Foreign Product Perceptions and Country of Origin Analysis across Black Sea; Studies on Azerbaijan, Bulgaria, Georgia, Russia, and Turkey

Ali Riza APIL*

Abstract

The research aims to join the limited knowledge about COO perceptions of Black Sea regional consumers with the examples of the selected countries. Studies on foreign product perceptions are still scarce about this region. In the consequences of radical reforms to adopt free market system, consumers are exposed to a large variations of imported products more than ever before. Lack of consumer experience of particular products and inadequate product information and their producers resulted in the perception of the product's country-of-origin (COO) as the most important cue to assess the quality. This study analyses approaches toward foreign products, country of origin effect and the ethnocentric behavior of consumers of the selected countries. The study is a literature review of related studies in Azerbaijan, Bulgaria, Georgia, Russia and Turkey.

Article type: Literature Review

Keywords: Consumer Behavior, Country of Origin, Ethnocentrism, Developing Countries, International Marketing, BSEC, Azerbaijan, Bulgaria, Georgia, Russia, Turkey

Introduction

Over the last two decades, global trade has changed significantly. This rapid transformation has, on the whole, produced huge market opportunities for countries and businesses worldwide. “The overthrow of the Communist regime in the former USSR has resulted in a struggle to establish free enterprise systems in the countries that comprise Eastern Europe and the Commonwealth of Independent States” (Zain and Yasin, 1997). “As the countries of the regions emerge from the ruins of communism, they are all making concerted efforts to continuously develop their indigenous economies and improve the standards of living and quality of life of their citizens” (Kaynak and Kara, 2001). This process stimulated the trade among regional countries. Countries around the Black Sea entered a trend of increasing trade interactions. Turkey, which locates in the south coastline of the Black Sea with the feasibility of land and sea transportation was the one of the nearest market economy they can reach easily and find the rich variety of goods of western and the rest of the world which former Eastern Block countries were lacking. Consumers themselves or the new entrepreneurs of former USSR and East European countries started a luggage trade with Turkey. This trend has been replaced with more organized international trade practices after a decade and extended toward the rest of the world. This trend has exposed consumers to a wider range of foreign products than ever before and will continue with an increasing speed. Increased trade traffic necessities to study consumer behavior across Black Sea and how these change influenced and reshaped the perceptions of product country of origin.

The impact of country of origin (COO) on the consumer's perception of products has been one of the most widely studied areas of international marketing (Samiee, 1994; Peterson and Jolibert, 1995, Leonidou et al, 1999). Increasing globalization of today’s business environment has also renewed the interest in the effect of a product's country of origin on consumer decision making (Papadopoulos and Heslop, 1993, Kucukemiroglu, 1999). Country-of-origin is a

*Assist. Prof., Department of Business Administration, Faculty of Business and Administration, IBSU, alirizaapil@ibsu.edu.ge
concept which states that people constitutes attitudes and believes shaping the perceptions to products from specific countries and this influences purchase and consumption behaviors in international markets. In addition to specific product image perceptions, the concept surrounds perceptions of a sourcing country's economic, political, and cultural characteristics (Kucukemiroglu, 1999).

Research has also revealed that nationalistic, patriotic and ethnocentric sentiments can affect the evaluation and selection of imported products. Consumer nationalism or patriotism, a construct that emerged from the country of origin literature in the 1980s, asserts that patriotic emotions affect attitudes about products and purchase intentions. Consumers from a wide range of countries have been found to evaluate their own domestic products more favorably than they do foreign ones (Han, 1988; Baumgartner and Jolibert, 1977; Bannister and Saunders, 1978; Darling and Kraft, 1977; Papadopoulos et al. 1990; Dickerson, 1982; Nagashima, 1970; Reiersen, 1966; Narayana, 1981; Johansson et al., 1985, Kucukemiroglu, 1999).

"Along with increased nationalism and heavy emphasis on cultural and ethnic identity, consumer ethnocentrism will be a potent force in the global business environment in the years to come. Hence, understanding whether the level of ethnocentrism is differentiating customer characteristics for products originating from overseas is useful for the development of marketing strategies for imported products" (Kucukemiroglu, 1999).

**Generalization of question**

Numerous studies have been conducted on consumer perceptions of products based on the country of origin and ethnocentrism, mostly in western, developed countries. Such studies, conducted particularly in the Eastern Europe and former Soviet republics, are limited (Zain and Yasin, 1997). During 70 years of a centrally planned command economy period, scant information was available about the consumers and their purchasing/consumption behaviors in these countries. The prevailing supply-oriented economy did not necessitate consumer behaviour information. Marksist economic literature treats consumption as a “leak” in the all important cycle of production (Kostecki, 1985) and centrally planned economy placed minimal emphasis to needs and wants of consumers (Ettenson, 1993). Largely, this can be attributed to the anti-consumerist orientation of the hitherto prevailing socialist system and, conversely, to the inward-looking character of the economies comprising CMEA (Leonidou and Katsikeas, 1996). Leonidou and Katsikeas (1996) stated that foreign brand awareness across USSR was very low (usually close to usage levels), this being particularly evident for consumer durables. However, during the past decade, with advances in communication, increased wealth and travel, introduction of satellite TV, infusion of free market economy principles, privatisation efforts and liberalisation in these countries have created distinct consumer market segments. These 'New Rich' consumers are very discerning in their selection and purchase of products and services as well as patronising stores. These consumer groups have the means, intentions and behaviour to purchase foreign-made products. In response to this increased demand for foreign products, scores of foreign firms have ventured
eastward in an attempt to enjoy first-mover advantages and reap the benefits offered by these emerging markets. In addition, more foreign direct investment and contract manufacturing activities are taking place in response to increased business and investment opportunities in the region. (Kaynak and Kara, 2001). Although they had established impressions of foreign products, for many product originated from different countries they met and got, determining the first impressions of Black Sea regional consumers about the products of certain countries and becoming a guiding indicator for the firms in making sound marketing decisions, however, managers need to understand how indigenous consumers regard their products as well as those of competition.

Organization of the Article

The article is organized as follows: First, we discuss major contributions to the literature on COO effects and ethnocentrism and identify how we believe components of each construct might interact. Second, we review the literature on the COO and ethnocentrism constructs for the countries in the objective. Third, we integrate our findings from the literature through marketing strategy implications for the selected Black Sea countries.

The aim of this article is to fill these gaps in the COO literature by examining the perceptions of selected Black Sea regional consumers for products sourced major supplier countries.

To address the above questions, the article offers a review of the pertinent literature on COO and brand name effects and ethnocentrism for Azerbaijan, Bulgaria, Georgia, Russia, and Turkey. Following this, the results of the study undertaken are analyzed and discussed in relation to perceptions of country of origin effect, and an attempt is made to draw comparisons with those of similar studies on the subject. Finally, some conclusions are drawn from the study findings, as well as implications for managers operating or wishing to operate in the region.

The most important limitation for the study is the differences among the literature. For each country to find the matching information about the five countries was not available. We hope that the article gives a picture of the COO effect and ethnocentric tendencies of the Black Sea regional consumers.

Literature review: Country of origin effect

A great deal of research has documented the effects of country-of-origin information on consumers' product evaluation. Some major studies indicate that the "Made in..." label has a significant effect on consumers' attitudes and product evaluations (Bilkey and Nes, 1982; Gaedeke, 1973; Johansson, 1989; Nagashima, 1970, 1977, Zain and Yasin, 1997). In general, there is a consensus in previous studies suggesting that products made in different countries are evaluated differently (Bilkey and Nes, 1982; Peterson and Jolibert, 1995; Samiee, 1994).

In accumulated research, consumers use COO as a cue in their evaluations of new products. Maheswaran (1994) got results supporting that and stated that novices often use country of origin to evaluate a new product and give minimal consideration to product attributes. Most of the researchers agree that the “Country
of Origin Image” has a significant impact on consumers' evaluations of product quality and willingness to buy a product (e.g. Bilkey and Nes, 1982; Han and Terpstra, 1988; Maheswaran, 1994). On their Meta-analyze of literature on the country-of-origin effect Peterson and Jolibert (1995) showed that country of origin has a strong influence on product evaluation. Kaynak and Cavusgil (1983) noted that country of origin may function as a substitute variable, which has stronger impact when a consumer knows little else about a product. The authors concluded that the less known about a business firm and its brands, the greater the impact of the national origin of the manufacturer.

We can conclude that consumer behavior can be seriously affected by COO in four distinct ways:

First, buyers may simply use the COO as one of the many attributes employed to form product evaluations (Johansson et al., 1985; Hong and Wyer, 1989);

Second, the COO may create a "halo effect", whereby consumers' attention and evaluation of other product dimensions are affected (Erickson et al., 1984; Han, 1989);

Third, consumers may use COO as a “summary construct”;

Fourth, consumers may use COO as a surrogate information cue for missing information not available to them (Bilkey and Nes, 1982; Hong and Wyer, 1989), which in turn influences product evaluations in a stereotype-consistent manner (Leonidou et al, 1999; Samiee, 1994; Zang, 1996).

Han (1989) attempted to explain COI effects through the halo and summary construct models. This is similar to the role played by prices in helping consumers infer the quality of a product when other relevant information is lacking (Jacoby et al., 1971). Consumers' product evaluations depend on consumers' familiarity with the product. Familiarity with the product is high for established brands, resulting from experience with or marketing communications about the product. High familiarity reduces the impact that country-of-origin information may have on product evaluation. When consumers are not familiar with the products of a country, the country image acts as a "halo" that directly affects consumers' beliefs about these products and indirectly affects the overall evaluation of them through these beliefs (Ahmed et al., 2004; Erickson et al., 1984; Johansson et al., 1985; Han, 1989; Zain and Yasin, 1997). Halo is an image variable, which is defined as some aspect of the product which is distinct from its physical characteristics, but which is nevertheless identified with the product (Erickson et al., 1984; Johansson et al., 1985; Narayana, 1981, Zhang, 1996). Conversely, when consumers are familiar with the country's products, country images serve as a summary construct model operates in which consumers infer a country's image from its product information, which then indirectly influences brand attitudes (Han, 1989). Country image then serves as an indirect channel in affecting product attributes and brand attitudes (Ahmed et al., 2004, Zain and Yasin, 1997). In contrast, Han's (1989) original summary construct model Knight and Calontone (2000) discovered that, among consumers possessing high knowledge about the product stimulus, COI may serve to summarize beliefs about product attributes, directly affecting brand attitude; in other words, a structural
relationship of the form beliefs of COI and brand attitude. For example, if a Japanese possesses substantial knowledge about General Motors (US) cars and believes them to be of low quality, she/he may infer that Ford (US) cars are of low quality as well (Knight and Calontone 2000).

**COO Effect and Country Image**

More than 20 years after Nagashima (1970), Roth and Romeo (1992, p. 480, emphasis added) redefined country image as "the overall perception [that] consumers form of products from a particular country, based on their prior perceptions of the country's production and marketing strengths and weaknesses." Klein and Ettenson (1999, p. 10) use the following example to illustrate country image effect: Consumers might judge a German car as high-quality, reliable, and technologically advanced, partially because Germany as a country gives people in the world an image that workers and engineers in Germany are hardworking, meticulous, and well-educated.

For certain products consumers may be less inclined to use country-of-origin information. Lascu and Babb (1995) discovered that Polish consumers are less interested in the country of origin if they are purchasing a less expensive item or a product that is accepted by family and friends. Consumers have different degrees of familiarity with products produced in different countries. Their confidence in the ability of different countries to design or produce quality products also differs. In the case of hybrid products - that is, products that are designed, assembled and sold in different countries - Chao (1993) reported that price, country of design and country of assembly influenced consumer evaluations of product design and qualities. In examining the price-quality relationship, he suggested that highly priced products result in the perception of high design quality (Zain and Yasin, 1997).

**Brand Name and Country of Origin Effects**

In brief, a brand's CO serves as an extrinsic cue (along with price and brand name) that supplements the use of intrinsic cues (perceptions of design, performance, etc.). Economic, cultural, and political perceptions of the CO in question determine its effect on brand evaluation (Han, 1989). Research on the CO (e.g., Parameswaran & Pisharodi, 1994) has shown that CO image has multiple dimensions or facets (such as the strength of its economy, nature of its political system, technological competence, etc.). Nonetheless, previously studied CO effects primarily concerned its effect on a brand's presumed levels of intrinsic quality and performance and, therefore, its desirability (Bilkey & Nes, 1982; Han, 1989; Batra et al., 2000).

Han and Terpstra (1988) discovered that source country and brand name did affect consumers' perceptions of product quality. On the other hand, sourcing country stimuli were found to have more powerful effects than brand name on consumer evaluations of binational products. Häubl (1996) discovered that both brand name and country of origin turned out to have a significant impact on consumers' evaluations of the automobile.

It has been suggested that favorable perceptions about a country result in
favorable attributions about products from that country (e.g. Gurhan-Canli and Maheswaran, 2000; Hong and Wyer, 1990). If consumers do not know about a brand's COO, the perceived COO image is less likely to get transferred to the brand. In summary, a consumer's perceived COO image is likely to influence the perceptions of a brand from that country, only if the consumer is aware of the brand's COO.

We could also argue that knowledge about a brand's COO can work in the both directions. For example, if a particular brand does not deliver on its promise then it is likely to create negative residual feelings towards the brand. This negative feeling in turn may be transferred on to the brand's country of origin (Paswan and Sharma, 2004). On the other hand several researchers revealed that a popular brand name can help ease the negative effect of a poor COO image in product evaluation and contribute to improvement of COO image (Cordell, 1993; Erickson et al., 1984; Eroglu and Machleit, 1988).

Ettenson (1993) analyzed brand name and country of origin information on the decision behavior of Russia, Poland and Hungary. 92 Russian, 95 Polish, and 128 Hungarian consumers involved in the research. Brand name played less of a role in their decision making than was expected. The interaction between brand name and country of origin played a relatively minor role in each group's decision making. Country of origin played a dominant role in the decision behaviour of the Russian and Polish consumers. This is consistent with previous research which found significant effects for this extrinsic cue in the product evaluations of Western consumers (see Bilkey and Nes, 1982). These results provide empirical support for the notion that consumer behaviour in the former East Bloc varies by country. (Shama, 1992).

**Consumer Perceptions and Cultural Orientation**

Studies that have dealt with cross-cultural comparisons of COO effects (e.g. Nagashima, 1970; Papadopoulos et al., 1990) indicates that consumers' attitudes towards foreign products differ significantly from country to country. The perceived similarity, or the lack of it, with the source country's belief system and cultural and political characteristics may also account for such differences (Wang and Lamb, 1983; Yavas and Alpay, 1986). Stronger COO effects may exist for products from a country with dissimilar belief system and socio-cultural climate from for products from a similar country (Zang, 1996).

Gurhan-Canli and Maheswaran (2000) examined the extent to which cultural orientation influences country of origin effects on product evaluations in two countries (Japan and the United States). Subjects were given attribute information about a mountain bike made in either Japan or the United States. The target product was described as either superior or inferior to competition. Respondents in Japan evaluated the product that originated in the home country (versus foreign country) more favorably regardless of product superiority. In contrast, respondents in the United States evaluated the product that originated in the home country more favorably only when the product was superior to competition. The authors explain these findings on the basis of the cultural psychological principles of individualism and collectivism. Specifically, the
authors show that the vertical dimension of individualism and collectivism explains country of origin effects. Individualists evaluated the home country product more favorably only when it was superior to competition. In contrast, collectivists evaluated the home country product more favorably regardless of its superiority.

Balabanis et al. (2002) surveyed 303 Turkish and 480 Czech consumers in order to identify patterns in the way individuals perceive other countries and their products. They got the result that human values can predict better country of origin images than other variables. the study showed that neither perceived nor real similarity with the COO is important for COI. For example, the Czechs both are and, as the study showed, perceive themselves to be more similar to Germans than the Turks. However, the Turks perceived Germany and German products more positively than the Czechs. Czechs are less positive about Germany and German products than the Turks because the Czech-German relations, historically, are more antagonistic than the Turkish-German relations. It appears that the relational context between the two countries overrides proximity or marketing intensity effects. At a micro level, the study showed that values perform better than demographics, language fluency and direct contact with the country variables.

Literature review: Consumer Ethnocentrism

Ethnocentrism is a universal phenomenon and is deeply rooted in most areas of intergroup relations. A general definition of consumer ethnocentrism refers to the phenomenon of consumer preference for domestic products, or prejudice against imports (Levine and Campbell, 1974). Shimp and Sharma, (1987) defined it as the beliefs (knowledge structures and thought processes) held by consumers about the appropriateness, indeed morality, of purchasing foreign-made products in place of domestic ones. In a study conducted by Pfaff (1994), it was stated that ethnicity and nationalism are the strongest motivating forces in the global marketplace. One of the ways ethnocentric consumers can demonstrate their cultural orientations, beliefs and nationalism is through consumptive behavior limited to domestic products (Kaynak and Kara, 2001).

Most studies concluded that there is a tendency for consumers to evaluate their own country's products more favorably than do consumers from other countries (Balabanis et al., 2001; Balabanis and Diamantopoulos, 2004; Elliott and Cameron, 1994; Han, 1988; Hong and Wyer, 1989; Papadopoulas et al., 1990; Samiee, 1994; ). Overall, the close proximity of the sourcing country relative to the importing country, in both physical and cultural terms, tends to stimulate more favorable perceptions for that country's products (Bilkey and Nes, 1982; Samiee, 1994; Wall and Heslop, 1986; Wang and Lamb, 1980). In line with this, Okechuku (1994) and Wang and Lamb (1980) demonstrated that consumers in developed countries tend to prefer their own locally-produced goods first, followed by products from other developed countries, and then products from less developed countries. For non-ethnocentric consumers, foreign products should be evaluated on their own merit and on the basis of the utility they offer consumers, rather than based on where they are manufactured or assembled (Kaynak and Kara, 2001).

Consumer ethnocentrism involves transferring feelings of ethnocentrism,
that one's own population group is superior to other groups, into overt economic actions, such as purchasing or boycotting products (Huddleston et al., 2001). Sharma et al. (1995) propose that consumer ethnocentrism results from fear of harmful effects imports may have on the economic situation of the individual and that individual's society. This fear causes individuals to refrain from purchasing imported products and to exert pressure on other society members to refrain also. Thus, the purchase of imports becomes a moral and social issue (Ozsomer and Cavusgil, 1991). Consumers who exhibit high ethnocentric tendencies evaluate products based on the moral acceptability of purchasing an imported product. So, while country of origin of a product plays a role in the product decisions of ethnocentric consumers, it is the social appropriateness of the act that drives the product decision, rather than the country of origin, per se (Huddleston et al., 2001).

Shimp and Sharma (1987) conducted a series of validity tests in the USA. The results indicated that consumer ethnocentrism is moderately predictive of consumers' beliefs, attitudes, purchase intentions, and purchases. They also show that ethnocentric tendencies are significantly negatively correlated with attitudes towards foreign products and purchase intentions. Consumer patriotism or ethnocentrism proposes that nationalistic emotions affect attitudes about products and purchase intentions. In particular, consumer nationalism influences cognitive evaluations of the products and consequently affects purchase intent. This implies that nationalistic individuals will tend to perceive the quality of domestic products as higher than that of foreign products (Han, 1989). According to another study carried by Sharma et al., (1992), ethnocentric tendencies among Korean consumers play a more important role in decision making when the product of interest is an important source of jobs and income for the domestic economy. When the imported product is perceived as less necessary, ethnocentric tendencies may play a more important role in decision making.

Good and Huddleston (1995) investigated ethnocentric tendencies of Polish and Russian consumers and whether tendencies vary by country, demographic characteristics and store type (formerly state owned or private). They examined whether ethnocentrism affects product selection decisions. Poles are significantly more ethnocentric than Russians. Ethnocentric Poles are older, more likely to be female, less educated, and have lower incomes than less ethnocentric consumers. For Russians, the more ethnocentric consumers are less educated. Degree of ethnocentrism is not related to purchase intention for Poles but is related for Russians. Consumers who shop at formerly state-owned stores are significantly more ethnocentric than private store shoppers. There was no significant relationship between ethnocentric tendency and purchase intent for apparel products from different countries.

**Ethnocentric vs. Non-Ethnocentric Consumers**

On the contrary to ethnocentric consumers, non-ethnocentric consumers have been observed to place less importance on the origin of the product, but rather evaluate foreign products on their own qualities. Non-ethnocentric consumers may even evaluate foreign products more favorably because they are not sourced domestically (Watson and Wright, 2000).
Kucukemiroglu (1999) examined 532 Turkish consumers to identify consumer market segments by using lifestyle patterns and ethnocentrism. Survey findings indicate that there are several lifestyle dimensions apparent among the Turkish consumers which had an influence on their ethnocentric tendencies. Four major dimensions found among consumers of the western nations such as fashion, leadership, community concern and health consciousness do also exist as major lifestyle dimensions in Turkish consumers. Significant correlations were found between the lifestyle dimensions of Turkish consumers and their ethnocentricism levels. Fashion consciousness and leadership were statistically negatively correlated with the ethnocentrism score. In other words, less ethnocentric Turkish consumers are more fashion conscious and leadership oriented or vice versa. Non-ethnocentric Turkish consumers tend to have significantly more favorable beliefs, attitudes, and intentions regarding imported products than do ethnocentric Turkish consumers. They have very similar demand and requirements as of their counterparts in the western nations. Lynch (1994) and Svennevig et al. (1992) had findings supporting his findings. (See, Kucukemiroglu, 1999).

High-ethnocentric consumers tended to process information about foreign brands in a top-down manner whereas low-ethnocentric consumers processed such information bottom-up. Highly ethnocentric consumers are predisposed to judge domestic brands unreasonably favourably compared to imported brands and products. Because of this predisposition, highly ethnocentric consumers are not motivated to process advertisements for foreign brands in detail. Conversely, low-ethnocentric consumers will process information about foreign brands in a bottom-up manner. These consumers are motivated to learn about foreign brands and will, given sufficient time and ability, consider the details of advertisements about foreign brands. Specifically, low-ethnocentric consumers seemed to learn more about foreign products than did high-ethnocentric consumers (Supphellen and Rittenburg, 2001; Supphellen and Grønhaug 2003).

Ethnocentric tendencies when domestic alternative not available

However, if a domestically manufactured product is not available, the ethnocentric consumer will have no choice but to purchase imported goods. In countries such as New Zealand, the loyalty of consumers to domestic goods cannot encompass all product categories, because domestic industry does not manufacture all types of products (Garland and Coy, 1993; Herche, 1992). Moon (1996) noted that even highly ethnocentric consumers can have a favourable attitude towards a foreign culture but the question remains as to which countries will be the preferred choice of ethnocentric consumers when purchasing goods not manufactured domestically. Countries, where domestic production does not exist or low in quality for many product classes, show a low level of ethnocentric tendencies. For example in Georgia, most of foreign products are welcomed if there isn't a contradiction with Georgian tastes and attitudes (Ozsoy and Apil, 2005).

Sharma et al. (1995) provide some insight into this area. They suggest that ethnocentric consumers may distinguish countries based on their similarity to the home country as either in-group or out-group. Ethnocentric consumers are
expected to exhibit a greater preference for products from these in-group countries over products from the out-group countries because of their in-group status. Therefore, it could be hypothesized that in a decision situation where domestically manufactured goods are unavailable, ethnocentric consumers will exhibit a preference for products from culturally similar countries over those from culturally dissimilar countries (Watson and Wright, 2000).

**Consumer domestic product evaluation in developing countries and ethnocentrism**

In a developed country, consumers in general tend to have a higher quality perception of domestic than foreign products (Ahmed and d'Astous, 2001; Bilkey and Nes, 1982; Dickerson, 1982; Samiee, 1994). This favorable perception would tend to enhance the influence of ethnocentrism on both the purchase of domestic and the rejection of foreign products. The reverse has been observed, however, in developing countries such as Romania and Turkey (Ger et al., 1993), and India (Batra et al., 2000). In these countries, consumers typically perceive foreign products, particular those made in higher origin countries, as being of higher quality than domestic products. Even ethnocentric consumers may positively evaluate the quality of imports to some extent if they are perceived as being associated with a country with a better image (e.g. it is highly-industrialized or economically-developed) (Yagci, 2001). The observed relation between ethnocentrism and product judgement (Klein et al., 1999) will therefore be weaker in developing than developed countries. In other words, in a developing country, a consumer with strong ethnocentric tendencies may not necessarily perceive domestic products as being of higher quality than imports, even though she/he rejects foreign products on moral grounds (Wang and Chen, 2004).

In discussing Romania, Ger et al. (1993) noted that status goods are nearly inevitably foreign. This was true before the revolution, but then scarcity made such goods very hard to acquire. Now it is more a matter of their greater cost, plus their continued association with foreign lifestyles, that imparts status to their owners (p. 104). Concerning Turkey, they continued, "Consumption of foreign products is highly desirable. The synonymity of progress with ever-present Westernization whets the appetite for the now-available foreign products ... status brands are mostly foreign" (p. 105).

Zain and Yasin, (1997) found similar results in a study of Uzbek consumers. Products from developed countries (USA and Japan) were perceived to be of high quality while products from less developed countries (India, Uzbekistan, China) were perceived to be of low quality.

**Brand Personality and Ethnocentrism**

Brand personality is defined as "the set of human characteristics associated with a brand" (Aaker 1997, p. 347). According to Aaker, consumers naturally imbue brands with human characteristics. For example, Marlboro is described as rugged and outdoorsy, whereas Chanel is considered to be sophisticated and glamorous. By using these brands, consumers display certain characteristics about themselves to others, and their own self, and thus obtain social recognition and
maintain and develop their identities (Belk 1988). When brands are associated with specific favourable user stereotypes, consumers may obtain a favourable social classification by using these brands (Aaker 1997).

Based on a survey of Western brands in Russia conducted by Supphellen and Grønhaug (2003) 200 people from the St Petersburg area in Russia, three contributions are offered to the literature on international brand-building. First, the Aaker brand personality scale (Aaker 1997) was tested in a Russian context. Important similarities and differences between Western and Russian brand personality perceptions were identified. Second, the results show that brand personalities of Western brands also have an impact on brand attitudes among Russian consumers. Third, and most importantly, it is demonstrated that the effect of Western brand personalities is heavily moderated by consumer ethnocentrism. Specifically, only low-ethnocentric consumers are influenced by foreign brand personalities (Supphellen and Grønhaug 2003).

**Demographic effects and COO**

Consumer demographics may influence the nature of COO effects. In different consumer demographic segments; different variations of COO effects may be observed. For example, older consumers and females were observed to provide higher ratings for foreign products (Schooler, 1971; Johansson et al., 1985). In general, age has been consistently significantly and positively related to attitudes towards products. Younger consumers have more open attitudes about or are more positive towards foreign products (Schooler, 1971).

Education also enjoys fairly consistent results as a correlate with perceptions of products. Most researchers reported that the higher the educational level of consumers, the more positive their attitudes towards foreign or imported products (Schooler, 1971; Wall and Heslop, 1986). Apil (2005) observed significant variations on the information sources preferences among age groups in Georgia. Education, gender, marital status, and consumer ethnocentrism played differentiating role in preferences among information sources.

**Information sources**

Leonidou et al (1999) surveyed 135 Bulgarian consumers' perceptions of products from five Asian Pacific countries. The most common source of information for evaluating these products was experiential knowledge, coupled with opinions from friends. Information obtained from television, primarily through advertisements and other commercial programs and information contained on the packaging was used fairly moderately in evaluating products made in Asian Pacific countries, while radio and newspapers/magazines were used to a lesser extent.

Apil (2005) surveyed 313 consumers in Georgia. The information source used most frequently was the knowledge gained through personal experience closely following was the opinion given by friends, thus underscoring the role of personal influence in formulating COO perceptions. Television was observed as the most influential commercial media and newspapers/magazines and billboards were used to a lesser extent. Finally, salespeople and radio were found to have a
much weaker influence. Results exhibited significant variations on the information sources preferences among age groups. Education, gender, marital status, and consumer ethnocentrism played differentiating role in preferences among information sources.

**Attitude toward products based on the country of origin**

When Bulgarian respondents were asked to express their opinion about products originating from Asia Pacific, products made in Japan appeared to be liked most, while Indian products received the most negative comments. Japanese products were also ranked first in terms of overall assessment, followed by products from Hong Kong, Singapore, Indonesia, and India. Japan received the highest mean score, implying that products made in this country have an excellent image among Bulgarian consumers, thus confirming the results of earlier studies on Japanese goods (e.g. Han and Terpstra, 1988; Hong and Wyer, 1989; Elliott and Cameron, 1994). Japanese products were rated higher in all dimensions examined, the only exception being price, where Singapore, India, and Indonesia received the top positions respectively by Bulgarian consumers (Leonidou et al, 1999).

Apil (2004) conducted a survey among 79 consumers from Tbilisi, the capital city of Georgia. When Georgian respondents were asked to express their opinion about products originating from respective countries, the overwhelming majority stated that they were positively predisposed toward American德国, and Japanese products, the main reason being their superior quality. But they are considered to be expensive. Similarly, French, American, and Italian products were favored because of their nice design and attractiveness. Products made in Georgia, China, Russia, Azerbaijan and Turkey were preferred by the participants, mainly because of their low prices. Innovative nature of Japanese and American products is appreciated. Finally, Azerbaijan, and Poland were the countries that received the least positive comments (Apil, 2004).

**The boundaries of a country's image within and across product classes**

Country image is generally known to be product category specific. The question is, what is the span of influence that the country's image carries. In some cases country image is confined to a type of product within a product category, at times it relates to a whole product category, or to multiple product categories (Johansson and Papadopoulos, 1993). Thus, for example, England has a strong country image in the USA for luxury cars, due to Rolls Royce and Bentley. Yet, it has a weak image for other type cars. Similarly, Japan has a very strong country image in medium level cars, but not for the high end of the line. (Lampert and Jaffé, 1998).

Bilkey and Nes (1982) found that attitudes toward products from a particular country vary by product. Hence, electronic goods from Italy might be perceived poorly but Italian shoes would receive high marks from consumers.

Kaynak and Cavusgil (1983) researched consumers' perceptions across four different classes of products from 25 countries on 197 heads of households in Canada. These were electronic items, food products, fashion merchandise; and household goods. The results revealed that consumers' perceptions of quality
towards products of foreign origin tend to be product specific. Food was the most culturally sensitive product, and "made in Canada" came out on top. Specifically, they observed that consumers may not accept inferior-quality domestic products when superior foreign products are available. They concluded that consumer attitudes toward products of foreign origin vary significantly across product classes. A country may be regarded high for one product class and low in another as in the example of Japanese electronic items verse food products.

Of the countries investigated in Bulgaria, Japanese products were rated higher for each of the categories examined. Looking at each country separately, Japan received its highest evaluations on electronics and electrical appliances, and its lowest on personal care items. The same pattern appeared also in the case of products originating from Hong Kong and Singapore. As far as Indonesia is concerned, the product categories rated most highly by Bulgarian consumers were clothing, foodstuffs, and furnishings. Conversely, India was rated high on personal care, clothing, and foodstuffs (Leonidou et al, 1999).

Georgian respondents were asked to evaluate particular categories of products according to order they appreciate them. Of the countries investigated, German products were rated higher for each of the categories examined. Especially home appliances and cars are mostly favored German products. Looking at each country separately, Japan received its highest evaluations on electronics. French cosmetics are highly appreciated. Italian and French clothing are favored mainly depending on popular fashion and known brand names. Georgians favor native alcoholic drinks and cheese. Georgians rely on American, German, and Russian medicine. They like the taste of Turkish margarine (Apil, 2004).

Gudum and Kavas, (1996) researched the preferences of purchasing agents of 222 Turkish firms. Among the most preferred countries (the first preference column), Turkey received the highest ranking; followed by Germany, Japan and USA. In the least preferred country suppliers column (the forth preference column), again Turkish suppliers got the highest ranking showing that almost half of the respondents least preferred to buy from their national suppliers. The second and third least preferred suppliers were Japanese and US suppliers respectively.

It is interesting that Turkish suppliers received the highest rankings both as the most preferred and as the least preferred supplier. Nationalistic feelings of the respondents might have influenced their preference rankings. Therefore, preference for domestic products (or suppliers) might be due to ethnocentrism and patriotism (Han and Terpstra, 1988; Shimp and Sharma, 1987). Preference for national suppliers also may be due to the perceived risk in choosing foreign suppliers (Samiee, 1994). This result is consistent with previous studies which found that industrial buyers view domestic products more favourably than foreign products (Buamgartner and Jolibert, 1978; Cattin et al., 1982; Nagashima, 1977).

Conclusions and Marketing Strategy Implications

Consumers in former Socialist countries represent different marketing opportunities for Western firms and that each country should be analysed and approached separately (Samli 1986, Shama, 1992). Although tentative and specific
to our samples, the results suggest that advertising and promotion which emphasizes a product's *intrinsic* properties (i.e. functional benefits) is more likely to be successful in Turkey than in the other four countries. In contrast, consumers in Russia, Bulgaria, Georgia and Azerbaijan may respond more favourably to promotions based on *extrinsic* attributes, in particular, country of origin.

Despite the overall evaluations showed that all developing countries face an image problem, there is room for improvement in almost all product dimensions. The recovery of that image deficiency may be achieved through basic marketing parameters, such as support services, prompt delivery, and sound branding. Particularly, in a market where the primary concern is value for money, offering high quality goods at reasonable prices is the key of success.

Good image of western countries sounds opportunities for the western firms whose brand name is not yet familiar to the market. The results here suggest that the manufacture and marketing of foreign-branded bi-national products in the emerging markets of Eastern Europe will yield limited success (at least in the short term). For the foreseeable future, domestically-produced products are likely to receive lower evaluations from East European consumers compared to Western-made goods regardless of brand name.

The fact that Bulgarian and Georgian consumers rely primarily on experiential knowledge in assessing foreign products implies that managers in the region should adapt their marketing strategies, not only to give the consumer the opportunity to experiment with their products through give-aways, eye-catching displays, and free trials, but at the same time to form the best possible image of their products. Moreover, the heavy reliance on the opinion of friends as product information sources necessitates the identification of opinion leaders in the society who will be the target of suitable communication strategies stressing the positive aspects of imported goods. It can be a workable policy for other Black Sea regional countries. Further, despite its moderate impact as an information outlet, the role of television should not be underestimated, since it is gaining momentum as a communication medium in East European countries.

The information-processing effect of consumer ethnocentrism also has important implications for marketing of import brands and products. Trying to build strong brand personalities in highly ethnocentric target groups could be a waste of time and money. These consumers do not process information on the attribute level. For this group, using positive stereotypes of Western quality is probably more effective because these stereotypes are linked to the general attitudes that are used in evaluations of import brands and products. Conversely, for low-ethnocentric target groups, development of strong brand personalities could be a viable strategy. Low-ethnocentric consumers are motivated to process information at the attribute level and are thus likely to learn more about the specific added values differentiating one import brand from another, such as their brand personalities (Good and Huddlestone, 1995).

Successful marketing strategies in these segments require significant product and message modifications. One way to overcome this unfavorable impact of consumer ethnocentrism on attitudes toward imported products may be to stress product attributes, benefits, and superior aspects of the product by
underplaying the product's country of origin.

The most dominant lifestyle dimensions were family and community orientation factors. In closed societies of Eastern Europe for several decades, the existence of these dimensions was not surprising. Advertising strategies promoting group decision-making and family-oriented types of themes and messages would be very effective. For this market segment, appeal to consumers' status and power position may be very appropriate (Kaynak and Kara, 2001).

**References**


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