

BRAND PREFERENCES OF SLOVAK CONSUMERS

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Abstract

The paper describes brand preferences of Slovak consumers in terms of domestic vs. foreign brands. The introduction to brands and brand buying behavior is provided at the beginning, followed by brief description of brand recall and importance of brand preferences. Then description of research methodology is mentioned and finally, research results are presented. The representative research was conducted on a sample of 1067 Slovak consumers older than 16 years of age. They were presented with a list of 27 statements concerning their attitudes towards domestic and foreign brands and their brand buying behavior. 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.

Keywords: Slovak consumers, brand preferences, domestic vs foreign brands

INTRODUCTION

Brands are projected values in the minds of customers and without this psychological commitment there are just unrecognizable products or services. Therefore brand is commitment and marketers need to understand consumer and how his mind works to be able to build a real relationship between consumers and products (Temporal, 2010). An understanding of consumer behavior frames a brand's competitive advantage (Greifenberger, 2009). 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 (Klaming, 2006).

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 and 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.

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 biasness toward a certain brand; the extent to which a consumer favors one brand over another (Ebrahim, 2011).

Market researchers have long known that buyer awareness of a brand strongly influences preference for that brand. Research now shows that 70% of buyers must be aware of your product before 25% of them will make it their preference. The relationship between brand awareness and preference follows an S-shaped curve. Most companies must significantly increase awareness to achieve desired gains in brand preference. Awareness-preference ratios do not typically reach a 1:1 relationship until awareness levels are higher than 70%. Typically, a brand known by more than 70% of the market is preferred by 25% of customers. At this stage, brand preference increases 1% for each 1% increase in awareness (5metacom.com, 2006). Brand awareness is the first dimension of the entire brand knowledge system in consumers' minds, reflecting their ability to identify the brand. It is the likelihood that a brand name will come to mind of a customer. It can be depicted into:

- Brand recognition - consumers' ability to confirm prior exposure to the brand when given the brand as clue. It is recognition of a given brand among others and it indicates a weak link to the brand.

- Brand recall - consumers' ability to spontaneously retrieve the brand when given the product category, the brands are named by the consumer spontaneously. These are the brands in the range of a customers' choice when making a buying decision (Moisecu, 2009).

Good brand recall and recognition have a numerous desirable effects for a company (Koniewski, 2013):

- the recall of one brand blocks off the other brands from the range of alternatives in which the consumer makes his decision,
- within a set of familiar brands consumers pick the ones better known to them, especially if they cannot see any special differences between the competing offerings,
- brand awareness forms the basis for a clear and attractive brand image,
- brand recall coupled with high customer satisfaction levels translates into customer loyalty.

Štarchoň and Šeliga (2013) add that high levels of brand recall can be achieved by effective customer management. In the following part, brand recall of Slovak consumers will be examined and their preferences for domestic vs foreign brands.

METHODOLOGY

In order to get accurate results for this paper, a representative research was performed within a scientific project called "Analysis of the strategic process of brand building and brand management in the context of homogenization and individualization of consumer needs". The population for the research were Slovak consumers 16 years of age and older. In total numbers it is more than 4.5 million consumers. According to the nature of the study and the goal to generalize the results for the whole population, following formula (1) for indefinite populations was used to determine the sample size:

$$N = \frac{z^2 \times p(1 - p)}{H^2} \quad (1)$$

Where N is the sample size, Z is the value of test statistics corresponding to a confidence level, p is the sample proportion and H is the permissible error. In our research we calculated with the confidence level of 95 percent (test statistics to this value is 1.96), sample proportion was 0.5 since we wanted the most conservative sample size and the permissible error was set to 3 percent, giving us the sample size of 1067. To be able to draw conclusions from the research and to get accurate results, quota sampling was used. It ensures that chosen subgroups are represented in the sample to the exact extent as they are in the population. The quotas of this research were gender, age, education, and income. Data were collected from January to April 2013 in Slovakia and the instrument for data collection was a questionnaire. To determine the

spontaneous brand recall, the respondents were asked to name at least one brand they can recall and in the following question, at least one Slovak brand they recall. Then they 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 data were evaluated in R, software for statistical computing and graphics. For better visualization of open-ended questions where a lot of various brands were mentioned, word clouds were used. They provide a visual summary of a collection of texts by differentiating the popularity, importance or frequency of appearance by font size. They also serve as a visual summary of document content (Lee et al, 2010).

ANALYSIS & FINDINGS

First, the results of an open-ended question are presented, followed by results from the attitudes measurement. To determine the spontaneous brand recall, the respondents were asked to name at least one brand they can recall. There are the 100 most frequent brand names presented in Figure 1.

Figure 1: Brand recall of Slovak consumers



The most recalled brands are sport brands Adidas, Nike and Puma. The most mentioned brand overall was Adidas. The second biggest cluster of brands was technological with brands like Apple, Sony, Nokia and Samsung. To this cluster also belong, in terms of frequency appearance, Coca Cola and Škoda. Škoda is leading the spontaneous knowledge among car producers, followed by Mercedes, Audi and Volkswagen. In the third biggest cluster are Rajo, Figaro, Nivea, Panasonic, HP, Kia, Zara and Orion, meaning the most mentioned Slovak brands were Rajo and Figaro. Another Slovak brands that can be found in the cloud are Coop Jednota, Topvar, Orava and Slovenka. The most known clothing brands were Zara, being a leader in this cluster, followed by Tommy Hilfiger, Guess, Mango, Channel and Hugo Boss. Another brands belonging to the 100 most mentioned brands by Slovak consumers were Milka, IBM, Microsoft, Ford, Orion, Reebok, Mc Donald's, L'Oreal, Nestlé, Etc.

In order to determine consumers' preferences for domestic or foreign brands, the respondents were presented with various statements about their attitudes toward brands and the results can be seen in Figure 2. 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.

Figure 2: Brand preferences of Slovak consumers



DISCUSSION

Slovak consumers are considered to be brand oriented. Marketing experts say the economic crisis has 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.

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. Based on surveys conducted by GFK in 2011, 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).

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.

When examining spontaneous brand recall of Slovak consumers, the most recalled brands were sport brands Adidas, Nike and Puma. The most mentioned brand overall was Adidas. The top of mind Slovak brands were Rajo and Figaro, both well established and traditional domestic brands from food industry. 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.

LIMITATIONS & SCOPE FOR FUTURE RESEARCH

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.

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