; pluralism (Tashakkori and Teddlie 2003; Bryman 2006; Creswell 2009). The increased level of acceptance of the mixed method approach is reflected in recent texts on the subject (e.g. Tashakkori and Teddlie 2003; Creswell and Plano Clark 2007) and by the *Journal of Mixed Methods Research* which was launched in 2007 (edited by Creswell and Tashakkori).

Mixed methods research is described by Creswell and Plano Clark (2007) as:

"a research design with philosophical assumptions as well as methods of inquiry. As a methodology, it involves philosophical assumptions that guide the direction of the collection and analysis of data and the mixture of qualitative and quantitative approaches in many stages in the research process. As a method, it focuses on collecting, analysing, and mixing both quantitative and qualitative data in a single study or series of studies. Its central premise is that the use of quantitative and qualitative approaches in combination, provides a better understanding of research problems than either approach alone" (p.5).

It is clear that a mixed methods approach broadens understanding by using both qualitative and quantitative methods, building on results from one approach as well as using another approach. Table 4.3 illustrates the main distinctions between the three methods.

Table 4.3: Comparison of qualitative, quantitative and mixed method approaches

Tend to or typically...	Qualitative Approaches	Quantitative Approaches	Mixed Method Approaches
Use these philosophical assumptions	Interpretivist knowledge claims	Positivist knowledge claims	Pragmatic knowledge claims
Employ these strategies of enquiry	Phenomenology, grounded theory, ethnography, case study, interviews	Surveys and experiments	Sequential, concurrent and transformative
Employ these methods	Open-ended questions, emerging approaches, text or image data	Closed-ended questions, predetermined approaches	Both open- and closed-ended questions, both emerging and predetermined approaches and both quantitative and qualitative data and data analysis
Use these practices of research as a researcher	Collects participant meanings. Brings personal values to the study. Studies the context or setting of participants. Validates the accuracy of findings. Makes interpretations of the data. Creates an agenda for change or reform. Collaborates with participants.	Tests or verifies theories or explanations. Identifies variables to study. Relates variables in questions or hypotheses. Uses standards of validity and reliability. Observes and measures information numerically. Uses unbiased approaches. Employs statistical procedures.	Collects both qualitative/quantitative data. Develops a rationale for mixing. Integrates the data at different stages of inquiry. Presents visual pictures of the procedures in the study. Employs the practices of both qualitative and quantitative research.

Adapted from: Creswell (2009, p.17)

In this study, collecting diverse types of data is the best means of addressing the research objectives. The study begins with a broad survey in order to capture results from the broad population and then in the second stage, focuses on qualitative semi-structured interviews to collect detailed views from a smaller sample.

When planning mixed methods procedures, Creswell et al. (2003) have identified the following four aspects on which to base a research design: timing; weighting; mixing; and theorising as shown in Figure 4.2. Timing of the qualitative/quantitative data collection can either be in stages (sequentially) or at the same time (concurrently). The weighting refers to the relative emphasis of qualitative/quantitative inputs, the extent of treatment of the data and whether a deductive/inductive approach is adopted. Mixing refers to the 'when' and 'how' of data collection, whether merged,

kept separate or combined. Theorising establishes whether or not a larger theoretical perspective guides the research design (e.g. leadership theory).

Figure 4.2: Aspects to consider in planning a mixed methods design

Timing	Weighting	Mixing	Theorizing
No Sequence Concurrent	Equal	Integrating	Explicit
Sequential – Qualitative first	Qualitative	Connecting	Implicit
Sequential – Quantitative first	Quantitative	Embedding	

Source: Creswell et al. (2003 p.218)

The shaded areas in Figure 4.2 indicate the choices made for this study. The intent is to explore key decision makers' perceptions of the importance of 'Scottishness' in brand identity and to evaluate how these are incorporated into business strategy. Theory follows the data rather than from hypothesis testing. In terms of the methodology for the research a two stage mixed methods approach has been adopted. The following decisions regarding the aspects of mixed methods approaches which guide this research (illustrated in Figure 4.2) are as follows:

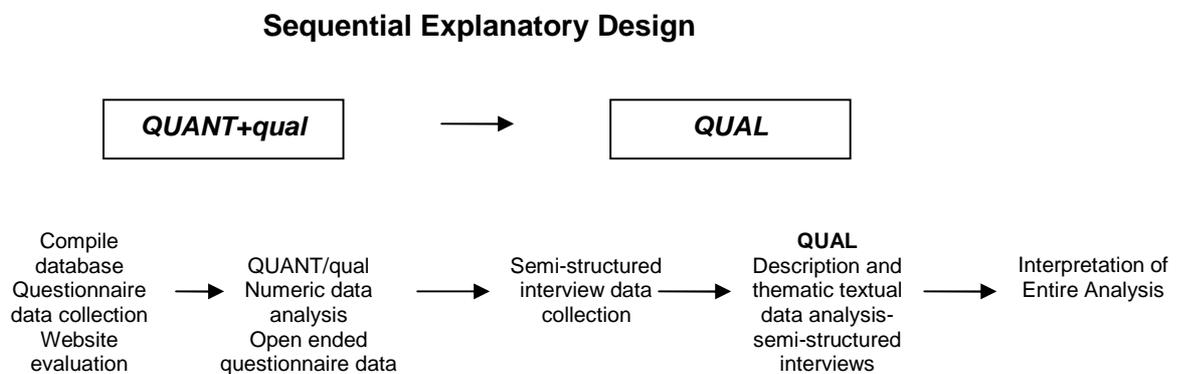
- **Timing** – quantitative stage comes first, to give a macro perspective;
- **Weighting** – priority is given to qualitative over quantitative. The quantitative data is used in a supporting role, with data analysis being mainly descriptive not inferential. Theory building is an inductive process, generating themes from the data to a generalised model or theory, rather than deductive theory testing (Creswell 2009; Eisenhardt 1991; Perry 1998);
- **Mixing** – Data and collated results from stage one are used to identify participants for qualitative data collection in stage two = CONNECTED. Both qualitative and quantitative data from stage one will be INTEGRATED with qualitative data from stage two;
- **Theorising** – there is no explicit theoretical perspective guiding the entire research design. Theories and frameworks identified in the literature review however underpin the research stages.

A visual model of the mixed methods strategy, using the notation developed for the mixed methods field is shown in Figure 4.3. The notation, described by Creswell

(2009), uses shorthand labels and symbols to communicate important aspects of mixed methods research:

- “+” = simultaneous data collection, qualitative/quantitative at the same time;
- “→” = sequential data collection, with one building on the other;
- UPPER CASE = weight or priority on qualitative/quantitative data, analysis and interpretation;
- “Quan” and “Qual” = quantitative/qualitative respectively (they have the same number of letters to indicate equality between the forms of data);
- Boxes highlight the qualitative/quantitative data collection and analysis stages;
- General procedures are higher in the diagram with the detailed procedures below.

Figure 4.3: Model of the mixed method strategy used in the study



Source: Notation from Creswell (2009 p.209)

Because of the paucity of a theoretical base in the area of COO identity and luxury branding it was necessary for the first research stage to first establish an understanding of the structure and features of the Scottish premium/luxury consumer goods sector and the use of COO in their business strategies. This required a mainly quantitative approach, which involved the compilation and verification of a company database prior to carrying out a postal questionnaire and finally an analysis of company websites.

The second qualitative research stage comprised a series of semi-structured interviews with senior company personnel. The remainder of this chapter will justify the choice of these methods and describe the protocols which were adopted for each method.

4.4. RESEARCH FOCUS

Two issues which have emerged from the long-running debate on the direction that research in management and marketing should take ‘*after modernism*’ (Pettigrew 2001), are relevant for this research project. The first is dissatisfaction with the traditional positivist approach, and second, the need for research to be more practitioner oriented (Dyer and Wilkins 1991; Brown 1997; Pettigrew 2001; Starkey and Madan 2001; Gummesson 2003; Patton and Appelbaum 2003; Reige 2003; Weber 2004; Gummesson 2005). These concerns are addressed in the requirements of the research objectives and by the selection of the research design.

The bulk of extant research on both branding and particularly in COO has been conducted within the positivist paradigm, comprising quantitative methodologies, most frequently from a consumer behaviour perspective (Addis and Podestá 2005). These approaches have been increasingly questioned (Hunt 1991; Liefeld 1993; Buttle 1994; Brown 1997; McDonald 2003; Dinnie 2004; Tadajewski 2004; Cepeda and Martin 2005; Gummesson 2005; Usunier 2006). As an example, there is widespread dissatisfaction with;

‘the complexity of multivariate research methods, the distribution restrictions...the large sample sizes..., and the difficulty of understanding and interpreting the results’ (Cepeda and Martin 2005 p.851).

Because of the paucity of COO research from either a strategic perspective (Niss 1996; Beverland and Lindgreen 2002; Insch and Florek 2009), or a brand identity perspective (Dinnie 2002), an exploratory/theory building approach was considered to be the most appropriate (Eisenhardt 1989; Yin 1994). A mainly qualitative, inductive approach, designed to produce rich, detailed answers and uncover the tacit processes that underpin decisions on brand identity rather than to test existing theory or obtain surface level observations was required (Deshpande 1983; Yin 1994; Grønhaug and Olsen 1999; Easterby Smith et al. 2002; Beverland 2004a).

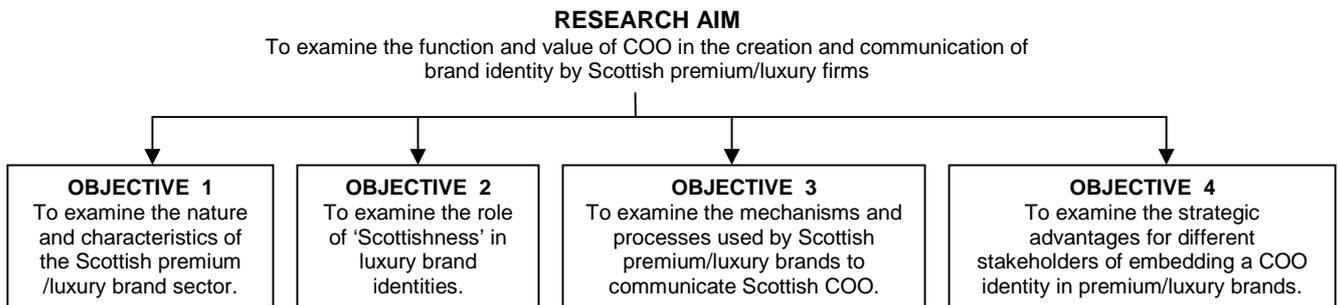
This research thus takes a mainly interpretivist approach, conducted from the perspective of decision makers in top management positions in Scottish companies producing premium/luxury consumer brands. A business perspective rather than a consumer viewpoint has been adopted in order to achieve deeper insights into management action and decision making which has been a neglected area of COO research (Beverland and Lindgreen 2002). The focus of the study in its broadest sense will be on learning the meaning that the participating companies hold about the use of ‘Scottishness’ in brand identity, while in specific terms the mechanisms

and processes used to communicate COO and the strategic advantages of embedding origin associations in luxury brand identities will be examined.

4.4.1 Research objectives

The research questions posed at the end of Chapter Three were devised to address the specific gaps in knowledge identified in the literature reviews which related to the aim and objectives of the study. Figure 4.4 depicts in diagrammatic form the aim and objectives of the study.

Figure 4.4: The research aim and objectives of the study



The aim, objectives and research questions have been informed by the review of literatures in Chapters Two and Three. The particular threads from the branding literature which have provided a theoretical basis for the study are those of:

- brand image and brand identity and their respective roles in company decision making particularly with respect to COO associations (Aaker 1991; 1996; 2002; Keller 1993; 1998; Keller et al. 2008);
- the dimensions which differentiate luxury brands from others (Kapferer 1998; Nueno and Quelch 1998; Dubois et al. 2001; Dall’Olmo Riley et al. 2004; Vigneron and Johnson 2004; Beverland 2004a; Moore and Birtwistle 2005; and Moore et al. 2006) and;
- the distinguishing features of corporate brands compared with product brands (Balmer 1995; Gray and Balmer 2001; Hatch and Schulz 2001; Balmer and Greyser 2003; Aaker 2004).

The COO literature has elaborated the concept of COO image from the consumer viewpoint (Tse and Gorn 1993; Okechuku 1994; Ahmed and d’Astous 1996; Lantz and Leob 1996; Lee and Ganesh 1999; Leonidou et al. 1999; Kaynak et al. 2000; Knight and Calantone 2000; Teas and Agarwal 2000; Ahmed et al. 2002) but has given little insight into the motivations and processes for incorporating COO as part of brand identity (Dinnie 2008).

In the branding and COO literatures, both of which are substantial, the use of COO as an element of brand identity has been given little attention, in spite of being recognised as an important brand dimension particularly in the luxury sector (Nueno and Quelch 1998). Other key dimensions of luxury brands such as authenticity and heritage have been subjected to recent research scrutiny (Beverland 2005; Urde et al. 2007; Alexander 2009) but COO from the company strategy viewpoint is still under investigated (Beverland and Lindgreen 2002).

4.4.2 Research design

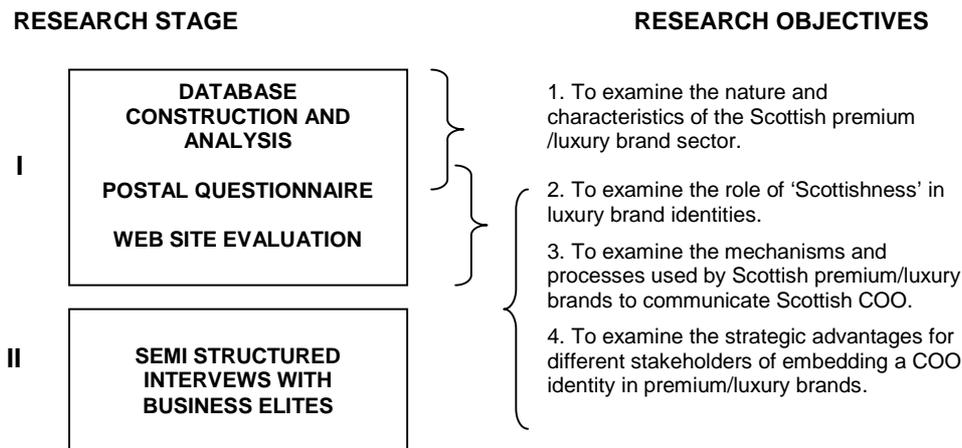
Having established the appropriateness of using the pragmatist paradigm a review of available research designs, i.e. *“the plans and procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis”* (Creswell 2009 p.3), a two stage mixed method approach to the research design is proposed. An attraction of using a mixed method approach is that triangulation of data is available at different stages of the study (de Chernatony et al. 2005; Bryman and Bell 2007). Triangulation is used to avoid dependence on a single measure which may be fallible (Carson et al. 2001). Four alternative forms of triangulation are described in the literature:

- Theory triangulation – where different theories are used to interpret a set of data;
- Data triangulation – where data are collected at different times or from different sources;
- Investigator triangulation – where different researchers independently collect data on the same phenomenon and compare results;
- Methodological triangulation – where multiple methods of data collection are used (Denzin 1978; Easterby Smith et al. 2002; Thorpe and Holt 2008).

The mixed methods approach used in this study involves two types of methodological triangulation. Both triangulation of methodologies (quantitative with qualitative) and triangulation of methods (e.g. use of qualitative data from a questionnaire and from interviews) are used to achieve understanding of the research area (Eriksson and Kovalainen 2008).

The staged approach is well established in the retailing literature e.g. Moore et al. (2000). Figure 4.5 depicts the methods used in the two research stages and relates these to the objectives of the study.

Figure 4.5: Relationship between the research objectives and the two research stages



4.4.2(i) Research design - First research stage

The starting point for this study is the first research objective which is to examine the nature and characteristics of the Scottish premium/luxury consumer product sector. The compilation of a database of Scottish premium/luxury companies across a range of product sectors provides a description of the sector which is crucial before attempting to understand the premium/luxury sector in Scotland. In the absence of an existing database of companies in the Scottish premium/luxury sector, it was a requirement that the first stage of the study comprised the creation of such a database to enable a detailed structural analysis of the sector to be carried out. The first research stage produces mainly quantitative data.

The database provides data on the scope and structure of the Scottish luxury sector, which along with relevant secondary sources allows an analysis of the key distinguishing characteristics of the sector (e.g. company size, location, turnover, export activity, ownership etc.) which then enables comparisons to be made with the characteristics described in the literature of luxury sectors in selected other countries (Djelic and Ainamo 1999; Kapferer 2006). The database also provides the census sample for the postal questionnaire.

Objectives one, two and three are addressed by the postal questionnaire which provides data on the composition of the Scottish luxury sector, and the use and means of communicating 'Scottishness' in luxury brands. Data gathered from the postal questionnaire which was sent to all of the companies in the database, was used to confirm and augment the findings from the database and enable the characteristics of the Scottish luxury sector to be described, thus achieving the first objective. Data from the postal questionnaire also addresses objective two on how

companies used 'Scottishness' in luxury brand identities and provides evidence for objective three on the methods used for communicating 'Scottishness'. The analysis of selected company web pages addresses the third objective. Company web sites are evaluated using a set of criteria specifically designed for judging 'Scottishness'. Thus the results from the postal questionnaire and the web page analysis provide a macro level account of the value and mechanisms for communicating COO by Scottish premium/luxury brand producers, addressing objectives two and three. The parameters for selection of companies to elicit more detailed views from participants in the interview stage of the research were also established from questionnaire results.

4.4.2(ii) Research design -Second research stage

Although qualitative research has been common practice in more recent branding studies (e.g. Moore 1995; de Chernatony et al. 2000; de Chernatony and Segal-Horn 2001; Beverland 2004a; Wigley et al. 2005) the COO literature is characterised almost exclusively by quantitative methods (Papadopoulos and Heslop 2003; Dinnie 2004; Usunier 2006) The second stage of this study draws on the qualitative approaches which have been adopted in the branding literature, in particular in-depth interviewing (Carson et al. 2001). Qualitative methods were considered to be the most appropriate choice to achieve the in-depth and detailed understanding of the motivations of senior decision makers concerning the use COO as a part of their luxury brand identities (Carson et al. 2001). The data collection method comprises personal semi-structured interviews with senior company executives.

The second research stage augments data obtained from the postal questionnaire and the web page analysis in addressing objectives two and three (Figure 4.4). The interviews provide insights into the dimensions of Scottish premium/luxury brands and the strategic decision making process concerning the use of origin associations which are unavailable from any of the other research methods and which directly address the fourth objective.

4.4.2(iii) Summary of the research design

This section has articulated the research focus and has demonstrated how the research design addresses the broader research objectives and the more detailed research questions. Table 4.4 below indicates how the methods in the two research stages link with the research questions which were identified and discussed at the end of Chapter Three. The research questions have been influenced and drawn from the literature and provide the framework on which decisions regarding the most

appropriate choice of methods are based, thus ensuring that sufficient data to answer the research questions is gathered (Lee and Lings 2008).

Table 4.4: The methods used to address each research question in each of the two research stages

Research Question		Research Stage	Research Method
RQ1	What is the scope and structure of the Scottish premium/luxury brand category compared with other countries?	1	Database Postal Questionnaire Secondary data
RQ2	What are the characteristics/dimensions of the Scottish premium/luxury sector?	1	Database Postal Questionnaire Secondary data
RQ3	What are the identifying dimensions of Scottish premium/luxury brands?	2	Interviews
RQ4	How important is COO as a dimension of Scottish premium/luxury brands?	1 & 2	Postal Questionnaire Web analysis/ Interviews
RQ5	What is the role and function of Scottish COO in the identities of Scottish premium/luxury brands?	1 & 2	Postal Questionnaire Interviews
RQ6	What direct and indirect communication mechanisms are used by Scottish premium/luxury brands for representing or indicating Scottish COO?	1 & 2	Web analysis Postal Questionnaire Interviews
RQ7	What processes are used to communicate 'Scottishness' by Scottish premium/luxury brands?	1 & 2	Web analysis Interviews
RQ8	What are the motivations and contingent factors which influence the use of a COO identity in premium/luxury brands?	2	Interviews
RQ9	What are the strategic benefits of adopting COO as a key part of premium/luxury brand identity?	2	Interviews

The justification for selecting the two stage mixed method approach is that the collection of diverse types of data from a large sample in the first stage provides a better understanding of the research problem at the macro level (Creswell 2009). There is triangulation of methods between the database, the postal questionnaire, the web page analysis and secondary information sources, and triangulation of methodologies between quantitative and qualitative.

Quantitative data has primacy in the first stage (Table 4.5), but in order to achieve the aim and objectives of the study, it was considered inappropriate to apply only the objective measures which characterise the positivist approach to research. Since the focus of this study is on management action and decision making and *“the different constructions and meanings that people place upon their experience”* (Easterby-

Smith et al. 2002 p.30), a largely qualitative approach was required. Qualitative data is collected in both the first stage questionnaire and web page analysis (Table 4.5).

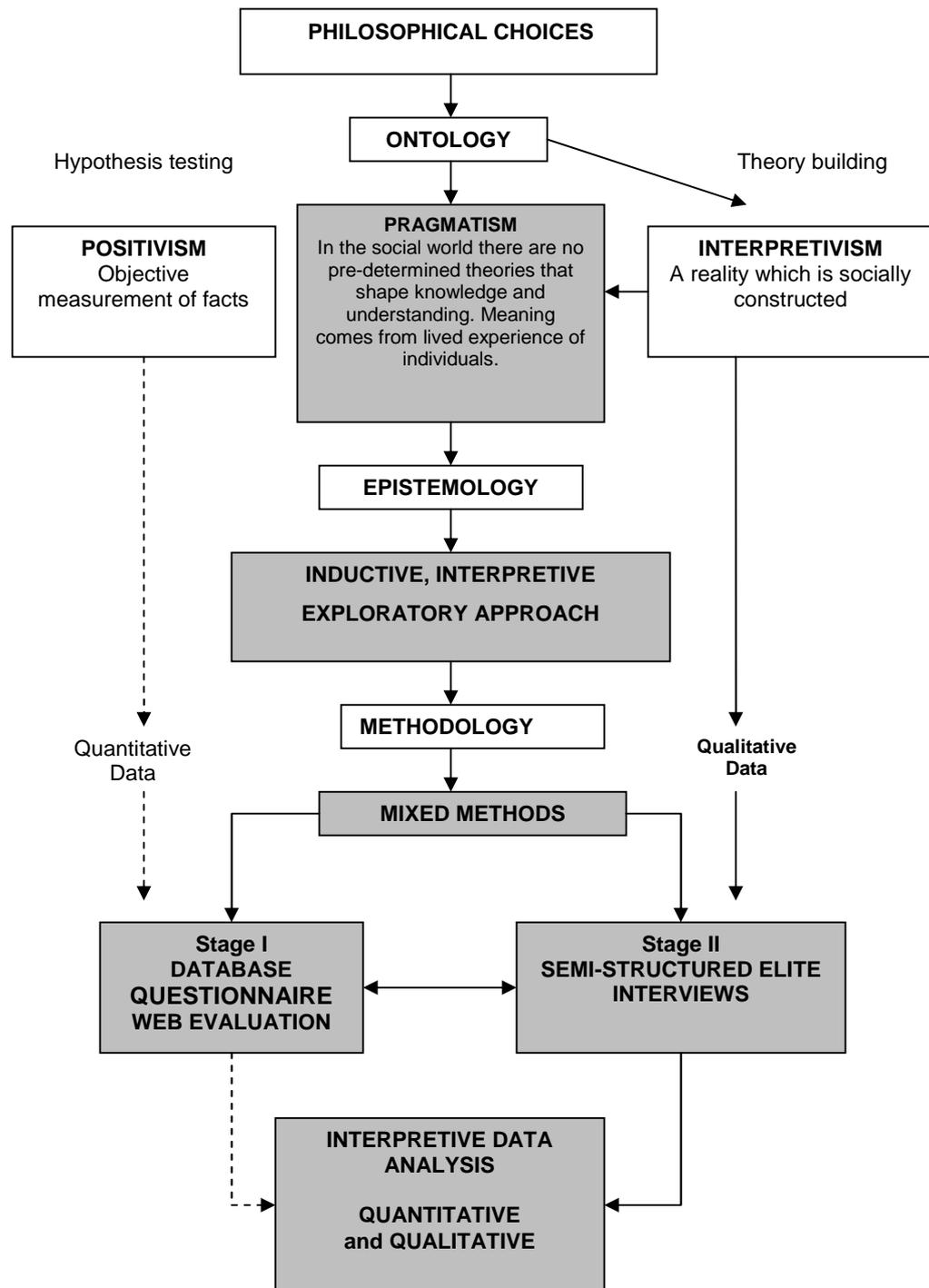
Table 4.5: Sequence of research methods related to research objectives

Research Stage	Research Method	Objectives
1	Quantitative Database analysis Questionnaire survey	1
	Quantitative Questionnaire survey Web site analysis	2 and 3
	Qualitative Questionnaire survey Web site analysis	2 and 3
2	Qualitative Semi-structured interviews	2, 3 and 4

The second stage is conducted at the micro level of a sample of Scottish premium/luxury companies who returned questionnaires. Semi-structured interviews conducted with senior decision makers enable management decision making regarding the motivations of using/not using a COO identity and the strategic consequences of these actions to be examined. Only qualitative data is collected at this stage (Table 4.5).

To conclude this section, a diagram which summarises the preceding discussion by illustrating the relationship between the research philosophy, the research design and the selected research methods is presented (Figure 4.6).

Figure 4.6: A diagrammatic representation of the research philosophy and design



Source: Original

4.5 STAGE ONE RESEARCH METHODS

The following sections concentrate on how the aim and objectives and associated research questions for the first research stage are addressed using the data collection methods identified in Table 4.5 and Figure 4.6. Before giving a more detailed justification and description of the stage one research methods, it is

necessary to first clarify the reasons for basing the research on companies from the premium/luxury sector and for choosing to base the research in Scotland.

4.5.1 Choice of premium/luxury brands for country of origin research

As previously established, leading brand theorists acknowledge the importance of origin influences in determining the identity of a brand (Aaker 1991; Keller 1993), through its personality (Aaker 1996) and culture (Kapferer 1997a).

The original decision to base this research on luxury brands was supported by the COO literature, from which it became clear that COO cues have most influence for products of high quality and complexity which have unique product specific characteristics (Roth and Romeo 1992; Heslop and Papadopoulos 1993; Dubois and Paternault 1997). The literature on luxury goods confirms that the key characteristics of luxury brands are product quality, authenticity and heritage, linked with symbolic status dimensions (Dubois and Paternault 1997; Nueno and Quelch 1998; Vickers and Renand 2003; Dall'Olmo Riley et al. 2004). Consumers link these facets to national images, reputations and identities (Dubois and Paternault 1997; Jackson 2004) and the associations that result combine to help form the brand image (Doyle 2000). Country of origin has been shown to be an important part of luxury brand marketing (Jackson 2004), but this dimension has yet to be fully developed in the literature.

By focusing on the luxury sector in this study, and investigating the strategies which Scottish companies use to communicate brand identities, the role and value of COO in brand positioning is more likely to be uncovered.

4.5.2 Choice of Scottish companies for country of origin research

Recent COO studies suggest that there is value in country specific research (e.g. Niss 1996 (Denmark); Beverland and Lindgreen 2002; Knight et al. 2007; Insch and Florek 2009 (New Zealand and Australia). Where a country specific focus has been taken, it is clear that COO has been an identifiable feature of business strategy and government policy (Kleppe et al. 2002; Ryan 2008). A criticism of COO research has however been that only a limited number of countries have been used (Usunier 2006). Very few references to Scotland are found in the COO literature (Dinnie 2004). The Baker and Ballington (2002) study is an exception, apart from occasional references to specific Scottish products which have been included in COO studies e.g. Scotch whisky (Papadopoulos 1993). As noted in the previous review of literature, recent work by Dinnie (2005), which focuses on national identity and

branding, has begun to address this gap. In addition, Scotland possesses a number of characteristics which also justify its choice for COO research. These are summarised as:

- Scotland has a positive and distinctive image and possesses a number of iconic symbols and cultural elements which are recognised worldwide, kept vibrant by Caledonian and St Andrews societies and descendants of Scottish emigrants throughout the world (www.rampantScotland; Scottish Executive 2004; Dinnie 2005);
- Country of origin and Scottish imagery are prominently used by many Scottish brands (Scottish Parliament 2005);
- There is a high level of awareness and debate in the public domain about the branding of Scotland, and 'Scotland the Brand' appears in the literature as a case study for nation branding (Houston 2002);
- The bulk of consumer products now manufactured in Scotland are high value, high quality (Donald 2005), thus their symbolic associations (including COO) are important in developing a prestige image (Nueno and Quelch 1998; O'Shaughnessy and O'Shaughnessy 2000);
- The Scottish premium/luxury sector focuses on a restricted cluster of product categories thus providing manageable boundaries for this study;
- Cashmere knitwear and malt whisky are particularly associated with Scotland, thus for these products, COO effects are likely to be strong (Heslop and Papadopoulos 1993).

The following sections provide the justification and details of the sample selection, research method design and implementation, and the methods of data analysis used in the first stage of the study.

4.5.3 Database

The aim of this study is to consider the role and value of COO to the Scottish premium/luxury sector in general rather than focussing on a specific industry sector (e.g. textiles). This approach has not been taken in any previous study and consequently there is no existing database of Scottish premium/luxury companies. Although industry databases exist for the textiles, whisky and food and beverage sectors, these include every company, there is no differentiation of companies which could be classified as being premium or luxury. It has thus been necessary to compile a database of qualifying companies.

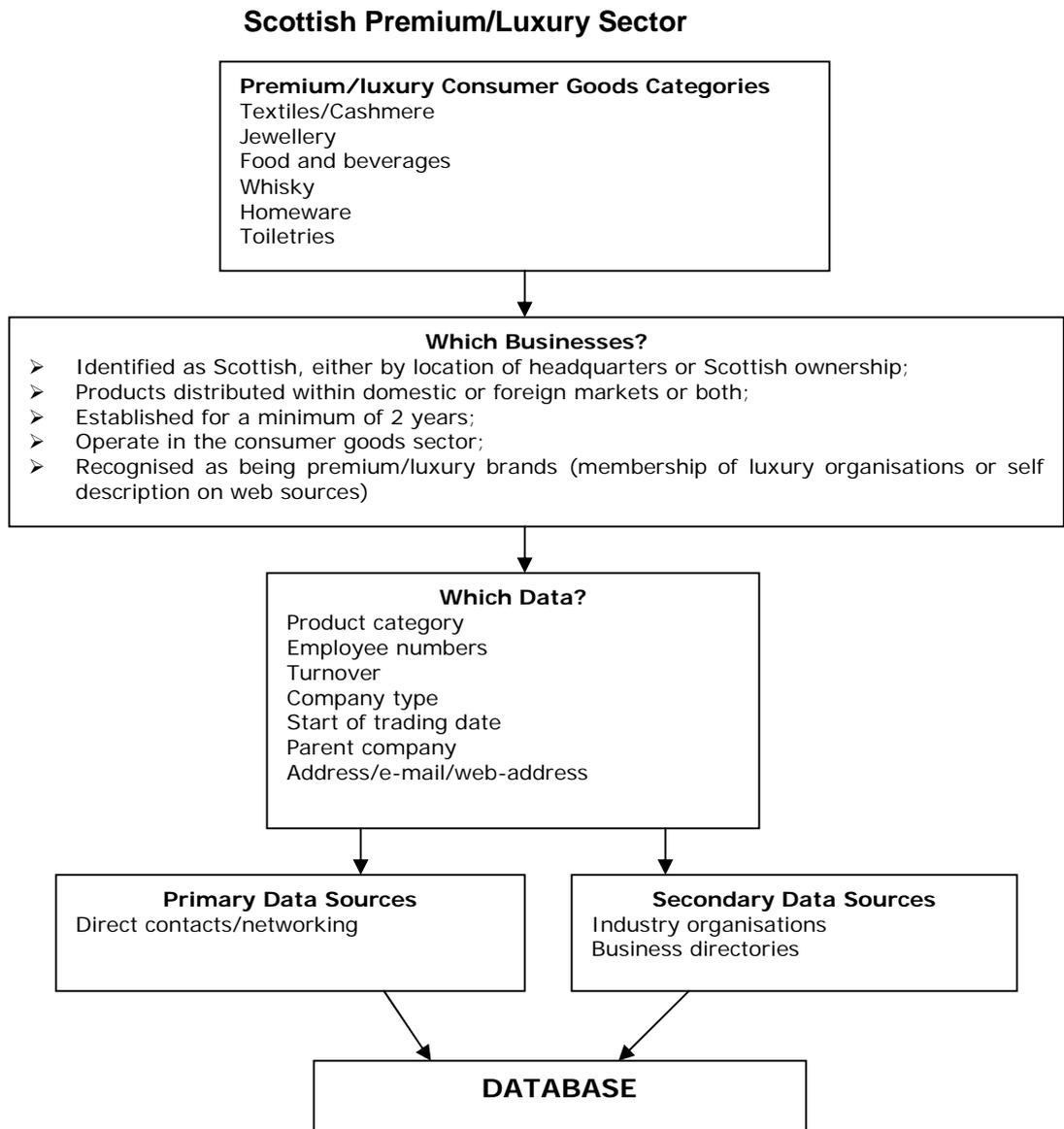
The first reason for requiring the database was to provide the sampling frame for the postal questionnaire. Once work on the database had started, it soon became clear that the database would include much of the information required to achieve the first objective of the study which was to examine the nature and characteristics of the Scottish premium/luxury sector. Rather than include questions in the postal questionnaire which could be answered from data already in the public record, it was decided to use the database as the main research method in the first research stage and to use the postal questionnaire as a verifying research instrument. Database building has been used in some areas of marketing research e.g. international retailing (Moore et al. 2000; Burt et al. 2004; Cairns et al. 2010) but no examples have been found in the COO literature. The process of compiling the database is considered next.

4.5.3(i) Compiling the database of Scottish premium/luxury companies

The first decisions which had to be taken were on the database focus i.e. which businesses to include and the reasons for their selection (Dassler et al. 2007). The stages involved in creating the database are summarised in Figure 4.7. The top part of Figure 4.7 identifies the product sectors which were used to create the database.

In deciding which categories to include, reference to the luxury branding literature was relatively unhelpful. As was discussed in section 2.5.1, although some writers have identified specific categories of luxury goods (e.g. Jackson 2004), it has more recently been recognised that luxury brands can be present in every market category (White 2007). It has already been stated that the focus of this study is consumer products rather than services. It has been established in Chapter Three that Scotland is closely associated with whisky, textiles and food and drink products, so these were obvious categories to include in the database. Whisky was kept as a separate category because of its importance in the Scottish economy, other types of spirits and wine producers were included as part of the food and beverages group. Since the first objective of the study was to examine the wider Scottish premium/luxury consumer goods sector, other product categories not traditionally associated with Scotland were considered for inclusion. Since the jewellery, homeware and toiletries categories were recognised to include significant numbers of well known Scottish premium/luxury brand names these were added. The homeware category includes companies producing bed linen and home furnishings including wallpaper. By including these additional categories, the wider range of product categories now considered as belonging in the luxury sector are also reflected (White 2007).

Figure 4.7: Database formation process



Source: Adapted from Dassler et al. (2007 p.114).

The final selection of categories covering the majority of companies in the Scottish premium/luxury consumer goods sector is summarised in Table 4.6.

Table 4.6: Categorisation of Scottish premium/luxury brands

Industry Category	Product Types
Textiles/Cashmere	Knitted and woven (including tartan)
Whisky	Single malt and super-premium blends
Food and beverages	Meat; dairy; processed; baked; wines and white spirits; water
Jewellery	Silver – hand made
Toiletries	Soap, bath and body lotions
Homeware	Bedlinen; stoneware; soft furnishings; wallpaper

The criteria for identifying which businesses to include in the database are summarised in the second box from the top in Figure 4.7. Prior to this however, it was first necessary to identify all Scottish companies operating in each of the nominated industry categories. This was achieved by consulting a number of existing databases. The Scottish Enterprise website (www.scottish-enterprise.com) was a key source, particularly for the whisky, food and beverage and textiles categories. Food and drink and textiles have been identified by Scottish Enterprise as two of thirteen key industry sectors in Scotland. Key sources were:

- For **Textiles/Cashmere** the Scottish Enterprise textiles supplier directory lists over 450 companies (www.scottish-enterprise.com/sector-textiles);
- For the **Food and Beverages** category the new Scotland Food and Drink website (www.scotlandfoodanddrink.org) includes extensive lists of Scottish food and drink companies (total = 1999 companies) across a range of categories: Alcoholic Beverages (134 companies); Bakery and Cereals (254 companies); Confectionary (131 companies); Dairy (185 companies); Fish and Seafood (424 companies); Food Ingredients (110 companies); Fruit and Vegetables (174 companies); Meat, Game and Poultry (300); Prepared Foods 145 companies); and Preserves and Sauces (142 companies).
- For the **Whisky** category, the Scotch Whisky Association database (www.scotch-whisky.org.uk) provides members names (55 companies) and their principal brands. This information was augmented by information from www.whisky.com/brands.

For other product categories, acquiring lists of company names proved to be more difficult. Various business directories were consulted e.g. www.yell.com; www.scottishbusiness.biz; www.scottishbusiness.org; www.thescottishbusinessdirectory.co.uk; www.wokkie.com; but were not useful. The Scottish Business Information Service (SCOTBIS) website (www.scotbis.com) with its associated regional business web directories, and searches using the Google search engine, produced the names of sixteen **Jewellery** companies, twelve **Homeware** companies and eleven **Toiletries** companies.

This initial search thus identified a large number of companies in the Scottish consumer products sector. The next stage was to select companies which met the specific criteria for this study (Figure 4.7 second box from the top). The criteria of being identified as Scottish, distributing in domestic or foreign markets, and operating in a relevant consumer goods sector had been satisfied by the initial search for companies described above. The remaining criterion used for selection was

therefore the compliance of the company with definitions in the literature of premium/luxury brands. As concluded previously (section 2.5.6) the Mintel (2004a) definition of luxury brands as *“those whose price/quality relationship is the highest of the market”* was used to make this selection.

Using this definition, the final database was achieved using a series of screening processes. The first screening process was to select premium/luxury brands for their membership of luxury organisations e.g.:

- Walpole (www.thewalpole.co.uk);
- Scottish Gourmet Food (www.scottishgourmetfood.co.uk);
- Luxury Scotland (www.luxuryscotland.co.uk);
- the Scottish Cashmere Club (www.cashmeremadeinscotland.com) and;
- Thistle and Broom (www.thistleandbroom.com).

Remaining companies were next screened by reference to their self descriptions on the source database(s). Companies whose products were described as being premium or luxury were retained. Company websites were then accessed to assess whether or not the company brands appeared to be of a sufficiently high quality to command the highest price premium for their sector. This final screening process was augmented by personal observations of Scottish brands in specialist retail outlets and by consulting relevant press and media sources to confirm that brands which appeared on the final list for inclusion in the database met the selection criteria. This process also provided opportunities for identifying any brands which had been missed in the first data gathering process.

When the final screening processes had been carried the following industry experts were asked to verify the lists of company names: The Director of Food and Drink, Scottish Enterprise; the Head of Textiles, Scottish Enterprise; and the Managing Director of the world’s leading specialist malt whisky company. Each made suggestions to both remove some companies and to add others. These changes were made and the final list of companies was confirmed at that point.

At the end of this process, one hundred companies met the criteria for inclusion in the database. The database was compiled using the relational database Microsoft Office Access 2003. This format was selected since it allowed for a range of different reporting formats to be used for analysis and presentation of the collated data. The creation of this database enabled research to be conducted on a nation-wide scale. This frame enabled research to be carried out across a much wider selection of

companies than was previously possible using existing business registers. Existing registers of Scottish consumer goods companies focussed on the whisky, textiles and food and beverage sectors and did not differentiate between companies in terms of levels of premiumness.

Having assembled a criteria set for business inclusion, the next stage was to identify which information should be entered into the database (Dassler et al. 2007).

4.5.3(ii) Data

To establish the specific characteristics of companies in the Scottish luxury sector which were required to achieve the first objective, company details used in the Scottish Enterprise textiles supplier directory (www.scottish-enterprise.com/sedotcom_home/your-sector/sector-textiles/textiles-suppliers.htm) were first adopted as the baseline data for the Scottish premium/luxury database. These were:

- company name;
- employee count;
- turnover;
- company type;
- date when trading started;
- address and telephone number;
- description of product range;
- web link;
- name of MD or CEO.

Additional indicators of company scope which were also included were:

- the brand names used by the company;
- the parent company name;
- the main distribution markets (UK or international);
- any specific quality/luxury credentials held by the company.

Sources which were used for populating these fields in the database were Google; individual company databases; the FAME (Financial Analysis Made Easy – UK Company Accounts for the last five years) database; Scottish Enterprise Textiles company directory; Scotland Food and Drink company directory; Scotch Whisky Association company directory; and a range of websites including: www.scotchwhisky.net; www.list.co.uk; www.Foodfirst.co.uk; www.applegate.co.uk; www.scotlandmag.com.

Having gone through this process there were a number of gaps where specific company information could not be found from publicly available data sources. For companies with missing data in the Food and Beverage and the Textiles/Cashmere sectors, the relevant departments at Scottish Enterprise co-operated by supplying as much of the missing information as they could from their sources. In conclusion therefore, the database was constructed because of the absence of a suitable database of Scottish premium/luxury consumer goods companies. Using secondary sources, the database provided a structural insight into the Scottish premium/luxury goods sector giving a context and overview to underpin the rest of the study.

4.5.4 Postal questionnaire

Thus having achieved a structural insight into the Scottish premium/luxury sector, a questionnaire was used next to augment the findings. The use of a postal questionnaire was predicated on the wide dispersion of companies on the company database, covering all regions of Scotland. The postal questionnaire was considered to be the most effective method for accessing the information required to address the first three research objectives at the macro level of all companies identified in the database.

In broad terms, the aim of the postal questionnaire is to:

- confirm that COO is integral to the marketing of Scottish premium/luxury brands;
- identify the significance of COO and the means of communicating COO;
- recognise the patterns regarding the use of COO and identify similarities/differences across product categories.

More specifically, the purpose of the first section of the postal questionnaire is to both confirm and add to information gained from the database. The information gathered from the database of premium/luxury Scottish companies along with supplementary information from the survey enables the first research objective which is to examine the nature and characteristics of the premium/luxury brand sector to be achieved.

The postal questionnaire also provides a macro view of opinions on how and why Scottish premium/luxury firms use (or don't use) Scottish identity in marketing and the mechanisms for communicating Scottishness in the brand identities of premium/luxury consumer products. This addresses the second and third research objectives which relate to two understudied areas in the COO/branding literatures. First, although mentioned as a secondary image association (Keller 1993) and a component of Aaker's brand identity system (2002), little emphasis has been given to

examining how brand producers use COO in brand identity. Secondly, with the exceptions of Papadopoulos (1993) and Thakor and Kohli (1996) there has been little reference in either the branding or COO literature on how to communicate COO other than by use of the 'made-in' label. Given the richness of Scottish symbols and imagery, it is anticipated that there will be a wide range of different mechanisms and interpretations used in marketing Scottish premium/luxury brands.

4.5.4(i) Selection

The term 'questionnaire' is conventionally used in contexts where questions are completed by respondents. More specifically, the terms 'self-completion' or 'self-administered' questionnaire are used, with the most prominent form being the mail or postal questionnaire, where a questionnaire is sent by post to the respondent (Bryman and Bell 2007). The term postal questionnaire is used in this study.

A postal questionnaire was chosen to build on the findings from the database. The intention was not to test pre-determined hypotheses or subject data to inferential statistical tests. The focus was on accessing data which was not available from the public domain. Data from the postal questionnaire was used to both confirm company data in the database and to achieve a more in depth understanding of the characteristics of the Scottish luxury sector than afforded by the database alone.

The advantages of using a postal questionnaire approach were that:

- The views from the total population of Scottish premium/luxury brand producers (identified in the database), representing a range of product categories and varying sizes of companies could be accessed;
- Both factual and attitudinal/behavioural data i.e. quantitative and qualitative could be collected through the use of both open and closed ended questions;
- The postal questionnaire is quick, easy and economical to administer;
- Interviewer effects are absent;
- The sample for the second stage could be more easily selected.

The disadvantages were that:

- There is no one present to prompt or probe respondents to answer or elaborate answers;
- Uncertainty about targeting the individuals in an organisation who are competent to provide the required data;
- The number of questions had to be restricted to ensure salience for all of the sample;
- Cannot collect additional data (e.g. additional information about the firm);

- Risk of low response rates.

(Adapted from Bryman and Bell 2007 pp.242-243)

Details of how these disadvantages were minimised and how the mail survey was executed follow in the next sections.

4.5.4(ii) The sampling frame

The database of premium/luxury Scottish companies provided the sampling frame for the postal questionnaire, thus comprising a census sample of the full population from the database (Bryman 2004 p.243).

4.5.4(iii) Design and development of the postal questionnaire

The postal self-administered questionnaire was designed specifically for the study. It was derived from the research aim and objectives, the research questions, and from the key themes and issues identified in the branding and COO literatures as reviewed in Chapters Two and Three. Its principal contribution, in addition to providing supplementary information from that already accumulated from the company database, was to achieve a macro view of the role played by COO in Scottish luxury brand identities and to explore the mechanisms used to communicate Scottish identity. The questionnaire was highly focussed and for this reason it was possible to restrict the length to four sides and thus reduce the risk of '*respondent fatigue*' (Bryman and Bell 2007)

The survey (a copy can be found in Appendix 1) starts with an introduction which explains the purpose of the survey before clarifying the following basic terminology:

IMAGE refers to how a country/brand is perceived;

IDENTITY refers to what a country/brand is, i.e. its aim, meaning and essence;

POSITIONING means emphasising the distinctive characteristics that make a brand different from its competitors and appealing to customers.

The questionnaire then comprises three sections, the scope and content of which are outlined in Table 4.7 where the questions in each section are linked with the research questions identified at the end of Chapter Three. The questions in Section One of the questionnaire relate to the first objective (Figure 4.4) and its associated research questions and as such are designed to establish additional company data and whether or not COO signals/cues are deployed.

Table 4.7: Content of the postal questionnaire related to research questions

Section One - Your Brand	
RQ1: What is the scope and structure of the Scottish premium/luxury brand category compared with other countries?	Qu 1. The term describing your brand – premium/luxury?
RQ2: What are the characteristics/ dimensions of the Scottish premium/luxury sector?	Qu 2. The product category applying to your company?
	Qu 3. % contribution of total sales accounted for by overseas sales?
RQ4: How important is COO as a dimension of Scottish premium/luxury brands?	Qu 4. Do your products carry a 'Made in Scotland' label?
Section 2 Scotland's Image	
RQ4: How important is COO as a dimension of Scottish premium/luxury brands?	Qu 5. Key words summarising Scotland's image for you
RQ4: as above	Qu 6. Has Scotland's image changed in recent years?
RQ5: What is the role and function of Scottish COO in the identities of Scottish premium/luxury brands?	Qu 7. Is Scottish identity important for the positioning of your brand?
RQ4: To what extent is COO reflected by Scottish premium/luxury brands?	
RQ4: as above	Qu 8. Do you use a different identity for domestic/export markets – particularly with respect to using Scottish imagery?
Section 3 Communicating 'Scottishness'	
RQ6: What direct and indirect communication mechanisms are used by Scottish premium/luxury brands for representing or indicating Scottish COO?	Qu 9. Which reference sources (from a list) are used in communicating your brand's Scottish identity?
RQ6: as above	Qu 10. Has communication of Scottishness changed over the life cycle of the brand?
Respondent Information (Qu 11)	
This information is for use in contacting respondents who agree to take part in the interview stage of the research	Position in company
	Telephone number
	Company name

Section Two first focuses on respondent's interpretations of Scotland's image (Qu 5) and whether or not this image has changed in recent years (Qu 6) and secondly, on the importance of Scottish COO in brand identity (Qu 7) and whether or not this identity is different in domestic/export markets (Qu 8). In Section Three the focus is on the mechanisms which are used to communicate Scottishness (Qu 9) and whether or not this has changed over the product life-cycle (Qu 10). This last point relates to Niss's (1996) finding where the use of COO associations was considered more relevant at earlier stages of the life cycle of certain Danish products.

As shown in Table 4.7, in the closing section of the survey, respondents were invited to participate in the second stage of the study. Since one of the main challenges in conducting interviews with senior executives is gaining access (Thomas 1995) identifying willing participants from questionnaire responses was particularly helpful.

4.5.4(iv) Piloting the questionnaire

It is recommended that pilot testing be carried out particularly in the case of self-completion questionnaires where the interviewer is not present to clarify the wording of questions (Bryman and Bell 2007). Following Bryman and Bell's (2007) advice to use a small set of respondents who are comparable with the sample which will be used for the full study, five individuals, who either worked in senior positions for companies on the database or who worked with such companies in a consultancy capacity were selected, based on their accessibility and their knowledge of the industry sector. None of these individuals was the target person from a company who would be approached later to participate in the survey. These individuals were asked to comment on the survey in terms of the wording, ease of completion, structure and sequencing of questions. One respondent recommended that the terms 'image' and 'identity' be clearly defined at the beginning of the questionnaire, One suggested that an extra response be added to one of the closed questions, and another suggested a minor change in the sequencing of questions. These changes were incorporated. In addition, respondents reacted positively to the design of the questionnaire and to its compact format, agreeing that business executives would appreciate the attention to detail in presentation and to the restricted length.

4.5.4(v) Administering the questionnaire

In spite of the positive features of postal questionnaires, a number of disadvantages in respect of the use of mail surveys have previously been identified in section 4.5.4(i). Measures to overcome these issues, particularly to ensure a high response rate, have been suggested, e.g. by Dillman 1991; Webb 1995; and Connon 2008.

The first of these recommendations is that only personnel directly relevant to the study be sent the questionnaire and that attempts be made to obtain the correct name and address of the person most able to complete the survey. A covering letter explaining the objectives of the research and assuring respondent confidentiality be included, as well as a pre-paid envelope for the return of the questionnaire. After a reasonable time has elapsed a follow up communication should be sent to non-respondents, and then a second copy of the questionnaire should be sent. Mentioning that the research is sponsored by a non-profit making organisation (e.g. a university) is deemed more likely to receive a positive response. The use of colour in the design of the questionnaire, restricting the length to 3-4 pages maximum and sending a thank you postcard/letter is also recommended.

All of these recommendations were followed in this study. The survey was addressed to the managing director/CEO, their name having been identified for the database using internet sites, corporate publications or telephone requests. Included in the covering letter was the offer to provide respondents with a copy of the results of the study and they were informed that the next stage of the research involved conducting interviews which it was hoped they would agree to participate. Further steps which were taken to increase the response rate were:

- A5 format was used for both the covering letter and the questionnaire;
- The covering letter was printed on cream coloured high quality A5 linen style writing paper;
- The questionnaire was printed on high quality card and had an aerial colour photograph of Scotland (Figure 4.8) on the cover and the title “Made in Scotland? Is it Important?”;
- A brightly coloured arrow shaped Post-it with a signed message “Thank you so much for taking time to answer this questionnaire” was attached to the front of the questionnaire to help it stand out;
- The photograph used on the front of the questionnaire (Figure 4.8) was reproduced on labels, one of which was attached to the back of the outer envelope and another to the front of the pre-paid return envelope to add distinctiveness;
- The same photograph (Figure 4.8) was used to create postcards, one designed for thanking respondents, the other for use as the first follow-up reminder. Notelets using the same design were used for hand written second follow up reminders. (Copies of the letter, the questionnaire, and illustrations of the postcards, and accompanying materials can be viewed in Appendix 2.

Figure 4.8: The illustration used for the questionnaire, follow up postcards, notelets and envelope stickers.



One hundred questionnaires comprised the postal questionnaire sent out on 27th August 2008. A total of fifty two replies were received in just over two weeks. Postcards were sent to non-respondents during the week beginning 15th September 2008, resulting in a further ten replies. Hand written notelet cards along with second copies of the questionnaire plus a small gift (an Aberdeen Business School 'post it' set) were sent during the week beginning 13th October 2008. A further sixteen replies were received. Out of a total sample population of one hundred premium/luxury Scottish companies, seventy eight replies were received. Two questionnaires were returned unopened. The 78% response rate is classified by Mangione (1995 pp.60-61) as 'very good' for a postal questionnaire, validating the measures which were taken to achieve the high response rate.

4.5.4(vi) Data analysis - Quantitative

Quantitative data from the questionnaire was entered on an SPSS (Version 15) spreadsheet. Descriptive statistical analysis was carried out on the closed-ended questions where frequency counts (n and %) were calculated. These were questions which firstly categorised the Scottish luxury sector by:

- classifying brands as luxury or premium (Qu1);
- placing responding companies into product categories (Qu2);
- noting overseas sales characteristics (Qu3);
- identifying whether or not the 'Made in Scotland' label was used (Qu4)

The main purpose of this section was to first confirm that companies matched themselves to the premium/luxury categories defined in the database. Export data was necessary because previous research (Niss 1996) has suggested that companies who export more use different approaches in the use of COO information compared with those with mainly domestic markets. It was also important to establish how prevalent the use of the 'Made in Scotland' label actually was across the Scottish luxury sector.

The next set of closed questions examined:

- whether or not Scottish image had changed in recent years (Qu6);
- attitudes towards the importance of Scottish identity in brand positioning (Qu7);
- changes in brand identities for domestic/export markets (Qu8); and
- which reference sources were used to communicate a brand's 'Scottishness' (Qu 9).

Frequencies of responses were calculated separately for the different industry sectors and where appropriate, bar charts were created to aid interpretation of results. Further statistical analysis comprised the use of cross tabulations and Pearson chi-square tests (Field 2009) which were carried out to establish whether or not there were significant associations between industry categories (Qu 2) and the variables:

- % Overseas Sales (Qu 3);
- 'Made in Scotland' Label (Qu 4);
- Image Change (Qu 6);
- Importance of Scottish Identity (Qu 7) and;
- Life Cycle Change (Qu 10).

As stated previously, the intention was to use the questionnaire results to corroborate and augment other data collection methods rather than derive data for inferential statistical analysis.

4.5.4(vii) Data analysis - Qualitative

In addition to the quantitative data, the questionnaire also generated qualitative data from open-ended questions. Recognising the richness, complexity and non-standardised nature of this data (Thorpe and Holt 2008) the approach taken to understand this data was to follow the process used by Creswell (2009) (explained in more detail later in this chapter in section 4.6.1(v) in relation to the analysis of interview data in the second research stage). Creswell's process for analysing qualitative data follows a sequence of collating, organising, and coding then interpretation.

Taking cognisance of Miles and Huberman's (1994) observation that *"the researcher who does not use software beyond a word processor will be hampered in comparison with those who do"* (p.44), a decision was taken to use 'computer-aided qualitative data analysis software' (CAQDAS) as a tool to support the process. This decision was also influenced by the advantages cited in the literature for the use of CAQDAS (Bazely 2007; Hall, in Thorpe and Holt 2008). Those which have most relevance for this study include:

- Systematic data management and handling;
- Dealing with 'data promiscuity';
- Retaining context, where coding and sections of information link back to the original document;
- Enabling continual reference to data;

- Allowing different relationships to be explored without damaging the integrity of the original data;
- Improved rigour through detail of analysis;
- Enhancing acceptability and credibility (Hall, in Thorpe and Holt 2008 p.37).

Notice was also been taken of some of the disadvantages of CAQDAS discussed in the literature (Fielding and Lee 2002; Mangabeira et al. 2004), notably that the use of the technology may influence the nature of the analyses by distancing the researcher from the data.

From the numerous CAQDAS packages available (Lewins and Silver 2006; www.caqdas.soc.surrey.ac.uk), the software programme selected for this study was QSR NVivo (<http://www.qsinternational.com>) version NVivo 8. Selection was made on the basis of the nature of the data, accessibility to the software and support in its use (Miles and Huberman 1994; Eriksson and Kovalainen 2008; Hall, in Thorpe and Holt 2008; Bernard and Ryan 2010).

Qualitative data from the open-ended Qu 5 and from Qu 6-8, and 10, where brief explanations for the answers given to closed questions were requested, were collated first in a Word document (Appendix 3) and then loaded into the NVivo 8 software project. Information was coded and copied into free standing or tree nodes and/or copied as attributes into specific company cases. The structure of nodes and cases was determined with reference to the research questions.

4.5.5 Web page analysis

To augment the findings from the postal questionnaire regarding the use and mechanisms for communicating a Scottish identity, an analysis of relevant aspects of selected company web pages for the census sample from the database used in the postal survey was carried out.

4.5.5(i) Justification for website research

With the rapid growth in access/use of the internet, there is now an expectation that companies have a web presence. Aaker and Joachimsthaler (2002) refer to a company's web site as a key part of brand building. The dramatic increase in the number of companies who now use the web for marketing, promoting and selling products to consumers attests to this. The web is recognized as an increasingly important means of interacting with customers/stakeholders providing a platform for communication and for business transactions (Liu et al. 1997; Aladwani and Palvia 2002; Ranganathan and Ganapathy 2002; van der Merwe and Bekker 2003). A web

presence has become essential for competitiveness (Lim Ban 1996; Dixon and Marston 2005; Sheth and Sharma 2005). From examination of the Gucci Group, Moore and Birtwistle (2005) identified effective marketing communication including internet web site design as one of the dimensions of the fashion luxury brand. The use of the internet by luxury brands has been examined by Nyeck and Roux (1997) and by Dall'Olmo Riley and Lacroix (2003) who noted that most luxury brands used web sites to communicate information. They also suggested that consumers have high expectations of luxury brands' web sites particularly relating to their visual and aesthetic quality. Mich et al. (1998) supported this by noting that a site's graphics were more important for niche products. Brioschi (2006) analysed magazine advertising for luxury brands, and Godley et al. (2009) explored aesthetic styles applied to luxury goods stores. The literature however lacks empirical evidence on the impact of imagery and other visual elements of luxury web sites. It has been demonstrated that quality of experience of websites influences not only the perceptions of quality of the website, but also the consumer's perception of the identity of the company (de Marisco and Leviardi 2004). It is contended that the manner in which information is presented on company websites is key for communicating company identity and expands opportunities for identity and image management (Melewar and Navalekar 2002; Biloslavo and Trnavčević 2009).

Aaker and Joachimsthaler (2002) emphasised that the main driver of a web site should be the brand identity and not creative pressures, recommending that associations be made with the key elements of the brand identity. The associations used in the web site can be strongly linked to the brand. The web site should be designed with the target market in mind (Oppenheim and Ward 2006) in this case for the luxury consumer.

For this study, the company website was considered as having the potential to provide two types of information of relevance to the second and third objectives (Figure 4.4) relating to the role of 'Scottishness' in premium/luxury identities and the mechanisms used to communicate a Scottish identity. First, it would indicate the extent to which Scottish associations were used in the design of the web site. This would give an indication of the extensiveness of the use and importance of Scottish origin in brand identities. Secondly, the types of mechanisms used to communicate 'Scottishness' would be identified.

4.5.5(ii) Web site evaluation

A number of frameworks have been devised for evaluating websites in sectors such as medicine, tourism, e-commerce, education, banking (Mich et al. 1998; Tweddle et al. 1998; Ranganathan and Ganapathy 2002; van der Merwe and Bekker 2003; Oppenheim and Ward 2006) but there has been no consensus on either the key dimensions to include or the measurement scales to use. Each study has customised the measurement instruments to match their particular requirements (Mich et al. 1998; de Marsico and Levialdi 2004). In devising evaluation criteria for use in this study the website evaluation literature revealed a range of different content and presentation elements, a selection of which are summarised in Table 4.8.

Table 4.8: Criteria for web site evaluation

Web evaluation reference source	Context	Evaluation criteria
Mich et al. (1998)	University sites and a ski consortium	Identity; content; services; location; management; usability; feasibility
Tweddle et al. (1998)	Cancer web-sites	Purpose; authority; content; design; readability; implementation; evaluation; conclusion
Aladivani and Palvia (2002)	e-commerce – consumer perspective	Specific content; content quality; appearance; technical adequacy
Ranganathan and Ganapathy (2002)	B2C commerce	Information content; design; security; privacy
van der Merwe and Bekker (2003)	e-commerce	Interface – graphic design, style, text; navigation; Content – product information, company information; reliability
de Marisco and Levialdi (2004)	Travel agencies	Technical – speed and security; site/information; personal/social; communication style – design and content
Oppenheim and Ward (2006)	On-line chocolate retailers	Presentation elements; content; accessibility; navigation; language; transaction pages; security

Source: Original

Those evaluation criteria of most relevance for this study were related to the content (information about the company; the staff; their principles; their products) and visual identity aspects of the site i.e. the design and graphics (visual cues; colours; fonts; images) all of which could contribute to associations with Scotland (or not). The home pages, defined as

“a document on a web server that can be referenced under the corporate name and that is developed and maintained by the corporation and serves as an entry point for customers to access specified information utilizing an electronic medium” (Liu et al. 1997)

can be used for a number of purposes including conveying a positive image of the organisation (Cheung 1998; Dholakia and Rego 1998), the ‘about us’ pages which

address a number of issues including communicating relevant company information (Pollach 2005), and the illustrations of company products/packaging were evaluated for each company website.

The types of scales used to evaluate the attributes identified in studies in Table 4.9 varied in length from seven to four points unipolar or bipolar, with four point scales being more common. In most cases these scales were used to measure levels of liking for attributes (0=non existent – 4=excellent) or levels of agreement (+2 to -2) with specific statements (van der Merwe and Bekker 2003; Oppenheim and Ward 2006).

Table 4.9: Measurement scales for evaluation of company websites

Dimension	Measurement scale
Level of 'Scottishness'	4 = high 3 = medium 2 = low 1 = absent
Means of communicating 'Scottishness'	0 = no Scottish references 1 = company/brand name 2 = Scottish imagery/symbols 3 = both company/brand name and Scottish imagery/symbols
Mechanisms for communicating 'Scottishness'	Specific type of association(s) noted

Since none of the scales from the literature were suitable for the objectives of this study, two different four point scales were devised to first of all rate the level of 'Scottishness' conveyed via each company's website (high to absent) and then identify the specific means used by the company to communicate Scottish origin (no reference to Scotland; reference to Scotland in the company/brand name; use of Scottish imagery and symbols; use of both images/symbols and reference to Scotland in the brand/company name) (Table 4.9). Specific mechanisms used to communicate 'Scottishness' e.g. tartan, images of the landscape, symbols used as logos, were noted in a separate column.

This analysis was first carried out by the author. To verify the data collected and the data collection process, a second party, a business consultant, a Spanish native who has lived and worked in Scotland for 15+ years, carried out a separate analysis on a sub-sample comprising 50% of the companies on the data base. The value of involving a non-Scot in this process was that bias caused by familiarity and/or preconceptions was removed. Agreement was achieved for the majority of decisions.

Disagreements were resolved by discussion between the two assessors. Adjustments were made to the remainder of the sample based on these discussions.

4.6 STAGE TWO RESEARCH METHOD AND DESIGN

The second research stage adopts a qualitative approach, selected as the most appropriate way to explore the complexity and diversity of views on the use of COO in brand identities. In-depth personal interviews produce richer insights than likely to be achieved using an indirect questionnaire (Gummesson 2000). More detailed understanding of the strategic advantages of embedding a COO identity in Scottish premium/luxury is gained from depth discussions with key company executives from a range of companies across the Scottish premium/luxury sector. This section provides details of this approach.

4.6.1 Semi-structured interviews

Carson et al. (2001) describe interview data as *the* major source of information in qualitative research. The purpose of interviews is to:

“probe deeply, to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience” (Burgess 1982 p.107, cited in Easterby-Smith et al. 2008 p.144).

Interview methods vary according to the amount of structure, ranging from unstructured which are designed to gain in depth insights and understanding, to highly structured based on prepared sets of questions (Carson et al. 2001; Easterby-Smith et al. 2008). In this study, a semi-structured method is selected. The justification for this choice and the protocols adopted are discussed in the next section.

4.6.1(i) Justification for data collection method

The interview design for the second stage of the research was selected for a number of reasons. Data from the interviews augmented the findings from the postal questionnaire and the web analysis in relation to objectives two and three (Figure 4.4). In addition, the interviews principally addressed the fourth objective concerning the strategic advantages for embedding a COO identity in premium/luxury brands. This objective required explanations to be uncovered of how and why particular approaches and decisions concerning the use of COO have been taken. In-depth interviewing is a well established and recommended method for accessing this type of information (EPIC 2002; Welch et al. 2002) and is regarded as the most meaningful research approach in complex business environments (Hart 1989; EPIC

2002). The depth and intimacy of interviewing, involving one-to-one conversations in the respondent's own setting, are held to be one of the best methods to study decision making within companies (Lincoln and Guba 1985; Denzin and Lincoln 1994; Gummesson 2000). Easterby-Smith et al. (2008) recommend interviews as appropriate methods when, as in this study, there is a requirement to understand the constructs which respondents use to base their opinions/beliefs on.

The semi-structured approach involves the interviewer following an interview guide, a pre-prepared outline of topics derived from the research objectives. A characteristic of the approach however is its flexibility, allowing the possibility of varying the wording and order of questions in each interview and of asking additional questions which are not on the guide as the interviewer picks up on things said by interviewees (Bryman and Bell 2007). The interview guide (Appendix 4) identified the major areas of enquiry. The semi-structured format enabled the key themes to be explored while also allowing flexibility by giving the opportunity to include additional insights into the relevance of COO in brand identity (Bryman 2004). The advantage of this approach is that the materials are systematic and comprehensive, while the tone of the interview is conversational and informal (Eriksson and Kovalainen 2008). Keeping too close to a pre-planned script is not advised since this may prevent important topics being raised by the participant. This does however lead to a recognised disadvantage of the approach in that comparing evidence materials may be difficult because participants respond to their own and often varying interpretations of the same questions. Other disadvantages of the interview method are that the researcher's presence can bias responses, and not all people are equally articulate and perceptive (Creswell 2009).

4.6.1 (ii) Interviewing business elites

Literature sources suggest that the best placed, best informed person in a company who can supply the type of information required for this study is the senior executive (Yeung 1995), described by de Chernatony and Cottam (2006) as the "*brand decider*" (p.614). Interviewing senior executives is a well established method for providing insights into the culture, organization and activities of a firm and is an effective method for addressing questions relating to corporate and strategic issues e.g. for providing information about motives explaining policy making and implementation (Yeung 1995; EPIC 2002; Welch et al. 2002). The view has been expressed that the higher the status in a company, the more powerful the data obtained (Macdonald and Hellgren 1998). These high status individuals are variously

described as elites (EPIC 2002; Goldstein 2002; Littig 2007; Kvale and Brinkmann 2009): elite personnel (Hart 1989); business elites (Yeung 1995; Welch et al. 2002); corporate elites (Welch et al. 2002); elite informants (Welch et al. 2002); key informants (Kumar et al. 1993; Doyle et al. 2006); business executives (Hart 1989). The preferred term which will be used in this study is business elite defined as:

“an informant...who occupies a senior or middle management position; has functional responsibility in an area which enjoys high status in accordance with company values; has considerable industry experience...” (Welsh et al. 2002 p.613)

The term elite is preferred over key informant since key informants can also be non-elites (Welsh et al. 2002).

In spite of the recommendations on the use of interviewing as an appropriate research method for business elites, while numerous texts are available which deal specifically with the mechanics of interviewing (Kvale 1996; Wengraf 2001; Gubrium and Holstein 2002; Easterby-Smith et al. 2008; Kvale and Brinkman 2009) there are relatively few sources which offer specific guidelines covering the logistics and handling of interviews with business elites (Hart 1989; Yeung 1995; Welch et al. 2002). As an example, Kvale and Brinkman's (2009) much cited text on qualitative research interviewing devotes less than one page to elite interviewing. Sources which specifically address this particular type of interviewing include: Hart 1989; Hertz and Imber 1995; Yeung 1995; EPIC 2002; Welch et al. 2002; and Littig 2007. A consistent view which emerges from these sources is that interviewing elites is different from interviewing non-elites (Welch et al. 2002). The methodological challenges which make this type of interviewing distinctive have been identified from a variety of sources and collated using the following themes: gaining access to the business elite; handling the interview itself; the location of the interview; analysis of the data and providing feedback. Specific guidelines which address these challenges are summarized in Table 4.10.

Table 4.10: Addressing key methodological challenges in elite interviewing

Key challenges	Examples of good practice
Gaining access to the business elite	<ul style="list-style-type: none"> • Usually difficult, elites are good at insulating themselves – gatekeepers • First contact has to be well prepared • Confirm professional credentials and standing • Draw attention to institutional affiliation • Use personal connections where possible • Sponsorship by a third party can be useful
Handling the interview itself	<ul style="list-style-type: none"> • Arrive 15 minutes early • Obtain as much relevant background information about the elite and their organization as possible • Dress appropriately • Submit well prepared sample questions in advance • Clarify the ground rules (e.g. purpose, confidentiality, how the data will be used) to build trust and rapport • Semi structured format preferred – be flexible regarding structure and question order • Be aware of the power/status balance (may favour the elite over the researcher) • The elite is usually a highly skilled communicator • Present oneself as a serious, well informed and neutral academic researcher • Seek permission to record the interview – usually not an issue for elites- allows for genuine exchange and rapport • Exploit the time available
The location of the interview	<ul style="list-style-type: none"> • At a time and place most convenient for the elite • Their workplace is the most preferred location • Arrange well in advance
Analysis of the data	<ul style="list-style-type: none"> • Full transcription is the most desirable form of data • Conduct within case and aggregate analysis • Code data using a qualitative system based on conceptual framework – flag key issues
Providing feedback.	<ul style="list-style-type: none"> • Post interview co-operation is beneficial • Follow up correspondence with elites can be used for acquiring additional information, or for verifying findings • Be aware of issues concerning interference or censorship of findings

Sources: Hart (1989); Hertz and Imber (1995); Yeung (1995); Thomas (1995); Aberbach and Rockman (2002); EPIC (2002); Welch et al. (2002); Littig (2007).

4.6.1 (iii) Sample selection

A purposive sampling technique was used for the business elite interviews. This strategy is primarily used in qualitative studies and has been defined as “*selecting units (e.g. individuals, groups of individuals, institutions) based on specific purposes associated with answering a research study’s questions*” (Teddlie and Yu 2007 p.77) and by Maxwell (1997) as a type of sampling in which

“particular settings, persons, or events are deliberately selected for the important information they can provide that cannot be gotten as well from other choices” (p.87).

Purposive sampling is designed to select a small number of cases (typically 30 cases or less) that will supply the most information about a particular phenomenon, compared with probability sampling where a large number of samples are selected that collectively represent the population of interest. Purposive sampling leads to greater depth of information from a smaller number of carefully selected cases, whereas probability sampling leads to greater breadth of information from a larger number of units selected to be representative of the population (Patton 1990). Purposive sampling frames, “a resource from which you can select your smaller sample” (Mason 2002 p.140) are typically informal ones based on the expert judgement of the researcher or by another resource identified by the researcher (Teddlie and Yu 2007).

In this study, the sampling frame for the second research stage comprised companies who had registered their willingness to participate in follow-up interviews in their responses to the postal questionnaire. This consisted of forty five companies. The literature offers various suggestions on the number of interviews to conduct (e.g. Carson et al. 2001 p.104 suggest “30 or so”), but Kvale (1996) advises to “interview as many subjects as necessary to find out what you need to know” (p.101). For this study a sample of twenty companies, representing as wide a cross section of companies as possible using criteria derived from results from the database, the postal questionnaire and the web page analysis (Table 4.11) was initially selected from the forty five who volunteered to participate.

In a similar type of study, where Niss (1996) studied the use of the ‘Made in Denmark’ label, twenty interviews were conducted. An option to use less than twenty if it was found that data saturation had been achieved, or more than twenty if it was felt that new knowledge could be achieved from further interviews was kept open (Kvale 1996). This design conforms with the qualitative approach where some flexibility is allowed and changes accommodated if necessary (Carson et al. 2001). Interviews were conducted over a period between August 2007 and November 2009. The order in which the interviews were conducted is reflected in the table. The final number of interviews conducted was twenty one. Table 4.11 shows the profile of participants.

Table 4.11: Profiles of elite interviewees

Firm	Status of Interviewee	Luxury Sector	Activity
A	MD	Food and Beverage	Baked Products – shortbread, biscuits, cakes and oatcakes
B	CEO + Projects Manager	Food and Beverage	Luxury chocolates and chocolate gifts
C	MD	Whisky	'The world's leading malt whisky specialist'
D	Group MD	Textiles/Cashmere	Knitwear, clothing and accessories – specialising in luxury fibres
E	MD	Food and Beverage	Naturally filtered Spring Water with a history of curative properties
F	CEO	Food and Beverage	Distilling – premium white spirit drinks
G	MD	Jewellery	Luxury jewellery retailer and silversmith
H	MD	Textiles/Cashmere	Innovative wool accessories
I	MD	Jewellery	Orcadian silver jewellery brand
J	Company President	Food and Beverage	Soups, Pickles, Preserves and Condiments
K	MD	Jewellery	Silver, gold and enamelled jewellery collections
L	Marketing Director	Food and Beverage	Luxury dairy ice cream and potato snacks
M	Director	Food and Beverage	Mail order meat supplier. Butchery products, free range chicken and fish.
N	MD	Food and Beverage	Baked products – shortbread, biscuits and oatcakes
O	MD	Textiles/Cashmere	Scottish wool Shetland yarn spinners, woollen fabric weavers and textile designers
P	Director	Textiles/cashmere	Scottish limited edition handbags created from Harris Tweed, Mohair and Tartan
Q	Operations Director	Whisky	Premium blended Scotch and single malts
R	MD	Whisky	Single malt Scotch whisky
S	MD	Homeware	Designer stoneware, home and fashion accessories, furniture and carpets
T	MD	Toiletries	Hand crafted aromatherapy soaps
U	CEO	Textiles/Cashmere	Knitwear, clothing and accessories

The purposive sample comprised companies from the database of Scottish premium/luxury brand producers who had responded to the mail survey and volunteered to participate in stage two of the research. The objective was to sample as much diversity as possible among the participants. The sample represents: a range of different consumer product categories; companies of different sizes (in terms of turnover and number of employees); companies identified from the web site and postal questionnaire analysis who overtly used Scottish imagery; companies who made no Scottish references in the identity of their brands; companies with different sizes of export markets. A table which summarises the above information for each interview company has been produced using stage one results from the database and the first section of the questionnaire (Table 4.12).

Table 4.12: Profiles of the companies where interviews took place

Firm	Luxury Sector	Size Turnover (£)	Size Number of Employees	Exports (%)	Scottish Identity
A	F&B	100m	Large 250+	>50	High
B	F&B	N/A	Micro <10	5-10	Absent
C	Whisky	16.5m	Medium 50-249	>50	Med
D	T&C	41.55m	Large 250+	41-50	Med
E	F&B	N/A	Micro <10	<5	Med
F	F&B	N/A	Small 10-49	41-50	Med
G	Jewellery	8.3m	Small 10-49	11-20	Absent
H	T&C	100-250k	Small 10-49	5-10	Absent
I	Jewellery	N/A	Micro <10	5-10	Med
J	F&B	116.4m	Large 250+	21-30	Absent
K	Jewellery	N/A	Medium 50-249	5-10	Med
L	F&B	N/A	Medium 50-249	<5	Low
M	F&B	N/A	Medium 50-249	<5	Absent
N	F&B	N/A	Medium 50-249	<5	High
O	T&C	2-3m	Medium 50-249	>50	Med
P	T&C	N/A	Micro <10	<5	Med
Q	Whisky	83.8m	Large 250+	>50	Med
R	Whisky	80.6m	Large 250+	>50	Med
S	Homeware	N/A	Medium 50-249	11-20	High
T	Toiletries	N/A	Micro <10	11-20	Low
U	T&C	17.7m	Medium 50-249	>50	Low

All product sectors are represented; turnover ranges from £100-250 thousand to in excess of £100 million; number of employees range from micro companies of less than ten employees to large companies with in excess of two hundred and fifty employees; export percentages range from less than five to greater than fifty; and the perceived level of Scottish identity varied from absent to high. This sample was considered appropriate to answer the relevant research questions (Table 4.4)

4.6.1 (iv) Design and development of interview protocol

The methodological issues identified previously in Table 4.10 which can affect the outcomes in conducting interviews with business elites are examined next in relation to the techniques adopted for the present study.

In terms of gaining access, all of the interviews for this study took place in one off meetings between the author and the business elite. The arrangements were made in the first instance by telephone. Since each of the business elites in the sample had volunteered to participate in a follow up interview, in most cases there were no problems in arranging a time for the interview to take place. In a small number of cases where gatekeepers did erect barriers, either hand written note cards (which used the same design as the front cover of the questionnaire) along with an accompanying business card and a copy of the completed questionnaire were sent

to the business elite, or if requested, an e-mail was sent covering specific information. As suggested by Welch et al. (2002), the preferred location for the interview was in nearly every case the business premises of the participating company, in a boardroom or office. One was conducted in a public space, in a coffee shop situated next to the company premises, while another was in the business elite's home. An advantage of meeting the business elite in company premises was that an opportunity was afforded to acquire valuable information in the reception area e.g. displays of products, packaging etc. (Hart 1989).

The interviewer fully researched each company in advance to gain an impression of the issues which were significant for the study. This involved researching the background to the company and the company's brands, particularly their use of Scottish references in product design, web sites, company information, packaging etc. (Hart 1989). The objectives of the research were made clear from the outset and the value of the participant's contribution and how the information would be used was clearly stated. An outline of the interview guide was sent in advance (Appendix 4) and assurances about confidentiality were stressed.

Having read widely about qualitative interviewing and elite interviewing (Hart 1989; Hertz and Imber 1995; Yeung 1995; Kvale 1996; Wengraf 2001; EPIC 2002; Gubrium and Holstein 2002; Welch et al. 2002; Littig 2007; Easterby-Smith et al. 2008; and Kvale and Brinkman 2009), the potential influences of social interaction were appreciated by the interviewer. Interviewees were given the licence to focus on areas of importance to them without being obviously interrupted, before being guided back to the key topics. The role adopted was that of researcher rather than student or university academic and the interview was more often referred to as a discussion. Both of these tactics were aimed at increasing the potential for genuine exchange (Easterby-Smith et al. 2008).

All of the business elite interviewees agreed to the interview being recorded. The main reasons which are given for recording interviews are that it aids the listening process and gives the opportunity for an unbiased record of the conversation to be made (Hart 1989). Good audio recordings are essential for accurate transcripts and for re-listening to the interview to hear things which were missed at the time.

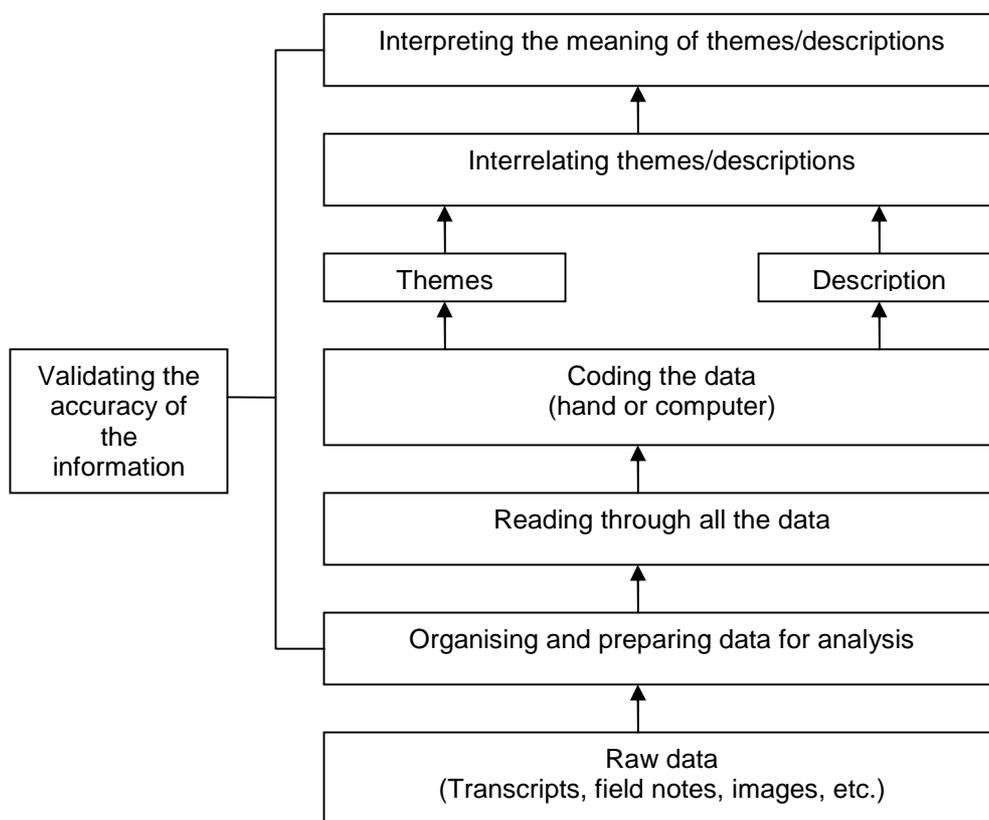
The first interview was treated as a pilot case, as recommended by Odendahl and Shaw (2002), to test the interview protocol. A few, minor changes were made to the questions to ensure that all of the required information was covered however by

adopting a semi structured approach each interview was inevitably different depending on the particular focus and interests of the interviewees (Kvale 1996). Over the process of carrying out over twenty interviews greater familiarity on the part of the researcher resulted in some further changes being made to the questions and to the sequencing of questions. This is entirely consistent with the qualitative approach (Carson et al. 2001). The interviews which lasted between forty five minutes and two hours were recorded and transcribed verbatim by the interviewer. The process of transcribing the interviews provided an opportunity to start identifying themes and coding structures for further analysis (Miles and Huberman 1994; Bernard and Ryan 2010). A copy of the transcript was returned to the interviewee for “checking how accurately participants’ realities have been represented in the final account” and to allow them to add any points which they had subsequently thought of as being relevant (Creswell and Miller 2000 p.125). No changes were requested by any of the business elite interviewees.

4.6.1 (v) Procedures for data analysis

Creswell (2009) provides a very clear overview of the data analysis process for qualitative data as shown in Figure 4.9.

Figure 4.9: Data analysis in qualitative research



Source: Creswell (2009 p.185)

Although presented as a linear process, building from the bottom up, it is in fact a more interactive process with the various stages being interrelated and not always carried out in the order presented. Using Crewell's (2009) detailed explanation of each of the stages (Figure 4.9), those related specifically to the analysis of interview data, are emphasised:

Stage 1 – Organise and prepare the data for analysis by transcribing interviews, collating qualitative data from questionnaires and gathering together other supporting information (company information from web sites and other resources e.g. press, and relevant images). All of this material was copied as internal sources into a project in NVivo 8 and links to external sources such as web pages were also added.

Stage 2 - Read through all of the data to get a general sense of the information and reflect on its overall meaning. Start noting general thoughts about the data using the memo function in NVivo 8.

Stage 3 – Use a coding process to organise the material into chunks of text so that meaning can be brought to the information (Rossman and Rallis 1998). Systematically code the data (text, images) into categories and copy into specifically labelled free nodes (separate) or tree nodes (linked) or as attributes in cases in NVivo 8. By engaging in this process, a preliminary analysis was carried out, by seeing how the coded data is organised and by carrying out some initial searches, creating links and questioning the data.

Stage 4 – More in depth searching and questioning was then carried out to produce a detailed *description* of the information which in this case is the business decision processes surrounding the use of Scottishness in brand identity, then distinct *themes* from this description were generated. Themes were devised from individual companies, from industry sectors and across companies. These displayed multiple perspectives from participants and were supported by relevant quotes and specific evidence. Themes were then linked into theoretical models.

Stage 5 – Involved discussion of themes and interconnections, synthesising the emerging patterns and generating diagrams and tables as adjuncts to the discussion.

Stage 6 – Interpretation i.e. “what were the lessons learned” (Lincoln and Guba 1985) was the final stage where personal interpretations from the data analysis were combined and compared with findings from the literature. The rigor of the research

had to be established prior to making final conclusions. New questions might be raised as a result of these interpretations.

4.7 RELIABILITY AND VALIDITY

Qualitative validity and reliability have different meanings compared with quantitative validity and reliability. Quantitative validity means checking for accuracy of findings by using certain procedures. For qualitative reliability, consistency of approach is the main criterion (Creswell 2009). To improve and evaluate validity and reliability in interpretive research, several techniques have been proposed in the literature e.g. Lincoln and Guba 1985; Denzin and Lincoln 1994; Miles and Huberman 1994; Creswell and Miller 2000; which are argued to be equivalent to the classical quality criteria used in positivist research. Table 4.13 summarises these approaches (in the table, ✓ indicates which techniques have been used in this study and where they occur).

Table 4.13: Techniques for establishing validity and reliability in interpretive research

Design Tests	Interpretivist Techniques	Stage of research where techniques occur
Confirmability	Confirmability audit (examine the data, findings, interpretations and recommendations) ✓	Data collection analysis and interpretation integrating qualitative data from questionnaires and interviews in conclusions ✓
Credibility/ internal validity	Triangulation (sources and methods) ✓ Peer debriefing Member checks Use rich, thick description ✓ Present discrepant information ✓ Researcher's assumptions, worldview, theoretical orientation Researcher self monitoring ✓	Data collection and analysis, triangulating questionnaire and interview data ✓ Data analysis and interpretation ✓ Data collection & data analysis ✓ Data analysis ✓ Data interpretation ✓ Data collection and analysis ✓
Transferability / Applicability	Predetermined questions ✓ Thick description (develop company data base) ✓ Cross-case analysis ✓ Specific procedures for coding and analysis ✓	Research design ✓ Data collection ✓ Data analysis ✓ Data analysis ✓
Consistency / Dependability	Dependability audit (examine and document the process of inquiry) Clarify researcher's theoretical position and biases	Research design ✓ Research design ✓

Sources: Lincoln and Guba (1985); Denzin and Lincoln (1994); Miles and Huberman (1994); Creswell and Miller (2000); Healy and Perry (2000); and Reige (2003).

Of particular relevance for this study are:

- Methodological triangulation of qualitative and quantitative and triangulation of method between the database and postal questionnaire data; postal questionnaire with web site analysis data; and between postal questionnaire and interview analysis, used to build a coherent justification for themes;
- Member checking where specific descriptions were discussed with external experts to gain feedback on accuracy;
- Using the coding facility of NVivo 8 to facilitate creation of rich, thick descriptions to convey findings by providing many perspectives about a theme;
- Presenting any negative or discrepant information that contradicts the general perspective of the theme to increase validity;
- Used peer debriefing to enhance the accuracy of the interpretation of the data. A colleague independently rated a sample of the company web sites and external experts reviewed and asked questions about the study's main findings to confirm (or otherwise) that the account resonated with people other than the researcher. This process involved interpretation beyond the researcher which added to overall validity.

4.8 LIMITATIONS OF THE RESEARCH APPROACH

4.8.1 Limitations of the database

The composition of the database is recognised as a potential limitation. Although a rigorous procedure was adopted and followed for selection of companies, it is recognised that there was still a subjective element involved. In reducing the total number of companies in the six product sectors from 2500+ to one hundred, companies who met the selection criteria may have been missed and equally some companies which were included may not have met all of the criteria. Recognising this limitation, verification of the list of companies by industry experts gave confidence that the selection of companies was robust.

4.8.2 Limitations of the postal questionnaire

The second limitation is associated with the use and design of the postal questionnaire. The two decisions, first to use the questionnaire principally to augment information from the database analysis and secondly to restrict the length of the questionnaire to encourage completion, resulted in data which could only be analysed using mainly descriptive statistical analysis. The high response rate justified one of the reasons for the approach which was taken.

4.8.3 Limitations of web site analysis

The analysis of company web pages was restricted to the company 'home page', the 'about us' page and to illustrations of company products/packaging. The purpose was to evaluate the communication of Scottish origin rather than aspects such as accessibility, navigation or ease of use. The measurement scales devised for the purpose, although simple, were consistent with the types of scales used in web site evaluation research (van der Merwe and Bekker 2003; Oppenheim and Ward 2006). The process of evaluation did however involve giving a score based on a personal impression. Recognising that this might result in bias, a second party evaluated over 50% of the websites as a verification process. In spite of this the subjective nature of the process is recognised.

4.8.4 Limitations of elite interviews

The most frequently cited problem in elite interviewing is gaining access to the business elite (Yeung 1995; Welch et al. 2002). This was not an issue in this study having invited respondents of the questionnaire survey to indicate their willingness to participate in the second research stage. The disadvantage of this approach was that the purposive sample was selected from those who had 'volunteered' to be interviewed in the second stage. Care was taken in the choice of interview subjects, to ensure that the sample represented companies which varied in the characteristics identified at the end of the first research stage. It is recognized however that a different choice of interviewees might have uncovered additional insights into the use of Scottish origin in brand identities. A further caveat is that by interviewing the MD, Director or CEO, only one viewpoint on company strategy was presented. The individual's perspective could have misrepresented the company's motivations. Finally, since the focus of the research was on COO, this may have exaggerated the importance of the effect when collecting, analysing and interpreting interview data.

4.9 ETHICAL CONSIDERATIONS

Ethical considerations relating to the conduct of the research were addressed with reference to recommendations from the literature (de Vaus 2002; Fowler 2009) and in accordance with Robert Gordon University guidelines on Research Governance and Ethics. The study fully adhered to the University's ethical policy (www.rgu.ac.uk) and ethical approval was gained as part of the registration process.

Full information regarding the nature and purpose of the research and how the results would be used, was provided when seeking access to companies, so that consent was fully informed (Miles and Huberman 1994; Silverman 2005). There was

complete openness with interviewees and company information was not included in the report until the draft had been approved by the company (Miles and Huberman 1994). Ethical responsibility was exercised by treating confidential information appropriately through agreements regarding confidentiality and anonymity (Lincoln and Guba 1985; Patton 1990; Miles and Huberman 1994; Easterby-Smith et al. 2002). The identities of participating companies were concealed by adoption of a coding system.

4.10 CHAPTER SUMMARY

The chapter began by placing the study within a wider philosophical framework, examining the two paradigms of positivism and interpretivism. The pragmatist philosophy was then introduced as a prelude to introducing the emerging field of mixed method studies. This was the research position adopted for this study.

Having in the previous literature review chapters, identified research questions regarding the role and value of COO devices for Scottish luxury brand producers, a two stage inductive mixed method design for investigating these questions has been described and justified in this chapter. The choice of Scotland is justified in terms of its rich imagery, positive reputation for quality and strong associations particularly with two categories of luxury products, cashmere knitwear and malt whisky.

A sequential two stage research design has been described. The objective of the first research stage is to establish an understanding of the scope and structure of the Scottish luxury sector at a macro level which will inform and direct the qualitative research approach used in the second stage. A database comprising one hundred companies representing a range of premium/luxury product categories was the main research instrument, supported by a postal questionnaire and web site analysis using the full census sample from the database. Primacy was given to the collection of quantitative data in the first research stage. The research design of the second research stage where semi-structured interviews were conducted with business elites has been justified and research protocols defined. The various stages of operationalising all of the research methods have been described and justified. Full consideration has been given to justifying the choice of methods, sample selection and research protocols. Finally, the chapter concluded by considering the limitations of the study and the ethical considerations.

Chapter Five presents the findings from the first research stage.

CHAPTER 5

FINDINGS FROM THE FIRST RESEARCH STAGE

Chapter summary

This chapter presents the findings of the first research stage. The chapter begins with an analysis of the characteristics of the Scottish premium/luxury sector based on the results from a database compiled for this study, and the first part of a postal questionnaire. The value and means of communicating ‘Scottishness’ are examined by analysing results from sections two and three of a postal questionnaire and evaluation of company web sites. The conclusions inform the second research stage.

5.1 INTRODUCTION

The first research stage commences by addressing the first research objective which is to examine the nature and characteristics of the Scottish premium/luxury sector. The luxury brand literature provides some insights into national differences in business models for the luxury fashion sector (Djelic and Ainamo 1999; Kapferer 2006) where in particular, European models have been compared with the American model. Conclusions from these studies suggest that national differences based on culture and heritage have had a profound influence on the development of organisational structures within specific industry sectors which are then reflected within individual corporate identities. Further studies to test these models have been recommended (Djelic and Ainamo 1999). In a similar vein Balmer (2001b) has highlighted the important roles played by reputations of industry sector and COO in corporate identity, yet these have been given little attention in the literature. Similarly, the role played by corporate structure in corporate identity, and interpenetration between corporations e.g. parent institutions, has rarely been considered (Balmer 2008). Although Pugh (1973) identified a number of traits which help define a corporate identity, including company ethos and activities, quality, market position, location, geographical scope, organisational type, structure, procedures and culture, these have rarely been applied in studies of corporate identity (Balmer 2008).

This study covers a range of Scottish premium/luxury product categories, and before specifically examining the role, value and means of communicating ‘Scottishness’ by premium/luxury brands later in the chapter, an overall understanding of the characteristics of the different sectors is first established. Industry surveys of selected Scottish product sectors including the textiles and food and drink industries (SWA and Scottish Executive 2003; ECOTEC 2007a, b and c; The Scottish Government 2009a and b) have included all companies within the particular sector and have mainly focussed on the economic impact of the sector on the Scottish/UK economy. The chapter begins by summarising the main findings from the most

relevant of these studies prior to examining the premium/luxury sectors in more detail using data from the analysis of a database compiled specifically for this study (Appendix 5) which focuses only on companies which satisfy the premium/luxury definition, i.e. *“those whose price/quality relationship is the highest in the market”* (Mintel 2004a). Findings from the database analysis are supported by data from the first section of the postal questionnaire.

There is a clear knowledge gap both within the particular Scottish context and within the wider luxury literature regarding the characteristics which distinguish companies which operate at the premium/luxury level. These characteristics have an important bearing on corporate identities (Pugh 1973; Balmer 2001b). The first research stage addresses this gap, fulfilling the first research objective and its associated research questions identified at the end of Chapter Three and reprised in Table 5.1.

Table 5.1: First research stage objectives, research questions and research methods

Research Objectives	Research Questions		Research Methods
1. To examine the nature and characteristics of the Scottish premium /luxury brand sector.	RQ1	What is the scope and structure of the Scottish premium/luxury brand category compared with other countries?	Database Postal Questionnaire Secondary data
	RQ2	What are the characteristics/dimensions of the Scottish premium/luxury sector?	Database Postal Questionnaire Secondary data
2. To examine the role of ‘Scottishness’ in luxury brand identities	RQ4	How important is COO as a dimension of Scottish premium/luxury brands?	Postal Questionnaire Web analysis
	RQ5	What is the role and function of Scottish COO in the identities of Scottish premium/luxury brands?	Postal Questionnaire
3. To examine the mechanisms and processes used by Scottish premium/luxury brands to communicate Scottish COO.	RQ6	What direct and indirect communication mechanisms are used by Scottish premium/luxury brands for representing or indicating Scottish COO?	Web analysis Postal Questionnaire
	RQ7	What processes are used to communicate ‘Scottishness’ by Scottish premium/luxury brands?	Web analysis

The chapter continues by addressing objectives two and three and their associated research questions (Table 5.1) by analysing and discussing results from the second (Scotland's Image) and third (Communicating ‘Scottishness’) sections of the postal questionnaire and from an evaluation of company web pages. A macro level account of the value and mechanisms for communicating COO by Scottish premium/luxury brand producers is achieved using these methods.

The chapter ends with a summary which assesses how the findings have supported the research questions and concludes by considering the areas which require further development in the second stage of the research.

5.2 BACKGROUND ON THE SCOTTISH TEXTILES, FOOD AND DRINK AND WHISKY SECTORS

The first research stage of this study begins by examining the composition and characteristics of the Scottish premium/luxury consumer goods sector. In previous studies of Scottish manufacturing sectors, companies which operate at the premium/luxury end of the market have not been separated out from the total industry sector, they have been considered along with all other companies in the sector. To give an appropriate context for analysing the specific characteristics of companies who operate in the premium/luxury segment, the general characteristics of the three main industry sectors i.e. Textiles and Clothing, Food and Drink and Whisky will be considered before carrying out an analysis of the characteristics of companies in the Scottish premium/luxury database. Secondary data, mainly from surveys conducted by Scottish Enterprise and the Scottish Parliament have been used to compile this section. This overall context provides a basis for comparing the features which distinguish the premium/luxury sector compared with the overall industry sector characteristics.

5.2.1 Scottish textiles and clothing sector - general

5.2.1(i) Introduction

The most recent figures available i.e. for 2007, state that the Scottish textile sector employed around seventeen thousand people accounting for 5.7% of Scottish manufacturing jobs and was the seventh largest manufacturing sector and seventh largest exporter (exporting £390m, 2.2% of Scotland's total manufacturing). Across the four hundred and fifty companies in the sector, turnover was more than £1 billion including export sales of £390 million (ECOTEC 2007a).

Scottish textiles companies are classified into four sectors according to the following production types: Apparel (40%); Knitwear (31%); Technical Textiles (23%); and Weaving (15%) with a small number classing themselves as operating in 'other' categories, for example accessories. The industry is further categorised into five types of business organisation:

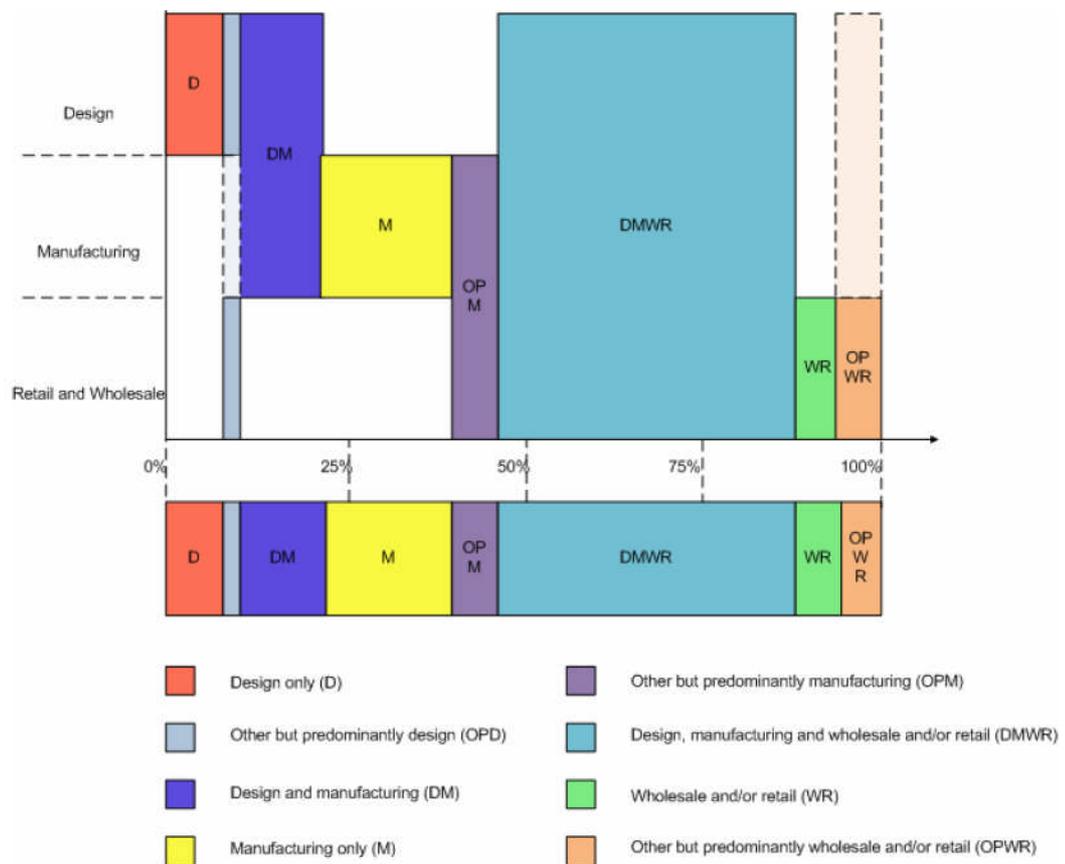
- Manufacturing only (18%);
- Design only (8%);
- Wholesale and/or retail (7%);

- Manufacturing and design (13%);
- Manufacturing, design and wholesale and/or retail (41%).

Manufacturing is the predominant functional area but there is an increasing focus on design. Manufacturing for mass markets ceased in the late 1990s when production moved overseas mainly to China and the Far East. Scottish knitwear is now targeting the higher end of the value chain. Scottish textile companies have subcontracting relationships with retailers and private labels including supplying the top international couture brands (ECOTEC 2007a; Jones 2006).

There is a high level of vertical integration within the Scottish textiles sector, illustrated in Figure 5.1, with more than 40% of companies operating across all of the main types of business functions. These businesses are most likely to be either from the apparel sector or be micro sized businesses which operate in manufacturing, design, wholesaling and/or retail.

Figure 5.1: Vertical integration within the Scottish textiles industry



Source: ECOTEC (2007a and b).

Design-centric companies are most active in either the knitwear or technical textiles sectors, whereas manufacturing businesses operate evenly across all four sectors. Fashion is the predominant market sector for the textiles industry with 'interiors/homeware' being the next most important area. Technical textiles are a relatively new but expanding market area (ECOTEC 2007a).

5.2.1(ii) Location of companies

The most important geographical concentration of textiles companies in Scotland is in the Borders area, with Glasgow, Edinburgh, Perth and Kinross and Renfrewshire also having significant business concentrations. In the Borders the principal business functions are manufacturing and design, whereas the other areas focus more on either design or on wholesale/retail functions.

5.2.1(iii) Size of companies

The company base for the industry is highly skewed towards smaller businesses with latest questionnaire findings showing 55% of all textiles businesses defined as 'micro-companies' (less than 10 employees), 20% as sole traders, 27% as 'small companies' (10-49 employees), 18% 'medium sized companies' (50-249 employees) and less than 1% described as 'large' with 250+ employees. This industry profile consisting mainly of SMEs (which in the UK are legally defined as businesses with less than 250 employees) is consistent with the European textiles and clothing sector, particularly the Italian sector which is similarly SME based (Jones 2006).

5.2.1(iv) Age of companies

The majority of Scottish textiles companies are typically long established with over 60% being established for ten years or more and three hundred and seventy five trading for more than twenty five years. Manufacturing companies are among the longest established. Design-centric companies are younger, a third having traded for a period of less than three years (ECOTEC 2007a).

5.2.1(v) Ownership

The large majority of companies (91%) are Scottish owned, with half of these wholly Scottish owned and operating only in Scotland, the other half being Scottish owned but operating throughout the UK and internationally. There has been an increase in international operations since 2005. Of the 8% of foreign owned companies, most claim that while retaining a high degree of corporate autonomy, other aspects of business decision making takes place in Scotland.

5.2.1(vi) Markets

Nearly 40% of Scottish textiles businesses have international markets, with the five main markets being: USA (58%); France (28%); Germany (25%); Italy (22%); and Japan (20%). The USA is the most important market by some margin. Companies who have internationalised are those with the highest turnovers. Thirty seven percent of output was directly exported in 2007 with overall exports valued at £390 million (ECOTEC 2007a).

A small percentage (12%) of businesses outsource manufacturing internationally, these being the largest companies, but even for these companies, outsourcing is no more than 25% of output. There is an indication that levels of outsourcing have declined slightly pointing to an increasing focus on higher value products which is considered as being more conducive for retaining manufacturing in Scotland. The most common lower-cost outsourcing locations are China (32%) and India (16%) with Sri Lanka, Turkey and Italy also mentioned (ECOTEC 2007a).

5.2.1(vii) Performance

For 2007, turnover for approximately 30% of companies was under £100,000 and for another 30% turnover was in excess of £1million, with 20% reporting turnover of £5 million. Companies who operated in international markets and/or non-Scottish owned businesses had higher levels of turnover. Forty percent of businesses reported increases in turnover of up to 10% over the previous twelve month period (ECOTEC 2007a).

5.2.1(viii) Critical issues

The following were the issues most frequently mentioned by companies as being critical to their future viability in a recent questionnaire for the Scottish Enterprise National Textiles Team (ECOTEC 2007a):

- Increased competition from low cost textiles producers, particularly in China;
- Shrinking pool of skilled labour exacerbated by an aging population;
- Rising costs of raw materials;
- The need to differentiate from competitors;
- Development of strong brands is a key mechanism for the future of the industry.

Scotland's strength is recognised to be in high quality garments and textile products. A more comprehensive labelling initiative has been recommended recognising the success of the 'Made in Italy' label (Stewart et al. 2006). The vision is to maintain the

Scottish industry as one characterised by top level design and technical expertise working in specific niche and luxury markets supplying the world's leading couture houses as well as developing Scottish luxury brands. The Scottish textiles sector is distinguished as the source of iconic products e.g. the cashmere twin set, Harris Tweed and designs such as tartans, Argyll and Paisley patterns. In high end niche markets Scotland is said to 'punch above its weight' (Rutherford 2007). The most recent strategy for the textiles industry stresses the need to move more from a supplier towards a partner relationship with customers (Scottish Textiles 2007).

5.2.2 Scottish textiles and clothing sector - cashmere

Of around the total of four hundred and fifty Scottish textiles companies, over forty fully or partially operate in the cashmere industry. These companies match the profile of the Scottish sector as a whole, being mainly Scottish owned, micro businesses (but with a number of medium and large companies), long established and concentrated in the Borders. The reputation for high quality began in the 1920s and since then the Scottish cashmere sector has maintained global recognition for its high quality. Nearly 70% of companies operate internationally, with the USA as the main export market followed by Italy, France and Japan. In light of the growth on the high street of highly commoditised cashmere products mainly from China and their high relative manufacturing cost base, the Scottish industry has increasingly moved towards high value, exclusive, luxury, niche markets and lower volume specialised production which commands a significant price premium. It is recognised however that Scottish cashmere needs to be more clearly differentiated with a much stronger brand identity. In a fashion led industry, more focus is needed to enhance the design aspect and to develop more flexible manufacturing approaches (ECOTEC 2007b).

The Scottish Cashmere Club is the industry body which since 1997 has represented the sector and has a current membership of twelve companies. It is recognised as being a critical part in the continuing success of the industry by providing leadership and strategic direction. Scottish producers increasingly recognise the opportunities which dedicated marketing and promotion of Scottish cashmere as a distinctive 'national product' afford. The 'Cashmere Made in Scotland' label is recognised as a sign of quality assurance, encapsulating the heritage and standards in all Scottish cashmere garments (www.scottishcashmereclub.com).

It is notable that many Scottish cashmere producers have relied on supplying products to international couture houses at the expense of establishing their own brands. A longer term commercially sustainable approach needs to centre on clear

differentiation and development of 'own label brands' rather than 'private label'. Companies such as Alex Begg and Peter Scott have adopted major branding campaigns, and others such as Lochcarron of Scotland and Lochcarron Knitwear have opened independent stores to strengthen their brand identities (Scottish Textiles 2007).

In Scotland, most of the cashmere is sourced from Scottish spinners Todd and Duncan who source their raw fibre from China. They are recognised as one of the world's leading cashmere yarn spinners for their quality and range of colours. The cashmere sector is vertically integrated to a strong degree with over half of the businesses operating in manufacturing, design and wholesale and/or retail (ECOTEC 2007b).

5.2.3 Scottish textiles and clothing sector - tartan

Like cashmere, tartan forms part of the wider textiles industry. It makes an important contribution to the overall national textiles sector. Scotland's tartan industry is characterised by a small number of long established larger producers with the rest being small and micro-sized (ECOTEC 2007c).

A recent initiative by the Scottish Parliament to create a 'Register of Tartans' is evidence of the importance of tartan to Scotland. The purpose of the register is to eliminate market confusion and secure this part of Scotland's competitive advantage and heritage. Cheaper imported tartan has been criticised for not reflecting the high quality associated with Scottish produced tartan, resulting in a negative impact on tourists' perception of tartan which by extension impacts on Scotland's image overall. The future focus is to be on high quality niche production from the indigenous tartan industry (ECOTEC 2007c).

5.2.4 Food and drink sector

The Scottish food and drink processing sector is a major contributor to Scotland's economy. Food and drink manufacturing generated sales of £7.5 billion in 2006 and the stated aim of Scotland Food and Drink is to grow the value to £10 billion by 2017 (The Scottish Government 2009b). There are over one thousand two hundred food and drink manufacturing businesses, dominated by small firms. Thirty three percent have one to four employees, and 92% have less than one hundred employees. Only 2% have five hundred or more employees. Small scale production emphasises quality and the craft element of production. Twenty one percent of output is sold in Scotland, 42% to the rest of the UK and 37% outside the UK. Fish and shellfish

comprise 55% of Scotland's total overseas food exports. The most important overseas markets are France, Spain and Italy, followed by Germany, Ireland and the USA (The Scottish Government 2009a).

Scotland Food and Drink, the leadership organisation for Scotland's food and drink industry, use the following eleven categories to group Scottish food and drink businesses:

- Alcoholic Beverages;
- Bakery and Cereals;
- Confectionery;
- Dairy;
- Fish and Seafood;
- Food Ingredients;
- Fruit and Vegetables;
- Meat, Game and Poultry;
- Non-alcoholic Beverages;
- Prepared Food;
- Preserves and Sauces (The Scottish Government 2009a).

Scotland has a reputation for quality food and drink products. The key drivers for this reputation are:

- History – foods which are traditionally unique or well suited to Scotland e.g. animal and cereal production, soft fruit, seafood, baking, whisky and beer;
- Tradition – methods of production characteristic of Scotland such as smoking fish, malting and distillation. High standards of production practice, including animal welfare, workforce knowledge and skills, food safety;
- Culture – regional differences are evident in dishes using local produce or cooking styles which relate to the culture of the area e.g. Arbroath Smokies, Cullen Skink soup;
- Geography – pure water, climate, soil conditions, unpolluted environment, clean, wild and remote (The Scottish Government 2009b).

Sub-national place referencing is frequently used in marketing Scottish food and drink products. Different regions of Scotland have distinctive identities and reputations for particular food and drink products e.g. Aberdeen Angus beef, Speyside salmon, Arbroath Smokies, Stornoway black pudding. The Scottish Government is supporting the identification of products which would qualify for provenance related labels across all Scottish food and drink products such as

protected food name (PFN) and related protection labelling (The Scottish Government 2009c).

5.2.5 Whisky sector

Scotch whisky is the most iconic of Scottish products which along with tartan is the product most closely linked with the country of origin. It sustains forty one thousand jobs, £800 million income to Scotland and £1billion in excise duty and VAT per annum. Annual exports are £2 billion and whisky is one of the UK's leading exports. Ninety per cent of production is exported, accounting for 20% of Scotland's manufactured exports (Peakin 2009). Made only in Scotland, Scotch whisky acts as an ambassador for the country, is recognised as being of the highest quality and 'casts a halo effect' on Scotland. The values attached to whisky are natural purity, connection to landscape, heritage, craft, and time. It is a unique product, which is widely admired worldwide, which reflects subtle regional differences, with a highly respected method of production. Forty distilleries have visitor centres, so the whisky sector is an important part of the Scottish tourism industry. Whisky producers are major sponsors of sport, art, music, literary and cultural events (SWA and Scottish Executive 2003).

Traditional methods of production are legally enforced and underpin its reputation for quality. To be called Scotch whisky, it is a requirement that it must have been wholly matured in Scotland, and before a distillery name can be used as a brand name on any Scotch whisky it must have been wholly distilled in the named distillery. The Scotch Whisky Association is active in protecting and promoting the brand overseas, giving protection against 'passing off' and negotiating with foreign governments over trade barriers. There are five Scotch categories which have been defined in the Scotch Whisky Regulations 2009/No.2890: Single Malt; Single Grain; Blended; Blended Malt; and Blended Grain (OPSI 2009).

Whisky is classified into one of five categories according to the geographical location of the distillery in which it is made:

- Highland;
- Lowland;
- Speyside;
- Islay;
- Campbeltown

These are protected by the Scotch Whisky Regulations 2009/ No. 2890 (OPSI 2009).

Luxury nomenclature in the whisky sector is by pricing and prestige with the following categories being recognised:

- Luxury/deluxe;
- Superpremium;
- Premium;
- Upper standard;
- Standard (Mandhachitara and Lockshin 2004).

Whisky has been recognised as a luxury product in the literature. McKinsey and Co (1991) classified European drinking spirits as one of fourteen luxury product sectors and two top end whisky brands were used in Dubois and Duquesne's (1993) study of internationally designated luxury products (Kapferer 1997a).

5.2.6 Summary of the Scottish textiles, food and drink and whisky sectors

This section has provided background information on the three main industry sectors which are the focus of this study. Each sector, textiles, food and drink and whisky, make significant contributions to the Scottish economy and export a significant volume of their manufactured products, much of which are identified as having been made in Scotland. By this mechanism, these products have become closely associated with the overall identity and image of Scotland (Masson and Raeside 1999; Hamilton 2000; Donald 2005). The dominant characteristics which define each of the three sectors, mainly sourced from studies carried out for Scottish Enterprise and the Scottish Government have been identified. The structured approach to analysing the textiles sector discussed above provides a framework for analysing the premium/luxury subsectors of each of the three industry categories. Using this structure, an analysis of company information from the Scottish premium/luxury database follows in the next section.

5.3 RESULTS OF THE DATABASE ANALYSIS

The database of the Scottish premium/luxury consumer product sector which was compiled for this study (4.5.3) comprised one hundred companies from six product categories representing a census sample of eligible companies, distributed as shown in Table 5.2.

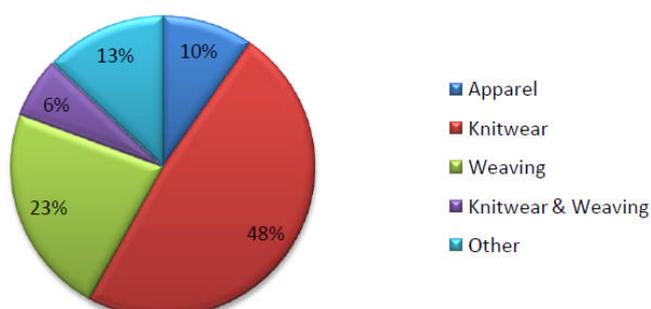
Table 5.2: Composition of company database by product category

Industry Category	Number of Companies
Textiles/Cashmere	31
Whisky	20
Food and beverages	34
Jewellery	4
Toiletries	5
Homeware	6

These companies represent a very small subsector of their respective industry groups (4.5.3(i)). In the textiles sector, the premium/luxury companies on the database represent around 7% of the total number of businesses. In the food and drink sector the percentage of companies meeting the criteria to be included in the database represent only 2% of the total number of businesses registered on the Scotland of Food and Drink directory. For the whisky sector the companies on the database represent 36% of the membership of the Scotch Whisky Association.

A more detailed profile of the companies included in the premium/luxury database for each of the three main sectors is illustrated in Figures 5.2-5.4 using the same industry classifications which were identified in the previous section.

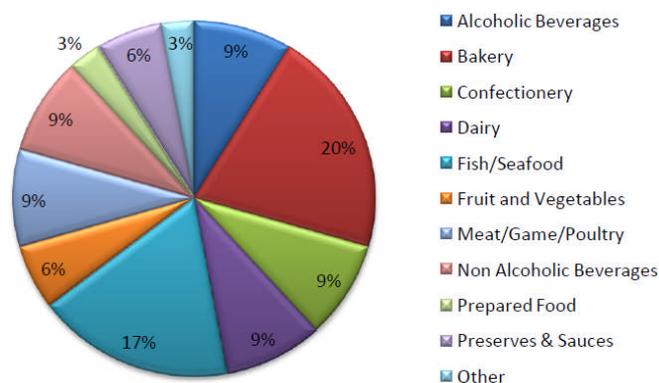
Figure 5.2: Composition of premium/luxury Scottish textiles companies on the database by industry sector



Each of the premium/luxury textiles companies in the database (n=31) is vertically integrated with manufacturing, design and wholesale and/or retailing all carried out. Nearly half are classified as being in the knitwear sector. This represents a higher percentage than in the Scottish textiles industry as a whole (where 31% of companies are in knitwear), but can be explained by the fact that of the fifteen knitwear companies in the database, all specialise in cashmere and other luxury fibres. Nine are members of the Scottish Cashmere Club. In separating out the luxury sector, those specialising in cashmere knitwear represent a higher percentage of the population. The number of companies classified as being in the apparel sector is significantly lower than in the Scottish sector as a whole (10% compared with 40%). As well as excluding the technical textiles sector, this study also excludes

most tartan and all kilt manufacturers, which together comprise a significant proportion of the apparel sector (ECOTEC 2007c) thus explaining the lower percentage of apparel companies in the premium/luxury textiles section of the database. It should also be noted that most of the companies classified as weavers or knitwear and weavers also make garments, so the percentage of companies who manufacture fashion apparel is actually higher than the figures in Table 5.2 suggest. The weaving businesses in the database, like the knitwear sector, specialise in cashmere and/or high quality woollen cloths which include Harris Tweed. Those companies designated as 'other', comprise one cashmere spinner, one foot wear and accessories business, and one handbag and accessories business.

Figure 5.3: Composition of premium/luxury Scottish food and beverage companies on the database by category groupings

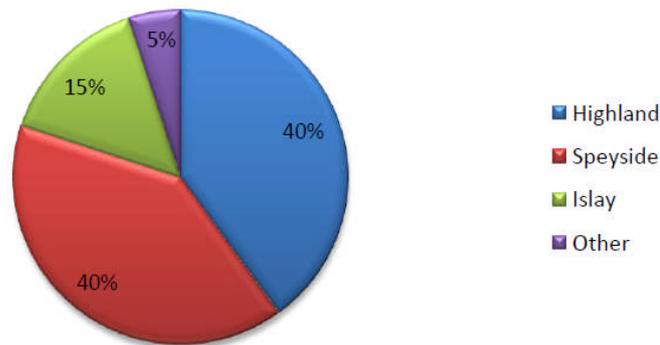


The profile of food and beverage companies in the database compiled using the Scotland Food and Drink category groupings (Figure 5.3) shows that all but one of the possible eleven categories is represented (the missing group is Food Ingredients which is not relevant for this study). The higher number of bakery, and fish and seafood companies reflects the relatively higher number of companies in these categories in the total Scottish food and drink sector. Both are traditionally associated with Scotland and make a major contribution to export markets. The range of categories represented by companies in the database reflects the wide scope of Scottish food production at the premium/luxury level. The one company classed as 'other', comprises a group of companies representing a range of product categories which markets their products under one brand name.

Industry experts from both the Textiles/Cashmere and Food and Beverage sectors (The Director of Food and Drink, Scottish Enterprise; the Head of Textiles, Scottish Enterprise) were involved in the selection of companies for their respective sectors. They verified that the final list of companies included in the database comprised all of the premium/luxury companies in their sector.

For the whisky sector, nineteen of the premium/luxury companies in the database produce malt whisky whilst one produces a whisky liqueur. The profile of the malt whisky producers using the geographical categories from the Scotch Whisky Regulations (2009/No.2890) is illustrated in Figure 5.4.

Figure 5.4: Composition of premium/luxury Scotch whisky companies on the database by location category



The Highland and Speyside regions each account for 40% of whisky companies in the database reflecting the relative size of these areas compared with the others. The Highland region is the largest geographically, and more than half of Scottish distilleries are located in the Speyside region (scotch-whisky.org.uk). The remaining companies on the database are located on the island of Islay.

It might be argued that a higher number of whisky companies could have been included in the database. Every brand of Scotch Single Malt whisky commands a price premium in relation to whiskies produced outside Scotland, thus meeting the criteria specified in the definition of premium/luxury used for this study (Mintel 2004a). However, since there are around one hundred different Scotch malt whiskies, it was decided that the major brands and whisky companies would be included in the database along with some smaller or niche producers who could perhaps contribute a different perspective. The ownership structure in the Scottish whisky sector is complex, with many of the companies who own the brands which are included in the database, owning a number of other distilleries which produce their own single malt whisky brands. The final list of companies was arrived at after discussions with the managing director of a company which owns both a distillery and a retail business specialising in Scotch whisky and who is well respected and highly knowledgeable about the industry. He verified that the final list comprised the top premium/luxury whisky brands.

The data for each company was collected from a range of sources and compiled in a Microsoft Access relational database using the following fields (discussed 4.4.3(ii)):

- company name;
- brand name;
- employee count;
- turnover;
- company type;
- the parent company name;
- date when trading started;
- address and telephone number;
- description of product range;
- web link;
- name of MD or CEO.
- the main distribution markets (UK or international);
- any specific quality/luxury credentials held by the company.

Summaries of key information for each company in the database, organised by industry sector, are available in Appendix 5. It must be noted at this point that not all of the required information was available for each company. Although Scottish Enterprise co-operated in supplying as much of the missing data as possible, there are still areas where data was unavailable, particularly regarding the number of employees and turnover figures. For each set of analysis, numbers of available figures are specified.

In order to address the first research question which is to compare the scope and structure of the Scottish premium/luxury brand category with other countries, the models devised by Djelic and Ainamo (1999) have been used as a basis for analysing the business structures of the three main Scottish luxury sectors.

Prior to devising these models, focussing on the second research question which is to identify the characteristic dimensions of the Scottish premium/luxury sector, data is analysed by first comparing the characteristics for the three major product sectors i.e. Textiles/Cashmere, Food and Beverage, and Whisky. This analysis uses a similar structure as that used in surveys carried out on the Scottish textiles sector, summarised in 5.2.1 above (ECOTEC 2007a and b). This is followed by a commentary on the main characteristics of the three minor Scottish premium/luxury sectors included in the database of companies i.e. Jewellery, Toiletries and Homeware.

5.3.1 Sector profiles - sizes and company types

To compare the relative sizes of each industry sector, two different metrics i.e. size by number of employees and size by turnover, have been used.

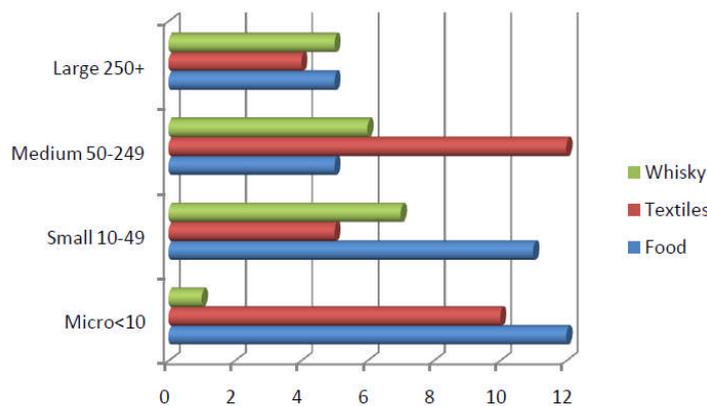
5.3.1(i) Company size – number of employees

Company size is analysed using the same definitions (micro, small, medium, large) as used by Scottish Enterprise Textiles (ECOTEC 2007a; 5.2.1(iii)).

Comparing numbers of employees it can be seen that the premium/luxury food sector comprises mainly micro-small companies, textiles/cashmere are mainly micro or medium sized and the whisky sector has an even spread of small, medium and large sized companies (Figure 5.5).

Comparing these figures with those available for the entire industry sectors as discussed previously, the premium/luxury textiles sector exhibits some differences. Compared with the sector as a whole there are fewer micro/small businesses (46% premium/luxury compared with 82% for the sector as a whole) and consequently more medium/large (52% premium/luxury compared with 19% for the sector as a whole). It is notable that for the sector as a whole only 1% of companies has over two hundred and fifty employees whereas in the premium/luxury sub sector, 13% are of this size, perhaps indicating that higher resources are required to operate at the premium/luxury level.

Figure 5.5: Profile of three Scottish premium/luxury industry sectors by size (number of employees)



Note: Food (n=33); Textiles (n=31); Whisky (n=19)

The food sector as a whole is characterised by small sized companies (92% with less than one hundred employees) and this is reflected by the food companies in the premium/luxury sector, where only 30% have over fifty employees, with only 15%

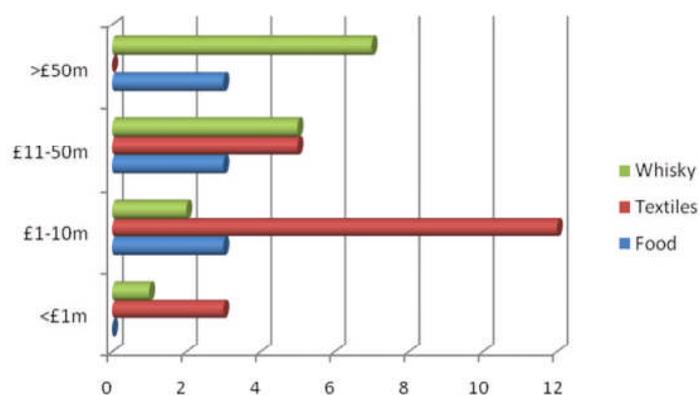
over two hundred and fifty employees. Comparable figures are not available for the whole whisky sector, but the overall profile for the premium/luxury sub-sector is similar to the premium/luxury textiles sector, with 42% micro/small companies and 58% medium/large companies, but with a higher percentage of large companies of over two hundred and fifty employees (26% for whisky compared with 15% food and 13% textiles),

5.3.1(ii) Company size – turnover

The second metric for examining company size is in relation to performance as measured by turnover figures. The profiles for company size by turnover are affected by a lot of missing data, particularly in the food sector where figures were unavailable for many companies in the database since FAME only includes companies with a turnover in excess of £750000. In spite of the missing data however, differences between sectors are clear as can be seen in Figure 5.6.

In the food sector, figures for only eight out of thirty four companies were available. All of the companies with available data on turnover were medium-large by number of employees. The total turnover for these food companies was approximately £357 million (Figure 5.7), with one company accounting for £116 million of that total. For the remaining companies data was not available, but since most are micro-small companies (Figure 5.5), it is inferred that turnover is likely to be below £1million in most cases.

Figure 5.6: Profile of three Scottish premium/luxury industry sectors by size (turnover)

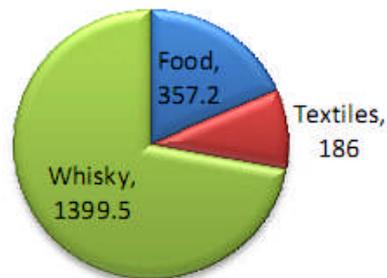


Note: Food (n=9); Textiles (n=20); Whisky (n=15)

In the textiles/cashmere sector twelve out of twenty companies where figures were available, declared turnovers of between £1-10 million. Five companies had turnovers of between £11-50 million, the highest figure being £41.5 million. No company's turnover exceeded £50 million and the combined total for the twenty

companies where figures were available was just over £186 million. In the whisky sector twelve out of fifteen companies where figures were available, had turnovers in excess of £11 million. Two exceeded £390 million each and one £150 million. The total turnover for the whisky companies in the database with available figures is nearly £1,400 million (Figure 5.7).

Figure 5.7: Comparison of combined turnover figures from three Scottish premium/luxury sectors (£m)



Note: Due to incomplete data, these figures are estimates only

Even with the missing data, in terms of economic value, the whisky sector is clearly the most important (Figure 5.7). This figure illustrates the total turnovers for each premium/luxury sector based on available information from the database. The relatively small value from the textiles sector is notable. It is difficult to get directly comparable figures from previous industry surveys, but figures quoted earlier in the chapter where the total turnover for the four hundred and fifty companies in the textiles sector is just over £1 billion compared with over £2 billion of export value coming from the whisky sector gives a good indication of the size of the difference between the two sectors.

5.3.1(iii) Company type

In order to further examine differences between companies in the database, both across and within sectors, having noted in the luxury brand literature that luxury brands can be characterised by the associations made with the personality and values of the founder of the company (Nueno and Quelch 1998) or by the added authenticity offered through connections with the founding family (Gilmore and Pine II 2007) this aspect has been analysed. Three broad company types were identified:

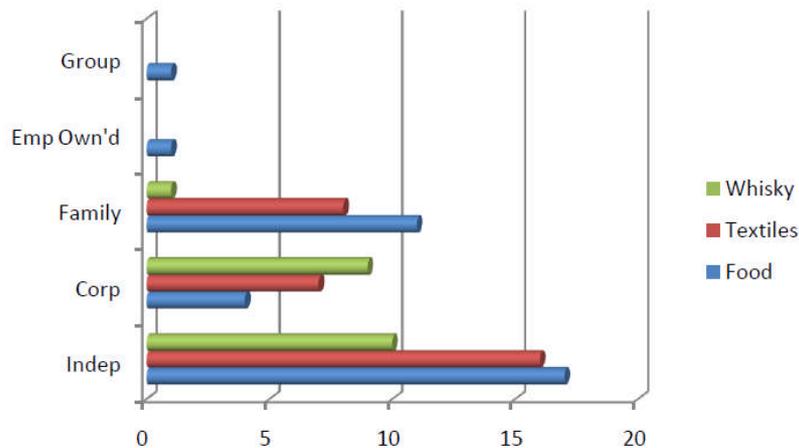
- independent;
- family;
- and corporation.

Family companies were defined as those bearing the family name and/or still managed by the founding family. Corporation denotes companies which are part of a

larger company conglomerate and the remainder are classed as independents which are private, but not family. Additionally in the food sector it was noted that one company comprised a group of independent companies and one which emphasised its ownership by employees, so these company types were classified separately. The profile for the three industry sectors based on this classification is illustrated in Figure 5.8.

In the food sector, it can be seen that the majority of companies are either independent or family owned, with around a third being family companies. Only four out of thirty four are part of larger corporations. Those that are part of large corporations are either water or seafood companies, three of which are owned by multinational corporations, the other is owned by a large Scottish soft drinks corporation. The companies where the brand is the family name make extensive use of this connection with company heritage in brand communications. Examples of how this dimension is emphasised are through the use of signatures or photographs of the founders on packaging and/or advertising or through extensive information about the family on company websites.

Figure 5.8: Profile of three Scottish premium/luxury industry sectors by company type



Note: Food (n=34); Textiles (n=31); Whisky (n=20)

This profile compares with the whisky sector where companies are mainly split equally between independents or corporates (Figure 5.8). There has been considerable restructuring within the whisky sector in recent years with extensive acquisition activity and foreign investment occurring (Peakin 2009). This has resulted in the current situation, where companies which are part of larger conglomerates are most likely to be those with the highest turnovers. Although in most cases direct connections with members of the founding families of whisky companies have been lost, there are several well known brands across the sector with the founder's name,

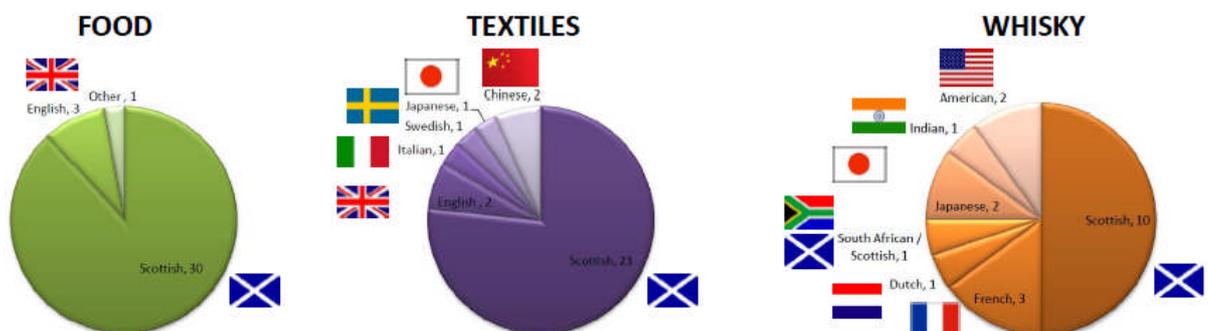
Johnny Walker being an obvious example. Looking at the brand names of whisky companies in the database, they mainly bear the distillery name, indicating the importance of the connection with place (Kotler et al. 1993; van Ittersum et al. 2003; Burnett and Danson 2004), but there are three examples where the founder's name is used. In each of these three cases the associations with the founders are maintained through extensive referencing in brand communications.

In the textiles sector, the highest number of companies are still independent, with the remainder split equally between family and corporate (Figure 5.8). Those companies which have been classed as family are those which still have family members connected with the company. It should be noted however that six of the companies classified as corporate and four who are independent have the founder's name as the brand name. Most of these companies make considerable reference to the founder as part of their brand communications showing the importance of heritage as an intangible business asset recognised by a variety of businesses in the luxury textiles sector regardless of current ownership. Again, the largest companies in terms of both size and turnover are most likely to be part of corporations which in most cases are foreign owned, as discussed in the next section.

5.3.2 Sector profiles – company ownership

In comparing the ownership of Scottish premium/luxury companies it is clear from Figure 5.9 that in terms of the total number of companies, the large majority are Scottish owned. The individual foreign ownership profiles for each of the three industry sectors are consistent with the earlier profiles of the general food, drink and textiles sectors. In the food sector only one company is foreign owned (i.e. non UK) which is notably one of only three food/drink companies with an annual turnover in excess of £50 million.

Figure 5.9: Profile of three Scottish premium/luxury industry sectors by ownership



The other two sectors share a similar ownership profile which differs from that of the food/drink sector.

In the whisky sector, half of the companies are foreign owned by a mix of French, American, Japanese, Dutch and Indian corporations, with one being in shared ownership with a South African company. Some of these companies are global spirits corporations others are global luxury conglomerates with a mix of luxury brands in their portfolio across a wide range of product categories. The countries of ownership correspond with the major markets for Scotch whisky. Most of these foreign owned whisky companies have a turnover of more than £50 million, as do the Scottish owned corporations who hold portfolios of spirits brands which include some on the database.

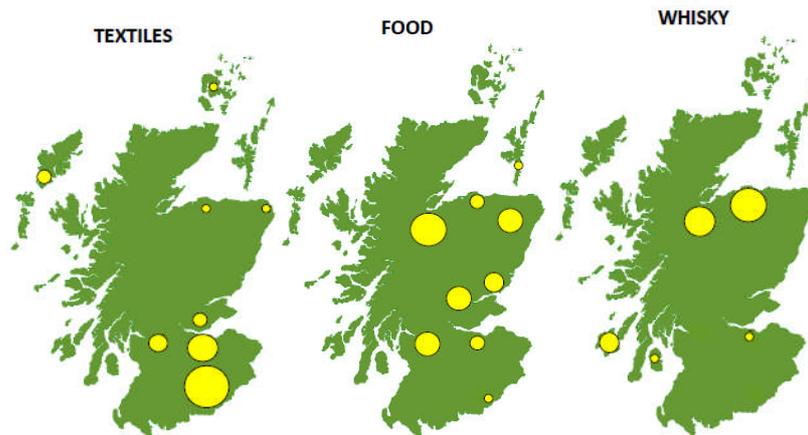
Similarly in the textiles sector, just under a third of companies are foreign owned, by a mix of Chinese, Japanese, Italian and Swedish corporations with these companies again representing those with the highest turnovers in the sector (£1-10 million range). Foreign ownership in all three sectors is thus consistent with the largest company size both by number of employees and by turnover.

5.3.3 Sector profiles – company locations

Examining company locations is relevant so that regions with specific expertise or industry specialisms can be identified. Analysis of business locations revealed differences between sectors (Figure 5.10).

Consistent with the textiles sector as a whole (5.2.1(ii)), most premium/luxury textiles/cashmere companies are concentrated in the Borders region with the other significant concentration being in Edinburgh. The Borders companies are mainly the large knitwear and woven cloth manufacturers whereas the Edinburgh businesses are mainly micro knitwear/accessories businesses. The remaining businesses are in the Islands (which includes Harris Tweed), Glasgow, Kinross and Grampian where there is a mix of weaving, apparel and knitwear production.

Figure 5.10: Profile of three Scottish premium/luxury industry sectors by location



Note: The size of dots indicates the number of companies in each area

The location of the whisky companies on the database, as discussed previously (Figure 5.4), represents three of the five traditional areas of production: i.e. Highland; Lowland; Speyside; Campbeltown; and Islay. The companies are located in the Highland (8), Speyside (8) and Islay (3) regions with one in Edinburgh.

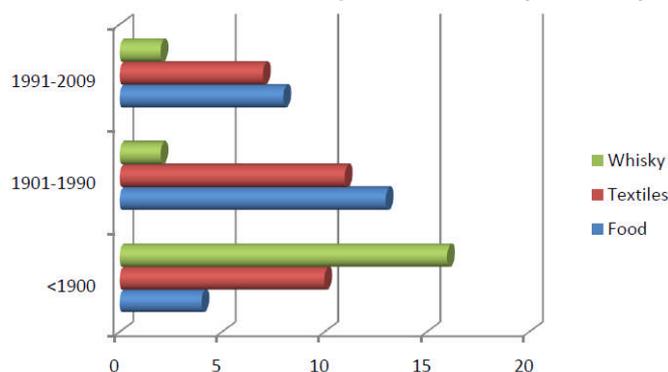
Food companies on the database are more widely spread across Scotland. There are however significant concentrations of companies in the Highlands and Islands and Grampian regions (Figure 5.10). As noted earlier in the chapter different regions of Scotland have distinct reputations for particular types of food production, and this is reflected by companies in this study e.g. Angus for soft fruits, the Highlands for water and baked products, Grampian for dairy and livestock production.

5.3.4 Sector profiles – company age/heritage

Heritage has been identified as an important dimension of European luxury brands (Nueno and Quelch 1998; Beverland 2004a; Moore and Birtwistle 2005; Moore et al. 2006). The prominence of connections with the company founder and founding family has already been discussed (5.3.1). The date of founding the companies in each industry sector will now be examined. When comparing the age profiles of companies on the database across the three main product categories it is apparent that in the textiles and whisky sectors, there are significant numbers of companies who have considerable history and heritage.

In Figure 5.11 it can be seen that sixteen out of twenty whisky companies were established before 1900, in two cases extending back to the 1700s.

Figure 5.11: Profile of three Scottish premium/luxury industry sectors by company age



Note: Food (n=25); Textiles (n=28); Whisky (n=20)

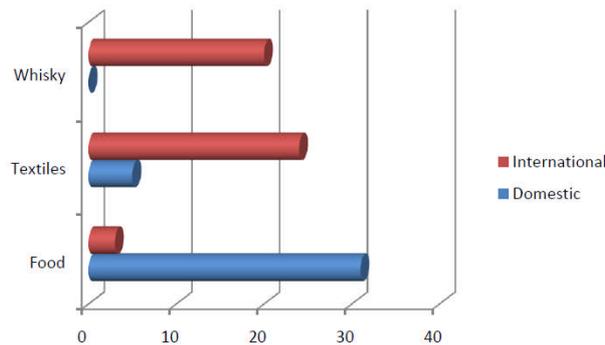
In the textiles/cashmere sector ten out of twenty eight companies were founded before 1900. All of these companies bear the founder's name, although only a few are still owned and managed by members of the same family. The more recently established businesses in the textiles/cashmere sector i.e. founded within the last twenty years, are mainly design focussed micro businesses which are also named after their founder/owner.

In the food sector only four out of the twenty five companies where company age data was available were founded before 1900. These are all traditional family businesses which carry the name of the founder and which are still family owned and managed. The majority of premium/luxury food companies were founded in the 1900s before 1990, many by entrepreneurs who either still run the business or who have been succeeded in this role by the next generation of family members. As in the textiles sector, there have been a number of new businesses targeting the premium/luxury sector which have been founded within the last twenty years. These range across a variety of product categories with company names which are a mix of family, place association or product description.

5.3.5 Sector profiles – key markets

When comparing sectors on the basis of their major markets, using the broad categories of either Domestic (i.e. UK) or International, there are clear differences as displayed in Figure 5.12. Whisky is one of Scotland's most iconic products, and most Scotch whisky is exported (Peakin 2009). All of the whisky companies in the database operate globally.

Figure 5.12: Profile of three industry sectors by major markets



Note: Food (n=34); Textiles (n=29); Whisky (n=20)

This contrasts markedly with the food sector where only three companies (one a spirit's producer, one a fish merchant and the other a baked product's manufacturer) have their biggest markets in the international marketplace. All others supply the UK market as the largest part of their business. It should be noted however, that of these, some have a significant but minority volume of international sales. As discussed previously when summarising the general food sector, the most important overseas markets for Scotland's food exports are France, Spain and Italy, followed by Germany, Ireland and the USA (The Scottish Government 2009a).

In the textiles/cashmere sector, the majority (83%) of companies have their main markets internationally. The five remaining textiles/cashmere companies whose main business is in the domestic market are mostly either micro businesses or recently established businesses.

5.3.6 Sector profiles – channels of distribution

Controlled distribution has been identified as a feature of luxury brands (Moore et al. 2006). In order to get a picture of the channels of distribution used by Scottish premium/luxury goods companies, an analysis of the different ways that the companies on the database use to sell their products has been carried out. It was discovered that a wide range of models are used, which have been summarised under the following headings:

- Wholesale only – sold through third party retailers;
- Wholesale and retail – a mix of selling through the company's own retail store(s) and third party retail;
- Wholesale, retail and on-line – as above, but also with on-line sales;
- Wholesale and on-line;
- Wholesale, on-line and visitor centre – as above but also products are retailed at the visitor centre;

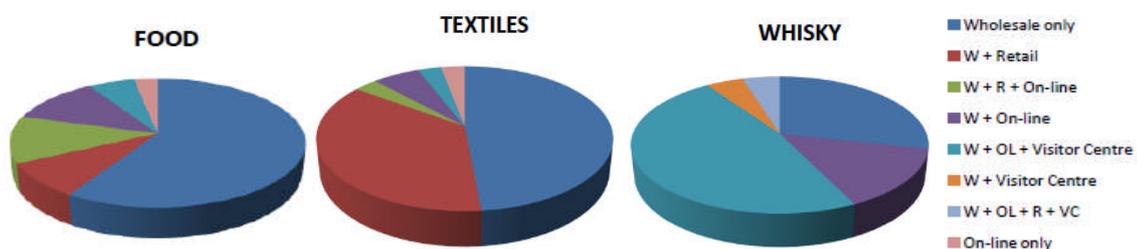
- Wholesale, on-line, retail and visitor centre;
- Online-only.

The variations in practice both within and across sectors are illustrated in Figure 5.13. In the food sector, the majority of companies distribute their products through third party retailers, mainly independent specialist food shops. A small number of food companies sell directly to customers either through their own retail stores (mainly baked product manufacturers) or via their company websites.

In the whisky sector, where wholesale is the main method of distribution, it is significant that eleven out of the twenty whisky companies on the database have invested in visitor centres at their distilleries, where whisky and other product related merchandise is retailed. For the larger companies, such is the investment and level of sophistication that these visitor's centres could be said to perform the same role as flagship stores in the luxury fashion sector (Moore and Birtwistle 2005). On-line sales, direct from the company website are used in a significant number of cases (65%).

In common with the wine and spirits sector as a whole, it is traditional that fine and rare bottles of whisky are sold at specialist whisky auctions, the most famous whisky auction house being Mctear's in Glasgow. Sold for £29,400 (the current world record for a bottle of whisky sold at auction) is a bottle of Bowmore - circa 1850, distilled and bottled by W & J Mutter, Bowmore Distillery, Islay. It is also more common now for collectors to use specialist whisky websites for locating rare examples.

Figure 5.13: Profiles of three industry sectors by main distribution channels

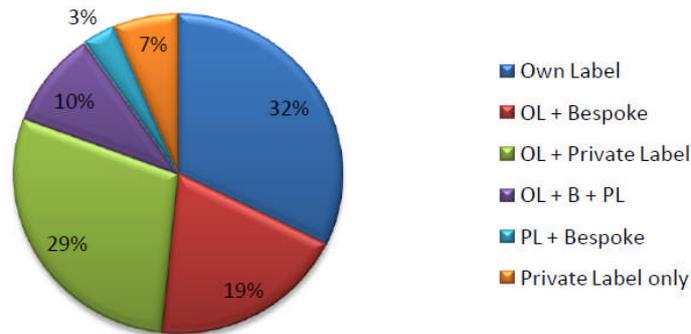


Note: Food (n=34); Textiles (n=31); Whisky (n=20)

In the textiles/cashmere sector, in addition to wholesaling via third parties, nearly half of the companies have their own exclusive retail stores both in the UK and internationally. Two companies with international fashion brands have flagship stores in a number of capital cities. On-line sales are however used by only four companies. The textiles/cashmere sector differs from the other two sectors in that there is a

tradition of third party manufacturing for international couture houses (ECOTEC 2007a). This aspect was analysed from information on the data base where two types of third party manufacturing i.e. private label and bespoke (exclusive one-off designs) were identified. The prevalence of these practices across the textiles/cashmere companies on the database is displayed in Figure 5.14.

Figure 5.14: Profile of the Scottish premium/luxury textiles sector by the main production categories



Note: Number of companies =31

Over half of the thirty one textiles/cashmere companies in the database carry out some form of third party manufacturing with six companies doing only third party manufacturing. These figures are consistent with other surveys in the textiles sector where it has been stated that over reliance on supplying products to luxury fashion houses has been to the detriment of own brand development (ECOTEC 2007a and b). The opening of more own brand stores recently has been cited as evidence that some companies are shifting their focus more towards developing their own brand identities (Scottish Textiles 2007).

5.3.7 Sector profiles – brand awareness

Brand awareness achieved through marketing is recognised as a key dimension of luxury brands (Beverland 2004a; Moore and Birtwistle 2005). Across the three product sectors, there is considerable variation in the amount of brand awareness achieved by key brands in each sector (Keller 1993; Aaker 2002; Keller 2003b). Most of the Scottish premium/luxury brands are corporate brands in that the brand name is the company name. Where companies are part of large corporations such as LVMH, marketing investment is at the product brand level e.g. Glenmorangie (Olins 2000).

In the superpremium/luxury whisky sector there is international recognition for the leading brands in the database, some prominent examples of which are illustrated in Figure 5.15. All but one of the examples of well known whisky brands in Figure 5.15

are owned by foreign corporations who have invested sufficient resources to support effective luxury brand communication (Moore and Birtwistle 2005). Brand awareness in this sector is mainly achieved by advertising and through sponsorship of major sporting and cultural events.

Figure 5.15: Examples of Scottish premium/luxury brands with high brand awareness

WHISKY	TEXTILE/CASHMERE	FOOD AND DRINK
 <p>DALMORE</p>  <p>GLENMORANGIE SINGLE MALT SCOTCH WHISKY</p>  <p>The MACALLAN SINGLE MALT HIGHLAND SCOTCH WHISKY</p>  <p>APHRODISIAC</p>  <p>THE GLENLIVET</p>	<p>Pringle OF SCOTLAND</p>  <p>Johnstons Since 1797</p> <p>MACKINTOSH</p>  <p>HUNTER</p>  <p>BALLANTYNE</p>	 <p>WALKERS</p>  <p>Baxters</p>  <p>MACKIE'S of Scotland</p>  <p>HIGHLAND SPRING The water from organic land</p>  <p>DONALD RUSSELL</p>

In the textiles category only a few brands can compare with the major whisky brands in terms of brand recognition. The lack of strong brands in this sector has been recognised as a weakness (ECOTEC 2007). Those featured in Figure 5.15 have achieved recognition by advertising, through opening flagship stores in key markets, through associations with iconic knitwear symbols (e.g. Ballantyne with the Argyll pattern) and more recently through press and PR gained from collaborations with internationally recognised designers/celebrities (e.g. Johnstons with Christopher Kane; Hunters with Jimmy Choo; Pringle with Tilda Swinton). Again, all but one of the textile brands in Figure 5.15 is owned by a large corporation, three of which are foreign owned. For these companies the resources have been made available to fund their effective brand communication strategies.

In the food sector, few brands have achieved the same level of international recognition as in the whisky sector. Those included in Figure 5.15 are among the most widely recognised. All have significant international markets. Four are independent family owned companies with links to extensive heritage associations. The other is owned by an international holding company. Three of the food brands in Figure 5.15 have turnovers in excess of £50 million which brings them closer in terms of turnover to whisky brands rather than to textiles brands.

5.3.8 Sector profiles – industry structures

As has been stated previously there is little in the literature with which to compare industry structures for luxury product sectors both within and across countries. Djelic and Ainamo (1999) and Kapferer (2006; 2008) are the only examples which have been found and these focus exclusively on the luxury fashion sector. Whilst recognising that the industry structure models proposed by Djelic and Ainamo (1999) (2.8.5 and Figure 2.6) are incomplete, they do however provide a basis on which to compare the Scottish premium/luxury sector with luxury sectors in other countries thus enabling the first research question to be addressed (Table 5.1).

Three models emerged from the Djelic and Ainamo (1999) study:

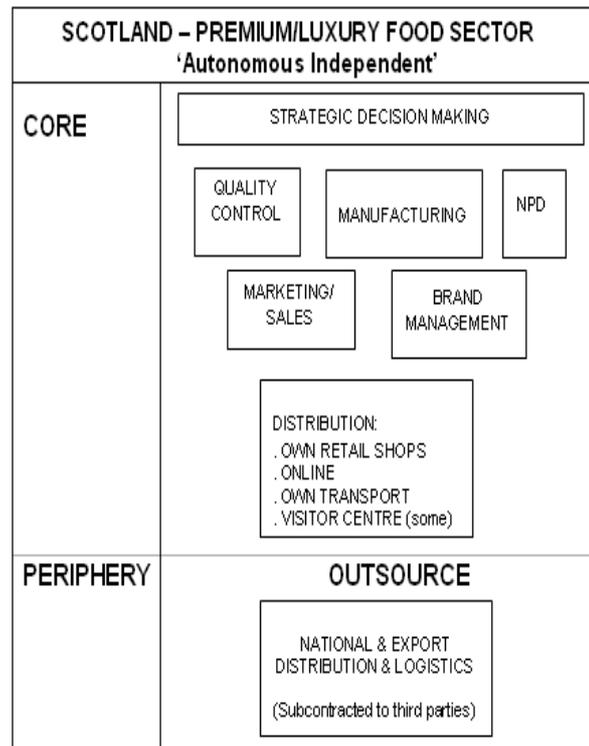
- the French ‘Umbrella Holding’ model;
- the Italian ‘Flexible Embedded Network’ model;
- the American ‘Virtual Organisation’ (Figure 2.6).

It is clear from the foregoing discussion that in Scotland, the three main sectors which represent the premium/luxury consumer products sector differ significantly across a wide range of characteristics. These differences have an influence on how their business models are structured. Even within sectors there are some differences which affect the business model adopted, particularly in relation to company ownership. As in the Djelic and Ainamo (1999) study, such is the variation across individual companies, both within and across industry sectors, that the models which have been devised for the Scottish premium/luxury sector are representative only and it is acknowledged that in each case there are exceptions which do not fit the proposed models.

Looking at each sector in turn, the simplest one is the food sector, which is dominated by small (both in number of employees and turnover figures) independent companies. These companies operate autonomously. They have little in common with any of the three Djelic and Ainamo (1999) models. As independent companies

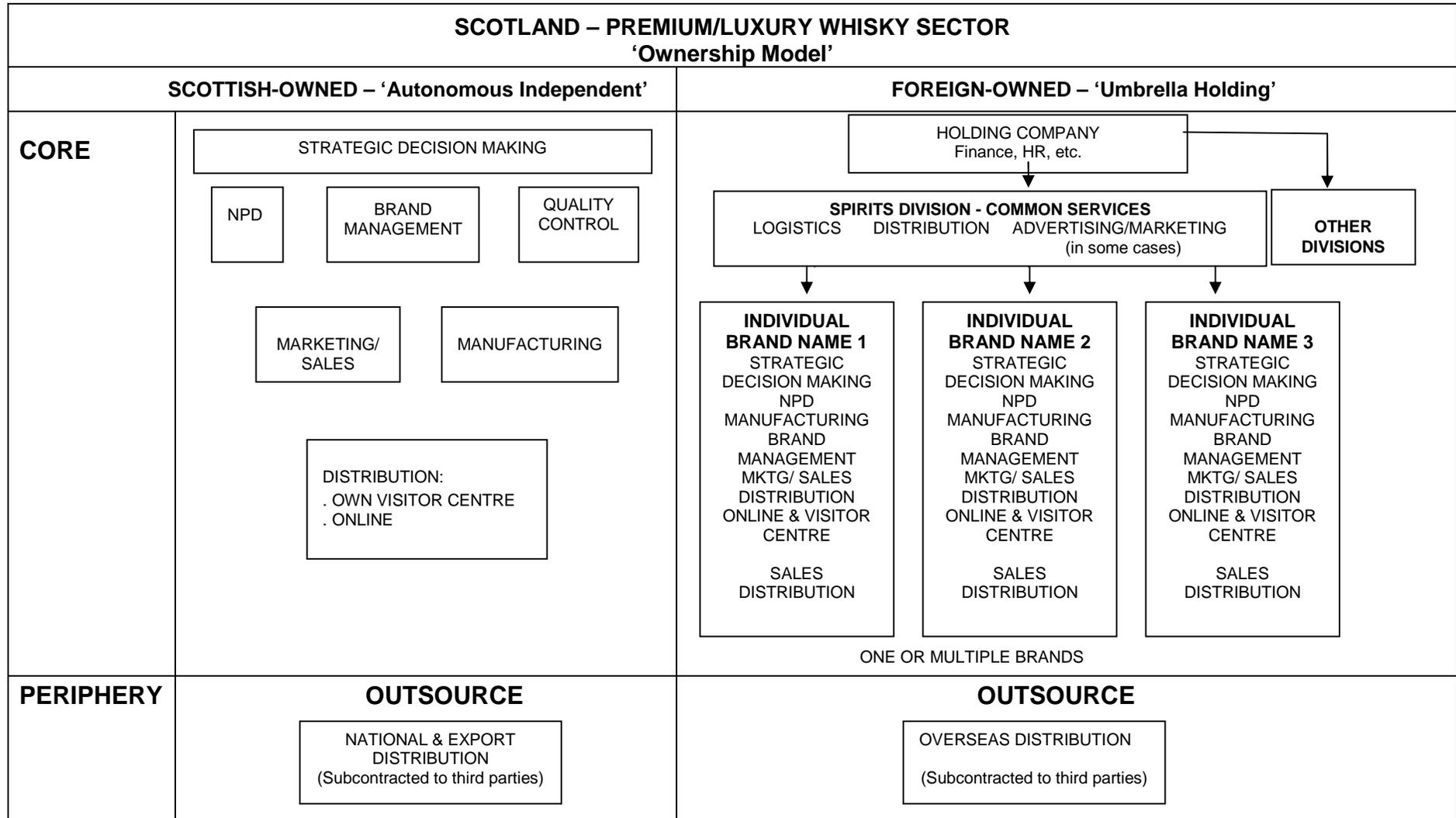
they operate all organisational functions as part of their core business, with the only peripheral activities which require outsourcing being distribution and logistics which in most (but not all) cases is contracted out to a third party (Figure 5.16).

Figure 5.16: The Scottish premium/luxury food sector organisational structure – ‘Autonomous – Independent’



The most significant difference between the food and textiles sector is the relationship that textiles companies have with third parties in terms of manufacturing for private labels. Although not completely absent in the food sector where a small number of companies on the database offer third party production for private labels, it is not as widespread a practice as it is in the premium/luxury textiles sector. Here Scottish textiles companies fit into the Italian ‘Flexible Embedded Network’ model as part of the network of regular sub-contractors used by Italian fashion houses. In other ways there is a lot of similarity between the premium/luxury food and textiles sectors. Companies are mainly SMEs and independent (with some notable exceptions). All of the organisational functions are at the core of the business with quality control, manufacturing and sometimes design being common to both private label and own brand production. As in the food sector the only peripheral business which is outsourced is distribution, usually done through an international network of agents. As part of a strategy to raise brand awareness, some of the larger textiles companies have collaborated with independent designers to supplement their in-house design

Figure 5.18: The Scottish premium/luxury whisky sector organisational structures



The three models in Figures 5.16 to 5.18, based on Djelic and Ainamo's (1999) models, show the differences within and between Scottish premium/luxury sectors in terms of organisational structures. Foreign owned companies are closest to the French 'Umbrella Holding' model but without the subcontracted manufacturing component. Scottish owned independent companies are most like the Italian 'Trajectory' model with the outsourced manufacturing component either absent, or reversed, in the case of the textiles sector where they form part of a network of suppliers for private labels in both the rest of the UK and in Europe. Overall, Scottish premium/luxury companies operate as autonomous units with the only significant organisational function which is outsourced being distribution and logistics. Many of the Scottish companies in the database have similar backgrounds with significant heritage and history and as such follow the European models rather than the American 'Virtual' model (Djelic and Ainamo 1999).

The next section considers the remaining groups of companies in the premium/luxury sector database.

5.3.9 Sector profiles – minor product sectors

Having discussed the three main Scottish premium/luxury consumer goods sectors, the three smaller sectors of Jewellery, Toiletries and Homeware remain. These have been left out of the main analysis because of the smaller number of companies and their relatively small size both in terms of employee number and turnover. Also, it was difficult to obtain figures for some key fields in the database for several companies in each category, particularly those for employee number and turnover, making comparison with other sectors relatively meaningless. There is in fact little commonality in the characteristics of these companies both across and within each sector.

5.3.9(i) Sector profiles – jewellery

The four companies in this sector are micro to medium sized in terms of employee numbers, with none having a turnover greater than £10 million. Two are family businesses, the other two are independent companies. None were founded before 1960 and all are Scottish owned. The main market for all companies in this group is the UK although all have a proportion of international sales augmented by on-line sales. Three of the companies have one or more of their own retail stores where their products are showcased. All but one wholesales their products to third party retailers.

5.3.9(ii) Sector profiles – toiletries

The companies in this sector are also from micro to medium size with the largest having just under one hundred employees. All are independent Scottish owned businesses, established by entrepreneurs, mostly in the 1900s, with all but one still managed and run by the founder or by the next generation of family members. The main market for each company is the UK, but each company exports a small percentage of products mainly to 'Scottish' shops in Europe and the USA. Three of the five companies have one or more retail outlets where their products are sold exclusively. One is currently expanding their number of stores. All wholesale to third party retailers, supply luxury hotels and sell direct on-line.

5.3.9(iii) Sector profiles – homeware

The homeware category is very mixed, consisting of three stoneware, two bedlinen, and one fabric and wallpaper manufacturer. One of these companies also produces soft furnishings and accessories. No turnover figures were obtained for companies in this sector. Company size by number of employees was micro to medium sized. Two companies have two or more showrooms where their products are showcased exclusively, one offers a bespoke service and three companies have retail outlets attached to their production facilities where products are displayed and retailed. The main market for all companies in this sector is the UK but some have significant international sales, mainly in Europe and the USA.

5.3.10 Summary of Scottish premium/luxury industry sector profiles

The analysis of companies in the Scottish premium/luxury database has revealed that the industry sectors represented display some similarities but also significant differences. The most iconic of Scottish products, Scotch whisky, has a different profile from the other sectors in terms of history and heritage, company size and ownership, brand recognition and size of export markets. Of all the sectors which have been examined whisky is the one which is likely to have the most influence in shaping the image of premium/luxury Scottish products internationally.

There are a few companies in the textiles/cashmere and food and beverage sectors with the same characteristic features as found in the whisky sector. These companies have a significant international presence and brand awareness and consequently also have an impact on the image of Scotland internationally.

The majority of companies in the database are independent, autonomous Scottish owned SMEs, often with heritage and/or family associations whose main market is

the UK and to a lesser extent Europe. Many are located in regions where there is a skilled workforce and/or specific environmental conditions which favour the production of the particular product. In all cases in the premium/luxury sector the highest quality in the product category is achieved, evidenced by the number of quality awards and accolades such as Royal Warrants.

To complete this examination of the characteristics of the Scottish premium/luxury sector, the findings from the first part of the postal questionnaire are considered next.

5.4 RESULTS OF THE POSTAL QUESTIONNAIRE ANALYSIS

The first section of the postal questionnaire was designed to supplement information gained from the database focussing on the first objective to examine the nature and characteristics of the Scottish premium/luxury brand sector. Prior to examining the results from this section of the postal questionnaire, an analysis of the number and composition of the responding companies is presented.

5.4.1 Response rate

Questionnaires were sent to each of the one hundred companies in the database. Out of the total population of one hundred, seventy eight completed questionnaires were returned (78% response rate) which as previously noted is regarded as “*very good*” for a postal questionnaire (Mangione 1995 p.60-61). This compares with a response rate of 58% achieved by Niss (1996) who carried out a similar questionnaire. The novel steps which were taken to help achieve a high response rate (4.4.4(v)) proved to be successful.

The answers to the question at the end of the questionnaire which asked the position in the company of the respondent, revealed that in most cases questionnaires were completed by a senior person in the company, designated either as the Owner/Partner (17%), Chief Executive (6%), Managing Director (36%), Director (38%) or President/Chairman (3%). This confirmed that in most cases the person to whom the questionnaire had been addressed was the person who completed the questionnaire. This was important since it was the views of a senior decision maker in the company which were sought for this study (Macdonald and Hellgren 1998).

The questionnaire respondents were asked at the beginning of the questionnaire to identify from a list, the product category which applied to their company. The product categories were the same as those used for the database of Scottish premium/luxury brand producers which provided the study's sampling frame i.e.: Textiles/Cashmere;

Jewellery; Food and Beverages; Homeware; Toiletries; with the exception of a category which was called 'Wines and Spirits' rather than Whisky. Because the whisky sector is identified separately in the database and analysed separately in the previous section, it was decided that responses from companies producing other types of alcoholic beverages, e.g. white spirits and wines would be considered as part of the Food and Beverages category with whisky producers being identified in a separate Whisky category. Apart from this minor re-categorisation, responding companies confirmed their membership of the industry sector where they appear in the database.

Since respondents were guaranteed anonymity for their responses to the questionnaire, from this point on, in order to preserve the confidentiality of responding companies, individual responses will be referenced using a coding system. This first identifies the specific industry sector then each company is allocated a number (n) in that category (i.e. Whisky = Wn; Textiles/Cashmere = TCn; Food and Beverage = F&Bn; Jewellery = Jn; Homeware = Hn; and Toiletries = Tn).

5.4.2 Data analysis

Data for closed-ended questions have been analysed using SPSS (Version 15) and are presented as frequencies of responses by number (n) and percentage (%). Results both for the total population and for separate industry sectors are tabulated and illustrated by charts where appropriate. It should be noted that when calculating frequencies as a percentage of a population, all values have been rounded to the nearest whole number. Where relevant, cross tabulations and Pearson chi-square tests (Field 2009) have been carried out to establish whether or not there are significant associations between category variables.

5.4.3 Postal questionnaire data analysis – Your Brand (Section One)

The purpose of the first section of the postal questionnaire (Appendix 1) is to both verify and add to information gained from the database. The information gathered from the database along with supplementary information from the questionnaire addresses the first research objective which is to examine the nature and characteristics of the Scottish premium/luxury brand sector.

5.4.3(i) Profile of postal questionnaire respondents

As can be seen from Table 5.3 each product category was well represented by responding companies, with at least 60% of the total population in each category having returned the completed questionnaire. In four out of the six categories

(Textiles/Cashmere; Food and Beverage; Jewellery; Homeware), the response rate was above 80%.

Table 5.3: Product categories used in the database with numbers and percentages of questionnaire responses from each category.

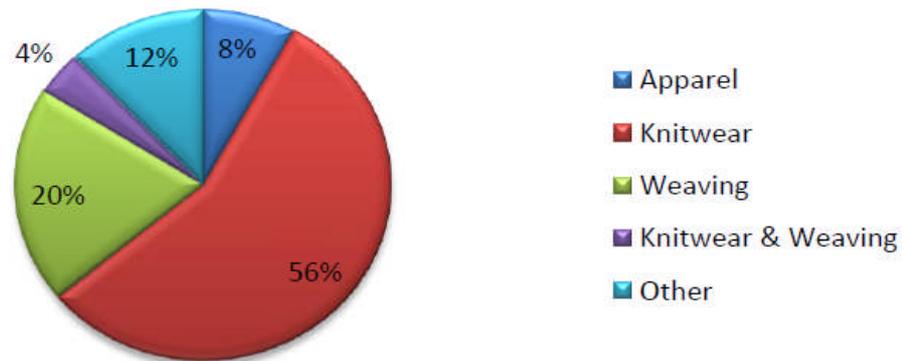
Product Categories	Number in Total Population	Number of responses	% responses
Whisky (W)	20	13	65
Textiles/Cashmere (TC)	31	25	81
Food & Beverage (F&B)	34	28	82
Jewellery (J)	4	4	100
Homeware (H)	6	5	83
Toiletries (T)	5	3	60
	Total=100	Total=78	

As has already been seen in the database analysis of companies by product sector in the previous section, there are distinct differences between the characteristics of companies in different sectors. For this reason, questionnaire results will also be compared both between and within sectors. The three main product sectors (Textiles/Cashmere; Food and Beverage; Whisky) each have a large enough number of respondents for this type of comparative analysis to be carried out, but the three smaller categories (Jewellery; Homeware; Toiletries) are too small to be considered separately. Where categories are being compared, they will be combined into one category. For comparative analysis between sectors, there will thus be four main category groups: Whisky (W); Textiles/Cashmere (TC); Food and Beverage (F&B); Jewellery/Homeware/ Toiletries (J/H/T).

In the same way that companies in the three main industry sectors in the database (Textiles/Cashmere; Food and Beverage; Whisky) were further defined according to classification systems used within specific sectors (5.3), responding companies in the postal questionnaire have been similarly identified. This has been done to indicate the degree of representation across each sector (Figures 5.19 – 5.21).

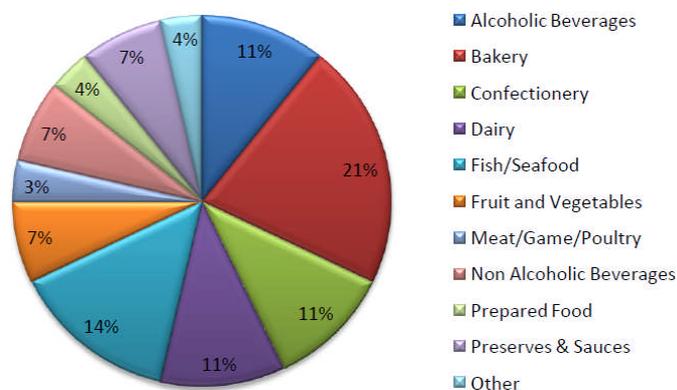
The profile of responding textiles companies (81% response rate) mirrors the profile of the total number of textiles companies in the database (Figure 5.2). Over half of the respondents are in the knitwear category, mainly working with cashmere however the other industry sectors are represented in a similar proportion to the total population (Figure 5.19).

Figure 5.19: Composition of premium/luxury Scottish textiles company postal questionnaire respondents by industry sector



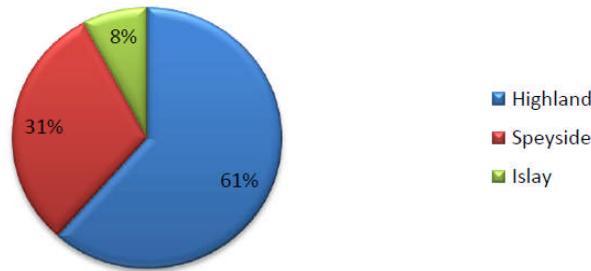
Respondents from the Food and Beverage category (82% response rate) have been classified using the Scotland Food and Drink category groupings as has been done previously with the total population in the database (Figure 5.3). All of the eleven categories from the total population are represented by responding companies (Figure 5.20) in similar proportions to that found in the total sample. This analysis confirms that questionnaire respondents reflect the full scope of Scottish food production at the premium/luxury level.

Figure 5.20: Composition of premium/luxury Scottish food company postal questionnaire respondents by product category



Whisky companies who responded to the postal questionnaire (65% response rate) represent the three main whisky producing regions in Scotland: Islay; Highland and Speyside (Figure 5.21). Comparing the profile of questionnaire respondents with the total sample in the database (Figure 5.4) there is a slightly higher representation of Highland whisky companies.

Figure 5.21: Composition of premium/luxury Scottish whisky company postal questionnaire respondents by industry sector



The profile of postal questionnaire respondents confirms that not only has a very good response rate been achieved for all industry sectors, but in the three major product categories, all of the relevant industry sub-sectors are represented.

5.4.3(ii) Perceived luxury/premium status of responding companies

Having established the classification of respondents according to product category groupings, their perceptions regarding the classification of their brands as either luxury or premium was next ascertained. Given the lack of a widely accepted definition of luxury brands (Kapferer 1997b; Phau and Prendergast 2000b; Vickers and Renand 2003; Domoulin 2007) or more particularly of an agreed set of terms to describe different levels of luxury (Dubois and Czellar 2001; Strach and Everett 2006) it was important to first confirm that all of the companies responding to the questionnaire recognised the terms being used by confirming that their companies could be described by one or other of the terms used in the study i.e. premium or luxury. The opportunity was also given to add a term which they regarded as being more appropriate.

The responses to the question *‘Which of the following terms best describes your brand/s’* (from a choice of ‘Luxury’, ‘Premium’ or ‘Other (please add)’), can be examined in Table 5.4. It should be noted that some respondents chose both of the terms luxury and premium, explained in some cases by their having more than one brand in their portfolio each of which could be distinguished by a different term.

Table 5.4: Description of respondents’ brands as either luxury or premium

		Terms for Brand			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Luxury	35	44.9	44.9	44.9
	Premium	36	46.2	46.2	91.0
	Both	7	9.0	9.0	100.0
	Total	78	100.0	100.0	

From these results it can be seen that for the total population, there is almost a 50/50% split between the two terms luxury and premium. Differences in use of the terminology differed according to the industry sector (Table 5.5), possibly reflecting sector norm effects.

Table 5.5: Description of respondents' brands as either luxury or premium by industry sector

Sector	LUXURY n (%)	PREMIUM n (%)	BOTH n (%)
Whisky	6 (46)	6 (46)	1 (8)
Textiles/Cashmere	16 (64)	5 (20)	4 (16)
Food & Beverage	6 (21)	20 (71)	2 (7)
Jewellery	2 (50)	2 (50)	
Homeware	4 (80)	1 (20)	
Toiletries	1 (33)	2 (66)	

For the Whisky category, there was a 50/50% split between those who described their brand as being either luxury or premium. For Textiles/Cashmere, more than three times as many companies described their brand as being luxury rather than premium whereas for Food and Beverage, over 70% of respondents used the term premium rather than luxury. For the Jewellery, Homeware and Toiletries categories there was a mixed selection of the two terms with the balance overall being slightly in favour of luxury rather than premium.

In the luxury brand literature it has been identified previously (Table 2.7) that numerous terms are used by different writers to describe different levels of luxury. Those who use the two terms 'premium' and 'luxury' in their writings (e.g. Vigneron and Johnson 1999; Silverstein and Fiske 2005; Okonkwo 2007; Kapferer and Bastien 2009) consistently use the term 'luxury' to denote a higher level of both price and exclusivity compared with the term 'premium'. In the whisky sector, Mandhachitara and Lockshin (2004) put luxury/deluxe ahead of premium in terms of pricing and prestige. This contrasts with Romaniuk and Winchester (2007) who note examples where the two terms have been used by different writers to describe the same brand. At this point in the study, the only conclusion which can be drawn about the terminology is that the decision to use both terms to distinguish Scottish high end consumer brands has been justified. Luxury is the preferred term in the Textiles/Cashmere sector perhaps reflecting its widespread use to describe the top end of the fashion sector (Okonkwo 2007), whereas premium is the preferred term in the Food and Beverage sector where the term is commonly used to describe the high quality achieved by companies who operate at this level (Mattiacci and Vignali 2004; The Scottish Government 2009b).

It should also be noted that three respondents offered another term to describe their brand in addition to being either luxury and/or premium. The following three additional terms were provided:

- Bespoke
- Fairtrade
- Organic.

'Bespoke' was used by one Textiles/Cashmere respondent which can be explained by the fact that, as previously noted, several companies produce bespoke (exclusive one-off) designs. Fairtrade and organic were additional terms used by two food companies to highlight their ethical/environment credentials (Burnett and Danson 2004).

5.4.3(iii) Contribution of international sales to total sales

Having categorised responding companies by product category and by perceived levels of premium/luxury, their level of international involvement was examined next. The question asked was *'What percentage contribution of total sales is accounted for by overseas sales'*. Options ranged from less than 5% to over 50%. The results for the total number of respondents are shown in Table 5.6. Having already compared the three industry sectors in terms of main markets (either domestic (UK) or international), the questionnaire data provides a means of validating these figures as well as providing a more detailed breakdown of the proportion of export sales for responding companies.

The analysis for the Scottish premium/luxury sector as a whole reveals a clear pattern with approaching one third (30%) having less than 5% overseas sales, just over one third (39%) exporting in excess of 50% of total sales, with the remainder filling in the categories in between where the lower percentage ranges are selected (Table 5.6).

Table 5.6: Percentage contribution of total sales accounted for by overseas sales

% Overseas Sales				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid < 5%	23	29.5	29.5	29.5
5 - 10%	10	12.8	12.8	42.3
11 - 20%	5	6.4	6.4	48.7
21 - 30%	2	2.6	2.6	51.3
31 - 40%	4	5.1	5.1	56.4
41 - 50%	4	5.1	5.1	61.5
> 50%	30	38.5	38.5	100.0
Total	78	100.0	100.0	

As was discussed previously, there are differences in terms of export activity between the main product sectors. These differences are reflected in the results from the postal questionnaire (Table 5.7).

Table 5.7: Percentage contribution of total sales accounted for by overseas sales, cross tabulation comparing product sectors.

Crosstab

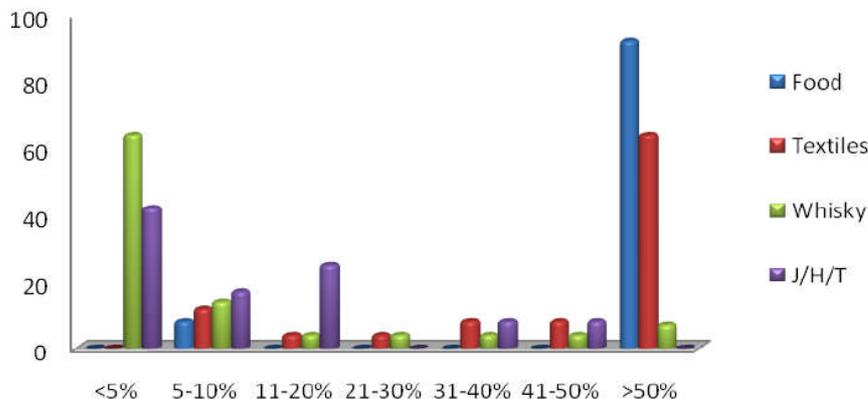
			Sector				Total
			Whisky	Textiles/ Cashmere	Food	J/H/T	
% Overseas Sales	< 5%	Count	0	0	18	5	23
		% within Sector	.0%	.0%	64.3%	41.7%	29.5%
	5 - 10%	Count	1	3	4	2	10
		% within Sector	7.7%	12.0%	14.3%	16.7%	12.8%
	11 - 20%	Count	0	1	1	3	5
		% within Sector	.0%	4.0%	3.6%	25.0%	6.4%
	21 - 30%	Count	0	1	1	0	2
		% within Sector	.0%	4.0%	3.6%	.0%	2.6%
	31 - 40%	Count	0	2	1	1	4
		% within Sector	.0%	8.0%	3.6%	8.3%	5.1%
	41 - 50%	Count	0	2	1	1	4
		% within Sector	.0%	8.0%	3.6%	8.3%	5.1%
	> 50%	Count	12	16	2	0	30
		% within Sector	92.3%	64.0%	7.1%	.0%	38.5%
	Total	Count	13	25	28	12	78
		% within Sector	100.0%	100.0%	100.0%	100.0%	100.0%

From the questionnaire results, a clear difference between product categories emerges. The results divide into two clear groupings regarding the extent of overseas sales.

- In the first group 92% of responding Whisky companies and 64% of Textiles/Cashmere companies export in excess of 50% of total sales.
- In the second group 79% of responding Food and Beverage companies and 58% of combined Jewellery/Homeware/Toiletries companies export less than 10%.

These contrasting figures are clearly identified in Figure 5.22.

Figure 5.22: Percentage contribution of total sales accounted for by overseas sales, by product sector.



The above figures associate with the previous discussion on the Textiles sector where international sales were seen to be by far the largest market. In the textiles category every company sold at least five percent of total sales in export markets. Twelve percent had low export sales between 5-10%, with 24% exporting between 21-50%. The rest of the textiles respondents, sixteen out of twenty five companies, exported over 50% of total sales. Again this corresponds with the database analysis where 83% of Textiles companies mainly operated internationally.

In comparison, only two out of a total of twenty eight Food and Beverage companies exported more than 50% of total sales. Twenty nine percent exported between 5-50% of total sales, with the remaining majority (64%) exporting less than 5%. This corresponds with the database analysis where only three companies from the total sample of Food and Beverage companies had major international markets.

When a chi-squared test was carried out on the cross tabulated data for overseas sales and industry sector, a highly significant difference (Sig.= .000 <0.001) between different Scottish premium/luxury product sectors in terms of the percentage of overseas sales was found (Table 5.8). The Whisky (92.3%) and Textiles/Cashmere (64%) sectors have a significantly higher percentage of greater than 50% overseas sales, compared with the Food and Beverage and combined Jewellery/Homeware/Toiletries sectors where 64.3% and 41.7% respectively, export less than 5%.

Table 5.8: Comparison of the percentage contribution of total sales accounted for by overseas sales, by product sector - chi-squared test results.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	61.285 ^a	18	.000
Likelihood Ratio	74.241	18	.000
Linear-by-Linear Association	34.598	1	.000
N of Valid Cases	78		

a. 23 cells (82.1%) have expected count less than 5. The minimum expected count is .31.

To conclude this section, the target market for premium/luxury Whisky and Textiles/Cashmere sectors was clearly international, compared with a much greater focus on the domestic market for most Food and Beverage and Jewellery/Homeware/Toiletries companies.

5.4.3(iv) Extent of use of the ‘Made in Scotland’ label

The final question contributing to the profile of responding companies from the postal questionnaire data was to establish whether or not respondent’s brands were produced in Scotland, i.e. ‘Do your products carry a ‘Made in Scotland’ label?’ This relates to the third research question which is to find out the extent to which COO is reflected by Scottish premium/luxury brands. Finding out how many of the responding companies make their products in Scotland is a starting point to address this question.

Results for the total number of respondents from the Scottish premium/luxury sector are summarised in Table 5.9. Sixty nine percent of companies agreed that all of their products were made in Scotland and were labelled as such, with only 8% (6 out of 78 companies) manufacturing their products outside Scotland. This information was not available from the information on the premium/luxury sector database thus this result gives the first indication of the importance of ‘Made in Scotland’ as a characteristic feature of the Scottish premium/luxury sector as a whole.

Table 5.9: Use of the ‘Made in Scotland’ label by responding companies.

		Made in Scotland Label			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes all	54	69.2	69.2	69.2
	Yes some	18	23.1	23.1	92.3
	No	6	7.7	7.7	100.0
	Total	78	100.0	100.0	

Further analysis of these figures was carried out by cross tabulating responses for the ‘Made in Scotland’ question against the four industry sectors (Table 5.10). Again the results split into two groups, but this time Whisky clearly formed one group with the other three industry sectors forming the other. Unsurprisingly, 100% of premium/luxury Whisky companies who responded to the questionnaire carried some form of ‘Made in Scotland’ label (e.g. ‘Product of Scotland’; ‘Distilled, matured, bottled in Scotland’), reflecting the critical importance of Scottish origin in this sector.

For the other sectors, between 58% and 68% of production takes place wholly in Scotland, with some being manufactured in Scotland in between 25% and 29% of cases. Out of the total population of seventy eight companies, only six (8%) did not manufacture any of their products in Scotland (1 from Textiles/Cashmere; 3 from Food and Beverage; 2 from Jewellery/Homeware/Toiletries).

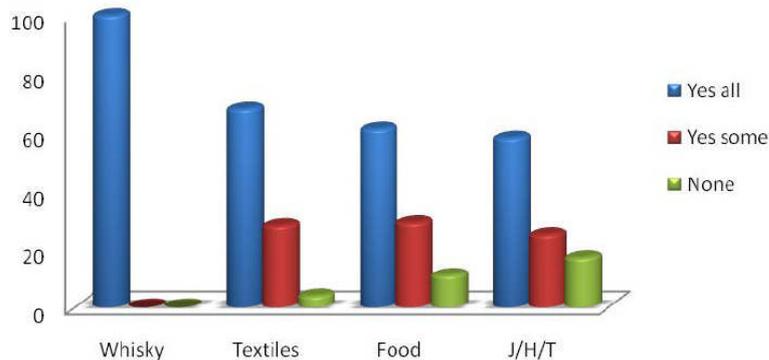
Table 5.10: Percentage of products carrying the 'Made in Scotland' label compared against product sector.

Made in Scotland Label * Sector Crosstabulation

			Sector				Total
			Whisky	Textiles/ Cashmere	Food	J/H/T	
Made in Scotland Label	Yes all	Count	13	17	17	7	54
		% within Sector	100.0%	68.0%	60.7%	58.3%	69.2%
	Yes some	Count	0	7	8	3	18
		% within Sector	.0%	28.0%	28.6%	25.0%	23.1%
	No	Count	0	1	3	2	6
		% within Sector	.0%	4.0%	10.7%	16.7%	7.7%
Total	Count	13	25	28	12	78	
	% within Sector	100.0%	100.0%	100.0%	100.0%	100.0%	

The chart in Figure 5.23 clearly illustrates the difference between the Whisky sector compared with the other three industry sectors in the use of the 'Made in Scotland' label.

Figure 5.23: Percentage of responding companies by product sector using the 'Made in Scotland' label.



In spite of the clear difference between the Whisky sector and the other three sectors, the chi-squared test carried out on the cross tabulated data for 'Made in Scotland' and industry sector found no statistically significant difference (Sig.= 0.176 >0.05) between categories for this question (Table 5.11). Figures for the three other sectors were very similar.

Figure 5.11: Comparison of products carrying the 'Made in Scotland' label compared against product sector - chi-squared test results.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.962 ^a	6	.176
Likelihood Ratio	12.468	6	.052
Linear-by-Linear Association	6.147	1	.013
N of Valid Cases	78		

a. 6 cells (50.0%) have expected count less than 5. The minimum expected count is .92.

Those companies who responded that they did none of their manufacturing in Scotland, were asked to specify where manufacturing was carried out. Other countries named on 'Made in' labels were Portugal and Italy for Homeware, India for Textiles/Cashmere, and England, Canada, Australia, Poland and UK for Food and Beverages. The respondent whose company's products were manufactured in Portugal commented that this decision was *"not through choice, I wanted them to be made locally but a lot of textile manufacturing is moving/ has moved overseas"*. The knitwear company who manufactured in India added that 95% of their products were still made in Scotland.

A further point noted by some companies was that although their products were manufactured in Scotland, rather than use the 'Made in Scotland' label, they preferred to be more specific regarding the manufacturing location, either by using such terms as 'artisan cheese made in Royal Deeside', or 'produced in Argyll /Skye /Orkney etc'. The use of these regional place names in preference to national origin labelling is perhaps a reflection that since most food products are sold in Scotland or in the UK, specific provenance or local sourcing associations are employed as a more effective differentiating strategy, particularly when associated with regions which are known for their high quality of produce. Other respondents communicated Scottish origin through the use of the internationally recognised quality marque, the Harris Tweed Orb label.

One company noted that *"we used to use it ('Made in Scotland') but dropped it"*. Another noted that their products *"do not carry any 'Made in...' label"*. Reasons were not given for these responses but will be explored further in the second stage of the research.

The conclusion from the above analysis is that most of the production output from Scottish premium/luxury companies is manufactured in Scotland, with only a small percentage being outsourced elsewhere in the UK or overseas.

5.4.3(v) Summary of questionnaire analysis – Your Brand (Section One)

A high response rate of 78% was achieved in the postal questionnaire comprising a representative sample of premium/luxury companies from each of the product categories in the data base. Furthermore, applying industry sector classification systems to the companies who responded to the questionnaire revealed that each category was represented. The results of the first section of the questionnaire have demonstrated that the Whisky and Jewellery/Homeware/Toiletries sectors are

equally split in terms of describing their brands as either luxury or premium. Textiles/Cashmere companies favour the term luxury, and Food and Beverage companies the term premium. For extent of export sales, Whisky and Textiles/Cashmere respondents are distinguishable from the Food and Beverage and Jewellery/Homeware/Toiletries sectors by exporting a much higher percentage of total sales. The Whisky sector is also distinguished from the other three sectors in its use of the 'Made in Scotland' label which appears on all products. The other three sectors use the 'made in' label on most, but not all of their products with some manufacturing being carried out elsewhere mainly in the UK or in Europe. Some food and textiles companies prefer to use a more specific place identifier than Scotland on their labels.

5.4.4 Postal questionnaire data analysis – Scotland's Image (Section Two)

The following section considers issues which address the second objective, which is to examine the role of 'Scottishness' in luxury brand identities. This is achieved by first establishing the important dimensions of Scotland's image and how this may be evolving, before directing questions on the importance of Scottish origin in brand identities.

5.4.4(i) Key words summarising Scotland's image

Image has been defined as a consumer constructed opinion, based on subjective perceptions of associations with an image object (Nandan 2005). The concept of country image was explored in detail in section 3.4. Recognising the criticisms in the COO literature of studies which have either ignored the image of the place of origin being studied or have considered it as a 'black box' (Hong and Wyer 1989; Chao 1998; van Ittersum et al. 2003), prior to examining the part played by COO identity in Scottish premium/luxury brands, the image of Scotland as perceived by questionnaire respondents is first examined. In the first question of the image section of the questionnaire (Qu 5, Appendix 3), respondents were asked to *'give a few key words which summarise Scotland's image for you'*. In total, one hundred and seventeen different words were generated (Refer to Appendix 3, Qu.5 for the full list).

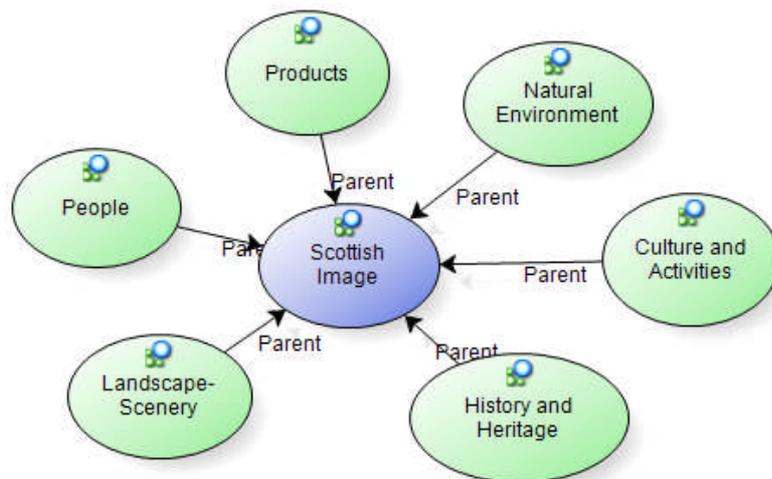
Examination of the literature on country image in Chapter Three, section 3.4, identified three approaches to defining country image: perception of a country's products; total perceptions of the country; and perceptions of both country and product (Roth and Romeo 1992; Martin and Eroglu 1993; Knight and Calantone 2000; Roth and Diamantopoulos 2009). Three different image objects contributed to overall country image: characteristics of the country; capabilities of the people;

experience and knowledge of the country's products (Papadopoulos et al. 1990; Roth and Romeo 1992; Martin and Eroglu 1993; Papadopoulos and Heslop 1993). Also in Chapter Three, where a number of studies on Scotland's image were examined (Table 3.10 and Figure 3.3) the key aspects of Scotland's image were shown to comprise both positive and negative associations with the country, classified into the following categories:

- Enduring symbols and images associated with national identity including the environment and landscape;
- The nation's attributes and values;
- Typical products and product attributes;
- Personality and values of the people

It is this wider classification which has been used to guide the categorisation of terms generated from the postal questionnaire. The terms have been coded into six category nodes in NVivo 8 (Figure 5.24). Four themes, the nation's products, people, environment and landscape are consistent with previous literature on country image, while the remaining two, history and heritage and culture and activities, have not been specifically mentioned in country image typologies. These two themes are however the source of many of the symbols and images which are associated with Scotland thus are important in the context of this study.

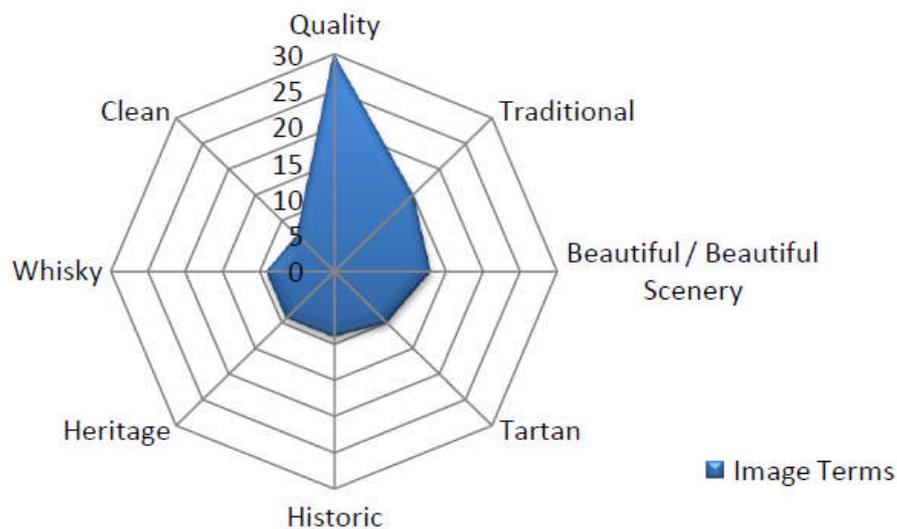
Figure 5.24: Questionnaire results - categories used to describe Scotland's image



Before examining the full list of terms generated from the question, the eight most popular are first exhibited in Figure 5.25. Of the terms most frequently used to summarise Scotland's image, it is pertinent that Quality was the most frequently cited by thirty respondents (38%) out of the total population of seventy eight. The next two most used image terms, were Traditional and Beautiful/Beautiful Scenery, with fifteen

(19%) and thirteen (17%) responses respectively. Tartan, was next with ten responses (13%) The next three terms, each with nine (11%) responses, related either to Scotland's products (Whisky) or to its history (Historic and Heritage). The next term in order of frequency of use was Clean (7 responses = 9%), referring to the natural environment. These associative terms project an image of Scotland perceived as a beautiful, unspoilt country producing high quality products based on a traditional heritage represented by tartan.

Figure 5.25: The eight terms most frequently used to summarise Scotland's image by questionnaire respondents



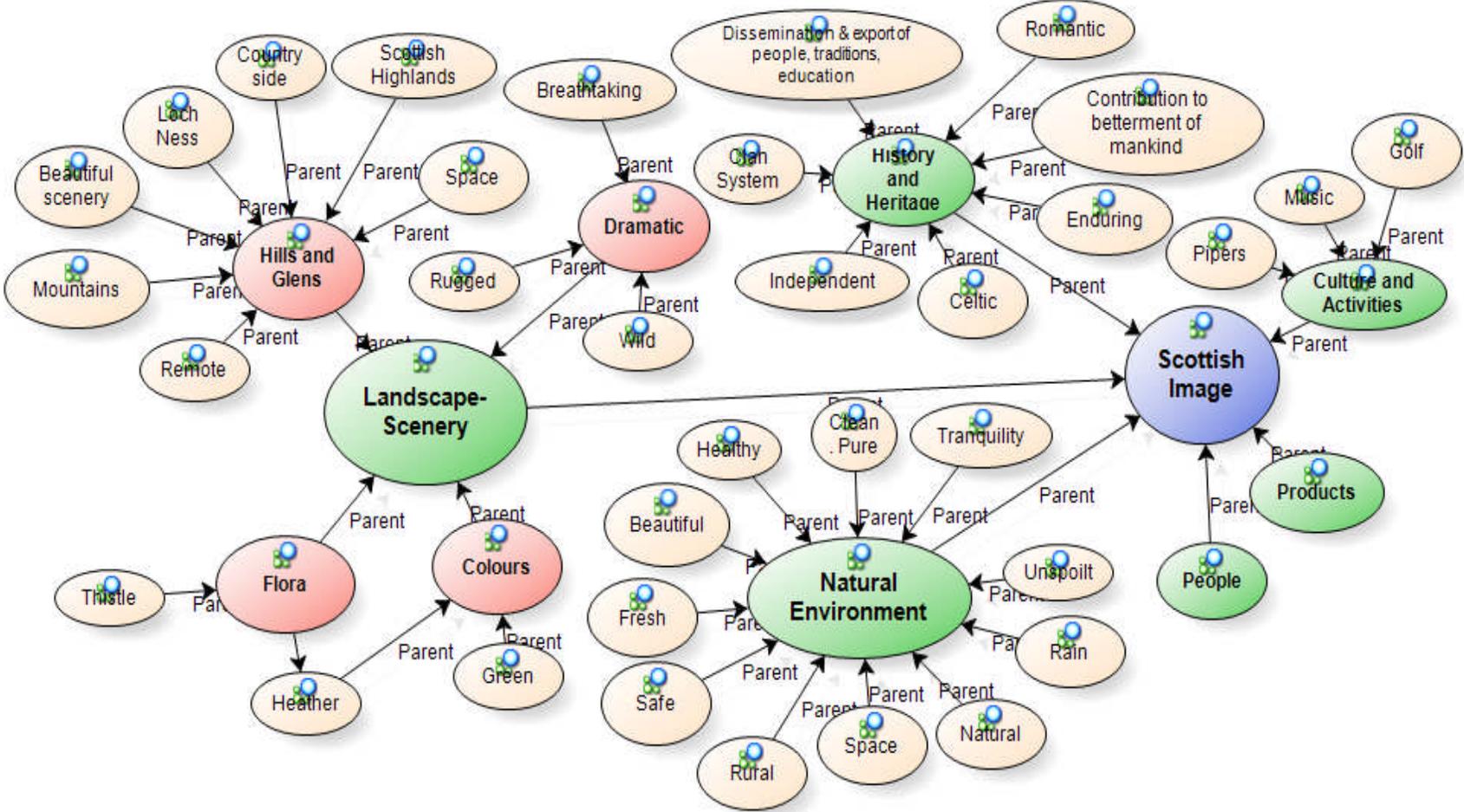
The large number of terms generated from the questionnaire could not be displayed together in a meaningful way. Three charts have thus been compiled illustrating the large number and wide range of image terms. These are based round the six categories identified in Figure 5.24. These charts show the rich associative networks (Anderson 1983) which underpin Scotland's image. The first chart combines the four categories of Natural Environment, Landscape/Scenery, Culture and Activities and History and Heritage (Figure 5.26). With the exception of culture, these themes have not been included in definitions of country image in COO literature (Table 3.4), but are clearly a rich source of image associations.

The drama, beauty and remoteness of the Scottish landscape, captured in images of mountains, hills, glens and lochs, are powerful images which have been leveraged frequently by Scottish product manufacturers along with their interpretations of the colours found in the natural environment (Scottish Parliament 2005). Further, the images of the Scottish natural environment as clean, fresh, tranquil, unspoilt, pure, etc. are consistent with positive provenance (Trotter 1998; Baker and Ballington 2002). Scottish culture and the activities associated with Scotland provided a rich

source of symbols, many based on historical imagery, which supplement the symbols derived from the scenery and the natural environment. It can be seen from Figure 5.26 that these symbols vary from thistles and heather, to pipers and Celtic, to golf and music. Achievements of Scottish people in discovery and education and their *“contribution to the betterment of mankind”* are also recognised (McCrone et al. 1995; Masson and Raeside 1999).

Absent from the terms derived from this question on the questionnaire are those relating either to city life, to an industrial landscape or to contemporary culture/personalities, with most terms focusing on the image of Scotland in terms of its rural landscape, steeped in history and heritage. This however conforms with the view expressed by Burnett and Danson (2004) that *“the construction of Scotland in national cultural terms is heavily reliant on rural references in terms of both culture and environment”* (p.391). This version of the cultural product is deemed by the authors to be *“highly marketable”* but skewed.

Figure 5.26: Terms for Landscape/Scenery, Natural Environment, History and Heritage and Culture and Activities categories used by questionnaire respondents to summarise Scotland's image



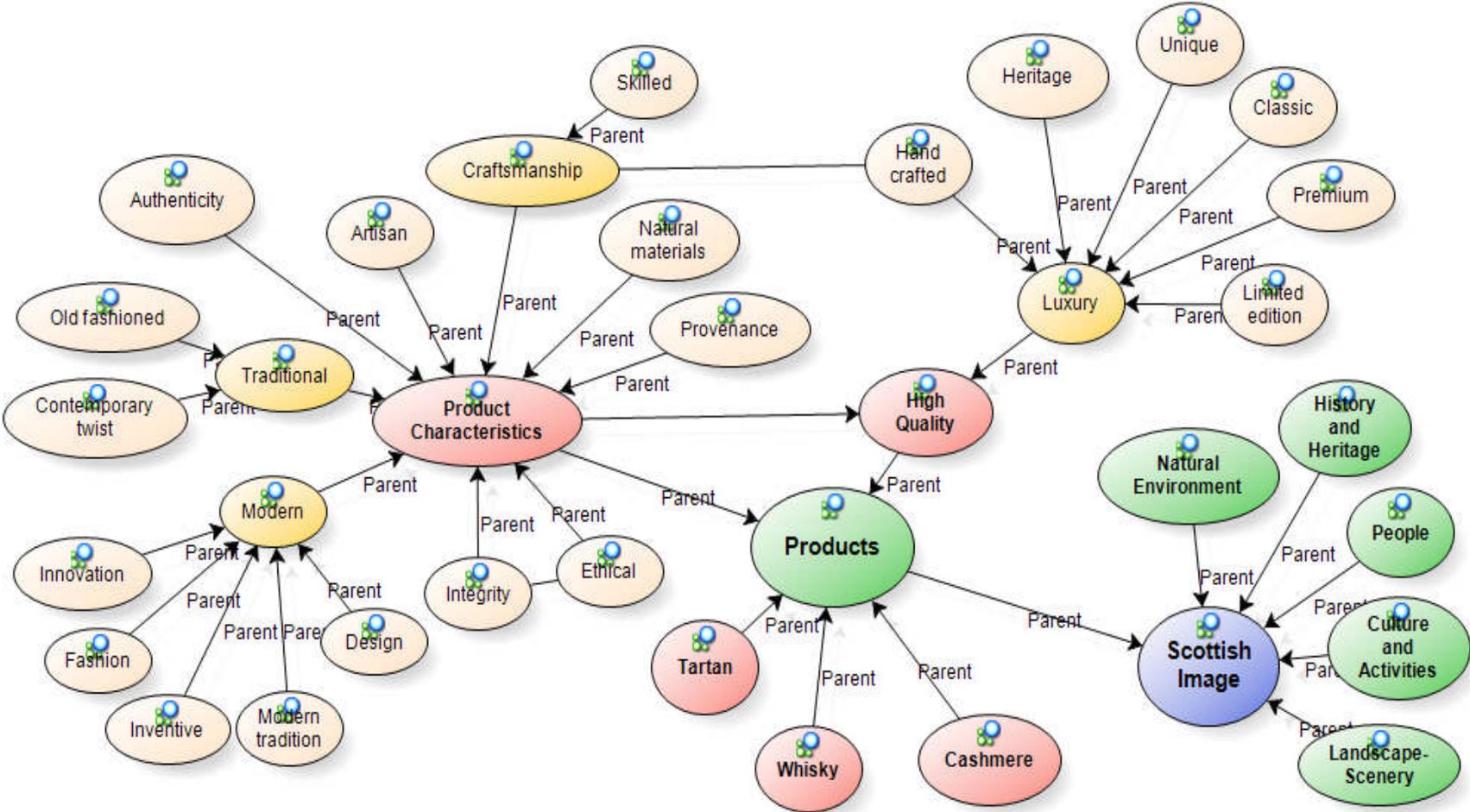
The next category of image terms to be considered was that relating to Scotland's products as summarised in Figure 5.27. Typical Scottish products and terms which describe their characteristic qualities are illustrated in the chart.

Unsurprisingly, given the sampling frame, the results show that three products, Tartan, Whisky and Cashmere are firmly associated with images of Scotland, with Tartan (10 responses = 13% of the total population) and Whisky (9 responses = 11% of the total population) being mentioned most. Identifying these traditional Scottish products does however match results from previous studies where whisky and tartan have been strongly linked with Scotland's image (e.g. Baker and Ballington 2002).

The terminology which characterises Scotland's image through association with its products is heavily weighted towards the consistent delivery of traditional quality based on a range of positive and meaningful attributes. The context in which this study was carried out should however be noted regarding the types of terms most likely to be generated by respondents. Respondents were all senior executives of Scottish companies producing premium/luxury brands, so it is not surprising that terms relating to products came readily to mind when asked to summarise Scotland's image. However, their responses are consistent with terminology identified in previous studies (ref 3.7.2).

The words generated in this study, reflect the aims of senior executives in terms of their perceptions of the quality of their own brands. Communicating these product characteristics through their brand identities is fundamental. The terms in Figure 5.27 resonate with words describing Scottish provenance as traditional, handcrafted and authentic, based on deep rooted heritage and linked closely to the terminology identified in studies of the characteristics of luxury brands as discussed in 2.8.4 (Nueno and Quelch 1998; Moore and Birtwistle 2005). Again, consistent with previous studies, the emphasis is on tradition, yet there are a few terms e.g. innovation, modern tradition and contemporary twist, which allude to a more contemporary interpretation.

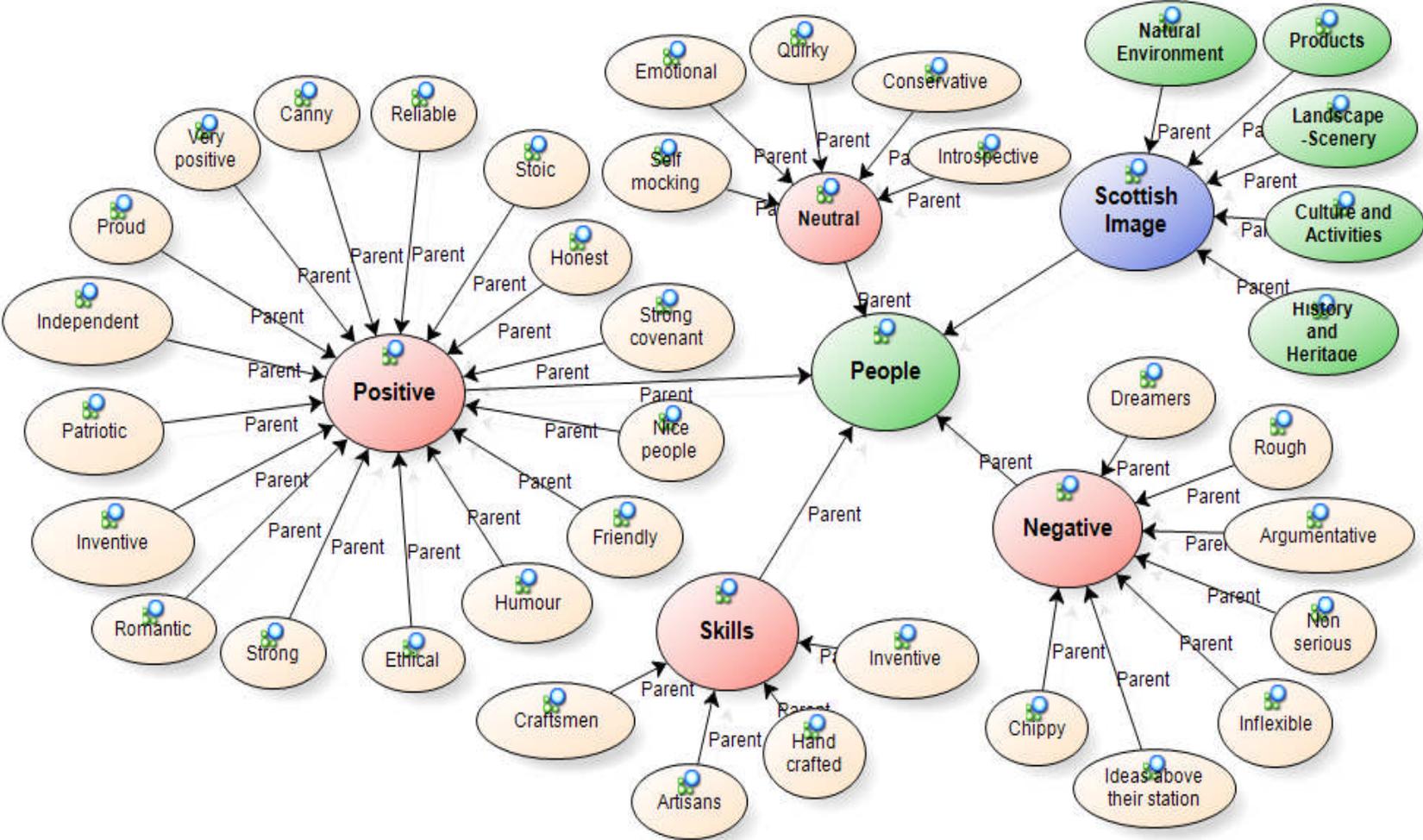
Figure 5.27: Product terms used by questionnaire respondents to summarise Scotland's image



The last category of image terms relating to Scotland's image include those which can be attributed to the values and personality of Scottish people as collated in Figure 5.28. Knowledge about a country's people as a component of country image has been recognised to an extent in the literature (Papadopoulos 1989; Knight and Calantone 2000), but has not been widely adopted. The large number of different terms generated in this study, indicates that for many of the respondents, the characteristics of the people are an important component of Scotland's image. Following protocols used in previous studies (e.g. Papadopoulos et al. 2000; Scottish Executive 2004) these terms have been classified as being positive, or negative. Terms which did not obviously fit either category were coded as being neutral.

Many of the image terms identified by the questionnaire respondents are consistent with previous studies (Tables 3.10 and 3.11). Twice as many of the terms demonstrate positive rather than negative values e.g. 'honesty' 'patriotic', 'inventive' and 'reliability' 'strong covenant', 'ethical' but also included some negative terms which are consistent with the Scottish tendency towards self criticism e.g. 'chippy', 'rough' 'argumentative' and 'ideas above station'. A few terms coded as neutral nevertheless tend to fit with the self deprecating side of the Scottish personality e.g. terms such as 'self mocking' and 'introspective'. An additional group of terms have been coded as those which refer to the skills of the Scottish people. These are mainly craft oriented but also include 'inventive'. Overall, the image of Scottish people as interpreted from these results, matches other studies, for example the VisitScotland brand essence wheel (Figure 3.3), where Scotland's personality derived from its people is summarised by the terms 'friendly', 'unpretentious', 'professional', independent', 'proud' and 'real'.

Figure 5.28: People terms used by questionnaire respondents to summarise Scotland's image



The collated images of Scotland from senior executives from seventy eight Scottish producers of premium/luxury consumer products are drawn from image objects from the country, its people and products. This presents what Thakor and Katsanis (1997) have referred to as a 'multiplex' image, consisting of a wide range of positive associations which can be leveraged across a diverse range of product categories.

The importance of people and the natural environment to Scotland's image adds weight to Van Ittersum et al.'s (2003) contention that these two image components can be used to explain preferences for and attitudes towards products from a specific origin. The natural environment factor relates to the natural and climatic suitability for production, the human factor is the expertise to make the product. From these results, Scotland has a positive image in relation to both these factors, natural and unspoilt, with a skilled workforce, resulting in the production of high quality products. Keller (2003b) advocates the use of provenance (natural, cultural and human resources) to differentiate products from competitors. The image associations identified here in addition to providing these associations also enhance perceptions of authenticity (Beverland and Lindgreen 2002; Gilmore and Pine II 2007).

5.4.4(ii) Has Scotland's image changed in recent years?

In order to explore respondents' perceptions of Scotland's current image compared with previous perceptions, respondents were asked '*Do you think that this (Scotland's image) has changed in recent years?*' (Qu6, Appendix 3). The results are summarised in Tables 5.12 and 5.13.

As can be seen in Table 5.12, the majority (64%) of respondents did not believe that Scotland's image had undergone any changes in recent years.

Table 5.12: Scotland's Image – has it changed in recent years?

		Image Change			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	28	35.9	35.9	35.9
	No	50	64.1	64.1	100.0
	Total	78	100.0	100.0	

Looking at the results by product category however, some differences can be seen depending on the industry sector (Table 5.13).

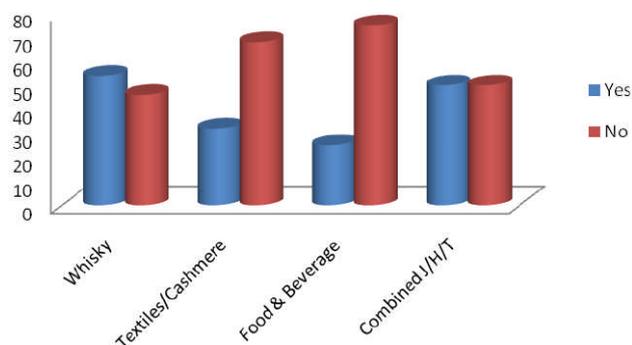
Table 5.13: Scotland’s Image – has it changed in recent years? Cross tabulation comparing industry sector responses.

Crosstab

			Sector				Total
			Whisky	Textiles/ Cashmere	Food	J/H/T	
Image Change	Yes	Count	7	8	7	6	28
		% within Sector	53.8%	32.0%	25.0%	50.0%	35.9%
	No	Count	6	17	21	6	50
		% within Sector	46.2%	68.0%	75.0%	50.0%	64.1%
Total		Count	13	25	28	12	78
		% within Sector	100.0%	100.0%	100.0%	100.0%	100.0%

The Food and Beverage sector showed most agreement that image had not changed (75% disagreeing that it had changed). The Textiles/Cashmere group came next with 68% stating there had been no change. The Jewellery/ Homeware/Toiletries combined category had a 50/50% split in opinion, whereas the Whisky sector showed that slightly more agreed (54%) than disagreed (46%) that there had been a change in Scotland’s image in recent years (Figure 5.29).

Figure 5.29: Comparison between industry sectors regarding their perception of whether or not Scotland’s image has changed in recent years (%)



Comparing the results for the four industry categories using the chi-squared test (Table 5.14) the differences between sectors are not sufficiently different in their perceptions regarding image change to be statistically significant at $p < 0.05$ (Sig.= 0.215).

Table 5.14: Scotland’s Image – has it changed in recent years? Chi-squared comparison of product sector responses

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.467 ^a	3	.215
Likelihood Ratio	4.426	3	.219
Linear-by-Linear Association	.247	1	.619
N of Valid Cases	78		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is 4.31.

Those who did believe that Scotland’s image has changed in recent years were asked to give a brief explanation of the nature of the change. Analysis of these responses using NVivo 8 resulted in three categories of explanations of the change (for the full list of responses refer to Appendix 3, Qu 6):

- Evolution away from previous stereotypical images;
- Increased awareness of Scotland and what it had to offer;
- Stronger national identity.

The first category of responses (Table 5.15) is from those who consider that there has been some movement away from the more traditional “slightly kitsch” image of Scotland to a “funkier” image. Stereotypical symbols e.g. haggis, heather and bagpipes are being replaced by more subtle contemporary images.

Table 5.15: How Scottish image has changed in recent years. Evolution away from previous stereotypical images.

Q5.1 <i>“People are perceiving Scotland as a little ‘funkier’ ‘Celtic is cool’ shaking off the ‘dusty’ touristy image slowly”.</i> (F&B5)
Q5.2 <i>“There has been a clear shift away from the slightly kitsch image of Scotland’s heather, bagpipes and shortbread”.</i> (W10).
Q5.3 <i>“...people are being more creative using their own contemporary ideas instead of the stereotypical tartan and haggis theme”.</i> (J3)
Q5.4 <i>“Although tradition and heritage are important to Scotland, I think over the past few years it has evolved from the stereotypical perceptions into a vibrant and modern country”.</i> (TC15)
Q5.5 <i>“More subtle, less stereotyped images”.</i> (W8)

There is some agreement that knowledge of Scotland as a source of high quality products is more widespread and that other values such as integrity and honesty are gaining more recognition (Table 5.16). This fits with increased interest by consumers in finding out more about the provenance of products.

Table 5.16: How Scottish image has changed in recent years. Increased awareness of Scotland and what it has to offer.

Q5.6 "...the above values (tradition, heritage, integrity, quality, Celtic) have become clearer and better communicated". (TC20)
Q5.7 "People are more aware of the above (quality, honest, tradition, fashion) after experience of Far East products". (TC12).
Q5.8 "...now greater awareness". (H1)
Q5.9 "Quality is now a 'given'. Integrity (broken down into honesty, customer service, reliability) is now key". (TC13).
Q5.10 "Due to better understanding and demand from customers wanting to know where their food has come from and how". (F&B21)

Some respondents link the perception of stronger national identity with the new Scottish National Party led Scottish government which they credit with raising Scotland's profile worldwide (Table 5.17, Q5.11 and 5.12).

Table 5.17: How Scottish image has changed in recent years. Stronger national identity.

Q5.11 "Political change with devolution has increased awareness of Scotland. SNP led government has rekindled 'Scottish Pride'". (J4).
Q5.12 "A Scottish government in Holyrood is being recognised world-wide and our national profile raised". (W12)
Q5.13 "Stronger identity". (TC19)

In the previous question in the postal questionnaire, a number of image terms which suggested a more contemporary interpretation of 'Scottishness' were identified. When asked whether or not Scotland's image had changed in recent years, 40% of respondents agreed that it had. Less evidence of stereotypical imagery, enhanced awareness of traditional values and stronger national identity have been cited as examples of how this change has been affected.

5.4.4(iv) Scottish COO and brand identity

An aim of the postal questionnaire was to obtain a macro-level indication across as wide a population as possible of the importance to premium/luxury brands owners of being located in Scotland. This addresses the research question on the role and function of Scottish COO in the identities of Scottish premium/luxury brands. Respondents were asked 'Is Scottish identity important for the positioning of your brand' (Qu 7, Appendix 3). The three options given for responses were: yes, it is very

important; it is relevant but not key; or no, it is not relevant. The results are summarised in Table 5.18.

Table 5.18: Is Scottish identity important for positioning your brand?

		Identity Importance			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Relevant	3	3.8	3.8	3.8
	Relevant not key	23	29.5	29.5	33.3
	Very Important	52	66.7	66.7	100.0
	Total	78	100.0	100.0	

It is clear from the results that Scottish COO plays an important role in the identities of Scottish premium/luxury brands. Looking at the results in Table 5.18, which shows the totals for each response option, 67% of the total responses signify that Scottish identity is very important for participating companies, with only 4% (3 respondents) stating that it has no relevance for their brands. For two of these companies, their responses were surprising since both their company/brand names played heavily on Scottish associations (one carries the name of a region of Scotland, the other derives from a quotation from a well known Robert Burns poem and used Scots dialect).

Table 5.19 and Figure 5.30 illustrate how the different industry sectors have responded to the question. As with other examples, there are interesting differences between sectors.

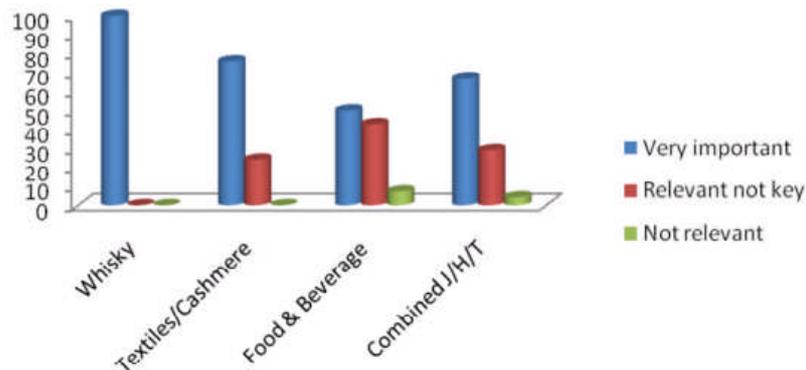
Table 5.19: Is Scottish identity important for positioning your brand? Cross tabulation comparison of industry sectors.

		Identity Importance * Sector Crosstabulation					
		Sector				Total	
		Whisky	Textiles/ Cashmere	Food	J/H/T		
Identity Importance	Not Relevant	Count	0	0	2	1	3
		% within Sector	.0%	.0%	7.1%	8.3%	3.8%
	Relevant not key	Count	0	6	12	5	23
		% within Sector	.0%	24.0%	42.9%	41.7%	29.5%
	Very Important	Count	13	19	14	6	52
		% within Sector	100.0%	76.0%	50.0%	50.0%	66.7%
Total	Count	13	25	28	12	78	
	% within Sector	100.0%	100.0%	100.0%	100.0%	100.0%	

It is striking and predictable that in the Whisky sector, 100% of respondents agree that Scottish identity is very important. It is also clear that in the Textiles/Cashmere category Scottish identity is regarded as being highly significant with 76% agreeing that it is very important and no company stating that it has no relevance. Results for the Food and Beverage and combined Jewellery/Homeware and Toiletries sectors

mirror each other with 50% of companies recognising that Scottish identity is very important with small numbers (2 Food and 1 J/H/T) stating it has no relevance to them.

Figure 5.30: Comparison between the responses from industry sectors regarding their perception of the importance of Scottish identity in brand positioning (%).



The differences between product sectors in the importance of Scottish identity are a statistically significant. The difference from the chi-squared analysis (Table 5.20) is 0.037 (<0.05) with Whisky and Textiles/Cashmere standing out from the other two sectors. Overall however, there is agreement that Scottish identity is important.

Table 5.20: The importance of Scottish identity in brand positioning. Chi Squared comparison of product sector responses

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.431 ^a	6	.037
Likelihood Ratio	17.997	6	.006
Linear-by-Linear Association	10.991	1	.001
N of Valid Cases	78		

a. 6 cells (50.0%) have expected count less than 5. The minimum expected count is .46.

Respondents were asked to briefly explain their answer regarding the importance of Scottish identity in positioning their brand. Of those who answered that Scottish identity was very important, the list of responses fell into one of the following categories when coded into NVivo 8 (see Appendix 3, Qu. 7, for the full set of responses):

- Key part of the brand identity;
- Reflects brand values.

In terms of the first category, where companies stated that it is a key part of their brand identity, the following quotation effectively captures the intensity of feeling towards a Scottish identity:

“Hugely important. COO, why try and hide it ‘we are what we are. We’re proud of it’. A priceless asset to cherish. Buying into a brand – a dream. Small production – nice individual products. Fiercely proud of our independence and ‘Made in Scotland’ marque”. (MD of TC11)

In Table 5.21 responses which fit the first category (key part of brand identity), have been separated out for the Whisky and Textiles/Cashmere sectors. In the case of the whisky sector where 100% of respondents noted its importance, the three quotes (Q5.14-5.16) confirm that Scotch whisky can only be made in Scotland and as such has become an important symbol and part of Scotland’s identity. This was evident in the previous discussion of Scotland’s image where whisky was identified as an important country image association.

Table 5.21: Scottish identity is very important for positioning the brand. Key part of the brand identity

Response category	Evidence from questionnaire responses
Whisky sector responses	Q5.14 <i>“Scotch whisky can only be made in Scotland and our whisky is regarded as the best in the world”. (W10)</i>
	Q5.15 <i>“Scotch whisky can only be made in Scotland. So it embodies Scottish identity”. (W3)</i>
	Q5.16 <i>“The image of whisky is intertwined with a Scottish identity”. (W11)</i>
Cashmere/Textiles sector responses	Q5.17 <i>“We are proud of our Scottish heritage and it is important that we still operate in and support the local economy. Also our strong link with Scotland indicates superior quality”. (TC15)</i>
	Q5.18 <i>“‘Made in Scotland’ is still an important factor at the quality end of international markets, especially in textiles”. (TC1)</i>
	Q5.19 <i>“People connect with our long standing experience of high end product”. (TC12)</i>
	Q5.20 <i>“Allows us to project a quality product. Differentiates us from China”. (TC7)</i>
	Q5.21 <i>“Scottish cashmere products carry high reputation of quality”. (TC9)</i>
	Q5.22 <i>“Scotland has a lot of ‘goodwill’ in the international market that we can use”. (TC13)</i>
Combined Jewellery/Homeware/ Toiletries sector responses	Q5.23 <i>“Tartan is the key element of our brand”. (J4)</i>
	Q5.24 <i>“The raw produce we have in Scotland is so good and people associate Scotland with being pure and clean”. (F&B5)</i>

In the Textiles/Cashmere sector, the representative quotations clearly articulate the importance of Scotland for its associations with heritage and high quality which have led to a reputation for quality (Q5.17; Q5.21). Textiles products which are ‘Made in

Scotland' have a cachet in international markets (Q5.18; Q5.19), differentiated from e.g. Chinese manufactured products (Q5.20).

These perceptions are supported by a further comment made by a Textiles/Cashmere MD regarding the current status of the Scottish knitwear industry:

"I believe the whole, remaining, knitwear industry is based on consumers believing that when they buy an item of knitwear ('Made in Scotland') it is:

1. *The best;*
2. *Luxurious and durable;*
3. *Made wholly in Scotland.*

In many cases this perception is 100% correct but the eagerness of some companies to outsource to low cost countries and then minimise or obscure the origin is very short term and potentially disastrous for the whole industry" (MD of TC18)

This supports the premise that Scottish made textiles/knitwear is recognised by consumers as being of the best quality available. There is a high level of congruence between the COO and the product sector. However this perception is threatened if consumers are confused about origin sources due to ambiguous labelling practices. This potential incongruence could affect the whole sector. Also identified in Table 5.21 (Q5.17) was recognition of the importance of the Scottish Textiles/Cashmere sector in supporting the local economy.

Further quotations from other product categories confirm that the associations with quality and with the 'pure and clean' (Q5.24) Scottish environment play an important role in the identity of their brands. Tartan is also mentioned as an important differentiating device (Q5.23).

This leads to the second response category identified in Table 5.22, that Scottish identity reflects the values of premium/luxury brand producers. The quotations reflect that customers of high end products make the connection between Scotland and values such as experience (Q5.25), authenticity and integrity (Q5.26) and that 'Made in Scotland' represents a marque of high quality (Q5.26).

Table 5.22: Scottish identity is very important for positioning the brand. Reflects brand values

Evidence from questionnaire responses
Q5.25 <i>"People connect with our long standing experience of high end product". (TC12)</i>
Q5.26 <i>"Our brand values stand for quality, sustainability, provenance – with 30 years of brand building Scotland enhances our authenticity/integrity credentials". (F&B15)</i>
Q5.27 <i>"Luxury <u>customers</u> want to buy well made luxurious, beautiful, durable products and for cashmere that means from a Scottish company <u>plus</u> made wholly in Scotland". (TC18)</i>
Q5.28 <i>"Core brand attribute". (F&B25)</i>

For those 30% of the respondents answering that Scottish identity is relevant, but not key, explanations for their responses were coded into the following two categories in NVivo 8 (see Appendix 3, Qu. 7, for the full set of responses):

- Scottish identity is an important dimension which is part of their story;
- Other values are more important.

Quotations illustrating these two categories are collated in Table 5.23.

Table 5.23: Scottish identity is relevant, but not key, for positioning the brand.

Response category	Evidence from questionnaire responses
Identity is an important dimension which is <u>part</u> of the story	Q5.29 <i>"Important as much as all products are from a specific area of Scotland". (F&B19)</i>
	Q5.30 <i>"It is relevant because we are Scottish...".(F&B9)</i>
	Q5.31 <i>"Helpful, but not specific enough". (F&B3)</i>
	Q5.32 <i>"...not obviously Scottish, but part of our story". (F&B21)</i>
	Q5.33 <i>"Orkney identity is important to us too". (J2)</i>
	Q5.34 <i>"Due to the origin of...- we started here in 1824 – so need to maintain the connection". (TC15)</i>
Other values are more important	Q5.35 <i>"...it's most important that real brand values are not all about being Scottish". (F&B9)</i>
	Q5.36 <i>"Abstract quality like design, quality or originality also important". (TC20)</i>
	Q5.37 <i>"Quality (taste and good packaging) are more important". (F&B1)</i>

Respondents (Q5.29 ;Q5.31) point out that although relevant, being Scottish in itself is not sufficient for their brand positioning, being only part of their story. Others (Q5.30; Q5.32) recognise that they are Scottish brands and therefore benefit indirectly from that. There is awareness that heritage is important and that links with that heritage need to be maintained. Others note that association with Scotland is not specific enough, they also want to identify with their particular location in Scotland e.g. Orkney

(Q5.33), thus associating their brand with a place which they believe is more meaningful.

The second response category (Table 5.23) highlights that several companies believe that other more specific values which relate to their brands such as quality, originality, design and taste are more important than the association with Scotland.

For those few companies who regard Scottish identity as having no relevance to their brand positioning, the following two quotations summarise the reasons for their responses:

“It corners us into a regional product, so we try not to mention Scotland anywhere in our marketing material” (F&B6)

“Don’t want our brand to be associated with any country” (F&B14)

For company F&B6 to state that Scottish identity *“corners us into a regional product”* is surprising since the brand name itself uses the name of a Scottish region. The reason given by the other company on the other hand is more understandable. Company F&B14 is a luxury chocolate brand, a product which more naturally associates with other European countries such as Belgium or Switzerland. The brand name for this company has a European rather than a Scottish ‘sound’.

Overall, the results for this question support the premise that Scottish identity is important to Scottish premium/luxury brand producers. There is some evidence that different degrees of importance are attributed to Scottish COO by different product sectors, with higher importance being apparent in the Whisky and Textiles/Cashmere sectors.

In the Textiles/Cashmere sector where competition with cheaper producers from India and Asia is having a major impact on the viability of the Scottish sector, those who still continue to manufacture in Scotland do so because their customers recognise the superiority of products which carry the ‘Made in Scotland’ label. They also recognise the importance of supporting the local economy. High end whisky brands depend on the reputation of Scotland as the premier producer of whisky in the world and through their trade organisation, the Scottish Whisky Association, they fiercely protect all aspects of Scottish identity from being ‘borrowed’ by other whisky producing nations.

In the Food and Beverage and Jewellery/Homeware/Toiletries sectors, different perceptions of the importance of Scotland to brand identity have been identified. These perceptions vary according to the specific product, whether or not it is produced entirely in Scotland, and whether direct links can be made with the imagery and symbols associated with Scotland. Companies in these sectors were more likely to cite other brand values as being more important than Scottish origin.

5.4.4(v) Communicating Scottish identity in domestic and international markets

Respondents who answered that Scottish identity is important for their brand positioning were next asked 'Do you use a different identity for domestic/export markets – particularly with respect to your use of Scottish imagery' (Qu. 8, Appendix 3). Answers were either Yes/No responses. Seventy three out of the seventy eight companies responded to this question. The combined results show that the majority of respondents (78%) use a standardised identity in all of their markets (Table 5.24).

Table 5.24: Is a different brand identity used for domestic/export markets - particularly regarding the use of Scottish imagery?

		Diff ID No			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	12	15.4	16.4	16.4
	No	61	78.2	83.6	100.0
	Total	73	93.6	100.0	
Missing	No Response	5	6.4		
Total		78	100.0		

This finding is particularly applicable in the Whisky and Textiles/Cashmere sectors (Table 5.25) where between 85% and 92% confirm that the same identity is used for all markets. As previously established (5.4.3(iii), Table 5.7) these two sectors are the largest exporters, with figures of 92% (Whisky) and 64% (Textiles/Cashmere) respectively for exporting more than 50% of their product.

Table 5.25: Is a different brand identity used for domestic/export markets - particularly regarding the use of Scottish imagery? Sector responses

Different identity	Whisky n (% of category total)	Textiles/ Cashmere n (% of category total)	Food & Beverage n (% of category total)	J/H/T n (% of category total)
Yes	1 (8)	2 (8)	6 (21)	3 (25)
No	11 (85)	23 (92)	19 (68)	8 (67)
No response	1 (8)	0	3 (11)	1 (8)
Total	13	25	28	12

Explanations given for either the Yes/No responses to this question have been summarised in a selection of quotations from the questionnaires in Table 5.26 (see Appendix 3, Qu. 8, for the full set of responses).

For those companies who answered ‘Yes’ that they do modify their brand identities for international markets, there is an indication that Scottish images are used more overtly in overseas markets (e.g. Q5.38; Q5.39; Q5.40). In some sectors, ‘Scottishness’ is emphasised more for overseas markets to clearly distinguish from competitors (Q5.38). These comments connect with Niss’s (1996) contention that country image is relied on more by companies with less export experience when positioning their brands in export markets compared with more internationally oriented companies who rely on it to a much reduced extent, focusing more on developing their brand values. For others, changes are confined to minor changes in labelling to comply with the requirements of different countries (Q5.42).

Table 5.26: Evidence from postal questionnaire responses from responding companies who answered ‘yes’ to using different identities in domestic/export markets.

Q5.38 <i>“The home market understands intuitively aspects of the Scottishness of the brand that we have to spell out to overseas markets”.</i> (J4)
Q5.39 <i>“Scottish imagery is more important in export markets”.</i> (F&B9)
Q5.40 <i>“Yes because the image of Scotland is significantly different outside of the UK”.</i> (W3)
Q5.41 <i>“More tartan for the overseas market”.</i> (H3)
Q5.42 <i>“The basic...IDENTITY is generally maintained throughout all product ranges but content of labels, colours, illustrations, are usually altered to suit the market we seek to serve”.</i> (F&B2)

For the majority of companies who answered ‘No’ to the question, who thus use the same identity irrespective of the marketplace, two main reasons are given for this decision. First is the argument that consistency of identity is vital for a global brand in order to avoid confusing customers (Q5.46). The second reason is more pragmatic. The cost implications of using a different identity in different markets, although considered desirable by some (Q5.48; 5.49), is untenable for most companies.

Table 5.27: Evidence from postal questionnaire responses from responding companies who answered ‘no’ to using different identities in domestic/export markets.

Q5.43 <i>“Our identity is the same throughout. ‘Made in Scotland’ is harder to market in our sector as it is a diminishing industry”.</i> (TC3)
Q5.44 <i>“Scotland as a brand is as important to the home/domestic market”.</i> (H1)
Q5.45 <i>“We keep our marketing look consistent when promoting to home or overseas markets. Wording sometimes is the only thing we may change”.</i> (J3)
Q5.46 <i>“We have always sought to have consistency of message and image across all of our markets. This has become even more important with the growth of the global village”.</i> (W10).
Q5.47 <i>“We prefer to focus on the benefits of a consistent brand presentation in all territories”.</i> (F&B10)
Q5.48 <i>“We’re a small company – would be impossible to develop two brand identities – too expensive”.</i> (TC20)
Q5.49 <i>“Cost! Arguably different markets perceive Scotland differently and by understanding that perception and potentially ‘buying triggers’ as well, imagery should be market specific around a common theme”.</i> (TC18)
Q5.50 <i>“My customers (international)...associate the brand with Scotland/quality etc”.</i> (TC4).
Q5.51 <i>“Scotland is well known as the home of cashmere/knitwear worldwide so the use of Scottish imagery communicates luxury and high quality worldwide”.</i> (TC15).

5.4.4(vi) Summary of questionnaire analysis – Scotland’s Image (Section Two)

The insights which have been revealed from responses in section two of the postal questionnaire address the second research objective which is to examine the role of ‘Scottishness’ in luxury brand identities. Sixty seven percent of respondents regard Scottish origin as being very important to them with only three out of seventy eight companies stating that it is of no importance. Scottish origin associates the brand with much of the imagery and symbolism identified in the previous section on Scotland’s image (5.4.4(i)). These associations, particularly with quality, integrity etc. are supremely important as a means of differentiating Scottish brands in the premium/luxury sector.

For those product categories where there is a clear link with the COO, which in Scotland’s case are Whisky and Textiles/Cashmere, COO plays a more important role. This supports previous conclusions by Heslop and Papadopoulos (1993) and Graby (1993). The product characteristics which contribute to the image of Scotland are reflected through the brand values of high end Scottish companies. For many companies, these brand values are firmly rooted in the ‘stories’ of brands, where skill and craftsmanship had been recognised by continuing generations of consumers. Finally, having established from the results from this section of the postal

questionnaire that for most companies, a consistent identity in terms of communication of Scottish COO is maintained across both domestic and export markets, the next section addresses the third research objective by exploring the mechanisms used by companies to communicate Scottish COO.

5.4.5 Postal questionnaire data analysis – Communicating ‘Scottishness’ (Section Three)

The following section links Scottish image and Scottish brand identity with the mechanisms and processes which companies use for communicating ‘Scottishness’ and as such addresses RQs 6 and 7 (Table 5.1).

5.4.5(i) Reference sources for communicating Scottish identity

A list of potential sources for communicating Scottish origin was compiled for the postal questionnaire. The list was derived from Papadopoulos’s (1993) narrative. First it includes mechanisms for direct referencing to Scotland via the brand name, the company name, or the region of origin. The inclusion of the region of origin acknowledges Papadopoulos’s (1993) contention that places of origin other than countries communicate brand origin. The most obvious direct referencing mechanism is of course the ‘made in’ label, but this is not included in this question. The narrow focus on the use of the ‘made in’ label to communicate COO has been criticised in COO studies in the past, and the intention here is to focus on the other mechanisms used by Scottish premium/luxury companies to communicate ‘Scottishness’. Use of the ‘Made in Scotland’ label has already been covered as part of the profile of responding companies (5.4.3iv).

Other communication mechanisms using different types of representative symbols and images associated with Scotland have been included from Papadopoulos’s (1993) list. In addition to these, tartan, historical figures and landscape have been added, recognising them as important country image associations and their use by a number of Scottish brand producers. Respondents were asked *‘Which of the following reference sources do you use in communicating your brand’s Scottish identity’* (Qu. 9, Appendix 3). They were also given the opportunity to add any other sources which they used but which had not been included on the list in the questionnaire.

Results are first presented as response frequencies and % frequencies for each reference source for the total population (Table 5.28).

Table 5.28: Rank order of frequency of use of reference sources for communicating Scottish identity.

Reference source/s	Total Responses (n)	Total Responses (%)
Brand name	60	77
Company name	45	58
Region of origin	41	53
Tartan	32	41
Landscape	30	38
Colours	21	27
Landmarks	15	19
Birds/Animals/Flowers	14	18
Historical figures	12	15
Others	9	11
Stereotyped images of Scottish people	6	8
Personalities/celebrities	5	6
Music	5	6
National flag	4	5

The results in Table 5.28 make it clear that direct references to Scottish origin via the brand name, the company name and the region of origin are the mechanisms which are most frequently used to communicate Scottish identity. The results confirm the power of the brand name in communicating COO, followed closely by the company name. This finding supports previous contentions in the literature by Papadopoulos (1993) and Thakor and Kohli (1996) that brand name is an important communicator of origin source. They both argued that COO researchers had failed to recognise that origin cues were already embedded in many brand names either directly or indirectly. It also confirms that for many Scottish brands, the brand name and the company name are the same. The importance of associating brands either directly or indirectly, with more specific places than the country has also been confirmed by the degree of importance placed on region of origin for communicating COO. The importance of these associations is also evident in the implementation of recent, more robust legislation to protect traditional regional names e.g. the Scotch Whisky Regulations 2009, which protects the names 'Highland', 'Speyside' etc (www.Food&Drinkeurope.com 2009)

Of the symbols and images used to convey 'Scottishness', tartan and landscape are used most frequently (32% and 30% respectively). Beyond the top five reference sources shown in Figure 5.31, only Colour (27%) has more than 20% of respondents using it to communicate 'Scottishness'. However, for a small number of individual

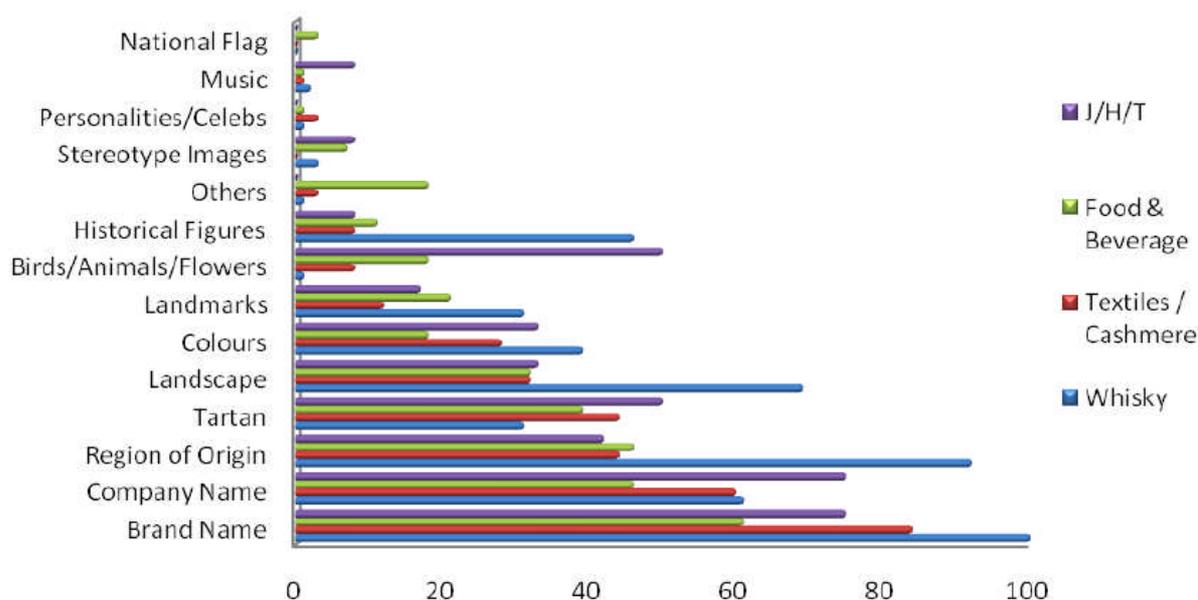
companies, the remaining reference sources on the list provide an important means of communicating ‘Scottishness’ as part of their brand identities. Table 5.29 shows the difference between industry sectors in terms of the types of Scottish reference sources used.

Table 5.29: Frequency of use of reference sources for communicating Scottish identity for each industry sector.

Reference source/s	Whisky n (% of category total)	Textiles/ Cashmere n (% of category total)	Food & Beverage n (% of category total)	Combined J/H/T n (% of category total)
Brand name	13 (100)	21 (84)	17 (61)	9 (75)
Company name	8 (61)	15 (60)	13 (46)	9 (75)
Region of origin	12 (92)	11 (44)	13 (46)	5 (42)
Tartan	4 (31)	11 (44)	11 (39)	6 (50)
Landscape	9 (69)	8 (32)	9 (32)	4 (33)
Colours	5 (39)	7 (28)	5 (18)	4 (33)
Landmarks	4 (31)	3 (12)	6 (21)	2 (17)
Birds/Animals/Flowers	1 (7)	2 (8)	5 (18)	6 (50)
Historical figures	6 (46)	2 (8)	3 (11)	1 (8)
Stereotyped images of Scottish people	3 (23)	-	2 (7)	1 (8)
Personalities/celebrities	1 (7)	3 (12)	1 (4)	-
Music	2 (15)	1 (4)	1 (4)	1 (8)
National flag	-	-	4 (14)	-
Others	1 (7)	3 (12)	5 (18)	-

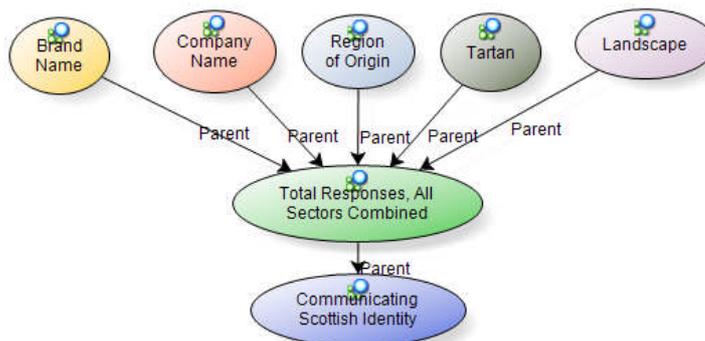
These figures are illustrated in Figure 5.31.

Figure 5.31: Frequency of use of reference sources for communicating Scottish identity, comparing industry sectors.



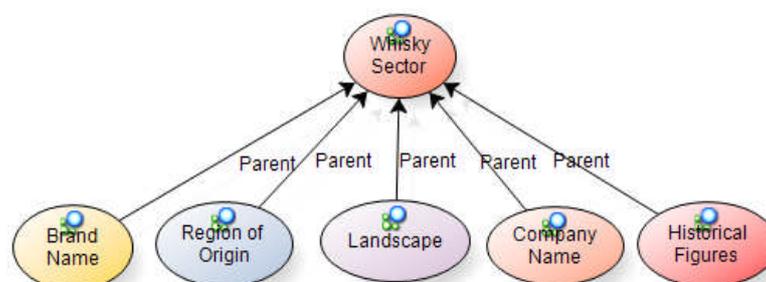
From the above analysis, the top five reference sources for communicating ‘Scottishness’ are identified first for the total population i.e. 1 = Brand Name; 2 = Company Name; 3 = Region of Origin; 4 = Tartan; 5 = Landscape (Figure 5.32). These are compared with the top five communication mechanisms for each of the four industry sectors to establish whether or not there are sectoral differences.

Figure 5.32: The top five mechanisms for communicating Scottish identity across all industry sectors (listed in increasing order of frequency from left to right).



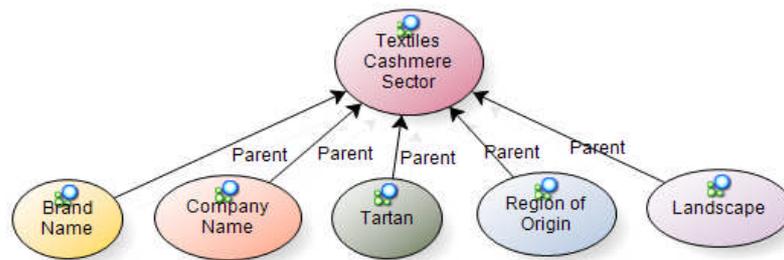
In the Whisky sector (Figure 5.33) Brand Name (100%) and Region of Origin (92%) are the most important means of communicating Scottish origin. Whisky brand names convey Scottish origin by their Scottish sound, the use of terms such as ‘Glen’ or referring to place names, often the name of the distillery. The region of origin is particularly important for malt whisky brands where the main whisky producing regions are differentiated through the characteristics of the product and now protected by legislation. Company Name and imagery based on Landscape are used by over 60% of responding whisky companies. The Whisky sector is the only one where Historical Figures feature in the top five (46%).demonstrating the importance of corporate age, company founders and heritage associations in this sector

Figure 5.33: The top five mechanisms for communicating Scottish identity for the Whisky sector (listed in increasing order of frequency from left to right).



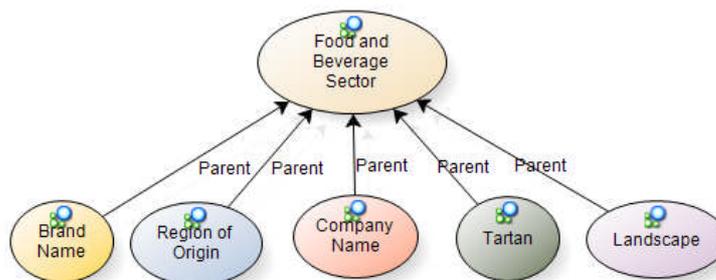
In the Textiles/Cashmere sector (Figure 5.34), Brand Name is recognised by 84% of responding companies as an important mechanism which communicates Scottish origin. Company Name (60%), then Region of Origin and the use of Tartan (both 44%) are next in terms of frequency of use, followed by Landscape and Colours with frequencies of 32% and 28% respectively.

Figure 5.34: The top five mechanisms for communicating Scottish identity for the Textiles/Cashmere sector (listed in increasing order of frequency from left to right).



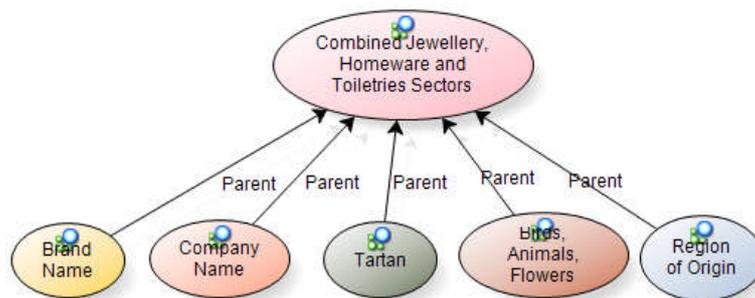
In the Food and Beverages sector (Figure 5.35), Brand Name, although reduced in percentage frequency compared with Whisky and Textiles/Cashmere at 61%, is still ranked as the most frequently used reference source for Scottish identity. In common with the previous two sectors, Company Name and Region of Origin come next in rank order for frequency of use (46% each) with Tartan and Landscape next in order (39% and 32% respectively). These results are consistent with Insch and Florek's (2009) study, where it was found that the extent of use of symbols was contingent on the product category and that in the food category, symbols were used less than more explicit statements of origin like brand name and region of origin. The importance of landscape however fits with Burnett and Danson's (2004) observation that the food sector relies on rural iconography in its brand communications. It is noteworthy that tartan features in the top five for both the Food and Beverage and Textiles/Cashmere sectors, but not in the Whisky sector.

Figure 5.35: The top five mechanisms for communicating Scottish identity for the Food and Beverage sector (listed in increasing order of frequency from left to right).



This pattern is only slightly different for the Jewellery/Homeware/Toiletries category (Figure 5.36) where Brand Name and Company Name are ranked first equal with 75% frequency. Tartan and Birds/Animals/Flowers come next in order (50% frequency each) ahead of Region of Origin (42%). Birds/Animals/Flowers are important in this combined sector where images are used for design inspiration. Colour and Landscape at 33% frequency are also significant mechanisms for conveying 'Scottishness' in this mixed category.

Figure 5.36: The top five mechanisms for communicating Scottish identity for the combined Jewellery/Homeware and Toiletries sectors (listed in increasing order of frequency from left to right).



The following list summarises the 'Other' reference sources mentioned by respondents:

- 'Scotland's specialist smokehouse' on every pack;
- Textiles, knitwear;
- Tradition;
- Celtic;
- Language/dialect;
- 'Made in Scotland' Wording on packaging;
- Marketing literature 'Designed in Scotland and made in Europe...'
- Purity;
- Scottish yarns and knitting methods;
- Whisky;
- Nordic names;
- Viking longboat;
- Family history;
- Castles.

Of these, 'made in' labels and direct references to origin sources have been discussed previously, as have associations with the traditional products of Scotland i.e. whisky and textiles. Other mechanisms such as Language, Castles, and Celtic, Viking and Norse references, provide important associative links with Scotland for specific brands. A further important connection with Scottish origin mentioned by one

respondent is 'Family History'. Since many Scottish premium/luxury companies are/were family companies where the personality/values of the founder profoundly influenced the development of the company, and where considerable leverage has been gained in terms of luxury credentials from the history and heritage associated with the family name, it is important to have this reference source on record.

What is not apparent from the results for this question is specific information on how companies use and communicate origin cues. Papadopoulos (1993) contended that origin cues only work if they are given some emphasis, whereas Thakor and Kohli (1996) propose that for symbolic brands of the type produced by participants in this study, origin cues are more likely to be implicit and subtle. Exploration of the processes used to communicate 'Scottishness' is thus required in the second stage.

5.4.5(ii) Life cycle and Scottish brand identity

To complete the examination of how 'Scottishness' is communicated, respondents were asked *'Have you changed the way in which 'Scottishness' is communicated by your brand over its life cycle?'* (Qu.10, Appendix 3). Answers were either Yes/No responses.

This question was stimulated in part by the findings from a number of previous studies (e.g. Niss 1996; Lampert and Jaffe 1998; Beverland and Lindgreen 2002) where national identity was found to have been used more overtly early in a brand's life cycle. On becoming established in the relevant market, these references to COO were subsequently reduced. The results in Table 5.30 indicate that over the total population of respondents who answered this question, the majority (60%) have not made significant changes in how they have communicated 'Scottishness' over the life cycle of their brands. The following quotation from the MD of TC18 provides one explanation for this result:

"I believe that in the main, the qualities (perceived or otherwise) we have which other nations buy into have not changed significantly".

Table 5.30: Has the way that 'Scottishness' is communicated changed over the brand's life cycle?

Life Cycle Change					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	47	60.3	60.3	60.3
	Yes	31	39.7	39.7	100.0
Total		78	100.0	100.0	

Comparisons between the three main industry sectors are shown in Table 5.31.

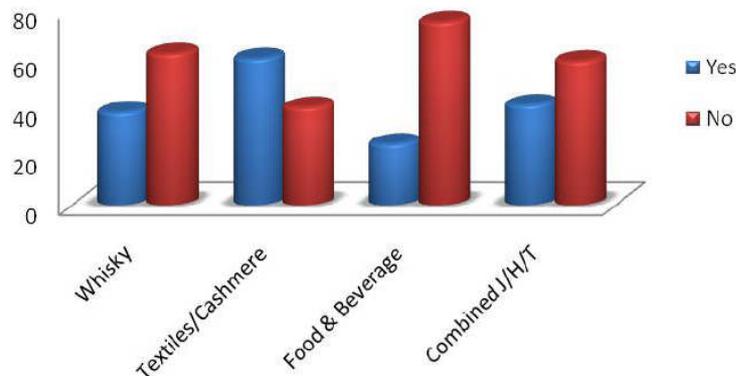
Table 5.31: Has the way that ‘Scottishness’ is communicated changed over the brand’s life cycle? Cross tabulation comparing three industry sectors responses

Crosstab

			Sector			Total
			Whisky	Textiles/ Cashmere	Food	
Life Cycle Change	No	Count	8	10	21	39
		% within Sector	61.5%	40.0%	75.0%	59.1%
	Yes	Count	5	15	7	27
		% within Sector	38.5%	60.0%	25.0%	40.9%
Total		Count	13	25	28	66
		% within Sector	100.0%	100.0%	100.0%	100.0%

On examination of these figures, the Textiles/Cashmere sector is clearly differentiated from the other two. This difference is highlighted in Figure 5.37. Sixty per cent of Textile/Cashmere respondents indicate that there has been a change in how they have communicated ‘Scottishness’ over their brand’s life cycle.

Figure 5.37: Comparison of frequency of response by different industry sectors as to whether or not changes had been made to brand identity over the life cycle of the brand (%).



The differences between sectors are sufficiently large to be statistically significant when a chi-squared test is applied (Sig=0.035 <0.05) (Table 5.32). When asked if the way in which ‘Scottishness’ is communicated over the brand’s life cycle had changed, in addition to the Textiles/Cashmere sector having significantly higher (60%) ‘Yes’ responses, the Food and Beverage sector has significantly higher (75%) ‘No’ responses. Part of the explanation for this result could lie in the different corporate ages of Textiles/Cashmere companies compared with those in the Food and Beverage sector, with Textiles/Cashmere companies generally being longer established (5.3.4).

Table 5.32: Changing how ‘Scottishness’ is communicated over the brand’s life cycle. Chi Squared comparison of product sector responses

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.733 ^a	2	.035
Likelihood Ratio	6.837	2	.033
Linear-by-Linear Association	1.854	1	.173
N of Valid Cases	66		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.32.

Respondents who answered that they had changed the way in which they communicate ‘Scottishness’ over their product’s life cycle were asked to briefly explain the nature of the change. Their explanations have been coded into three distinct categories in NVivo 8:

- Change to a more contemporary, less traditional identity;
- More emphasis on ‘Scottishness’;
- Less emphasis on ‘Scottishness’.

A selection of quotations illustrates these three categories in Tables 5.33 and 5.34 (for the full set of responses refer to Appendix 3, Qu.10).

The majority of quotations fit into the first category where over the lifecycle of their brand companies have changed to a more contemporary use of Scottish imagery. Landscape and colour have replaced images which are now regarded as being too stereotypical e.g. tartan. Q5.52-Q5.57 come from Textiles/Cashmere companies who indicate a desire to move away from their perceived traditional image to a more modern image, with less tartan and more subtle use of the Scottish colour palette. These responses reflect influences of contemporary fashion on brand identities.

Q5.58-Q5.61 come from Food and Beverage companies where more modern, ‘fresher’ images using less tartan and more landscape images are also recognised. Q5.62-Q5.64 come from Whisky companies who have also changed to more subtle, contemporary communication of ‘Scottishness’. More sophisticated use of design in marketing materials is also mentioned (Q5.56; Q5.58; Q5.60). These results are congruent with previous conclusions on recent changes in Scotland’s image in section 5.4.4(ii).

Table 5.33: Evidence from postal questionnaire responses relating to how companies have changed brand identities over the life cycle of their brands – More modern contemporary – less traditional

Q5.52 <i>"We push image of landscape a great deal just now". (TC2)</i>
Q5.53 <i>"More modern contemporary look". (TC9)</i>
Q5.54 <i>"We have moved our images away from 'outdoors'". (TC3)</i>
Q5.55 <i>"Less tartan, more focus on colour palette". (TC11)</i>
Q5.56 <i>"More modern emphasis on marketing, photography and presentation material". (TC1)</i>
Q5.57 <i>"Promoting our fashion ability as well as traditional ranges". (TC12)</i>
Q5.58 <i>"Consumer research told us that we were seen as a modern company and not one steeped in tradition, thus we recreated a new design taking aboard this and other comments gleaned from the research". (F&B7)</i>
Q5.59 <i>"Less stereotyped e.g. tartan". (F&B15)</i>
Q5.60 <i>"Continual improvement. Some new 'fresher' designs". (F&B25)</i>
Q5.61 <i>"Moved from using landscape to using tartan. Now reconsidering this". (F&B10)</i>
Q5.62 <i>"Trying to be more subtle, less kitsch and more contemporary". (W6)</i>
Q5.63 <i>"We have sought a better balance between traditional and contemporary ideas of Scottishness". (W10)</i>
Q5.64 <i>"More subtle use of Scottishness". (W8)</i>

Table 5.34, presents examples of quotations which support the views of the relatively few companies who have either given 'Scottishness' more emphasis or less emphasis over the life cycle. Two Textiles/Cashmere companies (Q5.66; Q5.67) show a change towards making more of the Scottish connection in their brand identities, possibly to clearly distinguish themselves from companies in their sector who outsource production overseas. Two others (Q5.68; Q5.69) make it quite clear how important the Scottish connection is as a differentiating device for their brand identity, emphasising it as much as possible in their marketing communications.

These views are balanced by two companies who admit to having toned down direct references to Scotland having replaced these with a stronger focus on other brand values such as 'luxury credentials' (Q5.70) and product quality (Q5.71).

Table 5.34: Evidence from postal questionnaire responses relating to how companies had changed brand identities over the life cycle of their brands – More/less emphasis,

Category	Evidence from questionnaire responses
More emphasis	Q5.66 "...tried to emphasise Scottish more". (F&B8)
	Q5.67 "Give more emphasis to the fact that our brand is 'Made in Scotland'". (TC19)
	Q5.68 "At present, communicating this message has become an extremely important factor in the promotion of the company and is paramount in all marketing communications". (TC15)
	Q5.69 "Became more aware of the importance of Scotland, thus our 'claim' (Scotland's specialist smokehouse) is now on every pack and we incorporate romantic scenic pictures of Scotland". (F&B12)
Less emphasis	Q5.70 " <i>Probably reduced as we emphasise more luxe credentials</i> ". (W7)
	Q5.71 " <i>Our core brand value is our product quality, not our COO</i> ". (F&B9)

Contrary to previous studies (e.g. Niss 1996; Lampert and Jaffe 1998; Beverland and Lindgreen 2002) these results do not in general suggest that companies have made changes in how they have communicated 'Scottishness' over the life cycle of their brands. Only in the Textiles/Cashmere sector have a majority of respondents made changes to their Scottish identity over time. The main way in which communication of 'Scottishness' is perceived to have changed complies with earlier findings regarding perceptions on how Scotland's image has changed in recent years. In both cases, there has been a move away from traditional stereotypical imagery towards a much more contemporary interpretation. It is however relevant that the sample contains a mix of companies in terms of longevity and stage in product life cycle and this can have had a significant bearing on results.

5.4.5(iii) Summary of questionnaire analysis – Communicating 'Scottishness' (Section Three)

This section of the questionnaire has begun to address the third research objective which is to examine the mechanisms and processes used to communicate Scottish COO. The main mechanisms used by Scottish premium/luxury companies are Brand/Company Name, Region of Origin, and imagery associated with Tartan and Landscape. Different sectors exhibit minor differences in the relative importance of different communication mechanisms. It is apparent that more contemporary sources and presentation methods have been introduced in recent times an attempt to shed the traditional 'old fashioned' image of Scotland. One of the processes used for

communicating Scottish origin is investigated in the next section but the main source of data to examine this area will be the interviews in the second research stage.

5.5 RESULTS OF THE WEB SITE EVALUATION

Having already noted Papadopoulos's (1993) contention that origin cues only work when deliberately emphasised, and Thakor and Kohli's (1996) alternative proposition that symbolic brands are more likely to use more implicit and subtle origin cues compared with functional brands, the method for evaluating company web sites devised for this study (4.5.5) provides an opportunity to add to understanding in this area. This method examines the third research objective by evaluating the extent to which 'Scottishness' is communicated in company websites, and the mechanisms used to convey 'Scottishness'. The framework described in 4.5.5 for evaluating company websites was applied to all companies on the database who had a web site. Only one food and beverage company did not have a web site, so the sample size comprised ninety nine companies. As discussed earlier, the website is an important vehicle used by luxury brands to communicate information (Nyeck and Roux 1997; Dall'Olmo Riley and Lacroix 2003) and extends opportunities for identity and image management (Melewar and Navalekar 2002; Biloslavo and Trnavčević 2009).

The 'home' pages and 'about us' pages of each company website were evaluated for three criteria:

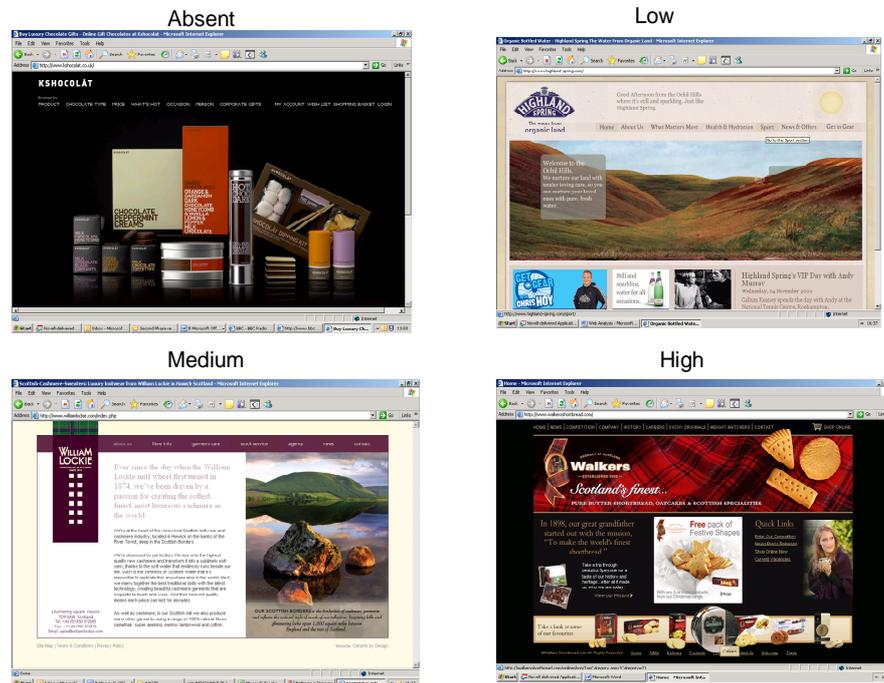
- Level of 'Scottishness';
- Means of communicating 'Scottishness';
- Mechanisms for communicating 'Scottishness'

The researcher evaluated the entire sample then a second party independently evaluated a sub-sample of at least 50% of company websites. This process resulted in some of the original decisions being revised until consensus was reached.

5.5.1 Level of 'Scottishness'

The first metric used for evaluating the websites, was a four point scale for the level of 'Scottishness' (4=high; 3=medium; 2= low; 1= absent). Figure 5.38 provides an illustration of company web pages which demonstrate each of these categories.

Figure 5.38: Examples of web pages illustrating the scale used to measure Level of 'Scottishness'. (4=high; 3=medium; 2= low; 1= absent)



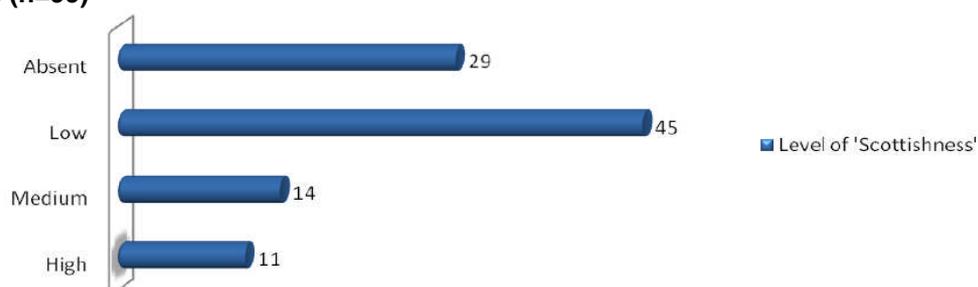
The results from this evaluation are collated in Table 5.35. The shaded area at the top of the table shows the combined results from all industry sectors. The remainder of the table illustrates the figures for each separate industry category.

Table 5.35: Collated results for Level of 'Scottishness' of company websites, for separate industry sectors and for the total population (shaded area).

Sector	Level of 'Scottishness'			
	4 = High Level n (%)	3 = Medium Level n (%)	2 = Low Level n (%)	1 = Absent n (%)
Total for all sectors (n=99)	11 (11)	14 (14)	45 (45)	29 (29)
Food & Beverage (n=33)	3 (9)	5 (15)	14 (42)	11 (33)
Textiles/Cashmere (n=31)	1 (3)	3 (10)	14 (45)	13 (42)
Whisky (n=20)	6 (30)	4 (20)	8 (40)	2 (10)
Homeware (n=6)	1 (17)	1 (17)	2 (33)	2 (33)
Jewellery (n=4)	0 (0)	1 (25)	3 (75)	0 (0)
Toiletries (n=5)	0 (0)	0 (0)	4 (80)	1 (20)
Combined Jewellery/ Homeware/Toiletries (n=15)	1 (7)	2 (13)	9 (60)	3 (20)

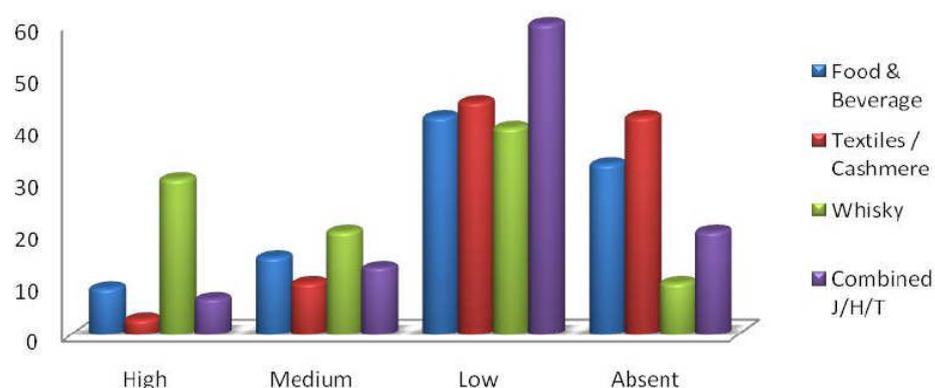
The combined results for the whole population of ninety nine companies are shown graphically in Figure 5.39. It is clear that the initial impressions of ‘Scottishness’ communicated by the majority of the websites of Scottish premium/luxury companies (74%) is either low (45%) or absent (29%). In spite of findings from the postal questionnaire analysis that Scottish identity is very important for responding Scottish premium/luxury companies (Table 5.18, 5.19 and Figure 5.30) this is not apparent in most company web sites.

Figure 5.39: Level of ‘Scottishness’ of company websites – combined results, all sectors (n=99)



In comparing the results for the different industry sectors (Table 5.35 and Figure 5.40) the only sector which stands out as being different from the others is the Whisky sector, where there is a 50/50% split between High/Medium levels of ‘Scottishness’ and Low/Absent ‘Scottishness’. In the Food and Beverage, Textiles/Cashmere and combined Jewellery/Homeware/Toiletries categories, the percentage of Low/Absent ‘Scottishness’ is around 80%.

Figure 5.40: Level of ‘Scottishness’ of company websites – industry sectors (%)



To find out if the differences between sectors were statistically significant, a chi-squared test was carried out. The combined Jewellery/Homeware/Toiletries sector was omitted from the cross tabulation because of their low numbers compared with the three principal industry sectors (Table 5.36).

Table 5.36: Level of ‘Scottishness’ of company websites – cross tabulation, three industry sectors

			Level of 'Scottishness'				Total
			High	Medium	Low	Absent	
Sector	Food & Beverage	Count	3	5	14	11	33
		% within Sector	9.1%	15.2%	42.4%	33.3%	100.0%
	Textiles/Cashmere	Count	1	3	14	13	31
		% within Sector	3.2%	9.7%	45.2%	41.9%	100.0%
	Whisky	Count	6	4	8	2	20
		% within Sector	30.0%	20.0%	40.0%	10.0%	100.0%
Total		Count	10	12	36	26	84
		% within Sector	11.9%	14.3%	42.9%	31.0%	100.0%

By chi-squared test (Table 5.37), there is a significant difference among the percentage profiles (Sig. = 0.046 < 0.05).

Table 5.37: Level of ‘Scottishness’ of company websites – chi-squared test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.800 ^a	6	.046
Likelihood Ratio	12.890	6	.045
Linear-by-Linear Association	4.677	1	.031
N of Valid Cases	84		

a. 6 cells (50.0%) have expected count less than 5. The minimum expected count is 2.38.

The whisky sector has significantly higher percentages in the ‘High’ and ‘Medium’ categories compared with the other two sectors, particularly for ‘High’ (30% v 9% and 3%).

The overall conclusion in terms of how Scottish identity is communicated by premium/luxury Scottish brands in their ‘home’ pages and ‘about us’ pages is that that ‘Scottishness’ is not being deliberately promoted by the majority of companies.

5.5.2 Means of communicating ‘Scottishness’

To add a finer level of detail to the first measurement discussed above, the actual mechanisms used to communicate ‘Scottishness’ were identified using a different four point scale designed specifically for this purpose. Scottish origin could be communicated either;

- via the company/brand name = 1;
- through the use of distinctive Scottish imagery and symbols = 2;
- using both company/brand name and Scottish imagery and symbols = 3;

Companies with no Scottish references were rated zero.

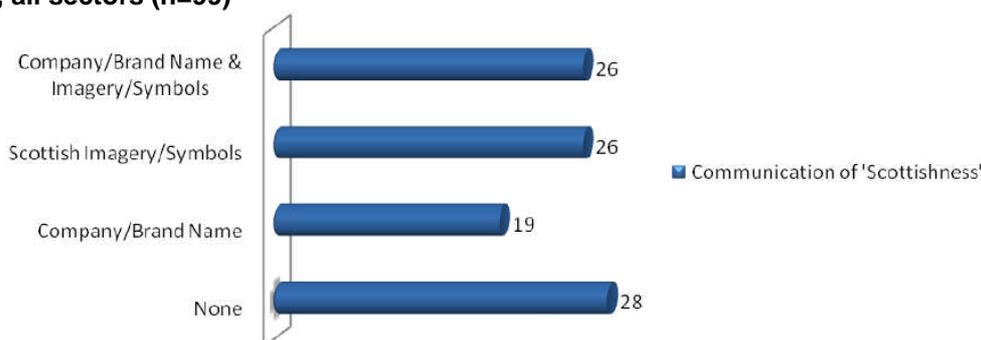
The collated results are displayed in Table 5.38, with the shaded area at the top showing the combined responses for the entire sample. Across all samples, in 71% of websites, some Scottish reference sources were found. Approximately equal numbers used the company/brand name, or imagery and symbols or a combination of both, with imagery and symbols being used slightly more often than brand name.

Table 5.38: Collated results for Means of Communicating ‘Scottishness’ in company websites - for separate industry sectors and for the total population (shaded area).

Sector	Communicating ‘Scottishness’			
	0 = None n (%)	1 = Company/ Brand Name n (%)	2 = Scottish Imagery/ Symbols n (%)	3 = Both 1 and 2 n (%)
Total for all sectors (n=99)	28 (28)	19 (19)	26 (26)	26 (26)
Food & Beverage (n=33)	8 (24)	7 (21)	8 (24)	10 (30)
Textiles/Cashmere (n=31)	14 (45)	4 (13)	7 (23)	6 (19)
Whisky (n=20)	3 (15)	2 (10)	7 (35)	8 (40)
Homeware (n=6)	2 (33)	2 (33)	1 (17)	1 (17)
Jewellery (n=4)	0 (0)	0 (0)	3 (75)	1 (25)
Toiletries (n=5)	1 (20)	4 (80)	0 (0)	0 (0)
Combined Jewellery/Homeware/ Toiletries (n=15)	3 (20)	6 (40)	4 (27)	2 (13)

In Figure 5.41, the results for the total sample of ninety nine companies are illustrated, showing that in 28% of websites, no references to Scottish origin were found. The figures for the three other options have similar values, with company/brand name alone being slightly lower than the others.

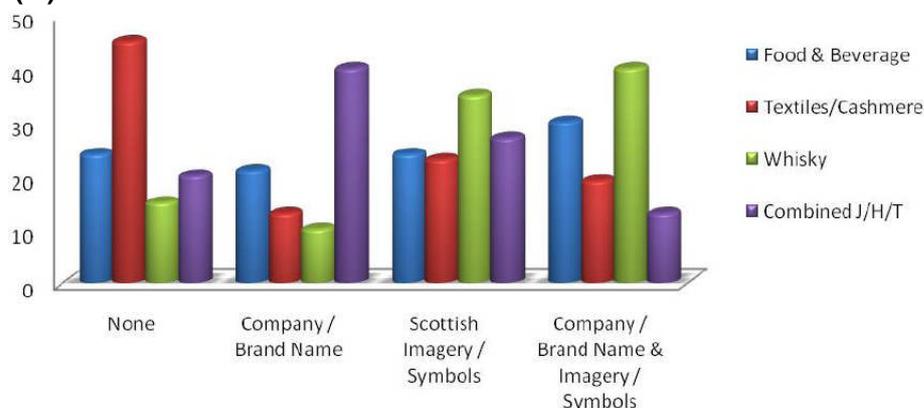
Figure 5.41: Means of communicating ‘Scottishness’ in company websites – combined results, all sectors (n=99)



More differences are apparent when comparing the four industry sectors as illustrated in Figure 5.42. More Textiles/Cashmere companies (45%) use no Scottish references than in the other three sectors and more of the combined Jewellery/Homeware/Toiletries categories (40%) use only the company/brand name. Use of Scottish imagery and symbols is similar across all four sectors (24-35%) with Whisky being

slightly higher than the others. Whisky and Textiles/Cashmere sectors use both company/brand name and Scottish imagery and symbols (40% and 35% respectively) more than the other two sectors.

Figure 5.42: Means of communicating 'Scottishness' in company websites – industry sectors (%)



A chi-squared test was carried out on this data to find out whether or not the differences between sectors were statistically significant. The combined Jewellery/Homeware/Toiletries sector was again omitted from the cross tabulation (Table 5.39).

Table 5.39: Means of communicating 'Scottishness' in company websites – cross tabulation, three industry sectors

			Communicating 'Scottishness'				Total
			None	Company/Brand Name	Imagery/Symbols	Both	
Sector	Food & Beverage	Count	8	7	8	10	33
		% within Sector	24.2%	21.2%	24.2%	30.3%	100.0%
	Textiles/Cashmere	Count	14	4	7	6	31
		% within Sector	45.2%	12.9%	22.6%	19.4%	100.0%
	Whisky	Count	3	2	7	8	20
		% within Sector	15.0%	10.0%	35.0%	40.0%	100.0%
Total		Count	25	13	22	24	84
		% within Sector	29.8%	15.5%	26.2%	28.6%	100.0%

Although differences are apparent between sectors, as discussed above, by chi-squared test (Table 5.40), there is no significant difference among the percentage profiles (Sig. = 0.227 > 0.05).

Table 5.40: Means of communicating ‘Scottishness’ in company websites – chi-squared test

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.159 ^a	6	.227
Likelihood Ratio	8.129	6	.229
Linear-by-Linear Association	.664	1	.415
N of Valid Cases	84		

a. 2 cells (16.7%) have expected count less than 5. The minimum expected count is 3.10.

5.5.3 Mechanisms for communicating ‘Scottishness’

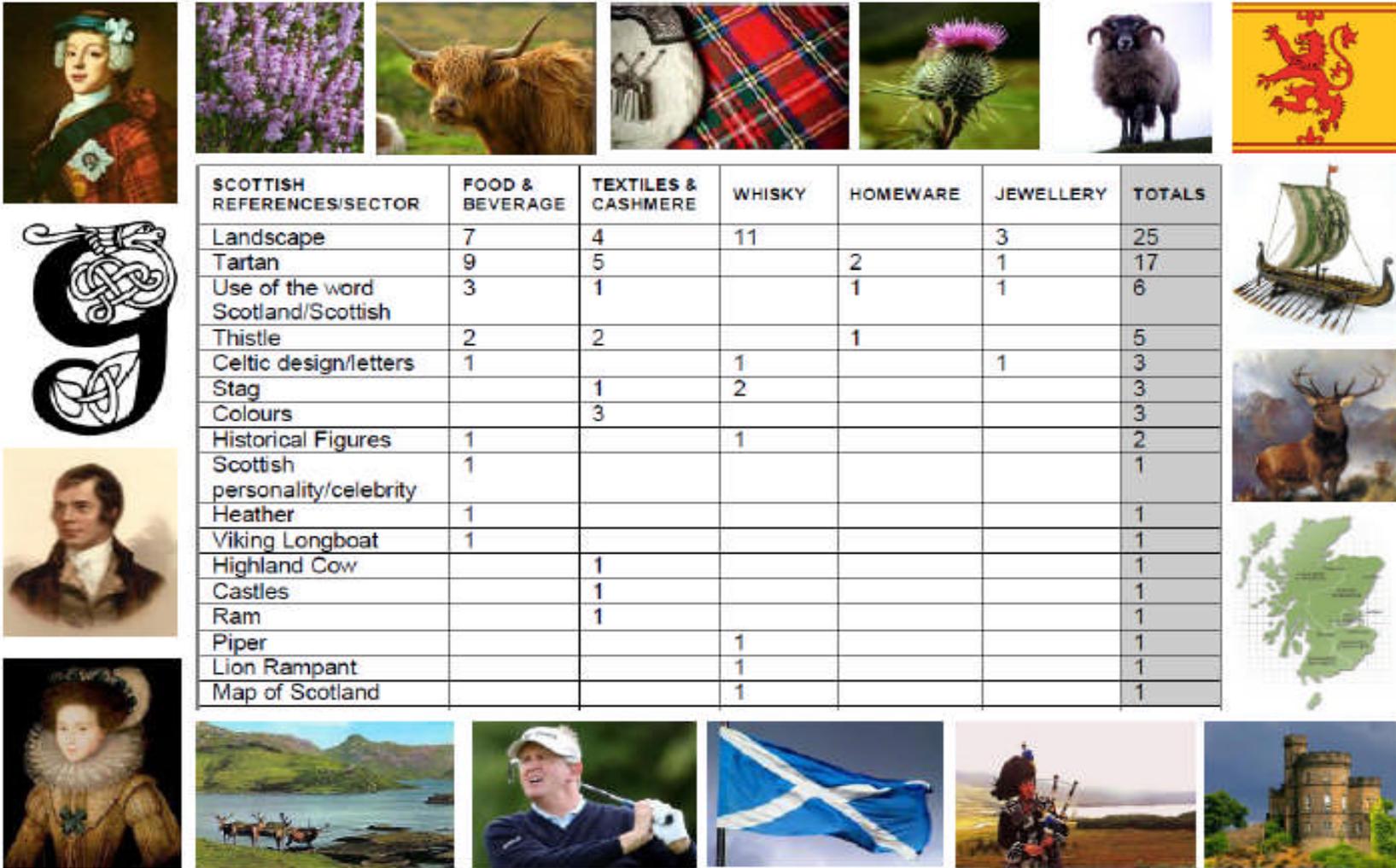
To further explain these results, specific references to Scottish origin were identified and collated. The wide range of Scottish identifiers used by the sample population is listed in Table 5.41. The total numbers of each reference source from all of the web sites are seen in the shaded column.

Similar to the findings from the questionnaire analysis (Table 5.29) it is clear that only landscape and tartan are used by significant numbers of companies. After these two, only the word ‘Scotland/Scottish’ or images of the thistle, appear in five or more cases.

The range of other reference sources noted in Table 5.41, includes examples of the stereotypical imagery which is traditionally associated with Scotland e.g. historical figures, Celtic designs and examples of flora and fauna. The wide range of reference sources represents many of the images identified in section two of the postal questionnaire (5.4.5). Some also match a selection from Papadopoulos’s (1993) list of reference sources and most are either included in the list used in Question nine of the postal questionnaire (Tables 5.28, 5.29 and Figure 5.31) or appear on the list of extra terms generated from questionnaire responses.

Examples of how these four main references sources are used by companies in the database to communicate ‘Scottishness’ are shown in Figure 5.43.

Table 5.41: Mechanisms used to communicate 'Scottishness' from company web sites



SCOTTISH REFERENCES/SECTOR	FOOD & BEVERAGE	TEXTILES & CASHMERE	WHISKY	HOMEWARE	JEWELLERY	TOTALS
Landscape	7	4	11		3	25
Tartan	9	5		2	1	17
Use of the word Scotland/Scottish	3	1		1	1	6
Thistle	2	2		1		5
Celtic design/letters	1		1		1	3
Stag		1	2			3
Colours		3				3
Historical Figures	1		1			2
Scottish personality/celebrity	1					1
Heather	1					1
Viking Longboat	1					1
Highland Cow		1				1
Castles		1				1
Ram		1				1
Piper			1			1
Lion Rampant			1			1
Map of Scotland			1			1

Figure 5.43: Examples of how Scottish associations are used by companies to communicate ‘Scottishness’



5.5.4 Summary of web site evaluation

Evaluation of the websites of Scottish premium/luxury companies was carried out to consolidate findings on the mechanisms used to communicate Scottish COO (Objective 3, RQ6). The questionnaire results confirmed the importance of Scottish image in brand identities and established the principal mechanisms by which ‘Scottishness’ is communicated. Examination of company web sites highlighted that in the majority of cases, Scottish references are not heavily emphasised, supporting Thakor and Kohli’s (1996) contention that the use of origin cues is likely to be understated in brands of the type included in this study.

The importance of the brand/company name in communicating Scottish origin is less evident from the web analysis compared with the questionnaire results. This discrepancy is likely to be one of interpretation. To score in the web analysis (5.5.2) the name had to either include the word Scotland or a Scottish place name or connote Scotland through the sound or words used. This excluded long established brand names (often family names) which over time have developed a clear Scottish identity in their respective markets. The web analysis supports the questionnaire findings that tartan and landscape are the most frequent images used to evoke a Scottish connection.

5.6 CHAPTER SUMMARY

The first research stage has examined the Scottish premium/luxury goods sector addressing the following three research objectives:

1. To examine the nature and characteristics of the Scottish premium/luxury brand sector;
2. To examine the role of 'Scottishness' in luxury brand identities;
3. To examine the mechanisms and processes used by Scottish premium/luxury brands to communicate Scottish COO.

These objectives are supplemented by a set of research questions which were developed after reviewing relevant areas of the branding and COO literatures.

In the first research stage a number of techniques have been used to address these objectives, generating a mix of quantitative and qualitative data, but with quantitative dominating. In order to first identify then explore the characteristics of the Scottish premium/luxury sector a database was designed using a set of rigorous criteria. This resulted in a population of one hundred companies from six product groups:

- Food and Beverage (34);
- Textiles/Cashmere (31);
- Whisky (20);
- Homeware (6);
- Toiletries (5);
- and Jewellery (4).

The first three industry categories are traditionally associated with Scotland. The three smaller sectors do not have this association. All six sectors are craft industries, based on artisan skills and customised manufacturing processes, whose products exhibit the features which distinguish luxury products from mass market products (Table 2.8).

The main features of the Scottish Textiles/Cashmere, Food and Beverage and Whisky sectors in general were considered prior to examining the specific characteristics of the premium/luxury sector represented by the companies identified on the database. This analysis was augmented by a postal questionnaire which was sent to the hundred companies on the database and achieved a response rate of 78%. This comprised a representative sample of premium/luxury companies from each of the product categories on the database. The postal questionnaire was structured in three sections, each of which related to a different research objective. Finally the web pages

of all of the companies on the database who had a web site (n=99) were evaluated using a set of criteria designed for this study.

In the following section, summaries of findings are discussed in relation to the research questions posed at the end of Chapter Three.

5.6.1 The nature and characteristics of the Scottish premium/luxury brand sector (Objective One)

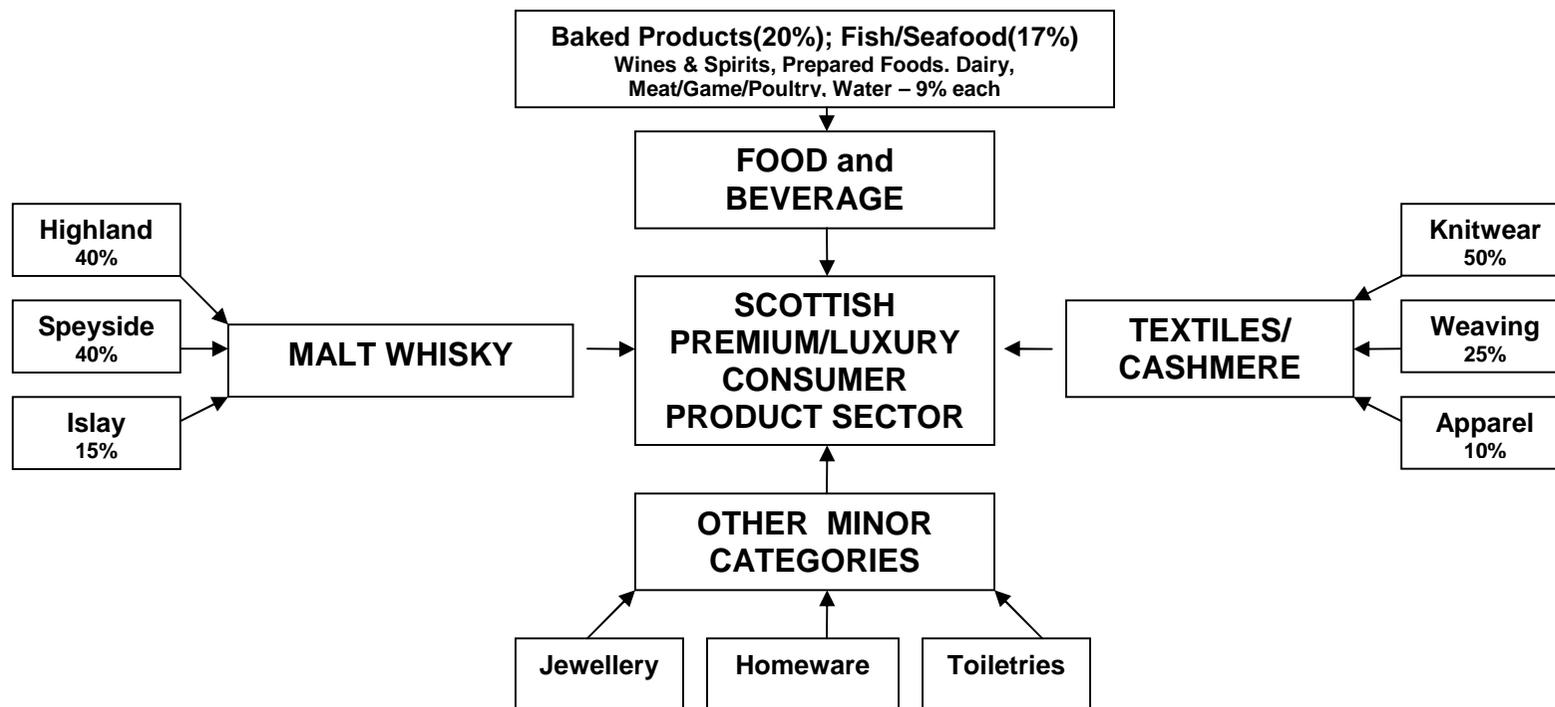
The first two research questions relate to achieving the first objective.

RQ1. What is the scope and structure of the Scottish premium/luxury brand category compared with other countries?

In the luxury sector, countries are commonly associated as manufacturing locations of particular categories of products e.g. Italy for fashion, and Switzerland for watches. Perceptions of national identity give reassurances about brand values e.g. 'French chic' and 'Italian style', also about brand integrity, by directly linking into heritage, a well established dimension of luxury brands (Jackson 2004; Kapferer and Bastien 2009). In Scotland's case, the whisky and textiles/cashmere sectors are viewed in this way, both having international reputations based on associations with history/heritage and quality.

In terms of scope therefore, Whisky ('Scotch') is the leading luxury Scottish product, followed by Textiles/Cashmere. The Scottish Food and Beverage sector also has a reputation for high quality and has some internationally recognised brands, e.g. Walkers. The term luxury is less often applied to food products, with the exceptions of indulgence or extremely rare products such as chocolate, caviar, truffle, however the term premium is commonly applied to describe the highest quality/price in a particular food category (Mattiacci and Vignali 2004: The Scottish Government 2009b). This is confirmed in the first question of the questionnaire where the majority (71%) of food companies preferred the term 'premium' over 'luxury' to describe their brands. Scotland has an international reputation for quality particularly for beef production (e.g. Aberdeen Angus), fish and seafood, bakery products and preserves (Trotter 1998). The scope of the premium Food and Beverage sector now extends over a wider range of product categories (Figure 5.3). These three sectors are represented in a framework which illustrates the scope of the Scottish luxury sector (Figure 5.44).

Figure 5.44: Scope of Scotland's premium/luxury consumer products sector



Recognising that luxury has extended into many product sectors, characterised by dimensions which include the highest standards of artisanal skills and craftsmanship, three other categories of premium/luxury products have been included in the scope of this study i.e. Jewellery, Homeware and Toiletries (Figure 5.44). This is likely to be a feature of most countries producing luxury products. They will have well established reputations for certain types of premium/luxury products, but there will also be minor categories, producing to similar quality standards which will have a local/national, rather than international brand recognition/reputations. Although the three minor Scottish sectors have been combined for statistical analysis purposes, there is considerable fragmentation both between and within them in terms of defining characteristics. For this reason, only the three main Scottish premium/luxury sectors will be evaluated in the next section.

In terms of organisational structures, three models have been developed to explain the structure of the Scottish premium/luxury sector. These depend on the industry category and its dominant ownership structure. Unlike many luxury companies in other countries, who, in order to compete successfully in the global market, have given up their family, independent status (Moore et al. 2000) the Scottish premium/luxury sector is still dominated by such firms. This is particularly the case in the Food and Beverage sector, where most companies are independent and Scottish (often family) owned. Irrespective of sector however, independent/family companies are autonomous with complete internal control over core business activities, giving rise to the 'Autonomous Independent' organisational structure illustrated in Figure 5.16.

Where acquisition by large (usually foreign) corporations has taken place, which is a feature of around 50% of companies in the Whisky sector and 25% of companies in the Textiles/Cashmere sectors, organisational structures are closest to the French 'Umbrella Holding' model of Djelic and Ainamo (1999) (Figure 2.6). The 'Ownership' model (Figure 5.18) illustrates the two forms of organisational structures which define the Scottish premium/luxury Whisky sector

The third model (Figure 5.17), describes the organisation structure which differentiates the premium/luxury Textiles/Cashmere sector from other Scottish sectors, where historically, considerable emphasis has been placed on private label work for French/Italian fashion houses. This remains an important part of business for many companies in the sector. These relationships place Scottish companies within the 'Flexible Embedded' industry structure which characterises the Italian

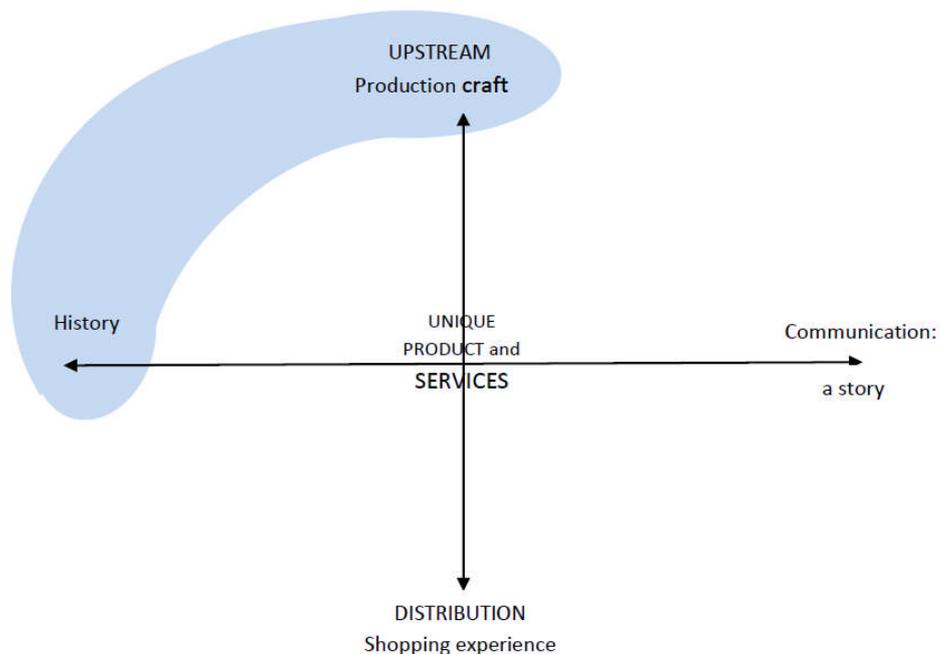
fashion sector (Djelic and Ainamo 1999). The ‘Dual Approach’ model illustrates this structure in the Scottish premium/luxury Textiles/Cashmere sector and also recognises the profile raising strategies of leading Textiles/Cashmere companies to collaborate with ‘celebrity’ designers e.g. Johnstons with Christopher Kane (Figure 5.17).

A further conclusion that can be made regarding the characteristics of the Scottish premium/luxury sector compared with other countries is that the Scottish premium/luxury sector displays many of the cultural characteristics of the European luxury sector. Applying Kapferer’s (2006) system for analysing the business cultures of luxury brands (Figure 2.5), the Scottish sector largely exhibits the characteristics as the European classic model compared with the US type model (Figure 5.45). For many Scottish luxury brands, in common with those from other European countries, their reputation is based on:

- deep roots in the history and heritage of both the company and the COO;
- a skilled workforce and strong craft tradition;
- high quality production/manufacturing methods.

This compares with the story telling and retail experience approach which characterises much of the American luxury sector.

Figure 5.45: The Scottish premium/luxury sector business culture (the shaded area represents the Scottish position)



Source: Based on Kapferer (2006 p.72)

RQ2. What are the characteristics/dimensions of the Scottish premium/luxury sector?

A database of Scottish premium/luxury companies was compiled for this study using information from a wide range of sources. An analysis of this information for companies from the three main industry sectors was first examined using a variety of metrics, some of which were augmented by data from the first section of the postal questionnaire. A framework illustrating these dimensions and the interconnections between them is presented in Figure 5.46.

➤ Company size

Company size has been compared on the basis of both numbers of employees and by turnover. The Scottish premium/luxury sector as a whole is characterised by SMEs (Figure 5.5) with turnovers of between less than £1 million up to £50 million (Figure 5.6). As Baker and Ballington (2002) have noted, SMEs are less likely to engage in international trade. Their limited financial resource also restricts growth and marketing communications opportunities (Moore et al. 2000).

➤ Company structure and ownership

The type of company has been classified according to: the form of ownership, i.e. independent family, independent (non family) or corporate; location of ownership i.e. Scottish or Foreign; and by organisational structure i.e. Autonomous Independent, Dual Approach and Ownership models (as described in the preceding section). Ownership structure has been confirmed as being a key factor which differentiates industry sectors as well as differentiating companies within sectors. Scottish premium/luxury companies are mostly independent, many still owned by the founding family (Figure 5.8) with the majority still in Scottish ownership (Figure 5.9). Again, this industry structure restricts opportunities to internationalise and/or increase brand awareness through marketing communications. It is mainly the companies who have given up their independence and have merged/been acquired by corporations (usually, but not always, foreign owned) who have been successful in developing international markets and achieving global recognition.

➤ COO associations

The initial focus with respect to COO has been on identifying where industry sectors are concentrated in terms of locations with specific expertise and/or favourable environmental conditions (highlighted in Figure 5.10). Since this dimension is the main subject of the study, the factors which influence the strength of COO

associations are addressed in the remaining objectives in the first research stage and will be further developed in the second research stage.

➤ **History and heritage**

When company age was examined, companies were found to be mainly long established with long traditions of history and heritage (Figure 5.11), which along with their connections with the founder or the founding family are used extensively in marketing communications. Many Scottish premium/luxury firms would achieve a high Heritage Quotient (HQ) score (as defined by Urde et al. 2007). They have accumulated credibility and trust over time; they are long established, often with a multi-generational family history; they exhibit continuity and consistency in their corporate behaviour; they use symbols which reflect their history; and they demonstrate that history is an important part of their identity. This will be further explored in the second research stage and compared with the COO dimension.

➤ **Markets**

Major markets were first identified in broad terms as either International or Domestic (i.e. UK). Consistent with the previous discussion, a relationship was found between industry sector, company size and size of export markets with the larger companies in the whisky and textiles sectors exporting more (Figure 5.12).

➤ **Distribution channels**

Various combinations of wholesaling and retailing via specialist outlets were identified. The practice of premium/luxury Scottish companies retailing directly to customers either in own-brand stores/visitor centres or on-line (Figure 5.13) was noted as an increasing trend.

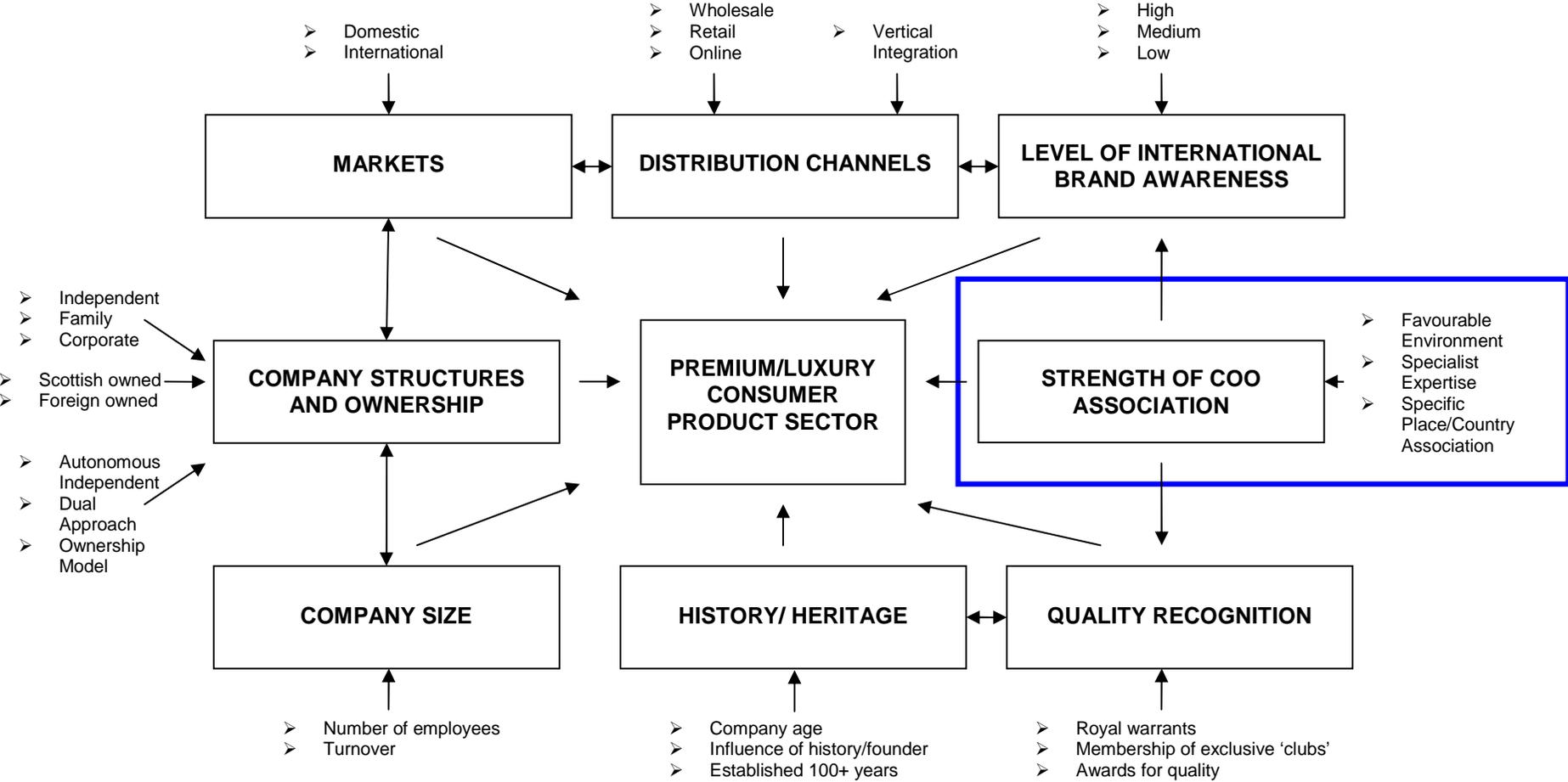
➤ **Brand awareness**

With some exceptions, there is not a high level of international visibility for Scottish premium/luxury brands other than in the whisky sector. This is being addressed by some of the larger Food and Beverage and Textiles/Cashmere companies, especially those who are now part of large corporations, who are focussing more on branding initiatives (Figure 5.15).

➤ **Quality recognition**

Recognition of high quality in the Scottish premium/luxury sector is evidenced by high numbers of Royal Warrants, quality awards and by membership of prestigious quality organisations e.g. the Walpole Group and The Scottish Cashmere Club.

Figure 5.46: Dimensions used to define the characteristics of a nation's premium/luxury sector



The generic framework of dimensions which characterise luxury output from one origin source (Figure 5.46) developed from information in the database, has enabled the characteristics of each of the three main Scottish premium/luxury industry sectors to be presented. Figures 5.47-49 provide a clear comparison of the different characteristics of categories within the Scottish premium/luxury sector.

➤ **Whisky**

Whisky (Figure 5.47) is the premier Scottish consumer product globally recognised for its high quality. At the premium/luxury end single malt whiskies share many of the characteristics of luxury wines. The product of single distilleries, concentrated in five regions, legally protected in terms of origin statements and aged for considerable periods. Age signifies the development of distinctive sensory characteristics which attract considerable price premiums. The bulk of production is exported worldwide. An increasing amount of business is done on-line from company websites and distillery based visitor centres have become an important part of Visit Scotland's tourism strategy. 'Stories' behind the brands stress history and heritage and in many cases the influence of the founding family. The dual ownership organisational model (Figure 5.18) reflects a 50/50% split between international corporations and independent Scottish ownership. Inward investment has supported the development of robust brand identities and international branding strategies which focus on advertising and sponsorship of sport and the arts.

➤ **Food and Beverage**

In contrast to the whisky sector, Food and Beverage (Figure 5.48) is characterised by small specialist producers who capitalise on local/regional associations which give distinctive characteristics to products as well as conveying an image of high quality which is supported by recognition from third parties. Food and beverage companies primarily serve the domestic market, with those companies with successful international markets focussing on countries with strong Scottish connections. Companies are small, independent and often family owned, younger than in the whisky sector (with notable exceptions) although most have been established for more than twenty years. Limited resources for brand communication have resulted in low brand awareness for many companies in the sector.

➤ **Textiles and Cashmere**

Textiles and Cashmere (Figure 5.49) has characteristics in common with both Whisky and Food and Beverage. The industry sector is firmly associated with

Figure 5.48: Characteristics of Scotland's premium/luxury FOOD and BEVERAGE sector

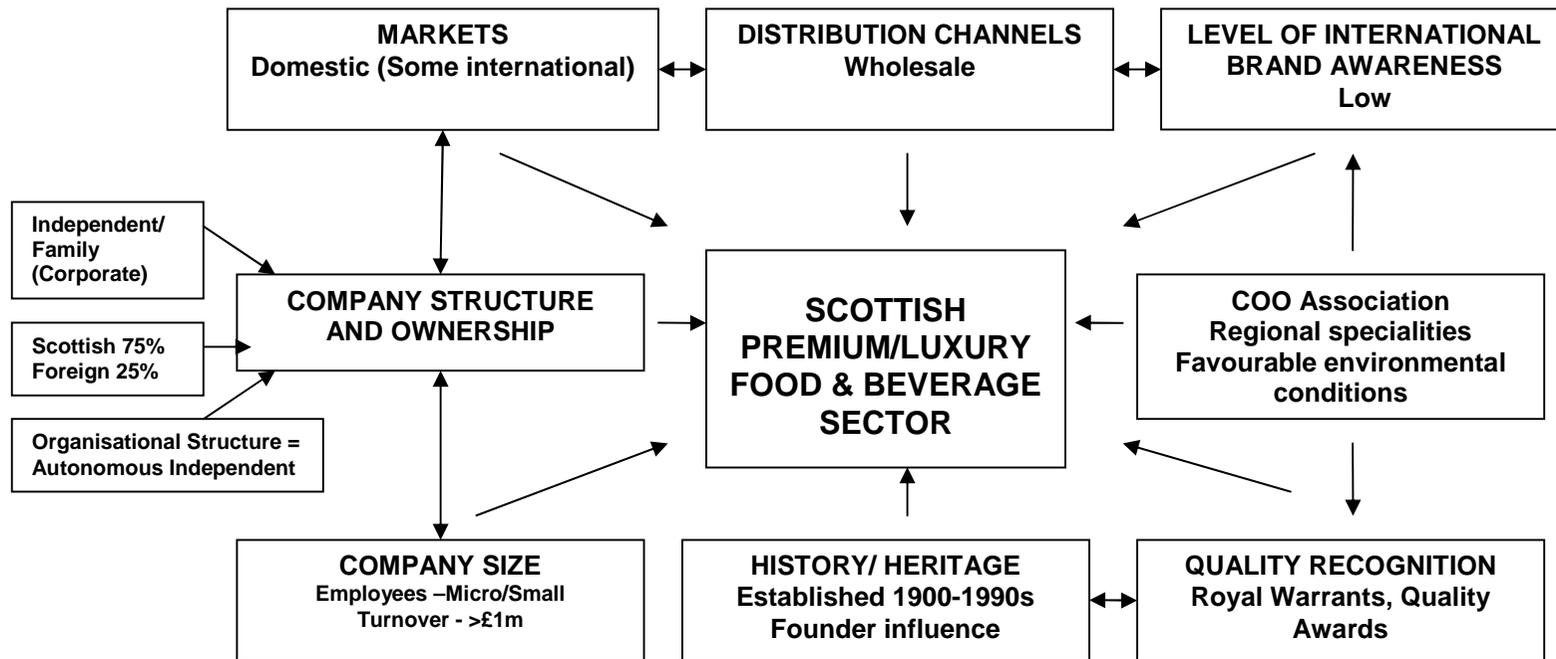
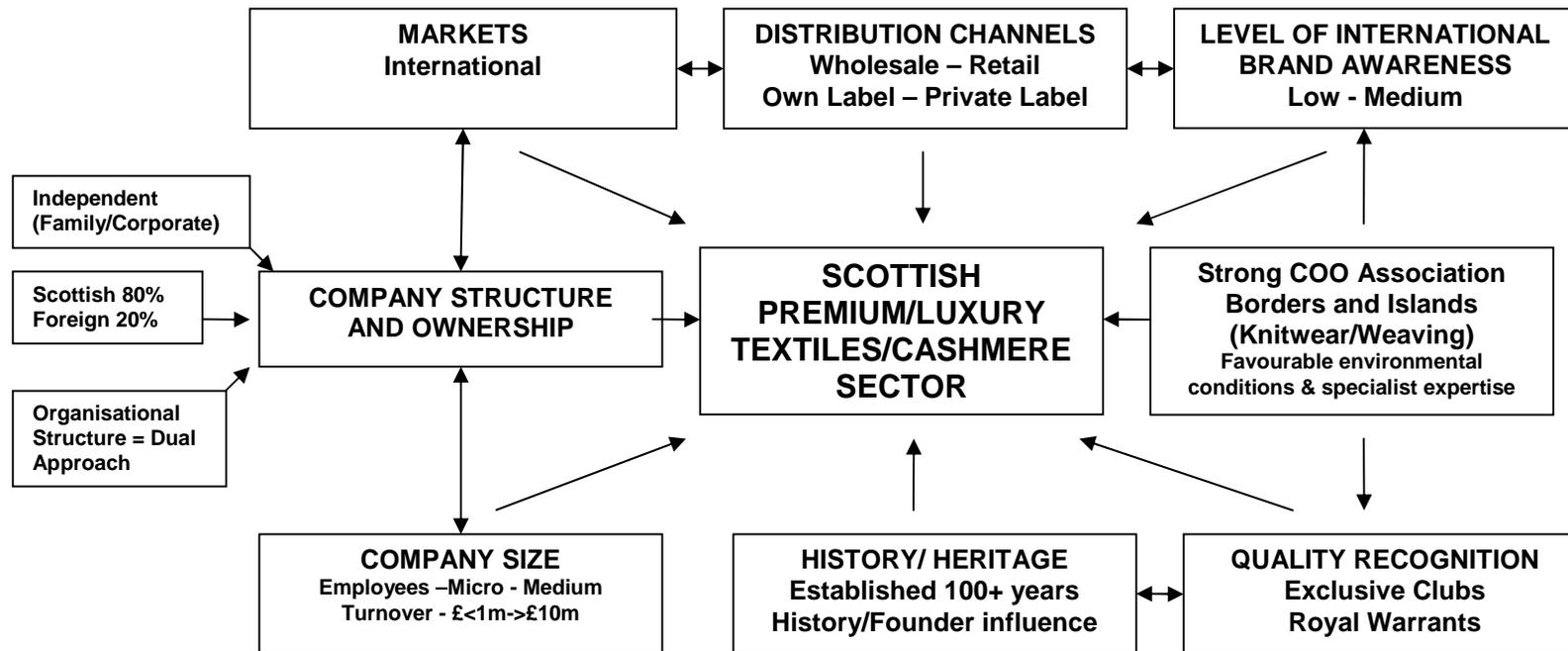


Figure 5.49: Characteristics of Scotland's premium/luxury TEXTILES/CASHMERE sector



Scotland. The worldwide reputation for high quality is reflected in long established relationships with the international fashion houses. These have been at the expense of developing own label company brands where individual brand recognition is low. Companies are small to medium sized, concentrated in specific regions many having considerable longevity. History and heritage and influence of the founding family are articulated through brand 'stories'. The sector is still mainly Scottish owned independent, but foreign acquisitions have made an impact enabling companies to develop branding strategies involving investment in designers and in brand communication.

5.6.2 The role of 'Scottishness' in luxury brand identities (Objective Two).

Recognising the dominance of the image concept in COO research, where the focus has been on how consumers are influenced by the images they form of the country or place which they associate as the origin of a product, the second section of the postal questionnaire started by gathering impressions of Scotland's image and then querying whether or not these perceptions had changed in recent years. Scottish premium/luxury brand producers have little control over Scotland's image, but do contribute to that image via their brands (Coombes et al. 2001). It was important to first explore their perceptions of Scotland's image to understand the image of Scotland which they relate to prior to examining if and how aspects of that image are incorporated into brand identities.

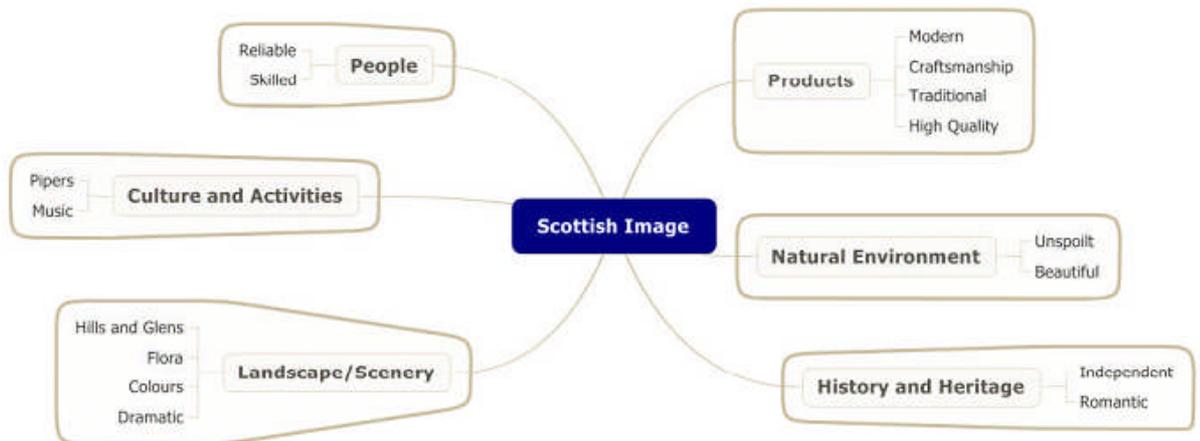
The image of Scotland portrayed by postal questionnaire respondents (i.e. senior executives from Scottish premium/luxury consumer product companies) was multi-faceted and demonstrated a range of associative networks of the type described by Anderson (1983) and later applied to the emerging conceptualisation of brand image by Keller (1993). Diagrams illustrating these networks have been developed from the terms generated by the postal questionnaire responses (Figures 5.26; 5.27; 5.28). These show how Scotland as a memory node activates a wide range of associations, the central elements of which are summarised in Figure 5.50.

Before adopting a national identity, the imagery must be appropriate to be of value. Scotland clearly has a rich source of positive associations which, from the perspective of postal questionnaire respondents, focuses on the characteristics of products, people, landscape and natural environment, rooted in a romanticised historical background which has been kept alive through cultural traditions and which provides the roots for contemporary COO identities. This image of Scotland resonates with other descriptions from the literature, explored previously in Chapter

Three (3.7). Stereotypical images are upheld, which although deemed detrimental to high technology companies (Baker and Ballington 2002; Scottish Parliament 2005) are apposite for the industry sectors being examined in this study.

The image of Scotland portrayed here is one which fits with the values which underpin luxury brand credentials, where heritage, quality, craftsmanship and unspoilt environment are imperatives (Alexander 2009). The essence of authenticity as developed by Beverland (2005), Beverland and Luxon (2005), Beverland (2006), and Alexander (2009), is also captured by this image of Scotland. Chhabra (2005) in his definition of authenticity (in the context of Scottish merchandise sold to tourists in the USA and Canada) included references to being made in the place of origin by traditional suppliers, workmanship, genuineness and representing Scottish traditions, all of which are represented in the image networks generated from the questionnaire responses. These links require further elaboration in the second qualitative research stage.

Figure 5.50: Principal components of Scotland’s image – from questionnaire responses



That Scotland’s image has remained unchanged was validated by a majority (64%) of questionnaire respondents, but interestingly the Whisky sector respondents were more inclined to state that there had been a change. Explanations of how the country’s image has changed indicated a move away from the more traditional stereotypical imagery, being more positive about what Scotland has to offer and a heightened sense of national identity. This will be explored further in the second research stage.

Having established some of the associations which contribute to Scotland’s image the next two research questions relate to achieving the second objective.

RQ4 How important is COO as a dimension of Scottish premium/luxury brands?

It has been established that many Scottish premium/luxury companies can boast a 'pedigree' based on history and heritage. The importance of these to company culture and corporate identity has been explored in recent studies (Urde et al 2007; Blombäck and Brunninge 2009), however very little attention has been given to pedigree based on COO. The reasons for decisions being taken to either accentuate or downplay COO compared with other dimensions such as history and heritage remain unclear. Varey and Hogg (1999) and Coombes et al (2001) made preliminary investigations into the value of national identity in corporate identity and found conflicting results. A major objective of this study is to elaborate on the reasons why some companies choose to identify with COO and examine how they justify that decision.

Commitment to Scotland was seen from the results of the postal questionnaire where a high percentage of products from Scottish premium/luxury companies carried the 'Made in Scotland' label, the whisky sector standing out with 100% use. Across all sectors, a relatively small percentage of production is outsourced to elsewhere in the UK, Europe and further afield. Some companies prefer to use a more specific regional place of origin identifier and only two respondents out of seventy eight indicated that they preferred not to use the 'Made in Scotland' label.

The importance of Scottish origin was also confirmed by responses to a second question where the majority (67%) indicated that Scottish identity was very important in brand positioning. The importance of COO was particularly important in the Whisky and Textiles/Cashmere sectors (with 100% and 76% respectively stating it was very important).

RQ5 What is the role and function of Scottish COO in the identities of Scottish premium/luxury brands?

Qualitative data on the reasons for Scottish identity being very important for brand positioning captured that Scottish identity plays a key role. For the Whisky sector, *"the image of whisky is intertwined with a Scottish identity"* (W11). In the Textiles/Cashmere sector, Scotland is seen as having *"a lot of goodwill"* (TC1 and 13) and *"high reputation for quality"* (TC1;TC9;TC15) in international markets with *"consumers believing that ...knitwear ('Made in Scotland')..is..the best"*. Scottish identity is also seen to communicate brand values such as *"sustainability, provenance...authenticity/integrity credentials"* (F&B15).

These observations were moderated by those who regarded Scottish identity as relevant but not key (mainly Food and Beverage companies), who cited reasons such as *“(h)elpful but not specific enough”* (F&B3); *“real brand values are not all about being Scottish”* (F&B9); *(A)bstract quality like design, quality or originality also important* (TC20). Only four companies (5%) responded that Scottish identity was not relevant.

Those companies who did use Scottish identity for brand positioning (85%) generally used the same identity irrespective of marketplace. *“(C)onsistency of message and image across all of our markets...has become more important with the growth of the global village”* (W10). This finding is particularly relevant in the Whisky and Textiles/Cashmere sectors and concurs with findings by Moore et al. (2000) in the context of international fashion where it was found that

“designers used standardised images and media methods... provid(ing) companies with scale economies in replication as well as control over the positioning of the brand image within the foreign markets” (p.932).

The questionnaire analysis has produced useful insights in terms of the two research questions relating to the second objective on the role of ‘Scottishness’ in luxury brand identities. Clearly Scottish identity is important and gives a point of differentiation, but there are caveats in terms of its importance compared with other brand values. This provides a useful context for discussions with selected respondents in the second research stage.

5.6.3 The mechanisms and processes used by Scottish premium/luxury brands to communicate Scottish country of origin (Objective Three).

Having established that Scottish premium/luxury companies do most of their manufacturing in Scotland, and regard Scottish identity as an important component of their brand identities, the next two research questions relate to achieving the third objective on communication of COO. In spite of Papadopoulos’s contention in 1993 that COO identity only becomes relevant when deliberately emphasised by the brand producer, very little reference has been made in the academic literature about the mechanisms used for achieving this emphasis. This study makes a contribution by addressing this deficiency in the literature, first by establishing the types of referents used to communicate ‘Scottishness’.

RQ6 What direct and indirect communication mechanisms are used by Scottish premium/luxury brands for representing or indicating Scottish COO?

Urde et al. (2007) in developing the concept of heritage brands highlighted the use of symbols to communicate company history and heritage. This aspect is examined here, where the communication of COO either as a component of heritage or as a separate dimension, using symbols or more direct methods, is examined. Alexander (2009) refers to luxury brands creating an “*aura of distinction and pedigree, through allusions to time and place*” (p.551). How this is achieved in the Scottish context lies at the heart of this research question.

The results from the questionnaire analysis emphasised the importance attributed to references to Scottish origin via the brand name itself, the company name (often the same as the brand name) and by reference to a region or place of origin. These were the top three communication mechanisms for the total postal questionnaire sample and appeared in the list of top five reference sources for each product category grouping. This finding corroborates with that of Insch and Florek (2009) who also found that explicit phrases referring to place of origin were more prevalent than less direct imagery and symbols.

Of the reference sources using images or symbols of Scotland, ‘tartan’ and ‘landscape’ were referred to most frequently with only ‘colour’ after that achieving at least 20% of responses. This finding was confirmed by the analysis of web pages, where ‘landscape’ and ‘tartan’ were the only two reference sources for Scottish origin used by a significant number of companies. However, reflecting the ‘multiplex’ (Thakor and Katsanis 1997) terminology and extensive associative networks generated to describe Scotland’s image, numerous sources were identified as mechanisms for communicating Scottish identity (Figure 5.31), some from Papadopoulos’s original list (1993) used in the questionnaire, others identified by individual companies in questionnaire responses or observed while conducting the web site analysis. The images and symbols used by companies to communicate ‘Scottishness’ fit with the main component parts of Scottish image identified earlier, principally, historical references (including Celtic, Viking and Nordic), heritage (castles), environment (purity) and people (family history). The last item, reference to people, received few mentions, which was surprising given the importance accorded to Scottish people in the literature (Burnett and Danson 2004) and in the number of image terms generated by respondents which related to people.

Recognising that some of the very few COO researchers who have adopted a producer side perspective in their investigations, have posited that the way in which COO identity is communicated, changes over the product life cycle (Niss 1996; Beverland and Lindgreen 2002), respondents were asked if this applied in the case of their brand(s). While Food and Beverage companies (75%) and to a lesser extent Whisky companies (62%) did not agree that this was the case, 60% of Textiles/Cashmere companies did agree that they had changed how they communicated Scottish identity. Textiles/Cashmere companies are generally among the oldest established, which might have influenced their responses, with explanations referring to greater use of landscape and colours, *“more emphasis on marketing, photography and presentation material”* (TC1) and a *“more contemporary look”* (TC9). These comments were replicated by respondents in both the Whisky and Food and Beverage sectors. Less use of tartan and more subtle portrayal of ‘Scottishness’ was also mentioned by several respondents. Some companies are very clear that Scottish identity is being given more emphasis:

“At present, communicating this message has become an extremely important factor in the promotion of the company and is paramount in all marketing communications” (TC15).

A smaller number give the opposite view, where less emphasis is given, *“(p)robably reduced as we emphasis more luxe credentials”* (W7).

While these results have given important insights into the range of Scottish identifiers used by Scottish premium/luxury companies, understanding of how prominently these are used has not been advanced. This is examined in the next research question.

RQ7 What processes are used to communicate ‘Scottishness’ by Scottish premium/luxury brands?

There was an apparent disconnect in findings when questionnaire responses and web site evaluation results (for all companies on the database with web sites) were compared. In spite of the majority of companies professing that Scottish identity was very important in brand positioning, when web sites were rated for level of ‘Scottishness’, the conclusion was overwhelmingly that Scottish origin was either underplayed or completely absent (Table 5.35). However, when a more detailed examination of web pages was carried out, it became clear that around half of the websites communicated ‘Scottishness’ either through the brand name, or by using Scottish images or symbols or by using a combination of both. The types of images and symbols used, as discussed above, were mainly landscape references, or the

use of tartan, but a wide range of other sources were evident. These results concurred with findings from the questionnaire.

Whisky differed from the other sectors, with the number of company web pages displaying high/medium levels of 'Scottishness' matching the number with low/absent levels. Most whisky companies make Scottish references either indirectly through symbols and images alone or in combination with the brand name. That whisky should be the sector to most emphasise 'Scottishness' is no surprise given that Scottish origin is the critical dimension which distinguishes the product in world markets and whisky is the product most closely associated with Scotland. Whisky companies are among the oldest in terms of corporate age and the fact that whisky itself requires maturation, the oldest being the most valued, helps explain the considerable use made by the whisky sector of Scotland's romanticised history and heritage of Scotland and the myths surrounding the whisky making process in their marketing communications.

Although there is now greater understanding of the mechanisms used to communicate 'Scottishness', apart from the web site analysis, little has been revealed about the processes used to communicate 'Scottishness'. This needs to be explored in the second stage of the research.

5.6.4 Overall summary

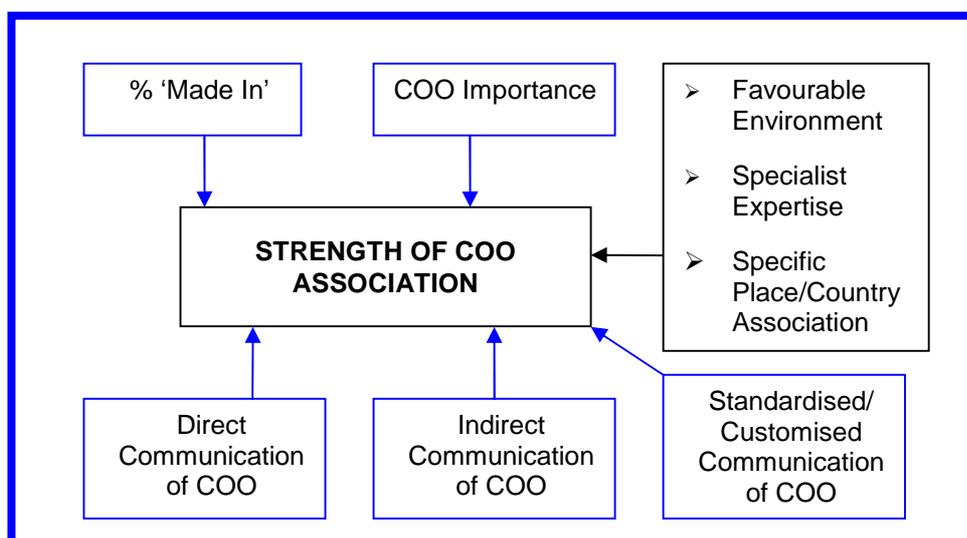
'Strength of COO Association' is one of a number of dimensions used in the framework devised to address the first objective, to define the characteristics of a place/country's premium/luxury product sector (Figure 5.46 – outlined in blue). Whisky is clearly a product where COO is a defining characteristic, without Scotland, it could not be Scotch whisky. The Textiles/Cashmere sector is closely associated with Scotland, but to a lesser extent. It is proposed, that in the same way that heritage has been developed as a characteristic which can be used to distinguish certain brands (Urde et al.'s (2007) Heritage quotient) so too could a taxonomy for COO use be developed.

The results of the first research stage have provided a preliminary set of dimensions to further develop the 'Strength of COO Association' attribute. In addressing the first research objective, 'favourable environment', 'specialist expertise', and 'specific place/country association' were identified and included in the country premium/luxury characteristics framework (Figure 5.46). From discussions relating to the second and third objectives, the following additional dimensions can be identified;

- % 'Made In' - how much of the product is manufactured in the country;
- COO importance – the importance of country as a key brand dimension;
- Direct communication of COO - via the company or brand name;
- Indirect communication of COO – via symbols and images from the country;
- Standardised/customised communication of COO – how COO is communicated in different markets.

These dimensions have been incorporated into the 'Strength of COO Association' component from Figure 5.46 as summarised below in Figure 5.51 (the added dimensions have blue outlines).

Figure 5.51: Components of 'Strength of COO Association'



The macro perspective of the Scottish premium/luxury consumer products sector has enabled the characteristics of the sector to be identified and has offered insights into the importance and use of COO as part of brand identity. Melewar and Karaosmanoglu's (2006) model of corporate identity (Figure 2.3) identified product sector as making an important contribution. The variations in sector characteristics (company size, structure, age, location etc.) have been shown to influence how COO associations are promoted as part of both brand identity and sector identity. First steps have been taken towards establishing a taxonomy which defines the role played by COO in premium/luxury brands. What has not been demonstrated is how COO compares in importance compared with other brand values e.g. heritage and quality dimensions and how this varies according to organisational or sectoral differences. These and the other areas which have been identified in this concluding section as requiring further consideration determine the direction of the second research stage.

Consequently the second research stage which involves interviews with business elites from Scottish premium/luxury companies will build on the first stage results by first focusing on the following areas which relate to the second and third research objectives:

- The key dimensions of Scottish premium/luxury brands compared with the existing typologies and how these compare with Scottish image/identity;
- The relative importance of COO as a brand value compared with the other dimensions of Scottish premium/luxury brands;
- Elaborate the motivations for choosing COO as the main differentiating dimension;
- Identify the determining factors for successfully using a COO identity strategy;
- Explore the processes used to communicate COO identity.

In addition, the fourth objective which examines the strategic advantages for all stakeholders of embedding a COO identity, which has not been addressed other than at a superficial level in the first stage will be explored in the second research stage.

Chapter Six presents an analysis and discussion of the results from the interviews with business elites.

CHAPTER 6

FINDINGS FROM THE SECOND RESEARCH STAGE

Chapter summary

This chapter presents the findings from interviews with business elites in the second research stage. The chapter begins by analysing the dimensions of Scottish premium/luxury brands before evaluating the motivations for using a COO identity and the contextual factors which favour taking this approach. The processes and systems of communicating a COO identity are examined before concluding on the strategic advantages of adopting a COO identity from the viewpoint of a range of stakeholders.

6.1 INTRODUCTION

The first research stage focussed on the first objective (Figures 4.4 and 4.5) which explored the nature and characteristics of the Scottish premium/luxury brand sector and the third objective which examined the mechanisms used to communicate Scottish COO. The focus of the second research stage is the second objective which examines the added value that COO contributes to the identities of Scottish premium/luxury brands compared with other brand dimensions and the fourth objective, which considers the strategic advantages for different stakeholders of embedding COO identity in premium/luxury brands. Further insights will also be gained regarding the mechanisms, but particularly the processes of communicating a COO identity (Objective Three).

The findings from Chapter Five on the characteristics of the Scottish premium/luxury sector highlighted industry specific differences. These differences encompassed a range of parameters including size, ownership, organisational structures and degree of internationalisation (Pugh 1973). The industry sector in which a firm operates has been identified as a key component of corporate identity (Hatch and Schultz 2000; Melewar and Karaosmanoglu 2006) and can also make an important contribution to a nation's identity (Balmer 2008).

Stage one results indicate clear support for Scottish COO as an important part of brand identities. Initial findings on the strength of COO associations used in the different sectors support Beverland and Lindgreen (2002) who found that various factors such as COO product category, history and company size determined the importance of COO. Other contingent factors such as market niche and availability of resources were also identified as influencing ability to internationalise and establish brand awareness and these may also impact on how COO is used. These issues are developed in the second research stage.

Melewar and Karaosmanoglu's (2006) corporate identity model (Figure 2.3) shows COO along with history/heritage and the influence of the founder as antecedents of corporate culture (mission, vision and values). Corporate identity traits including corporate culture have been the focus of the corporate identity literature (e.g. Melewar and Jenkins 2002; Hatch and Schultz 2003; Melewar 2003) Although national origin is recognised as a component of corporate identity (Melewar 2003; Melewar and Karaosmanoglu 2006; Balmer 2008) it has not been studied in this context to the same extent as history (Blombäck and Brunninge 2009; Brunninge 2009; Delaheye et al. 2009) heritage (Urde et al. 2007) and founder influence (Olins 1978; Balmer 1995; van Reil and Balmer 1997). There has been no examination of the role of COO in corporate identity, and its relationship with diverse stakeholders who as well as customers include investors, staff, suppliers, local communities (Hatch and Schultz 2003). There have been very few studies where the strategy value of COO to the company has been considered (Beverland and Lindgreen 2002; Kleppe 2002; Insch and Florek 2009).

Although there is an underlying assumption in the literature that COO is an important part of luxury brand identity, this component has not received specific research scrutiny, unlike other dimensions such as history and heritage (Urde et al. 2007), flagship stores (Doyle et al. 2008; Moore et al. 2010) and authenticity (Beverland and Luxton 2005; Beverland 2006). In the various taxonomies of luxury brand identities from the literature, few include COO as a specific dimension (Nueno and Quelch (1998); Moore et al. (2006) are exceptions). References are made to COO contributing to luxury brand images (Dubois and Duquense 1993a; Bruce and Kratz 2007), and the association between countries and specific categories of luxury goods is frequently made (e.g. Jackson 2004; Okonkwo 2007). However, the literature offers little insight into the role of COO compared with the other brand dimensions which appear in the luxury brand models. The focus on the COO perspective in this study thus makes an important contribution.

The findings in this chapter are based on data derived from interviews with business elites from a purposive sample from the companies who responded to the postal questionnaire in the first research stage (4.6.1(iii)) supplemented by data from company and media sources. The chapter begins by examining the dimensions of Scottish premium/luxury brands (Objective Two) prior to examining the motivations and contingent factors for using a COO identity (Objective Four). The interviews also provide some additional observations on communication of COO (Objective Three)

which supplement the data derived in the first research phase from the postal questionnaire and the web analysis. The research questions identified at the end of Chapter Three which are associated with Objectives Two, Three and Four are summarised in Table 6.1.

Table 6.1: Objectives and research questions addressed in the second research stage

Research Objectives	Research Questions		Research Methods
2. To examine the role of 'Scottishness' in luxury brand identities	RQ3	What are the identifying dimensions of Scottish premium/luxury brands?	Interviews
	RQ4	How important is COO as a dimension of Scottish premium/luxury brands?	Postal Questionnaire Web analysis Interviews
	RQ5	What is the role and function of Scottish COO in the identities of Scottish premium/luxury brands?	Postal Questionnaire Interviews
3. To examine the mechanisms and processes used by Scottish premium/luxury brands to communicate Scottish COO.	RQ6	What direct and indirect communication mechanisms are used by Scottish premium/luxury brands for representing or indicating Scottish COO?	Web analysis Postal Questionnaire Interviews
	RQ7	What processes are used to communicate 'Scottishness' by Scottish premium/luxury brands?	Web analysis Interviews
4. To examine the strategic advantages for different stakeholders of embedding a COO identity in premium/luxury brands.	RQ8	What are the motivations and contingent factors which influence the use of a COO identity in premium/luxury brands?	Interviews
	RQ9	What are the strategic benefits of adopting COO as a key part of premium/luxury brand identity?	Interviews

The chapter ends with a summary of how the research questions have been supported by the findings of the second research phase prior to combining the findings from the two research stages in the conclusions of the study in the final chapter.

6.2 DATA ANALYSIS

The purposive sample of twenty one companies who participated in the second research stage has been described in Chapter Four (Tables 4.11 and 4.12). Interview data is supported by secondary information from company websites, internet search engines, newspaper cuttings, television documentaries (e.g. Tweed BBC4 2009), webcasts (e.g. Whiskycast – weekly podcast). Having established that most of the brands included in this study are corporate or company brands, business elites i.e. company leaders, were selected for the interview stage since, as

articulated in the literature (e.g. Hatch and Schulz 2003), it is this level who have responsibility for taking the strategic perspective on corporate identity, rather than middle management or the marketing function who take responsibility for product brand identities.

Interview transcripts have been analysed both from within company and across company perspectives (Eisenhardt 1989). Having previously concluded that company characteristics both across and within different sectors of the Scottish premium/luxury producers vary considerably, it is recognised that these differences are likely to impact on strategies concerning the use and importance of COO identity. To take account of this, the across company analysis has been carried out both by industry sector and with reference to the following characteristics identified in the first stage:

- size (number of employees and turnover);
- main markets (international or domestic);
- level of brand recognition;
- Scottish identity (from website analysis);
- Ownership (family, independent, corporation).

Table 6.2: Company profiles of interview sample

Firm	Luxury Sector*	Size Turn-over (£)	Size** Number of Employees	Exports (%)	Owner-ship	Brand Recogn-ition***	Scottish Identity***
A	F&B	100m	Large	>50	Family	High	High
B	F&B	N/A	Micro	5-10	Independent	Medium	Absent
C	Whisky	16.5m	Medium	>50	Family	Medium	Med
D	T&C	41.55m	Large	41-50	Independent	High	Med
E	F&B	N/A	Micro	<5	Independent	Low	Med
F	F&B	N/A	Small	41-50	Independent	Low	Med
G	Jewellery	8.3m	Small	11-20	Independent	Medium	Absent
H	T&C	100-250k	Small	5-10	Family	Medium	Absent
I	Jewellery	N/A	Micro	5-10	Family	Medium	Med
J	F&B	116.4m	Large	21-30	Family	High	Absent
K	Jewellery	N/A	Medium	5-10	Family	Medium	Med
L	F&B	N/A	Medium	<5	Family	High	Low
M	F&B	N/A	Medium	<5	Independent	Medium	Absent
N	F&B	N/A	Medium	<5	Family	Medium	High
O	T&C	2-3m	Medium	>50	Family	Low	Med
P	T&C	N/A	Micro	<5	Family	Low	Med
Q	Whisky	83.8m	Large	>50	Corporate	High	Med
R	Whisky	80.6m	Large	>50	Corporate	High	Med
S	Homeware	N/A	Medium	11-20	Family	Medium	High
T	Toiletries	N/A	Micro	11-20	Family	Low	Low
U	T&C	17.7m	Medium	>50	Corporate	High	Low

* F&B = Food and Beverage; T&C = Textiles and Cashmere

**Large = 250+; Medium 50-249; Small 10-49; Micro <10

*** = Evidence from Stage One web analysis results

For reasons of confidentiality, companies who participated in the interviews have been anonymised, but their key characteristics, using the above headings and data from the database and stage one results analysis are presented in Table 6.2.

In addressing each objective/research question, themes have been identified and established as nodes in NVivo 8. Data supporting each theme have been extracted from the interview transcripts and coded to appropriate nodes. Following the method adopted by Beverland (2004); Beverland and Luxton (2005); and Beverland (2006); data is presented in the form of passages coded from interview transcripts.

6.2 THE DIMENSIONS OF SCOTTISH PREMIUM/LUXURY BRANDS

To address the third research question (Table 6.1) which requires the dimensions of Scottish premium/luxury brands to be identified, elite interviewees were asked to “*summarise the essence*” of their brand by articulating the most important dimensions which characterise their brand’s identity. Relevant data from the interview transcripts has been analysed by coding each of the identified dimensions as a separate node in NVivo 8. Data from the interview transcripts has been coded into these nodes. A total of twenty three dimensions were identified as separate nodes.

Table 6.3: List of brand dimensions identified from interview transcripts (n=21)

Dimension	Sources* (n)	References** (n)
Quality	14	32
Heritage	12	17
People	6	15
Brand Communication	8	11
Place	7	9
Small scale production	6	10
Ethical standards	6	8
Tradition	5	9
History	5	6
Innovation	5	6
Integrity	4	6
Endorsement	4	5
Price premium	4	4
Special	4	4
Founder	4	4
Handcrafted	3	5
Community involvement	2	2
Originality	2	2
Marketing	2	2
Consistency	1	3
Trustworthiness	1	2
Attention to detail	1	1
Craftsmanship	1	1

*Sources = Number of interview transcripts

**References = Total number of references in interview transcripts

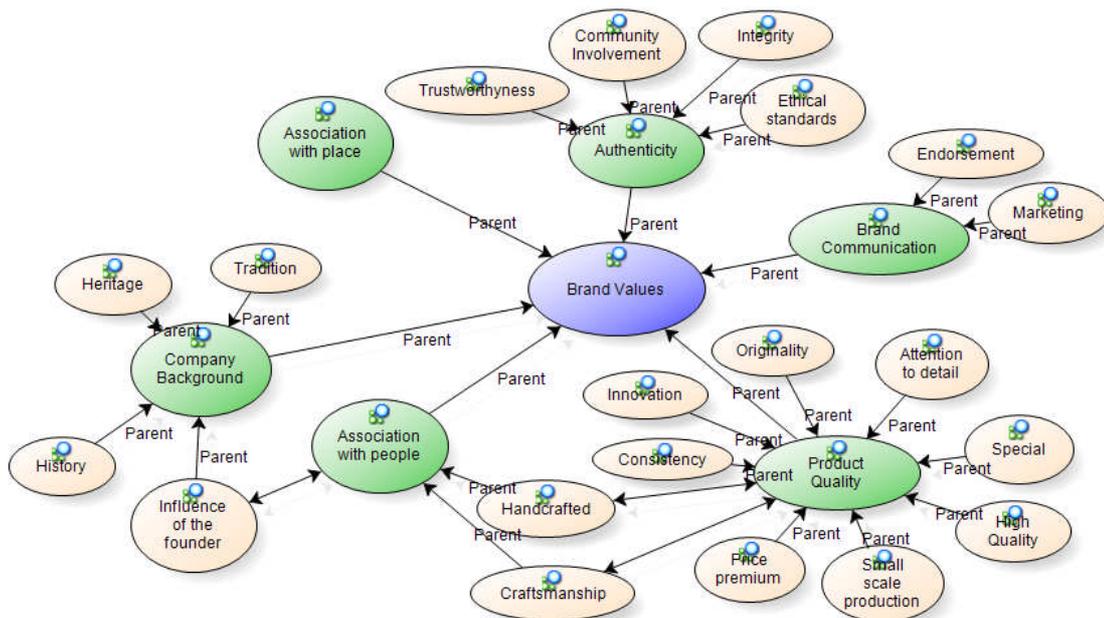
Table 6.3 lists these dimensions and indicates the level of support for each (i.e. the number of company sources who mentioned the particular dimension and the total number of references to the dimension extracted from interview transcripts).

Following the method used by Beverland (2004a), these dimensions have been merged into key themes with some dimensions being judged as relevant for more than one category. The key themes are:

- Product quality = terms which relate to specific product characteristics;
- Company background = terms which encompass the company history;
- Authenticity = dimensions regarding integrity, company values and corporate social responsibility;
- Brand communication = the means used to promote the brand name, achieved through marketing communications;
- Associations with people;
- Associations with place.

The inter-relationships between the key themes and their component dimensions are illustrated in the diagram in Figure 6.1. Direct links between the dimensions handcrafted and craftsmanship from the product quality theme and association with people themes, and between the influence of the founder in the company background theme and association with people themes can be seen in the network diagram.

Figure 6.1: Components and relationships between the brand dimensions of Scottish premium/luxury brands

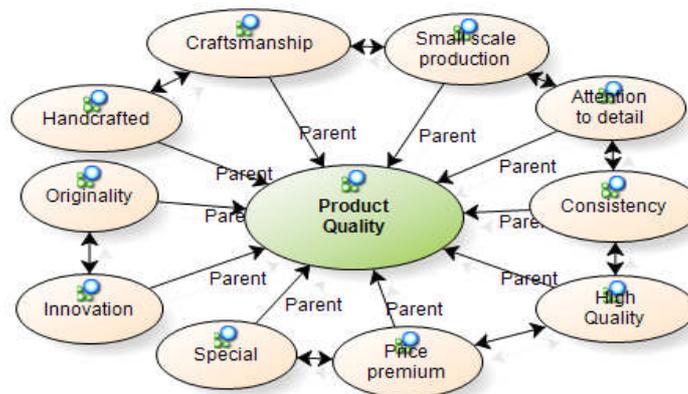


The dimensions identified in Table 6.3 and in Figure 6.1 echo elements of Scotland's image identified in the first research stage from questionnaire responses (Figures 5.26-5.28). That brand identities are imbued with aspects of Scotland's image and *vice versa* supports Balmer's (2008) view that a nation's psyche and identity is informed by the identities of national corporate brands. The six key brand values and their component dimensions are examined in more detail in the following sections, illustrated with supporting quotations from the interview transcripts.

6.2.1 Product quality

Product quality is the first brand value to be discussed because it was clearly considered to be the most important dimension to characterise the essence of the brands of participating companies. Ten of the total of twenty three dimensions were associated with this category (with handcrafted and craftsmanship also appearing in the associations with people theme). Several of these replicate those identified by Beverland (2004a); Moore and Birtwistle (2005); and Fionda and Moore (2009). Product quality is one of the two attributes most frequently identified in the luxury branding literature, (Dubois and Paternault 1995; Kapferer 1998; Nueno and Quelch 1998; Jackson 2004; Moore and Birtwistle 2005; Moore et al. 2006), the other being price premium a dimension included here in the product quality theme. High quality was specifically referred to by fourteen out of the twenty one companies interviewed. The other nine dimensions (Figure 6.2) indicate how quality is achieved, either through production controls or by innovative approaches to product design, resulting in products which are exclusive and attract price premiums.

Figure 6.2: Component dimensions contributing to the product quality theme



6.2.1(i) High quality

The strong association between Scotland and quality established in stage one of the study was made in a number of interviews as illustrated in the following quotations. *“Scotland is about quality products, good welfare, premium type products”* (Company

L). *“Well the qualities are the high quality and the 100% made in Scotland”* (Company O).

“Quality and Scotland do go together. I think there’s a good market for Scottish quality goods. ‘Made in Scotland’ is expected to be good quality. Like people think ‘Made in China’ is rubbish quality – that sort of thing. If it’s made in Scotland it should be good. I think that’s definitely what they think”. (Company T)

The whisky sector enjoys a worldwide reputation for its premium quality and the importance to the sector of maintaining these quality credentials is illustrated in the following passage:

“When we have visitors here from some of our markets, our job is to make sure that when they leave they understand the work that goes into making Scotch whisky to allow us to charge that premium rather than just... some quirk of marketing or quirk of history. Our job is to educate them, to help them understand that it is a quality product and that the whole of Scotland is making quality whisky. That’s what we’re looking to do.” (Company Q)

The imperative of commitment to quality is demonstrated by the quotes in Table 6.4.

Table 6.4: Quotations illustrating the brand dimension of ‘quality’ in Scottish premium/luxury brands

‘Quality’ Dimension – Evidence from Interviews
Q6.1 <i>“High quality is fundamental and probably the most important”.</i> (Company A)
Q6.2 <i>“We’ve spent an awful lot of time getting products that are really really good quality.”</i> (Company B)
Q6.3 <i>“Prestige, yes that’s important, being quality, but being seen to be high quality”.</i> (Company A)
Q6.4 <i>“Quality, naturalness... that’s what we see. That’s what we push anyway – that’s how Scotland is important to us”.</i> (Company L)
Q6.5 <i>“It’s taste, taste, taste. More than anything else the quality we have is the quality of taste, the guarantee that we have is the guarantee of taste, it’s just that wonderful taste that people get”.</i> (Company M)

How this quality is achieved is explained by the dimensions which comprise the quality theme. Phrases such as *“attention to detail”, “consistency” “best of its kind” “must be the highest possible”* accentuate the importance of quality and how it is achieved. Company D’s motto, which appears in all of the company literature, states that *“Only the best is good enough”*.

“It’s the consistency long term. Everyone can make a pack of x. We have to make a packet of x where every one is perfect. That it’s not only nice when it comes straight out of the oven, but its nice or good in 6 months or a years time, when it’s on the other side of the world” (Company A).

6.2.1(ii) Special

Exclusivity is recognised as a key dimension of luxury brands (e.g. Nueno and Quelch 1998; Fionda and Moore 2009). Companies achieve exclusivity or 'specialness' in different ways which can be identified as:

- Distancing from the ordinary either by limiting production or strictly controlling distribution;

e.g. Company D produces *"a product that people can't get easily", "fashion demands one offs, this is really where our business is heading". "...it's something that's different, something that's special, it is not mass produced, and it certainly isn't by the standards of 1990...we find with people like China and India... These people aren't interested in small orders they want volume orders all the time and we happily...we haven't been making big orders for years. We quite like small orders, we think that's what gives our products individuality. The chance to distinguish, differentiate the value that we're giving from what they can get on the high street"*

'Special' or exclusive is characterised by limited production capability, with small size being seen as a pre-requisite for premium positioning, also explained by the MD of Company D:

"I come back to small is beautiful... Even the bigger companies, the whisky, they're all relatively small. For me it's a good thing we are small. If we were bigger, we'd immediately have to start selling more and our clientele want some exclusivity"

- Purchasing luxury products for special occasions e.g.

"We think that probably about half of our products are bought for a gift rather than for self consumption" (Company A).

"I want that for myself. Love that for myself or as a great gift" (Company F).

- Fulfilling personal needs through possessing something that others cannot have:

e.g. *"Luxury is more about experiences than necessarily about product" (Company G).*

The additional quotations in Table 6.5 illustrate the different ways in which premium/luxury brands are seen to be 'special'.

Table 6.5: Quotations illustrating the brand dimension of 'special' in Scottish premium/luxury brands

'Special' Dimension - Evidence from Interviews
Q6.6 <i>"our customers who are targeted are probably 1 or 2% of the population who will pay for, to have that rarity, that specialness, the individuality of design, excellence in production, execution, and those people generally, price is not the first consideration" (Company D)</i>
Q6.7 <i>"Its not available everywhere, not everyone can have it" (Company E)</i>
Q6.8 <i>"In our case it has got to be something special, very special, very difficult to make, it's going to be rare, not just rare because it's a design that there aren't many of, but also rare in that the materials used will be limited" (Company D)</i>
Q6.9. <i>"...unique or very, very small runs" (Company H)</i>
Q6.10 <i>"our clientele want some exclusivity, they want exclusivity of design. Their definition of luxury is something that is something to aspire to so that when you've got it you make it last" (Company D)</i>
Q6.11 <i>"The satisfaction of finding something for a gift or that I have found something unique to tell friends about" (Company C)</i>

6.2.1(iii) Premium price

Premium pricing is described by Moore and Birtwistle (2005 p.268) as a *"defining and non-negotiable dimension"* of luxury brand positioning, and lies at the heart of the definition of premium/luxury used to select companies for this study i.e. *"those whose price/quality relationship is the highest of the market"* (Mintel 2004a). Price premium was justified by the use of superior materials and manufacturing techniques also by the higher costs of manufacturing in Scotland (Table 6.6, Q6.14). Higher prices are commanded by premium/luxury brands, as exemplified in the following quotation from a whisky company (Company Q):

"Comparing level of premium-ness, Scotch has always got a mark up on it so it works from that point of view, they are able to position the product slightly higher rather just a bland whisky. If you compare it against other whiskies e.g. Canadian, Scotch will be positioned higher";

and from a textile company (Company O):

"It's pretty unique. It isn't for the mass market and the price reflects that. We'd rather go for lower volume and higher prices than going for bulk".

Table 6.6: Quotations illustrating the brand dimension of ‘price premium’ in Scottish premium/luxury brands

‘Price Premium’ Dimension - Evidence from Interviews
Q6.12 <i>“There’s also a price element to it. The price element is about exclusivity” (Company G)</i>
Q6.13 <i>“that product is aspired to, collected, and we can charge a premium for it” (Company G)</i>
Q6.14 <i>“a lot of x brand things...are very expensive and yes come into a luxury price bracket but they’re expensive for a reason, they’re expensive because they’re well made, they’re expensive because they’re produced here...(Company S)</i>

Quality and exclusivity is achieved at a cost. The last quotation in Table 6.6 (Q6.14) emphasises that the higher price has to be justified and aligned with value (Moore et al. 2006) *“It’s the idea of the value you get for your investment; buying something you feel has quality”* (Company U). This was stressed by several other companies particularly by the CEO of Company F who commented *“You still have to have a value equation, so that people see these benefits”*. She also observes that producers of ‘luxury’ products need to ask:

“am I genuinely giving a sense of benefit which is above and beyond what people would expect...it could well be in small touches which are service related, or it could well be in effort, or it could well be because of its scarcity and its rarity which is also to do with provenance...someone has to feel its value. If someone doesn’t feel its value...so what?”

Maintaining high price positioning has however posed significant problems for several of the companies particularly in the textiles/cashmere sector. Production costs in Scottish mills are much higher than in other countries, not just in the Far East, but also in Italy where manufacturing costs can be 30% lower than in Scotland (BBC News 2008). This lack of price competitiveness has resulted in companies such as Pringle of Scotland closing their factories in Scotland (Oxberry 2009). The repercussions have been felt throughout the sector e.g. by the MD of Company H:

“What I find quite ironic about what is happening is are there going to be any weaving mills left? We often take a woven base and we combine it with a knitted base so we always work with other manufacturers e.g. the brand x. I commission them to do special colours and I’m thinking are they going to be there in a few years? You see them one by one closing down.”

Company H incorporates a lot of handwork in their products and have been badly affected by the added costs resulting from the minimum wage.

“With the minimum wage, because you’re paying someone to hand stitch, the minimum wage has a huge, huge effect.”

6.2.1(iv) Innovation/Originality

The motto of the founder of Company J which was to “*be different, be better*” has “*inspired and guided the company ever since*” and can be applied equally to most of the sample of companies who participated in the interview stage, illustrated by Q6.15 and 6.16 in Table 6.7.

Table 6.7: Quotations illustrating the brand values of ‘innovation/originality’ in Scottish premium/luxury brands

‘Innovation/Originality’ Dimension - Evidence from Interviews
Q6.15 “ <i>Well quality and originality, trying to work with traditional fabrics in a much more contemporary way.</i> ” (Company P)
Q6.16 “ <i>We were the first people to put tartan on ceramics...No-one else had done an all over design and tartan needed to be an all over surface design, so we had to find a way of doing it. We had to start by getting the shape right. We use traditional shapes, we keep it very simple.</i> ”(Company S)

In order to retain their premium/luxury status and competitive position, companies note the importance of being innovators in their sector, keeping pace with continual changes in consumer preferences. Innovation is achieved in the textiles and cashmere sector through design excellence, either using in-house designers “*we have twelve designers here, they’re all from Scottish design schools*” (Company D) or through collaborations with leading designers such as Christopher Kane or working with brands such as Hermes and Chanel “*(T)hey are looking all the time to go higher and higher...more and more rare or difficult. That’s the position they want to occupy and that’s where we want to be as well*” (Company A).

In the food sector, innovation is achieved through product development “*innovation, that’s also there, in the range and the new style of packaging. We’re introducing more contemporary tastes into our products*” (Company A).

An increasing problem however is of products being copied, e.g. the MD of Company H reveals that “*in two years there were about eight different major companies who absolutely copied brand x designs.*”

This is a common problem for luxury brands (Gistri et al. 2009) and for Scottish brands that have been in this position, litigation has been a costly necessity to protect brand identity. Finding ways of protecting the brand from counterfeiting or from being copied preoccupy brand owners, particularly in the jewellery sector, as the following statement from the MD of Company K confirms:

“I try to make things which are difficult to copy – enamelling things in an intricate way, or make things bigger than they would make.”

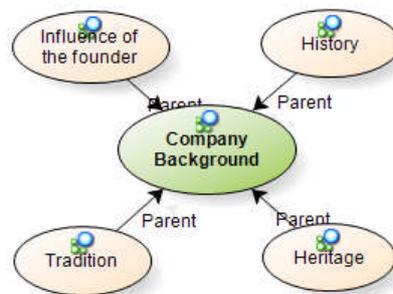
This adds to the challenges faced by Scottish premium/luxury companies, particularly the competition arising from the higher price points discussed in the previous section.

6.2.2 Company background

The dimensions of company background which have been identified as important contributors to brand identity (Figure 6.3) are familiar from the literature on luxury branding (Nueno and Quelch 1998; Beverland 2004a; Moore and Birtwistle 2005; Moore et al. 2006) and corporate identity (Melewar 2003; Melewar and Karaosmanoglu 2006; Urde et al. 2007). After quality, heritage was the most mentioned dimension, specifically identified by twelve out of twenty one companies (Table 6.3). History, tradition and the influence of the founder are mentioned by a number of interviewees. These dimensions provide important components for the brand ‘stories’ used to communicate brand identity. Particularly in the luxury sector, where companies and brands often have significant historical backgrounds, heritage is honoured and celebrated, and comprises a central part of brand identity (Beverland 2004a).

“I think in the consumer’s mind, if you’re making difficult things, rare things, the longer you’ve been making them, the more experience you have, the better you’re likely to be” (Company D).

Figure 6.3: Component dimensions contributing to the company background theme



6.2.2(i) History and heritage

From the first stage results it was concluded that the Scottish premium/luxury sector’s culture fitted into the heritage/craft production quadrant of Kapferer’s (2006) model (Figure 2.5). Brand ‘stories’ are more likely to be rooted in actual history and heritage rather than in invented stories which is more common in the American model. This is borne out in the interview data as illustrated by some of the quotations in Table 6.8. e.g. Q6.17 and Q6.21. The questionnaire results identified history and heritage as key components of Scotland’s image and these associations are selectively used by companies interviewed in this stage of the study, e.g.Q6.19. Company history and heritage based on longevity provide important associations

which in addition to contributing to company identity also contribute to the nation's history, heritage and identity (Balmer 2008).

Table 6.8: Quotations illustrating the brand values of 'history and heritage' in Scottish premium/luxury brands

'History and Heritage' Dimension - Evidence from Interviews
Q6.17 <i>"X brand has a longer heritage than most" (Company U)</i>
Q6.18 <i>"X brand is proud of its Scottish heritage and committed to continued procurement from Scotland." (Company U)</i>
Q6.19 <i>"Tartan is very powerful, whisky is very powerful, castles – I forgot about castles. We're steeped with heritage here". (Company N)</i>
Q6.20 <i>"Heritage, that's what we're about. In a way people will see you as slightly old fashioned, and it is a challenge to try to stay modern. But it is a traditional product. I always say our product is never fashionable but never unfashionable". (Company A)</i>
Q6.21 <i>"Certainly on the x brand we are playing on our Scottish heritage, there's no doubt about that." (Company R)</i>

Eight out of the twenty one companies have been established for between 100-220 years e.g. *"100 years old - important, stood the test of time"* (Company A) or have close historical associations e.g. *"the water has been known since 1760 to have health benefits"* (Company E). As found by Beverland (2004a) in the luxury wine industry, much of the promotional material used by companies focuses on historical events and heritage. Most of the distilleries and several of the other companies in the sample have created 'brandlands' (Gilmore and Pine II 2007) where customers are educated about the brand's history as well as being exposed to their current offerings.

Company J was founded in 1898, built on a set of values from its Scottish and family roots. International expansion was to the USA, Canada, Australia and South Africa where first generation Scottish immigrants were very attached to everything connected with Scotland. A visitor's centre honours this heritage through historical artefacts, exhibitions and a film show. Now a global company, with manufacturing plants in England, Poland, Canada and Australia as well as Scotland, there is far less reliance on direct references to Scottish heritage, apart from products which are based on traditional Scottish recipes. *"Only a handful of x brand products now have tartan on them"*. However, the CEO is *"proud of our Highland heritage"* and recognises the *"importance of brand continuity"*.

In the whisky sector, the MD of Company C while discussing how whisky labelling and packaging has changed over time, recognises the importance of history and heritage observing that:

“they’re trying to hold onto the brand values they’ve had for a long time. A lot of companies in the whisky industry do evolution with their brands, just a small change at a time. They don’t want to alienate the previous people, but they want to carry the credibility of the past with them.”

Although seen as being advantageous by most companies (Table 6.8 Q6.20), for some interviewees history and heritage are not always entirely positive, as exemplified in these passages:

“Heritage and pedigree yes. Again we use historic photographs to underline the heritage and that gives us a traditional, some would say an old fashioned look...We try to have a traditional look but keep improving all the time and moving with the times”. (Company A)

“The only caveat I’d say to that is that although antiquity is helpful, it doesn’t guarantee anything”. (Company D)

“What, to be, grand, exclusive, old fashioned, historic and everything else? They are key messages for the brand, and as a marketing exercise we are trying to reverse all those...you have to work quite hard at communicating that accessibility, a sense of style, a sense of relevance for today in your marketing message”. (Company G)

History and heritage have been identified as key brand attributes for many luxury brand producers, but as alluded to above, there is a caveat to putting too much importance on these attributes as identified by the Group MD of Company D:

“The antiquity, we’re 200 years old so...although antiquity is helpful, it doesn’t guarantee anything. I always say that to people here, we’re only as good as the excellence and the luxury and the rarity, the exclusiveness of the design that we’re creating. And whether we’ve been at it for 200 years or 10 years really each season the ranges have to be specialist, difficult to make products. We like that, that’s what we thrive on. And our customers appreciate it I think.”

6.2.2(ii) Tradition

Closely related to history and heritage and craftsmanship is the concept of tradition where traditional craft based skills and traditional practices are respected and adhered to.

“It belongs in a tradition, in all of the tartans we use colour...we don’t try to do anything ground-breaking or anything that hasn’t been done before, we don’t try to use colours that don’t occur in nature. We might use very very bright colours, but they’ll be tempered by subdued colours and that’s why everyone is comfortable that they’ve seen it before and therefore it’s not out of kilter, it belongs here and people can identify with it.” (Company S)

“Homemade character, consistent image, traditional recipes – all important. We’ve got to use that in our communications. Tell the consumer these things. Traditional recipes using natural ingredients, traditional baking”. (Company N)

Companies do however recognise that traditions, although important in supporting their company brand identities and brand stories, have to evolve and be updated to satisfy contemporary tastes and commercial realities. However, as noted by Beverland (2005) in the context of communicating authenticity, it is beneficial to appear to eschew commercial considerations. This sentiment is illustrated in the following passages:

“It’s about the tradition. You home in on the skills, the fact that those skills have been handed on generationally for a long time. At the same time you’ve got to couple it with some modernity, you can’t dwell on the past. You’ve got ancient skills combined with modern technology, combined with extreme good taste. And in the case of Scotland I would add an element of quirkiness” (Company D).

“Our image is very traditional and we want to keep that image. The secret is in the execution. To do it well” (Company A).

“Yes, there’s loads of tradition, yet at the same time we like to keep ahead of the game” (Company O).

6.2.2(iii) Influence of the founder

The corporate identity literature emphasises the important role played by the company founder in influencing the corporate vision and culture (Olins 1978; van Reil and Balmer 1997; Balmer 2001b; Melewar and Karaosmanoglu 2006). Fifteen of the twenty one companies interviewed are named after their original founder, further emphasising the dimensions of heritage and provenance as well as an association with people. Most companies actively promote the lasting connection with their founder/s, emphasising how they have strived to follow the principles laid down and exemplified by them. This is illustrated by Company U, who on their website stresses the importance to them of their 1815 heritage through references to their founder’s principles of *“quality, style, authenticity and innovation”*. As Ritson (2004) notes, *“such founders are the brand and their presence confers an authenticity that no other marketing tool can emulate”* (p.17). These individuals/family members feature extensively in marketing materials, acting as a conduit for expression of company values, beliefs and behaviours (Gilmore and Pine II 2007).

“We still talk about the founders of the company...we’re describing them even in the modern advertising. The two sons that took over from the original founder were quite famous in their own right. One was like a modern day version of...he was a very prominent member of society, very well known and very witty. We use...quotes of things he had said which were noted at the time. So we still use these...early in the last century these quotes were being used so we link these to the heritage of Scotland. We find that works very well” (Company Q).

6.2.3 Association with people

Contributions made by people are referenced in the luxury branding literature, most commonly in the context discussed in the previous section e.g. by referring to the personality and values of the brand's creator (Nueno and Quelch 1998), to the importance of the Creative or Design Director (Moore et al. 2006), to the personality of the CEO (Roper and Parker 2006), or to stories relating to the actions of the founder and previous owners (Beverland 2004a). The wider group of people associated with the production of a luxury brand are rarely referred to. In the COO literature, van Ittersum et al. (2003) are among the few who have highlighted the human factor as a key component of COO image, proposing that the natural environment factor and the human factor are the two key dimensions of product-specific regional image, with the human factor representing the available expertise present in the region of origin. Van Ittersum et al. (2003) suggest that consumers differentiate between products from different places based on these criteria. Knight and Calantone's (2000) definition of COO image as reflecting "*a consumer's perceptions about the quality of products made in a particular country and the nature of people from that country*" (underlining added for emphasis) helps confirm the important role played by people in forming images of a country. From the interview data in this study, the people dimension is considered to be of sufficient importance to merit its being identified as a separate dimension of brand value.

Six of the companies stressed people connections during interviews (Table 6.3) and direct references to the people associated with the brand were found for several others in secondary sources. The people who make the products are frequently referred to in marketing communications encouraging the consumer to make an important personal connection and form an attachment with the company. A particularly evocative example of associations made between both people and place is given by one interviewee as the '16 Men of Tain' (Table 6.9, Q6.24) which has been used extensively in the marketing of Glenmorangie malt whisky.

The characteristics of Scottish people referred to in the creation of brand identities are consistent with those previously identified both in the literature and in the results from the questionnaire reported in the previous chapter (Figure 5.28). The images of the people behind the brands relate to characteristics such as soundness, reliability, and a quirky edge often tinged with romanticism from links made with historical associations.

Table 6.9: Quotations illustrating the brand value of ‘association with people’ in Scottish premium/luxury brands

‘Association with People’ Dimension - Evidence from Interviews
<p>Q6.22 <i>“There’s a great mistrust about who’s behind things. It’s cynical, jaded, it’s really swung negatively and again highlighting who’s behind something makes a mass of difference” (Company F)</i></p> <p>Q6.23 <i>“Real people doing something. Real crofters picking. Hand effort” (Company F)</i></p> <p>Q6.24 <i>“It’s ‘16 Men of Tain’, quite bluntly that is the most brilliant thing to create a premium position for a brand... It’s the one I always remember, because again, along with provenance and all the rest of it, they got the people component. Absolutely fabulous for that reason!” (Company F)</i></p>

The Scots in sport and music who *“put us on the world stage”* such as Andy Murray and Nicola Benedetti are applauded and help contribute to a positive image of Scotland (MD Company G). The different ways in which people references are incorporated in brand identities are discussed in the following section.

6.2.3(i) Handcrafted/craftsmanship

Connections between people and the quality of the product are connected through recognition of the role played by skilled workers with high levels of expertise and craftsmanship leading to superior quality products (van Ittersum et al. 2003). The perception of Scottish people having the expertise and skills necessary to make the high quality products associated with Scotland has been established previously as an important component of Scotland’s image. This is emphasised by several of the interviewees (Table 6.10).

Table 6.10: Quotations illustrating the brand values of ‘expertise, craftsmanship and handcrafted’ in Scottish premium/luxury brands

‘Craftsmanship’ Dimension - Evidence from Interviews
<p>Q6.25 <i>“We take our time, checking each stage by hand, personally ensuring only the highest quality...” (Company C0)</i></p> <p>Q6.26 <i>“We operate at that luxury premium end and the way that we do that is by the handcrafting nature of our product”. (Company N)</i></p> <p>Q6.27 <i>“It’s become synonymous as a seal of hand crafted, traditional...”(Company Q)</i></p> <p>Q6.28 <i>“Real people doing something. Real crofters picking. Hand effort... You can have craftsmanship in food and drink”.(Company F)</i></p>

Company D refers to *“traditional skills and expertise perfected over 209 years”* and Company A to their *“skilled, long serving, local workforce”* which *“makes quality better”* and is *“fundamental to the company”*. The MD of Company N when explaining how his brand has established its position as premium/luxury emphasises how *“we had to be true to our homemade handcrafting values”*.

Q6.25 in Table 6.10 refers to the care taken by Company C in producing whisky of the highest standard and this is given more credibility by endorsement by an external source (Beverland 2004). An independent writer on whisky, refers to Company C's distillery as a place *'where old values are practiced and not so much preserved but actually cherished'* (www.benromach.com/Distillery-J-Murray.html)).

Similarly in the textiles/cashmere sector, Company U is mainly recognized for:

"creating knitwear-focused collections and playing with techniques such as hand-crocheting in a bid to showcase the know-how of the brand's Scottish factories and workshops".

and in the Toiletries sector:

"It's handcrafted. They know it's not off a production line...That's what people appreciate. All our soap is hand wrapped. All our tags are hand stamped. We don't print on our luggage labels, we hand stamp, everything. Every individual bar is hand tied. Everything as much as possible is done in front of the customer and hand done, not by machine on a production line. Yes, that's what they appreciate, definitely" (Company T).

Craftsmanship involving high levels of hand processing can however have a negative side in terms of added manufacturing costs, particularly as discussed previously, in the textiles sector where the competitiveness of Scottish companies in global markets is being threatened by uncompetitive pricing due to their higher production costs.

The next theme to emerge from the interview data is closely linked with associations made between the brand and the people.

6.2.4 Association with place

The concepts of country image, product country image and place image have been explored in Chapter Three (Table 3.4) and it is clear from the extant literature that consumers' perceptions about countries or places and their associated products influence their attitudes and preferences towards these products (e.g. Kaynak and Cavusgil 1983; Roth and Romeo 1992; Papadopoulos 1993; Askegaard and Ger 1997; Allred et al. 1999).

The role played by COO in luxury brand identities is a key objective of this study and the results from stage one have already indicated that the place of origin is important to participating companies. The interview data confirms this finding by providing further evidence of the value to brands provided by references to place of origin. The later sections in this chapter will examine the importance of COO compared with other identity dimensions and the strategic benefits derived from embedding a COO

identity, so at this point, the discussion will focus on justifying the inclusion of association with place as one of the dimensions which contributes to Scottish premium/luxury brand value.

In accordance with stage one findings, linking brands with Scotland is achieved in many cases by direct reference to either the country or to Scottish place names. From the interview sample, four companies include Scotland in the company/brand name and a further three include their specific place of origin in the company/brand name. That these choices are deliberately made to differentiate brands by linking with positive Scottish imagery is attested to by Q6.11 in Table 6.31.

“We did a lot of research on that...we researched that more than anything and it was very clear that x of Scotland was a very strong brand and that’s what we should go with”. (Company L)

“...the Scottishness runs throughout everything. It’s quite clearly a product of Scotland – not hidden on a back label in small print”. (Company A)

From the questionnaire results in 5.4.3(iv) it is clear that COO in its original sense as place of manufacture on the product label (Papadopoulos 1993), is used by the majority of companies who manufacture all or most of their product in Scotland.

Table 6.11: Quotations illustrating the brand value of ‘association with place’ in Scottish premium/luxury brands

‘Association with Place’ Dimension - Evidence from Interviews
<p>Q6.29 <i>“The whole malt whisky story is to do with, there’s something behind the brand, there’s a story to tell. There’s a place it comes from, there’s a place that people can visit, there’s a lot of information available”</i> (Company C)</p>
<p>Q6.30 <i>“But anything with bottled in Scotland on it is positioned higher than that, there is a definite distinction –it’s been done in Scotland, it’s been taken care of. It’s gone through the process in Scotland; they know what they’re doing. That’s what the consumer perceives”.</i> (Company Q)</p>
<p>Q6.31 <i>“We obviously think that Scotland is important because we changed our name to brand x of Scotland and we’re launching our new crisps as brand x of Scotland. So we think Scotland is very important. Scotland is about quality products, good welfare, premium type products. We’re not into tartan – just the word Scotland that’s all we feel we need and that portrays the image we think we want to be known as.”</i> (Company L)</p>

The first two quotations in Table 6.11 (Q6.29 and Q6.30) emphasise the value of Scottish origin in the high end malt whisky market. Association with the country alone is however not in itself sufficient in this particular market. In the same way that ‘terroir’ defines the luxury wine market (Beverland 2006; Bruwer and Johnson 2010) the location of the distillery which has a major impact on the sensory qualities of the

final product is a core brand attribute for malt whisky brands as explained in the following passage;

“And in the international market, although Speyside and ‘Made in Scotland’ is good, they want to know who exactly the distiller is, and where exactly. So whisky of particular place is more important and that is one of the reasons why malt whisky is doing well. Not just because it is a more premium product. What they offer is a psychological benefit in specificity of place. Glenmorangie of Tain, Jura etc.” (Company F)

Associations with place as country i.e. produced in Scotland, is very important as an identity dimension (Table 6.11 Q6.30), *“People are now much more interested in the provenance. They want to know where it comes from”* (Company S). For some companies place often needs to be more precisely defined as explained by the CEO of Company F:

“So what’s the proposition in our case that makes it premium?...one is, everything is from a very specific place. Not a general place but right down to a bit of a hillside, a bit of the Black Isle, a bit of this, a field where the barley comes from....specifically where we pick this...so right on in”.

The importance of the added value derived from region of production is seen in the recent regulations which give legal protection for whiskies produced in specific locations (OPSI 2009). Malt whisky brand names, as discussed previously, most frequently incorporate the distillery name.

Consistent with findings on Scotland’s image from the first research stage, colour from the landscape is identified as an important signifier of Scotland and consequently important in creating a Scottish brand identity. The association between colour and Scottish origin is made by several interviewees, particularly those in the art/design based sectors. Colour is used to evoke the Scottish landscape as exemplified by the following passage;

“It’s all about colour for me and all about materials. It’s from that background that I approach it. And I live here in the Highlands where the light is extraordinary and in the most incredible landscape and so inevitably I’m influenced by the colour...of the landscape, the agricultural land which constantly changes, that’s a major influence”. (Company S)

In elaborating on how their brand is differentiated Company K, a jewellery company, cite design as the key factor, with colours sourced from the surrounding landscape forming an important component *“Design is all around us, the colour of the sea...We’re trying to say something about the place we live in. We’re reflecting on...the colours round about us...”* In the textiles/cashmere sector, the Scottish colour palette is an important vehicle for conveying a contemporary image, *“the weaving, the colours, the way she puts it together actually says Scotland in the right*

way”. (Company K about Company S). Colour differentiates Scottish textiles and encapsulates the essence of the Scottish ‘brand’ and is used as a marketing tool by individual companies and by government/industry groups e.g. Scottish Enterprise Textiles Forum in international showcase events.

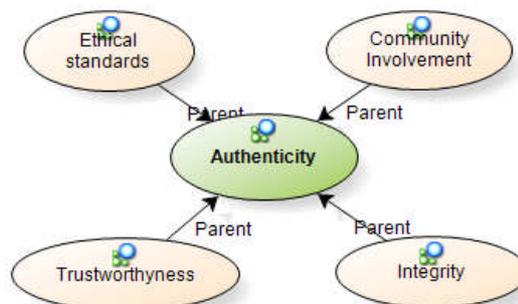
“100% made in Scotland...We use it in everything we do and say our slogan is ‘The Colours of Scotland’. The textile exporters going to New York (for Tartan Week) used that slogan, but we’ve used it for years. You can see from our shade cards which we send out every year to customers. We push that. Scottish identity is...wonderful marketing...” (Company O)

Having established that associations with place have been identified as an important brand value, the role of place in the identities of the Scottish premium/luxury brands will be explored further in the second part of this chapter when the second objective is given further consideration and the third and fourth objectives are addressed. The fifth brand value of authenticity is examined next.

6.2.5 Authenticity

Authenticity has become a key brand identity dimension and positioning device (Beverland 2006; Alexander 2009), and consumers look for authentic brands and experiences (Holt 1995). The term is used here to represent the dimensions which include ethical behaviour and integrity (Figure 6.4). These dimensions resonate with Beverland’s (2005) concept of authenticity which describes brands which *“appear to be committed to values that are above commercial considerations”* (p.1008). Through the associations with high quality, craftsmanship, heritage and place Scottish premium/luxury brands already meet three of Alexander’s (2009) six attributes of authenticity, with the fifth, *“downplaying commercial motives”* (p.558), being covered in this section (the remaining one is stylistic consistency).

Figure 6.4: Component dimensions contributing to the authenticity theme



Different terminology to define similar dimensions is evident in the luxury branding literature. Moore et al. (2006) use the term brand authenticity to cover a number of dimensions, including craftsmanship and COO. They identified brand authenticity as

an important positioning device for luxury fashion brands, reinforcing the brand's status and price premium and providing competitive advantage, also distinguishing/protecting it from copy-cat/counterfeit activity. Interviewees in this study recognised authenticity as part of their brand identity related to the dimensions illustrated in Figure 6.4. These dimensions focus round issues relating to their values and views on corporate social responsibility and what they see as the integrity and trustworthiness of their brand, elements which have previously been identified as being core to images of Scottish products and Scottish people (Figures 5.27 and 5.28). The quotations in Table 6.12 serve as evidence of some of the different ways in which interviewees expressed authenticity.

Table 6.12: Quotations illustrating the brand values relating to 'authenticity' in Scottish premium/luxury brands

'Authenticity' Dimension - Evidence from Interviews
Q6.32 <i>"I think the value is being true to our origins and true to our culture that we've grown up with as a business and as a family." (Company N)</i>
Q6.33 <i>"but it's got to be genuine, you've got to be able to demonstrate and be absolutely transparent about it" (Company F)</i>
Q6.34 <i>"Personal guarantee, absolutely right, we put on a guarantee that we use only the finest. Lots of things are high quality, but does anyone else guarantee it" (Company A)</i>
Q6.35 <i>"yes certainly the quality of it but trying to stick to something that's Scottish, because it's a good selling point, because I like the fabrics, but also because it's more environmentally friendly as well." (Company P)</i>
Q6.36 <i>"Definitely, the environmental side is very important" (Company L)</i>

The separate components from Figure 6.4 are discussed in the following sections.

6.2.5(i) Ethical Standards

Consumer awareness of ethical and global trade issues has increased over the last ten years resulting in heightened interest regarding the ethical attributes of products (Mintel 2004b; Szmigin et al. 2007). Interviewees recognised that communicating their ethical credentials is increasingly important, demonstrated by the last two quotations in Table 6.12 and in the following statement made by the MD of Company D:

"Globalisation has given companies massive power, but with power comes responsibility... When you know where things come from, when you look at the cost of getting goods to market, air miles, then you look at the pollution in China. I would say that is an area which will play in our hands. We are best practice in Scotland, we have a clean environment, we're getting cleaner all the time and we should push that along. It will become a major product."

The image of Scotland's natural environment (Figure 5.26) as clean, beautiful, unspoilt, natural etc. and of Scotland's people (Figure 5.28) as honest, ethical, reliable etc. is recognised as a major advantage and opportunity for Scottish premium/luxury brands in terms of their ethical credentials, as attested to in the above passage.

6.2.5(ii) Community involvement

Relationships between Scottish premium/luxury companies and their local community were important, and were manifested in different forms. These included support for local charities and community groups and sponsorship of local events. These connections were not directly emphasised:

"Part of the proposition, part of the values has to be about sensitivity as well. Let it be glossy, glorious and indulgent. Dig a bit more, they'll get the connection and the relationships...and all the rest of it, but let them find that out for themselves. The positive feel good that you get, as a psychological benefit...when you realise that we do all these things and that it wasn't shoved down your throat is much better". (Company F).

Independent validation of this approach was found in a secondary source where. Company F was referred to as an *"ethically and spiritually sound company"* (McDonnell 2006).

Commitment to the local community was seen in a number of cases, particularly with regards to providing local employment:

"...because of the scale of the company. We're not a big company at the moment. I don't need to manufacture abroad. I would like to continue manufacturing here because rather like brands x and y – we're very small compared to them, but companies like ours in the Highlands are very important. We employ quite a lot of people and we also attract people to the area, to the shop. Jobs are scarce...people want to live here and work here. So it is important...We've had to work very hard to make that work. It's not easy, this far north. Finding people with the skills and the experience...but it's worked, and it will carry on". (Company S)

6.2.5(iii) Integrity and trustworthiness

Beverland (2004a) used the term product integrity as an overarching theme which combined sub categories including *"product quality"*, *"attention to detail"* and *"credibility"* (p.453). The first two have been covered earlier under the theme product quality, but credibility, interpreted in terms of integrity and trustworthiness is considered as relevant for inclusion in the authenticity theme. Integrity is linked with continuing to manufacture in Scotland, *"an essential part of brand integrity is to grow brand x from the roots up"* (Company U). Interviewees overtly or by implication also downplayed open exploitation of their premium status and focussed on the importance of integrity and honesty *"of product, brand, packaging, company."*

Methods of operating and business dealings” (Company A). *“You can’t fake it. You absolutely can’t fake it”* (Company F). Scottish premium/luxury brands benefit from associations with images of trustworthy Scottish people as established from stage one results and expressed in the following passage:

“That idea of the dour Scot, whiles it might not be as likeable sometimes as a gregarious Irishman, it’s trustworthy. I think there’s a lot of trust in Scotland. That’s what I find and I think there is a trust in the brand of Scottish products and the goodwill that goes with that” (Company M).

6.2.6 Brand communication

Beverland (2004a), Moore and Birtwistle (2006) and Fionda and Moore (2009) included marketing or marketing communication as components of their respective luxury brand models. They identified different types of marketing activity depending on the product sector being studied i.e. wine or fashion. Because of the diversity of product sectors and company characteristics in this study, a variety of marketing practices have been identified which communicate brand identity.

6.2.6(i) Endorsement

Many of the companies convey prestige through membership of elite organisations e.g. three are Walpole Group members (an organisation which promotes, develops and represents the British luxury industry – www.thewalpole.co.uk); seven have Royal warrants (granted to people or companies who have regularly supplied goods or services for a minimum of five consecutive years to The Queen, The Duke of Edinburgh or The Prince of Wales - www.royal.gov.uk); one is a member of the Scottish Cashmere Club (5.2.2).

“That’s why we’re happy to get involved with something like the Walpole Committee, anything we do to reinforce the positioning of our brand is important and you’ve got to keep working at it”. (Company A)

Several companies have been endorsed by external systems (Beverland 2004a) winning prestigious industry awards or receiving accolades from independent journalists; two food companies manufacture for the Duchy Originals label (a natural, high-quality organic and premium products brand endorsed by HRH The Prince of Wales - www.duchyoriginals.com); and two textiles/cashmere companies carry out third party manufacturing for couture houses e.g. Hermes and Chanel. These endorsements reinforce perceptions of high quality and integrity in the domestic and international markets.

Other companies have formed relationships with the artistic community e.g. Company U who *“are thrilled to showcase David Shrigley’s fresh approach and to*

support Scottish visual art and design". Links with celebrities have become part of company heritage e.g. "a cachet that once made its jumpers the choice of Hollywood starlets such as Grace Kelly" (Wood 2010) or relate with contemporary celebrity clients and sponsorship arrangements. Examples include relationships between Scottish premium/luxury brands and film celebrities e.g. Tilda Swinton, sports celebrities e.g. Andy Murray and Colin Montgomerie, sponsorship of the Scottish Fashion Awards etc. In the textiles/cashmere sector strategic alliances have been made between companies and 'in vogue' designers. Recent examples reported in the media are Christopher Kane with Johnstons (www.drapersonline.com) and Kostas Murkudis also with Johnstons. He is reported as saying:

"It is a pleasure to work with a traditional company. It felt quite natural to me to use and play with the rich heritage of Johnstons and logical to scan the light and landscape of Scotland and translate it into colours and surface" (Boss 2009).

Deryck Walker has collaborated with Harris Tweed Hebrides and Holland and Sherry (Bowditch 2010). All of these relationships reinforce brand identities which convey quality, prestige and exclusivity (Kapferer and Bastien 2009).

6.2.6(ii) Marketing

As articulated by the CEO of Company N, "*Communication is the key issue...one of the things in the strategy is to communicate who we are*".

"...customers who are buying a bit of Scotland, they're buying into this dream. Great but what is a dream. It can't be a mirage; the actual product has to be tangibly good and different. Our job is to create the dream, good marketing but with an excellent product behind it. Then you've got a formula to build on the reputation, the brand". (Company D)

Different types of marketing were used depending on the industry sector. For example, the whisky sector uses experiential marketing in the form of tutored whisky tastings in key global markets to communicate new expressions of the brand. These are led by high profile brand ambassadors for invited members of the press and connoisseurs. This sector is also active on-line with numerous websites targeted at whisky collectors and blogs/podcasts such as Whiskycast.com.

Brand 'stories' featuring people and place, often linking brands to the past, are frequently used in web sites and in advertising. As found by Beverland (2004a), firms took advantage of "emergent situations" by exploiting external endorsement of their product e.g.

"it's in the Ritz; it's sold to very upmarket outlets..."Queen Victoria drank the water.

She wrote about it in her Highland journals. Famous visitors. The Scottishness, the rolling hills, the remote location. All of these kinds of things, all of that adds to the story” (Company E).

Controlled distribution is a key requirement for achieving exclusivity (Bruce and Krantz 2007) and this was recognised by interviewees. *“The retail experience has to be excellent to make it luxurious” (Company G).* Most companies use controlled distribution to protect the brand’s integrity (Moore et al. 2006) as exemplified by this passage:

“...it’s the provenance, of the product. Where it comes from, how it is produced. And where it is sold as well, because a luxury/premium brand has got to be sold along with others and you have to protect the brand by being identified with other products in the same category” (Company D).

Twelve of the twenty one companies have their own retail stores where their brands are showcased, of these, five have monobrand stores.

“We stopped wholesaling completely. It’s only possible to buy x brand from an x brand shop. That’s deliberate. We felt that other people...it’s very easy to make x brand look awful. We found it could be displayed with all sorts of other tartan rubbish and I’m afraid what happens is it lowers the tone. In a shop, the product mix, the level of a shop is determined by the lowest common denominator...It’s all about presentation, how it’s displayed is important to us. Also it makes it much more exclusive. You can’t get it everywhere (Company S).

Of these, the one luxury fashion retailer in the sample (Moore and Doherty 2007) has two flagship stores in London as well as in Hong Kong and Tokyo with stores planned in New York, Paris and Milan (Kozinets et al. 2002). Other main distribution outlets which also reinforce exclusivity are in-store-concessions, or wholesale agreements in high level department stores, small specialist shops, or duty free and travel retail outlets. Kudos is gained from associations with these exclusive distributors, particularly internationally. Getting into the right outlets is a priority for Company U.

“We’ve got concessions in stores where we shouldn’t be and some where we should be but they are not good enough. My priority is to attract the buyers in the stores which matter – those at Bergdorf Goodman, Neiman Marcus, Corso Como, Colette, Harvey Nichols, Selfridges. These are the stores where brand x has to be”.

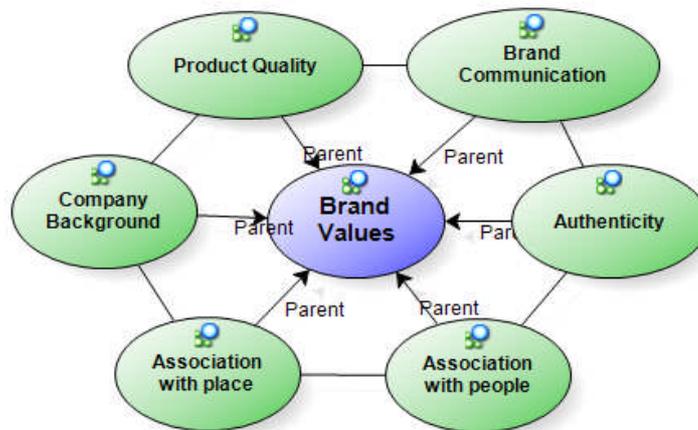
For the whisky sector in particular, in addition to these distribution channels, visitor centres are an important part of marketing strategy. Also for the whisky sector and for a number of companies in other sectors, the internet is an important distribution and/or communication channel (Okonkwo 2009).

These and other communication processes will be analysed further when addressing the third objective on communicating Scottish COO.

6.2.7 Summary of the dimensions of Scottish premium/luxury brands

The key brand values identified from interview data (Figure 6.5) share several common elements with those identified in Beverland's (2004a) work on luxury wines (product integrity; value driven emergence; culture; history; marketing; and endorsement) and with Moore and Birtwistle's (2005) model of luxury fashion branding (product integrity; iconic products/design; flagship stores; premium pricing; culture/heritage; marketing; endorsement).

Figure 6.5: Brand values representing the brand dimensions of Scottish premium/luxury brands



The key themes represent an integrated system of six dimensions, all of which can be related back to the image of the place of origin (Figure 5.24). Depending on the industry sector, some components are more prominent than others depending on the company history, size, sector etc. For example, in the whisky and textiles/cashmere sector, company background and authenticity are more important, in the food sector associations with place of origin and with skilled people are more important. Small companies focus on authenticity, large companies which are part of global corporations focus on communicating the brand.

To illustrate how these key themes are used in the 'stories' which communicate brand identities, drawing from documentary evidence provided by the firms and from a variety of public sources, a number of 'vignettes' of selected premium/luxury Scottish brands from the company database (Appendix 5) have been created.

Figure 6.6: Company vignette 1

Pringle of Scotland

“For the AW 2010 collection, the Scottish moorland inspired an atmospheric palette of stone, storm cloud greys and moss. Scottish heritage was alluded to in shearling-faced leather kilt skirts, a dash of brushed plaid and traditional Celtic tabards- all without a hint of ‘Braveheart’”.

<http://blog.houseoffraser.co.uk/tag/aw10/>

“The show, staged in The Serpentine Gallery, also marked a major collaboration between Pringle, celebrating its 195th anniversary, and the gallery, with variations on the classic twinset and the famous “Argyle” pattern, done by various artists and celebrities”.

<http://www.telegraph.co.uk/fashion/london-fashion-week/7298394/Pringle-of-Scotland-autumnwinter-201011-collection.html>



Extracts from reviews of the Autumn/Winter 2010 catwalk collection of Pringle of Scotland in the first vignette (Figure 6.6) recognise the Scottish reference sources used by the designer Clare Waight Keller. These include associations with place in the brand name, in the form of colours inspired by the landscape and associations with traditional items of Scottish clothing including the kilt. Authenticity is recognised by disassociating the collection from stereotypical Scottish imagery as communicated in films such as Braveheart. Company heritage (company background) is acknowledged in referencing the twinset and the Argyle pattern, both of which have been brought into a contemporary context. The types of collaborations that Pringle are forging with the art world (associations with people) make important connections designed to increase brand recognition and differentiate the brand (brand communication).

This strategy by Pringle of Scotland to associate the brand with celebrities and artists is further illustrated in the second vignette (Figure 6.7) which shows the Spring/Summer 2010 advertising campaign featuring the Scottish actress Tilda Swinton photographed by Scottish photographer Ryan McGinley in the Scottish Highlands. Scottish artist Douglas Gordon features along with Tilda Swinton in the Autumn/Winter 2010 campaign. Third party endorsement of the quality of the brand (product quality) is provided by displaying the Royal Warrant in the advert.

Figure 6.7: Company vignette 2



Pringle of Scotland

“Since the empyreal Tilda Swinton appeared in Pringle of Scotland's spring 2010 campaign, shot by art photographer Ryan McGinley, we've mused over how it would ever reach the same artistic heights again.

As luck and a new season would have it, **the A-list actress is now set to star in Pringle's autumn 2010 campaign alongside award-winning artist Douglas Gordon.** As well as a Turner Prize (1996) and various other accolades under his belt, Gordon is also a contributor for Pringle's *195 Collaborations Project*, a celebration of 195 years of Pringle heritage. Together they designed a collection of limited edition twinsets that debuted at London Fashion Week”

<http://www.harpersbazaar.co.uk/Fashion/Tilda-Swinton-for-Pringle-of-Scotland/buzz>

Another example where strong links are made between a Scottish heritage brand and a contemporary ‘celebrity’ is the collaboration between Johnstons and the Scottish designer Christopher Kane illustrated in the next company vignette (Figure 6.8). This collaboration supports brand values which relate to product quality, company background, authenticity and associations with people and place.

Figure 6.8: Company vignette 3



Johnstons
Since 1797

Christopher Kane's cashmere jacket...already has waiting lists...at Browns, Dover St and Harvey Nichols. Created in collaboration with Johnston's cashmere, which is produced in Kane's native Scotland. "There's no one else who I would want to do cashmere with - Johnston's has an amazing quality of cashmere and it is an honour to work with them," Kane adds. "They are open to pushing the boundaries of knitwear and we are developing new techniques, as recently seen in the autumn/winter 2008-9 collection".

<http://www.vogue.co.uk/news/daily/2008-02/080220-smash-hit-kane.aspx>



Scottish references are accentuated. Kane endorses the quality of Scottish cashmere, the skills of Johnston's workforce and their ability to innovate and work at the cutting edge of design. The results of the collaboration are limited edition luxury products sold only in the most exclusive fashion retail outlets, where demand outstrips supply. This enhances the reputation of both parties, which in the case of the Johnston's brand means that their 'story' as a Scottish manufacturer of luxury items of the highest quality is given legitimacy by an influential third party endorser (brand communication).

Figure 6.9: Company vignette 4

Anta

...take true Scottish design and make it just right for today. Using only natural materials and traditional skills they create unique furnishings. Anta's Balloneware is the original tartan tableware designed by Annie Stewart and handmade in Scotland. Anta's throw collection features tartans, tweeds, tonal checks and plain wools woven in colour combinations inspired by the beauty of the Scottish landscape. The throws are woven in merino lambswool, lambswool and cotton, and lambswool and silk. Wool is sourced from Scotland and all designs made locally.

<http://www.thehousedirectory.com/view.php?company=222>



The company vignette featuring Anta (Figure 6.9) reinforces associations with place where traditional skills result in the creation of contemporary tartans. Here, one of Scotland's iconic symbols is reinterpreted, resulting in homeware items which resonate with the colours of the Scottish landscape. Product quality and associations with the people who handcraft the products are emphasised. In combination, these help define and reinforce the brand identity of a luxury brand delivering products of the highest quality which reflect Scottish identity in a contemporary way (brand communication).

Figure 6.10: Company vignette 5

Mackie's Of Scotland

Vision

is to be a global brand from the greenest company in Britain created by people having fun.

The main elements in our vision are

- to build our brand and increase export (which includes England and the rest of the world),
- to look after our environment and continually reduce our carbon footprint (leaving nothing behind except ice cream)

Our People

Mackie's business owes its success to the people working here – a loyal, flexible and energetic workforce who all help us carry out the varied tasks which enable us to keep making ice cream - and join in the challenge to do that and have fun.

www.mackies.co.uk



The company vignette featuring Mackies of Scotland (Figure 6.10) using information sourced from the company website demonstrates brand priorities which encompass global ambitions and ethical credentials. The importance of associating the brand with people is also emphasised by focussing on three generations of the Mackie family and on their loyal and dedicated workforce. Their identity is of a company where “*people have...fun*”. Association with place of origin is made through the brand name and by reproducing images of the farm and the rural setting on the website.

Figure 6.11: Company vignette 6

Glenmorangie

The Signet is crafted from Glenmorangie's archive of ancient whisky with the oldest dating back to 1974. The whiskies employed in its creation derive from aging in ex-bourbon barrels, olorosso sherry casks and virgin 'slow growth' designer casks. Glenmorangie uses Single Estate Cadboll barley that is only produced two weeks in a year in fields overlooking the shore of the Dornoch Firth.”

“Glenmorangie Signet is a unique innovation in whisky creation. An extraordinary marriage of rare high roast malt...and maturation in bespoke casks delivers an outstanding whisky of unprecedented style and taste”.

http://www.drinksdirect.co.uk/acatalog/Glenmorangie_Signet.html

<http://www.crownwineandspirits.com/p-1696-glenmorangie-signet-scotch-whisky.aspx?vid=1985>

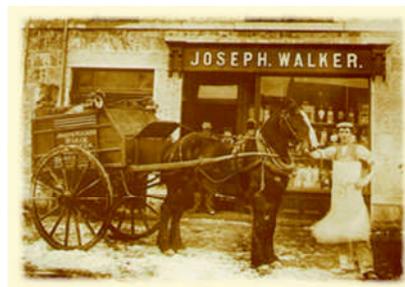
<http://fluidalchemy.wordpress.com/2009/09/11/glenmorangie-signet/>



The vignette which features Glenmorangie Signet (Figure 6.11), compiled from independent reviews from a range of websites, attests to the luxury credentials of this whisky expression. Inviting the press to tutored tastings is a common form of marketing used in both the whisky and wine sectors (Beverland 2005; 2006). By blending different ages (up to thirty six years old) and different cask treatments in an innovative way, produces a distinctive whisky of the highest quality (product quality). Associations with place are evident by identifying the location of the specific fields where the barley is grown. The use of vocabulary such as 'single estate' emulates that used in marketing communications in the luxury wine sector (Beverland 2005; 2006). Other sources (not used in the vignette) where this whisky has also been reviewed, refer to the influence of LVMH on the luxurious design of the packaging.

The last vignette (Figure 6.12), which uses information about the Walker's brand sourced from the company website, emphasises associations with heritage (company background) and the continuing influence of the founder (people) to produce products of the highest possible quality. Modern manufacturing techniques in state of the art new factories are deliberately not referred to; rather references are made to the continued use of traditional production methods where original recipes are perpetuated.

Figure 6.12: Company vignette 7



Walkers

In 1898 our great grandfather, Joseph Walker started out with the mission..."**To make the world's finest shortbread.**"

To this day we carry forward this tradition of baking the finest shortbreads, biscuits cakes and oatcakes, using his original recipes.

While our selection has expanded considerably since the 19th century, every variety of shortbread is still produced with the same philosophy in mind – using traditional baking methods with no artificial flavourings, colourings or preservatives in sight.

<http://www.walkersshortbread.com/home>

This resonates with one of the dimensions of authenticity identified by Beverland (2006) where commercial realities are downplayed in order to support the identity of a company steeped in heritage, following traditional practices perfected over time.

Associations with people are made via references to the founder, a family member, and to workers producing handcrafted bakery items.

6.3 THE ROLE OF COO IN LUXURY BRAND IDENTITIES

Of the three research questions relating to the second research objective (Table 6.1) this chapter has so far focussed on RQ3 'What are the identifying dimensions of Scottish premium/luxury brands?' Country of origin, referred to as association with place, is one of six dimensions of Scottish premium/luxury brand identity. It has been established from stage one results and in this chapter that COO is an important dimension. It has yet to be established exactly what the motivations are for projecting a COO identity, what the benefits are of a COO identity and whether or not these are standard across all companies. The remainder of the chapter thus focuses on COO and its role and function in luxury brand identity (RQ5) and on how contextual factors influence the value and use of COO (RQ8) and its communication (RQs 6 and 7)

A range of views on the role and importance of COO have emerged from the interview data. These will be examined in this section, identifying first the motivations for using a COO identity, then examining the factors which determine its importance in different contexts, particularly in relation to the other brand values which have been identified. These are both areas which have been relatively neglected in the literature where the advantages of using COO associations from the producer perspective have not been delineated.

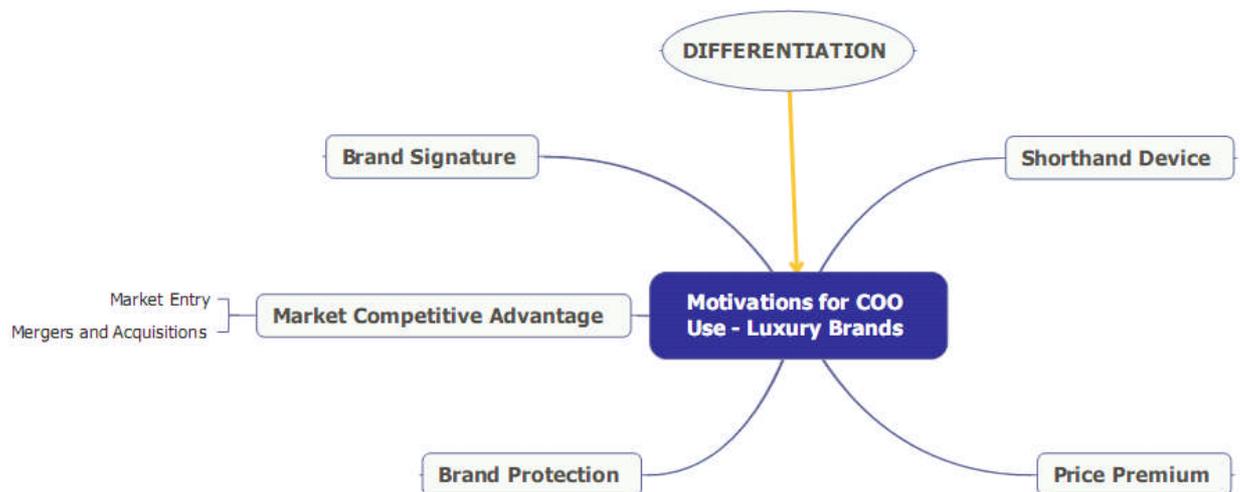
Keller et al. (2008) in the branding literature links COO with the brand through the generation of secondary associations and recognises that some brands use this as a differentiating strategy where there are strong links between brands and countries/places. The COO literature consistently demonstrates that the main associations made between the COO and brand act as a halo effect (Bilkey and Nes 1982; Erickson et al. 1984; Han 1989; Shimp et al. 1993) where positive feelings towards a nation's image transfers to brands from the country, thus influencing perceptions towards the brand (Han 1990). The effectiveness of these associations depends on successfully exploiting links to;

- the social norms, and values of target markets;
- feelings of affiliation;
- position and prestige (O'Shaughnessy and O'Shaughnessy 2000).

Interview data was examined to identify the motivations for using COO associations in premium/luxury brand identities. Content analysis was carried out and six key

themes emerged from the application of NVivo 8. Relevant passages from transcripts were coded into these nodes. In addition to differentiation, a further five motivating factors for incorporating COO in company/brand identity were revealed (Figure 6.13). Each theme will be discussed in turn, illustrated by evidence from interview transcripts.

Figure 6.13: Themes representing the motivations for using COO in luxury brand identities



6.3.1 Differentiation

The pre-eminent motivation for using associations with COO is as a means of identification and differentiation from competition e.g. Scotch whisky, Harris Tweed (Hanby 1999). Brands can create a strong point of difference on the basis of their identification with a COO (Keller 2003a). The COO identifies and differentiates the product for target groups of consumers e.g.:

- Scottish consumers (who want to support local companies for environmental, ethnocentric, patriotic reasons);
- Tourists/visitors to Scotland (who want a souvenir which has been manufactured in Scotland);
- International consumers (including in Scotland's case, its diaspora and expatriates)

(The Scottish Government 2009a)

"People are making more of it. Land has its own characteristics. The eighties were all about beautiful glossy brands, the highpoint of luxury, but it was detached from origin. Now, with food and drink scares, general distrust of corporates...and also a degree of regulation about wanting to have traceability, the organic movement...all of this is around where things come from...That, and the transference of who, are the biggest trends we see across everything. Absolutely massive. People ignore this at their peril". (CEO Company F).

This strongly held conviction, that consumers are paying much more attention than previously to the provenance of luxury products is supported in the next passage:

“They’re asking that. It’s not the first question, but it’s coming higher up than it used to. Maybe question number 3 or 4 now whereas it was a question that people didn’t ask before” (Company S).

Beverland and Lindgreen’s (2002) finding that COO was used as a valuable differentiation strategy in international markets is supported in this study where participating companies believe that the sense of place communicated by their ‘Scottishness’ gives them important advantages over their competitors by associating with favourable feelings and images. *“The Italians come here and are very envious of the advantage we have with ‘Made in Scotland’* (Company D). This is particularly relevant in the luxury market where COO clearly differentiates brands compared with those from low cost producing nations. In Scotland’s case this differentiation is particularly apposite for the premium/luxury whisky and textiles/cashmere sectors both of which are experiencing increased competition from lower cost competitors. As well as being pursued at individual brand level, COO differentiation is supported at national level e.g. by Scottish Enterprise and by industry groups such as the Scotch Whisky Association, Quality Meat Scotland and the Scottish Cashmere Club. The literature does however caution firms on how they use COO images, and their reliance on them for differentiation in the market (Heslop and Papadopoulos 1993) particularly in generalist as opposed to specialist markets (Beverland and Lindgreen 2002). Evidence which supports this view is from Company J who operates in the prepared foods mass market, albeit at the premium end. In the early history of the company (which is nearly 150 years old) Scottish identity was a key part of brand identity and an important differentiating device, with tartan and Scottish symbols featuring on the packaging. These direct references have all but disappeared, apart from on a small number of products based on traditional Scottish recipes. Scottish associations are still part of the brand identity, but differentiation by direct COO referencing is no longer considered to be relevant when communicating the brand identity. Associations with the founding family are now considered to be more important. The President of Company J made the comparison with a neighbouring company of similar age and global reach who has retained and even enhanced the use of Scottish identity, reasoning that in their specialist market (where shortbread is the principle product) *“Scottishness works”*. Although COO is no longer communicated directly on the packaging as it once was, it is clear that Company J have a strong commitment to Scotland. They are proud of their Highland heritage,

but they feel that *“being Scottish is a strong but secondary factor after offering value to consumers and retailers”*.

6.3.2 Shorthand device

Brands have been shown to function as shorthand devices and risk reducers (Table 2.3) facilitating information processing and speeding decision making (Sheth et al. 1991; de Chernatony and Dall’Olmo Riley 1998). In the COO literature, claims are made that national images influence the consumer decision making process, acting as a risk reducing device when making decisions on product quality or status acceptability (Heslop and Papadopoulos 1993; Verlegh and Steenkamp 1999; Kinra 2006). Secondary associations which arise from knowledge about a country, its people and/or its products are an important means of reinforcing brand value (Keller 2009). The brand values of premium/luxury brands in general and Scottish premium/luxury brands in particular have been identified and discussed in Chapter Two and earlier in this chapter. Many examples of the types of associations made between selected elements of Scottish identity and brand identity which reinforce these brand values have already been reported. The following passage gives a flavour of Scotland’s image and its impact;

“There is an assumption, still even at the younger level that ‘Made in Scotland’ isn’t tat, you know there’s Scotch whisky, Scottish food, Scottish hospitality, Scottish air, all those things, are intangible influences on why ‘Made in Scotland’ is important”(Company D).

To be of real value in influencing the decision making process by functioning as a shorthand or risk reducing device, national images must either result in increased liking for products based on favourable feelings about the country (affective) or tap into beliefs regarding the match between the country and the product category under consideration (cognitive) (Verlegh and Steenkamp 1999; Kleppe et al. 2000; O’Shaughnessy and O’Shaughnessy 2000; Verlegh 2007). Consumers build up their images of nations over time and then use these images as shortcuts when making buying decisions.

In order to stimulate the likeability heuristic, either the nation as a whole must have a positive image, or attention has to be directed towards particular aspects of the nation’s image which are meaningful to the target market. As has been demonstrated previously, in the case of the luxury market, these would include associations with culture and heritage, craftsmanship, quality, exclusivity etc. as well as with social values such as prestige, integrity or patriotism. In Scotland’s case the nation does appear to have an overall positive image and this has been explored in previous

chapters. Several examples were given in 3.7.2 where Scotland was said to ‘punch above its weight’ in terms of its image in international markets. This view is supported by interviewees who mainly agree that Scotland has a strong, positive identity based on associations with beautiful remote landscapes, history and tradition, all of which resonate with premium/luxury products of the type produced in Scotland.

Scotland’s premium/luxury brand producers also benefit from the concept of ‘dream longing’ applied in the COO context by O’Shaughnessy and O’Shaughnessy (2000). This is where people invest their desires into buying a piece of what they believe to be their dream world. This is recognised as a key part of luxury buying behaviour in general (Kapferer and Bastien 2009) but such is the nature of Scotland’s image, promoted by Hollywood films (e.g. *Brigadoon*, *Braveheart*), as being steeped in romance and beauty that luxury brand producers can tap into these ‘dream longings’ as part of their brand identities. That this is recognised by Scottish premium/luxury brand producers is demonstrated in these passages:

“Made in Scotland’ is for our product HUGELY important. Yes, we’ve had the debate; OK x brand ‘Made in China’...what people are buying into is a dream with our product. Cashmere is a bit of a dream. They’re saying ‘where does the best cashmere come from?’ ‘it comes from Scotland’. Why is it the best? Well it’s finished it’s dyed it’s designed in a special way it has a great longevity... That’s what it’s about” (Company D).

“Yes what I always say is that we’re not selling a pack of x; we’re selling a piece of Scotland’s heritage. And have to treat it as that” (Company A).

Thus to fully benefit from using COO as a shorthand device for tapping into favourable feelings (affective) about the country and by association its products, when forming relationships between a luxury brand and the COO, care is necessary to trigger the most appropriate fragments of national imagery for the brand identity (O’Shaughnessy and O’Shaughnessy 2000). Scotland’s image is perceived as being positive and likeable and taps into experiential values associated with romance and heritage and as such is a valuable asset.

Moving on to the value of COO as a shorthand device which triggers associations with cognitive beliefs about a country and its products, the match between the two has been variously referred to in the literature as product-country matches by Roth and Romeo (1992), reputational capital of the nation by O’Shaughnessy and O’Shaughnessy (2000) and product ethnicity by Usunier and Cestre (2007). Products can be linked to countries for a number of reasons including favourable environmental conditions, climate or natural resources or because of the skills and knowledge relating to design, manufacturing or branding (Roth and Romeo 1992).

For product categories where the nation has substantial reputational capital, the 'Made in...' label should be fully exploited as these beliefs can be more powerful than nation imagery alone (O'Shaughnessy and O'Shaughnessy 2000).

In Scotland's case, in terms of premium/luxury consumer goods manufacturing, the country has a positive product-country match between its image and the natural, cultural and technological features required to produce high quality products. Strong reputational capital/ global product ethnicity is evident in the whisky and textiles/cashmere sectors and reputational capital is also high for segments of the food production sector. Scotland's image is infused with a reputation for quality as discussed earlier in the chapter thus COO functions to reinforce the quality reputations of all of the brands in the premium/luxury category.

The reputation drivers for Scottish premium/luxury brands have been identified earlier in the chapter based around the key brand values of:

- Associations with people and place – geography, climate, craft skills;
- Company background – history, culture, traditions, people;
- Authenticity – integrity, ethical credentials, environmental sustainability;
- High quality – high production standards, small scale, consumer confidence;
- Marketing communication – awareness and knowledge.

Reputations need to be protected, and companies expressed concerns about what they saw as challenges to Scotland's international reputation for quality and authenticity, noting the damage done to Scotland's wider reputation by the banking crisis in 2008-09 and the role of Scotland's banks in it:

"the whole banking system is discredited as well. The fact that RBS and Bank of Scotland were brand names round the world which should have promoted Scotland in the past. At best they're probably not doing that, at worst they're probably discrediting the Scottish image...." (Company R).

Companies (S and P) were both highly critical of Edinburgh for allowing the proliferation of shops selling poor quality "...tartan tat'...and terribly poorly manufactured 'Scottish' goods – mostly manufactured in India" (MD Company S) to tourists. Negative perceptions of these poor quality products reflect on Scotland more generally since tartan is widely used in the international marketing of Scotland (ECOTEC 2007c).

6.3.3 Price premium

The dimension of premium pricing has already been discussed as a key Scottish premium/luxury brand value (6.2.1(iii)). Reputational capital as discussed in the preceding section is the means by which the price premium is justified. This is illustrated in the whisky sector;

“The use of the word Scotch, produce of Scotland, distilled in Scotland is vital. Scotch whisky within the whisky market worldwide is the premium; well we believe consumers will pay a higher price for it” (Company C).

Of all of the industry sectors covered in this study, results from stage one revealed that it is the textiles/cashmere producers who most recognise that they operate at the highest end of the luxury continuum, *“at the very pinnacle of excellence”* (MD Company D) reflected by their third part alliances with companies such as Hermes and Chanel. As has been noted earlier, the ‘Made in Scotland’ label is recognised as an important differentiator, linking products to associations with craftsmanship, heritage and exclusivity, all of which come at a price premium because of the higher production costs in Scotland. Retention of manufacturing in Scotland which exploits the reputational capital of the nation is considered a priority, offering *“a big advantage”* (MD Company C).

6.3.4 Brand protection

There are many instances where governments in countries which have a reputation as the source of particular products, have introduced legislation to protect that reputation (e.g. designations protecting food names such as Protected Designation of Origin (PDO)). Since luxury brands are the principle target for counterfeiters (Gistri et al. 2009) product sectors and brands which receive this type of legal protection gain government support, in the process gaining integrity and reputation.

This is evident in the Scottish case, with the legal protection provided to the whisky sector to help it maintain its premium position in world markets. The Scotch Whisky Association works with the government to protect the interests of the whisky industry around the world. The most recent Scotch Whisky Regulations (2009/ No.2890) include more stringent regulations to prevent the misleading labelling and marketing of Single Malt Scotch whisky e.g. a ban on the use of a distillery name as a brand name on any Scotch whisky which has not been wholly distilled in the named distillery and a requirement that Scotch whisky must be wholly matured in Scotland. In 2006 the SWA clamped down on one hundred million bottles of counterfeit Scotch whisky (Ray 2008) where various symbols such as tartan, heather, Highland dress

are used to denote 'Scottishness', or Scottish names such as 'Highland Blend' or 'Highland Terrier'.

"A lot of the work of the Scotch Whisky Association is protecting Scotch whisky... The Scotch Whisky Association legal department has to do a lot of work to protect that. There are examples of labels that show tartan, even examples in largish print 'label printed in Scotland' and in much smaller print it might if you're lucky say that it isn't Scottish that it's the produce of India or whatever. So there's lots of issues associated with that." (MD Company C)

Another iconic Scottish product, Harris Tweed, is protected by the Harris Tweed Association and by law has to be hand woven in islanders' homes in Harris, Uist, Barra and Lewis from virgin wool which has been dyed and spun in the Outer Hebrides. The Harris Tweed Orb symbol quality marque is one of the UK's oldest trademarks (Bowditch 2008). Similar types of origin labels *"quality controlled, just like Harris Tweed"* (Company P) with specific criteria attached, e.g. where the label certifies that specific codes of practice have been complied with; or where third party confirmation of standards has been applied; or where Protected Food Name (PFN) status e.g. Protected Designations of Origin (PDO) or Protected Geographical Indications (PGI) has been conferred stimulate cognitive responses regarding perception of quality, enhancing awareness and reputation.

Although this is valued by companies, they still make an important distinction between generic Scottish labelling and their own specific brand values. Company M clearly articulate that their brand, although benefitting from the positive associations with a Scottish quality scheme, has to stand on its own in quality terms. This company until 2002 sourced all of their products from Scotland, but now, although still sourcing the bulk of their products from Scotland, has moved *"from Scotch or Scottish to UK guarantee – that was a big jump for us"*. Their priority is to buy the best quality and to pay a premium for that quality *"so the provenance issue is probably more about honesty rather than saying I want it to be Scottish/Irish/ Welsh – I just want to be honest"*.

"So the reason why Scottish beef has such a great reputation is because of the animal husbandry, because of the breeding, because of the maturation, the slaughtering process, that farm to plate mentality which allows us to say well because of that we will take a lot of Scottish because it fits the x brand. But it's not exclusively Scottish. And these are some of the things I feel concerned about when if you rubber stamp things as Scottish its naïve. We're guaranteeing x brand, not Quality Meat Scotland". (Company M)

The level of protection afforded by the SWA and the Harris Tweed Association is not provided in other sectors where there have been major implications in terms of labelling Scottish origin. Definitions of 'place of origin' are open to different

interpretations, with the World Trade Organisation Rules stating that the COO is the place “of last substantial change” of the product which could mean that the product was only assembled or packaged in the COO rather than being manufactured there (The Scottish Government 2009a). For example in the jewellery sector, the “*Made in Scotland is so badly bandied about, there is a terrible lack of regulation by government*” (Company K). The castle hallmark is now applied to imports which meet certain quality standards, “*what they do is they put ‘designed and hallmarked in Scotland,’ nothing about where it’s made. I know a company that says the name and Scotland...There’s no law now stopping this*”. The effect on reputation is clear to the MD of Company K:

“The loser is the customer - where’s the integrity? I don’t share this with my customers, it affects their confidence, everyone’s confidence...I think it has been ignorance of the effect of deregulation, not deliberate. Not understanding the repercussions on an industry. The jewellery business in Orkney has been decimated”.

6.3.5 Brand signature

Although the term brand signature has most often been used in the context of the luxury fashion brand (Fionda and Moore 2009) its use to describe such features as ‘recognisable style’, ‘iconic products’, and ‘brand livery’ can be applied in a wider context. A more general interpretation of the term can be applied to some of the ‘iconic’ symbols which are associated with Scotland, particularly the Scottish textiles and knitwear sectors. Examples include tartan, applied to apparel and accessories as well as in interior design (Figure 6.9 Vignette 4), but also to the Argyll pattern and the twinset, Arran knitwear, and the kilt (Figure 6.7 Vignette 1).

Evidence from both research stages confirms the use of selected Scottish symbols which have become closely associated with the visual identities (Balmer 2000a) of specific Scottish premium/luxury brands e.g. the red and black Stewart tartan and Flora MacDonald/Bonnie Prince Charlie portrait used by Walkers, the stag’s head of Dalmore, the thistle and tartan used by Highland Spring. These exemplify the choice of particular fragments of the nation’s imagery which are most relevant for the company history and heritage, the type of product and the target customer (O’Shaughnessy and O’Shaughnessy 2000). Distinctive brand identifiers as exemplified above are used in product design, packaging and advertising to maintain consistency and coherence across the brand, while simultaneously connecting the brand with COO associations. By choosing to leverage on COO in visual identities, companies are signalling their importance as the anchors which embody the culture, values and distinctiveness of the company (Balmer 2008). By these means, the

brand signature also provides a form of protection from competitors e.g. the brand signature of Walkers is so distinctive and so successful internationally that other Scottish shortbread brands have had difficulty in gaining a foothold in international markets;

“Exporting is good to have representation in other countries, but we find it difficult to compete because in other countries they don’t have the same depth of range on the shelf. If they have one Scottish shortbread on the shelf why would they need 2, 3, 4? So you’re competing with people who have already been well established” (Company N).

6.3.6 Market competitiveness

As demonstrated in the preceding sections, COO provides an important component of luxury brands, particularly in linking the brand with images and symbols which reinforce luxury brand identity and with reputational capital, e.g. the ‘Made in Italy’ or the ‘Made in Switzerland’ labels are recognised by discerning customers when buying leather goods or watches respectively. Scotland is recognised along with Italy as being one of the two areas in the world for high quality cashmere and Scotland’s reputation for textiles and knitwear is evidenced by the relationships with premier international couture houses. As well as influencing consumer decision making these reputations also benefit competitiveness in international markets (Niss 1996; Ramaswamy 2003). Favourable national images and/or strong reputational capital in a particular product sector gives advantages when establishing new partnerships or entering into new international markets. In Scotland’s case this has been demonstrated in the whisky sector in particular, but also in the textiles and cashmere and food and drink sectors.

6.3.6(i) Market entry

The finding of Niss (1996) that COO is particularly important when forming new partnerships or entering new markets is supported by evidence from interviews. Positive country image provides an advantage in attracting international partners because of the reduced risks attached to establishing relationships with brands whose provenance has an established consumer following and high reputational capital. COO gives a competitive edge by signalling specific quality attributes, although in the case of Company G, there was no differentiation by customers between Scotland and England/Britain.

“So we found a new customer base in Continental Europe and it’s been phenomenally successful. They love it. They’re not buying it because it’s Scottish. But they are conscious that it’s British. Because British silver has always had a cachet and people didn’t really differentiate between English and Scottish...unfortunately...most foreigners and even most Europeans call it English/British. They are definitely saying it is the best of British silver that they’ve

seen for a long time and they love the fact that it comes from Edinburgh” (Company G).

Company L, an ice cream manufacturer has aspirations to expand internationally and has found that Scottish origin has been beneficial:

“We are now exporting into Asia, trying to develop, slowly but surely we’ve just put our first batch out to India. So we’re trying these areas. We find that easier to export to than Europe. Europe’s congested...In Korea in particular they think that Scotland, the Scottish name is brilliant, they see quality and great credibility out there and having Scottish on their products is important...they seem to recognise Scotland as a nice place and quality”.

Evidence so far suggests that in most consumer product markets it is at the high end that COO appears to be most important (e.g. cars, fashion, wines and spirits, electronics). In the mass market e.g. in textiles/knitwear and food and drink, quality has been replaced by low cost as the most important criterion for buyers, meaning that associations with quality through COO are no longer relevant. In the domestic market, multiples source local/Scottish/regional food and drink brands which are positioned at the premium/luxury end, although a certain cynicism and pessimism relating to these tactics is evident:

“It’s a bit of lip service in a way to be seen to be supporting an area. But it doesn’t help the Scottish brand. When private label has got such a focus. 45% of the goods now are private label. Consumers have driven that through not being loyal to brands. They buy on price. So that’s a danger to Scotland’s brand and businesses brand identities in the food sector” (Company N).

Cost is an issue affecting decision making by retail buyers who regard Scottish textiles as being of ‘fantastic quality’ (Stewart et al. 2006), but as has been alluded to earlier, the high price is a barrier to market entry evidenced by the effect of the impact of high prices on international buyers:

“the Japanese like brand x, they don’t like the prices. This year they are maybe prepared to pay a bit more, but I’ve only sold to three Japanese shops. They want us. But there’s a real dilemma in the market, that when they get the price, they don’t like it. So that’s really difficult. What do you do?” (Company H).

6.3.6(ii) Mergers and acquisitions

Ramaswamy (2003) notes the strategy of the major luxury goods groups to acquire companies in countries which have the highest reputational capital for a particular product type. By this process they gain access to the craft skills, raw materials, history and heritage which are essential for luxury brand reputation. In Scotland, as was evident from the first stage data where it was noted that leading premium/luxury companies in the whisky and textiles/cashmere sectors had attracted investment from international luxury goods companies, a number of such mergers/acquisitions have taken place. The acquired company assumes benefits from the skills and

experience in marketing luxury goods of the parent, also from the increased resources available for marketing. Company R sums up some of the perceived benefits in the following passage;

“...if you define your strategy as...only being interested in the super-premium/luxury brands it sets so many things...these are the only things I’m going to acquire, these are the type of people I want who can relate to these things, the channels that I want to use, this is the type of activity I will do. It sets a whole parameter of things which allow you to develop your brand. Which is very interesting, we’ve learned a great deal from being a successful plc to now being part of the world’s leading luxury brand, its changed a lot of ways you think about things” (Company R).

6.3.7 Summary of the role of COO in luxury brand identities

The different roles played by incorporating COO as part of a luxury brand identity (RQ5) have been discussed, supported by evidence from the interview data and illustrated in Figure 6.13. According to Albert and Whetten (1985), to be regarded as a key anchor for brand/corporate identity, identity components should be central, distinctive and enduring. COO is primarily a means of distinction where association with Scotland connects with favourable feelings towards the country and the quality of its products.

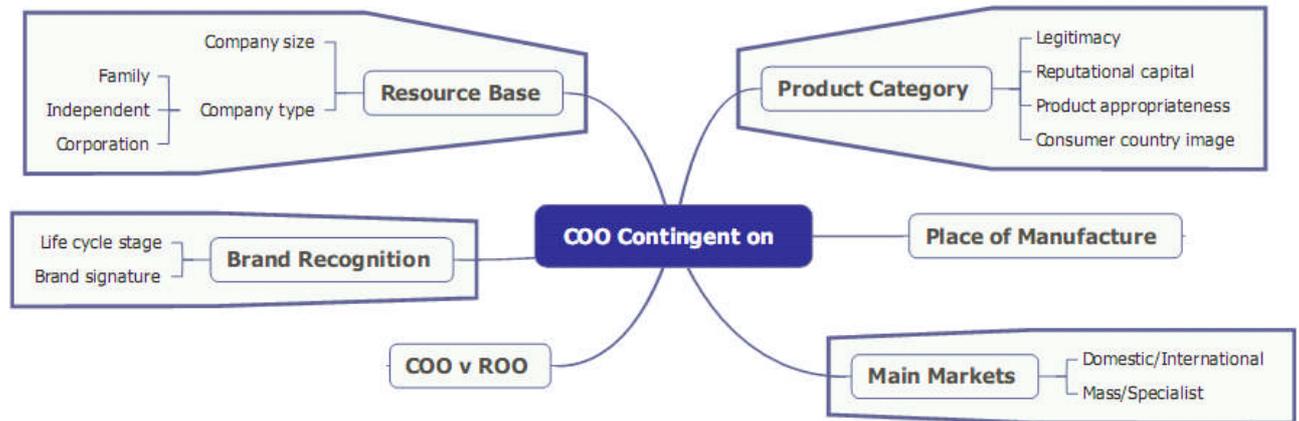
Identifying the motivations for using a COO identity provides a foundation for addressing the third research objective which relates to how COO is communicated in premium/luxury brands. Research Question Seven specifically addresses the processes used to ‘communicate Scottishness’, but this is predicated on establishing the extent of use of COO and the circumstances in which origin plays an important part of brand identity. Although Beverland and Lindgreen (2002) introduced some factors which influenced the use of COO, they did not develop them into a model. They advocated that given the complexity of the issue, further research in additional industry categories (other than in the agricultural products context of their study) was required before such a model could be attempted. This study addresses this need.

6.4 DRIVERS INFLUENCING THE USE OF COO IN LUXURY BRAND IDENTITIES

It was concluded at the end of the first research stage that several dimensions (i.e. main markets; distribution channels; brand awareness; COO association; quality recognition; history/heritage; company size; company structure and ownership) impacted on the strength of the COO association within different Scottish premium/luxury product sectors (Figure 5.46). Some of these components resonate with the contextual factors for using COO identified by Beverland and Lindgreen (2002). Evidence from the interviews has uncovered six relevant factors which drive

the adoption of COO as part of brand identity (Figure 6.14) which are discussed below.

Figure 6.14: Themes representing the drivers which influence how COO is used in luxury brand identities



6.4.1 Product category

Product category is the most important factor to have been identified so far in this study in relation to the use of COO in luxury brand identity. Current findings augment those of Niss (1996) in the Danish context where the product categories which made most use of COO were food and agricultural and design products all of which were seen to benefit from strong and favourable COO image associations.

In the Scottish context, where product sectors vary considerably across a number of dimensions (Figures 5.5-5.18) the strength of COO association used in different sectors varies accordingly. These findings have strong resonance with Melewar (2003) who contended that the underlying characteristics of an industry sector results in an overall industry sector identity which then influences how companies within that sector develop their own corporate identities, often resulting in similar strategic objectives and mission statements. Balmer (2008) also describes the relational effect exercised by other companies within the same sector, where a change by one company can influence others to alter their identity traits in order to maintain their competitive position.

The literature recognises that the food and beverage sector in particular traditionally uses COO/ROO associations (Kuznesof et al.1997; van Ittersum et al. 2003; Orth et al. 2005), focussing on favourable geophysical attributes which are unique to particular areas/regions and to the availability of specialist expertise, both of which provide an important basis for differentiation. It has been established previously that

in the Scottish context, products such as whisky, water, beef and lamb, and seafood are among the food and beverage products which benefit from these associations. The literature however gives little insight into how COO cues are used in other product sectors.

6.4.1(i) Reputational capital and positive consumer country image

The role played by product category in decisions regarding the appropriateness of adopting a COO identity links first with the concepts of positive product country matches or reputational capital as emphasised earlier (6.3.2), and also with positive consumer country image which triggers a positive affective response (6.3.2). The three main Scottish premium/luxury sectors have each been shown to capitalise on consumer responses to COO triggers; however there are exceptions even within these sectors. Because of the importance of Scottish origin to whisky companies, all of them clearly identify their brands as coming from Scotland. In the food and beverage sector some companies prefer to emphasise other brand values citing different reasons for this decision. Company M for example expresses concerns shared by other companies:

“I think any brand that makes itself exclusively Scottish, or too much part of who they are, they can lose their own identity. Our identity with our customers has to be our brand. What are the brand values they have for x brand and not transferring that to Scotland which as a nation is more complicated, intricate”.

This sentiment is summed up by Company M *“Scotland is important, but only if you’re a great product”*. However, even companies such as Company G, a retail jewellery business, who stated that *“Scottishness is not fundamental to this business”*, recognised that:

“a lot of the things that are important for us in terms of marketing messages though, most of which are about emotional things, the things that people associate with Scotland as a brand are relevant. They are about romance, they are about experiences, people come to Scotland for fun”.

6.4.1(ii) Product appropriateness

One reason for not choosing a distinctively COO identity is the appropriateness of the Scottish connection for the brand. Company B for example is a luxury chocolate manufacturer and only uses Scottish origin labelling for its Scottish fudge, *“because that’s more a traditional product”*. The reason given for not using Scottish origin labelling in the rest of the product range is *“it’s partly because Scotland is not associated with high quality chocolate. So there’s no real benefit”*. Equally Company J who in extending their product range to include international recipes and ingredients felt that their original tartan labels were no longer appropriate.

6.4.1(iii) Legitimacy of COO associations

Beverland and Lindgreen (2002) noted the importance of demonstrating legitimacy regarding the types of COO signals chosen for different product categories. This factor has already been alluded to regarding the selection of relevant fragments of national identity which resonate with a luxury brand identity in a particular product category. Many of the companies distanced themselves from the traditional or stereotypical images of Scotland. Scottish consumers are likely to reject or be hostile towards stereotypical images e.g. the tartan clad Highlander, but have more positive attitudes towards the landscape, history and traditions (The Scottish Government 2009a). Sensitive choice of COO associations which are appropriate for the product sector or individual brand is recognised as being important. What works in one sector is not necessarily appropriate in another as the MD of Company N reflects;

“you could argue does whisky need a tartan box, it doesn’t. The whiskies with any tartan on them are few and far between because the word whisky, Scotch whisky, says exactly what it is, so they don’t need to link that in any way.”

The MD of whisky Company C described how packaging designs have changed over time, noting that *“some time ago people talked about getting away from the heather and bagpipes”*. He also noted that *“(I)t’s a fashion thing, historically there are certain colours that were considered would only go with whisky”...“If you go into a whisky shop you’ll start to see, you’ll be able to pick out the late 1990s and early 2000 redesigns”*

The image of tartan stimulated a range of responses including several negative comments like ‘cheap’ and ‘old fashioned’. The CEO of Company F’s view on the use of such imagery is:

“What you can do is give them some cues. What we don’t do is say, just to remind you, here is some red tartan and a thistle and heather and that will give you the visual clues to do that. That’s cheap in my mind and that cheapens the proposition”.

The MD of Company A, a company who used tartan extensively as part of their brand identity, acknowledged the dichotomy:

“Scots tend to be very critical of themselves and some people just don’t like tartan, because some Scots people look at tartan all the time, maybe they don’t like tartan, so it’s hard to do much about that...we think it’s very important that when you do use tartan, to use it well...to print it very well, and to use it unashamedly, but with taste is important”.

The fact that Company A’s biggest market is in export (particularly in the USA), and that Company E used tartan on labels for their Japanese market (where their water is sold alongside Scotch whisky) indicates that tartan still has international relevance if

used in a high quality way in the correct context. The way in which tartan is used varies as highlighted by the Group MD of Company D;

“Yes it has changed. Fashion comes into this. There’s the element of tartan. It’s always there. It’s much less to the fore; it’s a bit too traditional”.

Thus in terms of legitimacy, the COO associations used in the luxury consumer goods sector have to be relevant for the product category, resonate with the target market yet also be dynamic to reflect changing tastes and fashions.

6.4.2 Resource base

The next driver relates to the resources within a particular industry sector/individual company which are available to communicate the sector’s/company’s reputational credentials (Beverland and Lindgreen 2002). This is evident in the whisky sector where because of the different ownership structure and considerable inward investment, marketing resources are generally higher than in either food and drink or textiles/cashmere. The premium/luxury Scotch whisky sector targets marketing resources sponsoring high profile art and sport events, developing sophisticated web sites, and exploiting the experience potential of distilleries as visitor attractions e.g. Glenlivet has recently spent £6 million on its visitor centre. Scotch whisky and individual whisky brands have global recognition and high reputation and have become an important component of Scottish image.

First stage results from an individual company perspective show that resource availability for marketing depends to a large extent on company size (in terms of a combination of turnover and number of employees) as well as on the type of company (family, independent or corporation). Availability of resources for developing communication strategies for brand identity determines the quality and reach of these messages. The different approaches to brand communication will be discussed in more depth in a later section.

6.4.3 Main markets

The target market, whether domestic, tourist, international or trade, inevitably influences how COO is used. First stage results uncovered clear differences between sectors in terms of their main markets, with the food and beverage sector having low international sales compared with the whisky and textiles/cashmere sectors. The whisky sector has a relatively small domestic market, its main focus being on global sales.

Brands designed primarily for domestic consumption use COO in a different way compared with international markets. An example from the interview data relates to Company A, who restrict the amount of tartan on the packaging of products designed for the domestic market:

“We keep that for export and for tourists, but this is something maybe for the more everyday Scottish market so people might feel more comfortable buying this to take home, maybe thinking this or this are maybe for good. Things a Scottish housewife would take home any time and consume rather than to give as a gift”.

Also, Company E use more COO referencing on their labels for the Japanese market:

“Over in Japan they love Scottish goods, they think very highly of Scottish products. We sell as Scottish water with whisky and Scottish water with healthy properties. We have tartan on the label because that’s what they want”.

Also of relevance to types of market as a driver is whether the product is targeted at mass or niche markets (6.3.1) which has been shown to influence the appropriateness of using a strong COO identity or not. Beverland and Lindgreen’s (2002) observation that complex products benefit more from the use of COO is validated in this study, where by definition, luxury products are complex and targeted at consumers who are interested in the ‘stories’ which develop around them. COO is often an important part of this story as seen from many interview extracts.

“We’re trying to say something about the place we live in. We’re reflecting on the history, the colours round about us, the people...” (MD Company K).

6.4.4 Brand recognition

Brand recognition was identified in stage one as a key dimension used to characterise the Scottish premium/luxury sector. This was linked to resource availability, with the large companies or those who had become part of large corporations being the most likely to have established strong brand identities either in domestic or international markets or both.

6.4.4(i) Brand recognition

The whisky sector has been very successful in achieving high levels of brand awareness globally. Although these brands are firmly anchored in Scottish COO, the CEO of Company Q was quite clear that it is:

“about the brand, it’s that way round. It’s not Scotland...it’s because Johnnie Walker, Chivas Regal, depending where you are in the world...Dewars, Ballantynes...these are international status brands that come from Scotland. They are Scotch whisky brands that come from Scotland, that’s the order, it’s driven by brands. What they’re drinking they clearly like...because it says something about them...it badges them in some way”.

Although there is also a strong association between Scotland and quality knitwear and textiles, the textiles/cashmere sector has been less successful in developing strong brands, a factor recognised by textiles sector industry bodies such as Scottish Enterprise, National Textiles Forum and the Scottish Textiles Industry Association. They cite low promotion expenditure and limited brand awareness in key markets as one of the main challenges faced by the sector (Scottish Textiles 2007). The new CEO of Company U stressed that *“the fundamental challenge for me is communication: who we are, what our product is all about. It’s a bit frustrating, we’ve been so quiet”*.

In the food and beverage sector, it is the brands with the highest penetration in international markets who exploit COO associations the most. This is particularly apparent in the shortbread sector where brand signatures use COO imagery and symbols of the type described in 6.3.5.

6.4.4(ii) Life cycle stage

Niss (1996) found that the use of COO varied according to the stage in the product life cycle, being used more frequently in the early stages of the life cycle. This is evident in the case of Company J where early in the brand’s history Scottish references such as tartan and scenic portrayals of the local landscape were a key part of the brand identity. The Company President described how he marketed the brand in the USA, Canada, Australia and South Africa:

“We took the whole Scotland experience with us. We hosted charity dinners with kilts and bagpipes and x brand products. We did this before anyone else did”.

Now that the brand is international, such overt Scottish references are *“no longer appropriate for most products”*.

Beverland and Lindgreen (2002) also posited that the use of COO occurs within a dynamic framework. It has been argued earlier in 5.4.5(ii) that companies have changed the way in which ‘Scottishness’ is communicated over the brand’s life cycle and further evidence from this stage supports these findings, summed up in the following passage from the Group MD of Company D:

“Scotland’s had to move on design wise for the 21st century. We have good designers here it doesn’t have to be brown antique furniture with tweeds in a Scottish lodge. The image has changed a bit. The clever thing is to keep some of the old marketing, you change the script, you change the typesetting and you move the products on with colour”.

6.4.5 Country of origin v region of origin

The emphasis placed on either the country or a more specific place of origin affects the types of COO associations which are used. For example in the malt whisky sector, Scotland as the place of origin is vital, but the location of the distillery and the associations created around that context are key to creating distinctive brand identities. This context links with the factor relating to the type of target market. For domestic markets, a more specific place of origin may be more appropriate (e.g. to satisfy desires to buy locally) whereas in an international market ROO associations may be meaningless, as articulated in the following passage (Company H).

"I say 'Made in Scotland' because if I put 'Made in Orkney' no-one in Japan would know where Orkney was. We always have a little map on the back of the swing tag so they can see where it is. And there have been people over the years who wanted the Orkney story. But I think sometimes, it can be too complicated in a retail situation, and you have to make it simpler. It's easier to say 'Made in Scotland'".

Smaller food and drink companies however increasingly identify with local rather than national or international markets although there is little extant research into the use of origin labels and symbols at a sub-national level (The Scottish Government 2009a). As stated above, the whisky sector takes the lead in this strategy, playing on subtle regional differences and making connections with the local landscape, company heritage, craft skills and time. Company C's MD notes that:

"to try to get a point of difference, ours is hand made. Where do we go in terms of getting our differential...one of the things we've gone for is that we're the smallest distillery in Speyside, just to get a point of difference. Like Bordeaux and chateaux. We go down the high end chateaux wine route."

In Scotland, where small food and beverage businesses can access government funding to support marketing efforts it is more common to adopt regional origin associations rather than generic Scottish associations. A number of local food marketing groups such as the Taste of Arran and the Mey Selections focus on the characteristics which differentiate their location, using regional brand names and images/symbols. Some regional place brands are well established and have successfully achieved PFN status e.g. Shetland Lamb, Orkney Beef, Arbroath Smokies. The Scottish Government is supporting other regional food brands e.g. Stornoway Black Pudding to apply for PFN *"to protect Scotland's iconic produce from cheap imitations"* and *"do even more to protect our excellent reputation"* (The Scottish Government 2009c). In the interview sample, of all of the companies who use origin in brand identities, national origin is always important with a small number using regional references either as part of the brand name, referred to on packaging or used in images/symbols on packaging or in marketing materials.

6.4.6 Place of manufacture

The complex taxonomy that exists in the COO literature (discussed in 3.1.1) has confounded COO researchers, most of whom continue to ignore the persuasive arguments of writers such as Usunier (2006) and Jaffe and Nebenzahl (2006) to move from the 'made-in' (COM) conceptualisation of COO to the wider concept of 'country of brand' (COB). From the evidence gathered from the Scottish premium/luxury sector it seems clear that for most companies their credibility as Scottish brands is dependent on manufacturing taking place in Scotland. The CEO of Company U who had to close their factory in Scotland in 2008 is keen to emphasise that *"we now manufacture more in Scotland than we did when we had our own factory"*. The company still has its customer service department and financial headquarters in the Scottish Borders.

As found from the stage one results, most Scottish premium/luxury companies carry out the bulk of their manufacturing in Scotland. Strength of COO association (Figure 5.51) is clearly influenced by the percentage of output 'Made in' the COO. Company B who manufacture a low percentage of product in Scotland avoids Scottish references (apart from in one product which is made in Scotland) *"because the actual products themselves aren't all made in Scotland. It's not really that accurate"*. Companies who continue to manufacture in Scotland are more likely to promote COO as part of their identity and use this as a key point of difference compared with those who outsource their manufacturing to a lower cost country. As previously discussed, reputation is built on cognitive associations with good production practice e.g. high standards of animal welfare, skilled and knowledgeable workforce, environmental sustainability are all reputation drivers and an important means of differentiation at the premium/luxury level where integrity and authenticity are important brand values. Local manufacturing is often an expectation and one which for many justifies the price premium.

"That is a big selling point, especially with tourists. They don't want to see something made in China or Taiwan. There's so much coming from China, they don't want that...we're one of the few things on Skye that's actually made in Skye. That's a big selling point". (Company T)

There is however a caveat to this argument, noted in the lack of confidence on the part of some interviewees as to whether or not it mattered to their customers where the product was manufactured.

"I don't think people even know. We've always bought in woven bases (e.g. this is an x brand base) and worked on top. It gets a y brand label, 'Made in Orkney'. That's the whole thing. Does anyone care where that was made?" (Company H).

This uncertainty also emerged in the interview with the MD of Company S who posed the question:

“I wonder how important it is really? I think that it is and it isn’t. I think that people...I would hope that our product extends beyond Scotland and would stand up on an international level quite happily. The design inspiration, the manufacturing in Scotland...it’s designed and made here...that’s really important to me in terms of background, but ACTUALLY, the product should WORK anywhere in the world. It should stand up against anything in design terms. In other words it’s not interesting because it’s Scottish, it shouldn’t just be because it’s Scottish. I do think that now people are asking where a product comes from...a bit” (Company S).

She did however follow up these observations by stating:

“But then it’s pretty obvious. The word Scotland doesn’t necessarily appear with the word x brand. But I think the ‘Made in Scotland’ is an important bit of it. It’s certainly important to me, and probably equally important to our customers – but not all of them”.

6.4.7 Summary of the factors which drive the use of COO identity

The drivers which have been identified as potentially influencing whether or not COO is sufficiently important to be incorporated in brand identities have been identified. Of these, product category is the most influential, linking issues such as reputational capital, consumer country image and sensitivity in the choice of COO images and symbols. Differences in organisational characteristics such as brand awareness, company size, target markets and available resources all influence how COO is used. For the Scottish premium/luxury sector, retaining manufacturing in Scotland is important in terms of legitimately claiming a Scottish identity.

Having isolated the factors which determine how COO is used in Scottish premium/luxury brands; the second research objective has been fully examined. The third objective which focuses on the mechanisms and processes used to communicate ‘Scottishness’ can now be addressed.

6.5 COMMUNICATION STRATEGIES

It has been demonstrated in earlier discussions that COO underpins many of the reputation drivers for Scottish premium/luxury brands. Communication is the key to deriving benefits from COO associations and increasing awareness and knowledge of COO. *“Communication is the key issue”* (Company U), but so far there have been very few references to communication in the COO literature. The mechanisms used by Scottish premium/luxury brands to communicate COO both in general terms and from a sectoral perspective have been explored extensively in the previous chapter (5.4.5 and 5.5). In this chapter a clear understanding of the motivations and drivers for using COO associations has been gained from interview data with business elites

from Scottish premium/luxury companies. The central issues surrounding the processes and systems used to communicate COO can now be explored using further evidence from interview data.

6.5.1 The process of communicating COO

Communication of COO can be achieved using direct processes such as brand/company name or images and symbols or using less direct processes such as PR and sponsorship. Direct mechanisms were explored in detail in the previous chapter and additional insights have been identified in previous discussions in this chapter. The use of sector/brand/corporate name in communicating COO has been firmly established as the most important direct mechanism which influences customers at a cognitive level linking with positive product country matching and high reputational capital. Other mechanisms such as the use of images/symbols and/or sound (music, language); references to company history and heritage; people and geographical locations; brand experience/distribution; and brand signature help consolidate cognitive attitudes but also stimulate customers at an affective level promoting positive consumer country images.

What is clear from previous discussions (6.3.7(i)) is that care in selection of appropriate images and symbols is important in terms of legitimacy both in relation to the industry sector, and in terms of resonating with target customers. It is apparent from interview data that stereotypical Scottish images are not appropriate in the context of premium/luxury, *“there’s an awful lot about Scotland that is particularly hideous and so that whole ‘tartan tat’”* (MD Company S). It is equally apparent that a tension exists in terms of which Scottish images are appropriate. This tension is particularly evident, as expressed in the above quotation, when considering the use of tartan. *“You do get people asking why you haven’t got tartan on it! We don’t have to have tartan on it it’s not necessary”* (Company B). There is a clear dichotomy between those who like it and those who feel it is no longer appropriate in the premium/luxury sector. These views are encapsulated by the following passages, the first two from companies who have decided not to use tartan, the next two who use tartan but who obviously recognise the dilemma in this approach:

“Now we didn’t go for tartan on the labels, some people do that and it fits some products but in others it can maybe make the product look cheap. There’s a danger of that in water. Some other companies use tartan with great effect in their packaging. Walkers are one. It’s very classy, very upmarket. Highland Spring have some tartan in their labelling, it looks good”. (Company E)

“So I’m...divorcing myself slightly from the...you know the tartan side of it, because I think it’s like a double edged sword, it can bring me lots of sales, but it can also downgrade it in a way. There is so much tartany stuff out there”. (Company P)

“You know the Scots tend to be very critical of themselves and some people just don’t like tartan, because some Scots people who look at tartan all the time, maybe don’t like tartan, so its hard to do much about that. Other than we think it’s very important that when you do use tartan, to use it well. To use it strongly, we shade a corner to make x brand stand out. To use it very well, to print it very well, and to use it unashamedly, but with taste is important. I always say, it’s not what you do it’s the way that you do it that counts”. (Company A)

“But we’ve got that Black Watch tartan now that we’re using and recent research shows that that is a key part of x brand that people speak about. So that’s a cue as far as our brand is concerned. We have that linkage; it would be folly for us to start moving away from that”. (Company N)

From these opinions and from others which have appeared previously, it is apparent that for many, tartan has been devalued, especially its use in the premium/luxury sector. Where it is used depends very much on the way it is interpreted and presented and on the context, as summed up by the MD of Company K, *“There’s good tartan, we’ve got companies e.g. x brand, who uses tartan in a modern contemporary way, in a tasteful way”,*

Other images such as those associated with history; heritage and the landscape do not attract the same debate and are a recognised as a valued means of conveying ‘Scottishness’. *“I’d say it’s the ‘outdoorsness’...the clean environment and the sense of naturalness” (CEO of Company F).*

“Scotland in the summer, Scotland in the autumn, Scotland for the fishing, Scotland for the colours, they’re buying into that label...it’s just a very very big priceless asset” (Company D)

These images are not universally accepted however, with concerns expressed about their current relevance e.g. by Company B:

“Basically it does have a very positive image, but it does tend to be old fashioned. It has relevance to our products but not that important”.

Examples of more indirect methods for communicating Scottish origin were revealed in interviews and from secondary sources. PR is used to communicate Scottish origin, often linked with sponsorship of people or events where connections can be made with Scotland (e.g. Figure 6.6 Vignette 1). Similarly partnerships with Scottish celebrity endorsers or designers (Figures 6.8 and 6.9, Vignettes 2 and 3) are a means of achieving positive press coverage which emphasises connections with Scotland, e.g. the attention being given to Scottish fashion designers such as Christopher Kane, Graeme Black and Deryck Walker, all of whom extol the virtues of

In the small Scottish premium/luxury fashion sector marketing resources are targeted at developing awareness through more conventional advertising and retailing in mono-brand or multi-brand or flagship stores or in exclusive department stores or designer outlets. Fashion shows, in spite of the high costs are very important as are all types of PR activities. Company U currently has a strategy of refitting existing stores and culling third-party distribution outlets to regain control over how the brand is presented. In spite of the economic downturn, the CEO states that *“there are things I could do, that would be easy, like a moratorium on advertising, but how stupid would that be? Communication is the key issue”*.

The rest of the textiles/cashmere sector, which historically has concentrated on manufacturing and wholesaling rather than on developing brand awareness, is now putting more effort into developing individual brand identities using some of the tactics adopted in the luxury fashion sector (Moore and Birtwistle 2004), but for most of the smaller companies with limited resources there is still heavy reliance on international trade fairs as the main brand communication strategy.

Companies in the food and beverage sector enhance brand awareness through events and festivals to augment distribution via their own stores or in specialist food retailers. Only the large companies with more resources have been able to develop sophisticated websites and/or advertising campaigns or support celebrity endorsers. Although Company A reinforces its brand identity in the USA by sponsoring the Tartan TV channel, its main communication strategy is focused on achieving maximum point of sale impact.

“We don’t advertise widely. We’d rather support a customer to get very good shelf presence. The brand merchandises as a complete unit. A wall of product together. It has so much more impact than a random display of a few lines. Shelf strips, banners and headers. It’s persuading people to merchandise effectively”.

In all cases, a network of different strategies is used to communicate brand identity where the emphasis is on developing the brand experience and on forming relationships. An important part of this process is connecting the brand with the COO.

6.6 STRATEGIC BENEFITS

The final research objective is to identify the strategic advantages of embedding a COO identity. Beverland and Lindgreen’s (2002) study is one of the few to have explored the COO effect from the company strategy context. They highlight the lack of clarity in the literature regarding the importance and also the limitations of COO in

company strategy. The corporate identity literature has established a wide range of aspects which can define an organisation's identity, including many which have been referred to previously in this study e.g. organisational size and type, market position, location, history, influence of the founder etc. Only a small number of these will be central to the meaning of the organisation, thus decisions are necessary regarding which attributes are most salient for stakeholders. Regarding COO identity, the MD of Company D recognised that *"the different sectors of the economy use it in different ways"*. Which elements a firm chooses to emphasise and the mechanisms and processes used to communicate them to their customers and other stakeholders is a key strategic decision.

The motives and advantages of adopting a COO identity have already been established from the company viewpoint (6.3) along with the factors which determine the circumstances where it is used (6.4). Corporate identity is recognised as being contingent on a range of factors including the relationship of the company with respect to other entities (Balmer 2008) e.g. other companies in the same sector. It has become clear that the strategic advantages of embedding a COO identity vary according to the product sector. In the whisky sector, Scottish origin has been demonstrated as the key differentiating factor in the global market, as explained by the Operations Director of Company R:

"From our perspective there is no product without 'made in Scotland' or Scotland as COO. In most countries it is referred to a Scotch. We have a very active trade body which ensures that anything sold as Scotch whisky actually has been made in Scotland and as far as I'm aware, the consumers who drink whisky will have made the connection that it has been produced in Scotland. That said, I'm not a marketer or a salesman, but the feedback I get from those parts of the business is that they can command a premium. Scotland is still seen as making quality products, doing the right thing, so that allows them to differentiate themselves on the shelves". (Company R)

It is also clear that the textiles/cashmere sector which is similar to the whisky sector in that they rely on international markets more than domestic markets also regard COO as a vital differentiating factor. The MD of Company P, a textiles manufacturer recognises that COO gives her company an important advantage over competitors who have outsourced production to lower cost countries. She makes use of strong Scottish connections (colours, landscape, castles) throughout her marketing materials.

"We're lucky to be able to say nowadays 'Made in Scotland' So many companies have closed down and gone abroad and then found out that it isn't all plain sailing over there. Many people are beginning to come back to the UK and Europe to do

their buying. Cost of fuel going up, wages going up in China, political unrest. Companies are getting a bit jittery". (Company P)

Country of origin does not however work in every case as recognised by the Operations Director of Company R:

"...Scottishness is more about how it benefits people who might be top of their field or who are producing something that is a uniquely Scottish product".

This observation points to the particular relevance of COO to companies whose market position is at the high end (premium/luxury). In the food and beverage sector where the home market is the main market there is more variation in the importance attributed to COO. Importance is contingent in this product category on the type of product, where there are a number of products which fit the criterion of being 'uniquely Scottish' products. Comparisons have been made between Company B, the chocolatier who does not use a COO identity, and Company A, the shortbread manufacturer, where COO is of primary importance.

It has also been established that whether or not the company operates in a mass (e.g. processed foods) rather than a specialist niche market (e.g. shortbread or water) where there are key benefits from associating with Scottish origin is also relevant. In Company J's case:

"The range of products is international. The Scottish connection is no longer appropriate for most products". (Company J)

This company has changed their visual identity over the history of the company, starting with a strong Scottish COO identity when building overseas markets which focused on the Scottish diaspora. Now an international company, with acquisitions in Europe, Canada and Australia, this identity is no longer considered to be appropriate. The principal corporate identity differentiator which Company J rely on is the association they continue to emphasise with members of the family who still own the company. While the Scottish connection is still recognised as important, direct Scottish references have disappeared.

In spite of the clear affinity with Scotland and benefits derived from the COO association expressed by many of the companies interviewed, a point made earlier and emphasised here by the MD of Company A is the caveat that 'Scottishness' alone will not guarantee success in the marketplace.

"It's very important and helps our product be instantly recognisable, but we can't depend on it. It's useful and it gives us identity which is helpful, but, the product has still to be very good. Overseas we don't compete with other Scottish manufacturers because we are so strong in exports. Our brand is recognised but we're competing

with German, French and Swiss companies. But people recognise it, strong identity, very positive”.

A similar view is expressed by the MD of Company N:

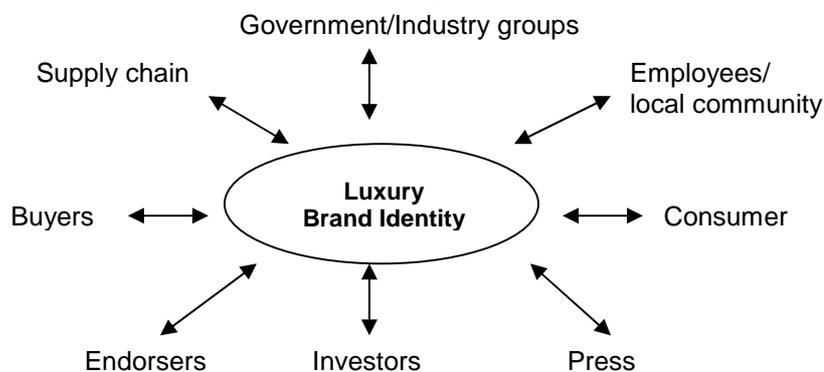
“So we should stand a chance to be portraying these things, but the bottom line is that it’s down to the products. Countries can be all things to all men but if the product doesn’t deliver, are you any better? And if you have a really good product, still doesn’t mean that you’re guaranteed being successful because you have to work at it, invest, market, advertise. It’s a big world out there. The rules are the same for Scotland against any other country when they’re competing in other markets overseas”.

Although the interviews were conducted with business elites from each organisation it is possible from their responses to get some sense of the relevance of the COO association to different stakeholders connected with premium/luxury Scottish companies. The value of the COO as a differentiating device impacts on stakeholder groups in different ways. Insights into some of the advantages of a COO identity, from different stakeholder perspectives are discussed in the next sections, addressing the final research objective (Table 6.1).

6.6.1 Stakeholder groups

Doyle (1992) argued that the long running success and viability of an organisation depends on its ability to satisfy a coalition of stakeholders and this has become a key objective of corporate management (Balmer 2001b). Where an organisation uses COO as a key identity trait, relevant COO associations must be projected consistently through marketing communications but also during direct experiences with the organisation so that various stakeholder groups (Figure 6.16) are able to form strong mental associations and networks that link the brand and the COO.

Figure 6.16: Multiple stakeholders in luxury brand identities



Source: Adapted from Beverland (2004b p.65)

6.6.1(i) Employees

Company employees take pride in an organisation which clearly affiliates itself through its identity to the COO. The majority of companies in this study have been established for a long time and as such have employed successive generations of local family members whose skills and craftsmanship have contributed to the company reputation, instilling feelings of loyalty, pride and commitment. It has been demonstrated that companies have a symbiotic relationship with the local community where the company benefits from a loyal and committed workforce and the community takes pride in a prestigious company as well as benefitting financially through local employment opportunities, sponsorship and support for local events etc.

6.6.1(ii) Consumer

Where a COO identity resonates with consumers, a lasting relationship with and loyalty to the brand can be established. This relationship with the customer is encapsulated in the following passage from the MD of Company N:

“So a brand is valuable...and people in the home markets they’re loyal. They’re very caring of a brand. So you’ve got an asset that’s not just yours it’s theirs also, so we wouldn’t make or evoke any changes until we were clear and interpreted feedback”.

Associating with a COO brand can inspire feelings of patriotism (or animosity) or evoke feelings of nostalgia especially for the diaspora or expatriates.

“You take that and look at the key markets internationally; we’re looking at markets where there will be an appreciation of provenance and people, in the same way. To some extent that’s playing on the Scottish diaspora, the clichés but you are looking at Anglo markets, Canada, the States, Australia and parts of Asia where there’s the same strong link in liking”. (Company F)

In Scotland’s case, the romantic associations and the strong history, heritage and landscape images link into the lifestyle construct of consumers (Atwal and Williams 2009) as explained by the MD of Company S:

“We have the wonderful musical tradition; we have the wonderful landscape, the magical architectural tradition. It’s the great outdoors, it’s the whole lifestyle that people aspire to, it’s fun”.

6.6.1(iii) Press

Part of the relational process involved in devising a corporate identity, is the relationship between the company, the press and other opinion formers. COO associations can be the ‘hook’ for attaching stories e.g. the examples of partnerships with Scottish sport and media celebrities or with Scottish artists and designers. Positive coverage by the press is beneficial in enhancing brand awareness for the company and reinforcing brand values by associations with prestigious magazines

and newspapers (e.g. Callender 2010). Press coverage of catwalk shows or other types of sponsored events, celebrity endorsements, even financial performance is an important means of communicating COO identity and enhancing brand awareness. Companies also benefit from direct involvement with newspapers through collaborations with promotions, competitions and sponsored events e.g. the Herald newspaper sponsoring the 2010 Scottish Fashion Awards and Company A linking advertorials with competitions in selected newspapers and magazines.

6.6.1(iv) Investors

A strong COO identity based on high reputational capital has been shown to be effective in attracting investors. The majority of Scottish premium/luxury companies are either independent or family owned, apart from in the whisky and cashmere/textiles sector where mergers and acquisitions have attracted considerable investment. Section 6.3.6 has already delineated the advantages achieved where international corporations have acquired Scottish whisky or cashmere companies in order to benefit from Scotland's reputational capital in these sectors (Ramaswamy 2003). The Scottish companies in turn have benefitted from provision of resources and expertise from the parent corporation enabling international expansion and enhanced marketing activity. In many of these cases, strategic decision making is retained by the Scottish management but it is inevitable that the corporate identities of the two institutions interpenetrate. In these circumstances, preserving Scottish identity was regarded as crucial by the CEO of Company R who made the following observation relating to his parent corporation:

“we are an international business now owned by a French group but I would personally fight hard to keep our Scottish roots...I'd hate to become overly Fracophiled – I'd hate a Frenchman presenting our brand to consumers, they should be doing cognac! We are very proudly Scottish”.

6.6.1(v) Supply chain

Stewart et al. (2006) cite evidence where retail buyers have stated that using Scottish textiles/cashmere manufacturers accords them status and identity. This benefited their suppliers by easing their access to new markets. An example of where this has happened is given by the MD of Company E who states: *“Certainly, when I'm out selling to supermarkets, the fact that we are Scottish I think is a plus”.*

In export markets there is no doubt that a Scottish origin identity is seen as being advantageous by strategic decision makers as illustrated in the following statement by the Group MD of Company D:

“We get lots of export business coming here specifically where they can get good products. I mean Italians come here in abundance, they LOVE Scotland”.

This is endorsed by the close connections which have existed for many years between textiles/cashmere companies and the international couture brands they design and supply. This signifies yet another instance where inter company relationships can impact on corporate identities, enhancing the company's stature and presence in international markets.

6.7.1(vii) Government /industry groups

Just as a company can draw from the national identity when determining its own identity, the relationship works in the opposite direction where a nation's identity can be informed by the corporate identities of business corporations (Balmer 2008). This is certainly the case with Scotland and the whisky sector, which in turn relies on the Scotch Whisky Association for protecting its interests in the international market. The Scottish government has supported various initiatives to protect Scottish provenance and reputation (e.g. Protected Designation of Origin status for food products, Scottish Register of Tartans Act 2008, The Scotch Whisky Regulations 2009 No.2890). There is diversity in views regarding the role that the government should play in supporting and promoting Scottish premium/luxury companies. The smaller, poorly resourced companies generally desire that government does more to help them. The large companies who have achieved high brand awareness prefer to remain independent of government.

These opposing views are illustrated in the following responses to an interview question which elicited reactions to the demise of the 'Scotland the Brand' (1995 – 2004) initiative.

“Yes, I think that it would be really good to promote something like Scotland the Brand again that was quality controlled, just like Harris Tweed...that would get a stamp of good quality on it. I just think that that would make a huge difference. I think if Scotland had something like that, that was quality controlled that would be great for Scottish business. I think the government definitely has a role in it, but I think that it should be completely divorced from tourism. It should be seen as a business more than anything else”. (Company P).

“People didn't buy into it...How do you police? You can actually do damage by putting that mark on by letting inferior products go in with that mark on it. It was too complex. Everyone is audited to standards. Some are audited to have extremely good standards and you have the mark and then there are ones that are just getting through and also have the mark so...it's a danger, plus, how can you be all things to all men?...it was an investment by companies to put that mark on their packaging, an investment to take it off. If anything the exercise has been costly from the business side. There were great intentions which just frittered away”. (Company R).

“We went through the process with brand x to be able to use the brand mark. But we didn’t use it because we didn’t like it. It made our lovely labels look tacky” (Company I).

6.7 CHAPTER SUMMARY

The purpose of this section is to summarise the key findings of the second research stage and provide the context for developing the conclusions in the last chapter. The objectives of this stage were to continue to examine the role of ‘Scottishness’ in luxury brand identities and the mechanisms and processes used to communicate Scottish COO and finally to examine the strategic advantages for different stakeholders of embedding a COO identity in premium/luxury brands. These objectives were achieved by interviewing business elites from twenty one Scottish premium/luxury companies who had already completed a postal survey in the first research stage. The principal findings of the second research stage are presented below.

6.7.1 The dimensions of Scottish premium/luxury brands

Previous studies have identified the dimensions which characterise luxury brands in the fashion and wine sectors. This study has identified the dimensions which distinguish premium/luxury brands from a single COO, in this case Scotland. The characteristic features of Scottish luxury brands relate very closely with the dimensions identified in the first research stage as being core to Scottish identity/image. Isolating the distinct themes of associations with place and associations with people is a new finding which distinguishes this study compared with extant literature. It is suggested that these are the features which distinguish Scottish premium/luxury brands or indeed premium/luxury brands where links with origin are a key part of identity. These conclusions highlight the harmony which exists between company identity and country identity where the same associations and values form the key components of their respective identities.

6.7.2 The role of COO in Scottish premium/luxury brand identities

Of most relevance to this study is the importance of Scottish origin as a brand differentiator. From twenty one interviews with senior executives of premium/luxury Scottish brands, thirteen of the companies stated that Scottish origin was a core part of their brand identity. It links their brand to the product category, to history and heritage, and to positive associations which help differentiate their brand from competitors in both domestic and global markets. There is however a perception that in many cases, association with place although regarded as important is an attribute

which is rather taken for granted, in contrast to product quality for example which is the brand value which is considered to be the most important.

The luxury brand literature takes a similar approach in that although COO is recognised as an important facet of luxury brands, it does not appear as a distinct dimension in most luxury brand typologies and has not been subjected to detailed examination. The corporate identity literature has focussed on the key traits of structure, history, heritage and culture (Melewar and Karaosmanoglu 2006; Urde et al. 2007; Blombäck and Brunninge 2009) and COO is referred to as an important contributor to company culture, but again COO has not been considered as a key dimension which a firm can leverage in identity formation.. The COO literature provides little help in explaining its role in luxury brand identities, focussing as it does on image rather than identity and on generic products rather than luxury brands.

The main motivation for adopting a COO identity is for defining and differentiating an organisation. Its value lies in its capacity to act as a shorthand device associating the brand/company with a range of national identity traits, communicating values and standards as well as distinctiveness. A strong association with a compatible COO conveys benefits of brand protection, attracting a price premium and enhanced opportunities for market entry, inward investment and beneficial partnerships.

For those companies whose brand signature is based on selected COO images or symbols, COO identity is clearly a central component, however it is also apparent that adoption of a COO identity is not a 'one size fits all' solution for brand differentiation. The first stage results indicated that there were variations in the importance of COO to different industry sectors and individual companies. The key factor which moderates the use of a COO identity is the product category, where a positive product country match (Roth and Romeo 1992) is most important. Industry sector norms, company size, resource availability and main markets are other factors which determine how luxury companies use COO. In the premium/luxury sector the majority of Scottish companies manufacture all or most of their product in Scotland and emphasise their Scottish credentials in their marketing communications.

This study has revealed that for many premium/luxury companies COO is the anchor for corporate identity, meeting Albert and Whetten's (1985) criteria as being central, distinctive and enduring. Understanding of COO identity has been developed in the second research phase by identifying the motivations for adopting such an identity

and the key drivers which determine the appropriateness of differentiating on the basis of COO, thus achieving the second research objective.

6.7.3 Communicating COO

A problematic knowledge gap in the COO literature is how companies communicate their COO credentials. For companies who adopt a COO identity, in all forms of communication from the brand/company, COO should be seen to be important and valuable. The most important of the direct communication methods is the brand/company name, but in the Scottish context imagery and symbols are also important components used to create brand stories and for imbuing Scottish character in different communication environments such as websites, retail outlets and visitor centres. Visitor centres are a key communication device in Scotland, particularly in the whisky sector where considerable investment has resulted in environments which emulate the flagship stores of the fashion sector. Their advantage from a COO perspective is that because of their location, visitors gain first hand experience of the ambience of the place of production.

Different sectors rely on different types of indirect communication processes, for example the whisky sector favours sponsorship, the textiles/cashmere sector endorsements and strategic partnerships. Across all sectors, press and PR are very important for reinforcing COO associations and enhancing brand awareness. These findings have achieved the third research objective which was to examine the mechanisms and processes used to communicate COO.

6.7.4 Strategic advantages of a COO identity

In addressing the final research objective, the main strategic advantage of adopting a COO identity is the differentiation achieved by associating the brand/company with positive national identity characteristics. To fully benefit from these associations a brand/company must purposefully refer to COO internally and externally to engage all stakeholders. Through this process COO identity becomes embedded in the organisation and is apparent at all the touch-points between the brand and stakeholders.

This research stage has applied the branding, luxury branding, corporate identity and COO literatures within the context of the use of COO by Scottish premium/luxury companies. It has resulted in a number of models which provide a basis for evolution in the final chapter.

Based on the findings of the two research stages and the findings from existing research in the literature, conclusions will be drawn in Chapter Seven. In addition, the contributions from the study will be highlighted and opportunities for further research discussed.

CHAPTER 7

CONCLUSIONS OF THE THESIS

Chapter Summary

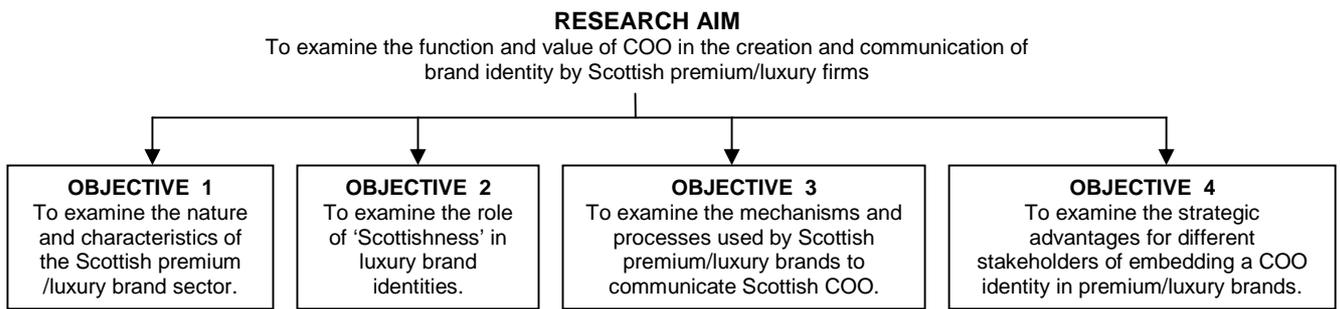
This chapter addresses the aim and objectives. The key theoretical concepts which underpin the study are first summarised focussing on the deficiencies which relate specifically to this study. The findings from the two research stages are brought together and a number of frameworks are presented. The contributions made by the research are identified and the limitations of the study are discussed. The chapter concludes by identifying areas where the research can be developed in future studies.

7.1. INTRODUCTION

The aim of this study has been to examine the role and value of COO in the identities of Scottish premium/luxury brands. Specific research questions were formulated after an analysis of relevant parts of the branding, luxury branding and COO literatures. The research used a mixed methods approach and was carried out in two stages. The first stage commenced by compiling and analysing a database of Scottish premium/luxury companies to gain an understanding of the scope, characteristics and dimensions of the sector. This was followed by a postal survey of all of the companies on the database to gain insights into the importance and use of COO in Scottish premium/luxury brand identities. The postal survey also considered the mechanisms used by companies to communicate COO. This was augmented by an analysis of company websites which specifically examined the degree of 'Scottishness' communicated by the home pages and the mechanisms used therein to communicate Scottish identity.

Based on findings from the first stage, in a series of twenty one semi-structured interviews with business elites, the second stage results identified the dimensions of Scottish premium/luxury brands, the motivations and strategic benefits of using a COO identity and the processes used to communicate 'Scottishness'. The purpose of this chapter is to consider the theoretical underpinnings of the study, collate the conclusions from the two research stages and analyse these in the context of existing knowledge. The chapter also considers the contribution which the study makes to the luxury branding and COO literatures and concludes by critically reflecting on the limitations of the study and identifying areas where the research can be extended in future. The aim and objectives of the study are shown in Figure 7.1.

Figure 7.1: The research aim and objectives of the study



The main conclusions which relate to these objectives are provided in the remainder of the chapter.

7.2 THE NATURE AND CHARACTERISTICS OF THE SCOTTISH PREMIUM/LUXURY BRAND SECTOR

Before examining how, or indeed if, Scottish COO is used in brand identities, the first research objective required that the scope and characteristics of the Scottish premium/luxury sector be established. The corporate identity literature highlights how the context of an organisation e.g. size, organisational structures, industry sector and main markets contribute to defining and shaping company identity (Pugh 1973; Olins 1995; Swaminathan 2001; Melewar 2003; Melewar and Karaosmanoglu 2006; Balmer 2008). Melewar (2003) contended that companies which operate in industries which have strong identities tend to adopt similar corporate identity strategies. Melewar and Karaosmanoglu (2006) added weight to this argument with their finding that industry sector identity had the most salient impact on overall corporate identity in the financial services and oil sectors. In the luxury fashion sector, Djelic and Ainamo (1999) recognised that national and historical contexts have influenced the formation of dominant organisational structures and the resultant brand identities which differ between countries. Balmer (2008) also elaborated on the interpenetration which takes place between identity types, citing as an example the influence of national identity on company identity and the role of companies in informing a nation's psyche and identity. Insights derived from the impact of industry identity, organisational structure and national identity on brand identity appear only to a limited extent in the luxury brand and COO literatures (e.g. Niss 1996; Moore et al. 2000; Beverland and Lindgreen 2002; Kapferer 2006). This underdeveloped approach has been addressed in this study

Informed by the literature referred to above, an analysis of company characteristics was considered to be an essential component to underpin the rest of the study.

Without this foundation there would have been a lack of understanding of the Scottish premium/luxury sector and of the factors which impact on decisions regarding company and brand identities which include:

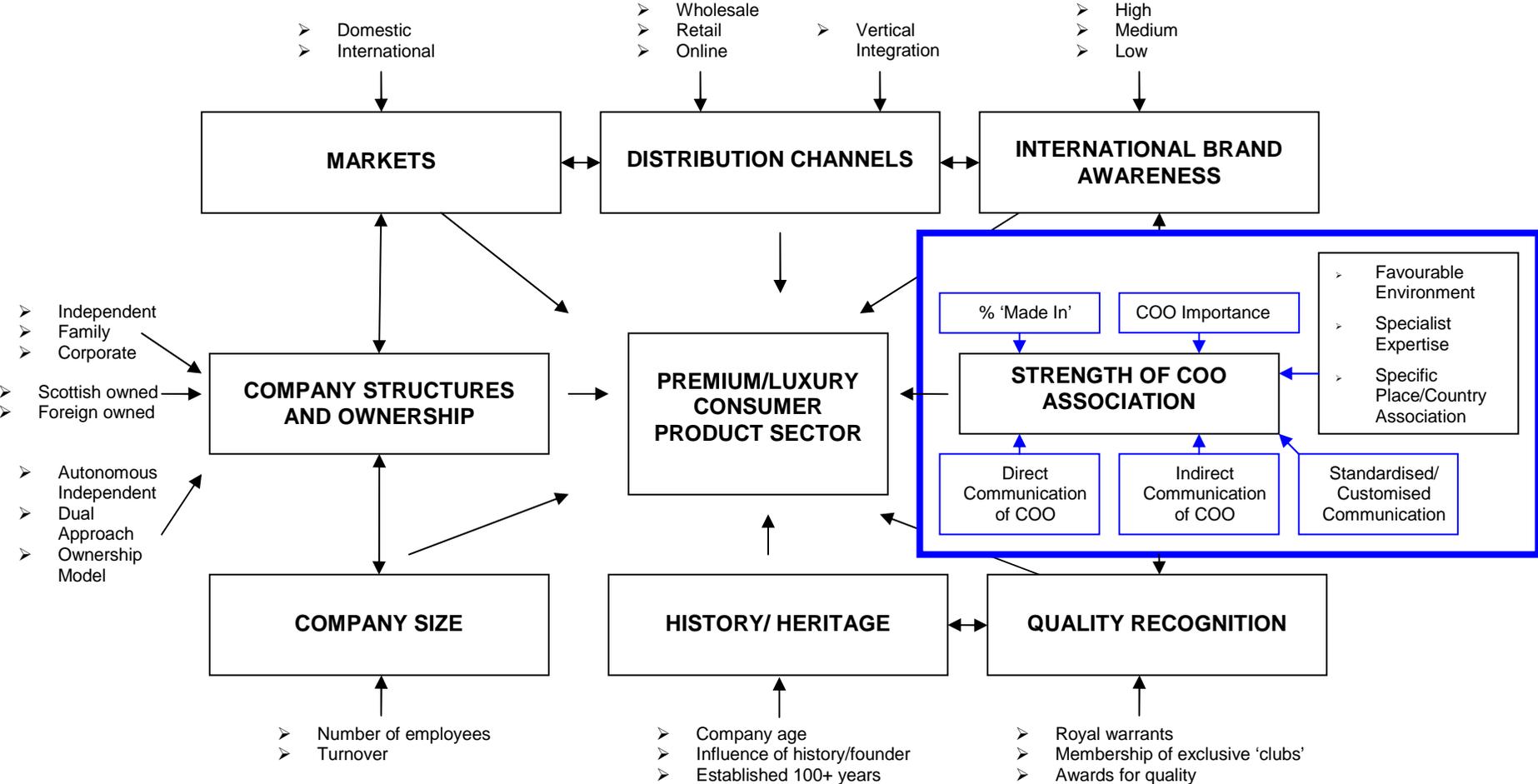
- type of company ownership;
- resource availability and investment decision making;
- reputational capital of industry sector;
- principal markets.

This understanding has given depth to the study. Since there was no pre-existing database of Scottish premium/luxury companies which could be used for the study a rigorous procedure based on that used by Dassler et al. (2007) was applied, resulting in a comprehensive database which enabled a detailed analysis of the sector to be completed. These results are reported in Chapter Five, the final outcome of which is a framework which identifies the dimensions which define companies and distinguish one from another, both within and across product sectors (Figure 7.2). The characteristics which set apart Scottish luxury goods companies include: types of markets; distribution channels; brand awareness; company structures and ownership; company size; history and heritage, quality recognition and strength of COO association (highlighted in Figure 7.2).

This framework does not simply describe the features of the Scottish premium/luxury sector. It represents a strong basis for classification of the different types of clusters which exist in the sector. Profiles of the three main Scottish product sectors from the database i.e. whisky, textiles and cashmere and food and beverage (Figures 5.47 - 5.49), have been compiled from this analysis. However, the clusters identified from the database analysis are not only defined by product sector, there are other sets of characteristics which define different cross product clusters based on characteristics such as scale, scope of markets, ownership type etc. By identifying these variations in types of organisations both within and across product sectors, this analysis has value both in informing the findings from this study and providing an approach for applying in future studies of the Scottish and/or the wider premium/luxury sector.

Strength of COO association, one of the characteristics that differentiates companies, has been developed in more detail and is highlighted in Figure 7.2. The database analysis established from the outset of the study that this characteristic varied in relation to other features such as brand awareness, main markets and product sector and thus established at an early stage that a 'one size fits all' solution would not be appropriate.

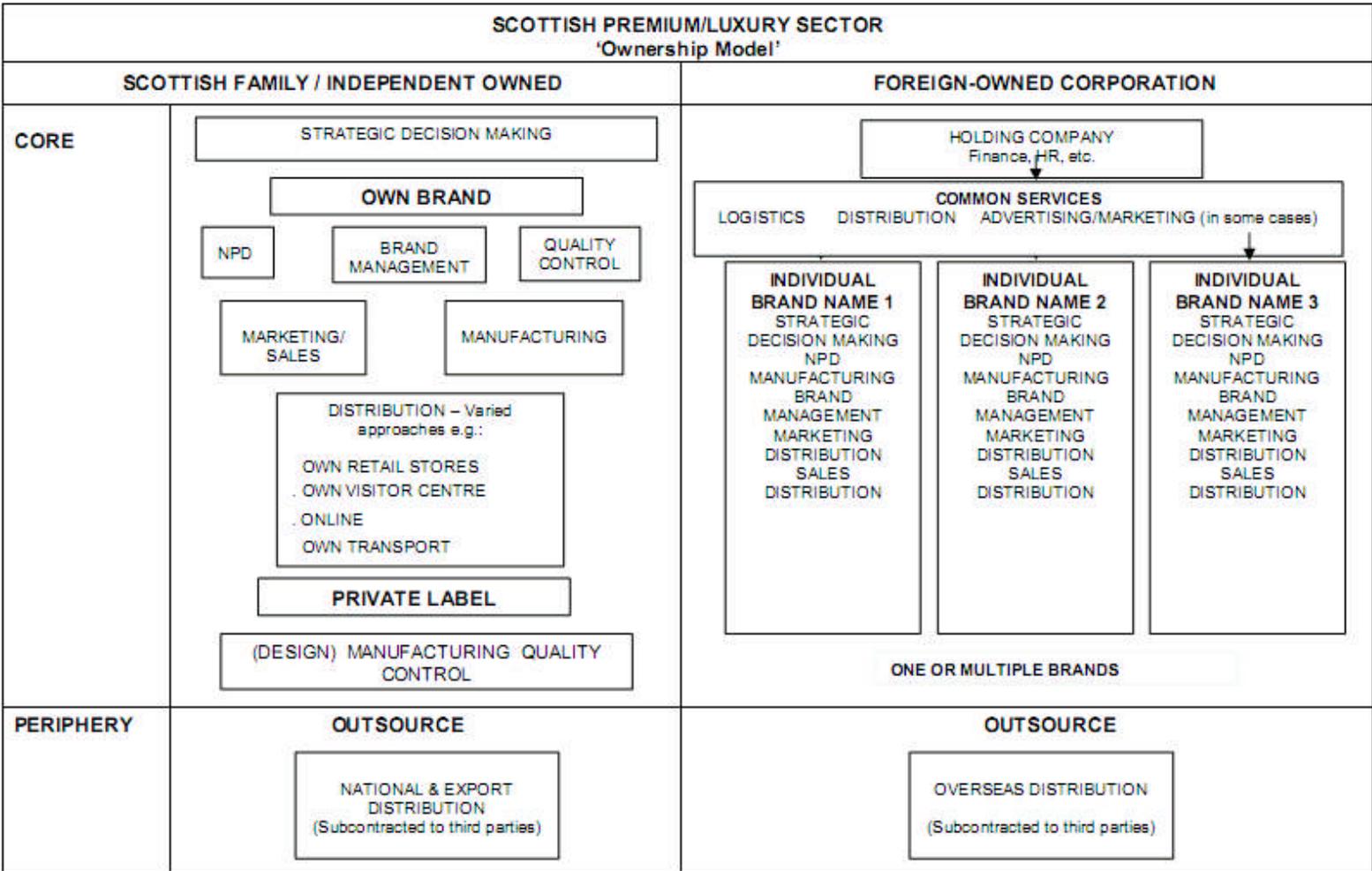
Figure 7.2: Characteristics of premium/luxury companies with emphasis on the strength of COO association



Based on the models devised by Djelic and Ainamo (1999) who compared the organisational structures for the fashion manufacturing sectors in three countries, company information from the database was used to compile organisational structure diagrams which further explain the differences between the three main Scottish premium/luxury sectors (Figures 5.17-5.19). These diagrams establish that the Scottish premium/luxury sector does not fit into one common structural model. Clear differences have emerged between the whisky, textiles/cashmere and food and beverage sectors. Bearing this in mind however, two dominant organisational forms which together represent the majority of Scottish premium/luxury companies can be identified and delineated (Figure 7.3). The two models in Figure 7.3 are derived from those which characterise the whisky sector, where the main distinguishing factor is the ownership structure which is either Scottish family/independent or foreign owned corporation. The type of ownership is recognised as the dominant distinguishing feature of Scottish premium/luxury companies since it largely determines a company's resource availability which in turn has a major impact on its main markets and distribution channels and consequently awareness of the brand internationally. Like the whisky sector, the textiles/cashmere sector has a mix of the two ownership formats but here the balance is in favour of Scottish owned independents whereas in the whisky sector it is a more even split between the two. The food and beverage sector largely fits the Scottish family owned independent model. The type of ownership model and the product sector impact significantly on brand identity and the importance of COO within that identity.

The first objective to examine the nature and characteristics of the Scottish premium/luxury brand sector has been satisfied. The creation of a company database and the analysis of information from the database has resulted in a framework comprising a set of criteria which can be used to make comparisons between industry sectors and between individual companies and provide explanations informing how COO identity is used. Isolating the two dominant structural forms based on ownership provides a platform for explaining similarities and differences in business strategies as they relate to company/brand identity in particular and possibly to brand/business strategy in general. This is a new approach for this type of study which has not been used previously in either the luxury or COO literatures.

Figure 7.3: The two dominant organisational structures found in Scottish premium/luxury companies



7.3 THE ROLE OF COO IN LUXURY BRAND IDENTITIES

The second research objective which is to examine the role played by 'Scottishness' in luxury brand identities addresses an area which so far has received minimal attention in the literature. The concept of a COO brand identity is absent in the COO literature, where the emphasis has been entirely on the effect of COO image on consumer decision making. A small number of studies have examined in general terms the benefits of using COO as part of business strategy (Niss 1996; Baker and Ballington 2002; Beverland and Lindgreen 2002; Kleppe et al. 2002; Knight et al. 2007) but there have been no studies into the decision making process regarding the 'why?' 'when?' and 'how?' of using COO as part of a corporate/brand identity.

In order to understand the role of COO as part of brand identity a first step was to examine Scotland's image from the viewpoint of business elites representing the Scottish luxury brand sector. This analysis was carried out to avoid the criticism which has been levied that most COO studies make no attempt to first establish participant's perceptions of the image of the countries being investigated (Hong and Wyer 1989; 1990; Chao 1998; van Ittersum et al. 2003). The analysis of Scottish country image from responses in the postal survey revealed that the network of associations contributing to Scotland's image was wider than is generally acknowledged in the COO literature where COO image focuses either on total knowledge of a country and/or the country's products and/or the capabilities of the people (Roth and Romeo 1992; Martin and Eroglu 1993; Papadopoulos and Heslop 1993; Knight and Calantone 2000; Roth and Diamantopoulos 2009). In addition to images relating to its products and people, Scotland's image consists of dimensions relating to culture and activities; history and heritage; landscape and scenery; and the natural environment. These dimensions and the key components associated with each (Figure 7.4) convey a rather idealised image of a country which is unspoilt, picturesque, with a romantic history, whose craft based products are of high quality produced by a skilled workforce. The most mentioned image term was high quality. The image dimensions are all compliant with interpretations of luxury brands and although this image of Scotland reflects the views of a particular sample group with a vested interest in high end Scottish products it is consistent with a number of other studies (e.g. Baker and Ballington 2002; Yeoman et al. 2005; Imrie 2006).

Since few studies in the COO literature have sought to delineate a set of dimensions which evoke a specific country image the identification of a wider set of dimensions which evoke Scottish country image provides valuable new insights.

Figure 7.4: Dimensions of Scottish image and key image components



Although the dimensions which comprise country image are likely to be common across different countries, the elements of Scotland's image which are idiosyncratically Scottish are seen in specific images and symbols, examples of which are provided in Figure 7.4. Every country has its own unique set of such images and symbols. Identifying Scotland's distinctive imagery provides the underpinning for subsequent discussions on the 'how?' and 'why?' questions faced by companies regarding COO identity and for identifying some of the associations which can be used to communicate a Scottish COO identity.

Neither the COO or luxury brand literatures indicate the significance that premium/luxury companies accord to COO. The postal questionnaire results from this study first of all confirmed that across all product sectors the majority of companies carried out all (69%) or some (23%) of their manufacturing in Scotland, thus complying with the definition of COO as Country of Manufacture (COM in Table 3.2). Of the 8% who did not manufacture in Scotland, Scotland was either the Country of Design (COD) and/or the Country of Brand Origin (COBO). Secondly, respondents revealed that Scottish identity was either very important (67%) or a relevant part (30%) of brand positioning, being most important in the whisky sector, then in textiles/cashmere followed by food and beverage and the combined jewellery/homeware/toiletries sectors. The reasons given for the importance of COO were either that COO was a key part of brand identity or was a vehicle for reflecting brand values, both of which were clear differentiating factors. These factors were explored in depth with elite interviewees in the second research stage enabling the brand values which were core to premium/luxury brand identities to be captured.

7.3.1 The components of Scottish luxury brands

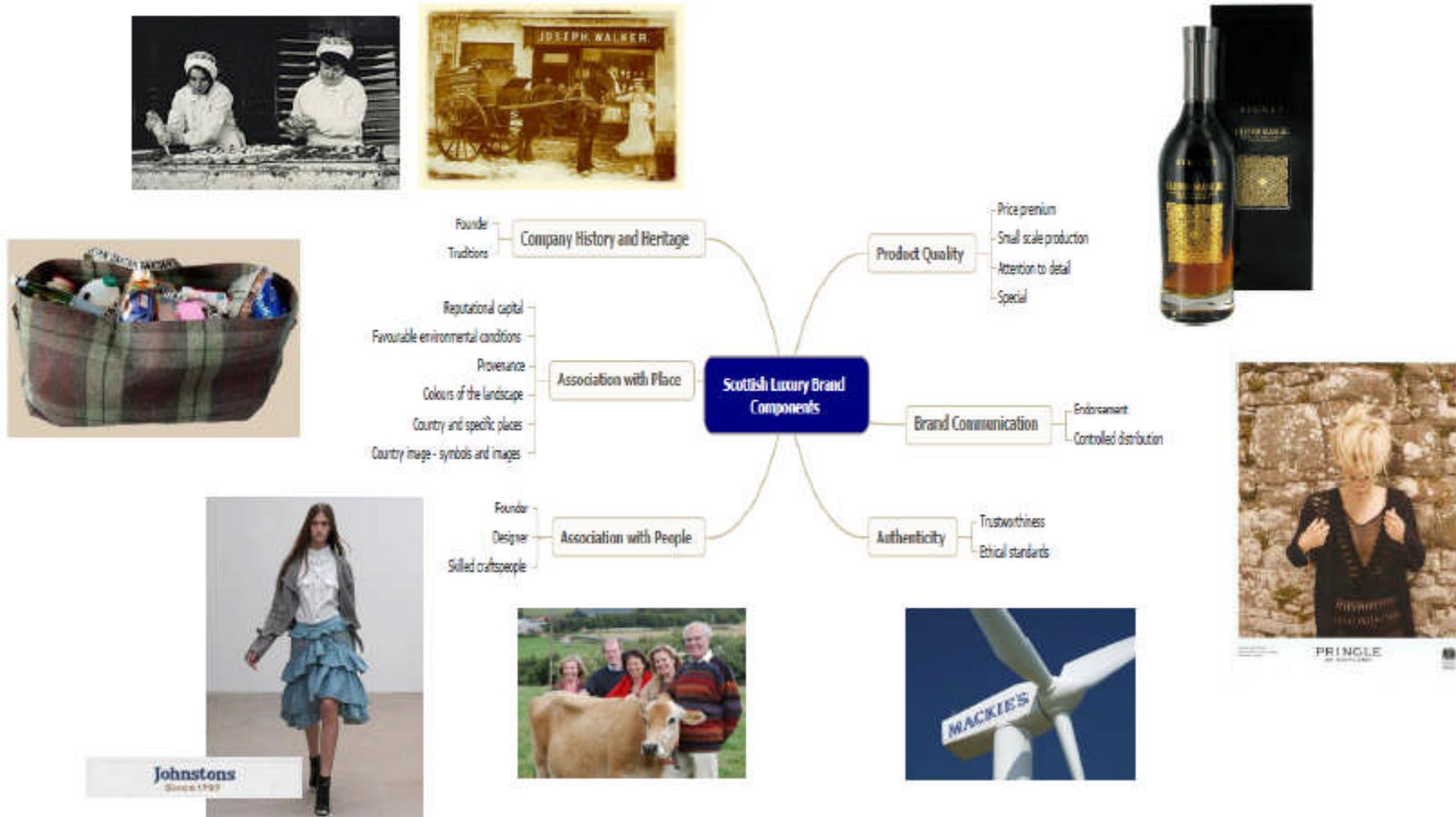
So that the role of COO could be considered in the context of other brand values, a complete analysis of the brand values identified by Scottish premium/luxury brands was carried out, resulting in a framework of brand values which characterise the Scottish luxury sector. The literature offers many different interpretations of the dimensions which characterise luxury brands. These have either been generated from the consumer brand image perspective (e.g. Kapferer 1998; Vigneron and Johnson 1999; Dubois, Laurent and Czellar 2001; Vigneron and Johnson 2004) or from the producer brand identity perspective (e.g. Nueno and Quelch 1998; Beverland 2004a; Moore and Birtwistle 2005; Moore et al. 2006; Okonkwo 2007; Fionda and Moore 2009). Images of luxury brands

have been classified by Vickers and Renand (2003) using a consumer behaviour approach into the three dimensions of functionalism, experientialism and symbolic interactionism used by consumers to express different aspects of personal and social identity. These complement the strength of brand association dimensions in Keller's (1993) brand image model. This psychology based consumer image interpretation of luxury brands contrasts with the company identity perspective where dimensions which relate to high quality, craftsmanship, exclusivity and price premium are augmented with dimensions which relate more to brand management and marketing communications activities including endorsement, heritage, product integrity and design and controlled distribution. The majority of studies of luxury brands from the company viewpoint are in the context of the luxury fashion sector which has specific differentiating characteristics (Moore and Birtwistle 2005). Another context is luxury wine (Beverland 2004a) a sector which also has a unique set of defining characteristics. It has been noted for both these sectors and elsewhere in the luxury literature that frequent references are made to the importance of luxury brands having COO 'roots' (Kapferer and Bastien 2009), but COO has rarely appeared as a specific luxury brand dimension and has not been subjected to detailed exploration.

From twenty three separate luxury brand dimensions extracted from interview transcripts (Table 6.3) six key integrative themes were identified (Figure 7.5). The images used in seven company vignettes (Figures 6.8-6.13) illustrate each of the key themes in Figure 7.5. Similar to the previously identified Scottish image dimensions (Figure 7.4), the interviewees consistently identified product quality as the most important. Product quality is achieved through excellent ingredients, small scale production, craftsmanship, handcrafting and attention to detail, creating a product variously described as 'special' or having 'dream' value. Quality is clearly an imperative dimension for luxury brands (Dubois and Paternault 1995; Kapferer 1998; Nueno and Quelch 1998; Jackson 2004; Moore and Birtwistle 2005; Moore et al. 2006)

Elite interviewees verified the importance of COO as a brand dimension manifested through direct references to the country and/or specific regions/places in the brand or corporate name. Product quality perceptions were enhanced by the reputational capital of specific product categories such as whisky and cashmere (O'Shaughnessy and O'Shaughnessy 2000).

Figure 7.5: Dimensions of Scottish premium/luxury brands



Links to 'Scottishness' were achieved using colours, symbols and images and references to favourable climatic and geophysical production environments, all of which emphasised how products were 'rooted' in the COO.

Distinctiveness by associating the brand with place is reinforced through the dimensions of company history/heritage and associations with the people involved in creating or producing the brand. These resonate closely with the key components of Scotland's image in Figure 7.4. The dimension of authenticity has antecedents in associations with place, people and heritage "*giving an aura of distinction and pedigree*" (Alexander 2009 p.551) adding to brand credibility and stimulating feelings of trust and brand integrity. Values of corporate social responsibility and the product quality component of Scottish image (Figure 5.27) are also associations which enhance perceptions of authenticity. Finally the marketing communications dimension focuses on achieving exclusivity using a number of strategies, principally by controlling distribution and third party endorsement.

Of the six Scottish luxury brand values in Figure 7.5, those of product quality, brand communication, heritage and history, and authenticity have appeared consistently in extant luxury brand taxonomies (Nueno and Quelch 1998; Moore et al. 2006; Okonkwo 2007; Fionda and Moore 2009). This study adds to existing theory on luxury brands by identifying associations with the place of origin and with the people involved with the brand as distinctive brand values not previously identified. Interview data supports their inclusion as important underpinnings for premium/luxury brand values. The first part of achieving the second objective has been to establish that Scottish COO is a valued component of premium/luxury brand identity. The next sections continue to address the second objective by developing the concept of COO identity and elaborating on its importance as a differentiating device for Scottish premium/luxury brands.

7.3.2 A COO identity approach

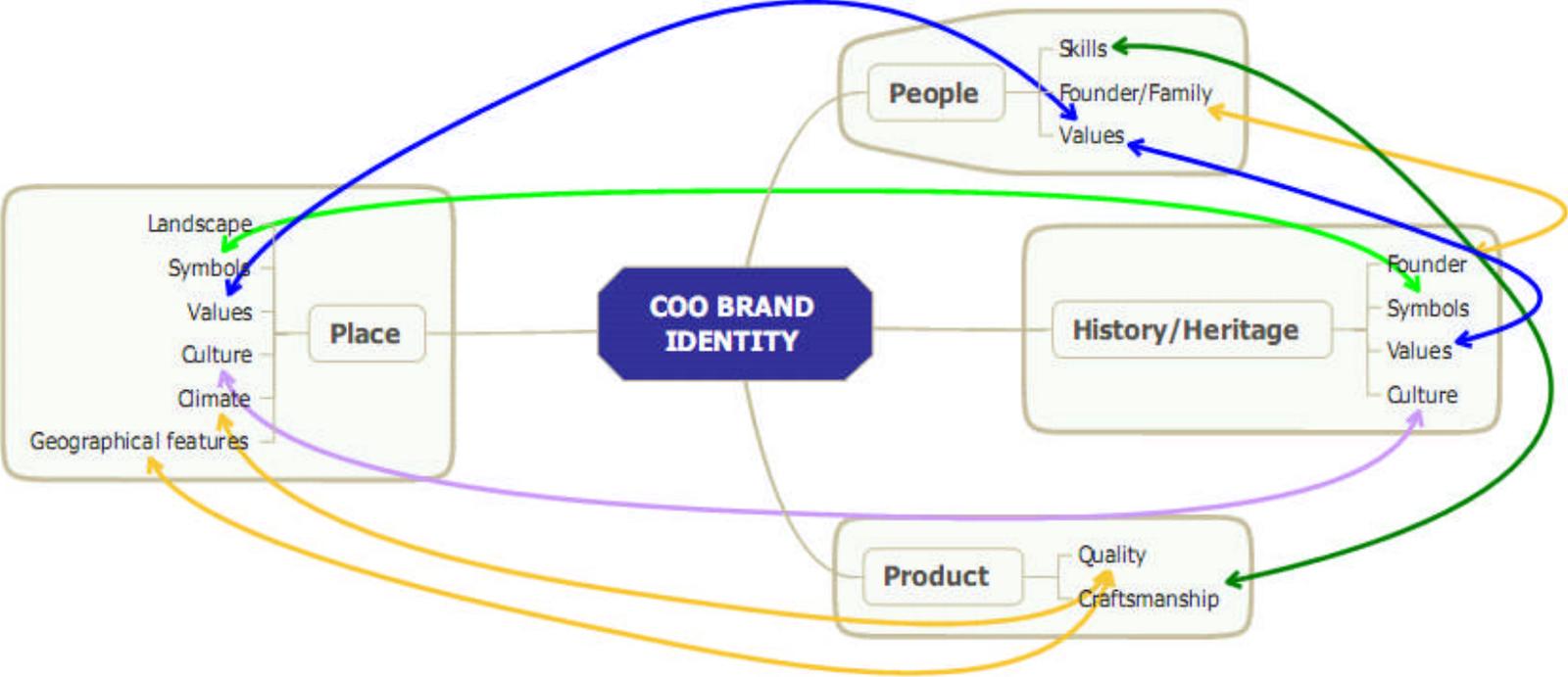
Along with heritage, industry sector and the role of the founder, COO appears in the literature as an antecedent of corporate culture and as such is recognised as playing an important role in corporate identity formation and execution (Melewar 2003; Melewar and Karaosmanoglu 2006; Balmer 2008). Melewar and Karaosmanoglu (2006) maintained that a strong link exists between the national culture from which a company originates and corporate identity, particularly when the company is still based in the COO. Corporate identity explains '*who we are as an organisation*' (Balmer and Gray 2003; Balmer 2008). Since Albert and Whetten's (1985) seminal

work on corporate identity it has been established that identity anchors must be central, distinctive and enduring. Which identity anchors are chosen and how they are represented and communicated to stakeholders defines a company and how it differentiates itself in the marketplace (Olins 1995; van Reil and Balmer 1999; Hatch and Schulz 2000). History and heritage (Urde et al. 2007; Blombäck and Brunninge 2009) and the role of the founder (Olins 1978) have all been examined in detail as key components of corporate identity in the literature. Urde et al (2007) have argued that 'heritage' brands are a distinct branding category with their own set of defining criteria. Authenticity (Beverland 2005; Alexander 2009), parenting advantage (Moore and Birtwistle 2005) and flagship stores (Godley et al. 2009; Moore et al. 2010) have been explored as factors which contribute to the success of luxury brands. All brands have a COO but until now, the concept of a COO identity as a means of differentiation has not been developed in either the branding or COO literatures. The circumstances where COO can be used as a valuable differentiator either by capitalising on: positive national identity associations; positive product country matches; associations with history, heritage and people have so far been given little attention in the literature.

The importance of COO as a differentiating strategy for Scottish premium/luxury brands has been established in this study. Where focussing on COO can convey specific benefits which have relevance for a company, COO functions by linking national culture characteristics with company principles and practices. Adjectives which are associated with national characteristics are linked directly with relevant aspects of company identity and COO imagery and symbols are used in communicating company/brand identity. These symbols, providing they resonate with target customers, are a potent resource which can elicit the strong emotional responses which are vital for luxury brands. The dimensions of Scottish COO image, illustrated in Figure 7.4, underpin four out of the six key luxury components identified in Figure 7.5. The evidence from interview data suggests that Scottish COO identity is differentiated based round these four dimensions.

It is proposed from this study that place; history and heritage; people; and products; are the key sources which companies use to convey a distinctive COO identity through the use of place names, socio-geographic images and symbols. This COO identity is a key differentiating device. The inter-connections and relationships between the place of origin and the people, history/heritage and quality of products associated with that place are displayed in Figure 7.6.

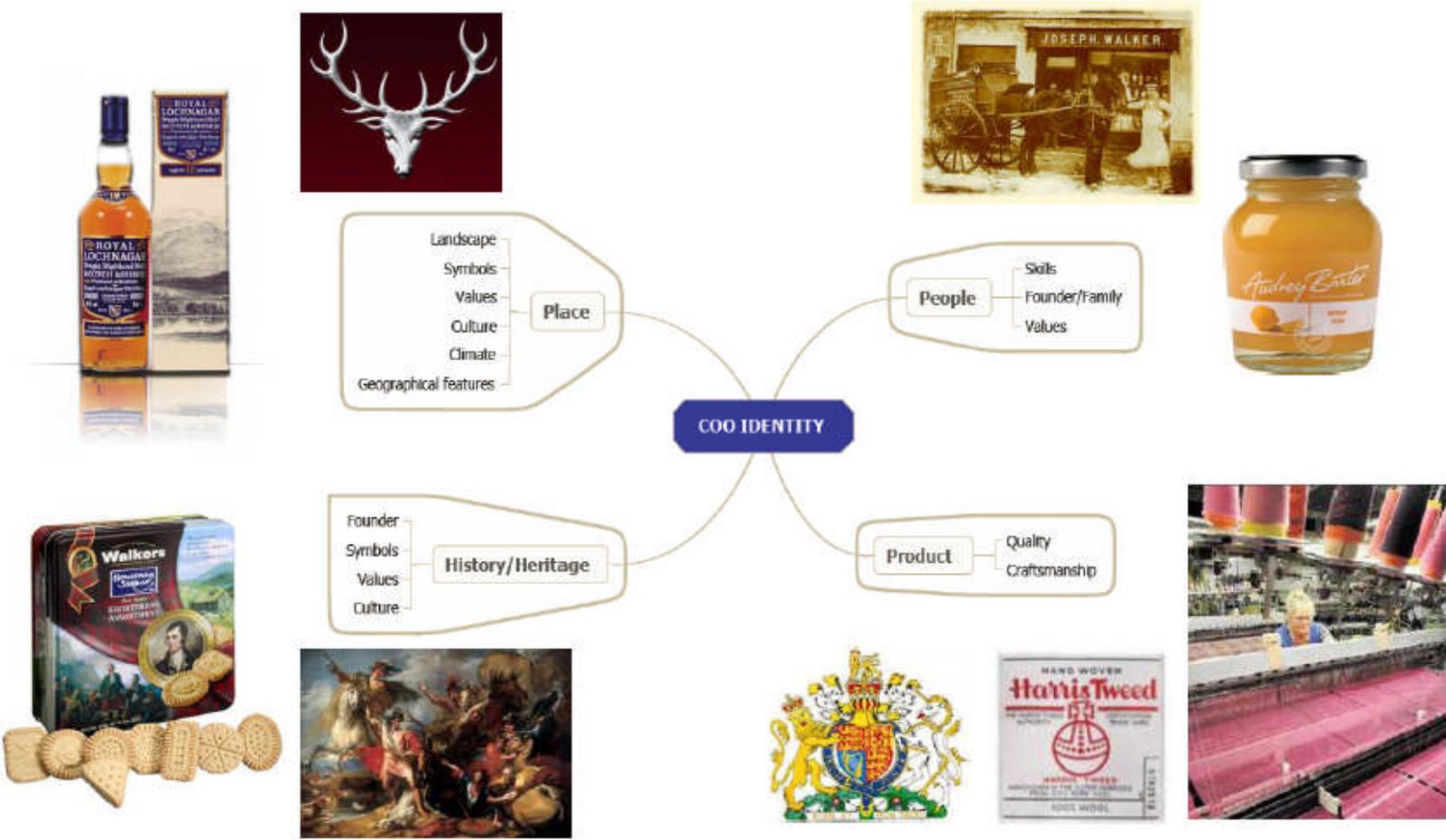
Figure 7.6: Inter-relationships between the components of COO brand identity



In the COO literature country image is conceptualised narrowly as mainly cognitive beliefs about a country's culture, economic and political status, the quality of its products and to a lesser extent the nature of its people (Roth and Romeo 1992; Martin and Eroglu 1993; Allred et al. 1999; Knight and Calantone 2000; Papadopoulos and Heslop 2003). The emphasis on cognitive beliefs focuses on the functional attributes of products which in the luxury context of this study relates to excellent quality and high standards of craftsmanship. The affective and conative responses evoked by national images and symbols, culture and heritage and national pride have previously been neglected in the country image literature. That very few COO studies have been based in the context of luxury products helps explain why the experiential and symbolic components of country image identified in this study have not been given more consideration in existing literature.

The potency of COO images and symbols and their adoption in Scottish premium/luxury brand identities has been demonstrated in examples from company websites (Table 5.41; Figures 5.38; 5.43) and in company vignettes (Figures 6.7-6.13). Further examples are illustrated in Figure 7.7. The selectiveness and subtlety which is evident in the choice of Scottish symbols and images and the contemporary style of their presentation is noteworthy. What has been left out is also worthy of attention. Absent are stereotypical images such as the tartan clad Highlander tossing the caber at a Highland Games, also absent are images of iconic buildings or cityscapes. That these are viewed as being inappropriate in a luxury context is evident. The consistency that exists between Scottish COO image, Scottish premium/luxury brand dimensions and Scottish COO identity is apparent when comparing Figures 7.4; 7.5; and 7.7.

Figure 7.7: Dimensions of Scottish COO brand identity



In Figure 7.8 a framework is presented which integrates COO brand identity with Keller's (1993) model of brand image. Here COO associations embedded in the brand encourage the formation of knowledge structures in the minds of consumers through the spreading activation process (Collins and Loftus 1975) resulting in the formation of their COO image of the brand (shown on the left hand side of the diagram).

As seen in this diagram, COO brand identity is only relevant and only influences COO brand image when deliberately communicated to stakeholder groups.

In addition to the vital role played by the communication mechanisms and processes adopted by the company to convey desired associations between place, people, history and heritage and products, the diagram recognises the impact and interconnectedness between different identity sources i.e.:

- company identity;
- industry identity; and
- national identity.

Each of these identity sources can contribute to the company/brand identity building process. Conclusions regarding the mechanisms and the processes used to communicate COO are developed in a later section.

The components of COO identity are further elaborated in a framework in Figure 7.9 which focuses on the links between the two concepts of identity and image. The diagram illustrates how COO (labelled as COO Place) provides the anchor and source of the associations made with its people (COO People), history and heritage (COO History and Heritage) and the products (COO Quality) with which it is associated. Product quality links with the functional mainly cognitive component of brand image whereas images of the place, people, history and heritage resonate more with symbolic, experiential and emotional feelings which consumers exhibit when purchasing luxury brands (Vickers and Renand 2003).

Figure 7.8: Symbiosis between COO brand identity and COO brand image

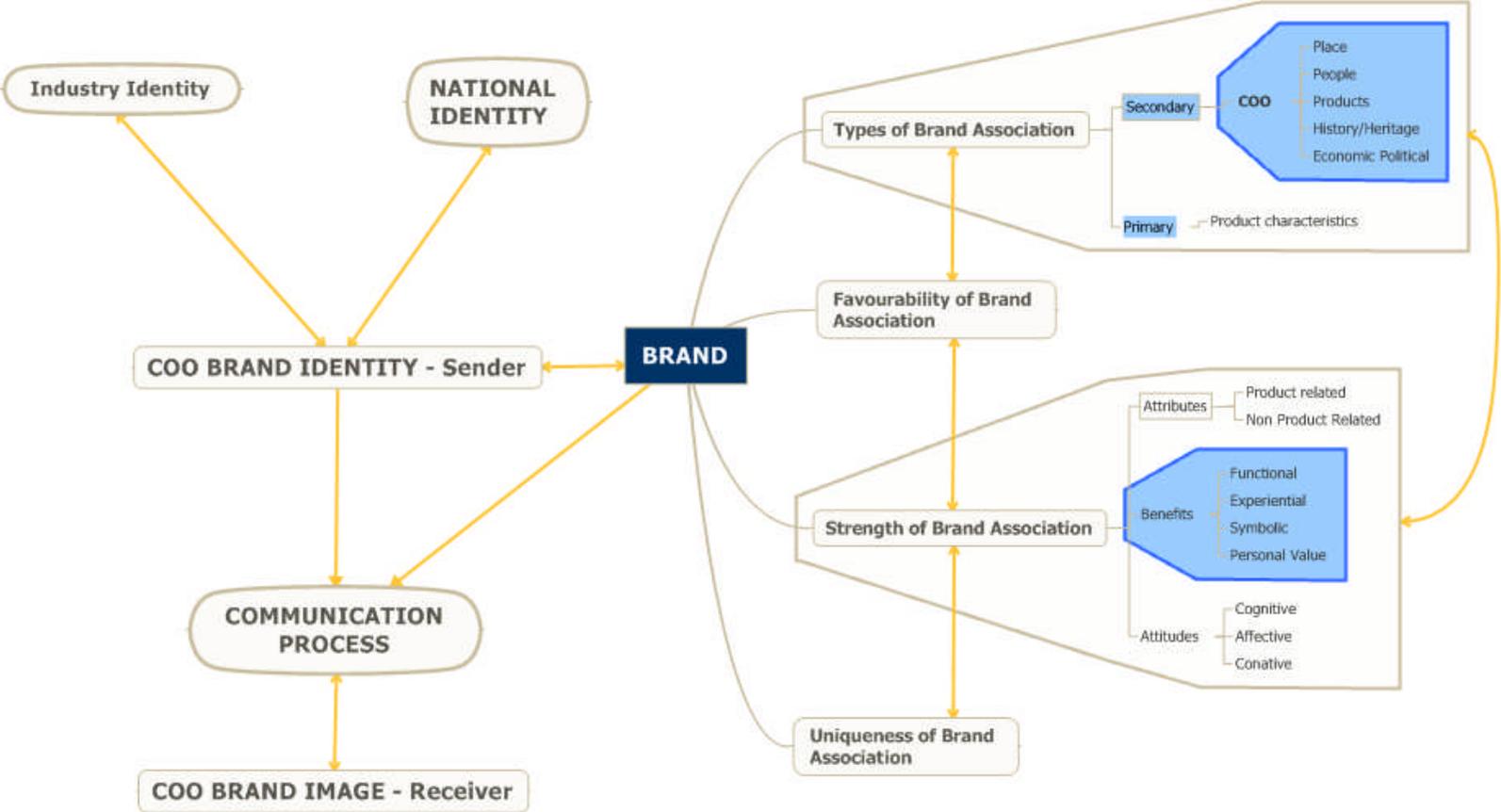
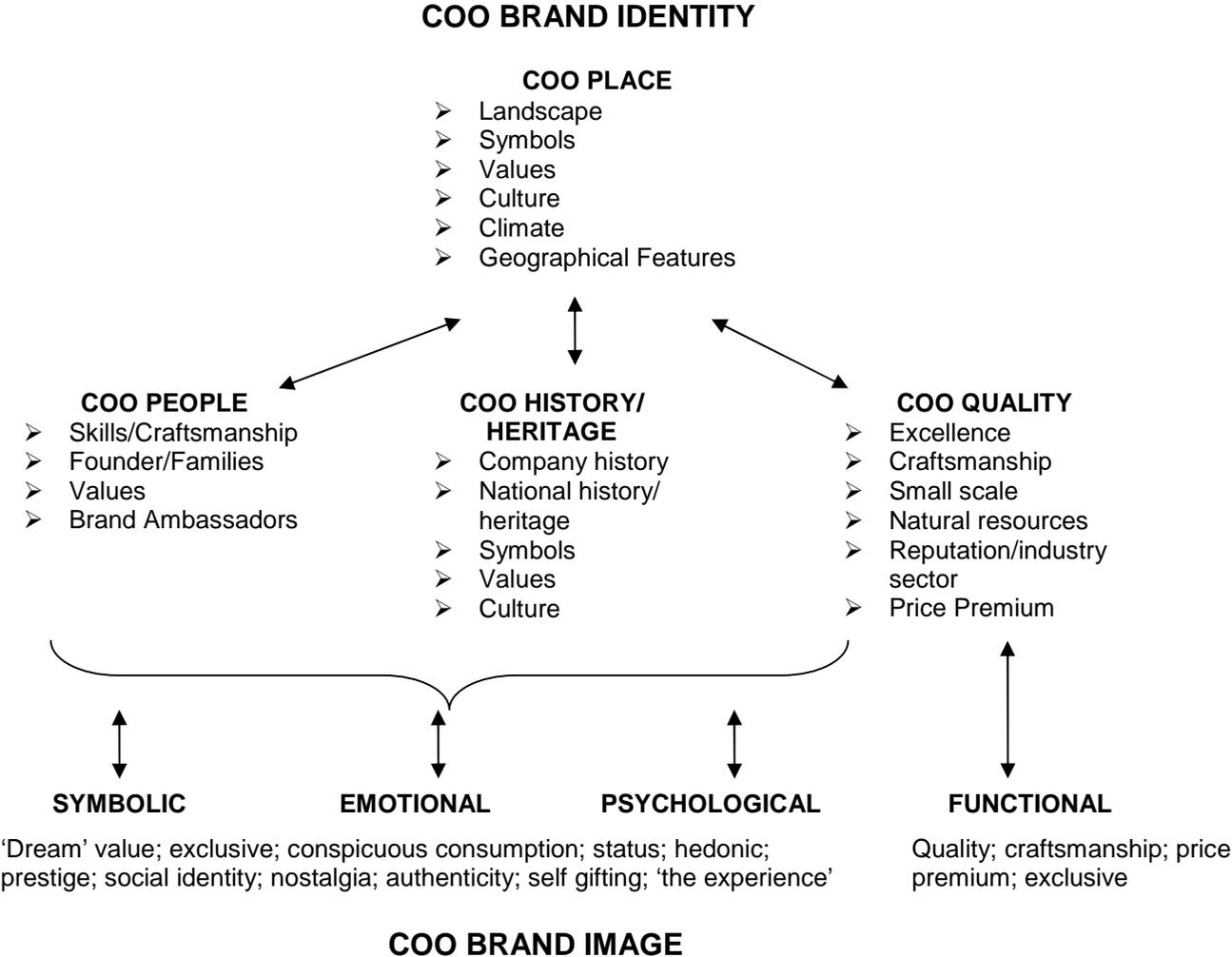


Figure 7.9: The sources of COO brand identity associations linked with the development of COO brand image



The metaphor of COO as the anchor of premium/luxury brand identity is one which can be further developed when the 'why?' a company exploits a COO approach is elucidated. Beverland and Lindgreen (2002) advanced understanding of this area by identifying some preliminary contingency factors which influence decisions on the appropriateness of using a COO identity strategy. Niss (1996) also drew attention to factors which highlighted where companies could use COO to greatest effect. There are however significant gaps in extant research regarding the 'why?', 'how?' and 'when?' questions relating to adopting a COO identity. One such gap is regarding the motivations for emphasising COO in company/brand identities.

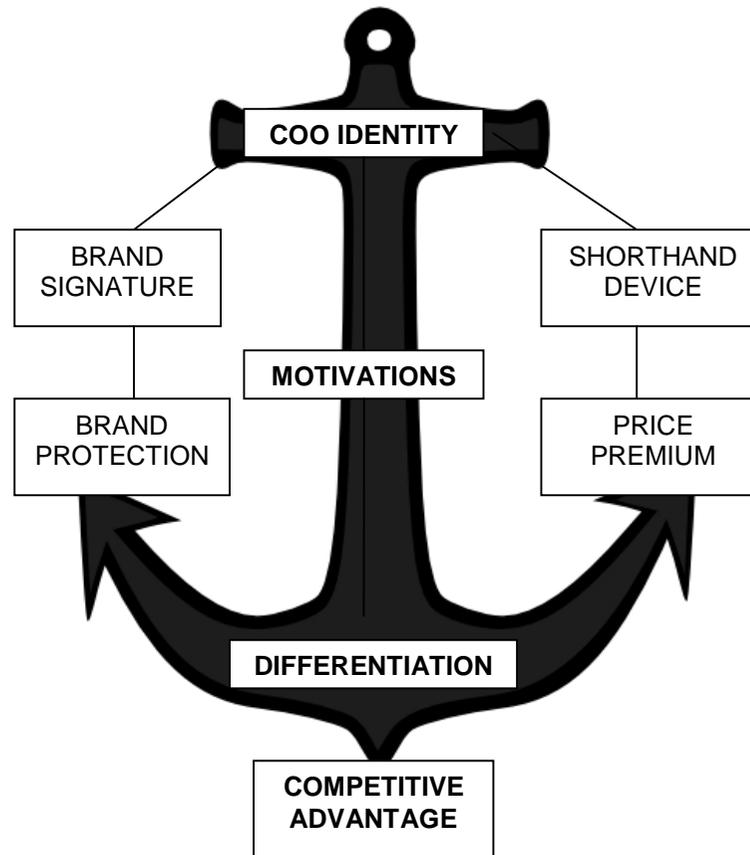
Interview data from business elites highlighted the main motivation of COO identity as a pre-eminent device for brand differentiation which is valued by customers and other stakeholders (Figure 7.10). Other brand dimensions such as product quality can be replicated, but COO makes the brand distinctive, provides a degree of protection and makes copying more difficult. Manufacturing in the COO justifies a price premium. The COO association is particularly relevant as a shorthand device which stimulates the symbolic, emotional and psychological responses identified in Figures 7.8 and 7.9 through associations with relevant aspects of national identity including culture and heritage, images and symbolism. The pedigree of authenticity is also earned through these associations (Alexander 2009). These factors all combine towards achieving a competitive advantage in the luxury sector.

The argument for using the metaphor of COO as the anchor of COO identity becomes more powerful the more the concept of COO identity is developed. An anchor is a device which locates and secures an object in a safe position. Not all places are suitable anchorages as is the case with luxury brands. A positive product country match, high reputational capital and appropriate country image are required before a COO identity can be successful. Identification with the anchor metaphor gives COO a central and overall causal role in the brand identity. The COO anchor provides protection and security and a stable base which prevents the brand from 'drifting' or 'running aground'. The COO anchor makes a strong connection between the brand and its place of origin, evoking emotions of familiarity and well being.

Evidence from the study does however militate adopting a 'one size fits all' approach to COO identity. The wide variation in company types and structures explained within the context of the first research objective has enabled a range of motivations for using a COO approach to be uncovered as well as a number of factors which drive the adoption of a COO identity (Figure 7.10).

Figure 7.10: Motivations and drivers of COO Identity

- STRENGTH OF COO ASSOCIATION DRIVERS**
- RESOURCE BASE (RB)**
- Company size
 - Company type
- BRAND AWARENESS (BA)**
- Level of recognition
 - Life cycle stage
- PRODUCT CATEGORY(PC)**
- Product country match
 - Industry identity
- PLACE OF MANUFACTURE (PoM)**
- Geophysical advantages
 - COO = COM
 - COO or ROO
- MAIN MARKETS (MM)**
- International/Domestic
 - Mass/specialist



- SCOTTISH PREMIUM/LUXURY SECTORS**
- WHISKY**
- 100% Made in Scotland (PoM)
 - +ve product country match (PC)
 - Strong resource base (RB)
 - International market (MM)
 - High brand awareness (BA)
 - Both COO and ROO (PoM)
 - Geophysical advantage (PoM)

- TEXTILES/CASHMERE**
- 96% Made in Scotland (PoM)
 - +ve product country match (PC)
 - Mixed resource base (RB)
 - International & domestic markets (MM)
 - Low brand awareness (BA)
 - COO (PoM)

- FOOD AND BEVERAGE**
- 90% Made in Scotland (PoM)
 - Product country match dependent on product (PC)
 - Weak resource base (with exceptions) (RB)
 - Domestic market (MM)
 - Low brand awareness (BA)
 - COO & ROO (PoM)

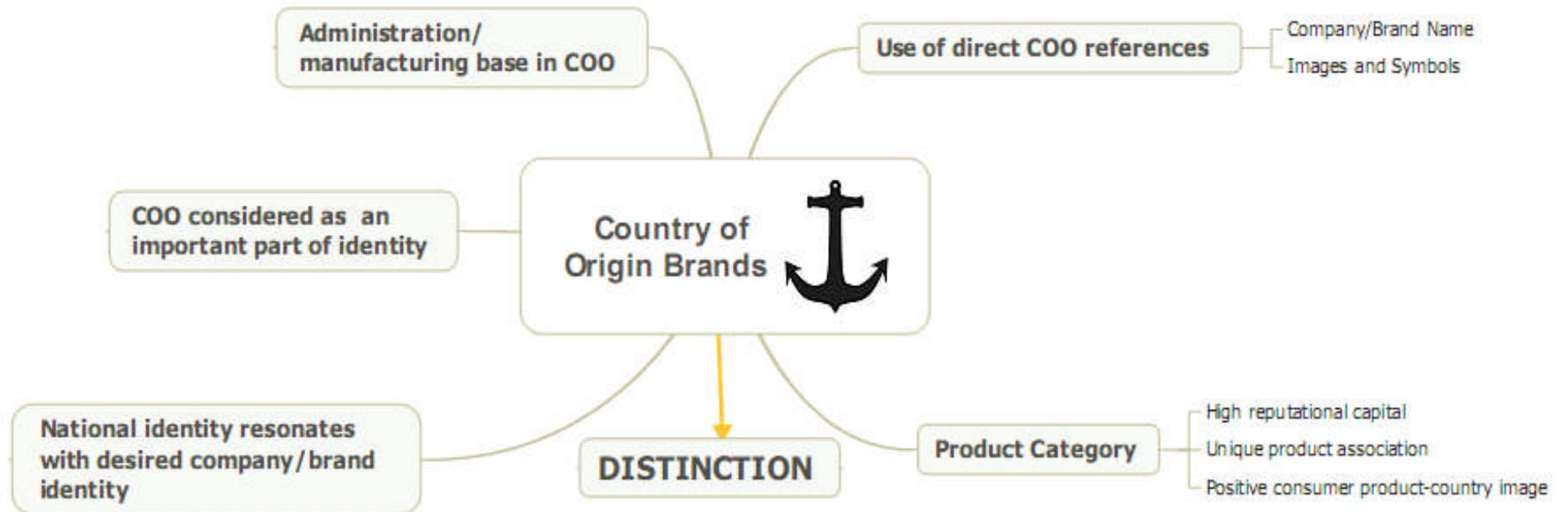
Incorporated within the framework in Figure 7.10 are the drivers which influence whether or not a COO identity approach is appropriate. These comprise: the resources available to a company; the level of brand awareness; the product category; the place of manufacture; and the main geographic markets. Applying the sector profiles compiled from analysis of the database, these drivers are applied to the three main Scottish premium/luxury sectors. Here it can be seen that all of the contextual factors are positive for the whisky sector, most are positive for the textiles sector, with the food and beverage sector being more mixed, depending on the specific product category. In the food sector, the main reason for not using COO identifiers is a poor product country match, for example a luxury confectionery company obscures their Scottish origin by using a European sounding name.

Having thus answered the question of 'why?' a company uses a COO identity, in order to fully achieve the second research objective, the next question is 'when?' is it appropriate to use a COO identity. Referring to the work of Urde et al. (2007) who used a case study approach to isolate the key components of brand heritage, based on the evidence from interviews carried out across the range of Scottish premium/luxury brands, five major indicators of whether or how much COO is part of brand identity (Figure 7.11) are identified. The more there are, the greater is the authority to use a COO identity and the more powerful the COO anchoring effect as a differentiating device. Brands which satisfy all or most of these criteria qualify for the description of COO brands.

The five indicators of a COO brand are:

- Administration/manufacturing base in the COO. A COO brand is firmly anchored in the COO. It is a valued member of its local/national community and is recognised as such by its stakeholders;
- The COO is expressed via images and symbols, logos, design references and/or within the company/brand name. A COO brand is clearly associated with its place of origin either by its name or through the use of visual identifiers;
- The product category is associated with the country and has a positive product country match, has high reputational capital and a positive product-country image;
- The company identity shares similar dimensions as the national identity/image and connotes national identity associations;

Figure 7.11: Defining criteria for COO brands



- COO is considered as an important part of identity. COO brands are those which convey clear messages about their COO identity and achieve distinctiveness in so doing.

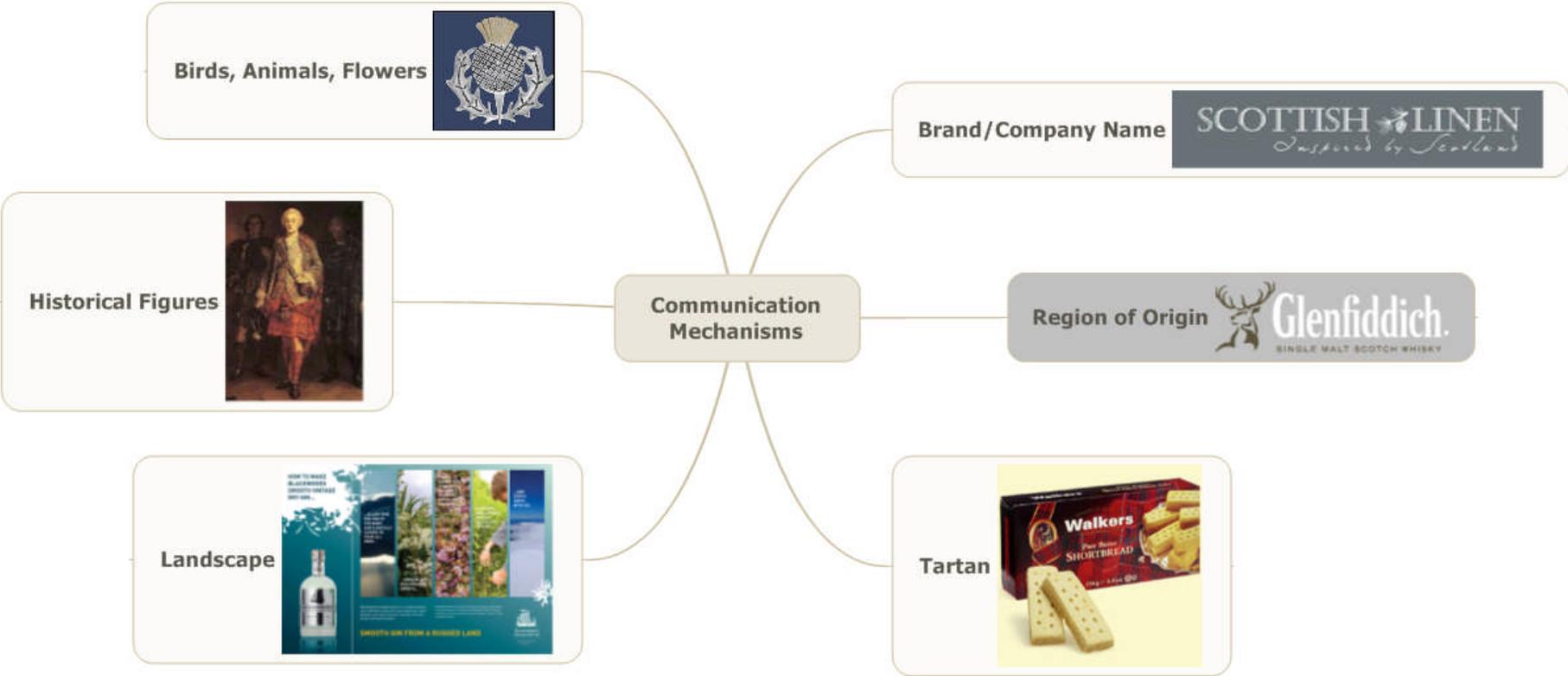
The second objective, to examine the role of 'Scottishness' in luxury brand identities, has been comprehensively satisfied. The importance of COO to Scottish premium/luxury companies has been firmly established. The concept of COO identity where COO is the anchor which secures and protects and connects the brand with associations which differentiate it has been clearly articulated. A COO brand has a distinctive story to tell based on a wide range of place based associations connecting its people, products and history/heritage. A COO brand makes no secret of being firmly anchored in its COO. COO is clearly communicated and is a vibrant part of how the company sees itself and the values it offers stakeholders. It was apparent from the postal questionnaire results that COO as an identity anchor is of central importance, enduring and distinctive (Albert and Whetten 1985).

7.4 COMMUNICATING COO

The third research objective required that the mechanisms and processes used by Scottish premium/luxury brands to communicate COO be examined. Papadopoulos (1993) first drew attention to the ways that companies communicate COO in addition to a 'made-in' label. He produced a list of the different mechanisms which communicate COO, but this has largely been ignored in the COO literature with only Thakor and Kohli (1996) adding to the original list. In most COO studies it is still the 'made-in' label which dominates and apart from Insch and Florek's (2009) and a Scottish Government study (2009a) COO communication mechanisms remain a crucial but neglected area of COO research. In contrast, in the corporate identity literature where the term visual identity is used to describe the visual cues which represent organisational culture and philosophy and which support corporate communications (Olins 1978; Baker and Balmer 1997; Melewar and Saunders 1998; Balmer 2008) considerable attention has been given to communicating identity symbols. Melewar (2003) provides a useful list of the mechanisms and opportunities for communicating visual identity.

This study has revealed that although a wide range of mechanisms which communicate 'Scottishness' are used, relatively few are used extensively. When comparing the top five mechanisms used by Scottish premium/luxury companies in different industry sectors (Figure 7.12), the importance of brand/company name and specific place of origin was apparent.

Figure 7.12: Mechanisms for communicating COO



The brand/company name can be described as the near company elements whereas the most used national images/symbols which give a distinctive Scottish identity and anchor the brands in their place of origin are tartan, landscape, historical figures and birds, animals and flowers. Examples of how these are used by Scottish premium/luxury companies in marketing communications are illustrated in Figure 7.12.

This study has demonstrated how both the choice of communication mechanisms and how prominently they are represented changes over the product life cycle. Different ways in which individual communication mechanisms evolve in response to changes in fashion and design trends, so that brands maintain relevance in the dynamic luxury market environment, have also been revealed.

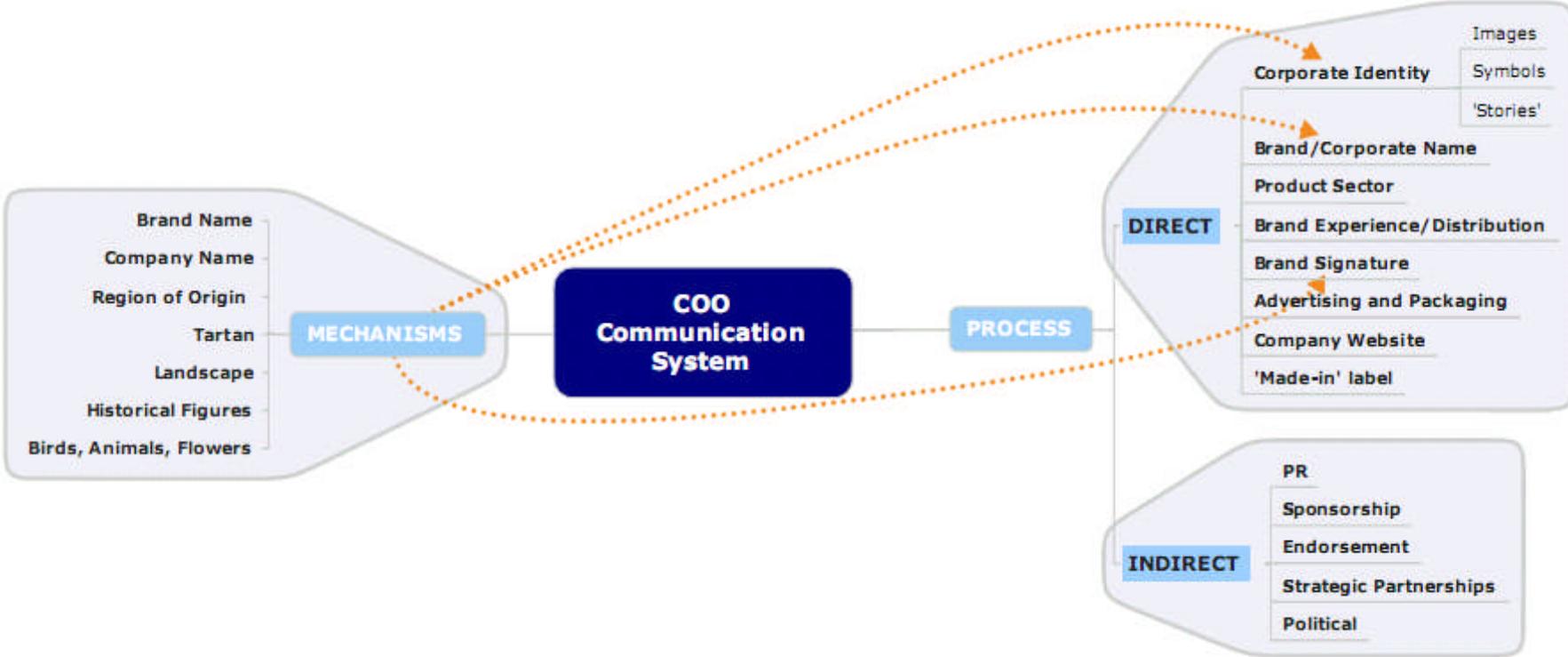
Although there is a dearth in the literature of work on mechanisms for communicating COO, even less attention has been given to the processes for communicating COO with Insch and Florek's (2009) study of grocery packaging being a recent exception. The importance of communication as an intrinsic part of luxury brand identity is evident from its inclusion as a brand dimension in most luxury brand taxonomies (Nueno and Quelch 1998; Beverland 2004a; Moore and Birtwistle 2005; Moore et al. 2006; Okonkwo 2007; Fionda and Moore 2009). It has also been identified as a key brand value in this study (Figure 7.4). Moore and Birtwistle (2005) identified the types of marketing communication techniques which are specific to the luxury fashion sector, but Fionda and Moore (2009) note that different luxury fashion brands use different communication strategies. This finding is echoed in this study where clear differences in the communication processes used in different industry sectors were identified as well as there being differences within the same industry sector.

A wide range of communication processes are used in the luxury sector. Specific processes which have received attention in this literature are: luxury goods stores (Godley et al. 2009); the internet (Okonkwo 2009); magazine advertising (Brioschi 2006). Only in Brioschi's study is reference made to COO as one of the cultural codes used to communicate luxury effects. Apart from this example the processes which can be used specifically to communicate COO as a key part of brand identity have not been examined in the literature. Communication is an essential part of deepening and strengthening the connections between the brand and its COO anchor.

As shown in Figure 7.13 the processes for communicating Scottish COO are differentiated as direct and indirect methods. Connections between the COO communication mechanisms and processes are highlighted. The most frequent direct process by which COO is communicated is via the brand or corporate name either by including the word Scotland or the names of specific places in Scotland in the brand/company name or by using Scottish sounding names (e.g. Mac... or Glen...) or other Scottish references (e.g. 'Timorous Beasties' – derived from a well known poem by Robert Burns). The product itself can communicate COO e.g. Scotch whisky, and symbols and images which associate with different aspects of COO identity (place, people, history and heritage and product) are communicated in packaging, advertising and on company websites. Brand signatures using iconic Scottish images and symbols have been identified for a number of Scottish premium/luxury brands (6.3.5) where these images and symbols have become closely associated with the brand. Direct experience with the brand in stores and visitor centres allows the Scottish COO to be highlighted through the use of artefacts, symbols and images which emphasise the Scottish connection and stimulate hedonic and emotional responses. These environments also provide opportunities for COO associations to be incorporated into stories about the brand which develop the relationship between the brand and the customer. The company website is another vehicle where this form of communication can be developed.

In terms of communication processes, luxury brands are differentiated from mass market brands in that they do not, with the exception of perfume, use television advertising (Kapferer and Bastien 2009) and press advertising is restricted to appropriate glossy magazines targeted at luxury clientele. Luxury brands make much more use of indirect communication processes in particular press and PR, endorsement and event sponsorship. Scottish premium/luxury brands all used these indirect methods to a greater or lesser extent and communicate COO through associations with Scottish media and sporting celebrities and Scottish designers. Whisky companies were differentiated by their investment in visitor centres where customers are exposed to the ambience of the distillery and its location, relate to the history and heritage and have direct experience of the brand through tutored tastings. In the textiles/cashmere sector, only a few companies have been able to invest sufficiently in developing brand awareness through their own retail outlets and this has been identified as a priority for the sector (ECOTEC 2007a). Premium/luxury companies have to carefully manage their relationships and communications with all stakeholders to support and protect their identities.

Figure 7.13: The COO communication process



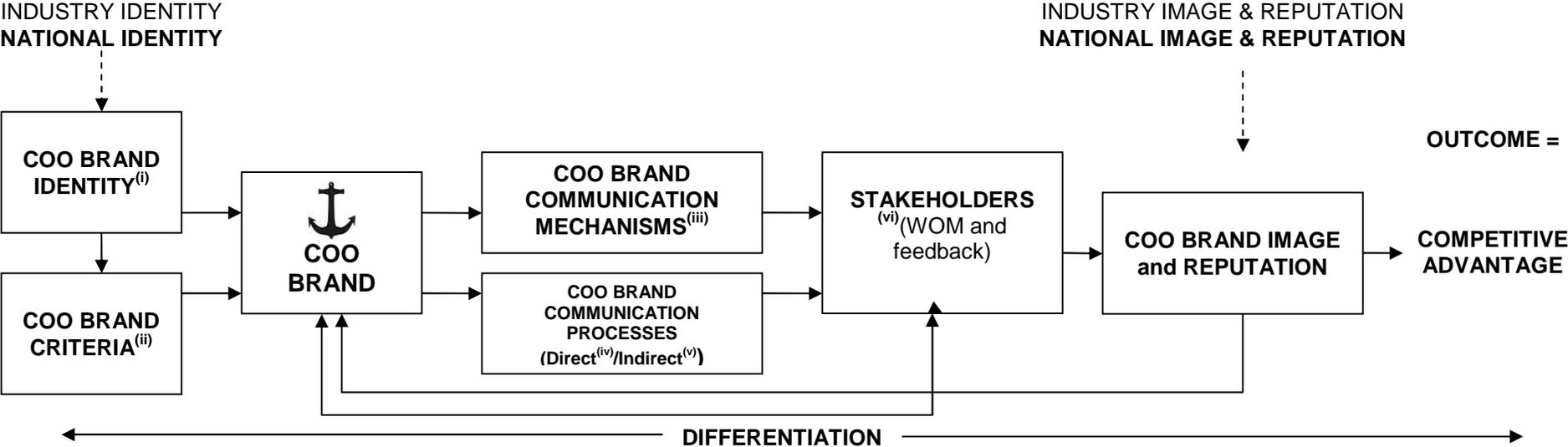
Examples from this study where stakeholders have supported COO identities include the several companies in the textiles/cashmere sector who stimulated recent press coverage and magazine copy with their collaborations with Scottish designers, artists and media personalities. The importance to these companies of holding strong COO connections was evident (refer to Vignettes 1-3; Figures 6-7-6.9).

The links between COO identity, communication and COO brand image and the fundamental role played by communication in developing a desirable image are depicted in a model (Figure 7.14) which summarises the COO identity communication process. First, a COO brand is one where association with the place, people, history/heritage and products of a COO is the anchoring point for brand identity which differentiates premium/luxury brands. In addition, to qualify as a COO brand it must meet some or all of a set of criteria which legitimises the use of COO as the key identity trait. Mechanisms which communicate COO are through the company name or by visual images and symbols which evoke appropriate emotional, symbolic and functional responses desired by consumers of premium/luxury brands. Communication processes focus on indirect methods designed to build a relationship between the brand and the consumer. The influences of industry identity and national identity on COO identity and between industry image and reputation, national image and reputation and COO image and reputation are incorporated in the model.

The involvement of stakeholders in the communication process is also depicted in Figure 7.14. Melewar and Karaosmanoglu (2006) emphasise how all messages, all products and all activities shape stakeholders perceptions of the company. Stakeholders belong to a number of groups both within and out-with organisations and their 'word of mouth' communications relating to the brand can impact on both COO identity and image as shown in the model (Figure 7.14). The model shows a feedback loop from stakeholders to COO brand identity and a link back where consumer COO brand image and reputation informs brand identity. The outcome of the COO identity communication process is a positive brand image based on COO differentiation, enhanced reputation leading to a competitive advantage in the premium/luxury marketplace.

The mechanisms and processes used to communicate and strengthen COO identity have been subjected to in depth analysis thus achieving the third research objective (Figure 7.1).

Figure 7.14: Communicating COO



⁽ⁱ⁾COO IDENTITY

- Place
- People
- History & heritage
- Product

⁽ⁱⁱ⁾COO BRAND CRITERIA

- COM or COB
- Use of direct COO references
- Product country match
- Resonance with COO image
- COO recognised as the identity anchor

⁽ⁱⁱⁱ⁾MECHANISMS

- Brand/company name
- ROO
- Tartan
- Landscape
- Historical figures
- Animals & flowers

^(iv)DIRECT PROCESSES

- Brand/Corporate name
- Product sector
- Brand experience /Distribution
- Advertising & packaging

^(v)INDIRECT PROCESSES

- Press & PR
- Sponsorship
- Endorsement
- Strategic partnerships
- Political

^(vi)STAKEHOLDERS

- Customers
- Distributors & retailers
- Suppliers/ Employees
- Partners
- Govt & Trade Associations
- Investors

7.5 ADVANTAGES OF A COO IDENTITY

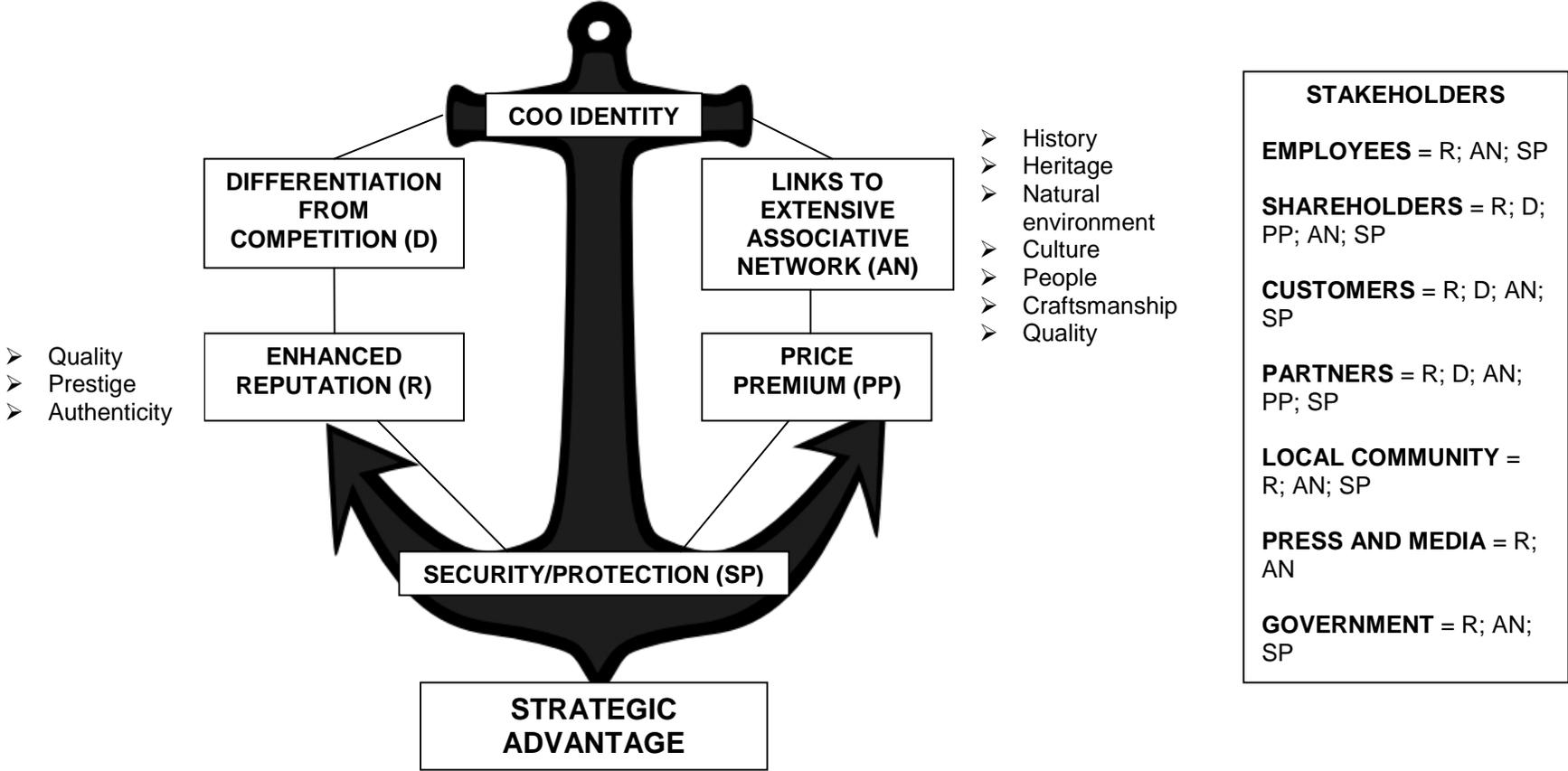
The final research objective concerns the strategic advantages of embedding a COO identity in premium/luxury brands. The company perspective has already been considered in 7.3.2 where the motivations for COO differentiation include higher transactional value, protection from counterfeiting, as well as enhanced attractiveness for merger, acquisition or partnership and improved accessibility to new markets.

The overall advantages of adopting a COO identity are summed up in the diagram in Figure 7.15 where the metaphor of COO as the anchor for luxury brand identity is continued. A COO identity has a pre-eminent role as a means of differentiation in a crowded marketplace. The COO identity anchor locates the brand in a specific place and in so doing differentiation is achieved by linking the company/brand to an extensive network of COO associations. These associations act as triggers for emotional, symbolic and hedonic responses resulting in an enhanced reputation based on favourable perceptions of exclusivity, prestige and authenticity by stakeholder groups. Associations also stimulate functional perceptions where the COO anchors the brand in an environment and culture where images of quality and craftsmanship dominate. As a result of these combined associations the anchor provides the brand with protection and security in addition to enhanced reputation. The benefits of these effects are that a price premium is justified and the brand gains a competitive edge in attracting investment and accessing appropriate markets.

The advantages displayed in Figure 7.15 extend to the various stakeholder groups associated with the company/brand. All stakeholders benefit from associating themselves with a company/brand which is differentiated from competitors through its anchorage in an extensive network of COO images which enhance its reputation for quality, prestige and authenticity. Shareholders and partners benefit from the higher transactional value achieved.

The metaphor of the COO anchor can be further extended in that once located, the anchor becomes an invisible but inherent part of the brand, but one which still requires maintenance and updating to retain the benefits. To fully understand the potency of anchoring Scottish premium/luxury brands in the COO, consider these brands where the COO anchor is absent, they would be left derelict, drifting unprotected at the mercy of market forces.

Figure 7.15: Strategic advantages of a COO Identity for premium/luxury brands



7.6 CONTRIBUTION OF THE THESIS

The aim of the study has been to examine the function and value of COO from the perspective of Scottish companies who produce premium/luxury brands. The main contribution of the thesis has been the detailed examination of COO identity, a concept which is currently absent from the COO and luxury branding literatures. The thesis explores the defining characteristics of companies across a range of product categories in the premium/luxury sector from one country then examines how COO identity is used and communicated. Having presented the findings from both research stages it is clear that the thesis has provided greater understanding of COO from the business perspective where it is seen to play a more important role at the heart of luxury brand identity than had previously been appreciated. Three key areas of contribution are considered:

- Methodology;
- COO image/identity of premium/luxury brands;
- COO communication by premium/luxury brands.

7.6.1 Methodology

7.6.1(i) Development of research methods

The first contribution relates to the creation of a database of Scottish premium/luxury companies. Many studies in marketing use databases to source research populations, but a suitable database on Scottish premium/luxury companies was not available for use in this study. Although databases are frequently used, apart from Dassler et al.'s (2007) work on establishing a database of minority enterprises in Scotland, little advice is available from the literature on how to approach the task of setting up such a database.

The database itself is a valuable resource for future research and the detailed protocol provided in this study for establishing and analysing a new database of companies which meet specific selection criteria fills a gap in the research methods literature.

Other aspects of the research design used in this study are innovative and provide scope for application in other research contexts. An important contribution of this study is the mixed methods approach which was adopted, with a mix of both qualitative and quantitative methods. Unlike in the luxury literature, the COO literature is characterised by quantitative studies based on a limited number of product categories. Although there have been some recent qualitative COO studies (e.g. Beverland and Lindgreen 2002;

Kleppe et al. 2002) there have been calls for more extensive use of qualitative methods of the type used in the luxury literature to gain deeper insights into the value of COO as a strategic tool (Dinnie 2004; Usunier 2006). Balmer (2001a) in the corporate identity literature has also argued that marketing scholars should give more emphasis to qualitative and case study research

The use of a postal questionnaire completed by business elites from a census sample of premium/luxury companies in the first research stage is a new approach in the COO literature where the prevailing focus has been the consumer viewpoint. The questionnaire in addition to gaining quantitative data contained a number of open ended questions which enabled valuable qualitative data to be obtained. The analysis of web pages to evaluate the use of COO references by Scottish premium/luxury companies is also an approach which has not been used in either the COO or luxury branding literatures and although it was used in a limited way the results provided additional insights which justified its use and opened up possibilities for future research on the process of communicating luxury brand identities.

In the second research stage semi-structured interviews with business elites from Scottish premium/luxury companies were carried out. The use of this research method is rare in COO studies, evidenced by the limited understanding in existing COO literature of COO from the business context. As an adjunct to the content analysis carried out on the semi-structured interview data, the use of company vignettes provided an effective means of illuminating findings. Given the focus of the study on image and identity, a visual approach to presenting results has been adopted throughout this study, using illustrative examples where possible. Again, this approach has not been used in existing studies. It is contended that the innovative data collection approach used to investigate this subject has made an important contribution by revealing new insights which have been previously lacking in the literature and which are delineated below.

7.6.1(ii) Outcomes from the database analysis

An important contribution achieved from analysis of the database has been to add to the limited amount of extant literature on the nature and organisational characteristics of the premium/luxury sector in different locations. Using data compiled in the company database, a comprehensive overview of the Scottish premium/luxury product sector resulted in a classification of industry dimensions which has been used to analyse the

distinguishing characteristics which differentiate companies in disparate industry sectors. From this framework, the structure and forms which characterise the three main Scottish premium/luxury product sectors were compared, including organisational structure diagrams which represented each sector. A dual model representing the two industry structures which are prevalent in the Scottish luxury sector has been compiled, complementing those for the French, Italian and American luxury sectors by Djelic and Ainamo (1999). This analysis took the study beyond the superficial level often encountered in the literature where company responses from surveys and/or interviews are considered without any understanding of their organisational contexts. Instead, in this study, the implications of these contexts on decision making regarding the use of a COO identity has been fully integrated into the data analysis.

7.6.2 COO image/identity

7.6.2(i) Contributions to understanding of COO image and identity

In spite of the fact that the focus of COO research for over sixty years has been the effect of country image prompted by a 'made-in' label on consumer buying behaviour, there is still considerable confusion in specifying what the country image construct consists of (Roth and Diamantopoulos 2009). Useful insights from the branding literature have had little impact on COO studies. The conceptualisation of country image has focussed on the cognitive aspects of product quality and little attention has been given to the emotional and symbolic associations which have been developed extensively in the branding literature. This study has addressed this deficiency and makes an important contribution by first widening the concept of country image as it applies to premium/luxury brands to include dimensions from the national identity literature such as culture, history and heritage. The links between identity and image and the role of communication have been developed in a COO context. Secondly, the concept of COO image has been incorporated into Keller's (1993) widely cited brand image framework. The extensive associative networks which are stimulated by the COO of premium/luxury brands have been identified, demonstrating that COO stands out as a key differentiating dimension. This is the first example of a study where concepts from the branding literature have been integrated into the COO literature in such an overt way.

The concept of COO identity from the business perspective is completely absent from the COO literature. This study is significant by being the first to develop the concept of COO identity using insights from the extensive brand/corporate identity literatures. COO

is referred to in the branding literature as one of many differentiating devices, but the complexity and dynamics of using a COO identity approach have not been developed either in the COO or branding literatures. COO has been realised in this study as a potent and stable anchoring device which differentiates companies who meet a specific set of criteria which legitimises their use of this approach. The development of the concept of the COO anchor is a significant contribution to both the branding and COO literatures.

7.6.2(ii) The COO brand

The concept of a COO brand is developed in this study. An original contribution is made by not only delineating the motivations for using a COO based brand identity but also identifying the drivers which determine when it is appropriate for a company to use a COO identity. Although contextual factors for focussing on COO were introduced in the COO literature by Niss (1996) and Beverland and Lindgreen (2002) there has been no further development of this area since. Previous findings have been extended in this study and a new framework developed.

The conceptualisation of a COO brand culminates in this study with a set of criteria which distinguishes brands where COO is the key to brand identity. A COO brand is one where place is the central and distinctive anchor of brand/company identity, where leveraging on COO is the central and enduring component of strategic advantage. In addition to this original contribution to both the COO and luxury brand literatures, the corporate identity literature, where heritage and history have already been developed as specific distinguishing dimensions of brand identity, is enhanced. In Scotland's case COO is of supreme importance to the premium/luxury sector, anchoring the brand to a place which has been described as 'punching above its weight' in terms of its international image. In domestic markets anchoring brands in a specific place with a favourable and compatible image is an equally effective differentiating device. In both cases, the brands without this anchor are greatly diminished.

7.6.3 Communicating COO

The final area where the study makes an important contribution is in addressing deficiencies in the COO literature by reinvigorating interest in the means by which premium/luxury companies communicate their COO as a key strategic device. This area has had little attention since Papadopoulos's seminal contribution in 1993. The study

contributes to existing knowledge by revisiting Papadopoulos's list of COO communication mechanisms and confirming the importance of brand/company name in communicating COO associations, a factor most often ignored in COO studies (Thakor and Kohli 1996). The principal visual images and symbols which communicate a Scottish premium/luxury identity have been identified and interesting insights into the use of COO imagery and symbols particularly in terms of the evolution of how COO is interpreted and adjusted to suit contemporary agendas have been offered, setting an agenda for future development.

The processes used to communicate COO have received even less attention in the literature than the communication mechanisms. The significance of this study is apparent in that in addition to the direct processes of communicating COO such as packaging and advertising which have had a small amount of attention in previous studies (Brioschi 2006; Insch and Florek 2009); it has focussed on a number of indirect methods which in the premium luxury sector are more important. These types of communication processes have been recognised in the luxury branding literature but this has been from the perspective of the brand in its totality rather than specifically communicating COO. The developments in visitor centres in the whisky sector designed to provide a complete experience of the brand in the specific place of origin and the use of celebrities from the COO in the textiles/cashmere sector are techniques which have not previously been considered in a COO context.

Finally, a model representing the interconnections between COO identity, communication mechanisms and processes, company stakeholders and COO image is offered, the value of which is to highlight the key roles played by communication and by stakeholders, both of which have been previously ignored in the COO literature.

7.7 CRITICAL REFLECTION

It is acknowledged by writers on the research process that most research projects have some sort of limitation (Webb 1995) and this study is no exception. The limitations of the research process and the measures adopted to minimise their effects have been identified and discussed at the end of Chapter Four. Having reflected on the results and conclusions from the thesis, there are three further areas which deserve more detailed consideration. The first of these concerns the literature review.

In the first instance the branding and COO literatures both of which are vast were explored extensively. It was soon apparent that there was no previously identified theoretical framework available for this particular study. As has been previously identified, COO is not developed to any extent in the branding literature and likewise branding theory is largely absent from the COO literature. Because of the lack of a directly relevant theoretical base, an emergent literature review strategy was adopted (Lee and Lings 2008) where different literature strands were examined e.g. corporate identity, ethnocentrism, stereotyping, national identity, internationalisation, place and destination branding. The literature review brings together these varied and previously unconnected literatures in the context of using COO in premium/luxury brand identities from a business perspective. Although there have been calls to imbue COO research with insights from the wider business and marketing literatures this approach is untested and as such should be recognised for its developmental nature which will require future evaluation.

The second limitation concerns the conclusion, supported by data from a high percentage of Scottish premium/luxury brand producers that COO identity is particularly important as the anchor which differentiates luxury brands. A potential limitation which has been alluded to previously (4.8.4) refers to the possibility that the importance of COO in brand identities has been exaggerated in this study by focussing both the postal questionnaire and the interviews with business elites on this specific issue. The approach of considering one specific dimension of corporate identity is validated by the recent studies which have focussed specifically on heritage (Urde et al. 2007) and history (Blombäck and Brunninge 2009). To address this potential criticism in the second research stage, the interview guide included an early question which asked that key brand values be identified, thus giving respondents the opportunity to expand on dimensions other than COO. Analysis of these dimensions strengthened the conviction that COO identity although only part of corporate/brand identity is more important than has previously been acknowledged, underpinning other brand values such as quality, history, heritage and the qualities of the people associated with the brand. There is also an impression, continuing the analogy of COO as an anchoring device which performs its function out of direct sight that several of the participants in the study failed to recognise and articulate its supreme importance.

Finally, locating the study in one country of origin could also be viewed as a limitation. The justifications for using Scotland as the country for carrying out the research have been explained earlier (4.5.2) and given the innovative nature of the study, basing the research in Scotland has offered valuable insights into the value of COO across a wide range of companies representing different product categories. The influence of different types of organisational characteristics has also been enabled using the Scottish context. The results and conclusions provide a platform for extension in other places of origin.

7.8 FUTURE RESEARCH DIRECTIONS

This study has examined a previously unexplored aspect of COO and has examined a wide ranging and fragmented theoretical base. The study has touched on many areas where opportunities for further research can be identified however this section concentrates on the direction of future research derived directly from the findings of the study i.e. focussing on developing the understanding the role of COO in brand identities.

The study has provided a number of frameworks which can be empirically tested and theoretically developed in future studies. A logical extension of this study would be to develop an empirical measurement index for strength of COO brand association which could also incorporate a consumer viewpoint to link the identity and image constructs. There are a number of different scenarios where this could be developed and tested. In the first instance, a selection of Scottish case companies who have already participated in this research where different attitudes to COO identity have been observed could be involved. In addition, by carrying out the research in another country, for example applying the frameworks in either France or Italy where different luxury industry structures have developed and where many luxury brands have high brand recognition would test and develop the concepts identified in this study. Equally, conducting similar research within another of the nations in the UK could also reveal new insights, for example within the English premium/luxury sector where the potential conflicts between conveying 'Englishness' and 'Britishness' in brand identities would give an added dimension. A further context where additional research on COO identity could produce revealing insights would be the case of companies where mergers and acquisitions have occurred where possible dilution of the importance/reliance on national characteristics for differentiation might be observed. Ultimately, by validating and further developing the COO brand identity concept, practical guidelines can be developed in the COO literature to inform companies and national governments of this means of differentiating

premium/luxury brands and contributing to competitive advantage in the global marketplace. This would counter the present criticisms directed at COO researchers of the lack of relevance of their studies to practitioners (Usunier 2006).

The other main focus of the study has been the mechanisms and processes for communicating COO which is still such an under-developed research area that several opportunities for future investigation can be identified which would give new insights in the COO literature. Of particular interest would be to focus on the visual symbols and images used to communicate luxury identities in different COOs to examine whether or not a consistent COO visual code exists. Additionally, given the increasing importance of the internet for brand communication an analysis of how COO references are used on company websites or in other electronic media locations would add a contemporary dimension to improving the understanding of COO as a differentiating device. Equally, given the current preoccupation with celebrity in the current cultural context, how celebrity endorsement can be used in a COO context is an avenue which could reveal novel insights.

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APPENDIX 1
Postal questionnaire



Made in Scotland – Is it Important?

Scottish Brand Identity Questionnaire

This questionnaire is designed to find out some basic information on how companies use/don't use 'Scottishness' as part of the identity of their brands. As you are a Scottish manufacturer of luxury/premium brands I am interested in finding out how important being Scottish is to your company/brand/s. I am just as interested in receiving information from companies who do not use Scottish references in brand positioning as those who do.

With respect to the terms used in this questionnaire:

IMAGE refers to how a country/brand is perceived;

IDENTITY refers to what a country/brand is, i.e. its aim, meaning, essence;

POSITIONING means emphasising the distinctive characteristics that make a brand different from its competitors and appealing to customers.

Section 1 Your Brand

This section seeks to establish some information relating to your company/brand/s

1. Which of the following terms best describes your brand/s

Luxury	
Premium	
Other (please add)	

2. Which of the following product categories apply to your company?

Textiles/Cashmere	
Jewellery	
Food and beverages	
Wines and spirits	
Homeware	
Toiletries	
Other (please add)	

3. What percentage contribution of total sales is accounted for by **overseas** sales?

Less than 5%	
5-10%	
11-20%	
21-30%	
31-40%	
41-50%	
Over 50%	

4. Do your products carry a 'Made in Scotland' label?

Yes – all of them	
Yes – some of them	
No – they are manufactured in... (please specify)	

Section 2 Scotland's Image

This section seeks to establish information relating to perceptions of Scotland's image and the use of Scottish image in projecting brand identity.

5. Could you give a few key words which summarise Scotland's image for you.

6. Do you think that this has changed in recent years?

Yes	
No	

If you answered **yes** to this question, can you briefly explain **how** it has changed.

7. Is Scottish identity important for the positioning of your brand?

Yes - very important	
Relevant, but not key	
No - not relevant	

Can you briefly explain the reason for your answer.

If you answered **Yes or Relevant** to this question, please continue to answer the rest of the questions in the questionnaire.

If you answered **No** to this question, please go to question 11 at the end.

8. Do you use a different identity for domestic/export markets - particularly with respect to your use of Scottish imagery?

Yes	
No	

Can you briefly explain the reasons for your answer.

Section 3 Communicating 'Scottishness'

This section seeks to establish information relating to the mechanisms used to communicate 'Scottishness'

9. Which of the following reference sources do you use in communicating your brand's Scottish identity? (Tick all that apply)

Sources of Scottish Origin Identifiers	
Within the brand name	
Within the company name	
Historical figures	
Tartan	
Birds/Animals/Flowers	
Colours	
National flag	
Landmarks	
Stereotyped images of Scottish people	
Personalities/celebrities	
Music	
Landscape	
Region of origin (e.g. Grampian)	
Others - please add	

10. Have you changed the way in which 'Scottishness' is communicated by your brand over its life cycle?

Yes	
No	

If you answered **Yes** to this question, can you briefly explain how this has changed.

11. **Finally**

What is your position in the company?	
Telephone number	
Company name	

The next stage of this research project is to conduct interviews with a cross section of companies to further explore this topic. If you are willing to be interviewed (for approx 30mins) in the second phase of this study, could you please tick the box below.

Thank you for taking the time to complete this questionnaire, your co-operation is much appreciated.

Morag Hamilton

APPENDIX 2
Postal questionnaire – letter, postcards/notelets

Questionnaire letter

*Morag Hamilton
Senior Lecturer
Department of Communication, Marketing and Media
Aberdeen Business School
Robert Gordon University
Gerthdee Road
Aberdeen
AB10 7QE
E: m.hamilton@rgu.ac.uk
T: 01224 263027*

27th August 2008

Scottish Brand Identity Questionnaire

Dear

I am writing to ask you to spare some time to answer the short questionnaire which I have enclosed. This is the first part of a major research study at the Robert Gordon University in Aberdeen on the importance of country of origin in the identities of luxury brands. Your company is on my database of top Scottish luxury/premium producers of consumer products and I am interested in getting your views about Scotland's image and its relevance for your brand identity. A S.A.E is enclosed for you to return the questionnaire.

The questionnaire is the first stage of the research project and I'm hoping for a really good return rate by the end of November 2009.

The next stage of the research involves conducting interviews with a sample of Scottish brand owners on Scottish identity and brand positioning. This would only require a half hour interview with yourself or another senior representative of the company. Anonymity is guaranteed for all participating companies who will also receive a summary of the results.

I really hope that you will be able to participate.

Kind regards

Morag Hamilton

Scottish Brand Identity Questionnaire: Follow-up postcards (one thank you and one reminder) and notelets.

Front of both postcards and notelets.



Back of Postcard 1

<p>Dear</p> <p>Thank you very much. I appreciate that you took the time to complete and return the Scottish Brand Identity questionnaire sent to you recently. If you volunteered to do a follow-up interview, I will telephone soon to organise a suitable date and time.</p> <p>Thank you again</p>	
<p>Dear</p> <p>This is to remind you that I recently sent you a Scottish Brand Identity questionnaire as part of a major research project at Robert Gordon University. I hope you will be able to complete the questionnaire and return it to me soon.</p>	

Back of Postcard 2

APPENDIX 3
Collated questionnaire results

Section 2 – Scotland's Image

Question 5

Key words which summarise Scotland's image

Rough		Reliable	2	Tranquility	
Chatty		Clean	7	Mystique	
Friendly	3	Honest	5	Proud nation	2
Quality	27	Popular		Bonnie	
Humour		Whisky	9	Integrity	3
Genuine		Pipers	2	Luxury	4
Premium		Innovation	2	Rural	
Tartan	10	Skilled	4	Celtic	
Mountains	2	Green		Stoic	
Natural	5	Proud	2	Rain	3
Beautiful Scenery	7	Rugged		Glens	
Historic	8	Beautiful	6	Strong	2
Fresh	3	Nice people	2	Enduring	
Modern Tradition		Safe		Independent	
Limited Edition		Golf	2	Cashmere	2
Heritage	9	Romantic	4	Craftsmanship	3
Traditional	14	Wild		Classic	
Classic		Breath taking		Inflexible	
Unique		Country		Boring	
Integrity		Space		Repetitive	
Authenticity	4	Heather	4	Hand crafted	
Argumentative		Music		Dramatic	
Chippy		Natural materials		Vibrant	
Angry		Small	2	Landscape	2
Introspective		Quality assured prods		Very positive	
Self Mocking		Contemporary twist		Fresh	
Emotive		Purity	2	Appealing image	
Laconic		Fashion		Scottish Highlands	
Non serious		Artisan		Patriotic	
Ideas above station		Healthy		Individual	
Dreamers		Unspoilt		Loch Ness	
Modern		Countryside	4	Remote	
Colours	3	Old fashioned		Quirky	2
Emotional		Thistles	2	Outdoors	
Conservative		Reliable		Positive values	
Canny		Culture		Strong covenant	
Clan system		Its dissemination and export of people, traditions and education		Contribution to the betterment of mankind	
Hills		Design		Historical	
Ethical		Tranquil		Small	
Inventive		People		Clean/pure environment	
Proud and forward looking		Sense of independence and assurance		Provenance	

Question 6

Explanation of how Scotland's image has changed

Although tradition and heritage are important to Scotland, I think over the past few years it has evolved from the stereotypical perceptions into a vibrant and modern country (TC15)

Modernising. More international. (TC9)

Nothing revolutionary has happened, but the above values (tradition, heritage, integrity, quality, celtic) have become clearer and better communicated (J2)

Better awareness of what Scotland has to offer (F13)

People are perceiving Scotland as a little 'funkier' 'celtic is cool' shaking off the 'dusty' touristy image slowly (F5)

Quality is now a 'given'. Integrity (Broken down into honesty, customer service, reliability) is now key (TC13).

People are more aware of the above (quality, honest, tradition, fashion) after experience of Far East products (T12).

There has been a clear shift away from the slightly kitch image of Scotland's heather, bagpipes and shortbread, (W10).

I think many people are being more creative using their own contemporary ideas instead of the stereotypical tartan and haggis theme. (J3).

1No – though now greater awareness (H1)

Moving to more unique products and music, younger bands. Not so much tartan, shortbread? (T2).

Political change with devolution has increased awareness of Scotland. SNP led government has rekindled 'Scottish Pride' (J4).

Less tartan and tweed used than previously (TC11)

More subtle (BlackwoodsF3)

Culture changing – not all Highland Games (J1)

Less Tartan – can look cheap (F8)

More subtle, less stereotyped images (W8)

More subtle – "selling a piece of Scotland's heritage, not a packet of biscuits" (F25)

Our FIRST generation expatriates in Canada, USA and British Commonwealth have gone – their descendents are much less attracted to Scottish branding (F2)

Stronger identity (TC19)

Textile (Scottish) manufacturers have made great strides in creative design – moving away from traditional heavy cloths to lighter weight. Structures have also developed which has changed customer's impression of Scottish made products (TC1).

We are presenting a traditional image, but with a modern twist (W11)

A Scottish government in Holyrood is being recognised world-wide and our national profile raised (W12)

Due to better understanding and demand from customers wanting to know where their food has come from and how (F21)

Question 7

Explanations for the importance of Scottish identity in brand positioning

Yes – very important

Tartan is the key element of our brand (J4)

We are proud to be a Scottish firm hand making all our products. Won Made in Scotland Gift of the Year (T2)

Customer looking for sustainable goods (H1)

As well as the unique designs we produce less manufacturing is done in Scotland. Visitors want to take home a genuine Scottish product! (J3)

Scotch whisky can only be made in Scotland and our whisky is regarded as the best in the world (W10)

People connect with our long standing experience of high end product (TC12)

We produce bottled water. Research shows that c70% of UK customers perceive Scotland to be the source of the purest water (F10)

Luxury market is also very competitive and Scotland has a lot of 'goodwill' in the international market, that we can use (TC13)

The raw produce we have in Scotland is so good and people associate Scotland with being pure and clean (F5)

The product must stand on its own with only a reference to its roots (F13)

We pride ourselves on being Scottish. It is a selling point for our product which is very expensive (TC2)

It is Scotch whisky only (W5)

Our brand values stand for quality, sustainability, provenance – with 30 years of brand building Scotland enhances our authenticity/integrity credentials (F15)

Luxury customers want to buy well made luxurious, beautiful, durable products and for cashmere that means from a Scottish company plus made wholly in Scotland (TC18)

Scotland and Scotch whisky = the above (high quality, hand crafted, dramatic) (W7)

Scottish cashmere products carry high reputation of quality (TC9)

Smoked Scottish Salmon sells at a premium compared to just smoked salmon from anywhere (F12)

We are proud of our Scottish heritage and it is important that we still operate in and support the local economy. Also their strong link with Scotland indicated superior quality (TC15)

Due to the origin of our company – we started here in 1824 – so need to maintain the connection (TC14)

It is unique to Scotland (W13)

Scotch whisky can only be made in Scotland. So it embodies Scottish identity (W3)

High quality cashmere product needs to be made in Scotland – years of experience in the cashmere industry unlike China who are stealing a lot of business through cheap production and poor quality (TC4)

50% of sales are in Scotland and Scottish customers favour Scottish products. Helpful also in other markets (F8)

Shortbread is known as a Scottish product so it is important that it comes from Scotland (xxx)

When in the export market and meet people, our company is Lossie Seafoods Ltd. In Hong Kong this means nothing. The Pride of Scotland does. (F16)

Traditionally smoked Scottish salmon still in demand a 'best in class' (F23)

Market is mainly Scotland for us (T3)

Allows us to project a quality product. Differentiates us from China. (TC7)

Legally our product must be made in Scotland (W6)

Local/regional to our biggest market which is Scotland (F4)

The raw produce here in Scotland is so good and people associate Scotland with being pure and clean (xxx)

Hugely important. COO, why try and hide it 'we are what we are. We're proud of it'. A priceless asset to cherish. Buying into a brand – a dream. Small production – nice individual products. Fiercely proud of our independence and 'Made in Scotland' marque (TC11)

Scottish water is seen as good, natural, pure and clean (F8)

For Scottish whisky – vital (W8)

Core brand attribute (F25)

Scotland has a unique marketing opportunity because of the image overseas people have of our country and people (TC19)

Integral part of our brand identity and a USP (T2)

Scotland is historically known for high quality knitwear – particularly cashmere (TC8)

My company 'sells' Scotland – our products are all Scottish inspired – 'The Scottish Linen Co – Inspired by Scotland' (H3)

Scotch whisky can only be made in Scotland therefore has a strong identity (W1)

The image of whisky is intertwined with a Scottish identity (W11)

For those away from Scotland wanting to purchase Scottish goods. Environmental issues (TC5)

Because it is Scotch Whisky we sell (W12)

Yes – very important/Relevant

Only so much available space given over to companies competing on Scottishness hence need to be a little bit more creative when looking at listings to increase distribution overseas (F7)

Relevant but not key

We alone cannot market Scotland and Scottishness – it needs to be a national + sector project (TC3)

It's a bit more eye catching than just being another product/interiors business that's from London (H2)

We source high quality products from other areas of the UK (F24)

Important as much as all products are from a specific area of Scotland (F19)

Orkney identity is important to us too. Abstract quality like design, quality or originality also important (TC20)

It is relevant because we are Scottish but it's most important that real brand values are not all about being Scottish (F9)

Branding of Scotland worldwide – tap into it (TC6)

Quality (taste and good packaging) are more important (F1)

Helpful, but not specific enough (F3)

See today's product range e.g. Minestrone, French Onion soup, mayonnaise, dressings, dips and pestos (F2)

Product is often sought by those seeking a Scottish gift (H4)

Garlic – not obviously Scottish but part of our story (F21)

No not relevant

It corners us into a regional product, so we try not to mention Scotland anywhere in our marketing material (F6)

Don't want our brand to be associated with any country (F14)

Question 8

Explanations for using/not using a different identity for domestic/export markets

Yes

The home market understands intuitively aspects of the Scottishness of the brand that we have to spell out to overseas markets (J4)

I would use it to differentiate from my competitors who are not in Scotland. It's another USP essentially. I suspect it could also be to do with a little bit of patriotism ?! (H2)

Made in Scotland is on all products but certain clients like to have a combined label to indicate the quality and origin of the product. Other clients want their own label attached but 'Made in Scotland' is always somewhere on the product (TC13)

Shortbread is desired mostly for use during the 4th quarter trading period i.e. Xmas. We needed to create alternative designs that would de-seasonalise our core products and appeal to customers to buy/stock all year round (F7)

Scottish imagery is more important in export markets (F9)

Yes because the image of Scotland is significantly different outside of the UK (W3)

Most UK sales are retailer 'own label' brands (F23)

The basic 'Baxter' IDENTITY is generally maintained throughout all product ranges but content of labels, colours, illustrations, are usually altered to suit the market we seek to serve. (F2)

Domestic market tends to be private brand business as the majority of our UK customers have their collections which are offered worldwide. UK consumer has really a 'limited' appreciation of quality and not prepared to spend unless for international brand names. (TC1)

Our brand has moved up market, contemporary not twee (T2)

More tartan for the overseas market ((H3)

No

Our identity is the same throughout. 'Made in Scotland' is harder to market in our sector as it is a diminishing industry. (TC3)

We are making Scottish soap products with a twist. All are very Scottish but without the tartan image of old Orange and oatmeal, seaweed, myrtle (TC2)

Scotland as a brand is as important to the home/domestic market (H1)

We keep our marketing look consistent when promoting to home or overseas markets. Wording sometimes is the only thing we may change (J3).

Even within Scotland and the UK Scottish/British produced is recognised as being high quality products (TC8)

We have always sought to have consistency of message and image across all of our markets. This has become even more important with the growth of the global village (W10)

We prefer to focus on the benefits of a consistent brand presentation in all territories (F10)

Our brand is strong enough to stand up in both domestic and export markets (F5)

We currently export very little which does not warrant different packaging (F13)

We're a small company – would be impossible to develop two brand identities – too expensive (TC20)

Whilst Scotland is important to the heritage of the brand – we do not overtly use it and our sector, quality seafood/meat/smoked salmon is identified as Scottish (F15)

Cost! Arguably different markets perceive Scotland differently and by understanding that perception and potentially 'buying triggers' as well, imagery should be market specific around a common theme (TC18)

Multinational branding strategy (W7)

Same brand trade mark to all (TC10)

Scotland is well known as the home of cashmere/knitwear worldwide so the use of Scottish imagery communicates luxury and high quality worldwide (TC15).

The domestic customer understands the brand integrity and value of the company history (TC14)

The product is international and Scotland accounts for less than 5% of sales (W13)

My customers (international) buy the x brand as they associate the brand with Scotland/quality etc. The x brand product is contemporary. (TC8)

There is no Scottish imagery on our packaging. This is something we have discussed but we do not intend to use it in the near future (F22)

We don't use Scottish imagery. We sell design and quality (TC16)

Scottish market mainly (T3)

Our domestic market mainly supplies overseas tourists (TC7)

Very little export (F1)

The same packaging. However the market is different. Kilts are a turn off in London and the style bars of Taipei, but help sell whisky for collectors in Germany and Beneluxe (J&L Grant Ltd)

Our whiskies are the same irrelevant on domestic or export. Some labels differ but only to comply with import legislation in various countries (W1)

I want my product to have a clear brand identity worldwide (TC5)

Except for Japan, the company is Japanese owned
Reasons

1. Generally we feel it confuses customers to have different expressions in different markets
2. We are trying to establish global brands
3. Our UK market is very small
4. Japanese owners/shareholders INSIST on different 'identity' for japan market only!(W12)

Only export to England! Same packaging for all customers. Initially research showed that peoples' perception of garlic grown in Scotland wouldn't be any good as usually grown in a hot climate. So we try to convey the quality, flavour, size – before 'grown in Scotland'. Although all our packaging has 'made with pure Scottish garlic' on the front, it is part of the story and gives the customer confidence of its provenance. (F21)

Not applicable

Little overseas currently but if marketing in Scotland clearly we push the fact that we are Scottish (F19)

Section 3 Communicating 'Scottishness'

Question 9

Reference sources used to communicate Scottish identity
Other Sources

'Scotland's specialist smokehouse' on every pack

Textiles, knitwear

Tradition, Celtic

Language dialect

'Made in Scotland'

Purity

Scottish yarns and knitting methods

Whisky

Celtic.

Nordic names

Viking longboat

Family history

Castles

Question 10

Explanation for changing how 'Scottishness' is communicated over the life cycle of the brand

More modern contemporary look (TC9)

Probably reduced as we emphasise more luxe credentials (W7)

Moved from traditional heavy Harris Tweed to lighter softer tweed (TC10)

I believe that in the main, the qualities (perceived or otherwise) we have which other nations buy into have not changed significantly (TC18)

Less stereotyped e.g. tartan (F15)

We push image of landscape a great deal just now (TC2)

Our core brand value is our product quality, not our COO (F9)

Moved from using landscape to using tartan. Now reconsidering this (F10)

Consumer research told us that we were seen as a modern company and not one steeped in tradition, thus we recreated a new design taking aboard this and other comments gleaned from the research (F7)

Promoted our fashion ability as well as traditional ranges (TC12)

We have sought a better balance between traditional and contemporary ideas of Scottishness (W10)

In Scotland in certain places we use 'Orkney Designer Jewellery' in other areas 'Scottish Designer Jewellery' in case people don't know where Orkney is! (J3)

Marketing literature 'Designed in Scotland and made in Europe...' (H2)

We have always believed in it (H1)

We have moved our images away from 'outdoor' (TC3)

Now trade as 'Mackies of Scotland' No longer 'Fresh from the Scottish Farm' Tried to emphasise Scottish more (F8)

Recent branding has taken on a more classic image (T3)

Less cashmere, more other yarns. More cables, lace and fairisle (TC6)

Trying to be more subtle, less kitch and more contemporary (W6)

Less tartan, more focus on colour palette (TC11)

Continual improvement. Some new 'fresher' designs (F25)

More subtle use of Scottishness (W8)

Advertising was hills and country – now subtle Edinburgh associations (J1)

Much expanded product range has been developed. Customer expectations have changed considerably (F2)

Give more emphasis to the fact our brand is 'Made in Scotland' (TC19)

A more modern emphasis on marketing, photography and presentation material (TC1)

APPENDIX 4
Interview guide

Company name:

Interviewee name:

Date:

Opening statement (adapted from Beverland 2004)

“As you will have gathered from the questionnaire and our previous conversations, for this research I am particularly interested in your philosophies and strategies regarding the use of Scottish country-of-origin as part of your branding process. I would like to get your thoughts about these issues and would encourage you to elaborate as much as possible on each issue to be discussed”.

How would you summarise the essence of the **X BRAND** brand.

What is the **role** and **value** of Scottish country of origin in the identity of the **X BRAND** brand?

How important is COO for your brand compared with other dimensions?

What are the motivations and strategic advantages for embedding a country-of-origin identity?

What are the relevant features of Scotland’s national image for your brand and how are they **communicated**/promoted?

How is Scottishness communicated?

What key words sum up Scotland’s image for you?

Do you agree that Scotland punches above its weight in world markets (in terms of international recognition)?

Are different marketing strategies used for domestic and foreign markets?

Scotland the Brand – was that relevant/useful? What do you understand has replaced it?
How should the government get involved more involved in promoting Scottishness?

APPENDIX 5
Database of Scottish premium/luxury companies – arranged by industry sector
Food and Beverage
Homeware
Jewellery
Textiles and Cashmere
Toiletries
Whisky

Company Name	Brand Name	Product Range	Employee Number	Turnover	Company Type	Started Trading	Parent Company	Town	Web	Description	MD/CEO	Luxury Accreditations	Main Markets
Food & Beverages													
Angus Soft Fruits	Good Natured Fruit	Soft fruit	10-49	N/A		2001		Arbroath	http://www.goodnaturefruit.co.uk	The first branded pesticide-free range of soft fruit in the UK	Lochy Porter		UK
Ashers Bakery Ltd	Ashers	Baked products	10-49	N/A	Private Ltd	1877		Nairn	http://ashersbakery.co.uk	Quality bakery produce including range of whisky and liqueur cakes.	Alister and George Asher		UK
Baxters Food Group Ltd	Baxters	Range of manufactured food products	1047	£116.36m	Private Ltd	1868 (1945)	WA Baxters & Sons Holdings Ltd	Fochabers	http://www.baxters.com	Soups, sauces, condiments, chutney, beetroot, preserves. The Audrey Baxter range is their premium range	Audrey Baxter	Royal Warrants	International
Blackwood Distillers	Blackwoods	Premium white spirits	6-24	N/A	Private Ltd	2002		Lerwick	http://www.blackwoodsgin.com	Innovative drinks company. Gin and vodka made with Shetland ingredients.	Caroline Whitfield		International
Cairn O'Mohr Ltd	Cairn O'Mohr	Fruit wines	<10	N/A	Private Ltd	N/A		Errol	http://www.cairnomohr.co.uk	Scottish fruit wines made from berries, flowers and leaves, still and sparkling.	Ron & Judith Gillies		UK
Cocoa Mountain Ltd	Cocoa Mountain	Fresh, innovative chocolates	10-49	N/A	Private Ltd	2006		Lairg	http://www.cocoamountain.co.uk	Hand made chocolates	Paul Madden and James Findlay	Scottish Excellence Award	
Cream o' Galloway Dairy Co Ltd	Cream o' Galloway	Ice cream	10-20	N/A		1992		Castle Douglas	http://www.creamogalloway.co.uk	Farm based manufacturer of luxury dairy ice cream and frozen yoghurt	Wilma Finlay		Scotland and SE England

Company Name	Brand Name	Product Range	Employee Number	Turnover	Company Type	Started Trading	Parent Company	Town	Web	Description	MD/CEO	Luxury Accreditations	Main Markets
Deans of Huntly Limited	Deans	Luxury biscuits	128	N/A	Private Ltd	1989	N/A	Huntly	http://www.deans.co.uk	Traditional and contemporary 'home baked' quality biscuits.	Bill Dean	Grampian Food Awards	UK, USA, Canada, Russia, France, Japan, Hong Kong, China
Deeside Water Company	Deeside Mineral Water	Water	1-5	N/A		1996		Ballater	http://www.deesidewater.co.uk	Mineral water with clinically proven health benefits	Martin Simpson	Collaboration with Duchy Originals	UK, Belgium, Luxembourg, Sweden, Hong Kong, Japan, Singapore
Donald Russell	Donald Russell	On-line gourmet meats	194	N/A	Private Ltd	1984	N/A	Inverurie	http://www.donaldrussell.com	Quality guaranteed meats, fish, gourmet meals and accompaniments.	Hans Baumann	Royal Warrant HM the Queen.	International
Findus Group - The Seafood Company	Strathaird	Smoked salmon and products	10-49	N/A	Private Ltd	1988	Foodvest Equity Co. SA	Inverness	http://www.theseafoodcompany.co.uk	Premium smoked salmon, gravadlax, pates, delicatessen products.	Mr Per Harkjaer - Dtr		International
Findus Group-The Seafood Company	Pinneys of Scotland	Fish products	50-100	N/A	Private Ltd	1971	Uniq plc	Annan	http://www.theseafoodcompany.co.uk/web/pinneys_of_scotland.asp	Premium quality smoked and fresh salmon and seafood products	Rob Smith	Royal Warrant HM the Queen	International
Highland GameScotland	Highland Game Scotland	Venison and game products	1-5	N/A		N/A		Dundee	http://www.highlandgame.com	Primary and secondary processor of high quality venison and game products.	Christian Nissen	Member of Quality Wild Venison Accreditation Scheme	International

Company Name	Brand Name	Product Range	Employee Number	Turnover	Company Type	Started Trading	Parent Company	Town	Web	Description	MD/CEO	Luxury Accreditations	Main Markets
Highland Spring Ltd	Highland Spring	Bottled water	317	£51.407m	Private Ltd	1979	Park Tower Holdings Establishment	Auchterarder	http://www.highland.spring.com	Leading UK produced brand of bottled water, one of UK's leading brands on Superbrands 2008/09 list. Gleneagles brand available in exclusive hotels and restaurants.	Mr Leslie Montgomery -CE		International
Inverawe Smokehouse	Inverawe	Smoked fish	<10	N/A		1974		Taynuilt	http://www.smokedsalmon.co.uk	Smoked salmon, wild smoked salmon, Loch Etive trout, eel, pates and smoked meats.	Robert and Rosie Campbell-Preston	Royal warrant of HM the Queen	International
Isabella's Preserves	Isabella's Preserves	Preserves	1-5	N/A		1982		Edzell Base	http://www.isabellaspreserves.co.uk	Hand made jams, marmalades, relishes and sauces using locally grown produce where possible.	Louise Myles		UK
Kshocolat	Kshocolat	Chocolate	1-5	N/A		2003		Glasgow	http://www.kshocolat.co.uk	Chocolate, Fudge/Tablet	Simon Coyle		UK, USA
Loch Fyne Restaurants Ltd	Loch Fyne	Seafood	1333	£38.586m	Private Ltd	1997	Greene King PLC	Cairndow	http://www.lochfyne.com	Oysters, salmon, shellfish, sourced according to quality, provenance and sustainability	Richard J Morris - MD (?Andrew Lane)		International
Lossie Seafoods Ltd	Lossie Seafoods/ Pride of Scotland	Seafood	10-49	N/A		1988		Buckie	http://www.lossieseafods.com	Scottish oak smoked salmon - 'Pride of Scotland' brand	Charlie Devlin		Europe, USA, Canada
Mackays Ltd	Mackays/Mrs Bridges/Famous Brands	Preserves and marmalades	90	£2.814m	Private Ltd	1994	N/A	Arbroath	http://www.mackays.com	Traditional methods used. Mackays brand, + Mrs Bridges food range and famous Whisky brands	Conrad Paul Grant - Dtr		International

Company Name	Brand Name	Product Range	Employee Number	Turnover	Company Type	Started Trading	Parent Company	Town	Web	Description	MD/CEO	Luxury Accreditations	Main Markets
Mackies Limited	Mackies of Scotland	Ice cream	70	N/A	Private Ltd	1954	N/A	Inverurie	http://www.mackies.co.uk	Award winning luxury dairy ice cream, dairy sorbet and ice cubes	Mac Mackie	Numerous quality awards	UK and Korea
Moniack Castle Highland Wineries	Moniack Castle	Preserves, liqueurs and wines	1-5	N/A		1978		Inverness	http://www.moniackcastle.co.uk	Country wines and liqueurs, marmalades, sauces and preserves. Visitor centre.	Phillippa Fraser		International
North Highland Products Ltd	Mey Selections	Meat, seafood, oatcakes, honey, cheese	10-49	£8.63m	Ltd (Guarantee)	2005	North Highlands Products Ltd	Lybster	http://www.meyselections.com	The company was formed by Caithness farmers. All Mey Selections products originate from within 100 miles radius of the Castle of Mey.	Danny Miller	Supported by HRH Prince of Wales	UK
Paterson Arran Limited	Paterson's/ Bronte/Arran Fine Foods	Biscuits and preserves	168	£12.67 7m	Private Ltd	1995	Houston (Holdings) Ltd	Livingston	http://www.paterson-arran.com	Brands=Bronte, Café Bronte, Paterson's Oatcakes and Paterson's Shortbread	Malan Hardie - Dtr		International
Rannoch Smokery	Rannoch Smokery	Venison and smoked gourmet meats	26 (in 2007)	£1.2m (2007)		1980		by Pitlochry	http://www.rannochsmokery.co.uk	Award winning range of smoked meats and cheeses, pates and chutneys	Richard Barclay	23 Great Taste awards, Scottish F&D Excellence	International
Salar Smokehouse Ltd	Salar Flaky Smoked Salmon	Smoked salmon	12	N/A	Private Ltd	N/A		Isle of South Uist	http://www.salar.co.uk	Hot smoked Flaky Smoked Salmon + gift hampers. Worldwide mail order		Numerous quality awards	International
Shortbread House of Edinburgh Ltd	Shortbread House of Edinburgh	Shortbread and oat biscuits	N/A	N/A	Private Ltd	1988	N/A	Edinburgh	http://www.shortbreadhouse.com	Handmade range of shortbread, sweet oatie biscuits and Dundee cake	Anthony and Fiona Laing	Quality awards, selective distribution	UK

Company Name	Brand Name	Product Range	Employee Number	Turnover	Company Type	Started Trading	Parent Company	Town	Web	Description	MD/CEO	Luxury Accreditations	Main Markets
Strathmore Mineral Water Co	Strathmore	Spring water	<10	N/A		N/A	A.G. Barr	Forfar	http://www.strathmore-water.co.uk	Range of spring waters	Adrian Troy		International
The Craigmyle Cheese Company	The Craigmyle Cheese Company	Cheese	5-10	N/A	Private	2005		Torphins	http://www.craigmylecheese.co.uk/	Artisan cheese making business, using traditional handmade methods, and made from unpasteurised organic milk from a single dairy	Liz Marchant	Scottish Food and Drink Excellence Award	UK
The Highland Truffle Company	The Highland Truffle Company	Confectionery	1-5	N/A		N/A		Elgin	No website	Award winning high quality chocolate confectionery, fudge and tablet.	James Workman		International
The Really Garlicky Company	Really Garlicky	Garlic and garlic products	10-20	N/A		N/A		Nairn	http://www.reallygarlicky.com	Range of fresh garlic and garlic products.	Glen and Gill Allingham	Quality awards	UK
Thistle Products Ltd	Cairnsmhor	Biscuits and chocolates	10-49	N/A		1984		Dalbeattie	http://www.cairnsmhor.co.uk	Cairnsmhor brand. Hand baked premium biscuits, oatcakes and chocolate liqueur truffles		Great Taste Awards	UK
Thomas Tunnock Ltd	Tunnocks	Baked products	550	£31m		1890		Glasgow	http://www.tunnock.co.uk	Premium biscuits, tea cakes caramel wafers and snowballs	Boyd Tunnock CBE	Numerous quality awards	International
Walkers Shortbread Ltd	Walkers	Bakery	1160	£93.923m	Private Ltd	1898 (1977)	N/A	Aberlour on Spey	http://www.walkersshortbread.com	Pure butter shortbread and other Scottish bakery specialities	James N Walker	Walpole Member, Duchy, Royal Warrants	International

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Homeware													
Anta Scotland Ltd	Anta	Stoneware throws, cushions accessories	50	N/A	Private	1980		Tain	http://www.anta.co.uk	Scottish design firm, modern interpretation of traditional Scottish style, particularly reworking of tartan	Annie Stewart		UK
Gilly Nicolson	Gilly Nicolson	Luxury custom made bedlinen	>10	N/A		N/A		Edinburgh	http://gillynicolson.com	Contemporary bespoke bedlinen in Egyptian cotton	Gilly Nicolson		
Highland Stoneware Ltd	Highland Stoneware	Stoneware	N/A	N/A	Private	1974		Lochinver	http://www.highlandstoneware.com	Handmade giftware and table/cookware features individual freehand painting	David Grant		UK
The Scottish Linen Company	The Scottish Linen Company/ Inspired by Scotland	Linens	<10	N/A		2005		Ardgour	http://www.scottishlinen.co.uk	Luxury hotel, home and gift bed and bath linens and accessories.	Owner		International
The Tain Pottery	Tain Pottery	Stoneware	<10	N/A		1978		Tain	http://tainpottery.co.uk	Decorated glazed stoneware			UK
Timorous Beasties	Timorous Beasties	Fabric and wallpaper collections	1-5	N/A	Private Ltd	1989		Glasgow	http://timorousbeasties.com	Hand printed fabrics and wallpapers for contract and domestic markets.	Paul Simmons and Alistair McAuley		UK

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Jewellery													
Hamilton & Inches	Hamilton & Inches	Silver-smiths and Jewellers	36	£8.271 m	Private Ltd	1965	Hamilton & Inches Holdings Ltd	Edinburgh	http://www.hamiltonandinches.com	Traditional jeweller + special commissions	Alexander Fraser -MD		UK
Ola Gorie Jewellery	Ola Gorie	Silver and gold jewellery	<10	N/A		1960		Kirkwall	http://www.olagorie.com	Traditional and contemporary designs	Ingrid Tait		International
Sheila Fleet Jewellery Ltd	Sheila Fleet	Designer Jewellery	50	N/A	Private Ltd	2002	N/A	Tankerness	http://www.sheila-fleet.co.uk	Original designs reflect nature and Orkney's history and folklore	Sheila Fleet		UK, USA, Canada
Tartan Twist	tartan twist	Necklaces bracelets and earrings	1-5	N/A		N/A		Edinburgh	http://www.tartantwist.com	Contemporary Scottish design with a range of Scottish tartans, Also the Teeny Tartan Twist range for children.	Lyndsey Bowditch and Gillian Crawford		

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Textiles & Cashmere													
Barrie Knitwear Limited	Barrie	Knitwear	210	£10m	Private Ltd	1900	Dawson International PLC	Kinross	http://www.barrie.co.uk	Cashmere knitwear for couture houses, luxury department stores and exclusive private shops	Andrew Bartmess - Ops Mgr		International
Belinda Robertson Ltd.	Belinda Robertson	Knitwear	6-24	N/A	Private Ltd	1992		Edinburgh	http://www.belinda-robertson.com	Collections= Seasonal; Evening; Sportsluxe; Spa; Baby B; Accessories; Homewear; Menswear	Belinda Dickson (Manager)		Edinburgh; London; New York; Germany
Brora	Brora	Apparel	10-20	N/A	Private Ltd	1993		Stevenage	http://www.brora.co.uk	Scottish cashmere, Shetland and clothing. Established from Hunters of Brora.	Victoria Stapleton		UK
Calzeat & Co Ltd	Calzeat	Weaving	10-49	N/A	Private Ltd	1979		Biggar	http://www.calzeat.com	Designer, manufacturer and distributor of quality woven products	V & B Galbraith		UK
Cameron Taylor	Cameron Taylor	Knitwear	1-5	N/A	Private Ltd	N/A		Edinburgh	http://www.cameron-taylor.com	Innovative designer knitwear	Lisa Cameron Taylor		UK
Catherine Aitken Ltd	Catherine Aitken Scotland	Handbags and accessories	1-5	N/A	Private Ltd	2005		Edinburgh	http://catherineaitken.com	Harris Tweed, Mohair, Tartan and Wool collections combined with silks, velvets and leather trims.	Catherine Aitken		UK
Eribe Knitwear Design	Eribe Knitwear Scotland	Knitwear	1-5	£25k-£1m	Private Ltd	1986		Galashiels	http://www.eribe.co.uk	Knitted accessories, garments and soft furnishings	Rosemary Eribe		UK

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Harris Tweed Hebrides	Harris Tweed Hebrides	Weaving	40-50	N/A	Private Ltd	2007		North Shawbost	http://www.harristweedhebrides.com	Harris Tweed weaving and range of finished products	Ian Angus Mackenzie	Scottish Fashion Awards, 2009	International
Hawick Knitwear Ltd	Hawick Knitwear/ Clan Douglas	Knitwear	273	£8.06m	Private Ltd	2000	Waterlinks Investments Ltd	Hawick	http://hawickknitwear.com	Contract and private label knitwear in high quality fibres such as cashmere, lambswool and merino.	Benjamin Hartop		International
Hillary Rohde	Hillary Rohde Cashmere	Knitwear	1-5	N/A	Private Ltd	1974		Edinburgh	http://hillaryrohde.com	Hand knit cashmere, private label and Hillary Rohde label	Melissa Strong		UK, Switzerland, Italy, Germany USA
Holland and Sherry	Holland and Sherry	Weaving	80-140	£25m	Private Ltd	1836	Holland & Sherry Inc.	Peebles	http://www.hollandandsherry.com	Woollen merchant. Supply to bespoke tailors, haute couture designers and interior designers	Sarah Clare		International
HTT (Manufacturing) Ltd	Harris Tweed Textiles	Weaving	30	N/A	Private Ltd	N/A			http://harristweed.co.uk	Harris tweed producer	Steve Mackay		
Hunter Boot Ltd	Hunter	Boots and accessories	N/A	£16m		1856	Walker Morris	Edinburgh	http://www.hunterboot.com	Iconic boots and accessories for all ages and all occasions including some designer collaborations	Peter Taylor	2 Royal Warrants	UK, America and Asia
James Johnston and Company of Elgin Ltd.	Johnstons	Knitwear and Weaving	660	£41.55m	Private Ltd	1797	N/A	Elgin	http://www.johnstonscashmere.com	Rare fibres used in fabric, clothing, accessories and home products	James Sugden	Scottish Cashmere Club and Walpole Member	International

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JJ & HH 1788 Cashmere Mills Ltd	Ballantyne Cashmere	Knitwear	159	£5.9m	Private Ltd	1788 (1912)	80% Charme Investments, 20% Alfredo Canessa	Peebles	http://www.ballantyne-cashmere.co.uk	High quality knitwear specialising in cashmere. Quality clothing and accessories.	Alfredo Canessa	Scottish Cashmere Club	International
John Buchan Limited	Lochcarron of Scotland	Weaving	125	£8m	Private Ltd	1947	N/A	Selkirk	http://www.lochcarron.com	Tartan accessories and tailored goods in cashmere, mohair, lambswool and tweed	James Renwick -Dtr		International
Lochcarron Knitwear	Lochcarron	Knitwear	55	£2m	Private Ltd	1947		Hawick	http://www.lochcarronknitwear.com	Ladies and mens collections; accessories	David Ogilvie	Scottish Cashmere Club	International
Mackintosh Ltd.	Mackintosh	Apparel	63	£1m-£5m	Private Ltd	1823 (1974)	Yagi Tsusho Ltd	Glasgow	http://mackintoshrainwear.com	Core product = hand made Genuine Mackintoshes augmented by a range of quality outerwear	Daniel Dunko -Dtr		International
Moorbrook Textiles Limited	Begg Scotland	Weaving	149	£7.326 m	Private Ltd	1869 (1949)	Moorbrook Holdings Ltd	Ayr	http://www.beggscotland.com	Cashmere and luxury blend accessories, fashion, interiors	David Breckenridge -MD	Scottish Cashmere Club	International
Ness Scotland Clothing Company	Ness	Scottish clothing and tweed	6	£2m	Private Ltd	1996	Welma Purity Ltd	Edinburgh	http://www.nessbypost.com	Scottish clothing and accessories			UK
Personal Cashmere	Personal Cashmere	Knitwear and Weaving	1-5	£10-£50k	Private Ltd	2004	R&J Keddie	Edinburgh	http://www.personalcashmere.com	Knitwear and soft furnishings	Raymond Keddie		
Peter Scott and Company Ltd	Peter Scott	Knitwear	155	£4.5m	Private Ltd	1878	N/A	Hawick	http://www.peterscott.co.uk	Knitwear and cashmere. Specialising in golf knitwear - endorsed by Colin Montgomery	Ken Pasternak	Scottish Cashmere Club	International

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Pringle of Scotland Ltd.	Pringle of Scotland	Knitwear	246	£17.746m	Private Ltd	1815 (2000)	Pringle International Holdings Ltd SC Fang & Sons Co Ltd	Hawick	http://www.pringle-scotland.com	Seasonal Collections using wool, lambswool, merino cashmere, cotton, Shetland, silk and blends.	Mary-Adair Macaire		International
Queene and Belle	Queene and Belle	Knitwear	1-5	N/A	N/A	2000		Selkirk	http://www.queeneandbelle.com	Niche luxury cashmere brand with an artistic approach	Doreen Keen and Angela Bell		UK, USA, Japan, Russia
Scott & Charters (Hawick) Ltd.	Scott & Charters	Knitwear	25-100	N/A	Private Ltd	1955		Hawick	http://www.scottcharters.com	Specialise in hand Intarsia, advanced knitting and machine technology. Fibres used = cashmere, cashcotton, lamora, merino/silk, geelong, lambswool, merino and camelhair	Robert Charters	Scottish Cashmere Club	International
Simply Cashmere Ltd.	Simply Cashmere	Knitwear	1-5	N/A	Private Ltd	N/A		Hawick	http://www.simply-cashmere.co.uk	Designer accessories and exclusive home furnishings.	Arthur Rennie		International
Smiths of Peterhead	Smiths/Alexanders/J C Rennie	Weaving	25-100	£2-3m	Private Ltd	1818		Peterhead	http://smithsofpeterhead.com	Quality woollen fabrics and knitwear yarns. Suppliers to leading fashion houses and clothing brands internationally.	Marian Shildrick		International
Tait and Style	Tait and Style	Accessories	10-20	£100-250k	Private Ltd	1989		Stromness	http://www.taitandstyle.co.uk	Fashion, furnishings, accessories Commissions from Paul Smith, John Rocha.	Ingrid Tait		International

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The Hawick Cashmere Company Ltd.	Hawick Cashmere of Scotland	Knitwear	110	£6m	Private Ltd	1990	N/A	Hawick	http://www.hawickcashmere.com	Fashion and accessories	Charles D Sanderson - Dtr	Scottish Cashmere Club	International
Todd & Duncan	Todd & Duncan	Cashmere spinners	328	£21.5m	Private Ltd	1867	Ningxia Zhongyin	Kinross	http://www.todd-duncan.com	The world's leading cashmere yarn spinners, supplying top couture houses & international/contemporary designers	James McArdle	Scottish Cashmere Club	International
William Lockie & Co	William Lockie	Knitwear	100	4.1m	Private Ltd	1874		Hawick	http://www.williamlockie.com	Luxurious cashmere knitwear and other garments in 100% natural fibres: camelhair, super geelong, merino, lambswool and cotton	David Nuttall	Scottish Cashmere Club	International

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Toiletries													
Arran Aromatics Ltd	Arran Aromatics	Body care products	93	£8.9m	Private Ltd	1988	N/A	Brodick	http://www.arranaromatics.com	Luxury toiletries, lifestyle products and gifts in a range of exclusive fragrances	Iain Pittman		UK
Highland Soap Company	Highland Soap Company	Soaps and skin care	1-5	N/A	Private Ltd	N/A		Spean Bridge	http://www.highlandsoaps.com	Handmade, vegetarian and environmentally friendly			UK
Purdies Scottish Soap Company	Purdies	Soaps, bath and hair products	N/A	N/A	Private Ltd	N/A		Strachur	http://www.thescottishsoapcompany.co.uk	Range of handmade, all natural toiletries	Denice Purdie		UK
Scottish Fine Soaps Ltd	Scottish Fine Soaps	Soaps, candles, toiletries	46	£3.117m	Private Ltd	1960	Alexander Ross Holdings Ltd	Falkirk	http://www.scottishfine soaps.com	Several product ranges including, Au lait, Highland Aromatics, get flirty, The Tub	Derek Ross - Chairman/Dtr		UK
The Isle of Skye Soap Company	The Isle of Skye Soap Company	Soap, aromatherapy oils	1-5	N/A		N/A		Portree	http://www.skye-soap.co.uk	Handcrafted soap, aromatherapy oils and gifts	Fiona Mieklejohn		UK

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Whisky													
Angus Dundee Distillers PLC	Tomintoul/ Glencadam	Single Malt Whisky, Highland	65	£38.97 m	PLC	1950	Independent	Glasgow	http://www.angusdundee.co.uk	Blended, malt and de-luxe whiskies	Tom McCulloch		International
Buichladdich Distillery Company Ltd	Buichladdich	Single Malt Whisky, Islay	51	£6.864 m	Private Ltd	1881 (2000)		Buichladdich	http://www.buichladdich.com	Independent Islay distillery, hand made, naturally bottled using Islay Spring Water	James McEwan, Dtr./ Sir John A Mactaggart -MD		International
Chivas Brothers Ltd	Chivas Regal	Luxury Blended Scotch Whisky, Speyside	1553	£396.828m	Private Ltd	1860 (1950)	Pernod Ricard SA	Keith	http://www.chivas.com	Chivas Regal 12, 18 and 25 year old luxury blends	Christian Porta / Douglas Cruickshank - Dtrs.	Walpole member	International
Dalmore Scotch Whisky Distillery	The Dalmore	Single Malt Whisky, Highland	10-49	N/A	PLC	1839	United Spirits (Whyte & Mackay)	Alness	http://www.thedalmore.com	Expressions include The Dalmore Cigar malt, 21, and 50 year old, Black Pearl and Black Isle	Vijay Mallya		International
Dewar Rattray	AD Rattray Cask Collection	Single Malt Whisky, Highland	1-5	N/A	Private Ltd	1868	A D Rattray	Maybole	http://www.adrattray.co.uk	Bottle exclusive casks of Scotch Whisky-Cask Collection label. Stronachie=the company's 12 year old single Highland malt.	Tim Morrison		International
Glenfarclas Malt Whisky	Glenfarclas	Single Malt Whisky, Speyside	N/A	N/A	Private Unlimited Company	1865	J&G Grant	Ballindalloch	http://www.glenfarclas.co.uk	Distillers of Glenfarclas Single Highland Malt Whisky	John L S Grant		International
Highland Park Scotch Whisky	Highland Park	Single Malt Whisky, Highland	251	£150.4 m	Private Ltd	1790 (1995)	The Edrington Group Ltd	Kirkwall	http://www.highlandpark.co.uk	12, 15, 16, 18, 25, 30 year old Highland Park Single Highland	Gerry Tosh		International

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Isle of Arran Distillers Limited	The Arran Malt	Single Malt Whisky, Highland	22	£2.015m	Private Ltd	1995	N/A	Stirling	http://www.arranwhisky.com	Arran Single Malts, Arran Gold Cream Liqueur, Robert Burns Single Malt. Visitor centre.	Euan Mitchell -MD		International
John Dewar and Sons Limited	Dewars/ Aberfeldy	Premium Blended and Single Malt Whisky, Speyside	275	£80.624m	Private Ltd	1846 (1958)	Bacardi Limited	Glasgow	http://www.dewars.com	Brands include White Label, Dewar's 12 and Dewar's Signature	Ian Lothead Operations Director		International
Laphroaig	Laphroaig	Single Malt Whisky, Islay	92	£72.95m	Private Ltd	1815	Beam Global UK Ltd	Port Ellen	http://www.laphroaig.com	Range includes 10,15, 30 and 40 year old super premium malt whiskies	John Campbellger		International
Morrison Bowmore Distillers Ltd	Bowmore	Single Malt Whisky, Islay	177	£38.400m	Private Ltd	1779 (1989)	Suntory Liquors Ltd	Bowmore	http://www.bowmore.co.uk	Legend, 12,15,18, 25 year olds and limited editions e.g. Bowmore 16 Port Ltd Edition	Mr Hiroshi Miyamori - GM		International
Speymalt Whisky Distributors Ltd	Gordon & MacPhail/ Benromach	Single Malts and Premium Blended Whisky, Speyside	129	£16.5m	Private Ltd	1895 (1962)	N/A	Elgin	http://www.gordonandmacphail.com	The world's leading Malt Whisky specialist with over 450 presentations of own bottled single malts. Owners of Benromach distillery	Ian and Michael Urquhart - Managing Directors	Queen's Awards, many quality awards	International
The Benriach Distillery Company Ltd	The Benriach	Single Malt Whisky, Speyside	15	£8.13m	Private Ltd	1898 (DOI 2003)		Larbert	http://www.benriachdistillery.co.uk	BenRiach and Glendronach single malt whisky	Billy Walker		International

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The Drambuie Liqueur Company Ltd	Drambuie	Whisky liqueur	26	£21.05 1m	Private Ltd	(1909 (1927)	Rokal Handelmaatschappij En Financiering	Broxburn	http://www.drambuie.com	World's best selling Scottish whisky liqueur	Philip Parnell -CE		International
The Glenlivet Distillers Ltd	The Glenlivet	Single Malt Whisky, Speyside	18172	N/A	Private Ltd	1824	Permod Ricard SA	Ballindalloch	http://www.glenlivet.com	Expressions include 12 year old, French Oak Reserve 15 year old, 18 year old, XXV, Nadurra 16 year old	Philippe Coutin - GM		International
The Glenmorangie Company Ltd	Glenmorangie and Ardbeg	Single Malt Whisky, Highland	382	£83. 828m	Private Ltd	1843 (1948)	LVMH Moet Hennessy Louis Vuitton SA	Broxburn	http://www.glenmorangie.com	Expressions include, The Original, Le Quinta Ruban, The Nectar D'Or, 18 and 25 year old, all featuring the phrase "16 men of Tain" and a Pictish motif from a standing stone on the estate of Glenmorangie House	Paul A Neep - CEO	Member of LVMH Group	International
The Macallan Distillers Ltd	The Macallan	Single Malt Whisky, Speyside	58	£83. 318m	Private Ltd	1824	Edrington Group Ltd	Perth	http://www.themacallan.com	Critically acclaimed single malt Scotch whisky	Mr Ken W Grier -Brand Director		International
The Tomatin Distillery Company Ltd	Tomatin	Single Malt Whisky, Highland	48	£10. 366m	Private Ltd	1897 (1985)	Takara Holdings Inc.	Tomatin	http://www.tomatin.com	Core brands are The Antiquary and The Talisman	Thomas McCulloch - Exec Dtr		International
Tullibardine Ltd	Tullibardine	Single Malt Whisky, Highland	10-49	N/A	Private Ltd	2003	N/A	Blackford	http://tullibardine.com	Distillery and visitor centre	Alan Williamson - MD		International

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William Grant & Sons Ltd	Glenfiddich/The Balvenie	Single Malt Whisky, Speyside Gin, Vodka, Brandy	671	£392.889m	Private Ltd	1887 (1991)	William Grant & Sons Holdings Ltd	Dufftown	http://www.williamgrant.com	Brands include, Glenfiddich and Balvenie Single malt whiskies, Hendricks Gin	Stella David	Walpole Member, Distiller of the Year 2009	International