

USING COUNTRY OF ORIGIN IN INTERNATIONAL FOOD MARKETING STRATEGIES

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ABSTRACT

Success on markets and especially success on international markets depends on many various factors. One of these factors is also consumer ethnocentrism or consumers' attitude toward imports and domestic products. This paper provides some initial insights into product country-of-origin study where consumer attitudes toward various product-related dimensions are linked with the products' country of origin. The purpose of this empirical research study, therefore, is to determine the attitudes of Slovak consumers towards made-in-Slovakia foodstuffs and foodstuffs originating from three trading partners – Czech Republic, Germany and Poland. It is useful in order to develop good marketing strategies of both domestic and foreign produced products.

Key words: consumer behavior, country-of-origin, product image, foodstuffs, ethnocentrism

INTRODUCTION

The importance of variables such as price, quality, brand or package in influencing consumer perceptions and attitudes toward products is well established but the additional information of product's country of origin has attracted little research attention in Slovakia. Country of origin information, especially now when consumers must make product choices in often confusing marketplace, has strong effect on overall product evaluation. Country of origin as extrinsic product attribute can play an important role in individual decision making, especially by consumers without knowledge of product intrinsic attributes. In other words in these cases product image and product country image can have strong impact on consumer's decision-making.

METHODOLOGY

The following research questions were addressed in the exploratory study:

- How do Slovak consumers rank foodstuffs from Slovakia, Czech Republic, Poland and Germany in terms of quality, safety, availability and promotion?
- Do consumers generally rate products made in their own countries higher than those made elsewhere?
- How is consumer attitude toward a country reflected in attitude toward products from this country?

This multidimensional study was concerned with product attitudes from four countries, namely, Slovakia, Czech Republic, Poland and Germany. The major reason for the inclusion of these countries is the considerable presence of their products on the Slovak market. The questionnaire was distributed among 1017 respondents in the whole territory of the Slovak Republic. Sample characteristics are reported in Table 1.

Questionnaires included scales to measure consumer's perceptions regarding the quality, price, promotion and availability of foodstuffs and scales to measure their general attitudes toward the four countries in terms of economic, political and social factors. The respondents were asked on a 5-point Likert scale (1= strongly agree, 5= strongly disagree). We then averaged the scores or ratings for each attribute across all respondents to yield a single average measure of attitude towards the attribute. These were then compared across countries. The dependence of qualitative variables was evaluated on the base of rate of contingency and one way ANOVA.

For measurement of the ethnocentrism was used the CESTSCALE developed by Shimp and Sharma (1987). The CESTSCALE consists of 17 Likert-type sentences for each of which subjects express their extent of dis(agreement) on a 7-point Likert scale. (1= strongly disagree, 7= strongly agree).

Table 1: Sample characteristics

<i>Sample size</i>	1017				
<i>Sex (%)</i>		<i>Income (%)</i>		<i>Economic activity (%)</i>	
Male	47,9	under 15 000 SKK	17,9	employed	57,7
Female	52,1	15 001- 25 000 SKK	26,8	unemployed	1,7
<i>Age (%)</i>		25 001- 35 000 SKK	30,2	student	25,3
18-24	26,9	35 001- 50 000 SKK	18,7	retiree	15,1
25-34	16,4	over 50 000 SKK	6,4		
35-49	25,5				
50-64	22,3				
over 65	8,8				

Source: own research

THEORETICAL SUPPORT FOR THE STUDY

A product's country-of-origin is an informational cue, which like other informational cues such as price or brand name, helps consumers evaluate products and develop attitudes toward them. (Papadopoulos,1993). Country of origin (COO) is generally described as the source country for a product or service provider, which may be different from the country of brand or country of assembly or design. Country image (CI) is one aspect of this complex construct. The CI is the result of the combination of history, geography, political systems, famous citizens, economic status and culture. In general, countries enjoy a favorable CI if they are highly industrialized, economically strong, governed by democratically elected governments and where citizens are well educated and enjoy a high standard of living. (Nagashima, 1970)

Laroche et al. (2005) propose that CI is a multidimensional construct represented by a three factor model, reflecting: (1) a cognitive component, including beliefs about the country's level of industrial and technological development, (2) an affective component, namely consumer's emotional response towards people of that country and (3) a conative (motivational and volitional) component, reflecting consumer's desired level of interaction with that country.

Many studies have been published examining effects of country-of-origin. All empirical studies have in common that the product attribute "country-of-origin" affects buyers' product evaluation. This has been stated for 1) products in general, 2) selected product categories, 3) specific types of products, and 4) specific brands and labels for business customer decision makers. Several studies show that consumers in different countries evaluate

a particular country-of-origin significantly different but generally prefer domestically made products. (Orth and Firbasova, 2002)

Given the growing range of products now available in the market-place, marketers can use country of origin cues in order to add value to their products and differentiate them by specific positioning, e.g. useful country of origin information can be provided by advertising, packaging and branding, etc. (Baker and Ballington, 2002)

Two theories have been tested to explain how product-country stereotypes affect consumer behavior. In the halo model, country images affect beliefs about product quality when consumers are unfamiliar with products from a particular country, much like price or brand image can be used as a halo construct to infer something about an unknown brand. The structural relationship is from country image to beliefs about product attributes to brand attitudes. In contrast, the summary construct model operates such that consumers infer product information directly from country image instead of indirectly through product attribute ratings. The structural relationship is from beliefs to country image to brand attitudes. For example, consumers may infer from their knowledge of a particular Swiss cheese that all Swiss products are high quality, thereby supplying all Swiss food exporters a positive externality of the image achieved by cheese manufacturers. (Skaggs et al., 1996)

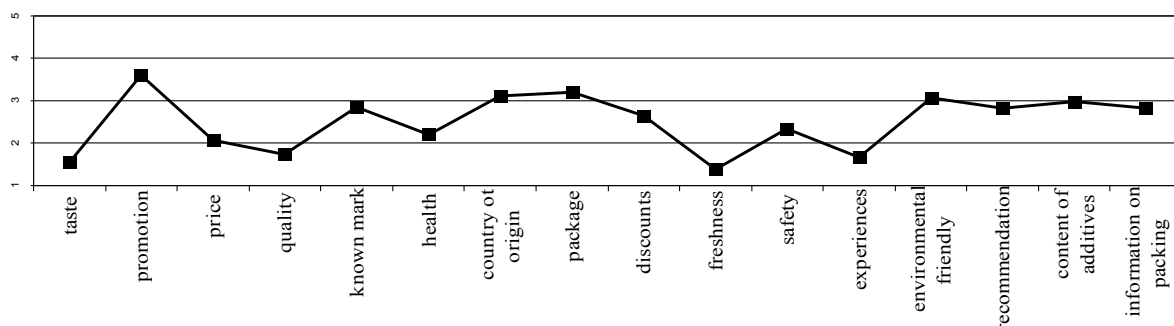
Other explanations for the role of country images on product purchase decisions include ethnocentrism and nationalism. Consumer ethnocentrism involves consumers' tendency to exhibit a positive, or favorable, predisposition toward products that originate from their own country and to reject imported products. For nonethnocentric consumers, foreign products should be evaluated on their own merit and on the basis of the utility and benefits they provide rather than on the basis of where they were manufactured or assembled. The consequences of consumer ethnocentrism include overestimation of the quality and value of domestic products, a moral obligation to buy domestic products, and an intense preference for domestic products. (Ouellet, 2007)

The tool for measurement of the ethnocentrism – the scale CESTSCALE was developed by Shimp and Sharma (1987). The CESTSCALE consists of 17 Likert-type sentences for each of which subjects express their extent of dis(agree)ment. The sentences investigate the attitude of the respondents towards domestic and foreign products, which can be bought on the domestic market.

FINDINGS AND RESULTS

When deciding about the purchase of food, the most important factors for Slovak consumers are freshness (1,38), taste (1,56), experiences (1,66), quality (1,73) and price (2,07). (Figure 1)

Figure 1 *Factors influencing the consumer behavior when buying food*



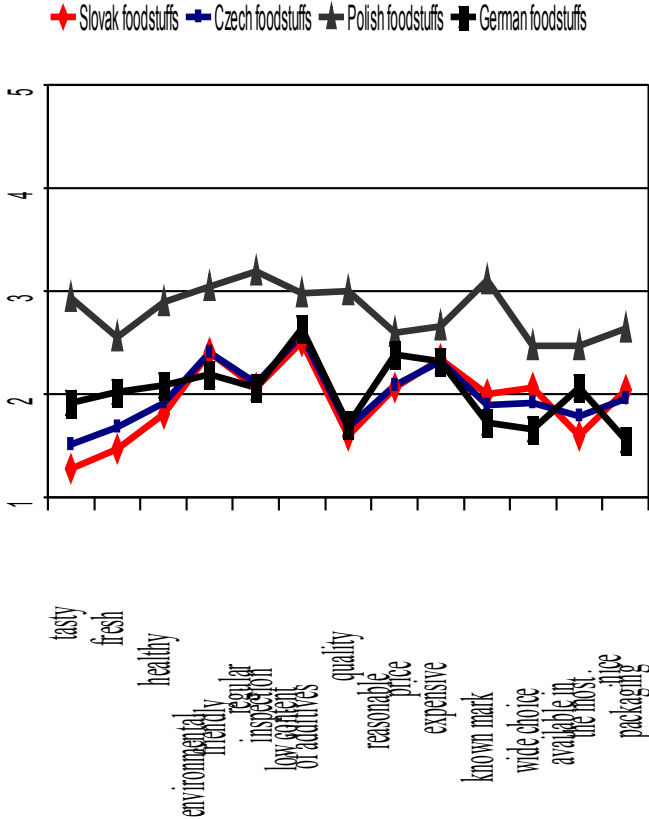
Source: own research. (The respondents were asked on a 5-point Likert scale from 1= strongly agree to 5= strongly disagree)

It is quite clear that the effect of country of origin (3,12) on consumer behavior is rather small compared with other marketing factors, but the most respondents (70,1%) pay attention to the country-of-origin information on the products.

However, there is one factor that affects COO image - consumer ethnocentrism. Consumer ethnocentrism is defined (Shimp and Sharma, 1987) as “the beliefs held by consumers about the appropriateness, indeed morality, of purchasing foreign made products.” Consumers who are ethnocentric believe that purchasing imported products is unpatriotic, causes loss of jobs and hurts the domestic economy. Consumers who are non-ethnocentric judge foreign products on their merits without consideration of where these products are made. For measurement of the ethnocentrism was used the CESTSCALE developed by Shimp and Sharma in 1987. The respondents were asked to indicate their extent of agreement with various statements describing ethnocentric proclivities on a 7-point Likert scale. (1= strongly disagree, 7= strongly agree). The overall mean score of ethnocentrism was obtained as the average of the scores on the 17 component items. The mean ethnocentrism score in Slovakia was found to be 4,03, it means that Slovak consumers are moderately ethnocentric. It was found that Slovak consumer ethnocentrism does not depend on the level of education, on gender, on age and there is no relationship between ethnocentrism and income. It is important in order to develop good marketing strategies to have a clear understanding of the power of ethnocentrism in respect to consumer evaluation of foreign products.

Slovak consumers seem to have also a better attitude toward domestic products compared to imported products along most dimensions. (Figure 2)

Figure 2 Image of Slovak, Czech, Polish and German foodstuffs



Source: own research (The respondents were asked on a 5-point Likert scale from 1= strongly agree to 5= strongly disagree)

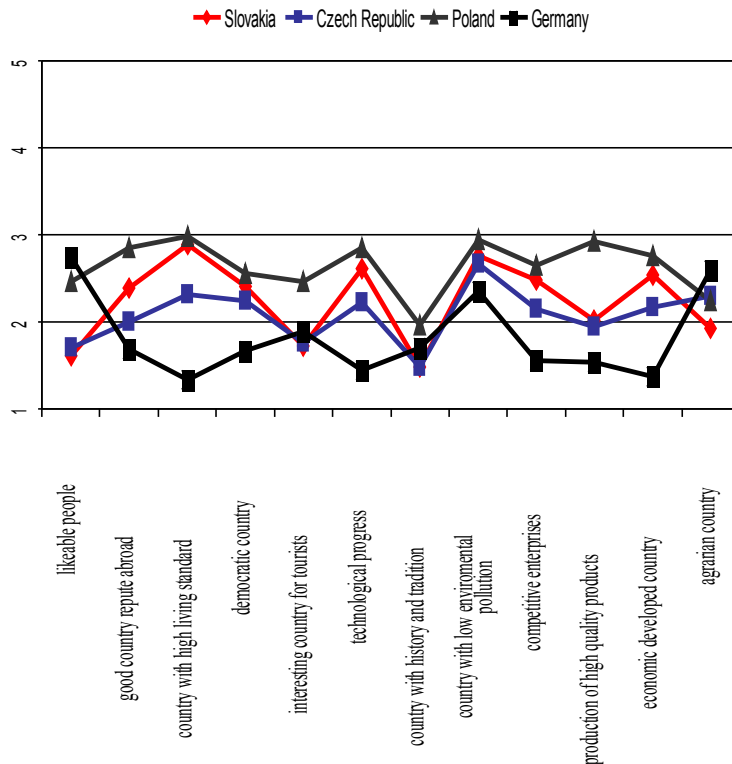
From strengths of Slovak foodstuffs can be mentioned taste (1,27), quality (1,59), freshness (1,47) and availability in the most shops (1,59). To strengths of German products according to Slovak respondents belongs nice packaging (1,56), quality (1,71), wide choice (1,66) and known marks (1,72). The worst evaluation has Polish foodstuffs especially because of content of additives, regular and neutral control, lower quality and environmental aspect.

From domestic products, the most preferred food products are dairy products followed by bakery and meat products. From Czech food products Slovak consumers prefer mostly beer and milk products and from Polish take the first place sweets. The most favourite German products are beer and sweets as well.

The image of Slovakia among Slovak consumers is also very positive. The good image of Slovakia is primarily determined by attributes like likeable people (1,61), tradition (1,49), country interesting for tourists (1,73) and agrarian country (1,92). (Figure 3) The image of Slovakia was followed by image of Czech Republic and Poland, as well as by foodstuffs. From these results it can be stated that the positive image of country can have influence on the products which are produced there.

The Slovak images of Germany were also quite positive. They believed that Germany is country with high living standard (1,33), economic developed country (1,37) and country with technological progress (1,45). High ratings were given also on the scales “production of high quality products” (1,54) and “competitive enterprises” (1,55). Slovak images of German products were positive as well. Slovak people believed that German foodstuffs are good in terms of nice packaging (1,56), wide choice (1,66) and quality (1,71). They also had somewhat positive beliefs about regular and neutral inspection of foodstuffs and about market presence of these products. But they also believed that German products are quite expensive.

Figure 3 *Image of Slovakia, Czech Republic, Poland and Germany*



Source: own research (The respondents were asked on a 5-point Likert scale from 1= strongly agree to 5 = strongly disagree)

CONCLUSION

This study investigated the influence of country of origin on attitudes towards foodstuffs made in Slovakia, Czech Republic, Poland and Germany. The data show that Slovak consumers seem to have a better attitude toward domestic products compared to imported products along most dimensions. They are rated at the top in the attributes such as quality, freshness, taste or price. Made-in-Slovakia products were followed by German, Czech and Polish products. Although the national stereotype image of “made in Poland” was the poorest of the four countries, it still has a unique prestige value in Slovakia. Our study also confirms that people generally rate products made in their own countries higher than those made elsewhere or in other words the study showed consumer ethnocentrism to be a significant predictor of consumer’s evaluations of domestically made products.

The findings of this study provide also some implications for marketing strategy. Recognizing the country of origin effect on consumers’ buying intentions can be useful for international producers and marketers but for Slovak producers as well. It is still valuable for international marketers to know what images consumers hold about the country of origin by decision making of the way how to entry into a foreign market or by deciding what kind of market penetration strategies to use to increase consumers acceptance of the products. Slovak producers can benefit from learning how consumers evaluate “Made in Slovakia” foodstuffs in determination of image building tools and in differentiation of their products from competitive ones. From the consumer point of view the growing presence of foreign products in domestic market causes that consumers increasingly simplify their information processing through using some specific product cues including product’s country of origin in their decision makings. However, when economic factors of a product, among which the most important one is price, the country of origin effect tends to diminish in magnitude.

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