COUNTRY OF ORIGIN BRAZIL: CAN BRAZILIAN-ARMENIAN LUXURY FASHION BRANDS BE SUCCESSFUL IN THE RUSSIAN MARKET?
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Thesis presented to Escola de Administração de Empresas de São Paulo of Fundação Getulio Vargas, as a requirement to obtain the title of Master in International Management (MPGI).

Knowledge Field: Internationalization of Companies

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To my parents, brother and family, for the unconditional support throughout my entire life.

To the academic staff, for fueling my academic curiosity and for constantly challenging me.

To my friends globally (you know who you are) for constantly sending me positive energy.

To the one, for always being by my side throughout my academic journey and not only.
ABSTRACT

The study focuses on the Russian market, where the political situation and the economic sanctions imposed on Russia caused the decrease in the sales of Western luxury brands. The purpose of this study was to evaluate the perception of Brazilian brands, particularly Andrea Bogosian, Sarah Chofakian and Sergio K. in the Russian market. These selected brands were established by ethnic Armenians in Brazil, which makes these brands an interesting subject of internationalization study for the Russian market, where large Armenian diaspora can be perceived as a bridging element for successful penetration into the Russian market. In order to evaluate the potential of this particular segment of brands, this study utilized concepts of the Country of Origin (COO) Effect, stressing an importance on the Armenian factor, Categorization Theory, as well as Uppsala Internationalization Model, tested on our sample of luxury consumers in Moscow’s two high end luxury malls. In order to measure the COO Effect, three scenarios were built. In the first one, the brands were presented as Brazilian, in the second the respondents were informed that the brands are from Armenia and lastly, without a clear indication of the country of origin.

Based on the literary review, three propositions were proposed and tested with particular differences in the evaluation, based on the penta dimensional analysis regarding the brand, quality dimension, design dimension, price and purchase intention. The research has shown that COO of brand strongly affects the perception of the product and its purchase intention. Moreover, the research has shown the inability of correctly classifying the brands’ country of origin, nevertheless highlighting the more positive perception of the “Made in Armenia” products, rather than “Made in Brazil”. The research showed no evidence confirming that political situation significantly affects the Russian consumers to divert from their preferences.

Keywords:
Russia, Brazil, Trade, Luxury, Fashion, BRIC, Fashion Industry, Russian Consumer Behavior, Country of Origin, Brazilian Armenian, Armenian Brands
RESUMO

O estudo centra-se no mercado russo, onde a situação política e as sanções econômicas impostas à Rússia causaram a diminuição das vendas de marcas de luxo ocidentais. O objetivo deste estudo foi avaliar a percepção das marcas brasileiras, particularmente Andrea Bogosian, Sarah Chofakian e Sergio K. no mercado russo. Essas marcas selecionadas foram estabelecidas por armênios éticos no Brasil, o que torna essas marcas um interessante assunto de estudo de internacionalização para o mercado russo, onde a grande diáspora armênio pode ser percebida como um elemento de ligação para uma penetração bem-sucedida no mercado russo. Para avaliar o potencial desse segmento específico de marcas, este estudo utilizou conceitos do Efeito País de Origem (COO), destacando a importância do fator armênio, da Teoria da Categorização e do Modelo de Internacionalização Uppsala, testados em nossa amostra de marcas, consumidores de luxo em dois shoppings de luxo de Moscou. Para medir o efeito COO, foram construídos três cenários. No primeiro, as marcas foram apresentadas como brasileiras, no segundo os respondentes foram informados de que as marcas são da Armênia e, por último, sem uma indicação clara do país de origem.

Com base na revisão literária, três hipóteses foram propostas e testadas com diferenças particulares na avaliação, baseadas na análise pentanalental em relação à marca, dimensão da qualidade, dimensão do design, preço e intenção de compra. A pesquisa mostrou que o COO da marca afeta fortemente a percepção do produto e sua intenção de compra. Além disso, a pesquisa mostrou a incapacidade de classificar corretamente o país de origem das marcas, ressaltando a percepção mais positiva dos produtos “Made in Armenia”, em vez de “Made in Brazil”. A pesquisa não mostrou evidências confirmando que a situação política afeta significativamente os consumidores russos para desviar de suas preferências.

Palavras-chave:
Rússia, Brasil, Comércio, Luxo, Moda, BRIC, Indústria da Moda, País de Origem, Comportamento do Consumidor Russo, Armênio Brasileiro, Marcas Armênias
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<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>BRIC</td>
<td>Brazil, Russia, India, China</td>
</tr>
<tr>
<td>COO</td>
<td>Country of Origin</td>
</tr>
<tr>
<td>EEU</td>
<td>Eurasian Economic Union</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
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1. Introduction

1.1 Overview

The military involvement of Russia during the Ukrainian Crisis primarily in the eastern Ukraine and annexation of Crimea, brought a very tense and rapidly escalating relationship between Russia and the Western countries, leading to the introduction of economic sanctions imposed by the EU countries and the United States on Russia and conversely, Russia imposing sanctions on some imports coming from the West. The uneasy economic situation directly reflected on the retail industry in general, nevertheless the luxury retail remained in more or less stable position. However, what is interesting is the fact that the Russian luxury market has experienced a decrease in sales of Western luxury brands (traditionally - Italy, France, etc.), which is justified by the economic sanctions imposed on Russia that has been one of the key aspects fueling the nationalist rhetoric in Russia. The current economic and political situation in Russia brings expansion opportunities for Brazilian luxury brands, taking into consideration the falling image of Western brands for Russian consumers, Russia being the 5th largest market for luxury retail, as well as favorable and politically stable relationship between Russia and Brazil.

For the purpose of this paper the high end/luxury Brazilian brands that were selected for the analysis are following: Andrea Bogosian, Sarah Chofakian, Sergio K. All these brands were carefully selected due to the fact that the owner/founders are of an Armenian origin. The fact of these brands having an Armenian origin is very recognizable due to their brand names (using the first name and last name) even for an average Russian consumer. This particular method of was applied while selecting the first two luxury brands – Andra Bogosian and Sarah Chofakian. In both cases we have very recognizable Armenian last names, familiar to Russian consumers. The case of Sergio K. brand is a bit different. Although not particularly fitting the high end/luxury label, Sergio K. represents a Brazilian-Armenian brand, without recognizable Armenian elements the brand, thus representing an interesting case for comparison with the first two brands and an interesting case to observe Russian consumer behavior towards this type of brand. The political, historic and to some extent social proximity between Armenia and Russia, would allow
the Brazilian-Armenian brands using perhaps indirectly the Uppsala Model of expansion, to successfully internationalize in the Russian market.

Due to the recent transformation of Brazil from being a traditional textile manufacturer to a fashion maker, which occurred in the past 20-25 years, it is important for the Brazilian fashion companies to think about the internationalization and business expansion of their produce. Furthermore, this recent transformation has left the topic poorly studied, even more so in relationship with other developing country like Russia, a member of BRIC.

The main objective of the paper is to present the opportunities and to analyze the potential for market entry of Brazilian luxury brands to the Russian market. The paper also underlines the growing importance of developing countries in the luxury fashion sector as being both the producer, as well as the consumer of the luxury goods. More specifically the paper touches upon the Russian luxury market, as being a stable and high consuming luxury market; and Brazil being one of the largest fashion producers in general. Furthermore, this paper draws an attention on contemporary political issues that shape the opportunities for Brazilian fashion brand internationalization.

1.2 Research question

Taking into consideration factors such as the rapid transformation of Brazil in the global fashion map, yet very slow internationalization pattern of Brazilian fashion brands, directly brings us to the question of why are the Brazilian brands passive when it comes to internationalization.

Furthermore, the turbulent political situation in Russia adds to the complexity of the study, however directly indicating the opportunity for the high-end Brazilian fashion companies to internationalize to fellow BRIC country, which was always a solid luxury consumer market.

Interestingly enough, the presence of the Armenian diaspora and its engagement in both sides of the potential internationalization process, in this case as both producers in Brazil, as well as the large Armenian diaspora in Russia being a potential luxury consumer, shaped our main research question: Can Brazilian-Armenian luxury brands be successful in the Russian market?
2. Literature Review

2.1 Background information

The turbulent economic situation surrounding Russia, including the economic sanctions that have been imposed by the European Union and the United States, caused the economic situation to go into recession. Due to all of these forces, the sales of the luxury goods have slowed down in general, largely as the middle and upper middle classes tighten their belts. Most importantly, in these relatively large segments of the Russian population, the decrease in the purchasing power, forced the consumers to look for cheaper product alternatives. As the Deloitte's luxury market report points out, although the market as a whole shows the signs of stabilization, even including the moderate economic growth, the high vulnerability of the market to political and business environments, the sales even from the strongest consumer segments might be strongly affected (Deloitte, 2017).

Many authors argue that the worsening economic situation of the market, could sometimes push manufacturers, as well as the retailers to reduce the prices in a hope to stimulate the market. Nevertheless, this situation usually happens in the fashion mass markets, as it rarely affects the luxury segment. Furthermore, many economists are pointing out the phenomenon that contrary to the mass fashion markets, the decrease in the retail price for the luxury brands in the long run perspective, will undoubtedly result in decrease in demand. This phenomenon is known as “premium product price paradox” (Duquesne, 1993; Vigneron & Johnson, 1999).

As Silverstein and Fiske (2004) point out, in the early 2000’ a new concept was introduced in the fashion industry - the concept of “affordable luxury”. This term was coined to essentially portray the rapid changes that were in the end of 90s and early 2000s, more specifically in BRIC countries (Brazil, Russia, India, China). This period was characterized in these countries, as a period of rapid economic growth, the emergence of a solid middle class, reinforcement of the upper-middle and upper classes, thus contributing to the emergence and a development of a strong luxury market. In these markets, the high class premiums were included in the “affordable
“luxury” segment, as aiming to be affordable to the customers (Silverstein & Fiske, 2004).

2.2 Russian luxury consumer: preferences and characteristics

Moreover, the findings on the typical Russian luxury market indicate slight difference in priorities and preferences when it comes to luxury goods in general and their perception. The overlap in preferences with the traditional luxury market consumers (West European countries, North America and Japan and other developed countries) and the Russian consumers are in the following points indicated below (Kemp, 1998) (Barniere & Rodina, 2006) (Kulikova & Godart, 2014): unique brand or product character, exceeding quality level (often reached as a result of introduction innovations), brand image and brand prestige, exclusiveness (limited edition), high price meets quality, highest service standards.

On the other hand, Hines and Bruce (2007) distinguish some additional features that are characterizing a modern consumer of luxury brands, which are also applicable to the Russian premium garment consumer, including (Hines, Bruce, 2007): High sense of personal and individuality, customer’s participation in luxury product development. In marketing practice this is known as “customization”; Customers’ activity in Internet and social nets. As a result there is a great possibility of their receiving, perceiving and assessing new information in a flash; High educational level; High level of customer confidence concerning their current and future social and economic status; Even higher status of intangible luxury (emotions, impressions) over material ones; Consumers’ readiness to purchase luxuries at high price as high price signals high quality and motivates them to consume these products.

Orsa (2015) further emphasizes the uniqueness of the Russian consumers, pointing out the most picked values or brand perception attributes indicated by a Russian premium consumer. The attributes that Orsa points out are centered around the concepts of - Aesthetics, Premium Quality, Personal History, Functionality, Uniqueness, Self Pleasure, Expensiveness.
Orsa further elaborates that the most important attributes are the first three, where the aesthetics perfectly merges and combines with quality, having behind a basis in the personal history - the journey and the historical background of the brand. Orsa interestingly indicates that brands like Louis Vuitton, Hermes, Chanel or Dior, would be regarded as more luxurious in Russia, possessing those three attributes in a large extent, whereas Burberry or Tiffany and Co., would be perceived as less luxurious (Orsa, 2015).

2.3 Economic sanctions and its effect on the luxury industry in Russia

The economic sanctions touched the wallets of Russian consumers, nevertheless it is not the only factor affecting the luxury industry. The political sanctions imposed on Russia, furthermore emphasized the growing nationalist sentiments in Russia, which interestingly enough is or may impact the foreign brands in Russia. Many luxury brands see this phenomena as a threat to their portfolios, however others perceive this drift as an opportunity to re-establish their connection with the Russian consumer on a new level. This idea has been also fueled some media, where affluent fashion websites were encouraging the young people to opt out from the American and European fashion brands (Orsa, 2015) (Lux & Picquet, 2015). This creates a perfect impediment for the Brazilian luxury brands to think about the Russian market, as a link filling up the gap between the demand of a luxury goods and consumer’s decision to opt out from western premium brands.

Although, due to the economic sanctions, Russia’s luxury market has shrunk by almost 10% in 2014 (beginning of introduction of sanctions), it is still, by even the most pessimistic outcomes, the world’s 11th largest luxury market. Overall, the Russian luxury market has accounted to more than $5.45 billion, with more than $4 billion centered in Moscow alone. (Biryukov, 2015)

Based on the discussion we have developed the following proposition. Proposition 1.: The Russian consumers are more likely to buy non-western luxury goods, substituting them by new luxury brands from the emerging markets.
2.4 Prospects of Brazilian fashion industry

Brazil has successfully transformed itself from a simple textile producer to becoming an increasingly important producer of fashion. Yet despite this recent rapid growth in textile production and the emergence of upper class fashion brands, the imports of the Brazilian brands yet remain very underrepresented. This may be largely linked to the Brazilian internal market, which after the years of economic boom of early 2000’s, managed to create and further enlarge its middle class, elevating the consumer needs in regards to fashion, thus seeking more premium brands (Pinto & Souza, 2013). Therefore, it would be not misleading to assume that exactly the enlargement of the domestic Brazilian market as a whole, creates a great opportunity for the local premium brands, which usually opt out from risky and largely experimental and unknown waters of export. The Brazilian fashion/textile exports counts only to 15% of the total industry’s output. Taking into consideration the fact that the mass fashion production is dominated by manufacturers in China, Vietnam, India and Bangladesh, catering to the US and the EU markets, Brazil gets clear indication that the potential export should be centered more towards the premium fashion (Pasquinelli, 2012) (Atwal & Bryson, 2014).

Further stressing the importance of the internal consumption is the fact of the complicated bureaucratic system when it comes to exporting the production. Up to date, Brazil has only a trade agreement with MERCOSUR, allowing it more easy access to the member countries of Argentina, Paraguay and Uruguay. Nevertheless, these markets do not form any significant role in the global luxury market (Pasquinelli, 2012) (Som, 2017).

The breakthrough may come with the actively discussed free trade agreement between MERCOSUR and the newly formed Eurasian Economic Union (EEU), which is planned to be signed in the following year (Sanchez, 2017). In 2016, the overall trade between Brazil and Russian reached to over $2.3 billion, out of which textile and clothing export counted to only 0.11% ($2.4 million), whereas the overall import of textile and clothing to Russia in the same year was almost $8.5 billion (World Bank, 2016). At the same time, the Brazilian real weakened the most, by 28% in 2017, making a great opportunity to export to foreign markets and primarily to Russia (McCarthy, K., Perkins, B., Pope, N., Portaluppi, L., Scaramuzzi, V., Su, L., 2017).
2.5 History of Armenian Craftsmanship

Historically, the Armenian communities in Armenia, Asia Minor, as well as during the era of Ottoman Empire, have emerged as a merchant and handicraftsmen class. The most common areas of Armenian craftsmanship included the shoemaking and textile manufacturing and subsequent textile commerce, making the vast majority of above-mentioned areas to be controlled by ethnic Armenians during the Ottoman Empire.

After the Armenian Genocide that occurred in the Ottoman Empire, during the period of 1898-1917, more than 2 million Armenians have fled their ancestral homeland, due to violent and deadly persecutions from the part of the government, leaving behind their properties and wealth. One of the destinations, where the Armenians have resettled was Brazil, primarily Sao Paulo state, with the first Armenians arriving as early as 1880s, with the majority being engaged with their traditional crafts such as shoe making and textile industry and its commerce in Brazil. The ancestors of Andrea Bogosian, Sarah Chofakian and Sergio K. were members of these Armenian expelled communities that have resettled in Brazil and to this day they maintain strong connections to the Armenian Brazilian community.

This being said, the background of both Andrea Bogosian and Sarah Chofakian and their ancestors are coming from a textile commerce industry, continuing the Armenian traditional areas of business activity reconnecting with their centuries old traditions of the ancestral homeland, at the same time pointing out their personal histories and brand creation - connecting with the resettlement of Armenians from their homeland following the Armenian Genocide in 1915.

Simultaneously, the similar tradition is seen during the 20th century Armenia, as a part of the Soviet Union (1921-1991). Throughout this period the Armenian production was renowned in supplying luxury products (textile and exclusive alcohol) to the major market in the USSR, which was Russia. Moreover, at the same period, Armenia was the largest shoemaking country within the Soviet Union.
2.6 Country of Origin Effect

With the accelerated rise of globalization, specifically in the end of the 20th century, the notion of COO - Country of Origin, has undergone certain changes. Traditionally, the definition of COO has been limited to the specific country where a product was designed and manufactured (Reierson, 1966), nevertheless with the rise of globalization the production of multinational companies has shifted to the developing world, or to the countries with lower and more competitive production costs, thus outsourcing large portions of production journey. This is particularly applicable to the multinationals operating in the fashion industry, where the operations and production process is geographically dispersed, mostly focusing on the developing countries with low labor costs (ILO, 2014).

This clearly indicates the essence of multinational companies and their global presence. Nowadays it is not uncommon for a multinational company to have its design and production process established in its home country, however having the assembly phase in a completely different country. All of this of course affects the notion of COO, as well as opening up a new space for the COO concept development.

The complex globalized world and the dispersed geography of multinational companies has advanced the concept of COO to so called binational products or hybrid products, identifying products having more than one country of origin (Han & Terpstra, 1988) (Czepiec & Cosmas, 1983). These two terms have consequently evolved to Insch and McBride identify as products of Multinational Country of Origin and indicate 3 main components - country of design, country of parts manufacture and the country of assembly (Insch & McBride, 2004).

Lastly, due the constant evolution of the COO concept, some of the recent authors have identified the COO, strictly as the brand’s country of origin, making it a core concept of the theory (Balabanis & Diamantopoulos, 2011). This particular understanding of the COO concept, although with slight changes will be applicable in this research, having the Brazilian fashion brands - Andrea Bogosian, Sarah Chofakian and Sergio K. In our case we have Brazilian fashion brands, designed and entirely made in Brazil, nevertheless with a connection to another country,
in our case Armenia. This fact undoubtedly shapes the COO concept in a completely other way, where we have to take into consideration the ethnographic and narrow associations of a specific ethnic group within the concept of the COO and applying it in the particular foreign market of expansion, in our case Russia.

2.6.1 Product Attribute

The *product attributes* are the series of leads guiding the consumer in selecting the best alternative for a product purchase. As identified by Olson and Jacoby, these attributes are divided into two types - *intrinsic*, which are directly linked to the physical features of the product (ex. shape, material, etc.) or extrinsic, which are rather intangible in and not related to the physical characteristics (ex. brand, image, etc.) (Olson & Jacoby, 1972).

According to Olson and Jacoby, the purchase decision of the consumers is aggregated from both intrinsic and extrinsic attributes of the product. Below please see the table:

*Table 1. - Examples of Olson & Jacoby attributes guiding purchase intentions*

<table>
<thead>
<tr>
<th>Intrinsic</th>
<th>Extrinsic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shape</td>
<td>Brand</td>
</tr>
<tr>
<td>Material</td>
<td>Reputation</td>
</tr>
<tr>
<td>Color</td>
<td>Price</td>
</tr>
<tr>
<td>Design</td>
<td>Image</td>
</tr>
</tbody>
</table>

Interestingly enough, the extrinsic attributes are very relevant in guiding customer in purchase decision, specifically in case where the customer is unable to identify the intrinsic product attributes, due to lack of information about the product (Newman & Stealin, 1972). This can be very relevant regarding the online purchase of fashion items and brands, where the customer is led by the extrinsic factors, such as the familiarity of the brand, evoking certain associations with the product. In this case, talk about the extrinsic factors leading the purchase decision.
Moreover, the notion of COO is also playing a role of a *product attribute*, shaping the decision of the customer before purchase. In this particular case, the COO would be identified as the extrinsic attribute of the product (Engel, Blackwell, Miniard, 1995).

### 2.6.2 Country of Origin Effect: Developed vs Emerging Country

As identified by Kotler and Gertner, the *country image* (the image of country of origin) is going hand-to-hand with the notion of *brand image* for correspondent country (Kotler & Gertner, 2002). Both of these attributes encompass similar competencies, values, strengths and weaknesses shaping the consumer in creating a consistent assumption, as well as expectation regarding the quality of the product. All of these assumptions and further expectations are based on the previous customer experiences, which were built throughout the process of purchasing the product from a specific country. Combining the past experiences with the other variables, such as extrinsic attributes of the product the consumer creates an overall brand image of the country (Karunanratna & Crouch, 2016).

Taking this into consideration, the COO becomes a very important factor for any new and unknown brand trying to internationalize to new markets, thus becoming a crucial element in the consumer purchase decision (Karunanratna & Crouch, 2016). In this context, the evident advantage lays on the products having the COO originating in the developed markets, rather than developing ones - the consumers from the developing markets usually perceive products from developed COO, as with higher quality and prestige, and contrary, the consumers from the developed countries tend to perceive the products from the developing COO to have a lower quality. Nevertheless, the products of the similar COO (being both from developing or developed) countries are perceived with a certain level of familiarity regarding the quality of the product (Gurhan-Canli & Maheswaran, 2000) (Hoffmann, 2014).

The Country Brand Index (2014-2015) developed by FutureBrand consultancy, helps us to further understand the relationship between the COO effect and the countries of developing and
developed world. The index is generated studying the countries of the world comparing it to the country’s brands, where countries are ranked following the *experience dimension* (x-axis) - associated with the “Culture, History, Tourism and ‘Made in’” attributes and the *purpose dimension* (y-axis) - associated with the attributes such “Business Potential, Value System and Quality of Life”. The following figure summarizes country rankings in matrix.

![Country Brand Ranking Matrix](image)

*Figure 1. - Country Brand Ranking Matrix. Country Brand Index (2014)*

The figure above shows us in a more detailed way the positioning of the 75 countries surveyed by FutureBrand. The country score is generated by the *Average Experience Score* and the *Average Purpose Score* - where the countries having the highest score (achieving high score in both dimensions) are positioned in the top right corner of the matrix as *Country Brands*. The companies coming from the *Country Brands* segment are more likely to be perceived with a higher quality and being more likely to purchased, overall having an edge over the companies coming from the other segments. (Country Brand Index, 2014).
As we can see in the graph, the majority of the top 10 countries are all from developed markets, more specifically from Europe. The highest ranked countries include: Japan (1), Switzerland (2), Germany (3), Sweden (4), Canada (5), Norway (6), United States (7), Australia (8), Denmark (9), Austria (10). Regarding the above mentioned research, Brazil (highlighted in red) has been positioned on the 43th position, significantly lagging in comparison to the developed countries.

Moreover, based on the multiple studies of more than 40 countries conducted by Verlegh and Steenkamp (1999) centered on a deep comparison between COO effect of developed and developing countries, the products from the developing country of origin are generally perceived more negatively than those from the developed ones. This idea is further analysed and confirmed by Koschate-Ficher, Diamantopoulos and Oldenkotte (2012), where the central concept is evolved around the consumer spending habits related to the COO. The latter research indicates that the customers are more likely to spend money on the products coming from countries that have a higher image or status, identifying this with higher reliability and quality of the product.

Based on the discussion above the following proposition has been developed.

Proposition 2. : The Russian consumers are more likely to consume products with the label “Made in Armenia” than “Made in Brazil”.

2.6.3 Country Image

Although the ‘Made in Brazil’ label scores 43 points out of 100 available in the global ranking (Statista, 2017), it still is ranked number 9, after the 8 main luxury product producing/owning countries. Using the Uppsala model of familiarity and psychic distance, the Armenian connection may leverage the entrance of these Brazilian premium brands to the Russian market, reconnecting with the luxury associations. Moreover, all of the above mentioned brands have a recognizable Armenian trait, mainly using the Armenian last name in their brand, making the Armenian connection highly recognizable not only for an Armenian consumer, but also the Russian one.
2.7 *Categorization theory*

Additionally, another important framework related to this research is connected to the ability of the buyer (consumer) to clearly distinguish the country of origin of the product, known as *categorization theory* (Lee & Ganesh, 1999).

The focus of the analysis of this theory is centered around the capability of the consumers correctly identifying the COO of product (or brand) and in case of a wrong assessment, identify the extent of its effect on the consumer behavior.

Based on the categorization theory, there are 3 possible outcomes (Balabanis & Diamantopoulos, 2011):

1. The correct identification of the COO
2. The incorrect identification of the COO
3. Inability to identify the COO

Firstly, the correct identification of the COO can influence the consumer in both positive, as well as negative, determined by the image and the associations that of the country image, related to a particular product (or brand) (Balabanis & Diamantopoulos, 2011).

Secondly, the incorrect identification of the COO, can again influence the consumer in both positive, but also the negative way. An example may include a situation when the evaluations of the COO can be influenced due to an incorrect country association, which can result in a final purchase decision that otherwise would not have happened, in case the COO was identified correctly (Balabanis & Diamantopoulos, 2011). Similarly, the incorrect association of COO may be also useful for a particular product (or brand), if the perceived COO is of a higher and better image for the consumer than the correct identification of COO. Interestingly enough, although the wrong COO identification may happen unintentionally, the incorrect COO association may be deliberately and strategically used by the company, with an intention of misguide the
consumer from the original COO, which might be negatively perceived, in order to ensure a better acceptance in the particular market (Balabanis & Diamantopoulos, 2011).

Lastly, there might occur a situation where the consumer is incapable of identifying the COO of a product (or brand). Usually, this situation might happen in case where the consumer has not enough cues and leads that indicate the COO, made deliberately or by the company to conceal the real COO (Balabanis & Diamantopoulos, 2011) (Zhou, Yang, Hui, 2010). According to Balabanis and Diamantopoulos and based on their research, it is preferable to have the COO categorization of the product (or brand) by the consumer itself, as even the wrong categorization will most likely to influence more significantly the consumer’s purchase behavior.

Table 2. - Examples of 3 possible outcomes in Categorization Theory. Balabanis & Diamantopoulos (2011)

<table>
<thead>
<tr>
<th>Outcome #1</th>
<th>Outcome #2</th>
<th>Outcome #3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correct COO Identification</td>
<td>Incorrect COO Identification</td>
<td>Unable to Identify COO</td>
</tr>
<tr>
<td>Brand</td>
<td>COO</td>
<td>Brand</td>
</tr>
<tr>
<td>Gucci</td>
<td>Italy</td>
<td>Moncler</td>
</tr>
<tr>
<td>Brioni</td>
<td>Italy</td>
<td>Balenciaga</td>
</tr>
<tr>
<td>Chanel</td>
<td>France</td>
<td>Oscar de la Renta</td>
</tr>
<tr>
<td>Bally</td>
<td>Switzerland</td>
<td>Carolina Herrera</td>
</tr>
<tr>
<td>C. Louboutin</td>
<td>France</td>
<td>Sarah Chofakian</td>
</tr>
<tr>
<td>Andrea Bogosian</td>
<td>Brazil</td>
<td>Sergio K.</td>
</tr>
</tbody>
</table>

In our research we want to find out the potential consumer purchase behavior for the Brazilian-Armenian fashion brands - Andrea Bogosian, Sarah Chofakian, Sergio K. For that reason, we will be adding a specific scenario on our research, asking a potential consumers to identify the COO of the above mentioned brands, without giving them a prior cue or a lead. These results will be compared with a scenario, where the consumers are told about the COO of the brand, measuring the influence of COO on consumer behavior.
The discussion has led us into the development of a proposition.

Proposition 3.: The Russian consumers will not be able to correctly identify the COO of Andrea Bogosian, Sarah Chofakian and Sergio K. brands.

**Measuring the COO effect**

The measurement of the COO effect can be conducted using the direct and indirect evaluations and analysis.

The direct evaluation can be conducted using particular questions related to the importance that consumer lays on the country where the product was produced (D’Astous & Ahmed, 1999). The indirect evaluations are rather based on experiments, where the consumer is presented a series of cues or leads (product attributes), that consequently measure the impact of COO in the product assessment (Verlegh & Steenkamp, 1999). In such scenario the products placed in the experiment remain the same, only differing in their COO, which finally allow to cogitate regarding the COO effect.

**2.8 Uppsala Model of Internationalization**

Many researchers have been attempting to fully explain the internationalization of companies. Among the most used internationalization concepts is the Uppsala model (also called as Nordic model, internationalization mode, stages model or chain of establishment model) developed by Johanson and Vahlne (1977). Johanson and Vahlne have developed this model, while observing the Nordic model of international expansion of the manufacturing companies. Their research have found out that the companies increase their commitment in particular markets in order to gain more information about the market and hence minimizing the risks that are associated with the expansion. This exact increase in the commitment is conditioned and influenced by the previous experience, as well as the current market activities of the company (Johanson & Vahlne, 1977).
The Uppsala model itself has 2 main pillars - *market knowledge* and *market commitment*. Regarding the market knowledge, the Uppsala model perceives that it can be only obtained by having a physical presence in the market, using the so called approach - *learning by doing*. Consequently, as the market knowledge increases, the market commitment increases as well, deciding the speed of the process, selection of the market and the particular entry mode (Johanson & Vahlne, 1977). In relation to the speed, when a company has a low knowledge of the market, the company’s internationalization pace will also be slow and gradual and vice versa - when the market knowledge is high, the internationalization speed increase. This also applies to the market selection for the expansion, which is also influenced by the knowledge of the new market. While having a low market knowledge, the companies tend to select markets with lowest expansion risk, markets similar to the home market. In the same manner, when the new market knowledge is low, the markets with the lower risk will be chosen for internationalization and consequently by obtaining experimental knowledge the company will increase its commitment in the market (Childs & Jin, 2017).

Essentially, the companies will choose and are looking for expanding countries that are close, geographically, economically and culturally to their home market, due to low market knowledge and consequently will gradually expand to countries that are more distant. The expansion to the new markets and the new market knowledge is directly linked with the mode of expansion that the company chooses. For example, licensing and franchising would be performed for a low market knowledge country, then consequently moving to joint ventures or fully owned subsidiaries when the market knowledge increases, causing to choose the following modes due to increase in commitment.
3. Methodology

3.1 Type of Methodology

For the purpose of this thesis paper, taking into consideration the topic and the scope of the actual research, the *ethnographic qualitative research* method was selected. The ethnographic qualitative research will enable to more deeply understand the goals, cultures, challenges, motivations and other themes that merge.

Ethnography itself also has its roots in cultural anthropology, which is a foundation of consumer behavior, as well as brand/product perception, which is a topic very fundamental for this particular research.

3.2 Research Locus and Tempus

Research itself is divided between secondary and primary data collection. Secondary data is being collected in the initial stage of the research with the assistance of the thesis supervisor. Primary research itself has two components - firstly, face to face interviews with the owner or high rank managers of the Brazilian-Armenian fashion brands, taking place in Sao Paulo; and secondly, a survey style questionnaire distributed to the luxury buyer segment in Russia, taking place in the main luxury industry market of Russia, Moscow - more specifically in the GUM and TSUM high end shopping malls.

Interviewees will include the owners or high rank managers of the following Brazilian-Armenian brands - Andrea Bogosian, Sarah Chofakian and Sergio K.

Secondary data shall be collected in the initial stage of the research, simultaneously the face to face interviews conducted by the end of the calendar year 2017. The survey style questionnaire shall be distributed in the spring of 2018.
3.3 **Data Collection**

3.3.a Secondary Data

Secondary data will be most importantly used in the first part of the research paper, thus being a solid foundation for the analysis of the Russian luxury market, overall analysis of Brazilian luxury fashion industry and its export capacities, as well as for the economic impact of politically motivated sanctions imposed by the EU and its effect on the luxury industry and perception of western-luxury fashion brands. Sources of secondary data include scholarly articles from different research databases that will be consequently carefully analysed and applied to various theories.

3.3.b Primary Data

Primary data will be collected using two main methods, both providing qualitative data. Firstly, it will be face-to-face interviews conducted with the owners or high ranked managers of the Brazilian-Armenian brands. Secondly, it will be a survey style questionnaire distributed to the particular high-end fashion clientele and economic class A in Russia.

3.4 **Data Analysis**

3.4.a Interviews

Face to face interviews with the owners and the managers of the above mentioned brands play a pivotal role in understanding and further analyzing their expansion intentions. In every set of the interview questions there will be core questions that will remain the same regardless of the interviewee, however there will be also specific questions regarding each particular brand. Some of the brands are already engaged in exportation of their products, hence completely unified set of questions would not be suitable. Moreover, each of these brands operates in different industries within a broader notion of fashion (Sarah Chofakian - shoes; Andrea Bogosian, Sergio K. - shoes and clothes). Regarding the structures of the questions, an open-end type of questions would be preferred, therefore allowing the interviewees to elaborate on particular aspects of their production and expansion plans, thus allowing us to gather a valuable information.
3.4.b Surveys

The main objectives of the survey is multidimensional targeted both at the Russian luxury clientele and secondly on the Russian-Armenian luxury clientele, which plays a significant role in the major Russian cities.

Firstly, the fundamental point would be to understand and gather data about the perception of Russian luxury market clientele regarding the label ‘Made in Brazil’, when it came to fashion and apparel as a whole. Another key point that the survey will attempt to gather data on, will be the perception of the evident Armenian heritage/connection, which each of the analyzed brands has, further assuming that these brands will have low psychic distance to the Russian market. Questionnaire will also have included a visual material, such as photos of some fashion pieces, in the beginning of the questionnaire, simply getting impressions from the participants.

The main hot spots for conducting this type of the questionnaires are the shopping malls carrying luxury brands, with an assumption that these malls will have higher concentration of luxury product consumers. For that reason, 2 major luxury shopping malls were selected, located in Moscow (which accounts to more than 75% of Russian luxury market) - GUM Shopping Center and TSUM Mall. The questionnaire is expected to be presented personally to the participants at the selected malls, where the questioner stays with the participants and the answers are filled in under the questioners supervision.

3.5 Verification

The internal qualitative validity is shaped around these three core principles - trustworthiness, authenticity and credibility.

Method of validational triangulation shall be used to validate our results. Triangulation combines the results from the sources and applying it for justification of business models and themes applied in the paper.

Moreover, certain aspects of primary research will be there as a support base to in validating the secondary research outcomes, thus eliminating the bias in the paper.
Another very important factor would be the narrator’s, writer’s bias, which is always accompanied regardless the nature of the paper, hence it is very important to be engaged in a self-reflection process. Each narrator has its own biases regardless he/she perceives it or not, based on the cultural background, upbringing, history and socioeconomic origin.
4. Discussion of Results

This section deals with presentation of our findings and the analysis of our empirical research. The section will commence with the overall descriptive analysis of our pool of respondents, further moving into the penta dimensional (Design, Quality, Price, Reputation and Purchase Intention) analysis of the survey results, where all three brands - Andrea Bogosian, Sarah Chofakian and Sergio K., were grouped together in order to receive an overall perception of the products. We will proceed with the analysis of differences in assessment and evaluation of our brands based on 3 scenarios, presenting the respondent with three different COO for our brands, thus analyzing these results and implications. Furthermore, we will focus on the analysis of additional questions presented in the survey in order to have a complete understanding of the consumer perception of COO Brazil and COO Armenia, as well as measuring the responsiveness of the Russian consumer to political events and their effect on purchase of products based on COO.

Furthermore we will analyze the responses from the interviews with company employees, analyzing the companies’ intention in terms of their internationalization aspect.

4.1 Respondent’s background

The total number of respondents surveyed was 147, surveyed in the two major high end shopping malls of Moscow - TSUM and GUM, with 73 and 74 respondents respectively. Out of the survey respondents 84 were female (57%) and 63 were male (43%), showing a slight imbalance in terms of gender participation. The educational background of the sample is composed with individuals with No University degree - 23 respondents (16%), Bachelor’s degree - 47 respondents (32%), Master’s degree - 68 respondents (46%), Phd. or Doc. - 9 respondents (6%) (Figure 2.).
As it was expected, the majority of respondents are over the age of 45 and the rest pretty much evenly distributed across the following 4 age groups; between 18-24 years old 16 respondents (11%), between 24-35 years old 31 respondents (21%), between 35-45 years old 39 respondents (27%) and 45 and above 61 respondents (41%). From our sample it is evident that almost 70% of randomly selected respondents are over the age of 35, thus based of this fact we can logically observe that the majority of the luxury segment consumers are generally above the 35 years of age.
The multiethnic and multicultural essence of Russia, clearly reflects also on the ethnic background of our respondents. Almost the half of respondents (71 respondents) has responded to have a Russian background, following Armenians (24 respondents), Jewish (20 respondents), Azerbaijani (11 respondents), Chinese (7 respondents), Chechen (4 respondents), Kazakh (2 respondents) and 8 people did not disclose their ethnic/national belonging. From the survey we cannot identify, who out of these respondents are Russian residents or who are just tourists, nevertheless all these nations have significant communities in Russia, thus for the purpose of this research we consider all of the respondents as permanent residents of Russia. Interestingly enough, the second largest nation appearing in the survey are the Armenians, who have a large presence in Moscow, as well as other regions of Russia (2 million), being an important aspect for our research and the Armenian/Brazilian brands attempting to expand into the Russian market. Below, see the visualization of ethnic background of the respondents.

*Graph 1. - Ethnic background of respondents.*
### 4.2 Survey Results

In order to better evaluate the survey results, please see the table below, which summarizes the gathered data.

*Table. 3 - Survey results.*

*Note: The scale of the responses ranges from 1 - 10, with 1 being the lowest and 10 the highest score.*

<table>
<thead>
<tr>
<th>Question</th>
<th>Group 1</th>
<th>Group 2</th>
<th>Group 3</th>
<th>Overall Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q8</td>
<td>Please indicate your overall reaction regarding brands mentioned above:</td>
<td>6.56</td>
<td>7.31</td>
<td>7.56</td>
</tr>
<tr>
<td>Q9</td>
<td>How would you classify the workmanship applied to the products of the following brands?</td>
<td>6.75</td>
<td>6.86</td>
<td>8.45</td>
</tr>
<tr>
<td>Q10</td>
<td>How would you classify the fashionability aspect of the following brands? Please rate</td>
<td>6.83</td>
<td>6.95</td>
<td>8.14</td>
</tr>
<tr>
<td>Q11</td>
<td>The design aspect of the following products: Based on the information provided please classify the products segment:</td>
<td>7.15</td>
<td>6.82</td>
<td>7.97</td>
</tr>
<tr>
<td>Q12</td>
<td>I believe that the products of these following brands are rather:</td>
<td>7.27</td>
<td>7.84</td>
<td>8.21</td>
</tr>
<tr>
<td>Q13</td>
<td>I believe that the pricing adequately corresponds the product and the brand:</td>
<td>4.96</td>
<td>3.61</td>
<td>4.58</td>
</tr>
<tr>
<td>Q14</td>
<td>Please rate the prestige of the above mentioned brands and their products:</td>
<td>4.80</td>
<td>4.94</td>
<td>5.06</td>
</tr>
<tr>
<td>Q15</td>
<td>If you have to make an assumption, in your opinion what would these brands reputation in their country of origin? After obtaining more information regarding</td>
<td>7.14</td>
<td>7.44</td>
<td>7.72</td>
</tr>
<tr>
<td>Q16</td>
<td>these brands, are you more prone or interested in them? Indicate the likelihood of product purchase</td>
<td>8.48</td>
<td>8.86</td>
<td>9.25</td>
</tr>
<tr>
<td>Q17</td>
<td>from following brands, if they were currently available in Russia: Sample</td>
<td>6.89</td>
<td>7.15</td>
<td>7.23</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50</td>
<td>47</td>
<td>50</td>
</tr>
</tbody>
</table>
The table above depicts the overall results based on 11 survey questions (Q8 - Q19) (Appendix B, C, D), measuring the consumer perception of Brazilian-Armenian brands (Andrea Bogosian, Sarah Chofakian and Sergio K.) based pre-indicated COO (Group 1, Group 2, Group 3). Furthermore, the overall average was aggregated per each question, combining all three group results, serving as a comparison guideline for each group. The questions were designed in such a way that each of them corresponds to a specific dimension evaluating the consumer perception per each sample group. Questions Q8 and Q9 are evaluating the consumer perception in the context of quality dimension, Q10 to Q12 in the context overall design, Q13 and Q14 evaluate and depict the consumers’ insights regarding the reputation dimension, Q15 and Q16 evaluate the reputation dimension and Q17 and Q18.

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design</td>
<td>Q8, Q9</td>
</tr>
<tr>
<td>Quality</td>
<td>Q10, Q11, Q12</td>
</tr>
<tr>
<td>Price</td>
<td>Q13, Q14</td>
</tr>
<tr>
<td>Reputation</td>
<td>Q15, Q16</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>Q17, Q18</td>
</tr>
</tbody>
</table>

*Table. 4 - Dimensions and the corresponding survey questions*

The chart below, visualizes the data gathered and presented in the Table 3, allowing us to better analyze and observe the collected data, visualizing the overall trend in a comparative way.

*Graph 2. - Survey results visualized in a line chart.*
As we can see in the Graph 2., the overall scores across the all 3 groups for our three brands are showing a positive results, mostly above the value of 5 (our scale range: 1-10). We can say that in general, across the all age groups, as well as the both locations: GUM and TSUM malls, the products are evaluated positively, except the price dimension (corresponding to questions Q14 and Q14) performing slightly lower than 5. Observing the chart, we can evidently say that the results from all three groups are following a similar pattern, however with certain differences in the scores. Although the data do not present a great or significant discrepancy between the data gather from all 3 groups, the highest score has been recorded with the Group 3, with undisclosed COO, following my Group 2 - COO Armenia, and lastly Group 1 - COO Brazil, which jumps ahead of Group 2 only in two questions - Q11 and Q13. The Overall Average line, helps us to baseline the results, being a guiding line in comparative analysis between all three groups.

Moreover, the total results per each dimension (in total 5 dimensions) were aggregated and calculated the average value for each dimension per group, in order to have a complete dimension based picture of our data (Table. 5)

Table 5 - Aggregated dimension based results from the survey

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Group 1</th>
<th>Group 2</th>
<th>Group 3</th>
<th>Overall Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>COO - Brazil</td>
<td>6.66</td>
<td>7.09</td>
<td>8.01</td>
</tr>
<tr>
<td>Design</td>
<td>COO - Armenia</td>
<td>7.08</td>
<td>7.20</td>
<td>8.11</td>
</tr>
<tr>
<td>Price</td>
<td>COO - Undisclosed</td>
<td>4.88</td>
<td>4.28</td>
<td>4.82</td>
</tr>
<tr>
<td>Reputation</td>
<td>COO - Undisclosed</td>
<td>7.81</td>
<td>8.15</td>
<td>8.49</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>COO - Brazil</td>
<td>6.94</td>
<td>7.13</td>
<td>7.29</td>
</tr>
</tbody>
</table>

Below, please see the visualization of the summary of dimension-based data in a chart, helping us better interpret the gathered data.
The following chart presents us clearly the score differences per each group, based on 5 dimensions (4 product based dimensions and 1 purchase intention dimension).

Here again, we can observe that the Group 3 - COO Undisclosed, has evidently higher average score quality, design and reputation dimensions, than Groups 1 and 2. The pattern of quality, design, reputation and purchase intention dimensions remains similar with Group 3 scoring the highest performance, following Group 2 and Group 1. Interestingly enough, in the price dimension, Group 1 - COO Brazil is outperforming both Group 2 and 3, with Group 1 scoring 4.88, following by Group 3 - 4.82 and Group 2 - 4.28.

Alternatively, we can visualize the data using the radar chart. We can observe that majority of the data is clustered between the values 5 - 8, except the price dimension that significantly lower, between 3 and 4.
From the radar chart above we can conclude that Group 3 (COO Undisclosed) is far ahead of Group 1 and 2, in design and quality dimensions, leading the Group 3 to have, although not significantly, but still higher purchase intention in comparison to the other groups.

From the interviews conducted with the company representatives of all three brands - Andrea Bogosian, Sarah Chofakian and Sergio K. we have gathered an interesting insights regarding companies current internationalization plans, their approach for the expansion to the developing markets, primarily to Russia, as well as their opinion in respect to the perception of “Made in Brazil” label globally, and in Russia particularly.
Table 6. - Interview Findings. From Author.

<table>
<thead>
<tr>
<th>Brands</th>
<th>Already Internationalized</th>
<th>Consider Internationalization important</th>
<th>Consider Russia a potential market</th>
<th>Importance of politics on internat. (scale 1-10)</th>
<th>Perception of Made in Brazil (scale 1-10)</th>
<th>Perception of Made in Brazil in Russia (scale 1-10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrea Bogosian</td>
<td>Yes (Online Channel)</td>
<td>Yes</td>
<td>No</td>
<td>4</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Sarah Chofakian</td>
<td>Yes (Online Channel)</td>
<td>Yes</td>
<td>No</td>
<td>5</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Sergio K.</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>5</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>

The table above, shows the major findings gathered during the interviews with the company representatives. Two out of three brands analyzed have been already engaged in the process of internationalization - Andrea Bogosian and Sarah Chofakian. Both brands are selling globally using the website Farfetch.com, which sells the product directly to the consumer. Furthermore, all of the brands have expressed that internationalization is increasingly important for the company growth, however described the desired markets as those in the developing countries - bringing examples of Italy, United States, United Kingdom and Italy. Interestingly enough, none of the companies has considered Russia as a potential destination for their product sales. As we can see in the table, all of the companies have expressed an average importance of the political situation as a factor for internationalization. Similarly, are the values for the COO Brazil perception globally, as well as in Russia, being on average 5.67 and 5 respectively (scale 1-10).
4.3 Proposition Outcomes

Based on the previous research, we have been able to develop following propositions:

Proposition 1. : The Russian consumers are more likely to buy non-western luxury goods, substituting them by new luxury brands from the emerging markets.

Proposition 2. : The Russian consumers are more likely to consume products with the label “Made in Armenia” than “Made in Brazil”.

Proposition 3. : The Russian consumers will not be able to correctly identify the COO of Andrea Bogosian, Sarah Chofakian and Sergio K. brands.

Although, the data shows that the political relationship between the countries plays an important role in COO perception and consequently the purchase intention, scoring a high 7.74 average across the all three groups, however it does not shift the Russian consumers to seek an luxury goods alternatives from the developing countries.

As we can observe in the Figure. 5, out of the three sample groups, the Group 3 - with the undisclosed COO, scores notably higher than the Group 1 and 2. We have asked the respondents to identify the COO of these brands, based on the information provided and the overall perception. Given the design of our survey, the Group 3 respondents were firstly asked questions regarding the importance of politics in their purchase decisions, perceptions regarding the labels “Made in Brazil” and “Made in Armenia”, as well as to identify based on the provided information the COO’s of our three brands. With Andrea Bogosian and Sarah Chofakian, being overwhelmingly “identified” as brands with COO Armenia, Sergio K. has been on the other hand identified with COO Italy - a traditional western luxury fashion producing country, as well as a party in the sanctions against Russia. Consequently, after identifying the Sergio K. as an Italian brand, it would undoubtedly affect negatively the overall performance of the Group 3, in the
following penta dimensional survey. Therefore, we have to reject the initial proposition based on Ursa that the political situation, in this case the sanctions against Russia, shift of consumer choice from the western COO brands.

In order to test the Proposition 2., the t-test has been conducted, on the basis of average values of penta-dimensional data that has been gathered through our survey. T-test helps us to assess whether we have statistically different results between the Group 1 (COO Brazil) and Group 2 (COO Armenia), for two independent group samples.

Based on the conducted t-test, we have found out that there are no statistically significant differences between the Group 1 and Group 2. The two-tailed P value equals 0.1091 with Group 1 having SD - 1.089 and Group 2, SD - 1.459 respectively.

*Table 7. - COO Perception and Politics. (scale 1-10) From Author.*

<table>
<thead>
<tr>
<th></th>
<th>Group 1</th>
<th>Group 2</th>
<th>Group 3</th>
<th>Overall Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Importance of COO in purchasing process</td>
<td>COO Brazil 8.63</td>
<td>COO Armenia 8.15</td>
<td>COO Undisclosed 8.33</td>
</tr>
<tr>
<td>Q2</td>
<td>Perception of 'Made in Brazil'</td>
<td>7.16</td>
<td>7.38</td>
<td>6.81</td>
</tr>
<tr>
<td>Q4</td>
<td>Perception of 'Made in Armenia'</td>
<td>7.88</td>
<td>8.21</td>
<td>8.32</td>
</tr>
<tr>
<td>Q7</td>
<td>Effect of politics in purchase decision</td>
<td>7.55</td>
<td>7.89</td>
<td>7.78</td>
</tr>
</tbody>
</table>

Nevertheless, in order to fully understand the picture, results from the survey, specifically Q2 and Q4 were analyzed, directly dealing with the perception of COO Armenia and COO Brazil. As we can see the perception of “Made in Brazil” is performing lower than “Made in Armenia” in both of samples Group 1 and Group 2, scoring 7.16 and 7.38 in comparison to COO Armenia having a higher score, 7.88 and 8.21 respectively. This result supports the claim that the Russian consumers are more likely to consume products “Made in Armenia” rather than “Made in Brazil”, thus confirming the Proposition 2.
Table 8. - COO Product Associations - Most mentioned products. From Author.

<table>
<thead>
<tr>
<th>COO Product Associations</th>
<th>Made in Brazil</th>
<th>Made in Armenia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>Cognac (Brandy)</td>
<td>Shoes</td>
</tr>
<tr>
<td>Shoes</td>
<td>Wine</td>
<td>Meat</td>
</tr>
<tr>
<td>Food Products</td>
<td>Apparel (General)</td>
<td>Food Products</td>
</tr>
<tr>
<td>Bikini</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We have additionally found out that there are certain shared associations of products for both label ‘Made in Brazil’, as well as ‘Made in Armenia’. The questions Q3 and Q5 of the survey deal with the specific product associations for both COOs. The respondents were asked to name any product that they associate with the particular country origin, Brazil and Armenia. The results you can see in Table 8., the top five most recurring answers were selected - for COO Brasil - sugar, shoes, meat, food products and bikini and for COO Armenia - cognac (brandy), wine, shoes, apparel and food products. While observing these results, it becomes evident that the Russian consumer primarily associates the ‘Made in Armenia’ label with more expensive and luxury products, including the renowned Armenian cognac, as well as the wine. On the other hand, we can also spot similarities in product associations for both Brazil and Armenia - in both groups items such shoes or apparel were selected, highlighting the awareness of the Russian consumer regarding Brazilian, as well Armenian fashion items.

Another interesting finding is the fact that the “Made in Armenia” value would have been much higher than in the table above. This is directly linked with the ethnic participation of our sample. Out of the overall sample of respondents, 11 were of an Azerbaijani descent with scoring below the average on Q4. This is due to ongoing ethnic and political issues between the two countries.

Data gathered exclusively from the Group 3 (COO Undisclosed, Survey question Q6), regarding the perception of COO for each of our brands (Andrea Bogosian, Sarah Chofakian, Sergio K.) has revealed interesting findings. Below, please see the COO association graphs for each brand.
Graph 3. Country of Origin Association, Group 3 - Andrea Bogosian

Graph 4. Country of Origin Association, Group 3 - Sarah Chofakian
As we can see, in the graphs depicting the country associations per brand, it is clearly visible that none of the brands has been identified with a correct COO, respectively Brazil. Only 3 respondents (6%) have correctly identified Sarah Chofakian as a Brazilian brand, this may be perhaps attributed to relatively strong and old presence of Sarah Chofakian on the fashion ecommerce website Farfetch.com.

Both Andrea Bogosian and Sarah Chofakian, have been heavily linked to the COO Armenia, due to characteristic last name ending with ‘-ian’, an Armenian suffix for every last name (ex. Kardashian, Petrosian), thus emphasizing the Armenian factor in each of the brand. Due to large Armenian ethnic presence in Moscow and generally in Russia, the respondents had no major issue classifying these 2 brands as mostly associated with COO Armenia.

The situation completely different with the brand Sergio K., where more than a half of the respondents has categorized Sergio K. as an Italian brand, following by Spain, France, Portugal, Argentina and Mexico. It is evident that this complete change association is due to the fact that the consumer was not able to identify the Armenian link, as it was with previous two brands. Sergio K., stands for Sergio Kamalakian, which was not disclosed to the respondents, hence the respondents have made associations with a Latin name Sergio. We can contemplate that the
results here would have been closer to the first to brands, in case of disclosing the additional information about the brand. Nevertheless, in any scenario given the analysis provided, we can state that potential consumers were unable to correctly identify the correct COO for the above mentioned brands, thus accepting our Proposition 3.

<table>
<thead>
<tr>
<th>Proposition 1.</th>
<th>The Russian consumers are more likely to buy non-western luxury goods, substituting them by new luxury brands from the emerging markets.</th>
<th>Rejected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposition 2.</td>
<td>The Russian consumers are more likely to consume products with the label “Made in Armenia” than “Made in Brazil”.</td>
<td>Accepted</td>
</tr>
<tr>
<td>Proposition 3.</td>
<td>The Russian consumers will not be able to correctly identify the COO of Andrea Bogosian, Sarah Chofakian and Sergio K. brands.</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
5. Conclusion

The purpose of this paper was to understand the potential of Brazilian/Armenian luxury fashion brands in the Russian market, more specifically the following brands - Andrea Bogosian, Sarah Chofakian and Sergio K. In order to understand the potential of these luxury brands in the Russian market and its prospects for internationalization, we have focused on one of the most studied concept in marketing, which is the concept of the Country of Origin. The thorough research combined with the knowledge obtained during the interviews about the our above mentioned has culminated in the development of three propositions, which consequently we were able to test, using the empirical data obtained through the survey’s, as well as the interviews with the company representatives.

In our empirical research conducted using surveys in two different high-end shopping locations in Moscow, we have found out that COO of a product or a brand strongly affects the consumer perception of the product and its purchase intention. We have also discovered that the brands were performing more positively when the COO was undisclosed and left for the respondent to determine the country of origin of the brands using the clues and a short background information. Based on our empirical research, we have found out that when it comes to the consumer perception of COO, “Made in Armenia” is positioned higher than the label “Made in Brazil”, which indeed is something that our three brands can potentially leverage in the Russian market.

The research also shows that the respondents were unable to correctly categorize the brands to their correspondent COOs, with only a small fraction of respondents managing to correctly classify Sarah Chofakian, as a Brazilian brand. Nevertheless, Andrea Bogosian and Sarah Chofakian, as we have been expecting, have been very strongly identified with Armenia being the brands’ COO, which of course adds into the complexity of the COO concept. Since the products “Made in Armenia” are performing more positively than the products “Made in Brazil”, in Russia, this might be an interesting approach in marketing these brands in the Russian market, diverting deliberately from the COO of Brazil and focusing on labeling the products with an emphasized Armenian connection, profiting from the stronger position of “Made in Armenia”
label in Russia. It is also worth to mention that except Armenia being identified as the COO of the brands, the vast majority of the other countries identified were almost exclusively developed countries.

Furthermore, our study was unable to confirm the notion that the political situation among the countries, in this respect the tense situation between Russia and the West and the sanctions imposed on Russia, affect the consumer to divert from purchasing the western luxury products and substituting them with either local produce or of the alternative markets. On the contrary, our research has shown that although the politics plays an important role in an individual's purchasing decisions, the high end luxury market is still perceived as a domain of developed countries. Exactly, in the context of this research it was very interesting to see how luxury brands from one developing country are perceived in a large developing market. Consequently, we believe that the frameworks used in this study, including the penta dimensional analysis, COO concept, categorization theory be applicable in the future for other Brazilian fashion brands attempting to internationalize.

As a downside of this study, we can identify the size of the sample, which was rather modest, as well as convenience sampling method, which is prone to a possible bias in data gathering process. Furthermore, the potential of high number of ‘window-shopper’ in our sample also adds to the limitations of this study.

Suggestions for the further research would include the analysis of particular modes of expansion for the three analyzed brands specifically into the Russian market, taking into consideration the specifics of the Country of Origin concepts and its perception for Russian consumers, which were explored in this research.
6. References


Gerasimenko, V., Ochkovskaya, M., Rybalko M., (2013) *Factors Affecting a Brand's Perception in Russia*, Moscow State Lomonosov University


Appendix A

FGV EAESP - MPGI Intensive Track

Student: Grant Allen Babayan

Questions for the company representatives:

1. Could you please briefly introduce the company history and the business model on which the company operates?

2. Were you ever thinking to internationalize your company’s operations? (expanding abroad in any given form). If yes, please mention the main reasons; if no, please mention the main reasons.

3. Has the company ever been approached by a foreign import company, retail group or any other entity for importing your goods into their particular market(s)?

4. If expanding to which countries would you (or have you) expand the company’s operations and how would be the primary markets selected? (What criteria taken into consideration?)

5. Have you ever considered any country of BRIC (except Brazil) for your company’s expansion?
6. Was there ever any consideration for the Russian market, as an identified market for the company’s expansion?

7. What would be your preferred mode of expansion? (Please include all the modes in which the company has already expanded abroad)

8. What would be perhaps the biggest pros and cons of such expansion? (Please refer in the context of particular country). If no, please mention the reasons for such decision.

9. On the scale 1 to 10, how important is the foreign country’s global political situation an important aspect determining the decision for company’s expansion? (Please elaborate on your answer)

10. On the scale 1 to 10, how important is the foreign country’s luxury market competition an important aspect determining the decision for company’s expansion? (Please elaborate on your answer)

11. On the scale 1 to 10, what is in your opinion the perception of a “Made in Brazil” product in relation to fashion industry on a global scale?

12. On the scale 1 to 10, what is in your opinion the perception of a “Made in Brazil” product in relation to fashion industry in Russian market?
Appendix B - Survey: Luxury buyers in Russia (Group 1)

FGV EAESP - MPGI Intensive Track

Student: Grant Allen Babayan

Part A - Background Information

1. Please indicate your gender:
   a. Male
   b. Female

2. Please indicate your age group:
   a. 18 - 24
   b. 24 - 35
   c. 35 - 45
   d. 45 +

3. Please indicate your nationality:

   ...........................................

4. Please indicate the highest education level achieved:
   a. No university degree
   b. Bachelor’s degree
   c. Master’s degree
   d. Phd. or Doc.
Part B - Brand logos

Sarah Chofakian

ANDREA BOGOSIAN

SERGIO K.

The following research deals with the above mentioned high-end luxury Brazilian brands interested in expanding to the Russian market. All three of the following brands are fashionable and highly distinguished in their home countries. For the purpose of this research, the country of origin of the following brands will not be disclosed.

Brand Sarah Chofakian is a high-end female shoes and accessories brand, Andrea Bogosian is a luxury female clothing, as well as shoes brand and Sergio K. is a high-end male clothing and shoes brand.

Part C - Product Mix

Sarah Chofakian
Part D - Survey

Scale Identification

<table>
<thead>
<tr>
<th>Negative</th>
<th>Positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
</tbody>
</table>

1. During the buying process of luxury good, how much importance do you give to the country of origin of the product?

   not important | very important

   | 1 2 3 4 5 6 7 8 9 10 |

2. On the scale 1-10 please indicate the perception of products labeled ‘Made in Brazil’:

   negative | positive

   | 1 2 3 4 5 6 7 8 9 10 |

3. Please indicate with with what products do associate the label ‘Made in Brazil’?

   ..........................................................

4. On the scale 1-10 please indicate the perception of products labeled ‘Made in Armenia’:

   negative | positive

   | 1 2 3 4 5 6 7 8 9 10 |

5. Please indicate with with what products do associate the label ‘Made in Armenia’?

   ..........................................................

6. On the scale 1-10, please indicate to what extent does the country politics with the brand’s country of origin affect your purchase decision?

   does not affect | highly affects

   | 1 2 3 4 5 6 7 8 9 10 |
Quality Dimension

7. Please indicate your overall reaction regarding brands mentioned above:
   negative       positive
   1 2 3 4 5 6 7 8 9 10

8. How would you classify the workmanship applied to the products of the following brands?
   low workmanship level       precise workmanship
   1 2 3 4 5 6 7 8 9 10

Design and Style Dimension

9. How would you classify the fashionability aspect of the following brands?
   unfashionable          fashionable
   1 2 3 4 5 6 7 8 9 10

10. Please rate the design aspect of the following products:
    low design originality       unique design
    1 2 3 4 5 6 7 8 9 10

11. Based on the information provided please classify the products segment:
    common products       exclusive products
    1 2 3 4 5 6 7 8 9 10

Price Dimension

The average selling price for the above mentioned brands are following:
Andrea Bogosian - 450 USD, Sarah Chofakian - 420 USD, Sergio K. - 130 USD

12. I believe that the products of these following brands are rather:
    expensive          inexpensive
    1 2 3 4 5 6 7 8 9 10

13. I believe that the pricing adequately corresponds the product and the brand:
    unreasonable pricing    reasonable pricing
    1 2 3 4 5 6 7 8 9 10
Reputation Dimension

14. Please rate the prestige of the above mentioned brands and their products:

<table>
<thead>
<tr>
<th>common products</th>
<th>prestigious products</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

15. If you have to make an assumption, in your opinion what would these brands reputation in their country of origin?

<table>
<thead>
<tr>
<th>low reputation</th>
<th>high reputation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

Purchase Intention Dimension

16. After obtaining more information regarding these brands, are you more prone or interested in them:

<table>
<thead>
<tr>
<th>not interested</th>
<th>very interested</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

17. Please indicate the likelihood of the purchase of products from following brands, if they were available in currently in Russia:

<table>
<thead>
<tr>
<th>very unlikely</th>
<th>very likely</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>
Appendix B - Survey: Luxury buyers in Russia (Group 2)

FGV EAESP - MPGI Intensive Track
Student: Grant Allen Babayan

Part A - Background Information

1. Please indicate your gender:
   a. Male
   b. Female

2. Please indicate your age group:
   a. 18 - 24
   b. 24 - 35
   c. 35 - 45
   d. 45 +

3. Please indicate your nationality:

   ...........................................

4. Please indicate the highest education level achieved:
   a. No university degree
   b. Bachelor’s degree
   c. Master’s degree
   d. Phd. or Doc.
Part B - Brand logos

Sarah Chofakian  
Andrea Bogosian  
Sergio K.

The following research deals with the above mentioned high-end luxury Armenian brands interested in expanding to the Russian market. All three of the following brands are fashionable and highly distinguished in their home countries. For the purpose of this research, the country of origin of the following brands will not be disclosed.

Brand Sarah Chofakian is a high-end female shoes and accessories brand, Andrea Bogosian is a luxury female clothing, as well as shoes brand and Sergio K. is a high-end male clothing and shoes brand.

Part C - Product Mix Sarah Chofakian
Andrea Bogosian

Sergio K.
**Part D - Survey**

**Scale Identification**

<table>
<thead>
<tr>
<th>Negative</th>
<th>Positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td>1 2 3 4 5 6 7 8 9 10</td>
</tr>
</tbody>
</table>

1. During the buying process of luxury good, how much importance do you give to the country of origin of the product?

   - not important
   - very important

| 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |

2. On the scale 1-10 please indicate the perception of products labeled ‘Made in Brazil’:

   - negative
   - positive

| 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |

3. Please indicate with with what products do associate the label ‘Made in Brazil’?

   ........................................

4. On the scale 1-10 please indicate the perception of products labeled ‘Made in Armenia’:

   - negative
   - positive

| 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |

5. Please indicate with with what products do associate the label ‘Made in Armenia’?

   ........................................

6. On the scale 1-10, please indicate to what extent does the country politics with the brand’s country of origin affect your purchase decision?

   - does not affect
   - highly affects

| 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
Quality Dimension

7. Please indicate your overall reaction regarding brands mentioned above:

<table>
<thead>
<tr>
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<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>negative</td>
<td>positive</td>
<td></td>
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<td></td>
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</tbody>
</table>

8. How would you classify the workmanship applied to the products of the following brands?

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<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>low workmanship level</td>
<td>precise workmanship</td>
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</table>

Design and Style Dimension

9. How would you classify the fashionability aspect of the following brands?

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<tr>
<th>1</th>
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<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>unfashionable</td>
<td>fashionable</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</table>

10. Please rate the design aspect of the following products:

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<th>4</th>
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<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>low design originality</td>
<td>unique design</td>
<td></td>
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<td></td>
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</tbody>
</table>

11. Based on the information provided please classify the products segment:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
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<th>4</th>
<th>5</th>
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<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>common products</td>
<td>exclusive products</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Price Dimension

The average selling price for the above mentioned brands are following:

Andrea Bogosian - 450 USD, Sarah Chofakian - 420 USD, Sergio K. - 130 USD

12. I believe that the products of these following brands are rather:

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<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>expensive</td>
<td>inexpensive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

13. I believe that the pricing adequately corresponds the product and the brand:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>unreasonable pricing</td>
<td>reasonable pricing</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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</table>
Reputation Dimension

14. Please rate the prestige of the above mentioned brands and their products:

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<tr>
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<td>10</td>
</tr>
</tbody>
</table>

15. If you have to make an assumption, in your opinion what would these brands reputation in their country of origin?

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<tr>
<th>low reputation</th>
<th>high reputation</th>
</tr>
</thead>
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<tr>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>10</td>
</tr>
</tbody>
</table>

Purchase Intention Dimension

16. After obtaining more information regarding these brands, are you more prone or interested in them:

<table>
<thead>
<tr>
<th>not interested</th>
<th>very interested</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
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<td>8</td>
</tr>
<tr>
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<td>10</td>
</tr>
</tbody>
</table>

17. Please indicate the likelihood of the purchase of products from following brands, if they were available in currently in Russia:

<table>
<thead>
<tr>
<th>very unlikely</th>
<th>very likely</th>
</tr>
</thead>
<tbody>
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<tr>
<td>3</td>
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<td>7</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>10</td>
</tr>
</tbody>
</table>
Appendix B - Survey: Luxury buyers in Russia (Group 3)

FGV EAESP - MPGI Intensive Track

Student: Grant Allen Babayan

Part A - Background Information

1. Please indicate your gender:
   a. Male
   b. Female

2. Please indicate your age group:
   a. 18 - 24
   b. 24 - 35
   c. 35 - 45
   d. 45 +

3. Please indicate your nationality:

........................................

4. Please indicate the highest education level achieved:
   a. No university degree
   b. Bachelor’s degree
   c. Master’s degree
   d. Phd. or Doc.
Part B - Brand logos

Sarah Chofakian

ANDREA BOGOSIAN

SERGIO K.

The following research deals with the above mentioned high-end luxury brands interested in expanding to the Russian market. All three of the following brands are fashionable and highly distinguished in their home countries. For the purpose of this research, the country of origin of the following brands will not be disclosed.

Brand Sarah Chofakian is a high-end female shoes and accessories brand, Andrea Bogosian is a luxury female clothing, as well as shoes brand and Sergio K. is a high-end male clothing and shoes brand.

Part C - Product Mix

Sarah Chofakian
Andrea Bogosian

Sergio K.
Part D - Survey

Scale Identification

<table>
<thead>
<tr>
<th>Negative</th>
<th>Positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
</tbody>
</table>

1. During the buying process of luxury good, how much importance do you give to the country of origin of the product?

   not important very important

   | 1 2 3 4 5 6 7 8 9 10 |

2. On the scale 1-10 please indicate the perception of products labeled ‘Made in Brazil’:

   negative positive

   | 1 2 3 4 5 6 7 8 9 10 |

3. Please indicate with with what products do associate the label ‘Made in Brazil’?

   .............................................

4. On the scale 1-10 please indicate the perception of products labeled ‘Made in Armenia’:

   negative positive

   | 1 2 3 4 5 6 7 8 9 10 |

5. Please indicate with with what products do associate the label ‘Made in Armenia’?

   .............................................

6. From the information provided about the companies, please indicate with what country of origin do you associate each brand?

   Sarah Chofakian  ......................

   Andrea Bogosian  ......................

   Sergio K.  .........................
7. On the scale 1-10, please indicate to what extent does the country politics with the brand’s country of origin affect your purchase decision?

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>does not affect</strong></td>
<td>highly affects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Quality Dimension**

8. Please indicate your overall reaction regarding brands mentioned above:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>negative</strong></td>
<td>positive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9. How would you classify the workmanship applied to the products of the following brands?

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>low workmanship level</strong></td>
<td><strong>precise workmanship</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Design and Style Dimension**

10. How would you classify the fashionability aspect of the following brands?

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>unfashionable</strong></td>
<td><strong>fashionable</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

11. Please rate the design aspect of the following products:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>low design originality</strong></td>
<td><strong>unique design</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. Based on the information provided please classify the products segment:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>common products</strong></td>
<td><strong>exclusive products</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Price Dimension**

The average selling price for the above mentioned brands are following:
Andrea Bogosian - 450 USD  , Sarah Chofakian - 420 USD  , Sergio K. - 130 USD

13. I believe that the products of these following brands are rather:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>expensive</strong></td>
<td><strong>inexpensive</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
14. I believe that the pricing adequately corresponds the product and the brand:

<table>
<thead>
<tr>
<th>Reasonable Pricing</th>
<th>Unreasonable Pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
</tbody>
</table>

Reputation Dimension

15. Please rate the prestige of the above mentioned brands and their products:

<table>
<thead>
<tr>
<th>Common Products</th>
<th>Prestigious Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
</tbody>
</table>

16. If you have to make an assumption, in your opinion what would these brands reputation in their country of origin:

<table>
<thead>
<tr>
<th>Low Reputation</th>
<th>High Reputation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
</tbody>
</table>

Purchase Intention Dimension

17. After obtaining more information regarding these brands, are you more prone or interested in them:

<table>
<thead>
<tr>
<th>Not Interested</th>
<th>Very Interested</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
</tbody>
</table>

18. Please indicate the likelihood of the purchase of products from following brands, if they were available in currently in Russia:

<table>
<thead>
<tr>
<th>Very Unlikely</th>
<th>Very Likely</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
</tbody>
</table>
Appendix C - Original Survey in Russian: Luxury buyers in Russia (Group 3)

FGV EAESP - MPGI Intensive Track
Student: Grant Allen Babayan

Часть A - Справочная информация

1. Пожалуйста, укажите ваш пол:
   a. Мужской
   b. Женский

2. Пожалуйста, укажите вашу возрастную группу:
   e. 18 - 24
   f. 24 - 35
   g. 35 - 45
   h. 45 +

3. Пожалуйста, укажите вашу национальность:

..........................................

4. Пожалуйста, укажите ваш достигнутый самый высокий уровень образования:
   e. Нет высшего образования
   f. степень бакалавра
   g. Степень магистра
   h. Кандидат наук. или док.
Следующее исследование касается вышеупомянутых элитных брендов класса люкс, заинтересованных в экспансии на российский рынок. Все три из следующих брендов модны и высоко известны в своих странах. Для целей данного исследования, страна происхождения следующих брендов не будет разглашена.

Бренд Sarah Chofakian - это бренд женской обуви и аксессуаров высокого класса, Andrea Bogosian - бренд женской одежды класса люкс, а также бренд обуви, а Sergio К. - бренд мужской одежды и обуви высокого класса.

Часть В - Ассортимент продукции

**Sarah Chofakian**
Andrea Bogosian

Sergio K.
Часть D - Опрос

Шкала идентификации

отрицательный          положительный
1  2  3  4  5  6  7  8  9  10

2. Во время процесса покупки предметов роскоши, какое значение вы придаете стране происхождения товара?

не важный          очень важно
1  2  3  4  5  6  7  8  9  10

18. По шкале 1–10 укажите, пожалуйста, восприятие продуктов с надписью «Сделано в Бразилии»:

отрицательный          положительный
1  2  3  4  5  6  7  8  9  10

19. Укажите, с какими продуктами ассоциируется ярлык «Сделано в Бразилии»?

...........................................

20. По шкале 1-10, пожалуйста, укажите восприятие продуктов с надписью «Сделано в Армении»:

отрицательный          положительный
1  2  3  4  5  6  7  8  9  10

21. Укажите, с какими продуктами ассоциируется этикетка «Сделано в Армении»?

...........................................

22. Из представленной информации о компаниях, пожалуйста, укажите, с какой страной происхождения вы ассоциируете каждый бренд?

Sarah Chofakian .........................

Andrea Bogosian .........................

Sergio K. .........................
23. По шкале 1-10 укажите, в какой степени политика страны в отношении страны происхождения бренда влияет на ваше решение о покупке?

не влияет 1 2 3 4 5 6 7 8 9 10 сильно влияет

Качество

24. Пожалуйста, укажите вашу общую реакцию в отношении брендов, упомянутых выше отрицательный

отрицательный 1 2 3 4 5 6 7 8 9 10 положительный

25. Как бы вы охарактеризовали качество изготовления изделий следующих марок? низкий уровень мастерства

низкий уровень мастерства 1 2 3 4 5 6 7 8 9 10 точное мастерство

Дизайн и стиль

26. Как бы вы охарактеризовали аспект модности следующих брендов? немодный

немодный 1 2 3 4 5 6 7 8 9 10 модный

27. Пожалуйста, оцените аспект дизайна следующих продуктов: низкая оригинальность дизайн

низкая оригинальность дизайн 1 2 3 4 5 6 7 8 9 10 уникальный дизайн

28. На основании предоставленной информации, пожалуйста, классифицируйте сегмент продукции: общие продукты

общие продукты 1 2 3 4 5 6 7 8 9 10 эксклюзивные продукты

Цена

Средняя цена продажи для вышеупомянутых брендов следующая:
Andrea Bogosian - 450 USD, Sarah Chofakian - 420 USD, Sergio K. - 130 USD

29. Я считаю, что продукты этих следующих брендов довольно:

дорогие

дорогие 1 2 3 4 5 6 7 8 9 10 недорогие
30. Я считаю, что цены адекватно соответствуют продукту и бренду:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>необоснованные цены</td>
<td>разумные цены</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Репутация

31. Оцените престиж вышеупомянутых брендов и их продукции:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>общие продукты</td>
<td>эксклюзивные продукты</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

32. Если вы хотите сделать предположение, на ваш взгляд, какова будет репутация этих брендов в стране их происхождения?

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>низкая репутация</td>
<td>высокая репутация</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Намерение совершить покупку

33. Получив больше информации об этих брендах, вы более склонны или заинтересованы в них:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>не заинтересован</td>
<td>очень заинтересован</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

34. Укажите, пожалуйста, вероятность покупки товаров следующих марок, если они были доступны в настоящее время в России:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>очень маловероятно</td>
<td>очень вероятно</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1. Пожалуйста, укажите ваш пол:
   a. Мужской
   b. Женский

2. Пожалуйста, укажите вашу возрастную группу:
   a. 18 - 24
   b. 24 - 35
   c. 35 - 45
   d. 45 +

3. Пожалуйста, укажите вашу национальность:

.............................................

4. Пожалуйста, укажите ваш достигнутый самый высокий уровень образования:
   a. Нет высшего образования
   b. степень бакалавра
   c. Степень магистра
   d. Кандидат наук. или док.
Часть A - Фирменные логотипы

Следующее исследование касается вышеупомянутых элитных армянских брендов класса люкс, заинтересованных в экспансии на российский рынок. Все три из следующих брендов модны и высоко известны в своих странах. Для целей данного исследования, страна происхождения следующих брендов не будет разглашена.

Бренд Sarah Chofakian - это бренд женской обуви и аксессуаров высокого класса, Andrea Bogosian - бренд женской одежды класса люкс, а также бренд обуви, а Sergio K. - бренд мужской одежды и обуви высокого класса.

Часть B - Ассортимент продукции

Sarah Chofakian
Andrea Bogosian

Sergio K.
Часть D - Опрос

Шкала идентификации

отрицательный положительный
1 2 3 4 5 6 7 8 9 10

1. Во время процесса покупки предметов роскоши, какое значение вы придаете стране происхождения товара?

не важный очень важно
1 2 3 4 5 6 7 8 9 10

2. По шкале 1–10 укажите, пожалуйста, восприятие продуктов с надписью «Сделано в Бразилии»:

отрицательный положительный
1 2 3 4 5 6 7 8 9 10

3. Укажите, с какими продуктами ассоциируется ярлык «Сделано в Бразилии»?

…………………………………

4. По шкале 1-10, пожалуйста, укажите восприятие продуктов с надписью «Сделано в Армении»:

отрицательный положительный
1 2 3 4 5 6 7 8 9 10

5. Укажите, с какими продуктами ассоциируется этикетка «Сделано в Армении»?

…………………………………

6. По шкале 1 -10 укажите, в какой степени политика страны в отношении страны происхождения бренда влияет на ваше решение о покупке?

не влияет сильно влияет
1 2 3 4 5 6 7 8 9 10
Качество

7. Пожалуйста, укажите вашу общую реакцию в отношении брендов, упомянутых выше

отрицательный

1 2 3 4 5 6 7 8 9 10

положительный

8. Как бы вы охарактеризовали качество изготовления изделий следующих марок?

низкий уровень мастерства

1 2 3 4 5 6 7 8 9 10

точное мастерство

Дизайн и стиль

9. Как бы вы охарактеризовали аспект модности следующих брендов?

немодный

1 2 3 4 5 6 7 8 9 10

модный

10. Пожалуйста, оцените аспект дизайна следующих продуктов:

низкая оригинальность дизайна

1 2 3 4 5 6 7 8 9 10

уникальный дизайн

11. На основании предоставленной информации, пожалуйста, классифицируйте сегмент продукции:

общие продукты

1 2 3 4 5 6 7 8 9 10

эксклюзивные продукты

Цена

Средняя цена продажи для вышеупомянутых брендов следующая:
Andrea Bogosian - 450 USD, Sarah Chofakian - 420 USD, Sergio K. - 130 USD

12. Я считаю, что продукты этих следующих брендов довольно:

дорогие

1 2 3 4 5 6 7 8 9 10

недорогие

13. Я считаю, что цены адекватно соответствуют продукту и бренду:

необоснованные цены

1 2 3 4 5 6 7 8 9 10

разумные цены
Репутация

14. Оцените престиж вышеупомянутых брендов и их продукции:

общие продукты

1 2 3 4 5 6 7 8 9 10

эксклюзивные продукты

15. Если вы хотите сделать предположение, на ваш взгляд, какова будет репутация этих брендов в стране их происхождения?

низкая репутация

1 2 3 4 5 6 7 8 9 10

высокая репутация

Намерение совершить покупку

16. Получив больше информации об этих брендах, вы более склонны или заинтересованы в них:

не заинтересован

1 2 3 4 5 6 7 8 9 10

очень заинтересован

17. Укажите, пожалуйста, вероятность покупки товаров следующих марок, если они были доступны в настоящее время в России:

очень маловероятно

1 2 3 4 5 6 7 8 9 10

очень вероятно
Часть А - Справочная информация

1. Пожалуйста, укажите ваш пол:
   a. Мужской
   b. Женский

2. Пожалуйста, укажите вашу возрастную группу:
   a. 18 - 24
   b. 24 - 35
   c. 35 - 45
   d. 45 +

3. Пожалуйста, укажите вашу национальность:

..................................................

4. Пожалуйста, укажите ваш достигнутый самый высокий уровень образования:
   a. Нет высшего образования
   b. степень бакалавра
   c. Степень магистра
   d. Кandidat наук. или док.
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Следующее исследование касается вышеупомянутых элитных бразильских брендов класса люкс, заинтересованных в экспансии на российский рынок. Все три из следующих брендов модны и высоко известны в своих странах. Для целей данного исследования, страна происхождения следующих брендов не будет разглашена.

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Часть В - Ассортимент продукции

Sarah Chofakian
Andrea Bogosian

Sergio K.
Часть D - Опрос

Шкала идентификации

отрицательный  положительный

1. Во время процесса покупки предметов роскоши, какое значение вы придаете стране происхождения товара?

не важный  очень важно

2. По шкале 1–10 укажите, пожалуйста, восприятие продуктов с надписью «Сделано в Бразилии»:

отрицательный  положительный

3. Укажите, с какими продуктами ассоциируется ярлык «Сделано в Бразилии»?

........................................... 

4. По шкале 1-10, пожалуйста, укажите восприятие продуктов с надписью «Сделано в Армении»:

отрицательный  положительный

5. Укажите, с какими продуктами ассоциируется этикетка «Сделано в Армении»?

........................................... 

6. По шкале 1 -10 укажите, в какой степени политика страны в отношении страны происхождения бренда влияет на ваше решение о покупке?

не влияет  сильно влияет
Качество
7. Пожалуйста, укажите вашу общую реакцию в отношении брендов, упомянутых выше

<table>
<thead>
<tr>
<th>отрицательный</th>
<th>положительный</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
</tbody>
</table>

8. Как бы вы охарактеризовали качество изготовления изделий следующих марок?

<table>
<thead>
<tr>
<th>низкий уровень мастерства</th>
<th>точное мастерство</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
</tbody>
</table>

Дизайн и стиль
9. Как бы вы охарактеризовали аспект модности следующих брендов?

<table>
<thead>
<tr>
<th>немодный</th>
<th>модный</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
</tbody>
</table>

10. Пожалуйста, оцените аспект дизайна следующих продуктов:

<table>
<thead>
<tr>
<th>низкая оригинальность дизайна</th>
<th>уникальный дизайн</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
</tbody>
</table>

11. На основании предоставленной информации, пожалуйста, классифицируйте сегмент продукции:

<table>
<thead>
<tr>
<th>общие продукты</th>
<th>эксклюзивные продукты</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
</tbody>
</table>

Цена
Средняя цена продажи для вышеупомянутых брендов следующая:
Andrea Bogosian - 450 USD  , Sarah Chofakian - 420 USD  , Sergio K. - 130 USD

12. Я считаю, что продукты этих следующих брендов довольно:

<table>
<thead>
<tr>
<th>дорогие</th>
<th>недорогие</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
</tbody>
</table>

13. Я считаю, что цены адекватно соответствуют продукту и бренду:

<table>
<thead>
<tr>
<th>необоснованные цены</th>
<th>разумные цены</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
</tbody>
</table>
Репутация

14. Оцените престиж вышеупомянутых брендов и их продукции:

общие продукты

1 2 3 4 5 6 7 8 9 10

эксклюзивные продукты

15. Если вы хотите сделать предположение, на ваш взгляд, какова будет репутация этих брендов в стране их происхождения?

низкая репутация

1 2 3 4 5 6 7 8 9 10

высокая репутация

Намерение совершить покупку

16. Получив больше информации об этих брендах, вы более склонны или заинтересованы в них:

не заинтересован

1 2 3 4 5 6 7 8 9 10

очень заинтересован

17. Укажите, пожалуйста, вероятность покупки товаров следующих марок, если они были доступны в настоящее время в России:

очень маловероятно

1 2 3 4 5 6 7 8 9 10

очень вероятно
Appendix D - GUM and TSUM Shopping Malls

GUM Shopping Mall
TSUM Shopping Mall