Characteristics of Slovak Consumer Based on Their Brand Preferences

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Abstract. The aim of this paper is to describe Slovak consumers based on their brand preferences in terms of domestic versus foreign brands. First insights into branding and country of origin as one element of a brand are provided, followed by importance of segmentation as a basis for primary research is described. In order to characterize consumer behavior of Slovaks, a representative primary research was conducted on a sample of 1067 consumers. We were able to determine 6 main factors that influence their brand buying behavior and by comparison of these factors, consumer segments could be described. In the biggest segment are 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. Segment 4 is typical for neutral feelings towards brands and in the last segment are consumers who like Slovakia and buy domestic products to support Slovak economy.

Key words: brand buying behavior, brand preferences, domestic brands, foreign brands, Slovak consumers
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1 Introduction

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). Marketers are eager to understand how consumers form their preferences toward a specific brand. Brand preference is closely related to brand recall, which can activate brand purchase. Knowing the pattern of consumer preferences is an integral part of every marketing analysis. It can uncover the differences in purchase preferences and can lead to more effective segmentation and ultimately to more effective marketing strategies. In marketing, the word preference means the desirability or choice of an alternative. Preferences depend on the salient beliefs that are activated at a given time; the consumer biases toward a certain brand; the extent to which a consumer favors one brand over
another (Ebrahim, 2011). The preferences of the consumers are a positive motivation, expressed by the affective compatibility towards a brand. Preferences are the result of a long-term relationship between the brand and the consumer, as the latter learns to associate the brand with a symbol and perceive it as having high quality. Following these deep connections created over the course of time, a strong emotion is developed which lies on the basis of preferences, remaining present even in the absence of the friendly symbol or of any other component feature (Voicu, 2013).

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).

Despite the ongoing economic crisis, according to Barkworth, 2014 can be characterized as a year of demanding more and the main trend shaping consumer behavior are going to be:

1. Multiplicity. Consumers are increasingly expecting things to do more. This involves using all of their senses, offering them a range of touch points to play with, and provide them with entirely new experiences. It is no longer enough to offer the customer an experience, and people are rejecting the idea of passive on-looking. They are now craving active participation.

2. Hyper Efficiency. Consumers have the desire for super-charged forms of efficiency. From health to homes, people are using every last bit of space and time. With a growing awareness of how limited resources are, innovations are creating valuable assets out of the otherwise unused.

3. The New Industrial Revolution. Use of science is no longer just for experts. We are in the midst of a new form of industrial revolution where technological advances are enabling people to make the transition from users to creators. Consumers are seeing a new appreciation of the digital as a source of inspiration and the means to create are now in the hands of everyone.

4. Escape. People overloaded with stress and responsibilities. This can come in the form of escapism. In a turbulent and ever more serious world, there is a craving for silliness and outright frivolity. People are seeking occasions that allow them to let go of all responsibilities.

5. Mindfulness. In a world full of buzz and surface interactions, people are seeking more depth and meaning. There is a growing sense of earnestness, consideration and thoughtfulness. People are also becoming increasingly aware of the ethical impact of their everyday lives. They are encouraged to think about–and take responsibility for–the ethical status of the things they do, buy and support.

6. Super-personalized. Personalization has been taken out of the hands and tastes of consumers. Advances in technology mean that products are able to read consumers and give them what they want – sometimes without even being asked.

Customer segmentation is one of the pillars of marketing. Because the primary concept of marketing is to detect customer needs and, subsequently, satisfied these needs. The problem is that customers vary and heterogeneity is an integral part of marketing practice. Marketers must identify common needs within similar groups of customers and recognize distinctive needs between different groups of customers (Gelb Consulting Group, 2012). The key information is that there is not such a thing as average customer. They are different people with different needs, preferences and attitudes. Thus there are some similarities in their behavior and with help of statistical and mathematical models these similarities can be discovered.
2 Research methodology

In this paper, partial results from a research on brand buying behavior of Slovak consumers are being presented as an outcome of a research project VEGA 1/1051/11 “Analysis of the strategic process of brand building and brand management in the context of homogenization and individualization of consumer needs”. 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.

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.

The presented study makes several noteworthy contributions to analysis of consumer behavior of Slovak consumers. These findings enhance the understanding of their brand preferences and their buying behavior. However, a number of important limitations need to be considered. First, the current research was not specifically designed to evaluate all the factors related to buying behavior process. More research is required to determine the individual steps that lead to the final decision. Second, the research is representative, but the category of income had to be adjusted by a weight due to unattainableness of given number of respondents. Thirdly, the generalisability of these results is subject to certain limitations. A number of possible future studies using the same experimental set up would be a contribution to this topic. A comparative study could be made within the central European countries and the brand preferences of Europeans.

3 Research results

The initial number of statements in the questionnaire was 27. The number of factors was determined by parallel analysis and Kaiser criterion. According to both techniques, the optimal number of factors was six.

Factor 1 – Preferring Slovak brands

Statements in Factor one favor Slovak brands. It is important for people to buy Slovak products, they usually prefer Slovak brands, and they trust Slovak brands and think these brands have better quality than foreign. They are also willing to pay more for Slovak products and they buy Slovak brands because they like Slovakia.

Factor 2 – Foreign brands are better

Typical for this factor are positive feelings towards foreign brands. Foreign brands are seen to have better quality, are more trustworthy, people have better experience with them and they usually go to shops with foreign brands.

Factor 3 – Do not care about brands

This factor represents no preference in brands. Brands are not important in buying decision process; people usually prefer cheap products and do not care about the brand.

Factor 4 – Country of origin is important

Statements in Factor four are related to products’ country of origin. It is important where products are made, people take time to find out some information about country of origin and they mostly prefer Slovak products, but also buy brands based on their previous experience.

Factor 5 – Foreign brand are more available

There are four main statements in Factor five showing us that foreign brands are perceived to be more available and cheaper than Slovak brands, people usually go to shops with foreign brands and they feel confused with great variety of brands, sometimes.

Factor 6 – I love Slovakia

The most significant features for this factor are buying Slovak brands to support the economy and buying Slovak brands because of positive feelings for Slovakia.
To determine the optimal number of clusters, 26 various methods were used and based on the results, we chose to create 6 clusters. This decision was made on previous segmentation experience and supported by given analysis. Then the individual clusters were compared to the factors affecting consumer behavior.

Figure 1. Clusters described by factors “Preferring Slovak brands” and “Foreign brands are better”

When we compare the factors of domestic brands preference and higher quality of foreign brands, we can see that consumers form the two biggest clusters have neutral feeling towards the higher quality of foreign brands but they differ in preference of domestic products. Whilst cluster 1 is typical for domestic production preference, consumers form cluster do not choose Slovak brands over foreign. Consumers from cluster 3 do not prefer domestic brands and they believe foreign brands have better quality. The rest of the cluster is similar in neutral opinions towards the two examined factors.

Figure 2. Clusters described by factors “Do not care about brands” and “Country of origin is important”

Country of origin is important for consumers in clusters 3, 1 and 4. The consumers form clusters 2 and 5 have the exact opposite view. Cluster 6 shows neutral attitudes. When examining preference for branded products, consumers form cluster 6 prefer buying branded products whilst the rest of the consumers showed neutral feeling or even no desire for branded products.

Figure 3. Clusters described by factors “Foreign brands are more available” and “I love Slovakia”

Comparing the factors of availability of foreign brands and positive feeling toward domestic products, we can see that even though consumers in cluster 1 agree that foreign brands are more available, they prefer buying domestic products because they want to support Slovak economy. Consumers from cluster 2 do not agree that foreign brands are more available than domestic and they do not show any positive feelings for Slovakia in their purchases. Consumers form cluster 3 have neutral attitudes toward domestic products but they think foreign brands are more available. Cluster 3 and 4 are similar in having rather negative attitudes to buying domestic products because of supporting the economy. They differ in their perception of foreign brands availability- consumers in cluster 5 find foreign products more available than domestic, whereas consumers in cluster 4 do not feel any difference in domestic and foreign product availability. Consumers from cluster 6 strongly prefer domestic products and they do not have the feeling that foreign brands would be more available.

4 Conclusions

Segmentation is a basic concept of marketing and it helps marketers to satisfy the needs and wants of target markets more effectively. 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. Consumers in segment two do not care about brands. Typical signs for their brand buying behavior are having no preferences. Cluster 3 is typical for positive statements toward foreign brands. People usually do not buy Slovak brands; they prefer foreign brands because they are more available and have better quality than domestic brands. Consumers in cluster 4 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. Neutral feelings toward bands are typical for consumers in cluster five. They do not care about the country of origin. The most typical feature for consumers in cluster 4 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.

Slovak consumers associate domestic brands with quality, tradition, fair prices and Slovakia. Their primal feelings toward Slovak brands are mostly positive. If they have negative attitudes, that is because domestic products are not often available in stores and there is lack of Slovak brands. Slovak consumers are brand oriented, they care about products and 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…

To raise the awareness of consumers about the benefits of purchasing domestic products the participation of government and manufacturers is needed. There are several institutions in Slovakia that support domestic production. Industrial Property Office of the Slovak Republic, a central state administration body responsible for industrial property protection; Slovak Association for Trademark Products that protects and promotes the common interests of manufacturers of branded products; Ministry of Agriculture and Rural Development with a program to label domestic agricultural and food products called „Quality Label SK“; Association of Trade and Tourism (ZOCR) introduced an initiative „Quality from Our Regions“ to increase Slovak consumers' awareness of domestic products. Promoting a positive attitude towards domestic product is beneficial and there is a need to invest in consumers’ education to support Slovak economy in times of global economic crisis.

The economic crisis had some effect on perception of Slovak consumers toward brands – the belief of certain brands names and their promise of quality grew stronger and the consumers became more price sensitive and when they give away their money they expect to get the desired performance.

Product development and marketing seem to be important in following the impact of consumer trends. Focusing in product and development of marketing channels are the areas where companies should be investing in. Slovak consumers are quality and brand driven and they have high expectations of products and their performance. The rise of e-commerce and social media, online marketing channels and Internet forums offer a platform for consumers to gather the intelligence they need to make informed purchasing decisions. Slovak consumers spend searching for information on
products 4 times more time than any other consumers from Central Europe and they are using social network platforms and forums for this purpose. Companies must be alert about this fact and shift their marketing activities to online environment in a larger matter and see this as a huge opportunity for online engagement with a brand.

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Author description

Lucia Vilčeková received an M.S. from the Comenius University in Bratislava in 2003 and Ph.D. in management from the Faculty of Management, CU in 2009. She has been working in Department of Marketing in Faculty of Management, CU since 2009. Her main research interests are marketing, market research and data mining and she was a member of various research teams examining brands, social responsibility and advertising. She has published her research papers in various international journals including International Journal of Education and Research, Marketing Science and Inspirations, and European Journal of Business and Economics.