UNIVERSITY OF LJUBLJANA
FACULTY OF ECONOMICS

MASTER'S THESIS

# COUNTRY-OF-ORIGIN EFFECT ON COFFEE PURCHASE BY ITALIAN CONSUMERS

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The undersigned **Alenka COK**, a student at the University of Ljubljana, Faculty of Economics, (hereafter: FELU), declare that I am the author of the master's thesis entitled **CONSUMER BEHAVIOUR IN THE ITALIAN COFFEE MARKET: COO EFFECT ON CONSUMER PURCHASE INTENTIONS**, written under supervision of full professor Tanja Dmitrović, PhD.
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# INTRODUCTION

The amount of available goods in the market today is infinite. Within the same product category, consumers can choose from a broad range of alternatives in all types of shape, colors, price, quality and origin (Aziz, Bahadur, Sarwar, Farooq & Arshad, 2014).

Among the many cues that differentiate one product from the other, the country of origin (COO) has a strong relevance in the moment of product evaluation (Ahmed et al., 2004; Chu, Chang, Chen, & Wang, 2010; Martìn & Cerviño, 2011). The country of origin refers to a territory, area or region that is intertwined with the creation, manufacturing, planning and the design of a product or service, and is sometimes equaled with the term "made in" (Nagashima, 1970). The term is broad and so is also the meaning that COO has for the consumers.

In the first part of the thesis I will concentrate on the different theoretical concepts that are relevant to this study, explaining the evolution of the COO and the influence it has in the purchasing decisions. In literature there is distinction between the cognitive, affective and normative perspectives connected to the COO. For the cognitive perspective, previous experience with the country the product originates from or the knowledge and perceptions that consumers have of it are used to infer on an unknown product's quality (Chu et al., 2010). Consumers are more likely to purchase products manufactured by countries having a good reputation for producing them and to not consider products manufactured by countries that doesn't have it (Roth & Romeo, 1992). Therefore in the evaluation process, for each product there can either be a positive or negative COO effect. The COO effect will not depend just on the effective perceived quality image of the country, but also on consumers' feelings connected to it. Consumers around the world grow up in different environments, with different cultures and external influences, that contributes to make them perceive COO differently. Scholars that took in consideration the so-called affective and normative perspective, list the level of consumer ethnocentrism (Aziz et al., 2014), socio-economic status, demographics (Samiee, Shimp, & Sharma, 2005) and patriotism (Vida & Reardon, 2008) as examples of elements that shape the consumer's character and influence his decision**.**

The difference in valuation is also pertinent to the product's category as well as specific product level. A country could have a negative COO for a certain category or specific product and a positive COO for another. Transforming a negative COO in a positive one takes time and effort, but the result is a higher competitive advantage for companies. In the same way, a positive COO can be easily transformed in a negative one (Nagashima, 1970).

My thesis proposes to examine whether the elements just described can have an influence on the buying decision of consumers in a specific market, Italy, when purchasing a specific product, coffee. In the second part of the thesis I will present the coffee industry in detail, focusing on the Italian coffe market, its coffee culture and consumers' drinking habits. Italian consumers take pride in domestic manufactured products and are usually more inclined to buy domestic coffee. Italy is one of the countries where COO, operationalized with the Made in

Italy cue, has a big value for local firms. Although the Italian market is dominated extensively by small or medium sized enterprises (SMEs), these are based on long manufacturing traditions and crafting skills that were handed down from one generation to another (Grandinetti, 2011; Mattia, 2004). The Italian handmade production represents a competitive advantage for Italian SMEs entering the international market where large enterprises operate (Nanut & Tracogna, 2003). In other words, Italian companies on the international markets can take advantage of the positive COO effects associated with Italian products. The Made in Italy, that is connected to a multitude of products, such as clothes, footwear, food, furniture and much more, is a powerful label that is making Italian brands to be recognized and differentiated around the world. Coffee is one of these products. Italian companies selling abroad can therefore rely extensively on the positive COO effect also for their coffee sales.

Coffee is after oil the second most traded good in the world (Qun, Shafi, Afzal & Nazir, 2014). In 2012 Italy was the 3rd coffee importer in the world, after US and Germany, importing approximately 8.7 million bags of coffee, and 4th re-exporter, after Germany, US and Belgium, with approximately 3 million 60 kg bags (International Coffee Organization, 2015a). In 2012 the total Italian consumption of coffee amounted to approximately 5.7 million kg (International coffee Organization, 2015b), making Italy the 6th largest consumer of coffee, after US, Brazil, Germany, Japan and France (International Coffee Organization, 2015b), which, considering the difference in population, alone reflects Italians' love for coffee. Italian coffee is considered a superior quality product in Italy as well as abroad, due to the Italian particular preparation technique developed through the centuries. It involves the use of machines that have been researched and perfected to produce a good tasting coffee (Morris, 2008). On the other hand, in other countries, coffee is prepared with simpler machines. The coffee prepared with these two methods has a different taste, consistency and aroma and belongs to different cultures of coffee drinking. The proof of differentiation and high quality of Italian coffee is the fact that Italian coffees names, like espresso, have maintained their denominations across Italian boarders and have become generic names.

Just as it is popular abroad, so it is taken as a pride at home. Italian consumers in general trust all domestic manufactured products. But what are specifically the factors that influence the decision of Italian consumers to purchase domestic coffee? Is COO and its connected mechanisms important cues to take into consideration?

My thesis proposes to explore through a qualitative and quantitative study the reasons for the presumed domestic products' positive COO effect in the Italian coffee market. My research is going to add knowledge to the existing literature on COO and to evaluate the consumers' buying decisions in the Italian coffee market. The objective is to both understand the threats and the opportunities awaiting companies wishing to enter this market. Evaluating the consumer buying decisions will help to understand which are the best marketing strategies to position a new product in such a tough, competitive and saturated market.

# 1 COO IN THE CONSUMER BUYING DECISION PROCESS

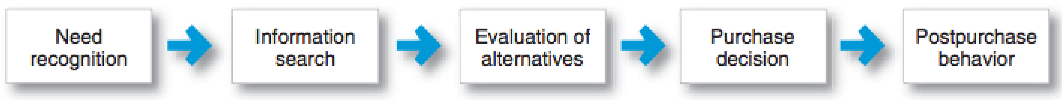
The consumer behaviour can be defined as a set of activities and processes that the consumer performs when purchasing a product that would best satisfy their needs (Belch & Belch, 2007). It is however difficult to make any prediction regarding such behaviour, because each decision is an interconnection of different feelings, experiences and knowledge that comes in contact with the external factors surrounding the consumer during the purchase. Among them a relevant factor is COO.

In this first part of my thesis I present an overview of the COO literature. I begin by describing the steps of the purchasing decision process and then I concentrate on COO as a factor that consumers take in consideration in the product evaluation step. Further, I analyze how do consumer recognize it and the evolution of its meaning and relevance through the years. My overview continues with a detailed description of the mechanisms that summarize the COO concept. The chapter concludes with a focus on the role of COO in the Italian market, named the Made in Italy production.

## 1.1 Consumer's buying decision process

Consumers are constantly faced with the task of purchasing something, be it a new smartphone, a drink or a household appliance. Before actually buying a product, consumers unconsciously follow a certain pattern toward their final purchase. Different products, consumers's needs and attitudes extend or shorten the time required for a purchase, but generally consumers go through five stages of what it is called the buyer decision process (Kotler & Armstrong, 2012). This process sums consumer behaviour before, during and after the purchase of a product.

Figure 1. Buyer decision process




Source: P. Kotler & G. Armstrong. *Principles of Marketing, 2012, p.152*

The first stage, the need recognition, is where consumers realize that there is a need they would like to satisfy. A need is born because consumers perceive that their actual state differs from their ideal state of being (Belch & Belch, 2007) and that a certain product can improve this. The reason for the recognition of a need lies in many different factors that are divided in external or internal stimuli: consumers could be unsatisfied with their possessions, in need to replace them based on a new lifestyle or in need to obtain missing ones (Kotler & Armstrong, 2012). Sometimes consumers don't even realize the need of certain products until companies stimulate the creation of the need with their innovations or advertising.

Information search is the next phase, although consumers do not always carry out an extensive search on their desired product. Consumers usually actively search for information when the product is unknown to them or presents some complexities. The type of information that consumers are going to look for regards availability of the product, product's characteristics and existing alternatives. Consumers can gather information from experiential, personal, commercial and public sources (Kotler & Armstrong, 2012). Experiential sources are pertinent to the consumers' past experience and knowledge about the product. When family members or friends share their experiences with the product, consumers acquire personal sources. Consumers can also actively search for information through public sources, such as mass media, the Internet or run into commercial sources, such as advertising, displays or sales people. The information acquired will be used as a basis for the following step, which is the evaluation of alternatives.

On the market the consumers can find all kind of products and brands. In this stage, the consumers narrow their decision on a subset of possible alternatives, called consideration set (Peter & Olson, 2002). The consideration set is "the set of alternatives brought to mind on a particular choice occasion" (Huy, Svein & Olsen, 2013, p. 598). In the evaluation process, products that the consumers recall from their memory are grouped together in the so called evoked set (Solomon, Bamossy, Askegaard, & Hogg, 2006). Apart from the evoked set, the consumers can also consider relatively unknown brands, that can be found accidentally in the store or through research, if they possess features that can give them a higher level of satisfaction than other products. The products within the consideration set are compared based on their attributes and other information gathered in the previous stage. Each consumer has different needs and tastes that make him evaluate and select products differently.

Eventually, consumers make their purchasing decision. Usually not just one person is involved in it (Palmer, 2000). However, the purchase decision has to be distinguished from the actual purchase, which implies not only the decision about the product the consumers want to buy, but also the place and time they are going to do it. During the actual shopping experience, factors as shop atmosphere, the quality of the service or the shopper's attitude, can positively or negatively influence the purchase.

The decision making process doesn't end with the actual purchase of the product, but it concludes with the post purchase behaviour. Using the product, consumers understand how close their perceptions of the product is to its actual performances. The level of satisfaction influences the likelihood of a repeated purchase. Moreover "customer satisfaction is key to building profitable relationships with consumers—to keeping and growing consumers and reaping their customer lifetime value" (Kotler & Armstrong, 2012, p. 154). A satisfied consumer can become a regular or loyal consumer, while unsatisfaction induce consumers to buy alternative products in their next purchase and makes them share negative opinions on it.

## 1.2 COO in the evalution process

In the past, products were not differentiated as a result of a mass production economy. With industrialization and the increased focus on the consumers' needs, companies became more flexible and specialized in developing many different variants of the same product, enriching the offer in the market (Orrù, 1991). Therefore, to distinguish one product from another, the consumers take products' attributes as evaluation criteria and depending on their needs and personal judgment, assign different degrees of importance and value to each of them (Bilkey & Nes, 1982). After they have acquired, evaluated and integrated products' information and attributes, consumers select the product that shows the higher level of utility to them.

There are many attributes that are used to assess a product, such as color, size, price, brand, origin and so on. According to Rezvani et al. (2012), in literature those parameters are divided between intrinsic and extrinsic cues. Intrinsic cues are inherent to physical characteristics of the product, such as color, material, performance, design, while extrinsic ones are all the other attributes not related to the physical aspects, such as brand, price, country of origin, distribution channel (Espejel, Fandos & Flaviàn, 2007). Prior to purchase, consumers are seldom able to detect the quality of a product, so when few information about the product are available, consumers rely more on extrinsic cues than intrinsic ones to infer the quality of the product (Veale & Quester, 2009). Among extrinsic cues, COO is used consistently in the consumer's evaluation process (Ahmed, Zbib, Sikander, & Farhat, 2010; Ahmed et al., 2004; Rezvani et al., 2012; Insch & Florek, 2009).

Generally, when we talk about COO we think of the "country that manufactures, designs or assembles a product or brand with which it is associated" (Rezvani et al., 2012, p. 205). A product's COO allows consumers to infer information on a product and its value, benefits, implicit risks and future results. Thanks to globalization and the technological revolution that made international trade ordinary and fast, consumers can find in their local stores products that are imported from all over the world. They first use the COO first to link each brand or product to a country, and secondly as an indicator of those products' quality (Chryssochidis, 2007; Ahmed et al., 2010). The quality perceived through COO can increase or decrease depending on how it will be estimated. According to Chu et al. (2010), a joint or separate evaluation mode can be adopted. Usually, the product value becomes clearer when the product is compared with some other known brands or products of the same category. In fact, in an actual purchase environment consumers tend to compare alternatives as a method to evaluate the products (Dmitrović & Vida, 2010). Chu et al.'s (2010) research confirmed that COO has a stronger effect on consumers in the joint evaluation than in the separate evaluation. They suggest that companies that have a perceived low COO quality should create an environment facilitating separate assessment.

The effect of COO on consumer behaviour has been a subject of research for 50 years already, during which researchers had not agreed upon a single definition of COO, but have proposed many variations of it (Jin, Chansarkar & Kondap, 2006; Martìn & Cerviño, 2011). The evolution of the concept through the years was in line with the evolution of markets and companies (Harun, Wahid, Mohammad & Ignatius, 2011). Changes in society and companies' operations have fragmented the basic conception of COO (Hamzaoui & Merunka, 2006). From the '70s, in accordance to the companies' goal of efficiency and maximization of profitability, companies have exponentially started to externalize activities which were formerly being carried out within to other countries where the labor costs were usually cheaper (Pratap, 2014).

Hamzaoui and Merunka (2006) stated that this transition has changed products into hybrid objects, designed in a part of the world, partly manufactured in another country and assembled in a third one, which could be distant from the home country of the company. For that reason many researchers have incorporated product hybridity in COO, creating new COO subcategories: COO is now divided in product's country of design (COD), country of assembly (COA), country of brand (COB) and country of manufacture (COM) (Bilkey & Nes, 1982; Han & Terpstra, 1988; Hamzaoui & Meruka, 2006; Rezvani et al., 2012).

Consumer judgment has also evolved in line with this new trend. Consumers can be divided in those who see COO as the actual place where the product is produced (Papadopoulos, 1993) and those who look at COO as the country of domicile of the company, even if the product has been manufactured elsewhere (Balabanis & Diamantopoulos, 2008). The consequence of this ramification of the consumer's view is that many researchers have abandoned the idea of COO defined as the country where the product has been manufactured and embraced the more immediate connection of a COO as the country where the brand or product is perceived to come from by the consumer (Johansson, Douglas & Nonaka, 1985).

Usually what influences the product evaluation is the country's image. The country's image is every image, picture or stereotype that the consumer attaches to each country based on his perception (Han, 1990; Roth & Romeo, 1992; Lin & Chen, 2006; Chu et al., 2010). This image is created by consumer's various associations of the product and its COO with what consumers know, perceive or stereotype about a country's manufacturing ability, national characteristics, economic and political background, technological innovativeness and so on (Nagashima, 1970; Hamzaoui & Marunka, 2006). Each country image results in a COO effect, which can be defined as "any positive or negative effect that the country a product is perceived to be from has on a consumer's product evaluation" (Auruskeviciene, Vianelli & Reardon, 2012, p 21).

Consumers are willing to buy products when the products have a positive COO effect, due to the favorable perception of product's quality related to the country. When that happens companies will accentuate strategies that would promote their COO using for example country specific symbols or colors or adopt a name that would be immediately associated to said country (Insch & Florek, 2009). This brings also to a more rapid creation of positive reputation with consumers. It is in the best interest of both the country and its companies to not just to promote, but also to put effort in maintaining that positive reputation (Tse & Gorn, 1993).

COO effect is a product category-specific phenomenon. Chryssochidis (2007) stated that generally each country specializes in or develop some capabilities that allow it to outperform other countries in the production of certain types of product. When the product category's most important feature matches with a country's production strength, the COO effect will be positive and the country will become a representative for that category (Roth & Romeo, 1992). For example, Japan is known for its electronic goods, Germany for its household appliances, Italy for its fashion products and design, Switzerland for chocolate (Hamzaoui & Marunka, 2006). Ahmed et al. (2004) argued that this positive country attribute is usually not transferable to other categories, as consumers evaluate dissimilarly different products having the same COO. Balabanis and Diamantopoulos (2004, p. 87) examined domestic and foreign purchase biases for eight consumer product categories, and concluded that consumers "change their preference maps across product categories". For example, Italian shoes would receive high marks from consumers, but Italian electronic goods might be perceived poorly (Knight, 1999).

A reason for that could lie in the importance attributed to each dimension that a product can have (Chryssochidis, 2007). A product originating from a particular country may be evaluated favourably on one dimension, but unfavourably on another. For example, French wine is prestigious for its taste, but presents some health issues. Therefore, COO is also attribute-specific (Juric & Worsley, 1998). Different categories of products can have a leading dimension that could not coincide with the country's strength, which Roth & Romeo (1992) called a favourable mismatch or unfavourable match. When the skills of a country do not correspond with product's attributes that are important for consumers, the COO effect is negative and an unfavourable mismatch takes place (Roth & Romeo, 1992; Chryssochidis, 2007).

Companies, as well as researchers, are especially concerned for COO effect when it turns out to be negative. Consumers negative stereotypes can impose a barrier for companies attempting to enter a market (Shabbir, Kirmani, Iqbal & Khan, 2009). In those cases, companies would better try to avoid their origin to be known by the consumers and highlight other product's attributes or point out the other positive dimensions of a country. In the context of COO, also practicing outsourcing can be for companies a double-edged sword: for companies it is an advantageous cost reduction strategy, but for some consumers it can devaluate the company's product quality perception, as products are produced in countries that don't have a good manufacturing reputation (Knight, 1999).

COO is however not the only cue that consumers consider when selecting a product. Price, brand and design are equally important. Many researchers, in relation to COO fragmentation, have started to use and compare the brand origin cue simultaneously with the manufacturing origin cue as two powerful and distinct products attributes and important quality cues (Chattalas, Kramer & Takada, 2008). Brands can outperform COO, especially in the case of a powerful brand name. Consumers tend to rely on their knowledge or loyalty toward the brand more than COO. In this scenario, outsourcing should not be a concern for big companies. A multinational company (MNC) that comes from a country with a negative COO can, with its influence and good products, even start changing the whole country's negative COO effect to a positive one (Tse & Gorn, 1993).

On the other hand, other researchers found out that there were cases where even influent MNCs were powerless against the COO negative effect. For example, Tse and Gorn (1993) analyzed the Volkswagen case, that, while being a brand known for the quality of its cars, was unsuccessful on the American market with their new car model, due to the cars being manufactured in facilities located in Mexico. In some cases companies, knowing the disadvantage of the COO effect on their brand, arbitrarily designate as origin of its products the one among the country of design, manufacture, assemble, etc. that is the most favourably seen by the consumers (Balabanis & Diamantopoulos, 2008).

It must also be noted that consumers' attitudes may change over time and the same can also happen to their COO image perception. As it is hard to obtain a good reputation, but easy to lose it, companies should pay attention to not damage the reputation of their country when their COO effect is positive and try to improve it when it is negative (Bilkey & Nes, 1982).

In the studying of COO, consumer preferences for products are difficult to detect because different cultures, groups of influence and personalities produce dissimilar perceptions among consumers and they can generate different COO effects on the same product category (Han, 1990; Rezvani et al, 2012; Chattalas et al., 2008). With those differences, many hypotheses can be made on what effect will COO have across different countries. Tests can show similar or opposite behaviour on the same product category. However, there are several behaviours that were frequently confirmed to appear in consumers' evaluations. First of all, Knight (1999) states that consumers generally favourably evaluate products produced in their own country, while Watson and Wright (2000) discovered that, among foreign products, consumers have a higher positive attitude toward products which originate in a country that is politically, economically or culturally similar to their own. Some studies suggest that consumers organize countries on a hierarchical scale (Ahmed & d'Astorus, 2008). Products coming from developing countries are rated to be inferior to products from developed countries (Veale & Quester, 2009; Chu et al., 2010; Jin et al., 2006). Chu et al. (2010) stated that among many determinants of a country's image, stage of economic development has been the most commonly cited one. Veale and Quester (2009) confirmed that developed countries, like Japan or Germany, enjoy a good reputation around the world due to their well-known economic development.

Consumers come in touch with different products in various ways and can be either expert or novice buyers. In the next chapter, different aspects of consumer's behaviour regarding COO will be analyzed, along with consumer knowledge about it, and how consumers recognize COO.

## 1.3 COO recognition

Consumers are able to evaluate products based on their origin, if there is clear evidence of it. Stores are filled with so many brands and products that it is impossible for costumers to recall in their memory the COO of all of them. The “made in” label earned the role of identifier of product’s COO, but the evolution of COO in a multi-component construct made COO recognition confusing (Phau & Prendergast, 2000). According to Usunier (2006) the term “made in” has become less significant and does not necessarily indicate the origin of a product anymore. What contributed to the confusion is that the “made in” label is not mandatory anymore, which resulted in new, more extended labels such as “Made in Europe” or “US made parts” (Samiee, 1994). Today consumers may not recognize the COO of products or even wrongly interpret their origin (Samiee et al., 2005). In literature researchers agree that consumers retain some COO information in their memory, but their arguments on it are contradictory, some attesting that the recognition is high (Paswan & Sharma, 2004), other that it is too low (Martìn & Cerviño, 2011).

COO fragmentation requires consumers to search for more information on the COO. Many researchers expect consumers to be more involved for certain products at both the product category or brand level and therefore possess or seek information on the product’s COO on their own (Martìn & Cerviño, 2011). The higher the involvement, the higher will be the COO recognition. Consumers will more easily recognize the COO of known brands or associate a positive country image to brands when the brand conveys a positive image of the country and/or its values. However most of the time consumers don’t have the will or means to search for the needed information (Samiee et al., 2005). According to Ahmed et al. (2010), consumers tend to rely more on their knowledge on COO rather than attempting to discover the manufacturing origin. Consumers can then wrongly interpret the origin of the product, or neglect it and base their judgment on other cues, like the price or brand. Samiee et al. (2005), wanting to verify the skepticism of other authors on COO effect on consumers, constructed a measure for COO recognition called Brand Origin Recognition Accuracy (BORA). Using domestic and foreign brands, and four predictors, two studies were conducted: the first served to verify consumers’ recognition levels and model fit; the second served to ascertain the influence of the language on the first study’s results. Consumers demonstrated to know just one third of all the brands taken under investigation and to associate the brand to the country mainly through the name of the brand. Domestic brand origin awareness was higher. This study strengthened the hypothesis on the inability of consumers to correctly recognize brands’ COO.

However as COO has many times proved to play a salient role in the decision making process, researchers acknowledge that it’s not just one factor that produces effects on the consumer’s recognition level and willingness to search for it. The variables that influence the magnitude of the COO effect are many and can be classified in those which qualify the consumer, product or country. Ahmed and d’Astous (2008) added that explanatory factors like demographics, familiarity with a country’s products, purchase behaviour and psychological variables jointly work to explain consumers’ COO perceptions. Basic socioeconomic and demographic analysis of a country should be a first step in any research on this topic, as education, income, age and gender are all factors that can better define the consumers and give researchers an initial hint on their behaviour (Paswan & Sharma, 2004; Martìn & Cerviño, 2011).

Samiee et al. (2005, p. 382) stated that “consumers higher in socioeconomic status may regard a brand's COO as more diagnostic in decision-making than lower socioeconomic consumers whose income levels necessitate their focusing more on functional considerations such as price and value”. How people communicate, interpret information, their brand preferences and consumption patterns are all dependent on their educational level (Dow & Karunaratna, 2006). Consumers that have a higher education are proven to be able to interpret and process brands’ information more accurately, see foreign products more favourably and be less likely to misidentify a brand’s origin. Education is usually strictly and positively connected to the income level. Higher income groups show a preference towards foreign brands (Jin et al., 2006). Consumers’ international experiences, meaning the knowledge and experiences that the consumers acquire abroad, also count in consumer’s COO recognition and the importance they give to it (Samiee et al., 2005). International travel has been shown to enhance perceptions toward foreign products, other languages and brand origins (Wall, Liefeld & Heslop, 1991). A reasonable expectation, therefore, is that consumers who have engaged in international travel should possess greater knowledge of foreign brands (Samiee et al., 2005).

Concerning demographic factors, age and gender are the main factors that play a role in this context. Usually one should expect older people to have a more profound knowledge and longer experience with products than young, brand-oriented consumers, but youngsters are more flexible regarding products and innovations, and in the actual global community are expected to accept foreign brands more positively and proactively (Samiee et al, 2005). As for gender, women are thought to be more accepting toward foreign products than men, but to have a greater tendency to buy domestic products.

Companies know the complexities connected to consumer behaviour and will observe consumers while shopping in order to indirectly or directly influence consumers into buying their products with various marketing tools and strategies. However, their attempts are not always successful, because the consumers’ judgment and reasoning are based on many different aspects such as, for example, personal experiences, values or needs.t These are sometimes so unpredictable that theorists classify all of them in what they call the consumer’s black box. Supposing that consumers recognize the origin of products, there are 3 determinants of consumer perception (Jin et al., 2006; Martìn & Cerviño, 2011): consumer can be influenced by product’s attributes, their personal emotions or social and personal norms. Marketing theorists came to the agreement in dividing consumer conduct in cognitive, affective and normative sphere that will be individually elaborated in the next subchapters.

### 1.3.1 COO cognitive perspective

Among cognitive, affective and normative perspectives, the cognitive is the one that was studied the longest. A cognitive process is a process that involves a cognitive activity, such as reasoning, thinking, remembering; in other words, it uses existing knowledge to acquire new one. With the cognitive perspective consumers use COO as an informational cue, specifically as an attribute of the quality of the product, to compare the products in search of the one that has the highest quality or added value for them (Ahmed & d'Astous, 1996). Once consumers assign a COO to a product, they make inferences regarding the properties of that particular product through their knowledge about that country and its brands (Chu et al., 2010).

Consumers can know products well, know them for just certain cues or not know any of their attributes. In their study, Tse and Gorn (1993) found COO to be equally salient whether the brand was a globally well known or a new one. However, consumers are expected to be more familiar with domestic brands than with foreign ones, because of higher exposure to those brands (Martìn & Cerviño, 2011). Exposure and media increase consumers' brand familiarity and make products' COOs better known (Cordell, 1992).

Researchers generally distinguish mainly two segment groups of consumers: those who are acquiring a product of the category for the first time or have limited knowledge about it, and those who have already bought products from that category and have some experiences with it (Rezvani et al., 2012). The difference lies clearly the amount of information they possess about the products. The level of their knowledge influences the COO effects and then impacts the decision making procedures (Ahmed et al., 2004). Some researchers have categorized the processing of COO information as the halo and summary dimensions (Ahmed et al., 2004; Hong & Wyer, 1989). The halo effect occurs when consumers are not familiar with the products or in other words are not capable of detecting the product's quality. They thus mirror their viewpoint about a certain country on these products to evaluate them (Hong & Wyer, 1989). On the other hand, a summary construct operates when consumers are familiar with a country's products and infer product quality by summing up their experience and knowledge with those products and their COO image (Chu et al., 2010). Usually, consumers start evaluating new products with the halo effect, and gradually, when gaining experience, the halo effect is replaced by the summary effect (Nebenzahl, Jaffe & Lampert, 1997).

### 1.3.2 COO affective perspective

Until now we looked mainly at consumers as individuals that base their judgment on what is more convenient for them, but humans are not purely objective beings and in many circumstances they are also driven by their feelings. Emotions can provide an explanation for certain consumer decisions and therefore should not be neglected. In relation to COO, in fact, many studies revealed that the origin of negative or positive COO effects lies in preferences toward the geographic origin of the products (Ahmed et al., 2010; Klein, Ettenson & Morris, 1998). A positive emotional association with a foreign country and its products is what is in literature defined as affinity (Auruskeviciene et al., 2012), while when consumers emotions toward a country results in an open aversion toward its products, the researchers call it animosity (Klein et al., 1998). When considering the domestic country, what generally all consumers have in common is their favourable inclination toward domestic products, due to the values, traditions, ideologies, etc. that they share with their country (Knight, 1999). Strong affection displayed toward one's own country is represented by patriotism.

Patriotism can be defined as "individuals' love and concern for their country and their attachment to their own nation and its symbols" (Vida & Reardon, 2008, pp. 37). It strengthens the importance the domestic country's values, ideologies and socio-cultural climate have on the mindset of the consumers and it directs their product choices. Strong national feeling results in a more favourable evaluation of domestic products and a higher negative attitude toward foreign products (Han, 1988). Patriotic consumers therefore pay more attention to product's COO information in the moment of choice in order to make sure to buy mainly domestic products (Hong & Wyer, 1989). Buying foreign products is perceived as unpatriotic and an act that doesn't support the domestic economy, regardless of the other cues connected to the products. Foreign products thus produce a negative COO effect on consumers. On the other hand, domestic products have for patriotic consumers a high symbolic meaning. Supporting domestic producers is seen as a duty, reaffirming their loyalty to their nation. Knowing that the products they are buying are domestic fills consumers with a sense of pride and is enough to bring them satisfaction (Rybina, Reardon & Humphrey, 2010).

### 1.3.3 COO normative perspective

The third perspective that plays a role in consumers' preference formation is the normative mechanism. According to this mechanism consumers are influenced to buy certain goods by an individual or a group. What drives consumers' purchases is their will to align with the expectations and norms of others and blend in with them (Huang, Phau & Lin, 2010). Such consumers clearly distinguish product of the in-group, or home country, from those in the out-groups, or foreign countries, and evaluate all the out-groups in comparison to it.

Consumer ethnocentrism is a construct that is studied when considering this mechanism. It can be defined as the consumers' beliefs about the appropriateness and morality of purchasing foreign-made products (Sharma & Shimps, 1987). The in-group determines the standards for judging other groups and the willingness to associate with them, viewing things favourably if they belong to their own group or unfavourably if they are external to it (Chryssochidis, 2007). The stronger the feelings of consumer ethnocentrism, the higher the COO consideration (Samiee et al., 2005). The beliefs of the in-group can lead to strong patriotic feelings, pride and vanity (Chryssochidis, 2007; Auruskeviciene et al., 2012). Even if aware of the real products' quality, consumers tend to consider domestic products as superior to foreign ones using stereotypes developed from their social environment and their own assumptions (Tse & Gorn, 1993). Ethnocentric consumers therefore prefer domestic products over foreign ones and view buying foreign products as an act that hurts domestic economy and a betrayal toward a community they identify with (Rezvani et al., 2012). According to

Watson and Wright's (2000) analysis, consumer ethnocentrism was identified more in female, older, less educated and less wealthy consumers.

Governments have in the last decades reduced many tariffs in order to allow faster and bigger trade among nations, but in the recent crisis, ethnocentric feelings seem to be increasingly present (Auruskeviciene et al., 2012). Researchers suggested that to stimulate ethnocentric consumers to buy foreign products, imported goods should be priced lower than domestic ones (Watson & Wright, 2000), while others advised foreign companies to adopt strategic alliances with domestic companies or to localize the brand name (Han & Terpstra, 1988). In fact, ethnocentrism negatively influences product beliefs and judgment of foreign goods, but not necessarily influences consumer's purchasing patterns. Balabanis and Diamanopoulos (2004) found that consumer ethnocentrism makes consumers prefer domestic products, but not necessarily reject foreign ones in every situation. Javalgi et al. (2005) found that the impact of ethnocentrism is moderate when a product is perceived as absolutely necessary, while Lantz and Loeb (1996) reported cases of ethnocentric consumers buying foreign products, highlighting the fact that those consumers tend to buy products coming from countries that are culturally similar to their country. Furthermore, some researchers gave evidence of cases where consumers cared above all that the products were made in their country, not caring if they were produced by a local or foreign company. As indicated by Knight's (1999) findings, some Americans prefer products that are made in America to those made in Japan, even if the local producer is a foreign owned company.

The three perspectives have been analyzed separately, but are actually interdependent. Consumers usually consider both emotions and knowledge when they evaluate products. Both aspects also strongly influence their decisions, but when doubtful consumers will follow their feelings (Ajzen, 2001). Specific unusual situations, like economic crisis or harder political or economic periods, make consumers more emotionally instable and therefore more subject to their feelings (Dmitrović, Vida & Reardon, 2009). Such periods can increase consumers' distrust in foreign nations and products and increase feelings of patriotism and ethnocentrism.

## 1.4 Made in Italy

As already said, the "Made in" is a label that directly identifies the origin of a product or, more specifically, where the product has been made. Researchers are nowadays contesting its role, stressing instead the relevance of brands and origin of the brands, as opposed to the origin of manufacturing in the product identification and selection. For scholars, brands are progressively taking the lead in consumers' perception of products' quality (Usunier, 2011). That is a consequence of the production fragmentation and the difficulties that it entails. Consumer's choices are still conditioned by the COO cue for certain products and countries though, with Italy being the most evident example. Italy is considered a place of excellence, especially for the manufacturing and food & beverage sectors, so that the Made in Italy holds generally a positive COO effect abroad. The label Made in Italy is not just the label indicating the origin of Italian products, but it has evolved to be a brand itself representing the prestigious Italian production abroad.

Among industrialized nations, Italy presents a peculiar economic structure. In the Italian market 99.4% of companies are small and medium enterprises (SMEs), of which micro enterprises with a maximum of 9 workers accounts for 94.8% (Istat, 2011). These companies are mainly specialized in traditional sectors like textile or furniture and give job to 79.8% of the working population (Istat, 2011). SMEs in Italy are born as family based companies that come from a long tradition of artisan craftsmanship, which has favoured their current unique value. According to an Istat's survey (2011), family businesses characterize more than 70% of industrial and service companies. In those companies old handcrafted techniques, that in most countries are lost by being replaced by machines, are handed down from father to son and are preserved for many decades. Today as in the past, the Italian growth is based on the expertise and ability of the hands of those artisans. Even though Italian companies are mostly small, they sell outstanding products known for their functionality, elegance and prestige all over the world.

The Italian system performance is however, due to its reduced dimension, lagging behind foreign competitors in some aspects. To be a large enterprise means to be able to take advantage from a highly developed technology, economies of scale and international expansion. SMEs are limited in that and have to use their ingenuity to stay competitive (Orrù, 1991). Italian district systems were born as a necessity for SMEs to fill that gap and to achieve higher efficiency and success. Divided in the industrial zones of Italian regions by sectors, those clusters gather companies specialized in one or more phases of the production process and are organized as a "complex and tangled web of external economies and diseconomies, of joint and associated costs, of historical and cultural vestiges, which envelops both inter-firm and interpersonal relationships" (Becattini, 1989, p. 132). The efficiency of the district is reached with strong competition among firms, but at the same time also with a long term collaborative network, in which companies exchange production skills and knowledge in order to grow and innovate (Capasso & Morrison, 2013). Collaboration for those firms also means sharing the same values and way of doing all kinds of operations in the best interests of the district, so that the links of the companies are both economic and social. This system creates flexibility and collective efficiency and allows companies to help each other in the reduction of uncertainty and costs (Orrù, 1991).

Thanks to the shared help, some among those small companies evolve into important representatives of the Italian production and its district's prestige locally and abroad. The COO image of Italian products evokes in consumers concepts such as sense of beauty, focus on details, the use of prestigious materials and specialized manufacture. This is especially true in the three leading manufacturing sectors called by some 3 Fs: Fashion, Furniture and Food, which accounted in 2014 for approximately the 80% of all Italian production (Università Bocconi, 2009).

The COO is therefore the most evident feature of Italian products abroad. Consumers around the world trust and admire Italian style (Stile italiano e italian way of life: carte vincenti per il made in italy?, 2006). A testimony of the Italian products' value are the hundred of imitations available in foreign markets. Those products are however low quality goods that end up hurting the turnover of Italian producers and the Italian COO image (Platania & Privitera, n.d.). This violation of intellectual property has reached such a scale that is today known as Italian Sounding (Platania & Privitera, n.d.). The use of Italian resembling names seem to be the most common technique used by counterfeiters. An example is the Italian cheese Parmigiano Reggiano, which changes into Regiànito in Argentina, Parmesao in Brasile and Pamesello in Belgium (Il Quotidiano della Pubblica Amministrazione, 2014).

Among the many products that are loved and symbolize the Italian uniqueness there is coffee. As Dillon (2006) points out, coffee is after oil the most traded good in the world and it is considered one of the most essential commodity by consumers (Monk & Ryding, 2007; Joo, Min, Kwon & Kwon, 2010). Its consumption has become a daily ritual, with 1.5 billion of cups drunk per day (Interafrican Coffee Organization, 2013). Coffee is a valuable product in almost every country, even in tea consuming countries like United Kingdom, India or China where it is becoming a valid substitute to any hot and cold drink. The image of coffee and its health benefits have been shaped and divulged largely through many channels, promotions and store concepts, making coffee the popular beverage that it is now (Farah, 2012). Globalization and companies' internationalization have progressively changed the coffee market in a competitive and innovative place, with the introduction of many types of coffee, as well as new brewing methods, agricultural practices and consumers' needs.

The Italian past and current quality pursuance in this industry made the country famous for its coffee tradition and innovations, making it reach global admiration and fame by being home of the espresso coffee (Italian Trade Agency, n.d.). Coffee is therefore another of the valuable Made in Italy products. The quality known abroad is at the same time a highly valued feature at home for domestic products.

# 2 THE COFFEE MARKET

In the next chapter, the coffee industry will be analyzed, starting from general definition of coffee, its export and import data, the steps of the production process and other information crucial to understand the current operations of this important industry. Description of the Italian coffee market as one of the key players will follow. I will dig into the history of the Italian coffee symbol, the espresso, to understand the origin of its perceived high quality today. The chapter ends with the presentation of foreign companies operating on the Italian coffee market.

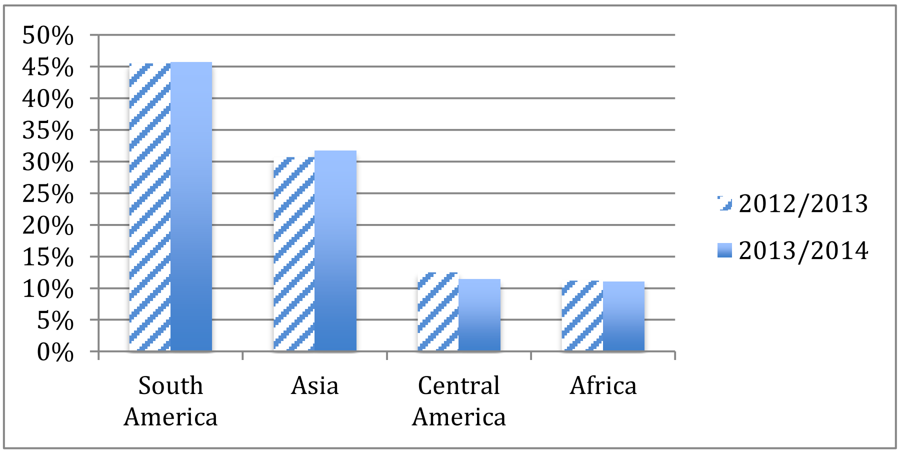
## 2.1 The global coffee market

Coffee is a plant with red fruits, called coffee cherries, that grows in tropical areas, where the interchanging of arid and humid climates are the perfect match for its growth (Joo et al., 2010). Coffee therefore originates and is cultivated in South American, Asian and African lands, which, although classified as tropical, host different humidity levels, temperature and climate changes, accomodating the creation of 100 different species of coffee plants (What is coffee?, 2015). Among them, however, only two are used for world wide commercial purposes: the Coffea arabica and Coffea canephora, better known as the Arabica and Robusta varieties (Gray, 1998).

Those two varieties of beans are distinguished for their shape and specific taste. Arabica coffee plants are delicate and sensible to weather changes, but yield a more oval shaped bean that presents an intense, sweet and refined flavour (Biotto, Toni & Nonino, 2012). Robusta on the other hand gets its name from the resistance with which the plant fights parasites and illnesses. In comparison to Arabica, Robusta beans are smaller, rounder, contain more caffeine and have a less intense and more spicy and bitter flavour, which usually identify it as a poorer quality coffee variety (Biotto et al., 2012). Although there are two coffee varieties used, usually coffee is distinguished in three categories called Mild coffee, Brasilian coffee and Robusta coffee. When specialists talk about Mild coffee, they refer to the purest and most qualitative and expensive Arabica varieties, which grow just at altitudes of over 2,000 feet and that are carefully handpicked. Brazilian coffee doesn't refer just to the coffee produced in Brasil, but to a variety of Arabica coffee of lower quality than Mild coffee, cultivated on lower altitudes and usually mass harvested. Finally Robusta coffee indicates coffee derived from Canephora plants (Specialty coffee defined, 2012).

On the market, the Arabica variety represents 62% of all sold coffee and Robusta the remaining 38% (International Coffee Organization, 2015a). Due to the higher quality of the Arabica bean, it is sold for higher prices than Robusta. The consumption of coffee is increasing year by year: especially the Robusta variety, thanks to the improved harvesting methods, has from the 60s almost doubled its market share, although Arabica is still perceived as of better quality and is thus more demanded (International Coffee Organization, 2015c).

Figure 2. Coffee production distribution, 2012/2013 and 2013/2014 comparison




Source: *International Coffee Organization, Annual review 2013/2014, 2015c*

Arabica is found mainly in Central and South America, while Robusta in Asian and African regions. The majority of coffee comes from South America (45.7%), followed by Asia

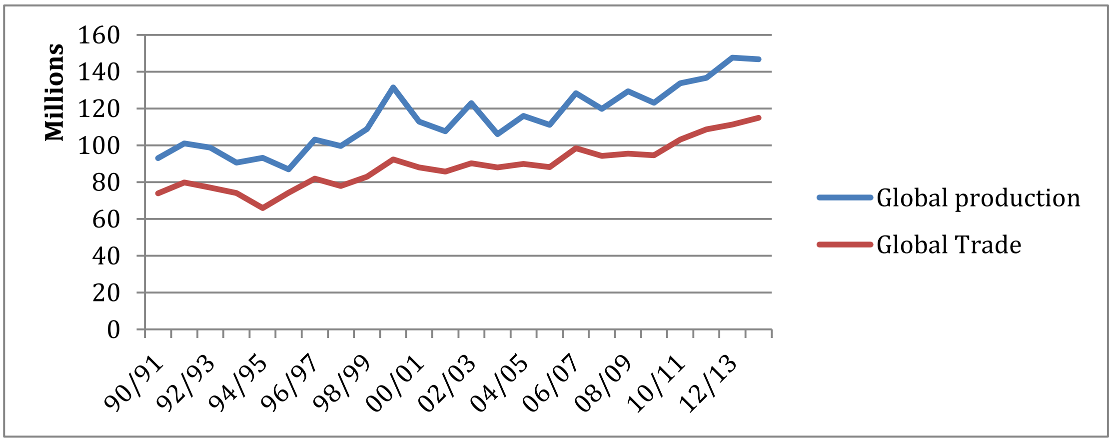
(31.7%), with the remaining 22.6% originating half from Africa and half from Central America (International Coffee Organization, 2015c). The main South American producer is Brasil, in Asia it is Vietnam, in Africa it is Ethiopia and in Central America it is Honduras.

### 2.1.1 Coffee production and exports

In the crop year 2013/2014, the total production of coffee amounted to 146.8 million 60 kg bags. Coffee exports represented approximately 78.1% of it, which is 114 millions 60 kg bags (International Coffee Organization, 2015c).

Compared with the previous year, the values were slightly lower, but on a larger scale total coffee production has grown steadily year by year, which matches the expanding coffee consumption (International Coffee Organization, 2015c). In the last 20 years the production as well as exports have increased for almost 50%, production being 93 million of 60 kg bags in the 90s, while exports were 73 millions (International Coffee Organization, 2015c).

Figure 3. Global production and global trade from 1990 to present (in million 60 kg bags)




Source: *International Coffee Organization, Annual review 2013/2014, 2015c*

Coffee is produced in roughly 55 countries. The top ten exporting countries represents 87.5% of all world exported coffee in the year 2013/2014, whereby approximately 60% is represented by the three main players in the production market: Brazil, Vietnam and Colombia (Gonzalez-Perez & Gutierrez-Viana, 2012). Four out of the top ten counties: Vietnam, Indonesia, India and Uganda, sell predominantely Robusta variety; while Brasil, Colombia, Honduras, Peru, Ethiopia and Mexico sell mostly Arabica variety.

The biggest producer and exporter of coffee beans and market leader since 1840 is Brasil, in where Arabica is the main coffee bean cultivated. In the year 2013/2014 it produced almost 50 million 60 kg bags of coffee (International Coffee Organization, 2015a).

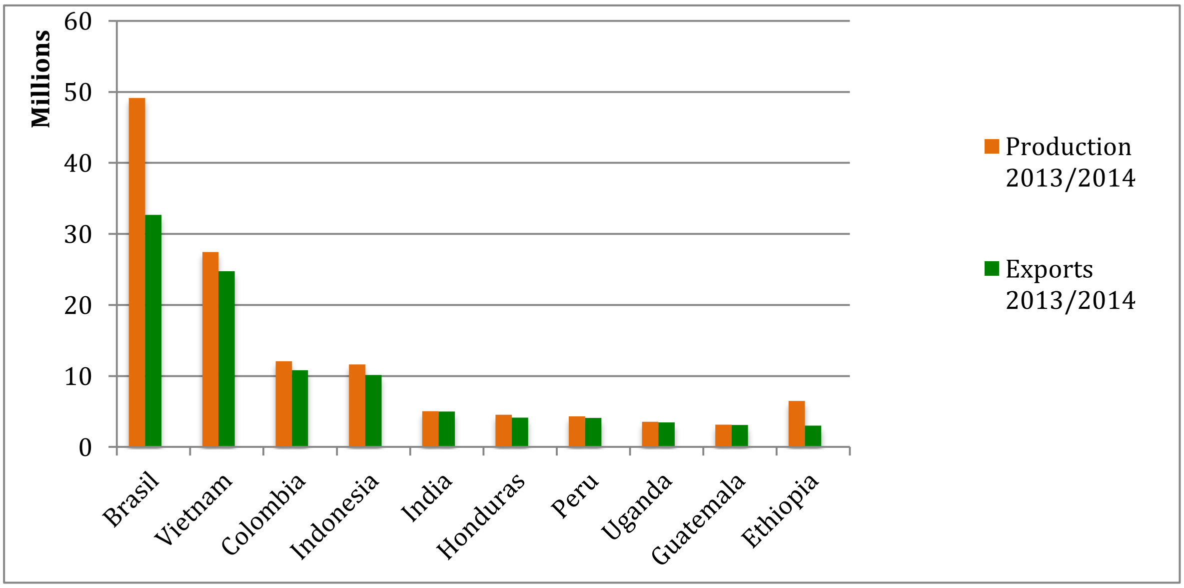
Table 1. Top 10 coffee production countries in 2013/2014

| Exporting country | Coffee variety predominantely produced | Production quantity (in million 60 kg bags) | Exported quantity (in million 60 kg bags) | Summed % of world exports |
|---|---|---|---|---|
| Brasil | Arabica | 49.2 | 32.7 | 28.4 |
| Vietnam | Robusta | 27.5 | 24.7 | 50 |
| Colombia | Arabica | 12.1 | 10.8 | 59.4 |
| Indonesia | Robusta | 11.6 | 10.1 | 68.2 |
| India | Robusta | 5.1 | 5.0 | 72.6 |
| Honduras | Arabica | 4.5 | 4.1 | 76.2 |
| Peru | Arabica | 4.3 | 4.1 | 79.8 |
| Uganda | Robusta | 3.6 | 3.5 | 82.8 |
| Ethiopia | Arabica | 6.5 | 3.0 | 84.9 |
| Mexico | Arabica | 3.9 | 2.4 | 87.5 |

Source: *International Coffee Organization, Historical data*, 2015a

However, only 32 million 60 kg bags were exported (the 64% of total production), while the remaining 36% was domestically consumed (International Coffee Organization, 2015a). From that it is evident that Brasil is not just one of the major exporters but also one of the major coffee consumers. Brasil is mainly exporting to Europe, accounting for 33% of all European imports. 70% is supplied to the top five importing European countries: Germany, Italy, Belgium, France and Spain (International Coffee Organization, 2015b).

Figure 4. Top 10 countries' production and export quantities in 2013/2014
(in millions 60 kg bags)




Source: *International Coffee Organization, Historical data*, 2015a

The second biggest producer is Vietnam, with 27.5 million 60 kg bags in the year 2013/2014 (International Coffee Organization, 2015a). Vietnam has a specific natural condition that makes it well suited for cultivating Robusta coffee beans, of which it is also the main global producer. After reunification in 1976, Vietnam introduced coffee as a harvest product and got great results in brief time thanks to its tropical climate. However, as a tea drinking country, very little of what is produced is then consumed domestically (Nora, 2013). As shown in Figure 4, Vietnam sells most all of its coffee production, hence narrowing the gap to Brasil, its biggest competitor, with exports reaching 24.7 million 60 kg bags (approximately 21.6% of the global exports) (International Coffee Organization, 2015a).

In the year 2013/2014 Colombia was the third biggest producer. Its farmers concentrated on high quality Arabica coffee beans, producing 12.12 million 60 kg bags and exporting 10.8 million 60 kg bags (approximately 10.1% of total global exports). Colombia was historically, together with Brasil, the largest producer of coffee. It's second position was lost to Vietnam in the '90s (Ponte, 2002).

In Asia, where mostly the Robusta variety is harvested, the 4th and 5th producers, Indonesia and India, exported respectively 10 million 60 kg bags (approximately 8.8% of global exports) and 5 million 60 kg bags (4.4% of global exports) in the year 2013/2014. For both it represents almost 100% of what they produce (International Coffee Organization, 2015c). The 6th and 7th positions are occupied by Honduras and Peru, both Arabica producers and both are exporting almost the same amount, 4 millions 60 kg bags, which is approximately 3.6% of the total global export (International Coffee Organization, 2015c).

Uganda and Ethiopia, the only African countries present in the top 10, occupy the 8th and 9th positions. Interestingly, they respectively produce Robusta and Arabica coffee, with exports of 3.5 million 60 kg bags for Uganda (approximately 3% of total global exports) and of 3 million 60 kg bags for Ethiopia (approximately 2.6% of total global exports) (International Coffee Organization, 2015c). Similarly to Brasil, Ethiopians are also large coffee consumers, as they consume domestically half of their whole production.

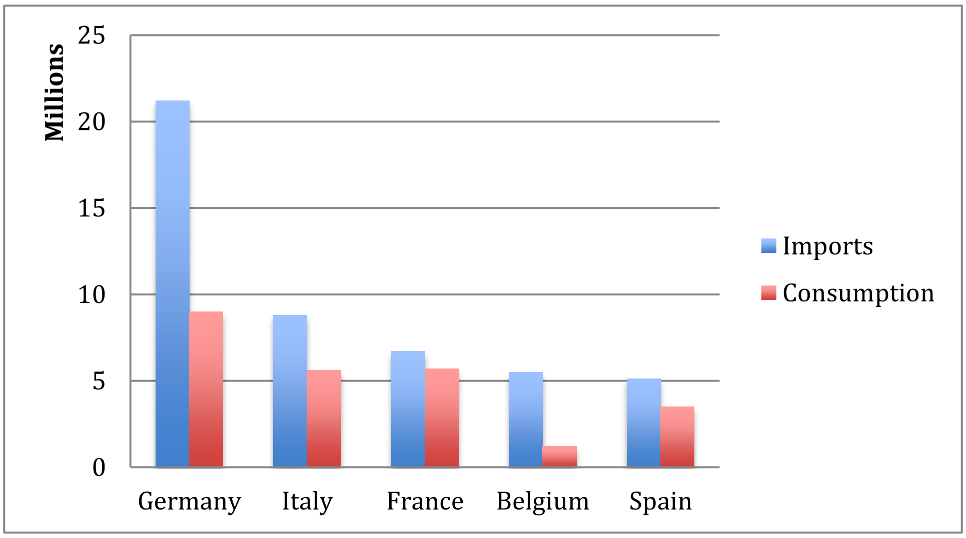
Mexico is the last on the top ten list and with Honduras it is the representative of the Central American qualitative Arabica variety, with a production of 3.9 million 60 kg bags and exports of 2.4 million 60 kg bags in the year 2013/2014 (which is approximately the 2.7% of the total global exports) (International Coffee Organization, 2015c).

### 2.1.2 Coffee imports and consumption

Exports are directed toward traditional coffee markets, mainly Europe and USA. Between the two markets, Europe was the destination of the majority of coffee exports in the year 2013/2014: one third of global imports, 72 million 60 kg bags, goes to European Union (64.3% of all global imports). USA follows with 27 million 60 kg bags (24.04% of all global imports) (International Coffee Organization, 2015b). As noted before, the majority of exported coffee arrives to Europe from South America, more precisely from Brasil. On the European market the major importing countries are: Germany (21.2 million 60 kg bags), Italy (8.8 million 60 kg bags), France (6.7 million 60 kg bags), Belgium (5.5 million 60 kg bags) and Spain (5.1 million 60 kg bags) (International Coffee Organization, 2015b).

The level of imports however doesn't coincide with the amount of effective consumption, as the companies acquiring the coffee re-export it to other developed countries or in some cases to the same supplying countries after processing it. The global consumption for the year 2013 was estimated at 147.3 millions 60 kg bags (International Coffee Organization, 2015c). In 2013, the European Union was the biggest consumer with a total of 50 million 60 kg bags, of which the major consumer is Germany, with 9 million 60 kg bags. Comparing imports and exports, we can notice how the difference is especially evident for Germany. On the other hand, for the year 2013 consumption in Italy was at 5.6 million 60 kg bags, France at 5.7 million 60 kg bags, Belgium was at 1.2 million 60 kg bags and Spain was at 3.5 million 60 kg bags.

Figure 5. Major European Union's major importers in 2013/2014 (in million 60 kg bags)




Source: *International Coffee Organization, Trade Statistics Tables*, 2015b

Looking at the level of consumption in each country, USA leads with 23 million 60 kg bags consumed, followed by Brasil with 20 million 60 kg bags and Germany with 9 million 60 kg bags (International Coffee Organization, 2015b). Traditional high consumption markets, like USA and some European countries, are stagnant and their growth is low. This is steadily changing the focus of many companies towards new markets. The coffee industry has nevertheless been expanding and in the last 20 years the demand has been rising in both emerging markets and in exporting countries.

Table 2. Consumption per country in 2013/2014 (in million 60 kg bags)

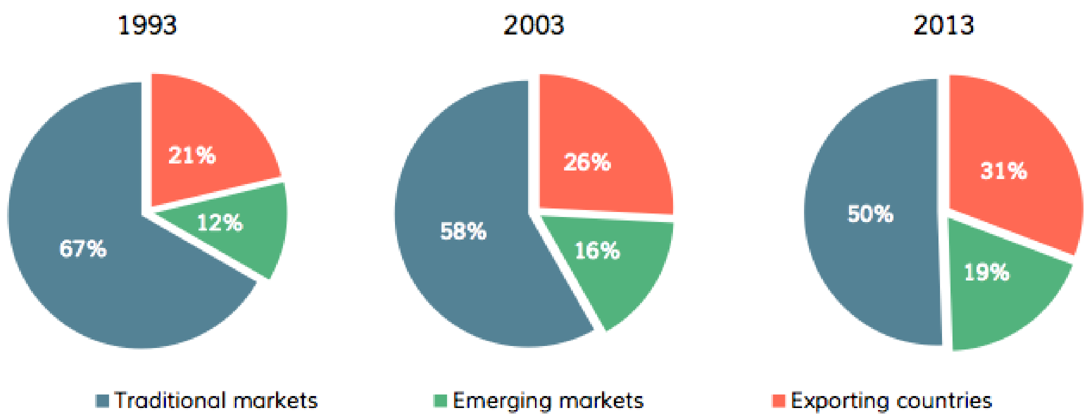
| Country | Consumption per country |
|---|---|
| USA | 23.4 |
| Brazil | 20.1 |
| Germany | 9.4 |
| Japan | 7.4 |
| France | 5.7 |

Source: *International Coffee Organization, Trade Statistics Tables*, 2015b

As shown in Figure 6, exporting countries started to appreciate this beverage more in recent years, with their coffee consumption increasing from 21% to 31% of total global consumption, while in developing countries the consumption has risen from 12% to 19% of total global consumption. Increased consumption in non-traditional markets has decreased the global leading position of traditional markets from almost 70% to 50% of total global consumption (International Coffee Organization, 2015c).

The distribution of coffee consumption changes from the perspective of the consumption per capita. Although USA is the largest market for coffee, with a consumption per capita of 4 kg per year, USA is lagging behind many countries, as for example to European countries that have an average of 5 kg per capita (SASI Group & Mark Newman, 2006).

Figure 6. Percentages of world consumption from 1993 to 2013

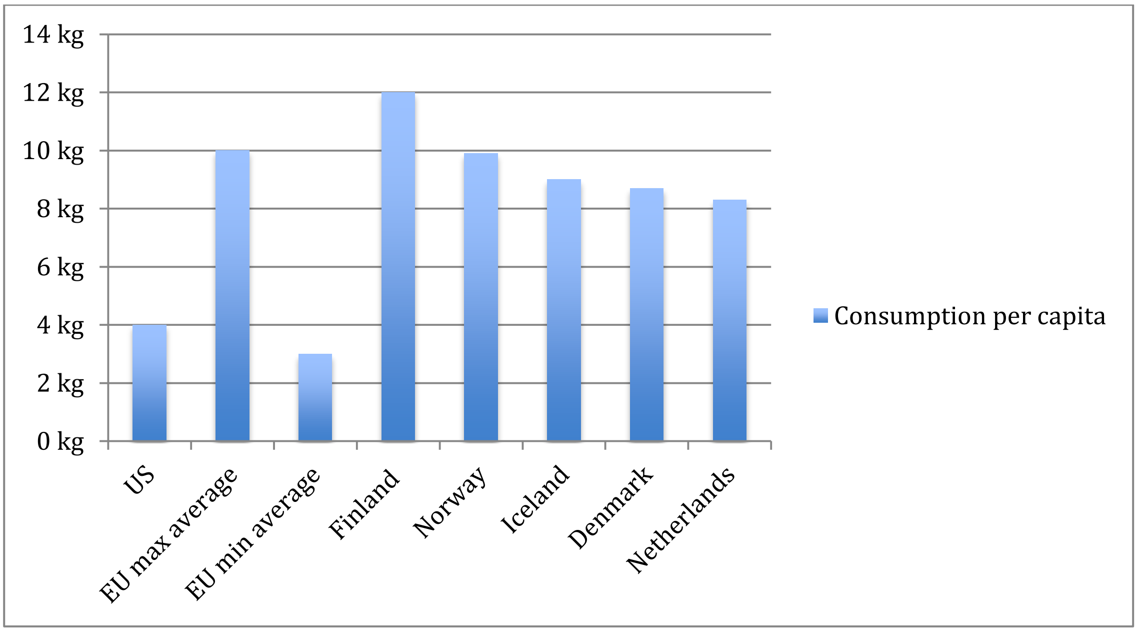



Source: *International Coffee Organization, Annual Review 2013/2014*, 2015c

Consumption per capita in Europe varies, from a maximum of 12 kg in Scandinavian countries, that are the most addicted to hot beverages due to a more hostile climate, to a minimum of 2 kg in Eastern countries. Not surprisingly, the top five countries in per capita consumption in 2013 were all Nordic countries: Finland (12 kg per capita), Norway (9.9 kg per capita), Iceland (9.0 kg per capita), Denmark (8.7 kg per capita) and Netherlands (8.4

million kg bangs) (Kimeshan N., 2013).

Figure 7. Coffee consumption per capita in kg in 2013




Source: Kimeshan N., *Top 10 Coffee Consumer Countries*, 2013; SASI Group (University of Sheffield) and Mark Newman (University of Michigan), *Coffee consumption*, 2006

### 2.1.3 Coffee market historical background and market regulations

Historically, the first evidence of coffee cultivation was found in Ethiopia in the 9th century and apparently the name "coffee" also has Ethiopian origin, coming from Kaffa, a region in Ethiopia where the coffee bushes grow abundantly also in the wild (The history of coffee, 2015). However, many assume that the first coffee dates to the 15th century and that it originates from a country near to Arabic populations, more specifically the region of Yemen (Gray, 1998; Joo et al., 2010). It was from the Arabic peninsula that coffee was spread to the whole world. In the Middle Ages coffee beans were eaten together with the cherries, while the leaves brewed or chewed. Only in the 16th century coffee beans started to be roasted and people from the Arabic peninsula first enjoyed the brewed drink. This became the preferred consumption method. Thanks to its popularity coffee houses, places where the middle class was lingering in various social and intellectual activities, political discussion and all type of debates that were accompanied by a cup of coffee, started to open everywhere (The history of coffee, 2015). Coffee became part of the Arabic culture and some referred to it as the "wine of Islam", because they used it as a substitute of wine. In the next centuries the same positive trend spread to many European countries.

With the beginning of the 17th century, with the explorations of new continents and discovery of new exotic foods, coffee was imported to Europe by travelers coming back from distant and unknown regions. Some were welcoming it with reluctance or opposition, condemning it as the "devil invention of Satan" or as unhealthy (The history of coffee, 2015). However, such comments didn’t stop the coffee trade and its global expansion. Indeed, at the end of the century, coffee houses had become important meeting places and center of commerce in American and Europe as well. For example it was there that the Llyod’s of London come to creation (The history of coffee, 2015). With colonialism the colonial lands became very popular for coffee growing and many of them are today its main producing countries (Gray, 1998).

With industrialization and spreading of global trade, coffee production and consumption involved almost all countries in the world. Today the negotiations are regulated by the International Coffee Agreement (ICA) and supervised by the International Coffee Organization (International Coffee Organization, 2015c). Until the 60s, Brasil and Colombia had a monopoly on the coffee market, controlling between 75% and 90% of the green coffee production (Biotto et al., 2012). As new players entered the market there was a need for a common regulatory system which in 1962 made the main producing countries together with USA, the biggest importing country at the time, sign a long term coffee agreement, the ICA. ICA created a formal and relatively stable system that set coffee prices and allocated export quotas to each country in order to “introduce and manage initiatives designed to improve the functioning of the global coffee market through international cooperation” (International Coffee Organization, 2013, pp. 2). Under the ICA governments played a fundamental role in the trading: they created bureaucracy and institutions that facilitated the work and the political negotiations and set entry barrier to the coffee markets (Ponte, 2002). However, soon after, the countries understood that they needed an authority that would monitor and stimulate international cooperation between exporters and importers in the coffee market trade. Thereforea a year after the Agreement, an intergovernmental organization for coffee, the ICO, which today represents 95% of the producing and 78% of the consuming countries, was founded (International Coffee Organization, 2015c).

Due to the changes in the market, especially due to the entrance and strengthening of different players, a new Agreement was negotiated in 1989, after 30 years of stable regime. But disagreements between the countries ended in no concrete resolutions and the USA, that had a fundamental role in the market as the main importer, withdrew from the ICA. Consequently, ICA’s established price equilibrium and the institutions that were controlling the exports collapsed with it (Ponte, 2002). The market, which was predominately controlled by Arabica sellers, was saturated and another coffee variety, the Robusta variety, appeared in the market. The introduction of the Robusta variety, which is a low quality coffee bean and is therefore positioned on a lower price range than Arabica, weakened the coffee prices and made them more volatile than before (Biotto et al., 2012). The impact of the weakened ICA and the new prices affected growers the most, their incomes dropping from 20% of the total income to 13%, to the advantage of consuming countries (Ponte, 2002). The general liberalization and deregulation in producing countries increased the strength of coffee roasters in consuming countries in comparison to others members of the distribution channel, which led to a higher market concentration. Roasters became dominant in the market, setting trade requirements for suppliers as an entry barrier, supplying coffee from many countries, applying new technologies and specializing in the production of many specialty coffees (Ponte, 2002).

The changes just discussed marked the beginning of a coffee crisis in which, however, ICO continued to act as a forum where countries could freely raise and discuss problems in the market (International Coffee Organization, 2015c). New Agreements were created, with the last entering into force in the 2007. Nevertheless, the market remains unstable to date, with volatile prices, strong roasters and producers with almost no negotiation power (International Coffee Organization, 2015c). The most concerning problem of the market in recent times is that many producers are forced to abandon their production. The situation is being taken more and more into exam by the coffee organizations and a first solution, developed into the Fair Trade, is being adopted for them (Goldschein, 2011).

### 2.1.4 The COO and the production process

Like for other low involvement commodities for coffee as well, the raw materials, in the case of coffee the coffee beans, are subject to so many transformations, that the value of the product, or the coffee cup, at the end of the production process is determined mainly through the efficiency of such process. Therefore, when talking about coffee's COO, more than making distinction between coffee on basis of the origin of the beans, consumers evaluate coffee based on the origin of the processed or roasted coffee. There is indeed a difference perceived in drinking coffee sold by Italian, Turkish, German or American companies based on the processes used in each of those countries.

In the coffee market there are three main actors that can influence the quality of coffee:

- the growers, that can be identified as suppliers of the initial input;
- the roasters, the companies that transform the bean into the roasted coffee;
- the bartenders, that prepare the coffee in the cases when the final product is delivered to the consumer through the hotel, restaurant & cafè distribution channel (Ho.re.ca. channel).

In the next chapters, I will describe in detail each step of the production process, from the supply of beans to the final distribution of coffee. The efficiency and control in each step determine consumers satisfaction or dissatisfaction and create a certain reputation for the companies and their countries.

#### 2.1.4.1 Coffee supply

While the final consumers buy roasted coffee from the retailers, the roaster company will be provided with green coffee beans from the growers. Usually, right after the rain season, the growers start picking the red cherries from the coffee plants. The cherries are not traded immediately, but are first sent to factories were the fruits are dried or washed, the beans are extracted from the cherries and the parchment surrounding the bean is removed (Gonzalez-Perez & Gutierrez-Viana, 2012). The quality of the coffee can be compromised in this phase based on the technique used to obtain the coffee bean: drying is a low cost process in which the cherries are wholly dried and then the beans are extracted, however the beans obtained from this one-step process are of low quality; the best cleaning technique is the washing process, in which the cherries are pulped, the remaining coffee bean washed and then dried. The higher is the amount of water used, the cleaner will be the coffee bean and the higher its quality (Food and Agriculture Organization of the United Nations, 2005).

Raw coffee beans, referred to as green coffee, are sold on the local or international markets (Gonzalez-Perez & Gutierrez-Viana, 2012). As the initial product doesn't have any particular trait when it is sold on the markets the competition is high and is based on price (Monk & Ryding, 2007). The companies that acquire and process the green coffee are called roasters. Before reaching the roaster's facilities, coffee beans undergo some geographical distances that can also degrade their flavour. Therefore, it is fundamental that the coffee beans are kept in a proper storage that doesn't damage their quality on the way from the coffee growers' countries and the coffee roasters' countries (Biotto et al., 2012).

#### 2.1.4.2 The coffee production process

The coffee industry can be considered pretty challenging, not only due to the high number of competitors, but also due to efficiency requirements in all areas of operations. Each step in the process is critical for the final product's taste, that can range from a high quality aroma to an extremely poor charred flavour (Joo et al., 2010). The production process of coffee beans involves a series of steps, usually five: milling, blending, roasting, cooling and grinding. Among them, the most fundamental and common to all companies are the blending and roasting phase (Biotto et al., 2012).

Before the roasting, in the milling phase, the roasters ascertain that the coffee beans are polished and ready for the transformation, removing the dirt and residual materials that may be clinging on the coffee beans (Ukers, 1992). The right amount and right type of cleaned beans should be selected prior to the roasting, in order to create an unique blend that would translate in a valuable product (Miscelare e tostare, 2015). To be differentiated from the other roasters in the market, each roasting company prepares its own blend, meaning they combine coffee beans of different quality and coming from different sites. Coffee beans can have different tastes if they are cultivated in different regions and sometimes the coffee blend flavour can be accentuated with various ingredients, like vanilla or hazelnuts (Coffee blend, 2015). In that way the coffee's body acquires a unique aroma and taste. Blending is usually done before the roasting, so that the resulting product will have a more uniform, consistent taste and scent (Produzione e lavorazione del caffè, 2015).

In the roasting phase the coffee beans of light green colour are roasted and turn dark brown. In this stage the aroma of coffee emerges. The raw coffee is exposed to heat that decomposes and transforms coffee beans, making them suitable for consumption. The temperature is gradually increased till approximately 200°C, when the beans change to brown color. Thanks to the high temperature selected for the roasting, many chemical reactions are emitted and the sensory qualities like aroma and taste surface (Nora, 2013). During the process the machine is constantly moving the beans that increase in volume and release many aromatic components, which successively gives aroma to the coffee (Miscelare e tostare, 2015). After the roasting, the beans have to be immediately cooled, paying attention to not expose them too much to oxygen that can downgrade the blend.

Consumers can buy roasted coffee in the form of roasted beans or powder, which is achieved through grinding. Grinding is the last operation done on coffee, but not the less complex. The majority of companies decide to perform it at the end of the production process, because if it was to be executed by an inexpert hand, it could ruin the coffee taste entirely: grinding roasted beans into a too coarse powder produces a watery beverage with little cream, while a too fine powder has a bitter flavour and inconsistent cream (Nora, 2013).

#### 2.1.4.3 Coffee Distribution

The coffee's aromatic properties last just for a reduced number of months, which translates in fewer coffee stocks and the necessity of rapid consumption. However, the better the packaging, the longer the coffee can be preserved (Produzione e lavorazione del caffè, 2015). Coffee can be conserved in different containers: a vacuum packing or a rigid container in tin or aluminum, that will preserve the product and won't allow the penetration of oxygen.

Roasters can sell coffee to the final consumers through different channels: for domestic consumption consumer purchase coffee through retail shops or owned shops, while when they want to consume it outside it is served in hotels, restaurants and cafès (Ho.re.ca. channel) or automatic coffee machines (automatic distribution channel) (Bertoldi, Giachino, & Marenco, 2012). According to a recent research (International Coffee Agreement, 2012), home consumption prevails in 21 major consuming countries where more than 70% of coffee is bought in retail stores for home consumption.

Although the majority of consumers buy coffee through the retail channel, many roasters distribute their product only through the Ho.re.ca. channel and can institute intensive training for coffee brewing. Again, as for all the other steps that transform coffee, the taste can be ruined if brewing is carried out improperly. Since bartenders are the mediators between the company and the final consumers, and therefore influence the consumers' satisfaction with their service, roasters aiming at quality for their products, will use their knowledge to train them. Biotto et al. (2012, p. 225) stated that "a final cup of its coffee is 50 per cent due to the blend quality and the transformation/packaging processes, and 50 per cent due to the way in which the drink is prepared and consumed". When served to consumer, the right amount of coffee must be chosen and the excessive powder cleaned (Nora, 2013). For coffee producers to achieve a competitive advantage and keep a high reputation, the services provided in the shops, such as cleaning and maintanance of the machine, are also fundamental. The water used, the cleanliness of the cup, the functionality and the ability to properly use the coffee machine are examples of objective factors that can influence the final taste assessment by the consumers and their satisfaction level (Biotto et al., 2012). Consumers' loyalty will be achieved if the consumers are satisfied with the service offered, which depends mainly on the capability, knowledge and motivation of the bartenders (Monk & Ryding, 2007).

### 2.1.5 Preparing the coffee drinks and coffee types

During the centuries many entrepreneurs have assembled different coffee machines in order to find the perfect match between coffee beans and the correct way of processing it (Ukers, 1992). When those methods spread to other countries, they created in this category even more awareness of the COO effects. For each machine, particular guidelines with different extraction time, dose, water level, temperature and coffee thickness, should be followed in order to brew a gratifying cup of coffee (How to brew coffee, 2015). Each brewing machine asks for a specific level of fineness of the ground coffee (How to grind coffee, 2015).

Among the many existing brewing methods and machines the five most used ones will be here presented. The five levels of coffee coarseness are:

1. coarse
2. medium
3. fine
4. extra fine
5. Turkish

On the other hand the most popular machines connected to them are:

1. French press
2. Drip coffee maker
3. Moka pot
4. Espresso machine
5. Turkish coffee maker

Coarse can be considered the biggest size of ground coffee. Coarse coffee is not perceived as coffee powder because coffee pieces can be distinguished visibly (How to grind coffee, 2015). It is used with the French press brew method. The French press was invented in France but from the 19th century it was improved and today it is largely used in England. Equally to the preparation of herbal tea, boiling water and ground coffee are steeped together in a cylindrical glass mug where they are left to sit for 5 to 6 minutes and then pressured down for 30 seconds (La French press, 2015).

Medium sized ground coffee is the most used method in the USA and it employs the drip coffee maker. The drip or filter brewing method is said to have developed and spread in Germany in the 20th century. Hot water is poured through thickly ground coffee, previously put into a filter, made from absorbing paper, placed above a jug. Today filter coffee is central to Japanese drinking habits, while drip electronic makers are the most popular machines used in Northern America and Northern European countries (Il caffè filtro, 2015).

Fine and extra fine level sizes are both used for the preparation of Italian coffee, the well known espresso. Italy has two different machines for its preparation. The true old method to prepare espresso employs a large and sophisticated machine used by bartenders which requires extra fine coffee grinding (How to grind coffee, 2015). With time the market offered to Italian consumers also a domestic, smaller machine, called moka pot with which consumer can taste a more unrefined grind, big as table salt (La moka, 2015).

The thinnest size is that for the Turkish coffee brew, called also *ibrik*, which is also the oldest method and the one that was probably used for the longest time. Adopted since the 15th century in the Middle East, to prepare Turkish coffee, ground coffee is mixed together with water and sugar to obtain a sugary beverage, where sugar grains are visible on the top of it. The mix is heated in a particular bronze kettle, that looks like a vase with a long handle (Caffè alla turca, 2015).

In the coffee market further distinction can be made also between roasted or ground coffee, soluble coffee and the capsules. The capsules were recently introduced into the market and are gaining popularity, while soluble or instant coffee is an older, more immediate alternative for the consumers. Comparing the biggest consuming countries, in mostly all of them the soluble coffee consumption is really low: it is especially apreciated in the UK, where 75% of the population drink it, but in other countries like USA or Italy its presence is minimal (respectively 10% and below 1%) (Why do Britons drink so much instant coffee?, 2015). According to a recent research (International Coffee Agreement, 2012, pag 6), in 2011 among 21 main consuming countries, Russia, UK, Turkey and Ukraine are the only ones that registered a trend of higher level of soluble coffee consumption than other types of coffee. A different scenario can be seen in emerging countries: although it's not as popular in the developed world, soluble coffee has reached the 50% share of world coffee consumption (International Coffee Organization, 2013c).

From these globally most used methods, adaptations occur in different countries. Many small variations that can account as specialties of the coffee industry were developed gaining recognition among the consumers. For example coffees can be grouped by their temperature (iced coffee, shakerato where espresso is shaked with ice cubes), by country (Greek cold instant caffè, Vienna coffé with milk and cream, Indian filter coffee with cowry, Irish coffee with whisky and cream), intensity of caffeine (decaffeinated coffee with small amount of caffeine), other added ingredients (caffè macchiato which is coffee with milk, Cafè Touba which is filtered coffee where spices are added, caffè miele where honey and cinnamon are added to the espresso, marocchino which is espresso based coffee with cocoa powder, chai latte where coffee is decorated with milk and tea, Eikaffee which is coffee with icecream) (The different types of coffee drinks, 2015).

These different coffee preparation methods adapt to and represent the tasting preferences of different cultures. However the majority of those coffee types stay local, while only few reach global presence, one of them being espresso coffee (The 4 Most Popular Coffee Brewing

Methods, 2015). When consumers think about COO connected to the coffee they consume, they associate the COO with the country where the specific coffee and its preparation method are known to originate from. Therefore espresso is identified with the Italian market, which will be explored in the next chapter and espresso popularity illustrated. Next Italian consumer habits, ritual and use will be presented.

## 2.2 The Italian coffee market

Italy, home of espresso coffee, is an important player in the coffee market, known for its coffee tradition and innovations.

In 2013 Italy was the 3th biggest importing country, with 8.8 million 60 kg bags, after USA and Germany. With regard to consumption it falls to 6th position, with 5.6 million 60 kg bags, as USA, Germany, Brasil, Japan and France are all countries that consume more than Italy (International Coffee Organization, 2015a). The sum of consumption of those countries amounts to almost the half (48.7%) of the total global consumption of coffee (International Coffee Organization, 2015a). When it comes to consumption per capita, Italy ranks even lower, with 5.6 kg per person per year, which is still more than the European average of 5kg, but not not enought to attain top 10 position. The reason can be found in Italian coffee drinking culture (European Coffee Federation, 2014). The sizes of the cups used in Italy are much smaller than those used in other countries. For example while in USA the cup size can reach 12 or 20 oz, in Italy it is just 6 oz. Such diffrence makes it difficult for Italian consumers to be present among the first consuming positions.

Table 3. Italy's import, consumption and re-export in 2013/2014

| | **Global position** | **Quantity in million 60 kg bags** | **Percentage of total global import/consumption/re-export** |
|---|---|---|---|
| Import | 3rd | 8.8 | 7.9% |
| Consumption | 6th | 5.6 | 3.8% |
| Re-export | 4th | 3.1 | 8.9% |

Source: *International Coffee Organization, Historical data, 2015a*

Italy is also one of those countries that stocks a considerable part of the production in order to re-export it successively. Almost a third of the annual profits from this market are used to cover the re-export costs. In 2013 Italy was the 4th major re-exporting country (Comitato italiano caffè, 2014). The re-export is directed mainly toward France and Germany in Europe, USA, Russia and Australia (Caffè - I dati del mercato Italia, 2015).

In Italy in the hot drinks sector the coffee industry is dominant, occupying the 70% of the market (Il caso Ilko coffee international, 2015). In fact just the 10% of the whole population abstains from drinking coffee. Italians enjoy to drink coffee few times per day, with an average of 3 small cups of coffee per day (Italians: The 7 stereotypes of coffee drinkers, 2015). Coffee is consumed mainly at breakfast and morning hours (75.2% in Italy) (I numeri del caffè, 2015). The retail channels (supermarkets, discount shops) is the most used channel for acquisition and in Italy it represents the 65.7% of the coffee purchases. Consumers that drink coffee just at home are a remarkable 29.6% of the population, while only 2.6% choose to drink it only outside. The majority of consumers, 57.8% of Italians, drink its coffee at both locations (Osservatorio internazionale, n.d.).

As other industries in Italy also coffee industry is subject to the peculiar system of SMEs. It consist of 700 producing companies and 7,000 employees that contribute to the creation of 3.1 billions of annual turnover (Comitato italiano caffè, 2014). Fifteen percent of those companies operate through a district, which is located in Trieste. Trieste is an important coffee reality as the port clears through customs the 30% of all the Italian exported coffee (Osservatorio nazionale distretti italiani, n.d.). Eighty percecent of the imported coffee that Italian companies roast is originating from Brasil, Vietnam, India, Uganda and Indonesia, so Italians consume both Robusta and Arabica coffee (Caffè - I dati del mercato Italia, 2015): in the Northern regions a medium dark color derived from Arabica is the perfect solution for a coffee blend, while in the Sounthern Italy, where robustness and bitter taste prevail, darker, mainly Robusta blend is preferred (Nora, 2013).

Among the many SMEs, four are the major coffee brands: Lavazza, illy, Kimbo and Segafredo Zanetti, all four are family-based companies. The presence of those companies in the two distribution channels, at home and outside production, is not equally distributed: in the supermarkets where just the major brands are located on the shelves those 4 companies together capture the 70% of the retail sector, (Mercato del caffè, 2015), while they represent just the 30% of the Ho.re.ca. channel, showing again how much in fact the market is fragmented (Lavazza, n.d.; Lavazza, il caffè italiano che punta all'estero, 2015). Among them Lavazza is the major Italian coffee company domestically, Segafredo Zanetti the major Italian coffee representative abroad and illy is the major Italian high quality roaster company. Lavazza was founded in 1895 and today represents overall 44.9% of the Italian coffee market with a turnover of 1.3 billion euro for the year 2014 (Lavazza, n.d.). It generates 54% of their revenue in Italy, which on the other hand shows also an intense presence on the foreign markets: their coffee is exported to other 90 countries were in 2014 17 billion cups were consumed. Their blends are based on Robusta beans and the most sold product is Qualità rossa.

Especially liked in Southern regions, Kimbo is the second biggest Italian company in terms of market share (10%) although it was founded relatively recently, in the 1963 (Mollica, 2012). Robusta is again the main coffee bean used. Kimbo sells with its blend 170 million of turnover in 2012 (Kimbo, 2013). It is present on 40 foreign markets where it opted for adaptation strategies, but still highlighting its Italian origin. Those foreign markets represent 10% of its income, coming especially from France, were it is the third biggest coffee player with 11,000 retail store opened (Mollica, 2012).

Another company that sells Robusta coffee is the Massimo Zanetti Beverage Group, that with the brand Segafredo Zanetti, with less than 50 years of operation. It is the Italian coffee company selling more abroad than at home, where Italy accounts just for 11% of its whole sales that produced in 2014 781 million euro (bi Massimo Zanetti Beverage Group, n.d.). In Italy Segafredo with 6% of market shares is considered one of the leader in the market. The company is present more on the retail channel (37%) than Ho.re.ca. channel (22%). (Massimo Zanetti Beverage Group, n.d.).

Following, Illy is among those companies represent the 3% of the market and it is the most differentiated of Italian companies, the one that promote its coffee through it's dedication to high quality production (Biotto et al., 2012). It positions itself as a niche company both at home and abroad, serving just the highest quality demanding consumers and registering profits for 373.9 million euros in the 2014 (illy in breve, 2015). Illy is also steadily expanding in the foreign luxury product markets from where almost half of its profit comes from. Present in 140 countries that consume more than 6 million of cups per day, illy detains 4 quality certification and serves a blend that has a mix of 9 different coffee beans of the finest 100% Arabica quality (illy in breve, 2015).

### 2.2.1 Espresso

When someone talks about coffee in Italy the connection goes automatically to espresso. Espresso is a strong and bitter coffee blend, that is consumed in small amounts due to its dense consistency (What is a coffee blend?, 2015). Many types of coffee are consumed in Italy, but espresso is the ultimate representative of Italian coffee culture known everywhere for its high quality, delicious flavour, charming smell and unique preparation method. As the first choice of 74% consumers, espresso can be considered the most loved and consumed coffee in Italy (I numeri del caffè, 2015).

The name *espresso*, which would be translated in English as express or rapid, wants to indicate its rapidity of the preparation or a coffee made on the spot (Nora, 2013). To prepare the Italian espresso, Italian coffee machine that was developed and improved through the centuries is used, extracting a coffee that's different from that of a standard and simple preparations in other countries. The use of water and ground coffee is fundamental for all machines, but opposite to what other brewing machines do, the espresso machine applies a lower pressure on the water in order to not modify the inner characteristics of the roasted coffee (Nora, 2013). The pressurized water is forced through to reach the coffee where it stays in contact with the coffee grounds long enough to draw out as much flavour as possible, to then find a path through it and begin to be poured into the cup (The 4 Most Popular Coffee Brewing Methods, 2015). Acidity levels and the aroma persist untouched and the obtained coffee is much denser, has a stronger taste and it presents itself in a deep dark color than coffee obtained with other machines. Finally espresso has on the surface a light brown, rich *crema*, a defining characteristic that today distinguish it from other types of coffee (Morris, 2008).

The history of Italian coffee drinking starts in the 17th century, when Italian ports were the only European locations where the protective Arabs agreed to trade their coffee beans (The history of coffee, 2015). First European coffee houses were opened in major Italian cities and the notorious Caffè Florian in Venice or Caffè Greco in Rome began their successful activities (Morris, 2008). At first, coffee was served and prepared in the Turkish manner, but soon Italians began to study and experiment on their own coffee preparation method. After many attempts, with perseverance they found the preparation method for espresso. Their first espresso machine was completed in 1884, however it was not until 1905 that the machines were commercialized and to appear in bars, Italian coffee shops, with the first called the Ideale by La Pavoni of Milano (Storia delle macchine per caffè, 2015). Those machines offered a distinctive coffee and marked the beginning of Italian coffee drinking culture that is today applauded and seen as an icon of Italy itself (Morris, 2008).

With time also home production required its ideal coffee machine, which was much smaller and simpler than the bar's coffee machine. First with the Napoletana and after 1933 with the today's most spread Moka invented by Alfonso Bialetti, Italians can enjoy their coffee even at home. The Napoletana machine is constructed from two containers, one above the other and divided by a filter where coffee is placed: when the water in the lower container reaches the boiling point, the coffee machine is rotated, the water goes through the roasted coffee and extract the essences from it. On the other hand, the moka is composed of three parts, but the preparation is the same. The difference is the final step where the coffee machine is not rotated, but the coffee rises through the steam pressure in the upper part of the pot (Spagnuolo, 2014).

In the '60s, thanks also to the growth of mass consumer society in Italy, the new wealthy population transferred the consumption of coffee from home to bars (Mercato italiano del caffè 2013-2014, 2015). Today bars are the location where coffee is majorly consumed when out of home (Mercato italiano del caffè 2013-2014, 2015). Although bars' offer goes from drinks to food, coffee is theirs most consumed product, so that an alternative denomination used for bars is just simply *caffè* (the Italian word for coffee). As in the '60s so today people gather there to socialize and taste coffee (Morris, 2008).

Today in Italy the number of bars increased to 200,000 which realize the 21.4% of the sales in the market (Cercato come il petrolio, amato come l'acqua, 2015). The '70 marked the beginning of the Italian coffee branding, as the major Italian companies began to expand also in this channel. The number of bars grew exponentially: from 95,727 in 1961, to 118,029 in 1971, while in comparison the number of the restaurants, stayed almost the same (Morris, 2008).

Espresso's predominance was registered also in other world countries. In fact Italy represents just a third of all the world produced espresso (Scagliarini, 2010). Italian espresso is also the most important force driving the increase in coffee world consumption (Nora, 2013). Notwithstanding the various preparation methods and adaptions to local needs and tastes, Italian espresso currently remains the main coffee to imitate. In his book Nora (2013, pag.

220) said: “Italy earns great prestige in the coffee world not only thanks to its Espresso, but to all its operators in the field as depositories of this precious culture”. Abroad the 500 Segafredo stores, 300 Lavazza stores and 220 illy retail store boosted its global fame (Scagliarini, 2010).

In the last 15 years the espresso coffee machines market has been saturated or not appealing for traditional coffee drinking countries where the registered sales results decreasing, but on the other hand their sales are steadily increasing in the developing countries. The major increase was registered in Asia, were in 2013 purchases of coffee machines have increased for 22% (Comitato italiano caffè, 2014). However on the whole, the exports of espresso coffee have almost tripled, indicating it’s constant popularity (Comitato italiano caffè, 2014).

### 2.2.2 Foreign companies in the Italian coffee market

Italian coffee market is highly competitive and saturated, because it is characterized by a multitude of companies and retail stores that compete on price and invest heavily in promotion (Mercato del caffè, 2015). The majority of those companies are domestic firms. Unique as it is, but not for Italian industries, the coffee market includes few foreign competitors mainly due to two reasons: the government protectionism and the Made in Italy membership. As said before Italian market is dominated by SMEs that don’t have the abilities to compete with big foreign MNCs. As Italian companies, especially the one representing the Made in Italy, are a valuable Italian heritage those companies reunite in the district systems and the government is bailing them out as well: entry barriers are really high for the majority of traditional and valuable markets, with the consequence that only a few foreign companies are present in Made in Italy product markets (Becattini, 1989). Italian coffee is also considered a prestigious member of the Made in Italy products.

In such a market, Italians are considered demanding consumers, searchers of high quality and holders of a good esthetic sense (Stile italiano e italian way of life: carte vincenti per il made in italy?, 2006). In particular, when it comes to coffee generally Italian consumers are defined as “coffee aficionados who will not tolerate (or visit) an establishment that has bad coffee” (The world of Italian coffee, 2015). In fact according to a recent research from an Italian consulting and research agency, Astra Ricerche (2015), 70% of all interviewed Italians drink coffee because they appreciate the flavour and 65% regard smell an important element as well (Ghedini, 2015). Italian consumers search for high quality coffee and could perceive domestic coffee of higher quality compared to the coffee from other countries, or in other words, foreign coffee could have a negative COO effect.

Foreign competitors have entered the market as first players or with joint ventures. Among the foreign companies in Italy the two biggest coffee MNCs in the world, Nestlé and Mondelez International, stand out and are especially appreciated because they were the first movers in two important coffee categories, decaffeinated and capsule coffee.

Nestlé is the undisputed global leader in the beverage and food sector with 91.6 billion euro of sales revenue in 2014, to which coffee beverages contributed for around 10% (Nestlé, 2014). The two products that are sold on the Italian market are Nescafé, the company's soluble coffee since 1938, and Nespresso, the newest capsule coffee (Nestlé, 2014). Soluble coffee is not really popular in Italy, with just 1% of the whole population drinking it, but the contrary can be said for Nespresso. In the last decades the Swiss company has surprised the market and increased in popularity with an innovative product that it's simple to use and still preserves high quality of coffee (Scarci, 2013).

Mondelez International is another important competitor. Formerly known as Kraft, in the year 2014 its coffee sales generated almost 55 billion euro (Griseri, 2014). Among many beverage and food industry products decaffeinated coffee brand Hag entered Italian market already in 1920 and became famous especially thanks to television spots (Inventario Italiano, n.d.*)*. When it comes to decaffeinated coffee and capsules unexpectedly Italians generally refer to foreign products: decaffeinated coffee by Hag and coffee capsules by Nespresso, which represents today the 7% and 3% of the coffee market respectively (E.S.E. consortium, n.d.; Scarci, 2014). Recently, mostly for health or convenience reasons, capsule and decaffeinated coffee are increasing their market share (Scarci, 2013). That has pushed other Italian coffee producers like Lavazza and illy to extend their production also to these other niche markets, pointing out the fact that even foreign companies can be trend makers in the Made in Italy market.

The popularity of foreign brands is in contradiction with the common belief that Italians prefer Italian products. It is a sign that Italian consumers in fact could be changing from being ethnocentric consumers when coffee is concerned, as long as the coffee is functional and delicious. In today's globalized world we are surrounded by many brands and innovations, so that border boundaries and diversities are slowly disappearing. Is COO and its effect, or in other words Made in Italy, still an important factor in Italian coffee market? Do Italian consumers pay attention to the origin of the coffee they are purchasing or selecting the retail store due to coffee brand they are serving?

# 3 THE EMPIRICAL STUDY

The main objective of my study is to understand the purchasing patterns and desires of Italian consumers in the domestic coffee market by empirically testing whether cognitive, affective and normative mechanisms described in Chapter 1.3 shape the purchasing behaviour of Italian consumers when considering coffee products. In other words this thesis intends to verify how much salience has the COO among the other variables for Italian consumers in the purchasing decision. As seen before COO is not a simple construct as it is linked to more than one mechanism that are all considered as participating in the final consumer's choice. Considering each of these mechanisms, the influence Made in Italy holds at home and the Italian domestic coffee economy and culture, I developed my research with the intent to answer the following research questions:

- How do Italian consumers choose a coffee products in Italian market?

- When selecting among coffee products available in stores, do Italian consumers base their final choice on the COO of coffee?
- What is pushing Italian consumers to have a higher preference for domestic or rather foreign coffee products?
- Is there a mechanism more influencing than other in the choice of coffee products?

Two instruments of primary data collection were used to attain research goals: a qualitative study based on a focus group where the connections among purchasing behaviour, COO and coffee products were discussed and opinions on them shared among a small group of Italian consumers; and a quantitative study, employed to test hypotheses via web survey. Then conclusions on the Italian consumer's behaviour while purchasing coffee are drawn and suggestions on future practical application given with the help of this additional knowledge.

## 3.1 Qualitative research

For the qualitative research the focus group was chosen as an instrument of analysis. A focus group is a technique where a moderator facilitates the discussion centered on a particular argument between individuals forming a small group (Morgan, 1988). I conducted the focus group among 8 Italian consumers in Italian language. The group included young women and men of age between 24 and 28, students and workers, that were ascertained to regularly drink coffee, had a certain knowledge on coffee production and experiences with domestic and foreign coffee brands. The participants were informed on the purpose of my research and how the collected data would be used.

For an easier execution of the focus group, I prepared a list of questions that helped me to stimulate discussion and active exchange of opinions on the subject of my research. The questions were broad enough to let the participants be exhaustive on their shopping routine, let them disclose what and why they are in the end oriented more for one coffee product than the other, getting their viewpoints on domestic versus foreign coffee products.

Taking in consideration that there were no correct or wrong answers, but just valid and interesting opinion, each participant was asked to share freely his or her thoughts. The aim of the meeting was to get a better understanding of the extent of COO's involvement in the purchasing decision within the Italian coffee market. Based on the knowledge and experiences of the participants I received direct information on how much the variables described in the first theoretical part of the thesis are actually considered at the time of purchase and how they influence the choices of consumers in the coffee purchase. The transcript of the discussion can be found in the Appendix A.

### 3.1.1 Focus group's results

The focus group opened with a question addressing directly the elements or cues that the participants mainly look at when making purchases at the grocery stores. The discussion was first centered on food products and successively on coffee products alone in order to assess the differences in their evaluations and the weight COO cue has among them. The participants concluded that they evaluate the products based not just on one element, but on a few selected cues. What changes from one product to the other is the order in which these cues are considered. For coffee it was clear throughout the discussion that the most important factor is unanimously the taste or quality of coffee. Alessia and Davide gave the following comments.

> Alessia: "What I believe all of us search in coffee is quality, that it would taste good."

> Davide: "There are many types of coffee, therefore I think that the choice depends on the taste one searches for. I usually try many types of coffee brands, the one that I remember the most for its good taste, becomes my first choice and I start to buy it regularly."

The participants confessed that they mainly linger on their favourite product even when buying coffee, but if they would be in a situation where they would need to choose products outside of their routine, the majority of them would rely on known brands, because they trust them to be the most qualitative and therefore to satisfy their tastes and preferences the best. Furthermore Maja mentioned how she is led also by instinct in her shopping: what catches her eye is the packaging or the aspect of the product. On the other hand, other participants, like Alessia, verify the products' convenience: she consults the discount pamphlets regularly to single out the products that stand out more for their low prices or perceived quality. A third participant, Stefano, is more meticulous in his purchasing and gathers more information before his final decision. He looks at the ingredients as he would prefer certain of them commonly known as dangerous for our health to not be present. Specifically for coffee, Lea and Annette highlight the distinction among Arabica or Robusta variety which changes completely the taste of the beverage, Arabica being a higher quality ingredient and therefore also more expensive.

Contrary to scholars' beliefs on the importance COO holds for consumers, the participants didn't mention it in this first direct question. Alessandro's impression is that Italians maybe wrongly take for granted that the products found in the supermarket are mostly produced in Italy. Maja and Alessia clarified that although it is not taken in consideration in all cases, there are product categories where COO comes to the front, like for fresh products or products that are typical only in one country and for its culture. Other participants agreed with their opinion:

> Maja: "If the products come from specific countries, because it's the only place where you can find them and consequently their price is usually high, then in that case I check the origin to make sure that it comes from that and only that country. For example that's my reasoning for soy sauce, I will check that it comes from Japan."

> Alessia: "I think that COO is important, but not for all product categories. Generally I pay attention to it for products that are fresh, like meat, vegetables or fish. Let's say that the products should be fresh to be good and of high quality. For example, the

> other day I wanted to buy fish and I noticed that the kind I wanted was coming from Greece. That was disturbing. Why should I buy fish from Greece when we can find the same fish in our sea so close by? Coming here from so far, I don't perceive it as fresh and tasting."

The discussion turned to the COO meaning in relation to coffee. As described in the chapter 1.2 and 1.3, the concept of COO fragmented in the last decades, creating difficulties in defining and recognizing it, parallel with the changes in the production processes adopted by companies (Hamzaoui & Meruka, 2006). During the conversation the term's complexity emerged as the participants attributed to COO multiple meanings and were unable to agree on a single definition. The participants stated COO to be the place where the raw material comes from, or considered it the location where the product is transformed, or even the place where the companies that produce it have their headquarters. The discussion opened with Chiara's observation:

> "For me, the COO indicates the place where the coffee is transformed. For example, I consider the coffee roasted in Italy Italian coffee."

A second more immediate interpretation is that COO means the origin of the raw materials, which are coffee beans, irrespectful of the place where the transformation happens. On Chiara's comment, Davide argued:

> "But If you think deeply about it, Lavazza's coffee is in fact not Italian, but Brasilian, if the beans comes from Brasil. I would say that COO is were the beans come from. The roasting is made here, but the coffee, meant as the bean, cannot be found here."

Annette affirmed how the same producers associate the origin of coffee to the plantation's location, because for example, illy launched coffee limited editions underlining their beans to come from South Africa or Colombia. So with that, she said "it seems like the companies are just intermediaries, between the growers and final consumers". A third definition was then given by Chiara that associates COO with the producers' headquarters:

> "COO means something else for me. I rarely check the origin of the coffee beans, rather I check the origin of the company that roasts it. I'm searching for quality products and I presume that companies from certain country pay more attention to quality. I believe that Italian producers offer quality, I trust that they themselves would have ascertained that the raw materials used in the production would be the best. Instead of checking the origin of the coffee beans, I concentrate more on the brand, because knowing if it is Italian or foreign, I will know who pays attention to quality and who doesn't."

Taking these different points of view as all valid, Alessandro concluded:

> "It seems like it depends. In the end, COO could indicate all of the things mentioned, because for example Italy doesn't harvest coffee plants, but coffee transformed in Brasil, will taste differently from the one roasted in Italy, even though they use both

> the same Brasilian coffee beans."

Different meanings assigned to the COO disclosed different reactions in the evaluation process. If COO is interpreted as the place where the coffee beans come from, the participants would exclude it from their evaluation. Lea blamed uncertainty of the COO for that. She explained that usually coffee, as the final product, is a mix of Arabica or Robusta coffee beans coming from different countries. Therefore she ignores COO in her evaluation because one single COO cannot be attributed to a coffee product and it will not in the end reveal the taste the final coffee has. Maja argued that difficulties originates also in the labels, as it is hard to understand them and the origin's information is not always present. Davide on the other hand more positively commented how he doesn't consider the origin in advance, but can start to pay attention to it when the taste of the coffee surprises him.

However, according to Chiara coffee beans are only the 50% of what determines coffee taste. She specified that the quality of coffee is also dependent on the performances of the companies that roast the coffee. As seen in the chapter 2.1.4 each step of the production adds value to the final coffee product (Biotto et al., 2012; Nora, 2013). This COO consideration made the participants compare Italian versus foreign roasters. Stefano suggested that certain countries get excluded from the choice due to stereotypes or personal experiences.

> "I usually don't mind the origin, but however if the coffee is Made in China for example based on my experiences with other Chinese products, I would definitely not buy it. Certain countries definitely get excluded from my choices, because I don't trust the quality of their production, a bit due to my experience, a bit due to stereotypes."

On the other hand, the participants are aware that companies, foreign or domestic, can nowadays adopt outsourcing as a form of cost reduction and generally disapprove of this choice, especially for food categories, but only one, Annette, believes that Italian companies turn to it.

> Annette: "I don't trust neither domestic brands on quality if they outsource the production, because I doubt that the quality will be maintained in all the production facilities. For example I know that Barilla entrusts the production of pasta to low cost East European countries. I prefer to avoid big brands that use this kind of strategies, because in my opinion the quality will be lower."

However having particularly good opinion about the Italian food quality in Italy, the participants are sure that at least for coffee, Italian companies produce it in domestic facilities delivering to threir consumers high qualitative products. Domestic coffee received just positive remarks and coffee preferences were clearly more inclined toward domestic production.

> Davide: "When we talk of quality, especially for the food sector, Italy is superior compared to most of the other countries."

> Maja: “The reason for that is that our companies will transform the product in a certain way compared to foreign producers, that we link to a superior quality.”
>
> Chiara: “In other words Italy has a certain tradition of making coffee, which I don’t think foreign companies have, so I would rather not buy foreign brands.”

Alessandro explained the source of such positive opinions regarding coffee roasted in Italy. The general idea is that Italy has a coffee culture which the majority of other countries doesn’t. Coffee transformed by Italian producers, as a qualitative product could be part of the so called Made in Italy products. What coffee has in common with fashion or furniture sectors, he said, is a long tradition and producing methods that were refined in the last centuries and surpassed others’, which is still visible today. The improved production techniques resulted in an excellent taste and unique preparation.

As explained in Chapter 1.3, objective reasoning is not always the only factor involved when evaluating the COO of a certain product. The so called normative and affective mechanisms can also play a role in the formation of specific COO effects. Among the hypothesis formulated in this empirical part, patriotism and consumer ethnocentrism are the selected construct that could justify negative COO effect involving foreign coffee producers. Thus participants were asked if their opinions were conditioned by feelings of attachment or duty toward their country. The majority of participants of the focus group is sure to not bear such feelings while purchasing coffee.

> Alessia: “Sometimes I buy foreign brands, but when I do, I never consider feelings such as patriotism.”
>
> Maja: “I don’t buy Italian brands thinking about my identity and Italian economy, but I make my choices based on my personal preferences.”
>
> Alessandro: “I don’t think directly about it neither, but in the end with my purchases I sustain Italian economy anyway, as I buy only Italian coffee brands.”
>
> Annette: “More than supporting the economy, I gladly support companies for their ideals or corporate social responsibility programs. So by buying those products, I perceive it like both me and the company can get the maximum gain out of it and help someone.”

Among the participants, only one, Chiara, admitted to have patriotic feelings:

> “I would define myself a bit patriotic, especially when food is concerned. When I go shopping I prefer to conform to the products or brands that I know. But on the other hand I consider myself pretty open too. When abroad I like to try local products and local food, that’s valid also for coffee. […] Yes, buying Italian products satisfies me also because I support Italian economy in this way. However even though I believe Italy is excellent in the food sector, for certain products I choose foreign production,

for example for olives I prefer buying Greek olives that for me taste the best."

Rather than hostility toward foreign products or overestimation of its own country, what drives the opinion of the participants is also their experience with coffee abroad. When buying coffee in Italian supermarkets, the participants expect that both Italian and foreign producers pay attention to quality and that their coffee would be prepared only with the Italian preparing method. Davide continued by saying that if he decided to buy coffee brands from foreign roasters in Italy, it would be because he believes they use the same Italian techniques to prepare it, otherwise Italians would perceive the difference and stop buying it. Foreign companies are expected to adapt to consumers' needs. Maja added that if a foreign coffee roaster in the Italian market would advertise that it produces coffee according to, for example, French tradition, she would never consider buying it. When abroad, those standards are lowered mostly due to negative personal experience with foreign coffee.

> Alessia: "Abroad I search for places that serve Italian coffee, I tried local coffee and it's really not comparable. The coffee is more watery. Foreign production doesn't seem to be qualitative enough, but with Italian coffee I'm sure to drink good coffee."
>
> Lea: "If you go to an Italian bar you know that they serve it in a certain way, with the bars abroad it is unknown. Going abroad I'm not enthusiast at the idea of drinking coffee that's not Italian."

Maja on that added that to an inexpert eye in some places it could seem that they imitate Italian style of preparing coffee, but they lack the techniques and devotion to coffee preparation. For example, she was shocked that in certain bars abroad they use a dirty rag to clean the filter when coffee powder is overflowing. That was a clear sign, she confirmed, that foreigners are not able to make good coffee. Although the participants would rather drink Italian coffee also abroad, if they cannot find a place serving Italian coffee they still "can't give up to the pleasure of drinking coffee".

> Annette: "If I know where to find Italian coffee I go there. Most of the times it happened that I found it by coincidence. Otherwise if I cannot find it, I enter in a bar that looks nice."
>
> Davide: "If I don't find a place that serves Italian coffee, I resist and drink the coffee that I find. If I perceive it will not be good, I mix it with milk and sugar."

Given their favoritism toward domestic products, I questioned the necessity of having foreign brands on Italian market at all. Although the participants prefer buying Italian brands, they consider foreign companies an advantage for the Italian market. They positively concluded that following Nespresso example in the future other foreign companies could bring challenges and innovation to the market or higher satisfaction to consumers that search for convenience and detachment from the traditional ways.

> Chiara: "We are part of a global community, nowadays we have products coming from all over the world. It's true that those big companies could be a threat for

> smaller Italian companies, but having imported products enriches our markets and gives us a wider selection of products. As a consumer I don't want to be limited in my choices, I want to have many options, including foreign ones, and then it would be me to judge which is the best product for me."

> Annette: "However changes can stimulate people to change. Changes are not always radical, but they can bring people to try and accept diversity and novelties. That's why I'm not opposed to competitors entry in the market. I'm sure that our market would not be damaged by it, because our coffee culture and tradition are too embedded and superior to suddenly be substituted by the competition."

### 3.1.2 Summary of focus group findings

My qualitative study provided some interesting insights. What drives consumers' choice of coffee the most is the taste of coffee. A better taste is synonym of a higher quality of the product which can be conditioned by many elements, from brand to packaging to COO.

During the discussion COO was attributed three different definitions, confirming the complexity of the term described in Chapter 1.2, but just two where relevant for the participants when choosing coffee. For the coffee product, the COO can be divided in the country of origin of the coffee beans, the country of manufacturing (COM) the beans in roasted coffee or the country of the brand (COB) selling the roasted coffee. The first definition of COO as the country where the coffee beans originate from, was not considered relevant for the participants, because it is not determinant when evaluating the quality of the coffee. The origin of the coffee beans which could help to diversify the coffee varieties, namingly Arabica or Robusta varieties, is usually unknown, because the coffee beans used by the companies cannot be linked to a single origin.

The participants however, as said in Chapter 2.1.4, reacted to COO differently when it was considered as COM and COB. A clear distinction was made between foreign and domestic roasted coffee and COO had an influence in the consumers' choice of coffee products. The participants were unanimously oriented toward Italian products when selecting coffee in the domestic market as well as when going abroad. The reason was their belief that Italian coffee brands or Italian production techniques are superior in quality to other foreign companies due to the overall Italian excellent craftsmanship and long tradition in production Italian companies have in the coffee market. Further, stereotypes or personal experience abroad with foreign brands contributed as well to reach such conclusion.

Affective or normative reasons didn't seem to be additional causes for participants' preference for domestic products. The participants don't reject other coffee products unconditionally because they are sure that coffee sold in Italy is produced according to Italian production methods: therefore some participants try a variety of both domestic and foreign products, choosing at the end the one that brings them the higher satisfaction. They are also open to the entry of foreign products into the market as such move could boost competitivity of Italian firms as well and give the consumers a higher variety of options. More patriotic or ethnocentric feelings were registered only in one participant. A higher tolerance and acceptance of imported products could be explained by the age of the participants. In line with Chryssochidis's findings (2007, p. 1538), younger consumers don't present such patriotic or ethnocentric tendencies as they are "more acquainted with foreign countries and more receptive to the products they produce". The age proximity is a limitation in the verification of the validity of the constructs. A more balanced sample of participants would probably reveal more trustworthly the importance of those mechanisms in the moment of choice. These considerations were included in the quantitative study.

## 3.2 Survey among coffee consumers

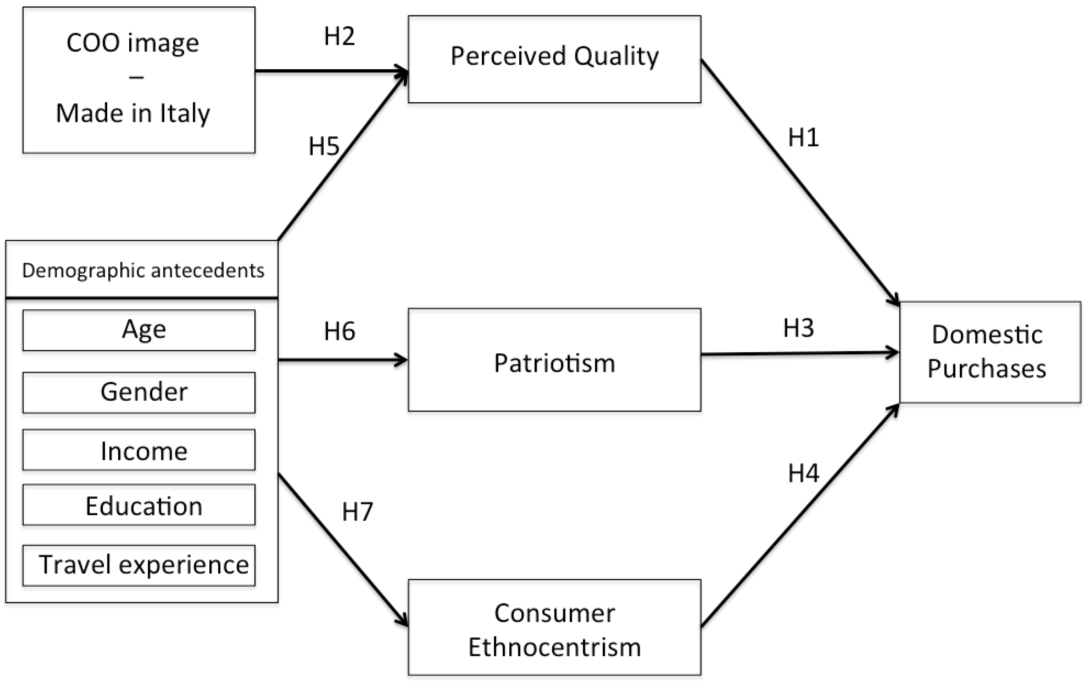
Based on the literature review of Chapters 1 and 2 and the findings of the exploratory qualitative study, my empirical research proceeded with the quantitative study on coffee purchasing in Italy. The objectives of the quantitative research is to ascertain if, in the moment of coffee purchase, certain mechanisms connected to COO condition the choice of consumers, as has been proven by other researchers. First, research hypotheses were designed and graphically depicted in a conceptual model (see Figure 8). The conceptual model was evaluated using survey data obtained via an online questionnaire, and analyzed by using SPSS software.

### 3.2.1 Research hypotheses and conceptual model

The main outcome variable in my conceptual model is the purchasing behaviour in favour of domestic coffee rather than foreign coffee. The choice is based on the literature review and the findings of the qualitative study, which suggested that Italian consumers prefer domestic products when talking about coffee. Furthermore according to recent results of a research made by the Ministry of agricultural, food and forestry policies (2015) the majority of Italians (82%) are willing to spend more on domestic grocery products rather than foreign ones. My quantitative study therefore proposes to explore the reasons for the presumed favourable perception of domestic products in the Italian coffee market.

Over the years many authors have shown COO's connection to consumers' purchasing process analyzing different constructs. All the elements that participate in the formation of the COO effect can be attributed to three big mechanisms: cognitive, affective or normative perspectives. Those mechanisms are operating interdependently in the moment of choice. However some researchers claim that studies that would connect all those three interdependent mechanisms in one single model are still scarce and are therefore needed (e.g., Vida & Reardon, 2008). My conceptual model, depicted in Figure 8, is based on this thought and was adapted from Vida & Reardon (2008) and Ahmed et al. (2010) models.

Figure 8. Conceptual model of domestic purchase behaviour




Quality was taken as the variable representing cognitive mechanism, patriotism is representing affective mechanism and ethnocentrism stands for normative mechanism.

The findings of the qualitative research revealed how quality leads every consideration of Italians’ purchases, especially when talking about coffee. The participants in the focus group were oriented toward domestic coffee products because those were considered of higher quality than foreign coffee products. Similarly in the Ahmed et al. (2004) research Singaporean consumers confirmed how COO and its connected perceived quality can condition the choice toward domestic bread and coffee products. Therefore my first hypothesis states:

**H1: The perception of superior quality of Italian coffee products compared to foreign products positively affects purchasing behaviour toward domestic coffee products.**

Literature suggests that consumers can perceive the quality of a product directly through the product’s COO image (Auruskeviciene et al., 2012). Ahmed et al. (2004) findings suggest that quality perception varies across product categories and it will be higher when there is a fit between the product category and the COO image. This finding was confirmed also by Hamzaoui and Merunka (2006) who added that certain countries stand out more than others in certain product categories because in the eyes of the consumers their manufacturing competences have a significant effect on perceived quality. In the case of Italy, the COO or the “Made in Italy” is in consumers’ minds a label that is usually a guarantee of excellent craftsmanship and therefore superior quality for many products. As verified in the qualitative research, consumers place coffee production among other Made in Italy products due to the continuous pursuit, by Italian roasters, of high quality through all production phases (Nora, 2013). Therefore Made in Italy designation influences the quality perception of Italian coffee products.

**H2: A high perception of the "Made in Italy" image positively affects the perception of quality of domestic coffee.**

The consumers' preferences for domestic products, can be explained also by the consumers' feelings and opinion regarding foreign products and nations. In the large spectrum of emotions, the preferences toward domestic coffee products, could be explained by feelings of admiration toward one's own country (Rybina et al., 2010). Even though the participants to the focus group didn't really openly displayed patriotic feelings, Italian consumers are said to be proud of domestic, Made in Italy products. This is especially true for those connected to the food, coffee and wine sector (A guide to Italian coffee, 2015). Sometimes consumers display a behaviour more inclined toward subjective rather than objective utility. As discovered by Vida & Reardon (2008), in domestic purchases patriotism can be a stronger driver than perception of quality.

**H3: Feelings of patriotism positively influence Italian consumer purchasing behaviour toward domestic coffee products.**

Patriotic sentiments are also included in another broad concept – consumer ethnocentrism (Razvetani et al., 2012). When consumers consider it immoral or unpatriotic to purchase foreign products due to the impact it has on the domestic economy he or she can be considered an ethnocentric consumer (Ahmed et al., 2004). Again in my qualitative research consumer ethnocentrism was not revealed as significant for participants' coffee purchases. This is probably due to the fact that the participants were younger consumers and more openminded (Chryssocidis, 2007). Generally Italian consumers display ethnocentric behaviour. When it comes to domestic products, Auruskeviciene et al. (2012) and Baladinis and Diamantopolous (2004) found out how consumer ethnocentrism can better explain domestic purchase behaviour than foreign one. Regardless the products' quality, for ethnocentric consumers the COO consideration and negative effects toward foreign products are activated and the consumers purchase the domestic products to support the domestic economy.

**H4: Consumer ethnocentrism positively influences Italian consumer purchasing behaviour toward domestic coffee products.**

Ahmed et al. (2010) suggest that explanatory factors like demographics, jointly work to explain consumers' COO perceptions. To give a better overall picture of the sample and of the influence of each mechanism on domestic purchase behaviour, they were included in the model. As gender is concerned Samiee et al., (2005) have reported that female consumers shows higher preference for domestic products. In the same study opposition to foreign products has been shown to diminish with the increase in education, income and travel experiences. Watson and Wright (2000) confirmed also how older consumer are more influenced by COO and its variables than younger consumers. Based on these findings, I hypothesized that age, gender, income, education and traveling experiences are significant predictors of the three mechanisms that influence positively purchases of domestic products.

**H5: Demographic characteristics of Italian consumers are significant predictors of superior quality perception of Italian coffee.**

H5a: There is a positive correlation between females and the superior quality perception of Italian coffee.

H5b: Age is a significant predictor of the superior quality perception of Italian coffee.

H5c: Income is a significant predictor of the superior quality perception of Italian coffee.

H5d: Education is a significant predictor of the superior quality perception of Italian coffee.

H5e: Traveling experiences are significant predictors of the superior quality perception of Italian coffee.

**H6: Demographic characteristics of Italian consumers are significant predictors of patriotic feelings.**

H6a: There is a positive correlation between females and patriotic feelings.

H6b: Age is a significant predictor of patriotic feelings.

H6c: Income is a significant predictor of patriotic feelings.

H6d: Education is a significant predictor of patriotic feelings.

H6e: Traveling experiences is significant predictors of patriotic feelings.

**H7: Demographic characteristics of Italian consumers are significant predictors of consumer ethnocentrism.**

H7a: There is a positive correlation between females and consumer ethnocentrism.

H7b: Age is a significant predictor of consumer ethnocentrism.

H7c: Income is a significant predictor of consumer ethnocentrism.

H7d: Education is a significant predictor of consumer ethnocentrism.

H7e: Traveling experiences are significant predictors of consumer ethnocentrism.

### 3.2.2 Quantitative research methodology

In the quantitative empirical study, the data were gathered via questionnaire. This technique of data collection is frequently used since it provides an efficient way of collecting responses from a large sample (Saunders, Lewis & Thornhill, 2009). The questionnaire was constructed based on the reviewed literature and the prior qualitative study. It includes 18 questions summarized in Appendix B.

The questionnaire is divided in three parts. A screening question is opening the questionnaire in a way to ascertain that the respondents are coffee drinkers and therefore are able to give consistent answers in line with my assumption that they are familiar with coffee products. In the first group of questions general information about consumer habits concerning coffee drinking were collected. To get a complete picture on the sample's coffee drinking habits, the general basic 4W (what, where, when, why) questions are developed in the form of multiple choice questions (Spencers-Thomas, 2012). Next come two questions that refer to coffee brands, where the respondents express their coffee preference among a list of coffee brands present in the market and they are asked to associate to each brand a COO from the list. This question is used to ascertain the ability of the sample to recognize the COO of specific coffee brands.

The central part of the questionnaire, examines the five main constructs in my research: purchasing behaviour of domestic coffee products, COO image – Made in Italy, superior quality perception, patriotism and consumer ethnocentrism. Five-point Likert scale, where the respondents were asked to evaluate the statements on a scale ranging from 1 = "*strongly agree*" and 5 = "*strongly disagree*", was used for all questions in this section in order to infer the level of influence of each of the factors taken in consideration during the buying decision. The items used for each construct are summarized in Table 4.

Purchasing behaviour of domestic coffee products was measured by three items adapted from Granzin & Olsen (1998). The COO image (Made in Italy) of products, was measured by 8 items adapted from Jin et al. (2006). The superior quality perception was measured with four items, which were specifically adapted for the coffee products based on researches by Parameswaran & Pashiarodi (1994), Klein et al. (1998) and my qualitative study.

Table 4. Operationalization of studied constructs

| **ITEM** | **Adapted from/Based on** |
|---|---|
| Purchasing behaviour of domestic coffee products | |
| Mostly I try to buy coffee brands of domestic companies. | Granzin & Olsen (1998) |
| I take time to look at labels in order to knowlingly buy more coffee brands of domestic companies. | Granzin & Olsen (1998) |
| I shop first at retail outlets that make special effort to offer a variety of domestic coffee products. | Granzin & Olsen (1998) |
| COO image - Made in Italy production | |
| Reasonably priced – Unreasonably priced | Jin et al. (2006) |
| Good workmanship – poor workmanship | Jin et al. (2006) |
| Exclusive – common | Jin et al. (2006) |
| Technically advanced – technically backward | Jin et al. (2006) |
| Reliable – unreliable | Jin et al. (2006) |
| Innovative – Imitative | Jin et al. (2006) |
| High quality – low quality | Jin et al. (2006) |
| Handmade – Mass produced | Jin et al. (2006) |
| Superior quality perception | |
| Relatively to foreign coffee, Italian cofee… | |

| | |
|---|---|
| … is of superior taste. | Parameswaran & Pashiarodi (1994) |
| …is roasted by skilled roasters. | Parameswaran & Pashiarodi (1994) |
| …has a higher price/quality value. | Klein et al. (1998) |
| …has a long tradition and prestige. | Qualitative research |
| Patriotism | |
| Being an Italian citizen means a lot to me. | Keillor et al. (1996) |
| I'm proud to be an Italian citizen. | Keillor et al. (1996) |
| Italy possesses certain cultural attributes that other cultures do not. | Vida & Reardon (2008) |
| When a foreign person praises Italy, it feels like a personal compliment. | Keillor et al. (1996) |
| Consumer Ethnocentrism | |
| I'm proud that our products have such great prestige abroad. | Shimp & Sharma (1987) |
| Made in Italy is what drives Italian economy. | Shimp & Sharma (1987) |
| Only the products unavailable in Italy should be imported. | Shimp & Sharma (1987) |
| It may cost me in the long run but I prefer to support Italian products. | Shimp & Sharma (1987) |
| We should buy products manufactured in Italy instead of letting other countries get rich off us. | Shimp & Sharma (1987) |
| Italians should not buy foreign products, because this hurts Italian business and causes unemployment. | Shimp & Sharma (1987) |

Patriotism was measured with four items, which were adapted for coffee products from Keillor et al. (1996) and Vida & Reardon (2008). The last construct, consumer ethnocentrism, which is originally measured by CETSCALE developed by Shrimp and Sharma (1987) consisting of 17 items, was reduced to 7 items, modified for the Italian context. The shortened version was widely used and confirmed to be still a valid scale by many researchers (Vida & Reardon, 2008; Auruskeviciene et al., 2012; Rybina et al., 2010).

The last part of the questionnaire refers to socio-demographic background of the sample. These data gave general information about the sample and helped to identify any disparity in coffee choices among different age range groups, between males and females, based on the income level, graduation title and experience abroad.

### 3.2.3 Questionnaire design and data collection

Prior to data collection, the questionnaire was meticulously translated and adapted into Italian language. Questionnaire was tested on a set of 10 volunteers. This exercise allowed to check whether all the items were correctly interpreted and understood. The comments of the respondents were taken in consideration and the necessary adjustments were made. The survey was also tested for average response time to assure the survey completion would not take more than 15 minutes. The average completion time for the 10 testers was 12 minutes and 8 seconds, which was considered acceptable.

The questionnaire was distributed online. This form is preferred to paper survey due to its ability to reach a higher share of the population and its environmental friendly consideration. The questionnaire was created with EnKlikAnketa, or shorter 1ka (www.1ka.si), survey design software. The technique used for the distribution was a non-probability sample technique called snowball or network sampling (Goodman, 1961). The questionnaire was sent to a number of relatives, friends and colleagues that were asked to fill in the questionnaire and to forward it to their friends and family. The questionnaire was also posted on several Internet forums in order to get a more heterogeneous sample of respondents.

### 3.2.4 Survey's results

As said in the previous chapter the data were collected through a questionnaire distributed through the Internet. During the period of data collection, between January 20th to February 5th 2016, a total of 205 questionnaires were retrieved. However among them 59 questionnaire were excluded from the analysis due to excessive missing values. The final sample used for in the analysis presented a total of 141 responses having the status "completed".

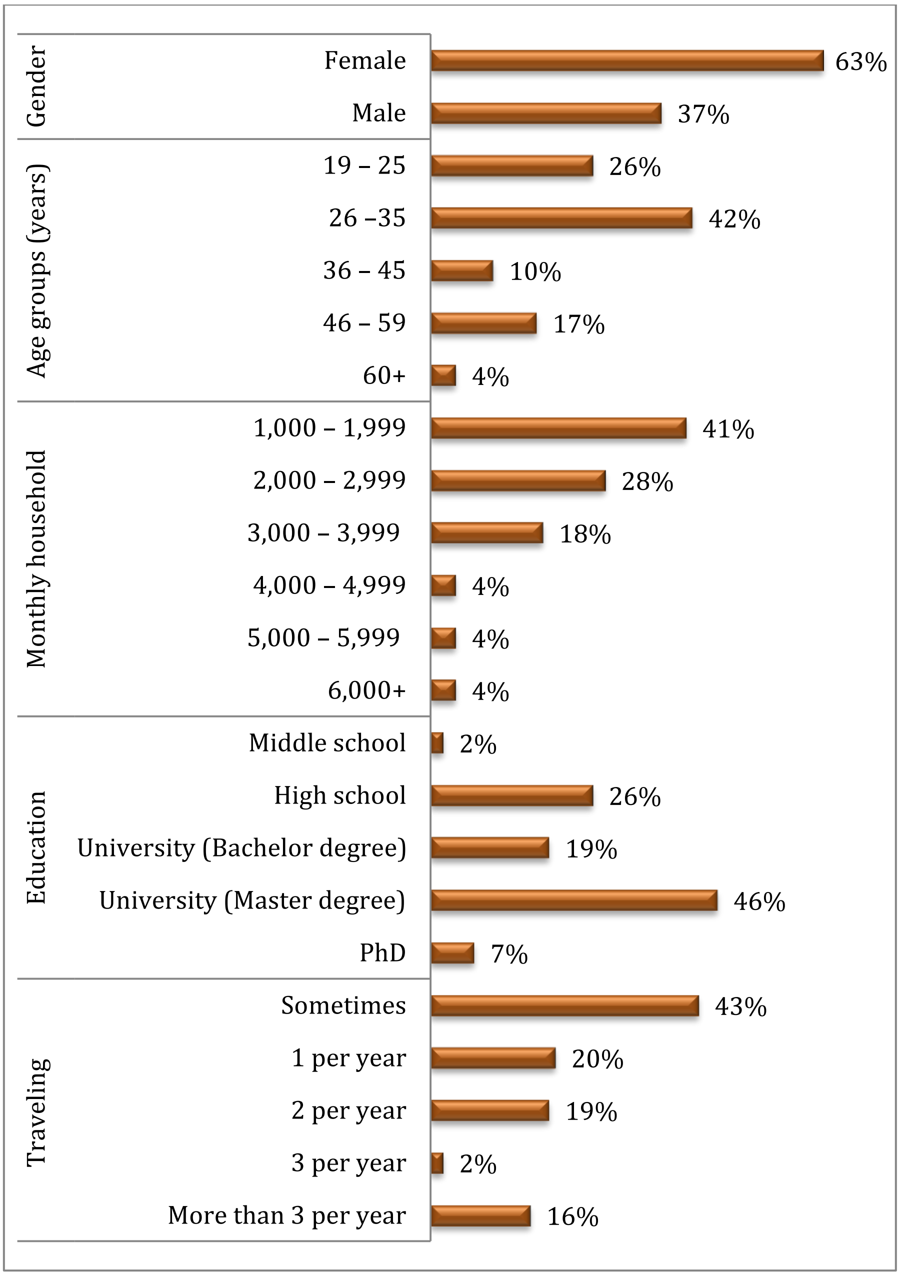
In the next chapters the results of my qualitative research are presented. First of all sample's characteristics are described through respondents' demographics and coffee habits to give a macro level picture of the sample taken in consideration. Then the focus moves onto the retrieved data: before the start of the analysis the reliability of the data were ascertained. The dimensionality of the constructs is examined by conducting exploratory factor analysis. Diminishing the variables into few factors allows the analysis to continue toward hypothesis testing, which is the last step of my research.

#### 3.2.4.1 Sample characteristics

The demographic characteristics of the survey respondents are summarized in Table 5. In the sample, there were more female (63%) than male (37%) respondents. The highest represented age group in the sample were the respondetns between age 26 and 35, which is lower than the average of the whole Italian population of 44.4 years (Istat, 2014). The large difference can be attributed to two factors: respondents younger than 18 years old were not considered in the analysis as verified to not be an age group that usually drinks coffee, while just a few answers were collected from older people, which could be attributed to their lesser Internet usage. With respect to average mounthly household income, the most represented group (42% of all respondents) was in 1,000 € - 1,900€ brackett, which, again, is lower than the country's average of 2,500 € (Istat, 2014). Hence, the sample exhibited below average purchasing power.

The education background of respondents encompasses all the levels of education (middle school degree, high school degree, bachelor degree, Master's degree and PhD degree), with the majority of respondents completing the Master studies. This is above average as compared to the education of the Italian population, among which only the 58.2% of people of age between 25 and 64 have achieved the high school degree and just the 8% of them completed Master degree (Istat, 2014).

Table 5. Demographic characteristics of respondents



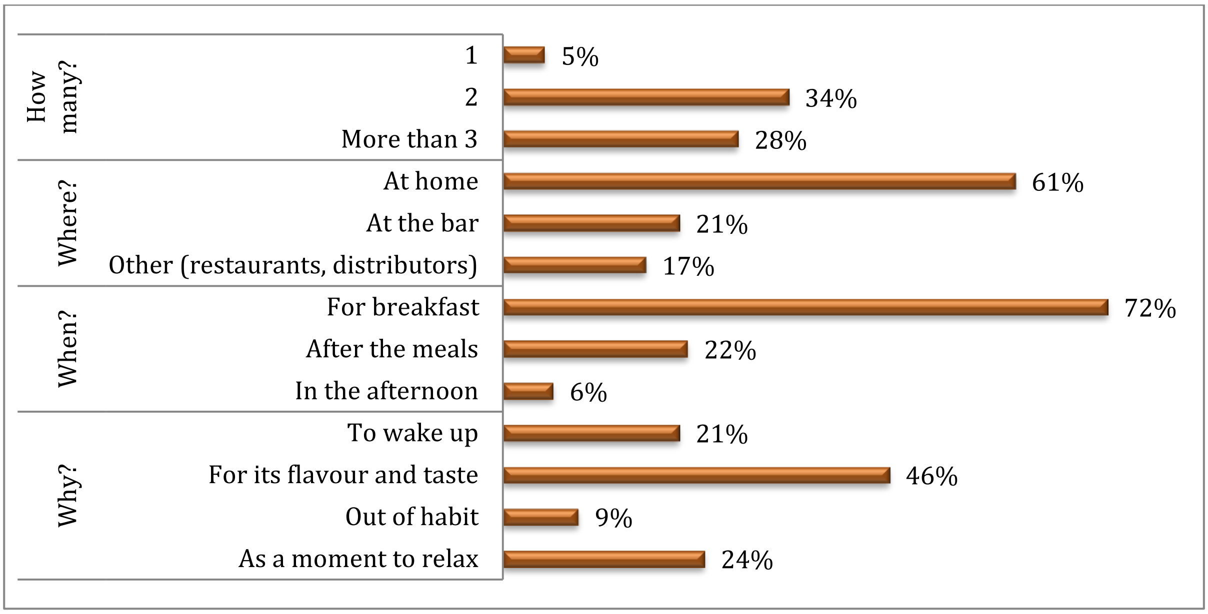

Finally, travel experience indicates that the highest percentage of the sample travels abroad at least once per year. This is in accordance with the average for Italian population (Istat, 2014).

The questionnaire started with a screening question. Among 205 respondents, 35 of them (17%), were not coffee drinkers, while the remaining 170 respondents (83%) confirmed to drink coffee and hence qualified to continue with the questionnaire. This is a first confirmation that the majority of Italian consumers drink coffee although the share of non-coffee drinkers in the sample is higher than the average 10% estimated by Osservatorio

Internazionale Food & Beverage and Equipment (Osservatorio internazionale, n.d.).

According to the Italian drinking habits summarized in Chapter 2, my research sample confirmed the preferences of the population. The drinking habits are shown in Table 6.

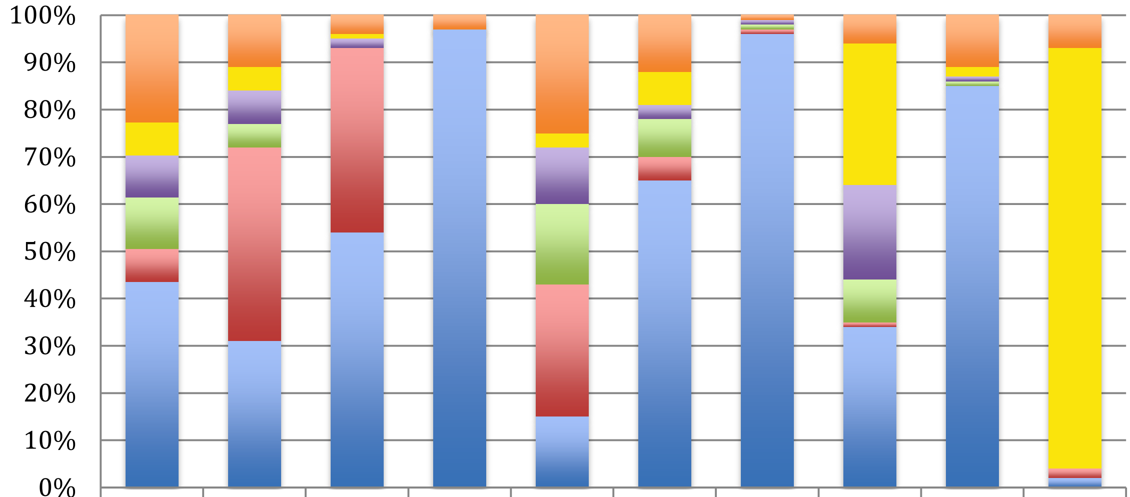
Table 6. Coffee drinking habits of respondents




The coffee is consumed most often at home (61%) and in morning hours (72%). The respondents drink coffee first of all because they appreciate its flavour and taste (46%), but also because drinking it is a chance to relax alone or with friends (24%) or because it keeps them awake during the day (21%). With 200,000 bars opened all around Italy, Italian consumers are large consumers of coffee also outside of home. Choosing the bar where to consume it, is based on average the most on the atmosphere of the place (3.8 on a scale from 1 to 5), followed by the coffee brand served (3.6 on a scale from 1 to 5). Considering coffee brands, the one with the biggest market share in the Italian market, Lavazza, was confirmed to be the first choice of the majority of the respondents (39%).

The only data that differs from previous researches concerns the quantity of cups consumed in a day. The respondents drink mostly 2 cups of coffee per day (34%), while in other researches it was found that Italians drink 3 cups per day (Italians: The 7 stereotypes of coffee drinkers, 2015). The participants are not just regular drinkers, they have also an extensive knowledge on coffee market. When presented with a list of domestic and foreign coffee brands, the majority of the participants were able to recognize the origin of all of them. The results are shown in Figure 9.

Figure 9. Coffee's COO recognition




| | Excelsior (Italy) | Hag (USA) | Hausbrandt (Italy) | Illy (Italy) | Julius Meinl (Other - Austria ) | Kimbo (Italy) | Lavazza (Italy) | Nespresso (Switzerland) | Segafredo (Italy) | Starbucks (USA) |
|---|---|---|---|---|---|---|---|---|---|---|
| Other | 23% | 11% | 4% | 3% | 25% | 12% | 1% | 6% | 11% | 7% |
| USA | 7% | 5% | 1% | 0% | 3% | 7% | 0% | 30% | 2% | 89% |
| Switzerland | 9% | 7% | 2% | 0% | 12% | 3% | 1% | 20% | 1% | 0% |
| France | 11% | 5% | 0% | 0% | 17% | 8% | 1% | 9% | 1% | 0% |
| Germany | 7% | 41% | 39% | 0% | 28% | 5% | 1% | 1% | 0% | 2% |
| Italy | 44% | 31% | 54% | 97% | 15% | 65% | 96% | 34% | 85% | 2% |

As confirmed in the qualitative research, quality is an essential cue on which the consumers base their choices of coffee for domestic consumption. On a scale from 1, absolutely not important, to 5, absolutely important, quality, with the average of 4.5, was valued more important than cues like price (3.7) or brand name (3.65). COO cue followed those three factors with an average of 2.9, which indicated it as a less important cue for consumers.

3.2.4.2 Reliability of measurement scales

Prior to hypotheses testing a reliability test for domestic purchasing behaviour, COO image, superior perceived quality, patriotism and consumer ethnocentrism were conducted and the multiple items describing each single construct were reduced to fewer factors. The items defining the five constructs originate from measurement scales used frequently by previous research (see Table 4). Due to the fact that in those studies the reliability and validity of those measurement scales were already confirmed, I expected the same results also in my research.

In this research, validity was assessed with factor analysis. The Principal Component Analysis (PCA) extraction method was used to identify any invalid case or data value and reduce the operationable items to just few significant components. KMO measure of sample adequacy was used to verify if the PCA method was adequate for the collected sample data.

For all the constructs the KMO measures are above 0.8, a high value that allowed me to proceed with the analysis. To determine the number of components needed for my data, I looked at the scatter plot and the statistics. Higher percentage of explained variance of the extracted components and the factor loadings close to 1, imply a higher explnatory power of the extracted components. The factor loadings for the constructs and the corresponding Cronbach alphas are presented in Tables 7.

Table 7. Factor loadings and reliability for the constructs

| **Construct (factor)** | **Item** | **Factor loading** | **Components' explained variance** | **Cronbach's alpha** |
|---|---|---|---|---|
| Purchasing behaviour of domestic coffee products | Mostly I try to buy coffee brands of domestic roasters. (1) | 0.807 | 74.3% | 0.826 |
| | Whenever possible I take time to look at labels in order to knowlingly buy more coffee brands of domestic companies. (2) | 0.917 | | |
| | I shop first at retail outlests that make special effort to offer coffee brands of domestic production. (3) | 0.860 | | |
| Superior quality perception | Relatively to foreign coffee products, Italian coffee.. | | | |
| | … has a superior aroma. (1) | 0.785 | 62.1% | 0.793 |
| | …is roasted by skilled roasters. (2) | 0.767 | | |
| | … has a higher price/quality value. (3) | 0.803 | | |
| | … has a long tradition and prestige. (4) | 0.795 | | |
| COO image | Unreasonably priced – reasonably priced (1) | / | 66.9% | 0.834 |
| | Technically backward – Technically advanced (2) | 0.777 | | |
| | Unreliable – Reliable (3) | 0.879 | | |
| | Imitative – Innovative (4) | 0.752 | | |
| | Low quality – High quality (5) | 0.825 | | |
| | Mass produced – Handmade (6) | / | | |
| Patriotism | Being an Italian citizen means a lot to me. (1) | 0.901 | 65.8% | 0.817 |
| | I am proud to be an Italian citizen. (2) | 0.895 | | |
| | Italy possess certain cultural attributes that other cultures do not. (3) | 0.598 | | |
| | When a foreign person praises Italy, it feels like a personal compliment. (4) | 0.814 | | |

| | | | | |
|---|---|---|---|---|
| Consumer ethnocentrism | I'm proud that our products have such great prestige abroad. (1) | / | 65.6% | 0.82 |
| | Made in Italy is what drives Italian economy. (2) | / | | |
| | Only the products unavailable in Italy should be imported. (3) | 0.674 | | |
| | It may cost me in the long run but I prefer to support Italian products. (4) | 0.794 | | |
| | We should buy products manufactured in Italy instead of letting other countries get rich off us. (5) | 0.872 | | |
| | Italians should not buy foreign products, because this hurts Italian business and causes unemployment. (6) | 0.744 | | |

For purchasing behaviour of domestic coffee products, superior quality perception and patriotism one component was enough to represent fairly well all items of the same construct: all the factor loadings presented high values close to 1, the Eigen values were superior to 1 and the explained variances were higher than 60%, which therefore suggested that all the items used were valid and one component sufficient. On the other hand, for COO image and consumer ethnocentrism two components would be needed to explain well the two constructs. For consumer ethnocentrism the initial explained variance was 47.2%. The first and second item presented non significant factor loadings values, below 0.5. However by adding a second component the explained variance as well as factor loading values of the items increased. The first two items are questioning consumers' national identity, while the other four items are directly connected to consumers' purchasing patterns. Although consumer ethnocentrism can be connected to more meanings, only the four items are consistent with my model and objective of my research. When the first two items were excluded from the analysis, the total explained variance increased to 65.6%. Similarly, for COO image the initial explained variance was 49.4% and not all the factor loadings presented high values. However even by adding a second component the internal and total variances were not explained well enough. The first and last COO image's items, "Unreasonably priced – Reasonably priced" and "Mass produced – Handmade", presents low internal variances when extracting one component or two components. The reason for that could be that these items do not make consumers distinguish Italian COO image from other countries' images. The items were removed from the model which allowed higher overall validity with the extracted variance rising to 66.9%.

Following the validity test, in order to assess the factors' reliability, Cronbach's alpha reliability coefficient was calculated for each construct (Saunders et al., 2009). The coefficient's value ranges between 0 and 1, where 0 indicates an unreliable construct, while 1 a perfectly reliable construct. Table 7 shows that Cronbach's alpha for all the constructs are above 0.75 suggesting high internal consistency of the scale and good value of the coefficients.

3.2.4.3 Hypotheses testing

In this section the results of my hypotheses are presented. I employed three different statistical test and procedures, i.e. simple and multiple linear regression, analysis of variance (ANOVA) and independent samples t-test.

Three of my hypothesis, H1, H3 and H4 were tested with a multiple linear regression analysis. Superior quality perception, patriotism and ethnocentrism were computed as independent variables, while domestic purchasing behaviour of coffee as the dependent variable. The results are enclosed in the Appendix C. To test the model overall fit I looked at the adjusted coefficient of determination, ANOVA table and scatter plot. The adjusted determination coefficient is equal to 0.474 which means that only 47.4% of the variability of the domestic purchasing behaviour is explained by the three selected independent variables. ANOVA tests if at least one independent variable is linearly related to the dependent variable. The significance of the F-test is $p = 0.00$ which indicates that I can reject the null hypothesis that my model has no explanatory power. When the model is being assessed we should check also the supposed normal distribution graphically with the help of the histogram and the variability with the scatterplot (Appendix D). In the scatter plot no pattern is seen so it cannot be claimed that homoscedasticity is not present.

Another important tool to use when assessing the model is the multicollinearity test. Usually collinearity of the independent variables is not wanted as a result and should be therefore resolved when encountered. In the regression analysis the diagnostics for detecting the presence of colinearity are VIF and Tolerance. In the model the independent variables have values of VIF below 4, which indicates a good model, while the tolerances are relatively high for some variables, with values that goes from 0.6 to 0.8. Both results indicate that on overall the multicolinearity problem is not serious in my model.

After assessing the model overall significance, I checked the relation of each single independent variable to the dependent variable. In Table 8, the significance and b values for all three constructs are presented.

Table 8. Regression analysis results for Domestic Purchases

| **Variables** | **Unstandardized Regression Coefficient (two tailed p-value)** |
|---|---|
| Superior quality perception | 0.662<br>(0.00) |
| Patriotism | 0.011<br>(0.85) |
| Consumer ethnocentrism | 0.209<br>(0.01) |

**H1: The perception of superior quality of Italian coffee products compared to foreign products positively affects purchasing behaviour toward domestic coffee products.**

The superior quality perception variable (b = 0.622, p=0.00) is found to have a significant effect on domestic purchasing behaviour. The sign is positive indicating a positive correlation between the variables, i.e. that as superior quality perception of domestic products increases, so will also increase the domestic coffee purchases. Therefore survey results support Hypothesis 1.

**H3: Feelings of patriotism positively influence Italian consumer purchasing behaviour toward domestic coffee products.**

According to Table 8 patriotism (b = 0.011, p = 0.85) doesn't have a significant effect on domestic purchasing behaviour of coffee. Therefore I found no support for Hypothesis 3.

**H4: Consumer ethnocentrism positively influences Italian consumer purchasing behaviour toward domestic coffee products.**

On the other hand consumer ethnocentrism (b = 0.209, p = 0.01) has a significant effect on coffee domestic purchasing behaviour. The sign is positive indicating a positive correlation between the variables, i.e. that as consumer ethnocentrism increases, so will also increase the domestic coffee purchases. The Hypothesis 4 is thus supported.

**H2: A high perception of the Made in Italy image positively affects the perception of quality of domestic coffee.**

Simple linear regression was used to check the relation between COO image of Italian products and superior quality perception of domestic coffee products. When considering simple linear regression the coefficient of correlation, R, is checked. In this case R is equal to +0.359 showing that the correlation between the dependent variable, i.e. the superior quality perception of Italian coffee, and the independent variable, i.e. the COO image of Italian products, is linear and positive, but weak. I looked at ANOVA F-test to better define the independent variable. The F-test for the model is significant (F = 20.59, p = 0.00), meaning that I can reject the null hypothesis that my model has no explanatory power. The COO image of Italian products (b = 0.302, p = 0.00) results as a significant predictor of the superior quality perception of Italian products. Therefore I can conclude that Hypothesis 2 is supported. Detailed results of the simple linear regression analysis can be found in the APPENDIX E.

The weak coefficient of correlation in multiple regression for H1, H3 and H4 suggests that there are other variables influencing the three constructs of Italian coffee. In my conceptual model I included some demographic variables that were confirmed in literature to influence those constructs. Independent sample t-test was performed for gender variable, while the other variables were analyzed through ANOVA test. Due to the low number of respondents in some of the groups, when appropriate, some groups were merged to obtain a balanced-size sample.

**H5: Demographic characteristics of Italian consumers are significant predictors of superior quality perception of Italian coffee.**

H5a: There is a positive correlation between females and the superior quality perception of Italian coffee.

H5b: Age is a significant predictor of the superior quality perception of Italian coffee.

H5c: Income is a significant predictor of the superior quality perception of Italian coffee.

H5d: Education is a significant predictor of the superior quality perception of Italian coffee.

H5e: Traveling experiences are significant predictors of the superior quality perception of Italian coffee.

The hypothesis H5 tries to identify a relation between superior quality perception of Italian coffee, the dependent variable, and consumers' demographic characteristics, the independent variables. Based on the results, all the individual demographic variables were not found to be significant predictors of superior quality perception of Italian coffee. Therefore H5 is overall not supported. The findings are summarized in Table 9 and in more details in the Appendix F.

Table 9. Results of t-test for Hypothesis 5a and ANOVA for Hypothesis 5b, 5c, 5d and 5e

| Predictor | T-value/F-value | Significance (two tailed p-value) |
|---|---|---|
| Gender | -0.87 | (0.38) |
| Age | 0.64 | (0.52) |
| Income | 2.24 | (0.10) |
| Education | 1.65 | (0.18) |
| Traveling experience | 1.09 | (0.34) |

**H6: Demographic characteristics of Italian consumers are significant predictors of patriotic feelings.**

H6a: There is a positive correlation between females and patriotic feelings.

H6b: Age is a significant predictor of patriotic feelings.

H6c: Income is a significant predictor of patriotic feelings.

H6d: Education is a significant predictor of patriotic feelings.

H6e: Traveling experiences is significant predictors of patriotic feelings.

The hypothesis H6 tries to identify a relation between patriotism, the dependent variable, and consumers' demographic characteristics, the independent variables. Based on the results, all the individual demographic variables were not found to be significant predictors of patriotism. Therefore H6 is overall not supported. The findings are presented in Table 10 and in more details in the Appendix G.

Table 10. Results of t-test for Hypothesis 6a and ANOVA for Hypothesis 6b, 6c, 6d and 6e

| Predictor | T-value/F-value | Significance (two tailed p-value) |
|---|---|---|
| Gender | -0.31 | (0.76) |
| Age | 1.35 | (0.25) |
| Income | 1.15 | (0.3) |
| Education | 0.62 | (0.53) |
| Traveling experience | 0.19 | (0.89) |

**H7: Demographic characteristics of Italian consumers are significant predictors of consumer ethnocentrism.**

H7a: There is a positive correlation between females and consumer ethnocentrism.
H7b: Age is a significant predictor of consumer ethnocentrism.
H7c: Income is a significant predictor of consumer ethnocentrism.
H7d: Education is a significant predictor of consumer ethnocentrism.
H7e: Traveling experiences are significant predictors of consumer ethnocentrism.

My last hypothesis tries to identify a relation between consumer ethnocentrism, the dependent variable, and consumers' demographic characteristics, the independent variables. Based on the results of all the individual demographic variables, gender, age and income were not found to be significant predictors of consumer ethnocentrism. However, ANOVA tests for education ($F = 3.24$, $p = 0.04$) and traveling experience ($F = 4.31$, $p = 0.005$) showed that the level of consumer ethnocentrism was significantly different for these two variables. Thus, H7 can be partially supported. The findings are presented in Table 11 and in more details in the Appendix H.

Table 11. Results of t-test for Hypothesis 7a and ANOVA for Hypothesis 7b, 7c, 7d and 7e

| Predictor | T-value/F-value | Significance (two tailed p-value) |
|---|---|---|
| Gender | -0.42 | (0.68) |
| Age | 3.42 | (0.07) |
| Income | 0.62 | (0.68) |
| Education | 3.24 | (0.04) |
| Traveling experience | 4.31 | (0.01) |

### 3.2.5 Summary of quantitative research findings

In my research two out of three mechnanisms, the cognitive and normative mechanism, were revealed to be strong indicators of domestic purchases in Italian coffee market.

Quality perception relevance was confirmed throughout my entire research: participants in the focus group unanimously agreed that quality is the main factor on which they base their product evaluation; in the survey, when asked to evaluate the importance of different cues in coffee purchases, the respondents indicated not only that quality was the most relevant among them, but also that it had on average really high importance. This supported my first Hypothesis H1, based on Ahmed et al. (2004) research conclusion that perceived quality favourably conditions the choice of domestic products. Overall, respondents confirmed the existence of a difference in the perception between domestic and foreign coffee quality.

Table 12. Hypotheses testing results

| Hypothesis | Content of hypothesis | Result |
|---|---|---|
| H1 | The perception of superior quality of Italian coffee products compared to foreign products positively affects purchasing behaviour toward domestic coffee products. | Supported |
| H2 | A high perception of the Made in Italy image positively affects the perception of quality of domestic coffee. | Supported |
| H3 | Feelings of patriotism positively influence Italian consumer purchasing behaviour toward domestic coffee products. | Not supported |
| H4 | Consumer ethnocentrism positively influences Italian consumer purchasing behaviour toward domestic coffee products | Supported |
| H5 | Demographic characteristics of Italian consumers are significant predictors of superior quality perception of Italian coffee. | Not supported |
| H6 | Demographic characteristics of Italian consumers are significant predictors of patriotic feelings. | Not supported |
| H7 | Demographic characteristics of Italian consumers are significant predictors of consumer ethnocentrism. | Partially supported |

In line with the relevant literature the image consumers attribute to a certain country was proved to influence their quality perception (Chryssochidis, 2007; Ahmed et al., 2010). As my Hypothesis H2 suggested, Italian coffee is throught to be of superior quality compared with foreign coffee. This is ascribable mainly to the image of excellence of Italian roasters and of the long tradition of Italian coffee. However, although the relation was confirmed to exist, the correlation between the two elements was revealed to be weak and that therefore there are other elements that participate to the creation of superior quality perception.

The affective mechanisms, identified with patriotism, didn’t show any relevant influence on domestic coffee purchases in the quantitative as well as in the qualitative study. Consequently, my hypothesis H3, based on Vida & Reardon’s (2008) finding that patriotism can explain domestic purchases, was not supported for the Italian coffee market. The normative construct, identified with the consumer ethnocentrism, on the other hand, was the second construct considered significant for domestic purchases. Therefore hypothesis H4, developed on Auruskeviciene et al. (2012) and Baladinis & Diamantopolous (2004) findings that consumer ethnocentrism is a significant predictor of domestic purchases, is supported in my study. Overall, my model, designed on these three mechanisms, is explaining the 47% of the consumers’ purchasing behaviour.

Demographic traits of consumers were considered as important influencers in previous researches in the field of COO. According to Samiee et al. (2005), higher subjectivity could be found in women, older people, less educated people and people that travel less. Contrary to said literature, different preferences expected when considering different age, gender, education, income level and traveling experiences of respondents could not be confirmed. Only in the case of consumer ethnocentrism, two demographic variables, education and traveling experiences, had a significant effect. In both cases, a higher education level or a more extensive traveling experience resulted in lower level of ethnocentrism of Italian consumers.

Overall, the COO seems to be only partially considered by Italian consumers in coffee consumption. On one hand, the respondents were able to correctly recognize the origin of foreign and domestic coffee brands present on the market and research confirmed that the existing superior quality perception of Italian coffee is influenced by the COO image. However, on the other hand, in a joint evaluation with other cues, COO importance fell behind other cues like price and brand.

## 3.3 Managerial implications

Every country is characterized by its own traditions and culture, which influence citizens' actions and ideas, as well as their purchasing habits and decisions. Although drinking coffee has become an everyday need everywhere in the world, due to its beneficial properties, coffee tradition and taste are especially valued by Italian consumers and companies. In Italy, more than anywhere else, drinking coffee is seen as a moment of pleasure. In comparison to other coffee markets, entering the Italian market could perhaps require more adaptations to cope with quality oriented domestic companies and consumers' high standards.

First of all, size adaptation are necessary. Although in other countries coffee is drunk in large size cups, in Italy the espresso is the most popular variety of coffee. Having a smaller cup doesn't mean that quality should be neglected. To offer a product that is equal in quality to the Italian coffee is a necessary condition to be competitive in this already saturated market that competes on price and invests heavily in promotions. The superior quality perception of Italian products, coffee preparation method and consumer ethnocentrism could lead to negative COO effect for foreign products. It is therefore not advisable for foreign companies to advertise the COO of their coffee brand.
However, according to the findings of this study, a preference for domestic coffee doesn't seem to be connected to consumers' love for their own country. Patriotism has not been identified as significant for domestic purchases, taking in consideration different age groups, gender, income, education level or traveling experiences of consumers. In fact, Italian consumers are not against foreign sources of coffee. As discussed in Chapter 2.4, two international companies, Nestlè and Mondelez, present successful examples of foreign product entry into the Italian coffee market. First mover advantage and their introduced innovations that changed even big Italian coffee companies' marketing strategies seem to have played a role in their current relevant market position.

### 3.4 Limitations and suggestions for future research

Some limitation apply to both the qualitative and quantitative study. In the qualitative research, the participants to the focus group were mainly from young population. Picking a more varied sample might generate more diverse opinions and open different discussions. Therefore, I reccommend future researches to involve participants from more divere age groups.

A first limitation of the quantitative study is the small sample size. My study included only 141 respondents, which may not be sufficient to explain the model suitably and assure a sufficient demographically balanced respondent group.

My conceptual model was based on researches that were not focused on the coffee industry, therefore there is a possibility that some measurements did not appropriately capture the specificity of coffee purchase and consumption. Hence, altered measurement scales could produce more reliable results for the identified constructs. Also, for each COO mechanism, only one construct was selected. In future studies attempts should be made to include more variables connected to COO to the analysis, as for example peer pressure or consumer animosity, in order to better explain the connection between COO and domestic purchases. COO is however not the only cue influencing coffee evaluation. In fact my research showed that variables as price or brands are highly important for consumer in the coffee purchase. Therefore those factor could contribute to better explain the variance of domestic purchases.

## CONCLUSION

The objective of my research was to understand the purchasing patterns in Italian coffee market, specifically by focusing on the importance the COO cue holds for Italian consumers. My study showed that generally when selecting coffee products other cue like quality, brand and price are taken in cosideration before COO. However the Italian coffee culture, tradition and excellence, make it likely that when choosing among foreign and domestic coffee brands a negative COO effect would arise for foreign coffee.

My study didn’t find interesting insights only for the role COO has in the consumers’ purchasing pattern, but also regarding the Italian coffee consumption. The majority of Italians consume coffee everyday, multiple times per day, mainly at home and during the morning hours. Italian coffee is consumed in small cups and it has a variety of types. The most popular one is espresso. While in other parts of the world soluble coffee is the most rapid and preferred solution, in Italy it doesn’t match with consumers preferences. Italians’ are highly knowledgeable about coffee and correctly recognize the origin of many domestic and foreign brands present on the market. In the last century, Italian coffee companies have invested heavily in R&D, which resulted in a differentiation of their products by taste, size, symbolic meaning and preparation method in comparison to foreign ones. Today the superior value of Italian coffee is recognized both at the domestic and international level.

The results obtained in my empirical research show that quality is more important for consumers than brands, product prices, coffee origin or packaging. Italian coffee is considered superior to foreign products mainly due to its long tradition and peculiar preparation method, which could spur a negative COO effect for foreign coffee. Due to their negative experiences abroad and consumer ethnocentrism, Italian consumers believe that the majority of foreign producers cannot satisfy their quality needs. A good coffee doesn’t depend just on the beans’ roasting, but the commitment and techniques used in its preparation contribute to its final superior value.

The empirical research also showed how the COO negative effect could not be driven by subjective utility. Explicitly, consumers are not affected by patriotic feelings when considering foreign products. On the contrary, the entry of foreign brands is seen as an opportunity for the market to evolve and to offer new innovations and higher variety of choices to the consumers. Foreign companies present on the market are few, but they detain substantial a competitive advantage and contributed to the development of the market.

For future research a more in-depth analysis of the domestic purchasing patterns, considering other cues such as price and brand, would be needed to have a better understanding of which other meaningful factors influence consumers’ purchasing decisions regarding coffee. At the same time the increasing importance foreign consumers have for the Italian market should be included in the analysis in order to forcast the evolution of Italian consumer purchasing behaviour.

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# APPENDIXES

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**APPENDIX A: Transcript of focus group discussion**

Alessandro, Alessia, Annette, Chiara, Davide, Lea, Maja, Stefano

My research is focused on your habits in the moment of purchase, in particular while buying coffee. First of all, I would like to ask some general questions. First, when you go to the supermarket on what do you base your choice of the food products? How do you choose a product?

Davide: I start from my habits, what I want to eat during the week.

Maja: It really depends on the type of product. I look a lot at packaging. If it is cute. Yes, for certain products there is no packaging, but when talking about food I'm concerned with how the product looks like, how it is presented.

Alessia: In some supermarkets there could be promotions going on. I search for promotions on certain products.

Maja: Then the brand, obviously. I'm interested in brands I already know.

Alessia: If I don't know a product, I browse through spots, tv, catalogues, promotions.. If I find a product attractive, for its design, price, if I think it is functional and of high quality, then I buy it.

Stefano: I look also at the ingredients. There are many ingredients I would prefer to not be present in the products I buy.

Annette: For me as well it is important that there are not present any food preservatives.

Do you think that the same factors are important for coffee? Which is the most important and why?

Maja: Probably all of the mentioned factors are important for coffee as well, but we should put them in the correct order.

Davide: For sure the quality of coffee can be placed on the top position.

Stefano: What I believe all of us search in coffee is quality, that it would taste good.

Chiara: I choose coffee based on its quality. Which means that the product is Italian, brands like Lavazza, illy.

Alessia: I work in the field of coffee. When i choose a coffee I check the type of coffee, in other words I check the ingredients. For me it is essential to have it specified if it is Arabica or Robusta variety.

Lea: Price can reflect the product quality in my opinion. For example in a supermarket 1 kg of coffee could be 3.50 €, but for the same price we could not buy neither half of the quantity of illy's coffe. From this price difference, I infer that the 1 kg coffee's taste will not satisfy many consumers, including myself.

Annette: But we should be careful with brands. The brand is not always synonym with high quality. Sometimes certain brands have high prices that do not reflect the quality of the products.

Davide: There are many types of coffee, therefore I think that the choice depends on the taste one searches for. I usually try many types of coffee brands, the one that I remember the most for its good taste, becomes my first choice and I start to buy it regularly.

Alessia: Sometimes I check if the coffee is Arabica or Robusta.

Maja: I rather check if it is strong or mild flavour. I don't look at the type of coffee because I know that many roasters in order to differentiate mix various types of Arabica and Robusta coffee beans.

You didn't mention COO. Why?

Maja: COO of the brands? Or the coffee? Sometimes coffee comes from an exotic country, far away from us.

Alessia: If it is 100% Arabica variety I bet it comes from Brazil. I rely on that.

Alessandro: Usually the majority of products present in the supermarkets are of Italian origin. Or at least I believe so.

What does COO mean for you? Specifically for coffee.

Chiara: COO indicates the place where the coffee is transformed. For example, I consider the coffee roasted in Italy Italian coffee.

Stefano: I agree. And it is important for me that it is transformed in Italy.

Davide: For me it is the opposite. COO indicates where the coffee beans came from.

Alessandro: It seems like it depends. In the end, COO could indicate all of the things mentioned, because for example Italy doesn't harvest coffee plants, but coffee transformed in Brasil, will taste differently from the one roasted in Italy, even though they use both the same Brasilian coffee beans.

Davide: But if you think deeply about it, Lavazza's coffee is in fact not Italian, but Brasilian, if the beans comes from Brasil. I would say that COO is were the beans come from. The roasting is made here, but the coffee, meant as the bean, cannot be found here.

Alessia: Origin means just that, where do the raw material come from.

Chiara: COO means something else for me. I rarely check the origin of the coffee beans, rather I check the origin of the company that roasts it. I'm searching for quality products and I presume that companies from certain country pay more attention to quality. I believe that Italian producers offer quality, I trust that they themselves would have ascertained that the raw materials used in the production would be the best. Instead of checking the origin of the coffee beans, I concentrate more on the brand, because knowing if it is Italian or foreign, I will know who pays attention to quality and who doesn't.

Annette: However neither producers help us to understand better the meaning of COO. For example illy introduced limited editions, coffee from South Africa, Brazil, etc. each with a different taste. In those cases it seems like the roasters are just intermediaries between the growers and final consumers.

Davide: The origin of the coffee beans, at the end is not that important. The taste of coffee is though. Drinking coffee is a moment of true pleasure for me. So i search for a good coffee, that it is for me of quality, nevertheless the origin.

So when you buy food product do you in general pay attention to the COO of the products?

Alessia: Well, yes. I think that COO is important, but not for all product categories. Generally I pay attention to it for products that are fresh, like meat, vegetables or fish. Let's say that the products should be fresh to be good and of high quality. For example, the other day I wanted to buy fish and I noticed that the kind I wanted was coming from Greece. That was disturbing. Why should I buy fish from Greece when we can find the same fish in our sea so close by? Coming here from so far, I don't perceive it as fresh and tasting.

Maja: If the products come from specific countries, because it's the only place where you can find them and consequently their price is usually high, then in that case I check the origin to make sure that it comes from that and only that country. For example that's my reasoning for soy sauce, I will check that it comes from Japan.

Stefano: For coffee, I usually don't mind the origin, but however if the coffee is Made in China for example based on my experiences with other Chinese products, I would definitely not buy it. Certain countries definitely get excluded from my choices, because I don't trust the quality of their production, a bit due to my experience, a bit due to stereotypes.

Annette: If coffee would be made in China I would not buy it for sure.

Alessandro: Sometimes we don’t trust how the coffee is produced. But if coffee beans come from Brazil rather than South Africa, really doesn’t matter.

Lea: I don’t look at the origin of the coffee, because the origin is uncertain. Roasting companies during the production process mix different coffee beans’ varieties coming from different countries. Therefore I don’t consider COO because one single COO cannot be attributed to a coffee product.

Davide: Sometimes the cultivation location are not significant before the actual purchase, but it becomes important after it. We could buy a coffee not knowing its origin, and when drinking it we could be charmed by its taste. In that case we would probably start to make more attention to that brand and his origin.

Chiara: It is clear that for coffee, its origin is the place where the coffee beans come from. But I don’t consider it an important information to be checked. Rather I control the origin of the company that produces the final coffee product. I believe in Italian roasters to offer quality. I trust that they have already ascertained that the raw materials are the best. So instead of controling the origin, I look at the name of the brand, if it is a foreign or Italian name, because I associate it with the country where it is roasted.

Alessia: For a product like coffee, the origin is not that much important as quality. For big companies like Lavazza or illy quality is everything. So we all know that the coffee we are buying is a good coffee.

Annette: I agree, but it is not exclusively a big brands’ priority. Even small companies are attentive to the quality. I tried many local brands, less known, like Vergano, Primo aroma,.. and they offer all really good coffee.

Would you link the concept of Made in Italy to coffee?

Alessandro: Yes, coffee is a product of high quality.

Davide: When we talk about quality, especially for the food sector, Italy is superior compared to most of the other countries.

Alessia: I believe that’s because coffee as other Made in Italy products have tradition, centuries of imports and preparation of coffee that surpassed others from the beginning.

Chiara: In fact, every product could be of quality, nevertheless its origin. But what we know about Italian roasters is that they will transform the product in a certain way compared to foreign producers, that we link to a superior quality.

Lea: If coffee is produced in a country that you don't really trust for its quality, if you know the brand then it's different.

Chiara: In other words Italy has a certain tradition of making coffee, which I don't think foreign companies have, so I would rather not buy foreign brands.

Maja: Probably if someone would advertize a coffee as produced according to German or French tradition I would never consider buying it.

Alessandro: As you know the brand, you could get more information on it and its products, like for example if it was roasted in Italy or not.

What do you think distinguishes Italian coffee from foreign one? Have you tried coffee abroad? How was it?

Chiara: I would rather not buy foreign coffee, because I don't think they have the tradition of Italian coffee preparation method.

Lea: In Italy we know the foreign brands and even if foreign we know that they are good. Like Hag, Julius Meilnl.

Davide: Even if foreign it doesn't matter. A coffee is not less good if produced abroad. I expect that coffeee products I find on Italian market, be it domestic products or foreign ones, are good because they will use a certain Italian preparation method.

Maja: Lately Nespresso is really popular. They introduced capsule solution, which is not originally an Italian method, but it became so, because Italians use capsules extensively. The offer enlarged, satisfying the needs of certain consumers. With capsules the quantity of coffee provided is exactly enough for one person, while in the more traditional moka, there is always some coffee left. The waste is reduced.

When you go abroad and you want to drink coffee, what do you do?

Maja: When I'm abroad, I shiver at the idea that they would offer me non Italian coffee.

Alessia: Abroad I search for places that serve Italian coffee, I tried local coffee and it's really not comparable. The coffee is more watery. Foreign production doesn't seem to be qualitative enough, but with Italian coffee I'm sure to drink good coffee.

Stefano: The quality of Italian superior production is higher than foreign one. With Italian coffee I can buy my products without worrying about that.

Chiara: If I'm abroad and have to choose among brands i don't know, I will choose the Italian one. I tried several times other foreign coffees but they neve satisfied me.

Lea: If you go to an Italian bar you know that they serve it in a certain way, with the bars abroad it is unknown. Going abroad I'm not enthusiast at the idea of drinking coffee that's not Italian.

Maja: To an inexpert eye in some places it could seem that foreigners imitate Italian style of preparing coffee, but they lack the techniques and devotion to coffee preparation. For example, it really surprised me when abroad in a certain bars they use a dirty rag to clean the filter when coffee powder is overflowing. That was for me a clear sign that foreigners are not able to make good coffee.

Annette: If I know where to find Italian coffee I go there. Most of the times it happened that I found it by coincidence. Otherwise if I cannot find it, I enter in a bar that looks nice.

Davide: If I don't find a place that serves Italian coffee, I resist and drink the coffee that I find. If I perceive it will not be good, I mix it with milk and sugar.

Have you ever thought that buying foreign coffee is not patriotic?

Alessia: Sometimes I buy foreign brands, but when I do, I never consider feelings such as patriotism.

Maja: I don't buy Italian brands thinking about my identity and Italian economy, but I make my choices based on my personal preferences.

Chiara: I would define myself a bit patriotic, especially when food is concerned. When I go shopping I prefer to conform to the products or brands that I know. But on the other hand I consider myself pretty open too. When abroad I like to try local products and local food, that's valid also for coffee. […] Yes, buying Italian products satisfies me also because I support Italian economy in this way. However even though I believe Italy is excellent in the food sector, for certain products I choose foreign production, for example for olives I prefer buying Greek olives that for me taste the best.

Have you ever thought to buy Italian coffee in order to support Italian economy?

Alessandro: I don’t think directly about it, but in the end with my purchases I sustain Italian economy anyway, as I buy only Italian coffee brands.

Annette: More than supporting the economy, I gladly support companies for their ideals or corporate social responsibility programs. So by buying those products, I perceive it like both me and the company can get the maximum gain out of it and help someone.

Do you think that foreign coffee brands are unnecessary on Italian market? Why?

Chiara: We are part of a global community, nowadays we have products coming from all over the world. It’s true that those big companies could be a threat for smaller Italian companies, but having imported product enriches our markets and gives us a wider selection of products. As a consumer I don’t want to be limited in my choices, I want to have many options, including foreign ones, and then it would be me to judge which is the best product for me.

Lea: Lately Nespresso, a foreign brand, is really popular on the market. It introduced the capsule coffee solution that detaches from Italian tradition and brings new ways to make coffee. I understand why it is so loved: with capsules there are no wastes of coffee because each capsule contains the right amount of coffee powder necessary for one cup of coffee, contrary to the moka, where some coffee is still left in the machine. Nespresso is focusing on that, gaining popularity, although it is not matching with Italian coffee culture.

Maja: Like Nespresso other foreign companies could enter the market with high qualitative products or techniques that we cannot find in other places at the moment. We all realize that it could be positive for the economy, but at the same time negative for tradition.

Annette: However changes can stimulate people to change. Changes are not always radical, but they can bring people to try and accept diversity and novelties. That’s why I’m not opposed to competitors entry in the market. I’m sure that it would not be damaged by it, because our coffee culture and tradition are too embedded and superior to suddenly be substituted by the competition.

**APPENDIX B: Quantitative research questionnaire**

Screening question:

Do you drink coffee?

Yes → continue
No → finish the test

1. How often do you drink coffee?

    a) 1 time per day
    b) times per day
    c) times
    d) more than 3 times
    e) sometimes

2. Where do you drink coffee the most?

    a) at home
    b) at bar
    c) other (restaurant, vending machines..)

3. When do you consume coffee the most?

    a) For breakfast or in morning hours
    b) after meals
    c) in the afternoon alone or with friends

4. Following you will find the reasons for drinking coffee. How much do you agree with them?

    a) It's a powerful remedy to wake up
    b) It's a habit
    c) It's a moment to sit down and relax
    d) it's a meeting place (lover, friends,..)

5. Which is the brand that you majorly purchase?
    a) Excelsior
    b) Hag
    c) Illy
    d) Kimbo
    e) Lavazza
    f) Nespresso
    g) Others (specify)

6. Where do you think those brands come from?

| | ITALY | GERMANY | FRANCE | SWITZERLAND | USA | OTHER |
|---|---|---|---|---|---|---|
| EXCELSIOR | | | | | | |
| HAG | | | | | | |
| HAUSBRANDT | | | | | | |
| ILLY | | | | | | |
| JULIUS MEINL | | | | | | |
| KIMBO | | | | | | |
| LAVAZZA | | | | | | |
| NESPRESSO | | | | | | |
| SEGAFREDO | | | | | | |
| STARBUCKS | | | | | | |

7. When you want to take a coffee in a bar, you select the bar based on:

| | 1 – absolutely not agree | 2- not agree | 3 - indifferent | 4 – agree | 5 – absolutely agree |
|---|---|---|---|---|---|
| the coffee brand they are serving | | | | | |
| The price | | | | | |
| the variety of sweets that I can eat, while drinking it | | | | | |
| the atmosphere of the bar (lights, design, comfortable chairs…) | | | | | |
| the closest bar to me | | | | | |

**From now on the questions are revolving around your purchases of coffee products (for example in supermarkets or specialized stores) for domestic use.**

8. How much do you consider the following factor in your purchasing decision process of coffee products:

| | 1 – absolutely not important | 2- not important | 3 - indifferent | 4 – important | 5 – absolutely important |
|---|---|---|---|---|---|
| PRICE (discounts) | | | | | |
| QUALITY (TASTE) of coffee | | | | | |
| Known Coffee BRAND | | | | | |
| COO of the coffee beans | | | | | |
| COO as the place where coffee is manufactured | | | | | |
| Packaging | | | | | |

9. Express your opinion about domestic products. How do you purchase your products?

| | 1 – I strongly disagree | 2 – I disagree | 3- neither agree or disagree | 4 – I agree | 5 – strongly agree |
|---|---|---|---|---|---|
| Mostly I try to buy coffee brands of domestic roasters. | | | | | |
| Whenever possible I take time to look at labels in order to knowingly buy more coffee brands of domestic companies. | | | | | |
| I shop first at retail outlests that make special effort to offer coffee brands of domestic production. | | | | | |

10. How do you perceive the production “Made in Italy”?

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Unreasonably priced | | | | | | Reasonably priced |
| Poor workmanship | | | | | | Good workmanship |
| Common | | | | | | Exclusive |
| Technically backward | | | | | | Technically advanced |
| Unreliable | | | | | | Reliable |
| Imitative | | | | | | Innovative |
| Low quality | | | | | | High quality |
| Mass produced | | | | | | Handmade |

11. Indicate how much do you agree or disagree with the following statements regarding Italian coffee compared to foreign one:

| Relatively to foreign coffee products, Italian coffee.. | 1 – strongly disagree | 2 – disagree | 3- neither agree or disagree | 4 – agree | 5 – strongly agree |
|---|---|---|---|---|---|
| … has a superior aroma. | | | | | |
| …is roasted by skilled roasters. Workmanship | | | | | |
| … has a higher price/quality value. | | | | | |
| … has a long tradition and prestige. | | | | | |

12. When it comes to your identity and your feelings toward your own country, how much do you agree with the following statements?

| | 1 – I strongly disagree | 2 – I disagree | 3- neither agree or disagree | 4 – I agree | 5 – I strongly agree |
|---|---|---|---|---|---|
| Being an Italian citizen means a lot to me. | | | | | |
| I am proud to be an Italian citizen | | | | | |
| Italy possess certain cultural attributes that other cultures do not. | | | | | |
| When a foreign person praises Italy, it feels like a personal compliment. | | | | | |

13. What is your opinion on Made in Italy products?

| | 1 – I strongly disagree | 2 – I disagree | 3- indifferent | 4 – I agree | 5 – I strongly agree |
|---|---|---|---|---|---|
| I'm proud that our products have such great prestige abroad. | | | | | |
| Made in Italy is what drives Italian economy. | | | | | |
| Only the products that are unavailable in Italy should be imported. | | | | | |
| It may cost me in the long-run but I prefer to support Italian products. | | | | | |
| We should be proud and buy products manufactured in Italy instead of letting other countries get rich off us. | | | | | |
| Italians should not buy foreign products, because this hurts Italian business and causes unemployment. | | | | | |

Lastly, we kindly ask you to provide some information about yourself.

14. Gender:

a) female
b) male

15. Age range:

a) <= 18
b) 19 – 25
c) 26 – 35
d) 36 – 45
e) 46 – 60
f) 60+

16. Please confirm your monthly household income:

a) 0 - 999€
b) 1000 - 1999€
c) 2000 - 2999€
d) 3000 - 3999€
e) 4000 -4999€
f) 5000- 5999€
g) + 6000 €

17. Education

a) middle school
b) high school
c) university
d) master

e) PhD

18. Traveling experience abroad:
    a) sometimes
    b) once per year
    c) twice per year
    d) three times per year
    e) more than three times per year

**APPENDIX C: Hypotheses H1, H3 and H4 outputs**

**H1: The perception of superior quality of Italian coffee products compared to foreign products positively affects purchasing behaviour toward domestic coffee products.**

**H3: Feelings of patriotism positively influence Italian consumer purchasing behaviour toward domestic coffee products.**

**H4: Consumer ethnocentrism positively influences Italian consumer purchasing behaviour toward domestic coffee products.**

Regression analysis results.

Table 1. Hypothesis H1, H3 and H4 SPSS outputs

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | ,688[a] | ,474 | ,458 | ,57940 |

a. Predictors: (Constant), CEthno_2, Patriotism, Superior_quality
b. Dependent Variable: DPB

**ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 41,105 | 4 | 10,276 | 30,611 | ,000[b] |
| | Residual | 45,656 | 136 | ,336 | | |
| | Total | 86,761 | 140 | | | |

a. Dependent Variable: DP
b. Predictors: (Constant), C
c. CEthno, Patriotism, Superior_quality,

**Coefficients[a]**

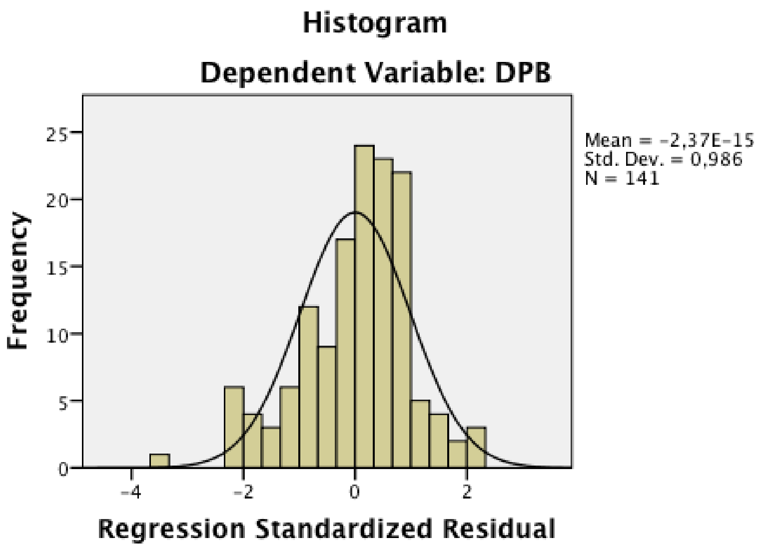
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -,098 | ,325 | | -,303 | ,763 |
| | Superior_quality | ,622 | ,086 | ,525 | 7,194 | ,000 |
| | Patriotism | ,011 | ,059 | ,013 | ,186 | ,853 |
| | CEthno | ,209 | ,061 | ,236 | 3,395 | ,001 |

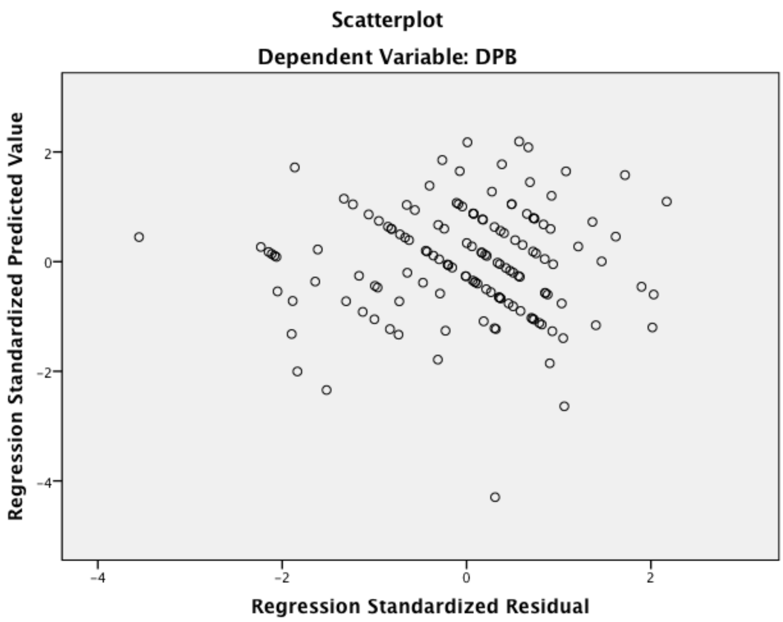
a. Dependent Variable: DPB

**APPENDIX D: Graphic results for H1, H3 and H4 output**

Histogram and scatter plot of the multiple regression analysis

Figure 1. Histogram and scatterplot of H1, H3 e H4



**APPENDIX E: Hypothesis H2 output**

H2: A high perception of the Made in Italy image positively affects the perception of quality of domestic coffee.

Regression analysis statistics and graphs.

Table 2. Hypothesis H2 SPSS outputs

**Model Summary**[b]

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | ,359[a] | ,129 | ,123 | ,62323 |

a. Predictors: (Constant), COO_image
b. Dependent Variable: Superior_quality

**ANOVA**[a]

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 7,999 | 1 | 7,999 | 20,594 | ,000[b] |
| | Residual | 53,990 | 139 | ,388 | | |
| | Total | 61,989 | 140 | | | |

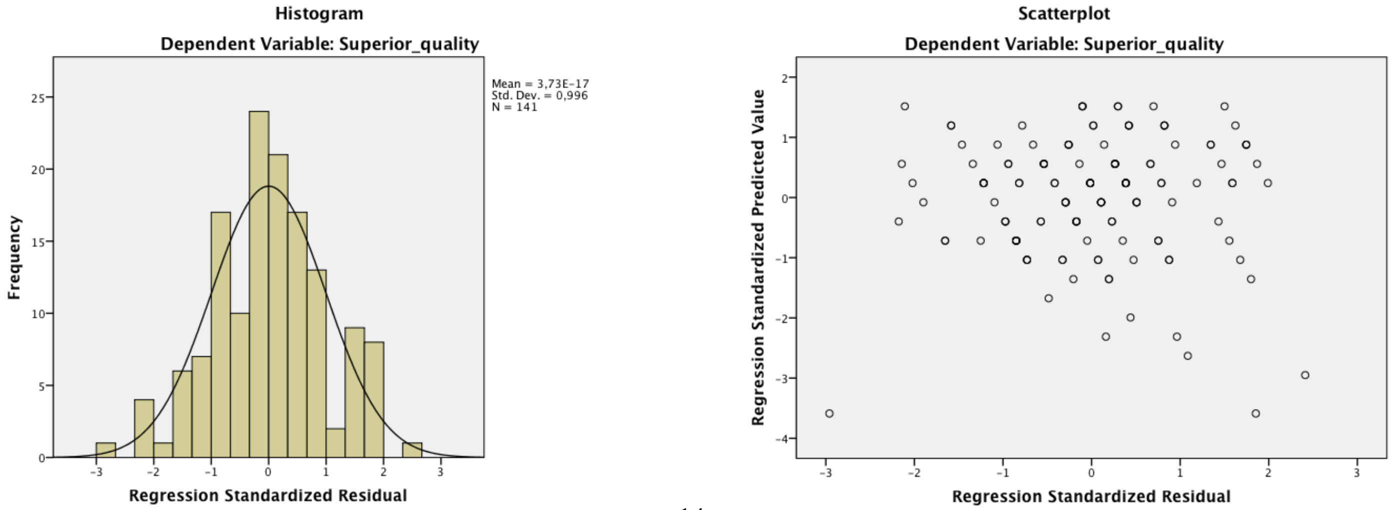
a. Dependent Variable: Superior_quality
b. Predictors: (Constant), COO_image

**Coefficients**[a]

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 2,540 | ,261 | | 9,713 | ,000 |
| | COO_image | ,305 | ,067 | ,359 | 4,538 | ,000 |

a. Dependent Variable: Superior_quality

Figure 2. Histogram and scatter plot H2



**APPENDIX F: Hypothesis H5 output**

**H5a: There is a positive correlation between females and the superior quality perception of Italian coffee.**

Table 3. Hypothesis H5a SPSS outputs

**Group Statistics**

| | sesso | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|---|
| Superior_quality | male | 55 | 3,6409 | ,62872 | ,08478 |
| | female | 86 | 3,7413 | ,68861 | ,07426 |

**Independent Samples Test**

| | | Levene's test for equal variances | | t-test for Equality of Means | | |
|---|---|---|---|---|---|---|
| | | F | Sign. | t | df | sig. (2-tailed) |
| Superior_quality | Equal variance assumed | ,053 | ,818 | -,873 | 139 | ,384 |
| | Equal variance not assumed | | | -,891 | 122,743 | ,375 |

**H5b: There is a positive correlation between age and the superior quality perception of Italian coffee.**

Table 4. Hypothesis H5b SPSS outputs

Descriptives: Superior_quality

| | N | Mean | Std. Deviation | Std. Error |
|---|---|---|---|---|
| 18 – 25 | 41 | 3,6686 | ,60681 | ,09254 |
| 26 – 36 | 62 | 3,6797 | ,71612 | ,08952 |
| 36 – 99 | 38 | 3,8188 | ,66744 | ,10553 |
| Total | 141 | 3,7143 | ,67108 | ,05535 |

**Test of Homogeneity of Variances**

Superior_quality

| Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|

| | | | |
|---|---|---|---|
| ,204 | 2 | 138 | ,816 |

**ANOVA**

Superior_quality

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 0,603 | 2 | ,302 | 0,639 | ,515 |
| Within Groups | 65,147 | 138 | ,472 | | |
| Total | 65,750 | 140 | | | |

**H5c: There is a positive correlation between income and the superior quality perception of Italian coffee.**

Table 5. Hypothesis H5c SPSS outputs

Descriptives: Superior_quality

| | N | Mean | Std. Deviation | Std. Error |
|---|---|---|---|---|
| 1,000 – 1,999 | 59 | 3,5779 | ,70347 | ,09007 |
| 2,000 – 2,999 | 41 | 3,7733 | ,59465 | ,09068 |
| 3,000 – 6,000+ | 41 | 3,8488 | ,67511 | ,10295 |
| Total | 141 | 3,7143 | ,67108 | ,05535 |

**Test of Homogeneity of Variances**

Superior_quality

| Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|
| ,297 | 2 | 138 | ,744 |

**ANOVA**

Superior_quality

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 2,063 | 2 | 1,032 | 2,233 | ,101 |
| Within Groups | 63,687 | 138 | ,462 | | |
| Total | 65,750 | 140 | | | |

**H5d: There is a positive correlation between education and the superior quality perception of Italian coffee.**

Table 6. Hypothesis H5d SPSS outputs

Descriptives: Superior_quality

| | N | Mean | Std. Deviation | Std. Error |
|---|---|---|---|---|
| Middle & High school | 42 | 3,6556 | ,79467 | ,11846 |
| University (Bachelor's degree) | 28 | 3,5603 | ,60376 | ,11212 |
| University (Master's degree) & PhD | 71 | 3,8116 | ,60349 | ,07063 |
| Total | 141 | 3,7143 | ,67108 | ,05535 |

**Test of Homogeneity of Variances**

Superior_quality

| Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|
| 1,526 | 2 | 138 | ,221 |

**ANOVA**

Superior_quality

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 1,534 | 2 | 0,767 | 1,649 | ,183 |
| Within Groups | 64,216 | 138 | ,465 | | |
| Total | 65,750 | 140 | | | |

**H5e: There is a positive correlation between traveling experiences and the superior quality perception of Italian coffee.**

Table 7. Hypothesis H5e SPSS outputs

Descriptives: Superior_quality

| | N | Mean | Std. Deviation | Std. Error |
|---|---|---|---|---|
| Sometimes | 59 | 3,6653 | ,58664 | ,07450 |
| 1 time per year | 27 | 3,6000 | ,86253 | ,15748 |
| 2 times per year | 31 | 3,7742 | ,63362 | ,11380 |
| 3 or more times per year | 24 | 3,9063 | ,64611 | ,13189 |
| Total | 141 | 3,7143 | ,67108 | ,05535 |

**Test of Homogeneity of Variances**

Superior_quality

| Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|
| 1,321 | 3 | 137 | ,270 |

**ANOVA**

Superior_quality

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 1,536 | 3 | ,512 | 1,094 | ,335 |
| Within Groups | 64,214 | 137 | ,468 | | |
| Total | 65,750 | 140 | | | |

**APPENDIX G: Hypothesis H6 output**

**H6a: There is a positive correlation between females and patriotic feelings.**

Table 8. Hypothesis H6a SPSS outputs

**Group Statistics**

| | sesso | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|---|
| Patriotism | male | 55 | 3,1364 | ,99631 | ,13434 |
| | female | 86 | 3,1860 | ,90276 | ,09735 |

**Independent Samples Test**

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | |
|---|---|---|---|---|---|---|
| | | F | Sig. | t | df | Sig. (2-tailed) |
| Patriotism | Equal variances assumed | ,700 | ,404 | -,306 | 139 | ,760 |
| | Equal variances not assumed | | | -,299 | 106,876 | ,765 |

**H6b: There is a positive correlation between age and patriotic feelings.**

Table 9. Hypothesis H6b SPSS outputs

Descriptives: Patriotism

| | N | Mean | Std. Deviation | Std. Error |
|---|---|---|---|---|
| 18 – 25 | 41 | 3,0988 | ,87821 | ,13393 |
| 26 – 35 | 62 | 3,3320 | ,90857 | ,11357 |
| 36 – 99 | 38 | 3,0500 | 1,00671 | ,15917 |
| Total | 141 | 3,1871 | ,93029 | ,07673 |

**Test of Homogeneity of Variances**

Patriotism

| Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|
| ,820 | 2 | 138 | ,442 |

**ANOVA**

Patriotism

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 2,431 | 2 | 1,216 | 1,354 | ,247 |
| Within Groups | 123,924 | 138 | ,898 | | |
| Total | 126,355 | 140 | | | |

**H6c: There is a positive correlation between income and patriotic feelings.**

Table 10. Hypothesis H6c SPSS outputs

Descriptives: Patriotism

| | N | Mean | Std. Deviation | Std. Error |
|---|---|---|---|---|
| 1,000 – 1,999 | 59 | 3,0533 | ,95428 | ,12218 |
| 2,000 – 2,999 | 41 | 3,2326 | ,91677 | ,13981 |
| 3,000 – 6,000+ | 41 | 3,3314 | ,90422 | ,13789 |
| Total | 141 | 3,1871 | ,93029 | ,07673 |

**Test of Homogeneity of Variances**

Patriotism

| Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|
| ,023 | 2 | 138 | ,977 |

**ANOVA**

Patriotism

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 2,077 | 2 | 1,038 | 1,152 | ,303 |
| Within Groups | 124,279 | 138 | ,901 | | |
| Total | 126,355 | 140 | | | |

**H6d: There is a positive correlation between education and patriotic feelings.**

Table 11. Hypothesis H6d SPSS outputs

Descriptives: Patriotism

| | N | Mean | Std. Deviation | Std. Error |
|---|---|---|---|---|
| Middle school & High school | 45 | 3,1056 | 1,01199 | ,15086 |
| University (Bachelor's degree) | 29 | 3,3534 | ,84915 | ,15768 |
| University (Master's degree) & PhD | 73 | 3,1712 | ,91275 | ,10683 |
| Total | 147 | 3,1871 | ,93029 | ,07673 |

**Test of Homogeneity of Variances**

Patriotism

| Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|
| ,896 | 2 | 138 | ,410 |

**ANOVA**

Patriotism

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 1,120 | 2 | ,560 | ,617 | ,527 |
| Within Groups | 125,235 | 138 | ,907 | | |
| Total | 126,355 | 140 | | | |

**H6e: There is a positive correlation between traveling experiences and patriotic feelings.**

Table 12. Hypothesis H6e SPSS outputs

Descriptives: Patriotism

| | N | Mean | Std. Deviation | Std. Error |
|---|---|---|---|---|
| Sometimes | 59 | 3,2540 | ,89682 | ,11390 |
| 1 time per year | 27 | 3,1667 | 1,10706 | ,20212 |
| 2 times per year | 31 | 3,1048 | ,88923 | ,15971 |
| 3 or more times per year | 24 | 3,1458 | ,87202 | ,17800 |
| Total | 141 | 3,1871 | ,93029 | ,07673 |

**Test of Homogeneity of Variances**

Patriotism

| Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|
| 1,189 | 3 | 137 | ,316 |

**ANOVA**

Patriotism

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | ,541 | 3 | ,180 | ,196 | ,893 |
| Within Groups | 125,815 | 137 | ,918 | | |
| Total | 126,355 | 140 | | | |

**APPENDIX H: Hypothesis H7 output**

**H7a: There is a positive correlation between female and consumer ethnocentrism.**

Table 13. Hypothesis H7a SPSS outputs

**Group Statistics**

| | sesso | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|---|
| CEthno | male | 55 | 3,0000 | ,86736 | ,11695 |
| | female | 86 | 2,9360 | ,90601 | ,09770 |

**Independent Samples Test**

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | |
|---|---|---|---|---|---|---|
| | | F | Sig. | t | df | Sig. (2-tailed) |
| CEthno | Equal variances assumed | ,055 | ,814 | ,416 | 139 | ,678 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Equal variances not assumed | | | ,420 | 118,882 | ,675 |

**H7b: There is a positive correlation between age and consumer ethnocentrism.**

Table 14. Hypothesis H7b SPSS outputs

Descriptives: CEthno

| | N | Mean | Std. Deviation | Std. Error |
|---|---|---|---|---|
| 18 – 25 | 41 | 3,2465 | ,70891 | ,10811 |
| 26 – 35 | 62 | 2,8469 | ,92358 | ,11545 |
| 36 – 99 | 38 | 2,9300 | 1,03433 | ,16354 |
| Total | 141 | 2,9864 | ,90981 | ,07504 |

**Test of Homogeneity of Variances**

CEthno

| Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|
| 3,564 | 2 | 138 | ,031 |

**Robust Tests of Equality of Means**

CEthno

| | Statistic[a] | df1 | df2 | Sig. |
|---|---|---|---|---|
| Welch | 3,421 | 2 | 86,949 | ,067 |
| Brown-Forsythe | 2,650 | 2 | 117,402 | ,075 |

a. Asymptotically F distributed.

**H7c: There is a positive correlation between income and consumer ethnocentrism.**

Table 15. Hypothesis H7c SPSS outputs

Descriptives: CEthno

| | N | Mean | Std. Deviation | Std. Error |
|---|---|---|---|---|
| 1,000 – 1,999 | 59 | 2,8918 | ,91256 | ,11684 |
| 2,000 – 2,999 | 41 | 3,0140 | ,85009 | ,12964 |
| 3,000 – 6,000+ | 41 | 3,0930 | ,96939 | ,14783 |
| Total | 141 | 2,9864 | ,90981 | ,07504 |

**Test of Homogeneity of Variances**

CEthno

| Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|
| 1,283 | 2 | 138 | ,280 |

**ANOVA**

CEthno

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 1,067 | 2 | ,534 | ,615 | ,528 |
| Within Groups | 119,785 | 138 | ,868 | | |
| Total | 120,853 | 140 | | | |

**H7d: There is a positive correlation between education and consumer ethnocentrism.**

Table 16. Hypothesis H7d SPSS outputs

Descriptive: CEthno

| | N | Mean | Std. Deviation | Std. Error |
|---|---|---|---|---|
| Middle school & High school | 42 | 3,2711 | ,93823 | ,13986 |
| University (Bachelor's degree) | 28 | 2,9241 | ,81313 | ,15099 |
| University (Master's degree) & PhD | 73 | 2,8356 | ,89898 | ,10522 |
| Total | 141 | 2,9864 | ,90981 | ,07504 |

**Test of Homogeneity of Variances**

CEthno

| Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|
| ,710 | 2 | 138 | ,493 |

**ANOVA**

CEthno

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 5,420 | 2 | 2,710 | 3,241 | ,037 |
| Within Groups | 115,433 | 138 | ,836 | | |
| Total | 120,853 | 140 | | | |

**Multiple Comparisons**

Dependent Variable: CEthno

Tukey HSD

| (I) Education | (J) Education | Mean Difference (I-J) | Std. Error | Sig. |
|---|---|---|---|---|
| Middle School & High school | University | ,34697 | ,21320 | ,237 |
| | University & PhD | ,43549* | ,16969 | ,030 |
| University | Middle School & High school | -,34697 | ,21320 | ,237 |
| | University & PhD | ,08852 | ,19653 | ,894 |
| University & PhD | Middle School & High school | -,43549* | ,16969 | ,030 |
| | University | -,08852 | ,19653 | ,894 |

*. The mean difference is significant at the 0.05 level.

**H7e: There is a positive correlation between traveling experiences and consumer ethnocentrism.**

Table 17. Hypothesis H7e SPSS outputs

Descriptives: CEthno

| | N | Mean | Std. Deviation | Std. Error |
|---|---|---|---|---|
| Sometimes | 59 | 3,2710 | ,87748 | ,11144 |
| 1 time per year | 27 | 2,6667 | ,97745 | ,17846 |
| 2 times per year | 31 | 2,9677 | ,82639 | ,14842 |
| 3 or more times per year | 24 | 2,6750 | ,81468 | ,16629 |
| Total | 141 | 2,9864 | ,90981 | ,07504 |

**Test of Homogeneity of Variances**

CEthno

| Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|
| ,463 | 3 | 137 | ,709 |

**ANOVA**

CEthno

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 10,426 | 3 | 3,475 | 4,311 | ,005 |
| Within Groups | 110,427 | 137 | ,806 | | |
| Total | 120,853 | 140 | | | |

**Multiple Comparisons**

Dependent Variable: CEthno
Tukey HSD

| (I) Travelling | (J) Travelling | Mean Difference (I-J) | Std. Error | Sig. |
|---|---|---|---|---|
| Sometimes | 1 time per year | ,60430* | ,19544 | ,013 |
| | 2 times per year | ,30323 | ,19330 | ,400 |
| | 3 or more times per year | ,59597* | ,21126 | ,028 |
| 1 time per year | Sometimes | -,60430* | ,19544 | ,013 |
| | 2 times per year | -,30108 | ,22506 | ,541 |
| | 3 or more times per year | -,00833 | ,24066 | 1,000 |
| 2 times per year | Sometimes | -,30323 | ,19330 | ,400 |
| | 1 time per year | ,30108 | ,22506 | ,541 |
| | 3 or more times per year | ,29274 | ,23893 | ,612 |
| 3 or more times per year | Sometimes | -,59597* | ,21126 | ,028 |
| | 1 time per year | ,00833 | ,24066 | 1,000 |
| | 2 times per year | -,29274 | ,23893 | ,612 |

*. The mean difference is significant at the 0.05 level.