

A Work Project, presented as part of the requirements for the Award of an
International Master Degree in Management from the NOVA – School of Business
and Economics.

**WHAT DEFINES LUXURY MADE-IN BRAZIL:
THE CASE OF CASA PAU-BRASIL**

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January 3, 2020

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Abstract

The “made-in” has been a key trend in the luxury market. As opposed to the established luxury made-in France or made-in Italy, nowadays there’s no definition of luxury made-in Brazil. This Work Project aims at defining the concept of luxury made-in Brazil, through the country-of-origin effect framework and qualitative research methods, that include semi-structured in-depth interviews with luxury consumers. Casa Pau-Brasil, a Brazilian high-end Concept Store present in Portugal, illustrates this Work Project, as subject of analysis under the insights gathered to define luxury made-in Brazil. Recommendations are given on how the store could leverage this concept.

Keywords: *Country-of-origin effect, Made-in label, Substance and Symbol, Casa Pau-Brasil*

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

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1. INTRODUCTION

“A luxury product is rooted in a culture. In buying a Chinese luxury product (silk, let’s say), you are buying not just a piece of material but a little piece of China as well – a luxury product comes along with a small fragment of its native soil” (Kapferer & Bastien, 2012, p.13)

In today’s digital, fast-paced, ever-changing global society, Kapferer and Bastien (2012) highlight the importance of luxury brands staying true to their roots and faithful to their culture and heritage. The weight given to these cultural aspects reveals the great impact that the country-of-origin has on a brand’s and even on that country’s luxury identity.

While some countries have an established definition of luxury and are globally recognized as “luxury producers”, others don’t. In fact, Italy and France are the most well-known countries when it comes to luxury: luxury brands and products made-in France or Italy are immediately associated to this specific and very distinctive type of luxury (Larraufie, 2019). Other countries such as the United States with a more recent luxury industry, still have an established definition on luxury (Larraufie, 2019). Nowadays, however, there’s no established definition of luxury made-in Brazil. A complex country with a rich culture and heritage, currently going through a period of political and financial uncertainties (Euromonitor International, 2019), posed an interesting challenge for this Work Project: assessing whether there is a luxury made-in Brazil and how it can be defined. In fact, there has been a rise of Brazilian local brands, that are conquering terrain in the luxury sector within the country and are trying to contradict the idea that only foreign brands are luxury (Iodice, 2017). If there is, indeed, a definition of luxury made-in Brazil, could those brands leverage on it to expand internationally?

Casa Pau-Brasil is a high-end Concept Store, thought out as a showcase of the best Brazilian brands and products (Gonçalves, 2017) – it is the perfect example to illustrate this Work Project.

The present Work Project aims to (1) understand and define luxury made-in Brazil, (2) assess Casa Pau-Brasil’s luxury approach, in order to determine whether it is in line with the identified luxury made-in Brazil, and (3) offer recommendations on how to leverage on that concept.

2. CONTEXTUAL BACKGROUND

2.1. DEFINING LUXURY

Before diving into the luxury made-in Brazil, the focus of this Work Project, it is crucial to firstly clarify the notion of luxury itself. The luxury concept is used in several different contexts, resulting in a multitude of definitions, which vary according to the author (Kapferer, 2016). According to the literature there are five main approaches to the luxury concept (da Silveira, 2019), outlined in Table 1.

Table 1: Five main approaches to the luxury concept

<i>Traditional definition</i>	Based on qualities such as beauty, refined craftsmanship, and rare and precious materials.
<i>Luxury as a distance</i>	Predicated on the dream equation and according to which luxury expresses the gap between desire (high visibility) and access (artificial rarity).
<i>Luxury as the creator's light</i>	A luxury brand must reflect the aura, the artistic inventiveness of a charismatic persona – all the brand's creations must reflect that DNA.
<i>Luxury as a social marker</i>	Luxury as a social stratification – as a visa of distinction in western societies; and as a sense of belonging in the emerging countries.
<i>The new luxury paradigm</i>	A dual concept that entails both <i>substance</i> and <i>symbol</i> , and according to which a luxury product must possess an individual and a social function. The <i>substance</i> translates into the consumer experience, the pleasure of buying or using a certain product or service; whereas the <i>symbol</i> delivers a social distinction, derived from consuming that product or service.

Source: constructed by the Work Project's author, based on da Silveira, 2019; Kapferer & Bastien, 2012.

When considering the topic of made-in luxury, it is most useful to focus on *the new luxury paradigm*: assessing how consumers perceive the country-of-origin, what type of consumer would value luxury from that country, and how to address that consumer.

The two dimensions of *the new luxury paradigm* (outlined in Table 1) make the luxury concept even more elusive, varying amongst individuals and from society to society. In fact, three different luxury consumer profiles arise from luxury's social function: the high profile social statement; the low profile social statement; and the most recent one, the high profile based on responsible luxury (da Silveira, 2019). The high profile luxury consumer, consumes luxury for others, i.e., wants to be seen as part of the "lucky few with access" (da Silveira, 2019). Therefore, the prominence of the brand's logo is highly valued to communicate status and it is crucial that the brand or, in this case, the country-of-

origin, is globally recognized and known as luxury – hence, reinforcing his or hers social statement (Cervellon, 2013). On the other hand, low profile luxury consumers are characterized as more discreet and knowledgeable, who view “minimalism as the highest form of luxury statement” (da Silveira, 2019, p.6) – thus, they tend to doubt the legitimacy of a brand, or in this case, of a country-of-origin, when it is “showing luxury” – i.e., brands that overuse their logos are perceived as conspicuous and “showing off” (Cervellon, 2013). Because these consumers are knowledgeable, what they value is not what the brand claims, or its logo, but what the brand truly is, its heritage, quality, attention to detail, and craftsmanship (Cervellon, 2013). The same happens to high profile based on responsible luxury consumers, who wish to consume luxury in a guilt-free way and turn to brands with social, political or environmental purposes, value the brand not for its sustainability claims, but for how it pursues those claims – should be “tangible, demonstrable, and verifiable” (da Silveira, 2019, p.18).

2.2. MADE-IN

The made-in expresses the country-of-origin of a certain product or service. However, the made-in does not only inform consumers, but it can also influence how they perceive that product or service. The effect the made-in label has on the product valuation is known as the country-of-origin effect (Larraufie, 2019). In other words, the country-of-origin effect indicates how the national reputation influences the country’s image and consequently, the perceived quality and added value of its products and services– e.g. German engineering; Italian design (White, 2012). This implies that the country in the made-in label contributes to existing preconceptions (Schooler, 1965), as well as influences how consumers perceive the product and ultimately, its luxury identity.

2.2.1. Luxury market overview

According to BCG and Altagamma (2019), the luxury market (personal luxury and experiential luxury) reached a total market value of around 920 billion euros in 2018, and is expected to grow 4 to 5% per year, until 2025. EY (2019) reports that the main driver of this verified market growth is consumer spending in emerging markets. One of the reasons that can explain this growth is the recent

boom in BRICS high and middle classes, accompanied by a rise of consumers' purchasing power, who are actively taking part in the world's luxury consumption – seeking after the same symbols of wealth seen in Western celebrities (Euromonitor International, 2014; Kapferer, 2016).

Generally, emerging markets' consumers use luxury to express their social status, emphasizing the social function over the *substance* – according to the *new luxury paradigm* (da Silveira, 2019). Moreover, the majority of luxury consumers do not purchase luxury goods in their home country – while Chinese consumers ensure one third of luxury goods global purchases (Altagamma, 2018), the fact remains that more than 50% of luxury goods purchases are made outside the consumer's home country, and Europe and the United States concentrate most of luxury goods companies' headquarters (da Silveira, 2019; Deloitte, 2019).

2.2.2. The leading made-in countries in the luxury market

The “made-in” is one of the 12 key trends listed by BCG and Altagamma (2019) for 2019. Italy intensified its lead as the luxury consumers' preferred country-of-origin – its value is increasing amongst consumers, appreciated by both Millennials and Chinese consumers, two main driving forces of the luxury consumption (BCG & Altagamma, 2019). Made-in Italy grew 11% from 2014 to 2018, making up 29% of overall preferences for personal made-in luxury (BCG & Altagamma, 2019). In fact, the 24 Italian companies in Deloitte's Top 100 maintain the leadership since the past year, and the country holds its strongest luxury reputation in the fashion sector (Deloitte, 2019).

BCG and Altagamma's report (2019) also analyses other main made-in movements in the personal luxury market: with a growth of 3% from 2014 to 2018 made-in France constitutes 21% of overall preferences for made-in luxury; after which comes made-in U.S.A. with a growth of 4% and 12% preference. Made-in UK and made-in China stagnated at 6% and 5% overall preference, whereas made-in Switzerland and made-in Germany decreased – 1% and 4%, bringing the preferences for these countries to 9% and 7%, respectively – see the graph that illustrates this data in Appendix 1.

2.2.3. Country-of-origin effect framework

As previously mentioned, the made-in label influences product evaluation and ultimately the country's luxury identity – since consumers' judgement is grounded not only on the country's government, people, culture, and economic strength; but also on his/her personal experience and emotional connection to the country (White, 2012). Therefore, this dynamic effect – the country-of-origin effect – has cognitive, affective and conative components, and is highly linked to key points of the consumer theory – consumer- and product-related variables influence product evaluation (Larraufie, 2019). The following framework, developed by Larraufie (2019), exposes how consumers evaluate a country and its products, reinforcing the fact that the variables listed below must be considered to fully leverage a nation's made-in luxury identity – please refer to Appendix 2 for the complete framework.

- **Consumer-related variables**

Nationality, socio-demographic variables (age, gender and education), social identity, degree of ethnocentrism and sensitivity, level of expertise, and motivation to process information, have a great impact on the country-of-origin effect. Consumer's expertise and cognitive predisposition come forth as the main factors to influence a country's luxury identity (Larraufie, 2019).

Experts and newcomers use the country-of-origin in different manners in their assessments, which will ultimately influence how they perceive a country's luxury identity (Maheswaran, 1994). Newcomers rely on national stereotypes to make their judgements, which means that pre-existing stereotypes operate as a shortcut: novices don't know much about luxury thus, are led by established beliefs shared by a significant number of individuals (Chattalas, Kramer, & Takada, 2008; Maheswaran, 1994). Experts, on the other hand, are more familiar with luxury products and services so, instead of being guided by stereotypes, rely on product-related information, understanding and valuing the made-in ingredients and product attributes (Chattalas *et al.*, 2008; Larraufie, 2019; Maheswaran, 1994). As mentioned above, according to *the new luxury paradigm*, the low social profile consumers are

connoisseurs – they value the brand’s heritage, search for quality, attention to detail and craftsmanship (Cervellon, 2013). Thus, they can be identified as experts, under the country-of-origin effect framework.

Moreover, experts’ and newcomers’ cognitive predisposition is different, i.e., they choose and process different kinds of information: experts tend to focus more on complex, detailed and technical information and non-experts opt for evaluating a product based on more simple and available information – such is the case of national stereotypes (Maheswaran, 1994). For example, consumers unfamiliar with luxury fashion can immediately associate any Italian fashion brand to luxury, simply because there is an established stereotype of Italy as home of luxury brands; whereas experts will look for more information on the product before evaluating it as luxury – they will value fashion made-in Italy as luxury because they know the Italian textiles have very good quality, for instance. Similarly, the high social profile consumers evaluate a product as luxury for its brand (in this case, its country), and value its logo to communicate their status (Cervellon, 2013) – that’s why they tend to consume products from well-known “made-ins”. The low social profile consumers go beyond the brand, and search for other elements that convey what the brand truly is (Cervellon, 2013) – thus, can be more prone to valuing unknown “made-ins” such as made-in Brazil, based on the stronger *substance* dimension.

Additionally, cognitive predisposition is also influenced by consumer involvement – perceived personal relevance a product has to that consumer (Chattalas *et al.*, 2008). In the same way when expertise is high, when involvement is high (i.e., when there is a great psychological bond between a consumer and a product), consumers resort more to their cognitive capacity and analytical information processing, searching for and integrating more information on their evaluation process (Chattalas *et al.*, 2008). In lower involvement purchases, consumers rely more on decision-making biases, such as national stereotypes (Chattalas *et al.*, 2008).

- **Product-related variables**

The country-of-origin is also perceived differently depending on several product-related variables, which will be described below.

When it comes to luxury products, one of the most relevant product-related variables is the associated risk of buying a certain brand or product – in this case, of buying a product made-in a certain country. Since luxury entails not only an individual function but also a social one, the social risk associated to purchasing a product made-in a specific country is the first to be considered by consumers, after which comes the physical risk related to product performance and lastly, the psychological and financial risk (Larraufie 2019). The social risk is also connected to consumer expertise in the sense that the newcomer is more inclined to perceive as a social risk consuming a luxury brand that is not from Italy nor France or other well-known “made-ins”. For connoisseurs, however, to be aware of new “made-in” luxury can be seen as a sign or a proof of expertise.

The country-of-origin is also perceived differently depending on the product’s nature. Luxury products have an hedonic nature, meaning that they connect emotionally with consumers and thus, are evaluated in terms of how much pleasure they provide – whilst their perceived competence is secondary (Dhar & Wertenbroch, 2000; Leclerc, H. Schmitt, & Dubé, 1994). Leclerc *et al.*, (1994) illustrate the close relation between the country-of-origin and the product’s nature with the example of French pronunciation of a product or brand name: the “Frenchedness” of a certain product or brand immediately triggers affective reactions from consumers, affecting its perceived hedonic characteristics and connecting the made-in France label to a product of a more hedonistic nature, such as a luxury product. On the other hand, when it comes to more utilitarian products, the French product is seen as less competent than, for instance, an English product (Leclerc *et al.*, 1994). Based on these findings, Chattalas *et al.* (2008) proposed that France’s national stereotype has a stronger warmth dimension than it has competence. Countries with a stronger warmth dimension are evaluated better when the product has a more hedonic nature than when the product is more utilitarian. Conversely, countries with a more competent national stereotype are evaluated better when the product has more utilitarian features (Chattalas *et al.*, 2008). Thus, both the country-of-origin and its products are evaluated differently

according to the product's more hedonic or utilitarian nature, and according to the country's stereotype in these two dimensions: whether it is perceived as warmer or more competent (Chattalas *et al.*, 2008).

Country-of-origin perceptions also vary across product categories. Chattalas *et al.* (2008) give the example of Japanese food, which received lower quality evaluations than Japanese electronic products, considered high-quality: Japan is perceived differently, as low or high quality, depending on the product category at hand. Moreover, the country-of-origin plays a bigger role when evaluating technically complex, fashion-oriented and expensive products – for instance, still speaking of an electronic product made-in Japan, but now comparing it to one made-in Mexico, which has the same price and similar characteristics; the one made-in Japan will most likely be judged as best because Japan is perceived as higher quality when it comes to technology (Chattalas *et al.*, 2008; Larraufie, 2019).

The product authenticity variable is predicated on the consumer's perception that the product is culturally genuine (Magnusson, Westjohn, & Sirianni, 2019) and how relevant that authenticity is to consumers, when making their judgement (Larraufie, 2019).

Finally, the product's technological dimension, intrinsic cues (product attributes) and extrinsic ones – such as brand, price, country-of-origin's stereotypes, perceived competence and warmth, and socio-economic, political and cultural level of development (Chattalas *et al.*, 2008) – also affect consumer's assessment (Larraufie, 2019).

2.3. CASA PAU-BRASIL

Casa Pau-Brasil is a high-end Concept Store, home of Brazilian brands in Europe (Junqueira, 2019). According to Rui Gomes Araújo, Pau-Brasil's founder and manager, the store aims to act as an embassy for Brazil's culture (embodied in Brazil's most prestigious brands), to serve as an international expansion platform, and to give the brands a stamp of approval in the European market (Marques, 2017).

The first store opened in Lisbon, in Príncipe Real, in April 2017, and was conceived as a showcase of the best Brazil has to offer (Gonçalves, 2017). Nowadays there are 2 stores (in Lisbon and in Cascais) with up to 30 brands from a variety of product categories: from fashion to furniture, Pau-Brasil is home

to prestigious brands such as Lenny Niemeyer, Osklen, Sergio Rodrigues, Frescobol Carioca, Granado, Phebo, Chocolate Q, amongst many others. The brands are carefully selected so that all of them represent a facet of Brazil’s identity, while still at an internationally competitive price and quality, when compared to European high-end brands. Rui Gomes Araújo explained that this balance between culture and commerce is at the foundation of Casa Pau-Brasil, thus is present in both stores: the first, situated in Príncipe Real, in Palacete Castilho, focuses more on the curatorship; while Cascais’ store, which opened in July 2019, has a more industrial feel and emphasizes the business component (Dias Leal, 2019). After the opening of these two stores in Portugal, the goal is to expand to the rest of Europe, starting in London.

Table 2 presents an analysis of Pau-Brasil’s target, business model and luxury purpose.

Table 2: Pau-Brasil’s target, business model and luxury purpose.

Target	<p>B2C: Pau-Brasil’s target audience is the foreign, AB consumer (knowledgeable, highly educated, and wealthy). Within the block of foreigners, Pau-Brasil’s focus is on foreigners who live in Portugal. Nonetheless, while they are not the store’s target, tourists are still customers, mostly on smaller items, such as cosmetic products. Another important segment is the Brazilians: even though this segment is not the current target, Brazilians have an important role of “brand prescribers” – meaning that they act as brand ambassadors, sellers, not merely as customers. For its store in London, the main target is the same: foreigners who are connoisseurs and live in the U.K. However, according to Rui Gomes de Araújo, considering the touristic location of the store (Covent Garden), the tourist segment will have a bigger weight, and therefore, emerges as the secondary target.</p> <p>B2B: Pau-Brasil works with architecture firms in design and architecture projects.</p>
Business Model	<p>Being a Concept Store, Pau-Brasil follows multi-brand retailing strategy, much like shopping centers: brands pay a fixed value for their space in the store, whereas Pau-Brasil deals with the sales operations and charges brands for a percentage of sales. The store’s business model is based on this added value that the store brings to the brands – it is not only a point of sale, but also a “positioning space”, where brands can reach different consumers and expand internationally, leveraging on an equipped staff, sales operations, as well as communication and events, organized by Pau-Brasil.</p> <p>The store also works with Apex, introducing in Portugal Brazilian brands financed by this Brazilian public institution– so far, they’ve worked together on two initiatives.</p>
Luxury purpose	<p>“Luxury as authenticity”: the goal is to present one country in the most genuine way possible. Luxury to Pau Brasil is stepping into the store, seeing the stuffed yellow birds hanging from the ceiling, the coffee beans lining up the staircase, and the tropical plants, and feeling like you’re somewhere else in the world (Moreira, 2018). This authenticity, according to the store and its manager, also includes the craftsmanship and the story behind each brand and each product sold at Pau-Brasil. Furthermore, to leverage on the luxury concept, the store was decorated by Joana Astolfi, the architect who, amongst other works, is responsible for designing Hermès’ windows (Marques, 2017).</p>

Source: Work Project’s author, based on data collected from a short interview with Rui Gomes Araújo and online articles (Moreira, 2018; Marques, 2017).

3. ADDRESSING THE WORK PROJECT TOPIC

3.1. METHODOLOGY

As aforementioned, there is not yet an established definition of luxury made-in Brazil. This Work Project proposes to use the country-of-origin effect framework developed by Larraufie (2019) combined with *the new luxury paradigm* as a basis to determine how luxury made-in Brazil can be defined. Brazil's luxury will be assessed according to the consumer- and product-related variables of the framework, in order to determine what makes up its *substance* and *symbol* dimensions. Considering that the object of this Work Project's analysis relies on how the luxury consumers perceive Brazil, and not what the country or its brands try to communicate, the methodology used focuses on a qualitative research – which is useful to find a deep understanding of underlying beliefs, attitudes and feelings (Larraufie & Kourdoughli, 2014; da Silveira, 2019) – more specifically, interviews to luxury consumers.

The different consumer profiles that arise from the social function of luxury (high, low, or high social profile based on responsible luxury) evaluate the made-in label differently, based on how they perceive the country. As previously explained, the high social profile consumers use luxury to communicate their status (Cervellon, 2013), and for Brazil to be valued as luxury by these consumers it would have to be globally recognized as such. Yet, there's no established or well-known definition of luxury made-in Brazil, thus, this type of luxury will most likely not be appreciated by the high social profile consumers. Since the low social profile and the high social profile based on responsible luxury consumers consider other variables beyond the made-in label (or brand), the data collection focused on these consumer profiles and how they perceive luxury products made-in Brazil.

In order to gather insights on how these luxury consumers perceive luxury products made-in Brazil, **primary data** was collected through **semi-structured in-depth interviews with low social profile luxury consumers**. The interviewees were asked to state their opinion about luxury products made-in Brazil, based on their personal experience or knowledge (please see the complete interview guide in Appendix 3) and the data was then used to assess in Brazil under the country-of-origin

framework, according to each consumer- and product-related variables. To make sure the interviewees were luxury consumers and fit the low social profile, they were selected through a **pre-recruiting questionnaire** (products and brands purchased were used as proxy to categorize each luxury consumer) – find the full questionnaire in Appendix 4.

The Work Project also proposes to assess Casa Pau-Brasil’s luxury purpose, to determine whether it is in line with the insights gathered. To find out how the store is perceived, **short in-store interviews were conducted with its clients**. These short interviews’ goal was not only to determine how the customers perceive Pau-Brasil, but also to assess how the country’s luxury is perceived overall – they were asked to state their opinions about the store, about Brazil and about luxury made-in Brazil (find the complete questionnaire in Appendix 5). When it comes to how the store is perceived by the low social profile luxury consumers, at the end of the semi-structured in-depth interviews, the Portuguese interviewees were asked if they knew the store, and if so, what they thought about it.

Moreover, according to the country-of-origin framework, one of the variables that influences how a country and its products are perceived is the national stereotypes (Chattalas *et al.*, 2008; Larraufie, 2019). To assess this variable, **secondary data** about Brazil’s culture, people, government and economic strength was collected.

On top of that, to assess Pau-Brasil’s luxury strategy from a managerial perspective, **primary data** was collected in a **short interview to the store’s founder and manager**, Rui Gomes de Araújo, completed with **secondary data** collection about the store itself.

Table 3 gathers all the research techniques used and the sample’s demographic information.

Table 3: Methodology – research techniques, description and sample’s demographic information

Research technique	Description	Sample’s demographic information
Semi-structured in-depth interviews with low social profile luxury consumers	The interviews of around 45 to 60 minutes were conducted in person or through skype call, recorded, and transcribed for further analysis.	(n=19) Gender: 15 women; 4 men. Age: 8 consumers < 50 years old; 11 consumers ≥ 50 years old Nationality: 11 Portuguese; 3 French; 1 Italian; 1 Dutch; 1 Danish; 1 Swiss; 1 American.

Short in-store interviews with Casa Pau-Brasil's clients	A short questionnaire of about 2 minutes was conducted just before the customers exited the store. 40 questionnaires were conducted at Príncipe Real's store during the weekend, and 20 at Cascais on a Thursday.	(n=60) Gender: 45 women; 15 men Age: 10 customers < 35 years old; 13 customers 35 – 45 years old; 15 customers 45 – 55 years old; 11 customers 55 – 65 years old 11 consumers ≥ 65 years old Nationality: 32 Portuguese; 11 Brazilian; 4 British; 3 Italian; 2 French; 2 German; 2 Spanish; 1 American; 1 Irish; 1 Lithuanian; 1 Singaporean. Residents vs. Tourists.: 42 residents; 18 tourists.
Secondary data about Brazil	External data about Brazil was collected from published materials, such as journals and online articles.	—
Short interview to Casa Pau-Brasil's founder and manager	A short interview of about 15 minutes was conducted to Rui Gomes Araújo.	(n=1) Role: Casa Pau-Brasil's founder and manager.
Secondary data about Casa Pau-Brasil	External data was collected from online articles that mentioned Casa Pau-Brasil.	—

Source: Work Project's author.

3.2. MAIN RESEARCH INSIGHTS

3.2.1. Brazil: a complex country with a peculiar luxury consumer

As explained above, how a country is perceived – and consequently, its luxury identity – varies according to its socio-economic, political and cultural level of development.

In the global scenario, Brazil is a crucial market for luxury: it is the second largest luxury goods market in Latin America (Deloitte, 2017) and in 2014 it was the third largest contributor to the global luxury consumption growth, after China and Russia (McKinsey & Company, 2014).

Besides this contribution to the global luxury market, Brazil is known as the country “blessed by God and beautiful by nature” – as in Jorge Ben’s famous song, “País Tropical”. Its weather is as warm and welcoming as its people and its culture is rich and known worldwide (Interbrand, n.d.):

“The amazing vitality and variety of Brazilian artistic expression provides an entry point to get to know Brazil and its people, but has also made the country a cultural power. Is there anyone around the world within reach of radio, television, or record player who has not heard “The Girl from Ipanema” at least once? Or who does not know the brightly costumed musicians and dancers sashaying down the street at Carnival?” (Rohter, 2010, p.107-108)

In his book *“Brazil on the Rise: The Story of a Country Transformed”*, Rohter (2010) explains that despite being known abroad for the **tropical lifestyle**, the iconic music “Bossa Nova”, the samba, the caipirinha, and the soccer, Brazil is much more than that: Brazilians are resilient, creative, and versatile, they love to improvise and reinvent commonplaces and products – such is the case of Havaianas, the most famous Brazilian flip-flop brand, developed in the late 1950s based on Japanese immigrants’ sandals (Rohter, 2010; Interbrand, n.d.). Notwithstanding these positive associations, Brazil has an **international reputation for insecurity**, due to high crime levels related to robberies against tourists, violence on the streets and high poverty levels (Mariutti & Medeiros, 2018). Moreover, the **Brazilian economy** suffered a severe recession between 2014 and 2016 and it is now on its way to recovery – registering an expansion of 0.6% in 2019’s third quarter, growing 1.2% from the same quarter last year (Harris & Schipani, 2019). Regarding its **politics**, Brazil has been object of international scrutiny and its politics have been described as “toxic”, especially after Jair Bolsonaro’s election (Margolis, 2019).

Besides the fact that 80% of the country’s luxury spending takes place abroad, mostly in the U.S. and Europe (McKinsey & Company, 2014), the **Brazilian luxury consumption behavior** has some intriguing characteristics. The Brazilian consumer desires the newest and best products in the market, which translates into an immediacy of consumption and frequent impulse buying (De Ruggiero, 2017). Moreover, luxury shopping is seen as a cultural experience: consumers love to “sit and talk” and feel “spoiled by caring” (De Ruggiero, 2017, p.42). Brazilian consumers like to feel unique and important: more than valet parking, refreshments or home delivery, in Brazil, a lot of events are hosted at customers’ houses, so that they feel part of an elite (De Ruggiero, 2017). To support this feeling, a lot of importance is given to personalized service and products (De Ruggiero, 2017).

3.2.2. Perceived made-in Brazil luxury

The main insights gathered from this research will be used to determine how Brazil is perceived on the different variables of the country-of-origin framework, and how that perception affects Brazil’s

luxury on the *substance* and *symbol* dimensions. The emphasis will be given to the data gathered from the semi-structured in-depth interviews with luxury consumers who fit the low social profile.

- **Discrepancies between Portuguese and foreigners' perception of luxury made-in Brazil**

From the interview data it was possible to observe the discrepancies between the Portuguese and the foreign luxury consumers' perception of Brazil. For the purpose of this analysis, "foreign consumers" are the non-Portuguese and non-Brazilian luxury consumers.

Portuguese consumers demonstrated to have a clearer perception of Brazil's luxury market; while foreigners either do not have any knowledge of Brazilian luxury, or do not associate Brazil with luxury at all – please refer to Appendix 6 for a graphic that illustrates the interviewees' perception of luxury made-in Brazil. All foreign consumers associated Brazil with exoticism, holidays, warm weather, beach, and worry-free times; however, they did not associate the country to luxury. Nonetheless, some admitted there could be some kind of Brazilian luxury they are not familiar with, but most of those consumers still don't believe it can be classified as luxury according to "European standards":

"I think of luxury as long-standing fashion houses, like Chanel. (...) A 400-dollar Brazilian bathing suit is probably not gonna last. The quality is good but it's not necessarily timeless and it's not craftsmanship." (F, 37, American)

Most of the Portuguese consumers had had contact with Brazil: some had lived there, others had family members who live there, or had been there on vacation – this closer connection to Brazil could explain the better perception of the Brazilian luxury market by the Portuguese. From the eight Portuguese consumers who know Brazilian luxury, five value this type of luxury, mostly basing their assessment on qualities related to the *substance* dimension. They value the craftsmanship and the Brazilian artistic inventiveness:

"Brazilians have a great talent for art, which can be translated into luxury in the sense of the authenticity of things, of being unique, distinct." (M, 49, Portuguese).

Yet, similarly to the foreigners, more than half of the Portuguese interviewees (including three of those eight that have a clear perception of Brazilian luxury), demonstrated that they do not value this

type of luxury, especially when comparing it to the European luxury – describing Brazilian luxury as positioned “*somewhere between pretty and good*” (M, 54, Portuguese).

When it came to naming brands or products, almost all Portuguese and only one foreigner could name at least one Brazilian brand that was positioned as luxury. Three foreigner consumers recalled “Havaianas” but did not consider it luxury.

- **Low social profile consumers have the most potential to value luxury made-in Brazil**

For the low social profile or expert consumers, luxury is predicated on qualities and product attributes beyond the national stereotypes – they will evaluate the made-in Brazil label as luxury if those product qualities translate into *substance*. In fact, most interviewees stated that they were open to new influences, and to trying new luxury, as long as it had *substance*. As one consumer explained:

“Dutch women are open to new influences, and overall I don't think European consumers are very loyal to the country where the products are made - they are interested in the quality, the price range, of course, and if it's something different.” (F, 46, Dutch).

Nonetheless, expert consumers from strong made-in countries, such as Italy and France, think Brazilian luxury lacks taste, an important feature of *substance*:

“I think fashion and design-wise, the Brazilians are not as good as the French or the Italian, I don't think they are very refined.” (F, 60, Italian).

- **Furniture & interior design, fashion, and jewelry as the most relevant product categories**

The interviewees’ perception of luxury made-in Brazil varied according to the product category – see the graph that shows interviewees’ perception on each product category in Appendix 7. In the interviews, low social profile consumers associated fashion, furniture & interior design, swimwear, jewelry, leather goods, footwear, and cosmetics with Brazilian luxury. **Fashion** and **furniture & interior design** were the most mentioned categories, and the ones consumers were most familiar with. In spite of the predominance of these categories, it is important to note that while footwear and cosmetics were each only mentioned by one Portuguese consumer, and leather goods by two consumers overall; jewelry and swimwear came across as significant categories. **Jewelry** was mentioned by seven foreign

interviewees (versus three Portuguese), emerging as the most popular category amongst foreigners – even more so than fashion or furniture (respectively mentioned by six and by five foreigners). **Swimwear** made-in Brazil was mentioned by four Portuguese and by four foreigners.

Even outside the low social profile luxury consumers, when Pau-Brasil’s clients were asked what kind of products came to their minds when talking about luxury made-in Brazil, the two main categories mentioned were fashion and furniture – the graph in Appendix 8 illustrates the respondent’s most mentioned product categories for luxury made-in Brazil.

- **Luxury made-in Brazil perceived as “expensive”**

In general, Brazilian luxury products were associated with risks – mostly financial and social risks. The most salient risk from the interviews was the financial risk: five consumers mentioned that luxury made-in Brazil was overall expensive; and nine consumers mentioned the high price as a risk in specific product categories. Considering that the interviews were conducted to expert consumers (who are willing to pay a high price for a good *substance*) and that, in luxury, the financial risk is perceived as secondary; the fact that it was the most mentioned risk could imply that made-in Brazil might not be perceived as luxury by these consumers. The risks associated to the product categories are explained in more detail in Table 4.

Table 4: Main risks associated to Brazilian luxury product categories

<p>Financial risk</p>	<p>Specific product categories were described as “expensive”: four consumers stated that for fashion; three for furniture & interior design; and two for swimwear.</p> <p>In the fashion and swimwear categories, consumers feel that the prices are too high for the quality delivered, when compared to the European brands’ name, quality, and design. Another element is the fact that consumers are not willing to spend that amount of money on a product that they are only able to wear a couple of months or weeks in the summer – <i>“If you make a brand from a warm country, where the culture and the temperature are really different from the Nordic, I’m not sure you can make something that has the same interest all year round.” (F, 46, Dutch).</i></p> <p>When it comes to furniture & interior design, two Portuguese and one French consumer stated it was expensive, mostly due to custom taxes - <i>“Pieces of furniture and incredible designers that are already not cheap in their country-of-origin, arrive here at an exorbitant price due to custom fees.” (F, 58, Portuguese).</i></p>
<p>Social risk</p>	<p>The social risk of made-in Brazil is mostly related to the fact that the country does not have a well-established luxury identity. As explained in the Contextual Background, this risk is not so relevant for the expert consumers – it is mostly considered by high social profile consumers or newcomers.</p>

	Indeed, when compared to financial risk, less interviewees mentioned the social risk. Nonetheless, the social risk of buying luxury made-in Brazil was still a factor considered by expert consumers, mostly in fashion . Fashion's social risk was mainly related to the fact that Brazilian designers are not well-known outside of Brazil and the clothes were described as "too different". Even though these consumers value <i>substance</i> over <i>symbol</i> , the <i>symbol</i> is an important dimension, and they still value the fact that what they wear is recognized as luxury – <i>"It's not that I saw a really nice dress or something on my Brazilian friend and it turned out to be from a Brazilian or Argentinian designer – that never happened. Most of the times you recognize luxury. For example, a Hermès scarf you would recognize everywhere."</i> (F, 46, Dutch).
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Source: Work Project's author.

- **Brazil's architectural and indigenous heritage highly valued as authenticity**

On the authenticity variable there is also a substantial difference between the Portuguese and the foreign consumers: six Portuguese mentioned Brazilian products' authenticity; whereas only one of the foreigners associated this quality to made-in Brazil. Half of those Portuguese consumers clearly stated that one of Brazil's qualities is authenticity and the other half implied, even though indirectly but still in a very clear way, that they perceived Brazilian luxury products as representative of Brazil's true identity:

"You walk into a Frescobol Carioca store and it looks like you're in Copacabana, it conveys that feeling, even when you're in the middle of London." (F, 50, Portuguese).

Furniture & interior design scored the highest on this variable, followed by fashion, and swimwear. In **furniture & interior design**, authenticity is highly connected to the country's architectural and indigenous heritage. In fact, even those who did not mention product authenticity, associated Brazil to great architecture and well-known architects (nine mentions):

"Brazil has some of the best architects in the world, so I imagine that in terms of interior design, they must be good." (F, 60, Italian).

Moreover, four consumers exalted Brazil's indigenous cultural heritage as genuine luxury:

"An even more original and genuine luxury has to do with the Indians: the rough indigenous woods and ceramics. Luxury is the indigenous base mixed with the Brazilian culture and music"
(M, 49, Portuguese).

In **fashion**, authenticity was linked to the indigenous culture by two consumers. Yet, and even though that heritage is valued as unique, both consumers acknowledged that in this category Brazil's authenticity and roots are not coming across in the international landscape:

“Brazilians show their roots so well internally, I don't understand why it doesn't come across outside their country. A runway show of good Brazilian bikinis is a show of creativity and love for their roots”
(F, 43, Portuguese).

- **Furniture & interior design as the product category with stronger attributes**

Furniture & interior design's most salient feature in the interviews was the original design, followed by the materials: unique and diverse types of woods. This product category was also valued for the craftsmanship (the *savoir-faire* of carving the wood) and for the sophisticated and subtle taste. All these attributes are valued by the low social profile consumers in the sense that they build a strong *substance* dimension of luxury made-in Brazil – so much so that within this product category, Brazilian luxury was compared to other strong “made-ins” and valued by those countries’ luxury consumers:

“The Brazilian luxury furniture has a lot of quality – in this aspect we can compare it with Italian furniture.” (F, 50, Portuguese).

“The interior design pieces and furniture are good and have a lot of personality.” (F, 60, Italian).

Fashion was described as colorful, exotic and with a vibrant and original design. However, while that originality was valued mostly by Portuguese consumers; most foreigners stated it was “too different”, “too vibrant”, “too colorful”, and “made to wear over there”. This can also be related to the fact that Brazilian fashion was described as “only for summer”. Besides the design, the taste is also perceived in an ambiguous way: one consumer considered Brazilian luxury fashion sophisticated; and three described it as unsophisticated. Lastly, the textile quality and the natural dyeing processes were also mentioned and appreciated by the interviewees. However, six consumers associated the fashion category and product ingredients to poor quality and durability.

Jewelry's most salient product attribute is the quality and diversity of ingredients (precious and semi-precious gemstones). When it comes to design, similarly to fashion, consumers’ opinions are divided into “unique and original” and “too intricate” or “too different”.

These insights on product attributes gathered from the interviews are supported by the data collected from the questionnaire to Pau-Brasil’s clients. In fact, Brazilian wood and furniture was the

second most common association made by Pau-Brasil's clients to "made-in Brazil" – after which came art and architecture. Furthermore, quality and natural ingredients, color, and good design were considered the main characteristics of Brazilian luxury products by Pau-Brasil's clients (see the most relevant product attributes mentioned by Casa Pau-Brasil's clients in Appendix 9).

- **Brazil's strong warmth dimension**

Speaking of Brazil, consumers mentioned a relaxed lifestyle, vacations, colors, and warmth:

"The new aspect Brazilian products would bring, would be the color, the sensation of being on vacation – something funnier than French or Italian brands." (F, 52, Swiss)

From these associations it is possible to infer that Brazil triggers affective reactions in consumers, therefore, has a stronger warmth dimension. Considering that luxury products have a hedonic nature, and that a stronger warmth dimension affects the products perceived hedonic characteristics, Brazil should be evaluated better when it comes to luxury products than when talking about utilitarian products.

Comparing this data from the interviews with low social profile luxury consumers to the data of the questionnaire to Casa Pau-Brasil's clients, Brazil's warmth dimension comes out strengthened. In fact, the main association made by respondents to "made-in Brazil" was "warmth", which means that even outside the low social profile luxury consumers, Brazil is perceived as a country with a strong warmth dimension – see Appendix 10 for all the associations to made-in Brazil by Pau-Brasil's clients.

- **Brazil's country-of-origin stereotype: "that part of the world"**

Foreign luxury consumers perceive Brazil as an emerging market, usually relating it to other countries of South America or even Asia:

"I don't know any Brazilian luxury brands, but it's like Asia, we don't know their luxury brands, but they do have luxury brands." (F, 45, French).

Moreover, European luxury consumers refer to the country in a distant manner, as *"that part of the world"* (F, 46, Dutch). When it comes to how Brazilian luxury consumers are perceived, they are categorized by most interviewees as high social profile, who "wear luxury to show-off". Yet, they don't do so by wearing Brazilians luxury brands, they use foreign luxury brands:

“If you think of Brazilians themselves, when they want to convey luxury, they buy foreign brands. Even inside the country, Brazilian brands are not the most high-end there is.” (F, 37, American).

3.2.3. Luxury consumers and clients’ perception of Casa Pau-Brasil

Casa Pau-Brasil pursues “luxury as authenticity” by selecting the brands that represent different facets of Brazil in all its diversity. However, this authenticity appears to not come across to the store’s clients, and most importantly, to its target. As stated in the Contextual Background, Pau-Brasil’s target is the low social profile foreign luxury consumer, resident in Portugal. Out of the 60 clients who visited the store and answered the short interview’s questions, only two fit that target – please refer to Appendix 11 for the graph that illustrates the number and nationality of low social profile luxury consumers who visited Casa Pau-Brasil. Also, out of all the consumers who answered the questionnaire, only three bought products (cosmetics and chocolates) – Appendix 12’s graph shows the percentage of consumers who bought at least one product at Casa Pau Brasil. Two of those clients who purchased a product fit the low social profile, however, they were Brazilian and Portuguese, not foreigners.

Overall, Pau-Brasil’s clients who answered the questionnaire liked the store, describing it as “beautiful”, “interesting” and “nice” – please see all the answers in Appendix 13. Product diversity and originality were also praised by respondents. On the other hand, the store was also described as “cold” and “expensive”. The two most memorable categories were fashion and furniture: the first sparked mixed opinions (“good variety”, “beautiful” in contrast with “didn’t like them”, “only for the summer”), while the latter was generally described as “beautiful”. Moreover, from the 11 Portuguese low social profile consumers interviewed, nine knew the store and three had purchased something there. The general opinion about Pau-Brasil amongst the interviewees is that it is a nice store, which offers a lot of diversity in terms of products and brands and has a “great presentation”. However, some interviewees criticized the location – “not practical”, “a nightmare to park” – and one labeled it as a “store for tourists”.

4. DISCUSSION

Two types of Brazilian luxury come across from the insights gathered. One is that of Brazilian luxury consumers: the type of luxury that emphasizes status and targets the wealthy class of high social

profile Brazilians. This luxury has a stronger *symbol* dimension, and it's associated to the country's stereotype – Brazilians like to “show luxury” and do so typically by wearing European luxury brands. The other type of luxury is the authentic luxury made-in Brazil, with a strong heritage and attributes that emphasize *substance*, which targets low social profile foreign consumers (in this case, non-Brazilian consumers). However, this type of luxury doesn't come across equally to foreign consumers in all product categories. From the data collected it is possible to state that this luxury is stronger in the furniture & interior design category, which scored higher than any other category on product attributes that translate into *substance* (authenticity, *savoir-faire*, quality and unique materials, original design, and heritage). Moreover, almost half of the low social profile luxury consumers interviewed (even those not familiar with Brazilian luxury) recognized the heritage of Brazilian architects and artists, and immediately related that heritage to furniture & interior design. Even though the financial risk was mentioned in this category, consumers stated that the pieces were expensive due to custom fees, but never questioned the product quality or design. On the contrary, in the fashion's category price and function are correlated (the financial risk was connected to product quality and wearability). Furthermore, when consumers compared luxury made-in Brazil to luxury made-in France and made-in Italy, furniture was the only product category in which Brazil was considered to be “in the same league as France or Italy”.

Addressing the first part of the Work Project topic, made-in Brazil can be perceived as luxury according to *the new luxury paradigm*, in the furniture & interior design category. In this product category, luxury made-in Brazil has both *substance* and *symbol*. Brazil's architecture and art build up the two dimensions: *symbol* (highly reputed) and *substance* (heritage). Plus, the made-in Brazil's *substance* dimension is strengthened in furniture & interior design by the quality, diversity and uniqueness of the Brazilian woods and materials, the *savoir-faire* to work them, and the original and tasteful Brazilian design.

Addressing the second part of the Work Project topic, Casa Pau-Brasil aims to build *substance* based on authenticity, in order to attract low social profile luxury consumers. As aforesaid, these consumers do value product authenticity as *substance* and integrate that variable in their assessment. Yet, in practice, Pau-Brasil's authenticity and *substance* dimension don't appear to be getting through to those consumers, nor to its clients. Furthermore, the store's "warmth" doesn't seem to match Brazil's "warmth" dimension as it is perceived by luxury consumers – which in turn, might also hinder Pau-Brasil's efforts to convey this authentic luxury made-in Brazil to its target and clients.

5. RECOMMENDATIONS TO CASA PAU-BRASIL

In order to better leverage on the made-in Brazil luxury concept, it is crucial that Casa Pau-Brasil commits to the idea of authenticity by focusing on product categories with a stronger *substance* dimension, that illustrate the authentic Brazilian luxury – more specifically, **giving more prominence to furniture & interior design**. To do so, this category should be connected to the Brazilian architectural heritage: an exhibition of building models or photographs of architects and their work could help the consumers make that connection and value the furniture even more. For the more indigenous pieces, such as Irmãos Campana, the emphasis should be on how those pieces were made, and by whom – explaining the artisanal techniques used and telling the artisans' stories. Since the most valued attribute was the materials, a caption stating what type of wood was used, its characteristics, and where that specific piece was built, should accompany each piece of furniture, to emphasize the *substance* dimension. When it comes to pricing, the custom fees are outside Pau-Brasil's control. Hence, instead of attempting to lower the price, emphasizing the heritage, the *savoir-faire* and the materials could enrich the furniture's *substance* to match the high price.

To further increase the store's *substance* dimension focusing on product categories with stronger heritage and other product attributes, the focus should shift from the cosmetic products, which are not valued by low profile consumers as luxury made-in Brazil, to furniture & interior design. **Changing the**

store's layout so that the first thing consumers see when stepping into the store is the furniture, could help achieving this purpose.

Regarding **other product categories**, during the summer fashion and swimwear should be emphasized. However, consumers do not evaluate Brazilian fashion the same way throughout the year. **Less seasonal product categories such as jewelry** can be used to counter this perception. Jewelry is highly associated to Brazilian authenticity and valued by its materials. Even though Pau-Brasil has bio-jewelry available, low social profile consumers (and mostly foreign ones) value this category based on other materials: mostly semi-precious or precious gemstones. Integrating this type of jewelry would strengthen the store's *substance*.

Moreover, as *savoir-faire* and **product ingredients** are important factors valued by expert consumers, they **should be clearly perceived on all product categories**. Currently, for consumers to understand the *savoir-faire* and the materials behind each product and brand present at Casa Pau-Brasil, they either have to ask the staff or search for information in the product tag. One way to make these attributes stand out is through **storytelling**: below each brand's name, there could be a short explanation about the product's manufacture and their route from Brazil to the store.

Brazil is perceived as a warm country, frequently associated to good weather, beach, "feeling relaxed" and vacations. As stated above, some consumers described the store as "cold" and even though it was associated to Brazil, that association was not the most frequent amongst store's clients. It is crucial to **increase the store's warmth to match consumer's perception of Brazil**. Adding a coffee shop within the store could increase the perceived warmth and strengthen the store's connection to the Brazilian culture: a place where people can sit, relax, listen to Brazilian music, read books from Livraria da Travessa; try Brazilian foods and beverages (such as água de côco straight from the coconut) and experience the sophisticated and authentic Brazil to its fullest. Furthermore, the Sergio Rodrigues room was described by the store's clients as "cold". Either integrating Sergio Rodrigues' pieces into the store's decoration or adding other elements to the room might also improve the "warmth" dimension.

Lastly, taking into account all the recommendations above and the insights gathered, **adjusting the store's concept from "High-end Concept Store" to "Brazilian Art and Design store"** could also increase the *substance* dimension. This way all the brands and products present in Casa Pau-Brasil would be connected to the Brazilian artistic inventiveness, heritage and innovative design – aspects valued by low social profile consumers as luxury made-in Brazil.

6. RESEARCH LIMITATIONS

Throughout the development of this Work Project research limitations were encountered.

The first was the fact that the low social profile consumers are very discreet, thus, not easy to find. The method to classify the consumers into each social profile is very subjective – brands and products were used as proxy and the final assessment was based on the perception of the author of this Work. Moreover, since the Work Project was based in Lisbon, the access to Portuguese consumers was easier and they were more available to meet and refer to other consumers, than foreigners. Hence, the discrepancy in number of interviewees (11 Portuguese and 8 foreigners).

Secondly, in order to approach Pau Brasil's clients at the end of their visit to the store, the questionnaire was conducted at the exit, where clients are less likely to stop or to be available to answer the questions. Also, the questionnaire was conducted with a staff member present, which could have made some clients feel constrained when giving their opinion about the store, culminating in biased answers.

Thirdly, the questionnaire was conducted over one weekend and one business day, fairly close together. In order to have an accurate assessment of the reality, especially when it comes to nationalities, the questionnaire should have been conducted on more days and spread along a longer period of time.

Finally, the limited communication with Pau-Brasil hindered the attainment of details on the flexibility and openness of the store's business model, specifically in furniture. This may have resulted in broader recommendations or recommendations that might not entirely fit the store's business model.

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A Work Project, presented as part of the requirements for the Award of an
International Master Degree in Management from the NOVA – School of Business
and Economics.

**WHAT DEFINES LUXURY MADE-IN BRAZIL:
THE CASE OF CASA PAU-BRASIL**

APPENDICES

BEATRIZ VASCONCELOS BARRETO RESINA DA SILVA

33322

A Project carried out on the International Master in Management Program, under the
supervision of:

Professor Catherine da Silveira

and Professor Inês Risques

January 3, 2020

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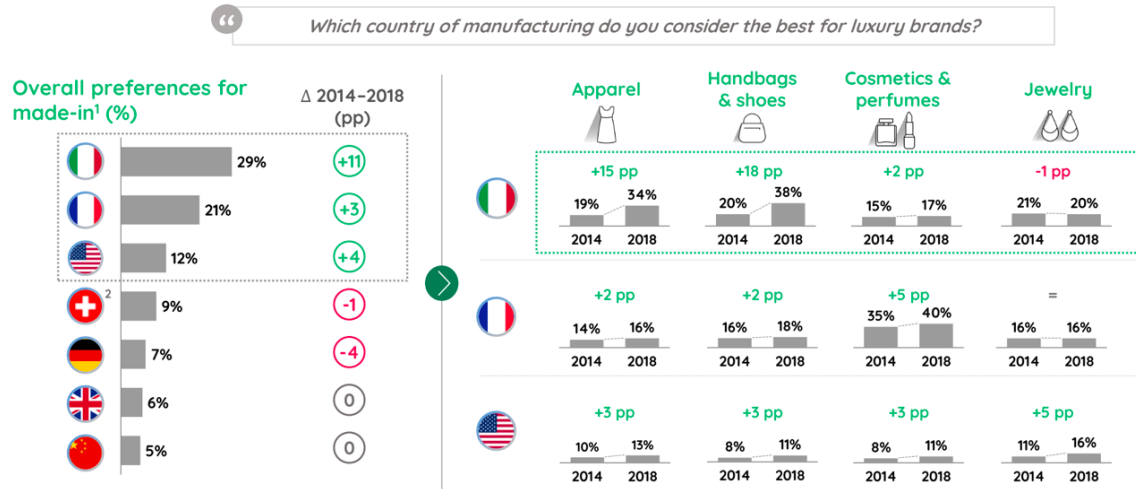
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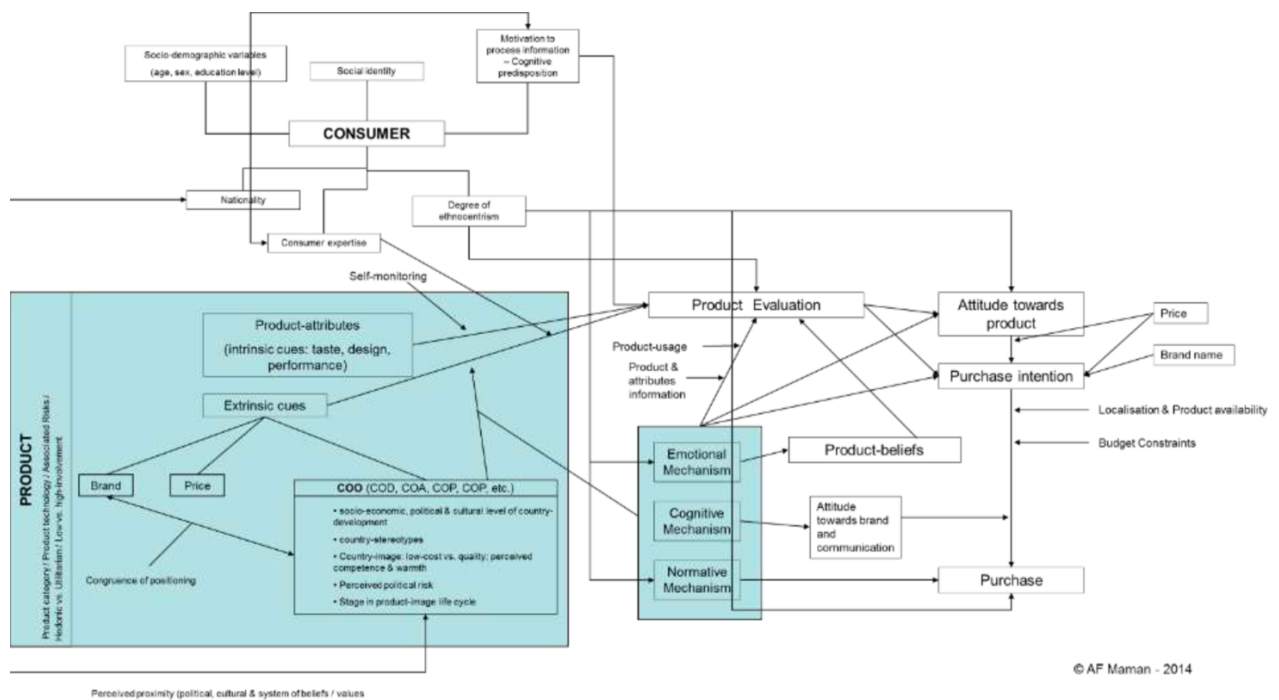
Appendix 1 – Overall preferences for made-in



1. Focus on personal luxury (excluding cars, luxury yachts, design and lighting) 2. 57% of True-Luxury consumers show preference for watches made-in Switzerland
 Source: BCG-Altgamma True-Luxury Global Consumer Insight Survey Dec 18/Jan 19 (12K+ respondents in 10 countries)

Source: BCG & Altgamma. 2019. “2019 True-Luxury Global Consumer Insight.” p.46

Appendix 2 – Country-of-origin effect framework



Source: Larraufie, Anne-Flore Maman. 2019. “Luxury – Behind the Scene.” [Class Slides] Nova School of Business and Economics, Lisbon, Portugal. p.88

Appendix 3 – Guideline for semi-structured in-depth interviews with luxury consumers

LUXURY CONSUMERS

Semi-structured in-depth interview guide:

“Hello, thank you so much for accepting the invitation and taking the time to interview with me today. As you remember, my name is Beatriz and I’m writing my master thesis at Nova SBE on the subject of luxury marketing. More specifically, the goal of my Work Project is to find out what defines luxury made-in Brazil. For this research, I will be using the non-directive method; which means that I will not ask you specific questions about the subject, as in a standard questionnaire. On the contrary, after the opening question, you are free to tell me whatever comes to your mind on the subject. This interview will take approximately one hour. With your permission, I would like to record it entirely, but all your answers will remain anonymous and confidential.

Do you have any questions? If not, we can start the interview.”

Opening question:

Based on your personal experience or knowledge, what is your opinion about luxury products made-in Brazil?

Topics to cover:

- Do they have a clear perception of luxury made-in Brazil?
- Do they value this type of luxury?
- Can they remember or think about any brand? Or product?
If yes: Product-related variables - how products produced in Brazil are perceived in the following dimensions:
 - Product category
 - Authenticity
 - Technological dimension
 - Hedonic or utilitarian nature
 - Associated risks
 - Intrinsic cues (product attributes)
 - Extrinsic cues (brand, price, and country-of-origin)
- Check if they have purchased themselves
- Check if they know Pau Brazil. If yes, what do they think about it?

Source: Work Project’s author.

Appendix 4 – Pre-recruiting questionnaire to luxury consumers

LUXURY CONSUMERS

Pre-recruiting questionnaire:

Consumer-related variables:

- 1) **Nationality:** foreigners (no Brazilians)
 - 2) **Socio-demographic variables:** age, gender, education
 - 3) **Social profile/Level of expertise:** low social profile or high profile based on responsible luxury
 - Have you purchased at least a luxury or premium product (such as a perfume, beauty product, accessory, clothes, jewelry, furniture, etc.) for yourself over the past 6 months?
- Would you mind telling me which products (or some of the luxury products) you’ve purchased in the past 6 months? Do you remember the brand?
Brands and items used as proxy to classify them as experts or non-experts:
e.g.: Flashy items or logos (high profile social statement: non experts); sophisticated luxury niche brand or product (low profile social statement: experts).

Source: Work Project’s author.

Appendix 5 – Questionnaire to Casa Pau-Brasil's clients

CASA PAU-BRASIL'S CLIENTS

Questionnaire:

Introduction: I'm a Master's student at Nova School of Business and Economics, currently doing my thesis on luxury made-in Brazil and Casa Pau-Brasil. I would like to ask you a few questions in order to better understand how the store is perceived, if you don't mind.

- 1) *Is this your first time in the store?*
- 2) *What do you think about it?*
- 3) *Have you heard about the store before?*
- 4) *How? Where?*
- 5) *Did you buy an article today?*
If yes: products bought _____
- 6) *What is the first thing that comes to your mind when I mention "made-in Brazil"? (extrinsic cues: country-of-origin national stereotype)*
- 7) *What would you say are the most relevant characteristics of products made-in Brazil? (intrinsic cues: product attributes)*
- 8) *What kind of products come to your mind when talking about luxury made-in Brazil? (product category)*

Please state whether you agree or disagree with the following sentences
- 9) *Products made-in Brazil are authentic/genuine (product authenticity)*

Strongly disagree 1 2 3 4 5 Strongly agree
- 10) *Products made-in Brazil are pleasureful/gratifying/delightful (hedonic nature)*

Strongly disagree 1 2 3 4 5 Strongly agree
- 11) *Products made-in Brazil are practical/useful/functional (utilitarian nature)*

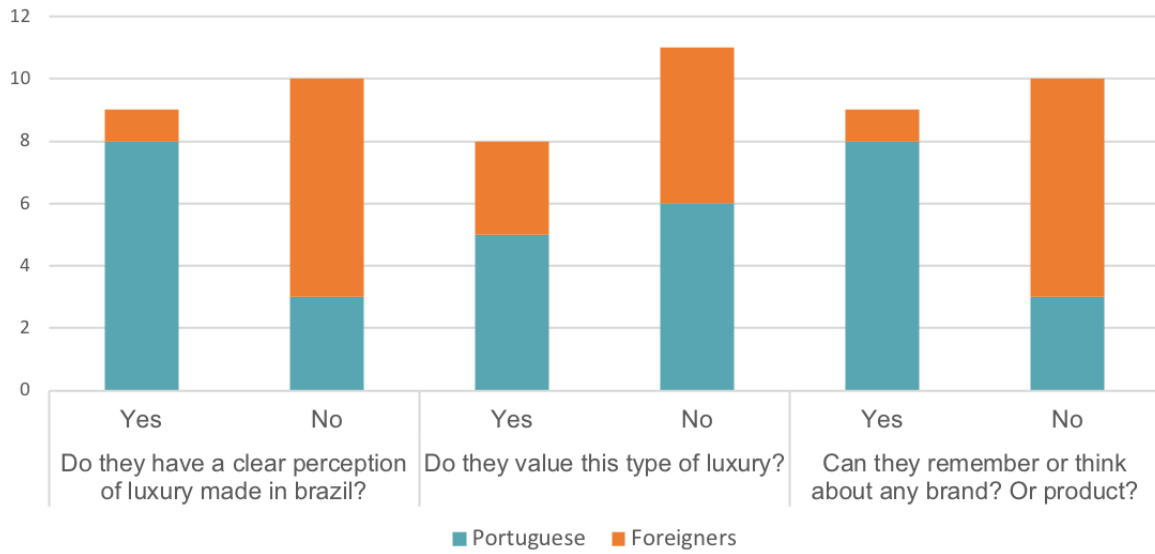
Strongly disagree 1 2 3 4 5 Strongly agree
- 12) *Do you usually buy luxury or premium products such as perfume, beauty products, accessories, clothes, jewelry, furniture, etc.?*

If yes: *Would you mind telling me which products and brands you've purchased in the past 6 months? (consumer profile/expertise)*
- 13) Gender: M F
- 14) Age:
- 15) Nationality:
- 16) Tourist or resident in Portugal?

Source: Work Project's author.

Appendix 6 – Interviewees’ perception of luxury made-in Brazil

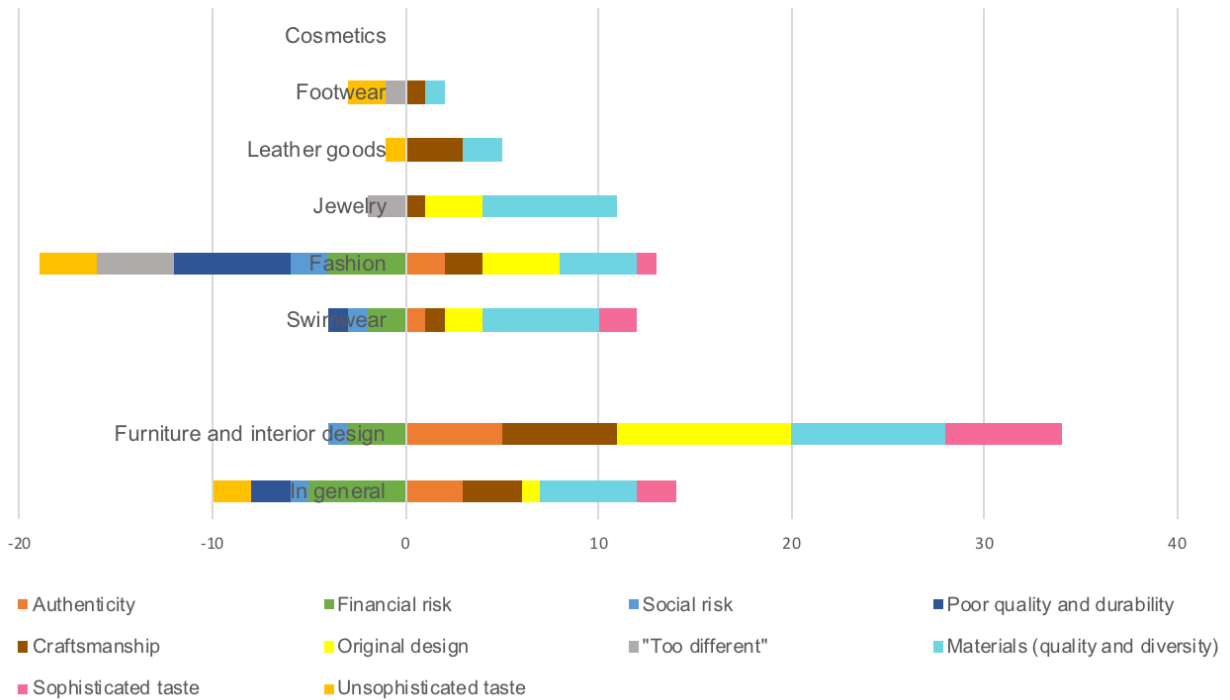
(n=19)



Source: Work Project’s author.

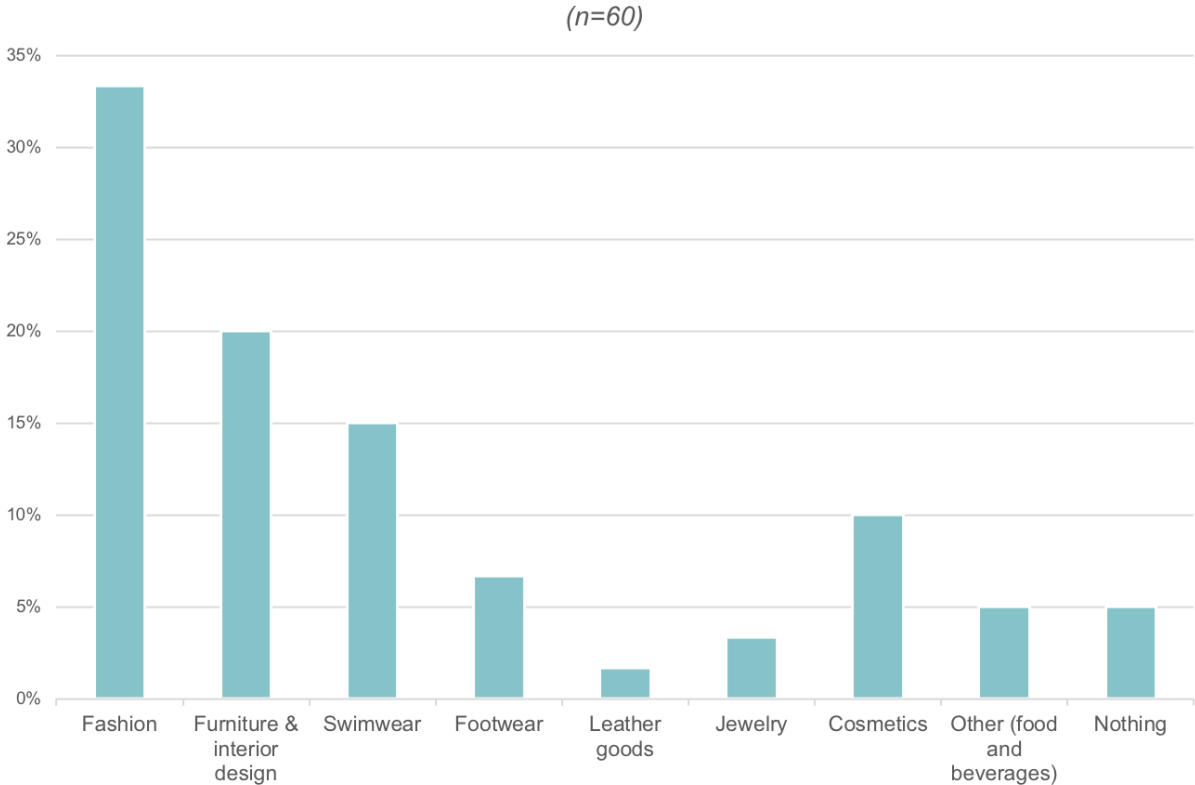
Appendix 7 – Interviewees’ perception of different product categories

(n=19)



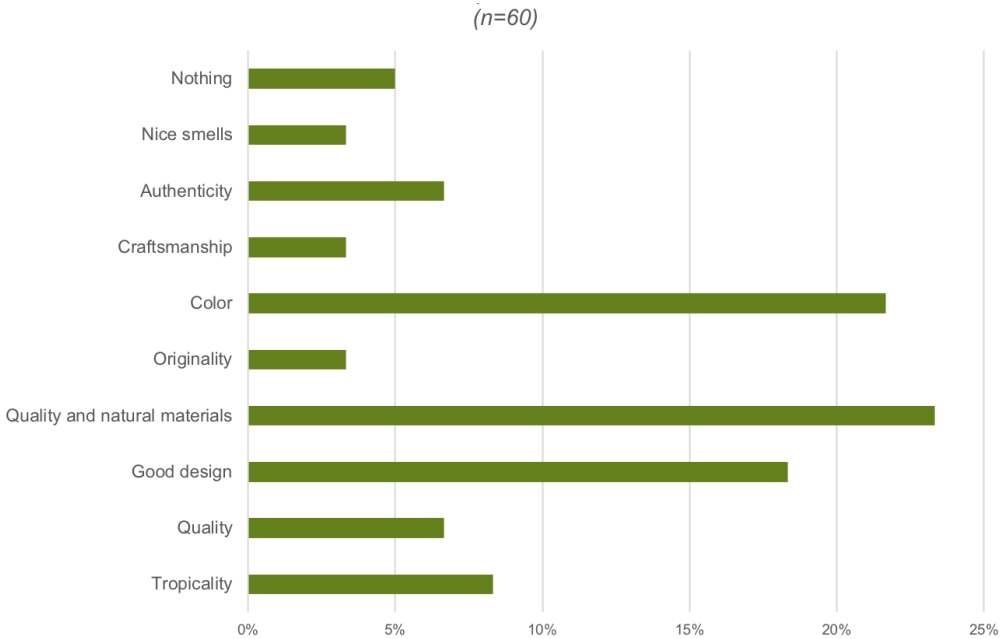
Source: Work Project’s author.

Appendix 8 – Respondents’ most mentioned product categories for luxury made-in Brazil



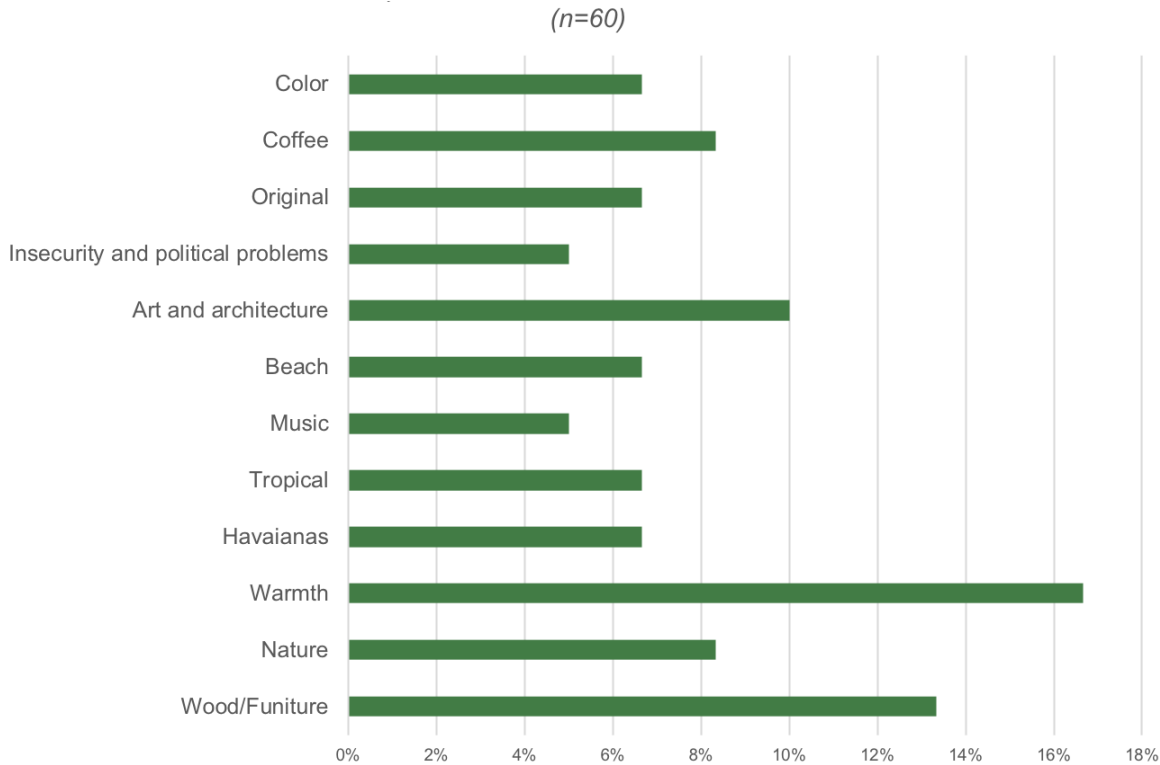
Source: Work Project’s author.

Appendix 9 – Most relevant attributes of products made-in Brazil mentioned by Casa Pau-Brasil’s clients



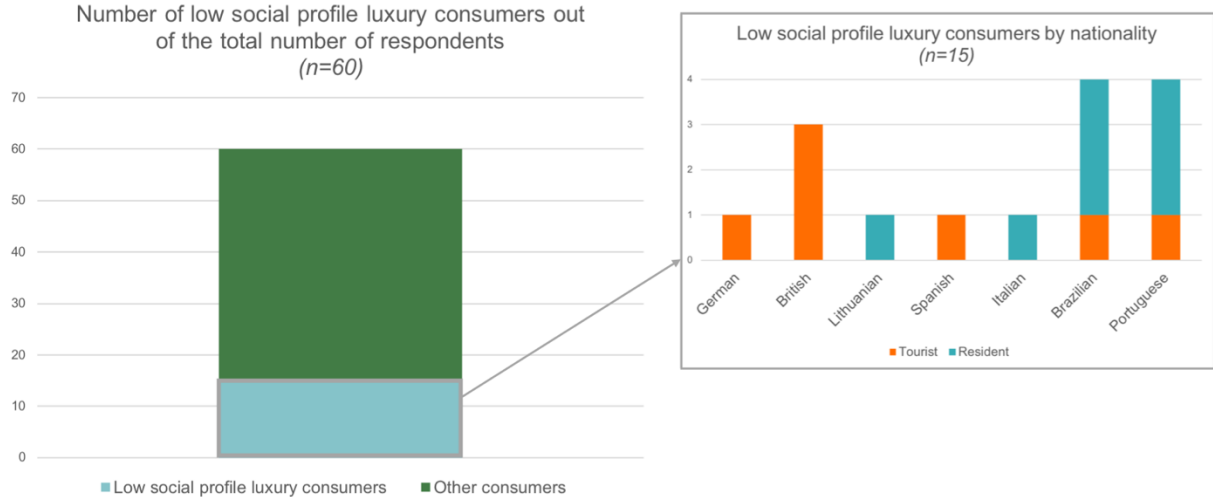
Source: Work Project’s author.

Appendix 10 – Respondents’ associations to “made-in Brazil”



Source: Work Project’s author.

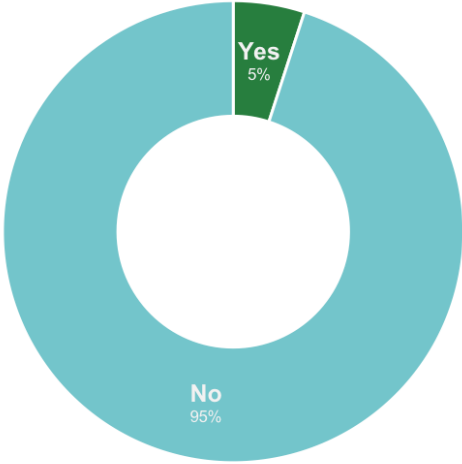
Appendix 11 – Number and nationality of low social profile luxury consumers who visited Casa Pau-Brasil



Source: Work Project’s author.

Appendix 12 – Percentage of consumers who bought at least one product at Casa Pau-Brasil (yes) vs. who didn't buy anything (no)

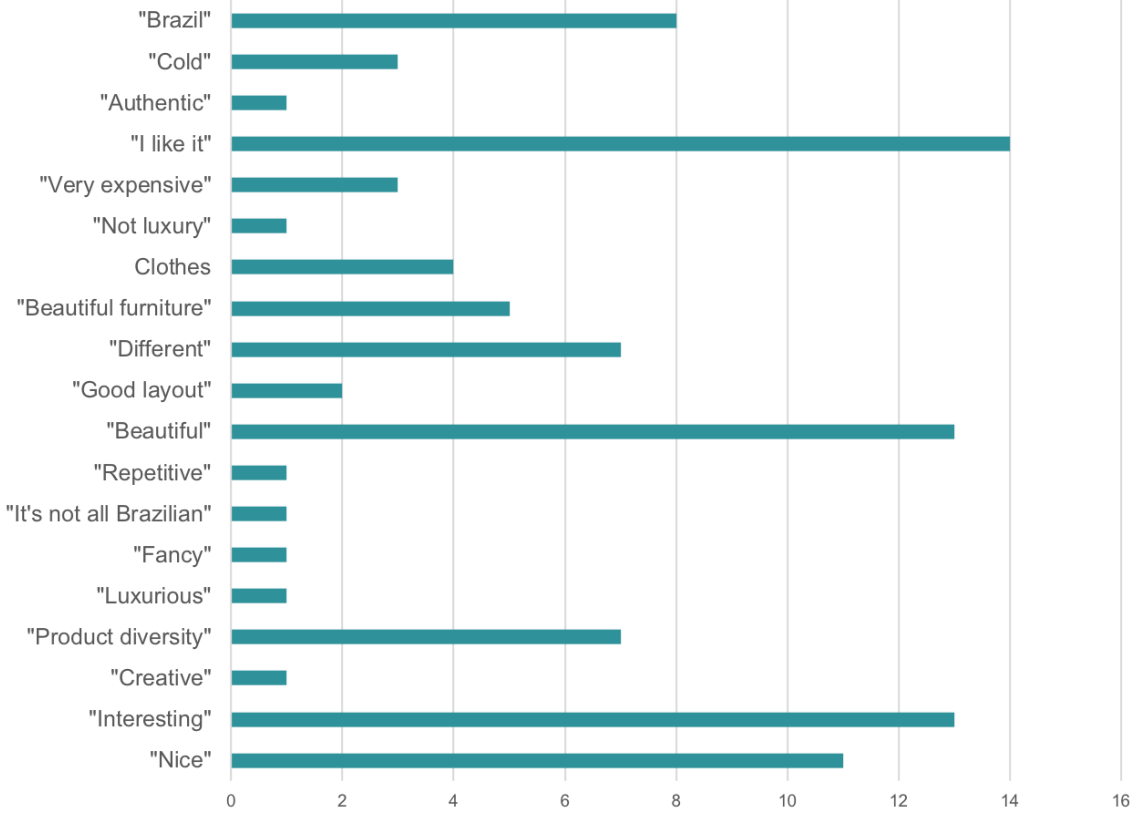
(n=60)



Source: Work Project’s author.

Appendix 13 – Respondents’ opinions about Casa Pau-Brasil

(n=60)



Source: Work Project’s author.