



Ca' Foscari  
University  
of Venice

Master's Degree  
in Management

Final Thesis

**Localizing global strategies: Hong Kong  
consumer behavior and the aperitivo  
brands Aperol and Campari**

**Supervisor**

Ch. Prof. Tiziano Vescovi

**Graduand**

Emma Prete

Matriculation number

873055

**Academic Year**

2022 / 2023



## **RINGRAZIAMENTI**

*A mamma e papà per aver sempre creduto ciecamente in me e per avermi permesso di realizzare un sogno così grande,*

*a Neva e alla nonna Laretta per il loro calore e costante supporto,*

*ad Alessia, Lisa, Anastasiya ed Elena per aver reso l'esperienza di Hong Kong così speciale,*

*a Delphine, Elena, Yoshi, Adam, Christy e Leo per il loro grande aiuto nel processo di ricerca,*

*a Margherita e alle mie compagne per avermi accompagnata in questo percorso universitario,*

*al professor Vescovi per il supporto fornitomi nella stesura del mio elaborato.*



## **ABSTRACT**

This dissertation aims to analyze Hong Kong's consumer behavior using the F&B industry, and in particular the spirits sector, as an empirical field. Starting from the colonial past till its present Chinese rule, this region's special history is marked by a series of migration waves which shaped its society and unique culture drawing from both the East and the West. A comparison with Asian and Western traditions through Hofstede's and Hall's cultural characteristics becomes useful in understanding Hong Kong consumers' habits and the underlying reasons guiding their purchase intentions. The concept of face and the importance of reputation in collectivistic societies become helpful in explaining why factors like the Country Of Origin are so important in the decision-making process. The high acceptance level of foreign F&B products, which is due to the lack of local production facilities, is a contributing aspect as well. The adaptation of global strategies to the local market, which goes by the name of Glocalization, turns out to be the effective way to target local consumers with foreign product offers. A case study on the Italian brands Aperol and Campari is therefore useful in understanding how these two Western products can successfully reach such a diverse public thanks to localized strategies. Drawing from Aaker's brand equity model, and studying how to successfully increase it, brand awareness seems to be strictly connected to marketing events; these can create a brand experience being educational, entertaining or simply esthetic, but still having a strong effect on how the brand is kept in people's mind. Finally, a general comparison between the Italian aperitivo and its Hong Kong adaptation is provided.



# INDEX

<i>List of Exhibits</i> .....	III
<b>INTRODUCTION</b> .....	1
<b>1. Hong Kong Special Administrative Region of China: country presentation and external business environment analysis</b> .....	3
1.1 Historical background.....	5
1.1.1 <i>Early years and the European presence</i> .....	6
1.1.2 <i>The First and Second Opium War</i> .....	7
1.1.3 <i>Historical society</i> .....	9
1.1.4 <i>The early years of the XX century and the birth of the People's Republic of China</i> .....	11
1.1.5 <i>The path to the Sino-British joint declaration</i> .....	14
1.1.6 <i>The Basic Law and the 1997 handover to PRC</i> .....	15
1.2 The present Hong Kong market: PESTEL analysis.....	18
1.2.1 <i>Political &amp; legal factors</i> .....	18
1.2.2 <i>Economic factors</i> .....	19
1.2.3 <i>Social factors</i> .....	22
1.2.4 <i>Technological factors</i> .....	23
1.2.5 <i>Environmental factors</i> .....	25
<b>2. How the Asian cultural context shapes consumer behaviour: need for marketing adaptation</b> .....	27
2.1 Hong Kong vs UK and China: Hofstede's societies comparison.....	28
2.2 Hall's cultural context and cross-cultural communication.....	30
2.2.1 <i>The self and others: high- vs low-context cultures</i> .....	32
2.2.2 <i>The time perception</i> .....	33
2.2.3 <i>The space perception</i> .....	35
2.3 Asian collectivism and the concept of 'face'.....	36
2.3.1 <i>Mainland Chinese consumers in Hong Kong: between shopping and tourism</i> .....	41
2.3.2 <i>Differences between Mainland and HKSAR</i> .....	43
2.4 Brand equity.....	44
2.4.1 <i>Brand loyalty</i> .....	47
2.4.2 <i>Brand awareness</i> .....	49
2.5 Country Of Origin Effect.....	50
2.5.1 <i>Ethnocentrism</i> .....	53
2.6 Experiencing the brand and Event marketing.....	54
2.6.1 <i>Food and beverage experience and the hierarchy of needs</i> .....	57
2.7 Glocalization.....	58
2.8 Final considerations: adapting marketing strategies to the Hong Kong market and evidence from the Hong Kong F&B industry.....	63
2.8.1 <i>Successful glocalization strategies in Hong Kong: Hong Kong Disneyland and McDonald's Hong Kong</i> .....	63
2.8.2 <i>Preferred Hong Kong communication language</i> .....	67
2.8.3 <i>Food &amp; Beverage experience and events in Hong Kong</i> .....	68
<b>3. Hong Kong sprits market: a case study on Aperol and Campari</b> .....	71
3.1 Food & Beverage imports: focus on alcoholic products.....	72
3.2 Introduction and Purpose.....	77
3.2.1 <i>METAGROUP and Campari Group</i> .....	78
3.3 Methodology.....	81
3.4 Key findings.....	85
3.4.1 <i>The concept of face in Hong Kong sprits market</i> .....	85
3.4.2 <i>Spirits localization vs standardization: empirical evidence</i> .....	90
3.4.3 <i>Hong Kongers behaviors: adapting aperitivo brands</i> .....	92
3.4.4 <i>Localized communication and language</i> .....	102
3.4.5 <i>Events and the effect on brand awareness</i> .....	105
3.4.6 <i>Results summary and cultural comparison</i> .....	110
3.5 Limitations and future research.....	116

<b>CONCLUSIONS</b> .....	117
<b>APPENDIX A</b> .....	123
<b>BIBLIOGRAPHY</b> .....	125
<b>SITEGRAPHY</b> .....	136



# LIST OF EXHIBITS

- Exhibit 1.1:** Hong Kong in the world.....3
- Exhibit 1.2:** Kong’s three main areas: New Territories (yellow), Kowloon Peninsula (red), Hong Kong Island (orange)..... 4
- Exhibit 1.3:** Summary of Hong Kong key data. ....4
- Exhibit 1.4:** Hong Kong and Macau, Guangdong area. ....7
- Exhibit 1.5:** Population by place of birth. ....15
- Exhibit 1.6:** Summary of the main historical migration waves of people to Hong Kong.....17
- Exhibit 1.7:** Unemployment rate percentage change 1980-2023 and future prospects.....20
- Exhibit 1.8:** Real GDP percentage growth paired with Inflation rate percentage change.....21
- Exhibit 1.9:** Sectors employment and GDP contribution..... 21
- Exhibit 1.10:** 2021 Population in Hong Kong and ethnicity.....22
- Exhibit 1.11:** Startups in 2018-2021 in Hong Kong.....24
- Exhibit 2.1:** Hofstede’s cultural dimensions: China, Hong Kong, United Kingdom comparison.....28
- Exhibit 2.2:** Action framework for people interactions.....31
- Exhibit 2.3:** Cause and effect relations from collectivism and polychronism to intentions to use a certain product.....34
- Exhibit 2.4:** Summary information about high and low-context cultures applied to communication styles, cultural orientation and businesses.....36
- Exhibit 2.5:** Maslow’s pyramid of needs: West and Asia compared.....37
- Exhibit 2.6:** Fishbein-Ajzen behavioral intention model applied to the Asian collectivistic culture .....39
- Exhibit 2.7:** Percentages of items purchased in Hong Kong by cross-border outshoppers.....42
- Exhibit 2.8:** Aaker model on Brand Equity.....46
- Exhibit 2.9:** Brand loyalty pyramid by Aaker.....48
- Exhibit 2.10:** Brand awareness pyramid by Aaker.....50
- Exhibit 2.11:** Country-Product match.....52
- Exhibit 2.12:** The four realms of experience.....56
- Exhibit 2.13:** Hierarchy of Food Needs. ....57
- Exhibit 2.14:** Comparison table for advantages and disadvantages of standardization vs localization.....60
- Exhibit 2.15:** Hong Kong Disneyland parade for the Chinese New Year.....65
- Exhibit 2.16:** Twisty Pasta and Local Milk Tea offers in HK McDonald’s menu.....66
- Exhibit 3.1:** Manufacturing facilities vs Import-Export trade in Hong Kong.....72
- Exhibit 3.2:** Imports by spirit category 2018-2022.....73
- Exhibit 3.3:** Spirits sold 2016-2021 in Hong Kong by category.....74
- Exhibit 3.4:** Sales value of spirits by channel type 2016-2021.....74
- Exhibit 3.5:** Breakdown of the most important historical events of Campari Group and METABEV collaboration.....79
- Exhibit 3.6:** Campari Group distribution channel for Aperol and Campari brands.....80
- Exhibit 3.7:** Campari and Aperol brand design and communication.....81
- Exhibit 3.8:** Interviewees profile.....82
- Exhibit 3.9:** Aperol Kit for home consumption in METABEV’s website.....101

**Exhibit 3.10:** Aperol Kit for home consumption also sold by METABEV .....101

**Exhibit 3.11:** Aperol Soda packaging.....101

**Exhibit 3.12:** @camparihk and @aperolspritzhk Instagram feeds and posts, showcasing local faces.....103

**Exhibit 3.13:** Event classification for Aperol and Campari in Hong Kong.....106

**Exhibit 3.14:** Vista Bar grand opening esthetic event. From the left, the bar with Campari neon signs, La dolce vita by Fellini projection, the red-themed ambience.....107

**Exhibit 3.15:** Aaker’s brand awareness pyramid applied to Aperol and Campari brands in Hong Kong.....107

**Exhibit 3.16:** Issues hindering aperitivo brands Aperol and Campari to be successfully introduced in Hong Kong, with the relative solutions applied by Campari Group and METABEV while considering localization tactics.....111

**Exhibit 3.17:** Marketing 4Ps comparing Italy and Hong Kong.....114

**Exhibit 3.18:** Empirical evidence per hypothesis developed.....115

## INTRODUCTION

In the international business landscape, the “one-size-fits-all” approach does not always produce good results. On the contrary, the ability to understand and adapt to the characteristics of diverse markets is a key factor for success. This dissertation analyses Hong Kong, a place where East and West meet and where global brands must align with local preferences. The objective of this study is to get a deeper understanding of its consumer behavior and society, useful to develop successful marketing strategies adapting to this diverse environment. The spirits industry serves as empirical ground for the research, specifically the case of Italian Aperol and Campari and their introduction and adaptation to the Hong Kong context.

The structure of this dissertation is divided into 3 main chapters.

Chapter 1 presents a historical overview, starting from the very first interactions of Western merchants with China via the Silk Road during the Yuan dynasties (618-907), till the 1997 Handover to Mainland China. It explores the years of British domination (1842-1997), which shape the Western perspective of Hong Kong’s population, and the several immigration waves that occurred from Mainland China, other Asian countries and Western ones. The true Hong Kong identity developed during those years, especially in terms of consumer behavior characteristics, due to the strong Western influence which is not found in many other Asian countries. Additionally, consequences in terms of F&B consumption patterns, especially in for liquors, are defined. Finally, the chapter explores the political, economic, social, technological, and environmental factors that shape the present-day Hong Kong market.

Chapter 2 provides a literature review which is used as the basis for the forthcoming case study. It starts by analyzing the cultural context through Hofstede’s and Hall’s cultural dimensions, comparing Asia with the West and, specifically, Hong Know with both UK and Mainland China, to summarize the key differences and similarities. It then analyses the consumer behavior characteristics, based on a collectivistic high-context society, where external validation, reputation and the concept of “face” hold great significance. It finally ventures into marketing related concepts useful when firms need to approach a foreign market. These include brand equity, whose structure is defined through Aaker’s model; the Country-Of-Origin effect, strictly connecting to both the historical society and to the concept of “face; experiential marketing, made up of different types of experiences and shedding light on the role of events, especially in the Hong Kong context, while also relating to the F&B experience; glocalization with its pros and cons, helping firms properly decide on the strategy the want to pursue according

to the kind of goals they set. The chapter ends with some considerations on the Hong Kong successful marketing practices. Specifically, it explains the successful glocalization strategies employed for Hong Kong Disneyland and McDonald's Hong Kong, the communication language preferred and the role of events and experience in the F&B industry.

Chapter 3 deals with Aperol and Campari brands in Hong Kong and their relative marketing strategies. The focus is kept on below-the line (BTL) marketing strategies managed by Campari Group's distributor for the Hong Kong market, METABEV. The case study research methodology employs in-depth interviews with industry experts from both the Campari Group and METABEV. The chapter starts with an introduction of the F&B imports data, with particular attention to spirits. A clear statement of the purpose of the analysis is also provided, which is to find the effective marketing practices to introduce and adapt the aperitivo culture to the unfamiliar Hong Kong market. The three main identified hypotheses revolve around the following concepts: understanding the significance of adaptation to target the unique needs and preferences of the Hong Kong market; studying the effect of "face" on consumer behavior by exploring how individuals in this region often choose specific premium spirits not just because of personal taste, but also as a means of enhancing their social status and desirability; investigating the role of experiential marketing and events, which emerged as powerful activation tools able to increase brand and product awareness. Empirical evidence will be useful in confirming or rejecting the hypotheses. Finally, a comparison between Italy and Hong Kong in terms of Aperol and Campari offer and consumption is provided, using the 4Ps of marketing. Differences in palate preferences, price sensitivity, and event types can be observed.

The significance of this research lies in its potential to inform businesses willing to deal with the Hong Kong market, who therefore need to make informed decision and know what to expect from its society. Cultural influences on consumer choices are analyzed, while shedding light on the importance of adapting standardized strategies to successfully enter this market.

# CHAPTER 1 - Hong Kong Special Administrative Region of China: country presentation and external business environment analysis

This first chapter aims to provide a comprehensive country presentation starting from Hong Kong's historical background and examining all the factors that have shaped its present conditions, both from an economic and a social point of view. Since its early origins as a small fishing village to its transformation into an international financial hub, the city has undergone several changes over the centuries. Including the 150-year British era and the handover to China, this chapter becomes important in explaining the reasons behind the multicultural nature of this city's population, which caused different traditions, cuisines and food tastes to coexist and influence each other. Hong Kong has become a melting pot of different communities, traditions and religions, including its native inhabitants and the waves of migrants from Mainland China, Southeast Asia, and Western countries. Understanding the dynamics of its society from its historical foundations makes it possible for marketers to effectively develop strategies that meet the needs and preferences of this diverse population, while also acknowledging the historical foundations of certain behavioral patterns still present today.

From a geographical point of view, Hong Kong is located in the South-Eastern part of China (see Exhibit 1). It is divided into three main areas: Hong Kong Island; Kowloon Peninsula, ceded to Britain in 1860 under the Convention of Peking; New Territories, a region which encompasses around 230 peripheral islands and spans 365 square miles, granted on lease to



Exhibit 1.1: Hong Kong in the world. Source: Encyclopedia Britannica (2023)

Britain for a duration of ninety-nine years, starting in 1898 (see Exhibit 1.2). While lacking of natural resources, its port, characterized by its deep waters and protected by high granite hills, is ranked as one of the world’s finest, recognized as China’s key gateway to the international trade since the era of the Silk Road and the Mongol Empire (Carroll 2007).



Exhibit 1.2: Kong's three main areas: New Territories (yellow), Kowloon Peninsula (red), Hong Kong Island (orange). Source: Wikimedia Commons (n.d.)

From a political point of view instead, HKSAR is an autonomous region of Mainland China, enjoying free decision on all matters except defense and foreign affairs. The Chief Executive, John Lee Ka-chiu, is the leader of HKSAR, and receives the support of both the Government and the Executive Council, made up of 37 members, in policy formulation. The Legislative Council acts as the legislative body, while District Councils are closer to residents and can provide the Government with some advice on society’s wellbeing. (GovHK 2022). Exhibit 1.3 provides a summary of the key data information concerning HKSAR, which will be analyzed more in detail in the paragraph 1.2.

FACT/FIGURE	INFORMATION
<b>Total land area</b>	1.110,2 Km <sup>2</sup>
<b>Main areas</b>	3
<b>New Territories</b>	952 Km <sup>2</sup> (including 230 peripheral islands)
<b>Kowloon Peninsula</b>	47 Km <sup>2</sup>
<b>Hong Kong Island</b>	81 Km <sup>2</sup>
<b>Population</b>	7.35 million (June 2022)
<b>Population density</b>	6,740 people per Km <sup>2</sup> (mid-2022)
<b>Percentage of population of Chinese ethnicity</b>	91.6%
<b>Other significant national groups</b>	Philippines (225,801 total) Indonesia (176,748 total) India (37,316 total)

<b>Official languages</b>	Chinese, English
<b>Usual spoken language</b> (Proportion of population aged 5 and over)	Cantonese 88.2% Putonghua 2.3% Other Chinese dialect 2.8% English 4.6% Other language: 2.1%
<b>Economic system</b>	Free trade market
<b>Currency</b>	Hong Kong dollar (HKD or HK\$)
<b>Real GDP</b>	HK\$2,818.0 billion (2022)
<b>GDP per capita</b>	HK\$383,611 (2022)
<b>Inflation rate, average CPI<sup>1</sup></b>	2.3% annual change (2023)
<b>Unemployment rate<sup>2</sup></b>	3.4% (2023)
<b>Government rule</b>	Autonomous Special Administrative Region of the People's Republic of China affairs ruled by the Basic Law, except in defence and foreign matters.
<b>Head of Government</b>	Chief Executive: <i>John Lee Ka-chiu</i>
<b>Cabinet</b>	Executive Council
<b>Legislature</b>	Legislative Council (90 seats)
<b>Highest Court</b>	Court of Final Appeal

Exhibit 1.3: Summary of Hong Kong key data. Source: GovHK (2023), IMF (2023)

## 1.1 Historical background

The historical background becomes helpful for the purpose of this dissertation in tracing all the migrations and contacts that shaped Hong Kong's society. As of today, Hong Kong is part of China. However, it has also been an English colony for around 150 years. This justifies why the region is not entirely comparable to either Mainland China nor to the UK; instead, its diverse past caused a number of different communities to coexist and influence each other, eventually forming its distinct unique identity. This factor has two important consequences for the present dissertation: being its population made up of foreign migrations from China, Europe, English-speaking countries and other regions in Asia, the effect on the food and beverage (F&B) industry is that Hong Kong hosts a number of diverse world cuisines in order to accommodate these equally diverse tastes, making it more welcoming to foreign product offers. Secondly, even the aspects of the local F&B scene that are more aligned with Chinese culinary traditions must acknowledge that the presence of individuals from around the world has inevitably left an imprint on the local cuisine, which has adapted throughout years; curry fish balls, being one of the most famous Hong Kong specialties, originated in the 1950s when residents decided to mix curry, introduced by Indians who came to Hong Kong together with British, to fish balls, a traditional Chaozhou snack originating from China (Hong Kong XR Museum 2023). A similar

<sup>1</sup> "The average consumer price index (CPI) is a measure of a country's average level of prices based on the cost of a typical basket of consumer goods and services in a given period. The rate of inflation is the percent change in the average CPI." (IMF 2023)

<sup>2</sup> "The number of unemployed persons as a percentage of the total labor force." (IMF 2023b)

union of cultures between East and West can be found in the Pineapple Bun (Bo Lo Bao), a common dish served with tea, which combined the Portuguese influence with the Chinese buns already famous in the region.

Culturally speaking Chinese society is strictly tied to tradition and generally rigid, where family influence is very marked and guides individuals' career achievements from the very early age (Hung-Kay 1998). On the contrary, Hong Kong society is dynamic, flexible, and goal oriented, making it competitive but inherently adhering to logical, results-driven criteria, where meritocracy prevails, leaving no room for nepotism or preferential treatment based on connections, while facilitating social mobility across all sectors. Strong family bonds persist, however the traditional patriarchal family structure has transitioned to a more stable form than seen in many other industrialized societies. This whole societal construct emerged because of several interconnected factors: migrations, the social structure of its population, industrialization, the fusion of Chinese and Western customs, and the government's policies (Hung-Kay 1998). Therefore, the colonial history had permanent effects on the economic and political sphere of this territory, where free trade and low taxes still encourage businesses to use the city as their trade base for the Asian countries.

### *1.1.1 Early years and the European presence*

Before the British presence, Hong Kong has been presented by historians as a place populated by pirates, fishermen and practicing farming. The European presence in China dates back to the Yuan dynasties (618-907), when merchants moved towards China via the Silk Road, but in the mid-1300s, however, contacts diminished. Portuguese merchants came back to the southern China coast in early 1500s, settling in 1557 in the small peninsula of Macao which, despite the overseas trade ban by the Qing dynasty, became the key point for commerce. In 1600s, Britain entered the scene, trying to establish its trading supremacy in Asia over Portugal and the Netherlands with their East India Company (EIC). The EIC was given permission to establish a presence in Canton only in 1771 and was deemed by Qing government as the sole authorized Chinese port for international trade in 1759 (Carroll 2007) (Exhibit 1.4 shows the Guangdong area or Greater Bay area). Hence, European contacts with the region date back to years prior to the formal acquisition in mid-1800s. The British did not occupy Hong Kong to gain more territory, but to promote and protect their commercial interests in China. G.B. Endacott, the leading Hong Kong historian until the 1970s, wrote a key aspect to understand the region's history: "A healthy trade demanded settled conditions, suppression of robbery, guarantee of



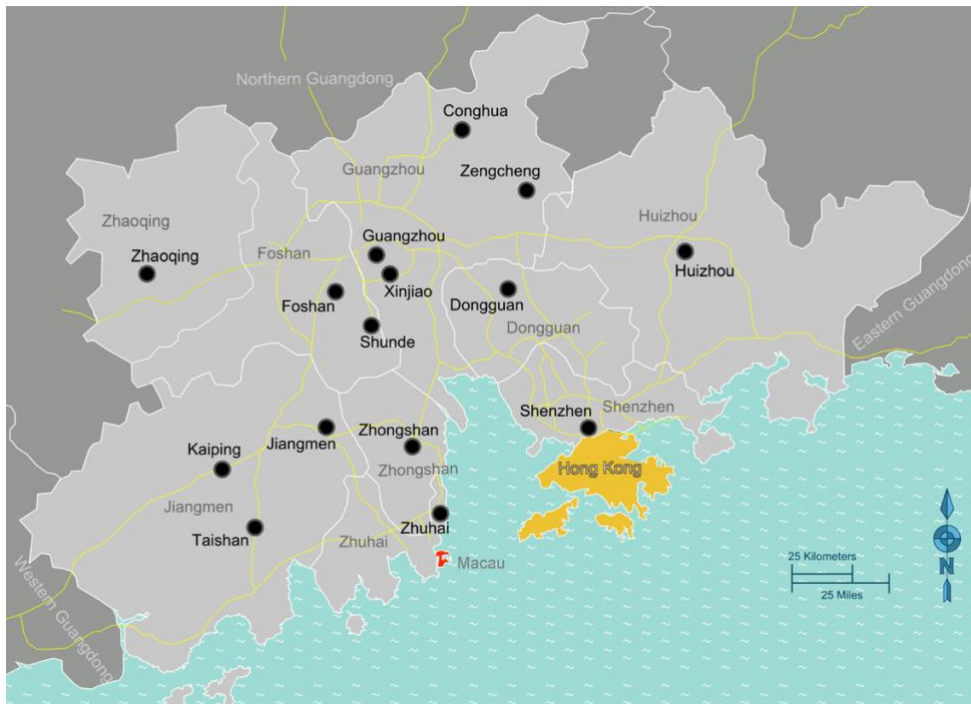


Exhibit 1.4: Hong Kong and Macau, Guangdong area. Source: Asia Global

contract and of impartial justice. Since the Chinese were thought to be unable to provide these conditions, the British had to provide them” (Carroll 2007).

### 1.1.2 The First and Second Opium War

The formal acquisition took place at the end of the First Opium War (1839-1842). In the 18<sup>th</sup> and 19<sup>th</sup> century, Britain was buying Chinese goods like silk, and tea, but was not able to make British products attractive for Chinese merchants, hence it had to pay in silver, risking silver scarcity. To address this trade imbalance, Britain began selling opium. This product was first introduced by Arabs a thousand years earlier for medical aims; around 1700s though, it had become a narcotic to smoke. For this reason, in 1796 an import ban was imposed by the Qing dynasty but, to avoid the ban, the EIC started selling its opium to domestic merchants (British, Indian, Parsee and Armenian traders) who then imported it to China on private “country ships” (Carroll 2007). Eventually the demand for opium increased, representing a commercial and political issue for British, who needed to increase trade with China, maintain diplomatic parity, and preserve their credibility. On the Chinese side instead, the issue regarded the outflow of silver, used to pay for opium and capable of creating a vicious cycle undermining subsistence, reducing state profits, and destabilizing the country. Despite all these risks, the opium trade had been tolerated for too long, resulting in the impossibility to properly keep it under control (Carroll 2007). The fact that first local inhabitants’ contacts with the British have always had a commercial background is also to be acknowledged, because it caused the natives eventually

develop a wealthy image of their occupiers. In more recent times, this will also have an effect in making lower class locals try to reach that same level by emulating their lifestyle and habits, especially important for the F&B market and the spirits one.

In 1839 the war began as an anti-opium campaign was initiated in the Guangdong province by the newly appointed official Lin Zexu, who held 350 people hostages in Canton to take possession of their opium sources. In response, the Royal Navy blockaded Canton and, on January 25<sup>th</sup>, 1841, Captain Edward Belcher raised the British flag on the so-called Possession Point in Hong Kong Island. Formal ownership by the British Crown was established on the following day by the admiral Gordon Bremer. From that moment, European traders were encouraged to move their business to Hong Kong in exchange for free trade and British flag defense, while Chinese were granted the right to practice their traditions and cultural beliefs (Carroll 2007). This represented a turning point, symbolizing the very beginning of expatriates' inflows in the newly-formed colony and paving the way to the formation of the Western presence in this South-East Asia region. Britain's arrival changed Hong Kong's history forever, and the alcohol market was also affected. As a matter of fact, Scottish whisky accounts for the 66% of imported whisky in the present day, and the whisky category is the third most imported spirit (21% of total spirits' imports value) (Li 2023). There is no exact date about its introduction to Hong Kong, however it can be certainly ascribed to the XIX century, when popular brands like James Buchanan, Tommy Dewar, Johnnie Walker, and James Chivas took advantage of the British Empire expansion to start export their Scotch whisky for the very first time. The overseas markets they established are still in use today, as demonstrated by the large success of this liquor (The Scotch Whisky Association n.d.)

The Treaty of Nanking (August 29<sup>th</sup>, 1842) concluded the First Opium War and was the first of a series of unequal treaties imposed on China by Western countries. Indeed, the consequences included not only a huge indemnity on China, as the abolition of the Choong monopoly, but also setting fixed rates for customs duties, opening five Chinese ports to foreign trade and residence, and permanently ceding Hong Kong to Britain. Moreover, it involved the "extraterritoriality" clause, allowing British judges to try British subjects in China, and the "most-favored-nation" clause, ensuring that Britain would obtain the same privileges as those granted to any other nation in the future. The success of the Treaty was possible thanks both to English superiority and Chinese collaborators who, in exchange, were granted fortunes and authority, like in the form of profitable monopolies (e.g. opium, salt, liquor, tobacco) (Carroll

2007). This identifies the starting point of the strong British influence in the area, which left a permanent mark on its culture, making it differ from the rest of Mainland China. Between 1841-1842, Hong Kong Island inhabitants increased from 5,000-7,000, mainly farmers or fishermen, to 15,000-20,000 of Chinese from Guangdong and European merchants and missionaries from Macau (Carroll 2007).

The Second Opium War (1856-1860), influenced by events in Hong Kong, China and the British Empire, was primarily triggered by the dissatisfaction with the Treaty of Nanking. During this war, many Chinese residents refused orders to return to China, demonstrating their affiliation with Hong Kong. Despite racial tensions and mistrust between the Chinese and European populations, the Chinese community in Hong Kong grew significantly during this period (Carroll 2007).

In the early 1850s, Chinese merchants found refuge in Hong Kong to escape the Taiping Rebellion<sup>3</sup>, and the city's economic growth started. This would attract foreign investment and benefit European merchants. Finally, the establishment of the Hong Kong and Shanghai Bank in 1864 reflected foreign investors' newly formed confidence in the colony's economy and marked a shift from the sole reliance on European companies for banking services. Supported by Chinese capital, the bank became a leading institution in Hong Kong. The emergence of banking, insurance, shipping and ship-related services finally played a role in increasing the commercial power of this land, although the real key factors in Hong Kong's financial success were just two: opium and Chinese emigration; opium trade brought huge profits to the government. Chinese emigration fostered trade networks with China, Southeast Asia, India, Britain, and the Americas (Carroll 2007).

### *1.1.3 Historical society*

Despite the principal influences being British and Chinese, Hong Kong's population was essentially mixed, mostly like all the other cities making part of the British Empire. What is still important to note is that, as it usually happens in most lands populated by two main ethnic groups, British and Chinese communities settled in two different geographic areas: the former took the Island area, better for both their economic operations and settlements, while the latter the Kowloon Peninsula, staying closer to beaches and hills (Carroll 2007). The basis of this

---

<sup>3</sup> In 1837 the Chinese Hong Xiuquan, believing he was the younger brother of Jesus Christ, thought he had a divine mission to establish the Taiping Kingdom and captured Nanjing in 1853, proclaiming it as the "Heavenly Capital." However, the rebellion was eventually suppressed in 1864 with assistance from Chinese commanders and support from Western powers (Carroll 2007).

territorial division has been kept till modern days, and this characteristic becomes especially important in terms of F&B marketing activities given the great palate differences between Western and Asian communities. In the Kowloon-side it is possible to find more local food restaurants, several *cha chaan teng* (tea restaurants), bubble tea shops and, generally speaking, more Asian-based food and beverage offers. Even well-known commercial drinks happen to include particular tailor-made twists to match sweeter taste preference (e.g. Cognac with Sprite), as will be further explained in Chapter 3. In the Hong Kong Island side instead, many Western restaurants and bars are present: Italian, French, Spanish or Western and Asian fusions, generally within a more fine dining category.

At the time, the interactions between the two ethnic groups were still present despite the location differences. Most early Chinese immigrants to Hong Kong belonged to the lower classes (laborers, artisans, prostitutes, wanderers) and were males who had left their families behind and were looking for opportunities to provide them with a better life. Their presence in Hong Kong demonstrates how they had gone against orders in Canton not to work with foreigners because of both the challenging conditions of China and the huge range of opportunities that the newly established British administration could provide (Carroll 2007).

Concerning Europeans, the five main working categories in their early years in the colony were: colonial officials, merchants, professionals, low-status or supervisory workers, and missionaries. As one may understand, the main reason for European migration was the higher pay compared to Britain. Concerning the attitude Europeans held towards the Chinese community, it becomes impossible to generalize given the huge difference in opinions: while some were accepting of wealthier Chinese, others held racist views, and a sense of European community was growing. Sociologists suggest that the roots of this phenomenon lie in the Western people's fixation on social hierarchy, that eventually led to the establishment of several social clubs and interest groups which Chinese individuals were excluded from taking membership in (Carroll 2007). These included "the Hong Kong Club, the Cricket Club, the Jockey Club, and the Ladies Recreation Club. None of the major European clubs in Hong Kong admitted Chinese. Founded in 1846, the Hong Kong Club originally excluded *shopkeepers, Chinese, Indians, women and other undesirables*" (Carroll 2007). This separation phenomenon started in the half of the 1800s and gradually grew in the following years till its most clear evidence is found years later in spirits consumption as well. As a matter of fact, during the 1960s-70s the emerging European nouveau riche was increasingly looking for symbols to

distinguish themselves from the general population, and the wealthier Hong Kongers were looking for ways to make part of that elite. One clear example concerns cognac, being widely appreciated in Hong Kong since its introduction in the second half of the XX century. As opposed to the French approach to differentiation based on cultural knowledge and sophistication, Hong Kong values material wealth as the main point to separate social classes. In this context, cognac, being a specific type of brandy made from ugni blanc grapes, was embraced as a mark of distinction. An important aspect is that its production is constrained to a specific region in France due to its brand monopoly. This intensifies its uniqueness, marking the French origin hence providing a brand's image of luxury and prestige. Such valued characteristics granted this spirit's success within a growing range of material and cultural consumption within the increasingly rich Hong Kong society of the 1970s (Smart 2004).

Another part of the European society in Hong Kong in the second half of the XIX century was made up of a Portuguese community, more likely than the British to marry Chinese individuals. They could speak Cantonese and seemed to occupy a middle position between other Europeans and Eurasians; as a matter of fact, the main area where they resided was Kowloon after its cession in 1860, and this geographical separation contributed to reinforce their distinct identity from the rest of the Europeans (Carroll 2007). The development of British and Portuguese communities extensively influenced the colony's food culture. One famous example of British and Portuguese food heritage is the Egg Tart, a signature dish in Hong Kong; as a matter of fact, the Chinese Egg Tart dessert is a creamy custard filling which was influenced by both traditional English custard tarts and the Portuguese egg tarts (Viccie 2022).

Hong Kong was also inhabited by the Eurasian community, sons and daughters of European men and Chinese women. Surrounded by ambiguity about their position in society, to Europeans they were both representing a challenge, due to their precarious racial and social status, and seen as more trustworthy and reliable than the Chinese community, due to their local birth and bilingualism (Carroll 2007).

Finally, the fourth component of the society was the Indian community. Parsee traders were the first landowners of the colony, and profited from the opium trade as well, while developing as a separate community (Carroll 2007).

#### *1.1.4 The early years of the XX century and the birth of the People's Republic of China*

New Territories was the last territory formally acquired by Britain in April 1899 with the Convention of Peking and for a 99-year lease, expiring on June 30, 1997. While preserving traditional Chinese customs, it was only kept for its strategic geographic relevance: a buffer to defend Hong Kong not only from China, but also from all the other powers questioning British dominance in Asia. Over time, the region became increasingly connected to the rest of Hong Kong, particularly after the Communist revolution in 1949, when Britain had lost its ability to renegotiate any section of the agreement (Carroll 2007). Besides New Territories being the largest area compared to other two, Kowloon and Hong Kong Island remain the most popular ones nowadays, where most of the people usually gather together. This means that the marketing efforts, especially in terms of foreign spirits, are usually dedicated to the two central areas more than to the vast but less populated than New Territories one.

Hong Kong played an important role for the building of the Chinese nation: in 1911, rebels from southern China effectively overthrew the Qing Dynasty and brought the imperial authority to an end, paving the way to the creation of Republic of China. This instilled a wave of excitement among the Chinese community in Hong Kong but, on the other hand, it fostered also anti-British feelings, eventually leading to revolutionary actions. However, the inability of the revolution to establish a durable republic resulted in a loss of enthusiasm and altered Hong Kong's political ties with China (Carroll 2007).

Hong Kong remained relatively uninvolved in World War I. The afterwar period instead resulted in more important developments for the region, with 1920s being the most politically intense era. In Britain, the rise of Socialism and the Labour Party had questioned both colonialism and imperialism. Mainland's effect was considerable as well, particularly in Guangdong area given that Canton had become a center for Chinese Communism. This translated into a huge flux of people, particularly wealthy entrepreneurs, running away from crimes and looking for protection in the neighbor Hong Kong, until the Japanese invasion in 1941. Given that the European powers were busy with war, Asian powers started creating opportunities for smaller Chinese firms by building a series of manufacturing factories in the Kowloon area. During 1930s Hong Kong's domestic exports flourished in the global market. A strike and boycott period took place between 1925 and 1926. Contrary to external expectations, Chinese nationalism did not turn into opposition against colonialism. Instead, it strengthened a sense of belonging of many Hong Kong residents for the political and economic stability offered by the colony, as opposed to the uncertain environment of the close-by

Guangdong (Carroll 2007). The true and separate Hong Kong identity was increasingly forming.

In July 1937, Japan started its invasion of China and Hong Kong became a shelter for refugees till falling to Japanese occupation (1841) until August 30, 1945. The Japanese victory marked the end of British dominance in East Asia, with winners treating British civilians with humiliation and subjecting the Chinese to executions and torture, resulting in a population decrease (Carroll 2007).

After the creation of the People's Republic of China in 1949, Hong Kong maintained a collaborative relationship with the new government. The colony relied on PRC goodwill for survival, while the PRC avoided attracting attention from international powers and the UN. Between 1946 and the mid-1950s, people from China moved to Hong Kong, increasing the population to 1 million, hence bringing more workforce and capital (Carroll 2007).

During the Korean War, Hong Kong remained neutral, but the US recognized its strategic value as a base against China. Consequently, the UN and US embargoes set on strategic goods to China induced the city to transition into manufacturing, resulting in industrial growth and making Hong Kong emerge as both a producer and exporter (Carroll 2007).

Between the 1950s and 1960s, individuals of the second generation, who had served in colonial positions, were relocated from the newly independent British territories in Africa, South Asia, and the Middle East (the so-called colonial "retreads") to Hong Kong, contributing to the growth of an English-speaking community. In 1969 the U.S. Chamber of Commerce was founded, demonstrating US' increased interest in Hong Kong's economy; by the end of the 1970s, American residents exceeded the British expatriates (Carroll 2007). Given the huge waves of new inhabitants, the 1950s saw a worsening of the housing shortage issue (Kestell & Meinheit 1997) which is still current and will be further discussed in the subparagraph 1.2.3. Around that time, migrants from China also started studying in British institutions, while combining their education with the practical skills and hard work mentality inherited from their parents. The upper classes disregarded the lower ones due to both class arrogance and linguistic differences. Between the 1950s and 1960s in Hong Kong, the politically and economically influential individuals primarily spoke English, while those controlling the Chinese media spoke Mandarin or Shanghainese. In terms of language, lifestyle, education, and cultural engagement these two elites were therefore separate both from the rest of the population and one from the other; the linguistic division reinforced cultural disparities. (Hung-Kay 1998).

Especially because of industrialization, 1960s' Hong Kong began to integrate the concept that belonging to a certain social class was derived from the education and income level, just like it is in modern Western Europe and North America. This is the moment in which Hong Kong began to appreciate the significance of class (Kei Ho, 2021), which is particularly clear in the popularity reached by alcoholic beverages like wine, cognac and whisky, able to display wealth. "Research on wine consumption has argued that wine relates to the portrayal of authenticity, taste and democratization or the projection of social identity, class and economic position" (Kei Ho, 2021).

All in all, the historical influx of diverse populations from Asia, Europe, and America contributed extensively to shaping Hong Kong into the heterogeneous society it is today. The coexistence of diverse cultural backgrounds and identities has significant implications for marketing activities, particularly due to varying consumer behaviors but most importantly because foreign firms cannot deal with Hong Kong in the same way they would deal with China, as the Hong Kong identity is distinct and unique. Additionally, being immersed for so long in close contact with people from the industrialized West has left indelible marks on today's society, as exemplified by wine consumption. Today, wine is mainly consumed because of an ambition to adopt Western identity by engaging with Western products while showcasing wealth, because its consumption is associated with cultural elevation (Kei Ho, 2021).

#### *1.1.5 The path to the Sino-British joint declaration*

A clear Hong Kong identity emerged in the 1950s-1970s, since the Communist revolution induced locally born Chinese to see Hong Kong as their home. Until 1971, China showed little interest in Hong Kong. However, its admission to the UN prompted UN representative Huang Hua to clarify Hong Kong's status as a "Chinese territory under British administration". This marked a shift from a Crown Colony to a Dependent Territory, indicating that future decisions would be made by China, without involvement from the colony's inhabitants. While some in Hong Kong viewed this as mere formality, leaving the PRC to its conventional non-interference approach, concerns began to grow, especially regarding the events happening after New Territories leases of 1997 (Carroll 2007).

The realization that China aimed to regain control by 1997 became evident when China rejected the proposal to extend the deadline. Economic instability and declining investor confidence followed for some years. China's economy began to flourish and Britain's imperial power to decrease. Two years of negotiations went on till Thatcher and the Chinese Premier Zhao Ziyang



signed the Sino-British Joint Declaration in December 1984, ratifying Hong Kong’s return to Chinese sovereignty by 1997 and establishing the fundamental conditions for its upcoming political situation (Carroll 2007). Despite formally making its return to Chinese rule, the Hong Kong identity was already too strongly rooted into its inhabitants to be suppressed or assimilated by the Chinese one, hence creating tensions which still result in manifestations and protests (e.g. 2019-2020 protests).

Historical data from the United Nations (1974) reports about the population by place of birth every 10 years from 1911 to 1971, with a gap between 1931 and 1961, as shown in Exhibit 1.5. Throughout these 60 years, the largest part of the population either belonged to Hong Kong or the Guangdong area; it is interesting to note how, till 1931, the main place of birth was the Guangdong area. This shows that the majority of the population was coming from adjacent areas and consequently signals active migration waves due to political instability of the Communist activity, as noted in the above paragraphs. Between 1931 and 1961 the population increased by 2.5 million and the principal place of birth shifted to Hong Kong, as a locally-born population was starting to form. “Other countries” place-of-birth people in 1961 and 1971 summed to 57,529 and 79,780 respectively, showing an increasing tendency (8,126 in 1911, 8,715 in 1921 and 18,371 in 1931) (United Nations 1974).

<i>Place of Birth</i>	<i>1911</i>	<i>1921</i>	<i>1931</i>	<i>1961</i>	<i>1971</i>
Total population	456,739	625,166	849,751	3,129,648	3,936,630
<i>Hong Kong</i>	31.5%	26.7%	32.5%	<b>47.7%</b>	<b>56.4%</b>
<i>Elsewhere</i>					
<i>Guangdong area</i>	<b>61.3%</b>	<b>69.1%</b>	<b>62.5%</b>	45.6%	37.5%
<i>Coastal provinces and Shanghai</i>	0.5%	0.7%	0.4%	4.1%	3.5%
<i>Elsewhere in China</i>	0.4%	0.4%	1.4%	0.8%	0.6%
<i>Other countries</i>	1.8%	1.4%	2.2%	1.8%	2.0%
<i>Unknown</i>	4.6%	1.7%	1.0%	-	-
<i>Countries in commonwealth (East Asia)</i>	-	-	-	0.4%	-
<i>Countries in commonwealth (outside East Asia)</i>	-	-	-	0.6%	-

*Exhibit 1.5: Population by place of birth. Source: United Nations (1974); Statistics Gov HK (1969)*

**1.1.6 The Basic Law and the 1997 handover to PRC**

Straight after the Sino-British Joint Declaration was signed, China started drafting the Basic Law to rule the territory from 1997 and ensure that any political changes in Hong Kong before that year aligned with China’s vision for its future. The drafting of the Basic Law took five years, interrupted by the pro-democracy student protests in Beijing<sup>4</sup>, which culminated in the

<sup>4</sup> After the death of Hu Yaobang in April 1989, Beijing university students organized pro-democracy demonstrations, attracting global attention by May. The students occupied Tiananmen Square, protesting

Tiananmen Square Massacre in June 1989 and caused a further loss of faith in the Chinese government. In 1990, a secret deal was made between British and Chinese officials in Beijing, leading to the final draft. While being meant to demonstrate China's willingness to implement the "one country, two systems" model in Hong Kong, it also emphasized China's authority over Hong Kong's post-1997 future. The Basic Law was Hong Kong's constitution hence it granted a "high level of autonomy" but made Beijing responsible for foreign policy and defense, giving PRC the power to interpret and amend local laws (Carroll 2007).

The end of British rule in Hong Kong proceeded in an orderly manner, unlike the violent transitions taking place in other former colonies. Chris Patten, appointed in 1992, was the last colonial governor of Hong Kong sent to manage Britain's withdrawal from the colony and implementing some political reforms; these reflected the desires of liberals and aimed at giving more control to the local population while ensuring stability after the handover to China. However, his reforms caused a sentiment of mistrust between Beijing and London, intensifying Hong Kong's tensions with China. The handover was a significant event for both Britain and China, setting the end of British colonial rule and making China celebrate its territory recovery after a century of foreign influence (Carroll 2007). Today Hong Kong continues to be a preferred access point for Western companies entering the Chinese market. However, the integration of Hong Kong into the PRC is proceeding slowly, as showed by a survey conducted by the Hong Kong Transition Project in 2001; only 28% of interviewees identified themselves as "Chinese", compared to 25% in June 1997, showing almost no change, while nearly two-thirds identified themselves as Hong Kong people (Gesteland & Seyk 2002).

Exhibit 1.6 summarizes the biggest migration waves recorded during the above-presented history. However, smaller movements of people took place especially during economic growth periods, and still interest Hong Kong today. What is important to notice is that the union of different cultures and traditions inevitably had, and still has, consequences on both products supply and demand for its inhabitants, justifying the need for a more varied product array, and consequent marketing activity, to match all communities' needs. Finally, the Basic Law and the 1997 Handover created the foundation for the present political system which, in turn, affects the way firms can do business in the territory. A study on Hong Kong eating habits by Wan &

---

government corruption and demanding democratic reforms. In Hong Kong, these demonstrations raised hopes for a more democratic China (Carroll 2007).

Kim (2021) confirmed this by showing their greater acceptance of Western cuisine and diverse dishes due to the exposure of Western food culture during the British dominance.

PERIOD	MIGRANT ETHNICITY	REASON FOR THE MIGRATION
1200s-1300s	Chinese refugees	Seek refuge from the Yuan dynasty
1840s	<ul style="list-style-type: none"> <li>• Chinese from Guangdong</li> <li>• European merchants</li> <li>• European missionaries from Macau</li> <li>• Parsee and Indian merchants</li> </ul>	Mainly for trading reasons following the First Opium War
1851-1864	Chinese refugees and merchants	Escape from the Taiping Rebellion
1910s-1930s	Chinese, especially wealthy entrepreneurs	Escape from Guangdong area where Canton had become a center for Chinese Communism
1937	Chinese and Japanese refugees	Seek refuge from the Japanese war
1950s-1960s	Second-generation colonial servants from Africa, South Asia, and the Middle East	Being transferred from the newly independent British colonies and dependencies
1969-1970	Americans	Trading reasons following the U.S. Chamber of Commerce establishment

*Exhibit 1.6: Summary of the main historical migration waves of people to Hong Kong.*  
 Source: Carroll (2007); personal elaboration

The immigrants' social constitution played a significant role in shaping Hong Kong's culture. In the initial hundred years of British colonial rule, the individuals who migrated from the Mainland were peasants, craftsmen, and traders. Among these, the members of the elite Chinese community were primarily merchants. In the following decades, these generations began to receive Western education, increasing the blending of cultures given that cultural and linguistic alignment with China was still encouraged (Hung-Kay 1998). Additionally, this elite will be the one increasingly assimilating the Western customs in terms of spirits consumption, beginning to take part in exclusive clubs, associations and circles (Carroll 2007) where they will enter into contact with wine, cognac, brandy or whisky. As a matter of fact, the increasing presence of rich Western societies and circles, together with the need for Asian people to have face and reputation, eventually transformed the spirits realm into a way to come closer to the high standards of living displayed by Europeans and Americans (Pettigrew & Charters 2010).

Throughout the years, Hong Kongers have naturally embraced and integrated attire, food, entertainment, leisure, education, and spirituality from different parts of the world. The lack of prejudice, which made it possible for such a phenomenon to take place, is based on national or ideological sources, indicating a higher level of cultural liberty compared to other Chinese communities. The final effect was also diversity in cultural offerings (Hung-Kay 1998).

## **1.2 The present Hong Kong market: PESTEL analysis**

From the more general historic context, the present business overview is now provided. In this section, a PESTEL analysis is conducted to gain valuable insights about the external factors that have shaped and continue to influence the business environment in Hong Kong. By integrating the historical background of the previous section with the PESTEL analysis, a general understanding of the Hong Kong market can be inferred, assessing the impact of past events on the present country situation, and particularly explaining how those events have influenced the political, economic, social, technological, environmental, and legal aspects of the market nowadays. This serves as an overview for the foreign firms deciding to invest in the F&B context in Hong Kong, keeping into account the differences existing between Mainland China and Hong Kong S.A.R., making it imperative to tailor strategies and managerial practices.

### *1.2.1 Political & legal factors*

In contrast to many other Chinese societies, the Hong Kong government has adhered to a philosophy of “positive non-interventionism”, being a rational bureaucratic entity rather than a party-dominated or military-led state. This approach sets Hong Kong apart from other Chinese societies, where political dictatorships tend to dominate and politicize most of people’s life. The government initiatives of the region have instead focused on depoliticizing issues and assimilating political processes into administrative procedures (Hung-Kay 1998).

Hong Kong’s constitutional document is the Basic Law, recognizing the region as independent from Mainland China except for defense and foreign affairs matters. Despite this, a general sense of dissatisfaction has been present in the region after 1997, with pro-democracy activists and lawmakers claiming against Beijing that it has impeded the progress of democratic reforms in Hong Kong and blurred the concept of “One country two systems”. While Hong Kong still maintains relatively broad expression and press freedom in comparison to Mainland China, worries about the erosion of these liberties are common among its inhabitants, especially concerning the uncertainty from 2047, when the Basic Law will expire (Carroll 2007). The consequence has been several protests throughout the last two decades, the most sound of which happened in March 2019, when Hong Kong government proposed a bill for extraditions to Mainland China and 2 million people marched on the streets, obtaining its withdrawal.

Hong Kong employs a free trade system hence trading barriers are minimized. There are no customs duties imposed on goods entering or exiting, therefore the regulations on import and

export licensing are kept to a bare minimum. The only necessary licenses are aimed at fulfilling international obligations or ensuring public health, safety, or security. Some of the trade organizations Hong Kong is part of include World Trade Organization (WTO), Asia-Pacific Economic Cooperation (APEC), Organization for Economic Cooperation and Development (OECD), Pacific Economic Cooperation Council (PECC) (HKTDC Research n.d.).

In terms of foreign matters, the trade war between US and China has held consequences on HKSAR too. Given it will have negative impacts on US companies who chose Hong Kong as their regional headquarters thanks to the favorable corporate and individual tax rates, the effect will spread to the region's businesses as well. In 2019, there was a decrease of 4% in the number of US-based regional headquarters compared to the previous year. The future situation depends on the intensification of this trade war (Pang 2020).

Finally, the fact that Hong Kong has been ranked as the first global city for crony capitalism<sup>5</sup> raises concerns regarding avarice and inadequate supervision by the government. The government's procurement process, born to ensure accountability, has the countereffect of creating barriers for new entrants and fosters the formation of industry cartels. This impedes competition and creates difficulties for emerging enterprises seeking to penetrate the market (Wong 2016).

### *1.2.2 Economic factors*

In 2023, Hong Kong is the world's tenth largest trading power and the third largest financial center. The economy has faced a slowdown, mainly due to the COVID-19 pandemic, the trade disputes with US, the declining foreign direct investment (FDI), and tighter credit conditions which caused rate increases by the Hong Kong Monetary Authority (HKMA). This resulted in a -6.1% GDP growth in 2020 compared to -1.2% in 2019. Nevertheless, IMF recorded a positive GDP growth of +6.3% in 2021. (Crédit Agricole Group 2023)

Hong Kong has also faced the task of staying economically competitive in a globalizing world with increased competition from Mainland China. Being a significantly self-governing region, it offers a wide array of business prospects for international enterprises, including: absence of customs tariffs and restricted excise duties; protection of property rights; an open system for monetary transactions and other trade connections which do not go under the same stringent

---

<sup>5</sup> Crony capitalism is defined as "an economic system in which individuals and businesses with political connections and influence are favored (as through tax breaks, grants, and other forms of government assistance) in ways seen as suppressing open competition in a free market" (Merriam-Webster Dictionary 2023)

constraints imposed by Chinese currency exchange regulations; being connected to Mainland China’s manufacturing (Carroll 2007).

The same issues affecting the political and legal sphere, also have some effects on the economic one. COVID-19 restrictions, for instance, caused all kind of people influx to slow, from foreign workforce to tourism, one of the main economic strengths of the city. As shown in Exhibit 1.7, the unemployment rate has been steady for the past decade, with the only peak happening in 2020 (5.8%) due to coronavirus emergence and to the consequent decrease in foreign workforce influx. The rate eventually decreased year-by-year (5.2% in 2021, 4.2% in 2022 and 3.4% in 2023), with IMF projecting it to reach 3.0% in the next 5 years (IMF 2023b).

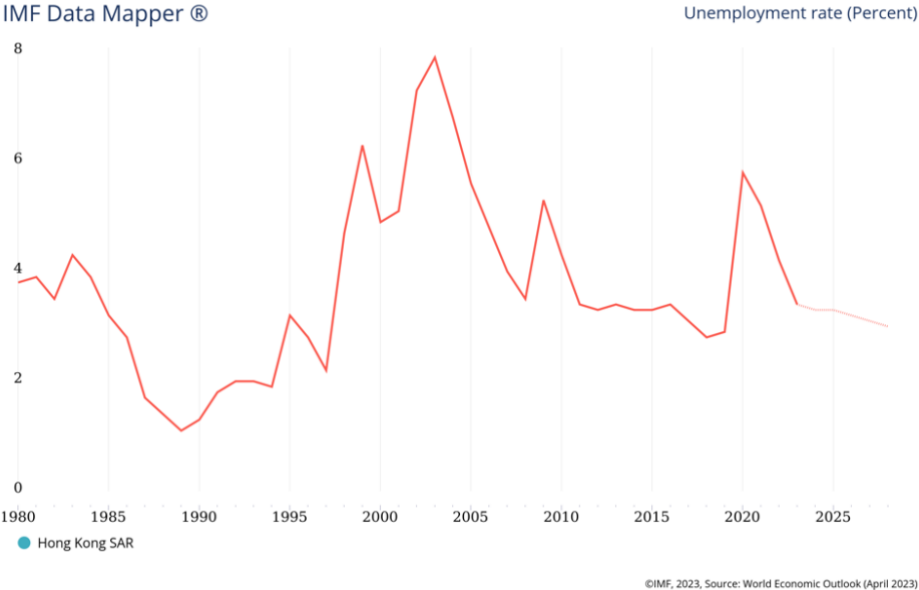


Exhibit 1.7: Unemployment rate percentage change 1980-2023 and future prospects.  
Source: IMF (April 2023)

Exhibit 1.8 instead shows inflation rate percentage changes throughout the years, paired with real GDP, which is adjusted for inflation to highlight the changes in volumes. The inflation rate reached 0.3% in 2020, then slightly increased year-by-year (1.6% in 2021, 1.9% in 2022, 2.3% in 2023), which still shows the effects of the pandemic on the domestic production and can partially be attributed to reduced waves of tourists, mostly coming from Mainland China. All in all, after the reopening of the borders in March 2023, the country situation is expected to come back to normal in two years, with IMF projecting Real GDP to grow by 3.5% and 3.1% in 2023 and 2024, respectively (IMF 2023c).

The financial sector, manufacturing of electronics, and the tourism industry are Hong Kong’s economic pillars, with the tertiary sector being the region’s main source of income, contributing 89.6% of GDP and including 88.8% of the total workforce in 2022 (see Exhibit 1.9). In terms

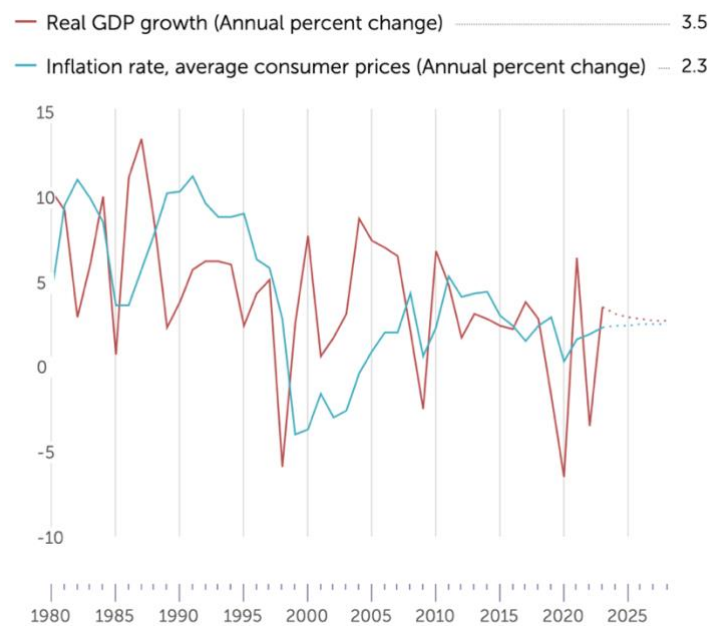


Exhibit 1.8: Real GDP percentage growth paired with Inflation rate percentage change. Source: IMF (April 2023)

of imports and exports, the main trading partners in percentage of imports are China (57.4%), United States (6.2%), India (3.7%), Vietnam (2.4%), Japan (2.1%), while the main suppliers in percentage of exports are China (40.1%), Singapore (7.7%), South Korea (5.6%), Japan (5.3%) and United States (4.2%) (Crédit Agricole Group 2023). Interesting to also note that in 1990s there was a transition from local exports to re-exports (29% of total imports), as numerous businesses relocated their production from Hong Kong to the Guangdong Province and coastal areas due to reduced operational expenses, and increased efficiency and productivity in manufacturing and supply chain management. The main re-export partner is Mainland China (89% of total re-exports) (Kaynak & Kucukemiroglu 2001, Flanders Investment & Trade 2022).

<b>BREAKDOWN OF ECONOMIC ACTIVITY BY SECTOR</b>	<b>AGRICULTURE</b>	<b>INDUSTRY</b>	<b>SERVICES</b>
<b>Employment By Sector (in % of Total Employment)</b>	0.2	11.1	88.8
<b>Value Added (in % of GDP)</b>	0.1	6.0	89.6
<b>Value Added (Annual % Change)</b>	-2.8	2.1	5.8

Exhibit 1.9: Sectors employment and GDP contribution. Source: Crédit Agricole Group (2023)

In terms of liquors, the import duty amounts to 100% for all spirits with an Alcohol By Volume superior to 30% at 20°. This means that beer and wine, as well as Aperol (11% ABV) and Campari (25% ABV). However, the above considerations do not apply in case of re-exports (Hong Kong Customs and Exercise Department, 2023). This explains the booming in terms of

liquor consumption in more recent years, particularly making Hong Kong 10<sup>th</sup> in terms of spirits imports in 2022 (Trading Economics n.d.).

1.2.3 Social factors

Social factors are the main focus of this dissertation and will be analyzed more in detail in the following chapters. The composition of Hong Kong’s community is one key aspect for companies in understanding consumer behavior and subsequently develop localized marketing strategies. The population composition is uniform, with Chinese being the majority and, according to the 2021 Population Census, approximately 619,568 individuals identifying as non-Chinese (see Exhibit 1.10), and not all having established permanent residency (HAD HK 2021). This melting pot is both the consequence of the region’s history and of the economic power held nowadays, giving individuals the opportunity to strive for a higher quality of life. Indonesian and Filipino compose the majority of the foreign population, working mainly as foreign domestic helpers and constituting a solid community which gathers around all the city on Sundays and public holidays. In 2021, on a total of 339,451 domestic helpers, 57% were Filipino and 41% Indonesian.

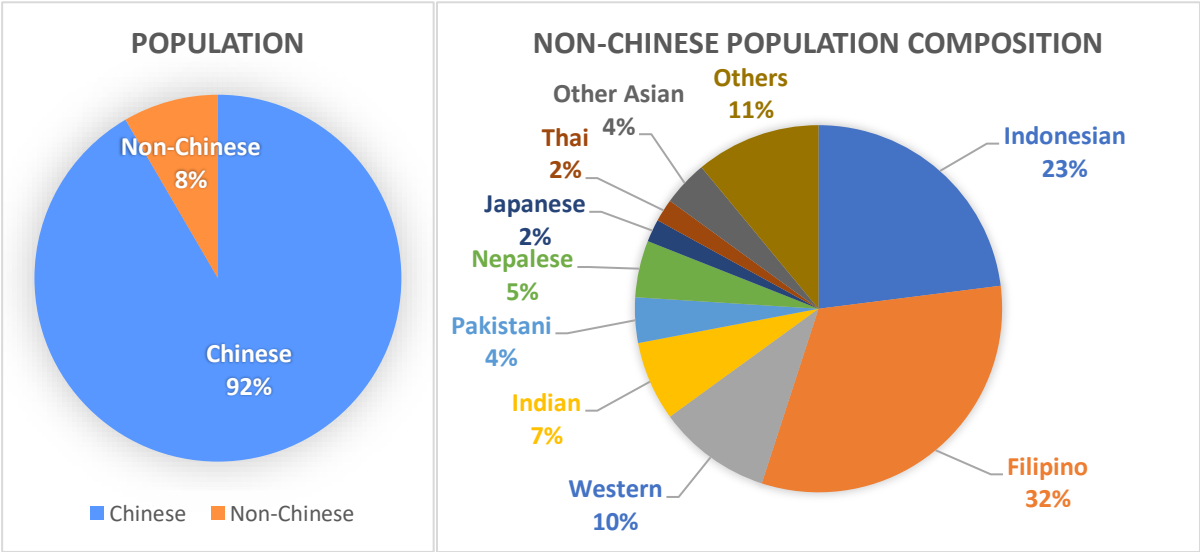


Exhibit 1.10: 2021 Population in Hong Kong and ethnicity. Source: 2021 census Home Affairs Department HK

In terms of languages spoken, Chinese and English are the two official languages. Local Hong Kong residents mainly speak Cantonese, while being also moderately proficient in English and having limited command of Mandarin (but refusing to speak it despite their ability). Migrants from Mainland China typically speak Mandarin and may not be fluent in Cantonese or English, except some cases. Native residents of Hong Kong frequently exhibit a distinct sense of separation from Mainland China, perceiving a number of differences despite their



shared heritage and political administration. One clear example of this is the fact that Hong Kongers often have an English name (chosen by a relative of themselves during teenage years) which they use on day-to-day life, particularly in international environments. On the contrary, Mainland China immigrants often exhibit a sense of pride in Mainland Chinese culture and therefore do not feel compelled to conform to local or Western customs, even when living and working in Hong Kong or other nations. Finally, Hong Kong exhibits a stronger collectivist orientation compared to Western societies, translating into loyalty for your group of belonging and in a sense of protection and unity (Cultural Atlas Editors 2016).

Religious freedom is granted in the Basic Law, hence Buddhist, Taoist, Confucianist, Christian, Islamic, Hinduist, Sikhist, and Judaic communities are present. Chinese Folk Religions and Buddhism are the dominant ones (GovHK 2022b). From Confucianism comes the social idea that hierarchical roles must be made clear in society (e.g. ruler and subject, husband and wife, father and son) because understanding this inequality allows for those harmonious dynamics to be established. Still from Confucius comes the concept that older people deserve utter respect. (Cultural Atlas Editors 2016).

One of the main social issues is the housing problem, meaning very small units come overpriced, making Hong Kong one of the most expensive cities in the world to live in. There are several reasons on the matter: one is the reduced availability of land compared to the large influx of people, given that parks, green spaces, and historical sites reduce the residential land supply; another regards the auction process through which land is sold, because the limited availability of land and uncertain future sale dates pushed developers to submit very high bids to secure development rights and this, in turn, results in significantly high prices for the end consumer. Finally, a great number of residences in Hong Kong are acquired by foreign investors, bringing up property prices and creating a critical deficit of affordable housing for the average resident (Juneja n.d.).

#### *1.2.4 Technological factors*

The trade war between US and China also had consequences in terms of technological impacts, given that what applies to China in terms of technological restriction policies should also apply to HKSAR. Therefore, the US can prohibit US firms from marketing and providing technology goods and services to businesses in Hong Kong. According to the reports, approximately 70% of cybersecurity products in Hong Kong are sourced from the US, hence the effect could have

great consequences when these products serve both a commercial and a military purpose, impacting individual’s lives as well (Pang 2020).

Despite government substantial investment for keeping Hong Kong competitive in the technology market, other Asian countries seem to have surpassed it. The main issue regards foreign new tech companies, as startups, having a series of problems when making business in Hong Kong, like the rent and land prices, bureaucracy, and complex regulatory regimes to deal with. The main competition in these terms comes from Singapore (hosting Facebook Asian headquarters) and Shenzhen (hosting Tencent, Huawei and other startups) (Ruehl & Hammond 2020).

In 2021, the total number of startup companies was 3,755 with 13,804 employees, following a gradual increase through years (see Exhibit 1.11). Hong Kong has also produced a number of the so-called “unicorns”<sup>6</sup>, but none of them has received global recognition yet. Comparing it with Singapore gives a clearer idea of its limited impact. Singapore is smaller in population size (5.6 million people in 2022 according to The World Bank (n.d.), meaning more than 2 million less) but “accounts for 59 per cent of the Asian regional headquarters of multinational technology companies, according to the city’s Economic Development Board, including Facebook, LinkedIn, Google and Visa. Hong Kong has 18 per cent” (Ruehl & Hammond 2020).

YEAR	AMOUNT OF STARTUP COMPANIES
2018	2625
2019	3184
2020	3360
2021	3755

Exhibit 1.11: Startups in 2018-2021 in Hong Kong.  
Source: DATA.GOV.HK n.d.

If taken together with its neighbor cities, the Shenzhen-Hong Kong-Guangzhou science and technology cluster is the second in the world in the innovation and technology (I&T) sector. Nowadays the HKSAR government is increasing its investments in I&T and R&D, in this last regard planning to increase from 0.73% of the GDP to 1.5% over the next five years. Moreover, it ranks eighth in the world’s best Fintech ecosystems, and data confirm this given that Fintech startups increased from 138 in 2016 to 472 in 2021. Finally, biotech, smart city and AI startups the city focus in terms of I&T (Fung 2022).

<sup>6</sup> Startup company with a value superior to \$1bn

### 1.2.5 Environmental factors

From a sustainability point of view, Hong Kong encounters several issues lowering its ability to properly deal with environmental matters, which are summarized below (Lai 2023):

1. Air pollution, caused by smog and motor vehicles but also marine ships trading in the harbor.
2. With 4.17 million tonnes of solid waste thrown every year, landfill waste is contributing to international issues like global warming.
3. Plastic production, which is around 3.9 billion if considering food and drinks' packages alone and caused by the widespread habit of consuming take-away food. In 2020, plastic counted for the 20% of the total solid waste production of the city; plastic is also widely present in green areas and beaches, and this recalls another widespread environmental issue which is the lack of a waste sorting education in the region. Some F&B companies are now starting to use biodegradable or compostable packaging, but still the most used utensils' material employed remains plastic, being cheaper hence more convenient for restaurants and bars.
4. In 2020, food waste accounted for 30% of the solid waste generated in Hong Kong, significantly impacting not only the inefficient waste management of the city but also contributing to GHG<sup>7</sup> release in the atmosphere.
5. Biodiversity loss is the fifth environmental issue: Hong Kong's biodiversity is rich in green areas and home to a wide variety of plants and animals. However, the population density led to deforestations and the inefficient waste sorting caused negative effects on the wildlife (e.g. pink dolphins passing from record numbers dating back to the Tang Dynasty to just 300 species in recent years due to naval traffic). Additionally, illegal wildlife traffic is another latent threat to biodiversity (in 2019, 7000 endangered species were traded illegally);
6. Finally, water pollution. Seas is full of plastics and waste materials due to past releases of wastewater in 1970s-80s and microplastics from single-use masks, especially after coronavirus pandemic (Lai 2023).

Despite this, the government aims at the 2050 Net-zero transition<sup>8</sup>, which becomes especially important in a city where waste-to-energy would have a huge impact on the global climate

---

<sup>7</sup> Greenhouse gases

<sup>8</sup> The "Net-Zero Transition" refers to a sustainability-oriented set of actions aimed at reaching a system where carbon emissions (CO<sub>2</sub> and Methane) and generally all greenhouse gasses are hindered through removal, in order to nullify their tragic consequences on the ecosystem and stop global warming. (Net Zero Climate 2022)

action. Solutions proposed include green buildings, low- or zero-carbon solutions (such as solar and wind energy, hydrogen power) to cancel out high CO<sub>2</sub> emissions by 2035. Another example is the O-PARK in North Lantau which is the first park used for transforming organic waste into biogas to be used for electricity generation (Chan & Fu 2023).

In conclusion, Chapter 1 serves as a crucial introduction, laying the ground for the subsequent examination of Hong Kong's society and cultural context, as well as the whole marketing environment and strategies. Understanding the historical background and the broader external influences is fundamental given the intensity of events that characterized the political background of this region and the huge mark left by the British domination on social classes and their behavior. The liquor market has been affected as well, increasing the willingness of locals to affirm their social identity through their consumption of Western luxurious spirits.

The quick transformation from a small fishing village to an international financial hub, together with its fast population growth started during the colonial era, has made this region a melting pot of diverse traditions and influences, which still is much evident in the F&B market and in some typical dishes like curry fish balls. Marketers must recognize the importance of this heterogeneous society and its unique cultural context to develop effective strategies meeting all inhabitants' needs, exploiting their differences and the presence of Westerners to their advantage whenever possible. The difference with China is as evident as the influence from Britain. The following chapters will delve deeper into specific aspects of Hong Kong's marketing context, drawing upon the insights gained from this societal and cultural foundations.

## **CHAPTER 2 - How the Asian cultural context shapes consumer behaviour: need for marketing adaptation**

Chapter 2 of this dissertation builds upon the societal foundations previously presented; while the focus in Chapter 1 was understanding Hong Kong's unique heterogeneous identity starting from its historical roots and the origin of social classes, this chapter will provide a deeper study of the cultural context and its implications for marketing practices in the light of the factors driving consumer behavior. As a matter of fact, cultural differences cannot be understood without the study of history.

It is important to note that many existing theories in the field of cultural studies originated from Western cultures and may not be entirely applicable to Asian societies. Nevertheless, the analysis will start from the cultural context and, specifically, Hong Kong will be explored in the light of Hofstede's cultural dimensions. These allow for a comparison between the UK and China proving, once again, that these two countries have had both significant influence but none of them achieved an absolute impact. This heterogeneous unique society is then analyzed under Hall's cross-cultural communication perspective, in order to achieve an integrated picture of the cultural context. Specifically, Hall's theory will investigate high- vs low-context cultures, the concept of time and perception of personal space.

Following, an analysis of the opposing cultural dimensions between Asian and Western countries is provided, which holds consequences on the way firms can do business abroad. Furthermore, this chapter will specifically focus on the differences within Asian countries, with an emphasis on the counterposed characteristics between the People's Republic of China (PRC) and Hong Kong, pausing on the the concept of "face" and its consequences on a collectivistic society. Afterwards, the relationship between mainland outbound cross-border tourism towards Hong Kong and its inhabitants will also be examined.

Emphasizing the need of adapting global strategies to address the distinct preferences of local markets, some successful examples taking place in Hong Kong will be presented. Central to this exploration is also the need to properly address the concept of brand equity, as conceptualized by Aaker, and its implications in attracting and retaining consumers. Brand awareness and brand loyalty will be analysed together with the useful ways for developing them in Hong Kong. Still in relation to branding strategies, Country-Of-Origin effect and its potential consequences on ethnocentrism are explained. Notably, ethnocentrism is not a prominent factor in Hong Kong, and this phenomenon will be explored in more detail. A comprehensive

understanding of the factors that shape Hong Kong consumers' perceptions and choices will be provided and the effectiveness of experiential marketing and event marketing within the culinary landscape of Hong Kong will be studied.

To sum up, Chapter 2 builds upon the foundations laid out in the previous chapter, and goes deeper into Hong Kong's cultural context and its implications for marketing practices in light of the factors influencing consumer behavior.

### 2.1 Hong Kong vs UK and China: Hofstede's societies comparison

The historical background of Hong Kong provided useful insights concerning the development of its unique identity. The PESTEL analysis examined the external factors shaping Hong Kong's socio-cultural landscape. The focus will now be shifted on the region's cultural values. Hofstede's cultural dimensions are used as analysis method given their usefulness in cross-cultural comparisons. This contrast with Mainland China and the United Kingdom, which both shaped HKSAR past and present heritage, will provide a comprehensive understanding of how Hong Kong's society is influenced by its historical roots and external environment. This analysis will highlight the cultural differences distinguishing the region from both its past

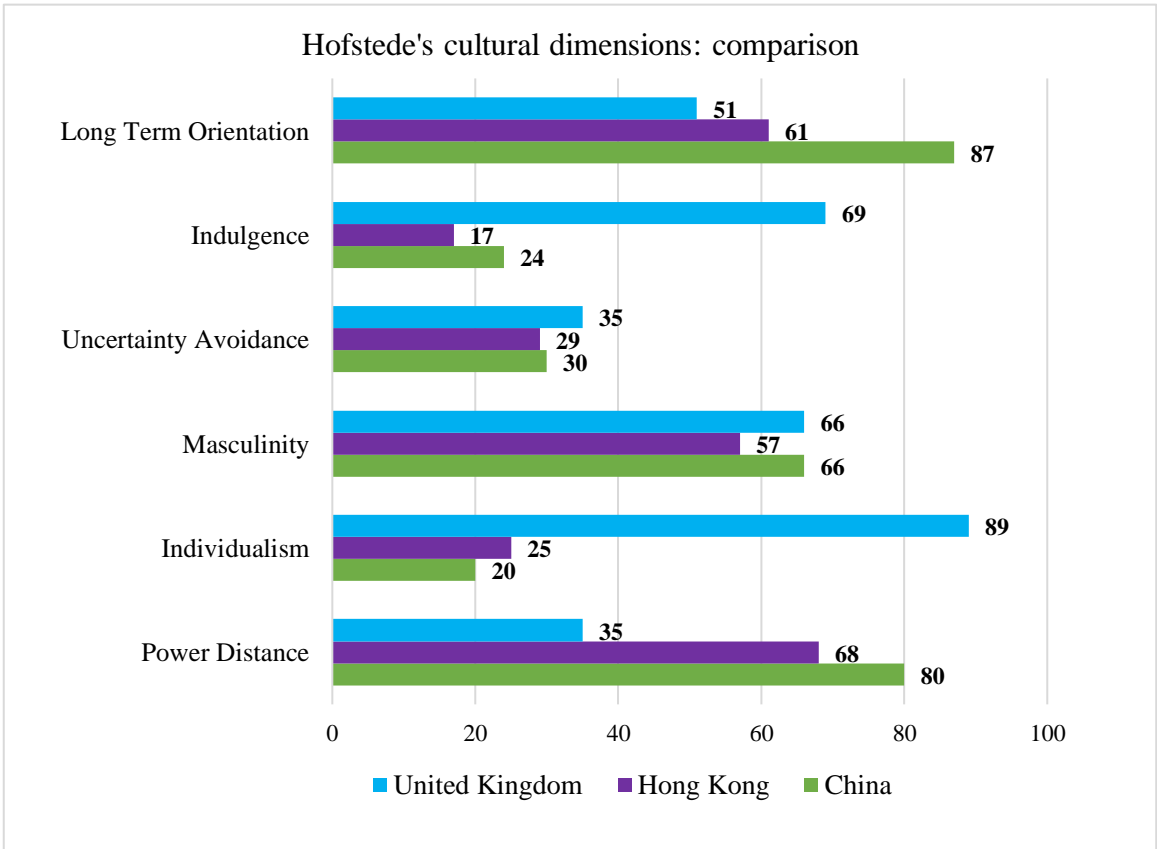


Exhibit 2.1: Hofstede's cultural dimensions: China, Hong Kong, United Kingdom comparison. Source: Hofstede Insights online (n.d.)

colonial administration, UK, and its present governance, Mainland China, which led its people to develop a distinct identity making it unique in the whole international landscape. Hofstede's cultural dimensions comparison is graphically summarized in Exhibit 2.1:

- Long-term orientation “describes how every society has to maintain some links with its own past while dealing with the challenges of the present and future” (Hofstede Insights online, no date). Hong Kong scores 61, implying a balance between short- and long-term orientation, slightly pending towards the second, meaning it employs a pragmatic approach to life, adapting tradition to real-life contexts after careful evaluations of the situation. The UK presents no clear tendency (51), while China (87) presents a constant future orientation, perseverance and potentially higher inclination to saving money, linking success to effort and failure to its lack.
- Indulgence, which is partially connected to long- or short-term orientation, “stands for a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun. Restraint [on the contrary] stands for a society that controls gratification of needs and regulates it by means of strict social norms” (Hofstede 2011). Hong Kong (17) and China (24) rates suggest the second kind of society, the former especially. This translates into reduced importance for leisure, justifying the intense work culture, high number of police officers, fewer obese people, fewer very happy people, and reduced importance placed on freedom of speech (Hofstede 2011). The UK instead scores 69, meaning the society shares a higher perception of personal life control and generally higher enjoyment levels.
- Uncertainty Avoidance “deals with a society's tolerance for ambiguity [and for] uncomfortable, unstructured, different situations” (Hofstede 2011), hence not with risk itself or alone. All three countries scored low: China and Hong Kong, respectively 30 and 29, indicating a moderate preference for avoiding ambiguity by adopting rules and codes which reduce surprises and unknown conditions, needing clarity and structure; the UK, 35, scores slightly higher suggesting a somewhat higher acceptance for the unknown.
- Masculinity refers to a “society [...] driven by competition, achievement and success” (Hofstede Insights online, no date), hence guided more by the aspiration of being the best in the field instead of prioritizing the enjoyment of what they do. All three countries show similar scores, with China and the UK both scoring 66 and Hong Kong slightly

lower at 57. This suggests a moderate tendency towards masculine values like assertiveness, competition, and success.

- Individualism concerns a decreased sense of belonging to a group, as opposed to Collectivism. Hong Kong (25) and China (20) stand on the Collectivism side, preferring harmony, group loyalty, prevalence of relationships over tasks, transgression and conflicts avoidance (Hofstede 2011). The UK (89) is instead representative of a very individualistic society, preferring autonomy, independence and emphasizing personal achievement.
- Power distance: “the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally” (Hofstede 2011). Hong Kong’s score is 68, which stands in a middle point between the other two countries. This suggests that its society is more egalitarian than Mainland China, scoring 80 and indicating a significant acceptance of hierarchical structures and authority, but less than the United Kingdom one, which scored 35, hence being the least accepting of hierarchical differences. In a large power distance country, the elderly are respected and feared and there is a general teaching culture coming from those in higher hierarchical positions towards the lower sides of the pyramid.

While Hong Kong shares some cultural traits with China due to its geographical proximity and historical ties, it also reflects influences from the United Kingdom during its colonial era. This cultural fusion resulted in a unique combination of values, practices, and attitudes that distinguish Hong Kong from both China and the United Kingdom. In Indulgency, Uncertainty Avoidance and Individualism the clearest resemblance is with China, in the last case probably reflecting the influence of Confucian values and the emphasis on obligations from family and society in both Hong Kong and China. In all the other cases, Hong Kong may seem to show a UK tendency (e.g. for Long-term Orientation), but is instead identifying its unique hybrid cultural characteristics. For instance, in terms of wine consumption, Mainland China consumes 0.41 of wine per person each year, while Hong Kong consumes 1.81; this gap is also an effect of the region’s westernization, which led to alcoholic beverage industry stronger expansion with respect to Mainland (Pettigrew & Charters 2010).

## **2.2 Hall’s cultural context and cross-cultural communication**

Hofstede cultural comparison analysis, based on the six cultural dimensions, identified a society governed by collectivism, a preference for restraint and strict social norms to avoid uncertainty,



a slight masculinity-driven and long-term tendency, explaining the propensity towards competition, and a fair respect of hierarchies and power distance. To make the cultural analysis more complete, Hall’s cultural context analysis needs to be integrated, in order for firms to draw consequences on the way to make businesses in this unique region.

Edward T. and Mildred R. Hall were two American psychologists whose research was key in making cross-cultural communication recognized as an independent area of study. They started comparing post-WWII Europe and US cultures to make it easier for American companies to enter this new foreign market. Their discoveries were documented in two main publications: "The Silent Language" (1959) and "Understanding Cultural Differences" (1990). Their key findings regard the difference between high- and low-context cultures, in terms of non-verbal communication and implicit or explicit language, and the organization of time, between monochronic and polychronic tendencies. Moreover, the Halls explored the notion of territoriality, encompassing both the physical area surrounding individuals and the personal space between them. Cultural differences in territoriality can manifest in office layouts, personal boundaries, and the use of space in public settings. Their findings highlighted a strong association between monochronic and low-context cultures, as well as between polychronic and high-context cultures; the higher the context, the more difficult the cross-cultural communication becomes (Hurn & Tomalin 2013).

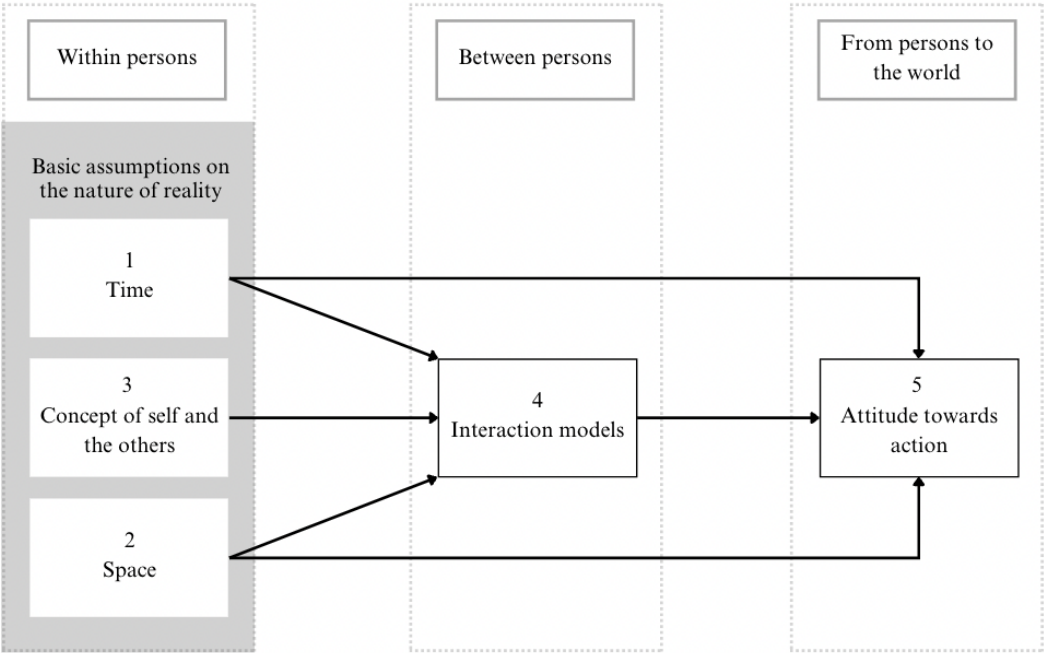


Exhibit 2.2: Action framework for people interactions. Source: Usunier & Lee (2013)

Exhibit 2.2 shows the relationship between people, space and time in creating social interactions and eventually forming an attitude towards a certain action. This concept, starting from the social context, provides useful cues relative to the consumer behavior happening in places where social interaction play an important role, which is the case of collectivistic societies.

It is also worth to note that these societal aspects of the Hong Kong culture need constant monitoring. As a matter of fact, a study was conducted on marketing-related organizational behavior in B2B marketing firms. A comparison was made between the pre- and post-handover period, with a time difference of five years. At the time of the handover, Hong Kong firms exhibited significant differences in organizational culture compared to their PRC counterparts, being less bureaucratic and more competitive and consensual. However, after five years, a marked shift towards more bureaucracy and less competitiveness was detected, with an organizational culture approaching the PRC one. Even regarding personal values, there were significant differences in traditional and Confucian ideals between managers in Hong Kong and the PRC at the time of the handover. However, in the five years following, these shifted as well towards those observed in the PRC (Deshpandé & Farley 2004). The organization context in which marketing firms develop significantly shapes their market approach and impacts the overall business performance. If more PRC-related values begin to be absorbed, then the subsequent cultural transformations will also affect the way the Hong Kong market needs to be managed.

### *2.2.1 The self and others: high- vs low-context cultures*

The cultural context in Hong Kong is important to analyze especially considering the cross-cultural marketing activities firms must manage when engaging with international markets. Their strategic importance becomes evident when dealing with high versus low context cultures, crucial when developing marketing activities. High-context cultures, like those found in Asia and the Middle East, rely on implicit communication, shared values, and group relationships. This is closely related to the collectivistic mindset prevalent in Asia, where shared beliefs and knowledge within a group do not always require explicit articulation but are treated as fundamental shared awareness or expertise. In contrast, low-context cultures, common in Western countries, prioritize explicit communication and individualism. Marketing messages that resonate with high-context cultures should focus on building trust and relationships, using subtle cues and symbols to convey meaning. In low-context cultures, direct and clear communication is essential, emphasizing individual benefits and rational appeals. By tailoring

marketing strategies to cultural contexts, businesses can avoid misunderstandings, connect with consumers on a deeper level, and increase brand loyalty. Ignoring cultural differences may lead to misinterpretations, loss of potential customers, and ultimately, the failure of marketing efforts in a specific cultural setting (Du-Babcock & Tanaka 2013).

One study was conducted on Asian business communication, comparing the way a Hong Kong group interacted within themselves and with a Japanese group, who shares the same high-context culture. While Japanese communication kept high-context either in Japanese or English language, differences were noticed when Hong Kong people used Cantonese versus English for their communication. When using Cantonese, a combination of high- and low-context was used, while an only low-context communication was used when speaking English, either with each other or with the Japanese counterpart. These findings strongly imply that the high-context to low-context dimensions should be considered as a continuum rather than distinct or opposing categories (Du-Babcock & Tanaka 2013). Furthermore, concerning business communication, the capacity to switch between high-context and low-context styles at need becomes increasingly vital in dealing with Western companies conducting operations abroad, as exemplified in the forthcoming analysis of Campari Group. In this context, it becomes imperative for this company with Italian roots and its Hong Kong distributor, METABEV, to match their communication patterns effectively, to align their objectives and foster successful collaboration. Moreover, since marketing communication within the food and beverage industry often involves using both languages, marketers should be mindful that the market they are dealing with needs also to be engaging with expatriates, employing English language as a means of communication. In this context, the aforementioned study on Asian business communication gains added significance, as it sheds light on the complexities of high-context and low-context communication styles used by Hong Kong business professionals. Understanding the interplay between these cultural dimensions can help F&B marketers tailor their messaging and interactions effectively to deal with diverse audiences in the region.

### *2.2.2 The time perception*

Connected to the high-context collectivistic culture is the polychronic relationship with time. Opposed to the monochronic tendency of Western countries, Hong Kong and Mainland China show a polychronic tendency, which translates into doing more tasks at one time, emphasizing the value of interpersonal relationships and completion of transactions over strict schedules (common in the other kind of relationships). Polychronic cultures view time as flexible and

prioritize “being” over “doing”. Monochronic cultures instead prefer individualism, reduced personal interactions and strict deadlines. These cultural differences are important in the seller-buyer relationship and can lead to conflicts, such as varying attitudes towards punctuality (Duranti & Di Prata 2009). This justifies why many companies in Hong Kong employ flexible working schedules and international teams.

Collectivism/individualism and polychronic/monochronic time orientation are two crucial dimensions of cultural differences affecting, for instance, online behaviors. In societies characterized by collectivism, like China, individuals tend to prioritize interdependence and social links and are more influenced by the opinions of others within their social circle. As a result, social interaction holds more significance among individuals in collectivist cultures, which enhances the importance of the influence of references. Minding this, helps marketers take advantage of social media and online resources to develop successful communication strategies. Moreover, in cultures where polychronic time management is also present, people rely heavily on word-of-mouth from friends, family, and experts, and actively share information on social media (Xu-Priour et al. 2014). In this context, building trust is crucial. Identifying and engaging with opinion leaders or having many followers on social media is important in improving a brand reputation. Exhibit 2.3 displays these cause-effect relation in building the intention to use; starting from a collectivistic and polychronic society, social interaction is necessarily generated, followed by a sentiment of trust and a need for browsing and, eventually, leading to a formed intention to use (Xu-Priour et al. 2014). This justifies why, in the Hong Kong F&B market, frequent use of famous bartenders and chefs is made as a marketing communication strategy, aiming at boosting bars’ and restaurants’ reputation. This instills trust in consumers and is widely adopted. In summary, knowing the importance placed on social interactions, companies should develop marketing strategies where social groups are used as key touchpoint, both offline and online. Campari Group, for instance, has decided to create dedicated instagram profiles to target the Hong Kong market alone in the case of Campari (@camparihk) and Aperol (@aperolspritzhk), which both communicate a lifestyle people

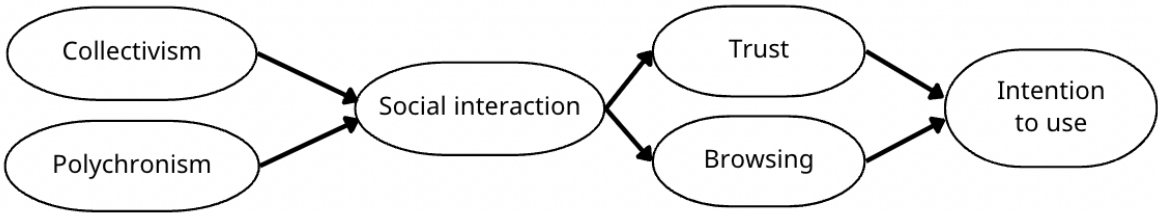


Exhibit 2.3: Cause and effect relations from collectivism and polychronism to intentions to use a certain product. Source: Xu-Priour et al. (2014)

should aspire to and are a virtual meeting point for consumers, who can keep updated on all trends and events.

### *2.2.3 The space perception*

Finally, interpersonal distance is the third factor considered in the cultural context analysis, as it may have consequences for cross-cultural marketing practices. A study was conducted on the topic by Sorokowska et al., (2017); interpersonal space is defined as the “breathing space” individuals keep around themselves during their social interactions. It is commonly divided into four types based on the nature of the relationship: moving from the largest to the smallest distance, they are public distance, social distance, personal distance, and intimate distance. Factors commonly considered to be influencing this distance are personal inclinations, gender, age, and the prevailing social environment. Moreover, this study adds the perspective of contact and noncontact cultures. Contact cultures tend to embrace closer interpersonal distances and are more accepting of physical touching, while noncontact cultures demonstrate the opposite. However, relying solely on geographical location to divide cultures is considered not enough, so new variables, including environmental aspects like temperature, parasite stress in a given country and population growth rate are counted in, together with the level of collectivism/individualism and societal affluence. Out of 42 countries around the world, Hong Kong scored the 9<sup>th</sup> largest social distance (the one kept when dealing with strangers) with more than 110cm (maximum was Romania with almost 130cm and minimum was Argentina with around 80cm); it lowers to circa 85cm in personal distance (acquaintance, with country maximum of 110cm, and minimum 60cm), scoring 12<sup>th</sup>, and, with around 70cm, 7<sup>th</sup> in intimate distance (close person, with country maximum of 95cm and minimum less than 40cm). It is also interesting to note that, compared to China, Hong Kong always scored a slightly higher distance, especially in the intimate one (China keeping less than 60cm) (Sorokowska et al. 2017).

In general, the research highlights the complexity of the way human social conduct develop and the necessity for an analysis method taking into account diverse elements, which would increase awareness. This awareness is vital for fostering intercultural comprehension and efficient communication in an interconnected world (Sorokowska et al. 2017). Such considerations become important factors when businesses decide to work across different countries. For businesses operating in today’s globalized world, understanding and taking into account cultural factors like collectivism versus individualism, high versus low context communication,

and monochronic versus polychronic time management is of central importance. These cultural dimensions significantly influence how people interact, communicate, and approach tasks, and overlooking them can lead to miscommunication, conflict, and decreased productivity. Exhibit 2.4 shows a summary of the information relating to High- vs Low-context cultures. The High kind is employed, for instance by Japan, Korea, Arab nations, and partially in China and Mediterranean regions. The Low kind instead, by countries like Germany, the United States, the Netherlands, Scandinavia, Britain, Australia, and Canada (Hurn & Tomalin 2013).

	<b>LOW-CONTEXT</b>	<b>HIGH-CONTEXT</b>
<b>COMMUNICATION</b>		
Type of communication	Explicit Communication	Implicit Communication
Communication focus	Focus on Verbal Communication	Focus on Nonverbal Communication
Context of message	Less Meaningful	Very Meaningful
Politeness	Not Important	Very Important
Approach to people	Direct and Confrontational	Indirect and Polite
<b>CULTURAL ORIENTATION</b>		
Emotions	No Room for Emotions	Emotions Have Importance
Approach to time	Monochronic	Polychronic
Time orientation	Present-Future	Past
In/out-groups	Flexible and Transient Grouping patterns	Strong Distinctions Between In and Out-Groups
Identity	Based on Individual	Based on Social System
Values	Independence and Freedom	Tradition and Social Rules/Norms
<b>BUSINESS</b>		
Work style	Individualistic	Team-Oriented
Work approach	Task-Oriented	Relationship-Oriented
Business approach	Competitive	Cooperative
Learning	Knowledge is Transferable	Knowledge is Situational
Sales orientation	Hard Sell	Soft Sell
View of change	Change over Tradition	Tradition over Change

*Exhibit 2.4: Summary information about high and low-context cultures applied to communication styles, cultural orientation and businesses. Source: Manuel (2022)*

### 2.3 Asian collectivism and the concept of “face”

When globalization phenomenon started in the last years of the 20<sup>th</sup> century, it was thought that global consumers would adopt common consumption responses as a cause of being exposed to mass-media communication. The reality was far from this, hence companies understood that cultural differences could never be erased and additionally that consumer behavior may actually become more heterogeneous. As a consequence, it is key to understand the values of different national cultures, how they shape the context and their influence on consumer behavior. Previous research indicates that Asian consumers show a preference for Western products and are becoming increasingly materialistic, but still with some differences. A common Western marketers’ mistake is to think Asian countries are all similar, while, actually, there are

distinctive characteristics even within a same region, frequently making it difficult to develop proper marketing strategies. Multicultural markets are emerging, and this requires a shift from traditional ethnic segmentation approaches (Sharma et al. 2006). For instance, Sharma et al. (2006) report on the use of the NATID (National Identity) framework to compare six Asian countries' consumers (South Korea, Taiwan, Thailand, Singapore, Hong Kong and Japan). Thailand results the highest scoring on national identity and Singapore the lowest, while Hong Kong is the weakest in cultural homogeneity and belief system, and Japan the lowest on consumer ethnocentrism. This further confirms the need to tailor strategies to the specific Asian market analyzed, given that differences exist not only between Asia and the West, but also within Asia itself.

Starting from the bigger image, according to some scholars the theories derived from studying Western customers might not even be entirely applicable to Asian customers. For instance, research has shown that Mainland Chinese consumers may not follow the same ordered sequence of needs in the Maslow's pyramid. Their progression may instead go from social to physiological needs and from safety to self-actualization, with a higher focus placed on benefiting society rather than individual advancement. As a matter of fact, Mainland China scored 20 in Hofstede's Individualism cultural dimension (see Exhibit 2.1), suggesting a collectivism-oriented society (Sharma et al. 2006). An adaptation of the Maslow's pyramid of needs has been provided for Asia as opposed to West (see Exhibit 2.5). The last three needs in the pyramid suggest a shift in focus from the self (West) to others (Asia), given that needs like affiliation, admiration and status are all dependent on relationships within social groups and other people's opinions on you.

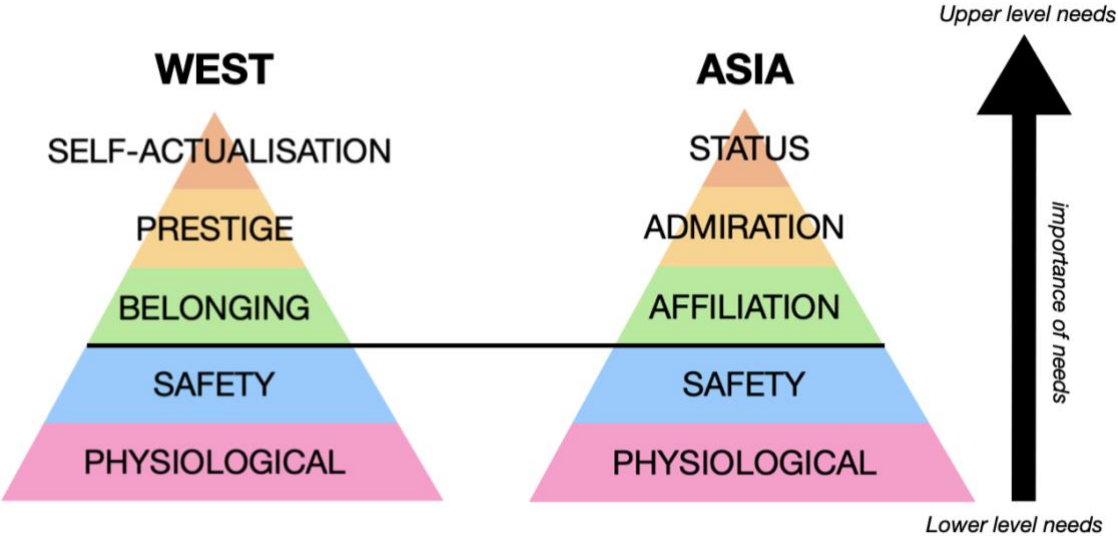


Exhibit 2.5: Maslow's pyramid of needs: West and Asia compared. Source: Lim et al. (2012)

As a matter of fact, in Asian societies individuals tend to develop a sense of interdependence, making them prefer the company of others rather than being alone. Consequently, they develop their social connections with pride and place a high degree of importance on how they are perceived by others. This concept has been made clear in a study by Lim et al. (2012) concerning luxury products consumptions in Singapore; interviews were conducted on a sample of selected participants, with the aim of uncovering the motivations for purchasing luxury goods and whether the interviewees experienced pressure or influence from their social circles. Results confirmed that, by adhering to societal norms and purchasing luxury items, consumers can create connections with individuals from admired social groups, hence elevating their perceived personal status. The study also revealed that many consumers get to the point of saving money to buy personal luxury items, like expensive smartphones and handbags. This constitutes a great difference between Asian and Western cultures; Western consumers usually buy luxury items for their exclusivity, given that just few individuals can afford them. On the contrary, Asian consumers purchase expensive luxury goods because other consumers already own them, and those who do not just aspire to be part of the group that, instead, can afford such products. In terms of functional value from an Asian perspective what is important about luxury items is to avoid counterfeits to not be associated with the kind of person who buys fake products; from the emotional value perspective, owning those products makes people gain confidence to be able to socialize in contexts like social events and meetings; finally, in terms of social values, luxury goods are a symbol of social recognition (Lim et al. 2012). This whole concept can apply to the high-end or luxury F&B culture as well, given that having access to the most exclusive bars and restaurants connects to the needs for status and admiration. Moreover, it is common in places like Hong Kong to have bars and restaurants host events for grand openings, guest shifts with famous chefs and bartenders, festivities-themed parties (e.g. New Lunar Year party) or promotions and activations (e.g. on International Whisky Day, special menus will appear, mainly whisky-based). Being able to attend these events is perceived as a demonstration of one's affiliation with a particular social group.

A study on Chinese consumer behavior based on the Fishbein-Ajzen behavioral intentions model has been conducted by Chan & Lau (1998) to understand whether the model holds true in a collectivist culture, since it had only been tested on Western cultures. This model, known as Theory of Reasoned Actions (TORA), depicts *intentions* as the closest antecedent of actual *behavior*. In turn, *intentions* are influenced by two more factors: *attitudes*, identifying what a person believes the consequences of a certain behavior are and the evaluation of those



consequences, and *subjective norms*, which take into account social pressures exerted on an individual, hence could be described as an assessment of how referents will perceive and judge the individual engaging in a certain activity. This study holds significant importance in gaining insights into Asian consumer behavior, since knowing the drivers of consumer purchasing habits can help businesses in the food and beverage industry to effectively target and engage Asian consumers in Hong Kong, leading to improved customer satisfaction and business success.

A synthesized version of the research appears in Exhibit 2.6, where TORA model is summarized together with the attitudinal beliefs and referents considered for the Asian market. Two samples were taken, one from PRC (specifically from Guangzhou and Beijing) and one from Hong Kong. Following the framework proposed by Ajzen and Fishbein (1980), which includes the elements of action, target, context, and time, the study analyzed the behavioral intentions of a specific target behavior: the act of purchasing (*action*) a Chuk Kam finger ring (*target*, being a popular piece of 24K-golden jewellery in Chinese culture and a symbol of status), for personal use (*context*) within the next two weeks (*time*). This example is meaningful in the F&B as well, because F&B goes beyond the aspects of food quality and taste themselves, and sheds light on the experiential dimension focusing on social image and showcasing, hence weighting on those same *subjective norms*.

The Theory of Planned Behavior, which adds *perceived behavioral control* to TORA, was not used because of the limited influence exerted by perceived behavioral control on the case under study (considering the affordable prices of the ring and the high-income levels of the participants, being all in the middle class). The study argues that *subjective norms* have a

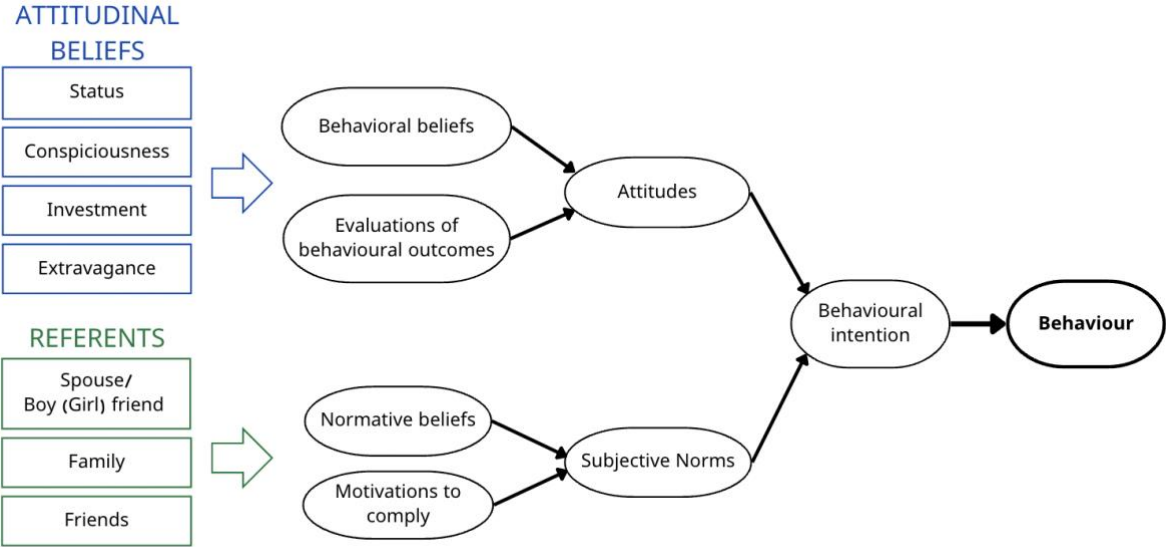


Exhibit 2.6: Fishbein-Ajzen behavioral intention model applied to the Asian collectivistic culture. Source: Chan & Lau (1998)

stronger influence than *attitudes* on purchasing *intentions* among Chinese consumers. Findings confirm the hypothesis and demonstrate the model accuracy in studying the Chinese context, highlighting the importance of considering cultural factors for a greater understanding of consumer behavior. The PRC sample showed even stronger susceptibility to social pressures with respect to Hong Kong. Moreover, attitudinal beliefs related to “status” and “conspicuousness” played a more significant role than beliefs related to “investment” (Chan & Lau 1998). What can be inferred in terms of marketing practices is that marketers targeting Chinese consumers should consider group conformity, employ opinion leaders, and focus on influential referents to transmit persuasive messages, which can become a strength especially when dealing with spirits brands, as will be explained later in the case study of the last chapter.

It is worth, for the purpose of this analysis, to stop on the concept of “face”, which becomes particularly important if connected to the consequences on the social aspirations of individuals and their social interactions. An article by Qi (2011) explores the distinctions within the concept of face diving into the two Chinese words for face: *lian* and *mianzi*. The author argues that these distinctions raise relevant concerns regarding the impact of face on self-formation and social relations. *Lian* is associated with the moral aspects of face, meaning the respect and confidence of society in an individual’s moral character, associated with situations of greater significance or moral wrongdoing. *Mianzi* instead relates to the social aspects of face, such as reputation, success, and social position, hence less significant elements. However, the distinction is not sharp as both concepts partially have to include the other in order to exist. The use of *mianzi*, when also including the moral attributes of *lian*, is the suggested and most complete approach. Furthermore, face involves not only the individual’s own self-image but also the maintenance and support of others’ face through social obligations and emotional experiences. This is true because face can either be gained or lost, therefore, by “saving” someone else’s face, emotions of compassion and guiltlessness can arise, making that person gain face in turn. One common example of the importance of face in the F&B relates to wine consumption in China, because there is a “tendency of wealthy Chinese consumers to buy expensive red wine (in order to maintain “face”) but then to mix it with lemonade or other soft drinks in order to make it sweeter and more palatable” (Pettigrew & Charters 2010); in the same way, cognac has become a Hong Kong favorite beverage not because of the taste itself but because its intrinsic expensive value is able to demonstrate social status and wealth (Pettigrew & Charters 2010).

### *2.3.1 Mainland Chinese consumers in Hong Kong: between shopping and tourism*

Mainland Chinese consumer behavior in Hong Kong is strictly connecting to the concept of face and to its consequences on luxury goods consumption. Chinese outshoppers, specifically those engaging in cross-border outshopping<sup>9</sup>, are primarily motivated by economic factors. This kind of shopping is seen as an utilitarian behavior driven by the geographic closeness of neighboring countries, which translates into cost and time efficiency. The main factors leading Mainland Chinese to go across the border for purchasing reasons are several: first of all, Hong Kong offers lower prices thanks to the lower taxes enjoyed in the region; additionally, it ensures superior product quality, trust and credibility with respect to Mainland China, where it is easier to find counterfeit items (Sharma et al. 2015). The importance placed on fake products avoidance is therefore a further confirm of the importance which placed on face and leading these tourists to move away from their city to be able to afford expensive products while also being assured on their authenticity. Moreover, the brands availability array is much richer in Hong Kong, given the several trade limitations happening in the PRC.

Customer Perceived Value (CPV) “origins in equity theory [...] [and] is defined as an overall assessment of the utility based on perceptions of benefits received and sacrifices made in purchasing and consuming products” (Sharma et al. 2015). This concept becomes important in valuing consumer behavior drivers; in the case of cross-border tourism, there are three main factors affecting the CVP: perceived product quality, perceived risk, and value for money, which is a comparison of benefits and costs. As a matter of fact, the prevalence of counterfeit and unsafe products in the Mainland markets reinforce the risk sensitivity of cross-border outshoppers, particularly in terms of economic and functional risks. Factors like lifestyle congruence and store environment do not really affect them instead, because those shoppers, by being utilitarian, are more likely to look for cost-effectiveness or favorable deals, rather than for products or services that align with their existing lifestyles.

The most shopped items are summarized below (see Exhibit 2.7), using data from November 2019. The podium is governed by fashion and beauty products, while food and alcoholics represent, respectively, the 43% and the 31%, being the 4<sup>th</sup> and 6<sup>th</sup> most purchased items by Mainland cross-border outshoppers in November 2019 (Ma 2021), demonstrating how Mainland consumers contribute to Hong Kong’s F&B products’ revenues as well. Considering the economic effect that this tourism has on both Hong Kong and Mainland China, CEPA and IVS have been introduced. CEPA is the short form for Closer Economic Partnership

---

<sup>9</sup> Cross-border outshopping refers to tourists traveling to neighboring countries for shopping.

Arrangement between Mainland and Hong Kong. It was signed in 2003 and aims at helping the former in reaching international markets, and the latter in reaching Mainland market. For instance, trade in goods is facilitated by granting zero tariff on Hong Kong-origin products being imported into the Mainland; trade in services instead grants preferential treatment to Hong Kong service providers accessing the Mainland market, and mutual recognition agreements for professional qualifications have been established in terms of economic and technical cooperation as well as investment facilitations (Trade and Industry Department 2023). The IVS, short for Individual Visit Scheme, was created one month after the CEPA and allows people from 49 cities in Mainland to visit HKSAR for tourist reasons. It first developed as a response to the SARS economic slowdown of 2003, which strongly affected both Hong Kong and Macao. It started from only 4 cities but was increased to today’s levels because data showed that, while non-mainland China tourism had remained quite stable since 2003, in 2013 Mainland tourists had increased from less than 10 million to more than 40 million people on a total of 54.3 million (Education Bureau 2015). IVS tourists originating from the Chinese Mainland constitute the primary market segment in the tourism industry of Hong Kong, demonstrating significant buying power and substantial influence on the territory’s economy across a range of both luxury and lower-end products.

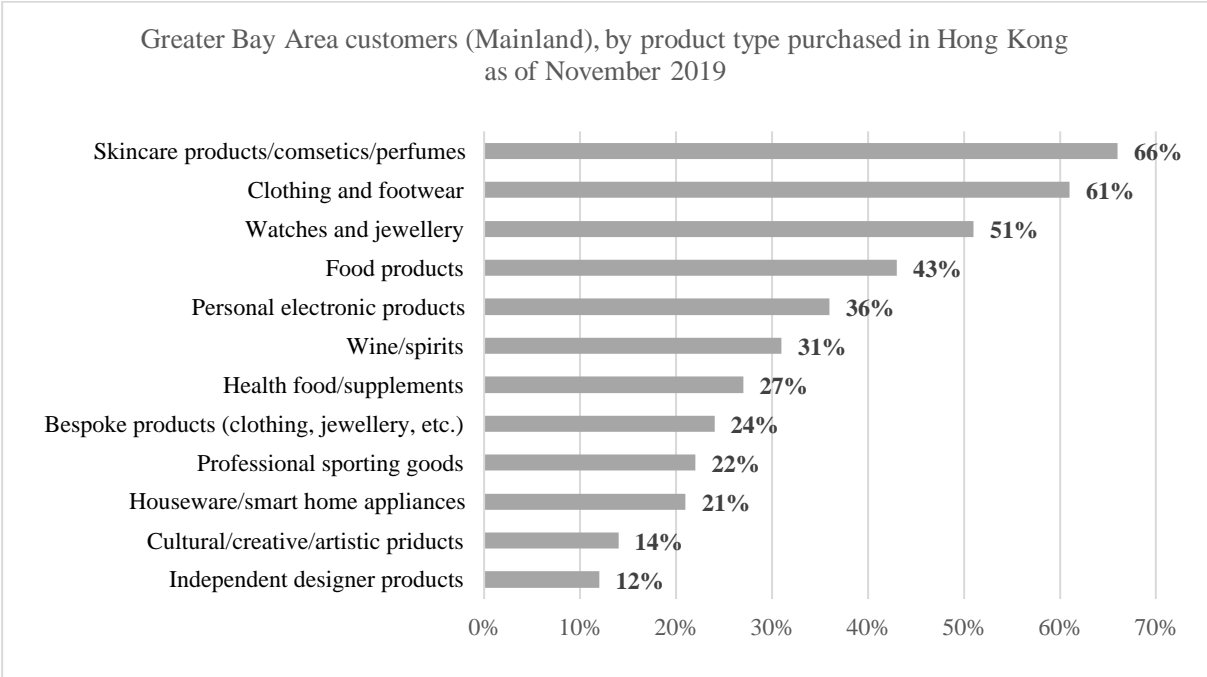


Exhibit 2.7: Percentages of items purchased in Hong Kong by cross-border outshoppers. Source: Statista (2021)

The post-COVID-19 situation is slightly different. After the reopening of the border between Hong Kong and Mainland, on January 8<sup>th</sup>, 2023, the number of tourists registered was lower

than expected, mainly because of long waiting times for visa processing and a general shift to online rather than in-person shopping (Shing 2023). Some suggest the solution to attract more tourists is to create immersive experiences making it impossible to enjoy the same shopping experience online. Another initiative to foster tourism has been launched by HK Tourist Board and regards the release of free circular tickets to Hong Kong to induce tourism to resume its course (Westbrook et al. 2023).

### *2.3.2 Differences between Mainland and HKSAR*

Despite the many similarities between Hong Kong and mainland China, it is crucial to recognize the significant differences that exist, especially in the consumer landscape, as shown in the Chuk Kam finger ring case (Chan & Lau 1998). Hong Kong's unique historical and political background, coupled with its distinct cultural identity, are mainly a consequence of the Western influences happening during both its colonial history and its current status as an international financial hub. These contributed to a more cosmopolitan and diverse consumer outlook. Furthermore, the influx of Mainland Chinese visitors to Hong Kong has brought about new dynamics in consumer behavior, leading to changes in local consumption patterns and preferences. Understanding these differences becomes crucial as the general Western approach tends to treat both regions as a single entity, overlooking their distinctions and resulting in ineffective marketing strategies and lost opportunities.

A study was conducted on this topic, aiming at showing dissimilarities between Shanghai and Hong Kong individual' values profiles. To do that The Rokeach Value Survey (RVS) was used, given the effectiveness it demonstrated when employed in previous cross-cultural studies regarding Chinese population. According to it, values are divided into two main categories: instrumental values and terminal values. Instrumental values represent personal character traits, while terminal values represent desired end-states of existence or possessions that a person would like to reach. The RVS measures the importance of these values by asking respondents to evaluate or rank them. To make the study more coherent, given that RVS was created to dive into Western countries traits, eight values linking to Confucian culture have been added, considered as "the essence of the Chinese spirit" (Ramasamy et al. 2010). Results show that Shanghai Chinese share similarities in personal characteristics and the essence of Chinese spirit, demonstrating limited degree of diversity in their opinions, beliefs, and behaviors (instrumental values) compared to their counterparts in Hong Kong. However, their desired end-states (terminal values) display greater differences. Results from the people of Hong Kong show

opposite directions: more dissimilarities in their personal characteristics and Chinese spirits, but a higher level of consensus concerning desired end states. The marketing consequence for the Hong Kong market would be a careful market segmentation, which would lead to the identification of a wide range of segments given the variations in weighting values between individuals. Most importantly, it should be highlighted that Chinese consumers in Shanghai and Hong Kong are very different and should be taken care of independently. Both samples were taken from the middle-income group of employees in financial institutions, but still many divergences have been detected (Ramasamy et al. 2010).

## **2.4 Brand equity**

It is important now to analyse the the business perspective. Thanks to mergers, acquisitions and capital markets taking place in the second part of the XX century, it has become clear that companies enjoy their position not only by virtue of tangible, physical assets, but also to the intangible ones. In particular, brand name, patents or know-how represent a hidden factor contributing to a company's success (Budac & Baltador 2013). Moreover, in addition to primary channels of brand information, including direct encounters and information from companies and commercial entities, there are secondary sources able to influence brand perceptions and attitudes. These can be inferred by interpretations of brand-related information: events, endorsements, places (country-of-origin, distribution channels), employees and associations with different corporate brands or co-branding (Krautz 2017).

In the context of companies operating abroad, reputation may be a valuable asset helping in making a product accepted more easily. Campari Group, for instance, already holds the reputation of one of the leading player in the spirits industry, given that its portfolio encompasses premium and super premium brands, and leverages on this advantage. The way a company can work on its reputation is by increasing its brand equity, because it identifies with the perception a consumer has on a product while branded versus unbranded. As a matter of fact, a brand represents a relationship between its owner and the consumer. When a sales-related risks are reduced and the emotional needs of consumers are satisfied (such as status or a sense of belonging), the brand moves to a favorable position and the company eventually reaches the point of increasing prices, hence income, or securing a larger market share (Budac & Baltador 2013). The strength of a brand is more deeply perceived in collectivistic societies due to their holistic way of thinking, which revolves around the perception of interconnection and integration of elements within an environment (Shavitt & Barnes 2020); for instance, they “tend

to categorize products based on relationships between them (*popcorn and candy are things you eat at the movies*), rather than on formal features that they share” (Shavitt & Barnes 2020), making it possible to categorize a certain product in two opposite ways depending on the context, and leaving greater power to the way physical brand experiences are created. Additionally, brand extensions are more readily accepted by holistic thinkers who can find symbolic links between the parent brand and its extension, both in functional and prestige products (in this last case, it is easier to accept brand extensions for analytical thinkers as well, which are opposed to holistic ones and generally see connections less easily). However, since finding connections requires a certain mental activity, this effect can be reduced when under excessive cognitive load (Shavitt & Barnes 2020).

David A. Aaker is an American economist who extensively contributed to the study of brand equity, taking the consumer-level perspective (as opposed to the company-level and the financial-level assessments) (Krautz 2017). He defines it as “the set of brand assets and liabilities linked to the brand - its name and symbols - that add value to, or subtract value from, a product or service. These assets include brand loyalty, name awareness, perceived quality and associations.” (European Institute for Brand Management 2009). Aaker’s model is visually displayed in exhibit 2.8, where five components are identified as contributing to the rise in terms of brand equity, synthesized by the European Institute for Brand Management (2009) as following:

- A. Brand Loyalty. It refers to the level of customer loyalty to a brand; the benefits of it are several, like cost reduction (retaining existing customers is less costly than looking for new ones), trade leverage and customer referrals (by word-of-mouth, it is easy that loyal customers suggest their referent groups a particular brand they like) and resistance to competitive threats (given that brand switching risk is reduced with loyal customers).
- B. Brand Awareness. It can be defined as brand’s recognition among the public; when brand awareness is achieved, it becomes easier for customers to remember a particular brand during their purchase decisions because they are already familiar with it, and brand associations can create a positive vicious cycle. Additionally, when a positive opinion is associated with a brand, customers will talk more frequently about it and consequently spread awareness among other people who may not know it yet.
- C. Perceived Quality. It reflects how consumers perceive a brand’s products in terms of quality, “an intangible feeling about a brand” (Budac & Baltador 2013). It can be a purchase driver itself, or a differentiating factor compared to competitors; price can be

a quality indicator as well (usually higher prices are a proxy for higher quality), while high availability in sales channels is a proxy for a reliable brand and products; finally, the number of brand extensions makes the attributes of one product applicable to all its extensions (hence, the high quality of one product is also perceived of the others). “Positioning is closely related to concepts such as association and image and its benchmark competition” (Budac & Baltador 2013).

- D. Brand Associations. This component refers to the associations and memories triggered by a brand. It can come from some information locked in the consumers’ mind (e.g. hearing or seeing the brand from a commercial).
- E. Other Proprietary Assets, including exclusive rights like patents, intellectual property, trade partnerships, and unique assets in specific industries. The more proprietary assets a brand possesses, the stronger its will be perceived.

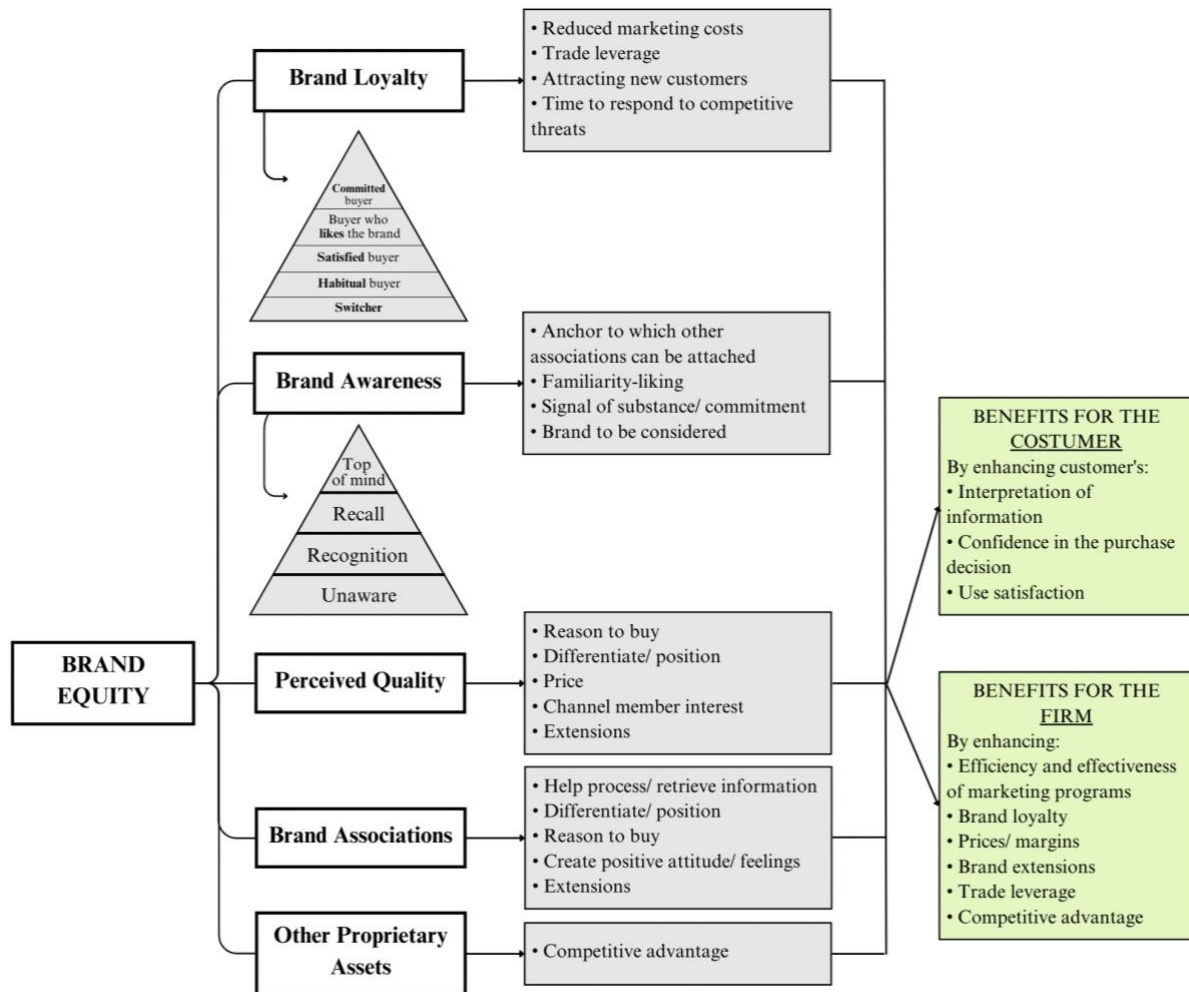


Exhibit 2.8: Aaker model on Brand Equity. Source: European Institute for Brand Management (2009); Moiescu (2006); Tivitti (2021)



These factors hold positive effects for both the customers and the company. The former can make any purchase decision more confidently if these factors are present. The latter instead can enjoy added value to the brand equity (European Institute for Brand Management 2009). A study was conducted by Krautz (2017) to relate brand equity and collectivistic cultures, because existing research generally holds an individualistic perspective. The extent to which single individuals are receptive of external information influences their brand perceptions, which, consequently, change in the case of presence or absence of others. The study compared the two kinds of societies and confirmed that, apart from individual brand perceptions, collective brand perceptions significantly impact brand choices in collectivistic societies. The study reveals that brand choices are notably influenced by brand benefits (symbolic, experiential, and economic) and the domestic country of origin of the brand in these social cultures (Krautz 2017), despite in the Hong Kong case no strong ethnocentric features are detected (Yu 2002).

The investigation can be generalizable and holds stronger influence from the reference group especially in the case of luxurious, valuable and publicly consumed product categories (Krautz 2017). In this way, the analysis can be extended to the context of the F&B industry in Hong Kong, given that it is both a collectivistic cultural context and the food and beverage industry is part of the main items enjoyed in the company of others. Additionally, another important aspect to consider is that collectivists primarily approach shopping experiences holistically, focusing on contextual elements rather than abstract product characteristics. Therefore, the retail environment, store displays, and product placement must be carefully taken care of, to create positive contextual associations that resonate with collectivist shoppers (Shavitt & Barnes 2020).

#### *2.4.1 Brand loyalty*

Customers are easier to attract but difficult to keep. Brand loyalty, which is essential in terms of developing a consumption habit, may eventually represent a turning point for companies operating abroad, especially when there is a need for customer retention and where a habit is not established yet. In particular, loyalty in collectivistic societies has a strong relevance due to the group-oriented relationship norms prevailing with respect to individualistic societies; for instance, collectivists tend to be more sensitive to relationship loyalty in buyer-seller interactions and may view asymmetric pricing as less fair compared to individualists (Shavitt & Barnes 2020). This means that loyalty has a higher power in collectivistic societies.

Introduced in the Aaker brand equity determinants, brand loyalty is further divided into buyer's levels still according to Aaker (Moiescu 2006) (see Exhibit 2.9):

- **Switcher.** The basis of the pyramid comprises those buyers who show no loyalty to any brand, having a certain brand perception according to the acceptability of each brand price.
- **Habitual buyer.** This level consists of buyers who are minimally but sufficiently satisfied hence not motivated to switch brands unless competitors offer something which they perceive as an advantage to their current habitual brand.
- **Satisfied buyer.** The third level includes satisfied customers who may incur in certain costs if deciding to switch (wasting time and money, losing loyalty benefits). In this situation a substitute competitor will be chosen only if sufficient incentives are offered in order to cancel out these costs.
- **Buyer who likes the brand.** In this level customers developed an emotional connection, usually arising from a long-term relationship, based on symbols, positive experiences, or high perceived quality.
- **Committed customer.** This final level represents devoted customers who proudly use the brand for its functionality and for enriching their personality. This kind of customer is particularly likely to recommend the brand to others, hence representing a value for the company.



*Exhibit 2.9: Brand loyalty pyramid by Aaker. Source: Moiescu (2006)*

“The experiences that brands provide are important for the customer to create a preference for the brand and influence possible purchasing decisions” (Santos do Carmo et al. 2022). Consequently, experiential marketing is increasingly able to foster loyalty and consumer satisfaction, while allowing for emotional interactions with customers; in this respect, a positive experience will eventually lead to a positive relation between consumer and brand. Satisfaction and loyalty are closely related in consumer behavior, with the mediating effect of experiences

offered by a brand; as a matter of fact, satisfied consumers' loyalty rate is 95% (Santos do Carmo et al. 2022).

#### *2.4.2 Brand awareness*

In terms of brand awareness, it is important for a brand to become imprinted in peoples' mind in order for them to develop a brand and product preference, hence becoming loyal. This is also the challenge companies face when exporting products abroad, especially in the case that they find an unacquainted-market situation. As showed above, Aaker identified different degrees of brand awareness and displayed them in the form of a pyramid which starts from no brand knowledge to a top-of-mind awareness, as shown in Exhibit 2.10. In other words, brand awareness relates to a consumer's knowledge degree about a brand; the higher this knowledge, the higher the probability the consumer will be thinking first of this brand when making a purchase decision for a certain product category. There are four stages for brand awareness; starting from the less aware these are summarized by Tivitti (2021) and Budac & Baltador (2013) as following:

- Unaware of brand. At this level (the base of the pyramid) there is no knowledge or recognition of the brand.
- Brand recognition. After a minimum level of awareness, superficial knowledge is achieved, hence this is a stage when the brand begins to creep into the mind of the consumer who, in order to remember it, still needs certain inputs, such as questions that may recall its existence, a slogan or a jingle.
- Brand recall. Strong knowledge of the brand, therefore no input or stimulus is needed anymore: the consumer is perfectly capable of autonomously and spontaneously associating the brand with its product and/or service.
- Top of mind awareness. The knowledge and awareness of the brand merge to the extent that the brand can finally influence the consumer's purchasing decisions.

Zarantonello & Schmitt (2013) report on how scholars have discovered that sponsorship on a product/brand level helps in the memorization of the associated brand, encompassing brand recall and recognition. Particularly, this happens thanks to "image transfer", a process through which the meanings associated with an event are transferred to the company sponsoring that event. In their study, they also confirmed that brand equity is higher after an event attendance thanks to the brand experience consumers are able to live.



*Exhibit 2.10: Brand awareness pyramid by Aaker. Source: Tivitti (2021)*

## **2.5 Country Of Origin Effect**

Another factor worth analyzing in terms of branding and consumer behavior is the Country-Of-Origin (COO) effect. It is frequently employed as an external cue to offer consumers a foundation for their purchase choices, based on the premise that the nation of manufacturing is identical to the country of branding (Prendergast et al. 2010). A study was conducted by Kaynak & Kucukemiroglu (2001) to compare Hong Kong consumer's attitudes towards products from China and from developed countries (Germany, Japan, UK, USA), while assessing the impact of country-of-origin on product evaluations in specific product classes (food, fashion, mechanical and electronics). Starting from past research, the study confirms the consumers' tendency to stereotype the quality, suitability and attractiveness of products based on their COO. Several factors influence country-of-origin and product perceptions, including consumer knowledge of and familiarity with the country, political relations, general (product form) and specific (product brand) knowledge about the goods produced, reputation and perception of average prices, personal experiences and those from the consumer's referent groups, availability of products from different countries and the existence of substitute products in the market from the nation in question. Hence, the COO effect is recognized, leading to positive product evaluation in case of a positive evaluation of the country, and negative product evaluation in the opposite situation. On one hand, previous studies on consumer behavior have demonstrated that consumers rely on country-of-origin labels to make judgments about product quality, especially when they have limited information about the product or brand. On the other hand, another perspective recognizes that consumers with more knowledge about the product class tend to rely more on external cues, like the country of origin, to inform their decisions. Findings revealed that Japanese products received the highest ratings in terms of attractiveness, while German and British fashion products received the least favorable ratings. This preference may be attributed to the increasing acceptance of Japanese culture among young consumers,

who admire their singers, fashion and lifestyles and which, in turn, creates opportunities for international marketers. In the mechanical product category, Germany, Japan, and the USA were all tied for the top position, followed by the UK, while China received the lowest evaluations (Kaynak & Kucukemiroglu 2001). In general terms, consumers showed a clear preference for products from the USA, Japan, and Germany. On the other hand, the Chinese image for “made in” products was generally unfavorable, and just perceived as reasonably priced. This is because Chinese products are associated with lower quality and lower price, hence they are not seen as competitive when compared to Japanese, European, and US products, besides in terms of economic convenience (Kaynak & Kucukemiroglu 2001). Overall, the study highlights the significant impact of COO on consumer product evaluations in Hong Kong. Consumers’ attitudes are influenced by their perception of the country’s reputation and overall evaluation, leading to either positive (e.g. Japan) or negative (e.g. Mainland China) product evaluations based on the country perception. Additionally, the implications of the COO effect can provide a valuable starting point for marketers, particularly when the goods advertised belong to the product group standing out for their distinct advantage in a certain country. This underscores their specific strengths potentially making it easier for that product to be accepted even if there is not much familiarity with that specific brand. For instance, Italy is well-known for its culinary excellence, making it easily associated with high-quality food products. This concept aligns with the case study presented in the last chapter, focusing on Campari and Aperol brands. As Italian beverages, these brands should be well-positioned to benefit from positive attitudes and perceptions among Hong Kong consumers, even if not familiar with them, given that the starting point is the favorable COO image associated with Italy’s food heritage and food lifestyle in general. Marketers can take advantage of this positive association with cuisine or the “Aperitivo” to reinforce consumer trust and preference for these Italian brands, making them stand out in the competitive market landscape of Hong Kong.

Exhibit 2.11 shows the Country-Product matrix, where country perception is put into relation with important product features. Four situations can appear, and each one should be addressed singularly according to the match emerging and consequently decisions on the disclosure of the country of origin can be taken. Italian F&B products for instance fall in the second quarter, because Italian F&B reputation is already recognized worldwide. In the first quadrant instead, COO would not represent an advantage because there is no connection between the strength of the item features and the country (e.g. Hungarian cars); same happens in the case of an unfavorable mismatch (quarter 4), where disclosing COO would not add any value (e.g.

Egyptian wine). Finally, in quarter 3, a favourable country image is associated with a product category which is not important in that country (e.g. Japanese beer) (Dagger & Raciti 2011).

**COUNTRY IMAGE DIMENSIONS**

		<i>Positive</i>	<i>Negative</i>
<b>DIMENSIONS AS PRODUCT FEATURES</b>	<i>Important</i>	<b>2 FAVOURABLE MATCH</b>  Country image is favourable and product features are important <b>Include COO information</b>  E.G. Italian F&B products	<b>1 UNFAVOURABLE MATCH</b>  The main product features are not a strength for that country <b>Avoid disclosing COO information</b>
	<i>Not important</i>	<b>3 FAVOURABLE MISMATCH</b>  Country image is favourable but not important for that product kind <b>No need to include COO information</b>	<b>4 UNFAVOURABLE MISMATCH</b>  Country image is not favourable nor relevant for the product kind <b>Avoid disclosing COO information</b>

*Exhibit 2.11: Country-Product match. Source: Dagger & Raciti (2011)*

Another study by Prendergast et al. (2010) reviewed previous literature saying that it has frequently happened for other studies on COO effect to give inconclusive results. That analysis addressed the COO concept arguing that globalization has caused the “origin” of a product to be dispersed around the globe. As a matter of fact, a distinction is made between country of origin of manufacturing (COM) and country of origin of branding (COB), being more appropriate. Together with them, also consumer involvement is playing a role in the purchase decision process. Focusing on the effect of COB, a test of a Korean vs Japanese product was made on a Hong Kong sample. Results showed how its impact is strictly dependent on personal involvement, with individuals showing low engagement being more responsive to COB than those with high engagement. The COB cue can present both challenges and opportunities to marketers, connected to the engagement levels of their target market and the origin of their brand. When the product is branded in a country with positive perceptions, the COB cue should be emphasized when engaging with low-involved consumers. Conversely, when products are branded in countries with less favorable perceptions, the focus should move to other peripheral cues when communicating with low-involved consumers, or a tentative increase of consumer involvement should be made (Prendergast et al. 2010). These last considerations are connected to the Country-Product match matrix of Exhibit 2.11 and become useful in developing strategies which should either highlight or obscure the country effect. In the end, the focus should be on individuals’ insights, taking advantage of countries perception in the promotion of certain

product categories. Products with a country-of-origin appeal can be more easily globalised, and countries using country-of-origin positioning may well be advertised by means of a global approach (De Pelsmacker et al. 2021).

This effect is particularly clear in the Hong Kong wine context. As a matter of fact, Hong Kong palate is not used to wine, hence people do not like its taste. However, French wine is notably efficient in conveying favorable symbolic traits due to its superior quality compared to wines from alternative global origins and to its expensiveness. Therefore, by consuming French wine, what people see is the symbolic effect of improving “face”, which is only leveraging on the product’s COO (Pettigrew & Charters 2010). As previously argued, this habit emerged around the second half of XX century for middle classes to showcase their wealth while aspiring to interact and reach higher classes.

### *2.5.1 Ethnocentrism*

One aspect that may hinder the effect of COO is ethnocentrism; it is defined as the tendency of individuals to put their own group at the center and perceive all other social entities from the point of view of their own group, resulting in the exclusion of those who differ culturally while embracing those sharing a similar culture (Yu 2002). This cultural factor is worth studying in order to gain insights on one society’s acceptance of foreign products, because high ethnocentrism levels may negatively affect foreign brands’ perception and potentially prevent unacquainted markets from trying new products.

A study was conducted in Hong Kong comparing the pre- and post-1997 handover. Results showed that, in absolute terms, the level of ethnocentrism among residents is low if compared to other regions of the world, hence it kept relatively low both before and after the change in sovereignty. However, there was a notable increase in ethnocentrism in the 1998 posthandover sample, indicating a rise in positive attitudes towards Hong Kong and its locally made products. To explain this, one possibility concerns the increased pride in the newly-formed local identity, a way to declare themselves as natives of their homeland. Another potential explanation considers the Asian economic crisis, which increased the awareness around their own capabilities and products, leading to a stronger preference for locally made goods (Yu 2002). Despite the increase in in ethnocentric feelings, preferences for UK-made products kept strong after one year (except for certain items like porcelain and toys). Increased but still low ethnocentrism scores may be due to Hong Kong’s enduring status as an international center and its transformation into a service and re-export hub. People there have grown accustomed to

foreign-made goods and do not necessarily view locally made products as distinct from others. The complexity of consumer preferences in the region is influenced by various economic and sociocultural factors (Yu 2002).

It would be logical to expect a society with a collectivistic tendency to show ethnocentric features. This is also confirmed in some studies, showing how in collectivist societies such as Japan, consumers tend to view their domestic products more positively, irrespective of their quality, whereas in individualistic cultures like the US, this preference for domestic products only occurs when they show superior features (Sharma 2011). However, the above mentioned studies show an opposed tendency. The positive implications surrounding this topic lead to favourable local consumers approaches towards imported products, potentially making it easier to accept newly introduced products. Certainly, the low ethnocentric values are not a sufficient factor in making one product accepted by the local market. Nonetheless, that is the point where marketing practices result key in making an unacquainted market familiar with new items, especially when the market, culture, symbols and common consumer behaviors have been adequately studied.

## **2.6 Experiencing the brand and Event marketing**

Further on the concept of brand equity, it is important to take into account also the way in which a certain brand is experienced by consumers. As a matter of fact, marketing communication is in constant evolution, and nowadays experience is valued more than owning a physical product, given the similarity of products in terms of functional attributes. Brands are now perceived not just as symbols of identification but also as providers of experiences (Santos do Carmo et al. 2022). Traditional mass media advertising uses a one-to-many, push approach where asynchronous communication takes place from a broadcaster to consumers, who are passive recipients of the message and have no way to interact (Chaffey & Ellis-Chadwick 2022; Zarantonello & Schmitt 2013). As a consequence, marketing managers and advertisers are moving away from traditional mass media-based approaches and show a growing interest in alternative communication platforms and brand touchpoints to influence consumers and enhance the impact of brands (Zarantonello & Schmitt 2013). Consumers are rational beings, but their purchase decisions are often and increasingly guided by emotions (Santos do Carmo et al. 2022). The consumption interactions can be summarized in four main phases: anticipated consumption, involving the antecedents of a purchase like searching information or budgeting; purchase experience, meaning the product/service choice and payment; consumption



experiences, which connect to sensory feelings like satisfaction; remembered consumption, finally dealing with past experiences, memories and nostalgia. These last two phases have become the focus of attention because there is a growing interest in studying how consumers utilize and remember the products they have purchased, since this eventually leads to repurchase intention (Schmitt & Zarantonello 2015). Experiential marketing accentuates the affective aspect of consumer behavior, highlighting the non-utilitarian attributes of products or services. It is able to identify the core attributes of products or services and subsequently applying them to unique experiences, while causing different responses into different consumers due to varied perceptions (Santos do Carmo et al. 2022).

Experiential marketing is now involving consumer research because it deepens the analysis about consumer decision-making and the impact of emotions which affects consumer behavior. Five distinct experiential marketing strategies known as “strategic experiential modules” were identified by Schmitt (Schmitt & Zarantonello 2015), linking to different focus areas for the marketing campaign and strategy to be developed: “sense marketing” links to consumers’ five-senses perceptions; “feel marketing” targets customers’ inner emotions, ranging from slight to strong feelings (e.g. happiness related to consumer durables); “think marketing” relates to consumers’ rational activity, hence offering cognitive experiences; “act marketing” focuses on influencing physical behaviors, lifestyles, and interactions. Lastly, “relate marketing” creates experiences that satisfy individuals’ desire to be part of a social context, such as enhancing self-perception, belonging to a subculture, or engaging with a brand community. The use of experiential themes is another useful marketing practice enhancing experiences like events; it deals with the triggering of imagination or thoughts which eventually are kept in the consumers’ mind (Schmitt & Zarantonello 2015). One F&B example of this is Hard Rock Café, which present a clear music-centred theme (Pine II & Gilmore 1998). Extraordinary experiences are also a useful experiential marketing tool, characterized by their lower frequency of occurrence and their stronger impact on memory. “Peak experiences” make part of this category, being sudden and brief, distancing from routinized daily-life and fulfilling the requirement for “self-actualization”, the top of Maslow’s hierarchy of needs. (Schmitt & Zarantonello 2015). Pine II and Gilmore (1998) developed a model encompassing four potential kinds of experience, depending on the degree of connection between customer and experience and customer participation degree (see Exhibit 2.12). Entertainment experiences, are passive concerning absorption of notions for customers, like going to a themed restaurant or attending a live performance. Educational experiences involve more active participation, such as attending a

masterclass or a wine tasting, but customers are still in the absorption dimension and not really immersed in the activity. Escapist experiences offer greater immersion and participation, where the customer can both learn and be entertained, while also be involved, like going to restaurants simulating historical or cultural atmospheres or going to bars whose design and menu recalls other parts of the world (HPG Consulting 2023). Finally, esthetic experiences are those, where customers are immersed in an activity or environment, but their active participation is minimal, like bars with unconventional cocktail presentation or restaurants with creative plating (HPG Consulting 2023; Pine II & Gilmore 1998).

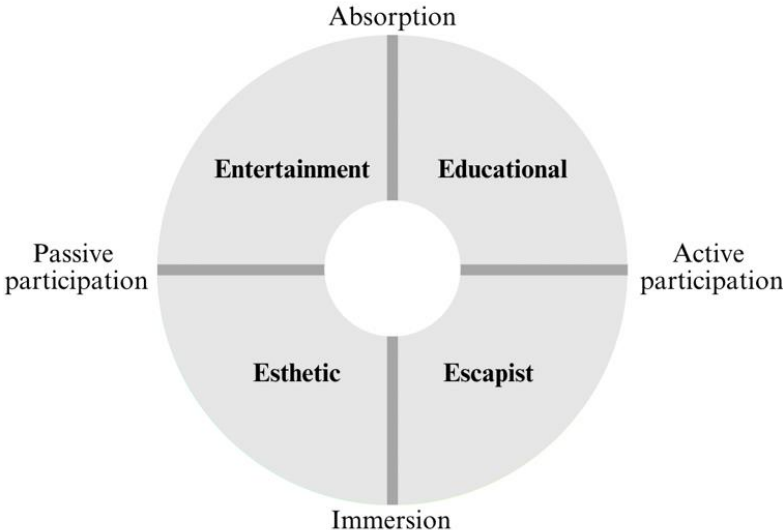


Exhibit 2.12: The four realms of experience. Source: Pine II & Gilmore (1998)

Marketing events make part of the experience realm and are used as one of the most influential marketing activities in the F&B industry. Unlike traditional media, events offer direct, interactive, physical contacts between consumers and brands. This has been recognized by event practitioners as capable of creating memorable brand experiences, making part of the so-called “experiential marketing”. Now more emphasis is placed on events’ ability to build deeper and more meaningful brand connections with consumers, rather than merely focusing on persuasion and attitude change. “Event marketing must be considered a tool that companies can use to generate a brand experience” (Zarantonello & Schmitt 2013), and it has been acknowledged for its value in generating brand awareness and enhancing corporate image, while creating emotional attachment with consumers; as a matter of fact an “image transfer” takes place, causing the meanings connected to an event to be transferred to the sponsoring company and its image (Zarantonello & Schmitt 2013; Latif et al. 2014). Companies take advantage of this to have an effect on the brand perception and positioning (Latif et al. 2014). Specifically, “event marketing can help companies achieve corporate objectives (e.g. increasing

public awareness, corporate image, community involvement), marketing objectives (e.g. reaching target markets, brand positioning, increasing sales), media objectives (e.g. generating visibility, generating publicity and counter negative publicity, enhancing ad campaigns), as well as personal objectives (management interest)” (Zarantonello & Schmitt 2013).

2.6.1 Food and beverage experience and the hierarchy of needs

Food and beverage fall into physiological needs in the Maslow’s pyramid; however, there are different levels for satisfying food needs, and some would fall into the emotional category of needs. If the emotional sphere is involved, then the use of experiential marketing can become useful. This is explained in Satter’s Hierarchy of Food Needs, which applies Maslow’s Hierarchy of Needs to food management in order to explain that individuals have different levels of needs related to food, and these needs must be satisfied in a sequential order (see Exhibit 2.13). In the same way as the Maslow’s pyramid, survival needs appear in the lower part of the pyramid, while those connected to the self and social interactions belong to the upper part. At the basis level, individuals prioritize getting enough food to satisfy hunger, then they can consider the subjective issue of acceptability and choose food based on personal preferences and social norms, gaining a reliable access. After that, they can focus on planning for future meals and budget for food purchases. When basic food needs are addressed, individuals can prioritize taste and consider their food preferences; the very top of the pyramid deals with instrumental motives, meaning achieving specific outcomes concerning the physical, cognitive or spiritual spheres (Satter, 2007). The lower part of the pyramid is generally dealing with low-involvement decisions, where more survival-related needs are satisfied. The upper part of the pyramid, on the contrary, is where the emotional sphere plays a role and a high-involvement decision can take place, because the consumer self-image is more and more present during an eating decision.



Exhibit 2.13: Hierarchy of Food Needs. Source: Satter (2007)

A study was conducted on the Nespresso coffee brand by Santos do Carmo, et al. (2022) to shed light on the relationship between experiential marketing features, brand loyalty and brand satisfaction. Findings confirmed experiences' positive relation with both brand loyalty and satisfaction, further linking brand satisfaction effect to brand loyalty after a positively met consumer expectation.

## **2.7 Glocalization**

When a company aims to expand globally, an international marketing strategy to adopt should be chosen. A fundamental choice between two extremes should also be made, namely deciding between standardizing or localizing their marketing strategies to suit the foreign markets they wish to enter. This probably represents one of the main challenges for global corporations. However, the central issue is not if to expand globally but how to customize the global marketing concept in order to align with each business and ensure its effectiveness (Nguyen 2016). "In the international marketing, a number of elements including macro and micro economic environment, legal issues, culture and infrastructure should be thoroughly considered. Among these elements, the culture plays a vital role in developing the international marketing strategy for a firm" (Nguyen 2016). Indeed, the overview presented in the first chapter and in the previous paragraphs becomes useful in gaining a general idea of all the aspects businesses should take into consideration about a certain country before choosing the strategies they want to adopt. In the marketing field, a Western company should be aware of the cultural differences it will face if targeting the Asian market; these will have an effect on various aspects of the marketing strategy, including the way advertising and communication should be managed. Consumer behavior and product preferences should be studied and strategies should be adapted accordingly. Therefore, an understanding of the cultural nuances is key for effectively connecting with the target market and the chosen segments, in order to develop a strong brand presence in the international landscape. Failing to properly recognize the market needs and to meet consumers' expectations translates into lost opportunities.

Standardization implies the use of the same marketing strategy for all markets targeted around the world, making no difference between them. Localization instead takes into account the differences between countries and between the regions of a same country. Such disparities induce marketing practices to consider a new set of macro-environmental influences and diverse constraints, including language, climate, race, occupations, education, and frequent conflicts arising from differing laws, cultures, and societies. All of these factors necessitate careful

consideration when managing the marketing strategy. There is no universal rule on how to deal with these two extremes in international business. Hence the key matter for international brand management is to find an equilibrium between the advantages of standardization, like economies of scale, and the cultural necessity of localization (Nguyen 2016). “Cultural impacts on consumer preferences and consumption include product versus service consumption in culture, cultural orientation, social class / reference group influences, urban versus rural sector consumption patterns and disposal” (Nguyen 2016). The main supporting idea for standardization relies on the fact that globalization and the use of internet led to a convergence of consumer needs, preferences and tastes, therefore applying a common strategy across markets is possible and needed. Localization on the other hand includes adaptation and customization, which are used interchangeably but actually refer to two slightly different concepts; adaptation involves necessary adjustments mainly in physical parts of a product, while customization offers optional adjustments relating more to the non-physical attributes. It is true that globalization growth has brought consumers across the globe closer, but still there are undeniable differences with respect to the micro and macro environment for every country, and these should not be forgotten or underestimated (Nguyen 2016). If the brand positioning is effective, it can be expanded to most countries. Additionally, a successful creative idea usually keeps its appeal across different regions. However, advertisers should always consider the perspective of the local audience, because even the best ideas may require some adjustments to match the local mindset or support the cultural values. For instance, a global creative idea could be exploited while the advertising incorporates local presenters, experts, celebrities, or references to national symbols in order for that idea to be welcomed (De Pelsmacker et al. 2021).

Exhibit 2.14 provides a visual comparison of standardization and localization by juxtaposing advantages, whose cells are colored green, and disadvantages, whose cells are colored red. In this way it becomes clear that what one strategy is lacking, the other is possessing. For instance, standardization has the key advantage of allowing firms to develop a stronger global image and be able to take advantage of same marketing strategies, services and product evolutions across different international markets, which allows for the creation of a robust brand identity. On the other hand, localization does not provide the same benefit, because adapting to local languages may lead to unfavorable translations or difficult pronunciations, for instance. Nevertheless, what localization does is addressing local needs more carefully, specifically in relation to customers peculiarities, product lifecycle adaptation, market acquaintance of a certain product,

governmental barriers or infrastructures, which is something that standardization fails properly address (Nguyen 2016).

<b>COMPARISON OF ADVANTAGES (green) AND DISADVANTAGES (red) FOR STANDARDIZED AND LOCALIZED INTERNATIONAL STRATEGIES</b>	
<b>STANDARDIZATION</b>	<b>LOCALIZATION</b>
<i>Uniform global image:</i> Keep a coherent image and brand identity across markets	<i>Difficulties in brand image management:</i> unfavorable translations, challenges in pronunciation and potential brand resemblances
<i>Transference of experience:</i> competitive knowledge can be transmitted between international markets	<i>Limited transference of experience:</i> due to local markets' differences
<i>Control and coordination facilitation:</i> common control tools can be applied to compare performances across markets	<i>Reduced control:</i> due to markets' difference and impossibility to develop a unique control system
<i>Economies of scale:</i> reducing costs and increasing quality by using same raw materials and technology	<i>No economies of scale:</i> due to need for product adjustments across different markets
<i>Lower income:</i> because of disparities in the host market's economic environment, reflecting living standards	<i>Long-term profitability:</i> targeting local needs increases sales volumes and fosters consumer loyalty, while better dealing with competition
<i>Customers peculiarities obscured or ignored:</i> audience different responses to products/services across countries are ignored	<i>Addressing specific local needs of customers</i>
<i>Lack of a strategy tailored to the country's competitive environment</i>	<i>Competitive advantage to each target market:</i> due to adaptation to local needs and respond to competition
<i>Governmental restrictions and trade barriers:</i> local governments may be imposing limits to avoid products' standardization	<i>Addressing specific local needs of the macro environment</i>
<i>Differences in marketing infrastructure:</i> e.g. internet speed and broadcasting may differ and should be accounted	<i>Addressing specific local needs of the local environment</i>
<i>No adaptation of the product lifecycle:</i> different countries may be in different product cycle stages	<i>Addressing specific local needs of the product dynamics</i>
<i>Over- or under-performance:</i> depending on the specific market acquaintance	<i>Addressing specific local needs of the product dynamics</i>

Exhibit 2.14: Comparison table for advantages and disadvantages of standardization vs localization. Source Nguyen (2016)

A global consumer culture is then to be studied, focusing on the analysis of the process by which people gain the understanding, abilities, and conduct that are typical of an emerging and deterritorialized worldwide consumer culture. Some key characteristics include (Nguyen 2016):

- *Cosmopolitanism*, coming from the ideal that this kind of consumer usually shows an inclination to interact with others and with unfamiliar cultural contexts.

- *Exposure to multinational companies' marketing activities.*
- *English language exposure and usage* as fundamental form of communication; in this regard, it is important to note that English proficiency in Hong Kong is declining due to the 1997 handover and the subsequent mandatory teaching of Mandarin or "putonghua" in all schools, causing English to become a secondary language, usually taught by non-native speakers (Gesteland & Seyk 2002).
- *Social interactions with foreigners*, for leisure, for work, for study, for immigration, for family visits.
- *Exposure to global mass media*, mainly via internet.
- *Openness and desire to emulate global consumer culture.*

There is no intention in aligning needs and interests of consumers around the world. However, when dealing with specific cultures it should be taken into account that this increasing exposure to other cultures is eventually leading individuals to compare themselves with others (Nguyen 2016). Certain product categories are more open to a global approach than others; these can be marketed to similar target groups across countries, employing global segmentation to identify consumers with shared opinions, values, interests, etc., across borders, rather than identifying and selecting different target groups in each country. For instance, young people or individuals having a higher education tend to show a number of similarities regardless of their nationality, generally being more open-minded, less influenced by cultural boundaries, more receptive to international media and exposure. (De Pelsmacker et al. 2021). In the Hong Kong historical background, the great number of foreigners moving to this area for the last two centuries has certainly had some effects on the society. The economic opportunities that this region can offer are still attracting foreign firms to move their business to Asia. Local consumers are therefore constantly exposed to foreign cultures, communication and marketing campaigns. Evaluating and weighting the influence of this phenomenon is key in developing successful marketing strategies.

Still, culture exerts a substantial influence on consumer behavior throughout various phases of the consumer journey. An analysis of cultural differences can be made between nations, regions, ethnic groups within a society, or even just individuals. Comparing between Western (e.g. North America, Europe) and non-Western countries (e.g., China, Japan, Korea) has been customary in cross-cultural studies. Nevertheless, it is crucial to acknowledge that cultural distinctions may also be present within the same geographical area, as a result of ethnic affiliations (Shavitt & Barnes 2020). For example, in the pre-purchase phase collectivistic

cultures' consumers are often influenced by word-of-mouth recommendations from their peers. Also, the decision-making self-regulation approach shows different features between a collectivistic and individualistic culture: individualistic consumers concentrate on the self, hence they may be more impatient and willing to pay extra for fast shipping, while collectivist consumers use self-regulation more, hence they may be more patient and cautious about their purchasing decisions. Additionally, individualists strive for uniqueness and tend to seek variety in their choices to look different from others, while collectivists do the opposite, being more likely to choose brand name products to signal social status and conform to social expectations (Shavitt & Barnes 2020). This last point is crucial in shedding light on the importance to increase brand awareness in collectivistic societies, because loyalty is higher for brands people already know. As a matter of fact, this reflects the "collectivistic consumers' greater motivation to signal their social and external characteristics (e.g., social status) through their choices" (Shavitt & Barnes 2020).

Cultural contexts have a profound impact on how consumers interpret and respond to various touchpoints in the shopping process as well. Hofstede's power distance cultural factor is another example. In high power-distance cultures, being the tendency in Hong Kong, hierarchical organization is respected and people expect differential treatment based on their position in the hierarchy, as opposed to low power-distance. This causes, for example, celebrity endorsement, effect to be higher, because celebrities instill more expertise and trust perceptions. In the same way, also price is affected, because high power distance countries assign higher quality to higher-priced products. This is also the case of consumers with a salient local identity, as opposed to those with global identity (Shavitt & Barnes 2020).

Consequently, many researchers and marketing practitioners avoid choosing one position between the standardization or localization extremes. Instead, a middle point should be reached to exploit them both and together, taking advantage of the cost-effectiveness of standardization and the cultural adaptation of localization, which would make companies succeed in their target markets (Nguyen 2016). The solution is therefore glocalization, which challenges the Western cultural dominance and cultural homogenization towards a blend of both local and global aspects, namely a company should be able to "think global, act local". The success coming from a foreign introduction in a new location is higher if aligning with the local culture, because imposing home values on other cultures does not always bring to positive outcomes (Matusitz 2011). Additionally, even when consumers share similar needs, there is no written rule that they



desire to fulfill those needs in the same way. That explains why still a greater array of alternative should be granted (De Pelsmacker et al. 2021). A study was conducted by Chan et al. (2023) on Social Media Marketing for Alcohol in Hong Kong. Covering a 9-year range, it showed how SMM<sup>10</sup> for alcoholic brands and drinking venues in Hong Kong underswent a gradual transition to glocalization. Namely, SMM campaigns were gradually adapted to align with local language, culture, and lifestyle preferences. Beyond using colloquial Cantonese expressions, alcohol SMM frequently created connections with local customs, such as holidays and local food matches, to blend international strategies with consumers' behaviors. This is also what happens for Aperol spritz in Hong Kong, as will be shown in the dedicated case study. Generally speaking, given the heterogeneous cultures making Hong Kong's society, it is logical to expect that an even more varied set of products' solutions should be provided.

## **2.8 Final considerations: adapting marketing strategies to the Hong Kong market and evidence from the Hong Kong F&B industry**

Chapter 2 analyses the cultural features of Hong Kong society, identified as collectivistic and high-context, and all the aspects that make up a brand and can make it strong and recognised. The two aspects come together under the strategy of glocalization, emphasizing the need of adapting the branding strategy of certain country where the brand is strong already to address the distinct preferences of other local markets and keep it strength even abroad. This becomes especially useful when Western firms deal with Asian markets. Central to this exploration is also the need to properly address the concept of brand equity, as conceptualized by Aaker, and its implications in attracting and retaining consumers, including both brand awareness and brand loyalty. The following considerations are useful in providing evidence about the existing adaptation of strategies to the Hong Kong market, in terms of communication, events and development of brand awareness, keeping a focus on Hong Kong F&B industry. They provide a foundation for the case study, which will focus on liquors.

### *2.8.1 Successful glocalization strategies in Hong Kong: Hong Kong Disneyland and McDonald's Hong Kong*

One famous example of a successful adaptation strategy enacted by an international company is Hong Kong Disneyland. In 2005 the Walt Disney Company decided to increase its international strategy by building amusement parks, namely Disneyland, Disney World, Tokyo Disneyland, Disneyland Paris, and Hong Kong Disneyland. The HKSAR offered lower costs

---

<sup>10</sup> Social Media Marketing

in terms of labor and raw materials, while creating new job opportunities (around 30,000 new positions after the opening) and increased tourism. After the opening not many visitors showed up; the reason was thought to be the reduced dimensions with respect to the other Disneyland parks, making people queue for long times, or the competition coming from other parks of that kind in Hong Kong (e.g. Ocean Park). Nevertheless, the real causes were others: Disney symbols like Mickey Mouse or Winnie The Pooh were unknown to most of the Chinese market; opening an American park in the Chinese land was not perceived positively; Mainland visitors were not even comfortable with amusement parks, so they were just taking pictures and then leaving. To solve this offer-demand mismatch, some glocalization adjustments needed to be implemented. First, prices were adapted to the lower income level of the late 2000s, with even lower prices during the week and higher ones during the weekend and Chinese holidays, while also offering discounts for the elderly in order to match the Asian family-oriented culture. Moreover, HK Disneyland was initially not adequate to welcome large tour groups, which is instead the main way Mainland tourists use to travel, nor were ticket prices favorable for tour guides, who consequently avoided stopping over while travelling around South-east Asia. The solution to these issues was creating new collaboration with tour companies, providing them training, starting some themed celebrations according to Chinese festivities (e.g. *Disney's Chinese New Year*, see Exhibit 2.15) and taking advantage of the red colors of Mickey Mouse trousers and Minnie dress to recall communist colors (Matusitz 2011).

Besides English, most used Asian languages translations were implemented in brochures and attractions' descriptions, while adding some traditional Chinese costumes to shows and including new versions of the theme song (in Mandarin, Cantonese and Korean, for instance). Adjustment were also made to the menu, which began serving typical Chinese food including, for a short period, the expensive shark's fin soup to attract wedding banquets in the two hotels, but soon withdrawn due to ethical reason connected to immoral shark fishing practices. Additionally, given the longer time Chinese people take with respect to US people in eating, 700 seats were added to dining areas. Other culture-related practices were included, like avoiding number 4 (e.g. from escalators) and including number 8 more frequently, which are respectively symbols of bad and good luck in Chinese culture. The rides kind was also localized to meet Chinese consumers' love for taking pictures hence reducing the number of frightening carousels. Finally, given that smiling people are seen with suspect in Hong Kong, no "smile



*Exhibit 2.15: Hong Kong Disneyland parade for the Chinese New Year. Source: The Blade (2013)*

factory” strategy or excessive emotions display was applied as for the other Disneyland parks; instead, employees were encouraged to be more authentic and less theatrical, respecting the conservative nature of Chinese culture (Matusitz 2011).

According to predictions, Hong Kong Disneyland’s revenues will contribute \$19 billion to the region in the following 40 years, leading to potentially doubling the park’s capacity. This case study displayed a clear example of a global corporation achieving success abroad by means of adaptability and adjustment to local preferences. Moreover it shows how glocalization works and allows to maintain competitiveness worldwide. This Disney glocalization model has been applied to other cultures as well, such as the theme park in Europe after the opening of Disneyland Paris (formerly Euro Disney) in 1992 (Matusitz 2011).

Overall, the Hong Kong Disneyland case serves as a compelling model for other global corporations to follow in order to achieve success in foreign markets. In particular, it shows how needed it is in the Chinese context, and particularly in Hong Kong, to add local elements to the offerings, especially considered the waves of Mainland Chinese people coming on visit as tourists and spending money either on shopping, as seen in paragraph 2.3.1 above, or on tourist attractions.

Another study by Prakash & Singh (2011) analyzed MNFEs (Multinational Food Enterprises) accessing emerging economies and needing to either standardize or localize their strategies. In particular, the study was conducted on an Indian city where culture and traditions are entrenched, namely Lucknow. In McDonald's example, for instance, the standard hamburger plus french fries plus beverage formula has been kept, as it happens all over the world. However, what has been localized is the kind of filling used in hamburgers, given that religion plays a key role in Indian culture and some of them imply food restrictions; as a matter of fact, Hinduism is amongst the most widespread religious movement and prohibits eating beef given that cow is a sacred animal, while Muslims cannot eat pork (Srinivas 2011). As a consequence, "vegetarianism has evolved as the default diet in the subcontinent. Most meals would be considered complete without meat protein." (Srinivas 2011). In the McDonald's context this translated into offering a number of vegetarian options, paired to the traditional chicken ones to better suit the market. The author reports that "Glocalization is indeed the most important concept that is being taken up by the MNFEs. In fact, the success of any food firm, to a large extent, is determined by the trust that it is able to gain from the residents of a region." (Prakash & Singh 2011).

The same McDonald's adaptation has taken place in Hong Kong; Twisty Pasta and Local Milk Tea (see Exhibit 2.16) were added to the menu to include some Hong Kong regional dishes. Additionally some celebrities collaborations have been implemented, like "McDonald's X Chef Nic" for *The Signature Collection*, featuring the local singer and entrepreneur Nicholas Tse, or artist Karena Lam collaboration on the creation of Happy Meals gifts for children (Yuen 2019).



Exhibit 2.16: Twisty Pasta and Local Milk Tea offers in HK McDonald's menu. Source: mcdonalds.com.hk [Accessed: 28<sup>th</sup> July 2023]

Through glocalization strategies, the food offerings should be customized to suit the distinct taste preferences of diverse regions, because what may be popular in one region may be entirely rejected in another. For instance, while spicy Indian food may be favored in India, it might not be enjoyed by Chinese people (Prakash & Singh 2011).

### *2.8.2 Preferred Hong Kong communication language*

Consumer products frequently need greater modifications to align with cultural disparities and economic situations in the intended market. Unilever and Procter and Gamble, for instance, are a clear example of how even product names should be altered to more suitably match local pronunciations, while making no change to the product offered (Barbu 2011).

In terms of localization strategy, a study was conducted by Chan (1997) to understand whether the Hong Kong market would prefer standard or local brand names; on a 8-year time difference between 1987-1988 and 1994-1995, findings suggest an increasing tendency towards brand name translations; moreover, translated brand names showed a growing trend towards an autonomous meaning; this means that translations were not looking for a link with the original name version anymore, but for a separation from their original counterparts. Hence the connection between them was only kept in terms of name length and pronunciation similarity, but the meaning was increasingly disregarded, together with product's benefits disclosure, much more common in Western countries. Concerning the ongoing debate about whether MNEs should standardize or localize their brands, results from this study provide a clue in favor of localizing brands, particularly within the context of Hong Kong and Chinese culture.

The Hong Kong mixture of English, Cantonese and Standard Written Chinese (SWC) in advertising is studied in a research paper by Wu & Chan (2007). These linguistic and cultural combinations represent Hong Kong's distinct identity as a meeting point between East and West, showing how advertisers target the young Chinese audience using unconventional language practices and engaging with both local and global influences.

Between the 10-year time, 1992-2002, a decrease in English-only ads was detected, particularly for foreign products' promotion; the same happened for SWC-only ads, while SWC-Cantonese combination was not used anymore. What appears clear is that the most used kind of advertisement both before and after the handover is the use of a mixture of languages: the SWC-English solution was the most applied one, with a slight increase for foreign products; the second most-used combination was SWC-English-Cantonese, which saw an increase in both local and foreign product promotions after the handover (Wu & Chan 2007)

Contrary to initial expectations of single-language use, the study confirmed a rise in language mixing and the emergence of multilingual mix in Hong Kong advertising. In terms of functional linguistic aspects, both English and Cantonese mixing serve informative ("i.e. used in the formal or referential dimensions of language use" (Wu & Chan 2007)) and involving ("i.e.

being used in the social or affective dimensions of language expressions”(Wu & Chan 2007)) roles; however, during the interval under analysis, a significant increase in English mixing for involvement function in ads was detected, while Cantonese mixing saw a notable rise for informational function. This provides evidence about a greater acceptance of English for social and cultural expressions in Hong Kong Chinese, as well as an intensified acceptance of Cantonese in formal and written Chinese contexts (Wu & Chan 2007).

### *2.8.3 Food & Beverage experience and events in Hong Kong*

As previously explained, Satter’s Hierarchy of Food Needs offers a comprehensive framework for understanding how individuals approach food consumption based on various levels of needs, mirroring the structure of Maslow’s hierarchy. The upper part is therefore dealing with emotional decisions in terms of food, needed when consumers want to express their self-image, which relate to the spirits market explained in the case study. The study by Santos do Carmo, et al. (2022) on Nespresso coffee shed light on brand experience and increased satisfaction and brand loyalty. Focusing on Hong Kong specifically, another study was conducted by Kivela (1997) on a number of Hong Kong restaurants, taking into account the most important factors for consumers evaluating the place at issue. The highest ranking percentages regarded, respectively: Quality of food (82%), Type of food (63%), Cost of food (62%), New experience (55%). It is significant that experience rank fourth just after the food-related factors, but first in terms of non-food-related ones, even before the Ambience (24%), ranking 8th in terms of importance percentage. This leads to an important finding: experience role is in the top four and this confirms the relevance of events in the collectivistic Hong Kong society, where ambience plays a key role as well. Additionally, the “new experience” determination factor ranks fourth for the under 25 age group (52% of respondents), and first for the 25-44 age group (80% of respondents, followed by ambience, type of food and comfort level). Therefore, age seems to play a significant role in distinguishing the atmosphere that guides restaurant choice. In particular, individuals aged 25-34 and 35-44 prioritize the restaurant’s ambience to establish the desired dining mood. Ambience is part of the experience as well, making up for the need, in such a market, to properly take this factor into account in order to be successful.

Food is the second most important tourist activity in Hong Kong, and 15% of Hong Kong’s marketing efforts are dedicated to promoting cuisines, making it a tourism target for food and beverage tasting (Horng & Tsai 2012). The Hong Kong Tourism Board arranges several culinary events, contests (e.g. Asia’s 50 Best Bars, Best of the Best Culinary Awards, Hong

Kong Wine and Dine Festival), and exhibitions. As a matter of fact, food serves as a cultural symbol making Hong Kong an elegant, global metropolis including diverse taste preferences, while also proudly including its unique Chinese cuisines (Okumus et al. 2007). Despite the lack of local natural resources, what has made this market flourish is the diversity in food and cultural backgrounds, which links back to the diverse communities populating the land throughout history. This made Hong Kong a popular culinary experience destination; linking food with the location allows for an ideal culinary tourism brand image. Both Hong Kong and Singapore have effectively leveraged the interplay between their cuisines, culture, and tourism. They have successfully fostered cooperation between the public and private sectors and their people. As a result, both have innovatively developed marketing strategies to expand their culinary tourism markets, education professionals in hotel and restaurant industries to enhance quality, provide diverse and culturally embedded local cuisines and successfully create a national culinary image (Horng & Tsai 2012) It becomes clear that the F&B experience in Hong Kong is particularly taken care of through a number of marketing practices, especially experiential ones.

Events are key as a mean of brand experience enhancement (Zarantonello & Schmitt 2013). Food events and festivals are useful resources for culinary tourism while also enhancing a destination's culinary image and encouraging the wider community participation (Horng & Tsai 2012). Hong Kong Tourism Board (HKTB) primary goals are to make Hong Kong the "Events Capital of Asia" and globally promote Hong Kong as a tourist destination and support tourism activities. With these key objectives, HKTB must allocate marketing resources, identify effective and efficient approaches to reach potential visitors, and respond to unforeseen conditions in the larger macro environment. In terms of F&B, during the 1970s, many Chinese individuals in Hong Kong did not typically consume alcohol. The older generation preferred Chinese tea, while the younger generation favored soft drinks at dinner gatherings. Traditionally, Chinese food was rarely paired with red and white wines, whereas beer, whisky, and brandy were more commonly consumed during festivals or celebrations (Chui 2017). In a study by Chui (2017) about the Hong Kong Wine and Dine Festival, the principal reason for participation was wine sampling (23.6%), but the second and third most important drivers were social gathering (18.9%) and enjoyment (15.8%), which reflects the collectivistic society need for social interaction within a group. The experience dimensions recalled as the most effective were the entertainment and the escapist, while the majority of the participants belonged to a

group who had participated at least two times already, which provides evidence for the loyalty to an event where marketing experience is enhanced and probably the main driver.

A clear example of this is the 50 Best Bars Asia event, which started in 2016 and was held in Hong Kong in 2023. The program included a number of linked events taking place all around the city, and simultaneously in some other parts of Asia. For Hong Kong, events included the Bartenders' Feast at Four Seasons Hotel Hong Kong on July 17th, the gala ceremony at Rosewood Hong Kong to disclose the list of Asia's top 50 bars, from No. 50 to the No. 1, aka The Best Bar in Asia, and ended with a closing party at Aqua Hutong Hong Kong, which allowed guests to share stories of success and plan for the future (Sansom 2023). For example, on Thursday 13th July, Shingo Gokan from The SG Club, Tokyo hosted a guest bartender shift at Lobster Bar from 5 to 9pm and from 10pm to midnight, while Shelley Tai from Nutmeg & Clove (Singapore) was guest at Quinary bar from 8 to 11pm (Drink Magazine Asia 2023). 2022's top three list included Coa (Hong Kong), Jigger & Pony (Singapore), and Argo (Hong Kong) (Sansom 2023). This year saw the first two winners again, namely Coa (Hong Kong) for the third year in a row and Jigger & Pony (Singapore), followed by BKK Social Club (Bangkok). Hong Kong saw 8 bars on the top 50 list, while Singapore gained 11 bars (worlds50bestbars 2023). The event brought not only waves of tourists from all over the world, but also shed light on Hong Kong top position in terms of drinking culture. This highlights, once again, the strict connection of events and F&B experiences in this region, as will be deeply analysed in the forthcoming case study.



### **CHAPTER 3 - Hong Kong sprits market: a case study on Aperol and Campari**

“Hong Kong, with about 30,000 restaurants, bars and food outlets offering all types of indigenous Chinese and exotic international cuisines, has more restaurants per capita than anywhere else in the world” (Okumus, et al., 2007). As a matter of fact, the variety of food offered is considerable, encompassing both Asian products and popular multinational brands. Gourmet items demand is high: while many customers are price-conscious and seek value-for-money goods, their willingness to pay is also high for high quality products. For this reason, European goods are highly consumed, even if generally perceived as upscale items like whisky, cognac or caviar (Flanders Investment & Trade, 2022). This is mainly connected to their European colonial past, which makes them more open to try new food combinations and seldom alter the taste of a particular dish, with only a minimal number of people requesting extra sauces or toppings. Elegance, politeness, and a strong concern for hygiene are also considered to come from the British heritage (Wan & Kim 2021).

In terms of consumption habits, Hong Kong consumers prefer shopping daily to secure fresh food, mainly buying from street markets and locally-owned shops. Supermarkets instead dominate in offering processed frozen food and canned food products, making the rivalry between street markets more intense during recent times. Another consequence of the limited living space is that food products’ storing is not a common practice, translating into a lower demand for bulk-pack food items and in a preference for small packages and single-use ones. For the same reason, dining out is considered a common practice, not just reserved for special occasions. The accessibility and range of dining options make eating out a popular choice, especially for busy professionals (Flanders Investment & Trade, 2022). Wan & Kim (2021) studied Hong Kongers’ eating habits in Macau, and found that sharing tables with others was widely accepted. The willingness to dine in small compact restaurants is a consequence of being used to doing so in Hong Kong, where the compact nature of places is the rule. This also justifies their efficiency in ordering, eating, and departing from a restaurant.

Finally, despite the general collectivist nature of Hong Kong (Hofstede Insights online, no date) a general tendency towards individualistic and independent dining behaviors was detected when dining in Macau; namely, food choices were mainly taken based on personal research and recommendations from social media and celebrities rather than waiters’ recommendations. Social media was therefore confirmed to play a significant role in shaping Hong Kongers’ food

preferences, trusting celebrity endorsement more than live suggestions (Wan & Kim 2021), which is also a consequence of the high-context polychronic culture explained in the previous chapters (Duranti & Di Prata 2009). This necessity for external approval led restaurants to strive to gain a Michelin star, hence putting emphasis not only on food quality, but also on service, ambience and the overall dining experience. As a matter of fact, Hong Kong counts 78 restaurants awarded with Michelin stars in 2023, namely 7 three-star, 13 two-star and 58 one-star restaurants. Moreover 65 have been appointed as Bib Gourmand, meaning they are places offering good quality food at an accessible price (guide.michelin.com). This relates to the local people’s love for external validation, given that also many other restaurants exhibit the sign of being recommended on the Michelin Guide in the past in order to invite customers to dine in. Overall, Hong Kong scores 12<sup>th</sup> in terms of number of restaurants awarded with Michelin stars, which is impressive compared to the land size (World Population Review, 2023).

**3.1 Food & Beverage imports: focus on alcoholic products**

As explained, Hong Kong is one of the main Asian trading hub, and Mainland China is its top trading partner in terms of imports, exports, and re-exports. Because of its strategic location, free port status, and role as a regional purchasing and distribution center, approximately 29% of Hong Kong’s imports are re-exported, 89% to Mainland China. Many foreign countries choose to do business there in order to access all neighboring Asian countries while taking advantage of the lack of trade barriers and customs tariff. The heavy reliance on food imports is due to the limited land available and the large urbanization, constraining domestic agriculture and food-processing facilities (see Exhibit 3.1). Food imports account for 95%, while local production only accounts for 2% of fresh vegetables and 14% of live pigs consumed (Flanders Investment & Trade 2022). This limitation translates into great opportunities for foreign firms operating in the F&B and willing to expand their business abroad.

	<b>Manufacturing</b>	<b>Import-export trade</b>
No. of Establishments	1,585 (2022)	6,940 (2021)
Employment positions	26, 681 (2022)	29,130 (2021)

*Exhibit 3.1: Manufacturing facilities vs Import-Export trade in Hong Kong. Source: Chu (2023)*

In 2021, imports of consumer-focused agricultural goods to Hong Kong saw an 8% increase, reaching \$24.2 billion and representing 88% of agricultural imports, with the main sourcing countries being China, the US and Chile. These included fresh fruit, seafood, beef, wine, pork, processed food, dairy items, poultry meat, non-alcoholic drinks, and bakery goods. The retail sector is made up by 61% of supermarkets selling food (Li 2022).

In terms of alcoholic beverages, there are no duties on imported liquor with an ABV<sup>11</sup> below 30%, which makes beers and wines excluded from payment, for instance, explaining also the booming in their offer in more recent years; however, in case of ABV above 30%, measured at 20°C, the duty is at a 100% rate, except in the case of re-exports. (Hong Kong Customs and Exercise Department 2023). Hong Kong ranked 10<sup>th</sup> in terms of spirits imports in 2022, valued at US\$502 million, and 23<sup>rd</sup> in terms of volume (in 2021, Italian beverages, spirits and vinegar imports amounted to US\$48.09 according to Trading Economics (n.d.)). After the COVID-19 emergency, a year-on-year increase of 7% of worldwide imports of alcoholic beverages was detected. The three main importers were China, France, and the UK, collectively contributing to 92%, or US\$462 million, of total spirits imports. The United States, on the other hand, ranked as the 7<sup>th</sup> largest source of alcoholic beverages. The three major imported categories were, respectively, Chinese Baijiu (40% of total spirits’ imports value), grape brandy (36% of total spirits’ imports value, supplied in the 88% of the cases by France, e.g. Remy Martin and Hennessy), and whisky (21% of total spirits’ imports value, 66% of which being Scottish whisky) (Li 2023). Exhibit 3.2 shows the imports by spirits category on a time span from 2018 to 2022. It is evident that “Other Spirits” category kept stable in the five year span, while increasing in the 2021 vs 2022 comparison. Whisky is the only spirit keeping an overall positive growth through the years, while vodka saw the largest increase in imports between 2021 and 2022. Overall, there was a positive recovery in terms of imported spirits between 2021 and 2022.

Spirits’ Category	Import value in million US\$					Share 2022	Growth 2018 vs 2022	Growth 2021 vs 2022
	2018	2019	2020	2021	2022			
Other Spirits	256	234	201	187	247	49%	-3%	32%
Grape Brandy	284	220	156	166	135	27%	-53%	-19%
Whisky	99	110	61	98	108	21%	9%	10%
Liqueurs and Cordials	41	24	21	9	5	1%	-88%	-45%
Gin and Geneva	3	5	3	4	3	1%	-9%	-18%
Vodka	6	5	2	2	4	1%	-24%	99%
Rum and Tafia	2	2	1	1	1	0%	-62%	-34%
<b>Total</b>	<b>690</b>	<b>600</b>	<b>445</b>	<b>467</b>	<b>502</b>	<b>100%</b>	<b>-27%</b>	<b>7%</b>

Exhibit 3.2: Imports by spirit category 2018-2022. Source: Li (2023)

In terms of sales values, Exhibit 3.3 summarizes the main sold spirits by category between 2016 and 2021. It can be noticed that, after 2018 positive peak, all sales then gradually decreased in 2021 by almost 50%, settling at US\$370 million due to the pandemic outbreak. Despite that, all

<sup>11</sup> Alcohol by Volume

categories showed an increase between 2020 and 2021, forecasting a gradual recovery (Li 2023).

Spirits category	Value in million US\$					
	2016	2017	2018	2019	2020	2021
Brandy and Cognac	208	206	203	141	79	84
Liqueurs	31	32	33	26	18	19
Rum	9	9	10	7	4	5
Tequila (and Mezcal)	2	2	2	2	1	1
Whiskies	313	329	350	275	196	220
White Spirits	57	60	61	47	30	36
Other Spirits	3	3	4	3	4	5
<b>Total</b>	<b>624</b>	<b>643</b>	<b>665</b>	<b>502</b>	<b>332</b>	<b>370</b>

Exhibit 3.3: Spirits sold 2016-2021 in Hong Kong by category. Source: Li (2023)

Finally, in terms of sales channels for spirits within establishments, Hong Kong counts more than 14,000 dining establishments, divided between local and sophisticated dining venues (Li 2023) and, according to the Food and Environmental Hygiene Department, 1,035 bars and pubs in 2021 (World Cities Culture Forum n.d.), which make up for the on-trade channel. The off-trade instead counts 690 supermarkets, 1,300 convenience stores (e.g. 7-11, CircleK) and around 100 traditional markets (Li 2022). This distinction is depicted in Exhibit 3.4, where the two channel sales are compared. Generally speaking, the off-trade market kept a positive tendency besides being lower in value with respect to on-trade, which encompasses pubs, restaurant, bars and makes the most spirits' sales. Despite that, in 2020 the on-trade market saw the effects of the pandemic, as less people were allowed to go out.

Channel type	Value in million US\$					
	2016	2017	2018	2019	2020	2021
Off-trade (retail)	131	137	144	139	147	169
On-trade (bars, restaurants)	493	506	521	363	184	201
<b>Total</b>	<b>624</b>	<b>643</b>	<b>665</b>	<b>502</b>	<b>332</b>	<b>370</b>

Exhibit 3.4: Sales value of spirits by channel type 2016-2021. Source: Li (2023)

Finally, in 2022 Hong Kong's worldwide imports of spirits experienced a year-on-year increase of 7%, projecting a 18% increase in 2023 in annual domestic sales, for a total of US\$436 million. (Li 2023)

In terms of Hierarchy of Food Needs (Satter 2007, see Exhibit 2.13), alcoholic drinks fall at the top of the pyramid, as they do not satisfy any survival-related need, but instead they cover instrumental motives. Generally speaking, the two main reasons for alcohol consumption are: celebrating social bounds, meaning a group-related consumption pattern, and personal

identification, which can be considered a personal statement of belonging to a particular part of the social world. Alcohol consumption rates in China are rising, while still remaining lower compared to those of Western countries. One of the main reasons connects to the “moral drinking” notion coming from Confucian philosophy and refers to a balanced consumption pattern that is believed to enhance an individual’s positive attributes, contributing to their overall welfare. Another aspect monitoring consumption is that the alcohol catalyzing enzyme is usually lacking for Asians, and this deficiency causes their faces to gain an intense red color when drinking and stronger hangovers the day after. Despite that, due to increase in taxes on certain commonly consumed Chinese alcoholics (e.g. Baijiu), other beverages like wine have become more popular, besides the flavor was not matching Chinese palate; however, the importance to keep face sometimes makes Chinese people buy expensive wines which are mixed with juices to match their taste preferences. Compared to Mainland China, Hong Kong alcohol consumption is higher (e.g. 0.41 versus 1.81 wine consumed per capita each year), which is mainly connected to the concept of keeping face (Pettigrew & Charters 2010). Given the increasing alcohol consumption habits in Hong Kong, a Population Health Survey was conducted between 2020 and 2022, to analyze the frequency of alcohol consumption among the population segmented by age group. The findings revealed that the middle age group (45-54 years old) had the highest proportion of regular drinkers, reaching 11.1%, compared to the 3.8% of the young (15-24 years old) and the 2.1% of the elderly (85 years or above). Among the young, 8.7% of individuals aged 15 or older consumed alcoholic beverages once a week, specifically with a majority of males (14.1%) versus females (4.0%). The survey also found that 2.0% of individuals aged 15 or above engaged in binge drinking, defined as consuming at least 5 cans of beer, 5 glasses of table wine, or 5 pegs of spirits on a single occasion, at least once a month (Centre for Health Protection, Department of Health Hong Kong 2023).

A study was also conducted by Pettigrew & Charters (2010) to shed light on the alcohol consumption reasons in Hong Kong. By analysing both locals and foreigners, results showed a very tight connection with social motives. According to Smart (2004) the Chinese culture about alcoholic drinks does not include solo drinking for personal enjoyment; instead, an occasional social moment should be created just for particular events. This also explains why Hong Kong people, who are not used to the strong alcoholic flavor, use to mix it with other non-alcoholic beverages: for example cognac, whisky or wine with Coca Cola or Sprite. This unfamiliarity with drinking is also related to the fact that Chinese people do only drink while eating, so they are generally not used to drinking anything outside eating time. Pettigrew & Charters (2010)

also argue that the choice to engage in alcohol consumption and the preference for specific varieties and labels is probably related to the willingness to communicate enviable perceptions to both single individuals and a broader audience, hence leveraging on the symbolic meaning of alcohol more than the functional role and taste considerations. Cosmopolitan and sophisticated ideals are constantly researched: for instance, Heineken was described as one of the most appreciated labels, while local brands enjoyed a worse reputation and were considered more suitable for home consumption due to holding less prestigious associations and being cheaper. Cognac is also one of the preferred alcoholics due to its acknowledged high quality and cost, dating back to the growing elite rich population settling in Hong Kong in 1960s-1970s, who were seeking symbols to distinguish themselves from lower classes by starting new habits. The French origin is also a benchmark for its prestige (Smart 2004). “Its status as a luxury good with a high price tag matches perfectly the emerging Hong Kong ideology that money is everything” (Smart 2004).

By comparing non-Asian and Asian consumers, what became clear is that the former consumed multiple drinks in a single night, while the latter were seen to be holding the same glass for extended periods, not for drinking but just for participating in social interactions within the drinking venues and immersing in the cosmopolitan atmosphere of Western-themed bars and clubs. As a matter of fact, the study highlighted the value and role of the drinking environment, which holds higher importance compared to the act of consuming alcohol itself, and should be therefore considered by marketers. Consequently, working on eye-catching events with Western features can be a game-changer (Pettigrew & Charters 2010). This is also confirmed in a study by Chan et al. (2023), according to which most drinking venues showcased luxurious European aesthetics and Western music, while featuring mainly non-Asian individuals in their content. This prevalence of non-Asian features in clients, interiors and music conveys a cosmopolitan air and guarantees the access to the most admired social circles within the Hong Kong context. Due to its colonial past, Hong Kong still displays strong Western cultural influence. Brands like Heineken Beer and Hennessy Cognac date back to the 1970s when the upper class was primarily composed of Westerners, who used to consume these products extensively and symbolized authority and prestige. In the same way, the use of non-Asian models yielded more positive reactions and brand perception compared to Asian models, particularly among Asian viewers, because of the use of this lifestyle branding, where drinking is representative of personal, financial, or social success.

### **3.2 Introduction and Purpose**

The purpose of this research is to study the cultural aspects that marketing managers for spirits should take into consideration when approaching the Hong Kong market. Particularly, the analysis takes the perspective of a Western firm undertaking an internationalization strategy and looking for effective ways to make a Western product accepted in this Asian context. After careful analysis of the historical and cultural context, provided in the previous chapters, it becomes clear that the Hong Kong society is complex and heterogeneous, hence receptive to different strategies with different levels of success. In the spirits context, this is mainly due to differences in consumption patterns and habits, especially if comparing the local Chinese population with the Western expatriates. The focus is therefore put on the marketing practices which are considered to be effective in developing the market for both communities, still with particular attention to the local one.

This analysis delves into the localization strategies employed by Italian aperitivo brands, Aperol and Campari, to enhance their acceptance within the Hong Kong market. It studies the adaptation of the aperitivo concept and assesses the impact of marketing events on the acceptance of specific products like the Aperol Spritz and Negroni. Consequently, the focal point revolves around the adaptation of the aperitivo culture to an unfamiliar market context, characterized by a unique cultural background.

The review of the literature provided an overview on the historical and cultural context in Hong Kong, the advantages of employing a glocalization strategy for brands' internationalization and the most effective marketing practices in increasing brand equity when a strong brand image is not already established, specifically focusing on brand awareness and brand loyalty. Furthermore, by doing an internship at METABEV from February to June 2023, I was able to analyze the spirits market more closely. Based on the analysis of the relevant studies and on personal observations, the main hypotheses developed are summarized as following:

- H1: To successfully internationalize a product, it is important to adapt the standard strategy to the local market.
- H2: Events and experiential marketing are the most useful marketing strategy in increasing Aperol and Campari brand awareness and activating the brands.
- H3: Hong Kong people choose to consume a particular premium spirit because of the symbolic effect of improving their "face" and appearing desirable to others rather than their personal taste or preference.

### *3.2.1 METAGROUP and Campari Group*

The strategies analyzed in this case study concern two companies: Campari Group and its Hong Kong distributor METABEV Hong Kong.

Established in 1860 in Milan, Campari originated when Gaspare Campari created the signature red bittersweet aperitif. From 1888, his son Davide Campari, extended the brand globally through astute marketing tactics, including the introduction of Campari Soda and using art as main source of product promotion (Campari Group n.d.); posters on the red color theme were realized by Adolf Hohenstein, Marcello Dudovich, Leonetto Cappiello and the futurist Fortunato Depero. By the 1960s, Campari's influence spanned over 80 countries. In the 1980s Campari began its collaboration with Cinema, starting with a tv spot by Federico Fellini in 1984 (Bluart 2021). From the 1990s the M&A trend took place, hence Campari decided to grow its business with both organic and external growth strategies: in 1995 it transformed from a single-brand entity into a multinational enterprise having an international portfolio; in 2003, it acquired Aperol. Nowadays Campari Group is composed of a portfolio of over 50 brands, it distributes products in 190 countries, 25 direct markets and owns 23 manufacturing plants globally. Its strategy is to combine organic growth (50%), granted by strong brand building practices, with acquisitions (50%). In terms of global priorities, which counted to the 57% in the fiscal year 2022, the brands gaining the most attention were Aperol (22%), Campari (11%), Wild Turkey (8%), Grand Marnier (7%) and SKYY Vodka (5%). Still in FY22, Americas and SEMEA<sup>12</sup> respectively accounted for the 46% and 28% of sales; APAC instead counted for the 7% (5% Australia and 3% the other regions), with an organic year-on-year sales growth of 12.4%. Aperol and Campari therefore are confirmed to be at the top of both sales results and priorities. In terms of international strategy, the Group primarily aims at developing a presence in all valuable foreign markets, seeking new acquisitions while controlling the distribution and looking for local brands to create strong delivery platforms (Campari Group n.d.).

The Campari Group and METAGROUP relationship started in 2004, when the corporation decided to rely on the distributor's expertise to sell their products in Hong Kong and China. Finally, in 2012 Aperol brand was acquired and launched in Hong Kong and Macao, starting the Aperitivo trend (meta-bev.com). In 2022 the Group decided to expand their operations in Asia by opening the Hong Kong branch as well. The office is located in Tsim Sha Tsui, Kowloon.

---

<sup>12</sup> South Europe, Middle East, and Africa



In 1989 by the Italian entrepreneur Angelo Pepe founded METADESIGN, a business dealing with Italian furniture importing in the Asia-Pacific region. Abandoning the interior design industry in favor of high-quality food & beverage products, the firm has grown throughout the years as a strong import and distribution company. In 2008 the ownership of the company was taken by Roger Chan. In 2015 METABEV Hong Kong was founded, following a restructuring process. In 2018, the growth continued with the creation of a Korean joint-venture, METABEV Korea, and the holding company METAGROUP, which comprised the two businesses. Finally, in 2020 Eclipse Beverages and Hindsight Creative were also founded, the former being a consulting company, and the latter being a digital marketing agency, which are both also making part of METAGROUP, located in Wong Chuk Hang, Hong Kong Island (meta-bev.com). Exhibit 3.5 shows the historical progression of the main events in the Campari Group relationship with METABEV.

YEAR	EVENT
1860	Campari is born
1995	Campari single-brand entity becomes Campari Group
1989	Angelo Pepe founds METADESIGN
2003	Campari Group acquires Aperol
2004	Beginning of Campari Group and METADESIGN relationship
2008	Roger Chan takes the ownership of METADESIGN
2012	Aperol is being distributed in Hong Kong and Macao by METADESIGN
2015	METABEV Hong Kong is born
2018	METABEV Korea is born METAGROUP is born as a holding company
2020	Eclipse Beverages is born (former Partners & Advisors) Hindsight Creative is born

Exhibit 3.5: Breakdown of the most important historical events of Campari Group and METABEV collaboration.  
Source: personal elaboration

The three businesses making part of METAGROUP are all dealing with connected but different operations. METABEV is an international brand management and distribution company of small/medium dimensions, specifically taking care of the distribution of Aperol and Campari in Hong Kong. Its portfolio includes, among the others, brands from the Campari Group, Proximo Spirits Inc., Asahi Breweries and Kimbo Coffee (meta-bev.com).

Eclipse Beverages, former Partners & Advisors, is a brand management company specialized in assisting international brands willing to grow in foreign markets. The team is made up of 10 people working as export managers: five are based in Hong Kong, three are based in the UK, one is based in Japan and one is based in China. The heterogeneity of the team represents a

great advantage for client firms, because of the great Asian market knowledge, especially in the case of Japan, China and Hong Kong. Their brand portfolio includes, among the others, Amaro Montenegro, Select, Vecchia Romagna and Cambridge Distillery (eclipsebeverages.com).

Hindsight Creative is a digital marketing agency, working on the digital content support of the F&B brands managed by METABEV and Eclipse Beverages, while also dealing with other businesses separately. It assists brands with their social media strategy, content production, photoshoots, influencer and KOL marketing and with any activity dealing with digital advertising (hindsight-creative.com).

Exhibit 3.6 depicts the breakdown of the distribution process for Aperol and Campari brands in Hong Kong, which is managed by METABEV Hong Kong, while also depicting METAGROUP’s structure.

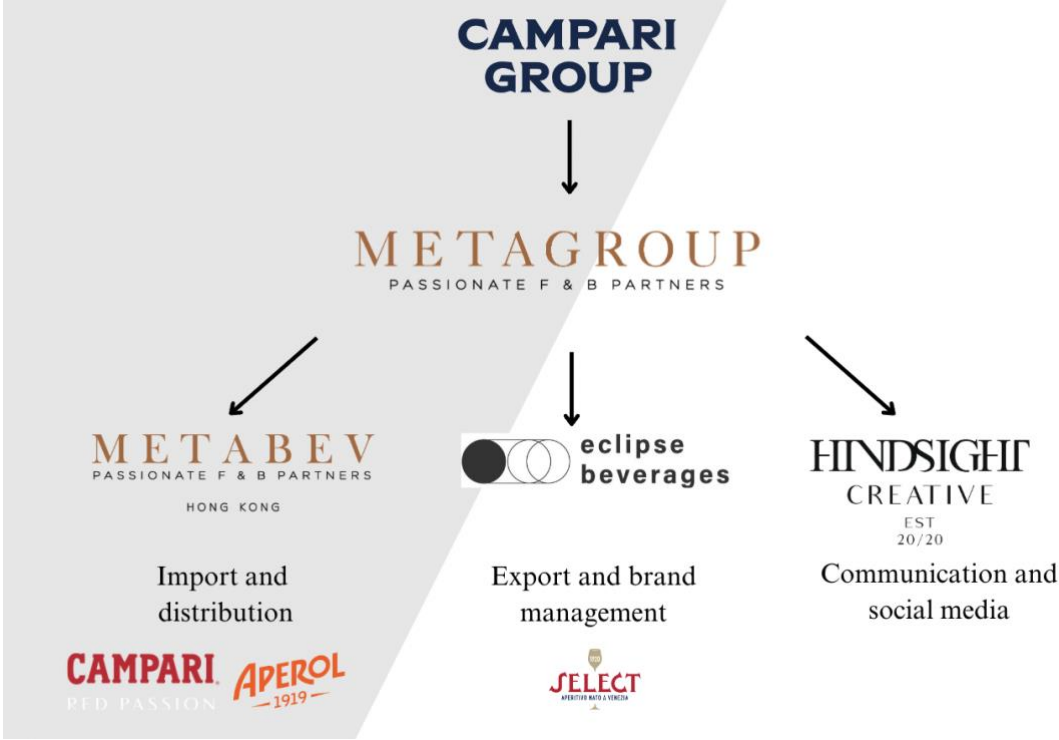


Exhibit 3.6: Campari Group distribution channel for Aperol and Campari brands.  
Source: personal elaboration

Campari Group’s long-term objective through its internationalization strategy is the control of the distribution channels while keeping the ongoing acquisition of brands with a strong brand equity. As a matter of fact, brand building is the main marketing strategy employed by the Group, marking its entrance to foreign markets (camparigroup.com). This explains the strong brand identity that both Aperol and Campari possess, making these two Italian labels

recognizable all over the world not only for their vibrant noticeable colors, but also because of their strong identity building an even stronger brand equity (see Exhibit 3.7).



		Campari	Aperol
<b>Logo</b>			
		Red color recalling the payoff and the drink itself. Red stands also for passion, intensity, transgression.	Orange color stands for creativity and joyfulness, as well as recalling the drink color itself.
<b>Payoff</b>		<i>Red Passion</i>	<i>L'aperitivo dal 1919</i> (Italy) <i>Together We Joy</i> (Hong Kong)
<b>UVP</b>		“Campari, the iconic, unforgettable Italian red spirit at the heart of some of the world’s most famous cocktails” (campari.com)	“Aperol, a vibrant and fresh Aperitivo that aimed to bring people together to live joyful, light-hearted, convivial moments” (aperol.com)
<b>Key messages</b>		Heritage, style, passion, audacity, intrigue, creativity, loving.	Being together, aperitivo, happiness, refreshing, citrusy, joyfulness, vibrancy.
<b>Tone of voice</b>		Serious, elegant, seductive	Casual, enthusiastic, inclusive
<b>Packaging</b>	What	Ribbed glass bottle	Smooth glass bottle
	Style	Elegant, refined	Simple but identifiable
<b>Social media</b>		Facebook, Instagram, X (Twitter), YouTube	Facebook, Instagram

Exhibit 3.7: Campari and Aperol brand design and communication. Source: aperol.com (n.d.); campari.com (n.d.), personal elaboration

### 3.3 Methodology

In order to gain useful insights into the consumer market for spirits in Hong Kong, and to closer analyze Aperol and Campari brands, the methodology used is of qualitative kind, namely in-depth interviews with some market experts. The use of in-depth interviews allowed for a careful evaluation of the topics because respondents can answer without being influenced by opinions of others and without any time restriction. The steps of this research process included an initial thematizing part, where the most important topics from the literature review have been identified, followed by the subsequent outline of the research themes and questions. Thereafter a sample has been selected based on the previous work experiences of the subset of individuals, on their knowledge of the spirits market and of Hong Kong consumer market specifically. Details on each respondent are displayed in Exhibit 3.8. As a matter of fact, all of the individuals have proven expertise of at least 7 years in the F&B industry, spirits in particular, and have been living in Hong Kong for at least 2 years. Additionally, everyone except R3 have

experience in sales and marketing of Campari Group brands, hence including Aperol and Campari. Besides this, R3 has been selected because of his great knowledge of the APAC region and of his proficiency in distributing Italian spirits brands.

The interviews, made of open-ended questions, were conducted with each respondent singularly during the months of June and August 2023. The data collection included both audio recording and live notes taking.

No.	Current role	Business	F&B market expertise (years)	Local / Expatriate (time living in HK)	Time length of the interview	No. of questions	Email contact
R1	Head of On-Trade Sales	METABEV	8	Expatriate (10y)	1h10	21	yoshiok@meta-bev.com
R2	Brand Manager	Eclipse Beverages	8	Expatriate (7y)	1h40	22	elenaw@eclipsebeverages.com
R3	Export Director	Eclipse Beverages	10	Expatriate (4y)	1h	10	adamg@eclipsebeverages.com
R4	Director	Hindsight Creative	8	Local	1h10	18	christy@hindsight-creative.com
R5	Senior Commercial Manager	METABEV	8	Expatriate (3y)	1h30	21	leok@meta-bev.com
R6	Brand Ambassador Campari Group Hong Kong	Campari Group	7	Local	1h	20	delphine.kong@campari.com

Exhibit 3.8: Interviewees profile. Source: interviews

The respondents’ work experience details are summarized as following:

- R1 is the head of sales for the on-trade (Horeca) channel at METABEV; his role is to oversee the sales and operations for the on-premise business; before that he was employed as a general manager for Schmidt Marketing, a wine distributor in Hong Kong, mainly looking after the on-trade channel as well. He therefore has a proven track record in consumer goods distribution, particularly with alcoholic beverages’ sales marketing and operations in Hong Kong.
- R2 is a brand manager at Eclipse Beverages. She comes from a family of distillers and winemakers in France and started her career in the F&B in New York at Palm Bay International, a wine and spirits distributor, eventually moving to Hong Kong almost eight years ago. First, she was in the trade marketing team at Summergate, a wine distributor, but she wanted to acquire a deeper knowledge of the Hong Kong customer, so she joined the sales team at METABEV. She later moved to Chateau de Pommard, a burgundy winery, working with private customers and she finally joined Eclipse Beverages two and a half years ago. She therefore has extensive experience in both

marketing and sales for spirits in Hong Kong, hence a profound knowledge of the consumer market.

- R3 is an export manager at Eclipse Beverages. He studied in South Africa and China and concluded an MBA at KEDGE Wine and Spirits. He worked at Jeroboams and Robertson, two wineries in London, as Business Development Director and running the sales and marketing teams. He then covered APAC Regional Director positions at both KWV, a wine distributor, and Fratelli Branca. His expertise is useful for the research not only for his competence in the Hong Kong market, but also because of his great knowledge about Asian cultures, habits and consumer behavior.
- R4 is the founder and director of Hindsight Creative. She is Hong Kong born and raised and has been working across Hong Kong and Australia as a freelance digital marketing consultant for F&B clients mainly. She first joined METABEV as digital marketing manager, but then founded Hindsight Creative together with METABEV's chairman Roger Chan in 2020, in order to grow the digital side of sales through e-commerce. During COVID-19 pandemic she started to respond to the increasing demand by bars and restaurants who were struggling on the offline market due to strict restrictions. Nowadays she manages the digital strategy of part of METABEV's brands while also working for other F&B businesses. Hence, she exhibits proved competence in digital marketing for Hong Kong spirits brands and companies.
- R5 is currently employed as senior commercial manager for spirits and fine spirits at METABEV. His daily activities include marketing, brand management and optimization between the client brand's global marketing strategy and METABEV's short-term objectives. His expertise in Hong Kong starts at the spirits company Remy Cointreau as sales and marketing executive, following a period in Singapore as key account sales manager. He was then business development manager at Galiena, a wine distributor, and eventually moved back to Hong Kong to start his career at METABEV. His experience in Asian distribution for spirits is extensive, and most importantly he has been the person in charge for Campari Group brands' marketing and sales for 2 years.
- R6 is the Campari Group brand ambassador for the Hong Kong market. Prior to this role, she was a bar manager at Dr. Fern Gin Parlour, a gin bar in Central, Hong Kong Island, which makes part of her bartender and mixologist background. In 2019, she took part in the Campari Hong Kong Bartender competition and successfully reached the

finals, which led her to join the Campari Group in 2022. Nowadays she deals with all brand activation activities taking place around Hong Kong.

In terms of marketing, it is possible to differentiate between BTL and ATL. BTL is commonly referred to as “below the line”, while ATL stands for “above the line”. In BTL initiatives, investments are directed towards trade customers, such as restaurants and bars, and include promotional activities with the goal of increasing sales, like trademarked promotions or immediate-effect strategies, such as publishing an Instagram post. These efforts are localized and serve to directly support particular entities while including marketing activities that revolve around events, both small and large, organized in partnership with business customers (bars and restaurants). On the other hand, ATL investments are aimed at the more general public and encompass mass media like television, billboards, advertising, PR, collaboration with actors and prominent banners at certain locations. When it comes to ATL, which is essentially strategic brand marketing, the brand typically holds greater control over the associated budgets. Conversely, in BTL scenarios, the distributor’s influence is often more substantial, although this dynamic changes according to the specific agreement between the distributor and the brand specifically. In almost every case, the brand points out a number of brand guidelines their distributors need to adhere to, thereby ensuring that the distributor cannot unilaterally allocate the budget as they see fit. “Effective control is crucial in this business” comments R1. Essentially, the distributor’s role is not significantly impacted by ATL marketing activities, as they come from a separate budget that does not directly intersect with the distributor value chain. In contrast, BTL concerns budgets tied to specific targets, such as volume goals, which are agreed with the brand first, and managed by the distributor later on. ATL can be thought of as encompassing mass media exposure and participation in significant events or festivals. “For instance, if Campari decides to sponsor a major event like Clockenflap in Hong Kong, a portion of the ATL budget may be allocated to the distributor. This shift necessitates the distributor’s involvement in event-related activities, as Campari may believe a great number of Hong Kong people will visit and aims to establish brand association through sponsorship” says R1. “There’s a huge difference between what your customer wants versus what the brand wants. When you’re doing brand marketing, that’s something you have to take in consideration” says R5.

This confirms the importance of the role of the distributors in dealing with the local marketing activities, and specifically confirms the key role played by METABEV in addressing the specific needs of the Hong Kong market based on consumer behavior.

### **3.4 Key findings**

#### *3.4.1 The concept of face in Hong Kong spirits market*

One central aspect to take into account when introducing Aperol and Campari to such a diverse market as Hong Kong is the composition of its society, both culturally and geographically, as pointed out in the previous chapters. As a matter of fact, locals generally frequent the Kowloon and New Territories side, while most of the expatriates are located and spend most of their social time in Hong Kong Island. This translates into different marketing strategies between the two areas. The level of awareness in Hong Kong Island is generally higher because of the high presence of Western people, who are already extensively familiar with Aperol Spritz and all cocktails made with Campari, and because of the higher density of marketing activities taking place to promote these brands. Despite marketing strategies target both local and expatriates, the main focus of this research is to analyze locals' consumer behavior, their response to marketing practices and the main ways to make them both aware and loyal to Aperol and Campari brands.

R3, who works as export brand manager, argues that spirits brands willing to expand their business to Asia, should also be mindful that Asia is generally more of a reactive market rather than a trend-setting one. Hong Kong and Singapore, however, show some unique features with respect to the rest of the continent due to their internationalized nature, making them distinct in several ways. Nevertheless, what usually happens is that prevailing trends in the US or Europe are eventually adopted in Hong Kong or Singapore. For example, even if tequila's distribution has yet to reach the same level of the US, its future growth can be easily predicted. Coa, Asia's no. 1 Best Bar in 2023, has been extensively promoting tequila and mezcal and, according to expectations, all other bars in Hong Kong will gradually mirror this behavior (R1, R2, R3, R5). This is similar to what happened in 2015 with gin, which is also projected to continue expanding in the following years besides reaching a settling point after its peak in the past 5 years. At that time, bar managers used to get samples from new gin brands almost every day, hence having more supply than demand (R2, R1). Interestingly, the only two local distilleries in Hong Kong are both producing gin (Two Moons Gin and N.I.P. Gin). Culturally speaking, it is therefore easier for Hong Kong people to be willing to try new products because of the lack of local production, which causes most F&B items to be imported (R1). While there is a willingness to support local products for cultural reasons, the search for quality frequently directs consumers towards imported items. This is also exemplified in the food domain: when deciding between a locally grown tomato and an Italian tomato sold at the same price, the preference usually tends

toward the imported option (R2). In this respect, the cocktail bar industry has grown a lot in the last 5 to 10 years overall, meaning its receptiveness of foreign brands is also high (R1).

Due to the market's strong tendency to absorb the same tendencies taking place in other highly-perceived countries, it becomes clear that country branding considerably matters in Hong Kong. For instance, Australian big brands, like Starward whisky, are anticipated to be more easily welcomed by Asian consumers compared to smaller European brands would, just because of the already-established reputation. This trend persists even when products are sourced from other countries within the Asian region. It appears that communicating the origin of the product, such as Filipino rum, is less emphasized, and the focus remains on established markets. In this context, the significance of the country's brand cannot be underestimated. Brands from France, known for strong spirits and luxury goods, have performed exceptionally well in the past five years (R2). This is also true for the previous 70 years, as previously explained by the way cognac became popular (Smart 2004). The roots of this phenomenon can be found in the historical development of Western elites, which profoundly influenced Hong Kongers' spirits' taste development. While striving between the need for affirming a personal identity, separate from Mainland, the population developed a willingness to achieve recognition by assimilating the most refined Western habits able to improve their face and moving closer to the higher societal levels and circles.

Given the market's highly responsive nature, individuals tend to opt for familiar choices when making purchases. This phenomenon is also evident in the context of gift-giving. Even if the motivation behind a present is out of kindness, the perceived value of the gift still remains strongly bound to its clarity to the recipient. Consequently, there is a general tendency of offering a brand which the recipient is familiar with, because the knowledge of its pricing increases the perceived value of the present itself. Thus, there is no expectation for individuals to rely solely on their personal taste and knowledge to select a remarkable product from a lesser-known producer in a particular region. French conventional cognac will always be preferred over a high-quality crafty Piedmont liqueur, because its name would be unknown to most of the Hong Kong audience. In this context, the act of gifting is intrinsically tied to presenting a specific product, with the understanding that the recipient is aware of its associated cost. This pattern is consistent across all luxury goods, as familiarity lends greater recognition and appreciation (R2).



This is all relating to the importance of having face. Being Hong Kong a “follower” market, the fact that Aperol and Campari are both very common in Europe and in the Western world constitutes a great advantage for their sales. R6, the brand ambassador of Campari Group, extensively confirmed this:

“I would mention that Aperol Spritz is Italy’s number one cocktail or even Milan’s number one. Milan is a fashion city and saying this will instantly make Hong Kong people be very interested. So, I will communicate this because Hong Kong people, and Asian people in general, love face, they love having face, and they can also use this fact to show off to their friends.” (R6)

As a matter of fact, Aperol Spritz is Italy’s most favored drink and Negroni holds the title of the world’s best-selling cocktail and it is originating in Italy (as evidenced by its recognition as the best-selling cocktail in 2022) (R6). The connection to Italy not only infuses a sense of authenticity but also aligns with the global trends in the beverage industry, given that Aperol Spritz is 6<sup>th</sup> in the top-10 list led by Negroni in 2022 (Drinks Digest, 2023). By positioning these drinks not only as popular in Italy, but also in gaining global recognition, a sense of being part of an international trend is created, something that appeals to the aspirational nature of the local consumer. Putting emphasis on the popularity of these cocktails in Milan, Europe, or Italy, and conveying that these drinks are widely consumed in those regions, more interest is created. This, in turn, might make Hong Kongers perceive these cocktails as trendy and appealing. The notion of people who enjoy showcasing their preferences, particularly in social settings, highlights, once again, the significance of providing them with something they can proudly discuss with friends and all their referents. This provides evidence in favor of H3.

Heritage of brands is particularly important in Hong Kong: the stronger the association between a product and its country of origin, the easier it will be to sell it. The advantage of Italian products is evident due to the well-known reputation of Italian cuisine, and the dense distribution of Italian fashion brands around Asia. Particularly, globally recognized elements like pizza, pasta, and the broader Italian culinary culture contribute to an advantageous basis for selling any Italian good (R1, R4). This favorable landscape contrasts with, for instance, a Dutch brand’s positioning, which may face increased challenges in the Asian context due to the absence of Dutch culinary establishments and occasional confusion between Germany and The Netherlands in Asia. A concrete example was a Dutch beer that was once part of the METABEV

portfolio, but eventually had to be discontinued due to difficulties in making it grow across the market (R1).

Additionally, with respect to the importance of showcasing and having face, Campari Group's reputation has the intrinsic advantage of being ranked as the 6<sup>th</sup> largest spirits company globally, which is pertinent to this discussion. Therefore, despite the relatively recent establishment of the Hong Kong branch, people can easily see the great involvement in a range of events and initiatives. This vibrant entity contributes, once again, positively to the Group's reputation. If compared with the situation a year prior to the Hong Kong division creation, it becomes clear that the array of events and the introduction of diverse brands have significantly strengthened the awareness of Campari Group's portfolio within the industry (R6, R2), confirming H2 about the role of events and experience in developing awareness. A general lack of awareness regarding the ownership of brands like Aperol or Wild Turkey was prevailing, with most of the brands being associated with METABEV instead of Campari Group, thought to be owning Campari brand only. Addressing this misconception within the industry is an ongoing effort. There still is considerable progress to make in order to ensure a comprehensive understanding of the portfolio's extent and diversity, which extends beyond the scope of Campari and Aperol (R6).

The local population exhibits a preference for novelty and visually catching elements. Hoegaarden beer and its distinct glassware, being tall and wide hence captivating attention and arousing curiosity, could serve as an example. Despite its presentation, the beer's flavor profile is relatively mild and approachable, making it suitable even for those who generally do not appreciate the strong bitterness found in many beers. Instead, it is characterized by subtle notes of banana and a touch of sweetness, contributing to its appeal. A parallel strategy could be applied to Aperol, leveraging on its vivid unique color as a way to create a trend. For instance, individuals sipping Aperol on an open terrace would naturally draw attention from passers-by. The vibrant color, coupled with the perceived elegance of consuming the beverage in that context, can induce curiosity and prompt others to follow that behavior by ordering an Aperol Spritz. However, it could be debated whether a simple glass placed on a table is sufficiently eye-catching. To enhance the visual impact, creative implementations could be considered, like an "Aperol tree" decorated with suspended glasses, or jugs or towers featuring the drink. These attention-grabbing elements aim to not only spark interest but also align with the trend-seeking

preferences of the local population, which is particularly interested in face, reputation, and being perceived as elite (R5), as argued by hypothesis H3.

The perception that is being conveyed about Aperol Spritz and Campari cocktails takes their pricing into account as well. As shown in the previous chapters, Shavitt & Barnes (2020) extensively commented on the close connection between price and perceived quality. Cultural backgrounds that prioritize holistic thinking, like the Asian one, tend to view product price as a sign of its quality more often than cultures with analytical thinking tendencies, like Europeans or Americans. Hence, higher-priced choices are thought to be of superior quality compared to lower-priced ones. Aperol is positioned as a lifestyle brand centred around aperitivo time, reflecting an energetic and playful image. It is not positioned as a super premium brand but rather as a lifestyle choice that is accessible to everyone without being overly expensive, still keeping an identifiable identity which people can aspire to. The Group's strategy includes various promotions, ensuring that Aperol Spritz finds its place on happy hour menus, hence maintaining an approachable price point for consumers. "Generally, the price for an Aperol Spritz during happy hour should ideally be about 100 HKD (around 13 US\$)" (R6).

On the other hand, Campari, guided by its brand identity and being the most direct connection to the Group, holds a more premium positioning. This distinction is noticeable in the events organized for Aperol vs Campari: Aperol Terrazza projects a playful and relaxed atmosphere, while events related to Campari, like Negroni Week, adopt a more premium approach and are usually held at top bars and five-star Hotels cocktail lounges. Although the Group aims at making the Negroni cocktail accessible to a wide audience, Campari's premium brand nature requires them to maintain a certain level of pricing that aligns with its premium image. This does not necessarily mean the pricing should be exorbitant; rather, it should reflect Campari's premium positioning while remaining reasonable and suitable for occasions like happy hour or aperitivo time (R6). By leveraging on the concept of face (H3), this can be a smart solution in increasing Campari's popularity.

The above considerations serve as a confirmation of the study by Chan & Lau (1998) on the adaptation of the TORA model to collectivistic societies (see Exhibit 2.6). As a matter of fact, the research argued that, in Asian collectivistic societies, subjective norms weigh more on the purchasing intentions than attitudes do. This trait is also found in the need for face and external recognition, hence explaining why passers-by would copy certain behaviours they consider to be uncommon and giving an idea of wealthiness, or why country of origin and Campari Group's

reputation are factors Hong Kongers consider when involved in the decision to consume Aperol or Campari. Gift-giving behaviour is a further confirmation of the influence of referent groups on buying intentions.

#### *3.4.2 Spirits localization vs standardization: empirical evidence*

To different extents, the importance of localizing strategies has been extensively stressed by all 6 interviewees. However, R2 and R3, who both work at Eclipse Beverages, highlighted the difficulty sometimes in making the company understand that a strategy which may be successful in Europe might not necessarily translate seamlessly to Asia or its specific regions. While a standard strategy could demonstrate some level of efficacy, it still necessitates adaptation to local customs, cultural nuances, and consumption behaviors, and this can be achieved with the help of distributors and importers, who are the bottleneck. It is imperative to recognize that Asia, with its unique characteristics, requires tailored approaches for achieving success (R2).

One famous example on this matter is Aperol Spritz introduction in Japan. Despite the presence of numerous Italian restaurants, Aperol fails to resonate within the Japanese context because the general preference tends towards sake and specific long drinks (R3). While the concept of Campari soda is familiar, Aperol's adoption remains difficult. Two possible options emerge from this situation: one involves committing substantial time, energy, and years of effort to gradually convince the audience. This approach is similar to what Campari pursued with its investment in Australia, where the Negroni strategy yielded exceptional results and is now present in almost every Australian bar. However, the feasibility of replicating this success in Japan is under doubt because of the lack of familiar elements to create a connection with (R3).

Hindsight Creative director R4 argued the same about the need to adapt strategy to Hong Kong. This became especially evident while working on a communication campaign for Vecchia Romagna. The brand insisted on including European references in the campaign due to their historical significance, although the primary consumer base in both China and Hong Kong comprises the younger generation, who might not be particularly interested in the cultural and historical aspects. This led to a discussion, because the brand maintained its position, asserting that their 200-year heritage needed emphasis. However, in the local context, the concept of age and history does not hold much attractiveness for consumers, instead it could potentially convey an image of being old-fashioned rather than appealing for sales. As a matter of fact, the primary consumer group for such products in China comprises fresh graduates and young professionals,

while in Hong Kong, the focus shifts more towards young professionals, especially in the 28-35 age range. The brand's approach focused on communicating the contemporary nature of brandy production and the intricate craftsmanship involved. However, the adaptation to the Chinese market was crucial, and the product had to be aligned with local culture and pop trends. Additionally, a shift from portraying luxury through Western figures was achieved, given that more local faces need to be used in the current market landscape. This led to an adaptation of the campaign which still emphasized the 200-year heritage of the production, but instead used local influencers and KOLs to effectively communicate on this and on the brand in general.

A similar example about standardization vs adaptation concerned Hong Kong during the Negroni week of 2022. While Negroni was widely present in Hong Kong Island drinking venues, the celebration in Kowloon was less enthusiastic. Few bars participated and, amongst those that did, the quantity of drinks they managed to sell was probably not matching the expectations. Some members of METABEV's sales team had to educate part of the bartenders about what a Negroni actually is. This instance illustrated that, despite years in the field, certain drinks may remain unfamiliar, particularly if they do not make part of one's own beverage heritage. Once again, this highlights the great necessity for dealing with the Kowloon side with a tailored strategy (R2). Standardized approach is the one that big companies are used to employing because it can ease the brand positioning while saving some time from understanding the market peculiarities. They tend to implement this method universally, irrespective of the location, by just studying how to enter a new market and initiate market activation with a designated group of people who are, in turn, adhering to a predefined framework (R3). It is worth mentioning that challenges may arise if such an approach fails to yield optimal results: this could occur due to certain blind spots or gaps in understanding the market. The underlying question pertains to the comprehensive strategy; if the goal is to achieve global brand recognition for a particular product, then persisting with a consistent strategy is deemed acceptable. However, if the objective shifts towards ensuring that consumers enjoy the products in a personalized manner, then a different approach must be considered, and that is localization (R3).

One of the main campaigns managed by Hindsight Creative in Hong Kong concerned the Peroni brand in 2021. Here the question between adaptation and localization concerned the main aspect communicated by Peroni, namely the Italian lifestyle. As a matter of fact, the global brand book places significant emphasis on the Italian lifestyle, summarized with the phrase "live every

moment”. However, the challenge arises when attempting to resonate this sentiment with local culture. Hong Kong is characterized by rigorous work schedules, prolonged working hours, and substantial stress levels, making the concept of “live every moment” appear contradictory. As a result, there was a necessity to identify alternative ways to link the Italian lifestyle to the Hong Kong audience in a way that aligns with their experiences. In this adaptation process, it was essential to look for elements that respect the brand’s essence while being meaningful in the local context. Among these elements, style assumes a central role, particularly Italian fashion, which resonates in Hong Kong together with food and travel. Therefore, a diverse range of influencers was employed, including actresses, musicians, cooks and models. The marketing approach encompassed two distinct campaigns. The initial campaign was tailored to specific venues, engaging KOLs and instructing partner restaurants to replicate certain images. The second campaign was instead centered on the brand itself and aimed at showcasing the Italian lifestyle thanks to the use of these characters, who could recall it through to their jobs and passions (R4). The adaptation in terms of lifestyle is of particular importance to Aperol, given the aperitivo and the communicated happy social lifestyle need adaptation as well in order to resonate with the Hong Kong clientele.

#### *3.4.3. Hong Kongers behaviors: adapting aperitivo brands*

Aperol Spritz, being light, sweet with a hint of bitterness and refreshing, appears to be tailored for the Asian market, particularly given the region’s warm climate. However, the truth is that consumer preferences can diverge from expectations. There are instances when Aperol Spritz might not align with individuals’ desires, possibly attributed to the prevailing preference for brown spirits such as cognac and brandy, which have historically dominated the drinking culture and are generally preferred by individuals because “that is what their parents used to drink” (R2). This is why localization is the key to gain the market attention, increase its awareness and lead to brand loyalty. R6, who usually attends Campari Group’s events to bartend, comments on how she has been able to develop a number of drinks featuring local ingredients to increase people’s curiosity and induce trial, like spritz twists including lychee or passion fruit. Unexpectedly, when she attended the Aperitivo Around The World session at Milan’s Aperitivo Festival in 2023, she was even able to increase Italian people interest in such an uncommon spritz variation (icchkmacao 2023)

To reach this point, which is not the final one, Aperol’s introduction in Hong Kong required substantial groundwork because of a general rejection from the market and wine circles having

a negative perception towards the concept of an orange Prosecco-based beverage (R1). It predominantly started within the Western channel, primarily in Hong Kong Island's Western districts and notably within Italian bars. This was later followed by a broadening of Aperol's reach to the Kowloon side, starting with international bars and similar venues and, in 2022, a shift in focus directed the attention towards the local side. This shift encompassed both types of bars and restaurants, despite using distinct strategies tailored to each (R1). Even when planning events, the most important aspect to take into account is to make an effort to distinguish from the competition, given the abundance of events and guest shifts in Hong Kong, where brands often follow similar approaches. "When it comes to the Kowloon side versus the Central district of Hong Kong Island [the most dense with drinking venues], I find it important to adopt distinct approaches, themes, or styles" (R6).

The current priority lies in maintaining a distinguished and refined brand image on the Western Hong Kong Island segment. Elegance and prestige align well with the essence of brands like Aperol and Campari, hence justifying a strategy which avoids flashy promotions or showy activations. In this context, the brand's participation in elevated events, encompassing art and fashion or similar contexts, is particularly common. This approach ensures that customers on the Western side associate Aperol with a sophisticated identity, preserving the brand's integrity (R1), while also making it accessible to the wider public willing to imitate a certain lifestyle, increasing reputation and face (H3).

Conversely, the strategy for the Hong Kong local scene, situated in Kowloon, adopts a more audacious approach featuring conspicuous orange-themed posters and attention-grabbing activations as a means to earn attention and interest from passers-by. Such a strategy aims at increasing curiosity and stimulating engagement with the product. Here, a localized focus is predominant, because the local population is the least acquainted with the aperitivo culture, spritz or just with bitter tastes. The differentiation between these two strategies is intrinsic, with the goal of maintaining a balance between sustained growth and brand authenticity. While Aperol Spritz remains popular, it is essential to ensure that the brand's image endures. Finding this balance is key, as there is a need to safeguard the brand's perceived value and prevent it from being associated with commodity status through cheap brand perception strategies (R1). The differences between Westerns and locals' strategies involve tailoring experiences to suit local consumers. Having a Brand Ambassador figure is very effective in this sense, especially

an Asian person who can speak Cantonese and has a cultural heritage similar to the final consumers.

“The primary purpose of my role is to advocate for the brand, align with its essence, and achieve key objectives. A significant portion of my responsibilities involves localizing the concept of Aperitivo and its promotion among the Hong Kong community. Since Campari’s presence in the Hong Kong market is relatively recent, because the branch opened only last year, the emphasis is focused on adapting the offering to the local context, which is important due to our delayed entry into the local market compared to other spirit companies.” (R6)

The main advantage of having a brand ambassador figure is centered on brand promotion (R1). Notably, all previous Campari’s brand ambassadors were predominantly Western or English-speaking individuals. Having a Cantonese-speaking brand ambassador is helpful because of the critical role of education in the context of aperitivo culture in Hong Kong. Unlike in Italy, where bitter taste is widely appreciated (e.g. coffee), Hong Kong locals prefer a sweeter finish. In this regard, R6 says her role assumes significance in bridging this flavor-preference gap. A core aspect involves establishing connections between Aperitivo culture and Hong Kong’s local customs. “A strategy I’ve found effective in finding this connection is to create a link between Italian aperitivo and Hong Kong’s *yum cha* culture” (R6). *Yum cha*, which literally means “drink tea”, is the common Cantonese practice connecting *dim sum* with tea drinking, typical Cantonese food and a hot drink, therefore displaying a similar consumption pattern to the aperitivo culture, with the only difference that *yum cha* is consumed in late mornings or early afternoons, while aperitivo is in late afternoon or early evening. Additionally, *cha chaan teng*, being “tea restaurants” or a Hong Kong-style cafe, are also particularly widespread and one of Campari Group’s targeted local on-trade channel. The commonality between these Hongkongese dining habits and the aperitivo culture lies in the value of the social moment rather than the sole concrete consumption of drinks. What matters is the symbolic meaning of this experience, which is not really related to drinking the tea, but instead concerns the act of meeting and chatting with parents, friends, relatives or loved ones. Creating this relationship between Italy and Hong Kong is sometimes perceived as funny, hence making it easier for people to remember this interaction and memorize the connection with *yum cha* local culture every time aperitivo is mentioned or seen in advertising. Still, finding the right balance between drink and food is crucial, hence avoiding either one of the two to shade the other, because that



would be the best way to make the aperitivo experience memorable. The pairing of Aperol Spritz with local Hong Kong food, like curry fish balls or pork-based dishes, has been positively welcomed at the Aperitivo Festival in Milan in 2023, which suggests the Campari Group Hong Kong branch is gradually achieving the right union of cultures through this Asian localized aperitivo (R6). The reasons for this behavior can be found in Hall's definition of high-context cultures. As a matter of fact, a common trait is to hold tight on tradition and social rules, because the time orientation is strongly tied to the past. This makes family practices to be transmitted from generation to generation, as it happens for the social gatherings for tea moments at *yum cha* and *cha chaan teng*.

R5 also argued that, in Asia, the primary objective of alcohol, particularly spirits, is achieving inebriation. This perspective is characterized by a goal-oriented approach which is significantly influenced by the pragmatic tendencies inherent in Asian culture. Similar traits exist in Europe, but to a differing extent. For example, in China all ancient buildings are often demolished because, according to this practical approach, it makes no sense to keep something which is "old", hence not functional, even if its aesthetics is still beautiful. Certainly, what still "holds usability" is re-employed in the construction of something new, which will replace its more ancient version. This way of thinking extends to alcohol consumption as well: the reason is less connected to enjoying the moment and more to reaching a particular objective, which is to reach inebriation. This is found in opposition to Western cultures, which hold that individuals appreciate beverages for their taste, origin, and other more abstract attributes. Consequently, in Hong Kong individuals typically choose to take part in settings that accept inebriation, thus explaining the immense popularity of nightclubs and the famous nightlife scene in the region (R5).

Still, according to the pragmatism and practicality characterizing Hong Kong, and China in general, a great part of the population does not perceive the practice of pairing spirits with food as essential. Even within fine dining establishments or Michelin-starred restaurants, some people may decide not to order any wine in their dining experience. In places like Italy, the proportion of individuals enjoying wine or beer with a meal is way higher. However, in the Hong Kong context, there is a common belief that investing in an expensive beverage, like wine, during a meal will not lead to any degree of inebriation and therefore it does not hold any value, but would just be a way to spend money without any practical sense. This is a generalized perspective, but the trend is particularly pronounced in Asia, especially in China (R5). Hong

Kong does not have a strong culture for drinking while eating. During happy hour people usually enjoy a beer or wine, while after dinner they like to play Chinese drinking games and are more likely to consume liquor and higher ABV spirits. This explains why Campari Group is extensively communicating on the lifestyle rather than on the concrete practical effects of drinking Aperol Spritz or Negroni, whose ABV is low. The positioning is certainly different. The final effect of enjoying such a drink relates to the social moment and the possibility to eat, drink and chat, like in the context of *yum cha*, hence making it as close as possible to the real Italian style. This provides further evidence on how localization for such beverages works in Hong Kong (H1).

A further key aspect used to create a connection with local customers is the use of herbs. Hong Kong people believe in the medical use that can be made of food, typical in Chinese medicine, hence they are convinced that certain foods can have some specific beneficial effects to their bodies (R1). This justifies why hot drinks are generally preferred over cold ones, because there is a common idea that cold drinks hold bad health effects. Hot herbal tea, for instance, is commonly consumed. In the same way, R6 argues that it can be helpful, during Aperol and Campari promotion, to create an analogy between their bitterness and herbal tea. “While the bitterness might be perceived similarly, I leverage the analogy to shift the perception of bitterness from an undesired taste to a favorable attribute favoring digestion and opening their appetite, just like herbal tea. [...] Ultimately, my objective is to foster a strong association between aperitivo culture and the familiar *yum cha* tradition, making the concept more accessible and memorable to the local population” (R6).

R2 agreed on the centrality of educating people about such a product like Aperol Spritz. Its origin dates back to when the Austrian army, in 1800s, used to make it by simply mixing wine with soda. Subsequently Aperol was able to improve and elevate its image through an extensive communication strategy revolving around the orange color and the lifestyle. One of the first foreign markets where it was introduced was the US and, specifically, Palm Bay International, where R2 used to work, was one of the first companies to start developing the brand in America. Its successful introduction then prompted its expansion to other markets across Europe and Asia. Although the knowledge base was wider, meaning people were already familiar with prosecco, wine-shaped glass, cocktail-size drinks or alcohol and food pairing, still the educational aspect was widely stressed in the US as well. In the Asian context, the notion of a spritz was not widely recognized due to its limited cultural integration, and that explains, once

again, why the region requires a dedicated effort to convince people that it is a suitable beverage choice for them. The initial step in this education strategy concerns making people try it themselves and is often referred to as “liquid on lips”; however, within the Asian context, bitterness is generally not matching the local palate, resulting in frequent rejections. One of the main Campari Group approaches to persuade Asian consumers to try Aperol is made up of two steps. It starts by asking people whether they like bitter tastes, typically receiving a negative answer, given that Aperol, Campari (and Select, which is among R2’s brand portfolio) are categorized as bitters. Subsequently, the speaker would introduce a comparison, questioning whether the public enjoys coffee or tea instead. Since both beverages include a bitter component, although being non-alcoholic, this connection often leads individuals to realize their liking for bitter tastes. Following this initial questioning, the second step involves the real tasting, meaning Aperol is paired with prosecco, to make it sweeter, with some soda water, for its effervescence, and topped by ice and an orange slice, things which would effectively transform the “bitter” cocktail into a less bitter and more palatable mixture. Incorporating food into the experience further strengthens the positive impression.

This process entails addressing the initial dislike, showcasing its appeal, and clarifying the historical consumption context of aperitivo culture together with specific foods, which aligns with Asian cultural norms of commencing meals with smaller bites before the main dish is served, as well as with the *yum cha* culture introduced by R6.

Additionally, a second aspect which is taken care of is making people understand the aperitivo culture and conveying the Italian way of life. Notably, a usually highlighted key difference is the extended daylight hours in Europe compared to the relatively shorter daylight hours in Hong Kong, where the sun sets around 6 or 7PM all year long. This divergence in lifestyle explained how in Europe daylight persists until around 10PM, making the after-work socializing practice more common. This lifestyle contrast aimed at making Hong Kong residents envision a different lifestyle, where they could engage in leisure activities after work while being still bright outside, and enjoying an aperitivo. Social media help making this even more obvious by pointing at the extensive outdoor time enjoyed by Europeans, a practice not as common in Hong Kong due to the humid and hot weather, however presented as an inspiration and a way to mirror the European and Italian way of living, which still connects to face and reinforces H3.

Understanding that Aperol Spritz might not inherently align with the local Chinese palate, R1, head of on-trade sales at METABEV, argues that one of the most successful approaches in

increasing local consumption also concerns a particular design of the drink menus. Specifically, the approach entails introducing a modified version of the classic Aperol Spritz that suits local preferences; this twist involves incorporating non-alcoholic elements like fruit juices to create a more approachable flavor profile. Besides that, what has proved to be sometimes successful is to position this variation next to the authentic Aperol Spritz recipe. This layout allows customers to initially try the passion fruit twist Aperol Spritz, having a more fruity and less bitter taste, which caters to local preferences; after this, in case a client appreciates the twist variation, they become more familiar with Aperol flavor and the educational aspect comes into play by facilitating an understanding of the drink's heritage and original recipe. Over time, consumers might transition towards trying the traditional Aperol Spritz, fostering an appreciation for its aroma. A parallel can be drawn between this consumer journey and the evolution in taste preferences for beverages like white wine or beer, which encountered initial aversion in Hong Kong and were followed by gradual acceptance (and even preference) for more complex variants (R1). From a branding perspective, a vital consideration is to avoid placing exclusively the passion fruit Aperol Spritz on the menu without offering the original version. This precaution prevents clients from associating Aperol solely with the passion fruit variation and ensures that people recognize the authentic Aperol Spritz as the foundational original presentation (R1).

Another clear example of events adaptation can be found during the Negroni Week, when Campari Group collaborated on a guest shift at Cordis Hotel in Mongkok. "The uniqueness of the venue prompted us to think differently, as the bar manager shared his willingness to differentiate from the other events. To achieve this, we introduced a fusion of music, blending Italian disco songs with Cantonese pop" (R6). This musical touch was used to enhance the engagement and vibrancy of the event, being entertaining in nature. Besides the ambience, the other localized aspect was, once again, the creation of drinks aligning with local preferences. For bars outside the top-ranking establishments, such as those in Central district (which attract a more regular loyal clientele), the cocktail complexity need not to be excessive. For instance, Campari paired with iced lemon tea was offered. This approach is designed to resonate with local tastes, especially among non-habitual drinkers. By offering lighter options like the Garibaldi or Spumoni (which contains Campari, grapefruit juice and tonic water), clients were offered lighter alternatives which made them try a diverse range of flavors. At the same time, this would also gradually introduce them to Campari, and potentially to Negroni, as they would become more acquainted with the brand.

R1, head of on-trade sales at METABEV, agrees on the importance of differentiating strategies aimed at local vs Western people, and further stressed the need to do the same with B2B Horeca clients.

“To make a sale I obviously need to change what I say depending on who I think I’m talking to. There are different ways depending on where the place is located. For example, if there’s an account where I know there will be a high chance for them to have international customers, like tourists or Western people, I would definitely advocate the brand image of Aperol internationally, because it has a proven track record of being a growing brand and it’s a must-have on the menu [...] However, to local businesses I would suggest trying the passion fruit twist to make it palatable for their audience. Then of course I’d grant them the support of ad-hoc POSM: making some menus, giving some staff training, educate them about the brand and the ways of making it or drinking it, to make them aware and ready for sales” (R1)

The above considerations address the taste mismatch and the aperitivo unfamiliarity issues in terms of localization and especially applied to the on-trade channel. The other channel worth considering is the off-trade, which presumes the education-phase has already happened and the private-consumption phase has started. This step is affected by the “too-complicated” issue (R5); this means that, in terms of consumption, the preparation of an Aperol Spritz, being simpler than a Negroni, is still regarded as too difficult because of the amount of ingredients required and their specific dosing. “To address this issue on-trade, the solution is retaining the original Aperol spritz recipe while simplifying its preparation by having bartenders draw it directly from a cask” (R5). This approach overcomes the complexity associated with making the drink, while clients can enjoy a meticulously curated Aperol spritz, served in a branded glass and garnished with an orange peel, aligning perfectly with the brand’s intended experience (R5). However, the off-trade channel is still affected by the difficulty in crafting the drink.

Home consumption has been the global solution to the COVID-19 pandemic. When analyzing global data, it is evident that the consumption patterns are just adapting rather than diminishing. People were adjusting their drinking habits, exploring different contexts and locations but still continued to consume their preferred beverages (R5). In Hong Kong, the pandemic induced a decline in out-of-home activities, causing the on-premise channel to experience a significant impact, resulting in a widespread decrease in sales. Conversely, brands positioned in alternative distribution channels such as retail and home consumption, especially those categorized as

premium, like wine, whiskey, and rum, either grew or maintained their stability (R3). As a consequence, brand strategies had to shift their focus on providing consumers with pre-mixed cocktails that allowed for the recreation of the same experiences at home. In this context, brands belonging especially to the on-trade segment, such as Aperol and other similar labels, were extensively affected in Hong Kong. As a matter of fact, Aperol and Campari hold a strong presence in off-premise consumption in Europe and Italy, where enjoying these beverages in a terrace or garden is commonplace. This dynamic is not as popular in Hong Kong due to the perceived complexity associated with preparing a spritz at home (R5).

The same applies to other social gathering contexts like boat parties, being particularly common in summer in Hong Kong; when no professional bartender is present, Aperol, prosecco and soda bottles are provided, leaving the guests free to create the drink themselves. Two situations usually result; people may decide to combine equal portions of prosecco and Aperol, resulting in a final unpleasant mixture whose taste is unlikely to be appreciated; alternatively, when presented with product bundles containing prosecco, Aperol, and soda, individuals often decide to just consume the prosecco, being ready to drink, while disregarding the Aperol component, and therefore essentially ignoring the possibility to create an Aperol spritz (R5). The solution to this matter takes longer time to see its result, but entails, once again, a careful education of the public either through masterclasses, product tastings and all the set of careful instructions to replicate the taste (see Exhibit 3.9 and Exhibit 3.10) (R6). Alternatively, pre-mixed sets can be thought as a solution. However, the Aperol soda, which is a premixed Aperol drink with 3% ABV (see Exhibit 3.11), has not been achieving resounding success (R5). No final resolution has been found yet, but the long-term objective of Campari Group includes making private consumption as common as it is in Europe or Italy. For the moment, what matters the most is having people try the product and become as loyal as possible to it, in order to develop a concrete consumption habit (R6).

HKD +852 2639 3888 LOGIN CREATE ACCOUNT WISHLIST

**METABEV**  
PASSIONATE F & B PARTNERS  
SINCE 1989

SHOP BY CATEGORY ▾ SPIRITS & LIQUEURS BEER & CIDER CHAMPAGNE & WINE COFFEE, TEA & FINE FOODS  
WATER & MIXERS ABOUT US ▾ SUMMER SALE

Home › Aperol › Aperol Spritz DIY Kit

Aperol  
**APEROL SPRITZ DIY KIT**  
In Stock  
**\$347.00 HKD**

STYLE: **FEVER TREE SODA WATER**  
Fever Tree Soda Water Perrier Sparkling Water

– 1 + ADD TO CART

♡ Add to Wishlist Share Tweet Pin It Email

**PRODUCT DETAILS**

**TO PREPARE THE PERFECT APEROL SPRITZ**



Aperol Spritz DIY Kit Includes:  
1 bottle of Aperol 700ml  
2 bottles of Cinzano Prosecco 750ml  
4 bottles of Fever-Tree Soda Water 200ml OR 4 cans of Perrier Sparkling Mineral Water 330ml

Ingredients:  
60ml Aperol  
60ml Cinzano Prosecco  
15ml Fever-Tree Soda Water OR Perrier Sparkling Mineral Water  
Ice cubes  
Garnish: orange slice

Steps:  
1. Fill a white wine glass halfway with ice cubes.  
2. Combine Cinzano Prosecco and followed by Aperol in equal parts.  
3. Add 15ml Fever-Tree Soda Water OR Perrier Sparkling Mineral Water  
4. Garnish with an orange slice.

**PRODUCT REVIEWS**

**SHIPPING**

**Educational part**

Exhibit 3.9: Aperol Kit for home consumption in METABEV's website. Source: meta-bev.com (n.d.); personal elaboration



Exhibit 3.10: Aperol Kit for home consumption also sold by METABEV. Source: METABEV (n.d.) (c); personal elaboration



Exhibit 3.11: Aperol Soda packaging. Source: buonitaly.it

#### *3.4.4 Localized communication and language*

The digital communication strategy is increasingly dependent on localization as well. Hindsight Creative director R4, who has recently been working with METABEV China, argues that in China there appears to be a noticeable trend towards abandoning all advertising campaigns featuring Western individuals. At the moment, such practices might still be acceptable in Hong Kong, but in China this approach seems to be diminishing. This transition is happening more prominently in the Mainland, but it is also evident in Hong Kong, as brands are progressively localizing their strategies. As a matter of fact, there is a shift away from relying on foreign faces, even among prominent brands like Gucci. The era of using expatriate figures to promote products targeted to expatriate audiences is clearly fading (R4). Aperol and Campari are following this trend as well, as shown in Exhibit 3.12.

Despite this, some issues have occurred in terms of digital strategies throughout the years; currently, the most used social media in Hong Kong is Instagram, and Aperol (@aperolspritzhk) and Campari (@camparihk) profiles are being managed by the global marketing agency Accenture, specifically by the Singapore branch. This arrangement has caused certain difficulties due to linguistic differences with Hong Kong. Mandarin and English are the predominantly used languages in Singapore, while in Hong Kong the main language is Cantonese, which differs in its spoken and written version. Cantonese, when spoken, incorporates unique phonetic elements (e.g. “laa”, a simple intensifier) which set this language apart from the more formal spoken Mandarin. Additionally, written Cantonese diverges from the written Mandarin because the latter is generally more formal. This linguistic difference extends to tone as well: in Hong Kong, Cantonese spoken language is informal and casual, while its written counterpart uses a more traditional and formal tone. The Hong Kong Instagram accounts, including that of Aperol Spritz, mainly employ the informal spoken tone rather than the formal written one.

A specific example shows the potentially negative implications of having a Singapore-based agency manage a Hong Kong page. A few years ago, during the Chinese New Year, the agency shared a post in the Hong Kong page which related to the Singaporean tradition of tossing the *Yusheng* noodles; this dish is specifically prepared for this moment, and the tradition of tossing is intended to bring good luck due to its phonetic similarity in Mandarin to the notion of succeeding in business. Nevertheless, this ritual is uniquely Singaporean, hence it is not practiced in Hong Kong, causing the post to be under appreciated and misunderstood by the



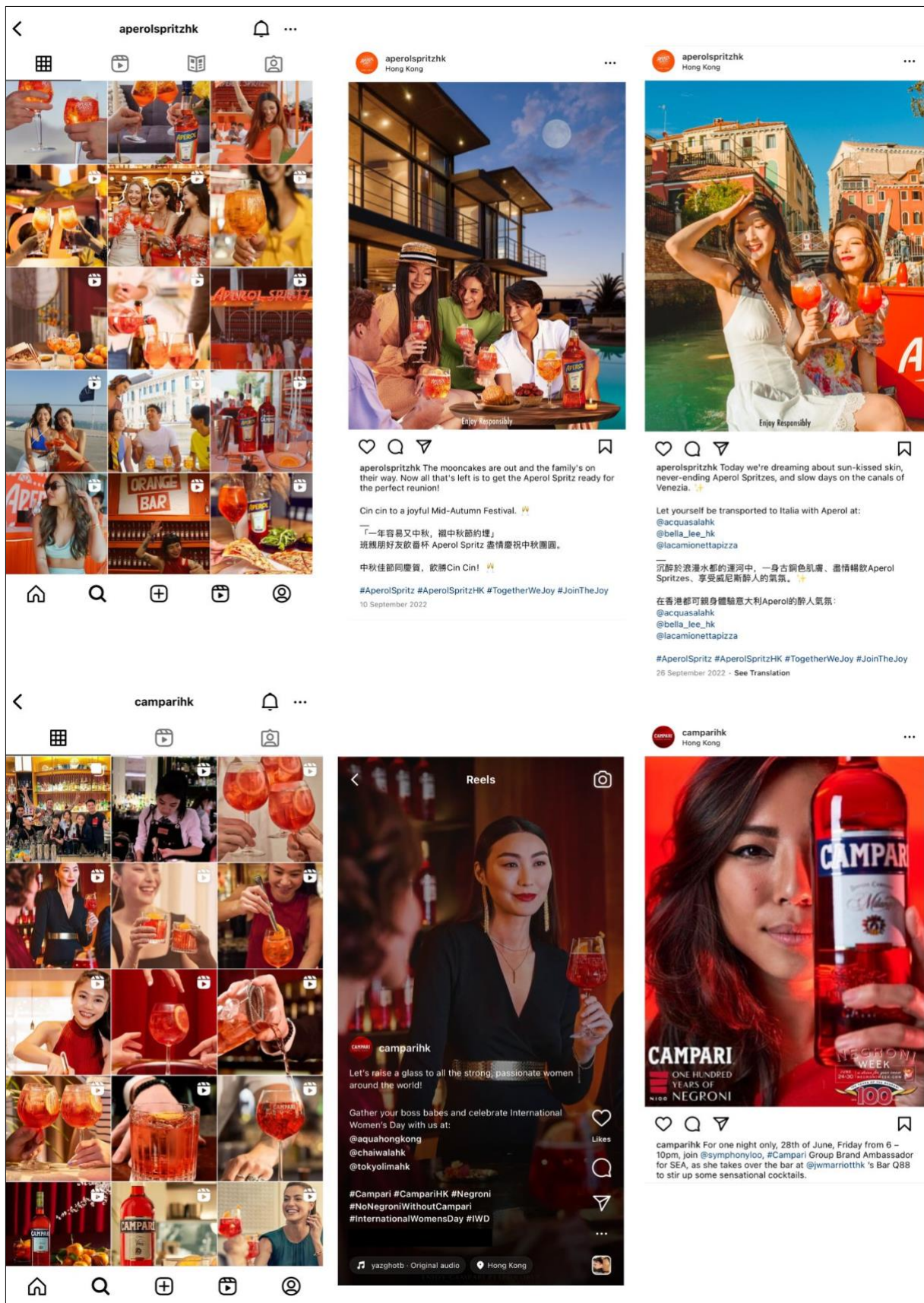


Exhibit 3.12: @camparihk and @aperolspritzhk Instagram feeds and posts, showcasing local faces. Source: Aperol Spritz Hong Kong (n.d.); Campari Hong Kong (n.d.)

majority, and making the post to be deleted soon after (R4). This example underscores, once

again, the variations existing even within the Asian context, and the need to properly adapt accordingly. To definitively solve this issue, an agreement has later been met, producing the effect that around half of the posts will still be managed by Accenture, while the other half will be created in Hong Kong and managed by METABEV specifically. The guidance from Campari is therefore still present and even closer than before, given the fact that both METABEV and Campari Group's branch are located in Hong Kong (R4).

In the context of Hong Kong's localization efforts, names assume an important role, confirming Chan's (1997) study on the increasing preference for translated versions of foreign names. Campari Group's brand ambassador R6 commented extensively on the matter; despite English being one of the two official languages of the region, a good portion of the population is not proficient in English. This means that having a simple and clear Chinese or Cantonese name is crucial for effective communication, especially when aiming for a strong local presence. Both Negroni and Aperol Spritz, due to their linguistic complexities, are difficult to pronounce by local people. "For Aperol Spritz in China, our team has found a Chinese name consisting of only two words. In this way it is easier to make people remember, but for this to happen there must be two to three words maximum. This would facilitate memory" (R6). The Chinese name is "橙光" (pronounced: "Chéng guāng"), which translates to "orange light" or "orange beam". This naming draws from the drink's color and resonates well within the local context. "On occasion, I also employ this term to help people in Hong Kong remember Aperol, as it connects the concept of orange light to the drink in the local language" (R6). This is a further proof of Chan (1997)'s study, which argued that the naming trend was increasingly moving towards autonomous meanings.

Negroni is also challenging in terms of pronunciation. However, the extensive amount of ongoing Negroni campaigns undertaken by Campari Group has caused more and more local individuals to become acquainted with it, "to the point where I've seen several local bars featuring it on their menus. Of course, the quality of the drink is different, but it is still important that people start to recognize and remember it" (R6).

Another example on the localization of language concerns Perrier, a French brand making part of METABEV's portfolio and specialized in Mineral water. Its soda is sold in the Aperol Spritz kit by METABEV. The sole presence of simplified Chinese on the product cans caused a general feeling of dissatisfaction to customers. This happened because, in Hong Kong, simplified Chinese generally conveys a sense of inferior product quality, which is related to

China's proven history in making and selling counterfeit goods. In contrast, the inclusion of English or traditional Chinese translations is often regarded as an indicator of higher product quality (R4). As pointed out in the first chapter, this phenomenon is further confirmed by the social classes populating Hong Kong around 1950s and 1960s; as a matter of fact, English-speaking elites held political and economic power, while Mandarin and Shanghainese speakers controlled much of the Chinese press and economic influence (Hung-Kay 1998). The perception of English and traditional Chinese as a proxy for quality has therefore been kept until modern days.

Emphasizing the localization of names remains fundamental, and while currently using "orange light" to introduce the concept to local residents, the Group is still interested in exploring other options. This approach not only assists in retention but also evokes associations like "Aperol, the orange drink, or orange light, from Italy", while looking for unique strong associations for Hong Kong exclusively (R6).

To conclude, it is once again important to stress the usefulness of having a local brand ambassador in the context of Hong Kong, who can bridge a strong brand identity with an equally strong cultural identity as the one Hong Kongers do not miss to express. The more local elements are present, the more successful the introduction will be (R1, R6), which confirms the hypothesis H1 on a successful product internationalization strategy.

#### *3.4.5 Events and the effect on brand awareness*

H2 hypothesis concerned the proven role of events in increasing awareness, especially in the case of brand activation events. The main objective of events is now to have people experience Aperol and Campari. This happens in two ways: one is in terms of brand, given the extensive use of color (orange or red, accordingly) and branded material (glasses, cushions, parasols, neon signs, all displaying the famous logo), coherent with the brand building strategy employed by Campari Group. The other is in terms of taste. As noted above, education on the taste is the most important aspect for a successful introduction of both Aperol and Campari in an unacquainted skeptical market as Hong Kong, therefore making it the top priority. Specifically, the main issue in the local context concerns the taste mismatch, and it needs to be overcome as soon as possible to successfully activate the brands. Exhibit 3.13 displays the event classification for Aperol and Campari in Hong Kong According to Pine II & Gilmore (1998). The most common event kind is the educational: as extensively explained, the brand ambassador's active participation in brand activations is needed to provide the required

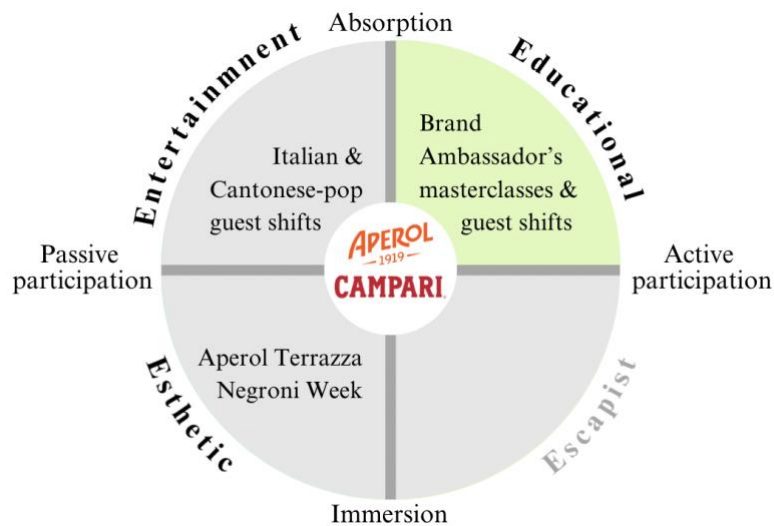


Exhibit 3.13: Event classification for Aperol and Campari in Hong Kong. Source: personal adaptation of Pine II & Gilmore (1998).

guidance. Entertainment events are also part of the strategy, nevertheless entailing a less active participation than the learning events but a stronger concern for increasing brand awareness through absorption. One example is the previously mentioned Italian & Cantonese pop event that took place at Cordis Hotel in Mongkok, a five-star hotel in the heart of Kowloon, the local side (R6). Finally, on the same passive participation half, although with an immersive intent instead, are esthetic events. The most celebrated symbolic event was the Vista Bar grand opening. Vista is a fine dining Italian restaurant on the 29<sup>th</sup> floor at One Peking in Tsim Sha Tsui, Kowloon. It is part of Aqua Group, whose bars and restaurants can be found in Hong Kong, London, New York, Miami and Dubai ([aquarestaurantgroup.com](http://aquarestaurantgroup.com)). In collaboration with Campari, the penthouse Vista bar was opened on the 30<sup>th</sup> floor of the same building of the homonymous restaurant in April 2023. Its cocktail menu, called *Eight Shades of Red*, is made up of eight Campari-based selected drinks, which can be comfortably enjoyed within a Campari branded interior design recalling luxurious Italian aperitivo features and old Italian cinema projections (e.g. *La dolce vita* from Federico Fellini) ([vistahk.com](http://vistahk.com)). The immersive character of the experience sold together with the cocktails is unmistakable, and in the presented context it provides a strong idea of the luxury of Campari brand (see Exhibit 3.14). “The grand opening has served as a clear statement of what Campari represents: Italy and premium cocktail experience” (R1).



Exhibit 3.14: Vista Bar grand opening esthetic event. From the left, the bar with Campari neon signs, La dolce vita by Fellini projection, the red-themed ambience. Source: personal pictures

Exhibit 3.15 shows where, according to interviewees, Aperol and Campari are located in the brand awareness pyramid by Aaker, namely in the brand recognition phase. All interviewees were shown the pyramid and agreed on the result. This is explained by the fact that brand awareness has already been partially achieved thanks to the marketing campaigns taking place in Hong Kong Island and kept into locals' minds as well (R6). However, this awareness level cannot alone induce locals to consume the drinks, although they are increasingly seen as a source of having face thanks to the popular branded events (H3). "First thing is to introduce the brand to a market, so then you are able to educate the market about it" (R5). This means that people are able to recognize the brand, but the knowledge level is still superficial and a stimulus is needed for the label to come to mind, namely a neon sign, a feature on the menu or else. In order to reach brand recall and ultimately top of mind awareness, R2 and R6 argue that the most effective and successful means of brand activation is education, which justifies the extensive number of masterclasses organized. As explored in the literature review, the connection between brand awareness and brand loyalty is tight, because high awareness about a product or label facilitates the development of loyal consumer behavior. This connection is particularly



Exhibit 3.15: Aaker's brand awareness pyramid applied to Aperol and Campari brands in Hong Kong. Source: interviews; personal elaboration; Tivitti (2021)

strong in collectivistic societies, where loyalty holds great significance due to the prevalence of relationship-oriented norms, buyer-seller interactions included (Shavitt & Barnes 2020).

In August 2023, the brand ambassador R6 participated in the Hong Kong Food Expo 2023. This event engaged a distinct audience compared to the usual demographic, namely the older local generation seeking bargains and discounts, rather than focusing on the Western segment looking for premium quality drinks. Despite this differentiation, sales during the event were remarkably successful. A substantial number of customers, once introduced to the products and received brief discussions about them, exhibited a 50% likelihood of making a purchase, often opting for bottles of Aperol. “At the beginning we did some tasting and then we sold for 20 HKD per glass in order to attract people to line up and try” (R6) a strategy that effectively attracted potential buyers. With no doubts, sample distribution remains one of the most useful and effective methods for capturing end consumers’ attention, particularly those outside the bar industry or the cocktail enthusiasts niche. To facilitate the expansion of the aperitivo business, it is fundamental to target this broader consumer base (R6). Hypothesis H2 was extensively confirmed by this episode, given that off-trade sales were achieved. As noted by Santos do Carmo et al. (2022) in the previous chapter, the role of experiential marketing in developing loyalty and consumer satisfaction through emotional interactions is fundamental. Positive experiences generate positive consumer-brand relationships, ultimately inducing loyalty to be developed, which will eventually increase profitability.

Similar principles apply to events such as guest shifts, the most common kind of event organized by Campari Group in Hong Kong, although with variations in both the approach and final goal. During these shifts, the emphasis moves towards showcasing the accurate technique and the flavor layering. Their intrinsic value lies in the fact that having an expert bartender hosting the event makes the whole experience gain sophistication and exclusivity, which, as seen before, is much appreciated by the Hong Kong clientele (H3). The Food Expo was instead centered on crafting classic cocktails without any focus on the procedure. These experiences, especially guest shifts and masterclasses, serve the dual purpose of nurturing relationships with customers, primarily bar owners and managers, and sharing brand education. “Before a guest shift, we always provide staff with training on aperitivo, which helps not only in promoting product knowledge, but also in cultivating relationships and potential business opportunities” (R6). In concrete, both sampling events and guest shifts hold considerable importance, though their strategies, aims, and target audiences diverge.

A parallelism can be made with another famous Italian aperitivo brand, Select, which is currently being distributed in Asia by Eclipse Beverages and specifically managed by R2. The central focus of its strategy is on encouraging trials as well, due to the bitter taste issue which needs to be overcome. A recent initiative involved the creation of a Select trolley, a strategy adopted by numerous brands nowadays. This portable trolley, featuring a distinctive red color like Select, increases the brand visibility while facilitating activations, thus gathering attention across various settings. Therefore, the Campari Group approach in converting the residents to clients holds its validity even for a brand like Select in the Hong Kong context. Events and tangible visibility play a key role in this attempt, especially for aperitivo brands (R2).

These occasions can encourage a higher number of local consumers to experience the two brands, thereby enhancing their exposure, brand recognition, and visibility. “This is why tasting and sampling events are often organized, because they help increase awareness” (R6). In the longer term, the aspiration is for these brands to reach immediate recognition and become as popular as gin and tonic or vodka soda, which are readily thought of when ordering at the bar. Therefore, the long-term objective is for Aperol spritz and Negroni to achieve top-of-mind awareness, becoming the immediate choice out of habit when ordering a cocktail (R6).

In societies like Hong Kong, characterized by polychronic time management according to Hall, the emphasis on multitasking and flexible time perception extends to social media as well. This is because people in such cultures have a high regard for interpersonal relationships and deeply trust the opinions of their reference groups, as shown in the study by Wan & Kim (2021) on Hong Kongers’ eating habits in Macao restaurants, who valued social media suggestions more highly than waiters’ real-time recommendations. Word-of-mouth from friends, family, and experts exerts a strong influence, and social media platforms are the strongest spreading means. The direct consequence is that KOLs and other public figures, including brand ambassadors or famous bartenders hosting guest shifts, can easily enhance brand reputation even through social media promotion of live events.

This confirms why increasing or creating a certain degree of product awareness necessarily encompasses an omnichannel strategy. In the context of Hong Kong, relying on digital platforms alone would not grant positive outcomes in the same way as relying on events alone would not either. A complementary approach is much needed. When determining the most critical touchpoint, it can be claimed that the on-trade channel is the most useful, because of the highlighted need to induce trial. Particularly for novel products, granting consumers the

opportunity to sample before purchase is essential (R4). For instance, if an unfamiliar product like Campari gains negative comments about its bitterness and lack of appeal on platforms like HKTVMall, a famous Hong Kong e-commerce where METABEV distributes Aperol and Campari, a strategic action is needed. When this happens, the team usually recommends solutions to the bitter taste of Campari like introducing complementary flavors (strawberry or passion fruit juices) to alleviate the strong aroma and make the product more palatable. However, the lack of physical guidance and education may affect the final result of these web interactions, because the mixing procedure will unlikely be as flawless as it would be during a guest shift, for instance. Encouraging consumers to sample the product as part of a cocktail could spark curiosity, potentially leading to subsequent purchases through alternative platforms. Nevertheless, this cannot be taken for granted, especially if considering the prevailing Hong Kong inclination to buy desired items from physical stores, rather than waiting several days for an online delivery (R3, R4).

Thus, the implementation of an effective omnichannel strategy emerges as a crucial factor in increasing brand awareness. Awareness is the first step in the customer's journey towards brand loyalty and making part of the overall strategy for achieving a strong brand equity according to Aaker's model (see Exhibit 2.8). The heterogeneous interactions with consumers, split between locals and expatriates, needs a balanced approach that meets them both digitally and physically, however starting from the on-trade channel. This is particularly true to all products where sampling is required before making a purchase off-trade. Comparing the current situation to 2022, local awareness has indeed increased. The main marketing efforts have included numerous tasting events. However, there remains significant ground to cover in terms of establishing a stronger presence in the minds of locals. Achieving a better balance between the global appeal and catering to local behaviors and traditions will be key. Finding commonalities between aperitivo culture and Hong Kong consumer habits will accelerate these brand's promotion. The focal point lies in localizing the approach and developing recipes that align with local preferences. This could involve innovative pairings like aperitivo with *dim sum* or other local delicacies, ultimately facilitating a faster promotion of the brand.

#### *3.4.6 Results summary and cultural comparison*

Exhibit 3.16 summarizes the issues and relative solutions investigated throughout the interviews. Respondents provided a clearer idea of what is preferred on the local Hong Kong market and how Campari Group, together with its distributor METABEV, has been able to



adapt the strong global strategies to start making aperitivo brands accepted in such a diverse market from the European one.

Channel	Issues	Localized Solution
<b>On-Trade</b>	Bitterness dislike	Liquid-on-lips and connection with coffee or tea bitter taste
	No familiarity with drinking alcohol while eating	Focus on the social moment rather than the sole concrete consumption
	No familiarity with Aperitivo culture	Connection with the <i>yum cha</i> or <i>cha chaan teng</i> culture
	Brown spirits (whisky, cognac, brandy) preference in drinks	Aperol and Campari differentiation by suggesting consumption in specific social moments, like aperitivo
	Similar events as other spirits brands	Differentiation by employing eye-catching assets and decors
	Rejection by the market and wine circles to introduce Aperol Spritz	Brand Ambassador figure contributing personally to brand activations and education
	Preference for sweet drinks	Menu design including both Aperol Spritz twist and Aperol Spritz original recipe to favour the latter's trial
<b>Off- trade</b>	Need for face during alcohol consumption	Aperol Spritz is Italy's most favoured drink, ranking 6 <sup>th</sup> world's best-selling cocktail in 2022; Negroni is the number one world's best-selling cocktail in 2022; Campari is the 6 <sup>th</sup> largest spirits company globally.
	Too complicated and timely to prepare	Aperol Kits: bundles of Aperol, soda/sparkling water, prosecco; pre-mixed casks
	Different taste when making cocktails at home	Recipe directions included in product bundles
<b>Digital</b>	Need for brand awareness of gifts	Increasing focus on Country Of Origin, specifically taking advantage of Italy and Milan's highly-perceived image in terms of fashion, lifestyle and food. All gifts from these locations would improve people's face.
	Instagram profile and digital marketing managed in another Asian country (Singapore)	Moving half of the management to Hong Kong, and the other half kept in Singapore.

*Exhibit 3.16: Issues hindering aperitivo brands Aperol and Campari to be successfully introduced in Hong Kong, with the relative solutions applied by Campari Group and METABEV while considering localization tactics. Source: personal elaboration*

Both Hofstede's cultural dimensions and Hall's cultural context have proved to be widely influencing consumer behavior of Hong Kong people. Collectivism is what makes the relationship to the group so important, influencing the way people want to be perceived by their referents and making them susceptible to celebrities' influence. In this sense, events where

famous bartenders host guest shifts or celebrity promotions result particularly successful for Aperol and Campari, as they resonate with polychronic societies' traits according to which "being" is favored over "doing", hence favoring, for instance, the use of social media and Word-Of-Mouth or the enjoyment of aperitivo for the social moment rather than the sole act of drinking itself. As a matter of fact, collectivism and polychronism together are the antecedents of social interaction (Xu-Priour et al. 2014).

The same is argued by the high-context culture traits. On one hand the link to the past and the bond with tradition and social rules are strengthened, on the other these kinds of cultures make people hold strong distinctions between the in- and out-group. This means that the need for belonging and recognition is powerful. Additionally, it justifies why local people place a high degree of importance to face, trying to absorb all kinds of behaviors which can grant them appreciation and identification, while keeping the link to the desired group. For this reason, eye-catching elements are used during brand activations on the local side; locals, who have already been partially exposed to the more elegant and refined Hong Kong Island activations (aimed at Westerns and at maintaining brand integrity), are subjected to the more overt brand recall via advertisement, because their brand awareness is not as developed as for Westerns, who are generally more familiar with Aperol and Campari. Finally, according to the TORA model for consumer behavior in Asian countries (Chan & Lau 1998), the importance of subjective norms and referents' opinion play a role on the determination of buying intentions; started during the British colonial rule presented in the first chapter, the idea of sophistication that Western people represent in terms of habits and drinking culture, increased the need for recalling those sophisticated ambiances in order to make locals seek them out and start emulating those same habits as a way to improve their face.

This is why Campari Group's brand ambassador extensively relies on the brands' Italian origin to successively promote them. This resonates with Aakers's brand equity model, because brands associations with Milan, Italy and Europe or Campari Group's recognised reputation are relevant for the public and may sometimes induce trial, in the same way as price is used as a proxy for perceived quality and should therefore be representative of the premium positioning of the two brands. Brand awareness level is increasing, which will eventually induce the not-so high present level of brand loyalty to do as well.

Finally, in terms of adaptation, this case study extensively demonstrated the success of adapting strategies to well connect with the population; the standard aperitivo practice sees potential in

the typical *yum cha* and *cha chaan teng*, while also offering twists with sweet juices or connections to herbal tea. Concerning language, the need for further adaptation is also much needed, in order to meet the local need for Cantonese translations as well as easier brand pronunciations.

For the purpose of this analysis, which is centred on the cultural aspects and specifically on consumer behavior of Hong Kongers, it is interesting to make a comparison between the offer in Hong Kong and Italy (or Europe, in the broader sense). In terms of palate preferences, Hong Kong individuals prefer fruity flavors rather than sour. Conversely, European regions choose drier tastes, with an opposing tendency towards less sweetness. Another distinctive aspect of the marketing strategy relates to consumer engagement. Hong Kong consumers are particularly tempted by discounts, often seeing them as a means to boost their support to a brand. In contrast, the Italian market emphasizes a different facet of engagement by focusing on hospitality and immersive experiences. As already noted, the concept of aperitivo in Italy integrates food offerings together with beverages, promoting an enriched sensory activity. However, the same promotion in a Hong Kong bar would face opposition, due to the disparity in cost perceptions within the local bar industry, which might delay the adoption of free buffets as those offered in Italy. The price sensitivity is therefore a great difference between the two markets and, with Hong Kong showing higher receptiveness to price changes. An alternative avenue to explore could involve inventing food and drink combinations that align better with local sentiments (R5, R6). In terms of events, the difference is pronounced as well; in Hong Kong, widely branded guest shifts are the most popular kind. In Italy instead, where top-of-mind awareness has already been achieved, events are now increasingly featuring music and festivals, hence making the uniqueness of the experience the main selling point, with Aperol just as a surrounding but still embedded in it (Aperol Italia n.d.). Same applies to Campari and Cinema, a kind of collaboration researched for the elegant luxurious ambience that the brand incorporates.

Exhibit 3.17 displays the comparison between Italy and Hong Kong in terms of the 4Ps of marketing, which include Product, Price, Place and Promotion. Product is the union of tangible (all set of physical features, packaging included) and intangible (brand features) assets making up a commodity which satisfies a certain need; Price is the product's cost; Place is about the product distribution; Promotion concerns the communication strategy (Twin 2023).

4Ps		Italy	Hong Kong
<b>PRODUCT</b> (most popular)		Aperol Spritz: Aperol, prosecco, soda. Negroni: Campari, red Vermouth, gin.	
		<i>Sour taste</i> • Campari Spritz: Campari, prosecco, soda. • Americano: Campari, red Vermouth, soda. • Mezzo e Mezzo Spritz: Campari, Aperol, prosecco, soda.	<i>Sweet taste (juice mix)</i> • Garibaldi: Campari, orange juice • Spumoni: Campari, grapefruit juice, tonic water.
<b>PRICE</b>	<i>Aperol</i> <i>Aperol spritz</i>	Off-trade: 10-15€ On-trade: 4-8€	Off-trade: 145-190 HKD (17-22€) On-trade: 100-120 HKD (12-15€)
	<i>Campari</i> <i>Negroni</i>	Off-trade: 15-20€ On-trade: 6-10€	Off-trade: 140-200 HKD (16-23.50€) On-trade: 120-150 HKD (14-17.50€)
			Product bundles: Aperol Kit (Exhibit 3.10) Discounts: on-trade during Happy Hour, mainly for Aperol
<b>PLACE</b>		On-trade, Off-trade, E-commerce	
		Campari Group's own distribution network	Local distributor: METABEV Hong Kong
<b>PROMOTION</b>		<i>BTL advertising</i>	<i>BTL advertising (activations)</i>
		Events centred on the contexts: Aperol and music festivals, Campari and cinema, fashion, interior design events.	Events centred on education: guest shifts, masterclasses, fair trades.
		Social media (Instagram, Twitter)	Instagram
		<i>ATL advertising</i> : TV Spots, celebrity endorsement (e.g. Penelope Cruz calendar)	

Exhibit 3.17: Marketing 4Ps comparing Italy and Hong Kong. Source: personal elaboration

Local Hong Kong people are the focal point of Campari Group's strategy for the aperitivo trend introduction. Western expatriates are extensively aware of it due to a number of factors: extended daylight, preference for social moments, attitude towards alcohol to be included in a social moment. However, this is not the case for Hong Kongers, who rather prefer to consume alcoholic beverages for the inebriation, prefer brown spirits due to historical reasons explained (e.g. cognac and whiskey) and have a less developed routine for drinking alcohol while eating. By leveraging on the highly desired face, Campari Group is trying to educate the market in order to make it aware of its aperitivo brands, and the most effective means to do so is to localize the offer, by translating product names, including sweeter mixers to aperitivo twists or tailoring

branded materials and menus to the drinking venues. In these conditions, adaptation plays a crucial role in enhancing awareness, particularly within the collectivistic context. Events, as part of this adaptation strategy, serve a dual purpose: they not only increase individuals' visibility, but also facilitate the potential engagement of new groups, thereby ensuring the continuity of participation in subsequent events. Exhibit 3.18 summarizes the empirical evidence in favor of each hypothesis derived from the literature review and physical observation of the market.

HYPOTHESIS	OBSERVATIONS
<p><b>H3</b> Hong Kong people choose to consume a particular premium sprit because of the symbolic effect of improving their “face” and appearing desirable to others rather than their personal taste or preference</p>	<ul style="list-style-type: none"> <li>• Hong Kong spirits market being a reactive kind of market replicating what is popular in the US or Europe, regions prized for their status and used as a benchmark.</li> <li>• Common locals’ desire for replicating the Italian lifestyle and rising interest in Aperol Spritz and Negroni, respectively 6<sup>th</sup> and 1<sup>st</sup> most consumed popular drinks in the world.</li> <li>• Perceived importance of Campari Group’s reputation, ranked 6<sup>th</sup> largest spirits company globally.</li> <li>• Preference for well-known popular brands in gift-giving behavior.</li> <li>• Appreciation of visually catching elements and luxurious contexts (e.g. Western ambience in bars and restaurants).</li> <li>• Widespread consumption of brown spirits (whisky, cognac) from Europe and wines from France because of their notoriety.</li> </ul>
<p><b>H1:</b> To successfully internationalize a product, it is important to adapt the standard strategy to the local market.</p>	<ul style="list-style-type: none"> <li>• Western-side (Hong Kong Island) promotions aimed at associating Aperol with a sophisticated lifestyle identity; local-side (Kowloon) promotions being attention-grabbing, orange-themed activations to earn attention and interest from passers-by.</li> <li>• Aperitivo food &amp; drink formula associated to <i>yum cha</i> and <i>cha chaan teng</i>.</li> <li>• Brand Ambassador with an educational role: increasing bitter taste likeability though “liquid on lips” strategy &amp; increasing the knowledge of the social moment brought about by the aperitivo time in Europe.</li> <li>• Herbal components of Aperol associated to herbal tea, both used to open the appetite.</li> <li>• Menu adaptation including Aperol Spritz together Aperol Spritz Twist (mix with fruit juices).</li> <li>• Decreasing use of Western faces in advertising in favor of Asian characters.</li> <li>• Increasing language adaptations (e.g. Aperol name translation to 橙光, meaning “orange light” or “orange beam”).</li> <li>• Instagram adaptation to local holidays (e.g. Chinese New Year).</li> </ul>

<p><b>H2</b> Events and experiential marketing are the most useful marketing strategy in increasing Aperol and Campari brand awareness and activating the brands</p>	<ul style="list-style-type: none"> <li>• On-trade events being the most important touchpoint because allowing for trial and (in person) education.</li> <li>• Educational events aiming at eliminating prejudices for bitterness and increase taste awareness.</li> <li>• Entertaining and esthetic events are used to increase people’s brand awareness coherently with Campari Group’s brand building strategy.</li> <li>• Omnichannel strategy allowing for increased awareness.</li> </ul>
--	--

*Exhibit 3.18: Empirical evidence per hypothesis developed. Source: Interviews; personal observation and elaboration*

### **3.5 Limitations and future research**

In-depth interviews method selected allows for limited standardization of the research process and may hold limited generalizability due to both the small sample size and the respondents’ subjectivity in answering to the questions. However, the repetition of certain responses confirmed the reliability of the data collected.

Moreover, the selected brands, Aperol and Campari, and respective cocktails, Aperol Spritz, and Negroni, require very specific marketing strategies connected to their intrinsic characteristics related to taste (bitter), social context of consumption and strict connection with happy hour and food consumption (aperitivo). Therefore, the generalizability is limited to specific product traits.

## CONCLUSIONS

This research aimed at providing insights on the Hong Kong market characteristics. By studying consumer behavior, it highlighted the importance of adapting standardized strategies to meet the needs of this unique market. Three main hypotheses have been identified and tested by means of the case study on Aperol and Campari brands:

- Hypothesis (H1): The key to effectively internationalize a product lies in the ability to tailor the standard marketing approach to suit the unique characteristics and preferences of the local market.
- Hypothesis 2 (H2): Events and experiential marketing emerge as the most effective marketing strategies for increasing brand awareness and activating Aperol and Campari in the minds of consumers.
- Hypothesis (H3): In Hong Kong, individuals choose a specific premium spirit not because of their personal taste only, but more often because of its symbolic impact on enhancing their social status and their desirability in the eyes of others, meaning to improve their “face”.

Findings demonstrated how Campari Group, in collaboration with its distributor METABEV, has adjusted its global strategies to effectively introduce aperitivo brands like Aperol and Campari to the diverse market of Hong Kong. The case study involving Aperol and Campari brands highlighted the need for foreign enterprises to employ tailored strategies when operating in Hong Kong. Specifically, recognizing the historical and cultural complexity of the local population becomes useful in effectively addressing their unique needs. The First Opium War (1839-1842) marked the most significant historical turning point, as it led to Hong Kong’s formal acquisition by the British Crown. The Second Opium War (1856-1860), triggered by dissatisfaction with the Treaty of Nanking, was instead the moment in which the Chinese community in Hong Kong expanded significantly, demonstrating an increasing affiliation with this new region over Mainland China. In the subsequent years, opium trade and Chinese emigration played key roles in its financial success, fostering trade networks with various regions globally. Immigration waves of people from both Asian and Western countries followed. The 1950s and 1960s brought an influx of individuals from the second generation of British colonial positions, contributing to the growth of an English-speaking community; language and cultural disparities between English-speaking elites and Chinese media-controlled elites continued, particularly in the 1960s. Class divisions became more evident, influencing

the popularity of alcoholic beverages like wine, cognac, and whisky, which were seen as symbols of wealth and social identity. This is because the mixing of Asian and Western populations has created a general aspiration among the former to attain the societal status of the latter. Moreover, it fueled their pursuit of becoming members of exclusive social clubs and associations, viewed as a means of showcasing their affluence and social standing. It is crucial to recognize that the concepts of “face” and the country-of-origin effect are strictly connected, both proving this behavioral phenomenon; the country image attached to a certain product becomes almost more important than the product itself. This is particularly evident in the case of spirits, where the local palate may not necessarily align with the Western taste profiles, but the perceived country of origin holds substantial influence over consumer preferences.

Hong Kong’s history of diverse population influxes from Asia, Europe, and America has shaped its unique and heterogeneous society. This diversity has implications for marketing strategies, as consumer behaviors can vary and the Hong Kong identity remains distinct from that of China.

As a matter of fact, starting in the late 20th century, the globalization phenomenon initially led to believe that consumers around the world would develop uniform consumption patterns because of mass media. However, this was not the case and companies soon realized that cultural differences were not canceled. As a result, it became important to understand how to best deal with all different national cultures, in order to clarify their influence on the social context, and how they shape consumer behavior. Asian societies share some characteristics but still all countries have their own unique traits. A study by Sharma et al. (2006) comparing six Asian countries highlighted strong differences in national identity, cultural homogeneity, and consumer ethnocentrism. This acknowledges the existence of variations not only between Asia and the West but also within Asia itself, creating a need for having specific marketing strategies target each single market.

In terms of cultural context Hong Kong was influenced by both the UK and Mainland China. However Hofstede’s dimensions clearly showed that Hong Kong is characterized by a culture of its own, sourced from both East and West. Chinese heritage is the most evident, even if not the only one, because English influence is also found in several aspects around the city: English language being the second language, the driving direction, street names or even the habit of having tea in the afternoon. However, this region is essentially collectivistic, where the referent group exerts a strong influence on individuals and people prefer to feel part of one community rather than being alone; additionally, they try to avoid uncertainty, preferring structures and



rules in order to reduce surprises and unexpected situations. Power distance is also high, confirming the need for structure and the existence of hierarchies, which further connects to the need to show “face” to appear as belonging to higher societal levels. Semi-high levels of masculinity and short-term orientation are again a confirmation of the need for structure; this because they are indices of a society guided by competition and success, employing a pragmatic approach to life and characterized by restraint.

Hall’s cultural context and cross-cultural communication are also useful in explaining this high-context society. Strong distinctions between in and out-groups and an identity based on the social system are further confirmations of the role played by “face” and reputation in this society. Polychronic approach to time means that being is favored over doing, therefore people are used to rely on word-of-mouth from friends, family, and experts, and they also make a heavy use of social media to share their standing point. “Face” is the direct result of these cultural aspects, and typical of the collectivistic Chinese society. It relates to the respect and reputation one person is able to gain from external validation. In order to have face, it is common to rely on the recognition that luxurious goods have, which clearly explains why Mainland consumers do often travel to Hong Kong; they buy expensive clothes, accessories and food in order to take advantage of the reduced cost of items and higher product quality, while also avoiding counterfeit products. This also describes why the Country-Of-Origin (COO) effect is so strongly felt, meaning an Italian fashion product will always be preferred over, for example, a German or Filipino one. The resulting consumer behavior theory is explained by Chain & Lau (1998) through the Theory of Reasoned Actions (TORA); when it comes to purchasing intentions among Chinese consumers, subjective norms carry more weight than attitudes. This means that referents exert a strong influence on normative beliefs and the motivations to comply, therefore it is crucial to take into account group conformity and concentrate on influential individuals who can effectively share persuasive messages. In terms of liquor marketing, the case study highlights that Key Opinion Leaders (KOLs) successfully convert to consumption.

In marketing terms, the first step for a company seeking to expand into a foreign country is to analyse the concept of brand equity. Brand equity refers to the difference felt by people when a product is branded versus unbranded. This will grant the success to companies who are able to take advantage of factors like COO and leverage on the fact that Hong Kong people will display it for their purpose of having face. In terms of brand equity, Aaker identified the main

factors affecting it. Brand awareness, referring to the recognition a brand receives, is the starting point for a label to achieve a certain level of acknowledgement. Brand loyalty is instead what will lead to customer retention. Perceived quality is often directly proportional to prices in Asian countries. In terms of brand associations instead, factors like the Country of Origin can come into help by linking the brand to a positively perceived country, when that is the case. Additionally, the way a brand is experienced plays a key role in terms of connections with the brand. This is why brand experience is so important, especially in the case in which brands make their first entrance in an unacquainted market.

When dealing with food specifically, Satter's Hierarchy of Food Needs highlights the sequential order in which individuals prioritize eating and drinking needs: starting from basic survival needs, considerations on taste and food preferences are developed till eventually reaching instrumental motives related to physical, cognitive, or spiritual outcomes. Experiential marketing comes into play especially for the last steps of the food hierarchy because it can increase satisfaction and subsequent brand loyalty. In Hong Kong, together with food-related factors, people place a good level of importance on the dining circumstances as well, especially for younger age groups, further highlighting the need for dedicated experiential marketing practices. Events, particularly those tied to brands, are recognized as essential elements of marketing in the food and beverage industry, because they get impressed in people's memory while generating brand awareness, enhancing corporate image, and building emotional connections with consumers. A clear example is the 50 Best Bars Asia, whose events attract tourists and highlight Hong Kong's recognized position in the world of drinking culture.

The case study about Aperol and Campari brands in Hong Kong seeks to evaluate whether the concepts of the importance of "face" in Asian markets, the need to adapt global strategies and the effectiveness of experiential marketing in enhancing brand awareness are indeed applicable and observable phenomena in the Hong Kong environment.

Introducing Italian aperitivo brands like Aperol and Campari to the selective Hong Kong market necessitates a dedicated approach, which could reduce the gap between global branding and local consumer preferences. The importance of adaptation is blatant; this does not translate into just relocating a product, but it is about relocating a concept and making it resonant with the local environment. Tailoring product names to something that can be easily pronounced in Cantonese or adding sweeter mixers to align with local palate preferences are examples of this adaptation process. In more abstract terms, branding needs to be accommodated as well.

Marketing materials and menus must be customized to align with the venues and occasions: more eye-catching elements for districts mostly crowded with local people and more elaborate, expensive branding for places crowded with Westerns, additionally creating a certain perception to locals seeing them. The brand must embrace the lifestyle of the market it is entering. Exploiting the concept of “face” seems particularly useful in this context; personal preference is almost surpassed by the symbolic value of a brand. Hong Kong consumers love brands that offer both quality and enhance their social status, making them appear more desirable to others. Aperol and Campari, associated with sophistication and the Italian lifestyle, hold a particular charm in this context. These findings confirm the influence of subjective norms, external recognition, and referent groups on purchasing intentions in collectivistic societies like Hong Kong, supporting Chain & Lau (1998) study on TORA model of consumer behavior among the Chinese population.

The case study also sheds light on the effect of events and experiential marketing. In Hong Kong, events are mainly educational, entertaining and esthetic; they serve a dual purpose by both raising visibility for the brands and engaging new potential buyers. Through events, people are able to experience the brand (entertaining, esthetic) but also to try the product mixed ad hoc by expert bartenders (educational); this has proven effective in overcoming the initial resistance to the bitterness of these aperitivo drinks, educating the market about the proper way of consuming aperitivo. Moreover, collectivism emphasizes the significance of group relationships and makes individuals receptive of the influence of celebrities. Consequently, events featuring famous bartenders and celebrity promotions have proven highly successful for Aperol and Campari.

There are several differences between Hong Kong and Italy in liquor consumption. A comparative analysis between the four marketing Ps (Product, Price, Place, and Promotion) reveals disparities in taste preferences, price sensitivity, consumer engagement strategies, and event preferences; while Hong Kong consumers appreciate discounts and product bundles, Italians like more immersive experiences and activities in their aperitivo culture. Adaptation is the only way to be successful in both markets. This is why aligning the concept of aperitivo with local culture becomes mandatory; this can happen, for instance, by drawing parallels between Italian aperitivo and Hong Kong’s *yum cha* culture, which involves emphasizing the social aspect of the experience and pairing Aperol Spritz with local Hong Kong food. The ultimate goal of events is now securing top-of-mind awareness for Aperol spritz and Negroni.

This happens by using an omnichannel strategy that combines physical events and digital platforms to effectively enhance it and cater to diverse consumer segments. Characteristic of the Hong Kong society is polychronism, a concept favoring “being” over “doing” and therefore aligning both with the extensive use of social media and with the enjoyment of aperitivo as a social experience rather than a mere drinking activity.

To further increase the desirability of Aperol and Campari, associations with Milan, Italy and Europe are created, to leverage on the effect on brand equity and reputation. As a matter of fact, Hong Kong tends to replicate global beverage trends; therefore a brand’s home country reputation, when positive, is a key factor in its acceptance. These links add desirability and sophistication to the labels, contributing significantly to brand awareness and the potential for customer loyalty.

In conclusion, the journey to introduce and promote Aperol and Campari in the mixed Hong Kong consumer culture underscores the key role of adaptation, cultural comprehension, and the need for engaging experiences. What works in Europe and the broader West might not work seamlessly in Asia; Asia’s unique characteristics demand tailored approaches for each of its countries. Big companies often employ a standardized approach for brand positioning, saving time on understanding market peculiarities. However, challenges might arise if this approach does not yield optimal results. The choice between standardization and localization depends on whether the goal is global brand recognition or personalized consumer experiences; through this case study, the latter proved to be the most successful strategy in the Asian Hong Kong context. Consequently, the empirical findings support the hypotheses derived from the literature review and the observations within the market.

## APPENDIX A

In order to conduct the research, interviewees have been introduced to the topic under analysis and a number of questions have been asked to guide the conversation. A comprehensive summary of all interviews' outlined questions is provided, divided by topic:

<b>Interviewee's expertise and company overview</b>	
1	Could you introduce yourself explaining your role at [company name] and your previous expertise?
2	Which are the main strengths of your company?
3	What were your company's biggest accomplishments last year?
<b>Hong Kong market</b>	
1	What is the most difficult product to sell to Hong Kong? Why?
2	How has the market for spirits evolved in the past 10 to 5 years in Hong Kong?
3	How is the Hong Kong culture about spirits? When are they consumed the most in terms of time of the day and social context?
4	Who are the main spirits' final customers or customer segments?
5	Which are the main trends in the F&B industry and how do you keep up with them?
6	How have you adapted your sales strategy to capitalize on recently emerging trends?
7	How do you manage introducing a completely new product to the market and to your existing customers?
8	Which in your opinion are the most successful means of brand activation?
9	What are the main issues in cross-cultural marketing between Europe and Asia?
10	Would you agree in saying ethnocentrism prevents local people from trying new products or different brands?
11	To which extent would you say Hong Kong people enjoy events and experiences as a form of marketing activity?
12	Which are the differences in the marketing strategies for the Kowloon/New Territories side with respect to Hong Kong Island side?
13	Has the COVID-19 pandemic had a positive or negative effect on the business? How were you able to deal with it?
14	Has the COVID-19 pandemic shed light on new aspects of the consumer behavior in Hong Kong? If yes, which ones?
<b>Aperol and Campari</b>	
1	Which market segments do Aperol and Campari target?
2	What is your approach to pricing for Aperol and Campari?
3	How are Aperol and Campari perceived and positioned in Hong Kong people's mind?
4	Would you say Hong Kong people are now aware of Aperol and Campari brands?
5	Where would you place Hong Kong people in Aaker's brand awareness pyramid?
6	How are you able to add value to these two brands?

<b>7</b>	Do you use the Italian country-of-origin to successfully position Aperol and Campari?
<b>8</b>	To what extent would you say Campari Group's reputation has helped selling Aperol and Campari, or in making them known?
<b>9</b>	Which are the main strengths of having a brand ambassador taking care of Aperol and Campari brands in the Hong Kong market?
<b>10</b>	To what extent would you say Aperol and Campari brands have been adapted to the local market and how?
<b>11</b>	To what extent would you say Aperol and Campari drinks have been adapted to the local market (e.g. in terms of palate) and how?
<b>12</b>	Which Aperol or Campari drinks do local people appreciate the most?
<b>13</b>	What kind of events stimulate consumers to buy Aperol or Campari spritz?
<b>14</b>	In terms of language used, what is the proportion of Cantonese vs English language used in advertising? Would you say it is equal or is there a prevailing tendency?
<b>15</b>	Have you adapted labels or packaging to attract local consumers?
<b>16</b>	Which are the main short- (3-5 years) and long-term objectives (10 years) for Aperol and Campari marketing strategy in Hong Kong?
<b>17</b>	In your opinion, is the market share for Aperol and Campari still increasing or has it reached a deadlock?
<b>18</b>	What are the main differences with the European market offer for Aperol and Campari?

## Bibliography

- BARBU, C. M. (2011) "Cultural adaptation of products". *Management & Marketing*, 9(1), pp. 105-110
- BUDAC, C. & BALTADOR, L. (2013) "The Value of Brand Equity". *Procedia Economics and Finance*, Volume 6, pp. 444-448. DOI: 10.1016/S2212-5671(13)00161-5.
- CARROLL, J. (2007) *A concise History of Hong Kong*. Rowman & Littlefield, Hong Kong
- CHAFFEY, D. & ELLIS-CHADWICK, F. (2022) *Digital Marketing*. 8th Edition ed. s.l.:Pearson College Div.
- CHAN, A. K. (1997) "Localization in international branding: a longitudinal comparison of the Chinese names of foreign brands in Hong Kong between 1987-1988 and 1994-1995". *Journal of Marketing Communications*, 3(2), pp. 127-137. DOI: 10.1080/135272697346005
- CHAN, R. Y.-k. & Lau, L. (1998) "A test of the Fishbein-Ajzen behavioral intentions model under Chinese cultural settings: are there any differences between PRC and Hong Kong consumers?". *Journal of Marketing Practice: Applied Marketing Science*, 4(3), pp. 85-101.
- CHAN, R. H. W., WONG, T. Y., DONG, D. & KIM, J. H. (2023) "Alcohol Social Media Marketing in Hong Kong: A Content Analysis of Facebook Posts" [Preprint] *The Journal of adolescent health: official publication of the Society for Adolescent Medicine*, 20(6), DOI: 10.2196/jmir.9355.
- CHUI, M. S. M. (2017) "To Explore the Effectiveness of Digital and Experiential Marketing in Attracting Customer Participation in the Hong Kong Wine and Dine Festival". *Nang Yan Business Journal*, 6(1), pp. 21-46. DOI: 10.2478/nybj-2018-0002
- DAGGER, T. S. & RACITI, M. M. (2011) "Matching consumers' country and product image perceptions: An Australian perspective". *Journal of Consumer Marketing*, 28(3), pp. 200-210. DOI: 10.1108/0736376111127626
- DE PELSMACKER, P. & GEUENS, M. VAN J. (2021) *Marketing Communications: A European Perspective*. 7th Edition, Pearson.
- DESHPANDÉ, R. & FARLEY, J. U. (2004) "Organizational Culture, Innovativeness and Market Orientation in Hong Kong Five Years After Handover". *Journal of Global Marketing*, 17(4), pp. 53-73. DOI: 10.1300/J042v17n04\_04
- DU-BABCOCK, B. & TANAKA, H. (2013) "A Comparison of the Communication Behaviors of Hong Kong Chinese and Japanese Business Professionals in Intracultural and Intercultural Decision-Making Meetings". *Journal of Business and Technical Communication*, 27(3), pp. 263-287. DOI: 10.1177/1050651913479918
- DURANTI, G. & DI PRATA, O. (2009). "Everything is about time: does it have the same meaning all over the world?" Paper presented at PMI® Global Congress 2009—EMEA, Amsterdam, North Holland, The Netherlands. Newtown Square, PA: Project Management Institute.
- GESTELAND, R. R. & SEYK, F. G. (2002) *Marketing Across Cultures in Asia*. 1 ed. Frederiksberg: Samfundslitteratur.
- HORNG, J.-S. & TSAI, C.-T. S. (2012) "Exploring Marketing Strategies for Culinary Tourism in Hong Kong and Singapore". *Asia Pacific Journal of Tourism Research*, 17(3), pp. 277-300. DOI: 10.1080/10941665.2011.625432
- HOFSTEDE, G. (2011). "Dimensionalizing Cultures: The Hofstede Model in Context". *Online Readings in Psychology and Culture*, 2(1). DOI: 10.9707/2307-0919.1014
- HUNG-KAY, L. (1998). "Hong Kong History and Culture". *Chinese Sociology and Anthropology*, 30(3), pp. 13-24.
- HURN, B. J. & TOMALIN, B. (2013) "Key Thinkers in Cross-Cultural Communication (1)". In: *Palgrave Macmillan UK eBooks*. s.l.:Palgrave Macmillan, London, pp. 20-46. DOI: 10.1057/9780230391147\_2

- KAYNAK, E. & KUCUKEMIROGLU, O. (2001) "Country-of-origin evaluations: Hong Kong consumers' perception of foreign products after the Chinese takeover of 1997". *International Journal of Advertising*, 20(1), pp. 117-138. DOI: 10.1080/02650487.2001.11104879
- KEI HO, H. (2021) "Why has wine consumption become popular in Hong Kong? Introducing a new sociocultural paradigm of traditional, aspiring and creative drinkers". *Asian Anthropology*, 20(4), pp. 248-268. DOI: 10.1080/1683478X.2021.1936731
- KESTELL, J. L. & MEINHEIT, H. (1997) "Hong Kong From Fishing Village to Financial Center. Information Bulletin August 1997", 56(13).
- KIVELA, J. (1997) "Restaurant marketing: Selection and segmentation in hong kong". *International Journal of Contemporary Hospitality Management*, 9(3), pp. 116-123. DOI: 10.1108/09596119710164650
- KRAUTZ, C. (2017) "A Cross-Cultural Study of Collective Brand Perceptions Within The Brand Equity Framework". *Journal of Marketing Theory and Practice*, 25(3), pp. 274-290. DOI: 10.1080/10696679.2017.1311218
- LI, C. (2022) "Food Service - Hotel Restaurant Institutional" Hong Kong: USDA - United States Department of Agriculture. Report Number: HK2022-0057
- LI, C. (2023). "The Renewal of the Hong Kong Spirits Market" Hong Kong: USDA - United States Department of Agriculture. Report Number: HK2023-0006
- LIM, W. M., TING, D. H., KHOO, P. T. & WONG, W. Y. (2012) "Understanding consumer values and socialization – a case of luxury products". *Management & Marketing Challenges for the Knowledge Society*, 7(2), pp. 209-220.
- MANUEL, L. (2022) "3.3 Describing Culture: hall". In: *Global Marketing In a Digital World*. London, Ontario. Pressbooks.
- MATUSITZ, J. (2011) "Disney's successful adaptation in Hong Kong: A glocalization perspective". *Asia Pacific Journal of Management*, Volume 28, pp. 667-681. DOI: 10.1007/s10490-009-9179-7
- MOISESCU, O. I. (2006) "A Conceptual Analysis of Brand Loyalty As Core Dimension of Brand Equity", Published in: *Competitiveness and Stability in the Knowledge-Based Economy* No. International conference proceedings, Craiova.
- NGUYEN, L. (2016) "Standardization versus Localization with Impacts of Cultural Patterns on Consumption in International Marketing". *European Journal of Business and Management*, 8(35), pp. 139-145.
- OKUMUS, B., OKUMUS, F. & MCKERCHER, B. (2007). "Incorporating local and international cuisines in the marketing of tourism destinations: The cases of Hong Kong and Turkey". *Tourism Management*, 28(1), pp. 253-261. DOI: 10.1016/j.tourman.2005.12.020
- PETTIGREW, S. & CHARTERS, S. (2010) "Alcohol consumption motivations and behaviours in Hong Kong". *Asia Pacific Journal of Marketing and Logistics*, 22(2), pp. 210-221.
- PINE II, B. J. & GILMORE, J. H. (1998) "Welcome to the Experience Economy". *Harvard Business Review*, Volume July-August 1998, pp. 97-105.
- PRAKASH, A. & SINGH, V. (2011) "Glocalization in food business: strategies of adaptation to local needs and demands". *Asian Journal of Technology & Management Research*, 1(1).
- PRENDERGAST, G. P., TSANG, A. S. L. & CHAN, C. N. (2010) "The interactive influence of country of origin of brand and product involvement on purchase intention". *Journal of Consumer Marketing*, 27(2), pp. 180-188. DOI: 10.1108/07363761011027277
- QI, X., (2011) "Face: A Chinese concept in a global sociology". *Journal of Sociology*, 47(3), pp. 279-295. DOI: 10.1177/1440783311407692



- RAMASAMY, B., Au, A. & YEUNG, M. (2010) "Managing Chinese consumers' value profiles: a comparison between Shanghai and Hong Kong". *Cross Cultural Management: An International Journal*, 17(3), pp. 257-267. DOI: 10.1108/13527601011068351
- SANTOS DO CARMO, I., HENRIQUES MARQUES, S. & DIAS, A. (2022) "The Influence of Experiential Marketing on Customer Satisfaction and Loyalty". *Journal of Promotion Management*, 28(3), DOI: 10.1080/10496491.2022.2054903.
- SATTER, E. (2007) "Hierarchy of food needs". *Journal of Nutrition Education and Behavior*, 39(5), pp. 187-188. DOI: 10.1016/j.jneb.2007.01.003
- SCHMITT, B. & ZARANTONELLO, L. (2015) "Consumer Experience and Experiential Marketing: A Critical Review". *Review of Marketing Research*, Volume 10, pp. 25-61. DOI: 10.1108/S1548-6435(2013)0000010006
- SHARMA, P., CHEN, I. S. & LUK, S. T. (2018) "Tourist Shoppers' Evaluation of Retail Service: A Study of Cross-Border Versus International Outshoppers". *Journal of Hospitality & Tourism Research*, 42(3), pp. 392-419. DOI: 10.1177/1096348015584439
- SHARMA, P. (2011) "Cultural Influences on Consumer Ethnocentrism: A Multi-country Investigation". *Journal of Euromarketing*, 19(2&3), pp. 175-196. DOI: 10.9768/0019.02-3.175
- SHARMA, P., CHUNG, C. M., ERRAMILI, K. & SIVAKUMARAN, B. (2006) "Challenges of marketing to Asian consumers: exploring the influence of different cultures, life styles and values on consumer behaviour in Asia". In: H. W. Yeung, ed. *Handbook of Research on Asian Business*. s.l.:Edward Elgar, pp. 125-143.
- SHAVITT, S. & BARNES, A. J. (2020) "Culture and the Consumer Journey". *Journal of Retailing*, 96(1), pp. 40-54. DOI: 10.1016/j.jretai.2019.11.009
- SMART, J. (2004) "Globalization and Modernity - A Case Study of Cognac Consumption in Hong Kong". *Anthropologica*, 46(2), pp. 219-229. DOI: 10.2307/25606196
- SOROKOWSKA, A., SOROKOWSKI, P., HILPERT, P., CANTARERO, K., FRACKOWIAK, T., AHMADI, K., ALGHRAIBEH, A. M., ARYEETAY, R., BERTONI, A. M. M., BETTACHE, K., BLUMEN, S., BŁAŻEJEWSKA, M., BORTOLINI, T., BUTOVSKAYA, M., CASTRO, F. N., CETINKAYA, H., CUNHA, D., DAVID, D., DAVID, O., . . . PIERCE, J. D. (2017). "Preferred Interpersonal Distances: A Global comparison". *Journal of Cross-Cultural Psychology*, 48(4), 577-592. DOI: 10.1177/0022022117698039
- USUNIER, J.-C. & Lee, J. (2013) *Marketing Across Cultures*. 6th Edition ed. Pearson.
- UNITED NATIONS (1974) "Economic and social commission for Asia and the pacific", *Job Printing Department, Allied Printers*.
- WAN, Y. K. P. & KIM, S. S. (2021) "Intracultural differences in dining behavior and preferences among Hong Kong and Taiwan tourists". *International Journal of Culture, Tourism and Hospitality research*, 15(2), pp. 157-171. DOI 10.1108/IJCTHR-09-2020-0196
- WU, D. & CHAN, K. (2007) "Multilingual Mix in Hong Kong Advertising, Pre- and Post-1997". *Asian Journal of Communication*, 17(3), pp. 301-317. DOI: 10.1080/01292980701458398
- XU-PRIOUR, D.-L., TRUONG, Y. & KLINK, R. R. (2014) "The effects of collectivism and polychronic time orientation on online social interaction and shopping behavior: A comparative study between China and France". *Technological Forecasting & Social Change*, Volume 88, pp. 265-275. DOI: 10.1016/j.techfore.2014.07.010
- YU, J. H. & ALBAUM, G. (2002) "Sovereignty change influences on consumer ethnocentrism and product preferences: Hong Kong revisited one year later". *Journal of Business Research*, Volume 55, pp. 891-899.
- ZARANTONELLO, L. & SCHMITT, B. H. (2013) "The impact of event marketing on brand equity". *International Journal of Advertising*, 32(2), pp. 255-280. DOI: 10.2501/IJA-32-2-255-280

## Sitegraphy

- aquarerestaurantgroup.com (n.d.) *Homepage*. [Online] Available at: <https://aquarerestaurantgroup.com/> [Accessed 26 August 2023].
- Aperol Spritz Hong Kong [@aperolspritzhk]. (n.d.). *Posts* [Instagram profile]. Instagram. Available at: <https://instagram.com/aperolspritzhk?igshid=MzRIODBiNWFIZA==> [Accessed 24 August 2023]
- Aperol Italia [@aperol.italia]. (n.d.). *Posts* [Instagram profile]. Instagram. Available at: <https://instagram.com/aperol.italia?igshid=MzRIODBiNWFIZA==> [Accessed 26 August 2023]
- aperol.com (n.d.) *Aperitivo in Italy: The Ritual* [Online] Available at: <https://www.aperol.com/en-asia/aperitivo-ritual-in-italy/> [Accessed 30 August 2023]
- Bluart (2021) *Campari: red passion*. Studio Bluart [Online] Available at: <https://www.studiobluart.it/campari-red-passion/> [Accessed 20 August 2023]
- Buonitaly (n.d.) *APEROL SODA CLUSTER CL.12,5 X6*. [Online] Available at: <https://buonitaly.it/it/amari/4950-1000038340-aperol-soda-cluster-cl125-x6-8002230340675.html> [Accessed 23 August 2023]
- Campari Hong Kong [@camparihk]. (n.d.). *Posts* [Instagram profile]. Instagram. Available at: <https://instagram.com/camparihk?igshid=MzRIODBiNWFIZA==> [Accessed 24 August 2023]
- Campari Group (n.d.) *Corporate Presentation 2023*. [Online] Available at: [https://www.camparigroup.com/sites/default/files/Corporate%20Presentation%202023\\_%20Final.pdf](https://www.camparigroup.com/sites/default/files/Corporate%20Presentation%202023_%20Final.pdf) [Accessed 10 August 2023].
- campari.com (n.d.) *Our Products*. [Online] Available at: <https://www.campari.com/our-products/campari/> [Accessed 30 August 2023]
- camparigroup.com (n.d.) *Group*. [Online] Available at: <https://www.camparigroup.com/en/page/group> [Accessed 10 August 2023]
- CHAN, L. & FU, N. (2023) *HTDC Research*. [Online] Available at: <https://research.hktdc.com/en/article/MTM3NTgwODU2Ng> [Accessed 28 June 2023]
- CHAN, J. & YIP, J. (2022) *Chinese City, Global Hub: Hong Kong's Future in China's Greater Bay Area*. Available at: <https://www.asiaglobalonline.hku.hk/chinese-city-global-hub-hong-kongs-future-chinas-greater-bay-area>. [Accessed 25 June 2023]
- CHU, E. (2023) *HKTDC Research*. [Online] Available at: <https://research.hktdc.com/en/article/MzExMzU2OTY5#:~:text=In%202022%2C%20Hong%20Kong's%20total, followed%20by%20Macao%20on%2024%25>. [Accessed 3 August 2023].
- Centre for Health Protection, Department of Health Hong Kong (2023) *Alcohol consumption*. [Online] Available at: <https://www.chp.gov.hk/en/healthtopics/content/25/8798.html> [Accessed 6 August 2023].
- Crédit Agricole Group (2023) *Economic and political overview in Hong Kong SAR, China*. [Online] Available at: <https://international.groupecreditagricole.com/en/international-support/hong-kong/economic-overview> [Accessed 5 July 2023].
- Cultural Atlas Editors (2016) *Hong Kong Culture*. [Online] Available at: <https://culturalatlas.sbs.com.au/hong-kong-culture/hong-kong-culture-core-concepts> [Accessed 7 July 2023].
- DATA.GOV.HK (no date) *Statistics on Startup Companies in Hong Kong | DATA.GOV.HK* Available at: <https://data.gov.hk/en-data/dataset/hk-investhk-opendata-investhk-statistics-startup-survey> [Accessed 4 July 2023]

DATA.GOV.HK. (no date) *Statistics on the number of Foreign Domestic Helpers in Hong Kong*. Available at: <https://data.gov.hk/en-data/dataset/hk-immmd-set4-statistics-fdh>. [Accessed 25 June 2023]

Drink Magazine Asia (2023) *Guest bartenders and events in Hong Kong for Asia's 50 Best Bars 2023*. [Online] Available at: <https://www.drinkmagazine.asia/2023/07/11/guest-bartenders-hong-kong-asias-50-best-bars-2023/> [Accessed 6 August 2023].

Drinks Digest (2023). *Top 10 Best-Selling Classic Cocktails 2022*. [Online] Available at: <https://drinksdigest.com/2023/01/30/top-10-best-selling-classic-cocktails/> [Accessed 22 August 2023].

eclipsebeverages.com (n.d.) *What we do*. [Online] Available at: <https://eclipsebeverages.com/what-we-do> [Accessed 12 April 2023].

eclipsebeverages.com (n.d.) *Who we are*. [Online] Available at: <https://eclipsebeverages.com/who-we-are> [Accessed 12 April 2023].

Education Bureau (2015) *Individual Visit Scheme in Hong Kong*, Hong Kong: s.n., Economic Analysis and Evaluation of Government Policies. Available at: [https://www.edb.gov.hk/attachment/en/curriculum-development/kla/pshe/references-and-resources/economics/IVS\\_eng.pdf](https://www.edb.gov.hk/attachment/en/curriculum-development/kla/pshe/references-and-resources/economics/IVS_eng.pdf). [Accessed 12 July 2023].

Encyclopedia Britannica (2023) *Hong Kong / History, China, Location, Map, & Facts*. Available at: <https://www.britannica.com/place/Hong-Kong> [Accessed 15 June 2023]

European Institute for Brand Management (2009) *Aaker's Brand Equity model*, s.l.: EURIB. Available at: [https://www.academia.edu/7368264/EUROPEAN\\_INSTITUTE\\_FOR\\_BRAND\\_MANAGEMENT](https://www.academia.edu/7368264/EUROPEAN_INSTITUTE_FOR_BRAND_MANAGEMENT). [Accessed July 2023].

Flanders Investment & Trade (2022) *The food & beverage market in Hong Kong*. [Online] Available at: [https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market\\_studies/The%20Food%20and%20Beverage%20market%20in%20Hong%20Kong.pdf](https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market_studies/The%20Food%20and%20Beverage%20market%20in%20Hong%20Kong.pdf) [Accessed 6 August 2023].

FUNG, D. (2022) *Innovation and Technology Industry in Hong Kong*. Hong Kong Trade Development Council. Available at: <https://research.hktdc.com/en/article/MzEzOTIwMDIy#:~:text=Hong%20Kong's%20start%20Dup%20ecosystem,3%2C755%2C%20employing%20over%2013%2C000%20people.&text=Biotechnology%2C%20artificial%20intelligence%2C%20smart%20city,Kong's%20innovation%20and%20technology%20industry>. [Accessed 28 June 2023]

GovHK (2022) *GovHK: Government Structure*. [online]. Available at: <https://www.gov.hk/en/about/govdirectory/govstructure.htm> [Accessed 30 June 2023]

GovHK (2022b) *Hong Kong: The Facts - Religion and Custom*. [online]. Available at: <https://www.gov.hk/en/about/abouthk/factsheets/docs/religion.pdf> [Accessed 16 July 2023]

GovHK (2023) *GovHK: Hong Kong – the Facts*. [online]. Available at: <https://www.gov.hk/en/about/abouthk/facts.htm> [Accessed 30 June 2023]

hindsight-creative.com (n.d.) *Services*. [online] <https://www.hindsight-creative.com/services> [Accessed 12 April 2023]

HKTDC Research (n.d.) *Hong Kong's Trade Policy* [online]. Available at: <https://research.hktdc.com/en/article/MzM0NDk2NTI4> [Accessed 1 July 2023]

Hofstede Insights online (n.d.) *Country comparison tool*. [Online] Available at: <https://www.hofstede-insights.com/country-comparison-tool?countries=china%2Chong+kong%2Cunited+kingdom>. [Accessed 30 June 2023].

Home Affairs Department HK (n.d) *The Demographics: Ethnic Groups*. [Online] Available at: <https://www.had.gov.hk/rru/english/info/demographics.htm>. [Accessed 28 June 2023].

Hong Kong Customs and Exercise Department (2023) *Service and Enforcement Information: Types and Duty Rates*. [Online] Available at: <https://www.customs.gov.hk/en/service-enforcement-information/trade-facilitation/dutiable-commodities/types-and-duty-rates/index.html> [Accessed 6 August 2023]

Hong Kong XR Museum (2023) *Crime and Punishment of Fishballs*. [Online] Available at: <https://www.hongkongxrmuseum.org/augmented-reality/fishballcart#:~:text=Curry%20Fish%20Ball%20was%20first,a%20Chaozhou%20snack%20from%20China.> [Accessed 1 September 2023]

HPG Consulting (2023) *Types Of Experience Economy in the Food & Beverage Industry*. [Online], LinkedIn, 29<sup>th</sup> May 2023. Available at: <https://www.linkedin.com/pulse/types-experience-economy-food-beverage-industry-hpg-consulting/> [Accessed 1 August 2023].

icchkmacao (2023) “Campari Group - Aperitivo Time with Delphine Kong.” *Italiancham*, June, Issue 19, pp. 52-53. Available at: [https://issuu.com/icchkmacao/docs/italiancham\\_vol.19\\_draft\\_8\\_issuu](https://issuu.com/icchkmacao/docs/italiancham_vol.19_draft_8_issuu) [Accessed 27 August 2023]

International Monetary Fund (2023) *Inflation rate, average consumer prices. Annual percent change*. Available at: <https://www.imf.org/external/datamapper/PCPIPCH@WEO/HKG?zoom=HKG&highlight=HKG> [Accessed 29 June 2023]

International Monetary Fund (2023) *Unemployment rate*. Available at: <https://www.imf.org/external/datamapper/LUR@WEO/CHN/KOR/SGP/TWN/JPN/HKG> [Accessed 29 June 2023]

International Monetary Fund (2023) *Economic activity in Hong Kong SAR is normalizing with the reopening of the border*. (2023b). Available at: <https://www.imf.org/en/News/Articles/2023/05/04/mcs050423-hksar-staff-concluding-statement-of-the-2023-article-iv-mission>. [Accessed 29 June 2023]

JUNEJA, P. (no date) *The Hong Kong Housing Problem*. Management Study Guide. Available at: <https://www.managementstudyguide.com/hong-kong-housing-problem.htm>. [Accessed 4 July 2023]

LAI, O. (2023) “6 Biggest Environmental Issues in Hong Kong in 2023 | Earth.Org,” *Earth.Org* [Preprint]. Available at: <https://earth.org/biggest-environmental-issues-in-hong-kong/>. [Accessed 6 July 2023]

MA, Y. (2021) “Share of consumers from mainland cities of the Greater Bay Area who purchased products in Hong Kong as of November 2019, by product category”. [Online] Available at: <https://www.statista.com/statistics/1273167/hong-kong-leading-shopping-categories-among-mainland-tourists/> [Accessed 10 July 2023].

mcdonalds.com.hk (2023) *Iced Local Milk Tea*. [Online] Available at: <https://mcdonalds.com.hk/en/product/iced-local-milk-tea/> [Accessed 27 July 2023].

mcdonalds.com.hk (2023) *Ham N' Egg Twisty Pasta*. [Online] Available at: <https://mcdonalds.com.hk/en/meal/ham-n-egg-twisty-pasta/> [Accessed 27 July 2023].

Merriam-Webster Dictionary (2023) *Definition of crony capitalism* [online]. Available at: <https://www.merriam-webster.com/dictionary/crony%20capitalism>. [Accessed 4 July 2023]

meta-bev.com (n.d.) (a). *About us..* [Online] Available at: <https://www.meta-bev.com/pages/contact-us-c> [Accessed 12 April 2023]

meta-bev.com (n.d.) (c) *Aperol Spritz DIY*. [Online] Available at: <https://www.meta-bev.com/collections/aperol/products/aperol-spritz-diy-kit> [Accessed 23 August 2023].

meta-bev.com (n.d.) (b). *History*. [Online] Available at: <https://www.meta-group.co/history> [Accessed 12 April 2023]

guide.michelin.com (no date) *Hong Kong MICHELIN Restaurants*. [Online] Available at: <https://guide.michelin.com/mo/en/hong-kong-region/hong-kong/restaurants> [Accessed 12 August 2023].

PANG, I. (2020) “Hong Kong: Impact of losing special status from US,” *ING Think* [Preprint]. Available at: <https://think.ing.com/articles/hong-kong-impact-of-losing-special-status-from-us/>. [Accessed 2 July 2023]

RUEHL, M. & HAMMOND, G. (2020) “Why Hong Kong is failing to produce more tech start-ups,” *Financial Times*, 6 February. Available at: <https://www.ft.com/content/458bc9d0-3e79-11ea-a01a-bae547046735>

SANSOM, M. (2023) *Asia's 50 Best Bars 2023 to be revealed in Hong Kong in July*. [Online] Available at: <https://www.theworlds50best.com/stories/News/asias-50-best-bars-2023-hong-kong.html> [Accessed 6 August 2023].

SHING, T. H., 2023. “Is Hong Kong still a shopping paradise for mainland Chinese shoppers after the pandemic?”. *Think China*, 10 January. Available at: <https://www.thinkchina.sg/hong-kong-still-shopping-paradise-mainland-chinese-shoppers-after-pandemic>

SKRZYPEK, K. & BRODZICKI, T., PhD (2020) “Export hub status of Hong Kong endangered by the US-China trade war?”, *S&P Global*, 10 June. Available at: <https://www.spglobal.com/marketintelligence/en/mi/research-analysis/export-hub-status-of-hong-kong-endangered-by-us-china-trade-war.html>

Statistics Gov HK (1969) *Hong Kong Statistics 1947-1967*. [Online] Available at: [https://www.statistics.gov.hk/pub/hist/1961\\_1970/B10100031967AN67E0100.pdf](https://www.statistics.gov.hk/pub/hist/1961_1970/B10100031967AN67E0100.pdf) [Accessed 30 May 2023].

The Blade (2013) *Hong Kong Disneyland turns first profit since 2005 opening* [Online] Available at: <https://www.toledoblade.com/world/2013/02/18/hong-kong-disneyland-turns-first-profit-since-2005-opening.html>

The Scotch Whisky Association (n.d.) *Story of Scotch*. [Online] Available at: <https://www.scotch-whisky.org.uk/discover/story-of-scotch/> [Accessed 31 August 2023].

Tivitti (2021) *Brand awareness: come misurarla con la piramide di Aaker*. [Online] Available at: <https://tivitti.com/brand-awareness-come-misurarla-con-la-piramide-di-aaker/> [Accessed 1 August 2023].

Trade and Industry Department (2023) *Mainland and Hong Kong Closer Economic Partnership Arrangement*. [Online] Available at: [https://www.tid.gov.hk/english/cepa/cepa\\_overview.html](https://www.tid.gov.hk/english/cepa/cepa_overview.html) [Accessed 17 July 2023].

Trading Economics (no date) *Hong Kong Imports from Italy*. [Online] Available at: <https://tradingeconomics.com/hong-kong/imports/italy> [Accessed 10 August 2023].

TWIN, A. (2023). *The 4 Ps of Marketing and How To Use Them in Your Strategy*. [Online] Available at: <https://www.investopedia.com/terms/f/four-ps.asp> [Accessed 26 August 2023].

VICCIE (2022) *Chinese Egg Tart vs Portuguese Egg Tart: The Difference*. [Online] Available at: <https://missvickie.com/portuguese-egg-tart-vs-chinese-egg-tart/> [Accessed 11 July 2023]

vistahk.com (n.d.) *Vista Bar*. [Online] Available at: <https://vistahk.com/vistabar/> [Accessed 26 August 2023]

WESTBROOK, L., YEO, R. & HUIFENG, H. (2023) “Why do mainland Chinese tourists no longer find Hong Kong cool? Luxury goods lose appeal and only way to win them back may be unique experiences”. *South China Morning Post*, 19 April. Available at: <https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3217505/why-are-mainland-chinese-tourists-cool-hong-kongs-attractions-luxury-goods-lose-lustre-and-language> [Accessed 19 July 2023]

*What is Net Zero? - Net Zero Climate* (2022) [online]. Available at: <https://netzeroclimate.org/what-is-net-zero/>. [Accessed 4 July 2023]

Wikimedia Commons (2008) *File:Hong Kong Districts.svg*. Available at: [https://commons.wikimedia.org/wiki/File:Hong\\_Kong\\_Districts.svg](https://commons.wikimedia.org/wiki/File:Hong_Kong_Districts.svg) [Accessed 15 June 2023]

WONG, R. (2016) "Hong Kong is the king of crony capitalism and that should be a worry for the Competition Commission," *South China Morning Post*, 7 June. Available at: [https://www.scmp.com/business/article/1967952/hong-kong-king-crony-capitalism-and-should-be-worry-competition-commission?module=perpetual\\_scroll\\_0&pgtype=article&campaign=1967952](https://www.scmp.com/business/article/1967952/hong-kong-king-crony-capitalism-and-should-be-worry-competition-commission?module=perpetual_scroll_0&pgtype=article&campaign=1967952)

World Bank Open Data (no date) [online]. Available at: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=SG>. [Accessed 2 July 2023]

World Cities Culture Forum (no date) *Number of Bars*. [Online] Available at: <http://www.worldcitiescultureforum.com/data/number-of-bars> [Accessed 12 August 2023].

World Population Review (2023) *Michelin Stars by Country / Michelin Star Restaurants by Country 2023*. [Online] Available at: <https://worldpopulationreview.com/country-rankings/michelin-stars-by-country> [Accessed 12 August 2023].

worlds50bestbars (2023) *Asia's 50 Best Bars | The List and Awards*. [Online] Available at: <https://www.worlds50bestbars.com/asia/list/1-50> [Accessed 6 August 2023].

YUEN, S. (2019) "McDonald's Hong Kong: Serving up a new experience" [Online]. *Marketing-Interactive*, 4 January. Available at: <https://www.marketing-interactive.com/mcdonalds-hong-kong-serving-up-a-new-experience> [Accessed 26 July 2023]