Consumer Ethnocentricity within the Environment of Economic Crisis

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The purpose of this study is to examine consumer tendencies within the economic crisis, to examine consumer ethnocentricity (CE) among CEE consumers and its character and influence on buying domestic and foreign products. Based on broad existing theoretical and empirical knowledge, we constructed measures for this research derived from existing literature. The hypotheses were tested through structural equation modeling. The analyzed sample consisted of 199 Czech respondents. The results confirm effect of CE on buying behavior as well as national identity influence on CE. In the Czech context, CE significantly and positively influenced domestic purchase behavior. Alternatively, there was only a marginal influence of CE supported its negative effect on foreign purchase behavior. Cosmopolitanism did not affect CE in the Czech context. Therefore, the research findings suggest a prevalent influence of CE on buying behavior under conditions of economic crisis. The paper concentrates on ignored area that was very hard hit by economic crisis in Central and Eastern Europe. The findings provide useful information to marketing specialists in designing their marketing strategies for local “made-in” communication campaigns. In addition, implications for retailers to evaluate their merchandise assortment portfolio are implied from the findings. We build on the positive influence of CE on buying behavior of domestic products versus foreign, and infer preference for freshness and quality of goods. This suggest implications for public policy implications related to local job creation and employment, especially within the area of small local producers, self-employment, development of local agriculture, as well as countryside maintenance. This issue seems to gain more importance and attention given the nature of the global economic crisis for consumers, producers, retailers and government. Potentially, there appears to be significant carryover effect related to the present and future integration processes of the CEE economies.

Keywords: ethnocentricity, cosmopolitanism, national identity, consumer behavior, country-of-origin, Czech consumer.

Introduction

Pre independence, the supply of goods was extremely limited in CEE as a result of centrally planned economies. Hence, after the fall of the Iron Curtain in 1989, consumers had enormous passion for foreign products, and their buying was supported by high quality marketing campaigns of foreign companies which were developed and honed in highly competitive environment of market economies. From the perspective of two decades later, most CEE producers, retailers, and other players, as well as consumers have begun to approach parity with western counterparts. Thus, a shift back to focusing on local products has occurred. This combined with a global economic recession, has refocused the continuing debate related to the implications for concentrating on the manufacture, distribution and purchase of domestic versus foreign goods.

The importance of examining ethnocentricity is highlighted given the recent economic crisis, affecting especially small open economies thanks their intensive international integration and dependence. Particularly in the EU single market, all players must focus on finding the most efficient ways to satisfy consumer needs. While public policy officials drive forward the conversation related to local versus foreign good consumption, in the end, it is the consumer who drives the behavior and thus the market. For this reason, it is essential to concentrate on the consumer decision process. To some extent, this process is well defined in the current literature. Thus this research focuses on this process as it related to the existing constructs of national identity, ethnocentrism and cosmopolitanism reflected in consumer behavior.

Trends, tendencies, and practical consumer behavior suggest that many CEE consumers prefer buying domestic goods, especially by food category (ČTK, 2011) as the perception of the quality of local food products increased by CEE customers. (ČTK, 2010a) This is also true for other specific goods, for example, “Czech customers are returning from foreign brands to Škoda cars.” (AutoFox, 2010) Thus, the question that remains is the degree to which these effects are inflated during the economic downturn and what affects this decision process.

The findings provide insight into the phenomenon of ethnocentrism and examine its relative effect on buying behavior of domestic versus foreign products in smaller CEE countries during economic crisis. Smaller, transitional economies have been hungry for foreign goods during the last two decades; however with local producers approaching parity of quality, in addition to being hard hit during the
economic crisis, we expect significant changes in this model in such a unique environment.

The purpose of this study is to examine the Czech consumer tendencies within the economic crisis, to examine consumer ethnocentrism (CE) among Czech consumers and its character and influence on buying domestic and foreign products during economic crisis.

Based on broad existing theoretical and empirical knowledge, we constructed measures for this research derived from existing literature. The hypotheses were tested through structural equation modeling of 199 Czech respondents. The Czech Republic was chosen as somewhat representative of a smaller CEE transitional country that was significantly impacted by the global recession. The research limitations lie in the respondents sample consisting only of young consumers and single country analysis.

**Literature review**

Marketing practitioners work with the fact that consumers tend to have a diverse perception of product based on the national images of the country of its origin or where it is believed to be produced. Decades of country-of-origin research proved evidence that these perceptions affect consumer attitudes, purchase intention and finally behavior. (Pharr, 2005; Laroche et al., 2005) Two streams of research developed over time. The first one focuses on consumer preferences regarding product from specific countries (i.e., country-image studies; Dmitrović, Vida, 2010; Roth, Diamantopoulos, 2009), the second stream of research focuses on factors that lead consumers to prefer either local (domestic) or foreign products (e.g., Vida et al., 2008; Sharma et al., 1995; Crawford, Lamb, 1982). This research focuses on the later stream of the research.

A decade ago, Mooij and Hofstede (2002) stated that increasing world globalization will not lead to product homogenization as a consequence of cultural differences. Such conclusion was contradictory to expectations of Theodore Levitt who anticipated that world globalization will be clearly reflected in product homogenization throughout the world economies (Levitt, 1983, p. 92-93). Hofstede’s findings were further developed and proposed that the country-of-origin (COO) of products as the nationality of consumer goods stays important factor in consumer purchasing behavior (Al-Sulaiti, Baker, 1998; Peterson, Jolibert, 1995; Verleg, Steenkamp, 1999). Other researchers (Douglas, Nijssen, 2004; Granzin, Olsen, 1998; Han, 1988; Shimp, Sharma, 1987) further added that in defined cases consumers tend to prefer domestic products to foreign ones. While other researchers suggest that the opposite is true under certain conditions (Good, Huddleston, 1995). It is those conditions and circumstances that are of interest to this research. Additionally, Herche, Vida and Dmitrović suggest that buying behavior changes patterns with significant political or economic changes. (Herche, 1994; Vida, Dmitrović, 2001) The conjunction of these two situations presents a unique opportunity to examine these effects.

The country-of-origin effect (COO), also known as the “made in” concept, has been broadly defined as the positive or negative influence that a product’s country of manufacture may have on consumers’ decision processes or subsequent behavior (Elliott, Cameron, 1994). More broadly and recently, models of consumer ethnocentrism focus on the responsibility and morality of purchasing foreign-made products and the loyalty of consumers to products manufactured in foreign countries (Shimp, Sharma, 1987). However, most of the subsequent research has focused on the effect of CE on domestic goods.

**Conceptual development**

**Ethnocentric Attitudes.** Current research dealing with consumer ethnocentrism provides supporting theoretical framework for empirical. It represents an individual tendency to believe that it is disloyal to one’s own country to buy foreign products, because it could cause a negative effect on the domestic economy. (Shimp, Sharma, 1987) Sharma, Shimp and Shin (Sharma et al., 1995) explain why and under what circumstances the consumer ethnocentrism develops. Their work contributed to the knowledge by creating a model for understanding the consumer ethnocentrism analyzing both the forming and the resulting.

Their aim was to “examine antecedents of consumer-ethnocentric tendencies and the impact these tendencies have on attitudes toward importing products. Regarding antecedent relationships, CE is shown to be positively correlated with collectivist tendencies and with patriotic/conservative attitudes but negatively correlated with cultural openness, education, and income. The relationship between ethnocentric tendencies and attitudes toward imports is moderated by product necessity and the extent of threat these products are perceived to have on the consumer personally and on the domestic economy more generally.” (Sharma et al., 1995) The original visualization of the model as follows (Figure 1).

Among the forming factors of the Consumer Ethnocentrism, openness to foreign cultures, collectivism and individualism, patriotism, conservatism and consumer demographics belong. As important factors affecting the power of ethnocentrism, individual empirical studies (Herche, 1994; Kaynak, Cavusgil, 1983) show the level of perceived product necessity, product involvement and the extent to which foreign products symbolize a threat to both individual and economic prosperity.

Consumer ethnocentrism affects consumer preferences and behavior in general in economies at different stages of development (e.g., Batra et al., 2000; Dinnie, 2004; Sharma et al., 1995). Recently developing countries and emerging economies were of interest of scientists - India (Bawa, 2004; Khan, Rizvi, 2008), Baltic states (Parts, 2007), Turkey (Dedeoglu et al., 2005), Slovenia (Vida, Damjan, 2000), Poland (Cumberland et al., 2010), Russia (Puzakova et al., 2010), and China (Hsu, Nien, 2008).

The specificity of effects within various economies depends on various market situation, mentioning especially the stage of economic development, market competition and general economic situation. An important role is being played by the availability of alternative products, as well as specific consumer values and characteristics. (Balabanis et al., 2001; Reardon et al., 2005; Shankar, 2000; Yelkur et al., 2006; Wang, Chen, 2004).
Consumers on the basis of choosing between domestic and foreign products or brands support the domestic economy (Grażyn, Olsen, 1998). Balabanis and Diamantopoulos (2004) were the first to suggest that ethnocentrism better explains positive consumer attitudes towards domestic products than the negative attitude towards foreign products. Consumer ethnocentrism is also an important factor in determining the amount of reluctance to buy foreign products and also in determining the quality evaluation of products from foreign countries. (Suh, Kwon, 2002)

**Hypothesis development**

Based on the literature review and identified gaps, we focused on ethnocentrism and examine its relative effect on buying behavior of domestic versus foreign products in the context of economic crisis in CEE.

Among others CE was adopted into marketing by Shimp and Sharma (1987) who say that: “Ethnocentric consumers believe it is wrong to purchase foreign-made products because it will hurt the domestic economy will cause the loss of jobs, and it is plainly unpatriotic.” Later several studies confirmed the tendency of ethnocentric consumers to prefer for domestic rather than imported products (Sharma et al., 1995; Rawwas et al., 1996; Vida et al., 2008; Cleveland et al., 2009; Dimitrov et al., 2009). However, Huddelston (Huddelston et al., 2000) suggested that consumers in transitional economies actually prefer foreign products. This presents an interesting deviation that is worth further examination.

Also, logic would suggest that CE would have a stronger, negative impact on foreign goods under conditions of recession, and additionally a positive impact on the decision to purchase domestic goods. As an economy, especially a small integrated one becomes more fragile, it also becomes more focal in the consumers mind. Thus, we would expect a magnification of CE impacts.

Thereof the first two hypotheses come:

**H1a:** Under conditions of economic crisis in CEE, ethnocentrism has a positive effect on the purchasing of domestic products.

**H1b:** Under conditions of economic crisis in CEE, Ethnocentrism has a negative effect on purchasing foreign products.

Empirical studies examine not only ethnocentrism as an important individual phenomenon (Sharma et al., 1995), but also the role of cultural openness, internationalism, global mindedness, world mindedness, cosmopolitanism and national identity (Sharma et al., 1995). National identity can be understood as a “changing, socially-situated discursive construct, that is, an artifact that is dependent on the socio-political and cultural contexts in which the making of identity takes place.” (Philippou, Klerides, 2010). Therefore while exploring the impact of economic crisis the phenomenon of National Identity might play a significant role especially in small, still highly integrated and mobile economies, such as those of CEE, where the socio-political and cultural context has faced many changes within last two decades.

Consumer preferences and purchase behavior have been shown to be affected by nationalism (Han, 1988; Baughn, Yaprak, 1993). Nationalism or National Identity was estimated to be positively linked to consumer ethnocentrism in most studies in the area.

 Transitional CEE countries have traditionally been controlled or governed by larger neighbors, either for decades or centuries. Their relatively recent lack of sovereignty, suggests logically a higher focus on the potential to again lose self determination – either politically or economically. This in conjunction with a recession highlights the fragility of a small dependent economy. Thus, logic suggests that not only will there be the traditional theoretical link between national identity and ethnocentrism, but potentially a very strong relationship given the environment.

To test the relation between two above mentioned phenomenon next hypothesis was formulated as follows:

**H2:** Under conditions of economic crisis in CEE, National Identification has a positive effect on ethnocentrism.

Cosmopolitanism, originally introduced by Merton (1957) refers to a “world citizen”, i.e. to an individual whose orientation goes beyond any particular culture or setting. The concept has been further developed in marketing literature by prominent researchers (Cannon, Yaprak, 2002; Thompson, Tambiah, 1999; Yoon et al., 1996) who argue that cosmopolitanism is consumer orientation with significant implication for marketing practice. Cosmopolitanism has been described also as internationalism, openness to foreign cultures, world-mindedness, worldliness or global openness. However, the recent review regarding cosmopolitanism shows (Riefel, Diamantopoulos, 2009) that its effects are not clarified. Especially, direct effects of cosmopolitanism on behavior in favor of purchasing foreign product brands have been rarely investigated, and its role as an influencing factor of
consumer ethnocentrism is largely left undetermined (Suh, Kwon, 2002; Vida et al., 2008).

Cosmopolitanism (and related constructs such as internationalism, global mindedness, world-mindedness, cultural openness) as driving factors of consumer ethnocentrism have been widely described in literature (Shankarmahesh, 2006). However, while theoretically suggested negative influence of cosmopolitanism on consumer ethnocentrism has been shown in several works (Cannon, Yaprak, 2002; Dmitrovic et al., 2009; Sharma et al., 1995; Vida, Reardon, 2008), there exists evidence to the contrary as well. In study of Suh and Kwon (2002) global openness had a significant negative effect on ethnocentrism in the US sample, but the relationship was insignificant in the Korean sample. Likewise, Strizhakova et al. (2008) examined this relationship across developed and emerging markets. Results showed a moderate negative relationship in the US sample, but no significant relationship in the emerging markets.

By nature, smaller CEE countries are economically dependent on their neighbors. This dependence has, by necessity, created cosmopolitanism within the region. Under previous regimes, travel and integration with the west was seriously restricted. Pent up demand for both western products and for interaction with the west created cosmopolitanism within the region. Very dramatic shifts in western interactions occurred at a continual increasing pace. Integration and dependence with the EU, NATO, and in some cases Euro zone is indicative of this. The role of cosmopolitanism in forming consumers’ attitude to purchasing foreign made goods has demonstrated contradictory results in the literature. Therefore the testing of the following hypothesis provides an opportunity for resolving the existing dispute as well as an interesting study of the specific situation.

**H3:** Under conditions of economic crisis in CEE, cosmopolitanism has a negative effect on ethnocentricity.

![Figure 2. Description of model and hypotheses](image)

**Methodology**

**Sample.** Our sample frame was chosen based on the following criteria: 1. representative of CEE economies, and 2. significantly influenced during the economic crisis. Thus we chose the Czech Republic. The Czech Republic represents a newly developed, geographically smaller, high cosmopolitan country hit hard by the crisis. It is integrated locally (a member of the European Union) as well as globally (a member of NATO) - still keeping its semi-independent attitude while not being a member of the Euro zone. Its population had to face dynamic changes in political, social and economic environment influencing from the market point of view the characteristics of purchase behavior. Resulting from the market consequences of a small opened economy, its population is familiar with foreign products now. It is neither the highest, nor lowest ranking economy (GDP per capita 13 797 EURO in 2010 (CZSO, 2011a), average inflation 1.5 % in 2010, unemployment 8.6 % in Q3 2010 (CZSO, 2011c) or size (10 532 770 inhabitants by end of 2010 (CZSO, 2011b)).

The sample consisted of 199 respondents from Prague, the capital city of the Czech Republic. College students were chosen as subjects, based on several factors: a) relative homogeneity of extraneous influences (Burgess, Steenkamp, 2006; Coulter et al., 2005; Strizhakova et al., 2008b) relatively high exposure to global commerce (Gidley, 2002; Kjeldgaard, Askegaard, 2006) and c) relatively high exposure to multiple languages/cultures.

**Measures.** Construct measures for this research were derived from existing literature (Granzin, Olsen, 1998; Keilin et al., 1996; Parameswaran, Fisharodi, 1994; Yoon et al., 1996). All measures used have been proven psychometrically sound in cross-cultural contexts. CETSCALE, for example, has been used previously and validated in various cross-cultural contexts (e.g. Linquist et al., 2001; Good, Huddleston, 1995). For this study, the six-item version of the original scale was utilized to measure ethnocentrism. Seven-point Likert-type scales (1 = strongly disagree to 7 = strongly agree) were utilized for the individual scales to measure the five constructs.

In the process of translation and cross-cultural adaptation of the research stimuli and questionnaire (scale items), we followed the guidelines for conducting international consumer research by Craig and Douglas (1999) and by Douglas and Craig (2006).

Reliability of the scales was established using composite reliability (see Table 2). All reliability values are “respectable or better”, i.e. higher than .7 (DeVellis, 2003).

**Results and discussion**

The estimation and t-test results are shown in Figure 3 below. As indicated below in Table 1 (below), the overall fit of the model is acceptable. As could be expected, the Chi-Squared statistic was significant. The other performance measures suggest that our model describes the data well within acceptable limits, as shown in Table 3. The RMSEA was below the 0.08 cutoff values suggested by Browne and Cudeck (1993). In addition, the CFI is above the commonly recommended 0.90 limit (Lichtenstein et al., 1992).

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Model fit</th>
</tr>
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<tbody>
<tr>
<td>Chi-Squared</td>
<td>286.38 df=147</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.069</td>
</tr>
<tr>
<td>CFII/IFI</td>
<td>0.96</td>
</tr>
<tr>
<td>RFI</td>
<td>0.90</td>
</tr>
<tr>
<td>GFI</td>
<td>0.88</td>
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Table 2

<table>
<thead>
<tr>
<th>Construct/Items</th>
<th>Composite Reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Identification (NAID)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Adapted from Kellog et al., 1996)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Being a Czech citizen means a lot to me</td>
<td>0.8879</td>
<td>0.7097</td>
</tr>
<tr>
<td>2. I am proud to be a Czech citizen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. When a foreign person praises Czech Rep., it feels like a personal compliment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I feel strong ties with Czech Rep.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cosmopolitanism (Cosmo)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Adapted from Yoon et al, 1996)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. I like immersing myself in different cultural environments</td>
<td>0.8580</td>
<td>0.6660</td>
</tr>
<tr>
<td>2. I like having contact with people from different cultures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I would enjoy travelling to foreign countries for an extended period of time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Getting information and news from around the world is important to me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethnocentricity (CET Scale)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Adapted from Shimp and Sharma 1987)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Only those products that are unavailable in Czech Rep. should be imported</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Czech products, first, last and foremost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. A real Czech citizen should always buy Czech-made products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Czech citizens should not buy foreign products, because this hurts the Czech Republic’s business and causes unemployment</td>
<td>0.8548</td>
<td>0.6166</td>
</tr>
<tr>
<td>5. It may cost me in the long-run, but I prefer to support Czech products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Czech consumers who purchase products made in other countries are responsible for putting their fellow Czech citizens out of work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Purchase Behavior (BuyDom)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Adapted from Grazen and Olsen 1998)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. I try to buy mostly domestic brands</td>
<td>0.9013</td>
<td>0.7784</td>
</tr>
<tr>
<td>2. I take time to look at labels in order to knowingly buy more domestic brands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I shop at retail stores that make a special effort to offer domestic brands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Purchase Behavior (BuyFor)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Adapted from Grazen and Olsen 1998)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. I like the idea of owning foreign products</td>
<td>0.7934</td>
<td>0.6316</td>
</tr>
<tr>
<td>2. My quality of life would improve if more imported goods were available</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I find imported goods more desirable than domestically produced products</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 3. Estimation and t-test results
The hypotheses are tested by examining the individual structural paths of the model (Table 3).

Table 3

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Linkage</th>
<th>Estimate</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a: CET→BuyDom (+)</td>
<td>0.70</td>
<td>8.47</td>
<td>p&lt;.001</td>
<td>Supported</td>
</tr>
<tr>
<td>H1b: CET→BuyFor (−)</td>
<td>-0.14</td>
<td>1.64</td>
<td>p=.052</td>
<td>Marginal</td>
</tr>
<tr>
<td>H2: NatID→CET (+)</td>
<td>0.25</td>
<td>5.19</td>
<td>p&lt;.001</td>
<td>Supported</td>
</tr>
<tr>
<td>H3: Cosmo→CET (−)</td>
<td>-0.04</td>
<td>0.49</td>
<td>p=.312</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Hypothesis H1a is supported, hypothesis H1b is marginally supported, hypothesis H2 is supported, hypothesis H3 is rejected. The result of the research shows that ethnocentric attitudes of consumers have a positive effect on domestic purchase behavior, while only marginally negative effect on foreign purchase behavior. National identification has positive effect on ethnocentricity while negative effect of cosmopolitanism on ethnocentricity was not supported.

Concerning the theoretical background of how ethnocentricity, national identity and cosmopolitanism are defined and understood within the marketing field and our paper. It seems there is a very interesting aspect to be observed. National Identity has a positive effect on domestic purchase behavior but we cannot say that cosmopolitanism would act in the other direction.

As expected, H1a was supported. Interestingly, support for H1b was only marginal. This is in line with previous research findings that suggest that CE affects domestic product preferences more than foreign. It is also somewhat intuitive given the nature of the study. Smaller CEE countries would be expected to have residual preferences for foreign goods, thus even under conditions of recession there would be a tendency to buy local rather than the tendency to become protectionist.

As suggested by the logic of the development of H2, it is unsurprising to find relatively strong effects of National Identity on CE. However, more interesting is the lack of effect of H3 – Cosmo on CE. In hindsight, we might suggest that the relatively high level of cosmopolitanism in small CEE countries results in a more uniform distribution, and thus a lack of variance, relatively, within the country. Thus, integration of CEE countries simply may not reduce CE, but rather act in some other manner on the decision process – even potentially ignoring the CE construct in general by taking a wide view of ‘citizen of the world’ – in which case CE simply cannot exist.

Having a deeper look on the Czech Republic and the CEE more generally, there might be a couple of explanatory factors of these results. The Czech Republic or the Czech nation has quite a long and fruitful history concerning, culture, industry, education and so on. Still it has most often been a part of a bigger kingdom, state or groups of states. Czechs found a way to stay Czech and simultaneously to succeed within the current environment. In the recent history it became a small open economy situated in the heart of Europe, where consumers are facing foreign elements in their daily life on different levels, for example foreign TV & radio broadcasting, proportion of foreign movies and other programmers within the regular national broadcasting, local cross-border social (e.g. health care) and economic cooperation (employment, shopping), spending vacation abroad. Interestingly, the same is true for most small CEE countries.

Conclusions

Czech ethnocentricity supports buying of domestic products, we see that one of the best ways to mitigate sharpened competition serving players on both sides - supply and demand – supporting better recognition of Czech products of good quality was foundation of a brand KLASA, awarding the best quality food and agricultural products. It is being awarded by ministry of agriculture of the Czech Republic as of 2003. Up to date 1300 products from 2022 Bohemian and Moravian producers gained this prestigious award which is valid for three years. (ČTK, 2010b)

According to the research by STEM/MARK agency (ČTK, 2010b) “…the sales of Klasa products increased by 20-43 % in retail chains between 2008 and 2010.” 71 % of respondents think that Klasa helps them to select food products and 67 % are directly buying Klasa products. More than two-thirds of women prefer Klasa food products to others. 76 % of producers claim that Klasa logo has a positive effect on sales of their food products.

More than two-thirds of them are making effort to gain this brand for other of their products. Even in times of recent economic crisis which is strongly pressuring food prices downwards, Czech consumers appreciate freshness as factor number one and quality as factor number two during the purchasing process. Regarding comparison of quality of Czech versus foreign food products 81 % of respondents assume that Czech products are mostly of higher quality than the ones from foreign producers.

The results of the research reflect resent field survey among Czech consumers. According to GfK research (ČTK, 2011): Czech customers prefer domestic products, mainly foodstuffs: 84 % prefer Czech beer, 83 % domestic meat and meat products, 78 % domestic dairy products; while only 5 % at cosmetics. “Domestic food product preferences demonstrate strongly older respondents, 79 % of respondents over 55 years claimed that they prefer Czech brands, while only 67 % of respondents aged 15 to 35 claimed the same.” In the same research 86 % of respondents stated “it is important for me that Czech good is produced in the Czech Republic” and 61% stated “I am interested whether the Czech product has a Czech owner”. 97 % of respondents named as key decision buying criteria freshness and quality.

Concerning the success of long-term campaign Klasa within the food market, and recent economic situation, also producers of non-food consumer goods and services launched activities supporting quality and its promotion addressing consumers. The program is labeled Czech Quality; while a program branded Local Food Product (lokální potravina) is expected to be launched soon.

Key findings provide useful information to marketing specialists in designing their marketing strategies for “Czech
made” versus foreign products, as well as, for retailers to evaluate their profitability given the consumer preferences.

According to the results of the research shortly saying that Czech consumer prefers to buy Czech products, and simultaneously believes that Czech products are of good quality and positively is willing to exploit the initiative of Klasa and similar brands guaranteeing Czech quality goods marketing executives as well as state policy makers should deepen this activity and continue in similar support of this trend.

Should we build on the positive influence of Czech CE on buying behavior of domestic products versus foreign, and preference for freshness and quality of goods, there are options to appear in economic potential for job creation and employment, especially within the area of small local producers, self-employment, development of local agriculture, as well as countryside maintenance.

Given these results, the companies should cooperate and with the assistance of national economic policy support prosperous retail environment, using the national identification which has a positive effect (through ethnocentricity – please see our hypotheses) on buying domestic products.

Ideally, the Czech Republic will be successful in creation and maintenance of magical circle of quality products (producing quality goods - willingness to buy quality goods - continuous profit of companies - resources for quality improvement - producing quality goods).

Concerning all the variables coming into the decision making process of building retail strategies product is the core around which everything revolves and so needs to be paid attention. Resulting from today ‘s world globalization one of the significant questions (among many others) heading as a golden line throughout both management and marketing issues which such companies are facing is the following one: “What product should we sell and what image should our products reach?” Or to make it even more specific: “What brand should be chosen to label our products, while placed in the store to make them be attractive enough to be desired, wanted, bought and consumed in a maximum volume possible by customers on various markets. This article is focusing on the principle differences in appropriate management and marketing strategies which arise between the domestic and foreign markets from the point of view of international corporations trying to find the best solution for satisfying consumer needs resulting in positive consumer preferences and of course in increased popularity and sales through the appropriate product image and labeling.

Limitations and future research

Possible limitation represents the fact that the research was designed and carried out using a sample of university students and a single country analysis. Both of which were intentionally chosen as appropriate for the particular tasks of the research.

Given the results of the research further investigation could focus on the results of testing of the hypothesis H1b (H1b: Ethnocentric attitudes of consumers have a negative effect on foreign purchase behavior) which only was marginally supported.

References


Vartotojo etnocentriškumas ekonominės krikščio aplinkoje

Santrauka


Remiantis tyrimo rezultatais, galima teigti, kad Čekijos vartotojai renkasi pirkti čekiškus gaminius todėl, kad čekų gaminiai daro teigiamą įtaką vietinių gaminių pirkimui. Čekų etnocentriškumas akivaizdus. Jie remia vietinius gamintojus pirkdami savo šalies produktus, o vartotojo etnocentriškumo įtaka užsienio gaminiams pirkti buvo gan nežymia.

Remiantis literatūros apžvalga ir išsiaiškinus kai kuriuos trūkumus, dėmesys buvo sutelktas į etnocentrizmo analizę. Hipotezės buvo patikrintos panaudojant struktūrinės lygties modeliavimą. Analizavus atliekamus tyrimus, galima teigti, kad Čekijos vartotojai renkasi pirkti čekiškus gaminius todėl, kad čekų gaminiai daro teigiamą įtaką vietinių gaminių pirkimui. Čekų etnocentriškumas akivaizdus. Jie remia vietinius gamintojus pirkdami savo šalies produktus, o vartotojo etnocentriškumo įtaka užsienio gaminiams pirkti buvo gan nežymia.
Dėl visų kintamųjų, sudarančių mažmeninės prekybos strategijos kūrimo sprendimų priėmimo procesą, gaminys visada yra centras, apie kurį viskas sukasi, todėl į jį reikia nuolat atkreipti dėmesį. Vienas iš svarbiausių ir daugelio klausimų šiais globalizacijos laikais, valdymo, rinkos ir rinkodaros leidiniuose vadinamas aukšne linija, ir su kuriuo susiduria įvairios kompanijos, yra: „Kokį gaminį mes parduotume ir kokią reputaciją pasiektų mūsų gaminių?“
Arba suformuluokime ji dar tiksliau: „Kokį prekės ženklą pasirinkti mūsų gaminims žymėti, kad jiems esant parduotuvėje jie atrodytų pakankamai patrauklių, kad jų trokštų, pirkėjų ir vartotojų didžiausia galimai kiekvieną įvairią rinką vartotojai“. Šis straipsnis suteikia dėmesį pagrindinius skirtumus valdymo ir rinkodaros strategijose, kurie atsiranda tarp vietinės ir užsienio rinkos tarptautinių kooportacijų, bandančių rasti geriausią sprendimą kaip patenkinti vartotojų poreikius. O viso to rezultatas yra teisingas vartotojų pasirinkimas ir žinoma didesnis populiarumas ir pardavimai dėl atitinkamo gaminio įvaizdžio ir žymėjimo.

Galimi darbo apribojimai buvo tokie, kad tyrimas atliekamas naudojant kaip pavyzdį universiteto studentų ir atskios šalies analizę, iš kurių abu buvo iš anksto pasirinkti kaip tinkantys tam tikroms tyrimo užduotims. Atsižvelgiant į tyrimo rezultatus, tolesni tyrimai galėtų sutelkti dėmesį į hipotezės H1b tikrinimo rezultatus (H1b: Etnocentriškas vartotojų požiūris daro neigiamą įtaką užsienio pirkėjų elgesiui) kuris buvo paremtas tik nežymiai.

Rakataždžiai: etnocentrizmas, kosmopolitizmas, nacionalinis identiškumas, vartotojo elgsena, kilmės šalis, Čekijos vartotojas.

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