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Preserving the value of Made  
in Italy

An analysis of Italian Sounding in Canada

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## Introduction

Around the world very few designations of origin hold a value so high to the consumer that it can be compared to the one generated by the most successful brands. At the same time, even fewer of such designations can extend their value upon multiple product categories and industry sectors. This is the case of *Made in Italy*, a formula that does not simply indicate the location where the majority of production has been carried out, but which stands for an array of unique and irreplaceable qualities that other countries and producers strive to imitate and which often set the standards to be pursued. The pinnacles of Italian productions, main drivers of the positive trade balance and the country position as worldwide exporter can be found in the four industries of excellence of *Made in Italy*. Food and beverage, Fashion, Furniture and Mechanics, otherwise called 4As in Italian literature (*agroalimentare, arredamento, abbigliamento, automazione*), besides being expression of *Made in Italy* at its highest, are also the most imitated by foreign producers. These companies, looking to capitalize on the image of Italy, by promoting the association between it and their brands, design strategies to make such association immediate at the eyes of the consumer, therefore inducing him to forego getting informed about the country of manufacturing of their products, acting in the grey area in between legal and illegal, but never breaking rules of origin. Such phenomenon, baptized as *Italian Sounding* by the new literature developing around it, has been known for years, generating many examples of brands and products in many sectors, from the *parmesan* of North America to the Chinese furniture brand *Da Vinci*. However, only in recent years the problem has risen the interest of the Italian government, pushed by producers and consortia concerned about the size reached by *Italian Sounding*. The Ministry of Foreign Affairs (*Ministero degli Esteri*) along with Confagricoltura has estimated that the phenomenon generates a lost turnover of about 60 billion Euro for Italian producers every year only in the food industry, almost ten times more than the actual food piracy, illegal and legally prosecuted. The scope and size of Italian Sounding is frightening, but the inability to legally fight it outside of the EU territory is even more challenging.

Over the course of the following work, we will try to explain why the phenomenon of Italian Sounding is generating increasing attentions in Italy and around the world, by analyzing its development and the factors that make it such a sensible problem for Italian producers. To

do so, we will base our research on the *Country of Origin* literature, unfolding its various ramifications and considering how they apply to the Italian Sounding framework. We will especially focus on the dynamics of transition between Country of Origin effect and Brand Name Origin, and the strategies of origin association and country image. Furthermore, we will center specifically on the food and beverage industry, which is the most affected by the problem, analyzing how it evolved and came to be in North America, the geographical area where it generates the biggest turnover. In the final portion of the work, our focus will tighten even further, when considering the phenomenon in its Canadian outlook, country where the Italian culture is especially active as the result of migrations and a variety of other factors. The empirical part of this research, based on data collected personally during the period of Internship at the Italian Chamber of Commerce in Canada-West, in Vancouver, when actively participating in the *Italian Sounding Campaign* promoted by Assocamerestero in collaboration with all Chambers of Commerce of North and Central America, will help apply the literature to concrete information and examples.

## Chapter I – From Country of Origin to Brand Name Origin

### 1.1 The Country of Origin and the Prism effect

The country of origin is a concept that embraces many aspects of social studies, from law to marketing. Generally it is defined as an extrinsic product attribute indicating the country where a product was made, assembled or both (Meng et al. 2007). This is a definition that, although normally accepted, opens a wide range of questions about whether a sufficient amount of company's operations are carried out in a specific country in order to assign it the status of "made in" (Krupka et al. 2014).

However, we will just touch on this subject later on, as it would require a much deeper study in a matter that does not really belong with the purpose of this paper. We embrace therefore the former definition, considering the country of origin as the national entity where the product has been produced or manufactured as recognized by current law.

The country of origin as a product attribute and not merely considered as an operational result has been catching more and more interest by companies, especially in a world where brands are targeting global consumers from the get go. Besides, the globalization of supply chains through global sourcing and manufacturing have increased the degree of complexity of country of origin dynamics as many products have multiple origins (Chattalas et al., 2008). Furthermore, it is estimated that one quarter of consumers worldwide make purchase decisions based on the country of origin information (Melnik et al. 2012), with this number highly increasing in areas where the consumer is not well educated about the product category or where national identity is not strongly developed yet (Fisher, Roth. 2016).

These data pushed researchers to identify, isolate and analyze the phenomenon responsible for the results over the years. Described by Chao (1989) as "country affiliation", and later assuming the title of "country of origin effect" (or COE), it is generally defined as "any influence, positive or negative, that the country of manufacture might have on the consumer's choice processes or subsequent behavior" (Samiee, 1987).

Schooler (1965) was the first to isolate the COE, identifying it as the bias based on national origin causing severe informal and invisible barriers to trade. At the same time, many others have argued that COE does not exist, or that it would play a minor role in the decisions of

consumers. In this context, Agrawal and Kamakura (1999) stated that COE is nothing more than one of the extrinsic cues among many, not leading to competitive (dis)advantage, as consumers in real life will always engage in some sort of information search, further diluting its effect. However, the availability of data and studies on consumer behavior in the following decades has consolidated the role of COE as a major driver of purchasing choices (Elliott & Cameron, 1994).

The dispute originates from the difficulty of isolating the COE from all the other factors influencing consumer decisions. The doctrine divides all these cues into two groups in relation to the product attributes: extrinsic and intrinsic. Extrinsic attributes of a product (price, packaging, brand name, etc.) are easily accessible information to the consumer before purchasing and utilization; intrinsic cues on the other hand (taste, efficiency, performance, design etc.) are often bonded to product utilization and hard to evaluate before purchasing. Therefore, consumers will often resort to extrinsic product cues in order to evaluate a product before the decision, more so, if they have very little prior knowledge about the product or in the case of foreign products (Cattin et al., 1982).

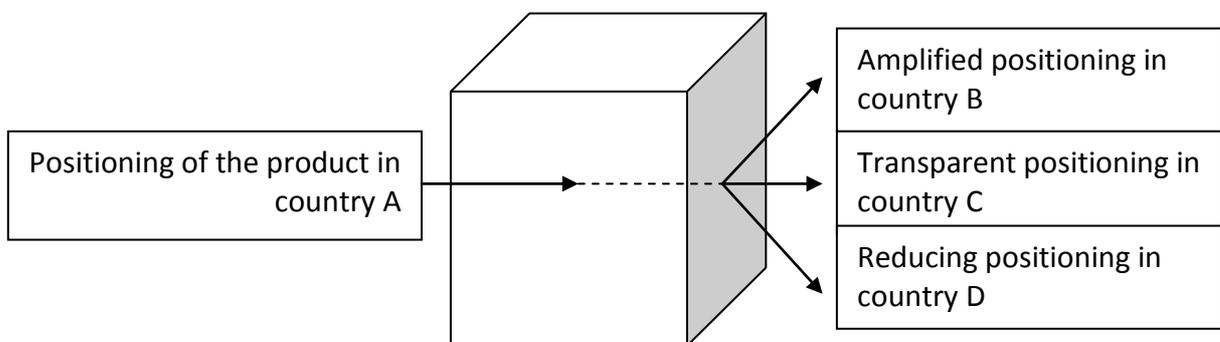
In line with other extrinsic cues indeed, the country of origin' strength changes with the consumer's level of expertise about the product category (Eroglu and Machleit, 1989). When the lever of expertise is low, the consumer tends to relate more heavily on the country's stereotype (Han, 1989).

Country of origin is identified by the literature as an extrinsic product feature, consequently playing an important role in consumer decisions prior the purchasing phase (Elliott & Cameron, 1994). Studies from the 70s, 80s and 90s link it to perceived quality (White & Cundiff, 1978), perceived risk (Hampton, 1977) and on information processing (Johansson, 1989).

Moreover, studies by Hugstad and Durr (1987) and Hong and Wyer (1989) found a direct correlation between country of origin and decisions, as a large majority of consumers were interested in this feature before purchasing (Elliott & Cameron, 1994).

Some studies (Modic 1990) have focused on identifying the home country of origin effect on local consumers, although reaching contrasting conclusions. For Reiersen (1967), Caedeke (1973), Baumgartner and Jolibert (1977), Hampton (1977), and Cordell (1985), this effect is a positive bias towards the home country product. Others, for example Johansson (1985) and Papadopoulos (1987) reached no evidence in such claims.

Generally, however, it is unanimously agreed that there is a positive correlation between a country's economic development level and COE of its product, although products from other more developed countries are not viewed as equal by the local consumer (Hampton, 1977). The perception of a brand or product in foreign markets is distorted by a series of factors that change its image at the eyes of consumers in each local market. This distortion, also known as the *Prism Effect* (De Bodinat et al. 1984) can translate into a brand image being overestimated abroad (amplifying effect), underestimated (reducing effect) or at the same level as in the home market (transparent effect). Mercedes is an example of a brand holding an amplifying effect in the US market, being evaluated for its luxury over the home country competitors like Cadillac. Another example of positive effect of COO is Salvatore Ferragamo, a brand holding extraordinary value for Chinese consumers, recognized as the pinnacle of Italian elegance in the fashion industry. On the other hand, reducing effects can be observed in the US meat products from Mexico, as we will discuss later, perceived as lower in quality although no significant difference is found between those and the American equivalents in neither freshness or nutritional values (Berry et al., 2015).



Source: Valdani & Bertoli, 2010

The Prism Effect is, really, nothing more than a ramification of the *Halo effect* (Piron, 2000). This former one explains the role the country of origin plays on the brand's distortion. The product's attributes benefit from the positive image (*halo*) or the negative one (*horn*) the country of origin has at public eyes, because of historic, politics, traditions, level of technologic advancement and so on. Although consumers in foreign markets may have not had any personal interaction with the home market themselves, they form in their mind an idea strongly influenced by common knowledge and media.

Nagashima (1970) defines country of origin imagery (or stereotype) as “the picture, reputation or stereotype that businessmen and consumers attribute to products of a specific country, this image being created by representative products, national characteristics, economic and political background, history and traditions” (Nagashima, 1970, p.98).

This former statement can more effectively be expressed defining country image as “the overall perception consumers form on products from a particular country, based on their prior perception of the country’s production and marketing strengths and weaknesses” (Roth and Romeo, 1992, p.479). The value of country image may be considered an asset when positive and a liability when negative (Shlomo et al., 1998).

For this reason when you think about Japan for instance, you recall high tech products, robotics, electronics etc. Japan therefore has the image of being competent in those product categories. Consequently, those Japanese products in foreign markets are often perceived by consumers as having higher quality features than other national and foreign brands, therefore driving consumer decisions. The high reputation of Japan in the electronics industry is on one hand the result of the advent of a few initial companies setting standard (Matsushita) and launching big innovation changes (Sony), on the other hand it has been driven by the government and country’s support for big companies focused on worldwide exporting (Nakayama, 2000). This drive towards technology development and the post war pervasive distribution of Japanese products in the USA and Europe, allowed by big, efficient companies, made the competition suffered by western firms almost unbearable. Western giants like Philips, which had been dominating the market for decades since its launch in the late 1800s, lost conspicuous market share and were forced to join together in the development of new technology (Philips and AT&T; Philips and Sony in the CD-ROM).

Reinforcing the conclusion that COE is dependent on a country’s perceived strengths, Kaynak and Cavusgil (1983) on this subject have found that Japanese products appear differently at the eyes of consumers although having the same country of origin; at the time of this study, Japanese electronics products received a significantly higher rating than Japanese food products.

Generally, literature recognizes COO to act through three different processes to affect purchasing and attitude formation towards a brand (Obermiller & Spangenberg, 1989; Verlegh & Steenkamp, 1999; Zeugner-Roth & Zabkar, 2015).

At first, COO influences the consumer through the country image (Roth & Diamantopoulos, 2009). Countries, as discussed, may be seen as favorable or unfavorable in the production of certain product categories. This is regarded as the “cognitive” process, and it is the most studied in current research on country of origin effect (Roth & Diamantopoulos, 2009).

Secondly, a consumer may have a favorable attitude towards a brand from a foreign country, but still decide not to purchase it as it would be immoral or inappropriate due to normative reasons (Herche, 1992).

Thirdly, as an affective process, COO is a stereotype-driven attribute that links the product to positive and/or negative emotional associations with particular nations (Verlegh and Steenkamp, 1999). This affective reaction is subjectively based on personal feelings towards the country by the consumer (Klein et al. 1998; Oberecker & Diamantopoulos, 2011) or even the level of attachment to the home country (Josiassen, 2011).

In an previous study Papadopoulos et al. (1993) had suggested that the COO's image is based on three aspects of the consumer's attitude towards the country: “cognitions”, the knowledge about specific productions and brands; “affect”, the favorable or unfavorable bias toward the country; “conative behavior” or natural tendency toward purchasing foreign brands. At times, the “affect” component (the emotional one) may acquire dominance over the other (rational) components when evaluating foreign or local brands.

Although extensive research has been conducted in all three aspects of the COE, the large majority of studies have been focusing on each single isolated process, while very little (if any) can be found on how the three influence one another (Josiassen, 2011; Roth & Diamantopoulos, 2009). It is recognized that the three play a role on one another and the call for investigation is spread in literature (Obermiller & Spangenberg, 1989; Verlegh & Steenkamp, 1999).

To better evaluate the effect of COO information on consumer choices, a research team of the university of Arkansas studied the labeling of meat products displaying the country of origin.

A sample of US consumers was asked to rate the meat product in freshness, taste and safety only by seeing the product inside a plastic bag and knowing its country of origin, and furthermore, decide whether they would purchase it or not based on this information.

Three different products were shown: one labeled as BRS (born, raised, slaughter) in the US, one labeled as BRS in Mexico and one unlabeled.

Results showed that the US labeled products were perceived as superior in all three features, while the Mexican labeled ones were perceived as even lower in quality than the unlabeled one, therefore whose origin was unknown. When the sample of consumers was informed that meat processing was the exact same in both US and Mexico, the results leveled and all outcomes were not statistically significant anymore.

Although the positive effect of the US label could be explained also by the fact that local consumers trust the home country products and know in a larger extent the safeness of processes, the strong result of the horn effect operating on the meat from Mexico, believed to be an unsafe, low-quality country by US consumers, is a valid indicator of the COO effect, considering also how it scored less than the unlabeled items, which the consumer did not have any information about (Berry et al. 2015).

These results, together with studies by Elliott and Cameron (1994) and the work of White and Cundiff (1978) have strongly reinforced the notion that country of origin cues do indeed act as a proxy of quality, especially in the absence of other extrinsic and intrinsic cues about the product.

Research has furthermore indicated that COE assumes more importance and relevance in consumer goods of certain categories, such as food, clothing and cars. Luxury goods have shown to be strongly dependent on COE, although the effect may be extremely different among product families and whether the product is used publicly under the influence and watch of reference groups or if it is used privately (Piron, 2000).

Moving one step further, the literature on the country of origin (Han 1989) explains the prism effect providing a dynamic model that combines the halo construct with what is called the *summary construct*.

The summary construct differs from the halo effect as it originates from consumer experiences rather than the country of origin image. Positive or negative experiences with the product create belief towards its attributes, later on shaping the country of origin image at consumers' eyes.

The country of origin may act as a *summary construct* as it can redirect consumer attitudes towards the brand's country rather than focusing on its attributes and features (Wright, 1975).

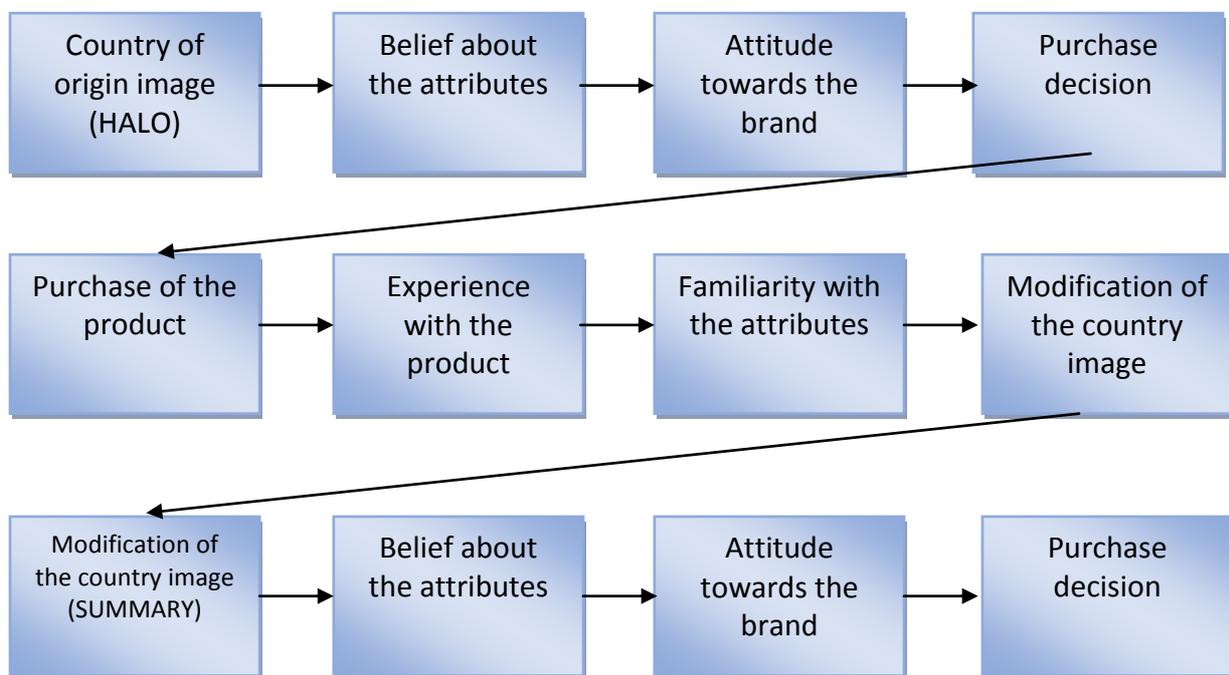
## HALO EFFECT

*Country of origin image -> belief on the attributes -> attitude towards the brand*

## SUMMARY CONSTRUCT

*Experiences -> belief on the attributes -> country of origin image -> attitude towards the brand (Valdani & Bertoli, 2010).*

The dynamic model is a combination of the two former ones, becoming an explanation of how product, brand and country of origin perceptions are shaped by experiences and COO effect and they keep shaping each other in a cyclic way.



Source: Jaffe and Nebenzahl (2001, p. 45).

Shlomo et al. (1998) have advanced a model that takes into account the product life cycle when evaluating country of origin effects. Introducing three scenarios where differences can be found in COE dynamics. The first one is a situation in which the consumer has no expertise over the brand but has a general image of the country, therefore extended upon the product. In this scenario, the country of origin plays a Halo effect (Chaplin, 1973). The second scenario involves knowledge about a product from a specific country. In this situation, country image plays a very small role, and product inference is based largely on the perceived brand attributes. The third and final situation is when a consumer has tried

different brands originating from the country. In this case the consumer evaluates brands based on its multi-brand experience rather than country image.

The last scenario depicted by the former model sets the basis for summary construct (Wright, 1975), one of the drivers responsible for the formation and development of country image. We can reconnect Shlomo's model to the cyclic one advanced by Jaffe and Nebenzahl (2001) where Halo effect (prior to experiences about the country, or scenario 1 for Shlomo) and summary construct (after purchasing and experience with the products, or scenario 3 for Shlomo) act together shaping country image and stereotypes.

The matter of COE is complicated as it embodies numerous variables and faces to the phenomenon even when trying to isolate the effects of the country of origin alone. Studies have found that the effect acts with different intensity in consumers from country to country, probably derived by the difference through which stereotypes play a role in various cultures (Heslop & Papadopoulos, 1993). For instance, in a subsequent research, Gurhan-Canli and Maheswaran (2000) found that cultures listed as collectivistic have the tendency to favor home country products as opposed to foreign ones.

Another variable considered by researchers is the degree of *ethnocentrism* of a culture and how it interacts with the COE (Shimp & Sharma, 1987). In highly ethnocentric consumers, the country of origin plays a very strong role on influencing purchasing decisions. COE of foreign products being negative in this case, literature suggests that these consumers will perceive the consumption of foreign product to be "socially undesirable and unpatriotic" (Chattalas et al., 2008, p.58). In this context, *ceteris paribus*, ethnocentric consumers tend to favor domestic brands, although not in situations where foreign ones are generally believed to be superior (Cattin et al., 1982). Ethnocentrism has also been found to be largely dependent on product category, and not shared by all products (Balabanis & Diamantopoulos, 2004).

Researchers (Cattin et al., 1982; Eroglu and Machleit, 1988; Gaedeke, 1973; Hans and Terpstra, 1988; Heslop et al., 1987; Wang, 1978) have therefore concluded that COE is both product and country specific, as well as it varies within a product category.

## **1.2 Brand Name Origin: recreating the country of origin effect**

We have discussed the role played by the country of origin on brand perceptions by consumers. The COO effect is an especially powerful tool leveraged by companies to alter in a positive way the image of their brands and induce a favorable response by the consumers, when they know the origin of those products.

Recent research however has shown that consumers do not know the origin of many brands, even well known ones (Balabanis & Diamantopoulos. 2011).

Besides, the development of global sourcing and the expansion of global supply chains, therefore making dual and multi-origin products (different country of brand and country of manufacture) a majority, has created a disruption in the COE paradigm, as the country of origin is less clear by nature, and needs efforts to be communicated to the consumer (Kinra, 2006).

Because of that, COO as the expression of the place of manufacture (COM), or the use of “made-in” of a product does not hold its value anymore for the majority of categories (we will however discuss the specific value of made in Italy in the next chapter) (Usunier, 2011).

This outcome surely does not imply that country-brand associations are mostly useless. Consumers still perceive and process COO as an extrinsic cue, but COM has become mostly insignificant (Liefeld, 2004; Pharr, 2005; Usunier, 2006; Phau & Chao, 2008; Samiee et al., 2005; Samiee, 2010) and now companies are putting on efforts to suggest the (desired) brand’s origins.

Moreover, recent studies (Usunier, 2011), suggest brand name to be a much more effective cue than the made-in information to induce the origin reference. On one hand, because companies are always willing to clearly display the brand logo on the packaging, on the other one, because consumers can identify it much more easily due to its visually inviting features. Along with the textual name, by many believed to be sufficient to evoke country association, other visual tools are focal in this process. The use of colors, symbols, flags or typical backgrounds (like the Eiffel tower or the overused Venice skyline with gondolas) on packaging are all cues that enforce country association (Thakor, 1996; Usunier, 2011).

Linguistic cues are also relevant in COO associations. Language in brand names has been found by Leclerc et al. (1994) to positively influence perception about hedonic and utilitarian

features of a product as well as communicating an origin, although it may not be the desired one (Leclerc et al., 1994), as linguistic cues are “multiple, fuzzy and complex” (Usunier, 2011).

Therefore, is a brand’s origin really dependent on its actual country of origin? Thakor and Kohli (1997) give a negative answer to this question by defining “brand origin” as the place, region or country where the brand is perceived to originate by its target consumers.

Focus is this way shifted from the actual origin of the brand to the country or region where consumers believe the brand is being created and production takes place.

Past research (Thakor & Lavack, 2003) found brand name origin to have a potentially solid role in the formation of attitudes towards the product and that it does not only limit to that, but it also triggers recall to the country linked to the brand name (Park et al., 2008).

Literature suggests that brand name origin is effective in the formation of consumers attitudes towards the brand (Krupka et al., 2014), and that it created the country of origin association exactly as it would happen with the COO effect (Thakor, 2003).

This is particularly important when the brand is relatively unknown to the consumers, or in the case its real origin is not known, very frequent situation as discussed previously, and it allows the brand to reconstruct the cyclic model exposed in the previous section (Jaffe & Nebenzahl, 2001). In this context, studies show that products with foreign relatively unknown brand names are very frequently associated to the perceived country of origin. Also in the case of totally unfamiliar brands, consumers would create expectations based on the brand name cue (Kinra, 2006).

As already reported, research has shown that some countries are perceived to have expertise in the production of certain product categories, therefore the COE those countries have if associated to the right product is positive and effective (Meng et al., 2007).

Literature (Pecotich & Ward, 2007) suggests country of origin and brand name origin to act in two ways. At first, it may play a halo effect in the inference of product attributes and therefore the creation of attitudes towards it. Secondly, it may be a tool for abstracting previous inference about the product attributes from a certain country into information so called summary construct.

Furthermore, Han (1989) asserts that brand name is even a more powerful summary construct than the country of origin (Krupka et al. 2014), as a name that evokes a story-link

between origin and brand would create a much stronger association than the mere COO information.

But how is this effect created and what is brand name origin concretely?

Research has shown that foreign brand names create a link with the perceived country of origin by the consumer (Kinra, 2006), therefore activating the cyclic model we proposed.

When this association is with a country believed to be competent in that product category by common knowledge, then this effect is positive and powerful, and the belief of competence is extended upon the brand itself even when it is relatively or totally unknown.

In situations in which the real COO of a brand are not generally known, brand name may be used as a tool to match the desired COO association at the consumer's eyes. Many manufacturers and retailers create brand names that suggest a different origin than their actual country of origin, in order to match their products with that country.

There are many examples of this. The Hinari brand for instance was created by the British electronic manufacturer Alba in order to recall in consumers the association with Japan, notorious high tech products world leader.

Another glaring example are denim brands with American names such as the Italian jeans companies Diesel, Gas and Replay as jeans are traditionally known to be an American thing.

Furthermore this is very evident in the food industry. The British coffee chain Costa Coffee typically recalls the Italian experience in coffee making; the sweets and ice cream chain Häagen-Dazs is indeed from New York; and again the ready to bake pizza Di Giorno famous in North America is by Nestlé.

Brand names however are not the only effective tool to create a false origin halo. Labels on packaging often are covered with symbols that recall the interested country, such as flags or famous trademarks. Many Chinese French-sounding food products, mainly cheese ones, have the Eiffel Tower on their label as the Chinese consumer is very sensitive to those famous travelling trademarks and cheese is traditionally a French product.

This practice being very effective in the luxury industry, we consider a study conducted by a team of the University of Zagreb. 250 men and women between 18 and 30 years old were given a questionnaire made of questions about 8 fashion brands from various country, 4 of which were real and 4 of which were made up (composed with first and last common names of those countries).

Results showed that brands with Italian and French names were believed to be significantly more luxurious than all other brands. This result did not change when considering real or fake brands.

The research concluded that in absence of other cues, the mere association with Italy and France boosted the perception of brand fashion luxury. At the same time, a brand name originating from Germany or Mexico would get a negative rating by the consumers.

Besides, the team analyzed the willingness to pay of interviewees, and found that they would pay a premium price for brands with Italian or French sounding names, without having any other information about the product (Krupka et al. 2014)

As this study and many others that have been conducted show, a brand originating from a country that does not have a strong reputation in the product category (or even a negative one) does not imply that it cannot compete with positive COO brands in those product categories. Moreover, if a company cannot compete by nature (i.e. its country of origin) it is role of the management to create the positive association to the competent country, much needed in many industries (Salciuviene et al. 2010).

Country of origin is still investigated in copious current research (Balabanis & Diamantopoulos, 2011), as two currents of thoughts divide literature. Some believe that brands succeed by “nature” (i.e. through the COE), others believe they do so by “nurture” (i.e. management strategies that fight a negative COE). Brand name origin dynamics represent the latter belief, as the role of management in disguising the real country of manufacture of the product is central in a brand’s success, therefore making one step further in the world of COE.

Companies can efficiently manipulate origin perception, Magnusson et al. (2011, p.22) state that “Brand-country association can be managed”, mostly in the case of newly launched brands, after testing product category and desired country relevance (Usunier & Cestre, 2007). For Usunier (2011), Brand Origin (BO) strategies can have different outcomes based on two factors: correct or incorrect BO classification and favorable or unfavorable BO assignation. According to this two variables model, four different scenarios can manifest, each ranked by favorability. BO is described by the author as favorable if a positive association of the brand to a country of origin is in place, that is to say if the brand is perceived as high in quality, design and other features according to current COO literature.

The following table depicts the variables and the four possible cells represent all possible scenarios, although the author specifies that “BO favorability does not hold across the board, as it may vary according for product categories” (Usunier, 2011, p.491) and across the level of match between products and countries, or product ethnicity (Usunier & Cestre, 2007).

Classification/Favorability	Correctly classified	Incorrect/unclassified
Favorable association	1	2
Unfavorable association	3	4

Source: Usunier, 2011, p. 491

Cell 1 depicts the best situation where BO is correctly and favorably aligned to the country. Examples of this scenario are according to Magnusson et al. (2011) surveys, German automotive firms Audi and Volkswagen.

Cell 2 represents a positive situation as well. The incorrect classification (wanted or unwanted) can still yield positive outcomes if associated to a favorable country. The role of management in this case is to protect the association and avoid at all costs everything that could bring it back to the actual (unfavorable) one and fall into scenario number 3.

Cell 3 is the very common scenario in which a brand is linked to an unfavorable country that is its actual origin. In this situation, management need to restructure and redesign the brand trying to disguise its true origin. It may however be very expensive for firms as it carries certain, elevated sunk costs to do so.

Cell 4 is the worst among all situations. The brand is incorrectly aligned with an unfavorable country and management needs to push to resolve the issue and promote accurate association. Usunier (2011) recognizes this scheme as congruent to the brand Philips, wrongly recognized as Anglo-American, which is an unfavorable association for what concerns electronics. As we have discussed, electronics in the post war years have shifted from traditionally American to Japanese. Sony indeed, at its launch chose an American sounding name (Sony = Sonny Boy) to find legitimacy in a US controlled industry. At the same time however, Sony helped developing Japan’s country image into the world leading electronics nation, making Western companies, once perfectly aligned to the right classification (Cell 1 and 2), now obsolete. With the right efforts (advertising, redesign of packaging, flags, symbols etc.), management could (at a high cost) push the situation from

cell 4 to cell 1 or cell 2, but the risk here is that all efforts could push it instead into cell 3, leaving the brand still with the unfavorable association but much more financially wounded.

Classification/Favorability	Correctly classified	Incorrect/unclassified
Favorable association	1	2
Unfavorable association	3	4

Source: Usunier, 2011, p. 491

**1.3 The managerial choice: fight or flee the COO effect?**

In the previous sections we have discusses the strength of the country of origin effect and how firm without a positive COO image can dissociates themselves from it and reap the benefits of a positive alignment with the right country by utilizing foreign sounding brands.

This dissociation however bears certain costs. The need for a new brand architecture in case of locally known companies may be extremely expensive as firms try to build individual brands rather than relying on umbrella ones.

These locally known firms also find themselves trapped in a negative COO stereotype loop that involves on one side the inability to compete with foreign positive COO brands and on the other one the loss returns of high quality investments.

Although this is more evident in developing countries (China, India, Mexico), often firms that invest in high quality are believed to provide lower quality products by local consumers. This is especially burdensome for companies as their investments in developing better products in order to compete with foreign firms are rendered insufficient by a negative COO reputation (Zhang, 2015).

Those companies will indeed try to “break free of the stereotype” and rather than investing in further higher quality features, they will invest in COO dissociation, that is to say in creating a foreign sounding brand in order to reap the benefits from a positive COO alignment.

Furthermore, Zhang (2015) in his study on the matter about Chinese companies suggests that the problem does not only involve high quality local firms, but it also interests all other local companies in the industry and the whole local business environment itself.

By breaking free, or fleeing the battle against the COO effect, high quality firms do not contribute to the country image anymore (as now they are not recognized as local), and this surely worsen the country of origin position with all other local firms along. Those local firms however, who will not be able to free ride anymore on the positive reputation of “few excellent firms”, are now forced to invest in higher quality themselves, raising the country of origin image (Zhang, 2015).

This is a fascinating topic of research itself, but for the purpose of our study here we only consider the general outcome of the paper.

The local higher quality companies face a strategic choice: fight the COO effect through the investment in higher and higher quality, but acknowledging that returns from such spending are mined by negative country of origin image or flee the “battle” and break free of the stereotype, by creating a new brand architecture that radically masks the real origin of the products.

#### **1.4 Rules of origin: overview of the world situation**

Although this work will not strictly focus on the legal aspects of the foreign sounding branding, an overview about the international trade laws that touch on this subject must be made.

As we will see in the following chapters, the majority of the cases described fall on the grey area and do not break the country’s law of country of origin labeling, although they would break the Italian rules of origin. There are very few cases in which the international law is effectively violated. To better understand the problem however, it is still important to describe how the WTO deals with the rules of origin.

Rules of origin are a set of guidelines that dictate how a product's place of origin should be labeled.

They originated from the Kyoto convention in 1973 in order to provide an harmonized way to regulate international trade and they have been evolving ever since (UNECE, 1993).

Rules are divided in preferential (if they are used for tariff and customs reasons) and non-preferential (used to define the country of origin in labeling). For the sake of this paper we will focus on the latter.

The Kyoto convention established two criteria:

1. The wholly obtained or produced criterion: when a product is completely made, harvested or obtained in one single country then it will be deemed as made in that country.
2. The substantial transformation criterion: when a product is made in two or more different countries the product will be deemed as originating in the country where the last substantial transformation took place. (Estevadeordal, 2003).

While the first criterion does not leave any space for interpretation, the second one quite the opposite.

The substantial transformation is sometimes hard to determine, and there are different ways to do so. Each country applies one of them at will, therefore a product labeled as having a certain origin in one country may have a totally different one in another country.

The three general rules are:

- Change of tariff classification
- Value added rule
- Technical requirement (or special processing rule) (EUR-Lex, 2016).

The first rule is merely technical, as it imposes the origin of the product be the last country where operations caused it to change tariff classification. For example considering a T-shirt, when it will change classification from cotton garment to proper t-shirt in export procedures, then it will be deemed as having origin in that country.

The second rule is on the other hand based on the concept of value chain. In the VC (value content) method, the product is expect to generate a certain amount of value in a country in order to be set as made in that nation. This value, expressed as percentage of total value,

besides having many exceptions for product categories, is different in every bilateral trade agreement.

For example in the PANEURO this percentage is between 30 and 50% of the total product value (ex works); in the NAFTA it is 50-60% (fob). (WTO, 2016).

The third rule we consider is the technical requirement (TECH) requires the product to undergo a certain manufacturing operations in the country in order to be deemed as having origin from it. In addition to this, TECH for some products requires or prohibits the use of certain inputs in the production of the good. This rule is predominant in the clothing industry (Estevadeordal, 2003).

Some countries however have very specific rules of origin concerning their traditional products. The greatest example of this is Italy.

Italian regulation is the strictest among all developed and developing countries. In 2009 Italian law passed the rule that recognizes proper “made in Italy” products as being entirely planned, packed and manufactured in Italy (Law 135, September 25th, 2009 - Chamber of Deputies, Parliament of Italy).

All these rules, although providing a certain level of scientific approach, only apply to bilateral commerce between FTA countries and are a mere tool to guide custom authorities through import and export procedures.

The lack of an international regulation on the country of origin labeling, providing clear rules and punishments in case of their infringement, leaves each nation free to decide whether:

- the origin indication is object of their jurisdiction and if it or isn't a mandatory prerequisite for the sale of national or imported products in the domestic market
- the rules applicable for the identification of the country of origin on product labeling and how they should be displayed on the product
- the consequences and the risks of a false, missing or inaccurate origin indication (Beretta, 2008).

As it appears clear from these lines, RoO do not provide a uniform method to define the product's origin. In fact, they leave the country free to decide which criteria to adopt. As we will see later, this plays a big role in the foreign sounding phenomenon we are discussing in this work. More so if we consider the laws on product origin in the two countries in the focus of this study.

Italy, as already stated, has a very strict regime in order to protect the value of “made in Italy”, recognized worldwide as a synonym of high quality, tradition and design (Aichner, 2014).

The Italian law punishes two specific situations:

1. the use, even when the product is marketed as foreign, of symbols, logos or any other element that recalls the Italian origin
2. the use of a brand naturally recalling Italian products without precise and visible indications of foreign origin (Valdani & Bertoli, 2010).

On the other side we find the North American system, where the law is much looser as it requires the product to forego only certain operations, even just the conception stages, in the origin country. Such as Apple, which prides itself as being an American product while almost all operations are carried out in Asia-Pacific.

This lack of an international regulation makes protectionism a sensitive threat for strong exporting countries with a high “made in” value in their traditional productions.

As we will see in the following chapters, the problem of enforcing national standards in the exporting country, for what concerns product origin, is a focus by firms and countries and a matter of dispute in the settlement of free trade agreements, more so, as it causes a large loss of profit by firms exporting the “original” products.

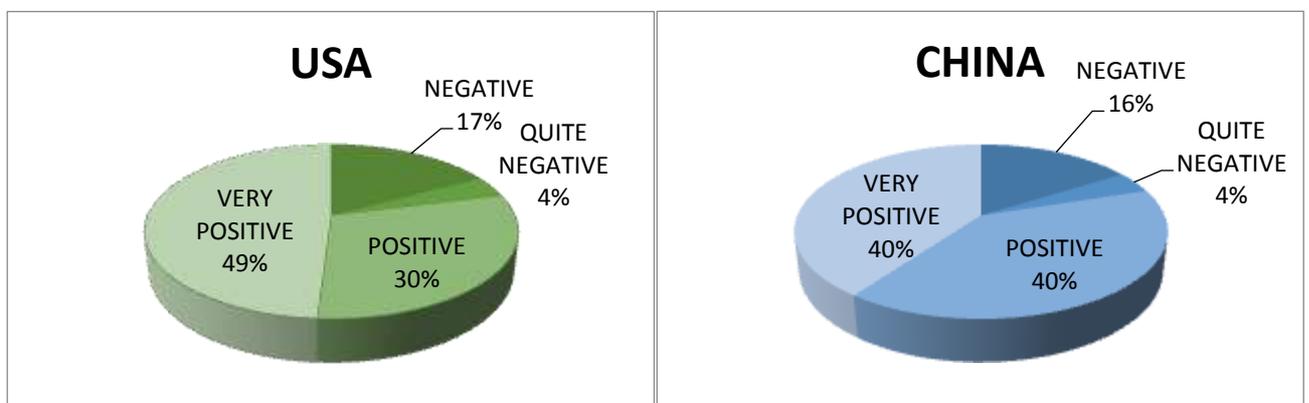
## Chapter II – The Italian Sounding phenomenon

### 2.1 The Value of Made in Italy

There are very few examples in the world of a country of origin effect so positive that it become a self standing brand. This is the case of “made in Italy”, three words that do not only define a geographical origin, but which create a value so many times in the spotlight of copious academic literatures. The issue of associating a product to a certain country is a sensitive marketing issue since, as we have discussed in the previous section, it can bring significant positive effects on those products and brands.

Generally, as from German products reliability is expected and innovation is mainly attributed to Japanese and US brands, Italy is directly associated to good taste and creativity (Codeluppi, 2011). Tradition, elegance, style and design are some other virtues which are widely attributed to the Italian manufacture but the value of Made in Italy is deeply linked to the country’s rich history. The association to its past is Italy’s biggest strength: in the consumer’s mind, Italy is the place where tradition, art, beauty and also innovation all merge into the modern way of living of its people (Ciampi et al., 2010). According to Fortis (1996), “made in Italy” acts almost like an author signature for those products that express an actual specialization and for which Italy has a true advantage over style, innovation and service (Aiello, 2013).

*How do you feel about the “Made in Italy” expression?*



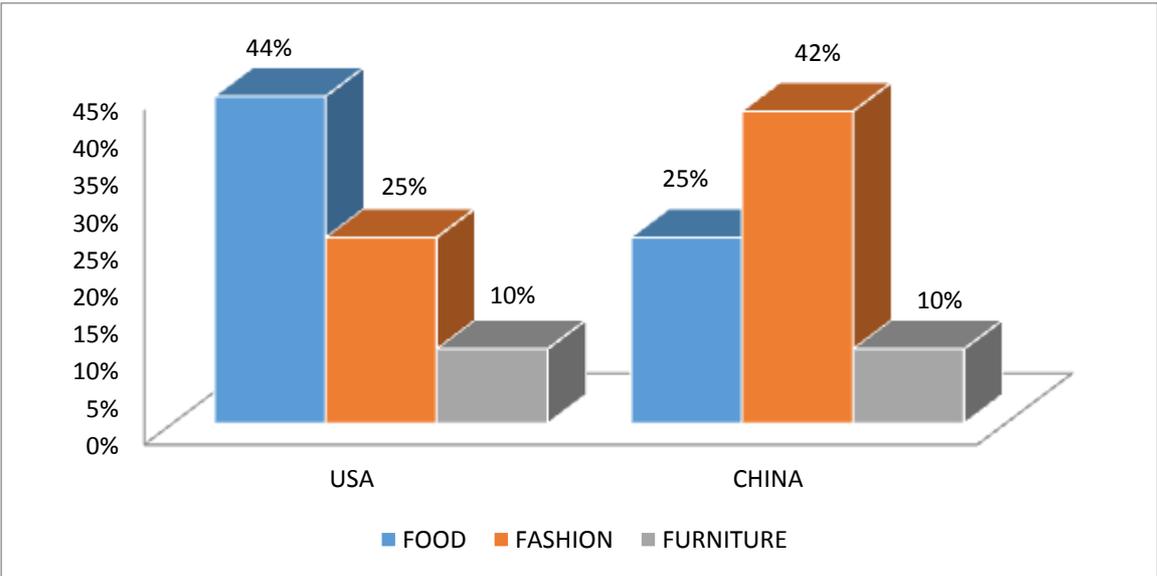
Source: ISPO target population research, 2010

According to recent surveys (Symbola, Fondazione Edison), *made in Italy* holds a very high reputation abroad, scoring positive results in 80% of the sample in big markets such as the US and China. As a matter of fact those countries are among the markets where Italian products are copied the most (Symbola, 2015).

The Italian strength, or *Italian Factor* as called by Morace (2014), is a synthesis of human capital, contextual intelligence, artist touch and tailor made. A mix so unique that only Italians are capable of. The factor allowing Italian competitiveness around the world indeed includes “taste, glance, and attention to details”, all qualitative elements that are hardly relatable to the linear, economic and financial logics typical of the Anglo-Saxon model (Morace & Santoro, 2014).

Although many (Varaldo et al., 2001) believe that Made in Italy is not limited to a specific industry, but it extends upon all country’s sectors, it is widely recognized that the Italian excellences are mainly ascribable to four productions: fashion industry (textile/clothing), furniture (home design), food, mechanics (industrial machines) or as the Italian doctrine calls them, the four As (*abbigliamento, arredo, agroalimentazione, automazione*) (Fortis, 1998). Besides the academic opinion, the 4 As are indeed the first voices of exports for the country counting for almost 50% of the total value (OEC, 2015), and highly contributing to the positive trade balance and Italy’s traditional position as a world exporter.

Which sectors better represent “Made in Italy” in your opinion?

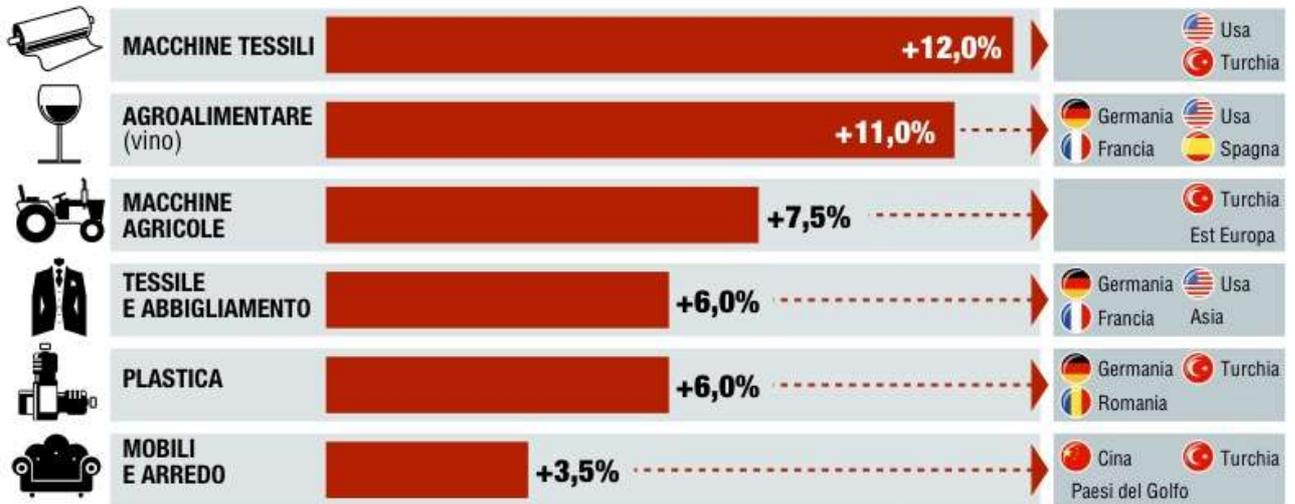


Source: ISPO target population research for KPMG, 2010

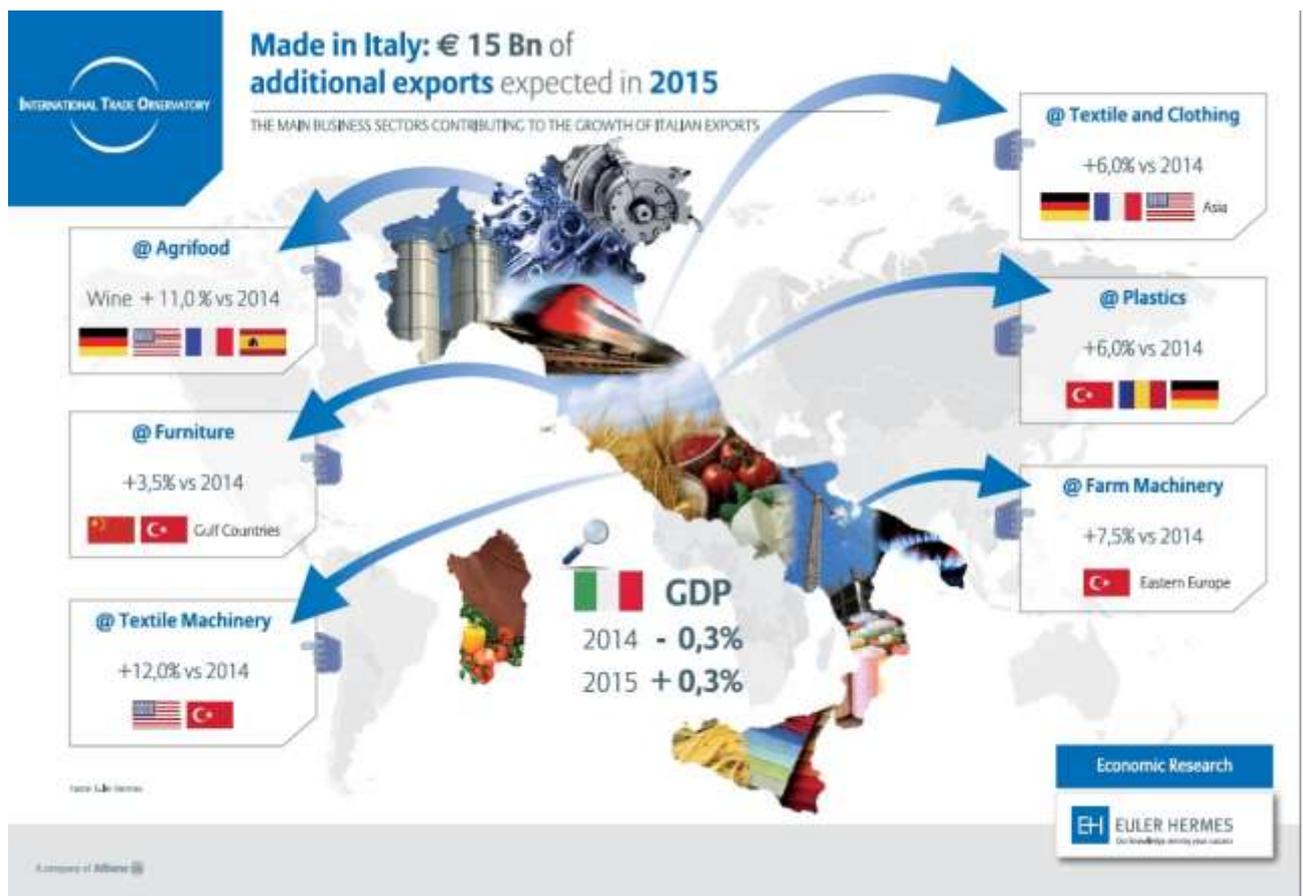
Sectors contributing to the Italian export growth

# L'EXPORT ADDIZIONALE ATTESO NEL 2015

I maggiori settori che contribuiscono alla crescita dell'export italiano; variazioni % sul 2014



Fonte Euler Hermes



Source: International Trade Observatory, 2015

The fashion sector comprises basically all textile productions, the most important being the wool, silk and cotton industries; the clothing one and all its accessories, mainly pants, dresses, shirts, ties etc.; the leather productions such as bags, belts etc.; the shoes, jewelry, glasses and sports equipment. The country is one of the two (the other being France) major producers of high end fashion brands whether it is manufacture of design. Italy is the home of more than 30% of all fashion luxury brands. The success of made in Italy fashion brands in the world is directly associated with the ability to transmit a sense of product quality along with the value of expertise in beauty, elegance and lifestyle the country is widely recognized worldwide for (Snaiderbaur, 2009).

The home furniture system embraces all styling, functional and housing decoration productions. Wood and marble furniture are extremely developed in the industrial districts of Pesaro-Urbino, the *Distretto del marmo e della pietra Veneto* and Livenza and the famous district of the chair among Manzano, Rosazzo and San Giovanni al Natisone. Highly famous around the world are also the ceramic and glass productions of the Veneto region (Bassano, Murano etc.) both for decorative products (*vetri di Murano*) and lighting ones such as glass chandeliers and lamps.

The mechanics Italian sector produces elite and very specialized machines for the manufacture of finished and semi-finished items mostly belonging to the other 3 As of the country's excellences. The biggest voice on the country's exports counts multiple examples of leadership in the supply of glass, food and metal processing machines. Besides, the country is successfully competitive in the production of appliances such as refrigerators and other kitchen related machines. In the mechanical sector we can also enlist the production of engines for both automotive and spacecraft industries.

Last but not least in this section, the luxury car sector deserves a mention as some of the most renowned vehicle brands originated in the country. Ferrari being the leader and successfully establishing itself among the most valuable brands in the world for multiple years (Forbes, 2015). Other famous examples of excellence widely noted in the world are Ducati, Maserati, Lamborghini and the list could go on and on.

Finally, Italian food is everywhere synonym of quality, freshness and family tradition. Although having specialties in every product category, Italy is famous for the Mediterranean diet and the foods linked to it. Traditionally, Italy is the home of pasta, cheese, fresh sauces

and vegetables. A big part of the Italian exports value is represented by wines (1.4%), making it the second exporter in the world for both value and volume (OEC, 2015).

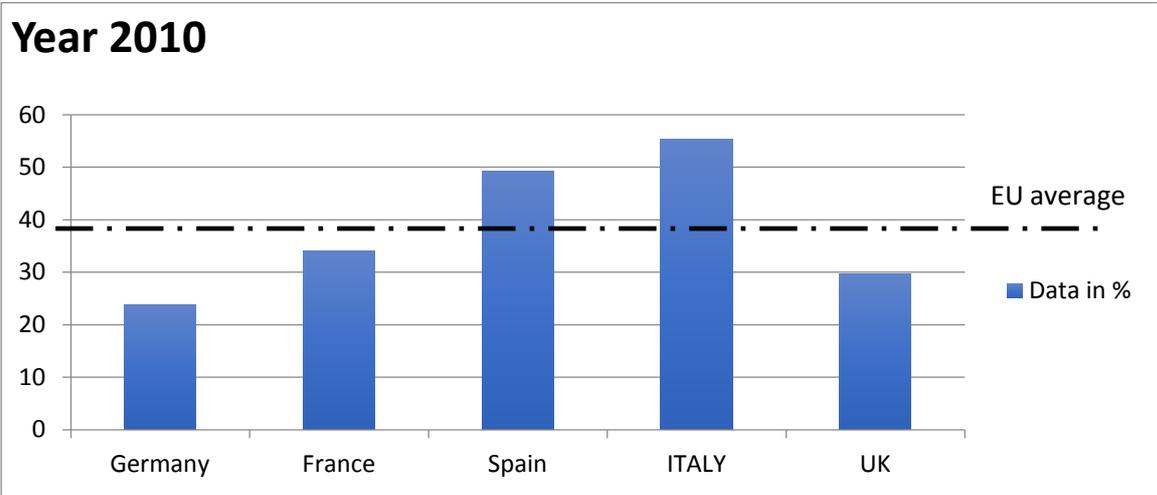
The famous Italian gastronome Carlo Petrini effectively synthesizes the quality of the Italian food with the notorious formula “good, clean and fair” to remark how its productions, although being so extremely regionally diverse, all share common traits. They indeed must all be of high quality, clean and safe for the environment (we could translate it as “earth-grown”) and finally “fair”, a word that expresses the social equity between the cost of who produces and the price paid by the consumer. A formula to underline how the Italian production is not industrial but still highly dependent on family and small enterprises (Bucci et al., 2011). It is clearly hard to identify the Italian cuisine as a singular entity. The complexity and diversity of the Italian regional history, linked to its specific productions, has developed at least 20 different cuisines, all traditionally Italian and all extremely apart from one another. Scholars and gastronomes, however, are unanimous in finding a common denominator of the over 2000 country’s recipes: simplicity and the use of fresh, natural, non-processed ingredients. Under this light we can talk about an “Italian cuisine”, comprising all its wideness.

Although there are many and many more productions Italy is worldwide competitive in, these 4 sectors constituting the country’s excellences are the main drivers of the Italian reputation around the world (Beccatini, 2000).

What are the major social and cultural factors which have allowed the development of these four primary Made in Italy sectors? Surely, there has always been in Italy a strong push towards the creation of businesses. In the country today the entrepreneurship rate is the highest among all EU countries: 9% of manufacturing firms every 1000 people (CENSIS, 2008). Italy has the highest quantity of SME per capita among all major EU countries, showing the peculiarity of the Italian entrepreneurship. The Italian territory is characterized by many production realities extremely different from one another, which due to the transmission of know-how and skills towards generations and generations have produced a mastery over the years that is hard to replicate. These firms, most of the times family-run, due to their organizational features, are fast, flexible and learn by doing and exploring. The interaction with the territory they are in and the ability to conceive it as the place where society, economy and culture merge together into one precious inimitable element are at the base of their competitiveness. According to literature (Fortis, 2013), this merge is also

what sets *Made in Italy* apart from other national productions and the action of SMEs is the source of its success. If we analyze data about the industrial complexity of Italy (Eurostat, 2010), we find that the incidence of SMEs in the typical sectors of *Made in Italy* (4A as we will further discuss) is higher than in all other productions. In 2010, the incidence of SMEs in the textile industry was 89.9%, in the wood and furniture sectors over 94%, in the agro-food industry around 82% and in mechanic productions 74% (Fortis et al. in Symbola, 2010).

*Incidence of workers in SMEs in the major EU countries over total workers*



Source: elaboration by Unioncamere, Fondazione Symbola on Eurostat data (2010).

According to Nicola Squicciarino (1986), among the cultural reasons for the excellence of the Italian design and fashion productions is certainly the rich artistic wealth of the country. Constantly facing such heritage might be one of the major drivers for the people’s high aesthetic sensitivity (Bucci et al., 2011).

Moreover, the Italian firms have always been prone to international trade and travelling since the very beginning of their history. As a matter of fact, Italians are very mobile and diverse people. Their close contacts with different cultures and ethnicities and their relationship with the rest of the world have characterized the country’s history since the Roman Empire, the geographical discoveries of Vespucci and Colombo and the mass migration towards the States of the XX century. For all this reason, Italians have always considered themselves “world citizens”. More so, if considering that Italy before unification was an extremely fragmented and conflicting reality. National identity has never been a

main Italian trait. Indeed, according to Morand, the Italian regions before the Unity were trading more goods with foreign nations than among themselves (Bucci, 2002).

Furthermore, according to Bucci et al. (2011), a reason for strength of the *Italian style* is its continuous research of beauty, luxury and small daily pleasures. Also linked to the Catholic Church history in the country and its propensity towards richness and luxury, manifested through prelate clothing, architecture of the cathedrals and magnificence of their internals. (Bucci et al., 2014).

The 4 As are the enforcers of a COO effect so positive that the *Made in Italy* brand has been protected legally since 1999, when institutions were born to safeguard its value (*Istituto per la tutela dei prodotti italiani*) and definitively in 2009, when article 16 of the law number 135 of September 24<sup>th</sup> was passed by the government, recognizing the full made in Italy status only to those products that have been totally produced, conceived and manufactured in the country itself (*Legge n° 135, camera.it, 25 settembre 2009*).

The efforts to preserve the integrity of the Italian productions is fairly explained by the necessity of keeping the high value image of those sectors abroad. Not only within national borders, where the consumer is more educated about the features of the real made in Italy, but also abroad, where the Italian product is a powerful instrument able of binding pure design and quality components with technologically advanced characteristics and suggestive elements recalling the Italian way of living (Fondazione Masi, 2007).

As we will discuss in the following sections, the threat of lower quality product marketed as Italian excellences in foreign nations is a serious mine for the country's competitive advantage and therefore for its export position.

## 2.2 Extraordinary Italian taste around the world: the Italian sounding shadow

6 million dollars every hour: this is the damage to the Italian revenues directly attributable to the Italian sounding phenomenon according to *Confagricoltura*.

The data concerning this loss is especially striking if we consider that agro-food products represent more than 8% of total exports for Italy.

Giorgio Santambrogio, CEO of the distribution association Végé has defined the phenomenon as “an unfair type of competition capable of generating over 147 million dollars of turnover each day”.

Italian sounding is a dangerous phenomenon. The word is used to describe the distribution of foreign products marketed as Italian ones when they are only conceptually of Italian origin, but produced somewhere else.

Italian sounding must not be mistaken with counterfeiting. The latter one is the “unauthorized representation of a registered trademark carried on goods identical or similar to goods for which the trademark is registered, with a view to deceiving the purchaser into believing that he/she is buying the original goods” as defined by the World Trade Organization.

Although a practice being limited in the past to small companies, over the last decade it has evolved to a large phenomenon comprising of big networks and global distribution channels (Wilcock & Boys, 2014). As noted by Berman (2008) counterfeiting nowadays involves so many product categories, including even medicines and aircraft parts, and sales channels (with the web being relevant) that it is a mostly uncontrollable phenomenon.

Counterfeiting has negative effects on a large group of stakeholders: consumer’s loss in expected quality; companies loss in revenues and the cost of fighting the phenomenon; the harm to market’s free competition; States’ loss in tax revenues; the exploitation of minor laborers and the poor condition of workplaces associated; the empowering of organized crime (Pastore & Cesareo, 2014).

Worldwide the phenomenon has reached a massive size. According to the Counterfeiting Intelligence Bureau (set up by the International Chamber of Commerce), the practice is actually accounting for over 7% of the total worldwide trade (CIB, 1999), of which as much as 27% originating the Mediterranean area and 60% of which is destined to the EU market (IPI, 2004).

Limiting the study to the agro-food sector, it is clear how the counterfeiting shows a increasing trend at the rate of +1% every year. The following table shows the growth of the counterfeited products seized by EU authorities. Numbers increased from 2350 to 5230 million in the years from 2000 and 2005 (European Commission, 2008).

	2000	2001	2002	2003	2004	2005
Number of cases seized	10	18	13	17	53	50
Number of articles seized	2,340,334	4,106,663	841,259	1,489,908	4,432,161	5,228,896
Percentage of total seized	4	4	1	1.6	4	7

Source: elaboration of data from European Commission and Nicoletti et al., 2007.

Even though counterfeiting data show the extent of the problem for Italian products as well, around 6 billion euro in the last 4 years (UIBM, 2015), the Italian Sounding phenomenon is a different, 10 times bigger and more difficult to face one.

Defined by Temperini et al. (2016) as a sort of “identity theft”, Italian Sounding is incredibly hard to fight as provisions against it are unclear, even in the EU framework that has been set to preserve geographical authenticity and national strengths.

The most famous example of the phenomenon is perhaps the case of *parmesan cheese* in North America, *parmesao* in Brazil, *parmesello* in Belgium, which are all imitations of the traditional Parmigiano Reggiano, a cheese strongly protected by its Italian Consortium and a PDO brand (Protected Designation of Origin) within Italian and EU borders. Despite the long and very meticulous production process behind Parmigiano (more than a year), in a few countries (USA, Canada and Australia) it is possible to purchase a 5 dollar kit to make your own imitation of the product. In the USA, parmesan cheese reaches an astonishing volume of 144 million kilograms produced a year, half of the total volume made in Italy. Moreover, Federalimentare (2014) states that 98% of pasta sauces in USA and Canada are Italian imitations, along with 74% of canned tomatoes.

Italian sounding products and brands have Italian colors all over their logos and capture the consumer’s eyes with resounding Italian names, often seemingly taken randomly from the

dictionary, even people names as in “Giuseppe”, a famous Canadian pizza product. Logos and symbols highly overused in packaging and branding in order to conceal the real identity of the product, often very easily discoverable on the back of it by national law.

*Counterfeiting and Italian Sounding value estimates for 2010 (data in million euro)*

	EU	Asia & Oceania	North & Central America	South America	Total
Counterfeiting	1,000	1,000	3,000	1,000	6,000
IT Sounding	21,000	4,000	24,000	5,000	54,000
<b>Total</b>	<b>22,000</b>	<b>5,000</b>	<b>27,000</b>	<b>6,000</b>	<b>60,000</b>

Source: Ice/Federalimentare, 2010

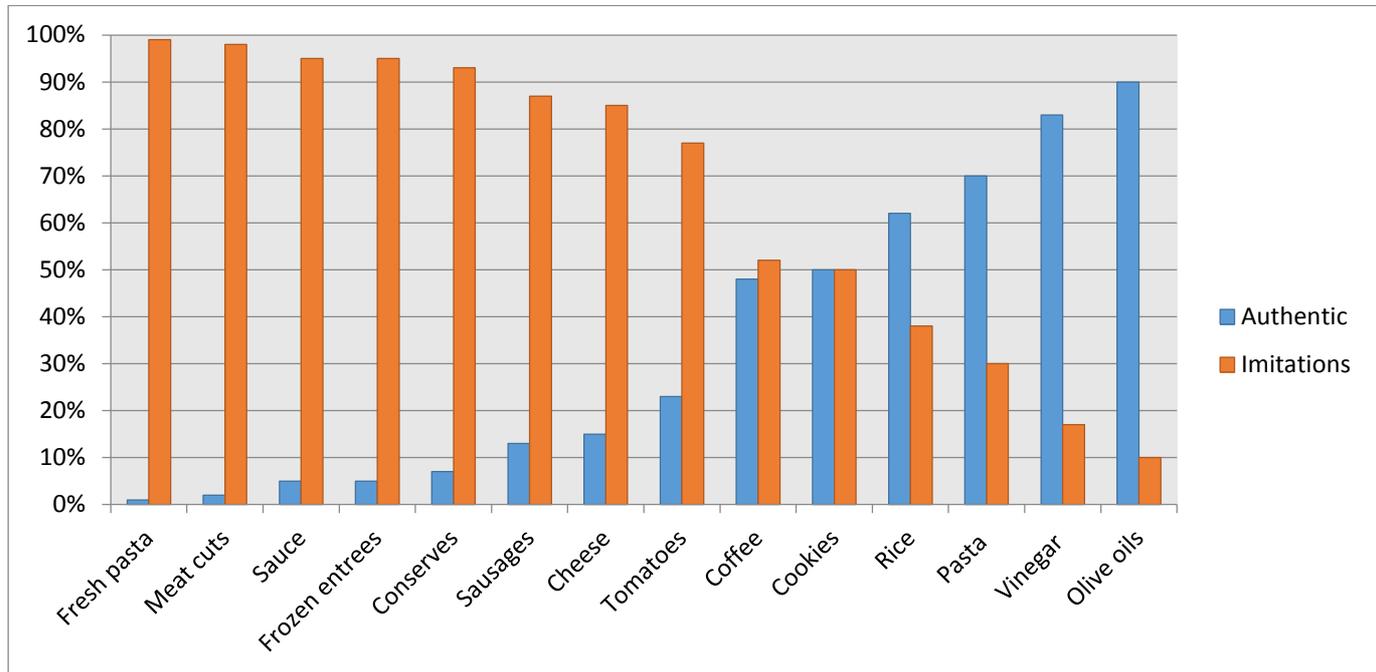
As a matter of fact, as opposed to *agropiracy*, that is to say actual counterfeiting which is legally prosecutable, Italian sounding is a booming business that moves within the grey area, and can only be stemmed through international treaties and regulations able to ensure the sourcing origin and the real identity of the products are clearly displayed (Confagricoltura, 2011).

The two practices (Italian sounding and *agropiracy/counterfeiting*) are not only different in legal characterization, they very much differ in size as well. According to Federalimentare (2015), actual counterfeiting is about 10 times smaller, 6 billion euro against the 54 of Italian sounding products sold worldwide every year.

Besides causing a massive loss of turnover for Italian companies and damaging the country’s trade balance, the phenomenon is a serious threat to the value of Made in Italy. Consumers around the world are identifying as Italian food what Italian food is not. Lower quality, uncertified ingredients, made up products are causing harm to the perception of what the Italian product should be (Gambero Rosso, 2014).

Although being a worldwide phenomenon, we can clearly identify the most heated areas as being the North American countries, USA and Canada, where it beats real Made in Italy by 10 times (30 billion euro) (Assocamerestero, 2015). The reasons for this disproportion are many and diverse, from demographic to historical to legal, as we will discuss later when focusing our attention on the Canadian situation.

*Authentic and imitated Italian products comparison in North America (USA, Canada, Mexico)*



Source: Fortis, 2013

Among those reasons however lays certainly the lack of regulations on protected designation of origin trademarks (PDO and PGI) in non-EU countries. Although this point has often been part of international negotiations between EU and foreign countries, the refusal to recognize a large majority of Italian PDO and PGI, explained by the intent of foreign governments to promote local companies producing the Italian sounding against a larger value of imports, is causing the phenomenon to grow over 180% over the past 4 years (Fieragricola, 2016).

Not strictly affecting extra EU countries, the problem is also quite extended within the Union's borders. There, fake Italian products beat real Made in Italy 2 to 1 although in the European Union protection is much higher than in extra EU countries. The Union recognizes many PDOs and PGIs trademarks from member states, however because of the many Italian products falling into those categories (more than 279 according to the *Ministero delle Politiche Agricole, Alimentari e Forestali*), the ability to preserve Made in Italy in its entirety is limited (Confagricoltura, 2015), and the Italian government spends high time and resources in its attempt; around 450 million dollars yearly divided into 13 different commissions (Ministero delle Politiche Agricole, 2015).

Outside of the European Union however, the enforcement of certifications of origin is impossible through legal actions as there are no laws concerning the Italian sounding practice. As a matter of fact, the only way to legally enforce such protection is through the negotiation of those points in free trade agreements between EU and foreign nations (Confagricoltura, 2015). The extra EU states on the other hand have shown to limit greatly the foreign PDO and PGI trademarks to be recognized within their borders in favor of their own brands.

In Canada for example, other than very few exceptions we will discuss in the next chapter, the government has come to terms to recognize only wine and spirits' names. Although this is a very positive outcome for the Italian wine sector, Italy being the third supplier of the country with 420 million Canadian Dollars in 2014 (Canadian Vintners Association, 2015), the number is towered by the 3.6 billion US dollars lost the same year in the country for the Italian sounding issue (Assocamerestero, 2015).

Moreover, in the USA the picture is the exact opposite: despite more food specialties being recognized at the national level, wines and spirits are almost totally free of protection. It is therefore quite easy to come across *Prosecc* made in California and other butchered versions of traditional Italian and French wines.

The United States have been for years the first destination for Italian agro-food exports outside the EU (third overall after Germany and France); with a net grow of 6.4% in 2015, the country buys around 10% of Italy's total food exports (Federalimentare, 2015).

*Review of the Italian Sounding phenomenon in the agro-food sector*

<b>TURNOVER</b>	<b>Between 50 and 70 billion Euros:</b> 164 million a day, double the total exports.
<b>MAIN MARKETS</b>	<b>European Union:</b> 26 billion (43.3% of total turnover). In France for every Italian product 2 are imitated. In Germany and Netherlands 3 over 1. In the UK almost all Italian products are imitations. <b>USA and Canada:</b> 24 billion (40% of total turnover). Lack of data of the actual size of the phenomenon.
<b>THREATS TO ECONOMY</b>	<b>Agro-food exports loss:</b> in the only North America the lack of protection of geographical names of Italian products brings an export loss of 10 billion.

	<p><b>Worsening of trade balance:</b> Nowadays the Italian trade balance is basically even. Resolving the Italian Sounding phenomenon would potentially bring it up 3% yearly.</p> <p><b>Production loss and value damage of the agriculture:</b> only in PDO and PGI sectors, Italian Sounding takes away 3 billion euro to the agriculture production. In the Parmigiano Reggiano supply chain it has taken away around 4 billion euro.</p> <p><b>Disincentives to quality productions:</b> Investing in quality is not worth the cost if anybody can benefit from the <i>made in Italy</i> denomination. At the same time, even preserving the territory and its qualities can become anti-economical.</p> <p><b>Unfair competition (production costs) and devaluing of <i>Made in Italy</i>:</b> in the case of mozzarella, the use of foreign rennet (from Lithuania for example) allows companies to cut up to 20% of the production costs, mainly due to the skip of step in the supply chain.</p>
<p><b>THREATS TO SOCIETY AND CONSUMERS</b></p>	<p><b>Homogenization of consume:</b> selling fake Italian products feeds the perception of homogeneity with the other food cultures making every investment in product origin quality useless.</p> <p><b>Consumer confusion:</b> making reliable quality and origin information hard to get pushes consumers to make purchasing decisions based on price.</p> <p><b>Fear and distrust by the Italian consumer:</b> importing fake Italian product to an expert market like the Italian generates processes of distrust and damage for the honest producers. In the case of Mozzarella “blue” (from Germany but sold as <i>made in Italy</i>) caused in few days a 20% loss in mozzarella purchases.</p>
<p><b>EXAMPLES OF ITALIAN SOUNDING PRODUCTS</b></p>	<p><b>Cheese:</b> Parmesan, Romano (made with cow milk), Parma (sold in Spain as Parmigiano Reggiano), Fontina (made in Sweden and Denmark), Asiago and Gorgonzola (made in the USA).</p> <p><b>Meats:</b> Pancetta, coppa, prosciutto <i>Busseto</i> (made in California), soppressata calabrese, bresaola Biellese, Bresaola Punta d’Anca, Salame Felino, Salame vinotto, Salame toscano, Salame Biellese, Culatello, Finocchiona.</p> <p><b>Tomatoes:</b> Pelati San Marzano (made in the USA).</p> <p><b>Pasta:</b> Fusilli tricolore “di Peppino” (made in Austria).</p>

	<p><b>Oil:</b> Pompeian Olive Oil (from Maryland), Olio Romulo (made in Spain with Romolo and Remo on the label).</p> <p><b>Dairy:</b> Pecorino, Toscanella, Caciotta.</p>
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Source: Eurispes, Coldiretti, 2010.

### 2.3 The Government against Italian Sounding: a political framework

The inability to legally fight Italian sounding calls for measures both by the Italian (and EU) government and by the country's consortia. As a matter of fact we are assisting in these years to the signing of trade agreement with North American countries by the European Union. Such agreements, as we are discussing in the next lines, are a first move to guarantee a better protection to designation of origin and stimulate the European productions.

As of 2015, Canada and the EU have committed to the CETA (Comprehensive Economic and Trade Agreement), a free trade agreement banning around 98% of total tariffs between the two economic entities (European Commission, 2015).

The CETA agreement, already signed by Canada, contains a section about Geographical Indications; in such section, the country has accepted to guarantee all types of protection to European food product as it would in EU law.

Although this may seem like the ultimate solution to the Italian sounding issue, it is not. Many PDOs and PGIs products have been recognized, but the effect is not retroactive for most of them (European Commission, 2015). That is to say that products of Italian sounding nature already being sold in Canada, before the CETA, will still be sold and marketed the same way (*grandfathering*). The provision is therefore only effective towards new entrants in the Canadian market.

The agreement is not useless either. Some trademarks will now be recognized even if conflicting with products present already in Canada. A few of these products being Italian, such as *Prosciutto di Parma*, *San Daniele* and *Prosciutto Toscano*, but they are a small minority.

Still under negotiation since 2013 is on the other hand the TTIP (Transatlantic Trade and Investment Partnership), the biggest free trade agreement ever proposed between USA and EU. As of now, we have disclosure of the EU propositions of the treaty, one of the sections

regarding geographical indications, not agreed upon yet by the US Government (European Commission, 2016).

Although both the FTAs described are not a comprehensive solution against the problem of Italian sounding that we are describing, they create a very positive economical and business environment in which other organized actions against it can take place.

The abolishment of all (98%) tariffs on Italian agro-food products is indeed a powerful stimulus for the already rampant exports towards North America. More so, considering that as of now, the main competitors for Italy's food in the area are the same NAFTA countries, therefore pushed by the positive trade environment enabled by that treaty. Both CETA and TTIP will indeed be bigger agreements than what NAFTA is today (Assocamerestero, 2015).

The predicted higher trade flux promoted by those two major commercial agreements (CETA and TTIP) is, according to Italy, the right economic framework through which the fight against Italian sounding needs to be stimulated. The Italian government, through Assocamerestero, the association of all chambers of commerce outside of national borders, has launched in 2015 the biggest promotion of made in Italy to date, the Italian Sounding Campaign.

Although lacking in name imagination, the campaign, renamed Extraordinary Italian Taste (EIT) following a similar but much smaller initiative launched few months back, is a comprehensive plan of actions against the phenomenon. Drawing strength from the economical and political efforts of the European Commission in promoting a more genuine and fair competition, EIT's final goal is to promote through all North America and Mexico what real Made in Italy is, despite all the imitations already strong and established in those countries.

As we have discussed, CETA and TTIP can have very small effect on Italian sounding products already present in the foreign nations because of the grandfathering rule; therefore, the EIT campaign's purpose is to "fill in the gaps" where the trade agreements nothing can. The impossibility to fight those already established brands and products marketed as of Italian tradition calls for different approaches. Assocamerestero has identified in the Chambers of Commerce of North America and Mexico, because of their experience in the area and their long history of promotion of Italian SMEs' interests in those countries, along with the established local business network and their renown. SMEs are indeed the most damaged

and the least structured to stem the little controllable phenomena such as the Italian sounding one (Assocamerestero, 2015).

The approach purposed by this project is not to enforce producers behaviors, instead, it focuses on the consumer's choosing ability.

The campaign's objective is to promote and valorize the authentic Italian productions, diffusing a bigger knowledge of their specific productive and typicality features, communicating both their area of origin and their nutritional values and certifications, bases for the concepts of PGI and PDO. In order to accomplish this, the actions are directed towards educating the consumers' purchasing choices in the North American markets towards the sensitizing of people and media influencing those choices. Stimulating therefore the aware consumption of 100% made in Italy. Finally, the project's intent is to strengthen the collaboration between Italian producers and local food distribution operators preparing both for the bigger trade flux enabled by the two trade agreements (Ministero dello Sviluppo Economico, 2015).

Besides the consumer education phase, the project aims at improving the distribution of the Italian products already present in the market as well as promoting the entrance of new products in the North American distribution channels. This second goal goes through another education process. The entrance of authentic Italian food products in the country is mostly attributable to the act of fairly "educated" buyers (most of the time of Italian descent, or with a love for and an expertise of the Italian culture) that take charge of the purchasing phase of Canadian specialty food stores for those product categories. These agents, besides being more knowledgeable than the average Canadian about Italian food and culture, they often engage in the already ongoing master classes and travels to Italian producers promoted by the Italian chambers of commerce in North America, and therefore are often regarded as influencers by Canadian media and consumers. The project's goal is to further educate these agents to improve the performance of specialty stores (competing with big GDO groups, selling large quantities of Italian sounding products) through the transmission of clear methods for the identification of authentic products by consumers. Furthermore, it intends to promote strategic incomings in the Italian territory for these agents with the aim of introducing new regional specialties to the Canadian market (Assocamerestero, 2016).

If not the only one, the North American consumer’s unawareness is among the causes for the proliferation of the Italian sounding practice, along with many other demographical and historical reasons that we will go through in the next chapter when we will focus our attention on Canada. According to the *Ministero degli Esteri* (2015) when identifying the targets for action countering the fake Italian food, along with Gambero Rosso (2014) and other national publishers (Espresso, Munchies etc.), a large majority of consumers on the other side of the Atlantic are unaware that they are buying food that has little more than an Italian name. Even though in both those nations (USA and Canada) it is legally required to display the country of production on the products labels. Moreover, we have previously discussed that consumers do not value the “made in” label as they used to decades ago (Usunier, 2011) as a result of COM ambiguity and multi-origin products frequency. Only consumer negligence, then? No. Rather ability of those brands to communicate a story which nothing is but a marketing tool. Companies creating Italian Sounding brands are effectively positioning in the 2<sup>nd</sup> scenario depicted by the Usunier table (2011, p.491). In this context, firms like Nestlé with the DiGiorno brand achieve a favorable association when they link their food products to Italy, the incorrect classification, but the most beneficial for the product category.



Classification/Favorability	Correctly classified	Incorrect/unclassified
Favorable association	1	2
Unfavorable association	3	4

Source: Usunier, 2011, p.491

Accordingly, the Nestlé brand does not appear in the front of the packaging, which instead displays the DiGiorno brand in bold and surrounded by the Italian flag colors (green, white and red). It is clear how the company is trying on the other hand to disguise the mother brand, which would possibly mine the favorable association and destroy positive COEs. Although the company is required by law to show its logo on the packaging, Nestlé and many others, do so in the back, in small characters along with the *made-in* formula.



## Chapter III – The Canadian development of Italian Sounding

### 3.1 Why we are focusing on Canada

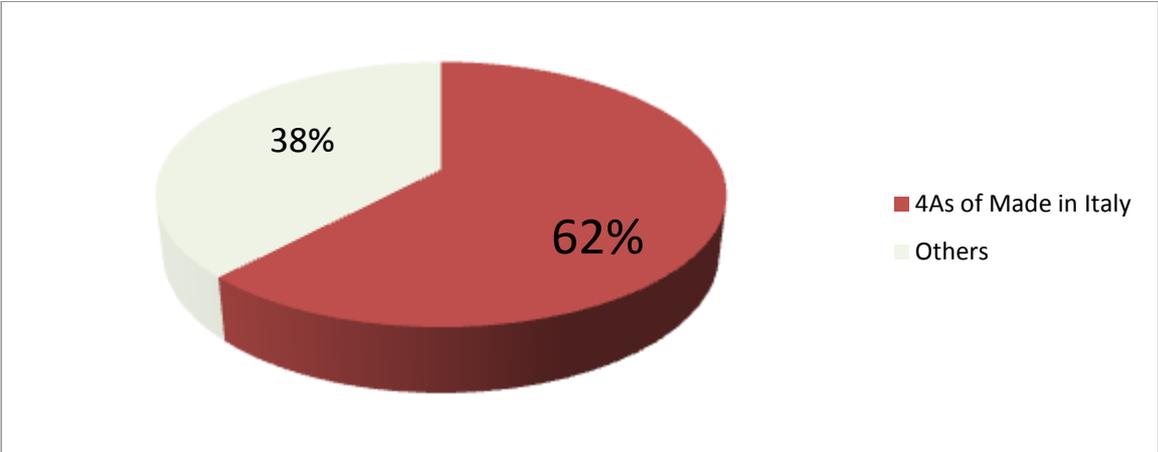
The reasons why our study will focus on the situation of Canada in the following sections are various. At first, the countries of North America have always been the extra EU countries with the highest concentration of individuals of Italian origins, as a result of the big immigration waves that took place in the 1900s. The specific way in which this migration took place and its dynamics in the arrival countries as opposed to the one by Italians in other areas of the world are among the main drivers of the major Italian Sounding development in the US and Canada. Moreover we will focus on Canada rather than the USA, although Italian Sounding practices and development are and have been quite comparable, as the former offers examples of big Italian Sounding companies that have maintained their Italian family guidance since their very beginning rather than giving it up later on to big groups. This feature opens the interesting theme of “what is really Italian?” as these companies, being confronted with Italian Sounding accusations, find validation by means of their long history and tradition in making Italian products, although not using input from the territory. Furthermore, Canada is about to sign a very extensive free trade agreement with the European Union which, besides stimulating the already vibrant trade relations with Italy, it will touch on the subject of counterfeiting and Italian Sounding, providing a positive political and economical framework through which other actions can take place. Finally, the choice of Canada as the subject of this study is quite personal. During this last year at Ca’ Foscari University, I travelled to Vancouver to complete my studies, taking part to one of the many Overseas programs offered by the University. I spent 10 months at British Columbia Institute of Technology, in the Vancouver Metropolitan Area, after which I was chosen as an intern at the Italian Chamber of Commerce in Canada West. During my time at ICCBC, I had the chance to work on project against Italian Sounding promoted by Assocamerestero (the association of all chambers of commerce out of Italy) and supported by the Italian Government. In those months I was able to face the problem directly and compare the different points of view of Italian and Canadian producers, along with participating in first

person to the market research phase of the project and listing of all Italian Sounding products and companies in the country.

### 3.2 Italy-Canada trade relations

Italy and Canada have strong and deeply rooted trade relations. In 2013 bilateral trade between the two countries grew 36% compared to the previous year for a total of 10.5 billion CAD (Canadian Dollars, 7.3 billion Euro), making Italy the 8<sup>th</sup> trade partner of Canada. Trade balance has for years been in favor of Italy, with exports reaching 4.1 billion Euro in 2013 (+24%) and growing 10% in the following year (Agenzia ICE, 2015). Among the most imported products from Italy we can clearly identify the 4As of Made in Italy, with mechanical and agro-food sectors making up around 45% of the total imports from the country (2014).

*Canadian imports from Italy: Italian excellence sectors vs other sectors*

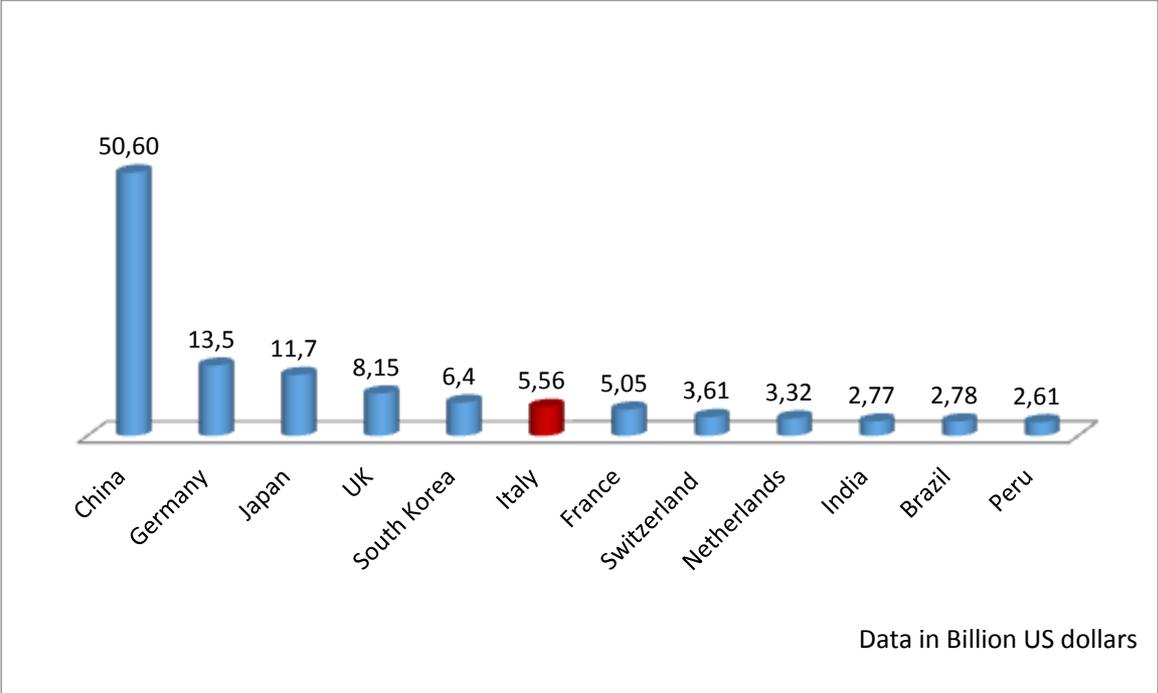


Source: elaboration of data from OEC (2015)

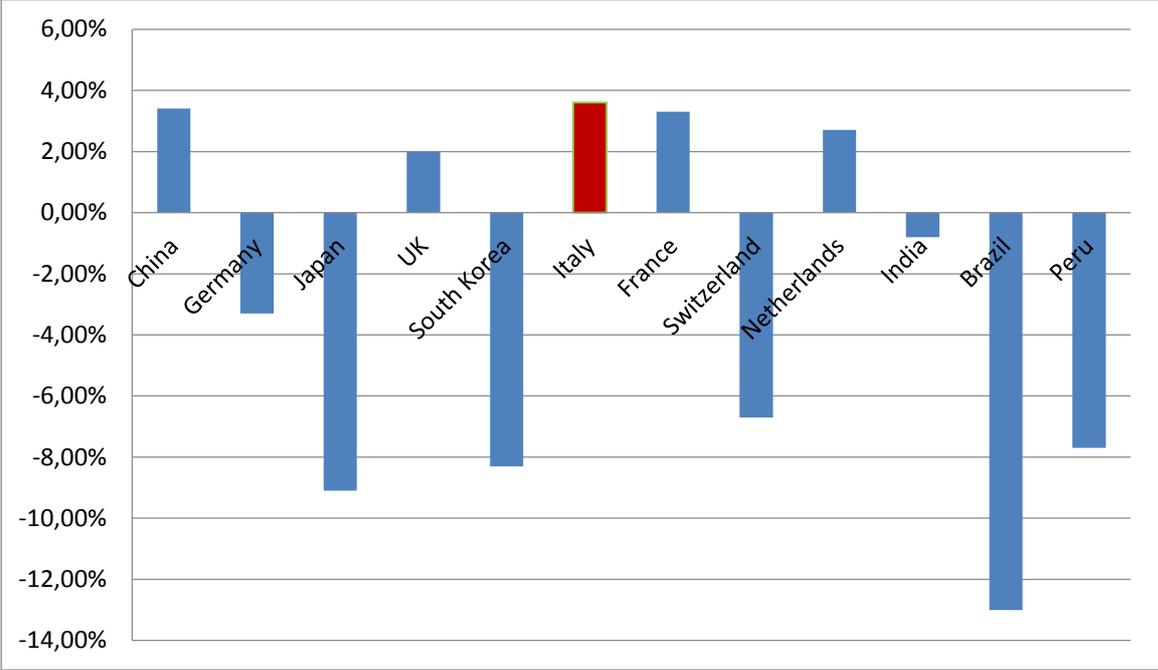
In the last years we have also witnessed the increase in direct investments in both directions. In 2014 Italian investments in Canada amounted to around 900 million Euro, making Italy the 21<sup>st</sup> presence in the country. In the same year, Canadian investments in Italy grew exponentially from 338 to 552 million Euro. At the light of these FDI data, both governments have agreed to promote partnerships in science, technology and innovation fields at the point of signing in early 2015 an action plan that created more than 100 partnerships among companies and institutions (mostly universities). The agreement aims to

develop many sectors among which is agriculture and agro-food (Government of Canada, 2015).

*Origin of Canada imports excluding NAFTA members*



*Variation (%) in imports by Canada from first 12 origins excluding NAFTA members*



Source: Elaboration of data from OEC (2015)

Italy is Canada's 4<sup>th</sup> agro-food supplier (22%) and the only European country in the top ten. Each year, the Canadian consumers spend around 950 million dollars in Italian food products; it is a big number for a 35 million people country. Such number translates to roughly 27 dollars per inhabitant a year in Italian products. That is more than 2.5 times the per-capita amount of Italian export in the USA (11 dollars), making Canada the highest (non EU) Italian food consumption country (Federalimentare, 2015). 4 times that amount, 102 dollars, is the per-capita consumption of Italian sounding agro-food products, or 3.6 billion dollars that each year Italian producers leave in the hands of Canadian imitators. These numbers not only tell the story of a battle, the one against Italian sounding, that until now has been lost year after year, but they give producers a positive message as well: Canadians love Italian food. It may seem a superficial conclusion, but the love for and knowledge that Canadians have of the Italian cuisine is one of the leverages to be utilized against the phenomenon. Although they are surely less educated about what genuine Italian food is than the average EU consumer, Canadians are fairly more informed than their American counterparts, who choose Italian sounding 10 times more than original Italian products (Assocamerestero, 2015).

When separating food and beverages we notice how the two have both been growing consistently at a yearly rate of 10%. Italy exports around 547 million dollars in food products and 428 million dollars in wines and spirits, making the country Canada's third exporter after the US (468 million) and France (435 million).

Getting more in depth inside the food sector, we recognize how the most loved product categories by Canadians are also the ones most afflicted by Italian Sounding, as listed in the previous chapter. Olive oil from Italy holds dominance over the other countries with a share of 70% of total oil imports of Canada (2015) although competition from other producers is becoming a threat, mostly from the USA where many olive oils display Italian Sounding labels (i.e. Bariano and Enzo, both produced in California). Cheese imports from Italy on the other hand showed a decline in 2014 of around 2%, setting at 57 million dollars, although holding the second position after USA and before France. Cheeses are among the most imitated products in Canada. A reason can certainly be attributed to the measures strictly limiting its import in the country due to health concerns in the trade of some product categories (dairy, cheese, meats etc.). As a result, in big retail chains it only few authentic Italian product can

be found (Parmigiano, Pecorino etc.) while most of the Italian cheese is sold in small specialty stores and a large array of Italian Sounding cheese products fill in this gap, making only 1 out of 10 products authentic (Fortis, 2013). Italy is also second in the export of pastas to Canada, behind the USA, a country where pasta is among the most copied products. Canada as well is home of several Italian Sounding pasta companies, for every authentic product, 5 are imitations. During the research I personally conducted in the biggest supermarkets of Vancouver for the Italian Chamber of Commerce, while always been able to find Barilla and few other originals (DeCecco and DelVerde) on the shelves, I noticed many Canadian imitations (Catelli, Primo, Lancia, Italpasta, Unico etc) were displayed close to the authentic products, at a similar price and with nothing suggesting which one was real Made in Italy and which not, further confusing consumers.

Besides, the combination of geographical distance from Italy and the immigration history of the country are the two factors that allowed such a strongly rooted development of the Italian sounding phenomenon, which could not acquire the same power anywhere else but in North America.

The 2008 census has estimated that around 1.4 million Canadians have Italian origin (Government of Canada, 2009). Representing around 4% of the population, Italian-Canadians are one of the major ethnic identities in a country where diversity is so high that more than 20 different groups consist of more than 1% of the total population (Government of Canada, 2014).

Moreover, while many individuals reported multiple origins in the Census, the Italian ethnicity is identified as the only identity by the majority of individuals (54%), showing that, even though it may not be the biggest, the Italian group has one of the strongest cultural identities in Canada (Statistics Canada, 2009).

To further consolidate this conclusion, the geographical concentration of the Italian community in Canada has to be taken into account. About 95% of Italian-Canadians live in the major cities, while other ethnic groups have developed a fairly diverse distribution among rural and urban areas. Italians on the other hand live in close contact with each other in metropolitan areas, creating *little Italys*, participating in cultural events and preserving the Italian way of living (Sturino, 2013).

Stating that Italian Sounding in Canada is the outcome of its history means establishing a substantial difference between the phenomenon that takes place here and the very different one that is the Chinese one, for example.

### **3.3 History of the Italian migration into Canada**

In this section we will present an outlook of the Italian-Canadian history and how the strong Italian community among the maple leaves of Canada came to be.

Italians were among the first settlers in the newly discovered Canadian territories, although the biggest and steadiest migratory flow began in the 19<sup>th</sup> and 20<sup>th</sup> centuries. In the early 1800, Italians started to populate the East, mainly the Montreal and Toronto areas. These early settlers, coming from northern Italy, from the regions of Veneto and Friuli, were mainly craftsmen, artists and musicians (Zucchi, 2007).

In the 19<sup>th</sup> century Italian street musicians were particularly known to Canadians and paved the way to Italians early acceptance in the country, attracting others moving from the motherland, and reaching by 1881 a total count of 2000 in Canada (Smith, 2013), which at the time held a total population of roughly 4.3 million people (Statistics Canada, 2009).

The late century saw the settling of 7 million Italians in South and North America, mainly pushed by the stories of fortune of the early settlers coming back to tell those events. In those years, the USA was just opening their immigration policies to allow large numbers of migrants to flow the country. Between 1880 and 1920, the United States accepted around 4 million Italian immigrants.

The US need for jobs in the railway and mining industries to support the booming economy made the country send recruiters to Europe to bring back workers for those sectors.

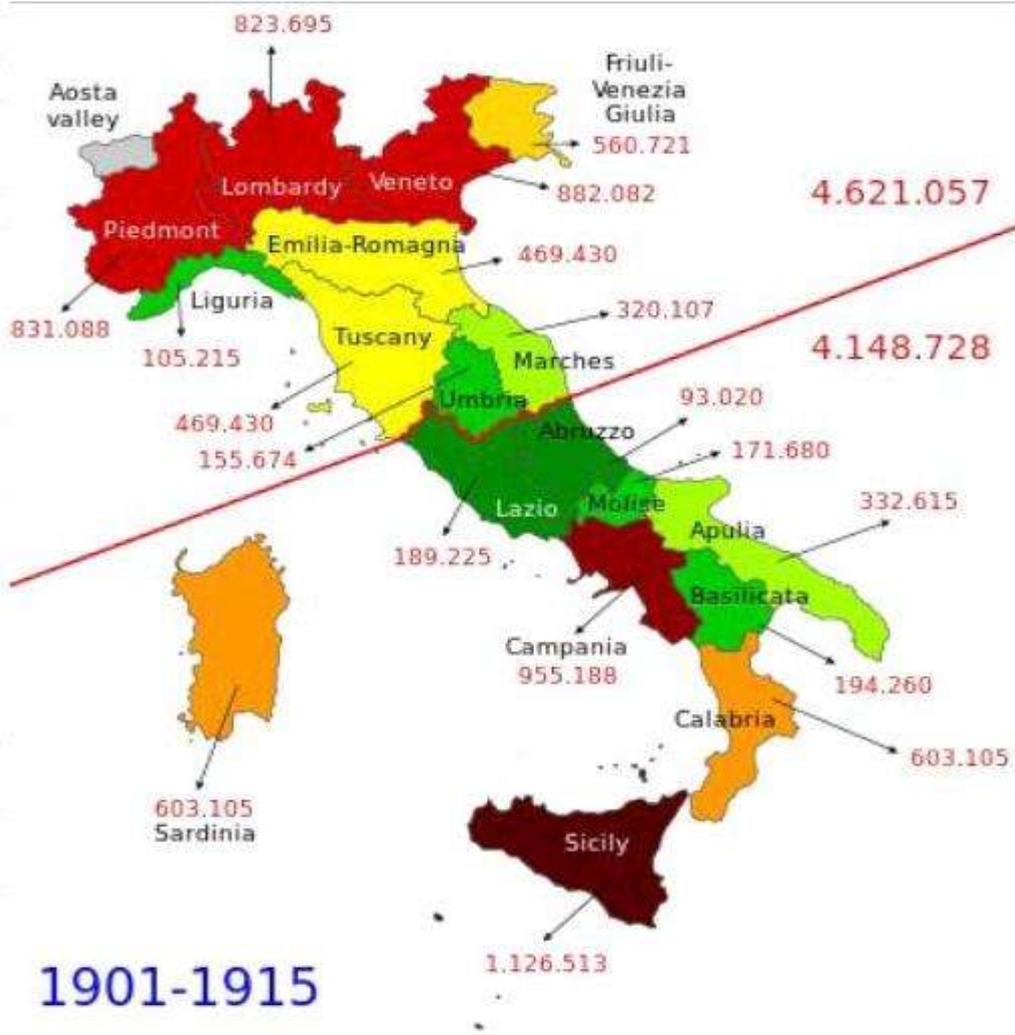
Following the same pattern of the States and anticipating a big economic expansion, Canada modified its policy in order to accept more and more European immigrants. Italians however were not high on the immigration list. As opposed to their counterparts in South America, who settled in the rural areas, in North America Italians flooded urban areas and were hardly colonizing the agrarian West. Taking the US experience as an example, where Italians overcrowded New York and Chicago and other cities, the Canadian government tried to discourage Italian immigration. Despite this resistance, the strong push factors in Italy and

the industrial labor demand preceding the first World War in Canada allowed for thousands more Italians to enter the country (Sturino, 2013).

Following the War, the massive expansion of the Canadian labor market drove many more Italians to emigrate. The 1920's immigration in the country was also allowed and stimulated by a new policy by the Canadian government. They would allow perspective newcomers from any nation to gain access to the country if sponsored by already residing relatives and assume financial responsibility for their settlement. In the post-war years, 90% of Italians who moved to Canada did it through relatives' sponsorships.

As opposed to the first flow, this new migratory wave was more permanent in nature; men were not the only ones travelling in search of fortune, now wives and children were brought with, instead of left behind to rejoin with them once men successfully settled.

*Regions of origins of immigrants in the first 15 years of XIX century*



Source: The Craco Society, 2011

All newcomers were bringing a piece of Italy in their suitcases. Some were bringing a book, an Italian bible or garment, but the large majority was bringing food and wine. Cheeses, prosciutto, salame and others homemade delicacies as well as bottles of wines were gifts for the family members across the ocean. The stories about the sweet white breads the kids refused to eat in Canada made their way back to Italy, and the newcomers were not coming unprepared. Some immigrants recall the smell of food at Canadian customs, where all luggage was checked and many things were confiscated (Smith, 2013).

Italian immigration to Canada in the 1920s became so prominent that the newly established fascist government of Mussolini tried to strongly limit it through a series of laws against the movement of Italians from 1924 to 1929. That, together with the ban of Italian immigration by the Canadian government during World War II, halted the inflow of people from Italy until this last one was lifted in 1947.

Due to the close ties to the motherlands they always retained, many Italian-Canadians were supportive of Mussolini's government during World War II, establishing pro fascist groups in the major Canadian cities. This not only raised suspicion among Canadians, but it also led to interrogation and internment of many Italians during the war years. Some Italians tried to disguise their origin by anglicizing their last names, and abandon the tight *little Italies* they had gathered in ever since their arrival (Demaria, 1991).

After the war, Canada's booming economy called again for foreign labor. The ban on European immigration was lifted and Italians started to move once again to North America. Until then, the majority of Italian-Canadians had North Italian origins but after the war, people started moving from the war impoverished South of the country. Starting a trend that will continue on for the next 30 and more years, Southern immigrants became predominant while more and more Northern Italians chose to stay in their country and participate in the post-war reconstruction (Marsh, 1999).

In those year, the inflow of Italians into Canada amounted to 20,000 a year, making the community grow in the next 3 decades by 200%, topping the half million by the mid 60's (Demaria, 1991).

Usually men moved first in order to acquire financial stability in order to later sponsor wives and family members. This family chain migration system was so considerable that in 1958 Italy surpassed the UK as a source of immigrants (Sturino, 2013).

Ten years later, the relative sponsorship criteria was changed in favor of a point based system accounting for education as the main score. As a result, together with the positive economic environment of the 1970's Italy, immigration to Canada dropped significantly in the ensuing years up to nowadays.

Getting deeper into the subject of the Italian settlements in the Canada helps better understanding how and why the Italian sounding phenomenon came to be. We have discussed how the Italian immigration in North America differs from the South American experience in the predominant settling of people in cities rather than in rural areas of those relatively young and resourceful countries. The case of *Little Italies* is substantially different from the development of *China Towns* and other settlements in Canada (and the US as well). Italians during the first wave of immigration (early 1900) started populating urban centers of Montreal and Toronto as long as forming small presences in other main Canadian cities. The immigration policy revolving around the sponsorship system forced newcomers to rely on other Italians during their establishment in Canada, bringing them to Italian neighborhoods they will hardly ever leave once settled (Zucchi, 2007). Furthermore, the Italian fairly recent unification and the historical, demographical and cultural differences among areas of the country contributed to the gathering of immigrants on a regional basis. People from the Northern Italian region of Friuli, for example, formed a specific enclave in Toronto that is still one of the most relevant in the country. The *Fogolar Furlan*, in strict contact with the motherland, was and still is a strong promoter of business and opportunities between Canada and the region of Friuli. We can therefore attribute to *Little Italies* the value of allowing immigrants to settle near members of their respective hometowns and although a rather high rate of endogamy among some townsgroups helped to perpetuate close ties, the centrality of these neighborhoods allowed also Italians to meet people from other regions of the Peninsula and of various origin.

*Little Italies* were very recognizable neighborhoods. Despite the fact that in all of them was a Catholic church, serving as national parish to all Italians, *Little Italies* developed a so called "commerce of migration" (Robert Harney, 1993); ethnic shops, grocery stores, saloons, banks and insurance agencies run by Italian immigrants were scattered around Italian neighborhoods, providing goods and services specifically for the immigrants, like a proper city within the city. In Toronto's first *Little Italy*, for example had around fifteen of these businesses. Some of them, like Farano's grocery store on Elm Street, focused on regional

delicacies from the region of Puglia and the province of Bari. Others, like Puccini's or Trentadue on the corner of Elm and Centre streets, were much bigger and sold food from the whole Italian peninsula, meeting the taste and regional differences of all immigrants (Zucchi, 2007).

This kind of establishment, recognized by literature as a form of attachment to one's origins by reproducing home country's society and urban structure, or Italian *Campanilismo* (Alba, 1985), has been contributing to avoid early assimilation into North American culture, therefore keeping the Italian culture's traits vivid for the decades to come. *Campanilismo* and the regional characterization of *Little Italies*, are at the basis of development of an Italian-American cuisine (and Italian-Canadian, as the two are essentially equal). As the majority of immigrants in North America in the first half of 1900 were from the South of Italy (Sicily and Campania), and due to their diets consisting largely on "tomatoes, onions, oil, cheese and garlic" (Levenstein, 1985), those ingredients are now believed to be a staple of the entire Italian cuisine. Consequently, they are staples of the Italian-American cuisine as well (Levitt, 2012).

Remarkably different from *Chinatowns*, the Italian neighborhoods were not isolated enclaves inside Canadian cities however. Rather, they were widely interconnected to the other neighborhoods as well as they attracted Canadians in search for ethnic discovery. The arrival of Italian women through the immigration chain effectively helped the interaction between the Italian culture and other ethnic groups. Besides being responsible for the organization and the keeping of the early settlements while men were away for contracted work, they held all relationships with the "outside" city, as well as being the ones who helped spread the Italian culture. While shopping, while raising their children, while carrying conversations with Canadians and other immigrants they would transmit a piece of Italian way of life (Zucchi, 2007).

*Little Italies* would decrease in size with the years, although they will always preserve their value as cultural socio-economic centers. Italians have been moving to richer neighborhoods, although some have decided to live together because of kinship and village ties. Italian-Canadians were not employed in low-income occupations such as in the pre-war years. After World War II the average immigrant income started leveling up to the Canadian's and by 1980 the level of education of Italian-Canadians was at par with locals. As

a matter of fact, Italian Canadians have the highest rate of home ownership in Canada today (86%) (Sturino, 2013).

Italian neighborhoods, although they never were closed enclaves, allowed the development of an Italian-Canadian culture through both the conservation of the Italian way of life and the dialogue with the Canadian outside. These mechanics paved the way for the evolution of the Italian Sounding practice. Cultural conservation, indeed, was highly predominant in the typical aspects of the Italian values and practices, first of all: food. The immigrants' love for the cuisine they left back home called for the many early *Little Italies* grocery stores to focus on importing the few products they could easily have shipped or carried by travelers: olive oil, salame and cheese as long as preparing fresh bread and sausages for the *paesani* (Miller, 2015).

The centrality and openness of Italian neighborhoods played a role in attracting Canadians inside their stores, accustoming them with the freshness and taste of their home cuisine. Following the same pattern of its American counterpart, Italian Canadian food was initially an emanation of the Southern Italian regions of Sicilia and Campania. The heavy taste and use of large quantities of sauces, initially thought to meet the tastes of the immigrants from those regions, started aligning to the North American preferences, meeting the interest of Canadians and Americans. Some resistance, however, was shown by governments of the North American countries, seeking to stimulate the purchase of local goods and the "americanization" of Italian immigrants' cuisine (Miller, 2015).

Lucy Gillett from the New York Association for Improving the Condition of the Poor in 1922 attacked Italian American families for spending too much on food imported from Italy, sacrificing other important items, which would cause an unhealthy child raising. For example, Gillett criticized Italians buying motherland cheese at \$1.5 a pound, triple as much as the American variety, giving up on milk.

Other branches of local governments, like the Agency for the Division of Neighborhoods, in those same years attacked the choice of Italian Americans to preserve their own cuisine by denouncing it as menace against "Americanism" and not wanting to fit in (Helstosky, 2015).

Despite that, the tasty, big portioned, cheap Southern Italian cuisine kept gaining fans around Canada and the United States. People stumbling across small Italian restaurants in Italian neighborhoods were bringing friends and business partners along the following time.

By the 30s, “Italian” restaurants became the most popular “foreign” cuisine in North America (Levenstein, 2012).

The use of quotes is not casual; the “contamination” of Italian cuisine started with the first settlers, when “birds of passage” of the late 19<sup>th</sup> century started giving their way to whole families. It is true that some food was sneaked inside Canada and the US upon arrival, or legally bought, up until custom laws allowed it, but when the Italian immigrant community started gaining a significant size, it was simply not enough to sustain the whole neighborhood eating habits. Early settlers recall how Southern Italian immigrants would carry tomatoes overseas, not knowing that tomatoes were imported to Italy from the Americas in the mid 16<sup>th</sup> century (Cannato, 2015).

In the 1930s, US and Canada strictly suppressed imports from Fascist Italy, later harshly limiting them in order to stimulate local production and booming businesses. Italian women in neighborhood kitchens, later transformed to Italian restaurants or “spaghetti houses”, had to replace many ingredients with local productions; cream was used in *lasagne* substituting *besciamella*, mozzarella was left out in favor of local cheeses.

Besides losing its regional authenticity, Italian-American and Italian-Canadian food started their profound “Americanization”, adapting to local tastes and giving up their attachment to the motherland. Food imports from Italy were severely restricted until the 1970’s. During that time, Italians in North America needed to reproduce home tastes without having the original input to do it; consequently, they started making their own. The neighborhood community kitchens, managed by Italian women and initially born to feed men busy on the physical labor reserved to the early settlers, began developing into “spaghetti houses” and food businesses. Italian grocery stores as well, experiencing the shortage due to the custom laws, expanded their retail businesses adding small productions into their basements and transforming their owners into small entrepreneurs. This development however is not only the unavoidable outcome of events. The interest of Italian immigrants in setting up more stable and remunerative businesses is rather in line with the evolution of the first immigration wave into the post-war one, when “birds of passage” left their way in favor of family chain migration and stable settling.

It is during these years that Italian food businesses started to scatter across the nations of North America. In Canada, these companies have grown substantially in the following decades although keeping their family-run connotations in many cases and they were able

to maintain a strong image of authenticity both for Canadian and Italian-Canadian consumers. Saputo (1954), Olivieri (1957), Catelli (1920), Unico (1917) are only a few of the biggest examples of companies started in the mid 1900s by Italian immigrants, which can be considered the main exponents of the “Italian” food makers in Canadian territory recognized as such by the Canadian consumer. Their success (without taking away anything from their managerial guidance) can be partly attributed to leveraging a *Made in Italy* implicit label, sometimes quite explicit as in the grey area “product of Italy” formulas printed on their packaging, which Italian consortia believe to be a misuse. Opposition by Italian producers has been known to Canadian companies for some time, as many different initiatives have been taken by Italian associations, chambers of commerce and consortia in Canadian territory. However, to those accusations, Canadian producers advance the same line of “defense” (if we can call it such), reporting the company’s history as the validation for their products. As vice-president of product development at Saputo Inc., Pamela Nalewajek, stated in a interview for the Globe and Mail (2015) when confronted with Italian Sounding: “these Canadian companies do not make Italian “sounding” products, they make Italian products. Giuseppe Saputo was a cheese maker who came to Montreal in 1950 from Italy and started making cheese and delivering it by bicycle to fellow immigrants”. Alan Middleton, marketing professor at York University, supporting Canadian companies against these accusations, believes that most of the names seen in grocery stores have become too generic to be still tied to Italy. “You can’t trademark ‘Italian sounding; you can possibly protect certain specific Italian words. Just because it sounds like it, can you do anything about it? The answer is no.” (The Globe and Mail, 2015).

### **3.4 Italian Sounding in its physical features**

We have discussed the reasons why Italian Sounding is so widespread in Canada, showing historically how the Italian presence in the country has kept its attachment to the homeland culture, avoiding a deep “americanization” (or merging with the North American culture, and all other cultures of North America) which on the other hand occurred in the United States, where the phenomenon, although bigger in absolute numbers, is less developed when considering the per capita data. Besides personal reasons, Canada is the focus of our study since in this country the biggest Italian Sounding companies have retained their family business connotation, although exponentially expanding since their establishment in the first

half of the 20<sup>th</sup> century, while many Italian Sounding brands have been acquired by big multinational firms in the USA or have been developed by these latter ones (i.e. all major frozen pizza brands: DiGiorno, Giuseppe etc.).

Italian-Canadian companies in the food industry, although attacking the label of “Italian Sounding firms”, use different tools to find legitimacy among the Canadian consumer, a consumer as we have seen, relatively more educated than its American counterpart about Italian product categories and who retain stronger links with Italian relatives and the territory.

This search for legitimacy strongly reflects on the firms’ marketing strategies. Through advertising, labeling, colors and images, company’s stories and other tools, these brands reinforce upon the Canadian consumer the idea that they are buying traditional Italian food, making them unable to distinguish between what is real and what is fake. Starting from their history of foundation by Italian immigrants, and through these other tools, they extend upon all their products and brands a positive halo of originality and tradition which correctly and favorably aligns those brands with the country of origin Italy. COE and brand name origin literature, presented in the first chapter, finds a concrete implication in the Canadian companies’ case, which effectively read and apply those dynamics to reap benefits at the expense of real Italian food producers.

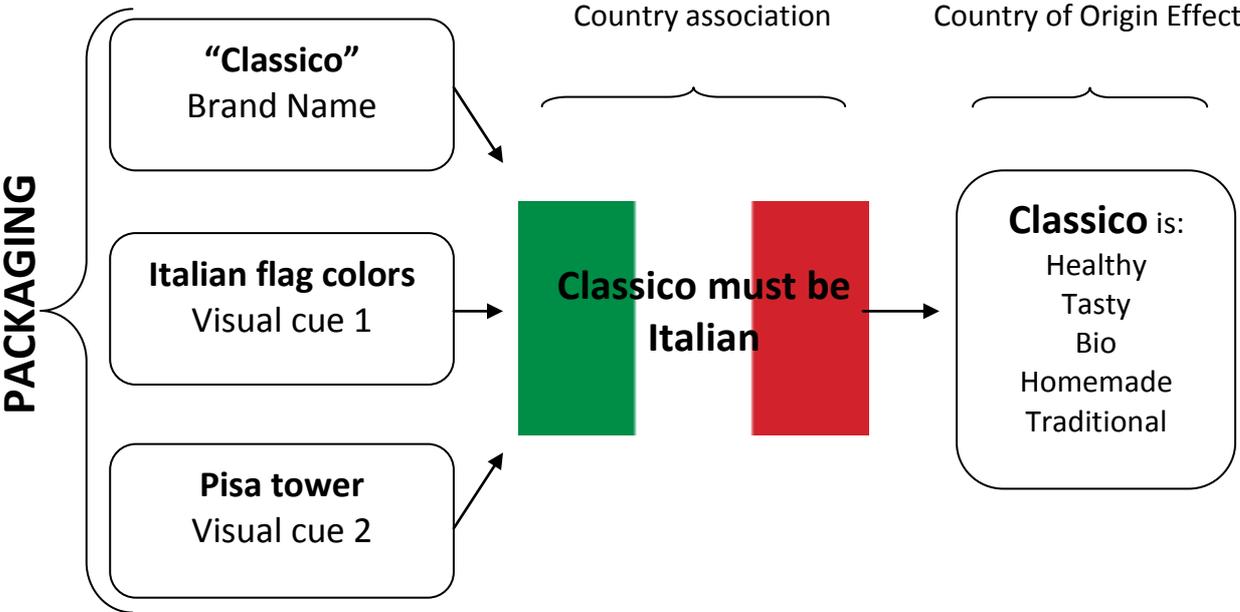
In the following sections we will analyze the marketing strategies and the tools utilized by Italian Sounding companies in Canada along with how to concretize the literature we introduced in the first pages of this work. Lastly, we will conclude by assessing strategic implications for Italian producers trying to fight the Italian Sounding phenomenon. In a framework where legal action cannot be taken into account but where more and more initiatives are being taken by government and associations to soften the non-collaborative attitude of Canada to fight the problem.

Concerning the framework of this work, we will use data retrieved personally by the author during the market research for Assocamerestero in the Italian Sounding Campaign. All data were retrieved in Vancouver, Canada personally, over the course of the month of February 2016.

### 3.5 Inside Canadian supermarkets: the visual Italian Sounding

Italian Sounding is a phenomenon which principally unfolds between two main industries: food and fashion. For this reason, a big part of the strategy around it is played within the distribution channel, with specialty stores and supermarkets having slightly different but complementary roles. In this chapter we are focusing a big portion of our research on this subject, as we dispose of a substantial quantity of empirical data about the phenomenon. Visual cues, which are extrinsic product attributes, are the first features the consumer can evaluate, in most cases, during the purchasing process. Purchasing process which, in the case of grocery food products, is carried out in large part inside supermarkets.

North American supermarkets are very big structures, sporting dozens of isles and hundreds product categories. Catching the consumer’s attention is not an easy outcome to pursue in such a variegated environment. This is why visual aids play one of the most effective roles within the Italian Sounding context, as, besides making products easily recognizable within distribution points, they allow the company to create the much sought for association between its products and the country of Italy through the creation of a Brand Name Origin effect that effectively translates into a positive country of origin association.



Bright Italian colors, symbols, names and catchphrases do not only have the unique goal of catching the Canadian consumer's attention therefore, but they are one of the triggers of the association process described in the first chapter combining two literatures (the one on country of origin effect and the one on brand origin), which allows the COE to be used as a marketing tool even though the company could not technically make use of it by nature (company from a different country than the one positively associated to the product category, or Scenario 3 in Usunier, 2011), as it cannot display a "made in Italy" formula on its labels.



*Classico pasta sauce logo retrieved from Classico website*

Of the over 200 products objects of this empirical study, every single one showed at least one of the visual cues listed above (Italian flag, names, logos, colors and catchphrases), although a combination of two or more cues was more common. The most utilized Italian sounding visual tool was certainly the product/brand name, which was essentially composed by either an Italian first name like the pizza product "Giuseppe" or by an Italian recognizable word or phrase, like the sauce "Prego". These stereotypical names and catchphrases are chosen as they are commonly linked to Italy and are often part of the Italian persona in North American movies and television. Products like the mozzarella "Mamma Mia!" or brands like Emma, Anita's and Coppola are evident references to Italy that an authentic Italian brand would probably never use as they would be deemed as too stereotypical and even laughable by the Italian consumer.

Big multinational food companies use this strategy as well when marketing Italian inspired products in Canada. German company Dr. Oetker (known as Cameo in Italy), for example, sells different frozen pizza products in Canada that cannot be found in the Italian market as they would probably generate Italian Sounding concerns. Each one of these products, alongside the product “Ristorante”, the only one present in the Italian market (but being a generally more acceptable product by the Italian consumer because of its features: small crust, simple Italian-inspired toppings), have Italian sounding names, some of them being



“Giuseppe”, “Panebello” and “Casa di Mama”. As a matter of fact, in the frozen pizza market segment all competitors (Delissio, DiGiorno by Nestlé etc.) shared Italian named products, signaling that such feature may be necessary for the Canadian consumer acceptance and the belonging to this category.

Italian brand/company names were especially common inside Canadian supermarkets. Without exaggerating we could state that there were nearly as many Italian named brands as there were Italian named products. This feature is what makes the Canadian market so peculiar for what concerns the Italian Sounding context: a conspicuous number of such companies are Italian-Canadian. Furthermore, they were founded by Italian immigrants in the early 1900s to serve the fellow compatriots who searched for a taste of their home in Canadian land, and which later developed generation after generation into big family run companies selling Italian products to the whole country and beyond (mainly USA). This

seems to be the story of all major Italian-Canadian food makers, who proudly share it on the first page of their company websites and in many cases on product labels as well.

Saputo Inc and Catelli are the biggest examples in this category, with revenues in the billions Canadian dollars, who would argue that their name is “not Italian Sounding, but just Italian”, as stated by Saputo’s vice president of business development, bringing the story of the founder Lino as proof that the company makes real Italian products. This continuous mention of tradition and history can be seen on the firms’ products labels, where short sentences remind the consumer about how genuine the product is (Saputo’s statement on its products being “Authentic Italian cheese makers since 1954”) as well as in their TV advertisements we will discuss later on.

The problem with the scenario just depicted is evident: what is to be considered an Italian product, one made by Italians or one made with Italian ingredients? And in the former case, does the company need to be producing within the Italian territory? Italian consortia and producers want the answer to be an affirmative combination of both, insisting that authentic genuine products are the ones made by Italian producers, able to apply generations worth of expertise and tradition, using products from their own territory. This answer is however very stringent, if we consider that even the biggest, number one pasta maker in the world, first in the Italian market as well, Barilla has production plants overseas and makes the product destined to the Canadian market inside Canadian territory. However, no Italian producer ever questioned Barilla’s “Italianness”. We will focus on these considerations when concluding this work.

Brand and product names are not the only visual tools utilized by companies making fake Italian food, an array of other cues are key in the perception of authenticity by the consumer. One of the main and most common are the product packaging and logo color choices. In this context, more than two thirds (132/197) of listed products had the tricolor somewhere on their packaging, whether that was in the logo or on different parts of it.

Green, white and red besides being very distinguishable colors, are also widely associated to Italy in Canada, while in the US they might create parallel associations to Mexico, which as described earlier in this work, is normally a unfavorable country association in the North American market for many product categories, food being among the most. In Canada however due to the fact that Mexican products are more rare to find within supermarkets and that the Mexican ethnic group is substantially smaller than the Italian one in Canada,

with only 61.000 responses to the ethnicity test of the former against the 1.4 million of the latter.

The Italian colors, sometimes even displayed as a proper flag, sometimes put together to form the brand logo, are the chosen alternative to the “made in” formula, and have the duty to forego such formula and have the consumer almost forget of its existence. For this reason, “made in Canada”, the mandatory origin to be displayed on the product, is in virtually every element of the collected sample showed in a small font of the rear side of the product label/packaging. The front side on the other hand is used to strongly communicate the origin of the brand. It is clear indeed that if the “made in Canada” was on the front of the label in the same space occupied by the references to Italy (flag, name and colors), it would create a confliction between brand origin (Italy) and product origin (Canada) which would end up distorting the consumer’s perception of the former one, making the company unable to achieve its brand’s image of authenticity.



*Source: Cappolafood.com, header of the website*

An Italian brand name intertwined with Italian colors is enough for many of the Canadian companies subject of our research to express the belonging to Italy. In a few cases however, like the one of Cappola Foods, the label displays a mix of all logo elements. In this case, the two already described elements are combined with catchphrases and motifs referring in most cases to the authenticity of the brand. “Tradizione Italiana”, “Inspired Italian”, “Authentic Italian”, “All’italiana” are the most used in the sample retrieved, and besides all containing the word “Italy” in one of its form, they are in many cases written in Italian language. A strategy rather effective in Canada, where around one fifteenth of the population grew up in an environment where at least one side of the family was of Italian origin (Government of Canada, 2012). Not only that, but the cadence of the Italian language

combined with the feature of closing most of words with vowels (setting therefore apart from English where most words end in consonants), creates a very recognizable lemma.

It is clear that a combination of all the elements listed up until now strongly communicates an origin that, although doing so in a redundant way, can be easily dismissed through a minimal research about the company and the brand. However, during the purchasing process, highly concentrated inside the retail distribution points, the consumer does not normally engage into such a research and, unless already being educated about the product category and/or the brand, he will take the multiple signals of Italian origins as reliable. It is true that consumers may as well search for the rules of origin on the back of the product, but, although this will indicate to them that the product is indeed made in Canada, it would not be enough to determine that the brand itself is. As an example we bring the case of Barilla, manufactured for the Canadian market in different plants around the country with headquarters in Markham, Ontario. Widely recognized as the Italian pasta brand for excellence in the world, it however operates from different areas of the globe serving the local markets, therefore Barilla Canada being the emanation of an Italian company and brand producing technically Canadian products.



*Source: Barilla.ca, Barilla Canada advertising*

Finally, the last visual element found in our research are images and pictures that link the product and brand to Italy. The most utilized are worldwide known monuments such as the Pisa tower, the Coliseum or the Rialto bridge as well as very distinctive artifacts such as

Venetian gondolas. Other elements used are pictures of the Italian countryside, representations of the healthy lifestyle and genuine food choices. Furthermore, in few, like the already cited example of the brand *Classico*, the geographical map of Italy was used on the product packaging, in either small dimensions or taking up the whole space on the cap like in the former case.



Although the large majority of marketing for Italian Sounding companies unfolds within supermarkets and specialty stores, some of the biggest companies, like Saputo inc., do have few recent TV advertisement campaigns that need to be taken into account in this analysis. Saputo Inc. has developed 3 different TV spots in the last two years for their cheese product “Mozzarellissima”. In all three spots, it is easy to recognize some Italian Sounding elements in line with the rest of the company’s visual strategy. Two of the three commercials featured a family dinner and the preparation of food in a big Italian inspired kitchen. These families were large in number as to recall the extension of dinner and lunch reunions, custom of Southern Italian culture, replicated in the Italian-Canadian and Italian-American environments since the beginning of migration. The family, composed by wife and husband, children and grandfather and grandmother is enjoying a typical lunch. The setup and background of these two advertisement is also very typical in its pursuing of the Italian image. Both picture a typical central Italian hillside landscape, with stereotypical grape fields, which can be seen through the windows of the largely Italian inspired kitchen. At the table, the product “Mozzarellissima” is displayed in a simple plate with beside olives, basil leaves and tomatoes, which besides recalling the Italian colors, they also are a symbol of the simplicity and genuinity of the Italian cuisine. All around, other elements of the Italian culinary culture are present, such as olive oil, red wine and freshly baked bread. Everything, from the beginning to the end, is accompanied by Southern Italian traditional music. It is possible to distinctly hear Italian words and the sound of mandolin.

The third commercial, different from the first two, features a woman shopping in a supermarket, while finding herself front to front with a Saputo cheese sampler at a stand.

The two engage in a conversation when one asks what kind of samples the Saputo employee has, and the second one starts listing all Saputo products (many of which have Italian Sounding names) and the shopping woman starts daydreaming about the Italian landscape (the same as in the other two commercials), with hills and sunny skies, all comprised of the sound of mandolins. When the lady stops speaking, catching her breath, the shopping woman asks what she could make with those products, so the Saputo employee starts listing again, and the commercial ends in the Saputo Inc. logo.

### **3.6 The price and position comparison and the companies importing original products**

According to Assocamerestero (2015), North American families are willing to pay a premium price at the grocery store for Italian products. This value is for the USA and Canada around 30 to 35% more than a non-Italian item. At the light of these data, it appears clear how price must be used accordingly by Italian Sounding companies in order to maximize the consumer's perception of their authenticity and not to be viewed as cheap surrogates of what is really Italian.

Taking into consideration the differences in prices due to the distribution channel features, that is to say the higher margin applied by specialty stores compared to the one applied by the large-scale retail channel, we have registered a relative alignment with the authentic Italian products of the same category present in the same store for mid to high-end products, while some other low-end products, still of Italian Sounding nature, could be found at a price up to 50% lower. Spaghetti N.5 Barilla's average price in Canadian supermarkets for a 500g pack was 2.49 CAD (1.68 Euro), about twice the price of the same product in Italy, while its main Canadian competitor, Catelli, can be found in the same

supermarket at a price of 2.29 CAD (1.56 Euro). The two lower-end Canadian products, Primo and Unico, both Italian Sounding brands, have much cheaper prices, at 2.37 CAD for a 900g pack. The only Italian pasta product we were able to find in big supermarkets was Barilla, while in specialty stores some more options were available, such as *DeCecco*, *Rummo* and *La Molisana*, with prices being between 10 to 23% more expensive than Barilla at the supermarket, with no direct Canadian competitor in that high-end segment.

In the cheese and dairy segment the situation is different, as no authentic Italian product can be found in supermarkets other than the real PDO and PGI products imported by the same Canadian companies that make IT sounding products. Parmigiano Reggiano, Grana Padano, Gorgonzola DOP etc. are only some of the original Italian cheeses sold under those Canadian brands. Although being marketed under such brand names, they are actually imported from Italian manufacturers and all contain PDO and PGI logo and certificates, therefore no original product sold directly by Italian companies could be found. These original products are sold at a higher price compared to the ones found in Italy, but for legal reasons (Illegal to fake PDO and PGI products) do not have direct competitors, but much cheaper substitutes. Parmigiano Reggiano aged 2 years 500g by the importer *EMMA* is sold at 35 CAD, while the closest Italian Sounding alternative *Parmesan* can be found at one tenth of the price. The cited brands, also provide a wide variety of products other than the original ones. *Splendido* for instance, besides selling original Parmigiano Reggiano, also provides other more generic dairy products such as Mozzarella or “Bocconcini”, which of course do not need PGI and PDO certificates as they are not protected by current legislation. The practice of holding authentic imported products in Italian Sounding companies’ portfolios is perfectly pertinent to the phenomenon and has strategic implications we will discuss later on in this chapter. Concerning unprotected cheese products, prices were sensitively lower than the counterparts sold in Italian territory, although no imported product in this category was present in supermarkets. Saputo “Mozzarellissima” is sold at around 7.00 CAD while in Italy for the same quantity a consumer would have to pay almost double that price.

The same picture with a slightly different characterization can be found in the balsamic vinegar segment. There, the differences among prices are dependent on the nature of the product. In our research we could find two types of balsamic vinegar products, the original ones from Modena, Italy, imported by Canadian companies and the imitations, without the

“Modena” label and therefore certification-less, by those same companies yet with Italian Sounding elements. The price difference between the two categories was very marked, as for the same quantity the original product was double to more than double more expensive than the imitation.

Generally, the price portion of the research showed two possible scenarios dependent on the degree of protection of the Italian product. In the case of products not having PDO or PGI certification recognized in Canada (pasta, ricotta cheese, tomato sauce etc.) it has been observed a rather alignment between Italian Sounding and authentic products retrieved from the same supermarket. In this case, the prices would vary slightly in favor of the Italian original product but not enough to justify a qualitative distinction between the products. On the other hand, in the case of product categories protected by PDO and PGI certifications, a big price disparity was observed. Authentic products were up to twice as expensive as Canadian imitations, although, as we will discuss further, the same Canadian brands selling the cheaper imitations were also the ones importing the original products.

Within supermarkets and specialty stores the positioning of the products on shelves and the organization of space is also important for the analysis of the Italian Sounding phenomenon. In this context, when carrying out empiric research inside the large-scale retail channels (but not in specialty stores), it was observed how incredibly hard it is, even to the Italian educated eye, to distinguish which products are Italian Sounding and which are original at first glance upon the exposition shelves. The reason why is that inside those supermarkets there is no spatial distinction in positions of what is original and what is fake on the shelves. Accordingly, Italian Sounding products were positioned next to authentic ones, as if they were basically two Canadian competitors. In the case of unprotected products, the price gave no indication that such products were different in nature and origins, therefore the position strengthened the consumer confusion as no specific tools were devoted to indicate that one product was authentically made in Italy. On the other hand, in the case of products holding geographical origin protection, such as Parmigiano Reggiano, the positioning was still in proximity with its imitations, but this time price was at big gap between the two, although not giving any explanation about what justified such difference or without any specific attention to how the original PDO and PGI product was placed.

### 3.7 Analysis of the research findings: how to face Italian Sounding

At the lights of the empirical research personally conducted when working at the Italian Chamber of Commerce in Canada-West, while participating to the *Italian Sounding Campaign*, an initiative promoted by Assocamerestero in association with the Ministry of Foreign Affairs of Italy, we can elaborate some key findings of the Italian Sounding phenomenon in the country.

Firstly, we have registered the use by Canadian producers to hold within their portfolios a few authentic imported products, besides the self-produced imitations. This appears the case for the PDO and PGI products recognized in Canadian territory, which we remind are very few compared to the larger and even more extensive number recognized in EU and Italian territory. Canadian companies tend to import the most famous and commonly acknowledged Italian protected products such as *Parmigiano Reggiano*, *Grana Padano*, *Aceto Balsamico di Modena*, *Mozzarella di Bufala Campana*, *Gorgonzola DOP*, and *prosciutto di Parma*. In supermarkets it is extremely rare to find more researched items which an Italian consumer would consider regional specialties. Out of the big retail chains, however, other imported products can be found, although still in very restricted numbers compared to Canadian imitations by those same importers. On average, it is possible to estimate that for every 10 products in supermarkets, in the most sensitive categories (dairy, sauces, meats etc.) one is authentic PGI or PDO and the other 9 are imitations.

Imitations and originals are often displayed together within shelves organized by brand (all items from the same brand in the same category are grouped together). For example, it is possible to find *Mastro prosciutto* side by side with *Mastro Prosciutto di Parma*, *Emma parmesan cheese* and *Emma Parmigiano Reggiano IGP* in the same basket, or *President's Choice Gorgonzola DOP* close to *President's Choice Borgonzola* (a non-sense name for a product clearly inspired by Gorgonzola). This grouping, besides showing authentic and fake products as they were basically the same except for that PGI and PDO logos that to a Canadian consumer would rarely evoke any association, also triggers important pieces of the Italian Sounding companies strategy.

The well-known PGI and PDO products, such as *Parmigiano Reggiano*, are sold in Canada under the importer name, with PGI and PDO logos on the label. This gives the consumer the

perception that such item has been actually produced by the Canadian company (the exporter name is written in very small characters in the back of the packaging by law), in a way promoting the country association described in Chapter I, and which is the base for Italian Sounding. The brand is therefore linked to Italy as its origin and the company in its role as producer becomes almost an Italian company at the eyes of the consumer, without ever being interested in if the operations actually took place in that country or not. For what concerns all the imitations, this *made in Italy* halo extends upon all brand products across all categories. In typical Halo effect dynamics, the company image benefits greatly from these few smartly held authentic products which nearly every Canadian consumer can recognize as original.

This strategy is in line with the other initiatives by Canadian companies' pursue of legitimacy in the world of Italian products. Importing authentic products under their own company name is an attempt to link themselves to a food culture that for geographical, historical and legal reasons does not naturally belong to them. Such strategy can draw lines connected to other examples. One of them is the purchase of Bologna FC, the Italian Serie A soccer team, by Saputo inc. in the figure of Joey Saputo. Although never specifically stated by the Montreal businessman, the purchase can be seen as another way to promote the country association Saputo – Italy, also considering the news of the acquisition have been in the center of many Canadian newspapers for a few weeks.

The second key point retrieved from the empiric research concerns the difference in prices between originals and imitations. We have underlined how such differences are very marked in the case of PDO and PGI products compared to the Canadian produced ones. However, although in a market where the consumer is fairly more educated about the product category this could create cannibalization concerns, it appears to not be the case in our Italian Sounding study. While the 10-to-1 price gap should be raising questions about whether the two products are actually by the same company, they are instead viewed as the two different ends of the price line. Moreover, this makes pricing and product positioning strategies possible to leverage. While very high margins can be achieved by consumers purchasing the high-end scope of the product line, or by those more educated consumers who acknowledge the different in nature between *Parmigiano Reggiano* and *parmesan cheese*, volumes can be reached by all consumers not willing to pay 35 Canadian dollars for a

form of cheese but who still are looking to buy “Italian” dairy products, and who recognize in the brand a reputable authentic producer.

This point, which we will retrieve later on, also concerns Italian companies making PDO and PGI certificated products (the ones we called “exporters” earlier). Although it is true that a large part of the margin for high-end (authentic) products is generated by such firms in the supply chains (i.e. the Italian companies actually making *Parmigiano Reggiano IGP*) the much larger volumes of Italian Sounding products completely outclass their revenues, and should not therefore make Italian companies content with the situation. Very few operators in the PDO and PGI supply chains are actually safeguarded by the Canadian laws.

Thirdly, the study pinpointed a finding that many Canadian journalists and food experts have been using as the main point to justify Italian Sounding since the first time they have been confronted with it: many product categories seem to have lost their Italian exclusivity. It is bold to state that pasta is an Italian product in 2016 if producers can be found in every local market of every nation, and if even the most authentic and traditional brand Barilla manufactures accordingly to the proximity with its distribution channel. Accordingly, it can be naive to believe that mozzarella can be called such only if produced in the 200 squared kilometers between Lazio, Campania and Basilicata in Southern Italy, while productions methods have been shared in every detail all around the world for almost a century. The dispute thickens even more when considering that the foreign producers are actually not foreigners at all. The majority of Italian Sounding companies in Canada were founded by Italian immigrants, and those immigrants were the same families making cheese and pasta for decades in those same territories of Italy where such products are believed to have generated from. As a matter of fact, such products are also the ones that are not protected by PDO and PGI rules, not even in the more strict territory of the EU, therefore the question raises on its own: *are pizza, pasta, mozzarella, olive oil etc. still Italian products?*

In this case, that is to say when products are not protected by origin denominations, our research produced different findings. The difference in prices between authentic and imitation was not marked by any means, in some cases, such as the Barilla-Catelli one, the two were perfectly aligned, competing against each other like any other Canadian company operating in the mid-high end of the same local market. This situation, where margins are considerably lower for Italian producers in the Canadian market, allows for only the bigger companies to compete with the locals. That is the case of Barilla and few others, which

however struggle to communicate their value to the Canadian consumer, and are competing on the same level with the Canadian companies making Italian Sounding products. Catelli and Barilla, besides selling at a very comparable price, they also share a very similar marketing strategy, with mild references to Italy that do not make it possible for the average consumer to distinguish which is the Italian Sounding company and which is the authentic one. It is therefore fair to state that Barilla in Canada is not investing much in promoting its association to Italy.

At the lights of these findings, it is arguable that Barilla does indeed invest in its own brand development in Canada, rather than the aggressive association of its name to its country of origin, without battling Italian Sounding but instead focusing on optimizing time to market and taking advantage of the proximity with the local market and the use of Canadian input.

It is true that companies like Barilla are very few in the Italian context, more so in the food industry. On the other hand, Barilla is just one of the many examples of Italian companies that have loosened their attachment to the geographical origins, and which have instead greatly invested into building a strong brand recognition and reputation worldwide. This is the case for many fashion brands, from Gucci to Armani to Salvatore Ferragamo in China. This last one, for instance, has been developing very strong brand strategies since entering the Chinese market in the late 90s, and is now one of the most recognized fashion brands in South East Asia, without explicit links to Italy in their advertisements or inside their shops.

This point helps us draw the final conclusions of this work. The Italian Sounding is certainly an interesting phenomenon. In North America its dynamics are much more complex than the mere imitation of Italian products, it is rather the natural development and expression of a piece of the Italian culture that wants to retain its values and uses even if far away from where it originated. However, the phenomenon is also a concerning one for the Italian food producers. Its overwhelming size and impossibility to be fought through legal measures have been discouraging those small and medium firms from entering and/or investing on developing the North American business area. Many of them have given up the idea, yet allowing their products to be handled by Canadian importers, a choice certainly more financially convenient, but which also helps feeding the expanding “identity theft” that Italian Sounding is. Furthermore, the companies operating in the most protected categories have been counting on the limited degree of protection recognized by the bilateral treaties between Canada and the EU up to now. The recent data, the almost 60 billion Euro handed

every year by Italian producers to Canadian makers, has triggered outrage all across the regions of Italy, and consortia now urge a change. It is already clear how this change cannot come through legal ways; Canada will hardly recognize many of the PDO and PGI certifications that Italy is enforcing, as this would subtract revenues from local companies in favor of the Italian exporters. The truth is that very little has been done until now to stem the Italian Sounding advancement, and even less has been done through direct initiative of producers. It is undisputable that a change towards more protection must be achieved to avoid that PDO products like *Parmigiano Reggiano* will become like pasta, and lose their territorial links and exclusivity; but this change must come by the hands of the producers themselves. However, North America is not an easy market, competition is aggressive, firm size is big and financially powerful and Italian Sounding has been around for decades of untouched development. It is therefore too draining for the small-medium enterprises in the Italian industrial texture to single handedly fight against imitation. Firms must gather under consortia, create alliances and joint ventures, involve their whole supply chains and greatly invest in developing the Canadian consumer, as that seems to be the only pursuable element in the overall picture. Numerous campaigns have started in the last years trying to achieve this result; *Extraordinary Italian Taste*, *Cibus Tour*, *Italian Sounding* are all initiatives promoted by the Italian government with the association of producers consortia, although no action up to now has been directly taken by the Italian companies. In the same line with the cited initiatives, the education of the consumer should be developed through the most influencing part of the Canadian population, and the one who will have the biggest interest: Italian-Canadians. The involvement of this portion of the population is necessary for the achievement and the stemming of Italian Sounding for two reasons. Firstly, they are the community responsible for the Italian Sounding phenomenon, and getting them closer to the real Italian way of life, instead of pushing them away as imitative and fake, would help fighting the phenomenon from the inside. Secondly, Italian-Canadians set the standard for what is Italian and what is not in Canada. The large majority of Italian restaurants, most chefs, wineries etc. in Canada belong to the community. They are therefore the closest point of contact the whole Canadian population has with the Italian culture. The achievement of these goals will not come overnight, it will rather be a slow, progressive action that will invert the ongoing “americanization” of Italian food.

Other ventures could be taken unilaterally by Italian producers wishing to regain control of the Canadian market. A direct entry in the country, although very financially draining, and for many small companies completely unbearable, could be achieved in the form of alliance or joint ventures between firms operating in the same product categories. This intra-category involvement should not only be limited to the Italian regions, but it could involve other important players in the European Unions. Other countries are indeed suffering from the same problem; France for example is known for be one of the most imitated countries in the food and wine industry. French Sounding is especially threatening in the cheese and wine sectors, with *Champagne* and *Camembert* being strongly imitated in North America. At the lights of this, a French-Italian producers joint venture does not seem so far from the reality of all possibilities, as it would raise the finances and skills necessary to face Italian and French Sounding in Canadian territory.

Perhaps Italian Sounding rises a final question, revolving around the origin of the problem itself. Italian products are expression of the Italian way of life, and have played this role for centuries. However, the changes in the consumer attitudes, the globalization of supply chains and the advancement in technologies make brand and companies more and more multi-origin. Firms adjust their supply chains to maintain competitiveness, they develop new products and invest greatly on research. In this context it can become hard to justify the excellence of a product through it being originated and completely crafted in Italy. Barilla's strategy and detachment from its operational anchored origin to Italy, retaining on the other hand the Italian image, but treating it as its only competitive advantage is perhaps more in line with this changes, and should serve as a paragon, as it is often the case for many big companies, for the small and medium firms seeking to become, maybe, a little less Italian and a little more themselves.

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