

THE ROMANIAN CONSUMERS LIVING ABROAD – AMBASSADORS OF THE ROMANIAN BRANDS?

BARBU MIHAIL CĂTĂLIN
ASSOCIATE PROFESSOR PHD
UNIVERSITY OF CRAIOVA
e-mail: *catarom@yahoo.com*

Abstract

The existence of a large variety of strong brands is a guarantee for a developed economy. In its transition to the market economy, Romania witnessed a period of negation of Romanian brands, followed by a period of revival of local brands. Are the Romanian consumers ready to embrace these new Romanian brands or they are still attracted by the shine of foreign brands? Our research establishes that the Romanian consumers living abroad exhibit appreciation for the Romanian products. However their intention to buy Romanian products remains low.

Keywords: *country of origin effect, Romanian brands, consumer behavior, Romanian consumers*

JEL classification: *M30, M31*

1. The impact of the country of origin and the preference for national brands

Today, it is widely acknowledged that brands are not just differentiating signs that help consumers to choose one brand against another, but are also cultural signs that supply people with individual and collective identities. A brand is powerful only in relation with its consumers. A brand is especially valuable since there is a larger community of persons that share its values. Bengtsson & Fuat Firat (2006) appreciate that the brand value resides in the collective mind of those who know it, use it and appreciate it [2].

Powerful brands are based on passion, relevance and activation. Passion includes mission and spirit, the culture and the value of the brand transmitted in an enthusiastic way to the target public. Relevance means that the brand represents the customer's values and aspirations. Activation means that the brand is relevant for clients and for the company, a defining landmark for the business success [7].

The country of origin effect can be defined as the influence of the country of production, the country of assembly or the country in which the product was designed on the perception and on consumer behavior. The companies competing on the world market produce goods in many world-wide locations; when the consumer find about the production location, is possible that this element influences the image of the brand [5].

Johansson, Ronkainen and Czinkota (1994) state that products from developed countries generally receive more positive evaluations than products from less developed ones. Besides, people's images towards a country are affected by the country's economic, social and cultural systems, the relative stages of economic development, political and historical events [11].

In order to understand the influence of the country of origin effect on brands, the marketers must be familiarized with the buyer behavior of consumers. In fact, the perceived risk, the experience, the price and the loyalty are important elements that influence the buying decision [9]. In this way, a person prefers to make the change and makes a variety of choices along time. This is an opportunity for a company to increase its profit and market share if it will launch on the market innovative products and a diversified product range.

Country of origin is only one of several types of product information that could stimulate the information of an initial concept of a product, but still it is a particularly important characteristic to consider. It is of high importance that both country image and brand image are positive among consumers, otherwise the two concepts will have a null influence. Therefore, if the country of origin effect influences a product more than its brand image when evaluated by consumers, the strong brand image could not help anymore. The purchase intention of consumers to buy such products is low. However, if the products are affected by the brand image more than the country of origin, then the purchase intention of consumers to buy such products is higher when the brand image of the products is strongly positive.

Another concept introduced in the literature is the brand origin [18]. According to the authors, the brand origin concept is a much more holistic concept than the country of origin, with brand origin referring to the clues of origin not those those that simply indicate a country.

Other authors refined the subject and proposed a new concept. In this respect Papadopoulos (1993) introduced the term “product country image” in order to account for the multidimensional character of the images of products/brands and in order to better capture the variety of production places in the global economy [17].

Brand-consumer relationship is a sequential process. First, the customers become literate about a brand. Secondly the customers form communities to share their experience with the brand; thirdly they develop a relationship with brand, so that in the fourth stage the customers develop a cult for the brand. Stages are not distinct; they somehow overlap [4].

After the Revolution of 1989, The Romanian consumers’ appetite for foreign brands was ferocious as a symbol of capitalist status. Americans, Europeans and Japanese brands were preferred. The Romanian brands were put into a corner of darkness probably as they were associated with the communist past and the sacrifices that the previous regime induced to the Romanian people. From the perspective of the Romanian consumer, the most appreciated production location is European Union, followed by North America and East Asia [1]. After the year 2000 the evaluation of foreign brands took into considerations a variety of features, not solely the country of origin.

Between 2000 and 2014 the Romanian GDP increased from 37.3 billions USD in current prices to 202.5 billions USD [10]. This enormous quantitative leap was accompanied by a resurrection of local brands. Both traditional Romanian brands and new ones appeared on the market, as a symbol of capitalism and trade sophistication. These brands should contribute to the further development of the Romanian economy as the Romanian consumers have now the opportunity to buy updated, fashionable Romanian brands. Brands contribute to economic growth by stimulating consumption. The foreign consumers, especially those from the mature markets, are reluctant to purchase these products, due to poor country of origin image.

The success of Romanian brands should focus on the quality of the products and their accessible price. They address to the customers that emphasize utility, not the image attributes of the respective products. Sustained investments are needed, both capital investments and promotional investments. It is difficult for a brand from a developing country to enter directly as a premium brand. A brand with recognition from a developing country is a passport for the country image and a stimulus for the desire to acquire products originating from that country. The curiosity, the desire to experiment, the trust in the products from that country are just a few of the reasons that will facilitate a first try of other products [15].

Previous studies indicated that the percentage of the Romanian consumers who have a good and very good opinion about the Romanian products is bigger than those who have a poor and very poor opinion. This can be explained by the fact that, at least at declarative level certain patriotism is manifested. On the base of positive appreciations, the attitudes of the Romanian consumers toward Romanian products can lead to products that have local and international notoriety. In order to export products, Romanian brands, firstly they have to be consumed in the country, appreciated by the Romanians. The opinions of Romanian consumers about Romanian products must reflect the pride to be producers and consumers of such products. Otherwise it will be very difficult to convince the foreigners about the quality of Romanian products [1].

After the year 2000 was registered a massive migration of the Romanians abroad. It is estimated that at the moment about 3 millions Romanian live and work abroad especially in the European Union countries. They represent about 15% of the population. They enjoy a sensible higher purchasing power than their fellow citizens that remained home. They are regarded with appreciation by their fellows at home, especially if they succeeded abroad in their career. Their consumption behavior is often being imitated by the consumers at home.

My research approach is to see if those Romanians living abroad can represent a driving force for the Romanian brands and if they can be considered as ambassadors of these brands, in their quest to expand into foreign markets. The Romanian living abroad might act as catalyst for the promotion of Romanian brands, spreading good words and providing consumption examples.

2. Research methodology

I selected a sample of 87 persons, 43 working abroad and the 44 from Romania. I asked our students to fill up these questionnaires with their parents and I provide them with instructions in doing so. The sample is comprised of people ageing 40 to 56, 36% women, active and conscientious people. This segment of population enjoys the highest income among the population.

Specifically I asked 3 questions: *One a scale from 1 to 5 how much you appreciate the brand Dacia?*, *One a scale from 1 to 5 how much to you intend to buy a Dacia car?*, *When you buy a Romanian product do you feel a certain pride?* (measured on 1 to 5 scale).

I used Dacia brand because it is a well-known brand among the respondents and a symbol of the new industrialization of Romania. In 2015 Dacia sold more than 550900 cars out of which more than 36946 in the Romanian market. I asked our consumers how much they *appreciate* the brand Dacia instead of how much they *like* the Dacia brand because of our previous qualitative research with some consumers, indicating that they appreciate the effort of Dacia to modernize itself than they actually like the brand as it is now. I considered that the construct *appreciate* better capitalize the consideration of the Romanian people for the Dacia brand than the statement *like*.

Regarding the *pride* variable I asked the consumers in general and not for the specific brand of Dacia because a car is a low frequency purchase, that many consumers haven't experienced yet. Finally I wanted to see how appreciation and pride correlate with the intention to buy the Dacia brand.

3. Results and discussion

Figure 1 presents the difference in means for the three variables analyzed for the entire sample N=87. We can see that $M_{\text{appreciation}}$ is the highest followed by M_{pride} and $M_{\text{intention}}$. Romanian consumers appreciate the brand Dacia but they are not so inclined to buy it. A possible explanation is that they appreciate the evolution of the brand in the latest years but there is still a long way to go until the brand becomes a modern, trendy one. Appreciation refers to the process of modernization of the brands rather than a static radiography of the Romanian brands at the moments. The Romanian brands improved their quality and image attributes in the latest years, so I consider that the appreciation can be regarded as positive reception of this course of action (figure 1).

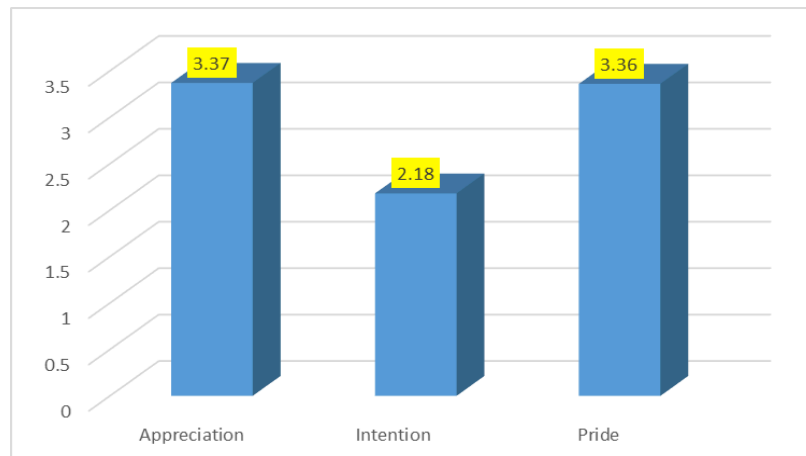


Figure 1. The average scores for the analyzed variables

In the figure 2 are presented the differences between Romanian consumers living at home and abroad for the three variables. There is no significant difference among the Romanians living at home and abroad in their *Appreciation* for Dacia brand ($F(1,85)=0.60$, $p > 0.05$). More specifically $M_{\text{RO}} = 3.40$, $M_{\text{abroad}} = 3.34$.

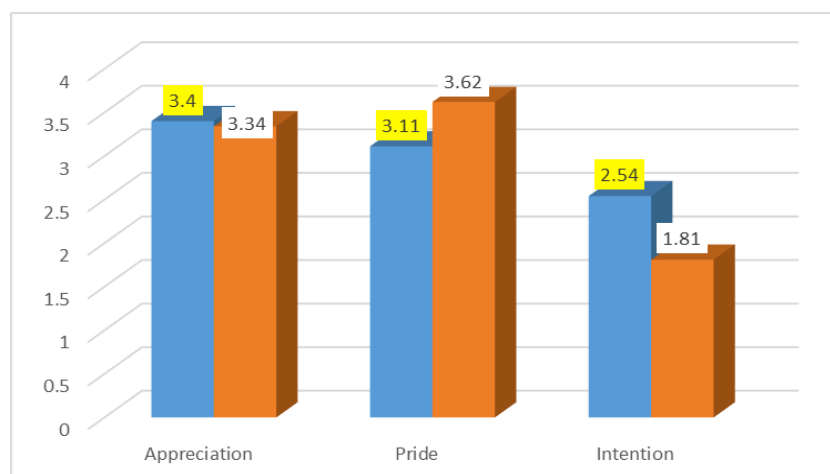


Figure 2. The differences among consumers from Romania and abroad

Regarding the *Pride* variable, I noticed a significant difference among Romanian consumers from abroad and home ($F(1,86)=4.77$, $p < 0.05$). More specifically $M_{\text{RO}} = 3.11$, $M_{\text{abroad}} = 3.62$. The consumers at home are exposed to a larger variety of local products so they don't experience the feel of pride in an ardent manner. The Romanian consumers abroad appreciate the Romanian brands they can find on retail stores. Their pride is explained by the fact that it is a performance for the Romanian brands to enter the more developed and demanding markets.

For the variable *Intention* to buy the Dacia brand the averages for Romania and abroad are significant $M_{RO}=2.54$, $M_{abroad}=1.81$ ($F(1,84)=9.086$, $p < 0.05$). The Romanian consumers living abroad appreciate the evolution of the brand but they are aware of the fact that it is still a low quality product. For Romanian consumers living at home the desire to buy the brand is higher, probably explained by their lower purchasing power.

The discussion now is how these findings can support our initial assumption. In general, *appreciation* and *pride* are among others determinants of *intention* to buy. However, in our study, Romanians living abroad demonstrate *appreciation* and *pride*, but a low *intention* to buy. A possible explanation is that the present quality and set of evocations of the Romanian brands are not enough to sustain the purchasing decision. By generalization of our findings, I consider that the Romanians appreciate the process of modernization of Romanian industrial brands but are not willingly to sacrifice their physical and emotional comfort in buying these brands, at least for the moment. Exposed to a variety of good quality brands, it is hard for them to buy a brand that still has a long way to go until attending full market potential. That being said, I can conclude that the Romanian consumers living abroad are not a driving force for the Romanian brands efforts' to expand internationally.

Further I notice that there is a positive correlation between the appreciation for the brand of the Romanian consumers living abroad and the intention to buy ($r=0.552$), stronger in case of domestic consumers ($r=0.636$). There is no significant correlation between the pride of buying national brands and the intention to buy (figure 3).

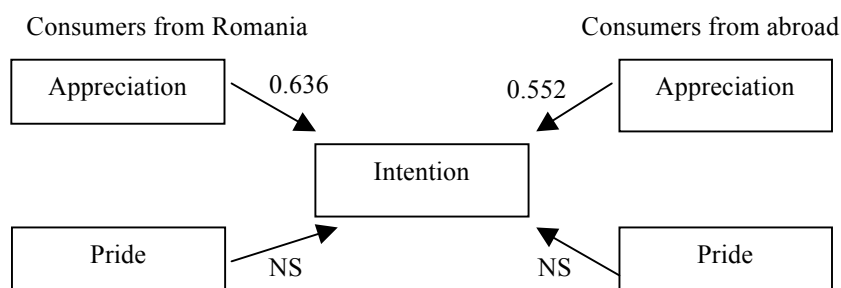


Figure 3. Determinants of the intention to buy

The present study acknowledged the fact that Romanian consumers express a form of ethnocentric and nationalist attitudes towards the national brands reflected in their “appreciation” for the national brands. We are champions at the declarative levels but transforming these declaration into facts remain our weak point. The purchasing behavior is what most interest the companies. The intention to buy Romanian brands remain at a low level. Romanian companies must find a way to increase the pride of Romanian consumers in relation with the Romanian brands. This can be done by creating world-wide appreciated companies such as Dacia, Bitdefender, Allview, etc.

4. Conclusions

The transition to the market economy and the process of becoming a developed economy generated many transformations into the Romanian economy. In the first years after the Revolution the Romanian consumers were fascinated with the foreign brands. In the latest years, the resurrection of Romanian brands determined the consumers to be more balanced in their evaluations. Changing attitudes is a difficult process and, while the Romanian consumers are appreciating the hard work of the Romanian companies to build successful brands, the intention to buy national brands remain low. Many brand-building campaigns emphasized the national pride of buying local products but that aspect seems to be of little relevance for the Romanian consumers. Brands should focus their campaigns on other subjects sensitive to consumers. The Romanian brands must invest in the quality of the products and to have patience, because the success needs time to grow.

In my opinion the Romanian companies must invest in the “cool factor” of their brands. Many Romanian brands are outdated, looking old and dusty. Brands allows the consumers to make a statement about themselves and nobody wants to be associated with an old-looking brand. Recent branding efforts of some companies resulted in unsatisfactory branding experience for consumers.

With a large proportion of population living and working abroad it was expected that those persons would have act as catalyst for the Romanians brands efforts to internationalize. My study showed that, in spite of their pride to buy Romanian products, the consumers living abroad are facing a tough choice concerning the quality, variety and evocations of available brands. While they appreciate the evolutions toward modernization of Romanian brands, they do not act as a driving force for these brands.

5. References

- [1] **Barbu, M.C.**, The meanings of „made in Romania” among the Romanian consumers, *Theoretical and Applied Economics*, 7/2011(560) p. 31-42, 2011;
- [2] **Bengtsson, A, Firat, F.**, Brand Literacy: Consumers’ Sense-Making of Brand Management, 2006, available at www.acrwebsite.org/volumes/v33/v33_10591.pdf, last visited 28.03.2015;
- [3] **Biehal, G., Sheinin, D.**, Managing the Brand in a Corporate Advertising Environment: A Decision Making Framework for Brand Managers, *Journal of Advertising*, 27 (2), p. 99-110, 1998;
- [4] **Budică, I., Barbu, M.C.**, The consumer’s perspective in brand evaluation, *Metalurgia Internațional*, 15 (Special issue 3), p. 177-180, 2010;
- [5] **Cateora, P.**, *International Marketing*, Canadian Edition, McGraw Hill, 2006;
- [6] **Czerniawski, R., Maloney, M.**, *Creating Brand Loyalty: The Management of Power Positioning and Really Great Advertising*, Hudson House Publishing, 1999;
- [7] **Fisk, P.**, *Geniu in marketing*, Editura Meteor Press, București, 2008;
- [8] **Fournier, S.**, Consumers and their brands: Developing relationship theory in consumer research, *Journal of Consumer Research*, 24 (4), 343-373, 1998;
- [9] **Heilman, C., Bowman, D., Wright, G.P.**, The Evolution of Brand Preferences and Choice Behaviours of Consumers New to a Market, *Journal of Marketing Research*, 37 (2), p. 139-155, 2000;
- [10] **International Monetary Fund**, *World Economic Outlook Database*, April 2015, www.imf.org, last visited 15.04.2015;
- [11] **Johansson, J., Ronkainen, I., Czinkota, M.**, Negative Country-of-Origin Effects: The case of the New Russia, *Journal of International Business Studies*, 25 (1), p. 157-167, 1994;
- [12] **Keller, K.L.**, *Strategic Brand Management* (3rd ed.), Prentice Hall, 2008;
- [13] **Lampert, S., Jaffe, E.**, A dynamic approach to country-of-origin effect, *European Journal of Marketing*, 32 (1/2), p. 61-78, 1998;
- [14] **Muniz, A.M. Jr., O’Guinn, T.C.**, Brand Community, *Journal of Consumer Research*, 27 (4), p. 412-432, 2001;
- [15] **Nistorescu, T., Barbu, M.C.**, Assessing the country development and the sector recognition in the country of origin effect, *Metalurgia Internațional*, 15 (Special issue 6), p. 127-130, 2010;
- [16] **Olins, W.**, *On Brand*, Editura Comunicare.ro, București, 2006;
- [17] **Papadopoulos, N., Heslop, L.**, *Product and Country Images: Research and Strategy*, The Haworth Press, New York 1993;
- [18] **Thakor, M.V., Kohli, C.S.**, Brand origin: conceptualization and review, *Journal of Consumer Marketing*, 13(3), p. 27-42, 1996;
- [19] **Usunier, J.C., Lee J. A.**, *Marketing Across Cultures*, Prentice Hall, 2009.