The effect of general consumer attitudes and personality traits on attitudes towards domestic and multinational products in the Balkan region*

*Tomaž Kolar, Vesna Zabkar***

This study examines consumer attitudes toward products of multinational and domestic companies in the Balkan region. In four ex-Yugoslav countries, various variables (general consumption attitudes, personality traits, and demography) were compared and analyzed as determinants of consumer attitudes towards domestic and multinational products. The data for the analysis was derived from a representative sample of 7450 Slovene, Croatian, Serbian, and Bosnian consumers by means of a syndicated field survey (PGM-Valicon 2008). The results in general do not support the assumption that regions are homogeneous in terms of consumer attitudes. The key findings at the regional level indicate that attitudes towards domestic products are driven by a different set of predictors than are attitudes towards products of multinational companies (MNC).

Diese Studie untersucht die Eigenschaften von Konsumenten in Bezug auf Produkte von nationalen und multinationalen Firmen in der Balkan-Region. In vier Ländern des ehemaligen Jugoslawien vergleichen wir unterschiedliche Variablen (generelle Kosumeigenschaften, individuelle und demographische Eigenschaften) und analysieren die Determinanten der Konsumenten in Bezug auf nationale und multinationale Produkte. Die Daten dieser Analyse entstammen einer repräsentativen Stichprobe von 7450 slowenischen, kroatischen, serbischen und bosnischen Konsumenten. Die Ergebnisse unterstützen die allgemeine These, dass Regionen in Bezug auf ihre Kosum-eigenschaften als homogene Masse betrachtet werden können, nicht. Die Kern-aussagen auf dem regionalen Level lassen die Aussage zu, dass die Einstellung bezüglich heimischer Produkte durch eine andere Zusammenstellung von Prädikatoren geleitet wird als die von multinationalen Firmen.

Key words: Consumer attitudes, Multinational firms, Product origin, Marketing strategies, Slovenia, Croatia, Serbia, Bosnia and Herzegovina (JEL: D12, M31)

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** Tomaž Kolar, Associate Professor of Marketing, Faculty of Economics, University of Ljubljana, Slovenia. Main research interests: Strategic marketing, services marketing, consumer behaviour, tourism marketing and contemporary trends in marketing. Corresponding address: tomaz.kolar@ef.uni-lj.si

Vesna Žabkar, Full Professor of Marketing, Faculty of Economics, University of Ljubljana, Slovenia. Main research interests: Strategic marketing, marketing relationships, marketing communications and tourism marketing. Corresponding address: vesna.zabkar@ef.uni-lj.si

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1. Introduction

Managers from developed markets face various challenges when they enter emerging markets and compete with domestic brands. One of them is how customers evaluate origins of foreign products, particularly how they evaluate products of MNC. Theoretical and empirical evidences support an argument that country of origin affects customer perceptions of brands and products. This belief has been empirically well supported (Pappu et al. 2006; Pappu et al. 2007; Thakor and Lavack 2003; Vida and Dmitrović 2009), indicating that brands and products from countries with favourable reputation enjoy considerable competitive advantage (Baker and Ballington 2002). However, products and/or brands offered by MNC often do not have a clear single-country origin. Although several studies investigated consumer attitudes toward foreign and domestic products and brands (Cordell 1992; Vida and Damjan 2000; Vida and Dmitrović 2009), the term "foreign products" does not allow generalizing the findings and implications to multinational products and brands. Our research will, therefore, investigate consumer attitudes toward products of MNC and compare these to consumer attitudes toward products of domestic origin.

Another objective of this paper is related to a relatively narrow set of explanatory variables used to explain consumer attitudes toward domestic and multinational products. A plethora of sub-dimensions and concepts that have been suggested resulted in sophisticated conceptual models that explain consumer attitudes regarding the country of origin (see e.g., Essoussi and Merunka 2007; Bluemelhuber et al. 2007). Other streams of literature have considered various determinants of country of origin, e.g., ethnocentrism (Vida and Damjan 2000; Vida and Dmitrovič 2009), demography (Wang and Heitmeyer 2006), and personality (Matzler et al. 2006). In this respect, the lack of attempts to concurrently employ a wider set of demographic and psychographic variables as predictors of consumer attitudes toward domestic and especially multinational products is notable. Thus, our paper aims to add to explanation of consumer attitudes through general consumer attitudes, personality traits, and demographics.

The third objective pertains to the context in which studies on consumer attitudes toward domestic and multinational products are conducted, as these studies have been conducted mostly in a single country. However, globally oriented MNC need to define their marketing strategies beyond a single country and focus at a regional level. Strategic dilemma between unification/integration and customization/localization at the regional level is often more important than on the country level. This suggests that managers need to understand attitudes toward domestic and multinational products at regional and country level and form their strategy accordingly. The Balkan region, particularly ex-YU countries, seem interesting and relevant in this regard, since researchers report that MNC in the region tend to ignore differences at each country level and treat them as a homogeneous market, similar enough to other developed markets (Schuh 2007), although important differences can be found in consumer attitudes and purchasing behaviours in these countries (Vida and Dmitrović 2001 2009). In the case of Bosnia and Herzegovina, we may even posit that nowhere else exist so many cultural, national, and political differences and tensions among consumers as in small country of Bosnia and Herzegovina (see Cicic et al. 2003; 2005).

In line with the identified issues and objectives, we define our key research question to inquire about how various consumer-related determinants affect consumers' attitudes towards products of MNC and domestic products in the Balkan region. It is assumed that an expanded set of examined variables could enhance the existing knowledge and improve understanding of this important issue. Accordingly, the purpose and the key expected contribution of the paper is to provide further managerial implications by clarifying the ways in which comprehensive and empirically supported understanding of customer attitudes towards domestic and multinational products improves business and marketing strategy of multinational vs. domestic companies.

2. Theoretical background

Given that the relation between perception of product origin and evaluation of product/brand is already well supported (e.g., Thakor and Lavack 2003), we focus on including further concepts and variables that could potentially explain factors that affect consumers' evaluations of domestic products vs. products of MNC. Examination of consumer evaluations, judgments, and purchase intentions is in the conceptual domain of consumer attitudes. In general, the concept of attitudes is defined as a learned predisposition to respond in a consistently favourable or unfavourable manner with respect to a given object/issue (Hawkins et al. 1989; Schiffman and Kanuk 2004). Ajzen and Fishbein (1977) performed a review of 109 papers on the relation between attitudes and behaviours, which showed that attitudes are good predictors of behaviours when the specific elements of attitudes and behaviours match. For the purpose of the improved predictive ability of attitudes, they offered two suggestions. The first one suggests the pooling and generalization of behavioural observations across various situations and the second one suggests the inclusion of moderating variables.

These suggestions are relevant for examining attitudes towards domestic and multinational products as well. Given that product origin evaluation is a rather general attitude, it would be interesting to explore factors that could additionally explain product origin evaluations and behaviours. Evidence shows, for instance, that ethnocentric attitudes positively affect purchase decisions regarding domestic products (Dmitrović and Vida 2007; Vida and Damjan

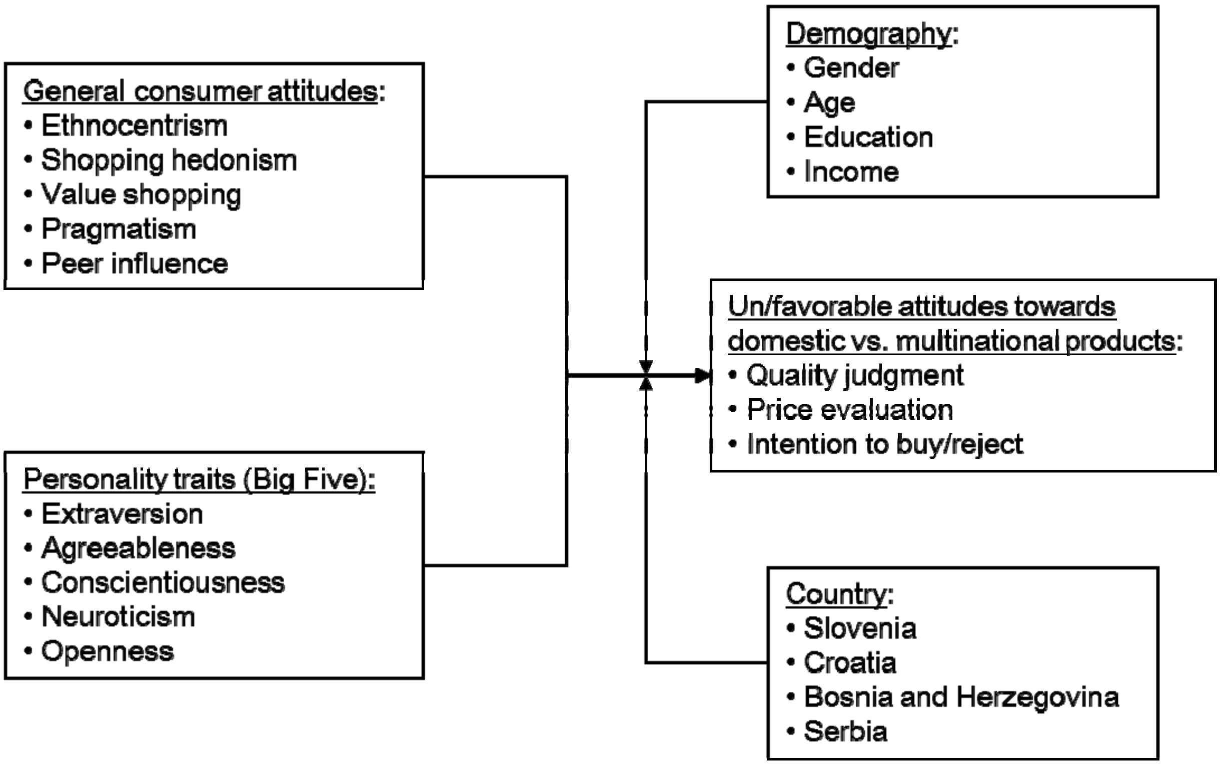
2000), although research also shows reverse ethnocentrism and preference for foreign products in a developing market of Nigeria (Agbonifoh and Elimimian 1999). However, little is known about how other consumerist attitudes and beliefs affect product/brand origin perceptions. General consumerist attitudes include attitudes towards shopping, social influences on consumer decision making process, hedonic shopping attitudes, value for money in purchases, and pragmatic attitudes towards shopping (Bearden et al. 1990; Faber and O'Guinn 1989; Lichtenstein et al. 1993; Shimp and Sharma 1987). Knowledge of general consumerist attitudes might provide a more complete picture of consumers' attitudes towards domestic and multinational products, especially when they are investigated concurrently. The pooling and generalization of consumer behavioural observations across various situations, as suggested by Ajzen and Fishbein (1977), could improve the predictive ability of attitudes toward domestic and multinational products.

Recent studies and models of attitudes support the notion that non-attitudinal variables might partly explain attitudes and behaviours regarding domestic and multinational brands. Personality traits seem to be neglected especially in international and cross-cultural comparisons, where cultural dimensions prevail. As a theoretical construct, personality is defined as those inner psychological characteristics that determine and reflect how a person responds to his/her environment (Schiffman and Kanuk 2004). Recently, there was an important attempt to combine and unify the scope of various personality traits and define their underlying dimensions, what is called the "Big Five" personality model. This model describes personality with five basic and robust factors (Howard and Howard 1995; Digman 1990): Extraversion, Agreeableness, Conscientiousness, Neuroticism and Openness. The Big five model of personality was in marketing domain often treated metaphorically and explored in relation to brand personality (Aaker 1997; Milas and Mlačić 2007), rather than applied to study of consumer decision making. Although the lack of empirical study of the Big five model as a whole in regard to consumer behavior is evident, some studies support its relevance by indicating importance of some of its factors (see Mulyanegara et al. 2007, Matzler et al. 2006; Salomon et al. 2002). Intuitively it is plausible that certain traits, like openness, are strongly related to consumer attitudes toward domestic and multinational products (i.e. that consumers with "open" character hold more positive attitudes towards multinational products than consumers with "closed" character), yet the lack of empirical evidences that would test such assumptions is evident. Wang and Heitmeyer (2006) show that the self-concept variables like modest/vain and thrifty/indulgent also affect differences between consumers that prefer foreign or domestic apparel. The important effect of personality on brand attitudes is further confirmed by the study of Matzler et al. (2006) who found that personality traits either directly (e.g. openness) or indirectly (e.g. extraversion, via hedonic value) influence brand affect which in turn drives attitudinal and purchase loyalty. In our study, we followed their suggestion that brand attitudes studies should include other personality traits as well.

Personality traits are not independent of culture and evenly distributed across populations in different countries. Available studies confirm that significant differences exist among personality traits and their levels across different nations and cultures (Lynn and Martin 1995; McCrae and Terraciano 2005). Studies of McCrae and Terraciano (2005) and Hofstede and McCrae (2004) in addition found significant correlations among personality traits and dimensions of culture across various countries/cultures, most strong being the relation between extroversion and individualism. Notably, study of McCrae and Terraciano (2005) includes several Balkan countries as well, including Slovenia, Serbia and Croatia. They, for instance, found that Slovenes are less extroverted than Serbs and Croats, while Croats are more neurotic than Slovenes and Serbs.

Literature overview thus indicates that personality and cultural traits are distinctive, yet related and that significant differences in both are expected among different countries. Personality is concerned with consumers as individuals and is proved to be marketing-relevant, especially in relation to brand perception. Because of that we assume that examination of personality on national level could further improve our understanding of consumer behaviour across nations and cultures. In order to improve the predictive ability of attitudes toward domestic and multinational products, as suggested by Ajzen and Fishbein (1977), the inclusion of moderating variables is recommended. Demographic variables and country context could serve as moderators, in line with already stated need for different marketing strategies on different markets (Schuh 2007). As a result, a broader conceptual framework is adopted that includes various general consumerist attitudes and personality variables as predictors of un/favourable attitudes toward domestic and multinational products. Demographic variables and country context are moderators of this relationship (see Figure 1).

Figure 1: Conceptual framework of the study



3. Research method and data sources

Following the proposed conceptual model (Figure 1), a broad array of consumer-related characteristics was employed as predictor variables. Included predictor variables pertain to various general consumerist attitudes (ethnocentrism, shopping as fun, etc.), personality traits (dimensions of the Big Five personality model), and several demographic variables (country, income, education, age). General consumerist attitudes were measured with 35 items included in the PGM survey from a set of research instruments and covering attitudes to shopping, social influence, ethnocentrism, hedonic shopping, value for money and pragmatism in shopping (Faber and O'Guinn 1989; Bearden et al. 1990; Shimp and Sharma 1987; Lichtenstein et al. 1993), while personality traits were measured with 52 items covering consumers' self-perception of their personality (Howard and Howard 1995; Digman 1990). General consumerist attitudes were measured on a 5-point Likert scale, where 1=completely disagree and 5=completely agree. Personality traits were measured on a 5-point Likert scale, where 1=does not apply and 5=fully applies. (Un)favourable consumerist attitudes towards domestic and multinational products were measured through top-of-mind perceptions associated with domestic and multinational products. Consumers choose whether they perceive domestic products and in turn multinational products as either "too expensive", "attractive, prestigious, of high quality", "cheaply made" or they "would not buy" them for any other reason.

In line with the purpose of the paper and defined research question, four Balkan and ex-Yugoslav countries (Slovenia, Croatia, Serbia and Bosnia and Herzegovina) were chosen as the context in which consumer attitudes towards products of domestic and multinational companies were investigated. For these four countries, a comparison was done on how (un)favorable consumer attitudes are towards various domestic and multinational FMCG products. Data for analysis is derived from a syndicated field survey (PGM, Valicon 2008) with representative samples of in total 7450 Slovene, Croatian, Serbian and Bosnian consumers. The PGM survey measures various demographic and psychographic characteristics of consumers, including personality traits and shopping attitudes, in addition to various product/brand-related perceptions. The sample is balanced among the four countries (25% Slovenians, 23% Croatians, 26% Bosnians and 26% Serbians). The gender structure is 48% males and 52% females. The age structure of the sample is balanced (37% 15-30 years, 29% 31-45 years and 34% 46-65 years). For education (17% primary school, 50% secondary school, 26% high school or more; data was missing for 7%). Of those that provided information about their personal income, 23% are ranked in the first income group, 24% in the second, 27% in the third and 26% in the fourth. Income groups were set by research agency that conducts the syndicated field survey (Valicon) according to the range in personal income that differs for the four countries.

4. Empirical analysis of data

Since we measured variables for general consumerist attitudes and personality traits in different countries, measurement invariance is an issue that needs to be acknowledged (Hui and Triandis 1985; Steenkamp and Baumgartner 1998). Certainly, neighboring ex-Yugoslav countries have enough commonalities that we can claim that consumerist attitudes and personality traits can be meaningfully discussed in all four countries in our study. Equivalence in construct operationalization, item equivalence and scalar equivalence have been tested together with the implementation of the syndicated research and development of the research instrument. Therefore, our examination of the internal structure congruence with factor analysis revealed that constructs have the same internal structure (components) and the same relations among components across countries. Separate factor analyses in all four countries showed the same factor structure and factor loadings in all countries, similar proportion of variance was extracted by each factor. Therefore, pooled-data for all four countries was used in factor analysis of general consumerist attitudes and personality traits.

Determinants of attitudes towards domestic and multinational products were analysed next, followed by discriminate analysis on three groups of respondents: (1) those in favour of domestic product and not in favour of multinational products, (2) those in favour of multinational products and not in favour of domestic products, and (3) those that reject both domestic and multinational products. Discriminant analysis was performed as a key analytical method in order to explain and predict un/favourability of consumer attitudes.

4.1 Factor analysis for general consumerist attitudes and personality traits

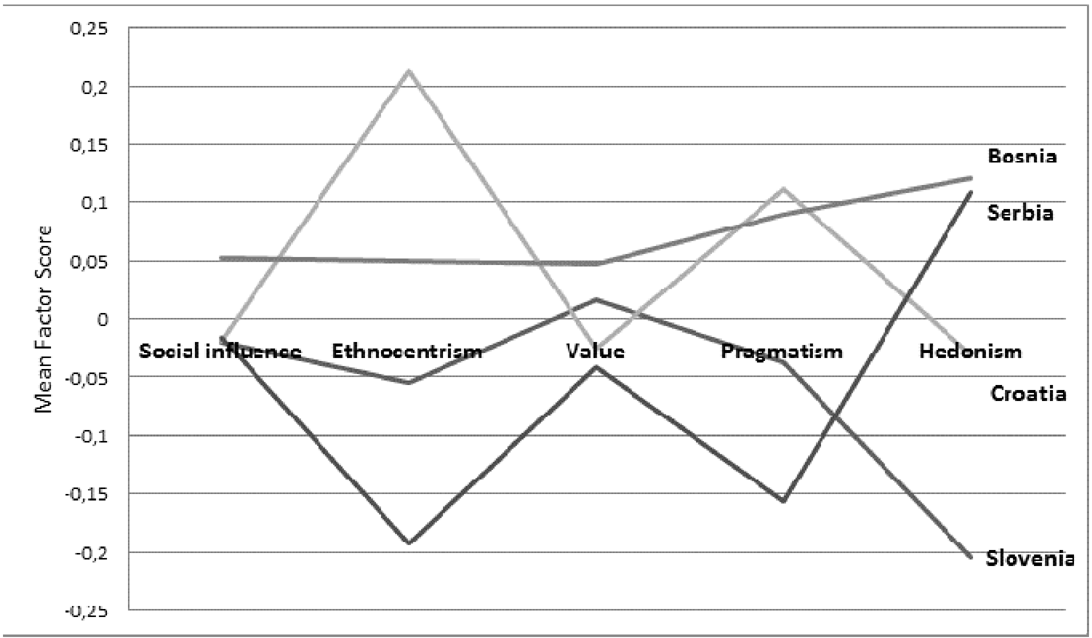
For general consumerist attitudes, factor analysis was used for data reduction and summarization. Kaiser-Meyer-Olkin Measure of Sampling Adequacy was acceptable at 0.79. Variables that correlated highly with more than one factor were excluded from further analysis; leaving 22 variables in the analysis. The obtained factors can be interpreted as follows (see appendix for items associated with specific factor):

1. Social influence (explains 16 % of the variance);
2. Ethnocentrism (10 % of the variance);
3. Value shopping (9 % of the variance);
4. Pragmatism (7 % of the variance); and
5. Hedonism in shopping (6 % of the variance).

In all, the five factors explain 49.8 % of the total “attitudinal” variance for the sample of consumers in all four countries analysed. Separate analysis for each country reveals very stable factor solutions since the five factors are evident in all four samples and explain from 48 to 52 % of the total variance.

A comparison of factor scores between the four countries shows significant differences in mean scores for all factors (see Figure 2). One-way ANOVA was applied with Bonferroni and Games-Howell post-hoc multiple comparisons tests (detailed test results have been omitted for reasons of space and can be provided by authors upon request). Significant differences in ethnocentrism, value, hedonism were at $p \angle 0.001$, pragmatism at $p \angle 0.01$, social influence at $p \angle 0.05$. Croats exhibit the highest ethnocentrism among all, followed by Bosnians, Slovenes and Serbs who are by far the least ethnocentric. Shopping is seen as fun mostly in Bosnia and Serbia - in both countries significantly more than in Croatia and in Slovenia. Social influence and value shopping is significantly highest for Bosnia. Finally, for pragmatism, Croatia and Bosnia are highest, leaving Slovenians and Serbians behind.

Figure 2: General consumerist attitudes for the Balkan customers

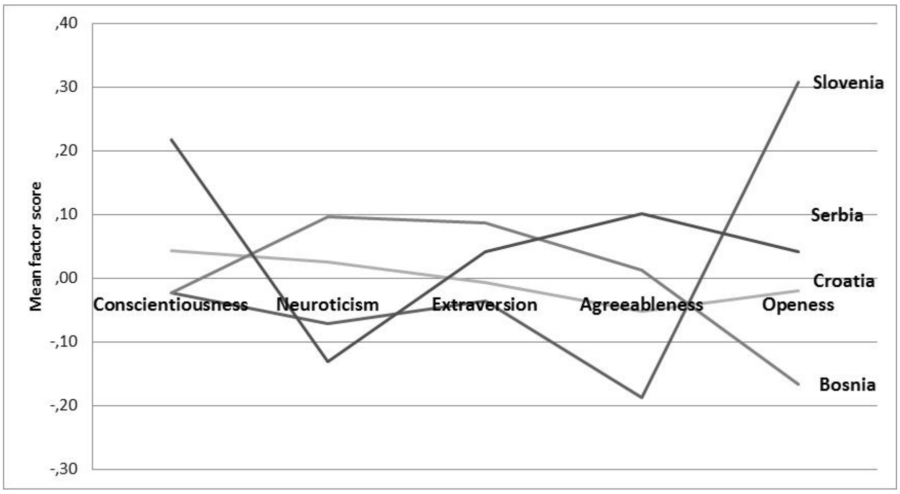


On 52 items for personality traits, factor analysis was used for data reduction and summarization. In order to identify the underlying dimensions and to test whether the "Big five" dimensions are replicated among the Balkan consumers, a common factor analysis with principal axis factoring was applied. Data was analysed with SPSS 19.0. The factors were rotated (using Varimax rotation and Kaiser Normalization). Variables that correlated highly with more than one factor were excluded from further analysis (20 variables). The five factors obtained in general correspond to the "Big five" dimensions and can be interpreted as follows (see appendix for items associated with specific factors):

1. Conscientiousness (explains 16% of the variance),
2. Neuroticism (9% of the variance),
3. Agreeableness (6% of the variance),
4. Extraversion (5% of the variance), and
5. Openness (4% of the variance).

In all, these five factors explain 40 % of the total variance of the "Big five" personality items. Comparison of factor scores between the four countries shows significant differences in mean factor scores for all factors (see Figure 3). Slovene and Serbian consumers exhibit most distinctive profiles among compared countries. Croatian consumers do not stand out on any of examined dimensions and can thus be taken as "most average" consumers in the region. Slovenes are characterized by non-agreeableness, while Serbs can be best described as most agreeable and least neurotic consumers. Bosnian consumers are different mainly due to their "closed" personality.

Figure 3: The "Big five" personality items for the Balkan consumers



4.2 Groups of customers based on attitudes towards domestic and multinational products

Top-of-mind perceptions associated with domestic products (Slovenian products for Slovenian consumers, Croatian products for Croatians, etc.) revealed differences between the Balkan countries: the majority of consumers in Slovenia in Croatia claimed that their domestic products are too expensive and of high quality and prestige. Serbians and Bosnians, on the other hand, claimed that their domestic products are cheaply made and not considered for buying (see Table 1).

Table 1: Distribution to the three groups according to the top-of-mind perceptions of domestic products for Balkan consumers

	Country				
	Slovenia	Croatia	BiH	Serbia	Total
"too expensive"	52.6%	50.1%	14.4%	32.4%	37.1%
"attractive, prestigious, of high quality"	41.5%	44.1%	33.9%	38.3%	39.3%
"cheaply made"	2.2%	4.4%	43.2%	26.2%	19.2%
"would not buy"	3.8%	1.4%	8.6%	3.1%	4.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Similarly, top-of-mind perceptions associated with products of multinational companies in each country in the study showed differences in the region. A large group of consumers in Serbia claimed that multinational products are too expensive, for Slovenians and Croatians they are attractive, of prestige and high quality, while many Bosnians and Slovenians would not consider buying them (see table 2).

Table 2: Distribution frequency to the three groups according to top-of-mind perception of MNC products for Balkan consumers

	Country				Total
	Slovenia	Croatia	BiH	Serbia	
“too expensive”	38.2%	33.0%	36.3%	43.3%	37.9%
“attractive, prestigious, of high quality”	26.5%	33.9%	28.7%	34.3%	30.7%
“cheaply made”	4.9%	11.9%	3.7%	3.2%	5.6%
“would not buy”	30.4%	21.3%	31.4%	19.2%	25.8%
Total	100,0%	100.0%	100.0%	100.0%	100.0%

As it is evident from Table 3, a large group of respondents finds both domestic and multinational products expensive, attractive, prestigious and of high quality or either one or another of prestige/quality and the other too expensive. The group of respondents who would not buy is bigger for multinational products while almost none respondents consider multinational products as cheaply made.

Table 3: Perceptions about domestic and MNC products for Balkan consumers

		Attitudes to domestic products				Total
		“too expensive”	“attractive, prestigious, of high quality”	“cheaply made”	“would not buy”	
Attitudes to multinational products	“too expensive”	13.5%	13.6%	7.9%	.7%	35.7%
	“attractive, prestigious, of high quality”	11.7%	12.0%	6.2%	.9%	30.8%
	“cheaply made”	2.6%	2.1%	.6%	.3%	5.7%
	“would not buy”	9.1%	11.3%	4.4%	2.9%	27.7%
Total		37.0%	39.0%	19.1%	4.9%	100.0%

Based on attitudes toward domestic and multinational products, respondents were distributed into three groups:

Group1: those in favour of domestic product and not in favour of multinational products (domestic products are attractive, prestigious and of high quality, multinational products are too expensive, cheaply made or would not buy them),

Group 2: those in favour of multinational products and not in favour of domestic products (multinational products are attractive, prestigious and of high quality, domestic products too expensive, cheaply made or would not buy them), and

Group 3: reject both domestic and multinational products, either because they are too expensive or because they would not buy these products for other reasons.

4.3 Determinants of attitudes towards domestic and multinational products

Three-group discriminant analysis was performed to determine the relationship between top-of-mind perception associated with domestic products for each country in the study (dependent variable) and general consumer attitudes as well as personality traits (independent variables). The resulting discriminant model allows for a determination of the perceptions held by consumers for each group. The sample size is adequate to support inclusion of all ten independent variables (Hart et al. 1995). Examination of the three group sizes also finds adequate size in each group. Assumptions of normality, colinearity and linearity were tested. Since independent variables meet these assumptions at sufficient levels, the analysis began with reviewing the group means and standard deviations (table of group means and standard deviations has been omitted for space reasons and can be provided by authors upon request). Tests of equality of group means showed significant differences for ethnocentrism, pragmatism, extraversion and openness. Comparison between the three groups on univariate level showed significant differences: those in favour of domestic product and not in favour of multinational products (Group 1) are significantly more ethnocentric and pragmatic than the other two groups. Those in favour of multinational products and not in favour of domestic products (Group 2) seem to be more open, while those that reject both domestic and multinational products, either because they are too expensive or because they “would not buy” these products (Group 3) tend to be more extraverted.

Two canonical discriminant functions were calculated to discriminate between the three groups. Linear composites were formulated. The first linear composite is developed to account for 81 per cent of difference in the discriminant groups. Canonical discriminant functions are statistically significant (Chi-square (20) = 85.9 and Chi-square (9) = 16.6).

Assessing the overall fit of the discriminant function follows by the examination of the classification matrices. Classification results show that above 53% of original grouped cases are correctly classified in group 1 and above 40% to groups 2 and 3. Although the degree of classification accuracy is not very high (42% hit ratio for the analysis sample), it exceeds the maximum chance criterion.

Interpretation of the three-group discriminant analysis results includes the examination of discriminant loadings and their cumulative effect (Hart et al. 1995). Group centroids present an overall perspective on differences in the three groups. The first discriminant function is the primary source of difference between the Group 1 (consider domestic products attractive) and groups 2 and 3 (do not consider domestic products attractive). The first function most closely corresponds to variable *ethnocentrism*. Thus, the distinguishing characteristic of consumers that value domestic products is (probably not surprisingly) ethnocentrism. The second discriminant function provides the distinction between group 3 (do not consider either domestic not multinational products attractive) vs. the other two groups (consider either multinational or domestic products attractive). Most descriptive of the second discriminant function are extraversion, pragmatism and (non) openness (see Table 4).

Table 4: Structure matrix in three-group discriminant analysis for consumer attitudes toward domestic and MNC products

	Function	
	1	2
Ethnocentrism	,862*	-,186
Agreeableness	,170*	,080
Openness	-,100	-,629*
Extraversion	-,279	,457*
Pragmatism	,304	,419*
Peer influence	,096	,243*
Conscientiousness	,112	,239*
Hedonism	-,023	-,182*
Value	,064	-,181*
Neuroticism	,032	,137*
Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions Variables ordered by absolute size of correlation within function.		
*.Largest absolute correlation between each variable and any discriminant function		

Further analysis based on demographic characteristics of respondents reveals some significant differences among demographic variables. According to age there are significant differences ($p \angle 0.05$) among the following groups of respondents: younger respondents (15-30) are more likely to reject both domestic and multinational products, middle age group (31-45) considers multinational products more attractive than other groups, while oldest Balkan consumers (46-65) consider domestic products attractive. There are no significant differences in attitudes toward domestic and multinational products according to other demographic variables (household size, education, gender).

5. Managerial implications

Based on the insights from the study, implications for improvements of business and marketing strategy of MNC vs. domestic companies are discussed. The key issue involves a need for more systematic and substantive adaptation of global (standardized) marketing strategies in the examined region. As shown by Rogers et al. (2005) and Schuh (2007) when entering Eastern markets, Western companies initially utilize standardized, unmodified strategies, which are modified afterwards. Schuh (2007) found that MNC's employ three types of marketing strategies in the CEE region. The first strategy is a transfer of "home" (western, global) strategy, which is typically an entry stage strategy that is optimal from the cost – risk perspective. The second strategy is a multi-tier product and brand strategy, which is employed at lower ends of market pyramid, where MNCs combine international brands with local, which are either purchased or developed. The third strategy is a "regional" strategy, which is aimed at maintenance of low costs by centralized production of products in a group of countries or the whole region. Although warnings about adopting unmodified strategies in CEE markets have been raised before (Lascu et al. 1996), the study of Dow (2006) indicated persistent status quo bias among managers in entering foreign markets, resulting in a systematic under-adaptation of their strategies. Gradual adjustment of standardized strategy to the regional and subsequently national specifics might thus be sub-optimal, costly, and inefficient if companies follow reactive, trial-and-error approach. In this regard, the second (multi-tier) and the third (regional) type of strategy seem most suitable in the examined region due to many significant differences between the former Yugoslav countries.

In order to derive proactive and systematic recommendations for development and implementation of these strategies, we roughly follow "guidelines for western entrants into the CEE" suggested by Nowak (1996). His framework is useful as a mean for systematic marketing strategy formulation and proposes the following steps: 1-deciding which market(s) to enter, 2-choosing timing and method of entry, 3-targeting foreign market segments, and 4-developing marketing mix strategy. For each of these steps, he discussed a broad set of choice criteria and strategic decisions. Detailed discussion of all relevant criteria, factors, steps, and elements of the strategy is beyond the purpose and scope of this paper, and it would represent an over-interpretation of results of our empirical study. Considering steps and criteria proposed by Nowak (1996), it becomes obvious that consumer attitudes are relevant and useful but not sufficient for completion of all four proposed steps. Interested readers are thus advised to check additional criteria (political/economic conditions, infrastructure and other internationalization factors, market peculiarities, etc.) before entering Balkan region or particular country and find most appropriate entry method. Instead, we focus on the final two steps of marketing strategy development, that is market segmentation and marketing mix (positioning) decisions, where study results yield most relevant and useful implications. Both steps will be first discussed at a regional level and afterwards at a national level.

The extent of adaptation of marketing strategy is critically dependent on several factors, particularly on the size of market segments, on homogeneity of segments, and on (un)favourable attitudes towards particular product. Regarding the size of segments that favour/reject MNC products in the region, our results reveal that the segment, which perceives MNC products to be of good quality is substantive, yet the size of a segment that rejects them is of similar size. The relevant question for subsequent development of targeting prospective segment concerns the key demographic and psychographic characteristics. The analysis of demographic variables indicates that age is the key differentiating variable, while none of other demographic variables, including income, is significant in this respect. Middle age segment (31-45) exhibited most positive attitudes towards MNC products, suggesting that this should be the MNCs' prime target. Young segment (15-30), on the other hand, exhibited stronger negative attitudes towards MNC products, suggesting caution and potential difficulties at penetrating this segment.

These findings, for instance, imply that standardized entry-stage market strategy for MNC companies in the Balkan region might be suitable when it targets middle age customers, while other demographic segments would require substantive adjustments of strategy. Somewhat surprisingly, in the region as a whole, younger and high-income segments were not more enthusiastic regarding MNC products (and older, low-income segments were not less favourable). Therefore, neither "premium" nor low-cost products and positioning strategies seem optimal for MNC companies in the Balkan region in general. Such suggestion is in line with Nowak (1996) in that medium-quality moderately priced products are advised for western entrants in order to enjoy competitive advantage on eastern markets.

To develop marketing mix and positioning strategy, the critical question concerns the factors that further characterize particular segment at the regional level. Segment that favors MNC products is for instance characterized by higher openness, which denotes more "sophisticated" customers who emphasize curiosity, originality, imagination, fantasy, and aesthetics. On the other hand, ethnocentrism was not found to be of critical importance to this segment. Such psychographic profile yields important implications for marketing strategy. From the standpoint of MNC companies, obtained results imply that instead of coping with ethnocentrism, these companies should develop positioning strategy that focuses on sophisticated customers; thus, they should emphasize their social, emotional, intellectual, and aesthetic benefits as well as cosmopolitan character. This suggests some straightforward implications for designing products, stores, packages, and communications that would incorporate and expose mentioned values and benefits.

Even with such adjustments, a regional-level marketing strategy might not be optimal (see Dow 2006; Lascu et al. 1996). An important strategic question inquires about homogeneity of markets in the Balkan region. Homogeneity of Balkan region is namely a pre-condition for a successful region-centric strategy. The results of our study indicate that examined region is highly fragmented; hence, it cannot be treated as a single, homogeneous market. Numerous significant differences have been found among four examined countries in terms of customer attitudes towards domestic/MNC products. First, the size of the promising segments in various countries differs largely. In Bosnia, for instance, the segment that considers domestic products as “too expensive” is considerably smaller compared to the same segment in other three countries. On the other side, the segment that rejects MNC product is by far smallest in Serbia in comparison to other countries. In terms of other explanatory variables (consumerist attitudes and personality traits), we also found numerous significant differences, which support conclusion that former Yugoslav region is highly fragmented. Our results are thus in line with the proposition of Vida and Dmitrović (2009) who suggested »multi-local« marketing strategy when entering multi-ethnic markets in the south-eastern Europe.

Such multi-local strategy might be developed and further optimized by prioritizing certain local (national) markets and developing adequate marketing strategy adjustments at a country level. Obtained results suggest that Croatian and Serbian customers hold most positive attitudes towards quality of MNC products, advising that these two countries might serve as “springboard” markets for MNC companies in the Balkan region. In each country, however, further adjustments of marketing strategy are required in order to incorporate specifics of a national market. In Serbia, for instance, it seems necessary for MNC companies to make price adjustments in order to capitalize favourable reputation among customers, because in Serbia the segment that considers MNC products as too expensive is the largest in all four countries. On the other hand, Croatia is characterized by the highest ethnocentrism in the region, hence MNC companies need to emphasize that their products do not threaten national identity or economy. In addition, they might consider possibilities of product localization and nurture image of the responsible corporate citizenship.

In terms of attitudes towards MNC products, Slovenia and Bosnia seem less attractive and require more substantive adjustments that would resolve their distinctive challenges. For Bosnia, distinctive challenges include low purchasing power, multi-ethnic nature, and political instability, while for Slovenia the challenges involve low shopping hedonism and strong position of retail brands.

Once attractiveness of segments is established at a country level, further strategy adjustments in terms of positioning and marketing mix adjustments can be developed. For that purpose, supplementary variables like consumer attitudes and personality are again useful. Understanding peculiarities and “national character” of specific countries might suggest additional managerial implications for resolving identified challenges. To illustrate this point, we used two attitudinal variables, which sharply differentiate examined countries (i.e., pragmatism and hedonism) as segmentation variables, and formed a 2x2 matrix, where each county is positioned in a separate field box that indicates specific and unique national orientation (see Table 5).

Table 5: Pragmatism and hedonism as a mean of segmenting countries

		Pragmatism	
		High	Low
Hedonism	High	Bosnian consumers “Pragmatic hedonists”	Serbian consumers “Sophisticated hedonists”
	Low	Croatian consumers “Pragmatic rationalists”	Slovene consumers “Sophisticated rationalists”

Established “national personality” profiles provide interesting marketing implications. In more pragmatic countries (Bosnia and Croatia), brand reputation, package, and store design are less important competitive elements and might be less emphasized; hence, MNC companies might save costs on these elements and eventually expect that consumer would actually appreciate “frugal” appearance and pragmatic image. On the other hand, for more “hedonic” countries (Bosnia and Serbia), enjoyment in shopping and emotional benefits need to be emphasized more in retail stores, product design, point of purchase product displays, and other means of promotion. Instead of competing on price, these elements might represent benefits that offset higher prices of MNC companies in these countries.

Synchronizing marketing mix and positioning strategy with “national character” thus might yield practical recommendations. In addition, national profiles might serve as a source of creative ideas, alternatives and hypotheses that need to be further examined, as attested by Croats’ example. Croats are denoted by high ethnocentrism, yet they are also “pragmatic rationalists”. This implies that MNC companies should decide between two positioning strategies, one that mitigates strong Croatian ethnocentrism (requiring downplay of the economic threat and product origins, localization) or another that builds on pragmatism (e.g., emphasizing value- or quality-for-money proposition). To make informed choice among these two strategic alternatives for MNC companies, it is important to empirically verify commonly held assumption that ethnocentric consumers reject foreign products. What is more, some studies even found reversed ethnocentrism (i.e., preference for foreign products) to be present in the developing markets (Agbonifoh and Elimimian 1999; Baron and Mueller 1995).

In this regard, our results indicate that ethnocentrism does not significantly affect rejection of MNC products. Among most ethnocentric Croatian consumers, the average percentage of those who reject MNC products is relatively low (24.1%) in comparison to Bosnia (32.6%) or Slovenia (32.0%) where consumers are less ethnocentric. Regarding strategic implications, this suggests that coping with ethnocentrism is not an optimal strategy in Croatia and therefore value-for-money seems to be a better alternative.

6. Conclusions and discussion

Obtained results attest that in the former Yugoslav region, customer attitudes towards domestic and multinational products are an important managerial issue. This is, for instance, indicated by substantive share of customers who reject (would not buy) MNC products (25.8 %), while the share of customers who reject domestic products is much lower (4.4 %). On the other hand, 30.7% of customers perceive MNC products to be of good quality, while for domestic products this figure is notably higher (39.9 %). For managers of multinational companies, such relatively adverse customers' attitudes posit a strategic challenge and provide support for the assumption that in the examined region, marketing strategy of multinational companies needs appropriate adjustments.

To support such adjustments, this paper provides a rich and rigorous empirical analysis of customer attitudes and their determinants. Obtained results show that attitudes towards domestic/ MNC products in examined region are a complex issue, with many significant differences existing between examined countries and between various customer segments. An expanded set of determinants used in the study reveals that next to the conventional variables like ethnocentrism, other variables are important to consider: demographic (e.g., country and age), attitudinal (e.g., pragmatism), and personality variables (e.g., extroversion, openness). These findings provide several important and practical implications for managers. They, for instance, suggest that for more effective segmentation, MNC managers should rely on a concept of openness/closeness (not ethnocentrism) and target middle age (not young) customers. For managers of domestic companies, products implications are not just reversed, since for them, ethnocentrism is the most important aspect of segmentation while age is also important. As such, study findings indicate how and why strategies, which are based on simplistic and inadequate insight into customers' attitudes, are inferior and sub-optimal.

In addition to improved understanding of customers' attitudes, this paper also contributes to a more systematic transfer of customer knowledge into the development of marketing strategy. For this purpose, a combination of Schuh's (2007) typology and Nowak's (1996) framework is employed. This results in a proposal and description of most interesting target segments as well as in positioning and marketing mix elements. They are first discussed at a regional and afterwards at a country level, where implications of national character and peculiarities of particular country are considered.

From the conceptual standpoint, the term “multinational products” warrants some additional discussion. In Eastern and developing countries, domestic products and brands are often compared to foreign ones (Vida and Damjan 2000; Vida and Dmitrović 2009). In this respect, the term “multinational” is certainly more precise and managerially relevant compared to the term “foreign”. Nevertheless, it is still not clear how respondents perceive multinational origin, that is, which countries or regions (e.g., USA, EU, global, etc.) they have in mind. Western, EU, or American origins might have very different connotation in different Balkan countries. Consider Bosnia, which has the largest segment of consumers who reject MNC products. Bosnia, however, is multi-ethnic country, consisting of relatively isolated ethnic groups (enclaves), what obfuscates interpretation of the acceptance/rejection share of MNC products in this country. Bosnian example for that reason represents another strong argument for in-depth empirical examination of customers’ perceptions and attitudes regarding product origins not only at a regional, but also at a country level. Further research into various aspects of country of origin is thus needed in order to broaden the existing knowledge and to overcome some limitations of our study.

One such limitation concerns a focus on FMCG products, where no distinctions were made between various product categories. Given that several authors reported country of origin effects as product specific (Essoussi and Merunka 2007; Pappu et al. 2007; Vida and Dmitrović 2009), managers need to be careful at generalization of implications to specific products and especially to product categories other than FMCG. Another limitation is related to generalization of reported findings to brands, since only attitudes towards products were examined in our study. Generalizations of implications to brands need to be done with caution. Finally, a note of caution is needed regarding the measurement of concepts used in the study, especially due to the relatively low share of explained variance for the attitudinal and personality constructs. Given that data set used encompasses a broad set of concepts and variables, each particular concept (e.g., ethnocentrism, openness, pragmatism, etc.) is measured with relatively few variables. Although statistical tests and established relationships among concepts confirm nomological validity and reliability of measurement, correspondence with established measurement instruments is not known. Interpretation of the results on the conceptual ground therefore needs to be done with caution and warrants further academic scrutiny.

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Appendix:

Examples of items used for personality traits and general consumerist attitudes in the questionnaire

Personality traits:

Conscientiousness: competence, will to achieve, order, control, self-control, dependability, goal/task oriented,

Neuroticism: negative emotionality, need for stability, worry, anger, discouragement, anxiety;

Agreeableness: conformity, altruism, trust, compliance, modesty;

Extraversion: warmth, assertiveness, enthusiasm, socially adaptive, energy;

Openness: inquiring intellect, originality, imagination, fantasy, aesthetics.

General consumerist attitudes:

Social influence:

“Before purchases I sometimes like to consult my relatives”,

“When I shop I rather consult than make decisions on my own”,

“I trust things recommended by experts”,

“Brands of products that people use tell a lot about them”

Ethnocentrism:

“I prefer to endorse Slovenian/Croatian/Bosnian/Serbian products, although this costs me more in the long run”,

“Slovenians/Croats/Bosnians/Serbs should by Slovenian/Croat/Bosnian/Serbian products and services”,

“I prefer products of Slovenian/Croatian/Bosnian/Serbian producer”;

Value shopping:

“I usually buy in shops where prices are most favorable”,

“When shopping I always look to get as much as possible for my money”,

“I always check prices before I buy a product”,

“Actual price promotions strongly influence my choice of store”,

“When shopping I prefer products on promotion”

Pragmatism:

“I do not care about interior design and look of the store”

“There are almost no differences in quality among products of more and less known brands”

“In general are products of store brands of inferior quality”

Hedonism in shopping:

“Shopping is fun”,

“When I go shopping, I cannot stop”,

“I like shopping”.