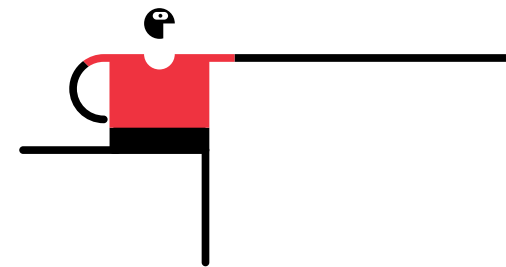




Made In

*The value of Country of Origin
for future brands*

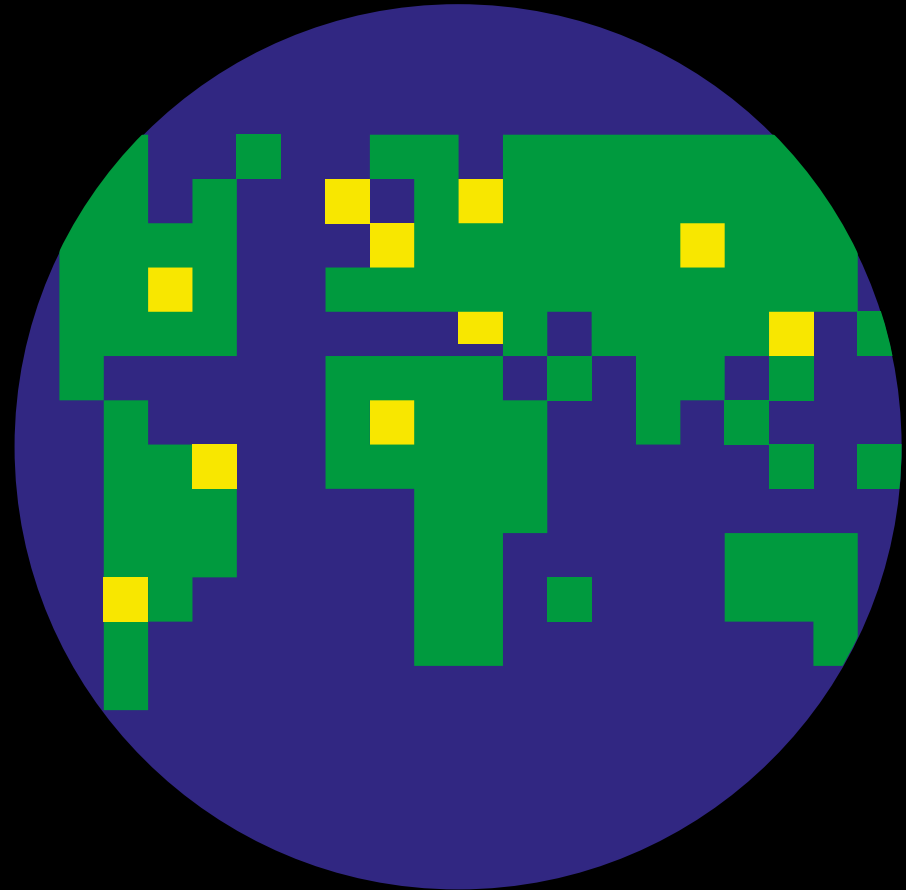


FutureBrand

*The
creative
future
company.*

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1. 'Made In' is more important than ever

'Made In' is more important than ever

'Made In' – Why origin matters for branding



Redefining 'Made In'

In today's competitive and marketing savvy world, branding is accepted as a fundamental strategy for competitive advantage and success. And countries, like companies, are beginning to use branding to help them market themselves for investment, tourism and exports.

For the past 8 years, FutureBrand has published a definitive report on the subject of Country Branding the Country Brand Index (CBI) - that measures and ranks countries on the strength and power of their nation's brand. As part of this research, it has become increasingly important to understand the power and value of 'Country of Origin'.

Country of Origin is the term used to describe where products or goods originate from and encompasses agriculture, manufacturing or production. It is most commonly referenced by the term 'Made In' which denotes an association with the place of origin.

The objectives of this FutureBrand study are to understand how consumers define 'Made In', and how important Country of Origin is to a brand's strength, story and differentiation. It includes a ranking of the strongest Countries of Origin overall, as well as in key consumer categories. Understanding how consumers define Country of Origin and its level of importance, allows us to forecast the future role of origin to both branded goods, and to the brand strength of countries.

For country brand leaders and private enterprise brand managers, the information and insights provided in this report are invaluable for creating future brand and business strategy decisions. Consumers' insights on how much 'Made In' affects their purchase decisions, in which industries and by what Countries of Origin will help brand managers to understand the level of strength of 'Made In' in their categories. In a similar manner, country brand

leaders will benefit from this report by understanding how a country brand is perceived by consumers and the correlations between a country's reputation, its brand and how commercial brands are understood.

Why 'Made In' matters?

In the 20th Century, companies used to design and manufacture their products domestically. Consumers used to trust their domestic brands more than any other and were also less exposed to foreign brands. For those reasons, Country of Origin was perceived as a single place of association for consumers, which encapsulated the brand's origin, the place of design and the place of production.

Globalization has challenged this perception, resulting in a growing differentiation between the Country of Origin of the brand, the place of design and the place of production, potentially creating more confusion for the consumer. Therefore, defining the Country of Origin or the meaning of 'Made In' with a view to creating associations and trust at the consumer level has become critical.

Another important distinction between the past and present day is that in the 20th Century, markets were mostly under-regulated, global supply chains were invisible and consumers had no access to information about companies, products or countries. In today's world, consumers have the ability to freely access, contribute and share information about all aspects of companies, brands and products.

Throughout the 1990s there were several socio-economic scandals – such as the revelation of sweatshop employment by several major brands – that led to a growing desire amongst consumers to know more about

the corporate profile and personality of the brands they purchased. Awareness around ecology and climate change also played an important role, introducing terminology such as 'Sustainability', 'Corporate Social Responsibility' (CSR) and 'waste-less' into corporate vernacular. Today, 'Made In' has a greater influence and importance for consumers; where and how a good is made now matters more because it can qualify key considerations – such as safety, quality and ecological standards – in consumers' minds at the point of purchase.

A very recent manifestation of the importance of these issues – as a result of the 2013 'Horsemeat scandal' – is the introduction of new EU food labelling regulations and the increased emphasis given to Country of Origin labeling. The scandal centered from the revelation that the origin, provenance and 'type' of meat in food products were incorrectly marketed, lacking transparency and misleading consumers. As a result all packaged products must now indicate the country or countries of origin of all production stages. This demonstrates that origin is more than ever an expression of quality and is crucial information for the consumer.

Recent economic challenges for countries have also created a pressure to compete more effectively for investment. For domestic companies, the potential to leverage opportunities of origin has raised origin as a point of economic patriotism in some markets.

Today, origin related to a specific country and expressed by the term 'Made In' is an important issue and opportunity for brands. Understanding origin, its meaning and potential offers countries and companies an opportunity to create competitive advantage and differentiation.

'Made In' is more important than ever

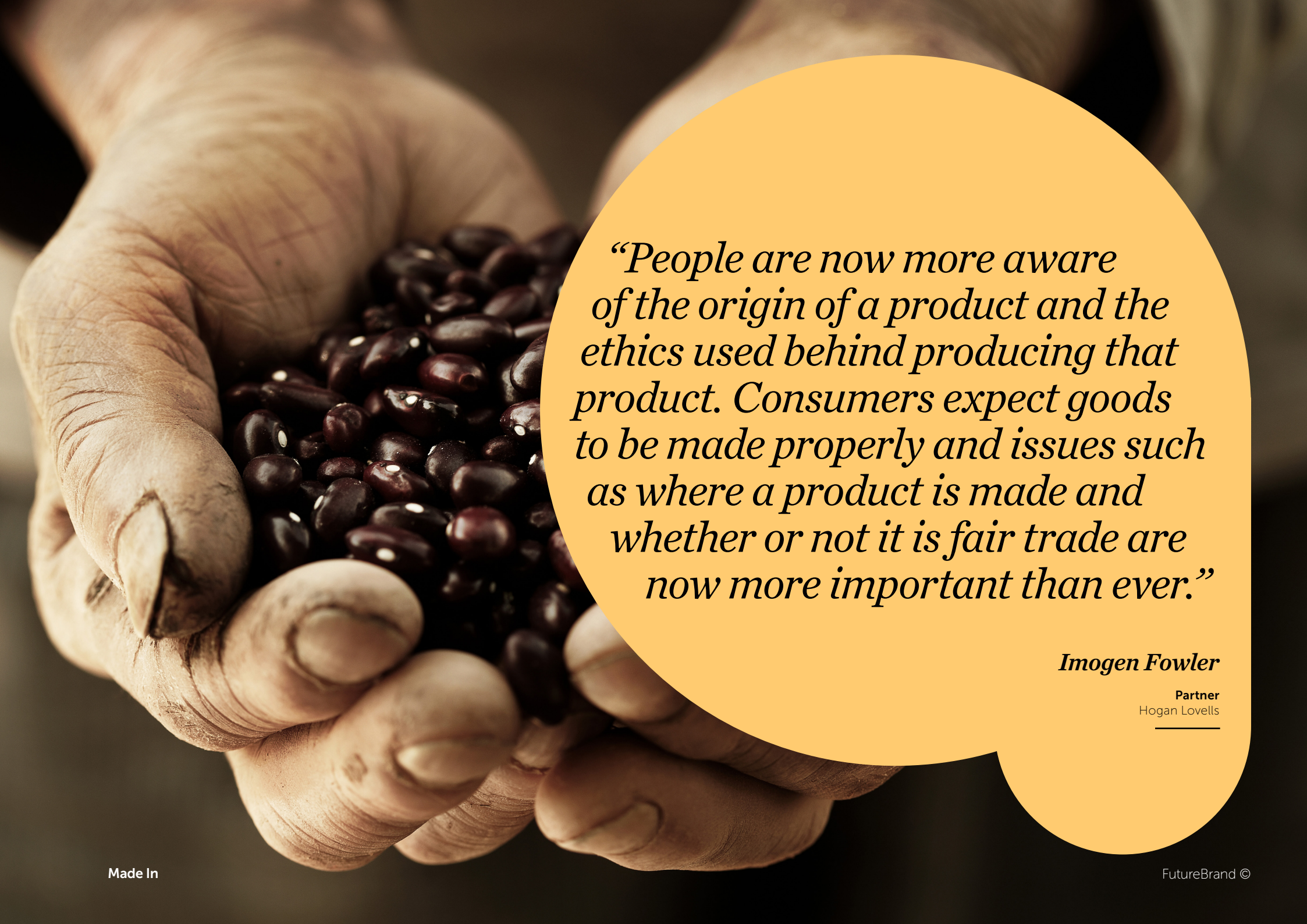
Differentiation that is both rational and emotional



'Made In' can define a brand's tangible and intangible factors

The words 'Made' and 'In' convey important information about a product and a brand, and this can influence consumer preference. 'Made' refers to the manufacturing aspect of the origin of a product. It is often related to legal certifications, the technologies involved, ingredients and techniques as well as work ethics and safety standards. 'In' refers to the provenance and the geographical dimension of origin such as the location of the manufacturing process and the source of ingredients. 'Made In' therefore conveys information and associations that are both tangible and intangible, rational and emotional. Depending upon the associations with, and perceptions of the location or country that follows the term 'Made In...', perception of products, goods or brands will be affected.

The 'In' and the emotional factors it represents used to be the primary driver of consumers' preference in the 20th Century. More specifically, the reputation of a country and the relationship between the product and the country's expertise was originally the ultimate reason to buy the product. Today, things have changed. Consumers understand that legal and safety issues are equally as important. In today's world, consumers need to trust both 'Made' and 'In' in order to make their purchase decision.



“People are now more aware of the origin of a product and the ethics used behind producing that product. Consumers expect goods to be made properly and issues such as where a product is made and whether or not it is fair trade are now more important than ever.”

Imogen Fowler

Partner
Hogan Lovells

2. Research methodology

Methodology explained

Quantitative research

FutureBrand started by collecting quantitative data from 1,050 consumers and opinion formers from around the world. Drawn from the United States, France, Brazil, India, China, Japan and Australia, the research tapped into their purchasing power and global perspective to understand how origin and brands influence consumer preferences and choices.

Using adaptive conjoint analysis we identified the most important drivers of choice and attributes overall and within six key product categories — Fashion, Personal care and Beauty, Food and Beverage, Automotive, Electronic Goods and Luxury. This approach allowed us to understand the relative importance of origin alongside other key product features, ranging from safety to quality and style.

Qualitative research

In-depth qualitative research was conducted with brand experts and country branding academics from the Americas, Asia Pacific and Europe. We consolidated their views and perceptions across the key measures evaluated in the quantitative survey further to refine our insights.

Commercial Brand Directors and managers at global blue chip organizations offered their insights not only on Country of Origin as a key attribute for brand differentiation, but on the role category associations play in driving competitive advantage for individual brands.

Intellectual property & trademark law

To appreciate the importance of all legal aspects related to 'Made In', a portion of the research was conducted in collaboration with law firm, Hogan Lovells and informed the overall findings.

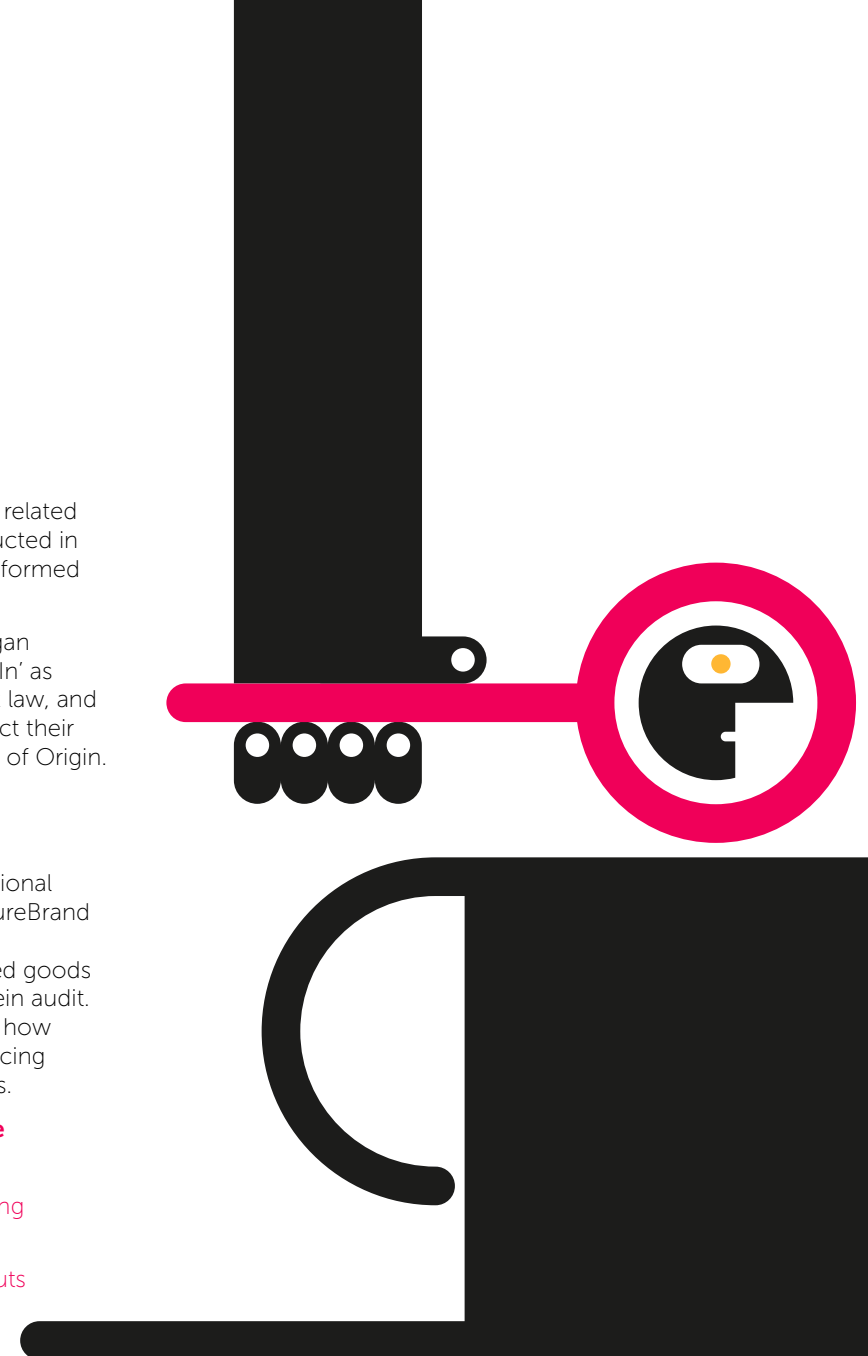
We worked closely with the leading law firm Hogan Lovells to understand the legal aspects of 'Made In' as they relate to intellectual property and trademark law, and how countries, companies and brands can protect their tangible and intangible assets relating to Country of Origin.

Brand expertise

FutureBrand was also able to draw on its international network of leading brand thinkers – in seven FutureBrand offices around the globe – as well as an online crowd-sourced contribution of images of branded goods purchased in December 2013 – the #futuremadein audit. The audit offered a 'real-time' global snapshot of how brands, labels and associations were truly influencing consumer purchases and brand communications.

The final rankings are the combination of these two sources of data:

- 1 Quantitative research conducted by combining overall opinions and rankings by category
- 2 Qualitative research data, gathering the outputs of interviews, focus groups, online surveys and the #futuremadein audit



Key research insights



1.

Consumer Insights
Quantitative research

2.

Legal Insights
Hogan Lovells

3.

Academic Insights
Interviews with academics

4.

Market Insights
Brand managers

5.

Brand Insights
Focus groups /
#futuremadein

3. Key findings

Insights

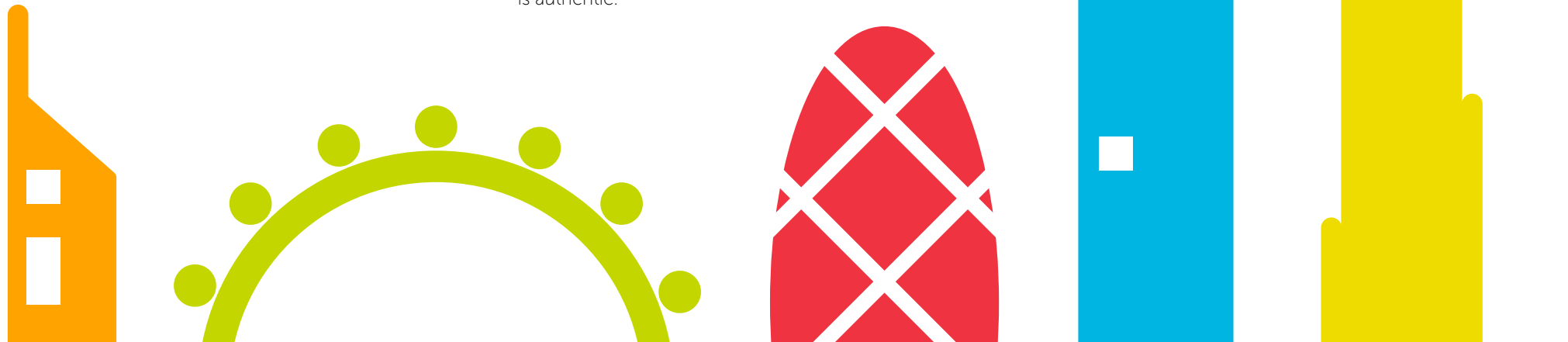
1. Country of Origin is a driver of consumer choice

Consumers were asked to rank the importance of origin when it comes to their purchase decisions. Surprisingly, Country of Origin, design and manufacture were all ranked higher than traditional drivers of choice like price, availability and style. In fact, Country of Origin, Country of Design and Country of Manufacture were ranked 2nd, 3rd and 4th respectively after 'Safety', which was positioned at number 1.

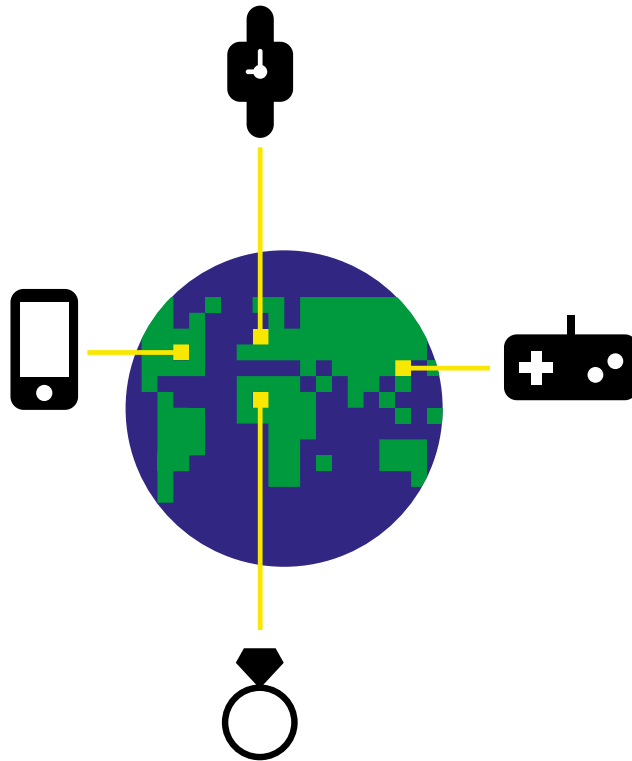
A closer look at the data shows that 'where' a brand is seen to be from in terms of broad associations – for example, 'British' or 'French' – is the most important of those drivers. This is reinforced by an awareness of where the product is designed, or where the ideas or intellectual property driving the brand are located. But perhaps most strikingly, the country of manufacture itself is more important than ever to consumers in their purchase decisions. Where something is physically made is now one of the significant influencing factors in consumer choice.

2. The definition of Country of Origin is getting sharper

Consumers increasingly choose brands based on their Country of Origin, but the concept of 'Made In' is becoming sharper. Consumers have always made strong associations between brands and particular countries, especially by category – for example, Italy for design, France for fashion or the USA for entertainment – and the data reinforces these connections. But where these might have been broad and arbitrary before, getting the credit for 'Made In' is now more dependent on a combination of factors from heritage, to design and physical manufacturing. In other words, it's no longer enough to simply be identified with a country – e.g. Italy with fashion – brands now need to show that they have a stronger connection with a country or place of origin to leverage for competitive advantage. A company needs to be physically present in the country or the design and patents need to have emerged from talent in the country, or the brand needs to have factories or parts of the production process in the origin nation. Where it might have been enough in the past to 'borrow' associations from a country for pure marketing purposes, consumers are less ready to accept Country of Origin as a choice driver unless it is authentic.



Insights



3. The strongest Countries of Origin are clear in consumers' minds

If brands that leverage origin associations are driving choice, which countries are the strongest in consumer's minds? The 'Made In' rankings place the USA and France as the two strongest Countries of Origin overall. However, there are differences of strength when we look within categories. For example, where Italy might be at number five in the overall ranking, they rank at number two within Food & Beverage and Fashion categories, and Japan performs very well in Automotive, Consumer Goods and Electronics but is fourth overall. When it comes to purchase likelihood – or 'where we are most likely to be motivated to buy a brand from' – France, the USA and Italy are the strongest performing countries in the ranking overall, and Germany is strongly linked with purchase likelihood in the automotive category.

Interestingly, when participants were asked about buying brands from their own countries, respondents in 'developed' nations like Italy, France and Australia ranked themselves highest when it came to purchase likelihood. Whereas consumers in developing countries like India still tend to prefer brands that come from other countries.

4. A Country of Origin's reputation is stronger when it excels in multiple categories

The top performing Countries of Origin in the research all perform strongly across consumer categories. For example, the USA is in the top five across all six categories and number one in personal care and beauty and fashion. France and Italy also enjoy strong perceptions across multiple categories. So whilst the data might confirm some stereotypical associations by country – Germany is seen as being strong in Automotive and Electronic Goods, Italy is well known for Food and Beverage and Fashion – being seen as strong across the board is the critical dimension in overall Country of Origin strength.

The data also reveals some interesting perceptions about relative weakness by category. For example, whilst China is a top 10 Country of Origin, it has relatively weak associations in Personal Care and beauty and in luxury. China ranks 9th overall. This represents an opportunity for countries to consider improving associations in categories where they are not particularly well known, but also provides a guide to organisations when it comes to leveraging Country of Origin in brand development in specific categories. In other words, it might be easier to get global traction as a 'French' Luxury brand than a 'French' Automotive brand.

With that in mind, the category leaders in the research are France for Food and Beverage, the USA for Personal Care, Beauty products and Fashion, Germany for Automotive, Japan for Electronic Goods, and Switzerland for Luxury.

Insights

5. Country brand strength does not mean origin strength

One of the most striking findings from the research is that overall country brand strength is not a guarantee of Country of Origin strength. When comparing rankings between FutureBrand's CBI and 'Made In' data some significant differences emerge. For example, brand USA has consistently fallen in the CBI rankings over the last few years and is now at number 8 overall, but it is the strongest Country of Origin brand in this research. And it is the same picture for France, which enjoys the number two position for 'Made In', but has fallen to 13th overall in the CBI.

Conversely, Switzerland is currently number one in the CBI study, but is 7th overall in the 'Made In' rankings. Perhaps most significantly, China and South Korea – respectively 66th and 49th overall in the CBI – are both top 10 Countries of Origin. Showing that a weak overall 'country brand' does not necessarily damage Country of Origin strength.

There are several possible explanations for these differences. Firstly, when it comes to the USA, it is arguable that America is responsible for some of the world's biggest and most successful global brands. From Apple to Ford, McDonald's, Nike and Walmart, American-originated brands cross categories and markets and have set the standard for quality and consistency. This is in stark contrast to the complex political reputation of America itself around the world. So whereas America might provide strong positive associations for brands around independence of spirit, quality and service that are easy to replicate and control

in brand experiences, perceptions of the country itself emerge from many millions of complex interactions and the full richness of the economic and social impact it has on its own and other populations.

Switzerland, on the other hand, enjoys a very strong reputation as a country brand and scores highest across the dimensions of value system, quality of life, good for business, heritage and culture and tourism. However, whilst it is strongly associated with some categories, there are many fewer 'Swiss' brands in the world, so it is harder for consumers to make direct associations between Switzerland and the branded products and services they prefer.

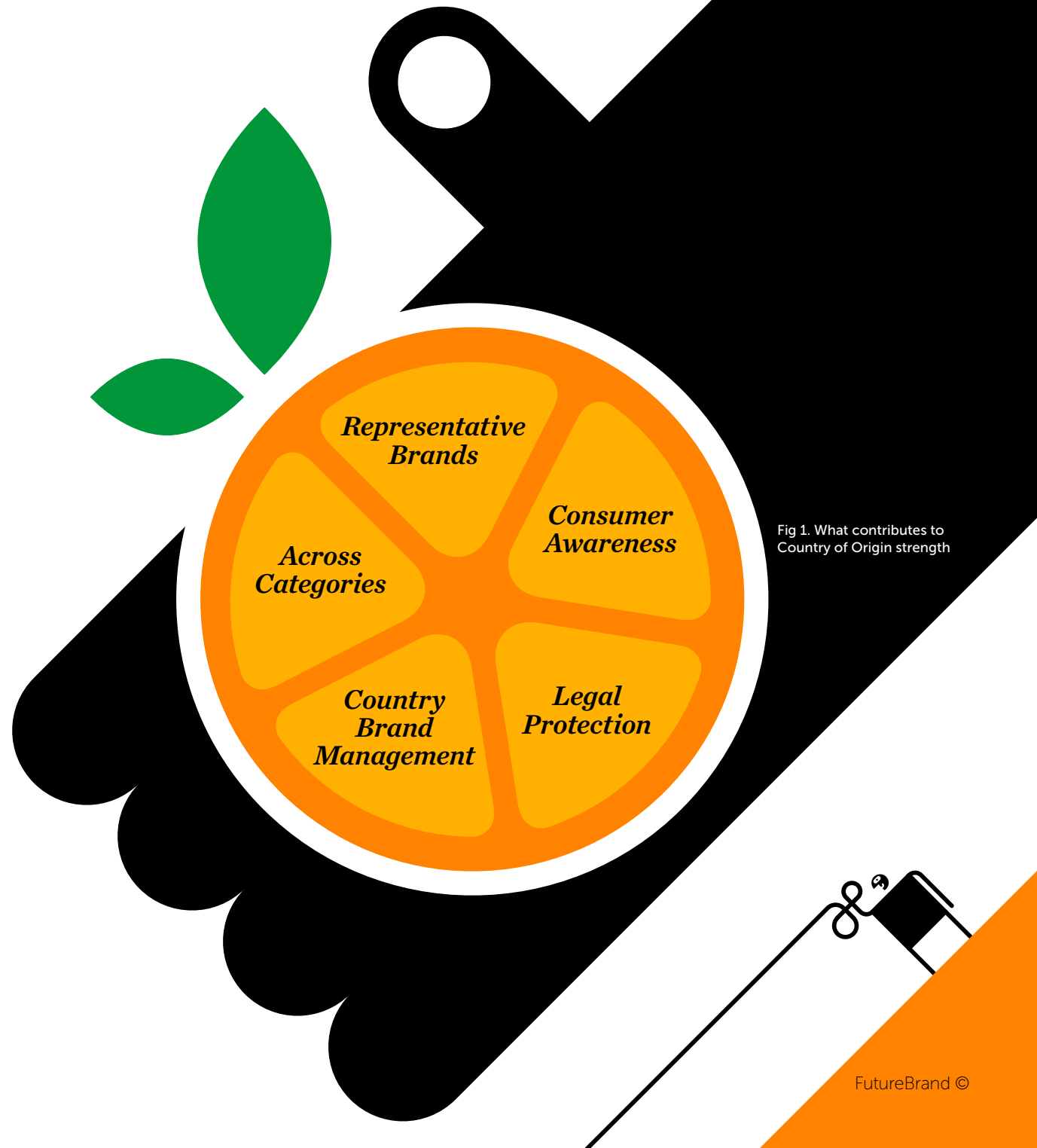
Secondly, when it comes to China, the stark difference between its strength as a country brand and Country of Origin emerges from a simple fact. China is well known around the world as a manufacturing base, and increasingly respected for high-quality production – as exemplified by Apple's 'Designed in California, assembled in China' assertion. This has driven strong associations between China and the 'provenance' aspect of Country of Origin across categories. And increasingly, China is developing a reputation as a designer and owner of brands, from Lenovo (the world's largest PC brand by sales) to Haier (the world's largest appliance brand by sales). This is in contrast to China's country brand, which suffers from relatively weak perceptions across important dimensions like value system, quality of life and tourism.



6. Successful brands contribute to Country of Origin strength

The 'Made In' data shows that we cannot assume a correlation between country brand and Country of Origin strength. However, successful brands themselves do contribute to Country of Origin associations. In other words, the more brands we know of that are 'Made In' a country, the more likely we are to prefer it as a Country of Origin. Respondents were able to provide more unprompted examples of consumer brands for the top ten Countries of Origin than any other place, and made strong associations between those brands and the country itself.

Brands across every category, like Apple, Cadillac, Clinique, Coca-Cola, Ford, Kellogg's, McDonald's, Microsoft, Ralph Lauren, Starbucks and M&Ms, were automatically connected with the USA. And it was the same picture with France and Italy, with respondents providing spontaneous examples of household name brands across everything from Automotive to Luxury. However, more importantly, our rankings emerged from those countries that did not just have brands 'associated' with them and their broad narrative or values, but were also able to demonstrate a more tangible connection through design, intellectual property, corporate residency and manufacturing.



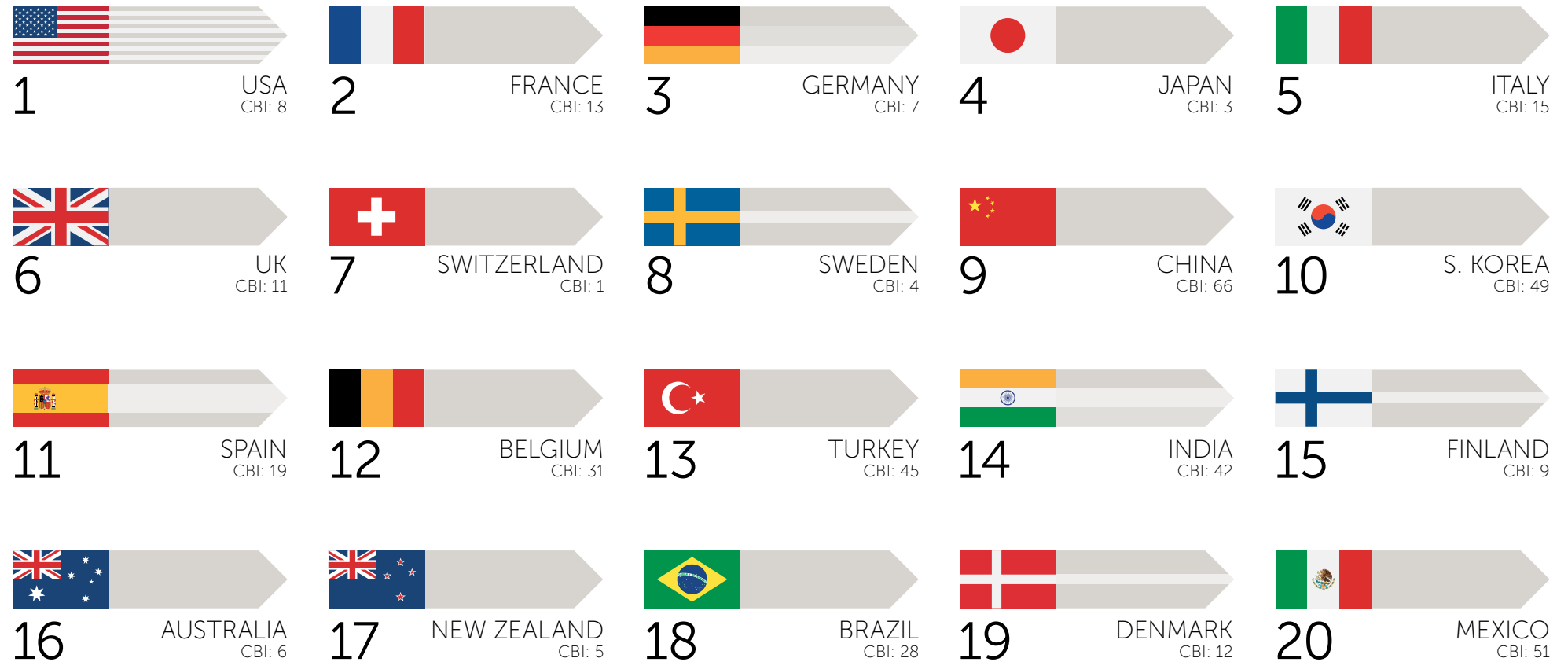


“A very important take away from this research is that origin, design and manufacture are considered equally important. If we take Apple as an example, they try to make people forget about where the product is manufactured and focus on where it is designed – California.”

Suresh Sundaram

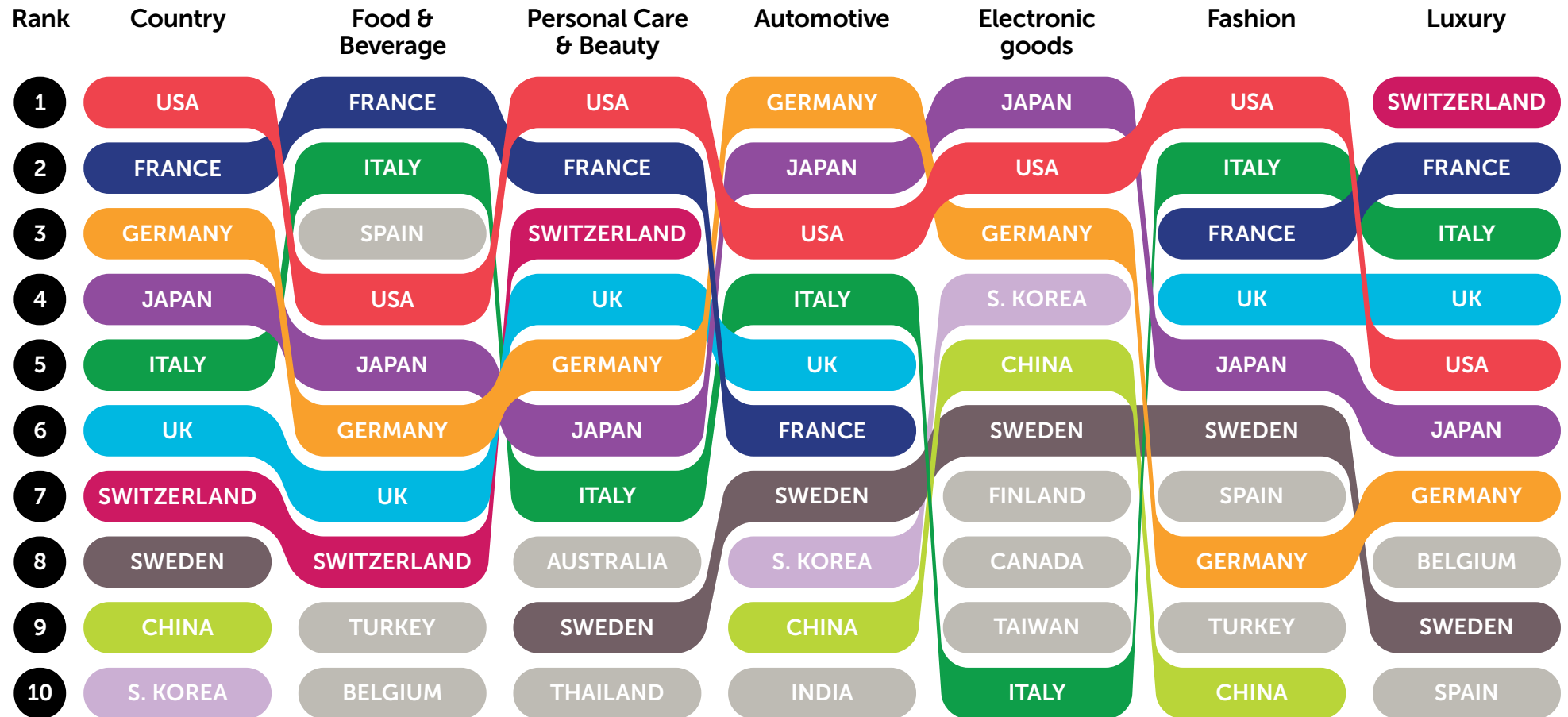
Founder
Scenia Insights

Overall rankings



* The CBI rankings are as of 2012–13

Rankings across industry sectors



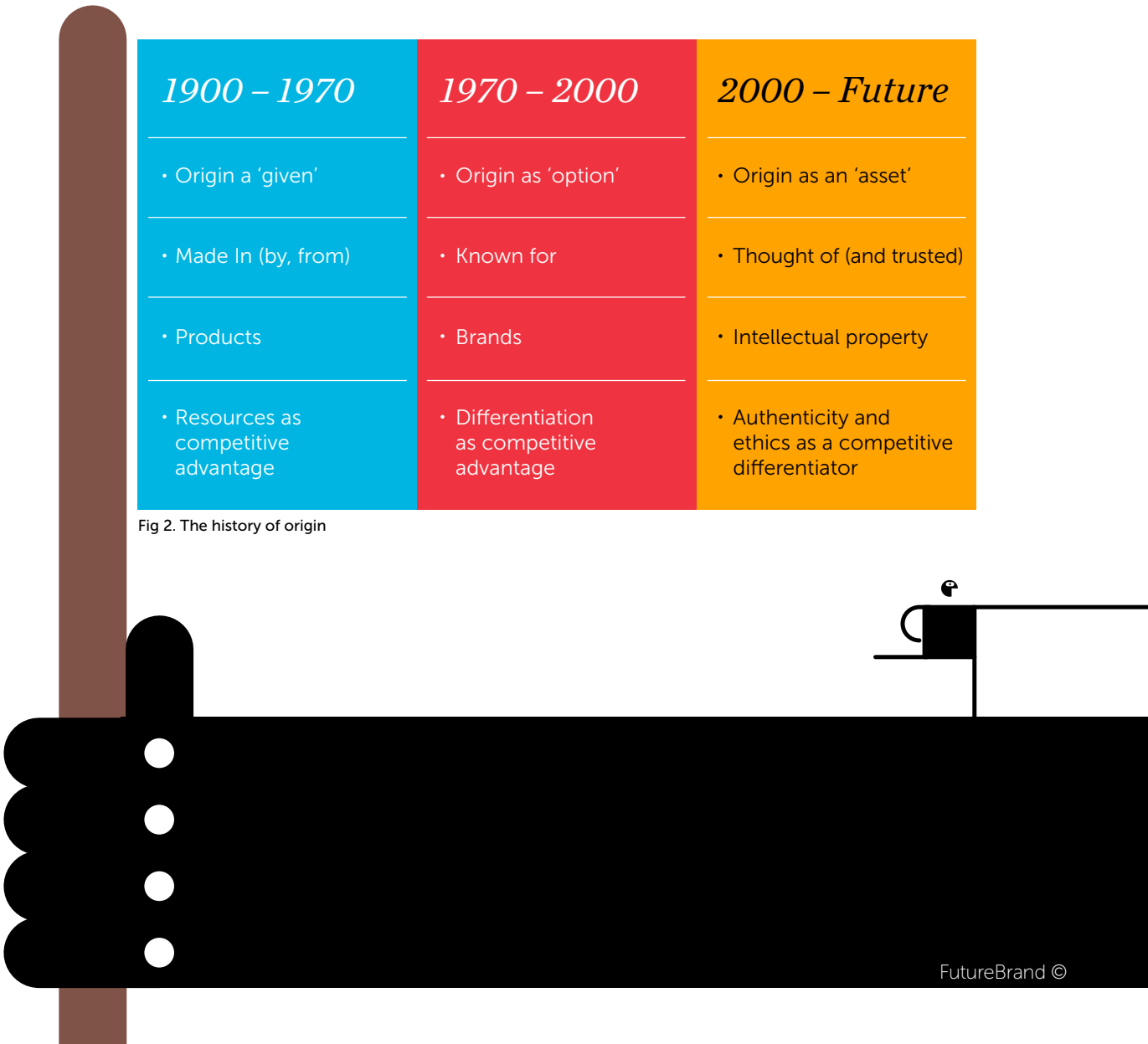
4. What makes a strong Country of Origin?

What makes a strong Country of Origin?

The evolution of Country of Origin: From a 'given' to an 'asset'

Origin as a 'given': 1900 – 1970

Country of Origin has taken on new meaning in the last decade as part of a broader evolution since the beginning of the 20th century. Our hypothesis is that what we think of as 'origin' has developed from the early 1900s, with the rise of early branded goods, when consumer choice was largely limited to domestic supply in most categories. From food and fashion to early automotive brands, import and export were much less common and consumers largely expected the products they bought to be local or at least national. Hence the independent and simultaneous growth of nationally identified automotive brands like Mercedes in Germany, Ford in the United States and Citroën in France. This sense of local origin as a 'given' in consumer choice still led to differentiation by place – associations with trades by region or city for example – but meant that consumers had little choice but to buy products or services from national brands and companies.



<i>1900 – 1970</i>	<i>1970 – 2000</i>	<i>2000 – Future</i>
• Origin a 'given'	• Origin as 'option'	• Origin as an 'asset'
• Made In (by, from)	• Known for	• Thought of (and trusted)
• Products	• Brands	• Intellectual property
• Resources as competitive advantage	• Differentiation as competitive advantage	• Authenticity and ethics as a competitive differentiator

Fig 2. The history of origin



“The millennium consumers are socially minded, environmentally conscious, they care about work ethics and they value sustainability. The millennium consumer makes decisions based on this collective wisdom. Branding is becoming more powerful today because the consumer is firmly positioned in the driver’s seat. Therefore, sustainability is to be regarded as an integral part of strategic branding decisions.”

Dr. Salah S. Hassan

Professor of Strategic Brand Management
Dept. of Marketing, School of Business,
The George Washington University

The history of origin from given to asset

Origin as an ‘option’: 1970 – 2000

After the Second World War, American and European brands began to expand beyond their local borders. Global supply, manufacture and export of goods began to accelerate in response for lower prices and greater choice of goods. Companies became international or multinational and the rise of an affluent middle class in the USA and Europe demanded more sophisticated marketing. As categories became more sharply defined, brands often extended beyond the borders of their origin, as well as across the categories of goods and services.

However, for many of these brands, their place of origin and heritage continued to be a key part of their appeal and differentiation. Their name, identity, design and symbolism of logos or trademarks became synonymous with their country or place of origin. In turn, this became an intrinsic and extrinsic part of their brand's appeal and reputation. From the 1980s onwards, the next stage of growth for some companies was under the headline of 'globalization', where the supply and demand chain for brands depended upon an inter-connected global market for their goods. It was characterized by global economies of scale for brands that transcend their origin and their associations of a single product or category of goods. For these global corporations, their brands came to be defined and represented by iconic symbols and cross-cultural values not rooted in place, but rather archetypal ideas.

It was no longer necessary to be from a particular place, and brands frequently borrowed Country of Origin associations more as marketing ideas than authentic reflections of heritage, design or manufacturing location.

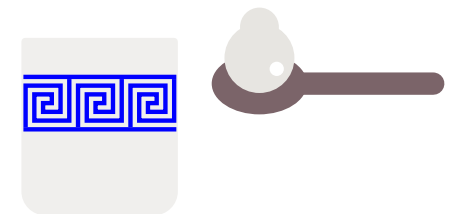
Origin as an ‘asset’: 2000 – future

At the turn of the millennium in 2000, the transformative power of the Internet began to shift the balance of power between corporations, their supply chain and most importantly their customers and consumers.

As the 'new economy' and dot.com buzz began to wane, the counter-force of global consumerism found its voice. Anti-globalization and anti-brand movements sought to diminish and limit the power of corporations, and expose their views of marketing as being superficial and manipulative. The global economic crisis brought national austerity programs in some countries and gave rise to calls for economic nationalism, and a call to 'buy' domestic goods and services. Finally, the terms CSR and Sustainability became two key pillars of communications for companies and brands. For countries, economic and political stability coupled with social and cultural values of freedom, trust and integrity began to emerge to influence the reputation and perceptions of their country's brand.

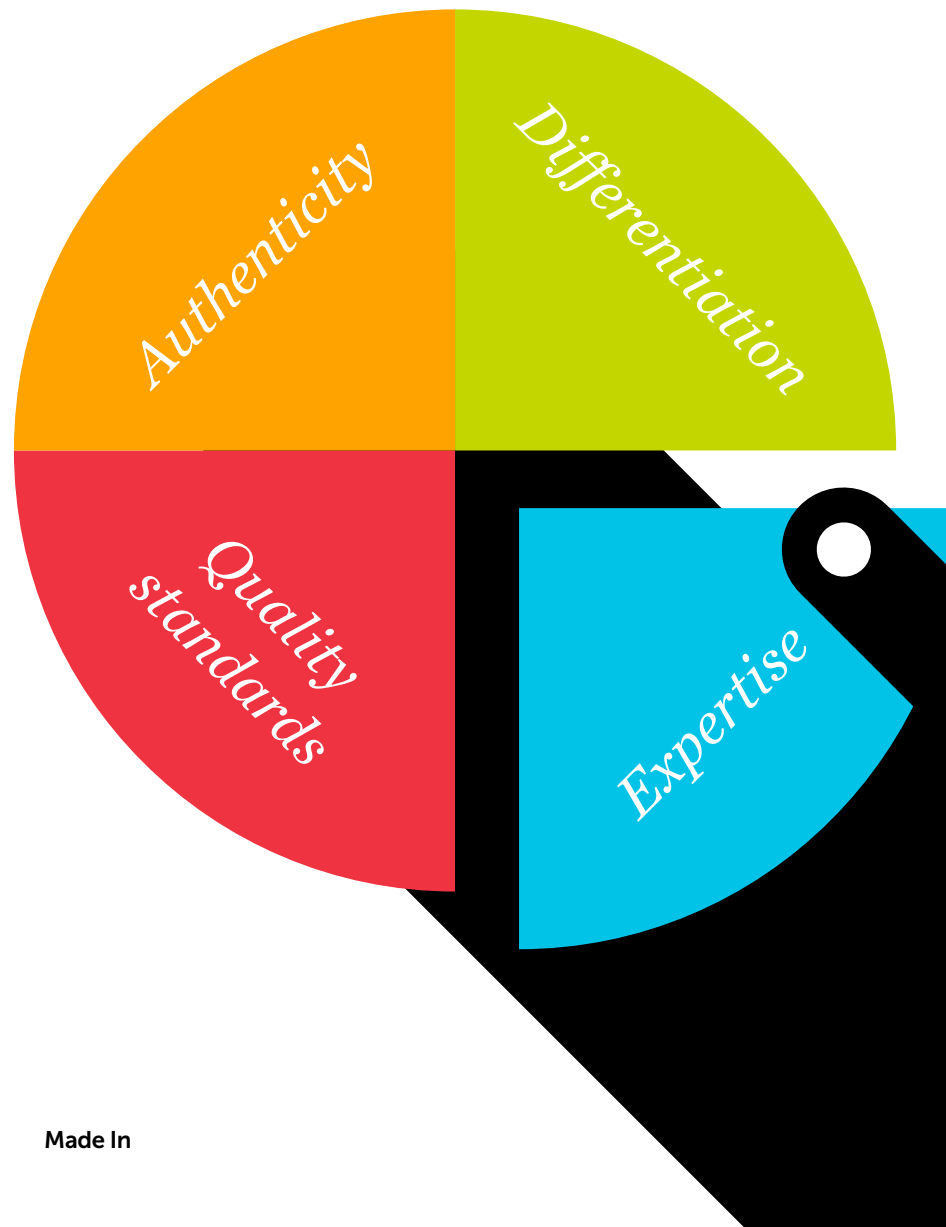
Today, both countries and companies can ill afford not to manage their brands. In a borderless world, it is clear that Country of Origin is more important than ever to consumers. Consumers are aware that products can be manufactured anywhere in the world and that 24/7/365 access to consumer goods has a broader social and environmental cost than previously imagined. So whereas before Country of Origin might have been limited to associations with a place – the 'Greek-style yoghurt' phenomenon – now, where something is manufactured is also a key driver of choice.

The implications for brands could be profound. Firstly, if a brand owner is 'borrowing' associations from a place, they now need to consider if that story is authentic and own-able. If they do have authentic reasons to use those associations, like being invented there, or created by someone from that country, then they need to consider the best way to protect that association as an asset, because it is going to be increasingly vital for differentiation. If the story is inauthentic, there is every chance that consumers will begin to migrate to alternative brands. Secondly, if the brand is authentically associated with a place, then the brand owner needs to consider how important manufacturing in that place is to consumers. Does it have unique skills or resources that qualify it for expertise in the category? Is it geographically closer to the target market and therefore a more sustainable or economically viable choice? If not, there is no reason why the brand could not be physically made in a country that is better associated with manufacturing skill in that area. As long as the brand is transparent about it and can demonstrate the virtue of the choice – particularly through evidence that the country works to the highest ethical and regulatory standards.



What makes a strong Country of Origin?

The four dimensions of a strong Country of Origin



The 'Made In' research indicates that the strongest Countries of Origin are defined by their performance in four key areas:

- 1 **Authenticity**
Producing unique products or services with unique standards that can be connected with the country's history, people or geographical situation.
- 2 **Differentiation**
Demonstrating difference from its competitors through approach, heritage or culture.
- 3 **Quality standards**
Showing commitment to safety, craftsmanship, manufacturing excellence and transparency.
- 4 **Expertise**
Being identified as the 'best' in a category or having created or defined it.

When combined, strength in these dimensions can be a powerful driver of differentiation and authenticity for a product or service. The more a brand is associated with a Country of Origin that has unique products, a differentiated message, genuine expertise in the category and the highest quality standards, the more likely it is that a consumer will consider it. When they do this, brands can expect to enjoy better awareness and reputation, command a higher price premium and out-perform competitors with a less complete Country of Origin story.

Fig 3. The four dimensions of a strong Country of Origin

What makes a strong Country of Origin?

What makes a strong Country of Origin brand?

If Country of Origin is an important driver of brand choice, brand owners have an opportunity to leverage 'Made In' as a differentiator. However, our data suggests that brand strength in this context is determined by the extent to which the 'story', manufacturing location and corporate residency are all located in the country itself. If the brand only chooses to leverage associations with a place through its narrative, name or design, but has no manufacturing or corporate connection with the place, then it will be a relatively 'weaker' brand than a competitor in the same category that can demonstrate it is made in the country by a company based there. Similarly, if the brand explicitly differentiates around country associations – e.g. 'British-ness' – then there will increasingly be an imperative to demonstrate that it is partly or wholly manufactured in that country.

This does not mean that brands have to use Country of Origin to succeed, but that it is an increasingly important driver of relevance and differentiation. If brands do choose to leverage Country of Origin, and compete against other brands doing the same, they will enjoy greater strength if they consider all three factors, rather than simply exploiting country associations to tell a compelling marketing story.

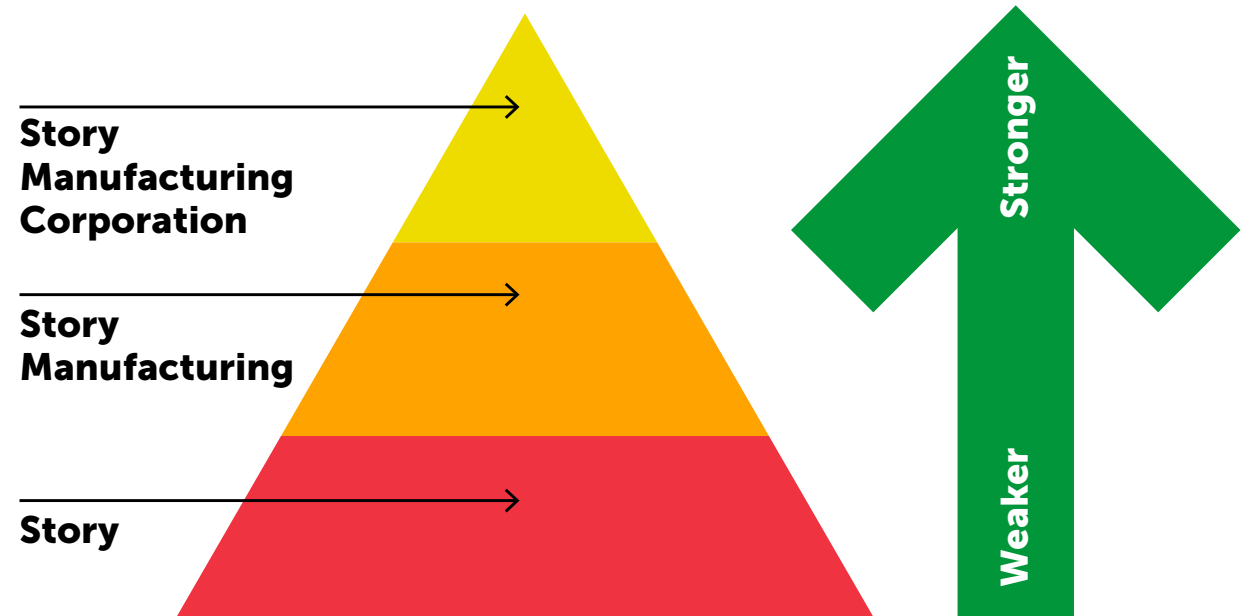
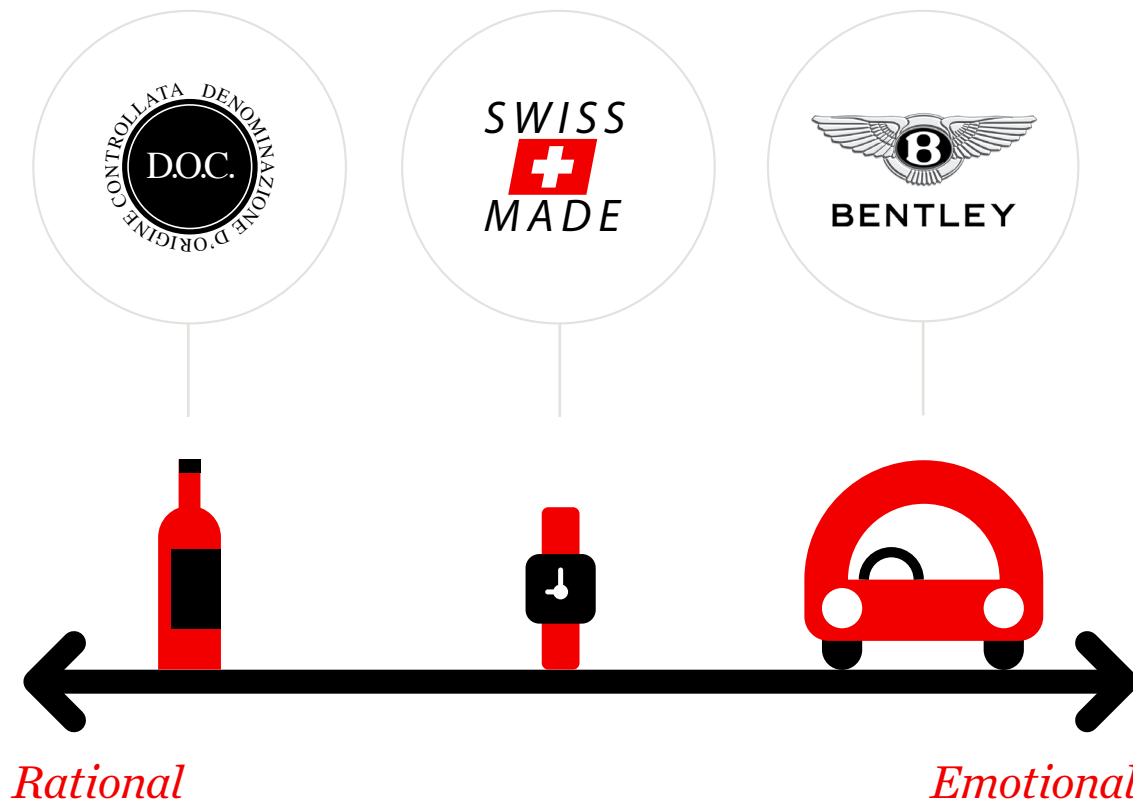


Fig 4. The brand pyramid of Country of Origin strength

What makes a strong Country of Origin?

'Made In' as a legal and marketing asset to be protected



What we think of as 'Made In' needs to be understood in terms of the tangible and intangible assets of a brand.

The tangible assets relate to country as a source of ingredients, assembly, processes or full manufacture, as well as patents and trademarks. In that respect, they need to be identified and legally protected as aspects of commercial advantage and differentiation against competitors in the same country or category making the same claims. This is best illustrated by the 'Champagne' category designation (relating to a region of France) an aspect of origin that can apply to multiple consumer brands, but is differentiated and protected against the claims of sparkling wines from other geographic regions.

The intangible assets relate to broader associations like foundation stories – where something was created – and are captured in symbolism, names, language and story telling. These can also be projected through name and identity registration and other legal means to ensure that brands cannot make the same claims or present themselves in the same way. But they are 'marketing' attributes and should not be confused with their tangible asset counterparts.

Both tangible and intangible assets can be differentiating and powerful consumer choice drivers. Ultimately, both need protecting and the more closely they are aligned and projected in multiple categories and markets, the more likely Country of Origin will be an asset to the brand and business for the long term.

5. Future drivers

Authenticity will be more important than ever

Origin as a concept means more than just a place or country. The degree to which a country's brand influences a product, service or corporate brand depends upon the degree to which the values, associations and symbols of the Country of Origin are intrinsic and valuable for the brand to differentiate. This may vary depending upon the category of goods and the nature of the brand equity associations. Many countries have established associations with certain industries, products, foods and raw materials. In addition, they may also have strong associations linked to their history, cultural values or political-economic aspects. For a brand, it depends on the brand positioning and story of differentiation related to the brand narrative and equities as to whether Country of Origin is relevant or helpful.

For consumers in an open information age, it is critical that the relationship between the country and the brand is clearly and authentically communicated. A brand can no longer 'pretend' to be of a nationality or origin if it is not authentically connected or related to that origin. For example, in the 1960's the brand Häagen-Dazs was created as a fictional name of Scandinavian-Danish heritage and origin in order to trade on the perceived values of indulgence, ice cream expertise and luxury. In reality, the brand was a mass produced premium priced ice cream made in a factory in New York, USA. The product was a quality ice cream to which the brand owner decided a fictional suggestion of Scandinavian heritage

through the name would help to differentiate and support its unique positioning and memorability. Many other brands adopt a similar strategy and it is not unusual to use language and iconography to help position and sell a product. Today it is more difficult to create a brand without a story that is either unique or has an authentic set of attributes.

Although consumers are wise and accepting of global supply chain production and logistics, a brand that fails to deliver on basic and ethical attributes of its promise or is seen to be misleading or inauthentic will be weaker and more prone to consumer charges of misleading 'hype'. The origin of where and how a good is sourced, grown, produced or manufactured is also part of the consumer's evaluation and interest. The ethics of manufacture and production, as well as the value equation between the cost of ingredients in the supply chain and the price charged should bear some relevance to the value delivered and perceived. In 2012 the Italian luxury brand Prada, based in Milan, came under fire for the perception of trading off of its Italian roots and association while exploiting a supply chain that allowed it to charge one hundred times the actual cost of the goods at retail. This meant a 500 Euro handbag for sale in its store in Milan's Galleria shop actually cost 5 Euros in material cost. Similarly, when the Italian government was exposed over the exploitation of immigrant labour working in sweatshop factories in Italy so that brands could claim 'Made in Italy', it drew equal attention and consumer criticism.





“The trust people have in brand is built together with the trust they have in place of origin. Very often I have seen the same brand produced in different countries and therefore have different consumer preference. In our sector there is a brand which produces condiments in the USA and Indonesia. The USA range is leading the segment, the Indonesian product stays on shelf.”

Marketing & Brand Development
and Innovation Director
Singapore

The rise of 'origin' brands



In a world where we have unprecedented access to real-time information from governments, corporations, influencers and consumers about the things we buy and the services we use, origin will become an increasingly important short hand for quality, ethics, authenticity and expertise. Consumers will increasingly seek out 'origin brands' to help them make choices consistent with their values and needs. An 'origin brand' will be defined as one that deliberately differentiates through Country of Origin both in its story (history, founder's name, identity, design and experience) and its production (raw materials, processes, manufacturing location, expertise and standards). And whilst this is often true of niche brands today, 'origin brands' will increasingly enjoy mainstream, mass market reach and success.

This has two main implications for organizations and countries. The first is that the countries we currently predominantly associate with natural resources, processes or manufacturing expertise or scale – like China – will begin to harness this strength of association to create authentic 'origin' brands. If we give China credit for assembling our beloved Apple devices, it is only a matter of time before we look to China to design alternatives and make them for us. The second is that brands which currently trade on country associations will need to consider the benefits of manufacturing or sourcing in the country itself, or at least making a virtue of choosing an alternative that carries a strong reputation for expertise, ethical practices or sustainable credentials. This is in sharp distinction to the late 20th century strategy of supply chain and manufacturing opacity – the cheapest source of resources and labor to guarantee the highest margin: something that will become increasingly unacceptable to discerning consumers the world over.



“20 years ago, everything was ‘Made In Taiwan’ which had positive perceptions of quality, similar to the high-positive perceptions of ‘Made In Japan’ in the technology sector. 20 years later, the picture has radically changed, and it’s hard to predict the nature and pace of societal changes.”

Marketing & Brand Development
and Innovation Director
Singapore

'Made In' will create country brand value

A country brand in the classical sense is a marriage of national identity and reputation. It drives national pride, political influence, leisure and business visitation and inward investment, and its strength is determined by perceptions across five association dimensions from 'good for business' to 'value system' (in FutureBrand's CBI model). The closer the reputation is to the experience, the more likely people will visit the country, and those visitors will spend money and become advocates of the country in the future. Needless to say, a strong country brand has a halo effect on consumer brands – if we think highly of a country overall, we are more likely to think highly of brands associated with it – but this effect is only indirect. The only direct measures we can genuinely attribute to country brand strength are visitation and investment.

Country of Origin, on the other hand, is a key driver of every day consumer choice and can directly impact GDP by generating revenues through sales of products and services (both at home and abroad). The true distinction between a 'country brand' and

a Country of Origin brand is that you can enjoy the latter without needing to visit the place. In other words, you can buy a little bit of Germany and what it stands for when you purchase a BMW, but you do not need to be in Germany to do it. This matters because brand-driven consumption is increasing exponentially worldwide with the explosion of new middle class consumers in the BRIC markets (Brazil, Russia, India, China) and other developing nations. There are now estimated to be more middle class consumers in China than the entire population of Europe, and they are exercising their new consumer power through discretionary, brand-driven consumption in every category. In this context, brands will reach more new consumers, in more places, more frequently than any other drivers of country reputation and associations over the next decade. Couple this with a need for greater transparency and a clearer 'Made In' story across design and manufacture, and it is arguable that Country of Origin brands will start to contribute significantly to national reputation and overall country brand strength.




“We need to be more sensitive to Britishness, to do more to show Britishness to the outside world. People like it. It’s cool. A successful brand has geographical roots. Look at fashion. If you mention a label, people immediately know it comes from Paris or Milan and it is better because of that.”

Peter Schwarzenbauer

CEO
BMW-Mini & Rolls Royce

Sunday Times 26.01.14
‘Germany’s answer to Mini
mid-life crisis’

Made @ 'home'



Additive Manufacturing, or 3D printing, is also changing the perception and capabilities of traditional supply chains. There are two angles to 3D printing. The first is the ability to create and 'make' objects at home simply by downloading a copyright protected or open-sourced blueprint into a specialist printer. This allows small household items, toys and replacement parts to be made and rapidly produced. On an industrial scale, Additive Manufacturing allows companies to bypass offshore or outsourced supply chains by enabling proprietary IP and products, parts and materials to manufacture at scale without complex supply chains, materials sourcing or labor requirements.

The innovation of 3D printing technology can be extended to almost any category of goods – even 'bioprinting' human organs – and this has provided a resurgence in the 'old' industrial economies of the USA, UK and Europe as the competitive scale advantages of China and developing markets are challenged. The ability to increase domestic production and stimulate economies through 21st century innovation in manufacture is a breakthrough for wealth creation. This counters the conventional wisdom of the 20th century and reaffirms the value and importance of intellectual property and copyright at the heart of business value. When the place or country of manufacture can be anywhere a 3D printer or facility can be created, for brands and for consumers the emphasis and importance for origin shifts to questions of 'originality and authenticity' (versus counterfeit or forged goods), quality and performance (of materials and utility) as well as brand recognition, accessibility and affordability. The value

equation is no longer based upon the lowest cost location of manufacture and production plus shipping, but rather the best value and performance of goods that can be accessed rapidly and affordably. The concept of 'Home' or 'Domestic or Local markets' therefore begins to indicate a new industrial revolution will take place redistributing value, wealth and equity.

As we look to the future, there will be no less emphasis or demand for branded goods and services. The economic value of manufacture, production and distribution will continue to be center stage for countries, regions and cities to attract investment, talent, companies and consumers. The diversity and richness of locations will increasingly lend themselves to product, service and brand differentiation and will require continued vigilance around intellectual property and copyright, trademark and asset protection. Branding will continue to leverage origin as a key means for differentiation and positioning, however it will move beyond pure country, and geographic or cultural associations. The role of 'Made In' as a descriptor or reference point will vary depending upon the category of goods, the type of product or service and the value proposition for consumers. Increasingly, hyper-local economies will emerge while cross-border and regional trade will continue to grow. Economic recovery and innovation in key industrialized markets will challenge outsourcing and offshore manufacturing models. In many of the developing industrial economies of the BRIC nations there will need to be a dedicated focus on improving quality, innovation, perception and reputation across the key dimensions of origin.

A man with dark, wavy hair and a beard, wearing a brown button-down shirt, is focused on working on a complex mechanical assembly. He is using a tool to adjust a part of the machinery, which appears to be a motor or engine component. The background shows a workshop with a high, arched ceiling and various tools and equipment. A large red circle is overlaid on the right side of the image, containing a quote.

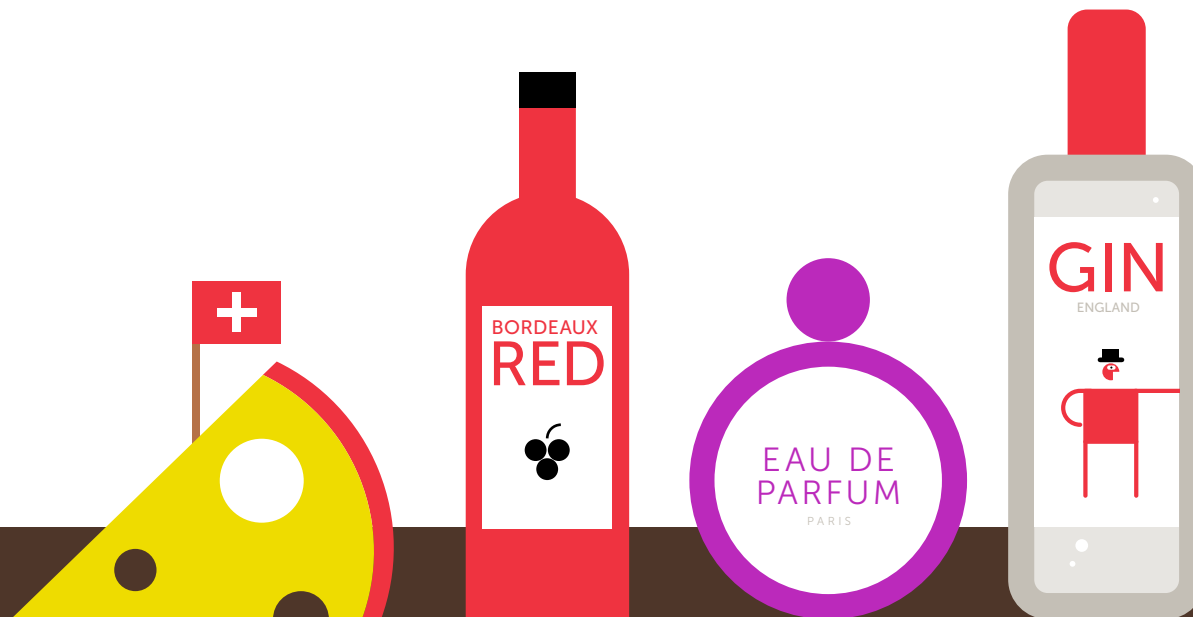
“Manufacturing and R&D will face a lot of regulatory and registration challenges. Local governments will tend to support local companies first.”

Marketing Manager
Hong Kong

Origin will mean more than just 'country'

In the 'Made In' study consumers also revealed that location extends beyond the association with countries. The power of city brands was noted as being an equally similar powerful and positive aspect to brand storytelling and differentiation. In particular, the cities of London, New York, Paris and Milan were identified as being the strongest and most powerful City brands of origin. Cities carry with them associations of urban sophistication, style and design and when combined with the country brands of their geography, can drive powerful narratives, icons and symbols help to define and differentiate goods, products and brands. The city identifier built into brands like Rimmel (London), Beefeater Gin (London), DKNY (New York), Guerlain (Paris) and Prada (Milan) is a prime

example of how a city of origin can be central to a brand story. The same kinds of associations can be harnessed at the regional level, as demonstrated by brands like L'Occitane (Provence), The Outback Steakhouse (Australia) and Dorset Cereals (UK) drawing upon associations, ingredients, history and naming to convey a sense of place and differentiation. Across categories the role of origin can tap into automatic associations and stereotypes in order to differentiate. In food and beverage categories this is often because of local provenance with an increasing emphasis being placed on local ingredients, craft and small batch production. Consumer demand for fresh, authentic and local produce or unique 'anti-mass market manufactured goods' has fuelled a surge in niche brands of origin.



6. Appendix

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Thank you

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