DO CONSUMERS TRUST THE LOCAL BRANDS ?

EMPIRICAL EVIDENCE FROM ALBANIA

Eldian Balla ✉

PhD Candidate,"Aleksandër Moisiu" University, Faculty of Business, Albania

eldian_b@hotmail.com

Bajram Korsita

"Aleksandër Moisiu" University, Faculty of Business, Albania

bajramkorsita@yahoo.com

Abstract

The aim of this reseach paper is to analyse and investigate factors that impact consumer's trust in local brands. This study is analysing the consumers in the Republic of Albania and their local brands preferences. Today more than ever, Albanian market is fulfilled with local and global brands. Even that the market is saturated with different brands, they are in the crossroad to choose between local or global brands. Consumers are faced with concept of trust, which is very complex due to the variety of brands that are in the market. Until now this study of local brand's trust is not a study in the scientific way, for that reason this study will provide new information to the academics, researchers, managers and student. In this study, a descriptive research design was used. ANOVA was used as a statisitical tool to test hypotheses along with correlation analysis. Findings showed that trustworthy, good value, simple, down to earth, friendly, traditionaly, healthy, original, realiable and social are factors that have positive significance from consumers. On the other side, from consumer perspecive factors such us, high quality, trendy, dinstict, kind, authentic, fun, sensual and prestigious are factors that are not important for consumers.

Keywords: local brands, global brands, Albania market, consumer behaviour, consumer trust

INTRODUCTION

Today consumers are ever more faced with the varieties between *local* and *global* brands, making their choice of consumption worth researching and feeling different with each other (*Batra, Alden, Steenkamp & Ramachander 2000*).

Consumers in the Republic of Albania have opportunities to choose between local or global brands. Today much more than ever Albanian consumers face lots of offers of local brands. Among them consumers built trust. Consumers trust in complex issue. This complexity is a result of many factors that are impacting consumer buying decision for local brands.

The American Marketing Association (2011) provides a classic definition of the term brand: "A name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term for brand is trademark. A brand may identify one item, a family of items, or all items of that seller. If used for the firm as a whole, the preferred term is trade name."

Defining local brands is not any simple issue. In many books or journals we can find different definitions about local brands, or different authors define local brands in many different manners.

According to *Batra et al. 2000*, a local brand is produced domestically for a specific national market and usually only obtainable in the particular region. As well, a local brand may be prefered when consumers can identify with others in their community as the local brand is often positioned to understand local needs and culture (*Cayla & Eckhardt 2007*).

Local brands

Branding is a complex field, because in many articles some researchers have found different data from consumers in many countries in the world. Many researchers or academics are studying global brands and others local brands. The finding from both parties are different, even that the reality should be like that. Consumers in many countries in the European Union, United State, Asia or Balkan don't trust in the same way in local or global brands, they don't perceive same global brands and local brands, as well as consumer have different attitudes towards global or local brands. One important factor that play crucial role in the field of branding is the country of origin (*Samiee, Shimp, and Sharma, 2005*) .

Kapferer 2005 does not follow this opinion. *Schuiling* and *Kapferer 2004* show empirically, that local brands have an image advantage in comparison to global brands. Local brands are significantly (at $p<.05$) better evaluated in the image dimensions "Trustworthy", "Down to earth", "Traditional", "Healthy" and "Reliable" than global brands.

For understanding better local brands, we firstly have grouped them in the different categories of products. There are six groups of products that are distincted as local brands in Albanian market. These groups consist in *bottled water*, *detergents*, *milk*, *fruit juice*, *wine*, *salami*. Each of these groups have several local brands.

Figure 1. Groups of local brands

Brand's trust

Based on many academic literature trust has receive attention from scholars in the field of marketing, management and nowadays even in psychology, economics and others applied areas. Brand's trust is defined as "*the willingness of the average consumer to rely on the ability of the brand to perform its stated function*" (*Chaudhuri and Holbrook, 2001*).

On the other hand, *Aker (1997)* argued about measures of trust under the dimension of sincerity, which is one of the five brand personality dimensions. This dimension as part or overall brand personality dimensions is made up of traits such as down-to-earth, honest, wholesome and cheerful. *Davies et al., (2004)* measures trust under the dimension of agreeableness with their measure for corporate image or character. So, in this case traits, like warmth, empathy, and integrity are used to represent trust.

According to Urban et al., (1996) brand trust is one of the strongest tools of making the relationship with the consumers on the internet and companies dominant marketing tools. Mitchel et al., (1998) argue that before a consumer can trust a brand there must be an element of satisfaction with the brand. However, in this context there need to be a relationship or mutual trust between parties, respectively between consumers, organization and CEOs (*Morgan and Hunt, 1994*).

Sometimes consumers are satisfied with global brands, but this doesn't mean that satisfaction in the key point to mean that consumer's trust in the power of global brands. Meantime, *Hess* and *Story*, (*2005*) point out that satisfaction is necessary but is not sufficient for the formation of brands and not all satisfied consumers trust the brand. Additionally, researches demonstrate that brand trust can reduce the consumer's uncertainty, because consumers not only know that brand can be worth trusting, but also they think that dependable, safe and honest consumption scenario as well is the important link of the brand trust (*Ajrun and Morris, 2001*).

On the other hand, *Delgado et al., (2003)* stated that brand trust refers to consumers to contain explicit expectation to brand's credibility and intention. The most recent literature on trust generally is very omnipresent concept and scholars have divided in many files to be much clear for readers of students. They have scrutinized trust in the different dimensions such as trust in the relationship between buyer and seller, trust in the marketing, trust in products, trust in the producers, trust in a brand. All these concepts of trust are different in the context of explanation and the role that takes in the consumer perspective. Let's first give some clarifications between trust as a general concept and brand trust.

Searching for these definition researchers will find many articles that explain the essence of this concept. Some authors define brand trust as a factor that makes an average user believe that brand will perform its stated purpose whatsoever (*Chaudhuri and Holbrook, 2001*), as well, brand trust is important because it creates customer relationship (*Urban et al., 2000*). One important issue regarding brand trust is also the components of trust. According to *Delgado et al., (2003, p.3)* definition of brand trust reflects to distinctive components: brand reliability and brand intentions. The collection of the comprehensive above-mentioned brand trust, the consumer is usually placed in the product scenario of numerous brands and likeness. When the consumer has the brand consciousness, it was worth trusting, dependable, security of and honesty that considers to purchase the brand's merchandise in the future.

In summary, brand trust is defined as addressed by *Delgado et al., (2003):* The trusty expectations of the brand's reliability and intentions. Brand trust is therefore conceptualized as having two distinct dimensions that express different perspectives from which a brand may be considered trustworthy. Symbolic brand in markets with high perceived risk need to provide trust which is achieved through developing perceptions of consumer-brand intimacy and emotional investment (*Richard and Larry, 2007*).

METHODOLOGY

For the study purpose, a descriptive research design was used. In order to have clear and significant results we developed and administered a questionnaire survey to a convenience

sample of 319 respondents in the different cities in Albania. The survey was in Albanian and than translated in English. As a measure scale we have used Likert scale consisting from 1 to 5, respectively {1= Strongly disagree , 2= Disagree, 3= No opinion, 4= Agree, 5= Strongly agree}. Data thus collected was coded and susequelty analysed using inferential statistics to test the hypothese.

ANALYSIS AND FINDINGS

Reliability scale

In this paper, we have used realibility scale in order to indicate how free it is from random error. According to Pallant (2006) the Cronbach's alpha coefficient of a scale should be above .7. If the number of variables are less than 10, we should expect quite low Cronbach's alpha value. In this case the number of variables are more than 10 and we don't have such low level of alpha value.

Table 1. Reliability Statistics

Cronbach's Alpha	N of Items
.886	18

Based in the table of reliability statistics, Cronbach's alpha coefficient, in this case in .886 for 18 variables. This value is above .7, so we can conclude that the scale can be considered reliable with our sample.

Analysis of variance

In this research paper we will use Anova as e method of testing hypothesis. One-way analysis of variance involves one independent variable (*referred to as a factor*), wich has a number of different levels (*Pallant, 2011*).

As well, analysis of variance is so called because it compares the variance (variability in scores) between the different groups with the variablity within each of the groups. One important element that is part of Anova table is the "F" Ratio. *Pallant (2006)* stated that an "F ratio" is calculated wich represents the variance between the groups, divided by the variance within groups. A large F-ratio indicates that there is more variability between groups than there is within each group.

A significant F test indicates that we can reject the null hypotheses, which states that the popullation means are equal.

Table 2. ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
High quality	Between Groups	.891	1	.891	.823	.365
	Within Groups	344.356	318	1.083		
	Total	345.247	319			
Trustworthy	Between Groups	4.504	1	4.504	4.719	.031
	Within Groups	303.484	318	.954		
	Total	307.988	319			
Good value	Between Groups	5.253	1	5.253	5.090	.025
	Within Groups	328.135	318	1.032		
	Total	333.388	319			
Simple	Between Groups	5.382	1	5.382	6.047	.014
	Within Groups	283.006	318	.890		
	Total	288.388	319			
Down to earth	Between Groups	6.459	1	6.459	7.545	.006
	Within Groups	272.229	318	.856		
	Total	278.688	319			
Friendly	Between Groups	6.459	1	6.459	7.545	.006
	Within Groups	272.229	318	.856		
	Total	278.688	319			
Traditional	Between Groups	5.022	1	5.022	5.389	.021
	Within Groups	296.350	318	.932		
	Total	301.372	319			
Trendy	Between Groups	1.231	1	1.231	.748	.388
	Within Groups	523.066	318	1.645		
	Total	524.297	319			
Healthy	Between Groups	5.439	1	5.439	6.110	.014
	Within Groups	283.058	318	.890		
	Total	288.497	319			
Original	Between Groups	10.546	1	10.546	11.798	.001
	Within Groups	284.254	318	.894		
	Total	294.800	319			
Reliable	Between Groups	4.517	1	4.517	4.951	.027
	Within Groups	290.105	318	.912		
	Total	294.622	319			
Distinct	Between Groups	.286	1	.286	.284	.595
	Within Groups	320.701	318	1.008		
	Total	320.988	319			
Social	Between Groups	7.090	1	7.090	8.336	.004
	Within Groups	270.460	318	.851		
	Total	277.550	319			
Kind	Between Groups	2.948	1	2.948	3.025	.083
	Within Groups	309.940	318	.975		
	Total	312.887	319			
Authentic	Between Groups	1.791	1	1.791	2.161	.143
	Within Groups	263.596	318	.829		
	Total	265.388	319			
Fun	Between Groups	1.219	1	1.219	.894	.345
	Within Groups	433.468	318	1.363		
	Total	434.688	319			
Sensual	Between Groups	.060	1	.060	.053	.817
	Within Groups	356.328	318	1.121		
	Total	356.388	319			
Prestigious	Between Groups	.088	1	.088	.092	.761
	Within Groups	301.462	318	.948		
	Total	301.550	319			

Based in the above table of ANOVA we have clear results about all the hypotheses that we testet as factors that indicate importance of local brands in Albanian market. As we can see from the column Sig. The significance level in some case are less than .05 and in some case are above .05.

From 18 hypotheses that we have tested using ANOVA as statistical method, 11 hypotheses are accepted or are significant because the level of significance is less than 0.5. Trustworthy, good value, simple, down to earth, friendly, traditionaly, healthy, original, realiable and social. All these variables are significant.

Variables which are not significant, their value are above 0.5 level of significance. Such variables consist in high quality, trendy, dinstict, kind, authentic, fun, sensual and prestigious.

CONCLUSIONS

This research was aimed to explore factors that are important for consumers in Albania in the context of trust to the local brands. Consumers in Albania recognized and confirmed that several factors are important that lead in the direction of trust. Like may other consumers in developing country, based on the empirical evidence we can conclude that there are several factors that consumers trust to local brands.

Overall findings show that trustworthy, good value, simple, down to earth, friendly, traditionaly, healthy, original, realiable and social are factors that have positive significance from consumers. On the other side, from consumer perspecive factors such us, high quality, trendy, dinstict, kind, authentic, fun, sensual and prestigious are factors that are not important for consumers.

RECOMMANDATIONS

On the basis of findingds some recommendation are made. First, managers, academics, or researchers should consider seriously these factors like; high quality, trends, istincts, kind, authentic, fun, sensual and prestigious, and these factors need to be improved to increase trust of consumers in Albania, because the market is very heterogen and very competitive.

Today global brands together with local brands are present in retail stores and supermarkets and their promotion budgets are grater than that of domestic producers and this option is an advantage to convince consumers to use global brands.

Local brands producers in Albania must pay attention to the factors which were not important for consumers. In their future plans, they must produce and promote new products and renovate existing products in order to increase consumers trust, because for sure the consumer trust is a key element to success in every market.

LIMITATIONS

There are some limitation of this study, such as the limited local brands in Albanian market, based on which this study has been conducted. As well, a second limitation of this study is that it corresponds only to six categories of products. Third, the number of respondents who have participated in this research study is just 319, and maybe the sample volume should be bigger than this. And fourth, the hypothes are tested only with ANOVA.

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