

Slovak Consumers' Attitudes toward Foreign versus Domestic Brands

Lucia Vilčeková¹

Abstract

The paper describes attitudes of Slovak consumers toward foreign brands and domestic brands. Brands in marketing are used to differentiate products and services and they have an important role in consumer purchase decision process. Prior to a purchase the brand can increase consumer's efficiency of perception, processing and storage of information and the makes easier he actual purchase decision. The introduction to brands and brand buying behavior is provided at the beginning, followed by description of research methodology and finally, research results are presented. The representative research was conducted in year 2013 on a sample of 1067 Slovak consumers older than 16 years of age. Based on the research results, Slovak consumers can be seen as very brand oriented and they care about brands and brands names and they make their buying decision based on brands. They prefer to buy Slovak products, but it is sometimes difficult to find domestic brands in stores, especially in consumer goods and textiles.

Key words: attitudes toward brands; Slovak consumers; domestic brands; foreign brands; brand buying behavior

1. Literature review

Brands in marketing are used to differentiate products and services. A brand is a "name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers" (AMA Dictionary, 2013).

¹ PhD, Department of marketing, Faculty of Management, Comenius University in Bratislava, Odbojárov 10, 820 05 Bratislava, Slovakia. E-mail: lucia.vilcekova@fm.uniba.sk

According to Kotler and Keller (2009) brand is a way of differentiating a company's goods, or services, from those of its competitors. "Brand is a promise. It is ... an unwritten contract between a seller and a buyer..." (Healy, p. 12, 2008)

Brand has an important role in consumer purchase decision process. Prior to a purchase the brand can increase consumer's efficiency of perception, processing and storage of information. The actual decision making activity can be easier because brands reduce uncertainty and reduce risk of a purchase and in the post purchase stage, the image benefits of brands emerge.

The buying patterns of people tend to change during hard and stressful times such as economic crisis (Nistorescu & Puiu, 2009). Consumer behavior is the study of the processes that individuals or groups go through when they are making their purchasing choices in order to satisfy their needs. This behavior is affected by broad set of factors such as: income, demographics, social and cultural factors. Beside these basic internal factors, which influence the buying behavior, there are also factors that are stimulated by the external environment surrounding the consumer. Therefore, the consumer behavior is a combination of customer's buying awareness combined with external motivators. This is the reason, why the consumer reacts to any change in the economic situation around him by changing his consumption (Mansoor & Jalal, 2011).

There are products of various origins offered to customers, which is a consequence of globalization and merging and connecting markets. The formation of global economy has noticeably widened the presence of foreign products on domestic markets. This has stimulated interest in examining the role of country of origin and its consequences on consumer behavior. It can be considered a cue that is capable to summarize information on products, brands and firms from different countries. Therefore, country of origin can be seen as one element of a brand that helps consumers to connect the brand to a specific country. At times, product origin may suppose a barrier to the trade of goods and services within or between countries. Consumer preferences for foreign and domestic products could be influenced by trust in foreign firms, consumer ethnocentrism and negative feelings towards a specific country (Torres & Gutiérrez, 2007). The influence of country of origin on brand buying behavior has been studied for decades.

But in times of globalization, when products are designed in one country, manufactured in another and assembled in another one, consumers are confused and are often not able to identify or recognize domestic products. Globalization has increased the opportunities for companies to distribute their goods to consumers all over the world. At the same time, consumers are able to choose from a broad range of products and services in almost any category. International product adaptation makes it difficult to differentiate between goods (Vilcekova, 2013).

2. Methods

In this paper, partial results from a research on brand buying behavior of Slovak consumers are being presented. The data was collected from January to April 2013 with a questionnaire. Respondents were presented with a list of 27 statements concerning their attitudes towards domestic and foreign brands and their brand buying behavior. Likert scales, as a very common and easy tool for measuring attitudes, were used in the survey. The scales ranged from -2 (absolutely disagree) to +2 (absolutely agree).

The population in the research were Slovak consumers 16 years of age and older. The number of respondents was set to 1067 in order to get permissible error of 3 percent and confidence level of 95 percent for the research results. In Figure 1 distribution of selected demographic features can be seen.

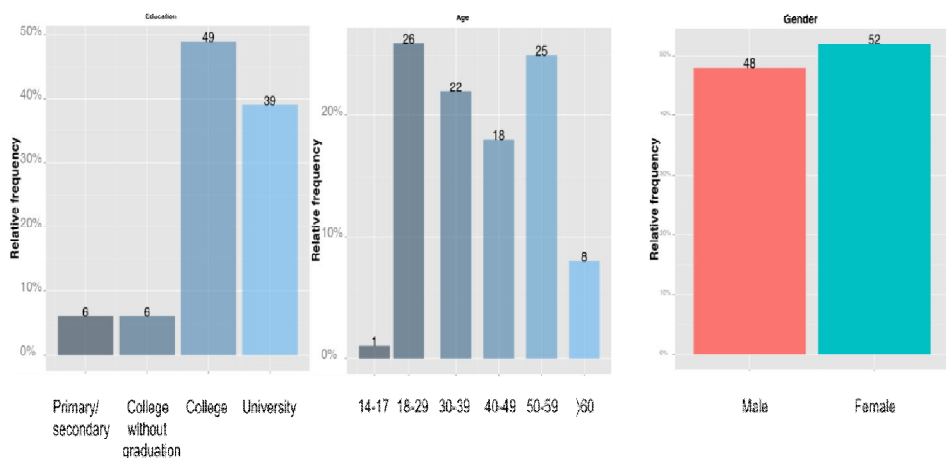


Figure 1 Education, age and gender distribution

The distributions of age groups, education levels and gender were as follows. There were 48% men and 52% women included in the research. 6% of all respondents had primary/secondary education and 6% completed college without graduation. 49% have finished college and 39% have a university degree. In the youngest age group 14-17 were 1% of respondents, 18-29 years old were 26%, 30-39 were 22%, followed by 18% of 40-49 years old, 25% respondents were in the 50-59 age group and 8% were older than 60.

The data were evaluated in R, software for statistical computing and graphics. The techniques used in R were factor analysis to reduce the initial number of statements followed cluster analysis to determine consumer segments according to their attitudes towards foreign and domestic brands.

3. Research Results

To be able to determine how Slovak consumers feel about foreign and domestic brands and identify their brand buying behavior, they were presented with statements concerning their attitudes. The results can be seen in Figure 2.

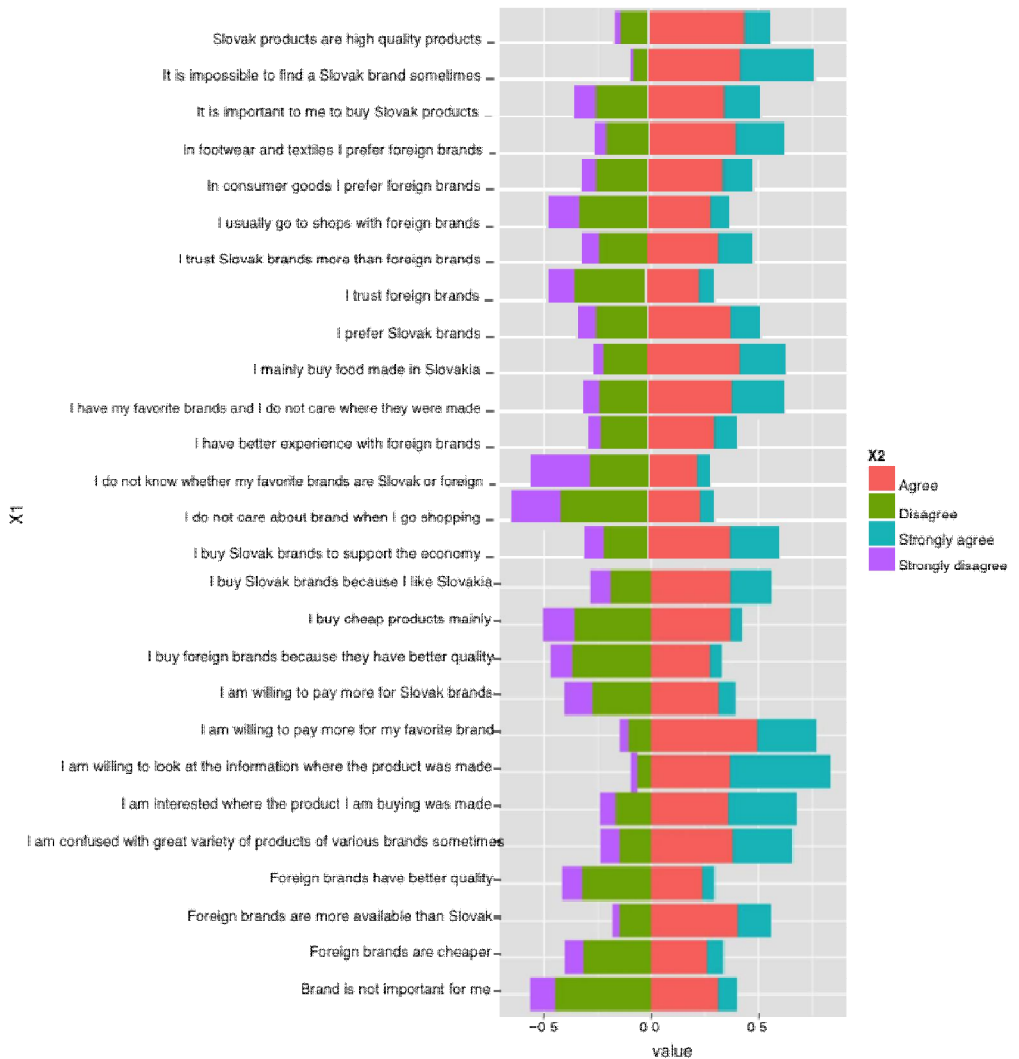


Figure 2 Attitudes toward domestic and foreign brands

Concerning attitudes toward domestic brands, Slovak consumers agree that Slovak products are high quality products, but it is sometimes impossible to find Slovak brands of certain products in the stores.

Nevertheless, they tend to prefer Slovak products in their purchases because they like Slovakia and they want to support the country's economy. Slovaks trust domestic brands more than those of foreign origin and they usually buy food that is made in Slovakia.

Considering foreign brands, Slovaks think they are more available and they usually buy consumer goods, footwear and textiles of foreign origin. Consumers do not think that foreign brands do have better quality than Slovak brands.

General attitudes of Slovaks toward brands can be described as follows: Consumers do have their favorite brands and they do not care if they were produced abroad or in Slovakia but they are very aware of the country of origin. They are brand oriented and they make their purchase decision based on brands. They are not willing to pay more for Slovak products, but they not hesitate to spend more money on their favorite brands. The consumers are interested in the country of origin and they are willing to take the time to search for the information of where the product they want to purchase was made. Brands play an important role for Slovaks, but the consumers are sometimes confused with the great variety of brands.

The initial number of statements in the questionnaire was 27. To reduce interrelated information and similar statements, factor analysis was performed. The number of factors was determined by parallel analysis and Kaiser criterion. According to both techniques, the optimal number of factors was six. These factors were used as basis for cluster analysis. The results are presented in Figure 3.

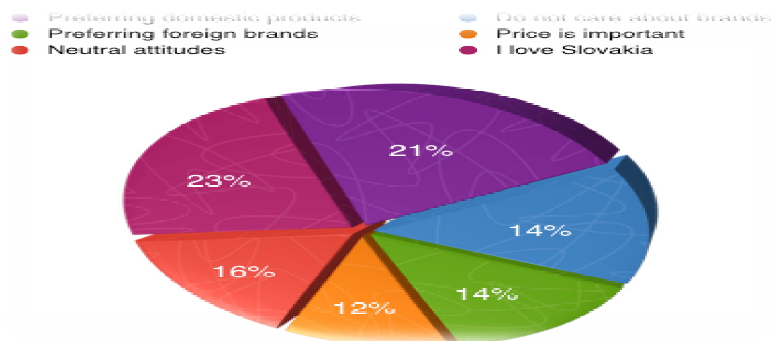


Figure 3 Segmentation of Slovak consumers based on their attitudes toward domestic and foreign brands

Cluster "I love Slovakia" with 23% of respondents

The most typical feature for consumers in this cluster is their positive feeling for Slovakia and Slovak products.

They buy these products because they want to support the economy, because they like Slovakia and they pay special attention to purchasing Slovak brands. They care where the products of their choice were made and they tend to prefer domestic brands over foreign.

Cluster "Preferring domestic products" with 21% of respondents

Consumers preferring Slovak brands and having positive attitudes towards Slovak products are in cluster one. These consumers are very aware of where the products they purchase were made and they think Slovak products have better quality, thus they agree foreign brands are more available. The main reason for purchasing Slovak products is supporting Slovak economy.

Cluster "Do not care about brands" with 14% of respondents

Consumers in this cluster do not care about brands. Typical signs for their brand buying behavior are having no preferences; no feelings toward domestic or foreign brands and the main reason for choosing their brands is price. They prefer cheap products.

Cluster "Preferring foreign brands" with 14% of respondents

This cluster is typical for positive statements toward foreign brands. People usually do not buy Slovak brands and if they do, it is because they want to support Slovak economy. But in general, they prefer foreign brands because they are more available and have better quality than domestic brands. These consumers are very aware of what they are buying and take their time to find out where their products were made.

Cluster "Price is important" with 12% of respondents

Consumers in this cluster do not have uniformed behavior and they differ in their attitudes. Most of them do not care about brands and price is the main trigger for their decisions. If they decide upon brands, than they prefer Slovak products. They do not agree foreign brands are more available than domestic.

Cluster "Neutral attitudes" with 16% of respondents

Neutral feelings toward bands are typical for consumers in cluster five. They do not care about the country of origin but they agree foreign brands are more available. They do not have any special preferences of requirements concerning brands. These consumers can be seen as neutral in their buying behavior and brand preferences.

4. Conclusion

Research from Euro RSCG Worldwide in 2010 (thenewconsumer.com) showed a shift in consumer values and behaviors, as people begin to rethink what is important and how they want to live. The crisis has caused slowdown of consumer consumption and the priorities of consumers changed, as well as the perception and representation they have on brands and their benefits. The crisis made stronger the relation of Slovaks to traditional, established brands. Slovaks look for a certain guarantee of quality and certainty. And traditional brands provide exactly such a guarantee for them (Liptáková, 2011).

Slovak consumers do not behave as patriots when they are shopping and retailers have already begun to see that Slovak consumers are becoming more price sensitive because of the worsening economic situation and that they are more often ignoring a product's country of origin when shopping. This is caused both by lower purchasing power of Slovaks and by a lack of consumer patriotism that was never built in Slovakia. Slovak consumers have a strong interest in purchasing domestic products but it is questionable whether they actually reach for those products when shopping (Liptáková, 2012). Our research confirmed these opinions. It was proved that Slovak consumers prefer domestic products, they trust domestic brands.

Slovak consumers are brand oriented, they care about products they buy regardless of the price. When they have their favorite brands, country of origin is not important for them and they are willing to pay more money for it. The main reason for buying Slovak products is to support the economy and we can say that Slovak consumers are very aware of the benefits of supporting domestic production.

Nevertheless, consumer ethnocentrism is not typical for Slovaks. In the past 20 years, many companies underwent a privatization by multinational companies that "domesticated" international products in Slovakia. Consumer ethnocentrism also depends on the share of domestic production compared to foreign products. There are certain industries in Slovakia where this share is in favor of domestic production – food industry. But there are many products where consumers are forced to buy foreign brands, because there is nearly no Slovak production, e.g. electronic devices, consumer goods, clothing...

In our research of consumer brand behavior we were able to define 6 segments. The biggest segment is a cluster of consumers who prefer Slovak products followed by cluster of those who do not care about brands and make their purchase decision based on price levels. Segment three is typical for consumers who prefer foreign brands. Then there is a cluster with consumers who have neutral feelings toward brands and a cluster of consumers without uniformed behavior. The last segment is a segment of consumers who like Slovakia and buy domestic products to support Slovak economy.

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