Place branding-exploring knowledge and positioning choices across national boundaries: The case of an Italian superbrand wine

PLACE BRANDING-EXPLORING KNOWLEDGE AND POSITIONING CHOICES ACROSS NATIONAL BOUNDARIES: THE CASE OF AN ITALIAN SUPERBRAND WINE

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Purpose. This paper examines the joint effects of product-specific region-of-origin (ROO) and product-specific country-of-origin (COO) on willingness to pay a premium price for a wine label designated as a Superbrand by the Italian government: Chianti Classico.

Design/Methodology/Approach. The paper introduces the concept of "ROO-COO distance", defined as the importance attributed to a product-specific ROO as compared to its COO. In order to better understand whether the "ROO-COO distance" construct influences willingness to pay a premium price, the paper considers consumers' cross-national differences and their knowledge, distinguishing among three types of knowledge: consumers' subjective general product knowledge, consumers' subjective country product knowledge and consumers' regional product experience. Four hypotheses were tested focusing on Chianti Classico - a premium wine, as related to its region and country-of-origin (Tuscany, Italy). We employed a sample of 4,156 consumers originating from New World countries (Australia, USA and Canada) and Old World countries (Germany, UK, Sweden and Belgium).

Findings. The findings confirm that a place-of-origin influence on price-related product evaluations is country-specific. Furthermore, the moderating role of consumers' subjective product knowledge and consumers' region-related product experiences differ across countries. The ROO-COO distance was found to positively affect only Old World consumers. It was established that respondents' subjective country/product knowledge and consumers' regional knowledge or product experiences positively moderate this relationship.

Originality/Value. The paper links COO and ROO effects in a single framework and analyses it at the cross-national level, while also considering the moderating effect of consumer knowledge.

Keywords: Country-of-origin; Region-of-origin; Cross-national analysis; Wine

Introduction

One of the implications of greater market power is a firm's ability to make consumers pay higher prices for its products. Among the factors a firm may leverage in influencing willingness to pay higher prices, extant research on agri-food products has dedicated particular attention to geographical indication. Over the last 40 years, a plethora of marketing studies have mainly confirmed that the product's geographical indication still matters when examining consumers' product evaluations and buying behaviour (Chamorro et al., 2015). In fact, even though countries and companies function and operate within an increasingly globalized world, the geographical indication still appears to be a relevant cue for both consumers and firms.

Previous studies on the topic have mainly distinguished between two dimensions of geographical indication: the country-of-origin (Andéhn et al. 2015; Elliot and Cameron, 1994; Laroche et al., 2003; Papadopoulos and Heslop 2003; Peterson and Jolibert 1995; Schaefer, 1997; Roth and Romeo, 1992; Pucci et al., 2012) and the region-of-origin (Atkin and Johnson, 2010; Atkin and Newton, 2012; Perrouty et al., 2006; Keown and Casey, 1995; van Ittersum, Candel, and Meulenberg, 2003; Pucci et al., 2016). This distinction appears to be particularly appropriate for certain kinds of products that contain attributes linked to a well-defined region-of-origin. These attributes may be generated by human expertise or the natural environment, (van der Lans, van Ittersum et al., 2001; van Ittersum et al., 2003) and are intrinsic to limited geographical areas. Examples are Scotch whisky and wines with controlled appellations (Papadopoulos 1993), such as French wines (Engelbrecht, Herbst, & Bruwer, 2014; Panzone and Simões, 2009; Perrouty et al., 2006) and Spanish cava (Chamorro et al., 2010).

Literature on these two constructs (COO and ROO) is vast and fragmented. Empirical evidence shows that place-of-origin effect on product evaluation is product-specific (Andéhn et al. 2015; Nagashima, 1970; van Ittersum et al., 2003) and varies depending on the characteristics of the consumers. Specifically, consumers from different countries tend to perceive the COO and ROO constructs in a different manner, or their knowledge influences the impact of place-of-origin on their behaviour (Perrouty et al., 2006). However, it is not clear which place-of-origin cue (whether COO or ROO) a firm should use or when. Does ROO matter more to prospective buyers than a COO cue? How might these two concepts be effectively used when competing internationally?

In answering these questions, this study contributes to the extant literature in three ways. First, it introduces the concept of "ROO-COO distance", defined as the importance attributed

to a product-specific ROO as compared to its COO effect. Consequently, the paper jointly considers region-of-origin and country-of-origin effects. Second, it looks at willingness to pay as influenced by the consumers' information processing of COO and ROO cues. This is particularly relevant in the context of the establishment of a place brand identity and the enhancement of its competitive positioning. Third, the paper considers the moderating role of wine consumers' national differences and knowledge, thus contributing to extant research on competition in the wine sector (e.g., Atkin and Newton, 2012). Moreover, the results represent actionable conclusions that managers might incorporate into their international differentiation strategy.

The paper is structured as follows. First, we introduce the "ROO-COO distance" construct and our theoretical model. In particular, the paper aims to examine the ROO-COO distance effect on willingness to pay premium prices for a specific premium product, i.e., the Chianti Classico (Tuscany, Italy) wine. Europe has a long tradition that recognizes the importance of regions within countries (Atkin and Johnson, 2010; Johnson and Bruwer, 2007) and Chianti Classico is among the oldest regional appellations (Malorgio and Grazia, 2007) within Europe. We aimed to test a model that considers both consumers' cross-national differences and their knowledge. We distinguish between consumers' subjective country product knowledge (SCPK) and consumers' regional product experience (PE). Next, we tested the hypothesized model on a total sample of 4,156 Chianti Classico wine consumers from seven different countries. Specifically, drawing from wine marketing and buying behaviour literature, we distinguished between "New World" (Australia, USA and Canada) and "Old World" (Germany, UK, Sweden and Belgium) countries. Finally, the findings are interpreted and practical implications are discussed.

Theoretical framework and hypothesis formulation

In the following sections we describe our theoretical model (Figure 1). First, we provide a literature review on ROO and COO and we introduce the new construct of "ROO-COO distance". Then we describe the role of two consumer-related characteristics, namely consumers' nationality and knowledge, as factors influencing the "ROO-COO distance".

Insert Figure 1 about here

From COO and ROO studies to ROO-COO distance

This paper advances the "ROO-COO distance" construct, defined as the importance attributed to a product-specific ROO as compared to its COO. In the following sub-sections, we provide an overview of the Country-of-Origin and the Region-of-Origin. Finally we introduce "ROO-COO distance".

The Country-of-Origin

The Country-of-Origin (COO) construct is among the most researched extrinsic cues that attempts to explain consumers' evaluations of product quality (Godey et al., 2012; Veale and Quester, 2009) and consumers' attitude formation (Agrawal and Kamakura, 1999).

Previous studies show that COO is particularly important when a product's intrinsic cues are missing or are difficult to evaluate, including products where quality can only be assessed *after* consumption. Over the years, COO focused studies have increasingly examined the concept in combination with its interaction with other extrinsic cues such as brand and price, as well as the heterogeneity of its impact along with different product categories. An important conclusion of various studies is that COO is highly related to the product it refers to (Nagashima, 1970; van Ittersum et al., 2003).

The Region-of-Origin

The study of the region-of-origin (ROO) construct is a relatively more recent phenomenon. The rationale of the necessity of focusing on ROO rather than COO alone is anchored to two main lines of reasoning. The first is the observation that the image of a product reflects an internal consistency since regions "*are much more homogenous in terms of human and natural environment factors, for example, than countries*". […](van Ittersum et al., 2003:215-216). Secondly, from a promotional point of view, it could be argued that the ROO concept enables product differentiation not only from foreign competitors (against which a COO indication would be adequate), but also from domestic competitors (van Ittersum et al., 2003). Previous research, for example, emphasizes the significance of region as an important signal of quality (Atkin and Newton 2012).

Accordingly, COO and ROO appear to differ in terms of the kind of place-specificity that the ROO concept captures, and the different perceptions that consumers might attribute to products from different regions within the home country. It is not surprising therefore to

notice that the ROO is a cue that is often employed for the promotion of product categories such as wine and other alcoholic beverages or food (e.g., cheese), where product attributes are embedded within a territory. In the case of wine, it is now generally recognized that the terroir is a crucial attribute for wine quality, as ‘‘*wine is quintessentially a product related to territory, even if that territory is as widely defined as a country*’’ (Balestrini and Gamble, 2006:400).

The distance between Country-of-Origin and Region-of-Origin

We define the "ROO-COO distance" construct as the importance attributed to a product-specific ROO as compared to its COO. The construct addresses the importance attributed to the Region-of-Origin (ROO) in comparison to the importance attributed to the Country-of-Origin (COO) as relates to a specific product, and aims to expand the integration of two mostly separate research streams as well as provide marketing managers with improved competitive tools, including how to employ place-of-origin indications in a more apparent and effective way.

The rationale behind the ROO-COO distance intuitively resides on the fact that sometimes a COO effect may be mitigated by ROO: consumers may have a certain perception of a country, while holding a different perception of one specific region. This kind of juxtaposing is particularly germane to consumer evaluations and judgments of wine and spirits (e.g., USA wines in general vs. California wines) (e.g., Engelbrecht et al., 2014; Chamorro, Rubio, and Miranda, 2015; Johnson and Bruwer, 2007; McCutcheon, Bruwer, and Li, 2009). For example, Atkin and Johnson (2010) note that in Europe there is a long tradition that recognizes the importance of wine regions. Regions represent a point of differentiation and hence may represent a key asset to be exploited by marketers (Johnson and Bruwer, 2007). In fact, "*each wine region has different attributes arising from its climate, soil type and viticulture practices, thus each regional brand name denotes the unique quality and type of wine from a specific region*" (Rasmussen and Lockshin, 1999). Region-of-Origin (ROO) identifies basic information about the product (Keown and Casey, 1995; van Ittersum et al., 2003). In addition to COO, the ROO construct does not simply describe the origin of the product (extrinsic cue). It also encompasses intrinsic attributes (e.g., the soil) which contribute to the quality and taste of the wine product (Heslop et al., 2010). Hence, it is not surprising to conclude that the ROO is an important evaluative criterion and attribute that can

help wine buyers with their selection process (Atkin and Johnson, 2010; Charters and Pettigrew, 2006).

This study considers these two elements and looks at their influence on specific place-of-origin price-related consequences as relates to willingness to pay premium prices (Agrawal and Kamakura, 1999; Koschate-fischer et al., 2012). Though previous findings suggest that COO and ROO influences consumers' price perceptions (Atkin and Newton, 2012; Guidry et al., 2009), extant research has often considered price as another extrinsic cue, thus looking at the interaction between COO and ROO and price (Atkin and Newton, 2012), rather than at how COO (and ROO) may be the determinant of higher willingness to pay a premium price. Accordingly, recognizing the significance of region-of-origin as an important cue (Engelbrecht et al., 2014; Chamorro, Rubio, and Miranda, 2015; Johnson and Bruwer, 2007; McCutcheon, Bruwer, and Li, 2009), we advance a theoretical framework (Figure 1) that examines the influence of "ROO-COO distance" on willingness to pay premium prices. We hypothesize that, when a product has a higher ROO effect than country-of-origin effect, (i.e., ROO-COO distance is positive), it incentivizes the consumer to pay more for that specific product. Consequently, the following hypothesis is generated:

Hp. 1a: "ROO-COO distance" positively influences consumers' willingness to pay premium prices.

The moderating role of consumers' national differences and knowledge

COO and ROO effect related studies are highly fragmented and difficult to compare. Regardless, they converge when considering two critical elements: the impact of consumers' national differences and knowledge on their behaviour.

First, it is evident that COO and ROO effects differ on a cross-national level (Balabanis and Diamantopoulos, 2004; Godey et al., 2012), suggesting that cross-national differences exist with respect to the perception of COO (Cohen et al., 2009; Laroche et al., 2003; Laroche et al. 2005) and ROO. However, there is little evidence to be found about cross-national differences regarding COO influence on consumer choices (Amine, Chao, and Arnold, 2005; Hulland and Todino, 1996), especially with respect to one single product category. Hence, heterogeneity in consumer evaluations over COO and ROO cues is expected to be influenced by their place-of-origin. Consequently we explore whether:

Hp1b. The influence of "ROO-COO distance" on consumers' willingness to pay premium prices varies across countries.

Moreover, the COO and ROO concepts are highly affected by consumers' knowledge (Atkin and Newton, 2012; Roth and Romeo, 1992; Schaefer 1997), but evidence is mixed (Pecotich and Ward, 2007). For example, some researchers have noticed that the effect of COO in the buying process is negatively associated with the level of product knowledge (Rao and Monroe, 1988; Maheswaran, 1994), while other studies have shown that expertise does not moderate the country-of-origin effect (Guidry et al., 2009). However, ROO seems to represent a more important cue for knowledgeable consumers. Atkin and Johnson (2010), for example, note that "*the very knowledgeable group relies the most on regional information*". Overall, it has been observed that reliance on familiarity with ROO increases with the level of consumers' knowledge of a region (Rasmussen and Lockshin, 1999; Guidry et al., 2009; Atkin and Johnson, 2010): the more knowledge consumers possess, the more likely they are to rely on a place-of-origin cue (D'Alessandro and Pecotich, 2013; Johnson and Bastian, 2007).

Extant research has distinguished among different types of knowledge (Flynn and Goldsmith, 1999). Drawing from previous studies, in this paper we distinguish between two types of knowledge. The first is derived from how much an individual believes he knows, i.e., it reflects his subjective knowledge. This knowledge, however, may refer to the overall product category, i.e., it is subjective general product knowledge (SGPK), or be linked to a specific product from a specific country, i.e., it is subjective country product knowledge (SCPK). Extant studies indicate that subjective knowledge has a positive effect on ROO (Wang and Yang, 2008) and that they tend to spend more for regionally identified wines (Johnson and Bruwer, 2007). A second type of knowledge derives from prior experience and familiarity with a region (Flynn and Goldsmith, 1999). For example, ROO has been found to be very important for consumers who have participated in wine tourism to a greater degree (McCutcheon et al., 2009). Evidence suggests that previous experiences with the place-of-origin might also have an impact - actual visits to wine cellars, for example, might contribute to wine sales, especially for experienced consumers (Johnson and Bastian, 2007).

Henceforth, we suggest that subjective knowledge (in its dimensions of SGPK and SCPK) and prior experience influence the "ROO-COO distance". Specifically, we explore whether:

Hp. 2: Consumers' subjective general product knowledge *positively moderates the "ROO-COO distance" effect on willingness to pay. This effect, however, differs across countries.*

Hp. 3: Consumers' subjective country product knowledge *positively moderates the "ROO-COO distance" effect on willingness to pay. This effect, however, differs across countries.*

Hp. 4:"ROO-COO distance" is positively moderated by previous product experience. This effect, however, differs across countries.

Cross-national differences may be particularly relevant for products such as wine. Wine scholars and practitioners tend to distinguish between Old World and New World countries (see Foster and Spencer 2002 for an overview). This distinction is particularly important in this paper since Old World countries, like Italy, mainly differentiate their wines on the place-of-origin basis (Bernetti et al., 2006; Campbell and Guibert 2006; Remaud and Couderc, 2006). In particular, "*protection of regional names (appellations), winemaking practices and registered trademarks*" have attracted particular attention from Old World governments (Campbell and Guibert 2006:240). Consequently, in this paper we focus on one Old World country wine, Italy. Italy represents an interesting context in which to look at whether the ROO-COO distance influences willingness to pay premium prices on the part of consumers from Old World and New World countries.

Empirical setting and methodology

The research employed a questionnaire composed of ten close-ended questions. Five of them used a 5-point Likert scale. The last five questions referred to demographic information, namely gender, age, income, employment and the level of education of the respondents. Data were collected from seven countries, namely Australia, USA, Canada, Germany, UK, Sweden and Belgium. In each of the countries, the questionnaire was administered by a native speaker, who also translated the questionnaire. Next, the questionnaire was retranslated into Italian to identify any deviation from the correct understanding of terms included in the various questions. The native speakers were students who were carefully selected from a pool of applicants based on their interest in the topic, academic performance and foreign language fluency. Respondents were represented by adult wine consumers. The final sample consisted of 4,156 consumers. The composition of the sample is the following: Australia: 657, USA: 559, Canada: 438, Germany: 877, UK: 698, Sweden: 317, Belgium: 610 (see Appendix A for demographics per country).

The empirical setting and the wine varietal chosen to test our hypotheses was the Chianti Classico wine and its corresponding wine region. Wine is a product for which geographical indication impacts willingness to pay higher prices. Wine represents the expression of social,

cultural and environmental values that are associated with the territory in which it is produced. For that purpose, regulations that protect and identify wines originating from certain regions through the denomination of controlled origin were established in Italy. Wines with a denomination of controlled origin represent 35% of overall Italian wine production. Among them, Chianti Classico represents one of the most recognized labels worldwide.

Chianti Classico is produced in a geographic area in the heart of Tuscany, covering an area between Florence and Siena of about 260 km^2. In 2014, Chianti Classico production was about 290,000 hectolitres (7.66 million gallons) and exports represented 82% of total production.

Measures

Dependent variable. The dependent variable was designated as willingness to pay a premium price (Agrawal and Kamakura, 1999; Koschate-fischer et al., 2012) for a bottle of Chianti Classico. The variable was measured by a dummy variable that took on the value of "1" for consumers willing to pay a premium for a bottle of Chianti Classico and "0" otherwise.

Independent variables. The product's *Country-of-Origin* (COO) relies on the product attributes that a consumer assigns to Italian wine. This scale was constructed factoring in a set of attributes that a wine evaluation might capture (Zamparini et al., 2010). We included the descriptors: Tradition/culture (Charters and Pettigrew 2003), Elegance and Trendy (Zamparini et al., 2010), High Quality and Exclusivity (Brijs, Bloemer, and Kasper, 2011; Chen, Su, and Lin, 2011) and wine age (Mtimet and Albisu, 2006), as the main attributes consumers rely on in the process of judging a wine.

The same items, namely Tradition/culture, Elegance and Trendy, High Quality and Exclusivity and wine age, were deployed in the analysis of the product's *Region-of-Origin* (ROO) image.

The ROO-COO distance was measured as the distance between the two constructs made up of the same 6 items: tradition/culture, elegance, high quality, exclusivity, age and trendy.

$$Distance = ROO - COO$$

Table 1 presents the description of the constructs.

Insert Table 1 about here

We also included *subjective general product knowledge* (SGPK) in the analysis. SGPK was conceptualized as a dummy variable based on a self-assessed question. The item read: "I have a professional knowledge about wine". This was derived from results of previous studies (Atkin and Newton, 21012; Goldsmith and D'Hauteville, 1998; Johnson and Bruwer, 2007; Park, Mothersbaugh, and Feick, 1994).

In order to highlight knowledge of a wine-country, we subsequently focused on *subjective country product knowledge* (SCPK). SCPK was operationalized with three items contrastingly developed. For each item we applied a 5-point Likert scale. In building the scale, we relied on the previous work of Beatty and Smith (1987) and Lockshin and Cohen (2011) that emphasized the source of consumers' information. The item used is "I like to read online news about Italian wines". Similarly, we drew on earlier studies (D'Alessandro and Pecotich 2013) when measuring product/country knowledge, as well as Balestrini and Gamble (2006) for indicating familiarity with a product. The items used are "I am familiar with Italian wines" and "I can distinguish among different wine regions of Italy". A description of the questions is provided in Table 1.

Product experience (PE) is operationalized through a dummy variable that indicates whether the consumer has previously consumed Chianti Classico wine.

Finally, in testing our hypotheses, we distinguished *New World* from *Old World* consumers. When considering the wine industry, greater attention was assigned to a distinction between "New World" and "Old World" countries producing wine. In particular, we consider Australia, USA and Canada as New World countries and Germany, UK, Sweden and Belgium as Old World countries.

Control variables. We included some demographic variables (gender, age, income and level of education) as controls since extant research has shown that social and demographic characteristics may have an impact on wine consumer behaviours and consumers' willingness to pay for origin labelled wine (Skuras and Vakrou 2002). These variables were dummy

variables.

Results

Logistic analysis was performed in order to test the hypotheses. The descriptive statistics and correlations of study's variables are presented in Table 2.

Insert Table 2 about here

Several measures were taken to ensure that the data were appropriate for our analysis. First, prior to the creation of the interaction terms, we verified the absence of multicollinearity related issues. Correlation values and the VIF score (see Appendix B) demonstrate the elimination of multicollinearity related issues. Next, Cronbach's α and the composite reliability (CR) tests were conducted to examine the internal validity of our constructs. All constructs presented a Cronbach's α of higher than 0.7, while CR values varied between 0.822 and 0.897, thus displaying a high level of internal consistency for all constructs (Bagozzi and Yi, 1998). Items were factor-analysed using a maximum likelihood estimation and a varimax rotation (see Appendix C). Standardized factor loadings varied between 0.62 and 0.85 (Chin, 1988). Discriminant validity was examined using the square root of the average variance extracted (AVE) as well as the cross-loadings (Fornell and Larcker, 1981). Subsequent analysis used the average item scores for each scale.

Table 3 presents the direct effects of all the variables while considering them independently. We distinguish their impact on consumers affiliated with a specific country. The following main results were derived from our analysis.

First, the ROO-COO distance was found to be significant. Specifically, its influence differs across countries. More to the point, it was found to be a significant and positive factor for Australia, USA and Canada (i.e., New World countries), suggesting that consumers from New World countries are more likely to be willing to pay a higher price for a Chianti Classico wine when they *recognize* a higher ROO than COO. On the other hand, this outcome was found to be reversed for most of Old World Countries: consumers from UK, Sweden and Belgium were more influenced by the COO than the ROO. German consumers

represented an exception, where the ROO remained the leading cue that guided their willingness to pay.

A second finding revealed that respondents' subjective country product knowledge (SCPK) was found to have a significant positive impact on willingness to pay for all countries, with the exception of Sweden.

A third finding indicated that subjective general product knowledge (SGPK) had a significant negative effect only for Australia, USA and Canada, while no significant effect was determined for the rest of the countries.

Finally, product experience (PE) was found to be positively associated with willingness to pay a premium price: an expert consumer is more willing to pay a premium price for Chianti Classico. This result, however, is not significant for Germany.

Insert Table 3 about here

As a post-hoc analysis, we tested the existence of differences between New World and Old World consumers' product evaluation processes. Prior studies indicate that the wine consumption habits of consumers from New World countries is different from those of consumers from Old World countries (Remaud and Couderc, 2006; Bernetti *et al*., 2006). Consequently, logistic models were employed. We tested the hypotheses in four models as presented in Table 4. In addition, Table 4 contains all the interaction terms. In performing the analysis, all the variables included in the interaction terms relative to the multi-item constructs were centred on the average to reduce multicollinearity (Aiken and West, 1991).

Insert Table 4 about here

Model 1 presents the direct effects. Hypothesis 1 argues that ROO-COO distance is positively related to consumers' willingness to pay premium prices. Our results partially confirm Hypothesis 1 as these results hold only for New World consumers.

Model 2 construes the interaction between ROO-COO distance and subjective general product knowledge (SGPK). According to Hypothesis 2, consumers' subjective general

product knowledge moderated the ROO-COO distance effect on willingness to pay. As shown in Table 4, this interaction is not significant, thus disproving Hypothesis 2.

Model 3 outlines the interaction between ROO-COO distance and subjective country product knowledge (SCPK). Hypothesis 3 suggests that consumers' subjective country product knowledge positively moderates the ROO-COO distance effect on willingness to pay. The results confirmed this hypothesis. The ROO-COO distance and SCPK constructs interact to positively affect consumers' willingness to pay a premium price for regional products for both New and Old World consumers. We graphed this interaction in Figure 2.

Insert Figure 2 about here

The plot reveals that willingness to pay premium prices increases as the ROO-COO distance increases (i.e., when the product image associated with a region-of-origin is higher than the product image associated with the country-of-origin) for consumers who possess either high or low subjective country product knowledge. However, the benefit derived from a higher ROO-COO distance on willingness to pay is higher for those consumers who have higher subjective country product knowledge or familiarity. Specifically, for those consumers who possess low subjective country or product knowledge, the country-of-origin represents the main extrinsic cue influencing their willingness to pay.

Model 4 considers the interaction between ROO-COO distance and product experience (PE). Hypothesis 4 argues that ROO-COO distance is positively moderated by prior product experience. Results fully confirmed this hypothesis. The ROO-COO distance and product experience interact to positively affect consumers' willingness to pay for both Old World and New World countries. These interactions are depicted in Figure 3.

Insert Figure 3 about here

The plot reveals that willingness to pay increases as the ROO-COO distance and product experience increase. However, consumers who originated from an Old World country and who viewed themselves to be unfamiliar with the region were only marginally influenced by ROO-COO distance in their willingness to pay a premium price for Chianti Classico wines.

Discussion, conclusion and further research

Which place-of-origin cue (whether COO or ROO) should a firm use and when? Does ROO matter more to prospective buyers than a COO cue? How might these two concepts be effectively used when competing internationally? For those companies, such as wineries, whose products are highly interlinked with their territory, answering these questions can surely make the difference when competing internationally.

This study offers a deeper understanding of the differences between the ROO and the COO effect on consumers' willingness to pay a premium price within the overall context of the multidimensional construct of place branding. Many firms rely on their product's region-of-origin to develop regional variants of their products and to add value to the totality of their production and marketing processes (Chamorro et al., 2010; van Ittersum et al., 2003). More recently, Moulard et al. (2015) explored how the aspect of place (country-of-origin and terroir) affects consumers' wine authenticity perceptions and purchase intentions.

This study focuses on wine and looks at whether international consumers are influenced more by ROO or COO in their willingness to pay a premium price. Specifically, the product evaluated in the current study was Chianti Classico wine (from the region of Tuscany, Italy). Data obtained from a cross-national sample of New World and Old World countries were analysed with the objective of clarifying to what extent the higher importance attributed to a region-of-origin as compared to the country-of-origin contributes to willingness to pay high prices. Additionally, we examined how this relationship was moderated by consumers' knowledge and product experience.

The distance between the product image of a country-of-origin and a region-of-origin was found to reflect a gap in terms of willingness to pay a higher price for New World countries as compared to Old World consumers. The analysis indicated that the effects of Region-of-Origin and Country-of-Origin strongly depend on the cultural dimension within which the two phenomena are analysed. For New World consumers (USA, Canada and Australia), the larger the distance (or the gap) between perceptions of the region-of-origin as compared to country-of-origin, the higher the willingness to pay. This suggests that tactically, wine marketing managers need to better emphasize the region-of-origin in their promotions when they market their products to New World consumers. The objective for them is to maximize

the quality positioning of their products and labels in order to add value for their brands and places of origin. No significant results were found for Old World consumers.

In addition, this heterogeneity was also moderated by the subjective knowledge and the product expertise that consumers possess. For both Old World and New World consumers, possessing high subjective country product knowledge was found to positively moderate the impact of ROO-COO distance on their willingness to pay premium prices. For both Old World and New World consumers, prior product experience positively moderates the ROO-COO distance - willingness to pay a premium price relationship.

A major driver of this study is the recognition that places - countries and regions alike - are increasingly facing global competition that affects the competitiveness of industries such as the wine sector in international markets as well as domestically. Wineries need to fine-tune product positioning and determine which 'place' selling proposition will enhance this position. It is therefore critical to construct appropriate messaging that communicates the most pertinent information about the place-of-origin, aligning it with the brand promise for the target audience and other stakeholders.

From a theoretical perspective, the study advances and expands upon the vast body of research that examines the place branding construct (Atkin and Newton, 2012; Hanna and Rowley 2008), the understanding of the cognitive structure of a country's image and the study of the various effects of the region-of-origin on consumer buying behaviour (Atkin and Johnson, 2010; Schamel, 2006) in three ways. First, the study jointly considers region-of-origin and country-of-origin effects, thus providing a finer granular overview of the *place-of-origin* effects as relates to consumer product evaluations. Furthermore, the findings suggest that a higher ROO-COO distance, i.e., when consumers assign a higher value to ROO than COO, they are more inclined to pay premium prices. Secondly, it considers the willingness to pay variable, thus addressing previous calls for further research on topics related to the relationship between the perception of a region and the value added to the brand (Agrawal and Kamakura, 1999; Guidry et al., 2009; Koschate-fischer et al., 2012). Understanding the significance of the ROO-COO distance construct can benefit many wineries in designing positioning strategies that differentiate their products and support competitiveness. Third, and foremost, the study contributes to the body of research evaluating the effects of COO and ROO as related to place-based marketing and buying behavior. The study also provides a useful contextual analysis, comparing seven countries and differentiating New World and Old World consumers' perceptions. Specifically, this study also advances extant research on competition in the wine sector.

From a managerial point of view, this study sheds light on how Old World wine producers should be aware of the differences in adopting different place branding strategies across countries. In particular, region-of-origin seems to play a more important role than country-of-origin in influencing a higher willingness to pay premium prices in countries such as Australia, USA, Canada and Germany, while not in UK, Sweden and Belgium. Moreover, from the results of the study, it emerges that higher subjective country product knowledge and possessing product experience positively moderate the impact of ROO-COO distance on willingness to pay premium prices for both Old and New World consumers. As a consequence, wineries should understand *which* place-branding cue to emphasize (whether ROO or COO) and *when* (according to the characteristics of their target market, i.e., the customers' nationality and whether they possess subjective country product knowledge and/or previous product experience).

Nonetheless, this study is not free from limitations. The main shortcoming of this exploratory study relates to how we measured our dependent variable (Koschate-fischer et al., 2012; Loureiro and Umberger, 2003), an approach that did not include other moderating variables such as the consumer's objective knowledge. The study was also limited to Chianti Classico, Italy, and the region of Tuscany. Despite these shortcomings, the paper is of value to academic researchers, marketing practitioners and in particular wine industry practitioners due to its cross-national comparative analysis, large sample size and the implications stemming from using the region-of-origin as an extrinsic cue or a regional indication for New and Old World consumers. The approach to evaluating the COO-ROO gap could be applied to other product categories. We suggest that further research might explore the reasoning as to why for Old World consumers the possession of high subjective country product knowledge (e.g., having expertise when it comes to evaluating Italian wines as is the case of this study) negatively impacts their willingness to pay. This behaviour appears to take place when a significant gap between the perceptions of the country-of-origin vs. the region-of-origin is established.

Adding to previous studies which have suggested the importance of product differentiation and the combination of tradition and innovation for Old World wine producers when competing with New World wine producers (Bernetti et al., 2006), our study suggests that also within the Old World, firms have to face competition deriving from a place branding differentiation strategy and that region-of-origin, more than country-of-origin, may be seen as the dimension firms can leverage in making consumers pay higher prices.

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FIGURES

Figure 1 – *Conceptual model*

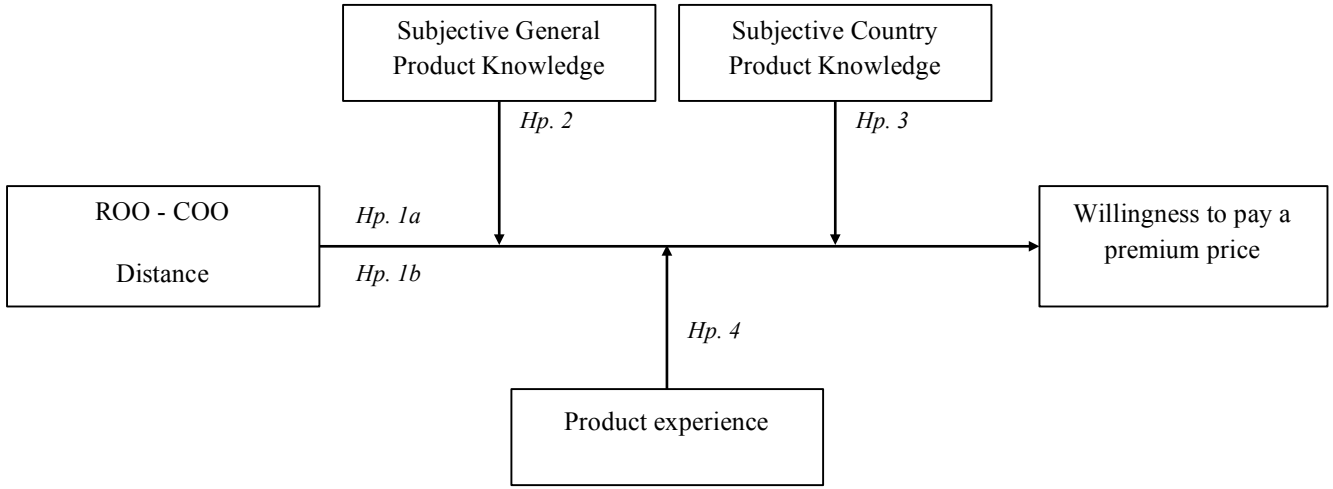


Figure 2 – The moderating role of Subjective Country Product Knowledge

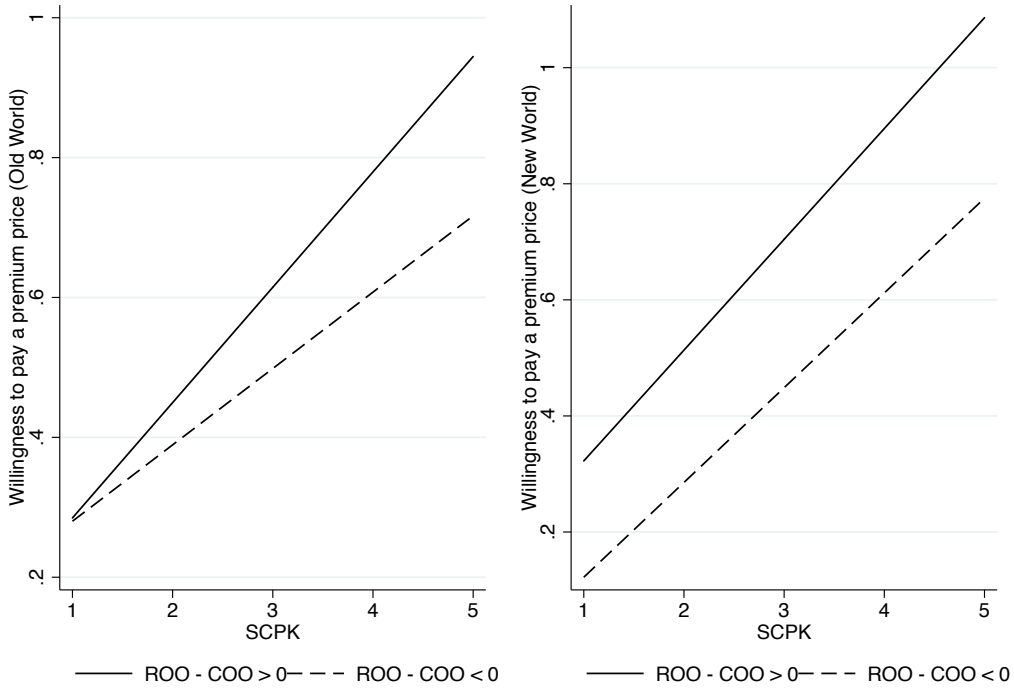
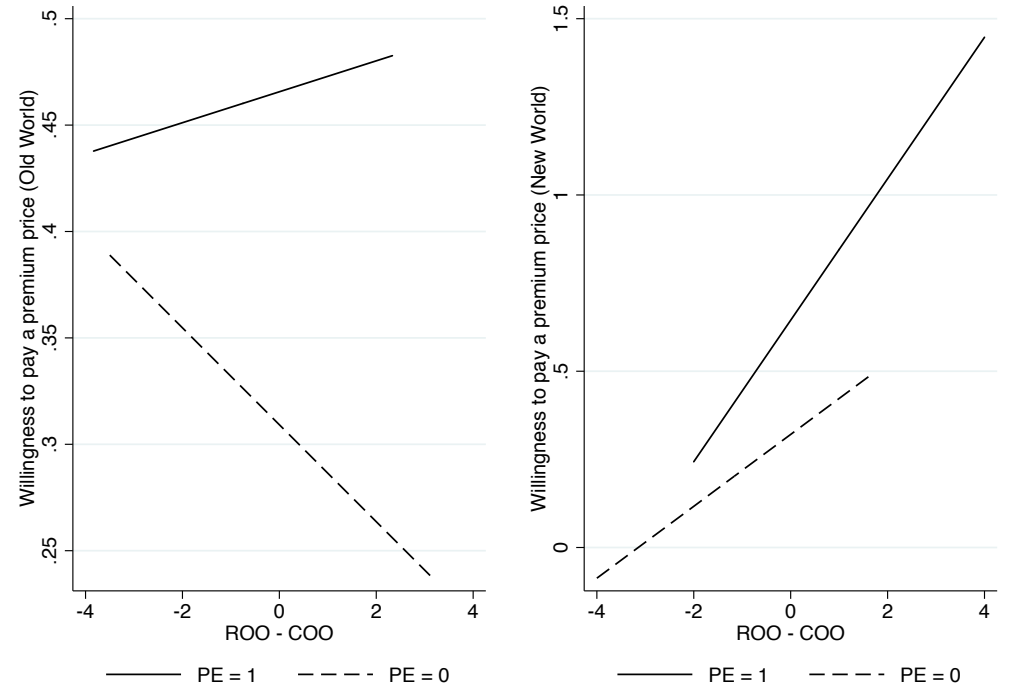


Figure 3 – The moderating role of product experience



TABLES

Table 1 - Measures Description and Properties

Measure	Item Description*	Std. Factor Load.	Sources
Subjective Country Product Knowledge (SCPK) α = 0.822 CR = 0.822 AVE = 0.609	*Please rate your level of agreement with the following statements:* x1: I am familiar with Italian wines x2: I like to read online news about Italian wines x3: I can distinguish among different wine regions of Italy	 0.82 0.67 0.84	Beatty and Smith (1987); Goldsmith and D'Hauteville (1998); D'Alessandro and Pecotich (2013)
Product Image of Country of Origin (COO) α = 0.847 CR = 0.858 AVE = 0.506	*To what degree would you associate the following attributes with Italian wine?* x4: Tradition/Culture x5: Elegance x6: High Quality x7: Exclusivity x8: Age x9: Trendy	 0.63 0.66 0.61 0.78 0.73 0.83	Charters and Pettigrew (2006); Brijs, Bloemer, and Kasper (2011); Chen, Su, and Lin (2011); Mtimet and Albisu (2006); Zamparini et al. (2010)
Product Image of Region of Origin (ROO) α = 0.893 CR = 0.897 AVE = 0.596	*To what degree would you associate the following attributes with a Chianti Classico wine?* x10: Tradition/Culture x11: Elegance x12: High Quality x13: Exclusivity x14: Age x15: Trendy	 0.77 0.85 0.81 0.80 0.76 0.62	Charters and Pettigrew (2006); Brijs, Bloemer, and Kasper (2011); Chen, Su, and Lin (2011); Mtimet and Albisu (2006); Zamparini et al. (2010)

* Each item varies on 1-5 Likert scale where "1" indicates "not important/agree" and "5" means "the highest importance/agreement".

Table 2 - Means, Standard Deviation, and Full Correlation among Study Variables

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
[1] WTP3	1								
[2] Gender	0.0706**	1							
[3] Age	0.0676**	0.053**	1						
[4] Income	0.0268	0.0373**	0.276**	1					
[5] Education	0.031*	0.0118	-0.083**	-0.107**	1				
[6] SGPK	0.0262	0.0659**	0.0781**	0.0898**	-0.0302*	1			
[7] SCPK	0.2485**	0.0625**	0.1906**	0.2276**	-0.0537**	0.3359**	1		
[8] ROO-COO	0.1005**	0.0440**	0.105**	0.0319*	0.026	0.015	0.092*	1	
[9] PE	0.223**	0.032*	0.254**	0.230**	-0.082**	0.080**	0.243**	0.259**	1
Mean	*0.434*	*0.484*	*0.633*	*0.371*	*0.336*	*0.132*	*2.137*	*-0.203*	*0.566*
Std. Dev.	*0.496*	*0.499*	*0.482*	*0.483*	*0.472*	*0.339*	*0.977*	*0.782*	*0.495*

Note: N = 4,156. * p< 0.05; ** p< 0.01

Table 3 - Logistic regression results

	New World			Old World			
	AUSTRALIA	USA	CANADA	GERMANY	UK	SWEDEN	BELGIUM
Gender	0.197	0.0689	-0.0522	0.132	1.239**	0.275	0.100
	(0.184)	(0.217)	(0.231)	(0.144)	(0.227)	(0.287)	(0.190)
Age	-0.276	-0.165	-0.391	0.132	1.267**	0.0587	-0.0641
	(0.206)	(0.248)	(0.352)	(0.204)	(0.209)	(0.346)	(0.214)
Income	-0.697**	0.0612	-0.0105	0.0677	-2.394**	0.300	0.164
	(0.196)	(0.208)	(0.254)	(0.151)	(0.297)	(0.426)	(0.216)
Education	0.476*	-0.316	-0.0920	0.00572	2.256**	-0.145	0.103
	(0.194)	(0.239)	(0.365)	(0.142)	(0.275)	(0.285)	(0.226)
SGPK	-1.110*	-1.920**	-0.589*	-0.0812	-0.184	-0.451	-0.708
	(0.453)	(0.392)	(0.268)	(0.199)	(0.203)	(1.304)	(0.557)
SCPK	0.510**	1.090**	0.859**	0.324**	1.365**	0.187	0.421**
	(0.124)	(0.118)	(0.126)	(0.0957)	(0.242)	(0.181)	(0.129)
ROO-COO	0.965**	0.899**	0.978**	0.457**	-1.049**	-0.912**	-0.213*
	(0.163)	(0.224)	(0.224)	(0.129)	(0.203)	(0.219)	(0.102)
PE	1.076**	0.574**	1.532*	0.171	2.095**	1.367**	1.634**
	(0.224)	(0.219)	(0.773)	(0.276)	(0.333)	(0.446)	(0.224)
Constant	-1.586**	-3.093**	-2.432**	-1.491**	-5.186**	-2.326**	-2.832**
	(0.272)	.411	.812	(0.323)	(0.684)	(0.433)	(0.328)
Wald $\chi 2$	125.68**	130.45**	65.04**	28.28	141.93**	30.16**	83.16**
Pseudo R2	0.21	0.244	0.168	0.0295	0.287	0.143	0.122
N	657	559	438	877	698	317	610

Standard errors in parentheses. * $p< 0.05$; ** $p< 0.01$

Table 4 - Logistic regression results with interactions

	Model 1		Model 2		Model 3		Model 4	
	Old World	New World	Old World A	New World A	Old World E	New World E	Old World D	New World D
Gender	0.262**	0.220+	0.259**	0.222+	0.270**	0.217+	0.266**	0.212+
	(0.0852)	(0.115)	(0.0852)	(0.115)	(0.0853)	(0.115)	(0.0853)	(0.115)
Age	0.231*	-0.316*	0.231*	-0.317*	0.222*	-0.318*	0.221*	-0.310*
	(0.0939)	(0.133)	(0.0939)	(0.133)	(0.0941)	(0.133)	(0.0941)	(0.133)
Income	-0.387**	-0.151	-0.379**	-0.153	-0.392**	-0.161	-0.399**	-0.139
	(0.0986)	(0.117)	(0.0987)	(0.117)	(0.0991)	(0.118)	(0.0987)	(0.118)
High school	0.315**	0.0795	0.323**	0.0804	0.306**	0.0721	0.316**	0.0683
	(0.0884)	(0.135)	(0.0886)	(0.136)	(0.0886)	(0.135)	(0.0886)	(0.135)
SGPK	0.134	-0.742**	0.162	-0.744**	0.138	-0.747**	0.139	-0.727**
	(0.125)	(0.185)	(0.126)	(0.181)	(0.126)	(0.190)	(0.126)	(0.188)
SCPK	0.550**	0.723**	0.547**	0.726**	0.545**	0.707**	0.569**	0.723**
	(0.0638)	(0.0611)	(0.0638)	(0.0612)	(0.0646)	(0.0625)	(0.0647)	(0.0611)
ROO-COO	-0.130*	0.804**	-0.108+	0.828**	-0.515**	0.173	-0.276**	0.588**
	(0.0582)	(0.106)	(0.0610)	(0.112)	(0.157)	(0.258)	(0.0841)	(0.142)
PE	0.558**	1.006**	0.558**	1.004**	0.583**	1.013**	0.590**	0.977**
	(0.0926)	(0.136)	(0.0927)	(0.136)	(0.0934)	(0.137)	(0.0955)	(0.137)
SGPK X (ROO-COO)			-0.286	-0.178				
			(0.204)	(0.328)				
SCPK X (ROO-COO)					0.215**	0.278*		
					(0.0813)	(0.110)		
PE X (ROO-COO)							0.276*	0.385+
							(0.115)	(0.205)
Constant	-2.178**	-2.053**	-2.172**	-2.056**	-2.269**	-2.131**	-2.287**	-2.097**
	(0.153)	(0.185)	(0.153)	(0.185)	(0.158)	(0.184)	(0.161)	(0.186)
Wald χ2	*165.43*	*319.65*	*164.99*	*318.70*	*169.11*	*347.17*	*168.42*	*337.67*
Pseudo R2	*0.0603*	*0.1971*	*0.0610*	*0.1972*	*0.0631*	*0.200*	*0.0624*	*0.198*
N	2502	1654	2502	1654	2502	1654	2502	1654

Standard errors in parentheses. ^ $p < 0.10$;* $p< 0.05$; ** $p< 0.01$

APPENDICES

Appendix A – Demographics per Countries

	UK	USA	CANADA	GERMANY	AUSTRALIA	SWEDEN	BELGIUM
Gender	0.549	0.296	0.609	0.517	0.504	0.389	0.480
Age	0.552	0.741	0.858	0.729	0.530	0.409	0.513
Income	0.254	0.391	0.763	0.338	0.429	0.111	0.344
Education	0.331	0.256	0.088	0.467	0.379	0.468	0.236

Appendix B - Factor Loadings after Varimax Rotation

	Factor 1	Factor 2	Factor 3
x1			0.788
x2			0.626
x3			0.799
x4		0.526	
x5		0.537	
x6		0.504	
x7		0.665	
x8		0.616	
X9		0.702	
x10	0.800		
x11	0.839		
x12	0.805		
x13	0.770		
x14	0.652		
x15	0.496		

Appendix C - VIF scores and tolerances among study variables

Variables	VIF scores	Tolerance
SGPK	1.09	0.92
SCPK	1.18	0.85
ROO - COO Distance	1.07	0.94
PE	1.14	0.88

Mean VIF: 1.12. Condition number: 6.094