

## **CENTRAL EUROPE: THE IMPACT OF THE COUNTRY OF ORIGIN EFFECTS ON SLOVAK CONSUMERISM**

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### **ABSTRACT**

The aim of this exploratory research is to help explain the impact the country of origin effect has on Slovak consumerism. The impact of democracy in Slovakia involves the need to fundamentally evaluate the changes in consumer perceptions as the Slovak retail markets open to foreign investments and products. The researchers sought to examine the implications of country of origin effects on young Slovakian university business, marketing, and English language only students. The researchers modified the Shimp and Sharma (1987) Consumer Ethnocentrism CETSCALE to measure consumer's ethnocentric tendencies related to purchasing foreign versus Slovakian made retail products.

### **INTRODUCTION**

In today's retail market, international trade continues to expand. Many retailers are no longer thinking locally, but globally. To increase profits, many retailers are currently looking toward expanding globally, importing products, and/or manufacturing their products outside of their home country. One issue these retailers must consider is the country of origin effect.

Generally to be successful, retailers must examine and understand consumer buying behavior. Specifically in dealing with international trade, retailers must understand how a product's country of origin can affect consumers' buying behavior, and use this understanding to their advantage in their retail mix. Services can also be affected.

Consumers generally recognize a product's country of origin by a tag or label that says "made in...". It is indeed difficult to predict a consumer's purchasing behavior based on their perception of a product's country of origin. Although there is no direct correlation between a product's merit and its country of origin, it is suspected that the country of origin can effect a consumer's perception of the quality, prestige, image, or reliability of that product.

### **RATIONALE FOR RESEARCH**

The researchers of this study became interested in country of origin effects in Central Europe while

working with university students in the Slovak Republic. Anecdotally, the students would discuss, even complain about the changes in the marketing retail mix, especially product and service offerings. The young adults would share their distain or enjoyment of foreign imported goods, prompting the researchers to ask the question: What is the impact of the country of origin effects on the Slovak consumer in a post communism market society?

A Slovakian university invited the researchers to perform exploratory research to better understand any possible country of origin effects. This is timely research as Slovakia and the other Central European countries are now part of the EU, and presented with many new foreign products and services competing against Slovakian made retail offerings.

### **METHODOLOGY**

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To evaluate country of origin effects, the researchers modified the Shimp and Sharma (1987) Consumer Ethnocentrism CETSCALE to measure consumer's ethnocentric tendencies (i.e., disposition to act in a consistent fashion) related to purchasing foreign versus Slovakian made products. Shimp and Sharma (1987) use consumer ethnocentrism to look at the beliefs held by consumers about the appropriateness of purchasing foreign-made products as they may lead to a bad domestic economy, a loss of jobs, or

show a lack of patriotism. The instrument consists of 17 items scored on 7-point Likert-type scale (strongly agree = 7, strongly disagree = 1). The modified survey was translated into Slovak and back translated to English. The survey included basic demographic questions with major, gender, location, and age as the independent variables.

The survey was exploratory in nature, looking at the results for the possibility and feasibility of more in-depth measurements across Slovakia. Table 1, found in the appendices, reports the descriptive results for each question. Based on mean scores, participants appear committed to buying either Slovakian-made products or imported products that are not available in Slovakia. Participants also appear to support buying Slovakian-made products even if the cost is higher. While the majority of mean scores are 3.0 or higher (on a 5-point scale), the large standard deviations make inferences difficult.

Statistical significant differences were found on major (business versus non business) and gender. There

were no statistical differences in location (metropolitan versus small city) and age (See Tables 2 and 3). Several items on the survey showed a statistical difference between business majors and non-business majors: Slovakian products, first, last, and foremost; purchasing foreign-made products is un-Slovakian; it is always best to purchase Slovakian products; there should be very little trading or purchasing of goods from other countries unless out of necessity; curbs (restraints) should be put on all imports; it may cost me in the long run but I prefer to support Slovakian products; and Slovakian consumers who purchase products made in other countries are responsible for putting their fellow Slovaks out of work. Not surprisingly, business majors had higher mean scores than non-business majors on all above questions. It appears business majors are more concerned than non-business majors about the economic and financial results of buying, or not buying, Slovakian-made products.

**Table 1**  
**Young Slovakian Consumer Ethnocentric Tendencies – Descriptive Results**

Question	Mean	Std Deviation
Slovakian people should always buy Slovakian-made products instead of imports.	4.25	2.08
Only those products that are unavailable in the Slovakia should be imported.	4.23	2.08
Buy Slovakian -made products. Keep Slovakia Working.	5.00	1.85
Slovakian products, first, last and foremost.	3.90	1.82
Purchasing foreign-made products is un-Slovakian.	2.79	1.67
It is not right to purchase foreign products.	2.46	1.56
A real Slovakian should always buy Slovakian -made products.	2.72	1.77
We should purchase products manufactured in Slovakian instead of letting other countries get rich off us.	3.72	1.88
It is always best to purchase Slovakian products.	3.47	1.87
There should be very little trading or purchasing of goods from other countries unless out of necessity.	3.10	1.66
Slovakian should not buy foreign products, because this hurts Slovakian business and causes unemployment.	3.39	1.81
Curbs (restraints) should be put on all imports.	3.07	1.68
It may cost me in the long run but I prefer to support Slovakian products.	3.97	1.66
Foreigners should not be allowed to put their products on our markets.	2.51	1.57
Foreign products should be taxed heavily to reduce their entry into Slovakia.	2.99	1.72
We should buy from foreign countries only those products that we cannot obtain within our own country.	3.72	1.90
Slovakian consumers who purchase products made in other countries are responsible for putting their fellow Slovaks out of work.	2.79	1.73
Gender:	1.51	.50
Age	21.77	2.80
Location (small city – large metropolitan)	1.51	.53
What is your major (business – non business)	1.36	.48

**Table 3**  
**Young Slovakian Consumer Ethnocentric Tendencies – T-Tests on Gender**

Question	Gender	N	Mean	Std. Dev.	Std. Error
Slovakian people should always buy Slovakian-made products instead of imports.	Male	184	4.37	2.15	.16
	Female	191	4.15	2.03	.15
Only those products that are unavailable in the Slovakia should be imported.	Male	183	4.34	2.11	.16
	Female	190	4.13	2.06	.15
Buy Slovakian -made products. Keep Slovakia Working.	Male	182	5.04	1.90	.14
	Female	191	4.98	1.82	.13
Slovakian products, first, last and foremost.	Male	183	3.95	1.84	.14
	Female	189	3.92	1.81	.13
Purchasing foreign-made products is un-Slovakian.	Male	181	2.71	1.76	.13
	Female	190	2.91	1.60	.12
It is not right to purchase foreign products.	Male	183	2.38	1.61	.12
	Female	190	2.53	1.53	.11
A real Slovakian should always buy Slovakian -made products.	Male	183	2.67	1.81	.13
	Female	191	2.79	1.77	.13
We should purchase products manufactured in Slovakian instead of letting other countries get rich off us.	Male	184	3.73	1.96	.14
	Female	190	3.75	1.80	.13
It is always best to purchase Slovakian products.	Male	184	3.46	1.91	.14
	Female	191	3.53	1.87	.13
There should be very little trading or purchasing of goods from other countries unless out of necessity.	Male	183	2.98	1.69	.13
	Female	191	3.27	1.64	.12
Slovakian should not buy foreign products, because this hurts Slovakian business and causes unemployment.	Male	184	3.32	1.84	.14
	Female	191	3.46	1.81	.13
Curbs (restraints) should be put on all imports.	Male	181	2.85*	1.60	.12
	Female	191	3.29*	1.70	.12
It may cost me in the long run but I prefer to support Slovakian products.	Male	182	4.07	1.67	.12
	Female	191	3.95	1.67	.12
Foreigners should not be allowed to put their products on our markets.	Male	184	2.39	1.50	.11
	Female	189	2.63	1.63	.12
Foreign products should be taxed heavily to reduce their entry into Slovakia.	Male	184	2.78*	1.71	.13
	Female	191	3.17*	1.72	.12
We should buy from foreign countries only those products that we cannot obtain within our own country.	Male	184	3.68	1.97	.15
	Female	191	3.76	1.86	.13
Slovakian consumers who purchase products made in other countries are responsible for putting their fellow Slovaks out of work.	Male	184	2.76	1.78	.13
	Female	191	2.81	1.68	.12

\*Significant at  $p < .05$

Two survey questions have statistically significant differences based on gender: curb (restraints) should be put on all imports; and foreign products should be taxed heavily to reduce their entry into Slovakia. With both questions, females had a higher mean score than the male participants. Again large standard deviation scores make inferences with the data difficult.

## CONCLUSIONS

What does this data suggest? Although strong inferences cannot be made concerning this exploratory research, the data does suggest that, just prior to entry into the EU by Slovakia, some consumers believe that "made in Slovakia" is important. Equally important is the demographic makeup of the survey participants – young, educated, and (based on anecdotal information) politically savvy. Retailers and service providers must track this group of consumers, for they represent significant buying power in Slovakia. Retailers and service providers should also study the buying behavior of business versus non-business students. Appropriate marketing strategies should be developed and implemented that reach the important non-business consumer.

Follow-up studies should be conducted to determine any differences in country of origin effect after Slovakia's entry into the EU. The absence of borders, and ease of moving products across countries, could

significantly impact consumer perception of country of origin. Additionally, follow-up studies should be conducted with additional groups of consumers – consumers less educated, or older consumers (who lived through communism), for example. Finally, this study should be expanded to other countries bordering Slovakia. Understanding how other "foreign" consumers view Slovak-made products is critically important for Slovakian manufacturers and retailers.

Retailers must be aware of how strong the effect of consumers' perceptions of country of origin can have on their purchasing behavior. To be successful in the global marketplace, international retailers of both products and services must use specific and effective market segmentation in their marketing strategies. Market segmentation is the key to capturing as many target consumers as possible. Retailers must thoroughly analyze their product, research their consumers, and determine marketing strategies that are right for their product and each consumer segment.

As international trade continues to expand, country of origin effects will become more prominent. Successful retailers should consider country of origin effects as seriously as brand name or price when marketing their products to consumers.

Note: Literature Review, References, and Survey are available to the reader upon request.