CONSUMER SENTIMENT ON RETAILING AMONG UNIVERSITY BUSINESS AND MARKETING STUDENTS IN POST-SOCIALIST SLOVAKIA

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ABSTRACT

Retailing in Central Europe has evolved profoundly in the past decade. Indeed, a retail revolution is occurring that affects consumers, retailers, distributors, and advertisers in the strategic areas of pricing, promotion, distribution, and product offerings. Most remarkable is the rate of change in retailing in this region of the world after 40 plus years of a command economy. The researchers present exploratory survey results on consumer sentiment from Slovakian university business and marketing students. The researchers modified the Gaski and Etzel (1986) Index of Consumer Sentiment Toward Marketing and administered the instrument to students on two campuses to measure consumer sentiment on attitudes toward the components of the retailing mix (product, price, advertisement, and retailing).

INTRODUCTION

Retailing in Slovakia, along with other Central European countries such as the Czech Republic, Poland, and Hungary, has profoundly evolved in the past decade. Global and local retailers recently have expanded their operations throughout Central Europe and, along with these new hypermarkets and chain stores, have begun executing modern retail management strategies similar to those so popular in the United States (e.g., new product offerings, targeted advertising, markup pricing, and retail merchandising).

Current Slovakian attitudes toward retailing are typically demarcated by the young and the old. The former welcomed and embraced the new market-driven economy, accepting commercialism as a necessary process to achieve professional and personal success. The latter reminisced about olden days and protested openly about capitalists encroaching upon the moribund socialist economy. "Pamätám si, keď v'setko bolo lacné a život bol jednoduchý" ("I remember when everything was inexpensive and life was simple") was a common quote uttered by older Slovakian generations.

Socialist Slovak retailers were only able to offer limited, intermittent quantities of many products. Standing in line for hours to receive coffee or oranges was the norm for Slovak consumers. One student told us of her family Christmas tradition – to stand in line all day the day before Christmas to purchase a pineapple (Ludmilla Mutnanska, personal conversation, July 5, 2003). Retailers did not advertise; nor did they provide (or perhaps did not even know about) good customer service, eye-catching product displays, markup pricing, and loss-leader concepts.

Today, global retailers from outside Central Europe continue to expand into the Czech Republic, Hungary, Poland, and Slovakia (Euromonitor, 2002; Nagy, 2001). They bring with them modern retail management strategies critical in securing market share and improving customer service.

Understanding consumer sentiment on product offerings, advertising, pricing, and retailing is important to these new retailers and marketers in Central Europe. Add to this understanding the importance of young, post-socialist consumers in this market-driven transformation, and the study of consumer sentiment with college students is revealing and significant.

Consumer Sentiment Index On Marketing

The measurement of consumer attitudes and sentiment has been of interest to U.S. academic and commercial researchers for many years. Researchers report a number of efforts to develop universal measures of consumer contentment in general (e.g., Barksdale & Darden, 1972; Hustad & Pessemier, 1973; Lundstrom & Lamont, 1976). Gaski and Etzel's (1986) Index of Consumer Sentiment Toward Marketing research described the development of measure and survey scales as applied to marketing, while also providing validation evidence. A final recommendation in their research encourages longitudinal studies on consumer sentiment.

As a result of the rapid growth of consumerism in other countries, Chan, Yau, and Chan (1990) discussed the need for a rigorous measure of consumer sentiment toward marketing, but in cross-national studies. They chose the Gaski and Etzel (1986) instrument as one that demonstrated high reliability and validity both in longitudinal and cross-sectional studies to measure consumer sentiment in Australia. This current study looks at consumer sentiment on retailing in one Central European country using a modified approach from the Chan, Yau, and Chan (1990) study.

Retailing In Central Europe

Since the mid-1990s, global firms such as Ahold (Dutch), Carrefour (French), Metro (Germany), and Tesco (UK) have successfully expanded their operations into Central Europe (Euromonitor, 2002; Nagy, 2002). While dominating and even eliminating some national and local retailers, the presence of these larger and more experienced retailers has helped fuel the adoption of retail management strategies, i.e., providing more efficient production techniques, offering higher quality merchandise from distributors, and enhancing customer service. Local Central Europe retailers have lost ground to global retail expansion as a result of lack of capital funds, increase in price wars, and poor economic forecasting. Competition from so many foreign-based retailers has caused some local and national stores to declare bankruptcy. The confluence of international, national, and local retail management techniques redefine the marketing mix and, presumably, the attitudes of Central European consumers.

Product variety and assortment have improved during the last ten years. Formerly, most products came only from the communist countries. Few opportunities existed to purchase goods from capitalist countries or western neighbors (Euromonitor, 2002). Early in the transformation to a market economy, Central Europeans made frequent trips to neighboring countries in Western Europe to overcome the lack of product offerings. Today, the need to travel to Western Europe no longer exists as the merchandising of diverse products such as electronics, household goods, furniture, and automobiles are par with those selections in capitalist countries (Bugajski, 1995).

Promotional strategies emphasizing brand loyalty are gaining more popularity than those stimulating product demand (Euromonitor, 2003). Exponential increases in the use of television advertising, direct mail, and billboards have helped retailers expand their markets. A decade ago, many Central Europe consumers commented on the "childish," almost foolish, short movies (also known as television commercials) as an insult to retail marketing. According to one Czech consumer, "Retail advertisement was a funny thing ten years ago. Imagine that you have to stand hours in a line in front of the retail shop to buy washing powder, toilet paper, oranges, etc. In this situation it does not matter what kind of product one purchases, but the focus is to get something no matter what brand or what advertising promotes" (Andrea Dankova, retail consumer, personal interview, June 15, 2001). Today, television commercials are professionally developed based on global models integrating pull strategies (product discounts), call to action (telephone numbers or web pages), and even targeted messages (sports enthusiasts).

Under a command society, consumers saw no difference in pricing for the same product merchandised in different retail stores. All prices where regulated and dictated by the government. Central European retailers were not accustomed to integrating retail sales, discounts, and competitive pricing strategies to stimulate purchases (Euromonitor, 2002). The proliferation of variety and assortment in product offerings has increased the pricing of most products, making many "expensive." As new products enter the market, a slow shift toward higher quality products has resulted in higher prices. Retail prices in general are several times higher than a decade ago and remain disproportionate to salaries earned (Euromonitor, 2002).

Global retailers in Central Europe have moved toward providing a selection of both high- and low-priced products and are offering a wide variety and deep assortment of products with everyday low pricing (discounters and hypermarkets). However, wide scale use of specific retail pricing strategies such as multiple unit or bundling, odd-even, high/low, and loss leader are limited. Some retailers have artificially raised prices to highlight a discount or sale. Retailers have been slow to recognize they have the ability to influence consumer buying behavior through modern pricing strategies.

Unfortunately, retailing service has not progressed as much or as quickly as the market-driven economy. Most new salespersons possess little or no practical retail sales experience (Lupton, 2002). Additionally, experienced salespeople lack the human resource skills and market-driven attitudes to sell effectively, thus precluding an ability to transfer competent, on-the-job sales training strategies to younger and less-experienced retail colleagues (Van Zon, 1994). For example, major complaints made by managers about salespeople were their preference for personal opportunities over providing good customer service (Honeycutt, Honeycutt, Keating, & Lupton, 1999). This insensitivity to the customer epitomizes the former socialist perception of how business should be conducted, rather than focusing on the needs of the retail customer as a market-driven economy dictates.

The Slovak Republic

Slovak consumers appear not to be demanding many of the services offered outside Central Europe, e.g., bagging of groceries, assistance to one's automobile, shorter checkout lines, etc. (Lupton, 2002). Slovakians have focused on lower prices as they attempt to stretch their money. This has somewhat dampened the need for ancillary and customer services that bring added value to products. Still, there has been an increased demand and higher expectations for more customer service and product offerings within many local and national retail establishments. With travel across borders, Slovaks have experienced "westernized" retailers and reportedly appreciate the services offered, services that some local establishments have been slow to offer (Tesar, 1994; Van Zon, 1994).

METHODOLOGY

Population Description

The population of this study was pre-business, business, and marketing college students representing two campuses of an American university operating in Slovakia since 1991. A total of 395 surveys were returned. The data from Slovakia are convenience samples; the questionnaires were administered to students during their business and marketing classes. Students are randomly assigned into cohort groups from their first year of study. No self-selection into different lectures exists. While the survey administration was not a random process, each class was likely to be representative of its degree program and year.

Overall, 184 males (46.6 percent), 192 females (48.6 percent), and 19 nonresponse genders participated in the study. Approximately 96 percent of the students are between the ages of 18 and 27. Forty-nine (49) percent of the participants study at a campus in a city of approximately 60,000 inhabitants, and 51 percent study at a campus in a city with approximately 600,000 inhabitants.

Instrumentation

To evaluate consumer sentiment on retailing, the Chan, Yau, and Chan (1990) instrument (a variation of the Gaski and Etzel (1986) Index of Consumer Sentiment Toward Marketing) was slightly modified to 18 questions and administered as a self-reporting survey instrument that consists of five-point scale questions (1 = strongly agree/5 = strongly disagree). The modified survey was translated into Slovak and back translated to English. Questions dealt with attitudes about product offerings, advertising of retail offerings, pricing of retail products, and retailing services. The survey included basic demographic questions.

DATA ANALYSES

The survey was exploratory in nature, looking at the results for the possibility and feasibility of more in-depth measurements across Slovakia. For this conference paper then, only descriptive results are reported. When reporting the descriptive results for each question, some interesting findings emerge (See Table 1).

The results centered around consumer sentiment on attitudes toward the components of the retailing mix (product, price, advertisement, and retailing). Overall the initial findings suggest that the young Slovakian university business and marketing students are not satisfied with the retailing mix in post-socialist Central Europe.

Product offerings. When looking at the attitudes on retail products, the participants felt in general that product quality has increased over the past years. Fifty (50) percent indicated that the quality of products has improved with only 13 percent indicating that the products purchased are defective. When asked about the relationship between the retailer and consumer, 24 percent felt that "the companies that make products I buy don't care enough about how well they perform." These findings are important as many Slovak customers, as well as other Central European customers, have complained that the product offerings in their markets have been inferior to those in Western Europe and the U.S. At the same time, 50 percent of the students feel "the quality of retail products I buy has consistently improved over the years." The initial findings suggest improvement in product quality and possibly improvement in the relationship between the manufacturer and the consumer.

Pricing of retail offerings. Data from four out of the five questions posed concerning retail pricing indicate that the participants are not satisfied with the cost of retail products. Only 12 percent of the students felt that "most retail prices are fair." This could be problematic as more goods and services from outside Slovakia and Central Europe enter the market. Can retailers serve the local patrons if price is an obstacle?

Advertising of retail offerings. The majority of students felt that advertising "is intended to deceive rather than inform," and "most advertising is very annoying." Even though advertising agencies have increased both the quality and quantity of advertising in post-socialist Slovakia, they obviously have many consumer pre-conceived ideas concerning advertising to overcome.

Retail services. Many of the survey participants find customer service in Slovakia lacking. Forty (40) percent disagree with the statement that "most retail stores serve their customers well," and 48 percent disagree with the statement that "I find most retail sales people to be very helpful." Clearly, retailers need to provide customer service at a level the post-socialist Slovaks expect.

Gender, age, level of study, and location variables. Findings are mixed when evaluating the survey results based on gender (male and female) and age (younger that 23 and 23 and older) and level of study (pre-business and business and marketing) and location (large city and small city). Interestingly, though, students in these categories are very similar to each other. For example, both genders show statistical significance with the statement "most retail products I buy are overpriced." Similarly both age groups show statistical significance with the statement "I enjoy most advertisements." This pattern holds true for each statement and variable, with the exception of "in general, I am satisfied with the retail prices I pay." Male, but not female, tested statistically significant (see Tables 2 and 3).

SUMMARY

One must be cautious when attempting to discuss consumer sentiment in Central European countries. The diffusion in modern retail management strategies varies by country and by city population and location, as well as by product type and customer. The consumers of capital cities such as Warsaw, Bratislava, Budapest, and Prague have enjoyed more variety and assortment of products and services than those living in rural areas. Large hypermarkets with floor space approaching 6000 square meters are quickly penetrating the major urban Central Europe markets. Some consumers have the disposable income to purchase expensive, high quality products. Moreover, some do expect good customer service. Regardless of what consumers reminisce of a decade ago, modern retailing has emerged in Central Europe and longitudinal studies on consumer sentiment are necessary.

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NOTE: For printing/space purposes, the following tables are out of numeric order.

TABLE 3 - Consumer Sentiment Among University Business and Marketing – Level and Location

Retail Area	Level: Pre-business	Level: Business & Marketing	Location: Large City	Location: Small City
Product				
Too many of the retail products I buy are defective in some way. (Q1)	2.47*	2.92*	2.67	2.61
The quality of retail products I buy has consistently improved over the years. (Q3 reversed)	2.54	2.65	2.64	2.51
The companies that make products I buy don't care enough about how well they perform. (Q12 reversed)	2.99*	3.36*	3.13	3.12
Price				
Most retail prices are reasonable given the high cost of doing business. (Q2)	3.06*	2.82*	2.96	2.98
Most retail products I buy are overpriced (cost too much). (Q8 reversed)	2.37*	2.13*	2.19	2.36
Retail businesses could charge lower prices and still be profitable. (Q9)	3.64	3.81	3.72	3.70
Most retail prices are fair. (Q10)	2.47	2.63	2.56	2.48
In general, I am satisfied with the retail prices I pay. (Q11)	2.43	2.61	2.47	2.49
Advertising				
Most advertising makes false claims. (Q5 reversed)	2.64*	2.30*	2.43	2.62
If most advertising were eliminated, consumers would be better off. (Q6 reversed)	3.07	3.21	3.13	3.10
I enjoy most advertisements. (Q7)	2.70	2.60	2.64	2.68
Most advertising is intended to deceive rather than inform. (Q15 reversed)	2.40	2.47	2.50	2.34
Most advertising is very annoying. (Q16 reversed)	2.69*	2.25*	2.43	2.59
Retailing				
Most retail stores serve their customers well. (Q4)	2.90*	2.54*	2.78	2.76
Because of the way retailers treat me, most of my shopping is unpleasant. (Q13 reversed)	2.98*	2.54*	2.68*	2.97*
I find most retail salespeople to be very helpful. (Q14)	2.67	2.56	2.63	2.61
When I need assistance in a retail store, I am usually not able to get it. (Q17 reversed)	2.90	2.85	2.89	2.87
Most retailers provide adequate service. (Q18)	2.91	2.99	2.88	3.00

Note. Items in the table are mean ratings using a five-point scale where 1 = Strongly Disagree and 5 = Strongly Agree. *t-test of mean differences significant at $p < .05$

Table 1 - Consumer Sentiment on Retailing in Slovakia

Product Offerings	Agree	Disagree
Too many of the retail products I buy are defective in some way. (Q1)	13%	43%
The quality of retail products I buy has consistently improved over the years. (Q3)	50%	17%
The companies that make products I buy don't care enough about how well they perform. (Q12)	24%	32%
Price of Retail Offerings		
Most retail prices are reasonable given the high cost of doing business. (Q2)	29%	31%
Most retail products I buy are overpriced (cost too much). (Q8)	61%	14%
Retail businesses could charge lower prices and still be profitable. (Q9)	60%	14%
Most retail prices are fair. (Q10)	12%	50%
In general, I am satisfied with the retail prices I pay. (Q11)	13%	54%
Advertising of Retail Offerings		
Most advertising makes false claims. (Q5)	47%	20%
If most advertising were eliminated, consumers would be better off. (Q6)	25%	32%
I enjoy most advertisements. (Q7)	25%	46%
Most advertising is intended to deceive rather than inform. (Q15)	51%	12%
Most advertising is very annoying. (Q16)	52%	20%
Retailing Services		
Most retail stores serve their customers well. (Q4)	29%	40%
Because of the way retailers treat me, most of my shopping is unpleasant. (Q13)	36%	29%
I find most retail salespeople to be very helpful. (Q14)	18%	48%
When I need assistance in a retail store, I am usually not able to get it. (Q17)	36%	29%
Most retailers provide adequate service. (Q18).	24%	29%

Table 2 - Consumer Sentiment Among University Business and Marketing – Gender and Age

Retail Area	Gender		Age	
	Male	Female	≤22	23>
Product				
Too many of the retail products I buy are defective in some way. (Q1)	2.52*	2.74*	2.64	2.66
The quality of retail products I buy has consistently improved over the years. (Q3 reversed)	2.47*	2.69*	2.56	2.58
The companies that make products I buy don't care enough about how well they perform. (Q12 reversed)	3.03	3.18	3.04	3.18
Price				
Most retail prices are reasonable given the high cost of doing business. (Q2)	2.98	2.93	2.94	3.00
Most retail products I buy are overpriced (cost too much). (Q8 reversed)	2.47*	2.08*	2.20	2.33
Retail businesses could charge lower prices and still be profitable. (Q9)	3.75	3.67	3.76	3.72
Most retail prices are fair. (Q10)	2.60	2.44	2.43	2.60
In general, I am satisfied with the retail prices I pay. (Q11)	2.61*	2.35	2.41	2.58
Advertising				
Most advertising makes false claims. (Q5 reversed)	2.55	2.51	2.52	2.51
If most advertising were eliminated, consumers would be better off. (Q6 reversed)	3.16	3.08	3.01	3.17
I enjoy most advertisements. (Q7)	2.63	2.69	2.52*	2.77*
Most advertising is intended to deceive rather than inform. (Q15 reversed)	2.40	2.45	2.34	2.51
Most advertising is very annoying. (Q16 reversed)	2.56	2.44	2.40	2.57
Retailing				
Most retail stores serve their customers well. (Q4)	2.87	2.66	2.84	2.72
Because of the way retailers treat me, most of my shopping is unpleasant. (Q13 reversed)	2.99*	2.70*	2.79	2.81
I find most retail salespeople to be very helpful. (Q14)	2.73*	2.52*	2.59	2.64
When I need assistance in a retail store, I am usually not able to get it. (Q17 reversed)	3.10*	2.70*	2.72*	3.04*
Most retailers provide adequate service. (Q18).	2.95	2.93	2.82*	3.05*

Note. Items in the table are mean ratings using a five-point scale where 1 = Strongly Disagree and 5 = Strongly Agree. *t-test of mean differences significant at $p < .05$