

Faculty of Mass Media Communication  
University of Ss. Cyril and Methodius  
in Trnava, Slovakia

# MARKETING IDENTITY

2016

Dana Petranová  
Ľudmila Čábyová  
Zuzana Bezáková  
(eds.)

Brands  
we love  
- part II.

**FMK**

Fakulta masmediálnej komunikácie  
Faculty of Mass Media Communication

BRANDS WE LOVE

Faculty of Mass Media Communication  
University of Ss. Cyril and Methodius in Trnava

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**Brands we love – part II.**

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Conference Proceedings  
from International Scientific Conference  
8<sup>th</sup> – 9<sup>th</sup> November 2016  
Congress Hall of the Slovak Academy of Science  
Smolenice, Slovak Republic



Trnava  
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## **MARKETING IDENTITY: Brands we love – part II.**

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## **MARKETING IDENTITY**

### **Brands we love**

*International Scientific Conference, 8<sup>th</sup> – 9<sup>th</sup> November 2016*  
*Congress Hall of the Slovak Academy of Science*  
*Smolenice, Slovak Republic*

The international scientific conference held annually by the Faculty of Mass Media Communication, University of Ss. Cyril and Methodius in Trnava has become a traditional event supported and attended by renowned mass media communication theorists and researchers as well as by media and marketing professionals.

The aim of the conference is to map the latest knowledge and trends in the field of marketing communication and to create space for spreading up-to-date scientific knowledge and practical experience in the field of marketing, media and communication while outlining the importance of innovations and supporting the critical dialogue between scholars affiliated with academic institutions and professionals with practical experience. The international conference Marketing Identity (called New Trends in Marketing until 2012) which was held for the thirteenth time at the Smolenice Castle, Slovakia, is organised by the Faculty of Mass Media Communication UCM in Trnava. The conference took place on 8th – 9th November 2016. It was attended by nearly 200 participants coming from 6 countries who were affiliated with more than 30 different academic and research institutions and 12 professional organisations.

The main theme of the conference was concisely expressed by its subtitle: Brands we love. Whether we realise it or not, all of us are surrounded by brands. We encounter them while shopping, watching television, browsing the Internet, having fun outside, travelling, seeking entertainment. Brands we prefer or even love may influence our lives and shopping decisions significantly; on the other hand, those branded products and services, which do not meet our expectations and do not attract our attention, struggle to survive on saturated and globalised markets. It is highly interesting and challenging to discuss these issues within the academic circles in order to see the related problems in wider contexts. The sessions involving conference participants and their contributions were divided into five different sections as follows:

- Section 1: Corporate Branding
- Section 2: Consumer nad Branding
- Section 3: Media Branding

- Section 4: Regional Branding
- Section 5: Personal Branding

We would like to pay closer attention to creative and educational activities accompanying the conference. Even though Marketing Identity offered its participants and other attending guests many opportunities to become acquainted with the Faculty of Mass Media Communication's numerous artistic and well-intentioned public activities, there is one part of the accompanying programme we would like to mention particularly. It is an exhibition presenting the project Fotoroma that aimed to raise public awareness of Roma minority's cultural diversity and build an intercultural dialogue through photography. We believe that there is no other way to intensify the process of social inclusion than to support education of young people living in Slovak regions with high unemployment and therefore under difficult life conditions. The project confirms that even though many of them live in poverty, young Roma people are exceptionally artistically gifted and thrilled when given a chance to express their feelings and try new enjoyable activities. The project's success and all positive reactions of the conference guests led us to a commitment to further engage in the process of social recognition of those in need, to continue in our efforts to help socially excluded Slovak people.

We were honoured to meet many regular but also new participants and guests from abroad. Our foreign guests came from Poland, Norway, the Czech Republic and the United States of America. Besides welcoming many professionals working in the academic circles, whose papers are available on the following pages, we were also delighted to welcome marketing and media professionals who offered practical perspectives of discussion topics. The discussions were aimed at various creative and efficient digital solutions, successfully implemented campaigns, interesting case studies. Since our Faculty considers merging theory and practice as very important or rather necessary, we would like to thank them for accepting our invitation. One of our most prestigious professional partners, the Club of Advertising Agencies Slovakia (KRAS), deserves to be mentioned in particular; we would like to express our gratitude to this organisation as its head representatives and members significantly influenced high quality of the main part of the conference programme by attending in person as keynote speakers and by other forms of cooperation as well.

More information on the Marketing Identity conference, programme schedules, deadlines and photo galleries related to previous years are available at:

**Conference website:**

[fmk.sk/marketing-identity/mi2016](http://fmk.sk/marketing-identity/mi2016)



**Faculty website:**

<http://fmk.sk>



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**Dear friends,**

I am happy to address you again on the first pages of our conference proceedings presenting the scientific contributions from the Marketing Identity – Brands We Love conference. The proceedings are the outcome of our international scientific conference which is held annually on the premises of Smolenice Castle. This was the thirteenth time that scholars, professionals and students gathered in the beautiful surroundings of the Little Carpathians not only to listen to really interesting contributions, but also to exchange their professional and practical experience, discuss inspirational topics, establish contacts or strengthen friendships. During the event, the participants debated in five sections within which they discussed brands, their image and power. The participants evaluated brands' influence on the consumer, the aspects of media commercialisation as well as the importance of a brand at building a region or in personal marketing.

The conference organizers managed to choose an interesting, innovative and modern topic once again. The topic that appeals to all, as everybody can find their favourite area of interest within it. Having decided to name the conference **Marketing Identity – The Brands We Love** the organizers wished to express the fact that each of us has their "lovebrand" they wake up or fall asleep with. When choosing the event's title, we had also been influenced by the fact that our university, along with our faculty, had started to celebrate the twentieth anniversary of its foundation. *"FMK is our lovebrand – we love it and by continuously working on its development and dynamics we do our best to make it move forward, as much as possible."* Many members of both the organizational and scientific boards are the graduates of the faculty and their lives have been connected with it for already twenty years. We are happy that this love to our brand, our alma mater, can be really felt, as was the case also at this conference. It is really exceptional and unique for conference organizers to provide every single participant with their lovebrand. Thus, during the breaks, everybody could find the particular brand they love: Popradská coffee, Horalka, Kofola, Peter Sagan's autograph, Martinus mug, FMK badge, Coca Cola bottle or Nivea cream. Naturally, the budget didn't allow us to present everybody with what they love. Nevertheless, this served as the perfect opportunity for the organizers to show their creativity: the participants were given cookies bearing the logos of their lovebrands. The event was brightened up

with "lovebrand wall" where the participants could take pictures with their favourite brands.

Our conference itself has become a recognized brand, too. Many of us can remember its first modest beginnings that took the form of professional colloquiums held in the premises of our faculty in Trnava at that time. In 13 years we have built up a recognized scientific event that annually hosts more than 200 participants from Slovakia and abroad.

The event was accompanied by three exhibitions that had been prepared by our faculty colleagues. One of them was the exhibition of the best photographs taken by gifted young Roma talents within the Fotoroma project – Raising Awareness of Roma Cultural Diversity and Building Intercultural Dialogue via Photography. The second exhibition related to the COPESU project (Communication to the Prosperity of Ukraine-Slovakia Border Region) and presented the photographs capturing the regions' strengths. The third of the exhibitions displayed the photographs of Smolenice Castle's surroundings.

At this place we would like to express our sincere thanks to the conference's expert guarantor – The Club of Advertising Agencies Slovakia as well as to the main partners of the conference – Trnava Self-Governing Region and Regional Development Cluster – Western Slovakia.

I would like to finish off with the words of our colleague Pavol Minár who was awarded the prize for the best conference speaker and I believe he will entice you to attend our conference also in the years to come as well as to read the contributions found in these proceedings carefully: *"It is a very strong event professionally, yet, at the same time, it is very human. It has been ages since I last presented something to such a well-disposed crowd that would literally emanate such powerful energy. It is becoming a top event among conferences aimed at marketing on a scale that surely reaches beyond Slovakia."*

*assoc. prof. Ľudmila Čábyová, PhD.*

*Faculty of Mass Media Communication  
University of SS. Cyril and Methodius in Trnava*





# Consumer and branding



BRANDS WE LOVE



## ANALYTICAL VIEW OF THE IMPORTANCE OF MODERN TOOLS OF PROMOTION IN SLOVAKIA

*Radovan Bačík – Jakub Horváth – Richard Fedorko*

### Abstract

As the number of Internet users grows, the opportunities to reach consumers expand. Online marketing offers many advantages, making it increasingly attractive worldwide as well as in Slovakia. Before the advent of the Internet business entities could use only one-way communication tools. The Internet and especially its new philosophy of Web 2.0 brought about a powerful tool for two-way communication between business entities and their potential customers they want to reach. Advertising on the Internet is a relatively new discipline which, however, offers a range of solutions, tools, successful advertising campaigns and available literature.

### Key words:

Modern tools of promotion. On-line marketing. The Internet.

## 1 Introduction

Digital technologies have revolutionized many markets. Images, sound, voice, text and data, almost everything can be converted into a digital form. These technologies have penetrated into numerous goods and services. The Internet is one of the affected areas since it enables one to get in touch with millions of other people at virtually no cost. The Internet is a revolutionary turning point in communication, consumption and information industry which has not shown its full potential yet. The digital age is ideal for creating new products and services. Technologies are advancing at a very fast pace and the Internet facilitates the creation of new brands, new approaches to business and new marketing tools.<sup>1</sup> The Internet in combination with marketing is a revolutionary medium. People go to the Internet mainly for information.<sup>2</sup> Slovakia has also fallen for the trend of Internet shopping. Large increases are recorded for services associated with maps and GPS, displayed either using a computer, smartphone or tablet. The Internet is being increasingly used in connection with the new philosophy of Web 2.0. This Web 2.0 is used especially by Internet users themselves.<sup>3</sup> No other media have experienced such a huge development and made such a significant impact on the field of sales, marketing and communication as the Internet. The Internet provides several marketing specificities no other medium is able to offer. A number of authors focus on these issues, such as Chuang<sup>4</sup>, Takata<sup>5</sup>, Pollák – Nastišin – Kakalejčík<sup>6</sup>.

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<sup>1</sup> KOTLER, P.: *10 smrtelných marketingových hříchu*. Praha : Grada Publishing a.s., 2005, p. 88.

<sup>2</sup> GERO, Š.: *Komunikácia – umenie – marketing*. Nitra : FF UKF, 2012, p. 221.

<sup>3</sup> PŘIKRYLOVÁ, J., JAHODOVÁ, H.: *Moderní marketingová komunikace*. Praha : Grada Publishing a.s., 2010, p. 215.

<sup>4</sup> PETER, S. H. et al.: Challenges and solutions for marketing in a digital era. In *European Management Journal*, 2014, Vol. 32, No. 1, p. 1-12.

<sup>5</sup> TAKATA, H.: Effects of industry forces, market orientation, and marketing capabilities on business performance: An empirical analysis of Japanese manufacturers from 2009 to 2011. In *Journal of Business Research*, 2016, Vol. 69, No. 12, p. 5611-5619.

<sup>6</sup> POLLÁK, F., NASTIŠIN, L., KAKALEJČÍK, L.: Analytical view on the use of mobile platforms in purchasing process. In *European Journal of Science and Theology*, 2015, Vol. 11, No. 6, p. 137-146.

Web 2.0 is the next generation of web services. It is also a strategic approach to e-commerce preferring personalized content, precise targeting and engagement of customers in projects - relationship marketing. Web 2.0 is mainly used by the public to access digital media. It has many ardent supporters as well as opponents. Web 2.0 is also called a new philosophy that influences not only the Internet, but the whole culture.<sup>7</sup> The Internet was created in 1969 as an interconnected system allowing one-way communication, either "one to one" (interpersonal) or "one to many" (through mass media). Thinking and technology have since moved to a concept of "many to many", which means that any information can be sent to a potentially infinite number of people and each person can participate in its creation using multiple technologies. The invention of the Internet was followed by the information explosion, due to which it is increasingly difficult for Internet users to filter information they are interested in. To a large extent this has been dealt with by search engines, but even this approach is currently not sufficient. It was therefore necessary to find a new solution to this situation and determine the direction the Internet should take. Web 2.0 therefore prefers to personalize content based on the searching history of users. In terms of marketing Web 2.0 is a great tool that created new opportunities for advertising on the Internet, for example through the use of social networks or new digital technologies that are more intuitive and interactive. Web 2.0 allows for a better targeting, either because users are grouping into groups with common interests and problems or also because of the use of personal data found in the user profiles people are willing to share for a certain countervalue offered by an application, business entity or service. Web 2.0 has a number of opponents, especially because of its way of displaying information to users and data collection. A significant number of authors focus on these issues, such as Leong and Ibrahim<sup>8</sup>, Kurilovas and Juskeviciene<sup>9</sup>, Sivarajah - Irani - Weerakkody<sup>10</sup>.

On the Web 2.0 we are witnessing a shift from the economic mainstream markets towards smaller, specific products and services. The demand for products and services is rising thanks to the Internet. As production and distribution costs are falling, there is no need to produce mass products (one fits all). Products can be adapted to the needs of customers, virtually anyone can have their unique product, such as a T-shirt with own printing. Some online shops use the model of the long tail, meaning they can reach out to unsatisfied customers and provide them with products that cannot be found in brick-and-mortar stores. A great example in Slovakia is a bookstore chain Martinus which offers the widest range of books in Slovakia. Abroad, this method works for iTunes, which also has a wide range of legal music.<sup>11</sup> The current trend is to use search engines to look for a unique offer satisfying one's interests. Therefore, the old way of marketing aimed at disturbing consumers by annoying mass-targeted messages is no longer effective/ cannot cover

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<sup>7</sup> FREY, P.: *Marketingová komunikace: to nejlepší z nových trendů*. 2<sup>nd</sup> Edition. Praha : Management Press, 2008, p. 154.

<sup>8</sup> LEONG, L. W., IBRAHIM, O.: Role of Information System (IS), Social Networking Technology (SNT) and WEB 2.0 for Improving Learning Outcomes: A Case of Malaysian Universities. In *Procedia - Social and Behavioral Sciences*, 2015, Vol. 211, p. 111-118.

<sup>9</sup> KURILOVAS, E., JUSKEVICIENE, A.: Creation of Web 2.0 tools ontology to improve learning. In *Computers in Human Behavior*, 2015, Vol. 51, Part B, p. 1380-1386.

<sup>10</sup> SIVARAJAH, U., IRANI, Z., WEERAKKODY, V.: Evaluating the use and impact of Web 2.0 technologies in local government. In *Government Information Quarterly*, 2015, Vol. 32, No. 4, p. 473-487.

<sup>11</sup> ANDERSON, CH.: *The Long Tail*. London : Hyperion, 2006, p. 185.

the entire demand. Well-targeted ads aimed at a narrow group of people can effectively use the money allocated for advertising. Instead of universal websites and advertising campaigns it is better to create more diverse micro websites and campaigns with a special purpose<sup>12</sup>.

## **2 Methods and methodology**

The main objective of the research is to examine the use of modern tools of promotion by Slovak business entities on the Internet. Using a questionnaire the research will explore attitudes of active customers towards this subject. Specifically, we focused on the most commonly used (in our opinion) instruments - Websites, Internet ads and Blog. Based on the above we have formulated the following hypothesis:

**H<sub>1</sub>:** *The age of respondents surveyed has a significant effect on the perception of different modern tools of promotion.*

The research focused on a survey of potential as well as real customers of various Slovak companies that use modern tools of promotion. Data collection took place in June and July 2016 through an online questionnaire. The survey covered 159 respondents (the customers of Slovak companies which use modern tools of promotions) who were influenced to buy products of these companies because of these instruments. The research primarily focused on a younger age group (18-25 years old). The oldest respondent was 60 years old. More information on demographics can be found in the results of the survey. The hypothesis was verified using a correlation analysis. The correlation analysis provided the correlation coefficient determining the relationship between variables. Subsequently, we were able to verify the statistical significance of the correlation coefficient and come up with regression line scatter plots. The collected data was evaluated using the program STATISTICA 12.

## **3 Research results**

The gender composition of the respondents is as follows: 67.92% of the respondents are women and 32.08% men. The age structure of respondents is as follows:

**Table 1: Age structure of respondents**

<b>Age</b>	<b>(%)</b>	<b>In total (N=159)</b>
<b>18-25</b>	72.33	115
<b>26-30</b>	18.24	29
<b>31-35</b>	2.52	4
<b>36-40</b>	1.26	2
<b>41-45</b>	2.52	4
<b>46-60</b>	3.13	5

Source: Own processing

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<sup>12</sup> SCOTT, D.: *Nové pravidlá marketingu & PR*. Bratislava : Eastone Books, 2010, p. 205.

The research focused on the following modern promotion tools: Websites, Internet advertising, Blogs. These tools are in our view the most significant. Within the correlation analysis we also quantified the correlation coefficient which determines the relationship of variables. Subsequently, we were able to verify the statistical significance of the correlation coefficient and come up with a scatter plot with a regression line.

**Table 2: Correlation analysis, the first part (the influence of age on the importance of modern promotion tools)**

<b>X: Age of respondents</b>	<b>Correlation analysis</b>			
<b>Y: Significance of each modern promotion tools.</b>	<b>Marked correlations are significant at <math>p &lt; .05000</math></b>			
	<b>Average</b>	<b>Deviation</b>	<b>r(X,Y)</b>	<b>r<sup>2</sup></b>
<b>Age</b>	25.49686	6.630266		
<b>Significance of a website quality</b>	4.26415	0.937630	-0.022263	0.000496
<b>Age</b>	25.49686	6.630266		
<b>Significance of an Internet ad</b>	3.12579	1.167829	-0.120923	0.014622
<b>Age</b>	25.49686	6.630266		
<b>Significance of blogs</b>	3.26415	1.219321	0.123015	0.015133

Source: Own processing

**Table 3: Correlation analysis, the second part (the influence of age on the importance of modern promotion tools)**

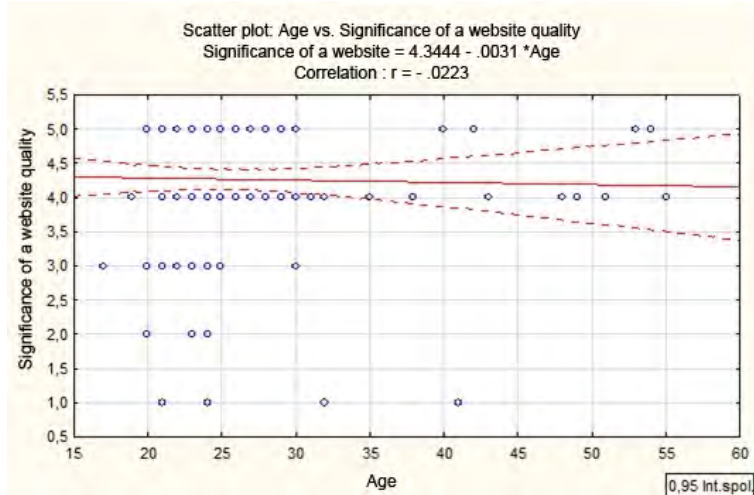
<b>X: Age of respondents</b>	<b>Correlation analysis</b>						
<b>Y: Significance of each modern promotion tools.</b>	<b>Marked correlations are significant at <math>p &lt; .05000</math></b>						
	<b>t</b>	<b>p</b>	<b>N</b>	<b>CST Y</b>	<b>DIR Y</b>	<b>CST X</b>	<b>DIR X</b>
<b>Significance of a website quality</b>	-0.2790	0.7805	159	4.3444	-0.0031	26.1681	-0.1574
<b>Significance of an Internet ad</b>	-1.5263	0.1289	159	3.6688	-0.0212	27.6428	-0.6865
<b>Significance of blogs</b>	1.5531	0.1223	159	2.6873	0.0226	23.3134	0.6689

Source: Own processing

From the tables it is clear that relationships between the variables of relationships can be divided into two groups - those which show a positive correlation and those which show a negative correlation. Correlation coefficients resulting from the analysis are of a relatively small value, which means that the relationship between the examined variables exist but are very weak. Each scatter plot will provide information of modern promotion tools in relation to the age of the respondents.

Using scatter plots we evaluated all modern promotion tools. For the purpose of this survey three tools were specifically selected. The first scatter plot shows the influence the age of respondents has on the perceived importance of a quality and

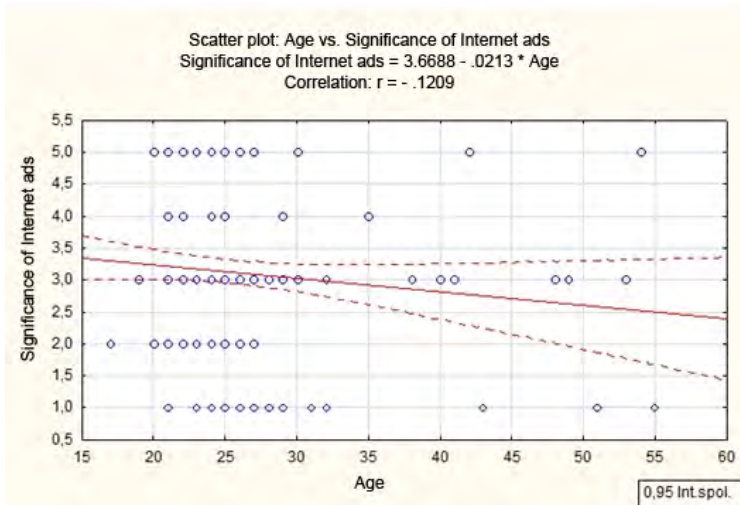
well-structured website. In this case the correlation coefficient  $r$  reached the value of 0.022263, which is a very weak negative correlation. This means that the higher the age of the respondent, the worse the perception of the significance of a website. Despite the result, it cannot be said that the situation is like this because the significance test of the correlation coefficient showed that the result is not statistically significant, also shown by the regression line in the following scatter plot.



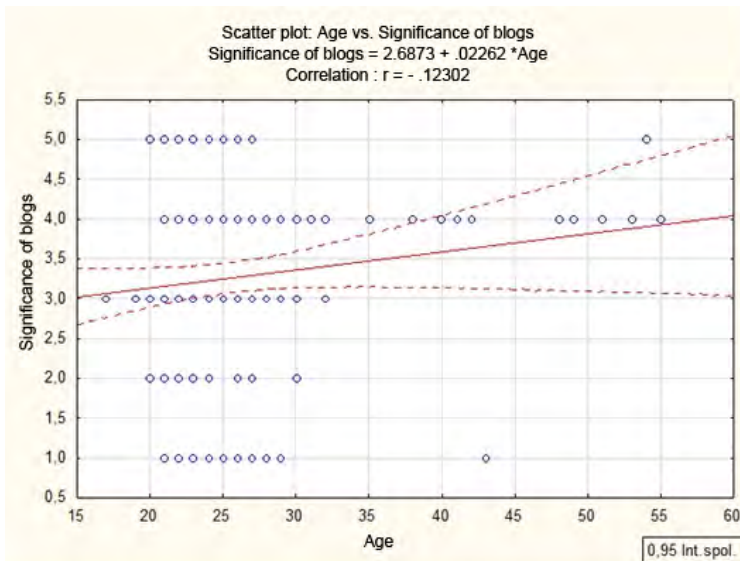
**Chart 1: Scatterplot (Age vs. Significance of a website)**

Source: Own processing

Secondly, the research examined the relationship between the age of respondents and the significance of Internet ads. The correlation analysis shows a negative correlation again; the correlation coefficient reached 0.120923. This is slightly higher correlation than in the previous case, but still not different enough to declare that the result is statistically significant since the  $p$ -value is greater than the test (0.05) and the regression line is of marginal propensity.



**Chart 2: Scatter plot (Age vs. Significance of Internet ads)**  
 Source: Own processing



**Chart 3: Scatter plot (Age vs. Significance of blogs)**  
 Source: Own processing

The relationship between the age of respondents and the importance of blogs on the Internet, by contrast, entails only very weak positive correlation, suggesting that the higher the age of respondents, the more interesting blogs appear to them. However, the correlation came out to be very weak -  $r = 0.123015$ , and the significance test of

the correlation coefficient considers this relationship to be statistically insignificant. The scatter plot shows a change in the direction and propensity of the regression line, which now identifies a positive correlation result.

### Conclusion

Internet marketing has become the primary battleground between competing business entities which want to market their products and then sell them. A clear advantage of these tools is their broad portfolio, lower costs and greater impact/ results which can be quickly and easily checked. People nowadays spend more time on the Internet than by reading the press or watching TV. The latest trend is to do these "old-school" activities online (online books, virtual magazines, journals, TV on mobile, tablet, laptop). During these activities people come into contact with modern tools of promotion which are placed on websites and social network sites of service providers.

When assessing the relationship between the age of respondents and the perceived significance of a website, the correlation coefficient  $r$  reached the value of 0.022263, which is a very weak negative correlation. This means that the higher the age of the respondent, the worse the evaluation of the significance of a website. Despite the result, it cannot be said that the situation is like this because the significance test of the correlation coefficient showed that the result is not statistically significant. The relationship between the age of the respondents and the significance of Internet advertising showed a correlation coefficient of 0.120923. The result is not statistically significant. The higher the age of respondents, the more interesting blogs appear to them. However, the correlation came out to be very weak -  $r = 0.123015$ , and the significance test of the correlation coefficient considers this relationship to be statistically insignificant. Correlation analysis tables show that variables can be divided into two groups. The first group shows a positive correlation, and the other one shows a negative correlation. Correlation coefficients, as an outcome of the analysis, have a relatively low value, which means that although there exists a relationship between the examined variables, it is very weak.

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## NOSTALGIA MARKETING IN CURRENT SOCIOCULTURAL CONDITIONS

*Beáta Beke*

### **Abstract**

For quite some time, consumers have been exposed to grocery products (among others) which – in their packaging and overall visual – evoke memories from the past. These are representations of nostalgic marketing and retro marketing strategies, which are primarily aimed at boosting demand. This article is focused on the definition of the phenomenon of nostalgia, differentiation between retro marketing and the nostalgic marketing and their significance in the current socio-cultural situation. Specifically, this article is focused on the “Zlatý Bažant ‘73” product and employs various research methods.

### **Key words:**

Nostalgia. Nostalgia marketing. Retro. Retrobranding. Retro marketing.

### **1 Introduction**

During the last year, two major campaigns based on the strategy of the so-called “nostalgia marketing” have emerged on the Slovak FMCG (fast-moving consumer goods) market. On October 10, 2015, Lidl Slovensko launched its first “Retro week” in Slovakia, in the course of which products typical for the socialist era were revived (see Figure 1). These presented primarily a true copy of the visual layout of iconic socialist products. An example of a product that is true to its socialist model in its contents is the Zlatý Bažant ‘73 beer produced by Heineken Slovensko (see Figure 2), which boasts brewing based on “...the oldest preserved brewing recipe...” and “...employing traditional brewing methods with modern enhancements.”<sup>1</sup> Thus, Zlatý Bažant ‘73 is the second large-scale campaign built on the strategy of nostalgia marketing and corresponding branding. However, there are many other products from various industries, for instance the resumption of the production of Favorit bicycles by a Slovak entrepreneur, who bought the trademark in 2011. His goal is a breakthrough on foreign markets (USA, Great Britain, Germany, the Netherlands, Switzerland, Australia and Japan) and to enhance the bicycles of a traditional brand with new, modern technologies.<sup>2</sup>

At present, we may notice an ever-increasing interest in the former regime, its products and aesthetics in various aspects and all dimensions of cultural life. These also include the latest *Retro ČS publications* by Michal Petrov: *Co bylo (a nebylo) za reálného komunismu* and *Retro ČS 2: Jak jsme si to (u)žili za reálného iěclesm*, or the on-going exhibition of the Slovak Design Centre titled *Farebná šed’ – Bunte Grau*, which is dedicated to the design in the Czechoslovak Socialist Republic and the German Democratic Republic. Most certainly, it is an (more or less sophisticated) attempt to make amends with the past, with its both positive and negative contents and experiences. This act is crucial for both individual and collective identity and

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<sup>1</sup> *Zlatý Bažant*. [online]. [2016-20-10]. Available at: <<http://www.zlatybazant.sk/73>>.

<sup>2</sup> NĚMCOVÁ, V.: *Slovák oživil legendárnu značku bicyklov. Pre veľký záujem ich nestihal vyrábať*. Released on 1<sup>st</sup> November 2016. [online]. [2016-11-04]. Available at: <<http://finweb.hnonline.sk/ekonomika/852012-favorit-mieri-do-sveta-legendarna-znacka-pre-velky-zaujem-nestihala-vyrabat>>.

social cohesion. This phenomenon is interrelated with multiple live trends of present-day culture, but perhaps foremost with commodification, which Zuzana Slušná describes as “...symbolic systems, information and knowledge are marketable commodities; they are produced to compete against other offered and available commodities on the global market; their appeal to the recipients and a continuous generation of profits are the key aspects reflected in their production.”<sup>3</sup>



**Figure 1: Flyer of Lidl Slovensko with the respective products offered within the *Retro week* campaign.**

Source: *Lidl*. [online]. [2016-11-04]. Available at: <<http://www.lidl.sk/sk/ponuka.htm?id=1173>>.

**Figure 2: The *Zlatý Bažant '73* beer manufactured by Heineken Slovensko.**

Source: *Webnoviny*. [online]. [2016-11-04]. Available at:

<<http://www.webnoviny.sk/slovensko/clanok/1052992-zlatory-bazant-73-pivo-inspirovane-minulostou/>>.

The issue of nostalgia, and relatedly, of nostalgic or retro marketing, is complex, but we can often find simplified views and statements relating to this phenomenon, both in journalist works, in which this topic is often popularized, or in scientific works, in which it is not sufficiently recorded.

## 2 Nostalgia – definition

The term ‘nostalgia’ is composed of two Greek words: *iècle*, a return home, and *álgos*, pain or ache. Primarily, ‘nostalgia’ denotes pain of separation from home, grieving and a desire to return home, or, simply, *homesickness*.<sup>4</sup>

<sup>3</sup> SLUŠNÁ, Z.: *Aspekty a trendy súčasnej kultúry*. Bratislava : NOC, 2013, p. 47

<sup>3</sup> Homesickness – German: das Heimweh, French: malady du pays, Slovak: Túžba po domove, etc. (remark by the author).

## 2.1 Nostalgia in the mirror of the past

Nostalgia was first mentioned in writing in 1688, when the 19-year-old Swiss student Johannes Hofer created and first used the term nostalgia<sup>5</sup> in his dissertation titled *Medical Dissertation on Nostalgia* to describe morbid homesickness. Hofer deemed nostalgia to be a cerebral disease caused by “quite continuous vibration of animal spirits through those fibres of the middle brain in which impressed traces of ideas of the Fatherland still cling”.<sup>6</sup> “Hofer’s contribution was considered a key work in psychological and psychosomatic medicine for at least two reasons: (1) he was the first to describe nostalgia as a clinical condition, and (2) in his writing, he gave credence to the effects of mind over body.”<sup>7</sup> He was the very first ever to use the term nostalgia and, moreover, he was the one to discover this disease, writes Simon Bunke.<sup>8</sup> Nostalgia, or homesickness, was a specific malady of Swiss soldiers separated from their fatherland surrounded by the Alps. It wasn’t only the soldiers who were victims of nostalgia, but also all the people living outside their homeland, mainly inhabiting low-elevation areas (resident students at universities abroad and servants working in Germany and France). Thus, since its discovery, nostalgia was considered a mental illness.<sup>9</sup>

Nostalgia began to be perceived as a feeling or emotion, not a deadly mental pathology, at the beginning of the 19<sup>th</sup> century. “Nostalgia was transformed from a curable disease into an incurable condition. A provincial ailment, *maladie du pays*, became a disease of the modern age, *mal du iècle*.”<sup>10</sup> Nostalgia started to attract not only the attention of psychiatrists and psychologists, but also of philosophers.<sup>11</sup> This is a turning point, in which nostalgia obtained an autonomous conceptual status and was released from the field of psychology to other scientific disciplines.<sup>12</sup> However, this does not change the fact that for a large part of the 20<sup>th</sup> century, nostalgia was studied mainly by psychological sciences, hence the largest number of theoretical works on the subject have been created under their sponsorship.

<sup>4</sup> Hofer also suggested the terms *nosomania* and *philopatridomania* (remark by the author).

<sup>5</sup> WILDSCHUT, T. et al.: Nostalgia: Content, Triggers, Functions. In *Journal of Personality and Social Psychology*, 2006, Vol. 91, No. 5, p. 975. [online]. [2013-07-19]. Available at: <[http://www.wildschut.me/Tim\\_Wildschut/home\\_files/Nostalgia%20PSP.pdf](http://www.wildschut.me/Tim_Wildschut/home_files/Nostalgia%20PSP.pdf)>.

<sup>6</sup> HAVLENA, W. J., HOLAK, S. L.: “The Good Old Days”: *Observations on Nostalgia and Its Role in Consumer Behaviour*. [online]. [2013-07-25]. Available at: <<http://www.acrwebsite.org/search/view-conference-proceedings.aspx?Id=7180>>.

<sup>7</sup> BUNKE, S.: *Heimweh. Studien zur Kultur – und Literaturgeschichte einer tödlichen Krankheit*. Freiburg : Rombach Verlag KG, 2009, p. 14.

<sup>8</sup> BOYM, S.: *The Off-Modern Mirror*. [online]. [2013-07-19]. Available at: <<http://www.e-flux.com/journal/the-off-modern-mirror/>>.

<sup>9</sup> BOYM, S.: *The Future of Nostalgia*. New York : Basic Books, 2001, p. 7.

<sup>10</sup> It was discussed also in the works of A. von Haller and J. J. Rousseau. Nostalgia is mentioned also in Immanuel Kant’s work from 1798 (*Anthropologie in pragmatischer Hinsicht*, 1796 – 1797). Kant noticed that nostalgic emotions do not originate in the simple desire to return home, but rather to return to a specific time of life (e.g. youth). However, as contrary to space/place, time is irreversible, nostalgia is a reaction to this sad truth. (For more information, see: HUTCHEON, L.: *Irony, Nostalgia, and the Postmodern*. [online]. [2013-02-10]. Available at: <<http://www.library.utoronto.ca/utel/criticism/hutchinp.html>>).

<sup>11</sup> BUNKE, S.: *Heimweh. Studien zur Kultur – und Literaturgeschichte einer tödlichen Krankheit*. Freiburg : Rombach Verlag KG, 2009, p. 14.

By the 1950s, the term nostalgia was demilitarized, demedicalized and depsychologized. In the current connotations of the term its medical interpretations have been abandoned and, moreover, the key term of "home" became semantically deterritorialized.<sup>13</sup> The category of home was thus replaced with various objects which, in a transferred sense, can be considered metaphors of home and its variations. This is exemplified by various researches in the field of clinical psychology pointing towards the assumption that nostalgia is a desire to return to one's true home – to the mother's loin, to her womb.<sup>14</sup> This place represents a state of Paradise. Interpreted through the prism of Freud's theory, this signifies the return to "self", to pure ego, completeness and integrity.

### 2.2 The present reflection of nostalgia

Nostalgia has become part of the everyday language and is associated with concepts like love, jealousy and fear, rather than with psychological categories (melancholy, depression, etc.). Due to cultural and historical changes that took place in the 20<sup>th</sup> century (i.e. anything that questioned and destabilized the very category of home), the object of nostalgic mourning has shifted towards a more abstract – almost unidentifiable object that is being transformed from the category of space (home) to a temporal delimitation (past). In other words, it is a different way of expressing a sense of loss of the same. Nostalgia is a democratic phenomenon, which in the 20<sup>th</sup> century began to besiege the people who moved to cities.<sup>15</sup> Nostalgia is a response to the contradictions of modernity and it has gradually become a collective affair. Simultaneously, it began to attain greater political importance.<sup>16</sup>

Today, nostalgia is perceived as an umbrella term denoting a look back to the past. Nostalgia can have both positive, as well as negative connotations. For example, Charles Maier states that: "Nostalgia is to memory as kitsch is to art".<sup>17</sup> Michael Kammen says that "Nostalgia ... is essentially history without guilt..."<sup>18</sup> According to Boym, nostalgia in this sense is an abdication of personal responsibility, a guilt-free homecoming, an ethical and aesthetic failure.<sup>19</sup> The phenomenon of nostalgia was already reflected in the literary works from ancient history (e.g. *Psalms*, *Homer's Odyssey*, *Hippocrates' or Caesar's texts*, *Proust's In Search of Lost Time*, etc.) with a clear reference to homesickness. Although not reflected, since a denoting term did not exist, nostalgia has always been present in the human psyche.

Many theoreticians from various fields attempted to define the term. These, among others, included: Vladimir Jankélévitch, Fred Davis, Christopher Lasch, Frederic Jameson, Linda Hutcheon, Yannis Gabriel, Susan Stewart, Aaron Santesso, Michael

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<sup>12</sup> DAVIS, F.: *Yearning for Yesterday. A Sociology of Nostalgia*. London : Collier Macmillan Publishers, 1979, p. 5.

<sup>13</sup> HAVLENA, W. J., HOLAK, S. L.: "*The Good Old Days*": *Observations on Nostalgia and Its Role in Consumer Behaviour*. [online]. [2013-07-25]. Available at: <<http://www.acrwebsite.org/search/view-conference-proceedings.aspx?Id=7180>>.

<sup>14</sup> Examples of this fact include Baudelaire's poems and Simmel's and Benjamin's reflections of European metropolises (remark by the author).

<sup>15</sup> BOYM, S.: *The Future of Nostalgia*. New York : Basic Books, 2001, p. 5.

<sup>16</sup> MAIER, CH. In BOYM, S.: *The Future of Nostalgia*. New York : Basic Books, 2001, p. xiv.

<sup>17</sup> KAMMEN, M. In BOYM, S.: *The Future of Nostalgia*. New York : Basic Books, 2001, p. xiv.

<sup>18</sup> BOYM, S.: *The Future of Nostalgia*. New York : Basic Books, 2001, p. xiv.

Pickering and Emily Knightley. Svetlana Boym is one of the most fecund authors explicitly focusing on the issue of nostalgia in her various texts and artistic praxis. Svetlana Boym states that nostalgia is conditioned by distance and exile: "Nostalgia is a longing for a home that no longer exists or has never existed. Nostalgia is a sentiment of loss and displacement, but it is also a romance with one's own fantasy. Nostalgic love can only survive in a long-distance relationship. A cinematic image of nostalgia is a double exposure, or a superimposition of two images – of home and abroad, past and present, dream and everyday life. The moment we try to force it into a single image, it breaks the frame or burns the surface."<sup>20</sup> By synthesizing reoccurring, hence relevant elements of definitions and characteristics of nostalgia we established our own operational definition of nostalgia: *Nostalgia is a specific form of remembering and viewing of the past from the perspective of the present, which is, mostly, incited by the dissatisfaction of the subject with his/her present condition, thus being predetermined to be a symptom of the age and a collective affair. In nostalgia, the adoration of the idealized past always prevails over the blaming of the present. The essence of nostalgic reaction is the yearning for something lost that is colliding with the reality of the irreversibility of time. This loss is usually tied to a temporal, rather than spatial quality. Nostalgia is subject to distance and exile, and demands an objective world which serves as a trigger. Nostalgia is usually accompanied by other emotions, such as melancholy. Nostalgia is not only retrospective, but also perspective as a source of meaning and other positive values. A symbolic escape to the realm of fantasy offered by nostalgia can facilitate the adaptation to current conditions and lower the potential of resistance.*

### 2.3 Typology of nostalgia

There are many approaches towards defining types of nostalgia. The most relevant ones are listed here. Fred Davis defined three levels of cognizance and emotions in regard to the character of nostalgic reaction:

*Simple nostalgia* – is "is that subjective state which harbours the largely unexamined belief that things were better (more beautiful, healthier, happier, more civilized, more exciting) than than now..."<sup>21</sup> It is an approach defined by the opposition of "a beautiful past and the unattractive present".

*Reflexive nostalgia* – represents a critical approach towards the past, rather than its sentimentalization, as it was in the first case. Here the person verifies past events thought certain empirically oriented questions such as: "Was it really that way?"

*Interpreted nostalgia* – occurs when an individual analyses his/her own extent of nostalgia. It is an objectification of the perceived nostalgia. Analytically oriented questions concerning its sources, typical character, significance, and psychological purpose are typical for this case, for example: "Why am I feeling nostalgic?"<sup>22</sup>

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<sup>19</sup> Ibidem, p. 13-14.

<sup>20</sup> DAVIS, F.: *Yearning for Yesterday. A Sociology of Nostalgia*. London : Collier Macmillan Publishers, 1979, p. 18.

<sup>21</sup> Davis states that simple nostalgia is perceived more often than reflexive and reflexive nostalgia is more frequent than interpreted. This is caused by the fact that the later two require more complex cognitive perspectives. However, ultimately, each person is able to feel nostalgic on every level. (For

Theoreticians recognize various types of nostalgia in terms of the type of the object, i.e. the target of the resentment. Havlena and Holak recognize three groups of objects: things, events and people.<sup>23</sup> A different division was suggested by the four authors T. Wildschut, C. Sedikides, J. Arndt and C. Routledge in their study titled *Nostalgia: Content, Triggers, Functions* (2006). These authors created seven categories to which various objects of nostalgia can be classified. These are: people (family members, friends, etc.), significant events (marriage, birth of a child, etc.), environment (home, other places where significant events took place, etc.), time of life (childhood, college studies, work, etc.), animals (mostly pets), long-term tangible property (toys, clothing, etc.) and past "self" (i.e. temporal, transitional identities of an individual).<sup>24</sup>

Barbara B. Stern categorizes nostalgia from the perspective of the sharing of the experience:

*Historical or indirect nostalgia* – is expressed by the desire of an individual to step back from his/her current life to a distant past which was better than the present. The presentation of history that took place before the subject was born is an important temporal determinant of historical nostalgia. Nostalgic experience is thus indirect. Arjun Appadurai works with an identic form of nostalgic reaction, but he calls it *armchair nostalgia* – nostalgia without lived experience or collective historical memory.<sup>25</sup> Similarly to *historical nostalgia*, *personal or direct nostalgia* idealizes the past transformed by imagination. In this case, it is a direct nostalgic experience.<sup>26</sup> The point of contact of both types of nostalgia, historical and personal, is the construed essence of the desired object. Davis' typology of nostalgia consists of collective and private nostalgia, based on the content of a nostalgic reaction, i.e. of the constituents of the definition scope of the object of nostalgia.

*Collective nostalgia* – the symbolic contents of this type of nostalgia are of public nature, they are shared by the general public and are widely known. They can bring up a nostalgic feeling in millions of people. *Private nostalgia* refers to symbolic contents and allusions from the past. Thus, its source is the biography of a particular subject. The character of contents tends to be more idiosyncratic, individuated, and particularistic.<sup>27</sup> Many other classifications can be found in the history of reflection of nostalgia. We considered these classifications to be the most relevant for our purposes and these will be applied in the analysis of the product selected.

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more information, see: DAVIS, F.: *Yearning for Yesterday. A Sociology of Nostalgia*. London : Collier Macmillan Publishers, 1979, p. 17-26).

<sup>22</sup> HAVLENA, W. J., HOLAK, S. L.: *Nostalgia: an Exploratory Study of Themes and Emotions in the Nostalgic Experience*. [online]. [2013-08-20]. Available at: <<http://www.acrwebsite.org/search/view-conference-proceedings.aspx?ld=7324>>.

<sup>23</sup> WILDSCHUT, T. et al.: Nostalgia: Content, Triggers, Functions. In *Journal of Personality and Social Psychology*, 2006, Vol. 91, No. 5, p. 975-993. [online]. [2013-07-19]. Available at: <[http://www.wildschut.me/Tim\\_Wildschut/home\\_files/Nostalgia%20JPSP.pdf](http://www.wildschut.me/Tim_Wildschut/home_files/Nostalgia%20JPSP.pdf)>.

<sup>24</sup> APPADURAI, A.: *Modernity At Large: Cultural Dimensions of Globalization*. Minneapolis : University of Minnesota Press, 1996, p. 78.

<sup>25</sup> STERN, B.: Historical and Personal Nostalgia in Advertising Text: The Fin de siècle Effect. In *Journal of Advertising*, 1992, Vol. 21, No. 4, p. 11-22. [online]. [2013-07-12]. Available at: <<http://www.jstor.org/stable/4188854>>.

<sup>26</sup> DAVIS, F.: *Yearning for Yesterday. A Sociology of Nostalgia*. London : Collier Macmillan Publishers, 1979, p. 122-124.

## 2.4 Retro and nostalgia: retro marketing and nostalgia marketing

The notion of 'nostalgia marketing' (and the related term of 'retro marketing') is usually considered an unambiguous term, yet the issue of its sematic legitimacy arises. The term 'nostalgia marketing' (sometimes 'nostalgic marketing') is commonly used to denote marketing techniques which, for the purpose of increasing the desirability of products or services, employ strategies based on the evocation of pleasant feelings associated with the past or memories. However, from a linguistic standpoint, the phrase 'nostalgic marketing' would fail to denote the strategies referred to through this term by marketing professionals. And it is the same with retro marketing. Even though these terms are semantically inaccurate, they have become generally accepted and recognized. Another outstanding problem is the spelling of the term, both in Slovak and in English. In various literary sources, as well as on the web, we can find differing forms of this term: 'retro marketing', 'retromarketing', and even 'retro-marketing'. Hence, again we stumble into the inconsistency in using the term.

At this point, it is of crucial importance to define the terms of 'nostalgia marketing' and 'retro marketing', as, we believe, there is a huge semantic difference, both signifying differing approaches and methods. In the Dictionary of Marketing, we can find the following definition of 'retro marketing': "Marketing approaches involving re-representations of the past in one or more areas of marketing activity."<sup>28</sup> An interesting moment in the definition of retro marketing is when authors point at its more or less necessary association with nostalgia: "Clearly, the approach suggests there are numerous opportunities to offer revived products and services incorporating elements of past eras that ultimately went out of fashion or which were superseded by other offerings in the marketplace but nevertheless are associated with nostalgia."<sup>29</sup> However, this approach suggests an ambiguous, even slightly negligent or careless use of the terms. Clearly, some authors do not distinguish between the two marketing practices and use them synonymously, or they assume that 'retro' is also nostalgic or related to nostalgia in some manner. Indeed, there are definitions clearly distinguishing between these two terms and which will be more important and authoritative to us.



**Figure 3: Pionier (curd dessert), a product of Tatranská mliekareň**

Source: *Tatranská mliekareň*. [online]. [2016-11-04]. Available at: <<http://www.tami.sk/stranka/dezerty/produkt/pionier/>>.

**Figure 4: Cod in mayonnaise, a product of Ryba Žilina**

Source: *Ryba Žilina*. [online]. [2016-11-04]. Available at: <<http://www.rybazilina.sk/treska-v-majoneze-140-g/>>.

<sup>27</sup> DACKO, S. G.: *The Advanced Dictionary of Marketing: Putting Theory to Use*. New York : Oxford University Press, 2008, p. 457-458.

<sup>28</sup> *Ibidem*, p. 458.

The notion of 'retro' originates from the Latin prefix *retro* meaning back, to the past. Elizabeth E. Guffey defines retro as an unsentimental nostalgia, half ironic, half wistful remembering of the recent past. She states that nostalgia and retro are interconnected, but the bittersweet longing for objects, people or events in the past has an ironic tint in the retro style. Retro represents nostalgia with a dose of cynicism and detachment.<sup>30</sup> While any new product or service exploiting referring to characteristic traits or aesthetics of a product can be labelled 'retro', a 'nostalgia' product is often a replica of the product, both in its content and form. Nostalgia stimulates positive emotions from the past connected to specific memories. While the reference point of nostalgia rests in the past, retro doesn't necessarily employ it and refers to the past only through its visual form. It can be stated that nostalgia marketing offers a 'legacy' and value, often mediating the quality characteristic for the product in past. Simply put, not everything 'retro' evokes nostalgia, unless it is a case of a highly successful retro marketing strategy.

The distinctions between the terms are illustrated in Figure 3, which shows the curd dessert named Pionier produced by Tatranská mliekareň, and in Figure 4, which shows Cod in mayonnaise produced by Ryba Žilina. The first product employs associations to socialism through the phenomenon of the socialist pioneer movement. It is assumed that this is an example of retro marketing, since, even though there used to be a similar product in the past, yet, as its continuity was disrupted, it evaporated from consumer memory. Hence, the producer only used a typical phenomenon to represent socialism for the purpose of fuelling sales. When looking at the product, both younger and older generations get into some kind of impasse of the past. This is evidenced by puzzled discussions on various online forums concerning the past existence of such a product and, if it used to exist, what it was. It can be thus concluded that retro marketing strategies of Tatranská mliekareň do not employ proper positioning. It should be noted that the company Hamé also has its own "pioneer" – a pork spread. Cod in mayonnaise, shown in Figure 4, is a different case, as this product managed to maintain its continuity and the company returned both to the original visual form and contents, which were enriched with a story of the "Slovak cod".

### 3 Research focused on nostalgia in marketing

The influences of nostalgia on the behaviour of consumers, as well as the ways to influence this behaviour are key topics concerning the relationship between nostalgia marketing. Important researches in this field were conducted by *Holak and Havlena* (1992), *Holbrook and Schindler* (1993-1994) and *Stern* (1992). The initial research of Holbrook and Schindler were aimed at the nostalgic preferences of certain cultural products (film stars or music). Later, they focused on the material products or services (cars, soft drinks, fast food).<sup>31</sup> The articles of these theoreticians can be found on the *Association for Consumer Research* web site. In 1990, the article titled *The Role of Nostalgia in the Development of Tastes* by Robert M. Schindler

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<sup>29</sup> GUFFEY, E.: *Retro: The Culture of Revival*. London : Reaktion, 2006, p. 20.

<sup>30</sup> RINDFLEISCH, A., SPROTT, D. E.: *Special Session Summary Moving Forward on Looking Backward: Advancing Theory and Practice in Nostalgia*. [online]. [2013-07-25]. Available at: <<http://www.acrwebsite.org/search/view-conference-proceedings.aspx?ld=8354>>.



and Moris B. Holbrook was presented at the *Conference of the Association for Consumer Research*. They studied the influence of the age of an individual on the formation of one's preferences in relation to various stimuli. Holbrook suggested the so-called *nostalgic index*, sometimes referred to as *Holbrook's Nostalgic Scale – HNS*, which facilitates the research of correlations between nostalgic tendencies and fashion preferences.

In short, it is a study of the preferences of consumers in relation to nostalgia or the role of past in defining present preferences.<sup>32</sup> Nostalgic index enables to define the level of inclination towards nostalgic feelings. This research builds on *McCann's* studies from 1943, but it is applied to the preferences of consumers. In addition to HNS, there are two major indices “measuring” the inclination towards nostalgia. These are *McKachnie's Antiquarianism Scale* from 1977 and *Konrad's Experience Scale* from 1980. Holbrook and Schindler found that respondents had nostalgic feelings triggered by music they used to listen to at the time of late adolescence or early adulthood. With that they affirmed Davis' research from 1979, according to which the most prolific period for nostalgia is 23 to 24 years of age.<sup>33</sup> However, Holbrook and Schindler did not study only music-induced nostalgia, as they also applied HNS to studying car preferences.<sup>34</sup> One of the results was the discovery that only men tend to favour older types of cars, women do not.

It is similar with other cultural artefacts – nostalgic sentiment is more widespread with men than women. In their integrative model of nostalgic preferences, Holbrook and Schindler assume that preferences are subject to age, gender, type of product, social environment and biological predisposition.<sup>35</sup> According to Rindfleisch, further research of nostalgic preferences should be focused on products, events and people in terms of defining relationships between them and nostalgia.<sup>36</sup> The possibilities of discovery in this field have thus become endless. This and other similar studies present a foundation for marketing and business, as based on their findings the efficiency of sales of products could be increased. Using nostalgic coding, product designs, slogans in ads, as well as the general audio-visual character of marketing materials can evoke memories and the deepest emotions. Employing nostalgic stimuli and objects for the purposes of promotion has thus become a marketing strategy to support sales, or, in general, to evoke positive emotions with the recipients.

*Nostalgia marketing*, or the marketing of nostalgia, is based on understanding that the products favoured in youth determine the buying habits and preferences during our whole lives. Nostalgia affects us through mundane, common products, such as

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<sup>31</sup> HAVLENA, W. J., HOLAK, S. L.: *“The Good Old Days”: Observations on Nostalgia and Its Role in Consumer Behaviour*. [online]. [2013-07-25]. Available at:

<<http://www.acrwebsite.org/search/view-conference-proceedings.aspx?Id=7180>>.

<sup>32</sup> Ibidem.

<sup>33</sup> SCHINDLER, R. M., HOLBROOK, M. B.: *Nostalgia for Early Experience as a Determinant of Consumer Preferences*. [online]. [2013-07-29]. Available at: <<http://camden-sbc.rutgers.edu/facultystaff/research/schindler/Schindler%20%26%20Holbrook%20%282003%29.pdf>>.

<sup>34</sup> Ibidem.

<sup>35</sup> RINDFLEISCH, A., SPROTT, D. E.: *Special Session Summary Moving Forward on Looking Backward: Advancing Theory and Practice in Nostalgia*. [online]. [2013-07-25]. Available at: <<http://www.acrwebsite.org/search/view-conference-proceedings.aspx?Id=8354>>.

cars, music, IT products, fashion. The marketing of nostalgia also relies on the assumption that nostalgia makes us feel good and, in a peculiar manner, *even safe*. It must be noted that the reaction to a stimuli does not necessarily need to be positive. Nostalgia can be based on a *direct* relationship of the recipient to the past, this type was actually experienced, or an *indirect*, never experienced relationship, one mediated through media. Using the direct type in advertisements can be a bit risky, as the memories tied to a specific product do not necessarily need to be positive. Because of this, *carefully controlled images*<sup>37</sup> are used. It is much safer to construe an idealized past that people of today couldn't have experienced, i.e. using images of a past that never existed (e.g. 19th century and beginning of the 20th). These marketing products convey the following message: "*Things were better in the past (even if it didn't exist)*". A general goal of nostalgic marketing messages is to mediate the *re-living* or *re-experiencing* of the past.

In their article titled *Nostalgia for Early Experience as a Determinant of Consumer Preferences* (2003), Holbrook and Schindler assumed that "*...nostalgic effects are not limited to products that relate to arts or entertainment or are primarily aesthetic*".<sup>38</sup> *The nesthetization* of the stimuli evoking nostalgia is hence another characteristic trait of nostalgia. An alternative to nesthetization is the "touching up" of the past, e.g. from ethical, economic or cultural perspective, in terms of the slogan "Some things are even better than you remember".<sup>39</sup>

### 4 Retrobranding

In his article on retrobranding and retromarketing, Robert V. Kozinets analyses the strategy of extending a brand through which depleted or abandoned brands can be revived and successfully restored. This strategy is related to a phenomenon which Stephen Brown calls retro revolution – a revival of old brands and their visual characteristics as an immensely attractive opportunity for marketing. Kozinets participated in many researches focused on the consumption, assessment, revaluation and management of the past. Both authors, together with John Sherry, define retrobranding as the revival and restoration of a product or service brand from the past, which is often – but not always – updated to reflect present standards of performance, functioning and taste. Old brands manage to maintain their value thanks to a) their age, 2) relationships to communities and cultures established by the brand, and 3) their significance on an individual level (related to the previous two factors).

From a culturological perspective, it is of much interest that the authors wittily, yet pertinently label the current tendency to turn to the past for the purpose of drawing

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<sup>36</sup> HAVLENA, W. J., HOLAK, S. L.: "*The Good Old Days*": *Observations on Nostalgia and Its Role in Consumer Behaviour*. [online]. [2013-07-25]. Available at:

<<http://www.acrwebsite.org/search/view-conference-proceedings.aspx?Id=7180>>.

<sup>37</sup> SCHINDLER, R. M., HOLBROOK, M. B.: *Nostalgia for Early Experience as a Determinant of Consumer Preferences*. [online]. [2013-07-29]. Available at: <<http://camden-sbc.rutgers.edu/facultystaff/research/schindler/Schindler%20%26%20Holbrook%20%282003%29.pdf>>.

<sup>38</sup> HAVLENA, W. J., HOLAK, S. L.: "*The Good Old Days*": *Observations on Nostalgia and Its Role in Consumer Behaviour*. [online]. [2013-07-25]. Available at:

<<http://www.acrwebsite.org/search/view-conference-proceedings.aspx?Id=7180>>.

inspiration a “cultural dumpster-diving”. In their study on retrobranding, they point at the importance of a story for marketing and remarketing of brands and retro brands. Drawing from the works of Walter Benjamin, they borrowed the terms Aura, Allegory, Arcadia, and Antinomy to convey the brand essence (Aura), the brand story (Allegory) and an idealized community (Arcadia), or, in other words, the character, plot, and the setting of brand idea. Their research is based on the concept that the brands are stories, narratives or extended metaphors. The last structural component of a brand, Antimony, which was added by these authors, “is perhaps most important of all, for brand paradox brings the cultural complexity necessary to animate each of the other dimensions”. An ice cream can convey carnality in the way it is consumed, but, at the same time, it can also remind us of the innocence of childhood.

The authors also defined 6 key characteristics supporting the success of retrobranding:

- Dormancy – the basis for the revival of a brand; the brand is “slumbering”;
- Iconicity – the core of attraction. It is assumed, that the brand used to be significant to a specific generation or culture;
- Evocativeness – the element of animation, the ability of a brand to evoke experiences, to add value;
- Utopianism – spark of imagination, the capability to evoke and mobilize the desire for something ideal that can be satisfied through some sort of consumption, even if it is distanced consumption;
- Solidarity – the principle of unification, the ability of a brand to link people; it should offer a connection with others and a sense of belonging;
- Perfectibility - the brand needs to be “updateable, both technologically and ideologically, to assure its perpetual relevance to consumers who are constantly revising their own identities”.

If a brand meets all these characteristics, the conditions for its revival and revaluation, as well as for its advancement by the efforts of the community are met.<sup>40</sup> In the following lines, we will try to demonstrate that these characteristics can be found in the selected product Zlatý Bažant ‘73, which has been in production since April 2016.

### 5 The case of Zlatý Bažant ‘73

On November 1, 1964, the foundations of the future brewery and malting plant in Hurbanovo were laid. In 1995, the international Company Heineken Group, covering the Heineken, Zlatý Bažant, Zlatý Bažant Radler, Corgoň, Kelt, Krušovice, Starobrno, Martiner, Desperados, Strongbow, Maurus Edelweiss and Břežňák brands, became the owner of the brewery. At present, the malting house in Hurbanovo is the largest and most modern malting house in Central and Eastern Europe. In 2008, the brand underwent rebranding and in 2015 it was redesigned. Zlatý Bažant ‘73 meets the first characteristics, Dormancy, as it has been constantly around – on the market and in the minds of the consumers. The requirement of dormancy is fulfilled in its original contents (beer), as well as in its original visual form originating from 1973. The Iconicity of the brand is supported foremost by its significance for a specific

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<sup>39</sup> KOZINETs, R. V.: *Retrobrands and Retromarketing*. [online]. [2013-08-20]. Available at: <<http://spreadablemedia.org/essays/kozinets/#.WB3xgfrhDmj>>.

generation born around the 1950s, as well as for the generation that did not have a direct experience with the product (due to age restrictions). Yet, even younger generations have experienced the brand. In general, it can be said that it is the generations which experienced the socialist regime and that this regime markedly influenced the visual layout of the product. The value of the Zlatý Bažant '73 brand stems from the quality of the product, as it is said to be produced in accordance with the original recipe, observing the process of a 6 week brewing. Hence, marketing is based not only on its external attributes, but also on the beer itself. The goal of the producer was to revive traditional beer.<sup>41</sup> Both of these aspects contribute to the brand's ability to evoke a past experience. This functions as an ideal that is a subject of a yearning, in line with the belief that "it's good, because it's old", or "the past is better than the present", which is typical for nostalgia. Perhaps the most vivacious trait of the retrobranding of Zlatý Bažant '73 is its capability to unite and offer a sense of fellowship. On the one hand, this trait results from the nature of the product, i.e. that it is an alcoholic beverage, so its consumption is often tied to pleasant memories. On the other hand, through successful retrobranding it attained the principle of solidarity through employing *pars pro toto* socialist aesthetics.

The last requirement, the updateability of the brand, is also successfully met, as both traditional elements and modern technologies<sup>42</sup> participate in the final product. Thanks to modern technical possibilities, there are no batches gone wrong and high quality can be constantly achieved.<sup>43</sup> If we analyse retrobranding in terms of the "4A" concept of the above authors, we can see that Zlatý Bažant '73 implicitly teems with Aura in the Benjaminian sense, as it builds on the qualities of the past while maintaining a patina of the original and a legacy of authenticity. It is also a brand recognized nation-wide and one of the brands that Slovaks are the most proud of.<sup>44</sup> The new positioning was based on the idea of "domestic originality" and return to the roots.<sup>45</sup>

This is tied to the elaborate story (Allegory) that sells the brand and product. In addition to the manufacturer's statement that "Zlatý Bažant '73 is a beer like in the olden days, and not only in its 'retro' design, not by far." or "The result is delicate beer that appeals to the younger generation by reminding the past in a 'cool' retro design, while, in the older generation, it will evoke nostalgic memories." Ronald Lupták, group brand manager, says that a retired former brewer from the Hurbanovo brewery participated in the production and the campaign involved artists from the

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<sup>40</sup> MÔCIKOVÁ, R.: *Zo značky Zlatý Bažant sa vytrácala pivnosť. Dnes je späť.* Released on 4<sup>th</sup> November 2016. [online]. [2016-11-04]. Available at: <<http://strategie.hnonline.sk/marketing/854363-zo-znacky-zlaty-bazant-sa-vytracala-pivnost-dnes-je-spat>>.

<sup>41</sup> Concerning modern technologies and innovations it should be noted that they do not necessarily need to relate to the improvement of the product in terms of technological processes but, foremost in terms of current requirements and preferences, e.g. from the perspective of healthy nutrition (remark by the author).

<sup>42</sup> PŇAČEKOVÁ, A.: Veľký návrat socialistických značiek. Od indulony k treske. In *HN magazín*, 2016, Vol. 2, No. 43, p. 16.

<sup>43</sup> MÔCIKOVÁ, R.: *Zo značky Zlatý Bažant sa vytrácala pivnosť. Dnes je späť.* Released on 4<sup>th</sup> November 2016. [online]. [2016-11-04]. Available at: <<http://strategie.hnonline.sk/marketing/854363-zo-znacky-zlaty-bazant-sa-vytracala-pivnost-dnes-je-spat>>.

<sup>44</sup> *Ibidem*.

1970s.<sup>46</sup> Even the rhetoric used by the brand manager to describe the campaign presents a story – a story about a story. The narrative about the campaign and the backstage of the making of nostalgia marketing supports the primary story of Zlatý Bažant '73, as we learn that the product is indeed authentic, that "... the recipe is practically identical ..." <sup>47</sup> and artists performing in the 1970s helped create the perfect posters for the product. The basic story line is supported also by flawless commercials produced by the Wiktor Leo Burnett advertising agency. These commercials are a very peculiar project in their own right. Their analysis in terms of narrative and aesthetics of/from the socialist era would present an interesting research or study. One of the key advantages of the Zlatý Bažant '73 brand is that it applies to a large group of consumers, even several generations. Naturally, nostalgia marketing is primarily aimed at older generations, that is, those who were born around the mid-1950s, those who may have had a direct experience with the original product. The middle generation, that is the group of consumers now aged 30 to 40<sup>48</sup> years, which has currently also the highest purchasing power, can legitimately experience nostalgia too, as the nostalgic recollection does not require actual experience with the consumption of the product, it is sufficient that it was perceived and became part of individual history and memories. This is personal or direct nostalgia.<sup>49</sup> However, Zlatý Bažant '73 definitely will not have a nostalgic effect on the generation born after 1989. It will be 'retro', which, however, does not necessarily mean that it will be less attractive, since looking back to the past is a current trend and a compelling approach.

It can be said that the nostalgic branding of Zlatý Bažant '73 is aimed at provoking a nostalgic yearning for a particular time of life, primarily of childhood and youth, which, at the same time, is its object and the given product is the trigger of nostalgia. Simultaneously, it is an example of simple nostalgia based on the principle of a beautiful past – adverse present. It has been noted that the nostalgia marketing strategies of the product are aimed at the group with the highest purchasing power that has a direct experience with the product. As the experience is shared within a relatively numerous group, it can be categorized as collective nostalgia.

### Conclusion

The article presents an introductory study concerning retro and nostalgia in the field of marketing. Undoubtedly, it offers more questions than answers and unveils various other goals of research in relation to this discourse. These include the differentiation of the terms 'retro' and 'nostalgia', 'retro marketing' and 'nostalgia marketing', requiring a much larger study and a transdisciplinary approach. Many

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<sup>45</sup> PŇAČEKOVÁ, A.: Veľký návrat socialistických značiek. Od indulony k treske. In *HN magazín*, 2016, Vol. 2, No. 43, p. 17.

<sup>46</sup> In his new book *Retrotopia*, the prominent sociologist Zygmunt Bauman analyzes the issue of returns to the past as a contemporary phenomenon. The book is planned to be published in January 2017. *Retrotopia* is the past counterpart of utopia. Bauman works with the hypothesis that when mankind lost his belief in utopia, the human aspiration upon which this vision was based, did not vanish, just changed its direction - towards the past (remark by the author).

<sup>47</sup> PŇAČEKOVÁ, A.: Veľký návrat socialistických značiek. Od indulony k treske. In *HN magazín*, 2016, Vol. 2, No. 43, p. 16.

<sup>48</sup> See chapter 2.3. (remark by the author).

arguments stated in the article suggest that the grounds of success of current nostalgic and retro marketing strategies can be conveyed under the umbrella term of identity. In the nostalgic experience, collective memory overlaps with the individual one. According to Svetlana Boym, collective memory is the playground of many diverse individual memories. "...the nostalgic *rendezvous* with oneself is not always a private affair. Voluntary and involuntary recollections of an individual intertwine with collective memories. In many cases the mirror of reflective nostalgia is shattered by experiences of collective devastation and resembles – involuntarily – a modern work of art."<sup>50</sup> The collective cannot be separated from the individual, thus the symbols and representations are tied to a specific period, a specific contemporary and cultural climate; they are a perfect trigger of collective nostalgia, remembering and experience. This act is even more intense if it is a time embracing contradictions – as the era of socialism unquestionably did. The concept of nostalgia marketing is especially effective in case of food and hygiene products, which are an inseparable part of the culture of everydayness, as they stimulate the strongest memories of childhood. Moreover, these products are the easiest to produce.<sup>51</sup> Another important finding, on which Yugonostalgia and ostalgia as specific variants of the concept of nostalgia are based, is that the political dimension is eliminated from nostalgic memories.<sup>52</sup> Negative emotions are carefully suppressed.

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<sup>49</sup> BOYM, S.: *The Future of Nostalgia*. New York : Basic Books, 2001, p. 50.

<sup>50</sup> PŇAČEKOVÁ, A.: Veľký návrat socialistických značiek. Od indulony k treske. In *HN magazín*, 2016, Vol. 2, No. 43, p. 16.

<sup>51</sup> BENCZEOVÁ, B.: Fenomén moci a jugonostalgia. In BOMBA, L., KÖVÉROVÁ, E. (eds.): *Fenomén moci a sociálne nerovnosti*. Bratislava : Univerzita Komenského v Bratislave, 2013, p. 26. [online]. [2016-10-04]. Available at: <<http://www.kvsbk.sav.sk/wp-content/uploads/Podklady/Publikacie/Fenomén%20moci%20a%20socialne%20nerovnosti%202013.pdf>>.

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## MARKETING COMMUNICATION OF BRAND IN THE FINANCIAL SERVICES BUYING PROCESS

*Veronika Bracínková – Kateřina Matušínková*

### **Abstract**

Ordinary consumer today can't avoid the offerings of various companies, otherwise it is not even in the financial institutions. Continual growth of financial institutions and their influence on consumer behaviour is significant. These companies are constantly trying to establish the desired awareness and image in the minds of consumers. It means that when the companies want to attract consumers, they should be focusing on building a strong brand, because brands are the interface between consumers and the company. That is why their marketing communications involves mixing and matching different communication options. So, the aim of this paper is to investigate impact of the communications tools and brands of financial institutions on consumer perceptions and behaviour. For achieving this purpose the primary research method was chosen. The analysis was based on the number of 412 respondents. The consumers were questioned about their behaviour within the topic of financial products consumption, the link among the choice of financial institution and brand meaning, consumers' loyalty, the marketing communication tools importance with emphasis on merchandising and sensory marketing. If we take into account the basic criteria when selecting a financial institution and its products, respondents have mentioned a pricing policy, influence of reference groups, physical availability of sales points and image - brand of the financial institution.

### **Key words:**

Brand. Consumer. Marketing communication. Meaningful marketing. Relational perspective.

## **1 Introduction**

The current marketing communication environment is rapidly changing. With the change of the media environment based on the internet, the traditional advertising remains stagnant and the growth of new media advertising is strongly apparent. And, consumer's activeness in the marketing communication process has increased. Also, in this new media environment, the form and the role of advertising become more diverse. In that, the marketing communication environment is quickly progressing, and one of the important trends of the field is placing the significance on the relational perspective between brand (company) and consumer. Thus, the development and strengthening of consumer relation is emphasized as the major role of marketing communication. In the face of the many challenges emerging in the marketing environment, brands offer value in terms of the perceived credibility and trustworthiness of the firm, the ability for messages about the firm's offer to be attended by consumers, for emotional attachment to form between the firm and its stakeholders, and in motivating consumers and customers to purchase and repeat purchase what the firm has to offer.<sup>1,2</sup> One critical aspect of building strong brands is the ability of the firm to devise ongoing effective marketing communication

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<sup>1</sup> AMBLER, T. et al.: *Relating Brand and Customer Perspectives on Marketing Management*. Released on 5<sup>th</sup> August 2002. [online]. [2016-10-04]. Available at: <<https://faculty.fuqua.duke.edu/~jae6/bio/relating%20brand%20and%20customer%20perspective.s.pdf>>.

<sup>2</sup> RUST, R. et al.: *Measuring Marketing Productivity: Current Knowledge and Future Directions*. Released on 10<sup>th</sup> October 2004. [online]. [2016-10-04]. Available at: <[http://ink.library.smu.edu.sg/cgi/viewcontent.cgi?article=2252&context=lkcsb\\_research](http://ink.library.smu.edu.sg/cgi/viewcontent.cgi?article=2252&context=lkcsb_research)>.



strategies that ensure the market sees and hears the brand, thereby enabling the development and sustenance of long-term brand value.<sup>3</sup>

According to Wheeler, the brand plays an important role in leading to help consumer choosing from a variety of choices. It has been pointed out that brands communicates the quality of product or service and build up the confidence of consumers to reassure that they have made the right choice. It is also said that brands create engagement of customers to determine them by unique image, languages and associations.<sup>4</sup> The aim of this paper is to investigate impact of the communications tools and brands of financial institutions on consumer perceptions and behaviour.

## 2 Branded communication through branded content

Schultz (1998) has argued that the brand is the very key to integrated marketing. The brand, in increasingly, is the central core or hub of what consumers want, need, and consider to be value. And, it is the brand with which customers and consumers have ongoing relationships. The objective of brand communication has been to expose the audience to a brand, whereby the effect can be maximized in terms of increased awareness and higher recall, so that the customer will buy the brand which has the highest recall; and to satisfy the customer to the optimum level. Any exposure to the brand communication affects consumer response, which can be measured by analysing variables like brand awareness in terms of recall and recognition, favourability, strength and uniqueness of the brand associations in the consumer memory. These dimensions affect other characteristics of brand congruity and relationships among the brand associations in consumer memory for building a positive image.<sup>5</sup>

Defined as "the consumer's overall evaluation of a brand whether good or bad" brand attitudes encapsulate the meaning that consumers attach to brands, which in turn effects their purchasing behaviour.<sup>6</sup> Branded content is a new form of marketing communication media that unifies conventional distinction between advertising (commercial message) and content (program), and it is distributed as editorial content although it has a commercial purpose. It is an emotional content that triggers consumers' interest, and allows them to connect and consume actively. Presently, branded content is being widely used as the major commercial communication means. The branded content that moves beyond general scale and quality of contents have achieved great success as they made the consumer search for the content

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<sup>3</sup> LUXTON, S., REID, M., MAVONDO, F.: Integrated Marketing Communication Capability and Brand Performance. In *Journal of Advertising*, 2015, Vol. 44, No. 1, p. 37-46.

<sup>4</sup> WHEELER, A.: *Designing Brand Identity – an essential guide for the whole branding team*. 4<sup>th</sup> Edition. New Jersey : John Wiley & Sons, Inc., 2013, p. 18.

<sup>5</sup> PANDA, T. K.: Consumer Response to Brand Placements in Films Role of Brand Congruity and Modality of Presentation in Bringing Attitudinal Change Among Consumers with Special Reference to Brand Placements in Hindi Films. In *South Asian Journal of Management*, 2004, Vol. 11, No. 4, p. 7-19.

<sup>6</sup> LOW, G. S., LAMB, C. W.: The measurement and dimensionality of brand associations. In *Journal of Product & Brand Management*, 2000, Vol. 9, No. 6, p. 350-368.

themselves and willingly focus on the message.<sup>7</sup> The prime purpose of branded content is to create a natural exposure. The contents are produced to be distributed through unpaid media channels, where, in this case, the brand becomes its own publisher. On the other hand, the content itself might have the viral capacity to earn media coverage and voluntary word-of-mouth amongst bloggers and internet users.<sup>8</sup>

Accordingly, branded content has an effective force to expose brand message to the consumer. Conventional advertisements are placed among the contents (program). Thus, consumers are passively exposed to brand related messages. Whereas, in regard to branded content, the brand related message is infused into the contents of what customers want to see or listen. Meaning, the contents that consumers want to see and the brand message are combined together. In that, unlike the previous ways of viewing advertisements, consumers are willingly engaging with a brand message. Therefore, in the present day where exposing advertising message to consumer are becoming harder, branded content increases recognition effect by raising the exposure possibility of brand message.<sup>9</sup>

In a broader sense, branded content is viewed under the same context as the new marketing phenomenon, which is the 'fusion of non-commercial contents and commercial contents'. For example, in a conventional advertising environment, the non-commercial contents and commercial contents had a clear demarcation, such as, in TV, there was a strict division between programs and advertisements and, in newspaper, it distinguished editorials from advertisement sections. However, the distinctions between non-commercial contents and commercial contents are being blurred in the new advertising environment.<sup>10</sup> The reason behind this contemporary fusion of non-commercial contents and commercial contents are as follows; the contraction of conventional advertising that were centred on the four traditional types of medias, the fact that the consumers are trying to avoid advertisement and the technological development is making this avoidance possible, and the fact that the general exposure of advertisement is difficult because of the emergence of versatile media. In order to overcome these obstacles, the advertisers and advertising agencies tried to infuse commercial messages into contents. Another key factor that caused the fusion of non-commercial and commercial contents was to raise brand image by merging consumer's favoured contents with a brand's message.<sup>11</sup>

As discussed above, branded content has numerous differences from traditional marketing communication means, and, in regard to advertising effect, it has qualities that the conventional platforms does not have. These particular effects and characteristics of branded content are brought together with the current commercial

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<sup>7</sup> MIN-WOOK, C.: A Study on the Branded Content as Marketing Communication Media in the Viewpoint of Relational Perspective. In *Indian Journal of Science and Technology*, 2015, Vol. 8, No. 1, p. 116-123.

<sup>8</sup> SUNG, M. J., CHO, J. S.: In search of effective brand content: interviews with leading communication professionals. In *Journal of Public Relations Research*, 2012, Vol. 16, No. 4, p. 5-50.

<sup>9</sup> MIN-WOOK, C.: A Study on the Branded Content as Marketing Communication Media in the Viewpoint of Relational Perspective. In *Indian Journal of Science and Technology*, 2015, Vol. 8, No. 1, p. 116-123.

<sup>10</sup> *Ibidem*.

<sup>11</sup> KIM, B. H.: Perception and regulatory policy to product placement in the interactive digital tv programs. In *Korean Journal of Advertising*, 2012, Vol. 15, No. 5, p. 317-342.

marketing environment, and are contributing to the growth of branded content. Beyond the expansion of the market, as one can see from the Cannes Lions including Branded Content & Entertainment category to their festival, branded content is establishing a solid ground in the marketing communication sector. Such growth is expected to continue, as the related professionals predict that the use of branded content will increase<sup>12</sup>, and certain researches anticipate a drastic increase in the fusion of advertising, PR, and PPL.<sup>13</sup>

### **2.1 Branded content and consumer**

The reason why costumers actively connect with branded content is that they want entertainment or emotional satisfaction from contents. It is to say that they access their personal interest such as celebrities, hobbies or other interests through the contents and gain satisfaction. Brand messages that are contacted under the consumer's psychological state like this brings positive image of the brand to the viewer. This active and positive psychological state while interacting with the contents has a positive influence on processing brand related information, and the favorable images of celebrities, hobbies and other interests seamlessly transfer to the brand. Thus, through branded content, the emotional solidarity between brand and consumer is heightened and the relationship between them is enhanced.

Another reason why costumers actively connect with branded content is signified by what they want out of the contents. In this case, the consumer's engagement and involvement to the contents are increased and their focus or information processing is increased. Simultaneously, consumers will be able to concentrate on the branded message fused into the content and the possibility of active information processing elevates. These high engagement and active information processing during the interaction of branded content strengthen the relationship between consumer and brand. As the activeness of consumer and the importance of the brand are enhanced in the current marketing landscape, the development and maintenance of long-term relationship, rather than a short-term trade, is considered a significant factor of any business success. With that in mind, branded content is a significant method of constructing and retaining consumer relationship, and hence, the development of long-term, positive consumer relationship through branded content will emerge as a crucial topic in the future marketing communication activity of company.<sup>14</sup>

### **2.2 Importance of relational perspective between brand and consumer**

While the principle of previous corporate communication was to persuade the consumer, the principle of the present and future corporate communication is 'communication and conversation'. Thus, the development and retention of interactive communication and the relationship with individual consumer become a

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<sup>12</sup> SUNG, M. J., CHO, J. S.: In search of effective brand content: interviews with leading communication professionals. In *Journal of Public Relations Research*, 2012, Vol. 16, No. 4, p. 5-50.

<sup>13</sup> KARRH, J. A.: Brand Placement: A Review. In *Journal of Current Issues & Research in Advertising*, 1998, Vol. 41, No. 2, p. 31-49.

<sup>14</sup> MIN-WOOK, C.: A Study on the Branded Content as Marketing Communication Media in the Viewpoint of Relational Perspective. In *Indian Journal of Science and Technology*, 2015, Vol. 8, No. 1, p. 116-123.

crucial factor. Furthermore, while the focus of the former corporate communication was based on its message delivered through the communication channels, in regard to the corporate communication of the present and the future, the relationship formed with individual consumer will be as important as the message itself. In other words, it could be said that the core of current corporate communication transformation is at the enhancement of relational perspective.<sup>15</sup>

The word, 'relation', became an important concept in the current marketing communication environment. The changes caused in the society represented by smartphone and SNS also rapidly transformed people's lives. An individual who used to be a passive consumer of information, turned into active participant of communication network, and obtained the power to produce and distribute information. They were able to connect with parts of the society with SNS and communicate regardless of time and place.<sup>16</sup> Also, the communication between corporation (brand) and consumer progressed from one way and short-term communication to mutual and long-term relationship. Consumer-brand relationship is an important concept that needs to be explored in regard to relational perspective in marketing communication. Researches about consumer-brand relationship were made since the 1990's as the consumer relationship become increasingly critical. The examination of relation between people and between people and objects greatly influenced the early consumer-brand relationships study.<sup>17,18</sup> Moreover, beyond the current understanding of human-to-human relationship, further research were made regarding cases that one cannot fully perceive the liveliness or meet with the counter party. For example, such relationship include fan and a movie star, man and god, and human and pets.<sup>19,20</sup> These studies became the theoretical background for expanding from human partnership with customers to the field of brand sectors.

As the importance of relational perspective rises in the marketing communication environment, the marketing communication media, called the branded content, is being emphasized. Branded content began from branded entertainment concept, and is actively utilized in various fields such as PPL and sponsorship marketing concepts. Amid the changing media and marketing environment, the exposure and attitude change with commercial message using traditional marketing communication became increasingly difficult. The result was to use branded content as a means to develop higher exposure of commercial message and raise the likability of brand and company. By producing contents that can trigger the interest and attention of the consumer, it is able to increase the exposure of message to consumer and increase the company and brand's likability, and cause attitude change amongst the consumer. In the future, branded content will act as a major marketing communication media of the new marketing communication environment, and there is a high possibility that it will maintain the current rapid

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<sup>15</sup> Ibidem.

<sup>16</sup> Ibidem.

<sup>17</sup> BROWN, D. E.: *Human universals*. New York : McGraw-Hill, 1991, p. 58.

<sup>18</sup> NIDA, E., SMALLEY, W.: *Introducing animism*. New York : Friendship, 1959, p. 42.

<sup>19</sup> BELK, R. W.: *Possessions and extended self*. Released on 30<sup>th</sup> September 1988. [online]. [2016-10-04]. Available at: <[http://criticalmanagement.uniud.it/fileadmin/user\\_upload/Belk\\_1988.pdf](http://criticalmanagement.uniud.it/fileadmin/user_upload/Belk_1988.pdf)>.

<sup>20</sup> FOUMIER, S.: *Consumers and their brands: developing relationship theory in consumer research*. Released on 4<sup>th</sup> March 1988. [online]. [2016-10-04]. Available at: <<http://pure.au.dk/portal/files/36292097/fournier.pdf>>.

progression. At this moment, there needs to be an in-depth examination about the features and prospect of branded content.

The rising importance of a brand is one of the factors that emphasize the value of the relational perspective in the marketing communication process. The importance of a brand is becoming more evident as a physical differentiation between products are increasingly close due to the technological and economic development, and as consumers focus on expression of the self or emotional satisfaction through consumption rather than a physical satisfaction with a product. Besides high-end products, even for daily consumption, it is not too farfetched to say that the success of a business depends on how they construct and maintain a powerful brand. For the contemporary buyers, the notion of brand goes beyond the physical limitations of a product, and becomes a significant socio cultural code in their daily lives as a mean to express themselves. The importance of consumer-brand relationship, as a symbol of solidarity resulting from the parallel interaction between consumer and brand, is heavily emphasized along with the rising criticality of concepts such as 'consumer', 'brand' and 'relationship'. Forming and retaining a long-term, positive relationship with consumer is now an essential factor of all business activities.<sup>21</sup>

### 2.3 Meaningful marketing as a tool for brand building

A sick consumer who cannot visit her doctor can use the interactive tool on the website of a popular cold medication brand (Vicks) to identify her malady and possible remedies. Bank of America sends its customers information on how they can avoid checking account fees due to overdrafts. The brand Tylenol teaches consumers how to avoid headaches (even if doing so can help consumers avoid taking Tylenol). These examples, and many others, point to a growing trend of building brands through 'meaningful marketing (MM)' that adds value to consumers' lives instead of pushing products and services.<sup>22</sup>

MM is a non-interruptive marketing communication that provides utility to the consumer independent of consumption of the brand's product or service. As is evident from the examples above, MM can be seen in most of the major modes of marketing communication<sup>23</sup> and can be viewed as part of corporate social responsibility.<sup>24</sup> The goal of MM is not to tout the benefits derived from consumption of the brand but to build a relationship with the consumer by fostering perceptions of benevolence toward, trust in, and indebtedness toward the brand.<sup>25</sup> As implied by

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<sup>21</sup> MIN-WOOK, C.: A Study on the Branded Content as Marketing Communication Media in the Viewpoint of Relational Perspective. In *Indian Journal of Science and Technology*, 2015, Vol. 8, No. 1, p. 116-123.

<sup>22</sup> GILBREATH, B.: *The next evolution of marketing: Connect with your customers by marketing with meaning*. New York: McGraw Hill, 2009, p. 30.

<sup>23</sup> KELLER, K. K.: Building strong brands in a modern marketing communications environment. In *Journal of Marketing Communications*, 2009, Vol. 15, No. 2/3, p. 139-155.

<sup>24</sup> GOLOB, U., LAH, M., JANCIC, Z.: *Value orientations and consumer expectations of corporate social responsibility*. Released on 4<sup>th</sup> April 2008. [online]. [2016-10-04]. Available at: <[https://www.researchgate.net/profile/Ursa\\_Golob/publication/233254565\\_Value\\_orientations\\_and\\_consumer\\_expectations\\_of\\_Corporate\\_Social\\_Responsibility/links/53dfab4b0cf27a7b83069fb3.pdf](https://www.researchgate.net/profile/Ursa_Golob/publication/233254565_Value_orientations_and_consumer_expectations_of_Corporate_Social_Responsibility/links/53dfab4b0cf27a7b83069fb3.pdf)>.

<sup>25</sup> HAMMER, P., RIEBE, E., KENNEDY, R.: How clutter affects advertising effectiveness. In *Journal of Advertising Research*, 2009, Vol. 49, No. 2, p. 159-163.

its definition, MM has three characteristics. First, it is not interruptive; rather it is marketing communication that consumers choose to engage with. In contrast, traditional marketing communication is delivered to consumers while they are consuming other content or involved in other activities, typically interrupting the narrative (e.g. ads between an episode of a TV show). Further, while the receiver of traditional marketing communication is typically a passive recipient of the message, MM typically involves an activity-based interaction. Second, while traditional ads typically tout the benefits that would accrue to consumers on consumption of the product/service associated with the brand, MM does not explicitly tout any brand-specific virtues. Third, the contribution made by MM is immediate and unconditional – the consumer does not need to satisfy any criterion (e.g. purchasing a certain quantity of product) to enjoy the benefits of the MM activity. The current research focuses on how the consumer-directed MM of a brand will affect consumers' (a) perceptions of the benevolence of the brand, (b) trust in the brand, (c) indebtedness toward the brand, and consequently, (d) purchase intentions.

The above differences can be conceptualized by considering the perceived beneficiary of a brand's marketing communications. Traditional marketing is typically perceived to be generated in the brand's own interest (i.e. to sell the product or service). Cause marketing, such as sponsorships of educational or philanthropic efforts, is perceived to benefit the greater society. In considering MM, we focus on marketing efforts with direct benefit to the consumer.<sup>26</sup>

### 3 Marketing research

The marketing research was realized for the purpose of practical evaluation of examined issue. The secondary and primary data were analysed. The major part of paper is devoted to primary marketing research. The objective of this research was to describe the connection between marketing communication - brand and customers' behaviour in the financial services market. The following three research questions were defined for the purpose of marketing research:

- RQ1: For more than 20 % of respondents the brand of financial institution is important in the purchase of credit products;
- RQ2: For more than 50 % of respondents the commercial presentation is decisive in selection of a financial institution;
- RQ3: Assessment of marketing communication tools within the physical environment varies according to the age group of respondents.

Due to the type of requested information and examined topic, the personal interview as the primary research method was chosen. The analysis was based on the number of 412 respondents. As a technique of selecting a sample of respondents was used semi-representative technique of choice (non-exhaustive survey), which consists of selecting respondents based on the assumption (judgment) that these respondents meet certain requirements. The choice of respondents was also restricted to people at age of 18 – 75+. There was no limitation regarding marital status, the level of

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<sup>26</sup> PULIGADDA, S., DEL VECCHIO, D., GILBREATH, B.: 'Meaningful marketing': A process investigation of how consumers reward non-interruptive, non-persuasive marketing communication. In *Journal of Marketing Communications*, 2014, Vol. 20, No. 5, p. 325-338.

incomes and education, gender, place of living and other demographic characteristics. The survey was distributed in the spring 2016.

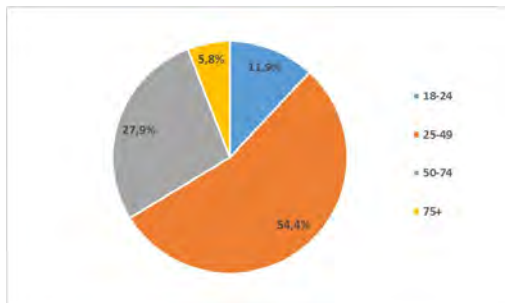
We questioned consumers about their behaviour within the topic of financial products consumption, the link among the choice of financial institution and brand meaning, consumers' loyalty, the marketing communication tools importance with emphasis on merchandising and sensory marketing. MS EXCEL was used to evaluate the overall research. Some questions in the questionnaire were evaluated with descriptive statistics (absolute and relative frequency of responses). The chi-square test aims at comparing the actual frequencies within each category of a nominal variable against its expected frequency. The six steps of the Chi-square test procedure were implemented:<sup>27</sup>

1. Null and alternative hypotheses formulation. The null hypothesis is that there is no difference in the proportion of respondents in the different categories of the variable while the alternative hypothesis has the opposite meaning.
2. Data converting into a tabular form.
3. The expected frequencies for each of the categories finding out.
4. Chi-square value finding out by applying the formula of

$$\chi^2 = \sum_{i=1}^n \frac{(O_i - E_i)^2}{E_i} \tag{1}$$

5. The critical chi-square value finding out for 0.05 level of significance.
6. The decision making by comparing the calculated and critical chi-square value.

The structure of the sample is 43.0 % male and 57.0 % female, dominated by unmarried people. The largest group of respondents represents people at the age of 25 – 49 years (see Chart 1 below). In the area of education, the largest group represents the respondents with secondary education diploma. Their share amounted to 38.6 % of total sample of respondents. The respondents with higher education were the second largest group (42.7 %). The largest income group (38.6 %) is surprisingly in the category 50 000 Czech crowns and more, up to 10 000 Czech crowns (1.2 % respondents), 11.7 % respondents belong to the income category 10 001 – 20 000 Czech crowns. 5.8 % respondents have incomes 20 001 – 50 000 Czech crowns.



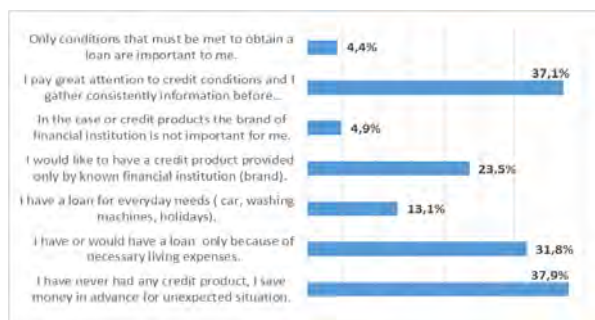
**Chart 1: The structure of respondents according to their age**

Source: Own processing

<sup>27</sup> ISRAEL, D.: *Data analysis in business research: a step-by-step nonparametric approach*. New Delhi : Sage publications India, 2008, p. 25.

The current account is included, as expected, among the most frequently used financial products (94.2 %). It is striking that only 68.2 % of respondents use within their payment debit card which is linked to a current account. 8 % of active users of debit card use it only to pay, 45 % only for withdrawals from ATMs and 26 % respondents use it for both purposes. There is clearly seen that there is a change in trends and approaching to European standards because the payment card primarily fulfilled the function of withdrawals from the ATM in recent past. The following financial products also dominate - pension schemes (57.3 %), building savings (50 %), life insurance (44.7 %), non-life insurance (44.2 %) and accident insurance (37.6 %). Within the short-term and long-term credit products, there are mentioned products as the mortgage loan (18.2 %), short-term consumer loans (10 %), leasing loans (2.9 %). 29.6 % of respondents use a credit card that belongs to the category of credit products. Many users of this type of credit card, however, have it more for the benefits of additional services that are associated with it. Increased interest in this instrument of payment is currently supported with intensive marketing communications campaigns of financial institutions.

Overall, respondents tend rather to savings products and life insurances than to credit products (Chart 2). This approach is based on higher public awareness in the area of Czech financial literacy, as well as changing customer access to debt, when caution, rationality and responsibility prevail. 37.9 % of respondents argue that they have never had any credit product. 31.8 % say that a credit product have only because of necessary living expenses. 31.8 % say that a credit product have only because of necessary living expenses. In terms of marketing communications and brand perceptions (positioning) of financial institution, 23.5 % of respondents would like to have a credit products provided only by known credible financial institution (well-known brand) with long history in the market. **The research question No. 1 is confirmed because for more than 20 % of respondents the brand of financial institution is important in the purchase of credit products.**

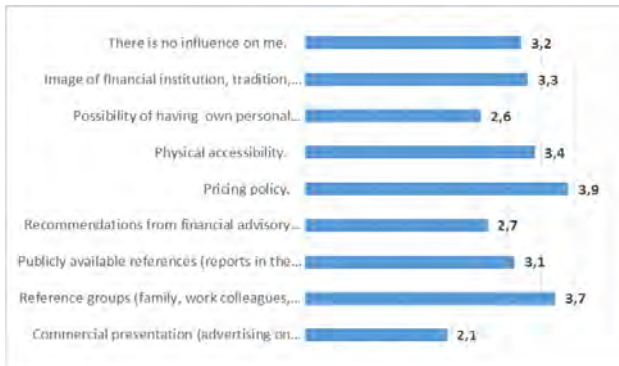


**Chart 2: Relationship to the credit products and influence financial institutions brand**  
Source: Own processing

When deciding about the selection of financial institutions as fundamental criteria are said to be pricing policy, reference groups opinions, physical availability of branches, image - brand of financial institutions (see Chart 3). Despite the fact that the use of intensive marketing communication is necessary in a strong competitive environment, the use of ATL communication is the least popular and has a minimal



influence on the respondents' purchasing decisions. According to the research results the customer loyalty to financial institutions is still quite high. 61.9 % of respondents as bank clients have not changed the bank during the last ten years. Czech population, especially in the higher age category, is not willing to undergo the process of financial institutions changing in spite of the fact there are very intensive marketing communications campaigns of banks. Among the basic obstacles include Czech customers' mobility, information asymmetry, customers' laziness, product packages, penalties for cancellation of existing products and the administrative barriers. To eliminate the administrative barriers when changing the existing banks, the Czech Banking Association has issued the Code of clients' mobility which must be respected by participating banks. Code of clients' mobility is a useful tool used to facilitate a change of bank but unfortunately the vast majority of bank clients do not know about it. **The research question No. 2 is not confirmed because for more than 50 % of respondents the commercial presentation is not decisive in selection of a financial institution.** It is evident from the text above that the effect of the reference groups is quite substantial, there is opportunity to use the very topical Word-of-Mouth communications (in general way with support of electronic means we can say viral marketing). Word-of-Mouth communications are characterized as informal, unplanned, unsolicited, interactive and bidirectional conversations. These recommendations provide information and purchasing support and serve to reinforce and individual's purchasing decisions. Personal influence is important and can enrich the communication process.<sup>28</sup>



**Chart 3: Decisive factors in the selection process of financial institutions (1= the lowest importance, 5= the highest importance)**

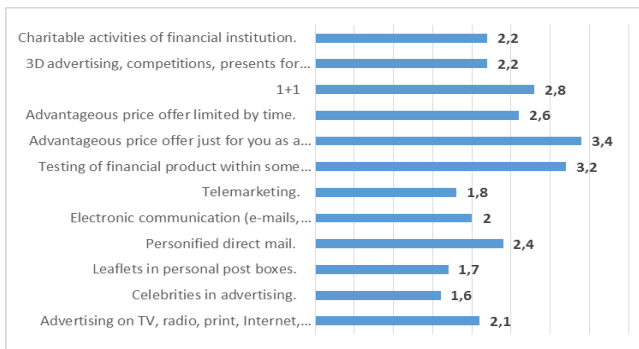
Source: Own processing

Although the survey results show that marketing communication as a source of information and motivation incentive is understood by respondents as the least important, it cannot be eliminated in the area of the external marketing. According to research outputs, it seems effective to use BTL communication (see Chart 4), i.e. pricing strategies - such as individual pricing, segmentation pricing, flexible pricing. Within the sales promotion there is a big potential of tools such as free product testing, price incentives a 1 + 1, competitions. Within the direct marketing

<sup>28</sup> FILL, CH.: *Essentials of marketing communications*. Harlow : Pearson, 2011, p. 42-43.

respondents prefer surprisingly personified written communication (direct mail) than electronical communication contact. Commercial offerings in the form of telemarketing can be described as the least acceptable.

If we take into account all marketing communication tools in the concept of marketing communication mix, it is clear that the sale promotion has the highest level of acceptance among respondents. If we want to encourage sales while strengthening relationships with the public and to increase familiarity and brand positioning, it would also be appropriate to use in the marketing strategy of communication events (Event Marketing), which can be defined as designed occurrences that communicate messages to target audiences. It complies the use of unique sponsored activities or events in certain locations and point in time for reaching corporate marketing and communication objectives.<sup>29</sup>



**Chart 4: Decisive marketing communication tools in the selection process of financial product (1= the lowest importance, 5= the highest importance)**

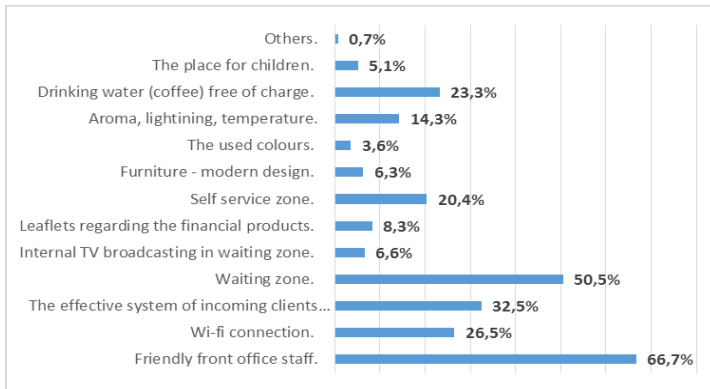
Source: Own processing

From a marketing communication point of view the crucial influence of personal selling cannot be ignored. Thanks to the dynamic and continuous development of information technology and the phenomenon of time, more and more financial services are provided through the so-called technology distribution (internet banking, telephone banking, mobile banking, ATM services etc.). The trend is to accelerate and cheapen the process of financial services providing using technology distribution, but personal meetings face to face will have an irreplaceable role in future. Financial institutions perceive the need for marketing orientation also in distribution policy. They implement marketing researches regarding the customer satisfaction with the place of purchase, they innovate the branches massively and implement new technologies (video-calls, biometric methods etc.) and introduce also a new concept of sales (bank-café, bank as the shop at the same time and so on). Demands on financial institutions employees have been still increased, both from the side of individual institutions as well as from customers' point of view. Only 1.7 % of respondents state that the impression of banker is irrelevant. This is most important to put emphasis on professionalism (60.4 %), today customers also expect a quick

<sup>29</sup> CATEORA, P. R., GHARI, P. N.: *International marketing*. Bershire : Graw-Hill Publishing Company, 2000, p. 556-557.

solution of their problem and acceptable soft skills, clothing (dress code) is not so significant (13.6 %) but it can also affect the overall perception of financial institution.

Personal contact with the customer takes mostly place in the stone branch, so the most attention should always be given to the place of sale, such as the appearance and cleanliness of the branch, staff behaviour, branch location etc. From a marketing point of view the businessmen should understand and implement merchandising issues into their marketing communication strategies. In relation to the meaning of point of sale it cannot be ignored increasingly important role of POP/POS displays in the in-store communication. Currently, we can notice new trends in financial services distribution as mini-branches, banking kiosks, mobile branches and more. The aim is to bring banking environment to customers, this phenomenon is called the humanization of space. According to the research results respondents are influenced the most at the place of purchase with contact face-to-face, i. e. friendly personal contact (66.7 %), followed by a waiting zone (50.5 %) and convenient way of waiting clients organizing (32.5 %). Other factors are listed in the Chart 5 below.

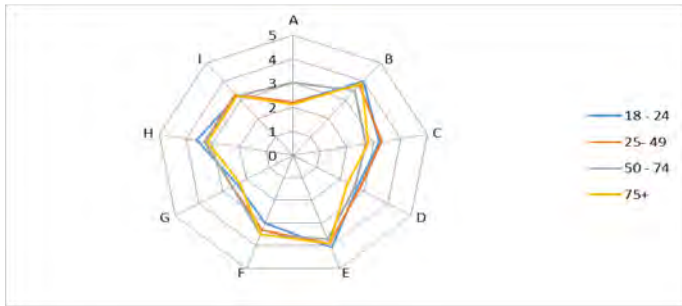


**Chart 5: Decisive factors at point of sale and their positive effect on the clients' emotions**  
Source: Own processing

The areas as the relationship to the credit products, physical evidence and marketing communication tools in the process of a financial institution selecting were chosen for testing and verification of dependencies between age group and consumer behaviour in the financial market. Based on the outputs of chi-square test it can be concluded that respondents' age does not matter, because p value:  $0.186606168 > 0.05$  in the assessment related to credit products and p value:  $0.103030194 > 0.05$  in the assessment related to physical evidence factors. **The research question No. 3 is not confirmed because assessment of marketing communication tools within the physical environment does not vary according to the age groups of respondents.**

Some motivational factors in financial institution selection are very similar in all age groups categories as factor E, F, G, H, I (see Chart 6 below). On the other hand, the difference can be observed for factor A, B, C, D. Assessed factors mean: A -

commercial presentation, B – influence of reference groups, C – publicly available information sources, D – professional financial consultancy, E – pricing policy, F – availability of points of sale, G – personal banker/individual care, H – Image, brand and tradition of financial institution, I – no influence.



**Chart 6: Motivational factors in the selection of financial institution**  
Source: Own processing

## Conclusion

Financial institutions have been losing customers because of nonbank competitors. There are new financial companies in the market which are able to offer interesting products. The main competitors are Internet banks and technology companies whose offers are simple and can be adapted to the requirements of clients. With the development of modern technology, it is expected that especially young people will increasingly use alternative banks that offer attractive benefits at good prices. If so established banks want to keep clients, they will have to communicate more their established and market-proven brand. This paper focused on impact of the communications tools and brands of financial institutions on consumer perceptions and behaviour. The sample of respondents aged 18 to 75+ years was selected for the purpose of primary research. The survey was distributed in the spring 2016. The consumers were questioned about their behaviour within the topic of financial products consumption, the link among the choice of financial institution and brand meaning, consumers' loyalty, the marketing communication tools importance with emphasis on merchandising and sensory marketing.

The current account is included, as expected, among the most frequently used financial products (94.2 %). Overall, respondents tend rather to savings products and life insurances than to credit products. When deciding about the selection of financial institutions as fundamental criteria are said to be pricing policy, reference groups opinions, physical availability of branches, image - brand of financial institutions. According to research outputs, it seems effective to use BTL communication, i.e. pricing strategies - such as individual pricing, segmentation pricing, flexible pricing. Within the sales promotion there is a big potential of tools such as free product testing, price incentives a 1 + 1, competitions. Within the direct marketing respondents prefer surprisingly personified written communication (direct mail). Commercial offerings in the form of telemarketing can be described as

the least acceptable. Only 1.7 % of respondents state that the impression of banker is irrelevant. This is most important to put emphasis on professionalism (60.4 %), today customers also expect a quick solution of their problem and acceptable soft skills, clothing (dress code) is not so significant (13.6 %). According to the research results respondents are influenced the most at the place of purchase with contact face-to-face, i. e. friendly personal contact (66.7 %). Based on the outputs of chi-square test it can be concluded that respondents' age does not matter in the assessment related to physical evidence factors and credit products.

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## DIGITAL TRANSFORMATION AND ITS IMPACT ON BRAND

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### Abstract

With the arrival of the Internet, revolution took place not only in the lives of ordinary people, but also in the business environment. Business has moved from the physical world, where the seller and the buyer met into the online world, which has brought a simplification of purchasing process from both sides. This online shopping environment goes beyond countries borders and the European Union has set itself the task of creating the unity of the digital environment. With the creation of the digital environment also the companies that were here before must tackle with this fact. Their task is to raise awareness of their brand and get the benefits of the digital environment.

### Key words:

Brand. Digital environment. Digital revolution. Digital single market. Digital transformation.

### Introduction

Following the Lisbon strategy, the strategy Europe 2020 has established the digital Agenda for Europe as one of the seven main initiatives, while it is accepting the key role of the use of information and communication technologies (ICT), so that EU will success in its efforts in 2020. The Commission set a single digital market as a priority in its strategy for the digital single market. Single electronic market arises from the concept of a common market designed to remove trade barriers between the EU member countries in order to increase economic prosperity, contribute to closer unification of nations and countries of Europe and the aim is to remove the barriers of transactions that take place online. Framework of the internal market is defined as "an area without internal boarders in which the free movement of goods, persons, services and capital is guaranteed."

### 1 General framework

**Europe 2020** is the European Union's ten-year strategy in the field of growth. It was launched in 2010 in order to create the conditions for smart, sustainable and inclusive growth. Five headline targets have been agreed for the EU to be achieved by the end of 2020. These targets are related to employment; research and development; climate/energy; education; social inclusion and poverty reduction.

The strategy contains **seven main initiatives** through which the authorities at European and national level mutually support their effort in order to achieve the objectives of „the strategy Europe 2020“in areas such as **innovations** (improvement of the framework conditions and access to the funding of research and innovations to ensure that innovative ideas would lead to the creation of products and services that will ensure the growth and jobs), **digital economy** (speeding up the introduction of high-speed internet and use of benefits of digital single market for households and companies), **employment** (strengthening of people's status by developing of their skills throughout their whole lives in order to harmonize the labour market offer with demand, including the labour mobility), **youth** (improvement of the results of

education systems and facilitate the entry of young people into the labour market), **industrial policy** (improvement of business environment, especially for the small and medium-sized businesses, support the development of sustainable industrial base and its competitiveness), **poverty** (to ensure social and territorial cohesion), **efficient use of resources** (supporting economic growth from the use of resources, efficient use of energy, modernization of transport sector and support of energy efficiency). The efforts of EU institutions and member states must be coordinated within the frame of individual initiatives so that they could complement each other.

The success of the Europe 2020 Strategy depends on a decisive and targeted effort at the level of EU and member states. EU takes key decisions to complete the single market in services, energy and digital products and in the field of investment in the necessary cross-border connections. At national level it is necessary to remove many obstacles concerning the competition and creation of jobs. However, only combined and coordinated effort will have the desired impact on employment and growth. For this reason the fulfilment of „the Europe 2020 Strategy“ objectives depends on new managements structures and procedures that are applied by EU from 2010. One of them is the European Semester – cycle of economic policy coordination which includes the policy guidance at EU level by the European Commission and Council, reform commitments of member states and specific recommendations addressed to individual countries that are prepared by the Commission and at the highest level they are approved by the leaders of the member states within the frame of European Council. Member countries are expected to follow the application of these recommendations concerning their policies and budgets.<sup>1,2,3</sup>

**The digital single market** has a potential to improve an access to information, to bring efficiency gains in terms of reduced transaction costs, dematerialization and reducing of environmental footprint and to introduce improved business and administrative models. More e-commerce generates tangible benefits for consumers, such as rapidly evolving new products, lower prices, greater choice and better quality of goods and services, as a result of cross-border trade and easier comparison of offers. More e-government facilitates online compliance and access to jobs and business opportunities for both citizens and businesses.<sup>4,5,6</sup>

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<sup>1</sup> *Európa 2020*. [online]. [2016-18-10]. Available at: <[http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/index\\_sk.html](http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/index_sk.html)>.

<sup>2</sup> *Správa o protokole stratégie Európa 2020. Európska Komisia. Ročný prieskum rastu*. [online]. [2016-18-10]. Available at: <[http://ec.europa.eu/europe2020/making-it-happen/annual-growth-surveys/index\\_sk.htm](http://ec.europa.eu/europe2020/making-it-happen/annual-growth-surveys/index_sk.htm)>.

<sup>3</sup> *Aktualizácia Národnej stratégie regionálneho rozvoja Slovenskej republiky*. [online]. [2016-18-10]. Available at: <[http://web.vucke.sk/files/dokumenty/pub/regionalny\\_rozvoj/phsr/2015/aktualizacia-narodnej-strategie-regionalneho-rozvoja-sr.pdf](http://web.vucke.sk/files/dokumenty/pub/regionalny_rozvoj/phsr/2015/aktualizacia-narodnej-strategie-regionalneho-rozvoja-sr.pdf)>.

<sup>4</sup> *Streaming and Online Access to Content and Services, study prepared for Parliament's Committee on the Internal Market and Consumer Protection, 2014*. [online]. [2016-18-10]. Available at: <[http://www.europarl.europa.eu/RegData/etudes/etudes/join/2014/492435/IPOL-IMCO\\_ET\(2014\)492435\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/etudes/join/2014/492435/IPOL-IMCO_ET(2014)492435_EN.pdf)>.

<sup>5</sup> *Roadmap to Digital Single Market, briefing note prepared for Parliament's Committee on the Internal Market and Consumer Protection 2012*. [online]. [2016-18-10]. Available at: <<http://www.europarl.europa.eu/document/activities/cont/201209/20120914ATT51402/20120914ATT51402EN.pdf>>.

<sup>6</sup> *European Single Point of Contact, study prepared for Parliament's Committee on the Internal Market and Consumer Protection, 2013*. [online]. [2016-18-10]. Available at:



Mapping of the costs resulting from nonexistence of mutual European procedure indicated that the digital single market could contribute to the GDP of the EU-28 with the amount of about 415 billion €. In specific policy areas, e.g. as a result of the adoption of cloud computing, 80% of organisations could reduce costs by 10% - 20%. Other benefits include enhanced mobile working (46%), productivity (41%) and standardisation (35%), as well as new business opportunities (33%) and new markets (32%). Vulnerable people (the elderly, those with reduced mobility, those isolated in rural areas, those with low purchasing power) can obtain particular benefits from the digital single market, and the EU will thus be better placed to meet the demographic challenges of today.<sup>7,8,9</sup>

To create a digital single market, Europe must create favourable conditions for the development of digital networks and services. Using of networks and services also affects the amount of coverage and then use fast broadband, which represents only 22.5% of all lines. This situation requires a reform of the management of spectrum, leading to lower prices of mobile services and increase in productivity. Till the end of 2016 it is planned to introduce 16 key actions of the digital market, including the free movement of goods and services online. The aim is to achieve, among other things, that shopping online from another EU country would be smooth and easy as shopping in the country. There are still some problematic securing copyrights, consumer contract law and tax collection system for on-line services or amount of postage. So this is the reason why only 16 % of consumers buy product from another EU country, and only 7.5% of small and medium-sized enterprises offers their products abroad. If consumers can choose from a complete range of goods and services across the Union, they will be able to save up to € 11.7 billion annually.

The digital single market cannot work without the top network and telecommunications services. In December 2015, the European institutions agreed on a major reform of the system of personal data protection in the EU and from June 2017 the EU will remove roaming charges. The digital single market is also one of the strategic priorities of the Slovak Presidency in the EU Council, and during this period Slovakia will realize negotiations about the legislative proposals that will form the building blocks of this initiative. Using of digital technologies also requires good IT skills and enough experts in this field. "Already, nearly 90 % of all jobs require at least a basic level of digital skills. Interest in IT experts will grow more.<sup>10</sup> The population of Slovakia has record significant progress in using of personal digital products and during the last decade it has been able to adapt and quickly learn and operate ICT. Up to 60% of the population adapts to new information and communication technologies easily, which is compared to 2005 the 15% increase. There is still a trend of difficulty of information technology and every sixth person in Slovakia has difficulties to get used to modern technology. (Picture 1)

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<[http://www.europarl.europa.eu/RegData/etudes/etudes/join/2013/507453/IPOL-IMCO\\_ET\(2013\)507453\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/etudes/join/2013/507453/IPOL-IMCO_ET(2013)507453_EN.pdf)>.

<sup>7</sup> *Europe*. [online]. [2016-18-10]. Available at:

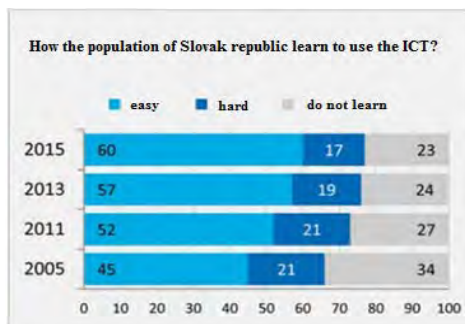
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<sup>8</sup> *Commission communication on 'Unleashing the Potential of Cloud Computing in Europe' (COM(2012)0529)*.

<sup>9</sup> *Commission communication on 'A coherent framework for building trust in the Digital Single Market for e-commerce and online services' (COM(2011)0942)*.

<sup>10</sup> *Digital Single Market Road Show 2016*. [online]. [2016-18-10]. Available at:

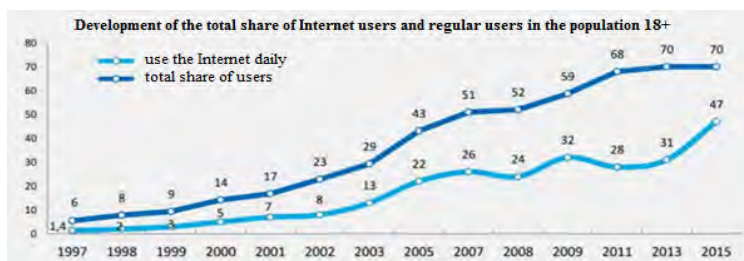
<<http://www.partnerskadohoda.gov.sk/digital-single-market-road-show-2016/>>.



**Picture 1: How the population of Slovak republic learn to use the ICT?**

Source: *IT ročenka. Informačné technológie a telekomunikácie v S. Digital Visions*. Trnava : Digital Visions, 2015, p. 163.

Slovakia has a good potential for using a single digital market and in comparison with other member countries it reaches relatively good digital literacy. Moreover several Slovak IT companies belong to the fastest growing in the region of central and Eastern Europe. On the other hand, Slovakia has the deficiencies in coverage of the territory by modern ICT networks (14% of households still do not have access to broadband) and in using of e-government (EU 33% - SR 20%). Compared to other EU countries in the development of the digital society Slovakia was placed at no.21 of the 28. As shown in the Picture 2, the market share of regular Internet users slightly grew in the 90s and in the early years of the new millennium. The main internet population was created by people who used the Internet infrequently, or only occasionally. But after 2005, the rate of intensive users grew dynamically. While in 2005, frequent users amounted a fifth of the population over 18 years, in the years 2009-2011 increased their share to nearly one-third in 2015 and now it is almost half.<sup>11,12</sup>



**Picture 2: Development of the total share of Internet users and regular users in the population 18+**

Source: *IT ročenka. Informačné technológie a telekomunikácie v S. Digital Visions*. Trnava : Digital Visions, 2015, p. 160.

<sup>11</sup> *Jednotný digitálny trh posilní našu pozíciu vo svete*. [online]. [2016-18-10]. Available at: <<http://www.ivanstefanec.sk/jednotny-digitalny-trh-posilni-nasu-poziciu-vo-svete/>>.

<sup>12</sup> *Jednotný digitálny trh – hrozba alebo šanca pre slovenských podnikateľov?*. [online]. [2016-18-10]. Available at: <<http://www.europedirectkoscice.eu/?jednotny-digitalny-trh-%E2%80%93-hrozba-alebo-sanca-pre-slovenskych-podnikatelov?>>.

### 2 Identification of changes in business

Transformation of digital business represents an organizational change induced and associated with the use of digital technologies and business models in order to improve performance. Transformation is essentially about change and organizational change is the basis of the digital transformation of the company. Organizational changes related to people, processes, strategies, structure and dynamics of competition are a place where is a lot of challenges and opportunities. Most of this value would be unlocked through trade changes leading to accelerating innovation, greater productivity, and greater process efficiency and enhanced customer experience. Organizational change requires clear recognition of the need to transform, understanding of what needs to change, and a plan to make the requested changes.<sup>13</sup>

A business transformation is digital when it is built on a foundation of digital technology. This focus on digital technology is different from other potential transformation drivers such as political, social, cultural, or economic shifts. The technologies and business models that underpin digital transformation are not fixed. They vary over time and also, to some extent, by industry sector and geography. Currently, the following technologies are most significantly associated with digital business transformation:

- Analytics tools and applications, including 'big data',
- Mobile tools and applications,
- Platforms upon which to build shareable digital capabilities, like cloud solutions and app marketplaces,
- Social media tools and applications,
- The Internet of Things, including connected devices and 'smart' networks.

Together these digital technologies, often cumulatively referred to as the Internet of Everything (IoE), which has a profound effect on how organizations and industries are transforming, often as a result of new technology-enabled business models. The combination of organizational changes and digital technologies, in turn, has the potential to improve performance in multiple areas. Indeed, it is a mistake to restrict the assessment of performance to a single metric. Broadly speaking, performance improvements can be achieved in the following areas: increased revenues, improved efficiency and reduced costs, faster and more successful innovation, more effective knowledge collection, sharing and use, enhanced customer engagement and customer service, and finally sustained protection against digital disruption. These performance improvements are quantifiable because they can be measured and reported. The quantifiable nature of many digital technologies, such as connected devices, big data, and social media is a key enabler of digital business transformation.<sup>14</sup>

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<sup>13</sup> *Digital Life in 2025*. [online]. [2016-18-10]. Available at: <<http://www.pewinternet.org/2014/03/11/digital-life-in-2025/>>.

<sup>14</sup> *Digital innovation strategy: A framework for diagnosing and improving digital product and service innovation*. [online]. [2016-18-10]. Available at: <<http://www.sciencedirect.com/science/article/pii/S0007681314001256>>.

**Digital business transformation** is not a state of being, it is a journey and this journey is guided by three questions: (Picture 3)



**Picture 3: Digital business transformation**

Source: *Digital business transformation framework*. [online]. [2016-18-10]. Available at: <<http://www.imd.org/uupload/IMD.WebSite/DBT/Digital%20Business%20Transformation%20Framework.pdf>>.

The *why transform* question is the starting point of all digital business transformations. As transformation is challenging, organizations need to be clear on the justification for change. Indeed, some industries face more imminent threats than others. Once the motivation for transformation has been clarified (the answer to the *why transform* question), the next stage of the journey begins – *what to transform?* Digital business transformation can take many forms and smart transformation requires prioritization. The digitization defines 7 distinct categories, any of which could be transformed digitally. The categories are: **the business model** (how a company makes money), **the structure** (how a company is organized), **the people** (who works for a company), **the processes** (how a company does things), **the IT capability** (how information is managed), **the offerings** (what products and services a company offers), **and the engagement model** (how a company engages with its customers and other stakeholders). These categories make up the most important elements of an organizational value chain as it relates to digital transformation.

*How to transform?* Tools like the digitization help to answer what to transform question. It is important to have a clear idea of where transformation is required, and in what order it should be tackled. However, knowing what to do and how to do it are two very different challenges. Thus, we come to the third question: how to transform? Of the three questions in the digital business transformation journey, this question is the hardest to answer. Indeed, many of the transformation failures mentioned above can be put down to flawed execution.<sup>15</sup>

### 3 Case studies

In 2012, the company **Nike** launched a wearable technology device called The Fuel Band. The band should overcome gap between the digital world, which is getting more and more into the consciousness before the physical sale of goods. It was not enough online selling products, it was necessary to create a product that would attract even the most demanding customers. The FuelBand is a band which is

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<sup>15</sup> *Digital business transformation framework*. [online]. [2016-18-10]. Available at: <<http://www.imd.org/uupload/IMD.WebSite/DBT/Digital%20Business%20Transformation%20Framework.pdf>>.

intended to record the user's fitness activities, so as the number of steps that passed, and the number of calories they burned while exercise. This product has not finished Nike's accession process to a digital process and as other companies began to develop applications that are related to sports and fitness. Fuelband connected sneaker and mobile applications are not simply separate products and services connected by a brand name. Instead, these products interact, providing users with information and advice about their sports performance and fitness regime. Nike is the only brand in contrast to the other trying to build an ecosystem of users using data that Nike brings. Nike is bringing to users of their products more experience, which encourages them to start a new interaction.

Nike was not the only company which was trying to make a place in the online world and undergo the process of transition to a business based on the platform. **Under Armour**, the rival of Nike has been moving quickly to build new own ecosystem. In November 2013, they purchased established market app MapMyFitness that followed sports performance user. Later, in 2015, he bought the already established app as MyFitnessPal, which focuses on the counting of calories and nutritional value of food and familiar applications Endomondo mainly used in Europe. The total purchase for all three applications was \$ 710 million. Under Armour has realized the power of this transformation and the potential of the platform and the data that is stored in it. Together represent 130 million users. Not only companies selling sports equipment have tried to transform their business into platforms, as well as food industry. **McCormick Foods**, which has a nearly 130-year tradition in selling herbs and spices was inspired by Nike to get into the system of platforms. Jerry Wolfe CIO, hired Barry Wacksmana who create design platforms for Nike.

Wolfe and Wacksman together hit on an idea of food-based platform containing recipes for various dishes. To make their campaign more interesting, in food laboratories they defined the types of flavors, which will be fully searchable between recipes. Recipes are recommended according to customer preferences, which can be read out information from their profile. Members McCormick platforms have the ability to alter individual recipes by yourself and save them to your profile and thus influence others, to identify new trends in cooking and obtain information about future product usage McCormick Food.<sup>16</sup> With these examples, we want to demonstrate changes in product and brand awareness due to changing technologies. The actual change is not only related to products but the subject change can be business model, the company structure or sequence of processes. The introduction of platforms and the subsequent transformation of enterprises are expensive, which discourages a number of companies, but well set transformation can bring more than take. The companies should note that a better information system set up between employees, or CRM are beginning the transformation of the company, while for larger companies did not so high cost.

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<sup>16</sup> PARKER, G. G., VAN ALSTYNE, M. W., CHOUNDARY, S. P.: *Platform revolution*. New York : W.W Norton & Company. Inc., 2016, p. 75-76.

### 4 The impact of the Digital Revolution on Consumer Behaviour

The four segments of the digital consumer according to the study of Connected Life 2014:

- **Leader** is a young man who largely works and uses a variety of digital devices. It is assumed that an average time which spent by using them is 6.2 hours.
- **Functional** is little bit slower and cautious in adopting a new technology. The using of modern technologies is often forced by the influence of the society. However, the interaction with the internet is marked by a certain amount of distrust.
- **Observer** is a consumer who is curious and excited from the new technologies. They know about new innovation and have no problem with innovation.
- **Connector** is the opposite of the previous type. However, their driving force is just social media which make the interaction with the online world. They spend five hours on digital devices daily.<sup>17</sup>

If organizations want to keep up and benefit from the digital revolution, they need to understand its impact on consumer behaviour. Social trends driven by the digital revolution are changing and will continue to change behaviour and consumer demands. These changes can be difficult to understand, but if the company can and will change their behaviour to the customers it should be successful in competition with other operators. For better customer service transformation under the new environment and the digital revolution, there are seven key ways in which the customer's behaviour is changing:

- **Customers do not compare businesses only with their competitors** - customers compare the performance of their insurance companies, supermarkets, travel agencies etc. If a company exceeds the customer's expectations benchmark about "what looks good", customer will expect the same thing from other services.
- **Customers are less tolerant** - customers complain more and it is difficult to satisfy them as evidenced by the increasing level of complaints and declining customer satisfaction.
- **Dialogues between customers increase** - social networks and discussion forums have a great potential to build or destroy the brand. Customers are guided by ideas and opinions of their friends or followers who have already had or evaluated the product or brand. This will either reinforce the reputation of the company, or vice versa destroyed.
- **Customers are less loyal** - customers would no longer accept overpriced or bad customer service levels, on the contrary they are open to change provider. They want to get some value for their money, not just cheap goods and services, thus demanding quality and are willing to pay for it.
- **Customers do not accept branding and marketing from organizations** – there is a widespread distrust in the normal reporting channels, plus strong legislation against direct marketing and increasing technical ability to sort out the promotional messages. Opinions and business relationships are created elsewhere.

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<sup>17</sup> KLINČEKOVÁ, S., ŠALGOVIČOVÁ, J.: Typology, trends and buying behavior of digital consumer. In *Marketing Identity 2015: Digital Life. Conference Proceedings*. Trnava : FMK UCM in Trnava, 2015, p. 108-115.

- **Customers are more informed** - digital technology provides customers with more knowledge about the product. Company has a monopoly on knowledge of the product: information and views on which decisions are based.

**All customers are becoming users of several communication channels** - customers, not companies, must decide what communication method is used the most. If the channel is suitable to enterprises designed for this type of interaction, then it will be a success, otherwise it fails.<sup>18</sup>

### Conclusion

Digital business transformation is about a change. The organization intending to meet the challenges of the digital transformation of the company must focus on three main questions - why do we turn, what we need to transform and how we should transform. The answers to these questions are not easy. Many businesses underestimate the danger of digital distortion, and therefore they must be sufficiently prepared for negative consequences that have affected many businesses in technology, media, entertainment, retail and others. Understanding necessity of transformation leads to the question which part of the value chain has to be transformed. Whether it's business model, structure, people, processes, IT possibilities, offering or model image. The chances of successful transformation are increasing if the organization deals with more than one element at the same time. The combination reaction is suitable because of the threat of digital distortion which frequently comes in various forms. Understanding the need to transform and change is, is important, but the key to success is proper implementation. On the issue of how to transform, most organizations fail. Achieve digital business transformation is not easy, but for many businesses, it is a prerequisite for competitiveness.

**Mobile devices are dramatically changing everything:** mobile phones aren't just a more convenient way to access the internet; they're changing people's fundamental connected behaviour, whether it's shifting our social media habits to a more one-to-one, private conversation context, to accessing M-commerce whilst we're at physical world stores, to paying for things directly in those physical stores and on public transport using mobile wallet. So, if you're still wondering about how to optimise your website for mobile, you're being left far behind; success tomorrow won't just be about a mobile web presence, but about optimising your entire organisation for a mobile-centric world.

**Connectivity is becoming the norm:** more than half of the world's adult population now uses the internet, and well over one-third of the adult population uses social media at least once a month. Studies of the Key economies shows, that nearly three-quarters of internet users access the net every single day, and this is still increasing at an impressive rate. People now expect everything to be connected, from their real-time public transport schedule, to the voting system, to real-time stock availability in physical world stores. The internet is no longer just an information portal; it's the

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<sup>18</sup> *How the digital revolution is changing consumer behaviour.* [online]. [2016-18-10]. Available at: <<http://www.paconsulting.com/our-thinking/how-the-digital-revolution-is-changing-consumer-behaviour/>>.

'electricity' of modern society and commerce connecting us to the people and things we care about most. As a result, businesses and brands need to explore how connectivity can improve every element of their business, not just their advertising.

**For most people, social is (once again) about conversations:** for a few years – namely 2007 to 2014 – social media was largely about sharing our lives publicly with the world. That behaviour still exists, but we're becoming more selective about what we share, and whom we share it with. For everyone except marketers, social media is quickly returning to what 'social' has always been for human beings: connecting on a personal basis with the people we care about most. Many of those people will be people that work for organisations we care about too though, so social's role in marketing definitely isn't going away. Indeed, social's role can now evolve into more value-added experiences, providing the one-to-one meaning that social has always promised, but that marketers have shunned in favour of more flashy, advertising-led 'public social' activities. For organisations and brands to succeed in this more personal environment, marketers will need to get better at listening to people and understanding what they want, and not simply using social media as a way to say what we want to say in new ways.<sup>19,20</sup>

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<sup>19</sup> *Special reports. Digital in 2016.* [online]. [2016-18-10]. Available at:

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<sup>20</sup> *Digital Marketing 2016.* [online]. [2016-18-10]. Available at: <<http://www.digitalmarketing-conference.com/world-digital-2016/>>.



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## ATTITUDES TO FUNCTIONAL MARKS

*Jaroslav Ďaďo – Nina Slezáková*

### **Abstract**

Except marks whose English synonym is *brand names*, which are placed on product packages, there are also marks whose meaning is different. These are functional marks that identify package or product attribute or indicate other information relating to the product and should be useful for the consumer. Producer has to place some functional marks on the product mandatorily, others are optional. The aim of the research was to identify the frequency of functional marks on a sample of confectionery products by content analysis. Then we identified the importance of general factors influencing the choice of products by a group of respondents. On this basis, we made a test of knowledge of functional marks' meaning. This test was the basis for analysis of functional marks' impact on product selection and the degree of consumer confidence in selected functional marks. The research results showed that the number of functional marks on packages is growing. Their placement on the package represents a way of differentiating the product from competitors, giving product an added value and gaining a competitive advantage for producer and retailer. On the market we can also find a lot of different functional marks which are unknown to people and they do not understand their importance.

### **Key words:**

Functional Marks. Mark. Package. Purchasing Behaviour.

### **Introduction**

The topic of product marking is the subject of many researches mostly because of the need for providing various information about products. The aim of this report is to define the position of functional marks among different types of marks, to characterise selected types, to identify which marks appear on the packages most commonly, to find out what attitude consumers have to them – how they influence consumers' buying and consumer behaviour. Consumer encounter various information on product packages during everyday shopping. It includes standard information (product name, producer, compounds or directions for use). Brand, product line mark or distributor's mark are often supplemented on packages with another symbols, so-called functional marks. Their function is particularly to inform, warn or motivate, while they can only refer to the package or the product. Placing some of them on the product is determined by law, use of others depends on fulfilment of given characteristics of a product or production process. After fulfilling the conditions, getting the right to use the mark can significantly improve the competitiveness of a product and the whole company.

The main function of marking a product is to identify the product, to describe (brand, date of production, content, and directions for use, safety instructions, specific characteristics, etc.). Promotive function of product marking is important for marketing.<sup>1</sup> In practice there is prescribed and informational marking of goods. Transposition marking, safety marking and quality marking belong to prescribed marking. Informational marking is determined by law or by plans of producer (e.g.

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<sup>1</sup> KOTLER, P., ARMSTRONG, G.: *Marketing*. Praha : Grada Publishing a.s., 2004, p. 411.

price, size, volume, compounds, maintenance).<sup>2</sup> We can find on the package e.g. dietetic value, vitamin content, recommended age of consumer on toys and food for children, production process information, quality awards, marks declaring ecological safety and many other (Kollár a kol. 2003).

### 1 Occurrence of functional marks on packages

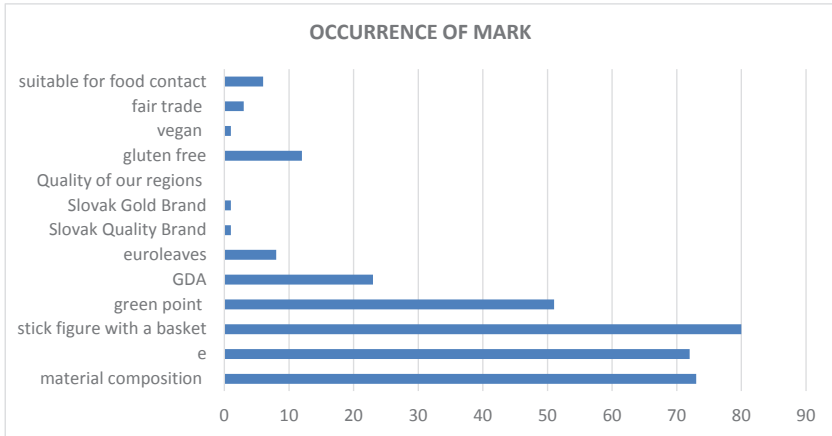
The term functional marks is not unambiguously defined in the literature. Their role is to inform about the characteristics of the package or the product. Apart from the information function they also have motivational or warning function. Functional marks can identify the package (e.g. material from which it is made, recycling possibilities, ecological friendliness) or they belong to the product (they identify its characteristics, e.g. inflammability, method and place of production, declare quality, effects, health safety etc.). We recognise functional marks, whose placement on the package is determined by law (used material, handling and warning marks) and optional marks (ecolabels, quality marks etc.). The subject of our research were packages of selected confectionery products (chocolates, sticks, bonbons) and pastries (biscuits, wafers). These were products of everyday consumption, whose supply is wide. We examined the brand which states material compounds of the package, 'e' mark, 'figure with rubbish bin' mark, Green dot, mark with recommended daily intake, Euro-list, Slovak Quality Mark, Quality From Our Regions seal, Protected Geographical Indication European marks, Protected Designation of Origin and Traditional Speciality Guaranteed, Slovak Gold mark, gluten-free mark, Vegan mark, Fair Trade, and others which occurred on packages.

Information were collected mostly in chain stores, such as hypermarkets TESCO, supermarkets Kaufland, Billa or Lidl. Smaller sample of confectionery products and pastries was also selected in groceries FRESH, Coop Jednota and in DM drogerie chain. Consecutive processing of information took approximately twelve months starting in January 2015. Research included 127 different types of products, from which 51 were chocolate and 40 non-chocolate confectionery products. On the selected sample of confectionery products and pastries we noted marks of various types 472 times altogether. Most frequent mark is 'figure with rubbish bin' (it was on as much as 80% of packages, i.e. 102 pieces from the sample). Only Turkish and Spanish product did not have this mark. Producers often placed 'e' mark on the package stating material compounds of the package. As much as 73% of examined confectionery products' producers informed this way about the package compounds. Symbol 'e' marking pre-packed products was on 72% of packages. Mark Green dot was on more than 50% of packages. Calorific value and proportion of recommended daily intake for adults was on packages of 29 confectionery products, which represents 23% of 127 examined products. Crossed ear was on 12% (15 pieces) of product packages. It was a mark informing celiatics. Mark BIO products and Euro-list appeared in eight percent of cases. Both of them were particularly on product packages from DM chain.

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<sup>2</sup> KOLLÁR, V. et al.: *Produktová politika*. Bratislava : Sprint, 2003, p. 46.

During shopping consumers can come across a mark which informs that the package is suitable for contact with groceries. Symbol with glass and a fork appeared eight times in the selected sample, which represents six percent. Mark depicting glass and a fork (indicating that package is suitable for contact with groceries) was on Turkish, Serbian, Croatian and Ukrainian products. Other marks appeared on packages only rarely or not at all (Fair Trade mark appeared on chocolate confectionery products 4 times, Vegan mark once). Graph 1 demonstrates the data about functional marks on packages.



**Graph 1: Percentage of marks' occurrence on examined products**  
Source: Own processing

Three marks became typical for Turkish products – ‘Made in Turkey’, Helal and BID – business initiative directions. First one states that product was made in Turkey. Helal confirms that product complies with Muslim halal standards. Star-shaped logo BID represents international award for quality. (see picture 1)



**Picture 1: Marks Turkmali, Helal and BID**

Source: *Hurhaber*. [online]. [2016-11-10]. Available at: <<http://www.hurhaber.com/darbecilerin-turk-mali-boykotu-tutmadi/haber-563533>>; *Seeklogo*. [online]. [2016-11-10]. Available at: <<http://seeklogo.com/vector-logo/259320/tse-helal-gida>>.

Only Lidl offered product labelled with mark stating UTZ Certified cacao, which indicates that products were made in a sustainable way, using better farming methods, working conditions and with regard to nature. (see picture 2)



**Picture 2: UTZ Certified cacao mark**

Source: *UTZ Certified cacao*. [online]. [2016-11-10]. Available at: <<http://www.nestleccoaplan.com/mass-balance-vs-segregation/>>.

Mark stating 'all natural, PREMIUM QUALITY' was on Dutch fruit liquorice. In most countries there is no unambiguous criteria saying which product we can consider natural and mark it this way. Chocolate bar from Czech company Carla had similar marking. The seal with picture of cocoa beans states 'Finest quality product 100%'. Such signs are supposed to give the impression of extra quality product. However, any producer can place such sign on the package. Content analysis further showed that some producers used graphic symbols in uncommon way on the package to point out the fact that product does not contain sugar (mark with smiling face stating 'No added sugar'), that alternative sweeteners are used (picture of stevia leaves or honeycomb stating HONEY) or claiming to be gluten-free (crossed milk box). (see picture 3)



**Picture 3: Other functional marks**

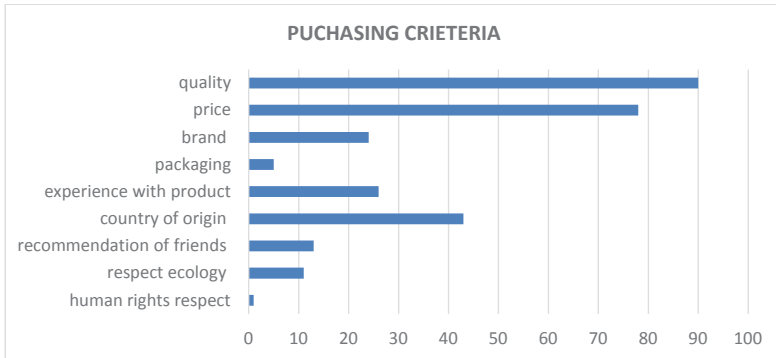
Source: Own processing

## 2 Influence of functional marks on consumer

Sample of respondents selected by quota sampling (by age and gender) was the subject of the second part of the research. Questionnaire survey on 105 respondents was conducted. Research questions were focused on examining the influence of functional marks on buying and consumer behaviour and on the analysis of knowledge (perception) of functional marks, which consumers can find on packages of various products.

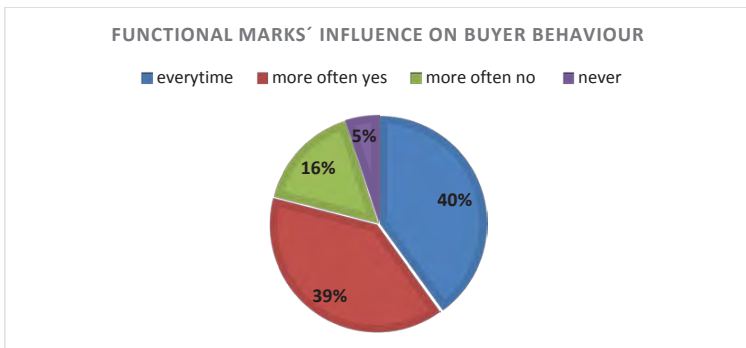
### 2.1 Buying and consumer behaviour of respondents

Respondents were supposed to list three main criteria which influence their buying decisions. We explored the role of functional marks in these decisions. The most important criterion for respondents when selecting a product is quality. It was one of the three criteria of 94 respondents (89.5%). As many as 67 (63.8%) respondents listed it first. Only 20% listed the price first. However, 78.1% of respondents listed it second. Country of origin is considered one of the three most important aspects when buying by 42.9% of respondents. Based on the research results, this option is most frequently the third most important. The percentage of answers' occurrence is displayed in graph 2. No respondent stated functional marks as one of the three criteria when selecting a product. We have to take into consideration that the criterion of product quality was too general, without any more detailed specification.



**Graph 2: Level of criteria importance for respondents when buying products**  
Source: Own processing

Results of the functional marks' influence on buying behaviour analysis is displayed in graph 3.



**Graph 3: Level of functional marks' influence on buying behaviour of consumers**  
Source: Own processing

According to the stated, functional marks on product's package influence consumer behaviour. But not in a way that it is crucial to the selection of a product. Differences which occur between the genders are minimal. Men proved themselves to be more resilient to functional marks' influence.

## 2.2 Knowledge of selected functional marks

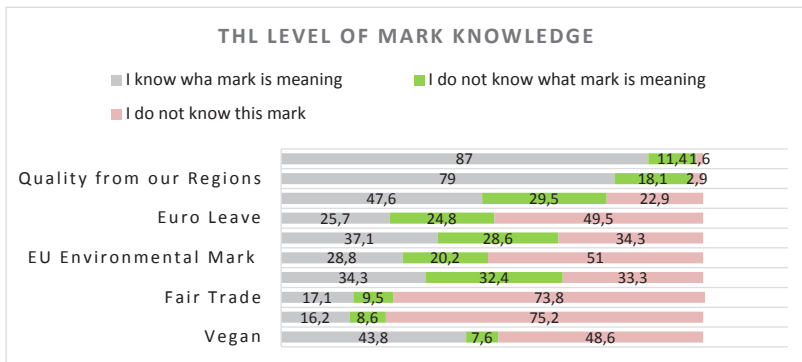
Research shows that the best known functional mark characterising product quality among consumers is 'Quality Mark SK'. This mark is known to 98.1% of respondents. Almost 87% of them know its meaning. Other researches also confirmed this.<sup>3</sup> The second best known mark is another quality mark – 'Quality From Our Regions' seal.

<sup>3</sup> NAGYOVÁ, L.: *Trendy v spotrebiteľskom správaní na trhu potravinárskych produktov v SR*. Nitra : SPU, 2012, p. 83, 67.

This mark is familiar to 97.1% of respondents, from which 79% know what it means. Seal is familiar to all female respondents. More than a half (63%) of respondents do not know what symbols Protected Designation of Origin, Protected Geographical Indication and Traditional Speciality Guaranteed mean. These European marks are not familiar to 37.1% of respondents.

'Green dot' logo is best known from the group of ecolabels. This mark appearing on most of the packages is noticed by 77% of respondents. Almost half of the respondents knows its meaning. Mark which often appears on BIO products, Euro-list, is familiar to approximately half of the respondents (50.5%). Twenty-five respondents know the mark, but not its meaning. From the pair of marks 'Environment-friendly product' and 'The EU Ecolabel', the first one is more familiar. Answer 'it is familiar and I know its meaning' was stated by 37.1% of respondents and 28.6% know the symbol, but do not know its meaning. According to our research, almost 35% of consumers never came across this mark. The European Ecolabel is familiar to almost half of respondents (49%). Approximately 20% notice it, but do not know its meaning and almost 30% know its meaning as well. Producer placed 'Energy star' logo on almost all our notebooks, computers and other appliances. Despite this, only 34.3% of respondents know what this mark means. 32.4% know this mark without knowing its meaning and 33.3% of respondents do not know this mark.

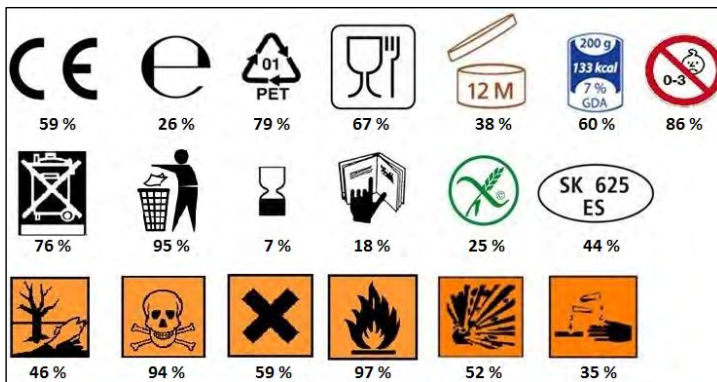
'Fair Trade' logo is familiar only to 26.7% of men and women from our sample. 17.1% of these know its meaning as well. Fair Trade mark was better known to women than to men. As much as 73.3% of respondents marked the answer 'it is not familiar'. Jumping hare - logo marking cosmetics and cleaning products made in compliance with human standards is familiar to 24.8% of respondents, 16.2% of respondents know and 8.6% do not know its meaning. We noticed that human standard mark is also better known to women. Approximately 3/4 of respondents do not know this mark at all. There was a question in the questionnaire survey relating to 'Vegan' mark. It is familiar to approximately half of respondents. We suppose that its meaning is known to 43.8% of respondents who came across this logo thanks to its comprehensibility and simplicity. Only 7.6% of answers stated 'it is familiar, but I do not know the meaning'. Overview of knowledge of all mentioned marks is displayed in graph 4.



Graph 4: Level and degree of knowledge of functional marks' meaning among consumers  
Source: Own processing



The last question relates to the knowledge of particular functional marks and respondents were supposed to select marks whose meaning was clear to them. Most respondents knew the 'inflammable' (97%) and the 'toxic' (95%) mark. Approximately half of respondents knew warning marks 'irritant', 'explosive' and 'harmful to the environment'. Symbol marking corrosives was familiar to 35% of respondents. We also examined marks - warning symbols. 'Figure with rubbish bin' is best known – 95% of respondents know its meaning. Mark that followed was informing about a proper way of package disposal, crossed rubbish bin, and it was known to most of respondents (76%). Knowledge of this mark had similar result. Information about package compounds – 79%. Majority of respondents (86%) also know round symbol informing that the product is inappropriate for children under the age of three. Overview of familiarity with all symbols which we asked about with percentage of their knowledge is displayed in picture 4.



Picture 4: Consumer's level of knowledge of functional marks (in %)

Source: Own processing

### 2.3 Preference of products labelled with functional marks

We assessed preference level of products with Slovak origin labelled with functional marks. Three of all 105 respondents stated that they do not follow these marks – they do not pay attention to them. From 102 answers 86.3% prefer products labelled this way (24.5% of which prefer them and 62% rather prefer them). Only 4% of respondents do not pay attention to ecolabelling. 63% of remaining 100 respondents prefer products labelled this way (4.3% always and 58.7% rather yes). Preference of marks ensuring that no human rights were violated or animals harmed was low. Only 5% of respondents do not pay attention to ecolabels. 44% of respondents rather prefer products labelled this way. Almost 15% of respondents prefer them always and 12% never do. Products labelled with this kind of marks are rather not preferred by 28.4% of consumers. Research results imply that marks declaring Slovak origin of product influence respondents most significantly. Buyers are not indifferent to various ecolabels neither and more than a half prefer product labelled with them. According to the research we can consider marks which emphasise advantaged ethical side of production less important in customer's decision-making process.

### 2.4 Credibility of functional marks

In our research we asked respondents two questions regarding credibility of functional marks. The first one concerned quality marks and the other was about ecolabels. Most respondents answered the question 'Do you consider product marked with quality marks actually quality?' affirmatively. Almost 71% of respondents who answered this question said 'rather yes' and 14.6% 'definitely yes'. Based on this information we can conclude that approximately 85% of consumers consider quality marks trustworthy. Only four respondents (3.9%) expressed open scepticism to quality marks and 10.7% rather do not trust them. Respondents reacted similarly to ecolabels. Approximately 70% of respondents consider them trustworthy. The most frequent answer was 'rather yes' - 70 respondents (67.3%) said it. Unlike quality marks, respondents answered less unambiguously. Only two respondents expressed open trustworthiness. Answer 'rather no' appeared 25 times (24%). Neither gender nor age affected the perception of quality marks' and ecolabels' credibility. Overall, when respondents assessed functional marks, they stated that marks informing about characteristics whose marking is mandatory are used. Vegan or Fair trade marks almost never appear on packages. They see only a marketing tool in some functional marks. Despite the stated, the main criteria when shopping are quality (85% of respondents trust quality marks), price and country of origin. Respondents consider large number of functional marks and lack of edification their greatest drawbacks (they do not know marks' meaning). Indistinctive depiction on the package follows.

### Conclusion

A well-designed package can build customers' trust in the product and motivate them to buy it. Marks which identify neither the product name nor the manufacturer (brand marks) also become an important part of the package. These marks show some characteristics of the product or the package - they usually inform about product's specific characteristics, or warn of something. These are the so-called functional marks, a term, which is not specifically defined in the literature. Nevertheless we come across some functional marks more often and they represent a way to differentiate the product, give it added value and gain a competitive advantage. At the same time there are many marks on the market that are unknown and unclear for customers. We consider the research in Slovak conditions exploratory and we think it can create a standard for deeper similar research or in other countries, or to examine the findings in time.

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## THE BRAND VALUE IN THE PROCESS OF SHOPPING PLACE SELECTION

*Tomáš Fašiang*

### **Abstract**

The contemporary marketing trend is increasingly pointing to the matter how the brand value is perceived through the customer's eyes. There is a search for mutual dependability measuring the scale of customer's satisfaction in relation to his loyalty and desired effect of repetitive purchase. We can interpret this relationship on dependency principle – if the scale of satisfaction is increasing, the perceived brand value and income is growing as well. In connection with retail we can consider as the key element in stated dependency the shopping place selection. This article is describing the consumer shopping decision in phase of shopping place selection. In this process the key role is retail action radius and perceiving of its attributes. The other point brought by this article is to outline the probability of shopping place selection in connection with brand value perceiving and action radius impacting of competitor's retails.

### **Key words:**

Brand value. Probability. Retail. Retail gravity.

## **1 Introduction**

The brand is a concept which is connected with humankind since very early times and her functions are directly related to the community development and distribution of labour. In recent times its importance is still growing as markets are saturated and therefore the potential to sell is decreasing due to competition influence. Its meaning is not then only in the form of differentiating from the competitors, but mainly in terms of consumer's behaviour affect. In repetitive purchase, the brand is becoming for the consumer the symbol of „safe harbour“. The brand from the communication point of view is an important element in process of mutual relation creation and building of positive relation between business subject and consumer. In retail, the brand is considered as starting point for maximization of market potential, which is linked with interactive acting of marketing communication oriented on building of customer loyalty in stream buying of retail unit. In this connection, the location of retail units must follow customer needs in the way to secure the accessibility and required size capacity, structure and residents buying practice from aimed area. The aim of this article is to point at shopping place selection probability in relation to brand value perception and impacting of action radius's of competing stores.

## **2 Brand perception**

The important development of brands and their establishing on markets starts in 20th century as a need to differentiate from the competitors. Since then, the work productivity is increasing, new Technologies are implemented, production processes are optimized and production of goods and services is growing. The brand is becoming of value equivalent which stands for the quality of product or service. Based on definition from American Marketing Association we can define brand as „name, symbol, creative expression or combination of all these elements which aim is

to differentiate goods or services of one seller from goods or services of competing sellers.<sup>1</sup> From functional aspect, the brand is connected with an emotional side with direct effect on cognitive consumer behaviour. The emotional side of brand is important in process of shopping decision making when consumer evaluates alternatives and proceeding with the purchase.

The consumer realizes in this process that presented product or service attributes are reality and this leads into building of trust and loyalty.<sup>2</sup> Acquired pattern of behaviour is applied in repetitive purchase and brand becomes synonym of quality and safe purchase. With stated above is connected the brand perception which is perceived individually by every consumer. Individuality is not explicit expression of useful product or service attributes but it's added value which consumer perceives during shopping decision making and consumption. According to Keller is necessary to view the brand value from 2 sides (consumer, seller – brand owner).<sup>3</sup> The consumer views the value based on conditional associations and brand owner sees the value in customers' loyalty, income and market shares. Aaker identifies the brand value as set of positive and negative attributes which are divided into 4 categories:

- Brand awareness;
- Brand association;
- Brand loyalty;
- Brand perception.<sup>4</sup>

The Brand awareness is based on principle of pre-purchase selection, when consumer prefers the product which is already known for him. Brand association explains the attitude against the brand which is created by cognitive actions and it's kept in memory. The Brand loyalty shows the rate of high awareness and positive brand attitude. It creates anticipation for consumer satisfaction and initiates repetitive purchase. Quality perception is directly connected with awareness, loyalty and in final result with quality of the product. The quality brand can't be built without quality product as it's her basic stone as carrier of utility values. Since this article is about brand value in process of shopping decision making, the following text will be oriented on its application in retail in Slovakia. The brand value perception, when purchasing fast-moving consumer goods, are importantly followed parameters such as price, quality, assortment range and store location. Stated comes from the realized survey which was done on 385 respondents. Answers are showing attributes which are realized by consumers during continuous selection and choosing of store for the future purchase. From the following chart results that critical factors of store selection are mainly price (38,6%), product quality (25%), product assortment range (18,2%) and store location (13,6%). Given percentage formulation has the most important attributes of share structure within group of first or second selection factor. It means that total of stated shares is not 100%. When looking at the chart, we can see the distance and bevel heading for the particular attributes. The bigger size and bevel means that attribute of given factor is achieving

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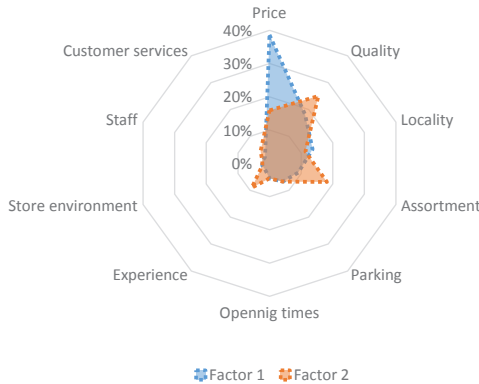
<sup>1</sup> VYSEKALOVÁ, J., KOMÁRKOVÁ, R.: *Psychologie spotřebitele: jak zákazníci nakupují*. Praha : Grada Publishing a.s., 2002, p. 132.

<sup>2</sup> ELLIOTT, R., PERCY, L.: *Strategic brand management*. Oxford : Oxford University Press, 2007, p. 44.

<sup>3</sup> KELLER, K. L.: *Strategické řízení značky*. Praha : Grada Publishing a.s., 2007, p. 91.

<sup>4</sup> For more information, see: AAKER, D.: *Managing brand equity: capitalizing on the value of a brand name*. New York : Simon and Schuster, 1991.

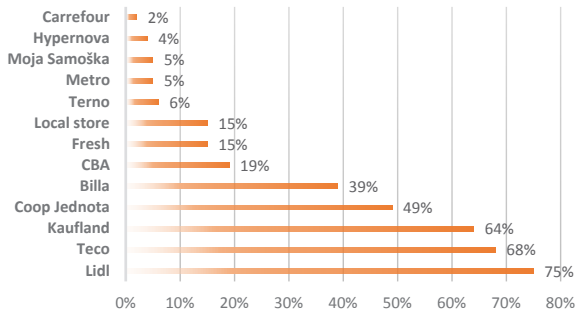
bigger value in decision making process when consumer is selecting the store. Within initial consumer decision making (factor 1) is attention paid mainly to product price and store location. Only in the second round (factor 2) is critical the product quality and store assortment range or actually previous experience with the store.



**Figure 1: Attributes of retail selection**

Source: Own processing

Stated price and quality factor is visible also in context of brand value perception. Conducted surveys showing that people are building retail brand associations based on price and quality. According to TNS Slovakia agency, the highest value when evaluating store chains popularity, is the purchase value (ratio of price and quality) as well as other parameters such as goods freshness, products assortment range, orientation in the store, staff or overall store atmosphere. Taken into consideration of stated factors, we may create scale of retail brands popularity based on answers from 1000 respondents (survey TNS Slovakia, 2016). The brand’s popularity is interpreted by following chart which respects answer on question in what chain stores you make regular purchase.

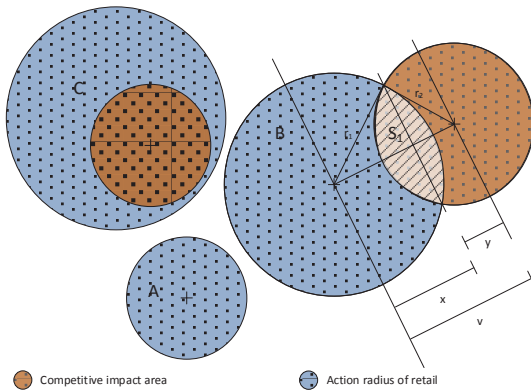


**Figure 2: Popularity of Slovak retail, 2016**

Source: TNS SLOVAKIA: *Malé nákupy robíme v coop jednota, tie väčšie v tesco a kauflande. hitparáda obchodných retazcov.* [online]. [2016-10-21]. Available at: <[http://www.tns-global.sk/sites/default/files/files/ts1613\\_obchodne\\_retazce\\_0.pdf](http://www.tns-global.sk/sites/default/files/files/ts1613_obchodne_retazce_0.pdf)>.

As it was already stated, the important attribute when selecting the store, is its locality which is determined by distance and consumers density. The survey confirmed that the most often taken distance to make bigger purchase is at average 1,1 – 5 km. Stated distance is determining power of store action radius. From this point of view, the creation of effective retail communication strategy requires identification of target market and knowing of recent external market state with the main orientation on action retail store radius.

Action radius is a basic market potential of retail store which is expressed by income volume realized during certain time frame via customer’s purchases which number and residence locality is within retail range interest. Overall market potential is further determined by competition closeness and character. Efficiency of retail store will be mainly influenced by number of competitors in stream buying of retail store, their relative size in connection with character of retail, related similarity of assortment range as well as price politic based on size of fixed cost in whole cost structure of retail store. The biggest intensity of competition will be in the area of action radius conjunctions of mutual stream buying. By specifying of mutual action radii aspects is possible to define 3 mutual aspects which are showed in below figure. Aspect „A“ is characteristic by independent action radii of compared retail stores. It means, that these are mutually linked if is fulfilled a condition as  $v$  (air distance to competitive retail store)  $\geq r$  (radius of retail store action radius) +  $r_1$  (radius of competitive retail store radius). The aspect „B“ is characteristic by mutually influenced action radii on area of their mutual conjunction. It means that linked area is defined on base of two approximating points defined by axis. Stated is applicable if  $r - r_1 < v < r + r_1$ . Aspect „C“ is characteristic by the state when one action radius is part of the other one. In this case comes to the biggest competitive aspects because whole area of one retail store action radius affects whole area of the second retail store. Stated is applicable if  $v \leq r - r_1$  resp.  $v = 0$ .



**Figure 3: Mutual positions of retail action radius**

Source: Own processing

Depending on defined aspects is possible to define the size of action radius influence of buying stream by both retail stores. The first aspect shows an ideal situation in

which buying streams are mutually influenced and customers are not migrating to competition. In the second case comes to the conjunction of both compared buying streams in distance defined by axis (diagonal ) on which are laying points of mutual conjunction {A,B}. Mutual points can be defined as follows where parameters  $v, r, r_1$  are known constant factors.

$$y = \frac{\Delta(r_1^2, r^2) - v^2}{-2v} \qquad x = \sqrt{r^2 - \left(\frac{\Delta(r_1^2, r^2) - v^2}{-2v}\right)^2}$$

Parameter  $y$  defines on axis  $y$  distance of diagonal from the centre which marks store location and parameter  $x$  defines borders of conjunction defined by diagonal on axis  $x$ . By transferring of borders on diagonal we're getting points of mutual conjunction {A,B}. From this figure results that based on identification of points laying on diagonal we can define the area size of mutual conjunction of both action radii which expressing total of circle area segment and circle area segment of competitive retail store. Area of mutual conjunction can be defined by following formula where after expressing of parameter  $y$  are all incoming parameters known constants.

$$S_1 = \left[ \frac{\pi r^2 * 2 \left( \cos^{-1} \frac{y}{r} \right) - r^2 * \sin \left\{ 2 \left( \cos^{-1} \frac{y}{r} \right) \right\}}{360} \right] + \left[ \frac{\pi r_1^2 * 2 \left( \cos^{-1} \frac{v-y}{r_1} \right) - r_1^2 * \sin \left\{ 2 \left( \cos^{-1} \frac{v-y}{r_1} \right) \right\}}{360} \right]$$

In case, if into retail store action radius intervenes more action radii of competitors retail store shopping streams, then it's necessary to express individually mutual conjunction between retail store and its competitors. In mathematical formulation, the total area of all conjunctions can be defined by following formula where  $S_x$  shows area of action radius conjunctions between retail store and one competitor. It means that based on number of competitors, the number of area in mutual partial conjunctions is reeled off.<sup>5</sup>

$$S_x = S_1 + S_2 + S_3 + \dots + S_n$$

### 3 Probability of shopping place selection

For expressing probability of shopping place selection is necessary to use the probability theory and total conjunction of action radii of competition stores. In first step is needed to identify probability of possible visits within retail store action radius. However is possible to approximate an action store radius via circle, it's suitable to choose geometrical probability which can be defined as probability of random effect  $A$ , where is true that randomly chosen point of aggregate  $\Omega$  is the point of aggregate  $G$ . By modifying of this relation for this article needs, we get the following formula.

$$P(A) = \frac{\mu(G)}{\mu(\Omega)} \quad \rightarrow \quad P(A) = 1 - \frac{\sum S_x}{\pi r^2}$$

Apart of stated relation is needed to identify shopping probability in mentioned retail store. It means to define probability of competitor store visit. To define relation is

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<sup>5</sup> FAŠIANG, T.: *Komunikačné stratégie maloobchodu*. Trnava : FMK UCM in Trnava, 2012, p. 72.



advisable to come of the distribution function of discrete random variable X which is stated as total probability of all possible random variable values X. To support this we can use following relation.<sup>6</sup>

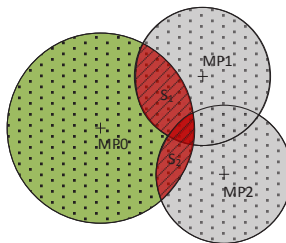
$$F(x) = P(X \leq x) = \sum P(X) \rightarrow P(X) = \binom{n}{x} (1 - P(A))^x * P(A)^{n-x}$$

Where n is the number of retail stores, x states for parameter of store visit from the perception of size order particular conjunctions, it gets values  $x = 0, 1, 2, 3 \dots n$ . (value 0 means that competitor store is not visited, value 1 means visit of competitor store with the biggest conjunction, etc.) P(A) is an approximately of retail store visit. In relation to brand value is possible to anticipate that value perception from the site of the consumer influences total probability visit of retail store and this way also the purchase execution. Coming from the figure 2 is possible to forecast effect on total probability via coefficient which is possibly stated by relative brand multitude favour. In case, that in the retail store action radius is not store with influential brand (see figure 2), then the value equals to zero. The effect of brand value on probability can be expressed as following relation.

$$P(X)' = \frac{P(X)}{1 + k}$$

**Conclusion**

To conclude, we can remark that the correct identification of action radius and its exogenous effects allows to control interactive relation of retail store and customer with the orientation in its value in the process of customer loyalty building. It means that the intensity power of competitive affect has an important impact on retail store activities, and mainly on frequency of customers' visits, based on which is the store performance dependent. Apart of stated, is necessary to take into consideration the power of brand value and its perception from the customer's side, as probability of store selection is directly affected. As illustration, we can use an example which is based on mutual location of „B“ retail store action radii. Following figure depicts area of store action radius MP0 as well as the influence of competitive stores (MP1, MP2) stated by conjunctions S<sub>1</sub> and S<sub>2</sub>.



**Figure 4: Example of competitive retail influences**  
Source: Own processing

Following from the assumption that action radius of store MP0 is 1200 elements, conjunction S<sub>1</sub> of competitive store MP1 is 160 elements and conjunction S<sub>2</sub> of

<sup>6</sup> SODOMOVÁ, E. et al.: *Štatistika. Modul A*. Bratislava : Ekonóm, 2000, p. 41.

competitive store MP2 is 80 elements. To calculate probability of visits MP0 we use relation based on geometric probability.

$$P(A) = 1 - \frac{\pi r^2}{\sum S_x} \rightarrow P(A) = 1 - \frac{240}{1200} \rightarrow P(A) = 0,8$$

The probability of retail store selection MP0 by customers from her action radius is 0,8. By following calculation is possible to review probability with what customers from action radius of retail store MP0 won't visit competitive stores.

$$P(X) = \binom{n}{x} (1 - P(A))^x * P(A)^{n-x} \rightarrow P(X) = \binom{3}{0} 0,2^0 * 0,8^3 \rightarrow P(X) = 0,512$$

Based on stated example we can claim that with the reliability 0,512 customers from action radius of store MP0 won't visit other competitive stores. From the following graph, we can further see that store MP1 customers visit with probability 0,384 and store MP2 with probability 0,096. When looking at curve of distributed function we can see cumulative probability getting close to 1.

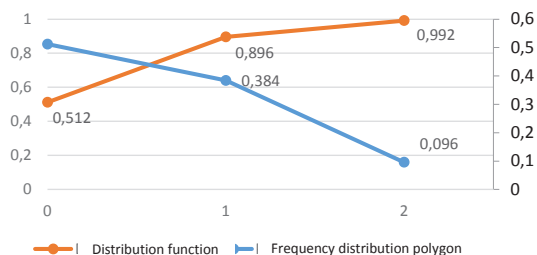


Figure 5: Distribution function

Source: Own processing

In case, if the competitive retail store would be the store with the high brand value, is possible to anticipate that selection probability is significantly decreasing.

$$P(X)' = \frac{P(X)}{1+k} \rightarrow P(X)' = 1 - \frac{0,512}{1+0,75} \rightarrow P(X)' = 0,293$$

From the stated results that market potential and income character will be appreciably effecting brand and perception of its value in customers' eyes. The brand then seems as an accelerator increasing impact of action radius with function to attract customers in sense of repetitive purchase executions.

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## VIRAL VIDEO AS AN EFFICIENT AID TO PRODUCT PROMOTION

*Dagmar Frendlovská – Ondřej Kusovský*

### **Abstract**

The article deals with the use of viral video as a powerful aid to cyberspace, thanks to which both trademark and product promotions reach directly cyberspace users. The viral video efficiency is generated by means of a carefully elaborated strategy, in which time and financial demands represent only a fraction of those needed for a classical form of marketing. In order to outline the way respondents actually view viral video, we used a pilot survey the results of which revealed facts presented in detail in Chapter 3. 90% respondents said they had encountered with some form of viral video before, and 51% respondents had shared viral video further on. Over 60% pursue their favourite trademarks or companies on social networks. The presented percentages point out the extreme power of viral videos, although their real potential has not been fully used so far. Being modern and new, viral video can be still seen as an unverified form of promotion by some.

### **Key words:**

Cyberspace. Marketing. Viral environment. Viral marketing. Viral message. Viral video.

## **1 Introduction**

The power of viral marketing is considered a modern tool of cyberspace, and is believed to play active part in today's marketing development. Viral marketing is undemanding as for the time and financially affordable. These strong sides mean it often becomes used by a wide range of clients without them realizing the fact. Also, it is the popularity of cyberspace that made it possible for viral video to find its place in many households and with many modern technology users. Considerably low costs of viral video promise enormous promotion capacity and may often overshadow traditionally used marketing promotion strategies. The presence of such help in life of many individual users has become a necessity, although they may not have realized the fact it is them who are distributors sharing the materials either because they are worried by the contents or because they find them entertaining. Today's cyberspace provides us with lots of information. The users are getting more and more demanding, and so it is not easy to produce a successful and actively shared viral video. The best ones have carefully worked-out strategy aimed at segmented target users. With that in mind, the most suitable communication channels, extraordinary stories as well as forms are carefully chosen. Any underestimating of both the strategy itself and video preparation can irreversibly harm the promoted trademark, because there is no way back after such video has been released. This article is a follow-up to an article published in 2015. It dealt with the first part of partial research into the given issue.<sup>1</sup>

## **2 Viral marketing**

The term viral marketing is really new, and that is why there is a variety of its definitions. For the purposes of this work, we chose the two that describe viral

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<sup>1</sup> FRENDLOVSKÁ, D., KUSOVSKÝ, O.: Viral Campaign as an effective marketing promotion instrument. In *Marketing Identity: Digital Life. Conference Proceedings*. Trnava : FMK UCM in Trnava, 2015, p. 40. [online]. [2016-10-24]. Available at: <[http://fmk.sk/download/konferencie/Marketing%20Identity/marketing-identity\\_digital-life\\_conference-proceedings-pt1.pdf](http://fmk.sk/download/konferencie/Marketing%20Identity/marketing-identity_digital-life_conference-proceedings-pt1.pdf)>.

marketing the best. „The Internet version of word-of mouth marketing. E-mail messages or other marketing actions that are so contagious that a customer wants to share them with friends.“<sup>2</sup> The term viral marketing is attributed to Jeffrey Rayport who probably used it first in the article “The Virus of Marketing” for Fast Company magazine in 1996. The author equates the desire of marketers to viruses conduct – with the aim of having the greatest possible impact.<sup>3</sup> Among the pioneers in the use of viral marketing in practice belongs the case of hotmail.com. In 1996, Sabeer Bhatia and Jack Smith launched an e-mail service which was available via a website from any computer with the Internet connection. At the time when the Internet was accessible mainly by means of corporate computers, it was a brilliant idea. To attract the users attention, it was enough just to add a short sentence at the end of each e-mail sent this way: “Get your free email at hotmail.com”. This notice spread worldwide. In 1997, Hotmail was bought by Microsoft for 400,000,000 US dollars. This example shows the enormous potential of viral marketing.<sup>4</sup>

The concept of viral marketing can be translated into the Czech language as “viral” marketing. Although the term virus evokes negative emotions in most people, this form of marketing earned the name according to the way it spreads, similar to of epidemics. Most Internet users do not spread a communication because of branding, but because it is fun, shocking, informative, etc. That is why they want to share it with others, and such process ranks among the word-of-mouth methods.<sup>5</sup> A viral campaign is not time or space limited, and it can return in waves. A viral campaign submitter has minimum power over the course of spreading. Therefore, they must consider all impacts that the campaign might bring. In case the message contents are selected inappropriately, the entire campaign may turn against the original focus. People can parody the campaign and thereby destroy the company’s reputation.<sup>6</sup>

We need to understand that there is a sophisticated strategy behind most successful viral campaigns. The actual publishing of video on a website is not always enough. Unsuccessful viral campaigns often remain unknown to us.<sup>7</sup> “Viral marketing is a weapon that directly call for sophisticated applications, for it can create tremendous response from consumers who are becoming more and more immune against traditional forms of marketing communication.”<sup>8</sup>

### 2.1 Positive and negative sides of viral communications

In case of a successful campaign, the positives are easy to measure:

- Higher number of web page hits, it indicates exponential growth, the number of goal-focused visits grows, too;

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<sup>2</sup> KOTLER, P.: *Moderní marketing*. Praha : Grada Publishing a.s., 2007, p. 199.

<sup>3</sup> *Fastcompany*. [online]. [2015-04-20]. Available at: <<http://www.fastcompany.com/27701/virus-marketing>>.

<sup>4</sup> KUSOVSKÝ, O.: *Virální kampaň jako nástroj marketingové propagace*. [Bachelor Thesis]. Jihlava : Vysoká škola polytechnická v Jihlavě, 2015, p. 22.

<sup>5</sup> VAŠTIKOVÁ, M.: *Marketing služeb: efektivně a moderně*. 2<sup>nd</sup> Edition. Praha : Grada Publishing a.s., 2014, p. 268.

<sup>6</sup> JURÁŠKOVÁ, O., HORŇÁK, P.: *Velký slovník marketingových komunikací*. Praha : Grada Publishing a.s., 2012, p. 235.

<sup>7</sup> KUSOVSKÝ, O.: *Virální kampaň jako nástroj marketingové propagace*. [Bachelor Thesis]. Jihlava : Vysoká škola polytechnická v Jihlavě, 2015, p. 22.

<sup>8</sup> FREY, P.: *Marketingová komunikace: nové trendy 3.0*. Praha : Management Press, 2011, p. 203.

- Low-cost efficiency, especially in view of the number of people addressed;
- Builds the company reputation effectively;
- It is easy to combine with other methods of promotion.

We are exposed to an incredible amount of new information. Every second, there are over 40,000 inquiries entered into Google search engine, more than 2 million e-mails sent, and over 95,000 videos seen on Youtube.<sup>9</sup> Considering such amount of information, it is really difficult to break through as a commercial/advertisement communication.

- Extreme effort to provoke viral communication – people are exposed to some campaigns all the time, but such a situation can never make an individual share the communication and help the submitter launch the campaign;
- Negative Buzz – people may respond negatively to some information. Even such things can be spread extremely fast;
- The matter of ethics – viral campaigns may be seen as deceitful practices because people are concerned about the way their personal data are used. The worst possible impacts should be considered;
- Difficult to measure – it is hard to set criteria used to measure the viral campaign's success. Is it the rise in number of website hits, in seeing video, in varied media appearance? Such questions need to be asked before a campaign is launched.<sup>10</sup>

### 3 Mapping the respondents' experience

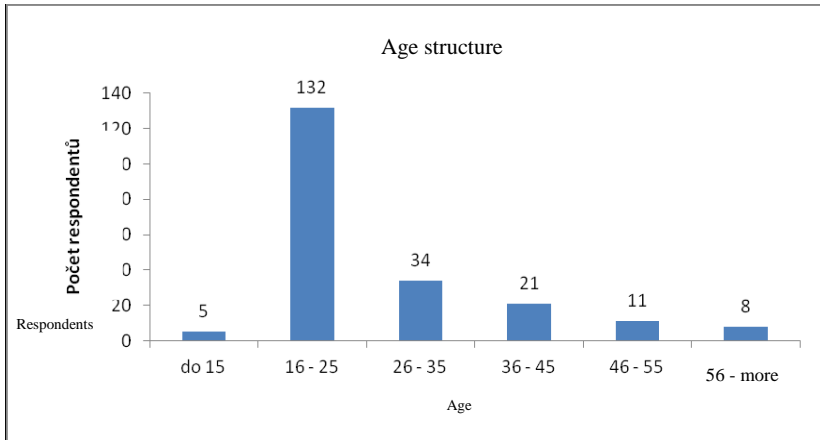
We used a questionnaire method to map the experience and knowledge of respondents. They answered 24 questions, but only those closely related to viral video issues were processed. We used the method of snowball – the questionnaire is distributed through respondents who have already participated in the research (which is similar to the way viral campaigns work today). For the pilot survey, 211 respondents were chosen, 40% of which presented their answers in paper form (83 questionnaires). The questionnaire was distributed in both paper and electronic forms. 124 women and 87 men took part in the survey, which means 58.7% and 41.2%. The difference can be related to social networks use. According to data presented by Petr Michl on server m-journal.cz,<sup>11</sup> the social networks used in the research to distribute the questionnaire are visited more by women. There are 58% women on Facebook, and even 64% on Twitter. The same principle can be observed in the users' activity with 18% women contributing daily, but only 11% of men. On the other hand, male users find social media, like Google or LinkedIn more. Figure 1 illustrates the age structure of respondents.

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<sup>9</sup> *Internet live stats*. [online]. [2015-04-24]. Available at: <<http://www.internetlivestats.com/>>.

<sup>10</sup> *Ibidem*.

<sup>11</sup> MICHL, P.: *Bitva pohlaví... v sociálních médiích*. [online]. [2015-04-21]. Available at: <[http://www.m-journal.cz/cs/aktuality/bitva-pohlavi---v-socialnich-mediich\\_s288x10087.html](http://www.m-journal.cz/cs/aktuality/bitva-pohlavi---v-socialnich-mediich_s288x10087.html)>.

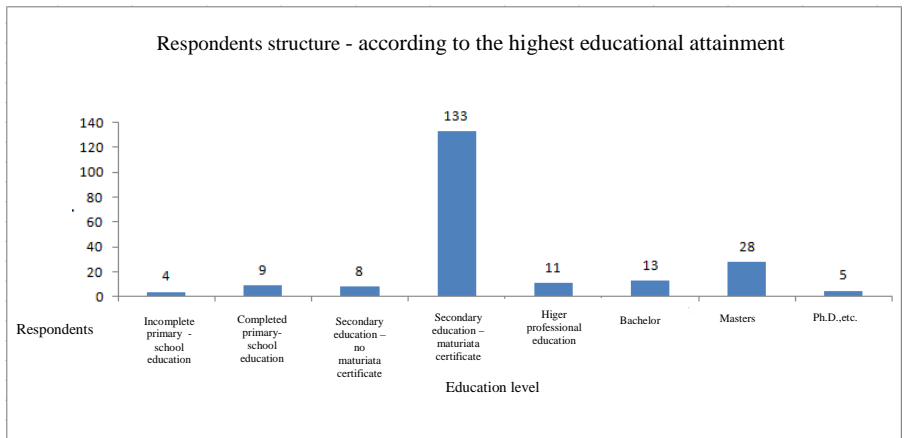


**Figure 1: Diagram of the age structure**

Source: Own processing

### 3.1 Knowledge of term viral campaign

59% respondents are familiar with the term viral campaign. Remaining 41% of the survey participants, who had no idea what viral campaign was, got acquainted with a simple definition so they could answer whether they had ever come across viral campaign before. The findings result is higher than expected. Perhaps the survey respondents are better educated than the average in the Czech Republic. Figure 2 illustrates classification of respondents according to their education.



**Figure 2: Diagram of respondents structure - according to the highest educational attainment**

Source: Own processing

Figure 2 presents classification of respondents according to their acquired education. Information based on the Czech Statistics Office 2011 census data states 17.6%

persons with primary-school education, 33% with secondary education and apprentice certificate, 31.2% with matura certificate, and 12.5% with university education (remaining 5.7% were not identified). The classification of respondents with the highest education is not in accordance with 2011 census. The presumptions of the questionnaire were limited by the environment it was distributed in. The issue of viral marketing itself is aimed at Internet users, and that is why the group of respondents is on average better educated than the rest of the Czech Republic average. At the same time, the trend in previous censuses indicates a rise in people with secondary education and those with university diploma.

### **3.2 Viral video influence on advertising and trademark**

Having realized what viral campaign is, 90% respondents stated being acquainted with some form of viral campaign.

#### *3.2.1 Kinds/Types of advertising*

The questionnaire contained questions the aim of which was to find out what kind of advertising has the best impact on a potential customer. The results can be used in creating viral communication. Most respondents (48%) are attracted by an advertisement raising emotions, like happiness, success, excitement, fear, etc. Over 24% respondents prefer commercials solving problems in society. Only 14% respondents are influenced by an advertisement focused on product quality, and 11% appreciate seeing concrete groups (such as children, animals, subcultures, etc.) in a commercial. Out of all respondents, only women chose that alternative. The other aspects of advertisements with impact on respondents are as follows: the wit, the contents does not matter then, originality, I am not influenced by commercials, I prefer experience, information about harmful qualities of a product (e.g. Dtest), I watch out for the contents, etc. We assume the results can be explained by the average age of respondents, with prevailing age group 16-25. A commercial exclusively aimed at product qualities cannot be successful with this age group, because just a few clicks reveal information about the product. We were surprised by the approval rating of advertisements focused on problems in society. Such advertisements distribution in viral environment is likely to be profitable.

#### *3.2.2 Effect of viral communication*

Over 58% respondents admitted being influenced by viral communication, or made to think about the issue. Nearly 32% are not aware of any impact, and almost 9% are negative about the issue. The main reasons for disapproval are the following: When shopping, I search for as much information as possible from different sources, I am not influenced by commercials, I ignore advertisements. It is people aged 36 plus who are negative towards commercials. Also, they are difficult to address by means of viral communication, which may be caused by the fact that they do not have the time to surf on the Internet and find advertisements time-consuming.

#### *3.2.3 Influence of viral communication on trademark reputation*

Building a strong long-lasting trademark is one of the most demanding tasks of marketing. One of the ways to influence consumers perception of the trademark is to launch elaborated viral video. We found out that almost 51% respondents realize the fact that viral video has an impact on their view of a trademark. However, 25%



respondents do not agree with the statement. At the same time, 50% of those who expressed disapproval said they had been motivated to buy a product or thought about a viral communication message. It is possible they are not aware of the viral communication influence along with remaining 24% respondents who chose the possibility of not realizing any influence. Nevertheless, we might assume people do not want to admit being easily influenced by something.

### *3.2.4 Interest in popular trademarks and reasons for being interested*

In total 60% respondents follow their favourite trademarks or companies on social networks. The most common reasons to do so are: special offers and latest news. One third of respondents following popular trademarks are interested in special events. Only 9 respondents follow trademarks and companies because of promotion itself or provided feedback. The conclusion is that social network users most appreciate unusual news or company offers. According to the answers, respondents use other ways to communicate with companies, perhaps customers centres.

## **4 Summary**

Chapter 3 presents results of a questionnaire survey the aim of which was to map the issue of viral video and viral campaigns. The important findings include the fact that 90% respondents are acquainted with some form of viral campaign. 124 women and 87 men participated in the research, that is 58.7% and 41%. 59% respondents of total number are familiar with the term viral campaign and its meaning. Most respondents (48%) are interested by a campaign raising emotions, such as happiness, success, excitement, fear, etc. Over 24% prefer commercials solving problems in society. Only 14% respondents are influenced by commercials aimed at product quality, and 11% appreciate seeing particular groups (children, animals, or subcultures, etc.) in advertisements. This possibility was chosen only by women. Further aspects that influence respondents are: the wit, the contents is not important then, originality, I am not influenced by commercials, I prefer experience, I care about the contents (e.g. Dtest). Over 58% respondents said they were influenced by viral communication or made to think about the issue. Nearly 32% are not aware of the influence, and almost 9% are negative about it. The most frequent reasons for disapproval are: When shopping, I search for as much information as possible from different sources, I am not influenced by commercials, I ignore advertisements, they make me feel angry rather than think. 51% respondents realize that viral communication influences their opinion on a trademark. 25% do not agree with that. It is possible that they are not aware of the above fact along with remaining 24% respondents who chose to say they actually do not know about the influence. Nevertheless, we might assume that people do not want to admit being easily influenced by something. In total 62% respondents follow their favourite trademarks and companies on social networks. The most common reasons to do so are: special offers and latest news.

## **Conclusion**

The article deals with the issue of viral videos and viral communications. The readers learn about the issue and partial research into it. Chapter 3 presents results of a questionnaire survey carried out early in the year 2015. 90% respondents said they

had been acquainted with some form of viral video before and 51% shared viral video further on. In total 62% respondents follow their favourite trademarks or companies on social networks. 51% respondents are aware of the fact that viral communication influences their opinion of a trademark. This shows us how strong the potential of viral marketing is, especially where cyberspace and its unlimited possibilities have not been discovered so far. Viral marketing itself is new and developing. It is also true that the real power and potential of viral video have not been fully used. Partial research was described in the thesis which is meant to be the principal tool for pursuing the issue and the theme. Thanks to popularity with respondents and readers interested in the issue, another research is being prepared these days. It is going to include a much wider variety of segmented respondents.

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## BRAND AND CONSUMER OF GENERATION Y

*Petra Grešková*

### **Abstract**

Nowadays brands are facing a tough challenge of dealing with the media going digital. Moreover, they have to retain their market position and meet requirements of more demanding consumers of Generation Y or Z called Millennials. In order to attract young generations, marketing communication of both domestic and foreign brands have shifted to the digital environment which the young find more interesting or even more natural. Via new technologies and the Internet brands can communicate more effectively. Despite of being rather unpersonal, these media can create a mutually beneficial relationship. Especially the Generation Y seems to be quite digitally literate, liberal, free, uncommitted or different. Young consumers and their individuality shows in relation to brands as well. The young need brands to express their uniqueness and lifestyle. They are keen on customizing their brands in order to meet their imagination and at the same time make them look original among their friends. Brands they love are a part of their life, an inspiration and an object they follow everywhere and everytime. The Generation Y tends to focus on those brands which fulfil what is expected and in addition have an emotion catching their hearts.

### **Key words:**

Brand. Community. Facebook. Generation Y. Hashtag. Image. Instagram. Liberality. Style. Youtube.

## **1 A brand, digital media and a consumer**

### **1.1 A brand, feelings and emotions**

We need to define processes in a human brain in order to understand consumer's behaviour when selecting brands. Erik Du Plessis, a specialist in neuroscience, answers the questions related to human mind in his book *How a customer perceives a brand*. As far as brands are concerned, the main function of a human brain is to survive. So as all the functions are done properly and effectively, a brain has to learn from experience in order to evaluate a specific situation on the basis of memories and experiences. Therefore proper interpretation of objects and situations through experience, whether it relates to joy or threat, is crucial for surviving. Every brand needs to generate a particulate feeling in a customer.

*„People buy products of a particular brand to change their physical state – hunger, thirst or cold and generate a feeling of comfort and loyalty with a specific cultural or social group. Products of particular brands are purchased because people have various personal characteristics. They react differently to different brands either because of their social status or a projection of their personality. All these factors can be generally described as feelings. If we want to interpret the results of modern brain research, we have to understand a broader context, such as emotions and feelings.“<sup>1</sup> Positive feelings based on experience are one of the solutions how a customer decides on purchasing a brand. Another option is long-term decision-making based on facts and consideration, which is typical for brands and products involving higher investment. „Let's suppose you drink tea. Before you bought it, did you do research among all types of tea available in the market or did you watch at least three videos with tea specialists? Did you make your friend taste it and ask about his/her opinion? Did you go to the shops and*

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<sup>1</sup> DU PLESSIS, E.: *How a customer perceives a brand*. Brno : Computer Press, 2011, p. 24.

*compare the prices? I think you didn't. The truth is that even if there are many ways how to test a product before we buy it, we barely use them. As customers we sometimes use all our rights, another time we just want to enjoy a cup of tea.*"<sup>2</sup>

Consumers only rarely act rationally. „As we do not come from a starfleet, our decisions are not only based on pure logics. Sometimes we digress, let our emotions rule, draw back from our first decision in order to reevaluate facts and resources we had gone through until we have found out what we are looking for.“<sup>3</sup> A so-called heuristic is a philosophy for brands and products selections or simply a decision-making rule. „Emotions have to direct consumer's attention towards brands. Even though they do not create a perfect system, they are a better possibility than just a mere attitude of doing nothing or behaving unintentionally. Emotions are a heuristic.“<sup>4</sup> Use of colours is of the ways how brands can generate an emotion and attract consumer's attention. Larry Kim states that the red is typical for a lot of restaurants (McDonald's, Coca Cola) as it generates strong emotions and stimulates appetite while the yellow is warm and joyful, but triggers eye tiredness or even anxiety and crying with kids. The social site Snapchat, however, is a successful modern brand using the yellow colour. The black, the grey and the white are the most popular colours which are traditionally used by Chanel, Dior or Michael Kors.<sup>5</sup>

Neuroscience principles can be beneficial for modern strategies<sup>6</sup> as they define various modern approaches how to appeal to a customer, e.g. the principle of a limited offer generating a swift reaction when purchasing a product. This principle is based on the idea that consumers make a quick decision on condition they have a limited offer and limited time. Or a company can offer just one product or persuade a customer to have a certain issue which can be solved by a specific brand or a company.

When seeing a brand, a customer classifies it in a certain way. He/she names it or gives it particular characteristics or a typical feature. Good brand management understands classification schemes people attribute to a brand. Meeting a brand involves having some expectations – whether it can solve a problem, who the brand has been bought for or what he/she feels when using it. All our reactions stem from our previous experience and lessons including advertising, references, etc. It is essential to know all the classification when creating an ad. All impulses people see and hear can reflect on knowledge and consequently influence their purchasing behaviour. As stated by Du Plessis it is quite pointless to investigate how customers decide or what attributes they take into consideration when buying a product. The majority decides by rules of heuristic – it means we make quick decisions. If we need

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<sup>2</sup> *Catch your customer. But in a sophisticated way.* [online]. [2016-11-06]. Available at: <<http://strategie.hnonline.sk/blogy/751434-chytte-si-svojho-zakaznika-ale-rafinovane/>>.

<sup>3</sup> Ibidem.

<sup>4</sup> DU PLESSIS, E.: *How a customer perceives a brand.* Brno : Computer Press, 2011, p. 213.

<sup>5</sup> KIM, L.: *How are the World's Most Successful Brands Using the Psychology of Color in their Branding.* [online]. [2016-11-06]. Available at: <<https://medium.com/the-mission/how-are-the-worlds-most-successful-brands-using-the-psychology-of-color-in-their-branding-ed9446c0bdf0#xf0qlrvjh/>>.

<sup>6</sup> HRDLIČKA, P.: *6 brilliant strategies of neuromarketing bound to persuade your customers.* [online]. [2016-11-06]. Available at: <<http://www.elitemarketing.cz/6-strategii-neuromarketingu-ktere-ihned-presvedci-vase-zakazniky/>>.

to know customer's preferences for a brand, we would rather ask two or three questions instead of a set of questions.<sup>7</sup>

Understanding the attributes related to a brand is a key factor even though every person sees a brand individually. BrandDynamics is a model developed by the agency Millward Brown which can be applied to all consumers and brands. Its main goal is to find out whether a brand offers something what a customer perceives as important. It is based upon five elements, such as:

- Presence. If a brand wants to create a certain relationship with a consumer, it has to be present reach to enhance spontaneous awareness making a consumer want to try it;
- Relevance. In order to create a relationship between a consumer and a brand, the brand has to offer a specific value at a competitive price;
- Expectations met. It happens when there is no discrepancy between the expected and the real;
- Advantage. A long-term relationship can be created on condition that a brand offers something exceptional in contrast to its competitors;
- Strong bond. It happens when a customer says that a brand can not be beaten.

In order to target consumers properly, it is necessary to know them or segment them.

### 1.2 Market segmentation into generations

Generations represent a very interesting object of marketing activities. In general the term refers to a group of people who were born within the same time period or years or a group of people who share the same behaviour or interests typical for the time they were born in. Every generation is unique on its own. If marketers want to satisfy needs of a certain generation, they have to get acquainted with their traits.

### 1.3 Digital media and technologies

Even though offline media appeal to the majority of customers, they lose their added value for low timeliness, higher financial requirements, minimal interactivity or little chance to obtain updated and exact data on customers. Online environment has various specific attributes thanks to which marketing communication can operate faster, be more targeted and more creative in comparison to offline media. The main advantage of modern technologies lies in modern devices and Internet access helping to work with the data. Not only a user can benefit from a set of tools to manage his/her work and communication with friends, but also companies are able to attract a customer through various online tools. Besides technical devices, there are other specific tools which can be used for digital communication, such as:<sup>8</sup> **a website** which is an inseparable part of business communication. It does not only spread a one-way message, but it is also an essential source of information right when a consumer needs it.<sup>9</sup> In addition to this, there are **social media** which enable: „to

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<sup>7</sup> DU PLESSIS, E.: *How a customer perceives a brand*. Brno : Computer Press, 2011, p. 132.

<sup>8</sup> KARLÍČEK, M., KRÁL, P.: *Marketing communication*. Prague : Grada Publishing a.s., 2011, p. 172.

<sup>9</sup> SCOTT, D. M.: *New rules of marketing and PR*. Bratislava : Easton Group, 2010, p. 7.

*share opinions and ideas and make friends online. They can take a form of a text, audio, a video, etc.*<sup>10</sup> There are all called community websites.

### 1.3.1 Impact of digital media on consumers

There are several trends which have recently emerged. Marketers have to understand that:<sup>11</sup>

- Technologies have become a part of consumers' lives – they offer a wide choice and in specific segments (e.g. the young) they have even overcome traditional media as they gained substantial attention of consumers who are keen on new technologies;
- Consumers are able to select unsolicited messages – it has to be taken into account that consumers are more informed, they have a wider choice of the media or other possibilities. Technologies themselves can select unimportant information based on anticipated behaviour and thus prevent unsolicited information reaching a consumer (e.g. smartphones filter spams in e-mails, social media show links based on algorithms, etc.);
- Consumers require two-way communication – customized messages and interaction between a consumer and a company/a brand has become an inseparable part of consumer behaviour. Therefore it is rather insufficient to target a consumer through one-way and mass advertising.

## 1.4 Generation of Baby Boomers, X, Y and media's development

The Institute for public issues investigated digital literacy of generation cohorts in its study called *A digital gap in generations* dated from the year 2014. The research looked into three basic generation cohorts, i.e. the generation of Baby boomers, X and Y. In general the following traits could be drawn herefrom:

- Baby boomers are influenced by social and cultural changes in the time when its members were growing up. In both Slovakia and Western countries this generation is connected with the first one whose members were growing up on TV and their lifestyle was influenced by „rock and roll“ or music bands which became their role models;
- Generation X represents a considerable group of people born after baby boom. Various studies defined this generation as consisting of educated and active people hungry for a change. This generation was growing up at the time of walkmans, videos, DVD players and first personal computers. As far as music is concerned, MTV and new music genres played a key role;
- Generation Y is defined as one of the most liberal generations as its members comment freely on various social and cultural events. In their way of life, they often put off their duties such as parenthood, wedding or housing. They use new technologies to communicate with the others. They are the first ones who grew up with technologies, computers, the Internet and modern e-services.

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<sup>10</sup> Ibidem, p. 38.

<sup>11</sup> *A consumer steps in: how to attract target audience in the year 2013.* [online]. [2015-02-02]. Available at: <<http://strategie.hnonline.sk/blogy/spotrebitel-zasahuje-ako-oslovit-cielove-skupiny-v-roku-2013>>.

### 1.5 Generation of Baby Boomers, X, Y and present digital literacy

The study focused on IT experience of Generation of Baby boomers, X and Y for the period 2005 – 2013. It was found out that:<sup>12</sup> **Generation Y** was digitally literate at the beginning of Millenium including hardware, applications and e-services. **Generation X** used IT to communicate at work, search for information and write e-mails. In the last few years its members, however, have gained more experience with mobile devices, chat, e-shopping, Internet Banking, social networks, etc. **Generation of Baby boomers** went through the biggest change as they were the first to use IT for communication, mainly through a mobile phone.

### 1.6 Generation Y and impact of digital technologies

Most of profile characteristics which are typical for the Generation Y is linked to new information and communication technologies. Their parents used to have the information from newspapers, TV or the radio only while today's generation accepts the Internet and is able to share hot news through their profile on a social network. The authors Bergh and Behrer assume that the Generation Y grew up in the environment full of commercial media, brands, the Internet or smartphones. As a result, they have created their own world – their own communities to share their life events or experience and make new friends. Their parents brought them up to strenghten their individuality and express their ideas. As children they could get new experience from travelling, doing sports or other leisure activities. This upbringing made them more critical and indifferent. However, the authors state that the Generation Y reflects on the time they lived in rather than on their parents.

### 1.7 New image of brands and the arrival of young Generation Y

At the time of global brands and higher consumers' requirements it is necessary to take into consideration specific factors related to a new brand image to meet the needs of the Generation Y and Z. Firstly digital media make brands communicate through online channels and tools. By Olins authenticity and a country of origin come second. Most of brands focused on „domestic“ products, i.e. those they grow or produce themselves. There is no barrier between the people who have grown the products and sell them and their customers. Their products do not only have excellent taste but also generate a good feeling – people do the right thing for themselves or even the planet. The more globalised is the world, the more consumers praise local products and authenticity. Especially small family businesses have taken up this trend. Besides authenticity they focus on organic products, free from additives and preservatives. They are trying to promote freshness and health benefits. We are living in the world which persuades us to change our lives. This is a very complex and a long-term trend which is bound to influence all fields of business including product brands and branding. Large companies are beginning to understand it is necessary to work hard. A great change of thinking is on the way and it attacks businesses, products and consumers.<sup>13</sup>

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<sup>12</sup> *Erasmus Plus 2016*. [online]. [2015-02-02]. Available at: <[www.erasmusplus.sk](http://www.erasmusplus.sk)>.

<sup>13</sup> OLINS, W.: *Brand New*. Prague : Slovart, 2016, p. 14.

*„Our desire for authenticity results from one important social trend: refusing abundance. Too much sugar. Too much salt, too much obesity, too much waste, overconsumption, too much fiction. This attitude reflects on modern art – so it is worth adding: too much postmodernism. Today’s motto says: Recycle and respect the environment, sustainability and a quality of life, buy authentic things whenever possible – excluding Zara and H&M clothes which are cheap, attractive and irresistible. Suddenly we find out that a country of origin is not what matters that much.“*<sup>14</sup> Olins also suggests that today’s brands do not have problem obtaining detailed data about consumers. They can buy them from Google, Amazon and thus look at what we are buying, what we are watching, how much we are spending and what we are buying online. These companies can forecast almost all our needs and desires. Thanks to the Internet consumers are able to find information on brands and see „in depth“. We had never had such possibilities for targeting a consumer. We can be directly targeted by social media such as Facebook and thus not only praise and compliment, but also share negative experience which can be of high importance for the others. Unpersonality of social communication is, however, its main drawback. The products have to go hand in hand with globalisation and authenticity.

### 1.7.1 Digital brand

Let’s have a look at rules of communication of digital brands. Adamson states the following ones:<sup>15</sup> An interaction with digital technology and information on where people are and what they are doing there, listening to customers or paying attention to their needs so as a brand represents something really unique and relevant, understandability of a promise of a brand, matching a brand initiative with a promise, placing „WHO“ above „WHAT“, honesty, communication with customers by their own rules, ability to change things on the move, investment in content people want.

## 2 Brands of generation Y

Thanks to high informability and a flow of information, this generation focuses mainly on those brands which satisfy current needs, i.e. to live healthy, to be more authentic, to be closer to people, to be original, to offer transparent information etc. In order to attract the Generation Y brands have to be dynamic and fashionable as trends are not set by the whole society but by the Generation Y itself. This generation is rather demanding when it comes to brand selection. First they consider criteria such as image, fashion or even sympathy which they find particularly important. Secondly they expect satisfaction, relevance, declaration of promises and real products. *„Smart companies are really transparent and will invite consumers to cooperate. Less smart companies only display an eye-catching packaging and will only pretend.“*<sup>16</sup> The Generation Y does not lack a critical attitude and therefore even the visual should enhance originality, uniqueness and style.

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<sup>14</sup> Ibidem, p. 21.

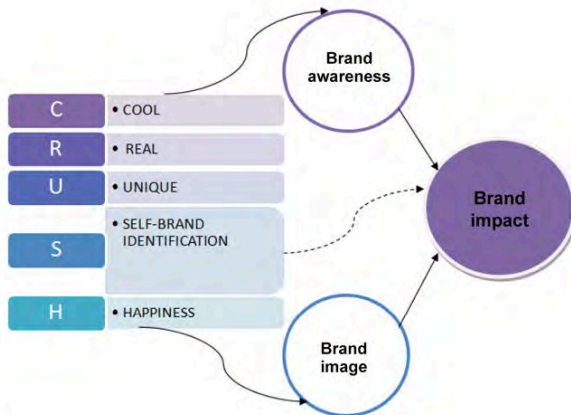
<sup>15</sup> ADAMSON, A. P.: *Brand Digital*. Bratislava : Easton Book, 2011, p. 188-195.

<sup>16</sup> *A consumer steps in: how to appeal to target audience in the year 2013*. [online]. [2015-2-2]. Available at: <<http://strategie.hnonline.sk/blog/spotrebitel-zasahuje-ako-oslovit-cielove-skupiny-v-roku-2013>>.



**2.1 Marketing communication of brands focused on Generation Y**

Marketing communication plays a key role when targeting the Generation Y. Its content and form should copy a style of communication of young people. They are not easily pleased. They would rather trust their friends and marketing based upon WOM, i.e. opinions and references spread by word of mouth.<sup>17</sup> Their requirements show even in the whole media structure. As the young live in communities, they like sharing collective opinions. This generation prefers that way of communication they can help to create and meets their lifestyle. Purchasing behaviour is highly influenced by references or opinions of the others. The authors Van de Bergh and Behrer did research in brands of the Generation Y and they found out how to measure brand power. The CRUSH model is based on what influence a brand generates while defining satisfaction, recommendation to the others or role models. If the Generation Y highly evaluates one of the elements of the CRUSH model in a specific brand, it guarantees the best brand image and brand awareness. Both features have considerable influence on brand power and they guarantee that the brand remains attractive and interesting for consumers of the Generation Y. (Picture 1).



**Picture 1: Model CRUSH**

Source: VAN DEN BERGH, J., BEHRER, M.: *How cool brands remain hot*. Prague : Albatros media, 2012, p. 60.

**2.2 Results of the marketing research**

For the paper we carried out marketing research by a questionnaire and a brainstorming method on a sample of 160 university students aged 19 to 25. The research was evaluated by statistic methods and a so-called Word Cloud method or tag clouds. This method is based upon a graphic illustration of the answers within a word cloud while majority answers are illustrated with larger letters than those which obtained fewer answers. The goal of the research was to define Lovebrands of the Generation Y, i.e. the brands this generation consider as favourite ones. Furthermore, the research also focused on communication tools that are being used

<sup>17</sup> VAN DEN BERGH, J., BEHRER, M.: *How cool brands remains hot*. Prague : Albatros media, 2012, p. 38.

and the words connected with that generation. The results combine knowledge from the field of brands and young consumers of the Generation Y.

The first part of the research focused on key words typical for this generation and its traits. Key terms were defined by a brainstorming method while using a Word Clouds method for illustration. We have discovered several interesting points in relation to segment characteristics and further connections between a brand and a suitable marketing and communication approach. As we can see in the Picture 2, the people represent a digital generation for various reasons. The majority answers included „Facebook“ or „Instagram“. These are two popular brands and also social media which have become a common part of life of this generation. Its members use them on a daily basis. These answers also came first when we asked a question: „*What do you find typical for your generation?*“ „Selfie“ or „Icon-Idol“ were also often used. We can assume that the Generation Y is looking for its idols or role models they are following and want to identify with. Role models or idols are interlinked with the brands they wear, use, promote, etc. Thanks to these brands young consumers are able to identify with their idol. Let's mention Instagram bloggers or Youtubers, for instance, whose communication is based upon brand promotion either in a direct or indirect way. Social media users can follow them and comment on their communication, like it or share it. Videos, not the simple ones, represent another popular communication tool targeting the young - trendy short stories a social media user can upload and share with other users through Facebook, Instagram or Snapchat. Other key words included „Innovative thinking“, „Fake values“ or „Carelessness“.



**Picture 2: Key words of Generation Y**

Source: Own processing

The second and the most important field our marketing research focused on were brands of the Generation Y. The respondents were asked to write their „Lovebrand“ and at the same time to state a reason for their choice. The majority stated Apple which represents an icon or an idol for this generation. Apple presents itself as a young, innovative and dynamic brand with the main advantage of connecting simplicity and sophisticated technology in one specific product. Red Bull came the second - its products also target young generation and students. In the field of sports fashion brands like Nike or Adidas topped the chart. Their clothes are more attractive and modern and focus on young consumers as well. Other brands like Zara

and H&M represent more conservative fashion appealing to the people aged 18 to 30. Coca-Cola, Converse, New Yorker and others did not get enough answers. Even though global brands topped the list, the respondents often mentioned local brands, either products or places.



**Picture 3: Visualisation of „Lovebrands“ of Generation Y**

Source: Own processing

We looked into communication tools in order to understand the Generation Y and their attitude to brands in more detail. The young are definitely keen on Facebook Messenger followed with „Emoticons“ or graphic elements expressing speaker’s emotional state. Other popular communication tools include are #hashtag, Gif and Meme, which can be found on social media.



**Picture 4: The most often used communication tools of Generation Y**

Source: Own processing

### 2.3 #Lovebrand or how to build a brand for Generation Y

How to build a lovebrand in today’s young and ambitious generation of brand lovers?<sup>18</sup>

- **Be honest and speak to your consumers.** Do not promise what you can not achieve;
- **Bring relevant messages.** Be careful and focus on your consumers individually and get ready for customized messages targeting specific segments;
- **Prepare a neutral strategy with regards to the type of a device used.** Consumers should be able to find your messages wherever they are;

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<sup>18</sup> *How to build a lovebrand.* [online]. [2015-02-02]. Available at: <<http://www.visibility.sk/blog/zaruceny-recept-na-pozitivnu-reputaciu/>>.

- **Be transparent and careful with consumers' data.** Appreciate the advantages of a relationship with you and do not hide anything;
- **Promote mobility.** If you do not have a mobile strategy, start working on it right now.

### Conclusion

There are various possibilities of appealing to a consumer of the Generation Y who would like to purchase a product. Only those brands which can „catch“ a right moment when to do it and choose a right message and a manner of changing buying behaviour are bound to win. The Generation Y is rather demanding and knowing its preferences for specific brands represents a good competitive advantage.

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## GENERATION Y, INFLUENCE OF THE MEDIA ON ITS PURCHASE BEHAVIOUR

*Alena Hrušková*

### **Abstract**

With the expanding media offer caused mainly by technical development, the structure of our experience with the media is also changing. The medial experience often prevail over the own experience. The media can show standards, values and acceptable patterns of behaviour that help young people to socialize and to participate in the specific society. We will examine this power of media considering the impact of mass media advertising on the purchase behaviour of young people who are increasing their education at one of the universities in Slovakia. Using the questionnaire survey we bring the opinions, interests and lifestyle of generation Y. This generation represents the interesting target group for many companies.

### **Key words:**

Advertising. Generation Y. Generation Z. Marketing communication. Media. Purchase behaviour.

## **1 Marketing communication in media**

### **1.1 Theoretical framework**

Many psychologists and sociologists define a generation as a group of people who were born and growing up in roughly the same time, as the group of people that has lived substantial period of their socialization in the same historical and cultural conditions. They divide the generations of people into the Veterans (born between 1939 and 1947), baby boomers (1948 - 1963), Generation X (1964 - 1978), Generation Y (1979 - 1991) and Generation Z (born after 2000). According to various authors, there is no exact match in reported years. American economist and demographer Neil Howe and playwright and historian William Strauss consider Generation Z over the period of 1995 - 2020. Regardless of the variation in dating, it is clear that the generation Z is technically smartest generation ever.

We are going to deal with generation, which is made up of students who are currently increasing their education at some of the Slovak universities. It is generation Y. We are going to compare it with generation Z to achieve that the final proposals and recommendations will be perspective for advertisers in the long term. Defining the target group is one of the first steps in developing a marketing strategy. In fact, almost no communication activities should start without that we know whom we are talking, as according to that we determine how and what we will talk. The more we know about the target audience, the better we will be able to empathize with how they live, what they think, what they enjoy and what discourage them, the more effective it can be reach by campaign. The most common and biggest mistake in marketing communication is to hit everybody. As Ďurková notes, *"it is better to satisfy some of the market as bad satisfy the whole market."*<sup>1</sup> According to the authors Joanne G. Sujansky and Jan Ferri-Reed today's young people tend to do several things at once. For example, while they are working on a laptop they will watch TV and

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<sup>1</sup> MATÚŠ, J., ČÁBYOVÁ, L., ĎURKOVÁ, K.: *Marketing – základy a nástroje*. Trnava : FMK UCM in Trnava, 2008, p. 63.

while they are learning, they will listen to the iPod, chat or send SMS. They don't separate virtual experience out the reality strictly. They want to have fun also during learning or working. The development of each generation is influenced by social and economic conditions they were born and grown in. According to Howe and Strauss the most important conditions are those in which you live and develop the first 12-14 years. The youngest generation was shaped by negativism of its time. The old economy fell apart, the long-time ideology failed and many social problems occurred in the form of change of family functioning or parental archetypes changes. This is related to the search for new models and leadership role in the online environment. Individualism, selfishness and kind of personal anatomy became the main value.

All these facts requested realization of many researches for better understanding of the youngest generation. They were focused on content created for young people in virtual world and also content which is created, shared and distributed by young people to their peers. One of the researches which main purpose was analysis of young people's participation in creation, providing, sharing, communicating and using information in online environment was project named ON-LINE GENERATION – information, communication and digital participation of youth in information society.<sup>2</sup> The nationwide survey was conducted on a sample of 3350 respondents of generation Z in Slovakia. Main results confirmed the entry hypothesis of survey according to which the new media has key role in lives of young people. They use it not only for fun and everyday mutual communication but also for different forms of digital participation. One of the priorities of on-line generation is interest to be always in connection with peers. Social networks are becoming a civil society of young people. Interesting finding is preference for image and sound files instead of text files. If we want young people to be interested, it is necessary to work with attractive profiles, pages which obtain photos, videos, sound files and many different interactive and multimedia components.

For the purposes of our survey there are mainly important findings which show that more than half of the participating young people are interested in practical information such as sites with information about opportunities for work, study, half-time jobs and abroad exchanges and also web sites informing about possibilities of spending free time and either education. Further researches were INSTANTNE<sup>3</sup>, Millennials<sup>4</sup>, the study of the Univerzum, INSEAD and foundation HEAD<sup>5</sup>, or study Generation Y and the Workplace<sup>6</sup>. Results of studies and researches show that the

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<sup>2</sup> Researched project focused on young people and their manners and activities in the internet environment implemented in 2009 agency INFOLAND, o.z. [online]. [2016-10-25]. Available at: <<https://infoland.sk/wordpress.com/vyskum-on-line-generacia/>>.

<sup>3</sup> The project focused on living the virtual reality and its place in young people's lives realised by internet guidance for young people in 2015 ipcko.sk. [online]. [2016-10-15]. Available at: <<http://www.ctar.sk/instantne/>>.

<sup>4</sup> The study focused on lifestyle, values, opinions and life attitudes and behaviour of young people implemented by TNS agency in 2016. [online]. [2016-10-15]. Available at: <<http://www.tns-global.sk/informacie-pre-vas/tagy/millennials>>.

<sup>5</sup> The study focused on Millennials' opinions on many different spheres of work life implemented by the Univerzum, INSEAD, the foundation HEAD and the agency TNS in 2014. It was realised on a sample of respondents of 16,000 Millennials from 42 countries. [online]. [2016-10-12]. Available at: <[http://europa.eu/youth/sk/article/39/21545\\_sk](http://europa.eu/youth/sk/article/39/21545_sk)>.

<sup>6</sup> The study focused on opinions and expectations of generation Y on work and jobs implemented by Johnson Controls Global Workplace Solutions agency in 2010. [online]. [2016-10-25]. Available at:

people of Generation Y and Generation Z are selfish, self-confident, lazy, avoiding responsibility. Their only goal is to enjoy life, traveling, learning new things, have a fun and write Facebook statuses. Nevertheless they could be flexible, opened to the world, team players. They are interested in the environmental problems, society living, community and they look for meaning at work, but money are not the main value for them. Summing up the results of studies we can conclude the following.

Positives of the generation Y and Z:

- **They are technologically advanced** - they are able to use large amount of information which they're seeking in seconds. They are able to discover information which wasn't well known for generation X. In contrast, they are lost in libraries.
- **Contacts and relationships** - they are good in building relationships. They have strong unlimited social and community network. There are no boundaries for them. Thanks to social networks they have friends all around the world.
- **Team players** - they do decisions in groups or teams. They don't make decisions on their own and like communication and finding out other opinions. It's no problem for them to work in groups and later at work in teams.
- **Multitasking** - it is obvious for them to do many things at the same time. If they are stimulated with only one occasion, they get bored. According to research of agency Spherion<sup>7</sup> (research published on portal eduworld.sk), 90 % of 18 to 24 years old people have feeling that the possibility of listening to iPod during learning or working improve their satisfaction and productivity.

Negatives of generation Y and Z

- **Loss of personal intimacy** - they share their intimacy on social networks with their friends. They share everything from their music preferences to experiences related to intimacy. They express their attitudes, opinions in forums. It follows that young people with this attitude to privacy won't understand those who have their privacy protected and either other internal rules protecting intimacy of others (Different agencies and employers use this openness to realize market researches. They can predict hobbies and needs of target group).
- **Dependence** - on the one hand they wish maximal independence but on the other hand they need constant guidance. They do not know to take responsibility for taking additional steps. There is always someone with whom they can consult, whether parent, friend or internet.
- **The lack of knowledge** - perhaps the greatest lack in comparison to previous generation is limited verbal communication. They replaced it with e-mail communication or phoning and the personal communication is ceasing to be natural. It is connected with loss of some basic skills, for example grammar. It causes them more and more problems. They use automatic software for correcting the grammar mistakes, vocabulary is displacing by shortcuts, Americanisms or emojis.

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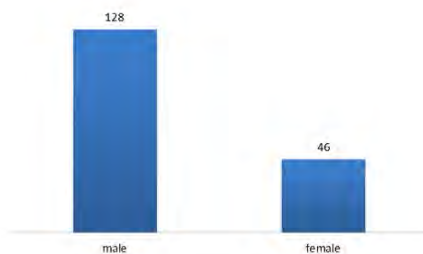
<<http://www.gbcsa.org.za/wp-content/uploads/2013/06/NZGBC-Gen-Y-and-The-Workplace-Annual-Report-2010.pdf>>.

<sup>7</sup> KONÍČKOVÁ, J.: *Aká je generácia Z?*. [online]. [2016-10-25]. Available at: <<https://eduworld.sk/cd/jaroslava-konicikova/325/aka-je-generacia-z>>.

In the next step we are going to research new possibilities of marketing communication in the media of higher education institutions. Benefits in this field can help not only in theoretical level but also in practical level to better address the target group and to the overall image improvement of colleges and universities. To meet this goal we use the knowledge learned from completed researches that helped to characterize the youngest generations. According to Annual report on the state of higher education in 2015, which was drafted by the Ministry of Education of the Slovak Republic, the total number of students at public and private universities is 158 659.<sup>8</sup> This target group is great potential for a wide range of advertisers such as mobile operators, bank institutions, travel agencies, event services, fashion and many others. The answers on following questions will bring the key information for us: How the young generation makes the purchase? What is its behaviour while shopping? What is influencing it? What is its buying behaviour? The needs of young generation are growing. Shopping has changed its face during the one generation, every detail is decisive in online and also in offline environment. The key to the success with young generation are modern technologies, social networks and providing experiences. The traditional models have stopped to work. Shopping has become the form of experience, which young generation wants to enjoy with no time constraint. Recommendations from friends on social networks play a large role. Personalized offers tailored to the customer's needs are still the most important.

### 1.2 Results of the survey in the field of communication in media of higher education institutions

Using the questionnaire survey elucidate the opinions, interests and lifestyle of generation Y which represents the interesting target group for advertising of many companies. The method of questioning via an electronic questionnaire was used for the research. The questionnaire consisted of 10 questions. 1 question was identifying and 9 questions were focused on media consumption, using of technology and consumer behaviour of students. Our respondents were students (176) from the first grade of Marketing communication Study Program at The Faculty of Mass Media Communication at the University of Ss. Cyril and Methodius in Trnava. The response rate was 100 %. There were several options to answer the questions while the part of questions number 3 and 6 were opened sub questions.



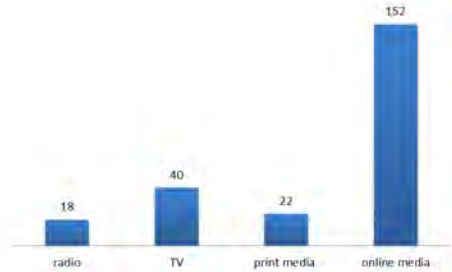
**Chart 1: Gender**

Source: Own processing

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<sup>8</sup> The number of students in 2015 means the number of students in academic year 2015/2016 to 31.10.2015 (remark by the author).

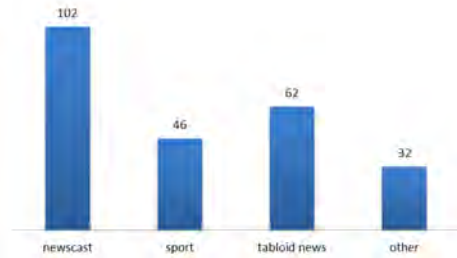




**Chart 2: The preferred type of media**

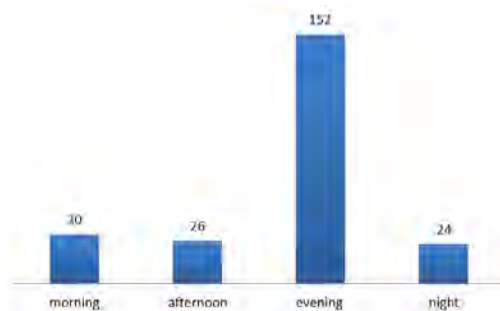
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We were interested in media from which students earn information and their responses confirmed the fact that this young people search information mainly on the internet. It was the view of most of the respondents. That confirmed the conclusions from studies that have already been released. This is apparent from the fact that high-speed internet access is more and more common and all the information are only several clicks away through the hand-held devices and wireless networks. That is also the reason why information is not valuable for young people. They do not attach great importance to them because the information is immediately available.



**Chart 3: The type of information in media**

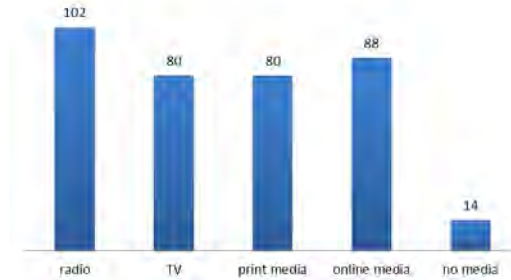
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**Chart 4: The time horizon of searching for information**

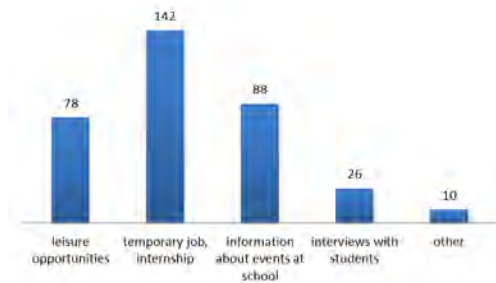
Source: Own processing

It turned out that in comparison with the results of realised studies, the interest of the sample of students in official social and political questions is at very good level. The primetime to affect students with commercial advertisement are the evening hours.



**Chart 5: Types of academic media**

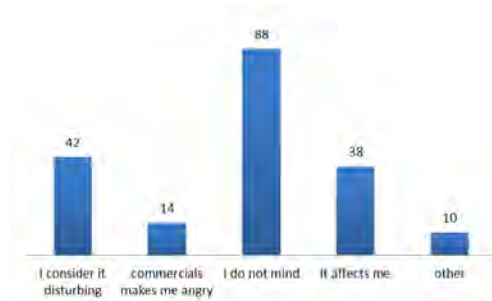
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**Chart 6: Preferred types of information in academic media**

Source: Own processing

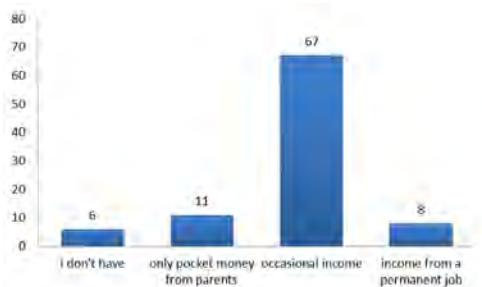
As the respondents were the first-grade students it was surprising to discover that in such a short time at University the most of them have already got to know several types of the academic media. It could be because of the orientation of Faculty of Mass Media communication UCM in Trnava. The academic media are on a very high level and they are also very popular among students. The findings of other studies were confirmed. They show that the young people are interested in practical information concerning to their everyday life. The respondents point the greatest interest in jobs and half-time jobs opportunities, exchanges abroad, education materials and also the information about the free-time options. This flows from the fact that most students do not have a regular income. The half-time jobs, night life, internet and meeting their friends are the typical activities for students. Demanded students are potential for advertisers from personal agencies, catering equipment, telecommunications operator or disco bars.



**Chart 7: Relationship to the advertising**

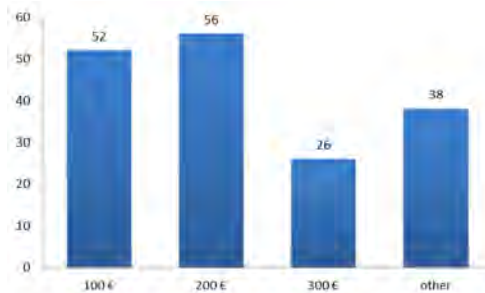
Source: Own processing

The impact of advertising on people is various. Some people buy only under its influence, other refuse to buy products with extensive advertising campaign. Somewhere between that are average consumers which create the most numerous group. Young people decide about purchase on Pinterest, Instagram or on Facebook nowadays and usually let their friends to advise them. They decide mainly on the basis of what sympathies they could gain from their friends. The importance of social networks in deciding about purchase is well known for businessmen who change their attitude and reward clients for sharing photos with their products and so on. As we have already mentioned, this generation tends to images and audio-visual material. Google set in this trend in 2006 when they bought the unprofitable video-sharing website called youtube.com. The preference of visual content for text could be the other fact that advertisers could use in communication with students.



**Chart 8: Own income**

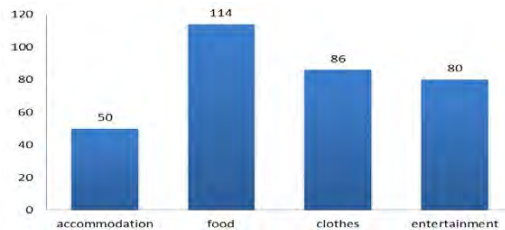
Source: Own processing



**Chart 9: The amount of monthly budget**

Source: Own processing

Students represent the target group which is not bringing profitability because they are not earning money but they are improving the education at any university. The average monthly budget is according to demanded students within 100 to 200 euros.



**Chart 10: Preferred type of searched product**

Source: Own processing

The last question gave us an overview about purchase behaviour of University students. We obtained the information about the most wanted products and the picture of the products and services which the students do not want use and do not plan to use. These findings are in accordance with the results of mentioned studies. It was confirmed that the young generation wants to have a fun. We may raise its strengths which are news's obsession, the self-confidence, the courage and the fearlessness that comes from inexperience.

### 1.3 Proposals and recommendations for advertisers

Why should be the students important for entrepreneurs? Because they are not only their future employees, but also a potential target group for many companies. Profiled and interesting target group in advertisements allows advertisers to save a lot of sources which they would use in the course of unaddressed advertising. It also strongly increases the percentage of hit in the current target group. We obtained enough information about students through the questionnaire survey. We researched mainly their interests, opinions and life style. We found out that their

typical activities are linked with fun, spending time on social networks, meeting friends, half-time jobs and cultural events. Through the eyes of retailers it can be the catering equipment, personal agency services, and fashion brands, new types of communication technologies and some healthy life style and fun products. The largest playground for students is the online world where they spend a significant part of the day. That's why the advertising has to move to the online environment. The students are strongly influenced with friends in social networks. If their friends like it, they like it too.

They share their privacy in the virtual environment. They provide information about what they are doing, what they are going to do, what they like and also what they hate. They are willing to replace their privacy with opportunity to show up, new contacts or expected new experiences. The data have never been more available. There is a need to ask properly, correctly interpret the findings and focus marketing communication on experiences. It is not unknown fact that Slovak students usually do not have big amount of money. We recommend adding discount coupons to attractive artikels and promotional enticements. Regarding to funds, students are dependent on their parents. They give them regular monthly budget. At the same time, students spend more time at work or half-time jobs. Funds are used for their personal needs and realisation of their plans. The trend of having own bank account is growing. This fact represents the target group suitable for banking sector which is not profiting now but it is the appropriate clientele for the future. Banks and many other institutions work with facts that if young people show an interest in their products or services today, they will become their permanent clients, customers. They offer them advantageous mortgages and benefits during using the account. The goal for every trader is obviously to gain a lifelasting customer.

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## MIXING ENGLISH IN BILINGUAL ADVERTISING: CHOICE OF ENGLISH VS. OTHER LANGUAGES

*Anna Hurajová*

### **Abstract**

The English language has reached every corner of the world. The growing occurrence of English in product advertisements in the countries where it is not the native language indicates that it appears to be the most frequently used foreign language in the media and product advertisements. This article focuses on the roles of English in advertising markets throughout the world. With advertising becoming more and more persuasive in contemporary society, research aimed at advertisements has grown progressively important. The presence of two or more languages on one market leads to modifications of traditional advertising, thus aiming to target bilingual consumers. In this article, a brief overview of earlier work on English use in bilingual advertising throughout the world is presented. The reasons and different types of motivation for language mixing in advertisement are described. The main features of advertising texts in general are presented, and special attention is paid to language mixing in Slovakia where language mixing, predominantly of English and Slovak, is observed. The abundance of English usage in commercials all over the world, including Slovakia, can be explained by utilitarian reason as well as social reasons, as the English language is a sign of novelty, prestige and high quality. Moreover, this paper reviews the marketing literature on the use of English vs. other languages in advertising to consumers in selected countries.

### **Key words:**

Advertisement. Advertising. Bilingual. Brands. Consumers. English.

## **1 Introduction**

The English language has spread tremendously all over the world, in non-English countries as it has become the international lingua franca. English occurs very frequently in product advertisements in Western Europe.<sup>1</sup> Advertising agencies use English in product ads because they believe the target group, the consumers, will understand English on the one hand, and because the use of English will increase the image and price of the product.<sup>2</sup> English is the most frequently used language in advertising in non-English speaking countries acting as the language of development, innovation and globalization. In Slovakia, where English is taught only as a foreign language at schools, using English has been widely accepted in advertisements. The global dominance of English in business, science and the pop culture has emphasized the power of this language around the world – the English language has become a global matter. Its use has covered all the areas - from the language of international relations to the language of science, from the language of business to the language of travel and tourism and popular culture, and its influence can be felt in all the existing media. Thus, English has become ‘a lingua franca’ used between speakers with different first languages to communicate in English.<sup>3</sup>

It is essential to consider a language in an advertising context because the effectiveness of messages in advertisements depends on how suitably words and

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<sup>1</sup> GERRITSEN, M. et al.: English in Product Advertisements in Non-English-Speaking Countries in Western Europe: Product Image and Comprehension of the Text. In *Journal of Global Marketing*, 2010, Vol. 23, p. 350.

<sup>2</sup> Ibidem.

<sup>3</sup> SEIDLHOFER, B.: English as a lingua franca. In *ELT Journal*, 2005, Vol. 59, No. 4, p. 339.

other symbols are employed. The use of foreign languages in advertisements is a growing trend throughout the world and is associated with the increasing number of emerging global brands and the marketing practices of multinational companies.<sup>4</sup> A large amount of studies have shown frequent use of English in international advertising. However, little is known about its effects<sup>5</sup> or about people's preference for English versus local languages.<sup>6</sup> The importance of using English in advertising discourse all over the world as well as in the associated naming of commercial products has led researches to deal with this issue more intently. The present paper intends to examine the role of English in the advertising markets in selected countries throughout the world, to outline the reasons and motivations for use of English in the product advertisements, to analyse advertising text from a linguistic point of view and to examine the contexts of bilingual advertisements focusing on English words used in them.

## 2 Language mixing in advertising

There is a vast literature on the employment of multiple languages in advertising. Although diverse aspects of this phenomenon are inquired, some general conclusions can be drawn. In general, advertising uses second languages in order to raise the attention of the audience, make advertising campaigns international and understandable across countries, use the stereotypes and cultural associations linked to them, target a specific audience, exploit the expressive potential of a different language in order to develop new creative solutions and to take advantage of the language contact<sup>7</sup> Language mixing in advertising, particularly with the English language, has been an extensively researched area. English is generally used to add to products a cosmopolitan and modern "tone". English is used as an attention-getter, as a label of cosmopolitan and international values.<sup>8</sup> The abundant use of English in advertising can be explained by the efforts to use uniform messages with no modifications of headings or graphical layout, except for translation. This standardized approach to advertising is even more substantial when no translation to a local language is made in any part of the advertisement. Such extreme standardization lacks translation and is done because the advertisers generally believe that the whole world can be seized with the same concept and language.<sup>9</sup> In Europe, the language chosen in advertising with the aim of language standardization is nearly always English. Basically, the frequency of English usage in the commercial advertisements and product names may be explained by utilitarian reasons, since world companies promote their brand names and logo in English all over the world,

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<sup>4</sup> AHN, J., LA FERLE, C.: Enhancing Recall and Recognition for Brand Names and Body Copy: A Mixed-Language Approach. In *Journal of Advertising*, 2008, Vol. 37, No. 3, p. 109.

<sup>5</sup> GERRITSEN, M. et al.: English in Product Advertisements in Non-English-Speaking Countries in Western Europe: Product Image and Comprehension of the Text. In *Journal of Global Marketing*, 2010, Vol. 23, p. 352.

<sup>6</sup> HORNIKX, J., VAN MEURS, F., DE BOER, A.: English or a Local Language in Advertising? The Appreciation of Easy and Difficult English Slogans in the Netherlands. In *International Journal of Business Communication*, 2010, Vol. 47, No. 2, p. 169.

<sup>7</sup> SANTELLO, M.: Advertising to Italian English Bilinguals in Australia: Attitudes and Response to Language Selection. In *Applied Linguistics*, 2013, Vol. 36, No. 1, p. 95.

<sup>8</sup> VETTOREL, P.: English in Italian advertising. In *World Englishes*, 2013, Vol. 32, No. 2, p. 261.

<sup>9</sup> GERRITSEN, M. et al.: English in Product Advertisements in Non-English-Speaking Countries in Western Europe: Product Image and Comprehension of the Text. In *Journal of Global Marketing*, 2010, Vol. 23, p. 351.



and by social reasons, as English is the symbol of novelty, status, and high quality products.<sup>10,11</sup> On the other hand, in countries in Asia, like in Japan, a desire for Westernization becomes part of the reason for English to be used in advertisements.<sup>12</sup>

Gerritsen et al. provides three essential motivations for this choice as follows:<sup>13</sup>

- 1) *Linguistic motivations.* The very first linguistic reason for use of English is the geographical origin of the products coming from the United States or the United Kingdom and, linked to that, there is no word to describe it in the target language or the translation would be somewhat cumbersome. A second linguistic reason for using English in advertising may be the one that English advertising benefits from the high adaptability of the English language. English as a phonetic language enables to use word puns and figurative language;
- 2) *English is a global language understood by everybody.* As Crystal<sup>14</sup> states, English has achieved a genuinely global status because it has developed a special role that is recognized in every country. In the case of English, large numbers of people speak this language as a mother tongue on the one hand; on the other hand, the mother-tongue use itself cannot give a language a global status. To achieve this status, a language has to be taken up by other countries around the world.<sup>15</sup> The media take advantage of the brevity with which a product can be conveyed to the audience, and the English advertisements, although not being the most numerous, they are usually the most noticeable. In all of this, it is the English of American products which rules;<sup>16</sup>
- 3) *Image of a product.* According to Gerritsen,<sup>17</sup> an investigation into the occurrence of English in product advertisements in Belgium, France, the Netherlands, Germany and Spain showed that the English language was especially used for advertising products that can be associated with modernity. Ustinova<sup>18</sup> points out that there is a correspondence between the type of product and the language choice for the brand name. In her view, names of the Western products in Russia are presented entirely in English, while the Russian products exploit both languages in naming and labelling, which is for the sake of novelty and prestige. Broadly speaking, innovations within marketing communication are considered to be an important brand image attribute, which is taken into account when defining communication strategies.<sup>19</sup>

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<sup>10</sup> USTINOVA, I. P., BHATIA, T. K.: Convergence of English in Russian TV Commercials. In *World Englishes*, 2005, Vol. 24, No. 4, p. 495.

<sup>11</sup> VETTOREL, P.: English in Italian advertising. In *World Englishes*, 2013, Vol. 32, No. 2, p. 261.

<sup>12</sup> STANLAW, J.: Japanese and English: borrowing and contact. In *World Englishes*, 1987, Vol. 6, No. 2, p. 93.

<sup>13</sup> GERRITSEN, M. et al.: English in Product Advertisements in Non-English-Speaking Countries in Western Europe: Product Image and Comprehension of the Text. In *Journal of Global Marketing*, 2010, Vol. 23, p. 352.

<sup>14</sup> CRYSTAL, D.: *English as a global language*. Cambridge : Cambridge University Press, 2003, p. 3.

<sup>15</sup> *Ibidem*, p. 4.

<sup>16</sup> *Ibidem*, p. 94.

<sup>17</sup> GERRITSEN, M. et al.: English in Product Advertisements in Non-English-Speaking Countries in Western Europe: Product Image and Comprehension of the Text. In *Journal of Global Marketing*, 2010, Vol. 23, p. 353.

<sup>18</sup> USTINOVA, P. I.: English and emerging advertising in Russia. In *World Englishes*, 2006, Vol. 25, No. 2, p. 267.

<sup>19</sup> MENDELOVÁ, D., ZAUŠKOVÁ, A.: Innovation in the Slovak Advertising Environment. In *Communication Today*, 2015, Vol. 6, No. 1, p. 44.

### 3 Earlier work on English use in bilingual advertising

Scholarly research has demonstrated that an appropriate language choice in advertising is essential to effective communication and actively contributes to the process of understanding the meaning mediated between advertisers and recipients. However, research on multilingualism and advertising has predominantly focused on examining of how and why languages are employed in linguistic environments. On the other hand, research oriented on bilinguals' responding to bilingual advertising mainly concentrated on samples made up of bilinguals in general, rather than those who are members of a defined speech community, thus neglecting the understanding of how language choice operates among bilinguals whose bilingualism has distinct societal features.<sup>20</sup> The English language has been frequently used in bilingual advertising in places where English is not a native language in order to achieve the goal of persuasion which is one of the most outstanding functions of advertising.<sup>21</sup> The majority of the studies devoted to the impact of language choice in the product advertisements are concerned with the effect of using one language compared to using another language on recipients who are native speakers of the both languages. The respondents used in these studies are firstly representatives of bilingual communities in different states or, less frequently, consumers who speak and understand that foreign language at a lower level of proficiency than the native speakers.

Gerritsen et al<sup>22</sup> examine the response to advertisements in English compared to the response of the same advertisements in the local language in Western Europe. They come to conclusion that the use of English in a product advertisement does not have any impact on image and price of the product, but it does affect text comprehension, with the meaning of almost 40% of the English phrases not having been understood. These results were the same for all the five countries within the European Union involved in the study (Netherlands, Belgium, Germany, France, Spain). Haarmann<sup>23</sup> and Takashi<sup>24,25</sup> (1990, 1997) study the use of foreign languages in Japanese advertising. Haarmann<sup>26</sup> found out that the use of the French language in Japanese advertising was perceived as a symbol of refined taste and elegance, and the target group do not even need to understand French as long as they can identify the words as being French. Takashi<sup>27</sup> carried out a sociolinguistic analysis of English borrowings in Japanese television commercials and print advertising. He argues that

<sup>20</sup> SANTELLO, M.: Advertising to Italian English Bilinguals in Australia: Attitudes and Response to Language Selection. In *Applied Linguistics*, 2013, Vol. 36, No. 1, p. 96.

<sup>21</sup> GAO, L.: Bilinguals'creativity in the use of English in China's advertising. In *Proceedings of the 4th International Symposium on Bilingualism. Conference Proceedings*. Somerville, MA : Cascadilla Press, 2005, p. 827.

<sup>22</sup> GERRITSEN, M. et al.: English in Product Advertisements in Non-English-Speaking Countries in Western Europe: Product Image and Comprehension of the Text. In *Journal of Global Marketing*, 2010, Vol. 23, p. 350.

<sup>23</sup> HAARMANN, H.: *Symbolic values of foreign language use: From the Japanese case to a general sociolinguistic perspective*. Berlin : Mouton de Gruyter, 1989, p. 125.

<sup>24</sup> TAKASHI, K.: A sociolinguistic analysis of English borrowings in Japanese advertising texts. In *World Englishes*, 1990, Vol. 9, No. 3, p. 327.

<sup>25</sup> TAKASHI, K.: Japanese bilingual brand names. In *English Today*, 1997, Vol. 13, No. 4, p. 12.

<sup>26</sup> HAARMANN, H.: *Symbolic values of foreign language use: From the Japanese case to a general sociolinguistic perspective*. Berlin : Mouton de Gruyter, 1989, p. 125.

<sup>27</sup> TAKASHI, K.: A sociolinguistic analysis of English borrowings in Japanese advertising texts. In *World Englishes*, 1990, Vol. 9, No. 3, p. 327.

the primary reason for the use of English words in the language of advertising is to make product seem more modern and cosmopolitan, which is firmly supported by the young audience who associate the international value with English. This is skilfully used by advertisers to catch the attention of the audience. Another intriguing contribution to the debate on the use of foreign words in naming of commercial products comes from Takashi<sup>28</sup> who provided a report on the intricate bilingual word-play when naming commercial products in Japan. Friedrich<sup>29</sup> in her study on motivations in the use of different languages in advertising in Brazil comes to conclusion that although English is prevalent, Brazilians also make use of indigenous languages, French and Italian, to achieve desired effects. Elsewhere, Gao<sup>30</sup> examines the use of English in China's advertising, Lee<sup>31</sup> investigates the construction of linguistic modernity using English mixing in the discourse in Korean television commercials, Martin<sup>32</sup> focuses on the use of English in advertisements in recent magazines in France, Piller<sup>33</sup> describes the use of English and other languages in German commercial advertising, Alm<sup>34</sup> presents in her study the results of the investigation of actual distribution of English in magazine ads and commercial names of business establishments in Ecuador. All these studies provide useful insights into a constantly increasing penetration of English in the media and advertisements all over the world.

#### 4 Foreign languages in Slovak advertisement

The language of advertising is a transdisciplinary issue which can be examined using methods of linguistics, marketing, psychology, culturology, rhetorics, economics, etc.<sup>35</sup> Language and text layout play an important role in advertising. Intertextuality and blending of graphical and conventional textual language. Advertising text is based on individual standards (linguistic, aesthetic, value, cultural, etc.). When creating an advertising text, however, simultaneous distortion and denial of these standards occurs so that their unconventional side could attract its potential recipients (using creativity, diversity, language games...). Choice of appropriate linguistic and stylistic means is crucial for every advertisement and must correspond to the selected media. The use of means of expression, the content, scope and nature of advertisement depends on the kind of advertising campaign (introductory, reminder, etc.). These factors are greatly affected by the characteristics of the target

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<sup>28</sup> TAKASHI, K.: Japanese bilingual brand names. In *English Today*, 1997, Vol. 13, No. 4, p. 12.

<sup>29</sup> FRIEDRICH, P.: English in advertising and brand naming: sociolinguistic considerations and the case of Brazil. In *English Today*, 2002, Vol. 18, No. 3, p. 21.

<sup>30</sup> GAO, L.: Bilinguals'creativity in the use of English in China's advertising. In *Proceedings of the 4th International Symposium on Bilingualism. Conference Proceedings*. Somerville, MA : Cascadilla Press, 2005, p. 827.

<sup>31</sup> LEE, J. S.: Linguistic constructions of modernity: English mixing in Korean television commercials. In *Language in society*, 2006, Vol. 35, No. 1, p. 59.

<sup>32</sup> MARTIN, E.: Mixing English in French advertising. In *World Englishes*, 2002, Vol. 21, No. 3, p. 375.

<sup>33</sup> PILLER, I.: Identity constructions in multilingual advertising. In *Language in society*, 2001, Vol. 30, No. 2, p. 153.

<sup>34</sup> ALM, C. O.: English in the Ecuadorian commercial context. In *World Englishes*, 2003, Vol. 22, No. 2, p. 143.

<sup>35</sup> LALÍK, I.: Motivácia v jazyku reklamy. In *Motus in Verbo*, 2013, Vol. 2, No. 1, p. 76.

group, namely percipients, who should be addressed by the advertisement, and the kind of advertising medium that facilitates the advertising message.<sup>36</sup>

Although the language components of advertisements are varied, according to Mistrík,<sup>37</sup> these components must be transparent, simple, and together with extralinguistic components, they must form a compact and harmonious whole. The language components must meet the requirements of brevity and expressiveness. Thus, the role of advertisements is not only providing information but also engaging potential percipients and their influencing and persuading. Lexical structure of advertisements is also affected by the penetration of foreign words into the vocabulary of language users, especially anglicisms. Although the use of English words in spoken language (and not only) in the spoken form of the language is quite common, it is important to ensure the functionality of their use in advertisements. As a result, illogical application of foreign words in advertising may occur as there are Slovak equivalents to them. But on the other hand, we can assume that such use of foreign (English) words is the advertisers' attempt to approach the young generation as much as possible, to use fashionable and eye-catching form of expression and so on. In addition to a broad scope of lexical resources, the advertisers may, however, utilize the means of the other language levels – grammatical, syntactic or phonetic. In their creative work, they may also use intertextual references, architypality and means of nonverbal communication.<sup>38</sup>

Slovakia is one of the Eastern European countries in which the use of English in advertisements has first expanded widely after the fall of the Iron Curtain in 1989.<sup>39</sup> In the Western part of Europe, there was an enormous increase in the use of English (even in advertising) after the World War II; on the other hand, the history of English in the Eastern part of Europe is very different, firstly, being much shorter. It is conceivable that the use of English in ads will have a different effect in Eastern Europe than in Western Europe.<sup>40</sup> As Pavera<sup>41</sup> states it, text constitutes a substantial part of an advertisement, and therefore it cannot be ignored. Ogilvy<sup>42</sup> is convinced that the text should be written in the language which people commonly use. The Czech linguist Čmejrková<sup>43</sup> takes the view that although it is possible to present a product without a language and rely solely on visual association of ideas, most advertisements have a language component and a large number of them use a language component.

## Conclusion

The importance of mixing English in advertising throughout the world has led researchers of different research communities to deal with this issue in more detail.

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<sup>36</sup> Ibidem.

<sup>37</sup> MISTRÍK, J.: *Štylistika*. Bratislava : SPN, 1997, p. 384-385.

<sup>38</sup> LALÍK, I.: Motivácia v jazyku reklamy. In *Motus in Verbo*, 2013, Vol. 2, No. 1, p. 76.

<sup>39</sup> USTINOVA, I. P., BHATIA, T. K.: Convergence of English in Russian TV Commercials. In *World Englishes*, 2005, Vol. 24, No. 4, p. 498.

<sup>40</sup> GERRITSEN, M. et al.: English in Product Advertisements in Non-English-Speaking Countries in Western Europe: Product Image and Comprehension of the Text. In *Journal of Global Marketing*, 2010, Vol. 23, p. 350.

<sup>41</sup> PAVERA, L.: *Toulky mediálnými světy*. Praha : Verbum, 2000, p. 120.

<sup>42</sup> OGILVY, D.: *Ogilvy v reklamě*. 3<sup>rd</sup> Edition. Praha : Management Press, 2001, p. 46.

<sup>43</sup> ČMEJRKOVÁ, S.: *Reklama v češtině, čeština v reklamě*. Praha : Leda, 2000, p. 48.

The English language has been used in bilingual advertising as well as brand naming in places where it is not a native language. Studying the use of English in the advertisements in the countries in which English is not the first language dates back long. The majority of the studies devoted to the impact of language choice in the product advertisements are concerned with the effect of using one language compared to using another language on percipients who are native speakers of the both languages. Bilingual advertisements can be regarded as bringing “prestige” in advertising discourse. In many countries of the world, English is generally used to add products a cosmopolitan and modern tone, to get the attention of the consumers or to boost cosmopolitan and international values. In Asian countries, however, a desire for Westernization becomes part of the reason for English to be used in advertisements. Advertisements in Slovakia are highly affected by the penetration of foreign words, especially anglicisms. The use of foreign words in Slovak advertisements is intended to approach the young generation and to look fashionable and eye-catching. This article provides an overview of the use of English in ads throughout the world. As this topic is really broad, there is still a number of questions to be investigated within this issue.

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## BRANDS WE LOVE OR KNOW ON THE CZECH FINANCIAL MARKET

*Petra Jílková*

### **Abstract**

Being loved is good for our business, image, and sales. Being hated means a failure to connect with our customers. This paper analyses well-known brands on the financial market in the Czech Republic and defines the concept of lovebrand. Brand is a key asset in the marketing of goods and services. Now, more than ever, banks need to transition from being an ordinary brand to being a lovebrand. Ideas move mountains, especially in these days, where marketing communication is based on stories and an emotional connection with customers is essential. This paper will also present the basic overview of the structure of the financial market in the Czech Republic. On one hand, customers are expecting creativity from their banking experience, thereby forcing banks to rethink their brand strategy or use multi-branding concept. On the other hand, market entry of new, low-cost banks leads to price competition. It takes time to create and build brand equity and the future of marketing is in “content marketing” and “lovebrands”. The main aim of this paper is the comparative analysis of financial brands on the bank market in the Czech Republic.

### **Key words:**

Brand loyalty. Brand management. Brand relationships. Content marketing. Lovebrand. Multi-branding concept.

## **1 Introduction**

There are brands that you just buy every week, every week the same brand without thinking about it and without any persuasion. On the other hand, there are brands that people talk about. These brands are modern and can create a kind of cult following. These are brands we love and their use of viral marketing communication via social media is obvious. Decisions must be made regarding the kind of image and brand a company wants to project. This idea is the fundamental basis that determines brand success or failure.

## **2 Methodology and goals**

The professional goals of the paper are aimed at collecting secondary data related to the banking industry in the Czech Republic, and interpreting them in order to research a banks’ brand strategy in the Czech Republic. It will focus on the multi-branding strategy of large or small banks in the context of parameters of being a lovebrand. The methodologies used in this paper are the analysis, synthesis, comparison in time and comparison of the marketing strategy of big traditional and small low cost banks. The conclusion sums up the findings and discusses them.

## **3 Brands on the Czech market**

Historically, marketing theory started with Product Concept. In general, the concept is an idea that describes the way potential customers can understand our goods and services. According Kotler and Armstrong (2014) the Product Concept is “that consumers will favour products that offer the most in quality, performance, and innovative features.

Under this concept, marketing strategy focuses on making continuous product improvements.”<sup>1</sup> There were no brands, there were only products and their parameters. After the defined concept came Selling Concept, Marketing Concept and Societal Marketing Concept where there is a relationship between customers and the brand, creating and building customer equity. We can say that “the only value that your company will ever create, is the value that comes from your customers, the ones you have now and the ones you will have in the future. Without customers, you don’t have a business.”<sup>2</sup>

The reality of these days is that customers can choose which messages to read or listen to. In the past few years, marketing strategy has shifted away from “paid media” to “earned media”. The business target has changed from product parameters, manufacturers, and retailers directly to consumers and their feelings. Price, service, quality, and design advantages are no longer enough to gain the market lead and win. It takes time to create and build brand equity. The future is in „content marketing”, which is about sharing relevant and valuable brand content through storytelling by means of media which are not controlled by the marketer but rather by means of electronic word of mouth (eWOM) through social media mentions, views, shares, reposts, reviews, comments and subscribers’.<sup>3</sup> Plessis (2015) defined that six elements of content marketing are: “medium, strategy, formation, intrinsic, communication and corollary” and defined that “content marketing is a strategic brand storytelling technique aimed at changing consumers’ inactive behaviour through unobtrusive, engaging brand conversations in earned media.”<sup>4</sup>

Marketing today is about creating stories, icons, visions and successful campaigns. More time is needed for creating a Lovebrand or a Lovemark. “The fact is that Lovemarks are created and owned by the people who love them. Where you have a customer in love, you have a Lovemark. Love is all about action. It’s about keeping in touch with consumers, understanding them, spending time with them, finding out what they want, need and love. Insightful marketers, empathetic designers, and smart staff do it every day.”<sup>5</sup> The table bellow outlines the distinction between a brand and a lovemark according to Roberts (2005).

**Table 1: Brands and Lovemarks**

BRANDS	LOVEMARKS
Information	Relationship
Recognised by consumers	Loved by people
Generic and symbolic	Personal and iconic
Presents parameters	Generates a love story
The promise of quality	The touch of sensuality
Statement, value	Story, spirit
Advertising agency	Ideas company

Source: ROBERTS, K.: *Lovemarks: the future beyond brands*. New York, NY : Power House Books, 2005, p. 29.

<sup>1</sup> KOTLER, P., ARMSTRONG, G.: *Principles of marketing*. 15<sup>th</sup> Edition. Upper Saddle, N. J. : Pearson, 2014, p. 23.

<sup>2</sup> Ibidem, p. 36.

<sup>3</sup> CORCORAN, S.: *Defining earned, owned and paid media*. [online]. [2016-10-10]. Available at: <<http://blogs.forrester.com/interactive-marketing/2009/12/defining-earned-owned-and-paid-media.htm>>.

<sup>4</sup> PLESSIS, CH.: *An Exploratory Analysis of Essential Elements of Content Marketing*. [online]. [2016-10-10]. Available at:

<[http://uir.unisa.ac.za/bitstream/handle/10500/18910/ECSM2015\\_ElementsContentMarketing.pdf](http://uir.unisa.ac.za/bitstream/handle/10500/18910/ECSM2015_ElementsContentMarketing.pdf)>.

<sup>5</sup> ROBERTS, K.: *Lovemarks: the future beyond brands*. New York, NY : Power House Books, 2005, p. 12-36.



The second table shows the most valuable world-wide brands according Brandfinance Research. The report is the world’s largest study of what consumers and businesses think of brands and their value in 2015. The most successful is the Apple brand which increased it’s value by 14% in 2015. What is the real value of the brand in current marketing? The mix of the legal protection of patents and the trademark or expected net present value of future cash flows accruing to a firm due to its brand or customer. To know what motivates a customer to buy something is very important. Brand equity is a key asset in the marketing of goods and services. One’s brand is an essential marketing communication tool.

**Table 2: Brand finance**

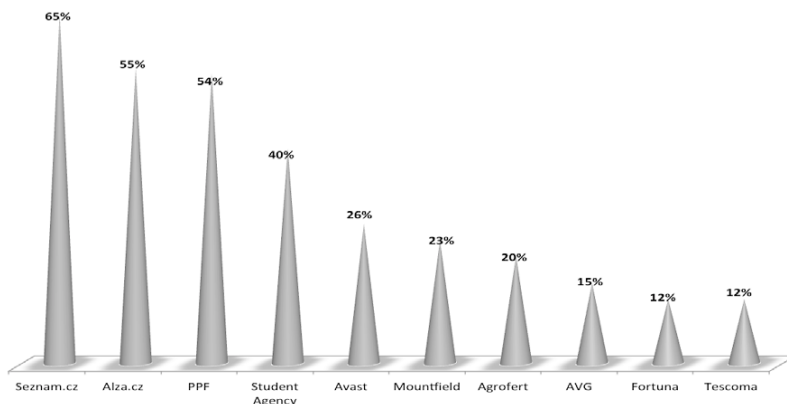
2016	2015	BRAND	BRAND VALUE 01/2016 (\$M)	BRAND VALUE 01/2015 (\$M)	CHANGE IN THE BRAND VALUE
1	1	Apple	145.918	128.303	+14 %
2	3	Google	94.184	76.683	+23 %
10	15	Wells Fargo	44.170	34.925	+26 %
11	14	Toyota	43.064	35.017	+23 %
12	9	McDonald’s	42.937	52.909	-19 %
16	16	BMW	34.968	33,079	+6 %
18	32	Facebook	34.002	24.180	+41 %
24	20	Walt Disney	31.674	30.698	+3 %
27	21	Marlboro	29.935	28.608	+5 %
33	28	Citi	26.031	26.210	- 1 %
37	43	Nestlé	23.395	21.225	+ 10 %
38	50	Starbucks	23.185	19.762	+17 %
43	44	Allianz	20.264	20.937	- 3 %
93	101	J.P.Morgan	12.948	11.958	+8 %

Source: *Brandfinance*. [online]. [2016-02-02]. Available at: <[http://brandfinance.com/images/upload/brand\\_finance\\_global\\_500\\_2016.pdf](http://brandfinance.com/images/upload/brand_finance_global_500_2016.pdf)>.

The strongest brand is the Apple and it is founder was Steve Jobs. According to the book *Power Brands: Measuring, Making, and Managing Brand Success*, written by Perrey, Freundt and Spillecke (2015) “Apple’s moment of truth arrived when Steve Jobs, the company’s co-founder, rejoined its ranks in 1997. Apple’s share of the computer market had plummeted from a peak of 14 percent in 1993 to below 3 percent four years later. Jobs cut the product portfolio radically and put an end to more than two dozen different advertising campaigns. In September 1997, Apple launched its USD 90 million “*Think different*” campaign, featuring stark black-and-white photographs of maverick thinkers, creative minds, and real-life adventures such as Bob Dylan or Charlie Chaplin. Campaign celebrates the soul of the Apple brand. The brand alone is now valued at most 100 billion dollars.”<sup>6</sup>

In the case of the Czech Republic, Seznam.cz, Alza.cz and Student Agency has had the biggest brand success. In a pool asking, “In your opinion, which firm has the most valuable brand?”, 65% of respondents answered Seznam.cz., 55% answered alza.cz and 54% answered PPF Group.

<sup>6</sup> PERREY, J., FREUNDT, T., SPILLECKE, D.: *Power Brands: Measuring, Making, and Managing Brand Success*. Germany, CPI: Ebner and Spiegel, 2015, p. 53-54.



**Chart 1: Successful Brands in the Czech Republic**

Source: OGILVY: *Successful Brands in the Czech Republic*. [online]. [2016-09-02]. Available at: <<http://www.ogilvy.cz>>.

#### 4 Financial market in the Czech Republic

Banking in the Czech Republic is an international market and it can be considered a profitable sector. There are 4 large-banks (balance sheet totalling more than CZK 250 billion), 8 middle-sized banks (CZK 50 – 250 billion) and 6 small-banks (less than CZK 50 billion), 5 building societies and 22 branches of foreign banks. An essential role is played by the group of large banks, e.g. Česká Spořitelna plc (ČS), Československá Obchodní Banka plc (ČSOB), Komerční Banka plc (KB), UniCredit Bank Czech Republic and Slovakia plc (UNI). Despite the high degree of competition in the sector, medium-sized banks constantly strengthen their position and acquire new clients. Their advantage is a large product and services portfolio on the the same level as a large bank. Ten banks are exclusively owned by foreign capital exclusively and has interest in five other banks as well. Six banks are exclusively owned by Czech capital exclusively.<sup>7</sup>

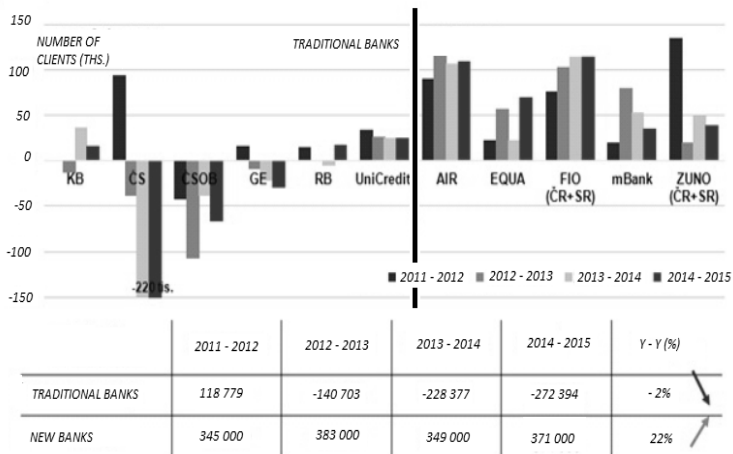
**Table 3: The structure of the banking sector in the Czech Republic (31. 12. 2009 – 31. 12. 2015)**

	LARGE BANKS	MIDDLE-SIZED BANKS	SMALL BANKS	BRANCHES OF FOREIGN BANKS	BUILDING SOCIETIES
2009	4	4	8	18	5
2010	4	4	9	19	5
2011	4	6	8	21	5
2012	4	8	6	20	5
2013	4	8	6	21	5
2014	4	8	6	22	5
2015	4	8	6	23	5

Source: Own processing, ČNB: *Arad Statistics*. [online]. [2016-02-02]. Available at: <<http://www.cnb.cz>>.

<sup>7</sup> JÍLKOVÁ, P.: The Profitability and the Product Policy of Banks in the Czech Republic. In *Scientific Journal "Actual Question of Management of Sustainable Development in Today's Society: Problems and Prospects"*. Kremenchuk : Kremenchuk Mykhailo Ostrohradskyi National University, 2015, p. 215-218.

Since 2010, the first retail, so called low-cost bank started its activities on our financial market. Their first step was to offer a fee-free bank account (charges normally applied at that time). An aggressive communication strategy focused on attracting new, mostly young clients. These banks communicated the brand and then the comparative advantages of each product. We can say that this concept was very innovative, as opposed to the four established, traditional banks. In 2011, they added an offer of high-interest rate savings accounts which have been followed by other product innovations, extending the range of products with consumer loans and mortgages, and firm consulting. They have always offered fee-free products or extra benefits. Clients have always been informed attractively and all the offers had always been promoted with trendy and modern advertising campaigns which announced the innovations and attracted professionals as well as a wide public. All the low cost banks mentioned above have succeeded in getting new clients.<sup>8</sup>

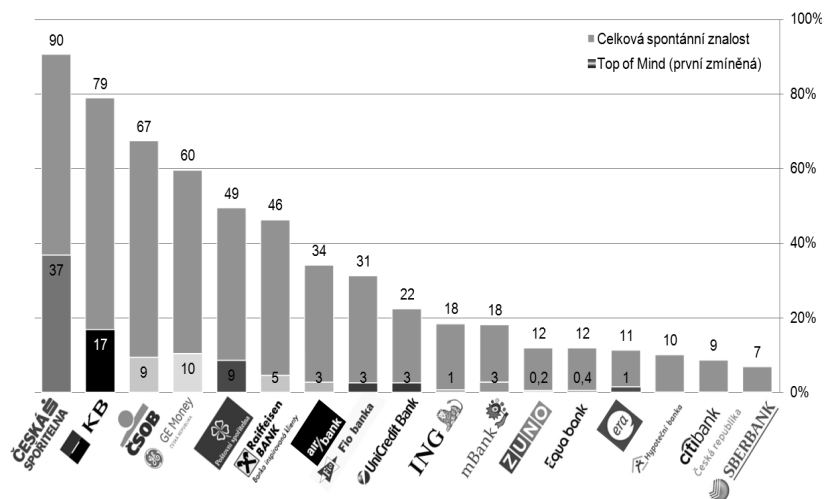


**Chart 2: Y2Y change in the number of clients – traditional and low-cost banks (2014 – 2015)**

Source: SCOTT AND ROSE: *Number of clients*. [online]. [2016-10-05]. Available at: <<http://scott-and-rose.com/sluzby.html>>.

The organic knowledge of financial institutions brands operating in the Czech Republic is shown in the survey conducted by GFK Czech in 2015. The brand knowledge of old - traditional banks is more or less stable. Four traditional banks and their organic brands knowledge are on the first four places. Awareness and brand awareness has increased among young, mainly low-cost bank-brands. Fio Bank, mBank and ZUNO Bank the same level as a large bank. The strongest communication campaign of 2015 belonged to GE and AirBank. Spontaneous awareness of their brand was the strongest, accounting more than a quarter of respondents.

<sup>8</sup> JÍLKOVÁ, P.: New Retail Banks in the Czech Republic. In PAVLÁT, V., SCHLOSSBERGER, O. (eds.): *Proceedings of the 7th. International Conference on "Financial Markets within the Globalization of World Economy. Conference Proceedings*. Prague : Eupress, 2015, p. 102-111.



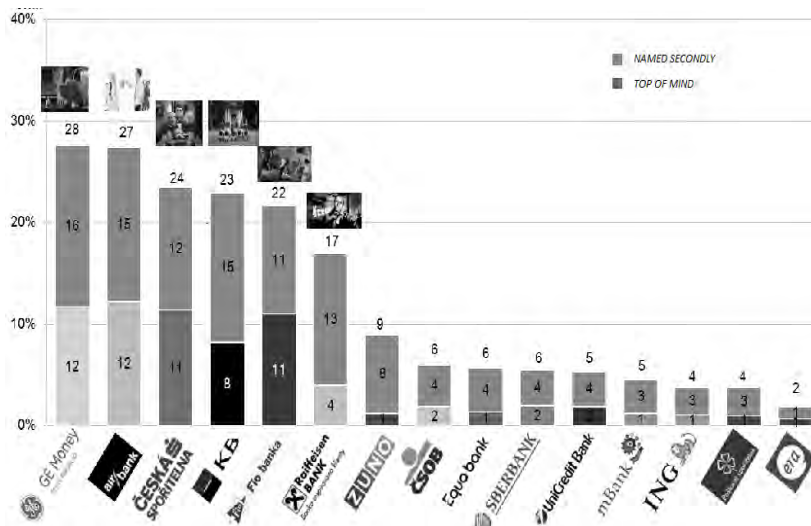
**Chart 3: Organic customer knowledge and brand recall (2015)**

Source: GFK CZECH: *Customer Brand Experience*. [online]. [2016-10-05]. Available at: <<http://www.gfk.com/cz/reseni/zakaznicka-zkusenost-a-zkusenost-se-znackou>>.

Now the question arises, “who spent their advertising budget the most effectively?” It is necessary to define an adequate measurement and form analyses. The specifics of the banking industry give us the possibility to measure media expenditure in comparison with the bank revenues from loans and fees. All the necessary data are available in the financial statements published in the Annual Reports of mentioned banks, examined period 2012, 2013. The measurement key could be revenue earned for every CZK 1.00 invested in brand awareness through media campaigns. The winner in this case is ČS from traditional banks and Air Bank from new, low cost banks. Y2Y, Fio banka and also RB had the fastest increase in likeability. KB is the most likeable in the middle age segment. GE, Air Bank and Fio had higher market share among customers in the 1 – 30 bracket. Consequently, CS and PS dominated the oldest segment, in the 50 – 70 age range.<sup>9</sup>

The marketing campaigns of new retail banks urged clients to think about their brands and encourage customers to rethink their bank relationship. Firstly, they communicated their brand. Second, they familiarized customers about their deposit products, credit lines, mortgages, and other services like insurance plans. In the second step they started to communicate deposit products and in these days credit products and another services like insurance plans. The level of organic knowledge and the highest brand recall in 2015 is showed in the Graph below. The most influential bank among clients was MONETA Money Bank with the “Cat image”.

<sup>9</sup> GFK CZECH: *Customer Brand Experience*. [online]. [2016-10-05]. Available at: <<http://www.gfk.com/cz/reseni/zakaznicka-zkusenost-a-zkusenost-se-znackou>>.



**Chart 4: Organic knowledge of bank television spot (2015)**

Source: GFK CZECH: *Customer Brand Experience*. [online]. [2016-10-05]. Available at: <<http://www.gfk.com/cz/reseni/zakaznicka-zkusenost-a-zkusenost-se-znacou>>.

In 2015, Effie Worldwide awarded the Ogilvy & Mather Agency the gold prize for excellence in their financial services media campaign for Air Bank. The campaign’s name was “To be a Lovebrand in record time”. Air Bank entered the Czech banking market and created the brand within a short period of time, became a game changer in the financial market, and established its place in the market due to a non-traditional banking style. The situation was not simple because there were around 40 banks on the financial market which made up 70% of the market share. Air Bank is also in competition with other new, low-cost banks (Zuno, Equa, Fio), which created and promoted an aggressive pricing and communication strategy as well. CZK 30 million was spent on the ATL campaign and CZK 10 million on BTL. The main aim was to revolutionize the way people thought about their banks. The communication slogan “Loving a bank is possible” became a fundamental principle in building their brand strategy. The main aim was to create a brand for a bank that inspired positive emotions in people - the first time this would be done by a bank in the Czech market. The silver prize was won by McCann Prague with the Raiffeisen Bank’s concept “How Arthur and his black story brightened the future of the bank”. The bronze was awarded to the Škofin media campaign.

## Conclusion

Ideas move mountains, especially in these days, and a marketing communication strategy centred on an emotional connection with customers is paramount. Being loved is good for our business, image, and sales. Being hated means a failure to connect with customers, thereby drastically decreasing one’s market share, sales, and profit. This paper analyzes well-known brands on the financial market in the

Czech Republic, and the parameters of brands we love. However, for how long can they maintain their lovebrand status? To conclude, we can say that a bank's identity in the financial market and digital media change depending on whether or not they are loved in our virtual reality, whether or not they are perceived as a lovebrand. The field of marketing communication is a fast-paced environment, and it is only a matter of time before this could change. When it does, are you ready?

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## EDUCATIONAL FACTORS OF BRAND ONLINE COMMUNICATION TARGETED TO CHILDREN

*Magdaléna Kačániová – Zuzana Bačíková*

### **Abstract**

In an influx of advertising and its variety of forms children are a vulnerable target group. The evaluation of advertising effects on children focuses mainly on negative aspects and potential risks. Paper inspects a role of brands' online communication forms (banner, display and textual advertising) present on Czech and Slovak websites for children and their parents in terms of possible educational factors affecting children. Most commonly used educational factor was perception followed by thinking, independence and creativity.

### **Key words:**

Banner. Brands. Children. Educational factors.

## **1 Introduction**

Nowadays, marketing targeted to children is so common that children of any age are being referred to as consumers.<sup>1</sup> Both media and research incentives focus primarily on negative aspects of marketing efforts directed at children. For example there is evidence pointing to the relationship between food marketing in various kinds of media and children's negative food behaviour.<sup>2</sup> Children have been found to be particularly vulnerable to negative effects of media and advertising. Materialism is connected to commercialization of our society with children being exposed to it from a very young age. Inevitably, there is an impact of advertising consumption on children and youth. We still do not know who should be responsible for ethical consumption of advertising targeted to children.<sup>3,4</sup> Another way of dealing with ethical aspects of advertising targeted to children could be using ads in educational context. There is evidence of creativity incitement factors in television advertising.<sup>5</sup> There is also evidence in gastronomy about the possibility of educating children towards good habits.<sup>6</sup>

Generally, marketing targeted to children is using traditional marketing tools as TV, radio, DVD, video-games, but shifting towards new tools like product placement, viral marketing, guerrilla marketing, internet and social network environment, interactive

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<sup>1</sup> CALVERT, S. L.: Children as Consumers: Advertising and Marketing. In *The Future of Children*, 2008, Vol. 18, No. 1, p. 205-234.

<sup>2</sup> NORMAN, J. et al.: The Impact of Marketing and Advertising on Food Behaviours: Evaluating the Evidence for a Causal Relationship. In *Curr Nutr Rep*, 2016, Vol. 5, No. 1, p. 139-149.

<sup>3</sup> BÜTTNER, O. B. et al.: A Dual-Step and Dual-Process Model of Advertising Effects: Implications for Reducing the Negative Impact of Advertising on Children's Consumption Behaviour. In *J. Consum Policy*, 2014, Vol. 37, No. 2, p. 161-182.

<sup>4</sup> KOROŠEC, Ž. et al.: Television food advertising to children in Slovenia: analyses using a large 12-month advertising dataset. In *Int. J. Public Health*, 2016, Vol. 61, No. 9, p. 1-9.

<sup>5</sup> JANKOVÁ, G.: *Adverfakt ako zrkadlo edukačnej a socializačnej funkcie médií*. Nitra : Constantine the Philosopher University in Nitra, 2015, p. 71-81.

<sup>6</sup> HARYANTO, O. J. et al.: Is brand loyalty really present in the children's market? A comparative study from Indonesia, Portugal, and Brazil. In *Journal of Business Research*, 2016, Vol. 69, No. 10, p. 4020-4032.



games and quizzes, commercial website entertainment.<sup>7</sup> Digital technologies have entered children's lives and nowadays it is common that they cover a significant part of their free time activities. It seems to be another reason for brand promotional activities targeted to children to move to digital environment. We have to be cautious about the influence of technology on this age cohort. One of the harshest critics of digital technologies abuse is Manfred Spitzer.<sup>8</sup> Critique is sometimes in place, for example there is a link between gaming and worse school performance.<sup>9</sup> On the other side, a research published in *Computers & Education* indicates that internet search - even though somehow dangerous - contributes to children's satisfaction and lowers their feeling of loneliness due to an increase in self-esteem. Children are getting homework that require internet use and this might make their life easier and influence their well-being, since children are feeling proud and satisfied when they successfully solved a task.<sup>10</sup> These implications suggest that the internet entertainment of children should be monitored and controlled. In relation to the growing popularity of internet entertainment it would be ideal if children visited only websites created for them. In Slovak and Czech conditions these are webpages such as pastelka.sk, fifik.sk or alik.cz. Unfortunately, advertising targeting adults is present also on webpages targeted primarily to children. Nairn with colleagues conducted an analysis on 50 websites and found that while most of adverts present are irrelevant rather than harmful the fast-evolving interactive formats of online advertising give cause for concern. In particular, half of adverts (particularly advergames) are not clearly labelled and there is significant use of popular children's characters to incite sales.<sup>11</sup> Due to the lack of academic research of online advertising targeted to children and positivist approach to educational potential of advertising we decided to address these issues.

## 2 Research objective

We are interested in the role of online marketing, especially banner, display and textual advertising, as one of the possible educational factors of (preschool and school) children. Our goal is to explore representation of educational factors (independence, courage, motivation, curiosity, perception, creativity, thinking and others) and find out which brands and brands categories use them the most. Ergo, the main purpose of our study is to answer the following research question: *Which educational factors are most commonly used in online advertising targeted to children recipients?*

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<sup>7</sup> ŠRAMOVÁ, B.: Marketing And Media Communications Targeted To Children As Consumers. In *Procedia – Social and Behavioral Sciences*, 2014, Vol. 191, No. 1, p. 1522-1527.

<sup>8</sup> SPITZER, M.: *Digitálna demencia*. Brno : Host - vydavatelství, s.r.o, 2012, p. 342.

<sup>9</sup> JACKSON, L. A. et al.: A longitudinal study of the effects of Internet use and videogame playing on academic performance and the roles of gender, race and income in these relationships. In *Computers in Human Behavior*, 2011, Vol. 27, No. 1, p. 228-239.

<sup>10</sup> LIU, R. et al.: Children's Internet information seeking, life satisfaction, and loneliness: The mediating and moderating role of self-esteem. In *Computers & Education*, 2013, Vol. 68, No. 1, p. 21-28.

<sup>11</sup> NAIRN, A. et al.: Pop-ups, pop-unders, banners and buttons: The ethics of online advertising to primary school children. In *Journal of Direct, Data and Digital Marketing Practice*, 2007, Vol. 9, No. 1, p. 30-46.

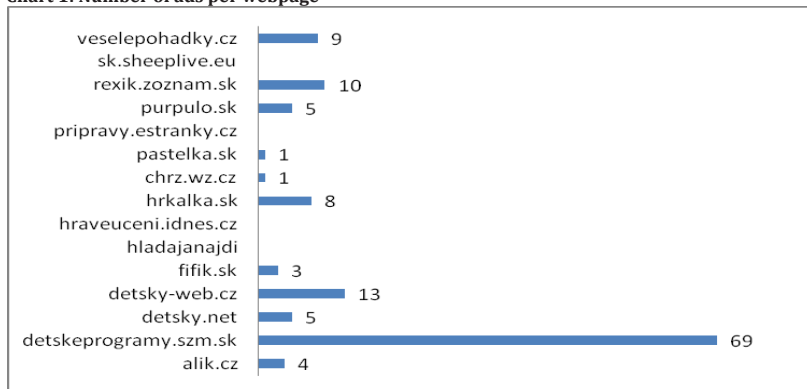
### 3 Research material characteristic and data acquisition

Our analysis was based upon 15 Czech and Slovak websites for children and their parents (alik.cz, rexik.zoznam.sk, chrz.wz.cz, pastelka.sk, detsky-web.cz, detsky.net, hrkalka.sk, hladajanajdi.com, detskeprogramy.szm.sk, hraveuceni.idnes.cz, fifik.sk, pripravvy.estranky.cz, sk.sheeplive.eu). Main purposes of these pages are entertainment and education of children. Research material was composed of banner, display and textual advertising identified on these pages from September 23, 2016 to September 25, 2016 in browser incognito regime. Altogether we collected 128 ads for children, parents and other adults and 45 ads targeting only children. We analysed 28 brand ads for children using the method of content analysis. Examined material was a digital (visual and textual) output, the units of the analysis were advertisements for children (e.g. banner, display and textual ads). Categories of our analysis were represented by educational factor in category of independence, courage, motivation, curiosity, perception, creativity, thinking, novelty, freedom and humour defined by Janková.<sup>12</sup>

### 4 Analysis, results and interpretation

We analysed 15 web pages and their main subpages targeted to children and their parents. Since we wanted to capture more ads, we used refresh button (exactly 3 times for each page and subpage) in order to display the next variation of certain ad. Four web pages did not contain any forms of advertising (hladajanajdi.com, hraveuceni.idnes.cz, pripravvy.estranky.cz and sk-sheeplive.eu). It can be caused by their intension to avoid any advertising and of course non-profit purpose of respective page. Other eleven web pages provide place for ads in a variety of formats since advertising can be a source of income for a web provider. Number of ads for each webpage is displayed in Chart 1 below.

Chart 1: Number of ads per webpage



Source: Own processing

<sup>12</sup> JANKOVÁ, G.: *Adverfakt ako zrkadlo edukačnej a socializačnej funkcie médií*. Nitra : Constantine the Philosopher University in Nitra, 2015, p. 71-81.

Uneven representation of ads is caused by the system of banner display (dynamic banner ads changing with each refresh of the page) and by number of subpages. For this reason website *detskepogramy.szm.sk* was identified as the most productive ad provider. Analyzed pages contained traditional banner ads in a variety of sizes and types (static vs. dynamic) (n=91), static display ads (n=9), textual ads (n=22) and logo placements (n=3).

Advertising targeting adults is present also on webpages targeting primarily children as we can see in product categories. Ads from analyzed pages covered a variety of product categories, mainly represented by software services (n=17), online games (n=11), toys (n=8), cars (n=6), bank services (n=6), e-shops (n=6), trade (n=5), clothes (n=5), gastronomy (n=4) and many others (n=61 in 38 different fields). Surprisingly, only 45 ads were targeted at children (35,2 %). Narin and Dew claim that most of the sites accessed by today's children are not specifically targeted to them. This means that advertising tends to be for products not used by children.<sup>13</sup> Targeting to adults in such extent on web pages for children could have a variety of reasons. Either it is a case of inaccurate targeting and ads are displaying randomly, which we consider to be implausible, or a belief that children are watching these webs under the surveillance of parents plays a role and therefore parents are the primary target group (e.g. in case of ads for bank services) or it is the demonstration of marketers' effort to hook children as potential future consumers. Ads targeted at children were mainly represented by online games (n=11), toys (n=8) and e-shops (n=5). We also distinguished between brand and non-brand ads. We considered as branded ad every ad using logo, name of the website or name of the brand. Non-brand ad did not use any of these items: slogan, logo, brand, corporate identity elements (n=7), we characterized a non-brand ad as a banner display where at the first sight it is not possible to identify a certain brand, but it still contains a hyperlink to another webpage. We also identified brands that used advertising the most often. Finally, we analysed 28 ads connected to unique brands.

In the second phase of our research we focused on educational factors originally defined by Janková<sup>14</sup>: independence, courage, motivation, curiosity, perception, creativity, thinking, novelty, freedom and humour. The summary of all factors is available in table below.

**Table 1: Educational factors in online banners targeted to children**

Factors	Categories	Brands	Non-brands	Sum	%	Sum
independence	direct appeal	8	0	8	22,86	13
	indirect appeal	2	0	2	5,714	
	responsibility-independence - product	1	0	1	2,857	
	responsibility-independence - situation	2	0	2	5,714	

<sup>13</sup> NAIRN, A. et. al.: Pop-ups, pop-uppers, banners and buttons: The ethics of online advertising to primary school children. In *Journal of Direct, Data and Digital Marketing Practice*, 2007, Vol. 9, No. 1, p. 30-46.

<sup>14</sup> JANKOVÁ, G.: *Adverfakt ako zrkadlo edukačnej a socializačnej funkcie médií*. Nitra : Constantine the Philosopher University in Nitra, 2015, p. 71-81.

## CONSUMER AND BRANDING

courage	direct appeal	2	0	2	5,714	4
	self-esteem	0	0	0	0	
	Safety	2	0	2	5,714	
motivation	Win	2	0	2	5,714	5
	Appreciation	2	0	2	5,714	
curiosity	direct question	0	0	0	0	0
	product question	0	0	0	0	
	situation question	0	0	0	0	
perception	sight - animation	10	1	11	31,43	76
	sight - bold colours	20	7	27	77,14	
	Sight	28	7	35	100	
	Hearing	0	0	0	0	
	Taste	2	0	2	5,714	
	Smell	0	0	0	0	
	Touch	1	0	1	2,857	
creativity	direct appeal	1	0	1	2,857	12
	product activities	4	0	4	11,43	
	vision of future	2	0	2	5,714	
	Imagination	5	0	5	14,29	
thinking	fluency direct appeal	3	0	3	8,571	14
	flexibility direct appeal	3	0	3	8,571	
	originality direct appeal	0	0	0	0	
	thinking - product	0	0	0	0	
	thinking - performers	6	0	6	17,14	
	thinking - situation	2	0	2	5,714	
novelty	direct appeal	0	0	0	0	0
freedom	freedom of fantasy	4	0	4	11,43	10
	freedom of play	4	0	4	11,43	
	freedom of creation	2	0	2	5,714	
humour	Humour	2	0	2	5,714	2

Source: Own processing

Within the category of perception sight is represented the most. All 28 ads of unique brands from our research material could be classified under the categories of perception by sight. It is caused by the character of online display ad format itself. In contrast to audio-visual ad format broadcasted on TV or YouTube, analyzed banner or textual online ads consist only of visual elements. We differentiate also between the application of bold colours and animation in category of sight. Brands and non-brands used lot of bold colours (77,14 %) and also animations (31,43 %). Category of perception also includes hearing, taste, smell and touch. Senses of hearing and smell are hard to express by visual communiqué. Only the category of taste was represented by 5,71 % of all online ads. Taste was present for example in slogan: *"Try taste of sweet and sour apple"*. None of the ads analysed was trying to appeal indirectly to other senses.

Factor of independence was the third most represented factor. Most often it had a form of direct appeal to independence or child's responsibility (22,86 %). For

example, Pepco brand used button "I want to win" or online game *War Thunder* used button "Play free" in their display ad inducing child's independence. Indirect appeal was also present (5,71 %), e.g. in slogan of *Fatra*: "Even in small apartment, there is a place for an elephant". This indirect appeal provokes an activity – finding a place for an elephant. In some cases there were uses of independence and responsibility in relation to product (2,86 %) or situation (5,71 %). For example new movie *Storks* used slogan "Find your flock". Courage factor is represented by building self-esteem, impulses of adventure or courage itself. As we can see in the table, this factor is one of the least represented. Online display ads used direct claim only twice (5,71 %), for example in case of *Storks* movie slogan mentioned earlier. We were separately identifying the category of safety and self-esteem. We did not find any online advertising encouraging self-esteem. Safety was represented for example by flock in slogan of movie *Storks* where associations of safety are implicitly induced by the safety of birds' wings. In the factor of motivation we found only 5 cases of ads. We focused on motivation by winning (5,71 %) and by appreciation (8,57 %). There were two brands using motivation by winning - *Lentilky* and *Pepco*. In both cases there were ongoing competitions.

Development of creativity was covered by factor of creativity. Categories were represented by direct appeal (2,86 %), imagination (14,29 %), product activities (11,43 %) and vision of future (5,71 %). Direct appeal was represented only once by *Lego* using appeal of discovery. Vision of future included incitement of imagination through vision of future outcome or future concept. For example there were clothing ads for e-shop *prodeti.cz* using picture of a girl enjoying autumn suggesting that recipient of this ad could also enjoy autumn times like that. On the other hand there was an ad for an online game *Second life* with slogan "Your world. Your imagination" related to product activities and also to the category of imagination.

Thinking was the second most represented factor. We focused on direct appeal using flexibility (8,58 %), fluency (8,58 %) and originality and indirect appeal using product itself, performers (17,14 %) or imaginary situation (5,71 %). As we can see, our research material showed no sign of originality stimulation and also any use of product itself as a tool for the development of thinking. Analyzed banner ads did not contain a direct appeal stimulating children to search for their own solutions. We perceive it as a missed opportunity from the side of ad creators to offer interesting and engaging way to address children, moreover with educational potential in form of creativity development. Flexibility was represented by *Lego* because of a wide range of offered adventures, fluency was represented for example by *Fatra*, due to countless possibilities for the placement of an elephant. *Tic tac* used hot air balloons in shape of apple compounded of tictacs. This is an example of **thinking - performers** category.

One of the last factors presented was freedom represented by the freedom of fantasy (11,43 %), play (11,43 %) and creation (5,71 %). In our researched material this factor was represented in each category. Freedom of fantasy was common for *Tic tac* ads because it showed tictacs as building blocks for a hot air balloon. Freedom of play was represented for example by online games *Second life* (slogan „Your world, your imagination”) or *War Thunder* (claim: *Play free*). Encouragement of freedom in children wasn't primarily caused by adverts themselves but it was a result of product

character (in this case online games). Finally, freedom of creation was represented by *Lego* or *Fatra*, because children were encouraged to create their own solution for a given situation. There were present some representations from the factor of humour. For example, we included there ad of *Fatra* due to the presence of semantic joke ("*Even in small apartment, there is a place for an elephant*") and ad for the *Storks* movie, because of the funny visualization of characters. Factors of curiosity and novelty were not represented in any of studied ads. We were looking for a direct appeal in factor of curiosity. Direct appeal should act as an inspiration for a child to find out more information, to ask or to think about perceived ad. Novelty was represented by direct appeal that should inspire the recipient to create something new.

If we look closer, only small percentage of studied ads contained educational factors. We can see that branded online display ads used educational factors more frequently than non-brand online display ads. But even between them there are some differences. If we exclude perception factor, only three brands will reach a score of more than 5. These brands are *Fatra* (score=7), *Storks* (score=8) and *Lego* (score=18). For this reason we think that advertisers of online display ads should focus on increasing the level of educational factors in their adverts.

### Conclusion

Since we are not able to remove advertising from children's life, we have to focus on possibilities of increasing its educational potential. Their main task is to educate children by developing independence, courage, motivation, curiosity, perception, creativity, thinking, freedom and sense of humour. This paper presented an analysis of these factors in 15 Czech and Slovak websites aimed primarily at children. We see some limitations of our research for example in the amount of research material or the acquisition of online ads, moreover, there is a lack of websites targeted to children in Slovakia. The displaying system of banner and textual online ads was another complication because even the incognito regime did not offer a completely satisfactory environment for data collection. Finally, submitted content analysis describes only current situation and does not measure real effect on children. We see a lack of academic work concerning this fruitful topic. Using educational factors in ads could be positively perceived not only by children but also by their parents. Sadly, the presence of educational factors in analyzed digital communication targeted to children is minimal. Even though perceptively rich imaginary is being used, other factors are rarely represented. Still we shouldn't forget that the main purpose of advertising is to sell and not to educate and although the corporate social responsibility is a debated topic, it is not so well implemented in the sphere of digital marketing. Responsible approach in relation to the perception of young recipients is needed for the reason of their formation and vulnerability of their age group. In case it is not possible to persuade sponsors to create advertising enhancing children's abilities, we need to create and implement mechanism that will protect children.

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## BRAND AS A RESULT OF LOVEMARK

*Silvia Klinčeková – Jarmila Šalgovičová*

### Abstract

The paper deals with a brand, lovemarks and its principles. It further describes the image and its elements and features and point out the types of image as well. In the introductory chapter we present brand and branding and we provide with its definitions and basic overview. It further describes the concept of lovemarks and its principles which are the following: be passionate, involve customer, celebrate loyalty, find, tell and re-tell great stories and accept responsibility. We also compare differences between brand and lovemarks. In a conclusion the image and its elements and features are interpreted. The aim of this paper is to present this topic, highlight its currentness and necessity to understand the concept of lovemarks and brand itself.

### Key words:

Brand. Image. Lovemarks.

## 1 Brand

The idea of a guarantee of the quality of the own product and the reliability of the manufacturer to the consumer is often merged into the summary of information that is called a **trademark**. Usage of brand is dated from the Middle Ages and originally served to control product quality and protect the customer who knows from whom the product is purchased. Brands – especially in old Europe have a long history (the term brand, mark arose from the English word brand – stigma which were used to labeled the animals). At present the role of the brand is difficult. Customers can find the trademarks virtually everywhere in daily life in all areas. They are „managed“ by the brands. Brand can be a name, term, sign, abbreviation, graphic symbol, design or a combination thereof. Its purpose is to distinguish the goods (and services) certain manufacturers from the competition. Its task is also to give the product a story or a legend to evoke in the mind of the consumer vision of characteristic quality. Therefore, brands are extremely important for individual products. The basis of any successful brand is a tangible benefit, user comfort and the advantages which are offered to customers. However, the primary concern of every company should be offering such products which will meet a well-defined needs, use or purpose and will reflect customer's expectations.

According to the approach it should be understood and defined that everything what can positively influence the customer as a sign of quality. In some cases it is brand itself as a part of the quality. Research in this area shows that there is a relationship between the perception of a particular brand and buying behavior. According to the result of survey we can consider the following association for particular brands such as: Mercedes – a sense of security, stability, BMW – evokes speed, agility, Philips – innovation, progress, permanent development etc. It was verified that the customers who have greater overview of a certain type of goods during purchase, they are more focus on the particular brand. Obviously, the brands will influence evaluation of the products and then consumer behavior. It is obvious that there is higher connection when it is essentially the same products. In addition to product identification communicate, both brand and its image, it helps to make a decision and leads to a certain consistency in the shopping behavior.

It is not simple matter to understand the brand. Therefore, it is not just a rational phenomenon that fulfills the functional needs but especially the emotional characteristics, subjective perceptions and feelings that are connected with each brand and that they differ from each other. „Blind test“ shows that the same product without any name or brand gets into indeterminate positions. There is no significant visibility and it is difficult to distinguish it from other products. It is obvious that only a rational approach cannot explain the perceived differences between individual brands. It is often necessary to analyze the psychological linkage between the brand and the consumer. This implies a qualitative approach to a solution that is more proportionate than quantitative measurement.



**Picture 1: The power of branding**

Source: *Marketing Mix*. [online]. [2016-10-07]. Available at: <<http://www.google.com>>.

Qualitative psychological research enables to understand of „individuality“ and „authority“ signs with special projective techniques which are generated by adjusting specific research of the business market and „active“ brands in relation to the corresponding target group. The associative processes are often used, analogies, personification, collage, drawing tests, physiognomic tests, some procedures such as scaling range EQ (emotional scale factor), polarity and other profile. The official requirements for these procedures are not in many cases complex but with higher qualifications is required from their analysis and interpretation. They rather belong within the competence of psychologists who can work with them. The analysis is based on a functional level of a product that represents, respectively their basic needs. Subsequently, it comes to the rational and emotional brand differentiation. At this point it begins the real „work with the brand“ where another motivational dimension are determined by affecting the consumer.

The knowledge about the authority and dimensions of brand are important for decision-making in the whole marketing communication and argumentation. Based on this knowledge we can harmonize communication between the product and the emotional value-oriented brand value. To work with brands, they require examining

motivational dimensions that affect customer. The brand may become an important sign of quality according to the sufficient knowledge of survival and its impact as a criterion for perception which is addressed in stage of product design.

### 2 Lovemarks

In branding marketers have been talking about the importance of emotions for a longer time. People in today's world are overwhelmed by advertising and a range of marketing messages. It is reducing the resulting effect – brand recognition and subsequent purchase of the product. Therefore, the concept of brand has lost the importance and it has been replaced by the concept of **lovemarks**. It was the same like the products in its complexity needed to move on, they needed to move towards the brands. It was a time when the brand and the whole concept of building and maintaining their shift toward love between consumers and lovemark. Lovemark is a marketing concept that is intended to replace the idea of brands. The idea was first widely publicized in a book of the same name written by **Kevin Roberts**, CEO of the advertising agency Saatchi & Saatchi. In the book Roberts claims „*Brands are running out of juice.*“<sup>1</sup> Kevin Roberts (CEO of Agency) formulated the principles for building emotional connection between people and brands. It is based on „*intimacy, sensuality and mystery*“, ie. Intimacy, sensual perception and a dose of mystery. Lovemarks represent the brands that create loyalty beyond the reason.<sup>2</sup>

**Kevin Roberts also suggests the following key ingredients to create lovemarks:**<sup>3</sup>

- Mystery: is based on great stories in past, present or future that might tap into dreams, myths, icon or inspiration;
- Sensuality: sound, sight, smell, touch and taste;
- Intimacy: commitment, empathy and passion.

**The principles of lovemarks:**

- To be passionate about the business you are in because customers can feel and smell a fake therefore, it is necessary to involve customer;
- Involve customer in everything;
- Celebrate loyalty based on honest and fair relationship on both side with willingness to participate;
- Find, tell & re-tell great stories because lovemarks are based on powerful stories that can become legends;
- Accept responsibility that means that the passion for lovemarks can be intense.<sup>4</sup>

There are many brands on the market. Brand can be considered as a signal which producer gives to the customer and lovemark stands for something that consumers owns in their heart. However, brand can be transformed into lovemark that we will

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<sup>1</sup> ROBERTS, K.: *Lovemarks*. New York, USA : Power House Books, 2005, p. 35.

<sup>2</sup> Panelteam, *Saatchi & Saatchi*. [online]. [2016-10-10]. Available at: <<http://www.rankingthebrands.com>>.

<sup>3</sup> ROBERTS, K.: *Lovemarks*. New York, USA : Power House Books, 2005, p. 77.

<sup>4</sup> Ibidem, p. 158.

begin to build the respect which particular brand gained during its existence. The important is the effort to deepen the emotional bond that is between the customer and the brand.

**Table 1: Brands vs. Lovemarks**

Brands		Lovemarks
✓ Brands		✓ Lovemarks
✓ Information		✓ Relationship
✓ Recognised Consumers	by	✓ Loved by People
✓ Generic		✓ Personal
✓ Presents a Narrative		✓ Creates a Love Story
✓ The Promise of Quality		✓ The Touch of Sensuality
✓ Symbolic		✓ Iconic
✓ Defined		✓ Infused
✓ Statement		✓ Story
✓ Defined Attributes		✓ Wrapped in Mystery
✓ Values		✓ Spirit
✓ Professional		✓ Passionately Creative
✓ Advertising Agency		✓ Ideas Company

Source: ROBERTS, K.: *Lovemarks*. New York, USA : Power House Books, 2005, p. 103.

Lovemark is anything that we love so much that we can at least spend money. Lovemarks are inspired by loyalty above and beyond reasonable cause. Lovemarks do not need to be just things but also places (London, Paris, New York, ...), people (as real people, as fictional characters from films or books), retail chains, sports, restaurants, anything what people love and respect that much that there is no rational explanation for it. Customers have very emotional and intimate relationship toward lovemarks. It is a quick way to elicit human emotion. Further, there is the confidentiality and intimacy that makes the brand lovemark with creating closeness and trust in relation to a consumer. The intimacy is the promise of quality for the consumer.<sup>5</sup>

**Table 2: Ranking of top 10 lovemarks**

Name	%	Last
✓ <b>Apple</b>	4,5	1
✓ <b>Coca-Cola</b>	2,8	2
✓ <b>Douwe Egberts</b>	2,8	3
✓ <b>Samsung</b>	1,4	4
✓ <b>Rituals</b>	1,3	5
✓ <b>Hema</b>	1,2	6
✓ <b>Philips</b>	1,0	7
✓ <b>Adidas</b>	0,9	8
✓ <b>Dove</b>	0,8	9
✓ <b>Esprit</b>	0,8	10

Source: *Panelteam, Saatchi & Saatchi*. [online]. [2016-10-10]. Available at: <<http://www.rankingthebrands.com>>.

<sup>5</sup> BIHANI, K., WILLIAMS, K., GREEN, T.: *Lovemarks. The future beyond brands*. [online]. [2016-10-07]. Available at: <[http://www.slideshare.net/IA\\_Zappos/lovemarks-presentation](http://www.slideshare.net/IA_Zappos/lovemarks-presentation)>.

### 3 Image its elements and features

Image has an important role in the system of marketing objectives, activities and overall strategic direction. Positive image is feature of the nature of the business entity. Success of business depends largely on the degree of trust and confidence that the public feels towards the company. With the concept of image it is worth to mention that the consumer buys the product and certain ideas, values and beliefs.

**Jozef Výrost reported that the image can also be seen as well as a set of attitudes that have three basic components:**<sup>6</sup>

- Cognitive component: involves thinking, imagination and evaluation;
- Emotional (affective) component: a pleasant or unpleasant emotions;
- Conative: facing the proceedings or direction from the object.

Image as an idea is formed on the basis of their own knowledge and experience of individual elements marketing environment surrounded by the particular organization. The image as a symbolic image has certain general characteristics, properties. Image is not something that company can buy. It has been built for a longer period of time. And hardly can it be expressed in monetary terms.

### 4 Types of image

**Frank William Jefkins distinguished these types of image:**

- Mirror image: it is image of which the representatives of the companies believe that it is the real image. Therefore, it is usually a false idea of the real picture;
- Current image: it is a sum of knowledge, ideas and feelings that people have about the subject. It is often shocking for senior management;
- Multiple image: it is a summary of the picture about the company which is based on the perception of different representatives;
- Wish image: the image of a new organization that did not exist before, had no image;
- Corporate image: it is perceived under different manifestations of the company;
- Product image: it is image of particular product;
- Optimum image: average and adequate understanding, knowledge organization.<sup>7</sup>

At present the companies recognize that the image is not a cheap affair. Positive and good image is worth as much as the company is willing to invest to marketing and communication activities. The current economic recession also contributed to large extent to build a desirable image. There are many experts who deal with the image formation. That's an important part of strategic thinking and planning.

### 5 The image of Nike

It is stressed out that Nike is perceived by the target group. It expresses what customer think and feel about it and what emotions it evokes. The image of Nike is characterized

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<sup>6</sup> VÝROST, J.: *Sociální psychologie*. Praha : ISV, 1997, p. 237-258.

<sup>7</sup> VYSEKALOVÁ, J.: *Image a firemní identita*. Praha : Grada Publishing a.s., 2009, p. 93.

by attributes such as modern, creative, innovative, original and dynamic. And such a want to be the proud bearer of this brand. The image makes simple yet elegant. The strength of Nike's image is undeniable and overlooked as evidenced by the fact that whatever you're doing, never doubt because Nike has taught us JUST DO IT and it really works. Nike corporate identity is in line with its business objectives, mission and overall personality of Nike. It creates individual and typical image of Nike which is tied to the philosophy of applying on the market. Its image is the expression of opinions, attitudes, thoughts and impressions profiled target audience. It is a complex of positive feelings that express the image of the brand. It can be said that Nike is among the popular brands in the market with a large customer communities around the world. Nike can be considered as a lovemark.

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# BRAND INFLUENCE ON CONSUMER DECISION MAKING

*Eva Kretiková*

### **Abstract**

Consumer decisions are influenced by several stimuli. The perception of the brand of goods or service itself belongs to one of these factors. Looking at two competing brands of substitute products, we can see how consumers perceive these brands when buying. The aim of this paper is to point out the impact of the brand on the consumer choice in the buying process. To fulfil this objective we use information from a primary source, which is a survey of experimental design.

### **Key words:**

Brand. Consumer. Consumer decision making. Experiment. Product.

## **Introduction**

In the theoretical background, we will outline how various home and foreign authors who deal with consumer behaviour and decision making view the influence of the brand on the consumer. Furthermore, we shall provide an example of a Slovak agency conducting an experiment in which it tried to prove two theories of brand building in a competitive environment. In the next chapter, we will describe the methodology of the experimental research which we carried out using two experimental groups and a control group and two brands of substitute fast-moving consumer goods. The results of the experiment, which analyses the influence of the brands of Kofola and Šofokola will be graphically displayed and evaluated in the results of our research. In the conclusion, we will summarise the results of our practical research in terms of our theoretical background.

## **1 Theoretical background**

Brands significantly influence consumer decision making unless the choice is made between two alternatives of new products or brands which were launched very recently. There is a general opinion that, in case of the perpetual competitive struggle of existing brands and products, the favourite brands win.

When we look at the work of various authors, we find out that their definitions and understanding of a brand vary and sometimes complement each other. Vysekalová defines a brand as *„the thing that sells; the thing which constitutes the relationship between the product and the consumer; a guide to making the decision; a set of perceptions in the mind of the consumer and a bearer of the key values important to the consumer.”*<sup>1</sup> Vysekalová regards a brand as one of the phenomena influencing consumer and buying behaviour. Chernatony claims that *„a brand represents a significant entity, combining functional values based on the performance with emotional values.”*<sup>2</sup> By doing so, it divests the consumer of rational thinking about the

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<sup>1</sup> VYSEKALOVÁ, J.: *Chování zákazníka. Jak odkrýt tajemství "černé skříňky"*. Praha : Grada Publishing a.s., 2011, p. 136.

<sup>2</sup> CHERNATONY, L.: *Značka: od vize k vyšším ziskům*. Brno : Computer Press, a.s., 2009, p. 33.

price or availability and exposes them to the loyalty to the brand they trust. Adamson complements both opinions on brand uniqueness and their ability to create consumer loyalty for products and services by stating it is a „*promise which links the product or service with the consumer.*“<sup>3</sup> In their definition of the term brand, the American marketing association state that “*it is a name, term, design, symbol, or any combination of these features. Its purpose is to identify one seller's goods or service (or a group of sellers' goods or service) as distinct from those of competing sellers or group of sellers.*“<sup>4</sup>

There are several opinions on how a brand should be developed, one of them claiming that a brand should be distinguished from other rival brands as much as possible. The other opinion presents a contrasting view saying that a brand should be similar to the others, so that the customer is able to easily recognise the brand (or a new product) and categorize it.

Magritte studio, a Slovak advertising agency, decided to make an experiment and test both of these opinions. During the period of two days, it rented a stall in a shopping centre in Bratislava. On the first day, the product was sold to customers in its standard packaging and context, whereas on the next day, the product was assigned a new brand as well as packaging, which was atypical for the particular industry. During the experiment, the place, time, sales assistant, product and its price remained unchanged. The product in question was loose tea. The only features which were altered were the packaging design and branding (the story and the outfit of the sales assistant). The agency focused on measuring the sales, the number of times a customer stopped by the stall and the age and gender of the customers. The comparison of both days with a change in packaging is shown in Picture 1.



**Picture 1: Comparing two days of experiment – influence of brand and packaging when selling**  
Source: GAJDOŠ, O.: *Výsledok druhého experimentu: originálna značka je výhoda aj riziko.* [online]. [2016-10-23]. Available at: <<http://www.magrittstudio.sk/blog/vysledok-druheho-experimentu>>.

<sup>3</sup> ADAMSON, A. P.: *Jednoducho značka/Brand Simple.* Bratislava : Eastone Books, 2011, p. 3.

<sup>4</sup> VYSEKALOVÁ, J.: *Chování zákazníka. Jak odkrýt tajemství "černé skříňky".* Praha : Grada Publishing a.s., 2011. p. 136.



Following the experiment, the results were evaluated by the advertising agency. The product whose packaging fitted the industry standard had shown regular sales with a high conversion rate. Nonetheless, it was 63% lower than the sales of the product with atypical branding. In contrast, the sales of the product with atypical branding were more irregular, but eventually it piqued higher interest and resulted in more visits from the customers. Although it had a lower conversion rate, the total count of products sold was higher. The applicability of marketing when selling products shows that untypical packaging and original branding may result in the product being significantly more successful, although it might take more effort and work. The customer becomes attracted but it is still necessary to win their trust and convince them to take a risk. The resulting benefit will manifest itself after some time in the form of successful sales and customer loyalty.<sup>5</sup>

Kusá et al. also deal with consumer behaviour and decision making.<sup>6</sup> We also discuss the topic of how the price stimuli influence consumer decision making in other papers.<sup>7</sup> A lot of authors consider the influence of brands as manipulating the customer. For instance, in her studies, Koszembar-Wiklik deals with the phenomenon of manipulation, which she considers to be an important element of advertising and communication strategy in business and in the market for goods and services.<sup>8</sup> Marketers are able to answer the question of which brands become market leaders. However, there might be a more important question for designing strategies of less popular brands and that is the question why they win and whether it is the product brands themselves (in this case meaning the design, logos and names) which influence the consumer in their final decision making.

## 2 Research methodology

The aim of this article is to highlight the influence of the brand on consumer decision making in the buying process. In order to meet this objective, we make use of primary data collected in a consumer survey which we carried out in the form of an experiment.

Within the research part of analysing the influence of the brand on consumer decision making we decided to conduct a laboratory experiment using a questionnaire survey. The experiment was carried out on university grounds at the Faculty of mass media communication in Trnava. In it, we offered two types of sweetened beverages – 2 substitute brands. The experiment consisted of one control and two experimental groups (see Picture 2). The designs for each day of the

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<sup>5</sup> GAJDOŠ, O.: *Výsledok druhého experimentu: originálna značka je výhoda aj riziko*. [online]. [2016-10-23]. Available at: <<http://www.magrittestudio.sk/blog/vysledok-druheho-experimentu/>>.

<sup>6</sup> KUSÁ, A. et al.: *Spotrebiteľ a spotrebiteľské správanie v kontexte psychológie a sociológie trhu*. Trnava : FMK UCM in Trnava, 2015, p. 123.

<sup>7</sup> For more information, see: KRETIKOVÁ, E., FAŠKOVÁ, V.: Influence of Behavioural Economics and Psychology on Consumer Decision Making Process in Marketing Communication. In *ICASSR 2015, 3rd International Conference on Applied Social Science Research. Conference Proceedings*. Beijing, China : Atlantis Press, 2016.

<sup>8</sup> KOSZEMBAR-WIKLIK, M.: Controversial themes in advertisements: on manipulating the emotions of audiences and extending the boundaries of the social “taboo”. In *Communication Today*, 2016, Vol. 7, No. 1, p. 18-30.

experiment met the same criteria and were identical in all aspects which did not change throughout the duration of the whole experiment. The only thing which changed was the brand awareness as well as the individual tastes of the particular beverage experienced by the consumer. The duration of the experiment was one calendar year and it was repeated so as to eliminate the possibility of the accidental character of consumer responses as well as achieve higher reliability.

## What is the influence of the brand backed by advertising (or brand loyalty) on the consumer



**Picture 2: Control and experimental groups showing the influence of the brand on consumers**  
Source: Own processing.

The methodology of analysing the influence of the brand on consumer decision making is shown in Table 1. The main aim of the experiment is to find out how the buying behaviour of consumers changes depending on the influence of the brand.

**Table 1: Experimental background**

Type of experiment	<ul style="list-style-type: none"> <li>Quantitative primary research</li> </ul>
Sampling frame	<ul style="list-style-type: none"> <li>Population of the Slovak Republic aged 20-30 (generation Y)</li> </ul>
Sample size	<ul style="list-style-type: none"> <li>40 respondents per group (120 in total)</li> </ul>
Sampling	<ul style="list-style-type: none"> <li>Random sampling</li> </ul>
Time scale of the experiment	<ul style="list-style-type: none"> <li>4.11. 2015 – 4.11.2016</li> </ul>
Method	<ul style="list-style-type: none"> <li>Experiment – survey</li> </ul>
Field data collection	<ul style="list-style-type: none"> <li>Carried out by the author</li> </ul>
Object of research	<ul style="list-style-type: none"> <li>Two brands of sweetened beverages – Kofola and Šofokola</li> </ul>
Fixed variables	<ul style="list-style-type: none"> <li>Place, time, volume of drinks, methodology.</li> </ul>
Variables	<ul style="list-style-type: none"> <li>Brand awareness and taste</li> </ul>

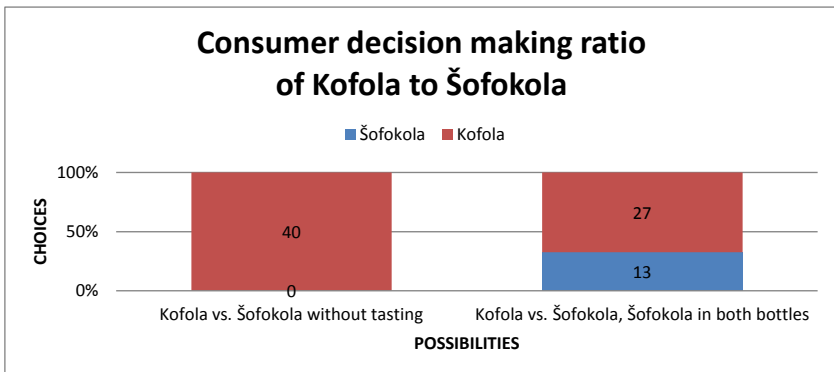
Source: Own processing.

In order to process the experimental data in this paper, we used a graphic representation of results in percentage terms. All the collected data was also statistically verified.

### 3 The experiment and its results

Within the control group, there were 40 respondents, who were shown two 2-litre bottles – one filled with a beverage which is sold under the name of Kofola and the other with a beverage which is sold under the name of Šofokola, both in their original packaging. The respondents were asked which drink they would buy if they were in a shop, providing both drinks were sold for the same price and had the same volume. Not having tasted the drinks (simulating real shopping), the respondents anonymously chose which beverage (brand) they would buy. In both experimental groups there were 40 participants, who were shown two 2-litre bottles of Kofola and Šofokola in their original packaging, one at a time. Later, they were poured a drink out of the bottles into a plastic cup to taste. They were then asked to choose the one they would buy providing the price of the same volume of the beverage was the same, not knowing that both of the samples they had tasted were actually identical. In the first experimental group, both bottles contained Šofokola, whereas in the second both bottles contained Kofola.

In the first chart, we compare the results from the control group and the first experimental group and the choice between the two sweetened beverages – Kofola and Šofokola. Both beverages are regarded as substitute products of two competitive brands on the market in Slovakia.

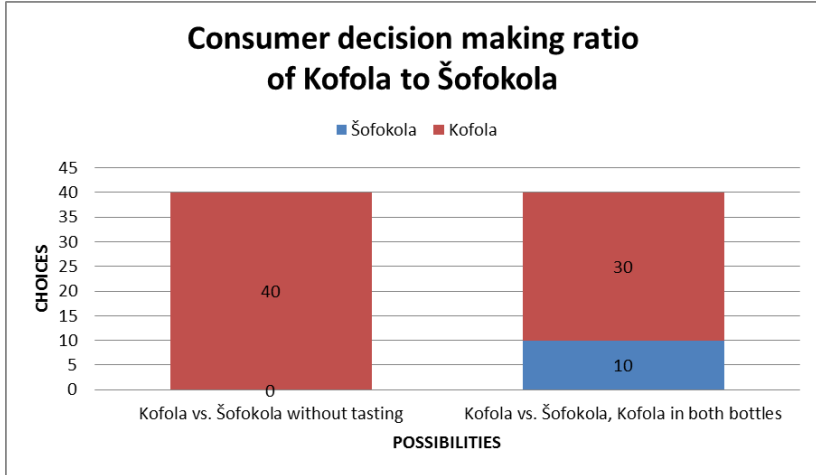


**Chart 1: Comparison of the results of the control group and the first experimental group**

Source: Own processing.

In Chart 1 we can see the real influence of the two brands on the consumer, where the influence of the Kofola brand is remarkable, as Kofola is promoted through year-round advertising, unlike Šofokola, which is not advertised at all. In the experimental group, the participants of the experiment were given a sample of Šofokola, but it was poured from two bottles, one in Kofola packaging and the other in Šofokola

packaging. In this case, we can observe the prevailing choice of Kofola although both of the bottles contained the same drink – Šofokola. The influence of the Kofola brand was confirmed. In the second chart we compare the results of the control group and the second experimental group in choosing between the two sweetened beverages of Kofola and Šofokola.



**Chart 2: Comparison of the results of the control group and the second experimental group**  
 Source: Own processing.

In Chart 2 we compare the same control group (see Chart 1) and the second experimental group. In this experimental group, the participants were also tasting two beverages poured out of two bottles as was the case of the first experimental group. This time, however, the drink which was poured out of the bottles for tasting was Kofola (which the participants did not know about). In the chart, we can see that the ratio of those participants choosing Šofokola and those choosing Kofola did not change to any significant extent. Despite the fact that the drink in the chart is different, we can see that the influence of the Kofola brand on the consumer is very strong, regardless of the taste of the fast-moving product.

**Conclusion**

The influence of the brand on the consumer is undoubtedly an essential factor to come into play while the buying decision is being made. The consumer is influenced by the brand purely in the context of its rivalry with its competition. In the paper, we discussed the experiment of a Slovak advertising agency which managed to identify the influence of the brand on the consumer carried out in a naturally occurring environment, using different packaging and branding and comparing the brand with its competing brand. Subsequently, we carried out a survey to measure the influence of the brand on the consumer, comparing a popular brand which is enhanced by advertising and a brand of the substitute product with no advertising.

Finally, having considered the results of the experiments and research, we are inclined to think that there is a strong influence on the buying decision of the consumer exerted by the brand, which can affect the choice of the consumer mainly when they behave, shop and buy under the influence of brand awareness (in the case of a brand backed by advertising) or the habit and experience with the brand. We tend to the opinion of J. Vysekalová, who defines the brand in close connection with the consumer, as the relationship between the product and the consumer, that is to say, the thing which sells.

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## INFLUENCE OF THE PARTICULAR BRAND ON THE CONSUMER BEHAVIOUR

*Andrea Kubelaková – Jana Rybanská – Ludmila Nagyová – Bohuš Kollár*

### **Abstract**

Many companies are able to build a very strong bond with consumers, allowing them to be one step ahead of the competition. The brand often means much more than the product itself. For building a really strong brand it is required to know the needs of the target group and to try to satisfy them. In current global society, consumers have not purchased a specific product based on quality, or on the basis of whether they need it. In a world of very strong competition, the brand has become the driving force of sales of consumer goods. Brands represent a guarantee of certain quality for customers. Brand value increases not only the benefit of the product itself, but also its attractiveness. The higher brand value is appreciated also by companies themselves because customers are willing to pay a bigger amount of money for the product or service. The most successful brands in the world have a common feature. They symbolize values and opinions of their customers and they successfully communicate them. The main aim of this paper is to show how the brand influences consumer behaviour of young people aged up to 29 years in Slovak Republic. Two well-known brands were chosen – Pepsi and Coca-Cola. Based on the results of the realised blind test, the results of previous studies of these brands were confirmed. We found out that the brand name is stronger than the sensory inputs and it can as well provoke a strong emotional experience. It was confirmed that Coca-Cola is more favourite than Pepsi.

### **Key words:**

Blind test. Brand. Branding. Brand preferences. Emotional bond. Emotional experience. Consumer. Consumer behaviour.

## **1 Introduction**

A consumer and his behaviour is affected by many factors during the buying process. The buying process in many respects depends on individual preferences, consumer perceptions of the product, his reference groups, and also on the environment in which he lives and realizes his purchase. One of the dominant factors which influence consumers and their behaviour related to products and services is the brand. In current global society, consumers have not purchased a specific product based on quality, or on the basis of whether they need it. In a world of strong competition, the brand has become the driving force of sales of consumer goods. The brand is a very significant factor, the principle of which is the formation of associations in the consumer's mind about who he is going to become when he buys a selected product. Coca-Cola and Pepsi are nearly identical in chemical composition, yet humans routinely display strong subjective preferences for one or the other. This simple observation raises the important question of how the brand combined with content to shape our perceptions.

The preciousness and prestige of brands is the result of longitudinal work of the companies with innovations, advertising and other forms of promotion, effective strategy of building the market position, and also the quality of products. In the power game for customers very often a small detail decides which brand the consumer will choose. In the process of buying, the consumer is frequently driven by emotions that influence him. Vision, hearing, taste, smell and touch are receivers that cause that the consumer can perceive stimuli. These impulses are transmitted to the brain and subsequently the brain sends further signals to our body that we call

feelings and emotions. Nowadays, almost all manufacturers and distributors use mostly positive emotions in their marketing strategies and marketing communication, because they realize that it is emotions that sell their products. That is why, individual sensory inputs are sometimes contradicted and consumer chooses on the basis of which stimulus evoked a stronger emotion. The brand that brings the most of positive emotions can create the most powerful relationship with the customer, can change his perception and influence his buying behaviour.

## 2 Consumer or customer? And why the difference matters?

The consumer is the person who pays for the consumed goods and services. Consumers play a vital role in the economic system of the nation. In the absence of their effective demand, the producers would lack a key motivation to produce, which is to sell to consumers.<sup>1</sup> Any individual who purchases products or services for his personal use and not for manufacturing or resale is called a consumer. A consumer is the one who is the decision-maker whether or not to buy an item in the store or someone who is influenced by advertisement and other marketing activities. Every time someone goes to a store and buys a shirt, toy, beverage or anything else, they make a decision as a consumer.<sup>2</sup> The term customer refers to the person who orders, purchases and pays chosen products. The consumer is for example also a child for whom a mother purchases diapers. But he becomes a customer only after that he realizes a purchase on his own for the first time.<sup>3</sup>

The terms "consumer" and "customer" are often used interchangeably, but a consumer and a customer are not always the same entity. In essence, consumers use products and customers only buy them. A consumer may also be a customer and a customer can also be a consumer, but situations occur where this is not the case. In general, your marketing efforts should be geared toward the consumer, rather than the customer.<sup>4</sup> Now, there is a trend in marketing to individualize the concept of "A Consumer". Rather than generating broad demographic profiles and psycho-graphic profiles of market segments (which has been the norm), marketers are now starting to engage in personalized marketing, permission marketing, and mass customization. Marketers are paying close attention to consumer behaviour or to how potential buyers act when purchasing goods or services for personal consumption.<sup>5</sup> This new knowledge is used for placing products on the market not only by large multinational

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<sup>1</sup> Boundless. [online]. [2016-10-05]. Available at: <<https://www.boundless.com/marketing/textbooks/boundless-marketing-textbook/consumer-marketing-4/introduction-to-consumers-33/defining-consumers-173-1278/>>.

<sup>2</sup> Consumer Rights. [online]. [2016-10-05]. Available at: <<http://www.consumerrights.org.in/meaning-of-consumer.htm>>.

<sup>3</sup> KOMÁRKOVÁ, R. et al.: *Psychologie trhu*. Praha : Grada Publishing, a.s., 1998, p. 29.

<sup>4</sup> JOSEPH, CH.: *Customer and Consumer Definitions*. [online]. [2016-10-05]. Available at: <<http://smallbusiness.chron.com/customer-consumer-definitions-5048.html>>.

<sup>5</sup> Boundless. [online]. [2016-10-05]. Available at: <<https://www.boundless.com/marketing/textbooks/boundless-marketing-textbook/consumer-marketing-4/introduction-to-consumers-33/defining-consumers-173-1278/>>.

brands and private labels<sup>6</sup> but also by small domestic brands. They're trying to create a bond with consumers and gain their loyalty.

### 3 Consumer behaviour and brands perception

Consumer behaviour is a rapidly growing field of study. This term means more than just how a person buys products. It is a dynamic, complex and multi-dimensional process and reflects the totality of consumers' decisions with respect to acquisition, consumption or use and disposal activities. Consumers exhibit very significant differences in buying behaviour and play an important role in local, national or international economic conditions. One of the aspects common to all of us is that we are all consumers. The main reason for a company to come to the marketplace is to find consumers who have unfulfilled or only partially fulfilled needs. No matter who we are, urban or rural, male or female, young or old, rich or poor, educated or uneducated, believer or non-believer, or whatever - we are consumers. The consumption related behaviour influences the development of technology and introduction of new and improved products and services.<sup>7</sup>

**Table 1: Factors influencing the consumer behaviour**

Social and Cultural Factors	Social Influences	Individual Influences	Psychological Factors
Culture Sub-culture Social class	Family Family life cycle Reference groups	Job Income Personality Values Lifestyle	Motivation Perception Learning Attitude

Source: KULČÁKOVÁ, M., RICHTEROVÁ, K.: *Spotrebiteľské správanie (Vybrané kapitoly)*. Bratislava : Ekonóm, 1996, p. 7.

A final purchase decision is the result of each of above mentioned factors (Table 1). An individual consumer is led by his culture, his subculture, his social class, his membership groups, his family, his personality, his psychological factors, etc., and is influenced by cultural trends as well as by his social environment<sup>8</sup>. The perception of consumers is very important as well. The perception is the organisation, identification, and interpretation of sensory information in order to represent and understand the environmental clues. All perception involves signals in the nervous system, which in turn result from physical or chemical stimulation of the sense organs. Perceptual constructs are generally multidimensional, integrating multiple physical and cognitive dimensions to generate coherent behavioural preferences. In sensory processing, the idea of multidimensional integration has long been used to

<sup>6</sup> KOŠIČIAROVÁ, I., NAGYOVÁ, L.: *Private label: the chance how to increase the consumer's interest in a proper retail chain*. [online]. [2016-10-05]. Available at: <<http://www.icabr.com/fullpapers/icabr2014.pdf>>.

<sup>7</sup> SATISH, K. B. et al.: *Consumer behaviour*. India : Excel Books, 2009, p. 4.

<sup>8</sup> *The consumer factor*. [online]. [2016-10-5]. Available at: <<http://theconsumerfactor.com/en/4-factors-influencing-consumer-behavior/>>.



frame a range of questions about cross-modal interactions in physiological and behavioural responses.<sup>9</sup>

The importance of the brand has changed significantly in recent years. The brand is no longer used only to differentiate itself from the competition but it also has a more important role - to influence the consumer behaviour. The American Marketing Association defines a brand as a "name, term, sign, symbol or design, or a combination of these terms that are used to identify products and services of one or more sellers and to differentiate them from the competition".<sup>10</sup> The brand has an enormous importance not only for the consumer but also for the company. It helps the consumer to better understand product categories, identify the manufacturer and then assign specific responsibility for the quality, usefulness, and overall satisfaction with the product. The consumer behaviour is also influenced by the experience with the particular brand that is either positive or negative.<sup>11</sup> Branding as a process of brand building changes common commodities to specific and desirable products. In the perception of consumers, branding adds a value to these products and increases consumers' willingness to pay more for them. Only a few companies manage to establish a strong relationship and bond with their customers and these companies then benefit from the weakness of others. The brand is much more than the product itself. It includes the environment, communication, as well as attitudes and behaviour of its representatives. If the process of brand building is not controlled, it develops randomly and often creates a confusion in the consumers' minds.

Building a successful brand requires an absolute understanding of the needs and desires of the target group. Every marketing decision, which is applied on the market, has its impact on the brand. All features of design, graphic representation, used colour scale, used language and the presentation of the company interact in branding. It is therefore extremely important to speak the same language, use consistent strategy and tactics, which underlines the desired brand perception at every single contact with the public.<sup>12</sup> Strong brands are finding the journey to the mind but also to the heart of potential customers. They embody personal beliefs, they are a sign of what consumers are looking for, whether it's beauty, pride, a sense of freedom, life attitude or style. If the choice of a particular brand gives the customer a good feeling and brings some experience, it gives diversity and depth of brand experience.<sup>13</sup>

The term "brand equity" describes the value of a well-known brand. It is based on a principle that a well-known brand generates higher profits than less known brands or no-name products. The brand is the most valuable asset that a company can possess. Brand equity is a factor that can increase the financial value of the brand.<sup>14</sup> Brand equity is the added value that the brand lends to the product. The product is something that offers financial benefits. The brand is a name, symbol, design, or

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<sup>9</sup> McCLURE, S. M. et al.: Neural Correlates of Behavioral Preference for Culturally Familiar Drinks. In *Neuron*, 2004, Vol. 44, No. 2, p. 379-387.

<sup>10</sup> KELLER, K. L.: *Strategické řízení značky*. Praha : Grada Publishing a.s., 2007, p. 800.

<sup>11</sup> NAGYOVÁ, L. et al.: *Marketing*. Nitra : Slovenská poľnohospodárska univerzita v Nitre, 2015, p. 233.

<sup>12</sup> ŠKUTKOVÁ, J.: *Budovanie značky*. [online]. [2016-10-05]. Available at:

<<http://www.marketingovo.sk/products/budovanie-znacky/>>.

<sup>13</sup> Ibidem.

<sup>14</sup> *Datamar*. [online]. [2016-10-05]. Available at: <<http://www.datamar.cz/wysiwyg/Brand%20equity.pdf>>.

assessment, which increases the value of the product beyond the functional purpose.<sup>15</sup> Brands represent a certain guarantee of quality for the consumers. Brand value increases not only the benefit from the product itself, but also its attractiveness. Higher brand value is appreciated also by the company itself because customers are willing to pay more for the particular product or service.<sup>16</sup> The most successful brands in the world have a common feature. They symbolize values or opinions of their customers. The fact that we possess a product of particular brand say something about us and our perception.<sup>17</sup>

### 4 Pepsi vs. Coca-Cola

In 1975, Pepsi came up with a campaign called "Pepsi Challenge". Thousands of consumers were involved in blind testing. They were given two unmarked beverages and they were asked to decide which beverage has a better taste. In the 80s the Pepsi managed to beat the competitors and was on the top of the list. Also some European countries were already involved in blind testing. For example, last year the campaign took place in Poland, where more than 140,000 people tasted beverages. The taste of Pepsi was preferred by 60% of respondents. In Russia, around 845,000 consumers were involved in testing and the result was very similar. In Romania, with the participation of 104,000 consumers, Pepsi gained 62%<sup>18</sup>. Recently, the Pepsi Challenge took place also in the Slovak and Czech Republic during the summer holiday 2016. Pepsi organized roadshows on selected festivals, sport events or in frequented localities. The main idea of the challenge was to make people choose a drink on the basis of their taste preferences and not on the basis of another factors and marketing activities.

S. McClure et al. in 2004 found out that Coke and Pepsi are special in that, while they have very similar chemical composition, people maintain strong behavioural preferences for one over the other. They initially measured these behavioural preferences objectively, by administering double-blind taste tests. They found out that subjects split equally in their preference for Coke and Pepsi in the absence of brand information. When subjects had information about brand, they preferred the Coke.<sup>19</sup>

Neuroscientist Read Montague carried out the research also in 2004. Volunteers were scanned by functional magnetic resonance imaging (fMRI), which can identify activity in different parts of the brain, while they blindly drank either Coke or Pepsi and told scientists which they preferred. The results show that different parts of the brain light up, depending on the type of cola drink being drunk. He considers Coca-

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<sup>15</sup> FARGUHAR, P. H.: *Managing Brand Equity*. New York : Free Press, 1989, p. 24-33.

<sup>16</sup> NAGYOVÁ, L. et al.: *Marketing*. Nitra : Slovenská poľnohospodárska univerzita v Nitre, 2015, p. 236.

<sup>17</sup> ŠKUTKOVÁ, J.: *Tajomstvo silných značiek*. [online]. [2016-10-05]. Available at: <<http://www.marketingovo.sk/products/tajomstvo-silnych-znaciek/>>.

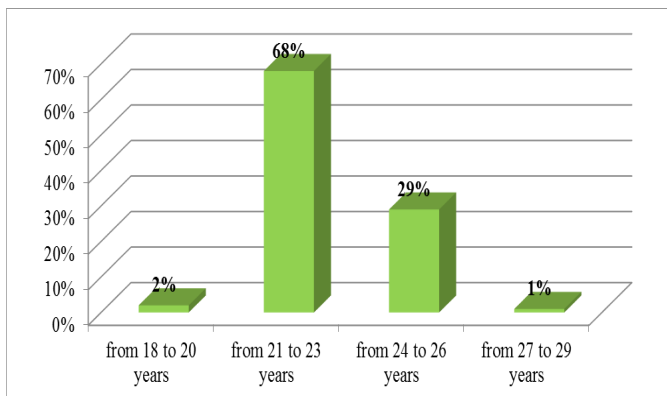
<sup>18</sup> *Pepsi alebo Coca-cola. Slováci rozhodnú, ktorá chuť najviac*. [online]. [2016-10-05]. Available at: <http://strategie.hnonline.sk/media/783050-pepsi-alebo-coca-cola-slovaci-rozhodnu-ktora-kola-chuti-viac>>.

<sup>19</sup> McCLURE, S. M. et al.: Neural Correlates of Behavioral Preference for Culturally Familiar Drinks. In *Neuron*, Vol. 44, No. 2, 2004, p. 379-387.

Cola drink to be more favourite than Pepsi.<sup>20</sup> Many others experiments were conducted during the decades. Among other things, while Coca-Cola is more often associated with burgers and french fries, Pepsi leans toward pizza. A similar analysis of alcohol brands revealed that while Coke dominates the Jack Daniels association, Pepsi has a comparative advantage with Appleton's Rum.<sup>21</sup>

### 5 Data and methods

The main aim of this paper is to show how the brand influences consumer behaviour of young people aged up to 29 years in Slovak Republic. Based on the secondary data, it is well known that consumer behaviour of young people is often influenced by various factors, by attitude toward the brand or the company, as well as by a set of different marketing tools of selected company. In order to obtain primary information a questionnaire survey together with the blind test were conducted. The questionnaire survey was used to find out which brand would consumers choose. The obtained data were verified by the use of blind test. The sample consists of 200 young people - university students - under the age of 29 years. The main reason of choosing only young adults to the sample is that young people are much more affected by factors such as advanced technologies, social networks, applications and the like. Young people are affected not only by modern technologies but also by the reference groups and the groups to which they belong or want to belong. The young consumer is forced to adapt to his environment which is also the reason why he buys brands that are already well-known in his groups, that has built the image. The largest group of the sample includes young people from 21 to 23 (66%) and the least numerous group of respondents are those from 27 to 29 (Chart 1).



**Chart 1: Sample of respondents**

Source: Own processing

<sup>20</sup> *Coke or Pepsi? It's all in the head.* [online]. [2016-10-05]. Available at: <<https://www.theguardian.com/world/2004/jul/29/science.research>>.

<sup>21</sup> LOVEJOY, J.: *Analysis: The Coke vs Pepsi Social Presence Showdown.* [online]. [2016-10-05]. Available at: <<https://www.brandwatch.com/blog/the-coke-vs-pepsi-social-presence-showdown/>>.

The questionnaire survey was conducted in the Slovak Republic during one month, specifically during the September 2016. Selected statistical methods were used, graphs and tables were used to show the findings. Assessment of the questionnaire survey was conducted with a graphical and tabular display and selected statistical methods. The main aim of the blind test was to find out if the answers of respondents in questionnaire correspond with their preferences of particular beverages. The object of the research were cola drinks without added sugar from the two largest world producers - Coca-Cola (Coca-Cola Zero) and Pepsi (Pepsi Max). Respondents were given two unmarked beverages in a blind test, they did not know which the Coca-Cola Zero is and which the Pepsi Max is. On the basis of taste, colour, smell and amount of bubbles, respondents decided which sample they preferred. Coca-Cola and Pepsi products were chosen for the research because both companies produce similar products.

### 6 Results

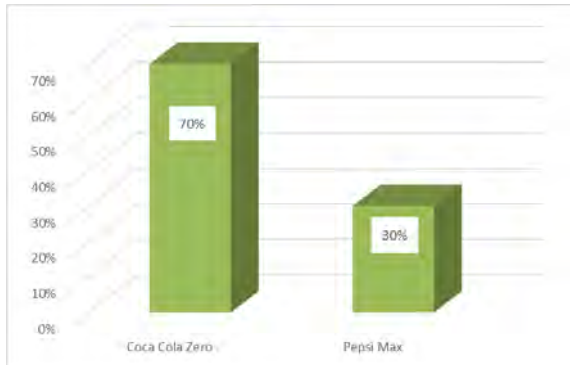
The brand as a factor significantly influences consumer in the buying process. For the consumer the brand provides basic information about the goods and establishes relations that affect the organization of ideas in the mind of a consumer during the purchase, affects consumer behaviour and decides whether the consumer buys the product or does not. By the suitable arrangement of marketing activities it is possible for companies to create associations through which the consumer is more prone to buy the particular brand. In the questionnaire survey we were interested in whether young people are influenced by a particular brand. Up to 77% of the respondents believe that brands affect their buying behaviour (Chart 2).



**Chart 2: Brand's influence on consumer behaviour**

Source: Own processing

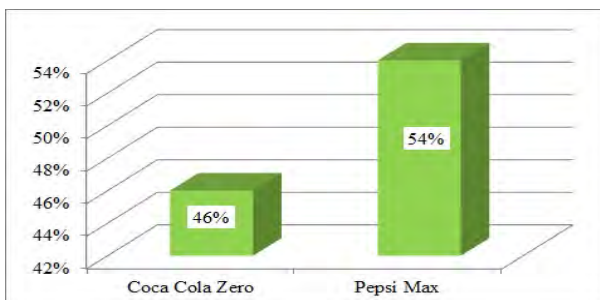
The questionnaire survey showed that if consumers have to decide between brands Coca-Cola and Pepsi, up to 70% of them would opt for Coca-Cola. This decision may be caused by the fact that Coca-Cola is more traditional and is already deeply embedded in the minds of consumers. The main element of the advertising campaign of Coca-Cola is a family, and family is the most important reference group, which since childhood influences consumer behaviour of its members (Chart 3).



**Chart 3: Selection of brands**

Source: Own processing

The results of the questionnaire survey showed a preference of the Coca-Cola products. Coca-Cola Zero is familiar to 91% of respondents while Pepsi Max is familiar only to 56% of respondents. Based on the answers of respondents we can assume that Coca-Cola is more familiar brand in the minds of consumers. This may be caused by its long history, longer performance on the market, but also by an appeal to the family as the first reference group, Coca-Cola is very often the first choice for young people in restaurants, discotheques or bars. Only a small number of respondents consumes regularly cola drinks without added sugar. Only 6% of respondents consume Coca-Cola Zero and 7% Pepsi Max. This may be caused by the higher awareness of healthy lifestyle among young people. Many of these respondents stated that instead of cola drinks they rather consume pure water or mineral water. Most respondents stated that they know cola drinks of other brands on the Slovak market and the most frequent answer was Kofola soft drink without sugar (74%). Kofola is the typical Slovak cola drink and has roots in this country. All 200 respondents who were involved in the questionnaire survey were also involved in the blind testing. Respondents were given two samples and they evaluated the taste, smell, colour and the amount of bubbles in drinks. Based on a blind test, 54% of respondents decided that Pepsi Max has better taste (Chart 4).



**Chart 4: Results of the blind taste test**

Source: Own processing

## CONSUMER AND BRANDING

We can conclude that from the sample of 200 respondents, more than 150 respondents stated that the brand has an influence on their buying behaviour. The blind test showed that on the basis of taste, colour, smell and the amount of bubbles, respondents would choose the different cola drink than they stated in the questionnaire. We can assume that this difference is caused by the strong influence of the brand and related marketing activities.

In order to prove statistically significant differences in consumers' preferences according to blind test the Wilcoxon Sign Rank Test is applied. It is the non-parametric test of null hypothesis that the medians of two paired samples can be considered equal. Results of the two-sided test are summarized in Table 2. If the p-value is less than  $\alpha = 0.05$ , the null hypothesis is rejected and it can be concluded that there is statistically significant preference of one brand among the consumers.

**Table 2: Wilcoxon Sign Rank Test for the medians of Pepsi Max and Coca-Cola Zero**

Category	Group		p-value	Category	Group		p-value
Taste	Age	18 to 20	0.2500	Smell	Age	18 to 20	0.5000
		21 to 23	0.3153			21 to 23	<b>0.0118</b>
		24 to 26	0.1409			24 to 26	1.0000
		27 to 29	0.2500			27 to 29	1.000
	Sex	Female	0.4096		Sex	Female	<b>0.0023</b>
		Male	0.4996			Male	0.1516
	Brand influence	Yes	0.8027		Brand influence	Yes	<b>0.0342</b>
		No	0.8714			No	0.6177
	Total		0.7110		Total		<b>0.0290</b>
	Colour	Age	18 to 20		1.0000	Bubbles	Age
21 to 23			0.1839	21 to 23	<b>0.0000</b>		
24 to 26			0.8555	24 to 26	<b>0.0012</b>		
27 to 29			0.2500	27 to 29	0.2500		
Sex		Female	0.1089	Sex	Female		<b>0.0000</b>
		Male	0.7905		Male		0.3240
Brand influence		Yes	0.3817	Brand influence	Yes		<b>0.0000</b>
		No	0.4545		No		0.0807
Total			0.2185	Total			<b>0.0000</b>

Source: Own processing

All groups of consumers rank the taste and the colour of Pepsi Max and Coca-Cola equally. The differences can be found in the categories smell and content of bubbles (Table 2). Furthermore, one sided test confirmed that consumers prefer the smell of

Pepsi Max and content of bubbles of Coca-Cola Zero. Among the groups of consumers:

- Women;
- consumers who claim the brand has influence on their behaviour and;
- the age group from 21 to 23 (and from 24 to 26 for the category content of bubbles) ranked the Pepsi and Coca-Cola differently.

In order to link the questionnaire and the blind test, the McNemar's test is used. The preference of the brand from the questionnaire and the actual preference from the blind test are compared for the equality of proportions. The proportions should be equal if the consumers choose according to their taste preference. If the null hypothesis is rejected, then the proportions are not equal and the consumers are influenced by the brand and other factors. Table 3 documents the results for the sample of 200 consumers. P-value is less than  $\alpha=0.05$ , hence the null hypothesis is rejected and it can be concluded that the consumers did not choose the same drink in questionnaire and in the blind test.

**Table 3: McNemar's test**

Questionnaire selection	Blind test selection		Total
	Pepsi Max	Coca-Cola Zero	
Pepsi Max	30	30	60
Coca-Cola Zero	78	62	140
Total	108	92	200
McNemar's chi2(1)			21.33
p-value			0.0000
Exact McNemar significance probability			0.0000

Source: Own processing

Further, the sample is divided into two groups – consumers who admit the brand influences them and the ones who claim that the brand does not influence them. McNemar's test is applied for each of these groups to confirm the statement of consumers (Table 4, Table 5).

**Table 4: McNemar's test – brand influenced sample**

Questionnaire selection	Blind test selection		Total
	Pepsi Max	Coca-Cola Zero	
Pepsi Max	16	22	38
Coca-Cola Zero	66	50	116
Total	82	72	154
McNemar's chi2 (1)			22.00
p-value			0.0000
Exact McNemar significance probability			0.0000

Source: Own processing

Given the p-value is less than  $\alpha=0.05$ , the proportions of consumers' choices do not equal and the brand really has the impact on the sample of consumers who admitted it (Table 4). Finally, the p-value of McNemar's test for the brand uninfluenced sample is greater than  $\alpha=0.05$  (Table 5). The null hypothesis cannot be rejected, which means that there is no significant difference in proportions of choices. Therefore, consumers' choices of brand from questionnaire match those from the blind test. The test proved that choices of the drink are based on the taste of consumers and probably not influenced by the brand.

**Table 5: McNemar's test – brand uninfluenced sample**

Questionnaire selection	Blind test selection		Total
	Pepsi Max	Coca-Cola Zero	
Pepsi Max	14	8	22
Coca-Cola Zero	12	12	24
Total	26	20	46
McNemar's chi2 (1)			0.80
p-value			0.3711
Exact McNemar significance probability			0.5034

Source: Own processing

## Conclusion

For the purposes of our research, the attention was focused on products that do not contain added sugar. Both companies, Coca-Cola Company and PepsiCo, know that human senses are receivers that make people perceive their environment. That is why they focus on the human senses and emotions in their communication policies. They know the best that emotions sell.<sup>22</sup> Based on a blind test, up to 58% of respondents chose Pepsi. We know several independent studies focused on Pepsi and Coca-Cola. In blind tests consumers always prefer Pepsi. They state that the taste of Pepsi is better. The neuromarketing research showed that the taste centre was much more active during the consumption of Pepsi beverages. When consumers knew what beverage they drank they preferred Coca-Cola. The neuro-scan of the brain showed that the knowledge that the consumer is drinking Coca-Cola caused that the centre of emotions was activated. Here we can see what a strong brand position the Coca-Cola built up in the minds of their consumers.<sup>23</sup>

In our research, we confirmed the results of previous studies and testing, mentioned in chapter 4. Many companies are able to build a very strong bond with consumers and thus they are a step ahead of the competition. The brand is often much more than the product itself. To build up a really strong brand requires to know the needs

<sup>22</sup> *Pepsi alebo Coca-cola. Slováci rozhodnú, ktorá chuť najviac.* [online]. [2016-10-5]. Available at: <<http://strategie.hnonline.sk/media/783050-pepsi-alebo-coca-cola-slovaci-rozhodnu-ktora-kola-chuti-viac>>.

<sup>23</sup> Ibidem.



of the target consumers and try to satisfy them. Strong brands make their way into the minds of consumers for a long time and very precisely. They are a sign of what the consumer is looking for, whether it's childhood memory, the feeling of freedom or lifestyle. If the consumer has the positive experience with the brand there is a chance that he will return to this brand and will become loyal. The brand can later bring back pleasant experiences and memories.

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## BRAND BUILDING AND ITS INFLUENCE ON CUSTOMER LOYALTY

*Alena Kusá – Diana Karaffová*

### **Abstract**

Brand Building Communications is a lifestyle that stands by its core value: to grow our clients businesses. Brands are psychology and commercially brought together as a promise mark as opposed to a trademark. Brand itself is today more important than anytime in the past. Not just for the companies to make money, but also for people to find an icon that they represent their expectations, brand that they can identify. As a result, brands must be fully engaged and actively involved in allowing their brands to grow into relevant destinations for consumers looking to solve particular needs – these are the ones that will win market share and continue to grow. Those companies that successfully build a higher number of positive emotional relationships with consumers will enjoy higher penetration and loyalty to keep and strength their position at nowadays changing market.

### **Key words:**

Brand awareness. Brand equity. Branding. Customer experience. Customer value. Loyalty.

### **1 Brand identity - what kind of identity we identify**

From the global perspective branding is also driven by world which has come online and there are many new markets and a growing middle class in places like India, China, Brazil, Russia, South Africa, Indonesia and in many more places. These consumers buy brands. They buy premium brands. Outcome from this is that the best branding today is based on a strong idea. A brand is an asset. Products have life cycles even today's tech word that make many of products alive only for a limited period of time (expect icons product). Brands outlive products. Brands are valuable, fundamental and essential. Branding is a lifestyle. The most valuable brand building occurs when all the other brand-building blocks are established. With true brand resonance, customer express a high degree of loyalty to the brand such that they actively seek means to interact with the brand and share their experiences with others. Firms that are able to achieve brand resonance should reap and host of benefits, for example better price premiums and more effective marketing programs. Brand building comprises of creating value to consumers that how consumers feel, think and know about your brand. According to many marketing authors theories including American Marketing Association a brand is a "name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers."<sup>1</sup>

The brand value nowadays is marginal part of their capital. What makes it valuable from a company perspective is that customers are willing to pay a higher price or are more likely to buy, which is also a message for investors they are willing to invest or buy a company. Therefore each year several list of rankings are released to see which brands dominate the global market.

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<sup>1</sup> KELLER, K.: Conceptualizing, Measuring, and Managing Customer Based Brand Equity. In *Journal of Marketing*, 1993, Vol. 57, No. 1, p. 54.

**Table 1: The most valuable brands globally - ranking**

Brand Value in 2016 source in billion USD						
Ranking	Brand	Brandirectory, Statista.com	Brand	Forbes	Brand	Interbrand
1	Apple	145,9	Apple	154.1	Apple	178,1
2	Google	94,2	Google	82.5	Google	133,3
3	Samsung Group	83,2	Microsoft	75.2	Coca-Cola	73,1
4	Amazon	69,6	Coca-Cola	58.5	Microsoft	72,8
5	Microsoft	67,3	Facebook	52.6	Toyota	53,6
6	Verizon	63,1	Toyota	42.1	IBM	52,5
7	AT&T	59,9	IBM	41.4	Samsung	51,8
8	Walmart	53,7	Disney	39.5	Amazon	50,3
9	China Mobile	49,8	McDonald's	39.1	Mercedes-Benz	43,5
10	Wells Fargo	44,2	GE	36.7	GE	43,1

Source: *Product Branding Strategy Across Multiple Platforms*. [online]. [2016-10-10]. Available at: <<http://www.howdesign.com/product-branding/>>; *The most valuable brands of 2016*. [online]. [2016-10-10]. Available at: <[http://brandirectory.com/league\\_tables/table/global-500-2016/](http://brandirectory.com/league_tables/table/global-500-2016/)>; *The most valuable brands of 2016*. [online]. [2016-10-10]. Available at: <<http://www.forbes.com/powerful-brands/list/#tab:rank>>; *Global 500 2016*. [online]. [2016-10-10]. Available at: <[http://brandirectory.com/league\\_tables/table/global-500-2016/](http://brandirectory.com/league_tables/table/global-500-2016/)>; *Brand value of the 25 most valuable brands in 2016*. [online]. [2016-10-10]. Available at: <<https://www.statista.com/statistics/264875/brand-value-of-the-25-most-valuable-brands/>>.

As it seen, each study uses a different method and figures to each list. All rankings agreed that the most valuable brand in the world is Apple (the sixth straight time Apple has finished first mostly in Forbes), followed by Google. The other brands are mostly the same, however some of them are placed in only one of the rankings. Within the first 10<sup>th</sup> most valuable brands there are at least 5 brands appearing in all studies. All come from technology segment proving the domination and strengthens of the tech companies. Coherence between brand valuation and financial results comes in hand with revenues, but not only with the company size. Excluding the biggest companies' brands e.g. Walmart, Apple or Toyota (retails companies) proving that strong brands are strongly profitable.

**Table 2: The most valuable brands globally**

List of the largest companies by revenue		
ranking	Brand	Revenue (USD billions)
1	Walmart	482,3
2	Stade Grid	329,6
3	China National Petroleum	299,3
4	Sinopec Group	294,3
5	Shell	272,1
6	Exxon Mobil	246,2
7	VW	236,6
8	Toyota	236,6
9	Apple	233,7
10	BP	225,9

Source: *The biggest companies in the world in 2016*. [online]. [2016-10-10]. Available at: <<http://www.telegraph.co.uk/business/2016/07/20/revealed-the-biggest-companies-in-the-world-in-2016/>>.

Assets, revenue, and expenditure can easily be valued on a balance sheet, but sometimes an organization's biggest asset can be the hardest to put a price tag on. Although brands that currently have low levels of capital may seem an unlikely choice for investment, their long-term development, sustainability and competitive positioning are what really matter. Investors nowadays move beyond the traditional balance sheet-focused and backward-looking approach to include investing in businesses with strong brands. It proves some recent examples of startups like AirBnB, the service that helps people rent out their rooms to travelers, was recently valued at \$1.3 billion. Landmarks in this story are the fact, that the founders of AirBnB got their initial funding by selling their own brand of cereal. It proves the strong potential of this company.<sup>2</sup> Looking at the brand names, it necessary to differentiate brand categories. Common interpretation of many marketers says that there are three popular brands known:

- Retail brand;
- Product brand;
- Service Brand.

**1. Retail/Company brand** - this brand is built on a mixture of products and service experience. While all retailers constitute brands to some extent, some retail brands are strong, while many are not. Recognition and appreciation by consumers are the essential elements of a strong retail brand. Retail branding can be understood as a comprehensive and integrated marketing management concept, focusing on building long term customer loyalty and customer preference. All retail marketing instruments affect the retail brand, as illustrated by the notion of the comprehensive retail brand image, which is made up of a universe of interconnected associations.

Table 3: Comparison product vs. brand

BASIS FOR COMPARISON	PRODUCT	BRAND
Meaning	A product is an item ready for the market as a commodity.	A brand is something which distinguishes a product from other products in the market.
What is it?	A product is what people need.	A brand is what people want.
Uniqueness	A product can be easily copied.	A brand has a distinguished identity, that cannot be copied (but many brands are counterfeiting)
By whom is created	Manufacturers	Customers (influencers)
Possibility of replacement	Yes	No
Main purpose	A product performs the functions.	A brand offers value.
Appearance	A product may be tangible or intangible (or service).	A brand is intangible.
Timeline	A product can be outdated after some time.	Brand remains forever.

Source: Own processing

<sup>2</sup> 9 Of The Craziest Things Founders Have Done To Make Their Startups Successful. [online]. [2014-07-10]. Available at: <<http://www.businessinsider.com/crazy-things-founders-have-done-to-make-their-startups-successful-2014-7#the-founders-of-airbnb-got-their-initial-funding-by-selling-their-own-brand-of-cereal>>.

Achieving differentiation mainly within product brand (in consumers' minds) is a central characteristic of a brand. Higher levels of differentiation from the competitor are expected to lead to higher profitability. Only brands that are well distinguished from their competitors can build up long-term customer loyalty and avoid store switching by the consumers.<sup>3</sup>

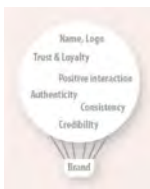
**2. Product brand** – occasionally when it discussed about the specific product and its built on experience. There are several statements about product branding definition because branding triggers an emotional connection in consumers, so it's difficult to settle on one product.<sup>4</sup> We know that it depends how product interacts with its consumer audience through design, logo, and corporate communication. If done well, product branding can be maintained and produce a solid, well-connected connection throughout the life of the product. Situation has been changing dramatically with the raising influence of new media, licensing and social media, where the “message” might be communicated via the audience and not the expert branding professionals. As the product itself is more created by the company a brand is built by the people using them.

**3. Service brand** – the service brand represents a service providing organization. These can have their organizations or be part of a company brand. The main difference between the brand product and the service brand is that service brand is built on the first impression, knowledge and unique experience that one has with the service delivering company, agency or individuals. At the same time the person providing a service support (or not) the company brand. In this case the service brand benefits from the organization of the company brand. This depends on the personality of each individual, and how they can implement themselves to strengthen the service brand. As the customer experience is getting more and more important for the company success, quality of service must be in line with company brand proclaiming the same values.

## 2 Key criteria for brand building

The brand is an essence. It's not just a name, trademark, logo, package, or a product. A brand is a collection of thoughts + feelings, about people's experiences with it. Experiences with brand can be also called as a touch points. This marketing jargon says that it's a moment (time and place) when the brand comes in contact with audience.

### Key elements for building the brand equity



**Picture 1: Mixture of brand equity elements**

Source: Own processing

<sup>3</sup> KELLER, K.: *Building customer – Based brand equity: A blueprint for creating strong brands*. New York : Marketing Scient Insitute, 2001, p. 4.

<sup>4</sup> *Product Branding Strategy Across Multiple Platforms*. [online]. [2014-07-10]. Available at: <<http://www.howdesign.com/product-branding/>>.

The term mix indicates that the instruments or characteristics cannot be isolated. In order to be successful, all marketing measures must be coordinated to ensure a close fit with one another and that all measures convey the same brand message. Any inconsistency makes a brand image fragile and consumers strive for internal harmony in their knowledge and information (“theory of cognitive dissonance by Leon Festinger”),<sup>5</sup> creating coherence between all the different facets of the retail brand is crucial for success. In the publication *Crossing the Chasm*, Geoffrey Moore offers one way of formulating a brand positioning: for (target customer), who (statement of the need or opportunity), the XY (product name) is a something (product category) that (statement of key benefit also called a compelling reason to believe), unlike (primary competitive alternative), our product (statement of primary differentiation).<sup>6</sup> According to this above building a strong brand contains as follows:

- Brand meaning and definition, exposure, personalization and brand review;
- Establishing breadth and depth of brand awareness via mix of marketing and communication activities towards the target audience;
- Creating strong, favorable, and unique brand associations for customers (name, logo, tagline, affinity, personality, uniqueness).

Most of global brands follow the basic rules that made this brand recognizable: MC Donald is consistent with its M, uniqueness - Loreal – “You worth for it”, Coca Cola with its typical melody, logos of Apple, Facebook or Mercedes is so recognizable, that no additional words are needed, tagline of Nike – “Just do it” its also unmatched. Well-known brands has been forming for a years, however brand is sustainable and last forever. As depth of brand awareness refers to how easily customers can recall or recognize the brand, breadth of brand awareness refers to the range of purchase and consumption situations where the brand comes to mind.

To summary, building a strong brand with strong brand equity is seen as providing greater customer loyalty and less vulnerability to competitive marketing actions, larger margins as well as more favorable customer response increased marketing communication effectiveness, and licensing and brand-extension opportunities. And finally it helps to build a customer loyalty.

### 3 Building relationships with customer – customer loyalty

The ultimate goal of branding is loyalty. As a result a loyal audience seeks repeat brand experiences and recommend the brand to others. According some public studies including Kirk Philips who says that brand loyalty “drives up to 70% of all purchase decisions. Loyal customers on average are willing to pay a 20% premium for their brand of choice.”<sup>7</sup> Branding generates long-term results, but requires commitment to a long-term strategy. In traditional marketing we need to look at the customer value proposition (CVP), which means that company promises the value will be delivered and belief from customers that value will be experienced. To get there company has to build the relationship that customers have with the brand and the extent to which customers feel that they are “in synch” with the brand. It’s important

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<sup>5</sup> FESTINGER, L.: *A Theory of Cognitive Dissonance*. Chicago : Stanford University Press, 2016, p. 57.

<sup>6</sup> MOORE, A. G.: *Crossing The Chasm*. New York : Harper Business, 2014, p. 36.

<sup>7</sup> PHILIPS, K.: *9<sup>th</sup> brand criteria for brand essence*. [online]. [2015-03-15]. Available at: <[http://www.slideshare.net/kirkphillips/the-9-crit/73-9\\_the2009\\_Conrad\\_Phillips\\_Vutech](http://www.slideshare.net/kirkphillips/the-9-crit/73-9_the2009_Conrad_Phillips_Vutech)>.

to know how the various stages of consumer brand relationship are depth and breadth. We recognize depth and level of the activity engendered by this loyalty (e.g., repeat purchase rates, the extent to which customers seek out brand information, events, other loyal customers, etc). Depth of brand awareness refers to how easily customers can recall or recognize the brand. Breadth is an often-neglected consideration, even for brands that are category leaders. For many brands, the key question is not whether customers can recall the brand or not but, instead, where do they think of the brand, when they do think of the brand, and how easily and often do they think of the brand? In particular, many brands and products are ignored or forgotten at possible usage situations. Increasing the salience of the brand in those settings can be an effective means to drive consumption and increase sales volume. For example, a potentially effective strategy for sales growth for market leader Campbell's Soup might be to ensure that their customers think of the soup during possibly overlooked consumption opportunities. This brand resonance pyramid can be broken down into four categories according Kotler pyramid: identification, establishing, eliciting and converting,<sup>8</sup> but in meaning of the level of customer loyalty there are many other studies that describe those theories as followed:

- **Behavioral loyalty.** The first dimension of brand resonance is behavioral loyalty in terms of repeat purchases and the amount or share of category volume attributed to the brand. In other words, how often do customers purchase a brand and how much do they purchase? For bottom-line profit results, the brand must generate sufficient purchase frequencies and volumes;
- **Attitudinal attachment.** Behavioral loyalty is necessary but not sufficient for durability. Some customers may buy without a real need – buying for reasons such as because the brand is the only product being stocked or readily accessible, the only one they can afford to buy, and so on. To create resonance, there needs to also be a strong personal attachment too. Customers with a great deal of attitudinal attachment to a brand may state that they are “in love within the brand”, describe it as one of their favorite possessions, or view it as a “little pleasure” that they look forward to;
- **Sense of community.** The brand may also take on broader meaning to the customer in terms of a sense of community. Identification with a brand community may reflect an important social phenomenon whereby customers feel a kinship or affiliation with other people associated with the brand. These connections may involve fellow brand users or customers or, instead, may be employees or representatives of the company;
- **Active engagement.** Finally, perhaps the strongest affirmation of brand loyalty is when customers are willing to invest time, energy, money, or other resources into the brand beyond those expended during purchase or consumption of the brand. In this case, customers themselves became brand evangelists and ambassadors and help to communicate about the brand and strengthen the brand ties of others. Examples of brands with high resonance includes such brands as Harley-Davidson, Apple, NIKE and others.





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8 SRIVATSAVA, A.: *Brand Resonance Pyramid*. [online]. [2015-03-14]. Available at: <<http://marketinglessons.in/2015/03/20/brand-resonance-pyramid-philip-kotler-summary/>>.



# MARKETING IDENTITY

**Table 4: Case studies – Brand value successful stories**

BRAND	PROJECT	CHALLENGE/OBJECTIVE	ANALYSES METHOD	SOLUTION	RESULTS
	Replace of the loyalty program.	Known as 'World's Best Airline', however their loyalty program was unused and not profitable and missed opportunity. The aim was build a strong loyalty program for leisure and family customers	1. An analytical investigation using over three million customer transactions. 2. Identification of key benefits for each program to identify what matters most for different customer types.	Creating a long-term, sustainable solution for Marco Polo Club by employing a 'parallel-path' approach: replacing a club miles and sectors.	The revamped scheme uses club points to replace club miles and sectors, providing benefits and a customer experience more accurately aligned with customer profiles. Points are based on a combination of fare class, cabin and distance flown, and the program offers the most valued benefits for lower tiers (plus additional benefits for elite members). The new rewards program was rolled out in April 2016, and the company believes the redesigned program allows optimal rewarding of its most valuable customers, while providing the most important benefits to today's frequent flyers.
	How Coke Zone's customer loyalty scheme became the top grocery brand site in the UK	Communication with their customers on an individual basis to build loyalty, however had been tricky in the United Kingdom; Coca Cola was particularly challenged in managing a points-based loyalty program that used paper coupons and an inefficient points bank.	This revealed how the CC linked on-pack point codes to an engaging CC Zone rewards web site, becoming a key loyalty and becoming the most visited UK grocery brand site. 1. 10-second tag running at the end of all CC brands: spots on terrestrial channels in peak time, as well as digital channels including Sky 1. 2. Once registered, points could be redeemed for air items such as 2 for 3, 3:1 (blockbuster film rentals, CC branded items, or used to enter competitions to win bigger prizes, such as a 1000 shopping spree at ASOS.com, Samsung and a year's worth of downloads from iTunes), and encouraging young adults to register with Coke Zone.	Through the reward program, Coke Zone aimed to capture customer insights, encourage customer engagement and integrate with global CRM efforts.	1. CZ is now consistently the UK's no 1 Food & Drink brand website. 2. The site gets over 38 million Facebook fans and over 400,000 Twitter followers. 3. Monthly site stats show that dwell time av. 9 min., and prize draw entries total 116,497. 4. The website claimed the highest unique visitor nb. of any grocery brand web every month from October-to-December 2008, according Nielsen figures.
	Patagonia's common Threads initiative	Patagonia, an eco-friendly outdoor apparel company, realized that its customer needed more than just points and discounts from a loyalty program.	In comparison with eBay, it implemented the Common Threads Initiative in late 2011 to help customers real their happy durable Patagonia clothing online via Patagonia's website.	The Common Threads program builds on Patagonia's brand of sustainability and creating a high-quality product. Plus, it matches perfectly with the company's target audience by providing a value they know customers really care about.	The company launched the "\$20 Million and Change Fund" dedicated to investing in environmentally and socially responsible startups. 2.20 percent of engagement on their website increasing number of selling their winter collection
	The Fantasy Booth	Because lingerie is not a product people always wish to try on, shoppers are in constant browser mode where they find it difficult to make decisions.	Triumph created an interactive retail environment to solve that problem for them within the lingerie department of Selfridges store. The Triumph Essence Fantasy Mirror, housed in a specially designed Fantasy Booth. A video card invitation was sent out on the day itself digital escalator panels in tube stations set the Fantasy Forest scene, while window displays at Selfridges revealed the range on live models rotating slowly on music-box style plinths.	The Fantasy Booth enabled shoppers to experience the collection without removing any clothing and merged the online and offline worlds.	Around 125 consumers attended the launch event and a 50% uplift sales was achieved in the first week after campaign launched as well as more than 1600 app's during launch period

**Source:** *Driving true customer loyalty for Cathay Pacific Airways.* [online]. [2014-07-10]. Available at: <<https://www.prophet.com/impact/projects/cathay-pacific>>; *Case Study: How Coke Zone's customer loyalty scheme became the top grocery brand site in the UK.* [online]. [2014-07-10]. Available at: <[http://www.digitaltrainingacademy.com/casestudies/2012/02/case\\_study\\_how\\_coke\\_zones\\_cust.php](http://www.digitaltrainingacademy.com/casestudies/2012/02/case_study_how_coke_zones_cust.php)>; RATCLIFF, CH.: *Seven customer experience case studies that generated loyalty and ROI.* [online]. [2014-10-18]. Available at: <<https://econsultancy.com/blog/65668-seven-customer-experience-case-studies-that-generated-loyalty-and-roi/>>.

There are more success stories reflecting a raising level of customer loyalty towards companies. Another example, 2015 GfK analysis of more than 100 leading consumer packaged goods (CPG) brands in Germany found that brands with a higher penetration also enjoyed stronger (value-based) market shares and loyalty. It was also the case that brands with a higher penetration enjoyed better scores on some attitudinal brand measures.<sup>9</sup> This showed that under half (45% - from 2,217 German CPG brands) of the overall brand growth was explained by an increase in penetration (i.e. new customer acquisitions). The majority (55%) of brand growth, GfK concluded, was due to increased customer loyalty – made up of a 31% increase in loyalty intensity and a 24% increase in buying loyalty.

## Conclusion

Expanding companies' customer base and finding ways to increase companies' revenues from existing consumers is, undoubtedly, a good venture for any marketer, he allows, but those are only a part of the whole story. In a complex environment where

<sup>9</sup> *Loyalty drives brand growth.* [online]. [2015-06-09]. Available at: <[https://www.warc.com/LatestNews/News/Loyalty\\_drives\\_brand\\_growth\\_news?ID=37350](https://www.warc.com/LatestNews/News/Loyalty_drives_brand_growth_news?ID=37350)>.

many factors can affect a brand's top-line performance, the emotional quality of the relationships that a brand has with its customers is every bit as important as the number of relationships in general. It's quite obvious that successful brands requires more than a general approach to brand strategies that focuses on volume at the expense of the quality of customer relationships. Only brands that successfully build a higher number of positive emotional relationships with consumers will enjoy higher penetration and loyalty for a long time of their successful way at the market.

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## SLOVAK LOVEBRAND AND ITS MARKETING STRATEGIES

*Alena Kusá – Zuzana Záziková*

### **Abstract**

Particular chapters of the paper deal with such terms as a brand, a lovebrand or a lovemark. We are going to focus on specific models how to build a worldwide brand, which represents a complex procedure with detailed planning and strategic steps. Nowadays people are becoming sensitive to mistakes and flaws. Therefore businesses have to be really careful when opting for a specific policy. An international advertising agency has launched a model of a lovemark which we are going to describe in more detail. Finally we are going to introduce a Slovak brand with its unique product representing a lovebrand.

### **Key words:**

Brand. Identity of Brand. Lovebrand. Lovemark. Strategy. Tulibag.

### **Introduction**

In today's world there is a countless number of brands available in the market. People are able to choose from a wide range of products some of which are even identical. However, they differ by their own brand building, brand value and specific marketing strategies. Some brands have such reputation and value that their customers are willing to buy a specific product even at a higher price – it becomes a lovebrand. The majority of people have one or three brands as their lovebrand. In most cases these include even those brands customers cannot afford to buy at the moment but they want them, admire them and search any possible information hereon.

### **1 Brand vs. Lovebrand**

Today's market is saturated with brands in any industry as people differentiate competitive products or services on the basis of brands and their specific features. The term of a brand is commonly used among people, but from an expert point of view it is defined as a name, a term, a denomination, a symbol, a design or a combination hereof with the aim to identify products or services of one or more sellers and differentiate them in a competitive market.<sup>1</sup> Thanks to brands customers can consider certain products as more reliable, of a higher quality and more attractive than competitors' products. We may even assume that a brand helps perceive differences of a particular product and thus increase competitiveness of products. At the same time brands help customers limit a risk when doing their shopping because they buy a reliable brand with expected qualities.

The aim of a brand is to build its value and become a lovebrand for customers and thus gain a competitive advantage. The value of a brand itself can be defined as overall value of a brand name, symbols, associations or brand representation the way it is perceived by all target groups coming in touch with the brand.<sup>2</sup> Becoming

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<sup>1</sup> KELLER, K.: *Strategické řízení značky*. Praha : Grada Publishing, a.s., 2007, p. 33.

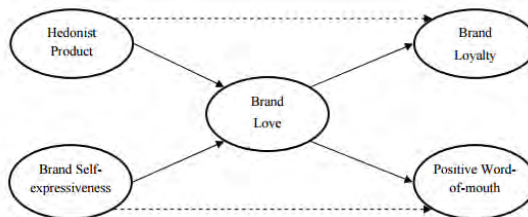
<sup>2</sup> HANZELKOVÁ, A. et al.: *Strategický marketing. Teorie pro praxi*. Praha : C.H. Beck, 2009, p. 67.

a household name for customers is a long-term process. Several elements of brand value have to be taken into account.

The elements for building brand value, as stated by Keller (2008), can be divided by their offensive and defensive role:<sup>3</sup>

- **Offensive role:**
  - being rememberable;
  - meaningfulness;
  - esthetics.
  
- **Defensive role:**
  - accuracy;
  - adaptability;
  - resistance.

A lovebrand is built on emotions, positive and open communication or personalities endorsing a brand and its creative design. A lovebrand can be defined as an emotional relationship of a satisfied customer towards a product, a service or a brand. In other words, it relates to passion for a brand, positive experience with a brand or declaration of love for a brand.<sup>4</sup> The authors Carrol and Ahuvia proposed a new model for lovebrands which includes the elements such as hedonism, brand self-expressiveness, brand loyalty or positive word-of-mouth. Hedonism and self-expressiveness of a brand are considered to be antecedents while loyalty and positive word-of-mouth as outcomes (see the Figure 1).



**Figure 1: Lovebrand model**

































Source: CARROLL, B. A.: Some antecedents and outcomes of brand love. In CARROLL, B. A., AHUVIA, A. C. (eds.): *Marketing Letters*. London, New York : Springer, 2006, p. 79-89.

Web Interband carries out annual research into the top world brands. It has presented the chart of 100 top brands for the year 2016. IT companies occupy the first places followed with favourite applications, drinks, cars or fashion brands.

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<sup>3</sup> For more information, see: KELLER, K.: *Strategic brand management: Building, measuring, and managing brand equity*. 3<sup>rd</sup> Edition. Upper Saddle River, NJ : Prentice Hall, 2008.

<sup>4</sup> AHUVIA, A. C.: Beyond the extended self: loved objects and Consumers' identity narratives. In AHUVIA, A. C. (ed): *Journal of Consumer Research*, 2005, Vol. 32, No. 1, p. 171-184.

01  <b>+5%</b> 178,119 \$m	02  <b>+11%</b> 133,252 \$m	03  <b>-7%</b> 73,102 \$m	04  <b>+8%</b> 72,795 \$m	05  <b>+9%</b> 53,580 \$m	06  <b>-19%</b> 52,500 \$m	07  <b>+14%</b> 51,808 \$m	08  <b>+33%</b> 50,338 \$m
09  <b>+18%</b> 43,490 \$m	10  <b>+2%</b> 43,130 \$m	11  <b>+12%</b> 41,535 \$m	12  <b>-1%</b> 39,381 \$m	13  <b>+6%</b> 38,790 \$m	14  <b>+4%</b> 36,952 \$m	15  <b>+48%</b> 32,893 \$m	16  <b>+4%</b> 30,948 \$m
17  <b>-3%</b> 25,052 \$m	18  <b>+9%</b> 23,034 \$m	19  <b>+8%</b> 23,990 \$m	20  <b>+2%</b> 22,681 \$m	21  <b>-4%</b> 22,106 \$m	22  <b>+13%</b> 21,293 \$m	23  <b>+3%</b> 20,260 \$m	24  <b>-10%</b> 19,950 \$m
25  <b>-3%</b> 18,358 \$m	26  <b>+8%</b> 17,834 \$m	27  <b>+19%</b> 16,786 \$m	28  <b>+6%</b> 16,134 \$m	29  <b>+4%</b> 15,333 \$m	30  <b>+8%</b> 15,099 \$m	31  <b>+3%</b> 14,227 \$m	32  <b>-6%</b> 13,136 \$m

Picture 1: TOP 32 world brands

Source: *Best Global Brands 2016 Ranking*. [online]. [2016-10-10]. Available at: <<http://interbrand.com/best-brands/best-global-brands/2016/ranking/>>.

## 2 Brand Equity Model

Professor Kevin Lane Keller elaborated a model known as Keller Brand Equity Model with the aim to build a strong brand in order to understand how customers think and feel in relation to particular products. Another step is to create a right type of experiences with a brand so as its customers have specific, positive thoughts, feelings, assumptions, opinions or ideas about a particular product.<sup>5</sup> The model represents a pyramid with answers to four basic questions customers are going to ask (mainly intentionally) about a brand itself:<sup>6</sup>

1. *Brand identity – Who are you?*
2. *Brand significance – What are you?*
3. *Answers to a brand – What do customers think about a brand and what do they feel?*
4. *Brand awareness – How many brand identifications would you like to reach?*

These four questions are sub-divided into further six sections which can help with brand development, i.e. salience, performance, imagery, judgements, feelings and resonance.

<sup>5</sup> *Keller Brand Equity Model*. [online]. [2016-10-10]. Available at: <<https://www.mindtools.com/pages/article/keller-brand-equity-model.htm>>.

<sup>6</sup> Ibidem.



**Picture 2: Brand Equity Model**

Source: Keller Brand Equity Model. [online]. [2016-10-10]. Available at: <<https://www.mindtools.com/pages/article/keller-brand-equity-model.htm>>.

Keller’s Brand Equity Model is also known as Customer-Based Brand Equity model (CBBE). Inside of the pyramid there is a model consisting of four layers which can help create a really strong and successful brand. The whole marketing team, which is beyond brand building, thinks over specific marketing activities, programmes and steps to become a lovebrand. Their main goal is to create positive thinking, passion for a brand and brand loyalty in customers’ minds. This process has been described by various authors yet not every model is applicable to each segment or product.

### 3 Lovemark Concept

The concept of Lovemarks was created by Kevin Roberts, CEO of the advertising agency Saatchi & Saatchi. He defines it as a concept based upon intimacy, sensual perception and secrecy. The chart below states basic differences between a brand and a lovemark.

BRAND	LOVEMARK
Information	Relationship
Recognized by Consumers	Loved by people
Generic	Personal
Presents a Narrative	Creates a Love story
The promise of quality	The touch of sensuality
Symbolic	Iconic
Defined	Infused
Statement	Story
Defined Attributes	Wrapped in Mystery
Values	Spirit
Professional	Passionately Creative
Advertising Agency	Ideas company

**Chart 1: Differences between a brand and a lovemark**

Source: BIHANI, K., WILLIAMS, K., GREEN, T.: *Lovemarks. The future beyond brands*. [online]. [2016-10-08]. Available at: <[http://www.slideshare.net/IA\\_Zappos/lovemarks-presentation](http://www.slideshare.net/IA_Zappos/lovemarks-presentation)>.

When assessing whether a product, a service, a person or a place is a lovemark, the advertising agency Saatchi & Saatchi applies a matrix with two variables. The main assessment criteria are a level of love and respect while both can be seen as high or low. The matrix consists of four quadrants:

- a brand – they are assessed but a customer can do without;
- an ordinary product – the product is not exactly what a customer is looking for but it is affordable;
- an extravagant product – it can be fashionable, funny and useful, but a customer is asking whether it is exactly what he/she needs to possess, he/she is hesitating about the purchase and therefore these products usually have a short life cycle;
- a lovemark – a customer is willing to invest more money in the purchase while being deprived of something else.



**Picture 3: Lovemark matrix**

Source: BIHANI, K., WILLIAMS, K., GREEN, T.: *Lovemarks. The future beyond brands*. [online]. [2016-10-08]. Available at: <[http://www.slideshare.net/IA\\_Zappos/lovemarks-presentation](http://www.slideshare.net/IA_Zappos/lovemarks-presentation)>.

#### 4 Lovebrand/lovemark in the Slovak environment

A lovebrand does not necessarily need to be a popular international brand or a company with various forms of communication and a big budget. Even a small company from Slovakia launching a unique product, filling a gap in the market and building passion and love of consumers towards its products can turn into a lovebrand. Kofola has been building its position of a lovebrand in the Slovak and Czech markets for many years. It is launching huge advertising campaigns with elements of emotions and humour, e.g. their latest communication campaign „Fofola“ where they created their own language „fofolish“ generating extreme success. In this paper we are going to deal with a sample of one Slovak brand which has become a lovebrand for many consumers and companies.

The brand Tulibag is a Slovak creative business which entered the market with unique sitting bags. These have won people’s hearts and the brand Tulibag has been a lovebrand since it was launched 10 years ago. Its customers mainly appreciate:

- product originality;



- product uniqueness;
- unique design;
- open communication;
- approach to customers;
- guarantee of quality.

Moreover the brand Tulibag filled the gap on the market as products made and designed in Slovakia are better perceived by consumers and add a competitive advantage to a particular brand. In the framework of the lovemark concept by Saatchi & Saatchi Tulibag firstly occurred in the quadrant of extravagance. Finally the brand has turned into a lovemark for the majority of consumers. Therefore we may assume that a brand can develop and build love and brand loyalty gradually in time.

Tulibag won valuable international awards which are presented on their web page:<sup>7</sup>

- Red Dot Award 2013;
- Nomination – German Design Award;
- Slovak Superbrands Award 2014;
- National Prize for Design 2013.

Tulibag designers even went further when in 2016 they opened Tulibag Cinema, which is the first weekend cinema furnished with tulibags. The idea seems to be original and playful (see the Picture 4). Tulibag Cinema is a part of the wellness and spa resort in Šamorín and it is the only cinema of its kind in Slovakia. However, its uniqueness and originality attracts attention even beyond our borders.



**Picture 4: Tulibag Cinema**

Source: MÖCIKOVÁ, R.: *Tulibag has its own cinema. Cuddling obligatory*. [online]. [2016-10-10]. Available at: <<http://strategie.hnonline.sk/marketing/825132-znacka-tuli-ma-svoje-kino-tulit-sa-v-nom-je-povinne>>.

## Conclusion

Any brand can possibly become a lovebrand or a lovemark. However, it is the role of the whole marketing team to reach this goal as it requires long-term marketing

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<sup>7</sup> *Tuli Ocenenia*. [online]. [2016-10-10]. Available at: <<https://www.tuli.sk/content/9-ocenenia>>.

strategies and detailed planning. It might happen that a brand turns from extravagance into a lovebrand. It is worth mentioning that perception of a brand as a lovebrand is rather subjective as it is influenced by person's environment, hobbies or interests. There are several brands in the Slovak market which people may consider as their lovebrands, e.g. Kofola, Rajo, Rajec or Tulibag. Especially in case of Tulibag we can see that a simple idea with interesting design and a sophisticated communication strategy can easily become a lovebrand.

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## IRRATIONAL COMPONENTS OF QUALITY – WHAT BIG BRANDS CAN AFFORD?

*Peter Madzík – Karol Čarnoguský – Alena Daňková –  
Milan Droppa – Jana Piteková*

### **Abstract**

The study deals with assessment of two quality components which influence customer buying behaviour. The first component is rational appraisal based on facts and quality objective criteria which in the theory of quality are known as inherent characteristics. The second component is irrational appraisal based of feelings, emotions, impressions and strong links between a brand and quality, i.e. assigned characteristics. To compare these two components, the study uses technical and market parameters of 14 worldwide most frequently sold smartphones in 2014. The 14 products are reviewed and a rational value of each of them is calculated by multi-criteria analysis. It was proved that rational value is in a strict contrast with the quantity of sold devices and this can be explained as a result of massive marketing communication of world-wide brands on the market. It was also confirmed by an executed correlation analysis which pointed out the fact that final products price is in a large extent influenced by assigned characteristics.

### **Key words:**

Apple. Customer buying behaviour. Smartphones. Quality assessment.

## **1 Introduction**

Under the influence of customers' requirements in market environment scientific and practical topics concerning quality are actual all the time. Quality influenced by acceleration of global processes (as well as other industries) went through important development in the last century. Approaches to quality were modified as time went on and depended on an actual society phase development. Concurrently with the above mentioned approaches also the definition of the term quality has been determined. From a relatively specific definition "quality as a degree of conformance to a standard",<sup>1</sup> to a relatively universal definition which perceives quality as „a degree of meeting requirements of all the parties involved“.<sup>2</sup> Although opinions on insufficient content features of the term quality might be found even now, a relatively significant part of scientific community agrees that under the term of quality primarily meeting requirements should be understood.<sup>3</sup>

In compliance with the definition various conceptions supported by relatively strong techniques and tools were determined, one of the best known being Six sigma primarily determined to assure production quality.<sup>4</sup> Possibilities of production rationalization regarding its effectiveness and efficiency were progressively developed since Taylorism through analytical and diagnostic techniques and

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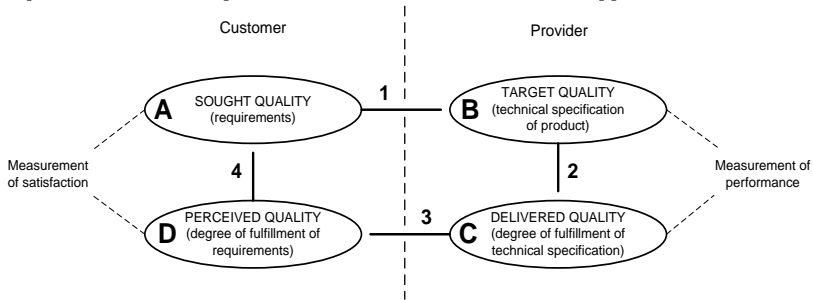
<sup>1</sup> DAVIM, J. P.: *Mechanical Engineering Education*. London : Wiley, 2012, p. 7.

<sup>2</sup> *Quality management systems. Fundamentals and vocabulary*. Brusel : CEN, 2005, p. 18.

<sup>3</sup> KLUTE-WENIG, S., REFFLINGHAUS, R.: Integrating sustainability aspects into an integrated management system. In *TQM Journal*, 2015, Vol. 27, No. 3, p. 303.

<sup>4</sup> CHIARINI, A.: Improvement of OEE performance using a Lean Six Sigma approach: An Italian manufacturing case study. In *International Journal of Productivity and Quality Management*, 2015, Vol. 16, No. 4, p. 417.

methods<sup>5</sup> to important progress in production automation. Basic logic of quality assurance process remained unchanged: To produce a product or provide service depending on customer's requirements regarding its efficiency and effectiveness. The process includes a lot of activities of an organization starting with customer requirements identification, their integration in the product and process proposal, to product delivery. Graphically the process might be depicted as so called "quality loop" which was developed within the service science, but its application is universal.



**Figure 1: Quality loop**

Source: HRNČIAR M.: *Kvalita služieb – trvalá výzva*. Žilina : EDIS - Vydavateľstvo Žilinskej univerzity v Žiline, 2014, p. 53.

In the figure 1 Sought quality (A) presents a set of expressed and hidden requirements (expectations, needs), which a customer has towards the product. They should be understood and integrated by the organization (relation 1) to technical specification – Target quality (B). Manufacturing of the product with defined specifications – i.e. without any non-conformances – is presented by the element Delivered quality (C). By comparison of elements B and C actual efficiency (output, capacity) may be monitored (relation 2, named as verification) supported by a relatively high number of industrial engineering techniques.<sup>6</sup> After product delivery (relation 3), the phase of reviewing (appraisal) emerges – Perceived quality (D) – and its result is a certain level or degree of satisfaction with the product (relation 4, named as validation). Technically oriented disciplines like industrial engineering, quality control, automation, etc. are more oriented to the right scheme side (provider), which is confirmed by a lot of studies aimed at quality management.<sup>7</sup> The left scheme side (customer) is in contrary more covered with socially oriented disciplines such as marketing, sociology or psychology.<sup>8</sup> But the studies dealing with TQM indicate that the process of quality assurance is a complex one and mutual cohesion of all organizational parts has an impact on final quality.<sup>9</sup>

<sup>5</sup> ŠLAICHOVÁ, E., ŠTICHHAUEROVÁ, E., TURČOK, L.: Application of linear programming method on selected examples from the enterprises. In *Applied Mechanics and Materials*, 2014, Vol. 693, No. 1, p. 202.

<sup>6</sup> LOPES SILVA, D. A. et al.: Quality tools applied to Cleaner Production programs: A first approach toward a new methodology. In *Journal of Cleaner Production*, 2013, Vol. 47, p. 177.

<sup>7</sup> LONGSTAFF, A. P. et al.: The role of measurement and modelling of machine tools in improving product quality. In *International Journal of Metrology and Quality Engineering*, 2013, Vol. 4, No. 3, p. 181.

<sup>8</sup> SAH, S., FUGH-BERMAN, A.: Physicians under the influence: Social psychology and industry marketing strategies. In *Journal of Law, Medicine and Ethics*, 2013, Vol. 41, No. 3, p. 666.

<sup>9</sup> ŽIŽKA, M., RYDVALOVÁ, P.: Influence of clusters on the intensity of innovation outputs. In *Amfiteatru Economics*, 2014, Vol. 16, No. 37, p. 998.

Customer satisfaction with a product is often related to perceived product value. Product value is the ratio between the benefits customers get when they utilize the product and the costs (economic, social, physical, etc.), necessary to get (acquire) it.<sup>10</sup> Under the assets a set of benefits is understood which is created by inherent and assigned characteristics.<sup>11</sup> Inherent characteristics means existing in something, especially as permanent characteristic (e.g. weight, abrasiveness, shape, etc.). The opposite of inherent characteristics there are assigned characteristics, which also influence perceived benefits (they might concern brand/product image, social status, references, etc.) Under practical conditions two mutually intersected trends aimed at getting maximum market benefit can be seen. The first one is market oriented direction whose goal is to “produce” an excellent product. The second one is on marketing oriented direction focused on “persuasion” of customer that our product is excellent. But as a matter of fact to achieve market success it not a must to meet both trends as examples from practice prove. The aim of the study is to review rational and irrational components of quality assessment (i.e. relation between inherent, assigned characteristics and price) which influences customers’ decision making in the dynamic smartphones market. The data reflecting parameters of worldwide in highest quantity sold mobile phones in 2014 are processed and the analysis of their perceived and real value is carried out.

## 2 Methodology

To research the topic a process depicted in the figure 2 was used. The topic was aimed at the mobile phones market and there were three sorts of data necessary to be processed empirically. The first source is presented by worldwide rankings of bestselling brands and mobile devices and based on it a list of devices or research subject was determined. The most frequent requirements and expectations concerning the devices were obtained and gathered from different customer forums (second source of information). The third source of information applied by the paper authors were official web sites of selected brands containing detailed specifications and parameters of particular devices.

After processing the data set consisting of 14 cases (mobile devices) and 11 variables (parameters) it was possible to research mutual variables correlations. There were variables of nominal or scale character while their measure was normed. To norm variables Z-score normalization was applied and the number 1 was assigned to the best nominal number. Also character of variables was considered i.e. whether the value is the highest (max) or the lowest one (min). For example, in the process of standardization of parameter “Antutu benchmark” – the device „Lenovo Vibe X2” reached the highest nominal value – 45874 points – and so standardized value of this parameter was 1. The device “iPhone 5S” reached “Antutu benchmark” parameter nominal value equal to 39172 points so its standardized nominal value was 0.85 (39172/45874). Inverted ration was utilized to process parameters having MIN character – for example nominal value 1 was assigned to the best price 107€ („Samsung Galaxy S4 Mini”) and the price 145€ („Xiaomi Mi 3”) was given the

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<sup>10</sup> HRNČIAR, M.: *Kvalita služieb – trvalá výzva*. Žilina : EDIS - Vydavateľstvo Žilinskej univerzity v Žiline, 2014, p. 36.

<sup>11</sup> *Quality management systems. Fundamentals and vocabulary*. Brusel : CEN, 2005, p. 18.

nominal value equal to 0.73 (107/145). Final data set went through several statistic procedures (see figure 2) and their aim was to research rational and irrational part of quality assessment and customers’ decision making (research object). Quantification of these two approaches at the end of the study enabled summary of some contextual implications which enhance opportunities for scientific and practical discussion.

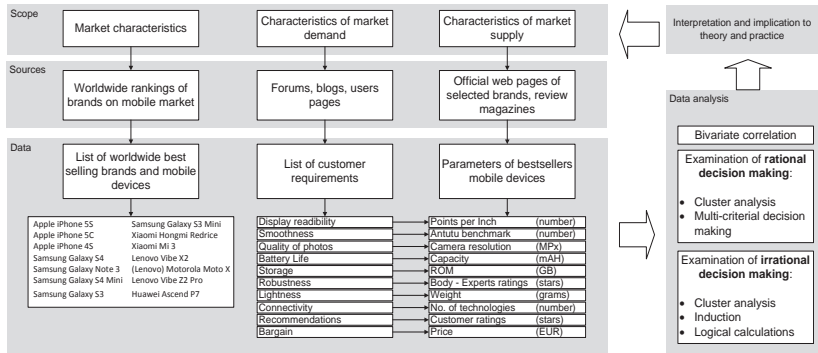


Figure 2: Research design  
Source: Own processing

### 3 Results

Price is a key source of information at any market. Price can influence the level of customer expectations significantly and is a critical factor influencing product perceived value. Under the ideal circumstances price should reflect quality – it means product inherent characteristics. That was why the authors researched intensity of mutual relations among all inherent and assigned characteristics of product. Assigned characteristics are marked with a star. The results may be seen in table 1.

Table 1: Results of bivariate correlation analysis

	Price nominal*	Connectivity	Weight	Body	Reviews*	ROM	Battery	Camera	Antutu Benchmark	PPI
Brand_Value*	,648	-,023	,203	-,142	,423	-,210	-,566	-,555	-,246	-,577
PPI	-,073	-,140	-,490	,226	,027	,679	,777	,833	,743	
Antutu Benchmark	,112	-,293	-,158	,452	,079	,693	,554	,660		
Camera	-,028	-,096	-,374	,191	,121	,547	,900			
Battery	-,161	,061	-,574	,139	,051	,598				
ROM	,169	,136	-,419	,142	,037					
Reviews*	,718	-,020	-,110	-,242						
Body	-,044	-,708	-,243							
Weight	-,136	,086								
Connectivity	-,185									

Source: Own processing

Intensity of mutual relations among variables is presented numerically by Pearson’s correlation coefficient and also a different data cell colour shade to achieve better

detail rendition. An interesting finding is that in “Price nominal” table column one can find high correlations for variables concerning assigned characteristics. It is possible to interpret the findings since the final price of these devices mostly results from non-material product or brand characteristics. From this point of view brand image is considered the key factor which determines price policy for individual market segments. Intensive relation between „Price nominal” and “Reviews” could be explained by the fact that product quality assessment is closely related to customers’ expectations. Expectations are strongly influenced by product price and it implicitly influences perceived level of product quality. The following example helps explain it better. If a customer buys a product whose price is much higher than average market price, he will assess its quality as the better one in comparison to quality of cheaper products even if in reality the more expensive product brings comparable benefit which could be brought by a cheaper product, too. If a customer gets into confrontation with objective arguments concerning comparable quality of both products in most situations he points out unique (often subjectively) features of more expensive product – in psychology such a reaction is called cognitive dissonance.<sup>12</sup>

### 3.1 Rational approach towards quality assessment and decision making

Product quality assessment and decision making concerning its purchase is a process influenced by two elements of human behaviour – rational and emotional one.<sup>13</sup> When using rational mental product assessment an individual makes associations between assessed products and evaluates them based on some (own) criteria. There are approaches supporting rational assessment especially in the area of decision making.<sup>14</sup> In the table 2 an approach to assess quality of selected devices according to particular inherent but also assigned characteristics/parameters rationally can be seen (multi-criteria decision making process). The data in the table are normalized (the best value in each column is 1) and the best nominal values (before normalization) are provided in its bottom part.

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<sup>12</sup> PERLOVKY, L.: A challenge to human evolution-cognitive dissonance. In *Frontiers in Psychology*, 2013, Vol. 4, No. 4, p. 1.

<sup>13</sup> SPANJAARD, D., YOUNG, L., FREEMAN, L.: Emotions in supermarket brand choice: A multi-method approach. In *Qualitative Market Research*, 2014, Vol. 17, No. 3, p. 209.

<sup>14</sup> LYSÁ, L.: *Ekonomická štatistika*. Ružomberok: VERBUM, 2012, p. 138.

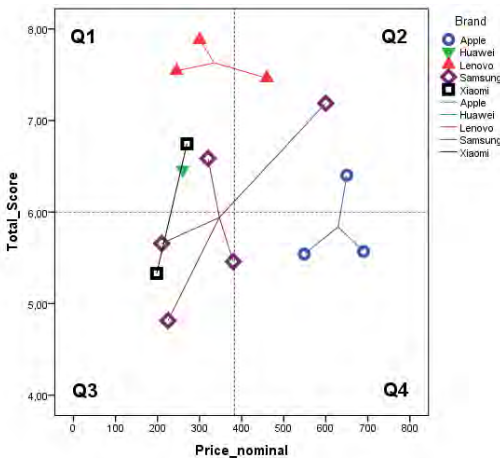
**Table 2: Total Score (quality) calculation**

Brand	Device	PPI	Antutu benchmark	Camera	Battery	ROM	Body	Weight	Connectivity	Reviews	Price	Total Score	Total Score (normalized)	Rank
Character of criterion		MAX	MAX	MAX	MAX	MAX	MAX	MIN	MAX	MAX	MIN	MAX	MAX	-
Apple	iPhone 5S	0,67	0,85	0,38	0,39	0,50	0,80	0,96	0,86	1,00	0,30	6,403	0,812	8
Apple	iPhone 5C	0,67	0,60	0,38	0,38	0,25	0,80	0,81	0,86	0,80	0,36	5,541	0,703	11
Apple	iPhone 4S	0,67	0,35	0,38	0,36	0,50	0,80	0,76	0,86	0,90	0,29	5,570	0,707	10
Samsung	Galaxy S4	0,90	0,59	0,62	0,65	0,50	0,60	0,82	1,00	0,90	0,62	6,586	0,835	6
Samsung	Galaxy Note 3	0,79	0,64	0,62	0,80	1,00	0,80	0,64	1,00	0,90	0,33	7,188	0,912	4
Samsung	Galaxy S4 Mini	0,52	0,43	0,38	0,48	0,25	0,80	1,00	1,00	0,80	0,94	5,658	0,718	9
Samsung	Galaxy S3	0,62	0,34	0,38	0,53	0,49	0,40	0,80	1,00	0,90	0,52	5,459	0,693	12
Samsung	Galaxy S3 Mini	0,48	0,22	0,24	0,38	0,24	0,60	0,96	1,00	0,70	0,88	4,814	0,611	14
Xiaomi	Hongmi Redrice	0,64	0,35	0,38	0,50	0,13	1,00	0,68	0,86	0,80	1,00	5,330	0,676	13
Xiaomi	Mi 3	0,90	0,71	0,62	0,76	0,50	1,00	0,74	0,71	0,80	0,73	6,746	0,856	5
Lenovo	Vibe X2	0,90	1,00	0,62	0,58	1,00	1,00	0,89	0,86	0,70	0,81	7,543	0,957	2
Lenovo	Motorola Moto X	0,87	0,78	1,00	0,94	0,50	0,80	0,82	0,86	0,90	0,43	7,464	0,947	3
Lenovo	Vibe Z2 Pro	1,00	0,92	0,76	1,00	1,00	0,80	0,60	1,00	0,80	0,66	7,883	1,000	1
Huawei	Ascend P7	0,90	0,55	0,62	0,63	0,50	0,60	0,86	1,00	0,80	0,76	6,461	0,820	7
Best nominal score		490	45874	21	4000	32	5	107	7	5	198		-	

Source: Own processing

To process the table, the authors assumed that all the parameters are equally important. The result of such an approach is consideration of all criteria in all products resulting in Total Score. Total Score was calculated as summary of all criteria apart from Price and presents suitability of a particular product – based on this assessment the first three ranks belong to the following devices: Lenovo Vibe Z2 Pro, Lenovo Vibe X2 a Motorola Moto X. To continue in the table processing the values of Total Score were normalized.

Product value is created by the ratio between its price and benefit (quality). But what can be understood under the term “benefit”? In rational assessment utilization a customer should not take into consideration assigned characteristics of product like image or community of users. Set of utility characteristics should reflect inherent characteristics of product. If this set of characteristics is compared to product price its rational value can be quantified – figure 3.





Device	Price	Total Score (normalized)	Rational Value	Rank
iPhone 5S	650 €	0,812	<b>1,250</b>	13
iPhone 5C	549 €	0,703	<b>1,280</b>	12
iPhone 4S	690 €	0,707	<b>1,024</b>	14
Galaxy S4	320 €	0,835	<b>2,611</b>	8
Galaxy Note 3	600 €	0,912	<b>1,520</b>	11
Galaxy S4 Mini	210 €	0,718	<b>3,418</b>	2
Galaxy S3	380 €	0,693	<b>1,822</b>	10
Galaxy S3 Mini	225 €	0,611	<b>2,714</b>	7
Hongmi Redrice	198 €	0,676	<b>3,415</b>	3
Mi 3	270 €	0,856	<b>3,169</b>	5
Vibe X2	245 €	0,957	<b>3,906</b>	1
Motorola Moto X	460 €	0,947	<b>2,058</b>	9
Vibe Z2 Pro	300 €	1,000	<b>3,333</b>	4
Ascend P7	260 €	0,820	<b>3,153</b>	6

Figure 3: Relation between utility (Total Score) and Price (on the left); rational value of products (on the right)

Source: Own processing

Two-dimensional system in figure 3 shows the arrangement of devices in the system which is divided into quadrants so that it may be interpreted in a better way. In quadrant (Q1) there are products with a very high rational value – it means that the ratio between quality and price is very high. Quadrants 2 and 3 (Q2, Q3) contain products whose ration between quality and price is balanced. Quadrant 4 (Q4) groups the products with a low rational value since the ration between their quality and price is unfavourable. Total products price can be calculate in the following way:  $RV = (TSN/P)*1000$ , where RV means Rational Value, TSN means Total Score Normalized and P means Price of device. Based on the results it is seen that rational value of Apple products is on average very low but on the other hand Chinese competitors represented by Lenovo company achieves on average much better results if only its products parameters are taken into consideration. Comparison of Price and Total Score Normalized shows that according to a rational judgement a customer who chooses the product from this set of products should prefer especially Lenovo Vibe X2 (RV=3,906), Samsung Galaxy S4 Mini (RV=3,418) and Xiaomi Hongmi Redrice (RV=3,415). If people behaved rationally on the market these three products should belong among the bestselling ones. In reality this is not true at all as the following chapter confirms.

### 3.2 Irrational approach towards quality assessment and decision making

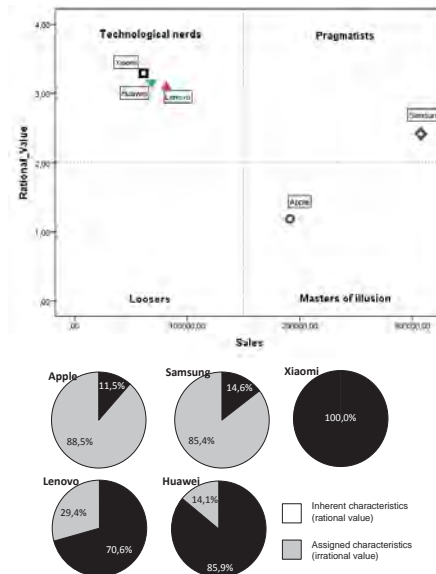
Marketing communication helps to create product positioning in customers’ mind<sup>15</sup> and in this way determine definitive (ultimate, decisive) factor to support a decision concerning product purchase. It is not a new fact that marketing costs often exceed product manufacturing costs.<sup>16</sup> Apart from other functions marketing communication should point out exceptionality of a particular product for given

<sup>15</sup> SPANJAARD, D., YOUNG, L., FREEMAN, L.: Emotions in supermarket brand choice: A multi-method approach. In *Qualitative Market Research*, 2014, Vol. 17, No. 3, p. 215.

<sup>16</sup> YANG, H., GE, T., LI, B.: Analysis of entrepreneurial marketing strategy on functional beverage based on the 4P theory in China: A case study on Red Bull. In *Journal of Chemical and Pharmaceutical Research*, 2013, Vol. 5, No. 12, p. 1152.

market segment and support market share growth.<sup>17</sup> But the question is how to promote the product with average rational value? The answer is not complicated – it is enough to get inspiration from Apple company (their loyal customers would never agree with value averageness).

When average rational value is compared to a quantity of pieces sold (figure 4), it is possible to identify four types of brands again. The first type is presented by “technological nerds” – i.e. brands where they put much higher emphasis on technology than on marketing which results in relatively low sales. Three Asian brands belong to this group – Xiaomi, Huawei and Lenovo. The second type is presented by “Pragmatists” where the sale numbers are very good and products are relatively satisfactory technologically advanced. It concerns brands with a relatively balanced approach towards technologies and total marketing strategy – as the analysis shows South-Korean Samsung belongs here. The third category is presented by “Masters of illusion” – i.e. brands with massive marketing, which when being compared to average or under-average technological maturity level is in a notable disproportion. These brands are highly attractive for customers. This category is represented by Apple, known due to its massive marketing campaigns often causing irrational customers reactions (queueing for several days, extremely overprices devices on black markets, preference of original accessories in contrast to device universality, etc.).



**Figure 4: Comparison of rational value and sales (in millions) (on the left) and elements of quality assessment due to the brands (on the right)**

Source: Own processing

<sup>17</sup> DUDINSKÁ, E., BUDAJ, P., BUDAJOVÁ, G.: *Analýzy v marketingovom plánovaní*. Prešov : Vydavateľstvo Michala Vaška, 2009, p. 86.

What is the ratio between rational and irrational value of products of the given brands? Xiaomi company is a relatively unknown company among the five researched ones. Supposing that their brand awareness in comparison to the other brands is relatively low it can be stated that this brand products price highly takes into consideration products rational value (i.e. components which they consist of). Ratio of quality rational and irrational part is 100:0. Since the average of this brand products rational value is 3.29 and the company sold 61 100 000 devices per year then a hypothetic company with the average rational value of its products equal to 1.645 (i.e. a half) should have sold 30 450 000 devices. It is not true in real conditions. Sales of some brands, however, in comparison to a rational value highly exceed the ones which should be achieved supposing customers' rational decision making. In theoretical environment a rational value equal to 1.00 brings 18 560 000 of sold devices. The difference between theoretical and real sales volume is the result of irrational part of decision making. In this case irrational part of brands like Apple and Samsung is very high.

### 4 Discussion

The results presented in this study bring a simplified example how to understand two components concerning quality assessment and customer buying behaviour – the rational and the irrational one. Big differences of these elements in the most prestigious worldwide brands like Apple and Samsung might be partially logically explained. The arguments might be that the value is influenced by after-sales services, existence of extensive distribution network, various forms of loyalty programs, special software (concerns especially Apple), better synchronization of devices and other provable benefits resulting from utilization of products of the brands. On the other hand, it is necessary to state that if customers perceive and are impressed by the brand as the market leader brand (whether in the area of innovations, design, software, etc.) the brand creates enough place for high margin policy.

The authors are aware of more potential risks influencing results reliability. The data were obtained from publicly available sources and although they insisted on data reliability, it is not possible to eliminate inaccuracies totally, since more sources provided slightly different values – e.g. an indicator of “Antutu benchmark”, whose value may vary in dependence of personalized device setting or simultaneously operating applications. When rationality was reviewed (figure 2) the values of criteria were not weighted and this is not common when it comes to the process of multi-criteria decision-making analysis. Binding weights to individual valuables brings a high risk of subjectivity (depending of sample structure, methods used), that was why criteria with the same weights were utilized. The study dealt only with the bestselling mobile devices in 2014, while the range on the market is much wider, and from this point of view the research might be consider relatively limited. On the other hand, there is an argument concerning brands market strength and their sales.

In spite of the above mentioned risks the study pointed out to notable importance of irrational quality assessment considered to be a key element on which worldwide brands rely in the area of technologies. Although the study contains some methodological simplifications it may be stated that customers do not behave

rationally and it really confirms marketing communication importance. Since the study results proved that Apple customers behave irrationally to a considerable extent the authors suppose that the number of critics of these results will be high. Logical and less logical arguments of these critics (as manifestation of social dissonancy) might be partially eliminated when Apple products value is taken to consideration. How much would customers buying two quite the same devices be willing to pay while the only one was Apple? If the two sums are not the same they became victims of masters of illusion from Apple.

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## CONSUMER CONFIDENCE IN THE USE OF E-COMMERCE

*Margita Majerčáková*

### Abstract

E-Commerce is the object of attention for all of the important regional and global organisations. Development of the global e-commerce (within the Europe and worldwide) is engaged mostly by the WTO (World Trade Organisation). Organisations research broader aspects of the e-commerce, such as economic and social consequences of the use of new technologies and impacts at a specific field of the study, such as trade policy, taxation, electronic authenticity, consumer protection, privacy, and security. Consumers of the commercial transactions must have guaranteed security and trustworthiness of the executed transactions. The increase in the trustworthiness in the e-commerce increases the number of the customers, who use this form of shopping.

### Key words:

Confidence. Consumer. E-commerce. Research.

## 1 Introduction

Trust in the internet shopping directly influences the amount of the goods, traded in the e-commerce. Previous researchers, focused on the relationship between the trust of the customer and the purchase intention, confirmed that, if the level of trust of the customers is high, they are willing to become dependent on the seller and perform online purchases.<sup>1</sup> Trust plays the main role in the e-commerce if it deals with the real product purchases. In the process of obtaining information about the products, the trust can influence the potential future customers. The key factors of the successful e-commerce relationship are trust and satisfaction. In the field of the e-commerce, the trust is an important factor, usually, because most of the transactions are realized over long geographical distances.<sup>2</sup>

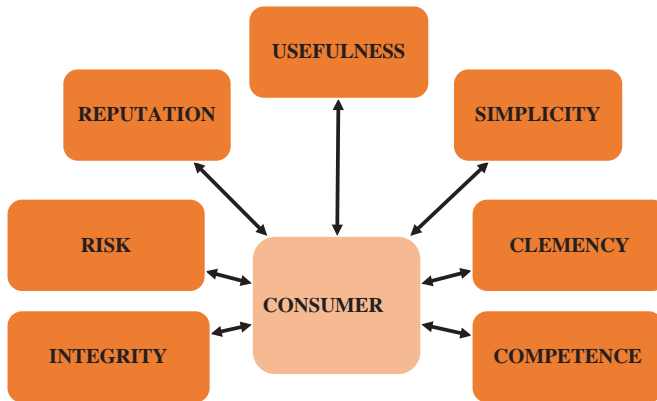
The biggest influence on the customers towards companies operating e-shop and vice versa has several factors, which presents Picture 1. The first one is **usefulness**. The more the website is useful, the more it is trustworthy for the customer. When the customer visits the website, the main aim is to reach the goals by the simplest way possible. That is the reason why the websites should be relevant and offer what the customer is looking for. The second factor is the usage **simplicity**. The simpler a user interface is, the more it contributes to a trustworthiness of a website. That is why it should be simple to find products, which they want to purchase. The information should be easily reachable in many ways. Simply, if a website lies, it impacts a trust of a user. Third important factor, which impacts trust is **clerency** and involves factors, which specifies, if the website presents itself in a way, that it reflects concerns of the users at the first place. It is important, that the information on the website is fully true and not just non-objective statements. Otherwise, the websites could have lost the trustworthiness among their customers. **Competence** is the fourth factor, which

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<sup>1</sup> MCKNIGHT, D. H., CUMMINGS, L. L., CHERVANY, N. L.: Initial Trust Formation in New Organizational Relationships. In *Academy of Management Review*, 1998, Vol. 23, No. 3, p. 473. [online]. [2016-09-10]. Available at: <<https://msu.edu/~mcknig26/InitialTrustAMR.pdf>>.

<sup>2</sup> KIM, D., BENBASAT, I.: Trust-related arguments in internet stores: A framework for evaluation. In *Journal of Electronic Commerce Research*, 2003, Vol 4, No. 2, p. 49. [online]. [2016-09-10]. Available at: <[http://www.jecr.org/sites/default/files/04\\_2\\_p01\\_0.pdf](http://www.jecr.org/sites/default/files/04_2_p01_0.pdf)>.

describes the fact that the more competencies the owner of the website have, the more professionally acts. Professional functionality and appearance are very important for the websites because expertise factor plays an important role in the process of building confidence among consumers.<sup>3</sup> Fifth critical factor, which impacts confidence in the e-commerce is an **integrity**, which is very vulnerable and important factor when it comes to customers, and that is the reason why the sellers should consider it important. It should be clear for the customers, that the owners of the websites consider fidelity and compliance with ethics important and a customer should not worry about privacy, personal information, and identity. Customer information provided to a seller should not be misused in any case, neither for the creation and maintenance of a confidence among customers. **The risk** is the sixth critical factor. Everyone wants to be safe during the purchase. Regarding e-commerce, the willingness of undergoing risk is equal to almost zero. The higher is the level of risk of using web sites, the lower is the trust among consumers. The last but not least important factor is the **reputation**, thus the opinions of people on the websites. People could express their opinions by a variety of media, for example using forums, websites or by leave feedback at the website. User experience can be either positive or negative. It influences the reputation of the sellers what can consequently influence the trust among consumers. All web subjects want to have high web traffic of their official websites but it is necessary to put a question if hundred times as high daily web traffic will really multiply number of customers hundred times as well.<sup>4</sup>



**Picture 1: Factors influencing consumer of the e-commerce**

Source: Own processing

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<sup>3</sup> MADLEŇÁK, R., ŠVADLENKA, L.: Acceptance of internet advertising by user in the Czech Republic. In *E&M Economics and Management*, 2009, Vol. 12, No 1, p. 99. [online]. [2016-09-10]. Available at: <[https://www.researchgate.net/publication/269094020\\_Acceptance\\_of\\_internet\\_advertising\\_by\\_user\\_s\\_in\\_the\\_Czech\\_Republic](https://www.researchgate.net/publication/269094020_Acceptance_of_internet_advertising_by_user_s_in_the_Czech_Republic)>.

<sup>4</sup> MADLEŇÁK, R. et al.: Analysis of Website Traffic Dependence on Use of Selected Internet Marketing Tools. In *Procedia Economics and Finance*, 2015, Vol. 23, p. 128. [online]. [2016-09-10]. Available at: <<http://www.sciencedirect.com/science/article/pii/S221256711500355X>>.

One of the ways how to increase attractiveness and a trust of the e-commerce in the eyes of the customer is an investment in certification for e-commerce. There are several organizations, which for one-time time fee can issue a certificate to an online store. The main aim of the certification is to check purchase conditions, general terms, and conditions as well as complaints conditions of the operator of the e-commerce according to the rules of the certification. Rules of the certification must be legal minimum of the currently valid legislation of the state of the residence of the operator of the e-commerce. The certification guarantees, that the e-commerce operates in accordance with the legislation in force. Several organizations operate within the Europe or globally, which concern on certification. Survey found out, that up to 65% of online customers in the Europe claim, that the trust mark is very important in a choice of the store. The largest certification companies:

- Trusted Shops – is a European trust mark for the online stores with money back guarantee. It offers complex solutions for an increase of the online trust and safety in favour of both customer and seller;<sup>5</sup>
- Google Certified Shops – is intended as a help for easily finding a seller for a customer, which offers excellent shopping experience. The main aim is to increase the trust in the new customers;<sup>6</sup>
- Google Trusted Stores - is a free certification programme, which highlights lasting excellent shopping experience;<sup>7</sup>
- S@fer shopping – by brand TÜV (Technischer Überwachungs Verein), it guarantees more trust and increase in the online profits through certified quality and safety.<sup>8</sup>

In the Slovakia just a few organizations exist when offer safe online shopping, such as:

- SAEC - is independent association which, through its project, named also "SAEC - Bezpečný nákup", increases the credibility of the e-commerce in the eyes of the customers and contributes to the overall development of the shops in this sphere;<sup>9</sup>
- "nakupujbezpecne.sk, s.r.o." -trading company, which offers a complex solution for the e-commerce operators in the Slovakia and the Czech Republic. The company also offers e-commerce certification, which main aim is to inspect purchase conditions general terms and conditions as well as complaint conditions of the operator and other relevancies of the e-commerce based on their own conditions in accordance with the legislation in a force;<sup>10</sup>
- Spotrebiteľské centrum – non-profit organization, which issues Satisfied Customer certificate for the e-shops in order to increase the protection and an enforcement of the consumer rights as well as the assessment of the fair

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<sup>5</sup> *E-trusted stores*. [online]. [2016-09-10]. Available at: <<http://www.trustedshops.com/>>.

<sup>6</sup> *Google Certified Shops Program Terms of Service*. [online]. [2016-09-10]. Available at: <<https://www.google.co.uk/certifiedshops/customer/tos.html>>.

<sup>7</sup> *Google trusted stores*. [online]. [2016-03-10]. Available at: <<https://www.google.com/trustedstores/>>.

<sup>8</sup> *S@fer-shopping – More trust and an increase in online profits with approved quality and safety*. [online]. [2016-03-10]. Available at: <<https://www.safershopping.com/>>.

<sup>9</sup> *SAEC tlačové správy*. [online]. [2016-02-10]. Available at: <<http://www.bezpecnynakup.sk/press.aspx>>.

<sup>10</sup> *Nakupujbezpecne.sk – certifikácia e-shopov v SR*. [online]. [2016-02-10]. Available at: <<https://nakupujbezpecne.sk/>>.



sellers, who sells through an e-shop or other forms of selling the goods over a long distance;<sup>11</sup>

- “Pečať kvality” – is the certification of the safe shopping in a given e-shop. It was created as a protection for the customers shopping online.<sup>12</sup>

## 2 Realized research

Marketing research was used to find out and analyse the level of the trust in the usage of the e-commerce in Slovakia.<sup>13</sup>

The main objectives of the research were:

- Feeling of security and protection during online purchases;
- Consumer demands information about the seller before making a purchase;
- The existence of the differences between the problems they worry about and the problems they already experienced regarding e-shops;
- Importance of the fundamental order of the obligations under the European Parliament directive and the Council 2011/83/EU;
- The order of the importance of the factors affecting the realisation of the online purchase.

The plan of the marketing research shows Table 1.

**Table 1: The plan of research**

<b>Object of the research</b>	Internet population got at 3 473 414 users in February 2015
<b>Type of the research</b>	quantitative research
<b>Collecting of the data</b>	electronic survey
<b>Calculated sample size</b>	The size of the sample in the reliability of the estimate of 95% and maximum error of estimate of 75 is 196 of the respondents
<b>Time schedule of data collection</b>	15.4. - 21.4.2016

Source: Own processing

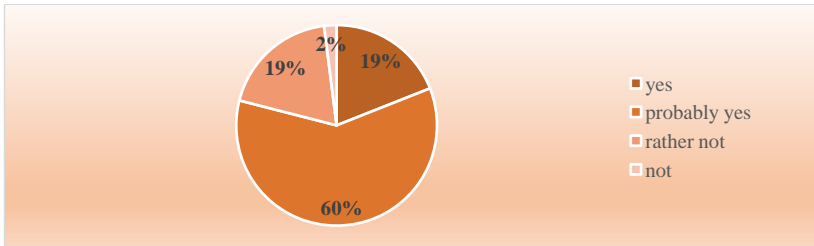
Attendance of the marketing survey was 196 respondents, out of which 87 were men (44 %) and 109 were women (56 %). The evaluation of the feel of the customer safety in e-commerce describes Chart 1.

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<sup>11</sup> *Certifikát spokojného spotrebiteľa*. [online]. [2016-03-10]. Available at: <<http://www.spokojny-spotrebiteľ.sk/>>.

<sup>12</sup> *Pečať kvality*. [online]. [2016-03-10]. Available at: <<http://www.pecatkvality.sk/sk/>>.

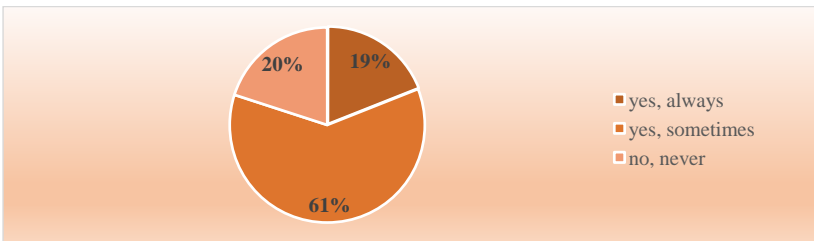
<sup>13</sup> HALAGÁČKOVÁ, K.: *Návrh možnosti ochrany spotrebiteľa na trhu elektronického obchodu*. [Diploma Thesis]. Žilina : Fakulta prevádzky a ekonomiky dopravy a spojov Žilinskej univerzity v Žiline, 2016, p. 49.



**Chart 1: The safety and security feel during an online purchase**

Source: HALAGAČKOVÁ, K.: *Návrh možnosti ochrany spotrebiteľa na trhu elektronického obchodu*. [Diploma Thesis]. Žilina : Fakulta prevádzky a ekonomiky dopravy a spojov Žilinskej univerzity v Žiline, 2016, p. 54.

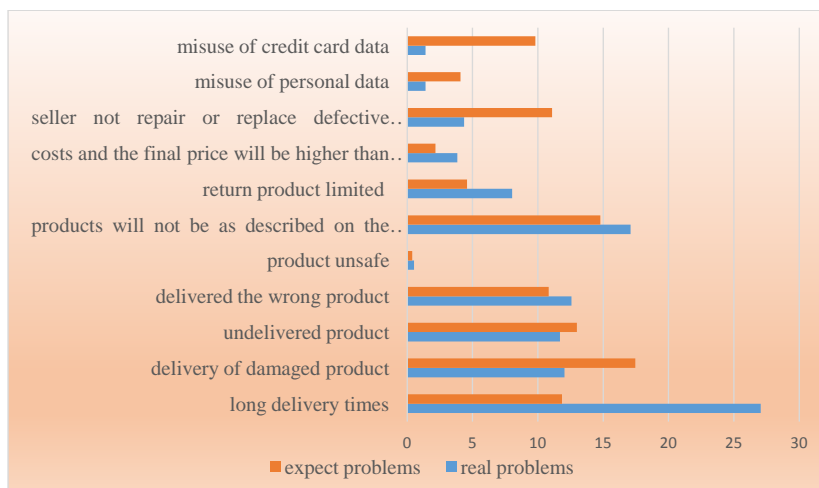
The participants had four choices of answering a question, either yes, probably yes, probably no and no. If we summarize the answers and find out the level of the security or riskiness in respondents, we can make a conclusion, that up to 79% respondents feel protected during the online purchase. Subsequently, we investigate if the respondents are looking for the information about the seller before the purchase. The results can be seen in Chart 2.



**Chart 2: Looking for the information about the seller before the purchase**

Source: HALAGAČKOVÁ, K.: *Návrh možnosti ochrany spotrebiteľa na trhu elektronického obchodu*. [Diploma Thesis]. Žilina : Fakulta prevádzky a ekonomiky dopravy a spojov Žilinskej univerzity v Žiline, 2016, p. 54.

Subsequently, we were investigating the answers to the two questions, which problems are customers worrying at most and which problems they have already experienced in connection with the online shopping. The results are shown together in Chart 3. Respondents had a possibility to choose multiple answers from the list of possibilities in both cases, the maximum was set at 5 choices per question.



**Chart 3: Problems associated with online shopping**

Source: HALAGAČKOVÁ, K.: *Návrh možnosti ochrany spotrebiteľa na trhu elektronického obchodu*. [Diploma Thesis]. Žilina : Fakulta prevádzky a ekonomiky dopravy a spojov Žilinskej univerzity v Žiline, 2016, p. 55.

The research has shown that there are differences between the problems, which Slovak customers are worried about and the problems they have experienced. The largest difference was in the answers for a question, dealing with long delivery times. A Number of the consumers, who are worrying about this problem is much lower than the number of consumers who experienced this problem. The Scenario with similar ratio can be also seen with the problem of difficulties in returning the goods. Similar results but with lower ratio can be also seen in problems with delivery of the goods, that are not as described, delivery of faulty goods and that the price will be higher than the one in the website of the e-commerce. On the other hand, a number of the consumers worrying about other problems is higher than the number of the customers who experienced these problems. Survey found out that up to 60,2% of respondents, who used an e-shop had a right for a claim and out of them 90,5% complained to the seller and 9,5% claimed directly to a vendor. One of the tasks for the respondents was also to determine the importance of the guiding principles arising from the Directive of the European Parliament and Council Directive 2011/83/EU. Each principle was assigned a value from 1-lowest importance, to 10-highest importance.

The evaluation criteria were:

**A** – Online sellers must eliminate hidden fees, i.e. price traps, when a deceitful seller tried to persuade the customers, to pay a fee for services that were free at the first sight;

**B** – Online sellers must disclose the total cost of an item, including all fees. Customer does not need to pay any extra fees or other additional costs if he is not properly informed in advance;

- C** – The sellers cannot use, so called pre-checked checkboxes with additional services, whereas if the customer has no interest in it, he has to un-check them. Additional services can be offered to the customer, but they must be checked by himself;
- D** – Possibility of withdrawal of the agreement, without giving a reason, in 14 days;
- E** – The seller is bound to refund the purchase price, within 14 days from the day of withdrawal of the agreement, including delivery costs, in particular postage;
- F** – Seller is mandatory to provide a form on the website for withdrawal of the agreement;
- G** – Seller cannot request higher costs from customer for paying using the credit card, than the real costs for the seller are. Hotline providers, which offer customers to connect with the sellers cannot charge the customer more than the real costs for a call are;
- H** – If the seller denies paying fees related to return of the goods, it must be stated on the website, otherwise, the seller is responsible for them. If the subject, of the online purchase or mail order, is bigger, the seller must state minimum estimate costs of the return, so the customer can decide if it is advantageous for him to buy the goods;
- I** – Information about the digital products must be formulated more clearly than ever, including the information about the compatibility of the hardware and software. The customer must have the right to withdraw the purchase from buying digital products, e.g.: music or video, until the start of the downloading;
- J** – Simple rules for agreements when shopping online in the EU.

The survey results are shown in Table 2.

**Table 2: The order of the priority of the guiding principles arising from the Directive 2011/83/ EU**

Criterion	Value										Number of respondents	Weight
	1	2	3	4	5	6	7	8	9	10		
<b>A</b>	28	45	42	20	12	17	7	13	9	3	196	<b>0,073</b>
<b>B</b>	12	22	26	37	18	21	11	13	15	21	196	<b>0,100</b>
<b>C</b>	16	25	20	18	34	22	27	9	8	17	196	<b>0,098</b>
<b>D</b>	23	17	25	21	18	13	22	18	18	21	196	<b>0,103</b>
<b>E</b>	9	17	12	8	20	27	16	35	29	23	196	<b>0,122</b>
<b>F</b>	19	15	26	28	13	26	22	21	13	13	196	<b>0,100</b>
<b>G</b>	10	14	16	13	28	25	34	37	8	11	196	<b>0,111</b>
<b>H</b>	8	12	18	14	29	27	39	22	16	11	196	<b>0,112</b>
<b>I</b>	13	27	29	24	17	21	12	26	18	9	196	<b>0,098</b>
<b>J</b>	39	25	28	29	14	5	16	18	14	8	196	<b>0,083</b>

Source: HALAGÁČKOVÁ, K.: *Návrh možnosti ochrany spotrebiteľa na trhu elektronického obchodu*. [Diploma Thesis]. Žilina : Fakulta prevádzky a ekonomiky dopravy a spojov Žilinskej univerzity v Žiline, 2016, p. 60.

There are numbers of the individual responses from the respondents assigned to the values presented in the Table 2. Since we were interested in the order of priorities in the responses (evaluation criteria), according to the weighted average, we assigned weight to each of them, namely priority of the criterion, as perceived by respondents. Priorities of the individual criterion acquire values from 0,08 to 0,12, what can be evaluated as very balanced values, that means the importance is almost the same in all criteria. We continued similarly with the question, where we asked respondents to determine the order of the factors affecting the realization of the online purchase according to the importance. These factors affect trust in consumers, these are just

voluntary aspects of the individual sellers, but they do not have legal basis. Respondent should assign to each criterion different value from 1 – lowest importance to 7 – highest importance.

In Table 3, there are numbers of the individual responses from the respondents assigned to the values. Since we were interested in the order of priorities in the responses (evaluation criteria), according to the weighted average, we assigned weight to each of them, namely priority of the criterion, as perceived by respondents. Priorities of the individual criterion acquire values from 0,13 to 0,16, what can be evaluated as very balanced values, that means the importance is almost the same in all criteria. The knowledge of the precise impact of the online advertising would be helpful to the firms, which use this kind of communication.<sup>14</sup>

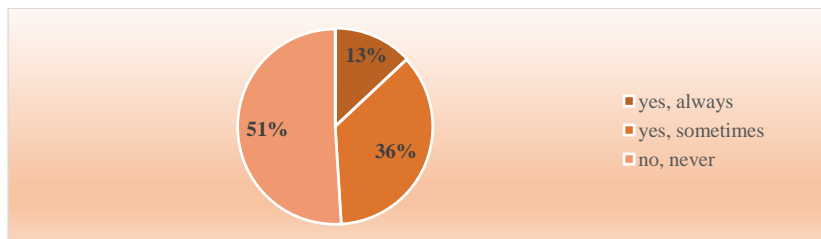
**Table 3: The order of importance of factors affecting the realization of online shopping**

Criterion	Value							Number of respondents	Weight
	1	2	3	4	5	6	7		
<b>Usefulness of the website to achieve your goal</b>	28	37	43	26	18	16	28	196	<b>0,13</b>
<b>Ease of use of websites seller</b>	29	26	28	34	37	29	13	196	<b>0,13</b>
<b>Reliability and availability of information on the seller's website</b>	17	22	51	23	35	177	31	196	<b>0,14</b>
<b>Professional features and content websites seller</b>	32	37	41	16	13	39	18	196	<b>0,13</b>
<b>Honesty and ethical conduct in relation to the protection of personal data</b>	7	17	39	47	35	23	28	196	<b>0,15</b>
<b>Safety and reliability of the vendor's website</b>	6	29	14	43	35	28	41	196	<b>0,16</b>
<b>Availability reviews from previous customers</b>	22	15	34	26	188	39	42	196	<b>0,16</b>

Source: HALAGÁČKOVÁ, K.: *Návrh možnosti ochrany spotrebiteľa na trhu elektronického obchodu*. [Diploma Thesis]. Žilina : Fakulta prevádzky a ekonomiky dopravy a spojov Žilinskej university v Žiline, 2016, p. 61.

The survey tried to find out, whether the consumers verify information about the ownership of the certificate granted by the certification organization before the purchase. The responses are visualized in Chart 4.

<sup>14</sup> MADLEŇÁK, R., MADLEŇÁKOVÁ, L.: The Differences in Online Advertising Acceptance in China and Slovakia. In MINGUS, W. (ed.): *International Conference on Management Engineering and Management Innovation*. Changsha, Chiny : Atlantis Press, 2015, p. 45. [online]. [2016-09-10]. Available at: <[https:// http://www.atlantis-press.com/php/pub.php?publication=icmeme-15](https://http://www.atlantis-press.com/php/pub.php?publication=icmeme-15)>.



**Chart 4: Finding out information about certification**

Source: HALAGÁČKOVÁ, K.: *Návrh možnosti ochrany spotrebiteľa na trhu elektronického obchodu*. [Diploma Thesis]. Žilina : Fakulta prevádzky a ekonomiky dopravy a spojov Žilinskej univerzity v Žiline, 2016, p. 62.

Interesting thing is, that more than half of the respondents do not verify at all, whether the seller own any certification that proves the e-commerce operates in the accordance with law.

### Conclusion

The e-commerce development largely influences the consumer awareness and consumer confidence. The European Union supports and encourages consumers to use e-commerce. Consumer distrust when using the e-commerce, on the other hand, eliminates the use of certification, adherence to the law, compliance with codes of conduct and by increasing the transparency of transactions. The results of our survey showed the issue of trust using e-commerce in the Slovak Republic. E-commerce consumer in the Slovak Republic generally feels largely protected when shopping online. An interesting finding, however, was that the customer does not see the information about the seller important before making a purchase. Slovak consumers are concerned about some of the problems with buying through e-commerce even when these fears do not meet the real problems that actually arise. The biggest difference is noticed between the answers to the questions concerning on long delivery times. Consumers are less worried about the problem than the actual problem encountered with this. Consumer experiences point to the failure to comply with delivery times for operators of e-commerce. Conversely, consumers largely fear of misuse of credit card data, damage delivered goods and problems with claimed goods, which was not confirmed in identifying the problems with which consumers actually meet. When identifying the order of importance of the main principles arising from the Directive of the European Parliament and Council Directive 2011/83/EU and factors influencing consumer confidence, there were not any significant differences found out.

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## ECO-LABELS AND CONSUMERS

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### **Abstract**

Rising concern with our planet's future mobilizes all market participants to actively approach its protection as well as the removal of the existing damage. Marketing managers, who assess all their decisions with respect to the environmental impact, are no exception. In their opinion, the critical marketing tool is a product which on one hand causes pollution, but on the other it can reduce the negative impact on the environment thanks to its attributes. Eco-labeling is also a part of the process of making decisions about products. It is a tool of product differentiation and guarantees that the product influences the environment less than other products with comparable quality attributes throughout its whole life cycle. In this paper, we present the selected outcomes of the research (with the emphasis on eco-labeling), which focused on the examination of consumers' environmental behavior in Slovakia and their reactions to environmental initiatives of companies. In the second part, we concentrate on consumers' perception of bio products and organic food. Our findings are based on the fact that the familiarity with these labels was the highest in terms of eco-labeling. Although the demand for the agricultural bio quality products in Slovakia rises, this growth is much slower compared to the developed countries. The awareness of bio products and organic food is insufficient and only a small percentage of consumers buy them regularly for various reasons.

### **Key words:**

Bio product. Consumers' perception of environmental labels. Environmental assessment and product labeling. Environmental product. Organic food.

## **1 Theoretical Background**

The relevance of today's environmental issues and the need to resolve them is a challenge to all market participants to behave in an environmentally-friendly way. In the areas requiring environmental protection, new market and profiling opportunities are created for companies. Negative course of events in the environment also influences marketing activities of companies as well as the planning and the implementation processes of marketing strategies. Consumers also treat the environment with higher responsibility, their environmental awareness increases and they emphasize their environmental demands when making purchases. Many of them begin to contemplate which products they buy and who they will buy from.

A product can be understood as a critical marketing tool (from the environmental point of view). Although a product is the cause of pollution, it can also be the tool reducing the negative impact on the environment. Decisions about the product can help fulfil the environmentally-oriented demands of customers. It is very difficult to define an environmental product. We can derive the definition mainly from such product's functionality which does not have a negative impact on the environment. In assessing the characteristics of an environmental product, the terminology of different authors varies. The terms such as 'ecological product', 'green product', or 'environmentally acceptable product' are used for products with lower negative impact on the environment. In the United States, the term 'environmentally preferable product' is used, whereas the labeling system in Slovakia suggests the



term 'environmentally-friendly product'. Most authors<sup>1,2,3,4,5</sup> define the environmental product as a product the impact of which on the environment, as well as the natural resources, is positive, taking the whole life cycle into consideration. Environmental products are quality products with long lifespan, made of non-toxic materials with the use of energetically effective production processes and supply, packaged in as little recyclable material as possible, not being tested on animals and not using endangered animal and plant species.

There are many tools for assessing the product's impact on the environment. Some of them are, for example, estimation of product's impact, product line analysis, eco-balance, or life-cycle analysis of the product. Their common feature is that they assess the impact throughout the whole life cycle, i.e. from creating the product concept up to its disposal (or disposal of its unused parts). The benefit brought by the environmental product can become a foundation for differentiation and a starting point to creating a marketing strategy. Physical factors (such as recyclability of a product or its packaging, lower toxicity, or non-toxicity of a product, lower energy consumption in production, lower material usage, etc.) can also be the basis for differentiation of environmental products. The image or prestige, which a consumer can acquire with the purchase of an environmental product, can be a psychological factor.

The assessment of environmental products and their labeling with brands, which provide the consumer with information about the impact of the product on the environment throughout its whole life cycle, is a part of the differentiation of an environmental product. The American Marketing Association formulated a general definition of a brand in 1960 as a name, term, symbol, design or a combination of the mentioned elements, which identify products and services of a particular supplier and differentiate them from the competitors. Chernatony<sup>6</sup> emphasizes that this interpretation should not be of a primary importance. What is essential is to find an attribute which is important for the customer, and to maintain this feature in a rewarding way. It can be concluded that features of a product, which a company brings along with the brand, are of the greatest importance when it comes to customer's decisions. According to Kotler,<sup>7</sup> the main objective of a company in branding is to build a deep-rooted positive associations, which will be connected with the brand. The brand adds value to the company, to the product or the service, unites the loyalty of customers, and allows the market price to rise. Kyliánová

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<sup>1</sup> STEAD, J., STEAD, E.: *Management for a Small Planet*. London : Sage Publication, 1996, p. 123.

<sup>2</sup> For more information, see: STRHAN, R. et al.: *Environmentálna produktová politika*. Bratislava : Vydavateľstvo Ekonóm, 2000.

<sup>3</sup> ZAUŠKOVÁ, A., BEZÁKOVÁ, Z.: Green Innovations and their Implementation in the Slovak SMEs. In MATÚŠ, J., PETRANOVÁ, D. (eds.): *Marketing Identity: Explosion of Innovations. Conference Proceedings*. Trnava : FMK UCM in Trnava, 2014, p. 442.

<sup>4</sup> KRIŽANOVÁ, A., MAJEROVÁ, J., ZVARÍKOVÁ, K.: Green marketing as a tool of achieving competitive advantage in automotive transport. In *Transport means 2013: proceedings of the 17th international conference*. Kaunas : Kaunas University, 2013, p. 45-48.

<sup>5</sup> For more information, see: KUSÁ, A.: Atribúty environmentálneho marketingu s ich vplyv na spotrebiteľov. In *Podnikanie v konkurenčnom prostredí*. Komárno : Univerzita J. Selyeho v Komárne, Ekonomická fakulta, 2012.

<sup>6</sup> CHERNATONY, L.: *Značka: od vize k vyšším ziskům*. Praha : Computer Press, 2009, p. 275.

<sup>7</sup> KOTLER, P.: *Marketing, management*. 10<sup>th</sup> Edition. Praha : Grada Publishing a.s., 2001, p. 710.

and Lalíková<sup>8</sup> add that brands allow customers to belong somewhere, and to express their opinions or their social status.

Eco-labeling is a universal concept, which is a part of wider strategies and policies of the environmental protection, sustainable development, and social responsibility. It is predominantly an optional information tool, focuses on the environmental aspects of economic activity results – on the product – and is supported by international organizations, governments, public administration, manufacturers and service providers, consumers, and representatives of public interest groups. Eco-label guarantees that the product affects the environment less than other products with comparable quality attributes since its development, throughout the production, up to its disposal after it has been consumed. The subject of the environmental assessment and labelling is the product, produced activity, and the provided service, not only in its finished form, e. g. as a finished product, but also in each phase of its life cycle. Environmental approach towards the life cycle of a product starts with product design – it means exercising the eco-design principles, and it represents a systematic integration of environmental views throughout the whole process of development and production of a product. A great number of market participants: manufacturers, distributors, traders, consumers and the government, become the subject of the process. The outcome of the process achieving such production and product use which are more environmentally-friendly than their substitutes.<sup>9</sup>

Eco-labeling is asserted to enable solving environmental problems and to apply environmental motivation of manufacturers as a form of preventive environmental strategy. The aim of eco-labeling is to inform both consumers and manufacturers about the extra, environmentally acceptable attributes of products labeled with the eco-label, and to motivate them to use or produce such products. Eco-label should guide consumers to buy those products and services which, in comparison with other products and services in the same product line, have better characteristics in terms of their impact on the environment. The history of eco-labeling began in 1977 in the German Federal Republic, where the first certification eco-labeling program was made. It was centrally managed by the third party (independent party - The Ministry of the Environment - Bundesministerium für Umweltschutz) and a year later it was put to practice. This program spread very rapidly in Germany and foreign companies in the German market showed interest in the ecolabel called 'The Blue Angel'. Canada was the second country to put unified labeling of environmentally-friendly products into practice in 1988. Eco-labeling was launched in Scandinavian countries in 1989, when the first international eco-labeling program 'The White Swan' was launched. National program in Japan and the first private program operated by a private company Green Seal in the USA were announced in the same year. An international eco-labeling program of the EU was established in 1992 and amended in 2000.

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<sup>8</sup> KYLIÁNOVÁ, D., LALÍKOVÁ, L.: *Hodnota značky a jej podiel na nehmotnom majetku podniku*. Banská Bystrica : Úrad priemyselného vlastníctva Slovenskej Republiky, 2010, p. 86.

<sup>9</sup> ZELENÝ, J. et al.: *Environmentálny politika a manažérstvo organizácií (diel prvý): Environmentálna politika, manažérstvo a spoločenská zodpovednosť*. Banská Bystrica : Univerzita Mateja Bela, Fakulta prírodných vied, 2010, p. 83-84.

## 2 Environmental assessment and eco-labeling in Slovakia

At the moment, there are many systems and schemes of eco-labeling in the market. Many authors have dealt with their classification, for example Rusko and Kollár<sup>10</sup>, Musová<sup>11</sup>, Murín et al.<sup>12</sup>, Miklenčíčová<sup>13</sup>. Type I eco-labeling, according to the norm *ISO 14024:1999 Environmental labels and declarations – Type I Environmental labeling – Principles and procedures*, follows the program, mostly at the national level, according to which the right to use an ecolabel is granted to those products which meet the specific requirements. The Ministry of the Environment of the Slovak Republic grants the national ecolabel 'Environment-friendly Product' from 1997. Conditions and the process of granting and using the national eco-label is provided in the Act No 469/2002 Coll on environmental product labelling as amended. Currently, three Slovak companies have the right to use the national label for 43 products altogether.<sup>14</sup> A comparable brand at the European level is 'The European Eco-label' (European Flower). Currently, four companies in Slovakia are allowed to use the Eco-label 'European Flower'.<sup>15</sup>

Type II eco-labeling (according to the norm *ISO 14021:1999 Environmental labels and declarations. Self-declared environmental claims (Type II environmental labeling)*) is based on own environmental assertion proclaimed by the manufacturer, importer, distributor, retailer, or anybody else, who could possibly benefit from the assertion, without certification from an independent third party. Currently, only two organizations in Slovakia can claim validity of proclaiming the environmental characteristics<sup>16</sup> of their products. Type III eco-labeling – EPD (Environmental labels and declarations) is standardized by the international norm *ISO 14025:2006 Environmental labels and declarations. Type III environmental declarations*. It represents labeling in the form of written information with quantified data about the environmental burden of production per product unit, or in the form of a tag with numerical and graphic expressions of this burden. The proclamation must be verified by a third independent party. Examples of the type III eco-labeling are brands specialized in one sector – 'Energy Star' (a brand for power-saving office equipment), and energetic labeling (in the EU, it assesses household products based on their power-saving characteristics).

In agriculture, environment-friendly products are granted labels 'Eco-farming' (for agricultural products and food based on ecological production), 'Bio product' (a direct product of eco-farming of vegetable or animal origin and 'Organic food' (food

<sup>10</sup> RUSKO, M., KOLLÁR, V.: Environmentálne značky a vyhlásenia. In *Nehnutelnosti a Bývanie*, 2010, Vol. 5, No. 1, p. 51-66.

<sup>11</sup> MUSOVÁ, Z.: *Spoločenská zodpovednosť v marketingovej praxi podnikov*. Banská Bystrica : Univerzita Mateja Bela, Ekonomická fakulta v Banskej Bystrici, 2013, p. 143-145.

<sup>12</sup> MURÍN, I. et al.: Green Marketing as a Tool Influencing Consumers' Behavior: Slovak Case Study of Regional Mark Preference. In *Procedia. Economics and Finance*, 2015, Vol. 34, p. 264.

<sup>13</sup> MIKLENČIČOVÁ, R.: Perception of environmental product labelling by Slovak consumers. In *Procedia. Economics and Finance*, 2015, Vol. 34, p. 646.

<sup>14</sup> *Environmentálne vhodné výrobky (EVP)*. [online]. [2016-09-30]. Available at: <<http://www.sazp.sk/public/index/go.php?id=1571>>.

<sup>15</sup> *Environmentálna značka EÚ*. [online]. [2016-09-30]. Available at: <<http://www.sazp.sk/public/index/go.php?id=2215>>.

<sup>16</sup> *Environmentálne vyhlásenia*. [online]. [2016-09-30]. Available at: <<http://www.sazp.sk/public/index/go.php?id=1575>>.

which is made of pure bio products with the use of permitted ingredients, additives and technological processes defined by the law). Eco-farming in Slovakia started to develop later than in the advanced countries of Western Europe. It dates back to 1991, when it was 37 farms which operated in this way, on an area of 14,773 ha of farmland. The production of organic food started in 2001 (spelt flour being the first Slovak organic food). Eco-farming flourished after Slovakia joined the EU in 2004. Apart from the growth of the ecologically farmed land (186,482 ha) and the number of bio farms (416), there was a rising interest in processing the production of Slovak organic food. Currently, there are 83 producers of organic food in Slovakia, while three of the mass producers sell their organic food not only in the member states of the EU, but also outside the Union.<sup>17</sup> Ecological production in Slovakia, however, focuses on cultivating crops in large scale, such as cereal crops, oil plants and legumes.<sup>18</sup>

Bio products and organic food have to be specially labeled, so that they are distinct from conventional food. According to European legislation, we use various names to label these, e.g. 'bio' or 'eco' (or 'organic', 'öko') in the name of the bio product, a graphic sign in the shape of an eye (green, with the word 'eco-farming'), the words 'product of an eco-farm', a numeric code of the certification body (SK-BIO-002), and the ecological EU logo euro-leaf, which is a green leaf made of stars). No farmer or a food producer can label their products with these brands arbitrarily. Inspection and certification in eco-farming production in Slovakia is provided by Naturalis SK, s. r. o. In 2015, Naturalis issued 602 certificates, in which 3,019 products were certified.<sup>19</sup> Slovaks spend approximately four million Euros per year on organic food, which represents about 0.1% of the food market.<sup>20</sup> The first ones to sell organic food were specialized health food stores. Later on, organic food appeared on the shelves in big chain stores of supermarkets and hypermarkets (this was in the second half of 2007). Gradually, it was not only the sales that increased, but at the same time, there was a rise in the range of products as well as the marketing activities of the salespeople. Shopping in so-called farm shops (= direct yard sale) in Slovakia considerably falls behind when compared to the surrounding countries.<sup>21</sup>

### 3 The perception of chosen environmental labels by consumers in Slovakia

With their environmental behavior, companies can influence the buying decision process of consumers quite significantly. By using the right marketing tools and

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<sup>17</sup> *Súčasná situácia a perspektívy ekologickej poľnohospodárskej výroby na Slovensku*. [online]. [2016-10-01]. Available at: <<http://www.polnohospodar.sk/kategorie-spravodajstva/243-polnohospodar-15-1660/6134-2016-04-13-12-41-33>>.

<sup>18</sup> For more information, see: BAČUVČÍK, R.: *Tradiční a nové v marketingovej komunikaci*. Zlín : VerBuM, 2011.

<sup>19</sup> *Správa o výkone kontroly a certifikácie v ekologickej poľnohospodárskej výrobe za rok 2015*. [online]. [2016-09-30]. Available at: <<http://www.naturalis.sk/spravy>>.

<sup>20</sup> *Ekologické zemedelstvi a bio trh na Slovensku*. [online]. [2016-09-29]. Available at: <<http://www.bio-info.cz/zpravy/ekologicke-zemedelstvi-a-bio-trh-na-slovensku>>.

<sup>21</sup> POLIAČIKOVÁ, E.: Bioprodukty a zdravý životný štýl na Slovensku. In HITTMAR, Š. (ed.): *Theory of management 8: the selected problems for the development support of management knowledge base*. Žilina : University of Žilina, Faculty of Management Science and Informatics, 2015, p. 112.

impulses, they can also induce environmentally appropriate behavior of their customers – preference and purchase of environment-friendly products, minimizing waste and its appropriate disposal, and saving power and water. Inspection of consumers' environmental behavior and their reactions on environmental impulses from the companies was the subject of our research, in which 420 respondents of both genders, different age groups (based on the main stages of a life cycle), and different achieved levels of education participated. In this paper, we focus on those chosen results which are directly related to the problems of eco-labels. According to the result of our research, the best known eco-labels were 'Bioproduct/Organic food' and 'Eco-farming' (approximately 64% of the interviewed respondents). The least known label is 'The European Flower', which was recognized only by 8% of our respondents. Approximately 20% of consumers noted the label 'Environment-friendly product'. Almost 18% have never come across any eco-label, or they have not noticed it.

Familiarity with the eco-labels, however, does not indicate that the consumers know their actual meaning, or that they really buy such labeled product. When we showed the respondents a list of eco-labels with an explanation of their meaning, and asked whether such labeling would influence their buying decision, the demand for organic food and eco-farmed products showed high numbers (52% and 41%). 'The Energy Star' (39%) and the energy tag (35%) also proved to be of significance and would persuade the consumers. Only approximately 20% of our respondents would react to the type I labeling – 'Environment-friendly product' and 'The European Eco-label' (The European Flower). We assume that the result is influenced by very low public awareness of product eco-labeling. In an attempt to identify potential drawbacks in product eco-labeling, we found out that the most common problem appeared to be the missing relevant information about the particular labels, which makes it impossible for the customers to make the right buying decision. According to the respondents, the problem resides in the fact that there are too many labels in the market (46%) and this sometimes makes it difficult to get oriented among them. Another drawback is the poor visibility of the labels on the packaging (21% of the answers). Much stronger environmental feeling is showed by the inhabitants of Nordic states. Danes not only buy environmental products, but also the market researches refer to high popularity of environmental brands. The research of the UN Economic Commission for Europe (ENECE) and the Food and Agriculture Organization (FAO) found out that 14% of Danish consumers recognize brands and logos specific for different industries (e. g. textile, paper, chemical, or food-processing industry). They not only recognize them, but also understand them very well. Up to 58% of the questioned buy certified products when they are available.<sup>22</sup>

As consumers pay high attention to the agricultural products in terms of environmental behavior, in accordance with the previous results, we also focused on the examination of organic food purchases, i.e. food that is produced in the most natural, but also in a strictly controlled, way within the frame of eco-farming, and does not contain artificial preservatives, coloring, sweetening or vitamins of synthetic origin. Taking care of one's own health, active approach towards the oneself as an individual, but also towards their surrounding environment, high level

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<sup>22</sup> MALIŠOVÁ, H.: „Zelená“ pre ekologický marketing. [online]. [2016-09-30]. Available at: <<http://www.mandk.cz/rservice.php?akce=tisk&cislocianku=2007040007>>.

of personal responsibility and responsibility to others (also to the new generations), and preference of active and healthy, lifestyle are common features of a typical organic food consumer.<sup>23</sup> According to the results of researches conducted by GfK Slovakia from 2009,<sup>24</sup> the awareness of organic food in Slovakia was rather high; up to 69% of people are familiar with it, but only about one fifth of Slovaks sometimes buy it. Only few people – as little as two per cent of the population – buy organic food on a regular basis and bio products may be considered their common shopping items. They were mostly people in the age between 30 and 39, with university education, higher income and residing in larger cities. Bio quality was one of the factors that influenced the purchase of food products the least. The awareness of organic food was somewhat higher in the neighboring Czech Republic, where 87% of people were familiar with it, and compared to Slovakia, a higher percentage of people also bought it on a regular basis. 28% of Czechs buy this type of food sporadically and only some (chosen) categories, and 5% buy it regularly. Our results were somewhat better in comparison with Poland. More specifically, 57% of Polish people knew organic food, whereas 19% also buy them at least sometimes.

In the same year, even despite the financial crisis, the organic food market in Germany registered significantly better results. The amount of the sold food and drinks with the label 'bio' rose by 2%. According to a study presented at the international fair BioFach in Nuremberg, up to 94% of German households bought some bio products and they spent 84 Euros on them on average. Consumers put bio products into their shopping baskets 20 times a year on average, while the domestic food had more preference. The most significant motives leading to the purchase of bio products according to Germans are active contribution to the climate protection, the origin of 'organic' products (preference of the domestic food) and stricter monitoring of regulation compliance. and the processes of production and cultivation of German bio products and organic food (confirmed by 43% of German households). To find out the overall awareness of respondents about organic food, we conducted a research via questionnaire in the end of 2015. Altogether, 422 respondents participated in this research. The sample consisted of 78% women and 22% men. The majority of respondents came from cities (almost 59%). As to the age, the majority of our respondents fell into the group between 18-25 years (65%), 20% belonged to the age group 26-45 years and 12% of the questioned were from 46 to 65 years old. The rest were older than 65.

The results of our research were interesting and more positive in comparison with the results of the research conducted by the GfK in 2009. More specifically, 9% of our respondents buy organic food regularly, 56% buy it only sometimes. Respondents, who do not buy organic food (33% are not interested and 2% do not know it) stated higher price as the main reason (39%), skepticism and disbelief in bio food was the new reason (13%), which was followed by 'not interested in organic food at all' – 11%. Other reasons were: limited offer (10%), lack of such stores (9%), and lack of information (7%). Women are more conscious in relation to this issue and people older than 65 buy organic food very rarely.

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<sup>23</sup> KOZELOVÁ, D. et al.: Organic Products, Consumer Behavior on Market and European Organic Product Market Situation. In *Potravinárstvo*, 2011, Vol. 5, No. 2, p. 20.

<sup>24</sup> *Trh s biopotravinami sa na Slovensku rozmáha*. [online]. [2016-09-30]. Available at: <<http://strategie.hnonline.sk/spravy/772044-trh-s-biopotravinami-sa-na-slovensku-rozmaha>>.

One of the two main reasons, why respondents buy organic food is that from their point of view, it is healthy (25%) and does not contain chemicals and genetically modified organisms (25%). Other reasons were that organic food is of better quality compared to traditional food (12%), it supports eco-farming (11%), it is not harmful to the nature (8%), its purchase supports traditions and the country life (7%), it tastes better (5%), and it is a new trend in diet and nourishment (3%). In our research we also focused on the supply of bio food in Slovakia and whether it is sufficient. 36% of the respondents cannot answer this question, 14% think that the supply of organic food is sufficient and as many as 49% of respondents consider the organic food supply insufficient. The answers imply that they would welcome more meat products in bio quality (17%), bio bakery products (14%), and fruits and vegetables (both 12%).

71% of our respondents would like to get access to more information regarding organic food. Respondents mostly gain information about healthy diet, bio products and organic food from the internet (34%), from friends and acquaintances (19%), in healthy food stores (14%), and from promotional materials, magazines and other printed media (14%). A significant group of respondents (19%) stated that they have trouble finding organic food in the stores. The results of both researches confirm that the awareness of eco-labeling, or of labeling the products as 'bio product' and 'organic food' in Slovakia is insufficient, and only some consumers are familiar with this type of food and labeling. Equally, only a small part of respondents orients themselves well when making purchases and purchase decisions. We suppose that more public education and sufficient information should contribute to the improvement of the situation. The government should participate more in raising consumer awareness about product eco-labeling, as well as in promoting bio products and organic food (e.g. in education, by organizing information campaigns, etc.). The interest in products labeled with eco-labels should also boost more intensive and better targeted usage of various forms of marketing communication with companies which produce or sell such labeled products.

### **Conclusion**

Competitiveness of companies will gradually be more and more influenced by the ability to win the trust and loyalty of environmentally-oriented consumers in these times of global environmental problems. These consumers search for environment-friendly products more often. Various environmental brands, which inform consumers about the extra, environmentally acceptable attributes of such products and about their features in terms of their environmental impact, can be of great assistance to them when making buying decisions. In our own research, we found out that the environmental awareness of domestic consumers is low. They recognize eco-labels only partially, they do not understand some of them, and they rarely take them into consideration when making buying decisions. The reason for this is mainly the lack of relevant information about particular labels and their meanings. Among the environment-friendly product brands, consumers mostly notice the names 'bio product' and 'organic food'. However, in their purchases they significantly fall behind when compared to consumers in more developed countries of the European Union. The main reasons are higher price, limited offer, and insufficient trust in organic food.

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## VALUE PERCEPTION OF OUTDOOR BRANDS IN THE CZECH REPUBLIC

*Pavel Mráček – František Milichovský*

### **Abstract**

Paper is focused on value, which is perceived by customer in segment of outdoor clothes in Czech Republic. Possibility of increasing perception of brand value by customer is main topic of the paper. According to our findings, this increasing of perceiving value is made by customers' feedback, usage knowledge of customers and users and connection brand of outdoor clothes with country of origin. The empirical evidence is based on a quantitative data, questionnaire, on which 196 persons participated. For the analysis of gained data there was used correspondence analysis with validation technique based on chi-square nonparametric tests and for transparent representation of the structure of dependence and interpretation is used symmetric correspondence map.

### **Key words:**

Brand. Correspond analysis. Customer value. Perception. The Czech Republic.

## **1 Introduction**

Competitive advantages influence companies to improve own realisation of business approaches. There exist quite large potential of value creation process within customers as significant part of competitive relationships in market. Value creation process helps to innovate both design and production of final products, which provide high value perception for customers. Nowadays, in segment of outdoor clothes there is expected cooperation between customers such testers of clothes and other equipment, and companies as producers. Segment of outdoor clothes has become more popular, because of the expansion of many outdoor activities such hitch hiking, mountain climbing or skiing. Nevertheless, present customers prefer to use outdoor clothes and equipment not only for extreme situations in the nature, but of course for casual life situations. Because of these reasons (becoming casual), producers wittingly decrease quality characteristics of their products. Therefore, there is raising potential of segment of outdoor clothes for day-to-day activities, especially in cities. It has become key characteristic of the consumerism as lifestyle.<sup>1</sup> Outdoor term is perceived as kind of fashion trend, which is accepted as market niche by traditional producers of clothes, which mean, that each year there are started-up new companies in this segment and raise total competitiveness of outdoor clothes. According to customers' requirements, outdoor clothes must include technical level of used material and final product, use value, fashion trend or image. All these parts could be created in cooperation with customers, suppliers and producers of both material and final products. Due this connection of individual partners, there could be found synergy effects on customers' side within marketing communication, built on the cooperation and co-creation of final values. This situation could create and support competitive advantage.

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<sup>1</sup> ČÁBYOVÁ, L. et al.: Sunday christian significance and the saints days shopping behaviour. In *European Journal of Science and Theology*, 2014, Vol. 10, No. 1, p. 43-54.

## 2 Theoretical background

According to the turbulent times companies it is necessary that companies have to improve current processes to meet new challenges. It is caused by entering into new economic stage. This stage is created thanks to IT bloom, rapid development of internet and mobile phones which bring down costs of marketing communication. With technology progress obtain new ways to overbid own goods and services.<sup>2</sup> Customers perceive value in two directions which have become as basic elements: quality and price<sup>3</sup>. If customer must make a choice between two products, then he/she make decision according to combination of quality and price (according to subtle skills of each individual<sup>4,5</sup>). Lošťáková<sup>6</sup> presents, that value perceived by customers is strictly individual and it could be different for:

- evaluated subject;
- comparing income and costs;
- preferences;
- diverse situation in timeline reflects dynamics;
- perceiving habit;
- values from comparing;
- concept basis.

These characteristics confirm approach, that customers accept value from point of view of product, individual experiences and perceiving, and situation's specifics. Ryšavá<sup>7</sup> presents, that total customer's value of product is combination of real and perceived value. Value for customer is taken as perceiving, comparison and scoring all things, which efforts must customer realise to get them.<sup>8</sup> Similar approach for value description has Vlček<sup>9</sup>, in which is value for customer defined as relation between need's satisfaction and potential sources for reaching the goal. Specific characteristics of products, which customers require, includes especially physical and chemical properties, that could be observed in direct way or could be measured objectively. These properties help to find out only external expression. Abstract characteristics of product support its complex description, which depend on customers feelings. Functional product components describe exact functions with possibility of adding of social or psychological value. Another parts of product characteristics are aesthetic product design, own feelings or social acceptance.<sup>10</sup>

<sup>2</sup> For more information, see: KOTLER, P., CASLIONE, J. A.: *Chaotics: The business of managing and marketing in the age of turbulence*. New York : Amacom, 2009.

<sup>3</sup> For more information, see: NENADÁL, J.: *Měření v systémech managementu jakosti*. Praha : Management Press, 2004.

<sup>4</sup> For more information, see: AMBROZOVÁ, E. et al: *Kognitivní management*. Ostrava : Key Publishing, 2016.

<sup>5</sup> KOLEŇÁK, J., POKORNÝ, V., AMBROZOVÁ, E.: Connatural management jako nový přístup v posilování konkurenceschopnosti na trhu práce. In *Scientia & Societas*, 2013, Vol. 9, No. 1, p. 144-152.

<sup>6</sup> For more information, see: LOŠŤÁKOVÁ, H.: *Diferencované řízení vztahů se zákazníky*. Praha : Grada publishing a.s., 2009.

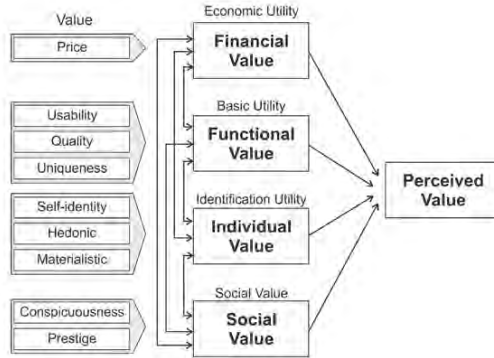
<sup>7</sup> For more information, see: RYŠAVÁ, Z.: *Hodnota pro zákazníka*. [Master Thesis]. Brno : Masarykova univerzita, Ekonomicko-správní fakulta, 2011.

<sup>8</sup> SIMOVÁ, J.: *Koncepce a atributy hodnoty zákazníka v oblasti služeb. Marketing a komunikace*. [online]. [2016-10-06]. Available at: <<http://www.mandk.cz/view.php?cislocianku=2007100019>>.

<sup>9</sup> For more information, see: VLČEK, R.: *Hodnota pro zákazníka*. Praha : Management Press, 2002.

<sup>10</sup> For more information, see: TOMEK, G., VÁVROVÁ, V.: *Marketing od myšlenky k realizaci*. 3<sup>rd</sup> Edition. Praha : Professional Publishing, 2011.

Complex view on perceived customer value is described by Hennigs, Wiedmann and Klarmann. According to them, customer accept whole value of product, which could be divided into several parts such financial value (economic profit), functional value (core benefit), individual value (identified benefit) and social value (social profit).<sup>11</sup>



**Figure 1: Perceiving of value by consumer**

Source: WIEDMANN, K. P., HENNINGS, N., SIEBELS, A.: Measuring Consumers' Luxury Value Perception: A Cross-Cultural Framework. In *Academy of Marketing Science Review*, 2007, Vol. 11, No. 7, p. 1-23.

Figure 1 shows all individual aspects of complex perceived value and their connection between others on the way to satisfy the customer. In that case, customer looks for sale price, discounts or another investments as possible financial values of product. Perceived financial value has directly connected with financial value declaration and with things customer had to give up or sacrifice for the purchase. Functional value refers on basic utility of product. It includes quality, uniqueness, usability and durability of product. Individual value is focused on personal consumer orientation and help to solve personal affairs such materialism, hedonistic value (brings satisfaction to consumer) and self-identification value. Value in social field is related on value perceiving of individuals by consumption of products or services, accepted in own social class. As social characteristics are usually consider prestige and eccentricity, which could significantly impact evaluation and purchase process itself, or brand usage.<sup>12</sup> Klupalová<sup>13</sup> summarizes knowledge about customer value and point out, that there is important value categorisation for all companies from point of view of timeline. This timeline is designed in Figure 2.



**Figure 2: Timeline of perceiving of value by costumer**

Source: KLAPALOVÁ, A.: *Vliv e-business na tvorbu hodnoty v řetězcích a sítích*. [Dissertation Thesis]. Brno : Masarykova univerzita, Ekonomicko-správní fakulta, 2007, p. 18

<sup>11</sup> HENNINGS, N., WIEDMANN, K. P., KLARMANN, CH.: Luxury Brands in the Digital Age: Exclusivity versus Ubiquity. In *Marketing Review St. Gallen*, 2012, Vol. 29, No. 1, p. 30-35.

<sup>12</sup> WIEDMANN, K. P., HENNINGS, N., SIEBELS, A.: Measuring Consumers' Luxury Value Perception: A Cross-Cultural Framework. In *Academy of Marketing Science Review*, 2007, Vol. 11, No. 7, p. 1-23.

<sup>13</sup> For more information, see: KLAPALOVÁ, A.: *Vliv e-business na tvorbu hodnoty v řetězcích a sítích*. [Dissertation Thesis]. Brno : Masarykova univerzita, Ekonomicko-správní fakulta, 2007.

According to Klupalová<sup>14</sup> time category and value category are connected in another way. These categories are merged in kind of cumulative effect, where time / duration is linked with needs, required by values and benefits, and expended financial costs. Christopher<sup>15</sup> add to this approach adding time and non-adding time – total customer's value is decreased.

### 3 Methodology

For the purpose of this article only one part, which was targeted on field of outdoor clothes, knowledge the producers' brands, was chosen. Presented paper is based on primary research by questionnaire survey, which was conducted in 2015. 657 respondents from groups of customers / users were randomly selected to participate in this survey. Totally 196 questionnaires were returned (relative amount 29.83%). To process the results of the questionnaire survey there were used both of descriptive statistics and correspond analysis. The data were processed by using the statistical program IBM SPSS Statistics 24. The conclusions provide characteristics of the limitations of our research and its potential further direction. For purpose of the article by correspond analysis method the data were processed. In the fact this method focuses on the multidimensional observations. Correspond analysis describes relation between both two nominal variables in pivot table and individual categories. In pivot table there is category combination which should become significant or not. If any categories are similar or associated, there are located in graph near themselves. Correspond analysis itself is focused on association rate, usually by chi-square measure. There are nominal variables as input into correspond analysis, and kind of premise, that there is no ordering between variables.<sup>16,17,18</sup>

Correspond analysis processes dimensional homogenous data which consist only positive values or zeros. Chi-square range has become coefficient which excludes zeros, and help to define relations between rows and columns. Calculation of correspondence analysis includes three steps<sup>19</sup>: (1) pivot table transformation into table with support of Pearson chi-square; (2) individual value decompositions are applied into defined table, then there are calculated new values and new vectors; (3) new matrix operations serve as input to graph design. Basis for two dimensional pivot tables is data matrix  $n \times 2$ , in which categorical variable A get  $r$  values ( $a_1, a_2, \dots, a_r$ ) and categorical variable B get  $s$  values ( $b_1, b_2, \dots, b_s$ ). Due realised observation there is created table by two dimensional separations of both variables. In the table is used  $n_{ij}$  frequency, which represents intersect of both variables. This  $n_{ij}$  provides

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<sup>14</sup> For more information, see: KLAPALOVÁ, A.: *Vliv e-business na tvorbu hodnoty v řetězcích a sítích*. [Dissertation Thesis]. Brno : Masarykova univerzita, Ekonomicko-správní fakulta, 2007.

<sup>15</sup> For more information, see: CHRISTOPHER, M.: *Logistika v marketingu*. Praha : Management Press, 2000.

<sup>16</sup> For more information, see: McGARIGAL, K., CUSHMAN, S., STRATFGORD, S.: *Multivariate statistics for wildlife and ecology research*. New York : Springer, 2000.

<sup>17</sup> BEH, E. J.: Elliptical confidence regions for simple correspondence analysis. In *Journal of Statistical Planning and Inference*, 2010, Vol. 140, No. 9, p. 2582-2588.

<sup>18</sup> BEH, E. J.: Correspondence analysis of aggregate data: The 2x2 table. In *Journal of Statistical Planning and Inference*, 2008, Vol. 138, No. 10, p. 2941-2952.

<sup>19</sup> For more information, see: ŘEZANKOVÁ, H.: *Analýza dat z dotazníkových šetření*. Praha : Professional Publishing, 2010.

number of observations, where are both  $a_i$  and  $b_j$ . Except  $n_{ij}$  there are used marginal frequency  $n_{i+}$ , where row observation with  $a_i$  value are observed (similar approach is for  $n_{+j}$  in column). In that table there are applied relative frequencies:<sup>20,21</sup>

$$\sum_{i=1}^r \sum_{j=1}^s p_{ij} = \sum_{i=1}^r p_{i+} = \sum_{j=1}^s p_{+j} = 1 \quad (1)$$

Set structure is described by contingent relative frequency  $p_{j/i}$  in two possible ways:

1. from point of variable B view, if variable A reaches value  $a_i$ ;

$$p_{i/j} = \frac{n_{ij}}{n_{i+}} = \frac{p_{ij}}{p_{i+}} \quad (2)$$

2. from point of variable B view, if variable A reaches value  $a_j$ ;

$$p_{i/j} = \frac{n_{ij}}{n_{+j}} = \frac{p_{ij}}{p_{+j}} \quad (3)$$

Any changes in these values transform variable dependence, which is usually measured by Pearson chi-square test:<sup>22</sup>

$$\chi^2 = \sum_{i=1}^r \sum_{j=1}^s \frac{\left(n_{ij} - \frac{n_{i+} \times n_{+j}}{n}\right)^2}{\frac{n_{i+} \times n_{+j}}{n}} = n \times \sum_{i=1}^r \sum_{j=1}^s \frac{(p_{ij} - p_{i+} \times p_{+j})^2}{p_{i+} \times p_{+j}} \quad (4)$$

After estimating the theoretical frequencies there is designed chi-square statistics. This statistic has chi-square distribution and number of degrees of freedom  $(r-1)(s-1)$ . On this basis, it is decided if exist dependency between variables in the population, and by using correspondence analysis is also possible to determine the structure of dependence.<sup>23,24</sup>

#### 4 Results

In own questionnaire survey there were questions on which individual respondents had to answer from point of consumers and users view. Main aim was to find if knowledge about outdoor clothes' brands in the Czech Republic could impact decision making process in purchasing. For purpose of the paper there is no important age or sex characteristics. At first step there was analysed frequencies of individual respondents in connection with choice of used material and potential feedback situation (see Table 1). Even though the results of the research show that over one half choice outdoor clothes

<sup>20</sup> BEH, E. J.: Elliptical confidence regions for simple correspondence analysis. In *Journal of Statistical Planning and Inference*, 2010, Vol. 140, No. 9, p. 2582-2588.

<sup>21</sup> KUDLATS, J., MONEY, A., HAIR, J. F.: Correspondence analysis: A promising technique to interpret qualitative data in family business research. In *Journal of Family Business Strategy*, 2014, Vol. 5, No. 1, p. 30-40.

<sup>22</sup> BEH, E. J.: Correspondence analysis of aggregate data: The 2x2 table. In *Journal of Statistical Planning and Inference*, 2008, Vol. 138, No. 10, p. 2941-2952.

<sup>23</sup> BEH, E. J.: Elliptical confidence regions for simple correspondence analysis. In *Journal of Statistical Planning and Inference*, 2010, Vol. 140, No. 9, p. 2582-2588.

<sup>24</sup> KUDLATS, J., MONEY, A., HAIR, J. F.: Correspondence analysis: A promising technique to interpret qualitative data in family business research. In *Journal of Family Business Strategy*, 2014, Vol. 5, No. 1, p. 30-40.

because of the material characteristics. Feedback would be provided mainly in that cases, when customer will be not satisfied.

**Table 1: Pivot table of used material choice and feedback**

		Used material choice								
		Brand knowledge		Material characteristics		Recommendation		No influence		Total
Feedback to producer	Each case	19	52,78%	46	43,40%	18	40,91%	1	11,11%	<b>84</b>
	Unsatisfied case	15	41,67%	48	45,28%	22	50,00%	4	44,45%	<b>89</b>
	Satisfied case	1	2,78%	6	5,66%	0	0%	0	0%	<b>7</b>
	Never	0	0%	3	2,83%	3	6,82%	3	33,33%	<b>9</b>
	No answer	1	2,78%	3	2,83%	1	2,27%	1	11,11%	<b>6</b>
	<b>Total</b>	<b>36</b>	<b>100%</b>	<b>106</b>	<b>100%</b>	<b>44</b>	<b>100%</b>	<b>9</b>	<b>100%</b>	<b>195</b>

Source: Own processing

Load indicators (Mass) in table 5 indicate load line which represents the percentage of information across the table in appropriate category. That loads are obtained as the ratios of the row and column marginal frequencies ( $n_{i+}$ ,  $n_{+j}$ ) in whole table of individual categories ( $n$ ). The highest proportion of row variable line can be found at the second category, which represents unsatisfied cases (0.456). In column points there are material characteristics with the highest values (0.544). Score in dimension describes individual variables score in two main dimensions. These dimensions don't represent any specific area, because they are reduced to from multi-dimension space. All data in rows and columns have been usually in multi-dimension space, which are reduced into two. Providing information of raw data has not been modified after multi-dimension space reduction of these variables. Inertia indicator represents the share comprehensive information on the profile (on the relevant point). This characteristic is independent of the number of dimensions. Corresponding map includes a graphical representation of both row and column categories according to their dimension scores.<sup>25,26</sup>

**Table 2: Overview points for row and columns (symmetrical normalization)**

		Mass	Score in dimension		Inertia	Contribution				
			1	2		Of point to inertia of dimension		Of dimension to inertia of point		
						1	2	1	2	Total
Row points (feedback)	Each case	,431	-,303	,100	,015	,113	,036	,913	,033	,947
	Unsatisfied case	,456	,025	,082	,002	,001	,026	,061	,227	,289
	Satisfied case	,036	-,571	-1,701	,017	,033	,871	,248	,747	,995
	Never	,046	2,447	-,082	,097	,786	,003	1,000	,000	1,000
	No answer	,031	,874	-,503	,010	,067	,065	,801	,090	,891
	<b>Total</b>	<b>1,000</b>			<b>,141</b>	<b>1,000</b>	<b>1,000</b>			

<sup>25</sup> For more information, see: HEBÁK, P. et al.: *Vícerozměrné statistické metody*. 2<sup>nd</sup> Edition. Praha : Informatorium, 2007.

<sup>26</sup> D'ESPOSITO, M. R., De STEFANO, D., RAGOZINI, G.: On the use of Multiple Correspondence Analysis to visually explore affiliation networks. In *Social Networks*, 2014, Vol. 38, p. 28-40.

## CONSUMER AND BRANDING

Column points (Used material choice)	Brand knowledge	,185	-,402	,214	,014	,085	,071	,772	,074	,846
	Material characteristics	,544	-,167	-,272	,010	,043	,338	,514	,463	,977
	Recommendation	,226	,213	,542	,012	,029	,557	,298	,653	,951
	No influence	,046	2,533	-,299	,105	,843	,035	,993	,005	,998
	<b>Total</b>	<b>1,000</b>			<b>,141</b>	<b>1,000</b>	<b>1,000</b>			

Source: Own processing

Both dimension 1 and dimension 2 provide only „describing space“, in which were realisation of marketing activities and size of company. Gained results are confirmed by significance value of Chi-square test. According to results of correspondence analysis is reached Chi-square test at acceptable level (sig. = 0,007). Therefore, results of correspondence analysis are significant for its application on observed raw data (see Table 3).

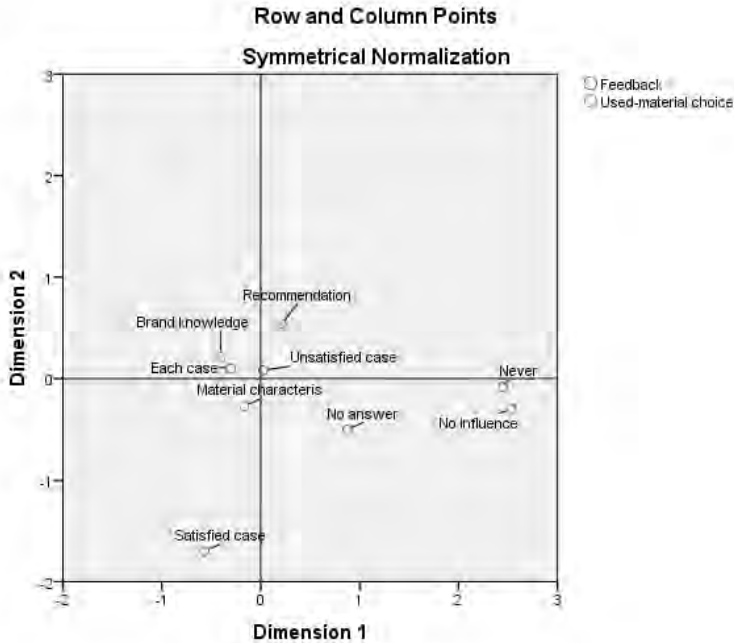
**Table 3: Significance summary of observed dimensions**

	Singular value	Inertia	Chi Square	Sig.	Proportion of inertia		Confidence singular value	
					Accounted for	Cumulative	Std. dev.	Correlation
<b>1</b>	0,351	0,123			0,876	0,876	0,118	0,050
<b>2</b>	0,119	0,014			0,101	0,978	0,045	
<b>3</b>	0,056	0,003			0,022	1,000		
<b>Total</b>		<b>0,141</b>	<b>27,470</b>	<b>0,007</b>	<b>1,000</b>	<b>1,000</b>		

Source: Own processing

Results of correspondence analysis are included in graphs, which illustrate relations between individual categories and variables. Figure 2 shows row and column points of two dimensional solutions. By using symmetrical normalization simplifies examining the relationships between individual categories of the variables. In graph there are brightly observed four different groups of individual categories.





**Picture 1: Symmetrical correspond map of row and column points**

Source: Own processing

## Conclusion

Delivering value to customers has become important part of brand management. Therefore, there is necessary to accept possible feedbacks of customers' side on the way to maximize their value and increase perceive level of brands for all individuals. According to this situation, there are increasing all value perceptions, ex-post, during usage and after usage (disposal). The perceived value is also influenced by knowledge of both brand and materials used to branded products. Provide feedback helps to improve perceived value, especially in individual area, which affect possible raising of future functional value. Knowledge of the materials influence individual and social value in connection to the functional value. Increasing functional value is based on innovation level of company in all product classes.<sup>27</sup> For perception of brand play significant role land of origin. Czech customer chose these products, which could be added to brand from Alpine and Scandinavian countries, because they think these products have higher quality in comparison with another brands (see Table 4).

<sup>27</sup> KOUDELKOVÁ, P.: Znalosti v oblasti managementu inovací a jejich dopady na tvorbu inovací. In *Scientia & Societas*, 2014, Vol. 10, No. 3, p. 117-126.

Table 4: Example of outdoor brands and country of origin

		Country of origin
Alpine Pro	73	CZ
Husky CZ	42	CZ
North Face	10	USA
Nord Blanc	9	CZ
Tilak	6	CZ
Direct Alpine	2	CZ
North Finder	1	SK
North Land	1	A

Source: Own processing

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WIEDMANN, K. P., HENNINGS, N., SIEBELS, A.: Measuring Consumers' Luxury Value Perception: A Cross-Cultural Framework. In *Academy of Marketing Science review*, 2007, Vol. 11, No. 7, p. 1-23. ISSN 1869-814X.

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## CONSUMERS' PERCEPTION OF THE BRAND IN THE CAUSE-RELATED MARKETING

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### **Abstract**

When doing business, organizations should not only take into account their own interests, but the interests of all stakeholders and the whole society as well. If the organizations want to remain competitive, they need to behave in a more responsible way within their business activities, including the marketing ones. Responsible marketing approach is cause-related marketing – partnership of profitable and non-profitable subjects and the consumers who will fulfil their aims by engaging in cause-related marketing projects. These subjects altogether support good cause or contribute to the solution of a social problem. Although cause-related marketing is a new term in our geographical location, in our research we have found out that consumers are highly willing to join cause-related marketing campaigns. One of the prerequisites for success of a cause-related marketing project is the positive approach from the consumers to the supported brand. Credibility of the organization, good reputation, connection with a partner non-profit organization, connection between the organization and the supported cause, and transparency of the whole cause-related marketing campaign are also important.

### **Key words:**

Brand. Cause-related marketing. Cause-related marketing campaigns. Consumers' perception. Corporate Social Responsibility.

## **1 Theoretical Background**

For the past few decades, companies have been under big pressure to take responsibility for the effects of their business activities on the whole planet – the environment, society, and the economy. Their task is to find the way to meet the needs of the present generation without compromising the ability of the next generation to achieve their own needs.<sup>1,2</sup> These tendencies caused the emergence of corporate social responsibility, which embraces the range of economic, legal, ethical and discretionary actions that affect the economic performance of a company. Even though social corporate responsibility has become one of most orthodox and accepted among academics and practitioners, in the business world there is no united definition for this concept.<sup>3</sup> One of the early contributors to the corporate social responsibility definition was Howard R. Bowen, who asserts that social responsibility of businessmen is to pursue those policies, to make those decisions, or to follow those lines of action, which are desirable in terms of the objectives of a society.<sup>4</sup> Modern definitions describe social corporate responsibility in a similar way. For example, the European Commission describes it as a close relationship between companies and societies, in which companies integrate social and environmental concerns in their business operations and in the interaction with their stakeholders

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<sup>1</sup> D'AMATO, A., HENDERSON, S., FLORENCE, S.: *Corporate Social Responsibility and Sustainable Business*. North Carolina : Centre for Creative Leadership, 2009, p. 1.

<sup>2</sup> BENČIKOVÁ, D., MALÁ, D., MINÁROVÁ, M.: How culturally intelligent are Slovak small and medium business?. In *Conference proceedings: the 7th international days of statistics and economics*. Praha : Melandrium, 2013, p. 109.

<sup>3</sup> WERTHER, W., CHANDLER, D.: *Strategic Corporate Social Responsibility: Stakeholders in a Global Environment*. Praha : Sage Publications, 2010, p. 8.

<sup>4</sup> BOWEN, H.: *Social responsibilities of businessman*. Iowa City : University of Iowa Press, 1953, p. 6.

on a voluntary basis.<sup>5</sup> This concept is also connected with a range of criticism from some academics, but although this scepticism is widely accepted, corporate social responsibility creates value for consumers, enhances company reputation and market value, increases customer loyalty, brings in innovative solutions for businesses, increases attractiveness of a company for investors, and enhances quality and productivity, as well as the employee loyalty.<sup>6,7</sup>

Other authors see corporate social responsibility as a part of an organization's brand strategy. Today, more than ever before, a company's reputation is precarious, and it is difficult to gain and easy to lose. That is why companies try to establish popular brands in consumer's minds, which can then result in increasing revenues. Social responsibility may be one of the ways through which brand managers can influence brand purchase. Formation of associations between the brand and the responsibility may lead to stronger consumer preference, because consumers are more likely to pay a premium for a brand they know and trust.<sup>8</sup> Over the years, many different forms of corporate social responsibility activities were created. Among all these initiatives, one of the most popular and common forms is cause-related marketing. Many companies are approaching cause-related marketing strategy and communicating social causes along with their products, in order to fulfil their corporate social responsibility through the affiliation with a non-profit organization.<sup>9</sup> Uniqueness of cause-related marketing is in its marketing potential. This form of corporate social responsibility allows companies to demonstrate responsiveness to societal and ecological problems and issues, and at the same time it can be used as a sustainable way to enhance and build a corporate brand. Cause-related marketing has a potential to engage an individual mentally and emotionally with a corporation, and hence create a positive corporate image.<sup>10</sup>

If we want to describe cause-related marketing, we can say that it is a specific type of marketing that ties a company and its product to a cause. Its goal is to increase incremental sales and corporate image while contributing to the non-profit organization.<sup>11</sup> This concept was introduced by Varadarajan and Menon<sup>12</sup> in their 1988 research paper, where they explained that cause-related marketing is an opportunity of a company to do well by doing good. These authors defined it as "process of formulating and implementing marketing activities which are

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<sup>5</sup> MUSOVÁ, Z.: *Spoločenská zodpovednosť v marketingovej praxi podnikov*. Banská Bystrica : Univerzita Mateja Bela, Ekonomická fakulta v Banskej Bystrici, 2013, p. 18.

<sup>6</sup> POLONSKY, M., JEVONS, C.: Global branding and strategic CSR: an overview of three types of complexity. In *International Marketing Review*, 2009, Vol. 26, No. 3, p. 328.

<sup>7</sup> HRONCOVÁ VICIANOVÁ, J.: *Uplatňovanie koncepcie spoločensky zodpovedného podnikania vo vybraných odvetviach národného hospodárstva na Slovensku*. Banská Bystrica : EF UMB, 2014, p. 35.

<sup>8</sup> ÖZSOMER, A., ALTARAS, S.: Global Brand Purchase Likelihood: A critical synthesis and an integrated conceptual Framework. In *Journal of International Marketing*, 2008, Vol. 14, No. 4, p. 16.

<sup>9</sup> SHEETAL, S., ABHISHEK, S.: Cause Related Marketing: A Strategy to Communicate Corporate Social Responsibility. In *PriMa*, 2013, Vol. 4, No. 1, p. 10.

<sup>10</sup> DEMETRIOU, M., PAPASOLOMOU, I., VRONTIS, D.: Cause-related marketing: Building the corporate image while supporting worthwhile causes. In *Journal of Brand Management*, 2010, Vol. 17, No. 4, p. 269.

<sup>11</sup> PTACEK, J., SALAZAR, G.: Enlightened self-interest: selling business on the benefits of cause-related marketing. In *Nonprofit World*, 1997, Vol. 15, No. 4, p. 9.

<sup>12</sup> VARADARAJAN, R., MENON, A.: Cause-Related Marketing: A Coalignment of Marketing Strategy and Corporate Philanthropy. In *Journal of Marketing*, 1988, Vol. 52, No. 3, p. 59.

characterized by an offer from the firm to contribute a specified amount to a designated cause when consumers engage in revenue-providing exchanges that satisfy the organizational and the individual objectives". According to Sue Adkins<sup>13</sup> cause related marketing activities are a win-win situation for everyone – for the businesses, non-profit organizations, and for the customer. The customers are offered an opportunity to contribute to a specific cause and help those who need it. The non-profit organizations and their causes gain publicity, as well as funding, and the businesses can achieve an increased sale, as well as various intangible benefits. As we said, successful implementation of cause-related marketing programs can be connected with many benefits, mainly those for the company. Creating partnerships with non-profit organizations, making products associated with good cause and making the company's corporate social responsibility visible through cause-related marketing can help a company improve the social welfare, build strong consumer bonds, enhance public image and increase trust, boost the internal morale and the employees themselves, create a reservoir of goodwill, and increase the market value of a company.

Cause-related marketing has a really specific position from a branding point of view. Through this programme a company is able to create differentiated brand positioning, build high brand awareness, evoke brand feelings, establish brand credibility, or create a sense of brand community. According to Cone Cause Evolution Study from 2008, cause-related marketing has a significant effect on consumer purchase behaviour – more than 85 % of consumers are likely to switch from one brand to another, which has about the same prices and quality, if the other brand is associated with a good cause. Also 86 % respondents say when a product supports a cause they care about, they have a more positive image of that product.<sup>14</sup> In response to this consumer trend towards socially responsible consumption and purchase behaviour, cause-related marketing is becoming one of the most popular and effective ways to build consumers' brand loyalty and relationships between consumers and the company, but on the other hand cause-related marketing compared to other socially responsible initiatives is more likely to be viewed with scepticism among consumers.<sup>15</sup> This scepticism is mainly connected with consumers' tendency to disbelieve or question the company's motivation for cause-related marketing campaigns.<sup>16</sup> Customers' scepticism toward the company's cause-related marketing program can influence their intention to purchase a product connected with this program and can also influence the customers' brand loyalty.

A company makes a number of decisions in the process of designing and implementing a cause-related marketing program. Firstly, it is the decision about the degree of a strategic program. Secondly, the company must make a decision about

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<sup>13</sup> ADKINS, S.: *Cause Related Marketing: Who Cares Wins*. Oxford : Butterworth Heinemann, 1999, p. 12.

<sup>14</sup> *Cone Communications.: Cone Releases First Cause Consumer Behavior Study*. [online]. [2016-09-25]. Available at: <<http://www.conecomm.com/news-blog/cone-releases-first-cause-consumer-behavior-study>>.

<sup>15</sup> MARHANA, A., KHATIJAH, O., OSMAN, M.: Does Skepticism Influence Consumers Intention to Purchase Cause-related Products?. In *International Journal of Business and Social Science*, 2013, Vol. 4, No. 5, p. 95.

<sup>16</sup> MOHR, L., EROGLU, D., ELLEN, S.: The Development and Testing of a Measure of Skepticism Toward Environmental Claims in Marketers' Communications. In *Journal of Consumer Affairs*, 1998, Vol. 32, No. 1, p. 48.

the cause and the non-profit partner. Findings of Brink's<sup>17</sup> research paper show that only long-lasting campaigns can enhance the consumer's brand loyalty towards the product connected with good cause. The company usually focuses on one or on a few main causes to simplify the execution and maximize the impact of their involvement in a specific problem. However, the most effective way is choosing a cause that fits the company's corporate and brand image and is of great importance to its stakeholders<sup>18,19</sup>. Once a cause is selected, the company should review specific non-profit partners and make a list of candidates. Cause-related programs are usually successful when partners have a shared vision, open communication, and managed expectations and deliverables.<sup>20</sup> Longevity of this relationship between partners will positively influence the customer perception of the corporate motive behind the cause-related marketing campaign.<sup>21</sup> Having made these decisions, a company can determine the other parameters of the campaign. It could be e.g. a geographic scope (local, regional or national), or different types of donation framing and product pricing, which have different influence on the effectiveness of the cause-related marketing campaign. Cause-related marketing can take on many forms, including different transactional campaigns, donation boxes in stores, specifically designed products, licensing, and many others. According to all parameters and characteristic of the campaign, a company chooses the type that matches their needs and circumstances.<sup>22</sup>

## 2 Cause-related marketing campaigns

Cause-related marketing campaigns are perceived as a common part of marketing practice of companies these days. Many interesting cause-related marketing programs are known in the Slovak Republic. These campaigns are usually long-lasting and they are characterised by very high level of trust among customers. Success of a campaign depends on the ability of a company to persuade customers about the importance of their participation. Customers have to be convinced that they can contribute to solving social issues or global problems with a relatively small purchase price. Successful cause-related marketing campaigns with a large number of customers willing to buy the product connected with a good cause, can result in high revenues for the company and for the non-profit partner. On the other hand, this way of solving social problems does not necessary require a change in consumer behaviour of customers.

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<sup>17</sup> BRINK, D., ODEKEREN-SCHRÖDER, G., PAUWELS, P.: The effect of strategic and tactical cause-related marketing on consumers' brand loyalty. In *Journal of Consumer Marketig*, 2006, Vol. 23, No. 1, p. 16.

<sup>18</sup> BARONE, M., NORMAN, A., MIYAZAKI, A.: Consumer response to retailer use of cause-related marketing: IS more fit better?. In *Journal of Retailing*, 2007, Vol. 83, No. 4, p. 444.

<sup>19</sup> KOTLER, P., KELLER, K.: *Marketing management*. 14<sup>th</sup> Edition. New Jersey : Prentice Hall, Inc., 2013, p. 636.

<sup>20</sup> KALLIGEROS, M.: Choose wisely: Partnering for cause-related marketing. In *Public Relations Tactic*, 2005, Vol. 12, No. 8, p. 18.

<sup>21</sup> KANTA, M., RAMANA, D., MALLIKARJUNA, V.: Cause related marketing: Antecedents of Corporate Motive. In *Journal of Indian Management*, 2014, Vol. 11, No. 3, p. 73.

<sup>22</sup> CHANG, CH.: To donate or not to donate? Product characteristics and framing effect of cause-related marketing on consumer purchase behavior. In *Psychology&Marketing*, 2008, Vol. 25, No. 12, p. 1092.

One of the most famous and biggest worldwide campaigns of cause-related marketing is the (PRODUCT)<sup>RED</sup> campaign. Since its launch in 2006, the (PRODUCT)<sup>RED</sup> campaign has worked to build a specific brand by teaming with major companies to raise money for the Global Fund to fight AIDS in states of Africa. The partner companies determine one or few products from their portfolio, which will be designed in a special way to correspond with Product Red requirements. For these products red colour, or a special Product (RED) logo are typically used, while the features of the product, as well as the price, remain the same. In this case, customers buy the same product, but also gain self-satisfaction with the purchase because they are/will be a part of the 'help' to Africa. These products form a special (PRODUCT)<sup>RED</sup> edition, and are more appealing to customers, increasing their interest in the partner company's brand. In return for this special marketing communication opportunity, partner companies donate a portion of the sales proceeds to the Global Fund. Among Product RED partners are companies like Apple, Dell, Windows, Starbucks, Emporio Armani, Coca-Cola, Nike, the American Express, and many others. For example, with the purchase of one Apple iPod nano in the (PRODUCT)<sup>RED</sup> edition, 83 vaccines eliminating transmission of the disease from a mother to a child can be donated, or with one purchase of operating system Window Vista (RED), a donor can provide more than half a year of a life-saving treatment.<sup>23</sup>

Another good example of successful realization of cause-related marketing campaigns in practice is the company Procter & Gamble (P&G). The aim of effective campaigns of this company is coherency between its vision, mission and values, and good causes which the company supports. Through the initiative "Live, Learn and Thrive" P&G helps children around the world to have a healthy start to life, receive access to education, and to build skills for life. One of the best known cause-related marketing campaigns is "1 pack = 1 vaccine" worldwide initiative, in which Pampers, a trusted brand in baby care, has partnered with UNICEF, in order to eliminate maternal and neonatal tetanus in developing countries. "1 pack = 1 vaccine" belongs to one of the most successful campaigns in the field of cause-related marketing, and has resulted in much greater awareness of the disease that it made a genuine difference in the lives of millions of people. Since 2006 more than 300 million vaccines have been donated in 15 countries and more than 100,000 women and their new-borns were protected from the deadly disease.<sup>24</sup> P&G is also making a connection between brands like Tampax, Always or PUR water filters with specific causes.

Avon, the world's leading direct seller of beauty-related products, known for marketing to women in more than 135 countries through independent sales representatives, is a cosmetics company which is very well known as an initiator of the Avon's campaign against breast cancer. Causes related to this brand are mainly connected with women's health, thanks to which the company gained many loyal customers; also partly because of its connection with a cause that is important to many women. The first cause-related campaign was created in 1992, and the mission of this initiative was to raise awareness of the breast cancer cause, and to help Avon sales representatives raise money for breast cancer organizations through the sale of special fundraising products. Nowadays, we can find a wide portfolio of fundraisings products

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<sup>23</sup> *(Red) and the Global Fund.* [online]. [2016-09-25]. Available at: <<http://www.red.org/global-fund/>>.

<sup>24</sup> *Working for the greater good.* [online]. [2016-09-25]. Available at:

<<http://us.pg.com/sustainability/social-responsibility/brand-corporate-programs>>.



with the pink ribbon logo, and for every purchase of this product, a percentage of the sales (currently at 50 – 87 % of the sale price) goes to breast cancer awareness and fundraising. Since 1992, more than 740 million dollars have been collected.<sup>25</sup> The main objective of Avon campaigns is to help prevent, treat and eradicate the breast cancer. Avon supports awareness and education, screening and diagnosis, access to care, but also the scientific research. One of the most important characteristics of the Avon's cause-related marketing program is transparency. In Slovakia we have known the cause-related marketing program "Avon proti rakovine prsníka" for more than 15 years. Through the sale of specific products 1.2 million euros have been raised for different cause-related projects focused on effective diagnosis, special education of medical staff, purchase of diagnostic equipment, etc. Since 2009, "The Avon Walk Against Breast Cancer" has been one of the largest fundraising events in Slovakia. This event is connected with the sale of special pink T-shirts, and the raised money is donated to "Liga proti rakovine" (League Against Cancer).

In 2009, the Kofola brand decided to participate in cause-related marketing for the first time. For the company it was really important to find a good association between the brand and the cause, which was supposed to be based on associations like happiness, love and help. The "Bábky v nemocnici" (Puppets in Hospital) organization was chosen as a non-profit partner for the Kofola's campaign. The main symbol of the campaign was the sock puppets, made specifically for this occasion. The first stage of the campaign started in fall 2010 and was demonstrated through an intense sales promotion. Every customer who bought one half-liter bottle of Kofola, made a donation to the non-profit partner at the same time. In this stage, approximately 6.5 thousand euros was raised. The accompanying activity was an online auction of unique sock puppets made by Slovak celebrities, representatives of the company, but also by selected customers. The second stage of the campaign started in spring 2011 and earned even higher revenues for the brand and the non-profit partner.

Corporate environmental initiatives of companies offer many options to take advantage of cause-related marketing. The environmental cause-related marketing campaign of the Lidl brand was oriented on reduction of disastrous consequences of the windstorm in High Tatras in 2004. Every sold bottle of the mineral water Saguaro generated an amount of donation needed to purchase and plant one tree in High Tatras. Thanks to this cause-related marketing campaign, more than 500,000 trees were planted in areas damaged by the windstorm.

### **3 Consumers' perceptions of brands in cause-related marketing**

Consumers' positive perceptions of brands related to cause-related marketing campaigns can have significant influence on the success of this campaign. Brands are one of the most powerful tools in the process of marketing differentiation of products and services. For cause-related marketing, brands have a special role, because they are able to reach the potential and the existing customers, and draw their attention to the company's products. The focus of our research is the consumers' perceptions

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<sup>25</sup> *Avon Breast Cancer Crusade*. [online]. [2016-09-25]. Available at: <https://www.avonfoundation.org/programs/breast-cancer/>.

towards brands related to cause-related marketing activities, as well as the purchase behaviour and attitudes of consumers towards cause-related marketing. In order to obtain the required information, we used primarily quantitative research. Structured questionnaire was designed to elicit responses from 400 respondents from the Slovak Republic. From this sample of 400 respondents, 50 % were male and 50 % were female. Among the respondents, 36 % were between 18-26 years of age, 29.5 % between 27-46, 25 % between 47-59, and 9.5 % of respondents were over 60 years of age. When designing the questionnaire, it was essential to consider a low level of knowledge concerning cause-related marketing in Slovakia. Many questions were formulated hypothetically, because some respondents had never heard of cause-related marketing as a part of real marketing practises.

Cause-related marketing is only one initiative among all different forms of corporate socially responsible activities. Therefore, we wanted to know the respondents' attitudes towards participation of companies in good causes. Almost half of our respondents in this survey agreed with the statement that companies should cooperate with charities or engage in 'good causes' activities. Only 23 % of the consumers in our survey had a different opinion. Almost 30 % of our respondents had a neutral attitude towards this type of corporate socially responsible activities. When the respondents were asked if they knew at least one company, or at least one brand, connected with a cause-related marketing campaign, more than half of the surveyed consumers (52.5 %) confirmed that they knew a company or a brand like this. Only 20 % of respondents were not familiar with any activity of this kind in the Slovak market. Almost 28 % of our respondents were not able to answer the question, but this can also mean, that some of them know what a cause-related marketing campaign is, but are not able to recognize it. This adequate knowledge of respondents about cause-related marketing could be investigated in more detail through knowledge of respondents about particular practical examples of cause-related marketing campaigns. Of the 52.5 % of respondents (210 surveyed consumers), only 132 were able to connect cause-related marketing with an activity of a real company or a brand. Most recognized campaigns were Lidl's "Voda pre stromy" (Water for Trees), the campaign named "Tatranky Tatrám" (Tatranky for Tatra), the Pampers' initiative "Live, Learn and Thrive", Avon, and the campaign Islands of Life.

The surveyed respondents mostly agreed with the statement that cause-related marketing is a suitable and appropriate tool for supporting causes. There is quite a big difference, between the attitudes of men and women towards cause-related marketing. According to our survey, women are more likely interested in these campaigns, which can be attributed to higher attention women pay to social and environmental issues. In our survey, cause-related marketing is viewed with disbelief and scepticism among older surveyed consumers. A certain degree of mistrust was also noted in other parts of the survey. Respondents think that cause-related marketing is a suitable and appropriate form of socially responsible business practices, but in the moment of launching a campaign, customers can disbelieve or question the company's motivation for cause-related marketing campaigns. Some consumers may consider cause-related marketing as using a cause only as a promotion tactic and some consumers may be disturbed by lack of transparency or uncertainty about the amount of the donated money. In the survey, we also tried to

find out what the consumers' motives for engaging in cause-related marketing campaigns are. The results are displayed in Table 1.

**Table 1: Consumers' motives for engaging in cause related marketing campaigns**

	Strongly agree	Agree	Slightly agree	Slightly disagree	Disagree	Strongly disagree
Brand associated with a good cause gains special "socially responsible" added value (It helps to differentiate it from the competition).	24 6 %	67 16.75 %	99 24.75 %	105 26.25 %	58 14.5 %	47 11.75 %
Purchasing as a way to contribute to good cause, which is important for a consumer.	75 18.75 %	123 30.75 %	105 26.25 %	63 15.75 %	22 5.5 %	12 3 %
Cause related marketing as a bonus – an easy way to contribute to a good cause (among other things, a consumer wants to buy a product).	72 18 %	85 21.25 %	72 18 %	75 18.75 %	68 17 %	28 7 %
Good feeling for a consumer after purchasing the brand associated with a good cause	104 26 %	132 33 %	95 23.75 %	33 8.25 %	24 6 %	12 3 %
Consumer's effort to support a company and its CSR program (company has a good reputation)	35 8.75 %	60 15 %	23 5.75 %	41 10.25 %	118 29.5 %	123 30.75 %
Consumer's effort to support the non-profit partner in a campaign	55 13.75 %	75 18.75 %	28 7 %	35 8.75 %	100 25 %	107 26.75 %

Source: Own processing

Among all motives, the most preferred one was the customer's good feeling or the personal satisfaction after purchasing a brand associated with a good cause. We can say that this "good feeling" for consumers means an additional value of the brand and also an additional benefit, which can be transformed into greater willingness of a consumer to switch from one brand to another, also associated with a good cause. Because of this motive, many other benefits for a company can be developed, such as increasing repeated purchases, increasing customer's value, acquiring new customers more easily, etc. For respondents it is also important if a good case (supported by the brand) is located nearby them or when they are linked with this good cause in a personal way. Simplicity of the support, i.e. when people are helping without changing their regular consumer behaviour, is also motivating for the surveyed consumers.

In the context of brand switching we must say that willingness of consumers to switch from one brand to another (connected to a cause-related marketing campaign) is more complicated and can be influenced by many other motives. From product to product, there is different willingness of consumers to switch the brand. For some brands, it is not typical to substitute an alternative brand for the one they currently consume, for example if a popular brand for clothing is associated with a specific image and status. In this case a good cause related to another clothing brand

has only secondary importance – customers can buy this brand, but they do not want to, because they are loyal to the first one. Any other motives may cause brand switching, including the value of a product, negative experience with the first product, or simply better placement on a shelf in a store. Influence of cause related marketing on brand switching will be different in a process of buying a car and different for fast-moving consumer goods. Another problem can be connected to a low level of knowledge about cause-related marketing in Slovakia. If a consumer does not have information about the alternative product associated with good cause, he will not buy it. In this case, the consumer might be willing to choose this “good” product, but without relevant information he cannot. Another part of our survey was focused on consumer purchase behaviour in the context of cause-related marketing. Almost half of the surveyed respondents indicated that among the portfolios of comparable brands (same in price and quality) they would choose the brand associated with good cause to support the manufacturer who donates to charitable causes. According to our results, cause-related marketing can have a strong impact on consumers’ attitude towards a brand. In the area of purchasing we obtained relatively good results. 47 % of respondents agreed that they would be willing to pay a higher price for a brand connected with a good cause. Additional questions revealed that less than half of them would accept 5 % price increase, 29 % of respondents would accept between 5-10% price increase, and one quarter of this group of respondents would be able to accept more than 10 % price increase.

As it has been said, consumer’s willingness to prioritize a brand related to a cause-related marketing campaign can be influenced by many parameters; one of them is the type of cause at which the campaign is oriented. According to our survey, the most important issues based on consumers’ perceptions are health care and research, children in need, or humanitarian aid. On the other hand, there are many other parameters of the campaign, which influence its success. For respondents, it is really important to believe in the company which was involved in the cause-related marketing campaign. For 44 % of respondents, credibility of the company is the most important parameter. 37 % of the surveyed consumers think that it is important to create a close relationship between the company’s brand and the cause, but also between the company and its non-profit partner. This research investigated consumer’s perceptions of cause-related marketing campaigns. The results of the study show some interesting findings. Consumers are more and more concerned about corporate socially responsible activities of companies. Even nowadays it is still complicated for consumers to obtain relevant information about companies and their programs. Cause-related marketing is considered as a suitable form of corporate social responsibility of a company as it helps to make a company’s socially responsible program visible. We can say that the potential for implementing successful cause-related marketing programs in Slovakia is high, mainly because of low competition in the field of cause-related marketing.

### **Conclusion**

In the current turbulent and highly competitive marketing environment it is difficult for companies to reach potential and existing customers and draw their attention to the company’s products. Consumers are “attacked” by constant marketing

communication, they can choose from increasing portfolios of different brands, but they are disoriented among the infinite number of supplies and try to ignore them. Due to this, corporate social responsibility of companies has to be authentic and visible to consumers and other stakeholders in order to be credible. Cause-related marketing is one of best ways to achieve this. Cause-related marketing is a commercial activity by which companies and non-profit organizations cooperate with each other to find solutions of current environmental and social problems in the global environment. An important part of this partnership are the consumers who, because of their socially responsible consumption and purchase behaviour, prefer products associated with good causes. In the Slovak Republic, there are only few examples of successful cause-related marketing campaigns, but our survey identified an existing interest of Slovak consumers in cause-related marketing programs. Slovak customers are willing to be a part of this mutually beneficial partnership in order to achieve a win-win situation for everyone.

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## WHO IS „GENERATION C“ AND THE WAY BANKS COMMUNICATE WITH IT

*Igor Piatrov – Alena Kusá*

### **Abstract**

The progress of digital technologies and inseparable growth of digital life style of the population have provided the platform for a new segment of consumers who are defined not by the year of birth but merely by their approach to digital technologies and the Internet. Thus, from all generation cohorts we have recognised until these days, a certain type of cross-section generation is being formed. Members of this generation are characterised by identical psychographic behaviour – they are constantly online. The Internet and digital technologies are part and parcel of their everyday life. They both receive and forward information instantly. As far as marketing is concerned, this up-coming group of consumers presents a highly attractive and easily targeted segment. Due to the fact that the online space offers enormous amount of information, marketing is facing an important challenge, which is to find the most effective way of targeting and addressing the segment within the environment bursting with information.

### **Key words:**

Banks. Digital consumer. Digital technologies. Generation C. Marketing communication.

## **1 Introduction**

Technologies play an essential part in the process of forming our society. Within the past thirty years, they have changed the world as we knew it, while ever faster tempo of technological progress makes changes in society so dynamic that we can observe considerable differences even in only a few-year technological advancement within a particular area, and we are almost incapable of recalling what was the status quo of the area ten years ago. As far as technological progress is concerned, we should pay special attention to digital technologies which effect both consumers, as well as companies and play ever greater role in a common day of both sides mentioned. We can clearly observe their heavy impact on the field of marketing. In connection with their boom we frequently talk about digital marketing or digital marketing communication, digital media, or even about digital consumers themselves. We use the stores only for “inspection” of a product, and once we have read the reviews of the users, which we search using the Google search engine, we watch testing videos on the YouTube video-sharing social website, we ask a neighbour about their experience with “that” brandmark, and then we go back to the computer, search for an online shop which offers the product and eventually we order the product on the Internet. There is no doubt we live in the “digital era”.

The above-mentioned boom of digital technologies has considerable influence on changes of consumer behaviour. Naturally, digital technologies are slowly but surely becoming regular part of a life of consumers of any age group, and for the young people, who grew with technologies from their early age, they represent inseparable part of their lives. Hence, nowadays, we may consider them to be trend-setters who seek information and trends, they create them, and most importantly – they share them with communities which they gather around themselves. What they require from the brands is that they “move with the times”, they are modern and, mainly, authentic. They want to develop an interactive relationship with “their” brandmark.



If they like what their brandmark does and they trust it, they are willing to pass the message on, by the same token however, they will not hesitate to spread and share bad experience. They represent very attractive target group that requires special attention. It is vital to reveal its consumer behaviour, study how to address it effectively, keep up with it and use interaction to have them on your side. They are actual influencers of these days, whose influence is felt throughout all generations of consumers, and “to be in possession” of favour of such group, which also works as a medium, will become a goal of marketing and communication activities of all brandmarks. The submitted article analyses and describes concept of “Generation C” as an upcoming segment of consumers, based on current boom of a digital life style. It is a psychographic group whose members are technological natives who are constantly connected to the Internet, as well as to anything that attracts their attention and interest.

## 2 Digital technologies and digital consumer

As we have already indicated in the introduction, one of the most characteristic concepts of the present-day society is probably concept of “digital technologies”. If we wanted to reach the very bottom of this concept, we would find out that, according to the latest Dictionary of Slovak Language, the adjective “digital” refers to something that works with data and information in the form of numeric data.<sup>1</sup> If we see the definition of the concept of “digital technologies” as a whole, in the online dictionary “Dictionary.com” we will find three main meanings of the concept:<sup>2</sup>

1. Part of the scientific and engineer knowledge concerning creating and practical using of digital and computer-operated devices, methods, systems, etc.,
2. Digital device, method, system etc., creation of which has been based on the knowledge mentioned in point 1,
3. Practical application of the above-mentioned knowledge, such as in digital communication technologies and social media.

Based on the above-mentioned definitions we can conclude that digital technologies represent a very broad concept. This concept can stand for computers, tablets, mobile phones, smart phones, intelligent bracelets or watches and many other various computer-operated devices, or devices working on the binary code system. Of course, understanding of the size of the concept of digital technologies cannot be limited merely to physical, tangible devices. In connection with digital technologies we deal not only with digital devices but also with methods and systems working with data and information in the form of figures. Hence, we can state that computer programmes are also a part of digital technologies, and so are mobile applications, electronic shops, social media, such as blogs, wiki websites and all social networks. Perhaps, the most revolutionary digital technology, dating back to the beginning of the 1990’s, and which has changed the world dramatically and continues to shape

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<sup>1</sup> *Slovník súčasného slovenského jazyka A – G*. [online]. [2016-10-18]. Available at:

<[<sup>2</sup> \*Dictionary.com\*. \[online\]. \[2016-10-18\]. Available at: <<http://www.dictionary.com/browse/digital-technology/>>.](http://slovníky.juls.savba.sk/?w=digit%C3%A1lny&s=exact&c=a254&d=sss&ie=utf-8&oe=utf-8#></a>.</p></div><div data-bbox=)

the present-day society, is a global network of billions of computers and electronic devices, known as the Internet.<sup>3</sup>

Apart from the fact that the network that has interconnected all the world and provided consumers with new opportunities in the field of communication, access to information, purchasing or other areas, it has also created and continues to construct and introduce new opportunities for companies in all areas of marketing. The authors, Příkrylová and Jahodová, claim that the Internet has brought the companies advantages in the form of instant access to information concerning virtually anything, space for performing promoting activities, creating and management of relationships with customers, as well as the opportunity to use the Internet as a commercial and distribution channel, or in the form of a tool of managing and performing internal activities of a company.<sup>4</sup> However, it is important to note that nowadays we do not see the Internet only as a network of interconnected devices, but as a special medium itself creating new, virtual space – online space.

The impact of digital technologies on the life of society is so significant that marketing starts using the concept of a digital user more frequently than ever before. Yet, who is a digital user and why should marketers pay special attention to them? If we follow the definition of Richter and Kulčáková, according to which *“it is an individual who buys products and services for their own usage, use in within their family, for a member of the family, or as a present”*<sup>5</sup>, then based on the concept of a digital user we can conclude that it is an individual who uses digital technologies in the process of purchasing of goods and services. Even though following of this statement would be correct, it would not be sufficient when trying to capture the essence of this concept. A digital user can be a person or a household which does not only gather information about products on the Internet and buys them online, but also if they only consume digital contents such as electronic books, blogs, online video clips, alternatively they just use social networks or play online games. Having in mind the facts mentioned above we can conclude that the concept of a digital user bears a considerably broad meaning. The breadth of the concept is also proven by the definition of a founder of The Digital Consumer blog, Mark Ghibril, who claims that a digital user is *any individual (private person or an employee), who is exposed to interaction with digital products (be it passive watching of the content or business profit production) throughout various media and channels, trying to accomplish the given tasks.*<sup>6</sup>

Based on the above-mentioned characteristics and history of origin of the first personal computers in the 1970's, we can say in theory that a digital consumer has been present in our society for about 40 years. Naturally, their importance for marketing did not play a significant role for an extended period of time. The second half of the 1990's can be identified as the era of genesis of the digital consumer in

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<sup>3</sup> PETERKA, J.: *Jak starý je Internet?*. [online]. [2011-01-01]. Available at: <<http://tech.ihned.cz/geekosfera/c1-59045020-internet-datum-vzniku>>.

<sup>4</sup> PŘIKRYLOVÁ, J., JAHODOVÁ, H.: *Moderní marketingová komunikace*. Praha : Grada Publishing a.s., 2010, p. 217.

<sup>5</sup> RICHTEROVÁ, K. et al.: *Spotřebitel'ské správanie*. Bratislava : Ekonóm, 2006, p. 38.

<sup>6</sup> GHIBRIL, M.: *The Birth of the Digital Consumer*. [online]. [2016-09-30]. Available at: <<http://www.thedigitalconsumer.org/single-post/2016/09/30/The-Birth-of-the-Digital-Consumer>>.

Slovakia, since at that time the first Slovak Internet brands emerged, such as the 1996 Pobox.sk. This first webmail service in Slovakia still exists today.<sup>7</sup> Since then the Internet has become an increasingly available and natural digital technology for inhabitants of Slovakia to communicate or search for information. Even statistics of the Statistical Office of the Slovak Republic indicate increase in number of digital consumers. By the first quarter of 2006, 50.1 % of households in Slovakia were equipped with a personal or portable computer, out of which only more than half (26.6 %) had access to the Internet.<sup>8</sup> On the other hand, nine years later, by the first quarter of 2015, up to 80.5 % of households are equipped with personal computers and most of them have access to the Internet (79.5 %).<sup>9</sup> According to these figures it may be stated that the digital consumer is a very important topic for marketing because of their broad representation in population, which increases every year.

### 3 Generation C

Generational approach to marketing is very well known these days. Although we have been encountering it for over 13 years (based on the 2003 publication by Kotler and Keller), it is still a highly topical and functional approach to consumer segmentation. As a result of continuously rapidly developing digital age which concerns all the particular known generational cohorts of consumers, we are witnessing inception of a new cross-section generation.

#### 3.1 Generation C as a term

Not only young people use the Internet connection actively on a daily basis. Although this fact is no novelty, there is originating a new term describing a group of people displaying similar behaviour, and it shifts understanding of use of digital technologies and the Internet one step further.<sup>10</sup> Paradoxically, although this term is mentioned as relatively new in marketing practice, its beginnings go back as far as the year 2004. In this year researchers started to draw attention to formation of a cross-section generational cohort made of digitally and technologically skilled consumers, who at that time started to generate their own digital contents building the Web. As an example of brands oriented on this forming group we may mention Canon, which at that time started to spread the idea that professional digital photography was not meant only for professionals any more. At the same time they introduced useful photography tips to amateur photographers, in order for this group of consumers to create their own contents on the Web as a result. Mobile

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<sup>7</sup> ULE, T.: *Internet sa na Slovensku používa už 13 rokov*. [online]. [2005-10-26]. Available at: <<http://tech.sme.sk/c/2440973/internet-sa-na-slovensku-pouziva-uz-13-rokov.html>>.

<sup>8</sup> *Štatistický úrad Slovenskej republiky*. [online]. [2009-07-27]. Available at: <<http://archiv.statistics.sk/html/showdoc.dodocid=5965.html>>.

<sup>9</sup> *Štatistický úrad Slovenskej republiky*. [online]. [2016-12-09]. Available at: <[http://statdat.statistics.sk/cognosex/cgi-bin/cognos.cgi?b\\_action=cognosViewer&ui.action=run&ui.object=storeId\(%22i2611BBC2D3174CFB9011FD0A32D96710%22\)&ui.name=Vybavenie%20dom%C3%A1cnost%C3%AD%20informa%C4%8Dn%C3%BDmi%20technol%C3%B3giami%20%5bis1001rs%5d&run.outputFormat=&run.prompt=true&cv.header=false&ui.backURL=%2fcognosex%2fcps4%2fportlets%2fcommon%2fclose.html](http://statdat.statistics.sk/cognosex/cgi-bin/cognos.cgi?b_action=cognosViewer&ui.action=run&ui.object=storeId(%22i2611BBC2D3174CFB9011FD0A32D96710%22)&ui.name=Vybavenie%20dom%C3%A1cnost%C3%AD%20informa%C4%8Dn%C3%BDmi%20technol%C3%B3giami%20%5bis1001rs%5d&run.outputFormat=&run.prompt=true&cv.header=false&ui.backURL=%2fcognosex%2fcps4%2fportlets%2fcommon%2fclose.html)>.

<sup>10</sup> FOX, Z.: *Forget Generation Y: 18- to 34-Year-Olds Are Now 'Generation C'*. [online]. [2012-02-23]. Available at: <<http://mashable.com/2012/02/23/generation-c/>>.

operators, such as Vodafone, Orange, AT&T, T-Mobile, O<sub>2</sub>, are another example, since they encouraged consumers to photograph funny moments with their mobile devices equipped with cameras and subsequently upload them on web addresses specially designed for it via MMS messages.<sup>11</sup> The real definition of this term was reached as late as in 2012. In that year Brain Solis, an Altimeter Group digital analyst, an author and speaker, published an article called Meet Generation C: The Connected Customer, in which he defined the terms Generation C and Connected Customer. The name Generation C is thus derived from the English word “connected”.<sup>12</sup>

### 3.2 Basic characteristics of Generation C

Among the experts dealing with this topic there are disagreements in defining the criteria regarding members of the Generation. Some sources present limits based on age. According to such sources, Generation C is a group consisting of individuals aged 18 – 34. Other experts consider Generation C a psychographic group, which means that it is impossible to define it according to the individuals’ date of birth. Brian Solis claims that a connected customer is a result of how people embrace technologies, ranging from social networking sites to smartphones, up to intelligent devices, which contributes to a digital lifestyle synonymous with Generation C.<sup>13</sup> Thus, it may be deduced that even the author of the term himself is inclined towards psychographic definition of the group. It means that it is a group sharing the same state of mind. Of course, their majority can be found within younger population.

The essential feature of Generation C is a fact that they are technological natives. They have no problem with technologies and consider them a natural part of their daily routine, they are enthusiasts and searchers of all new technologies and technological trends. The fact that Generation C is closely connected with technologies also gives rise to formulation of general characteristics of their behaviour. This generation is characterised by four basic models of behaviour starting with letter “C”:

- Connection – It is essential for them to be connected to the Internet either via computers, phones, or tablets;
- Curation – They share information and contents especially within social networking sites;
- Creation – Not only do they share already existing contents, they also create their own contents, contribute to websites with their own ideas e.g. through blogs and on social networking sites they create contents by uploading photographs or videos;
- Community – Virtual relationships and interactions are equally important to them as the ones in their personal lives.

According to Google Think Insights, there is similarity among people included in

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<sup>11</sup> *Generation C*. [online]. [2016-10-25]. Available at: <[http://trendwatching.com/trends/GENERATION\\_C.htm](http://trendwatching.com/trends/GENERATION_C.htm)>.

<sup>12</sup> HARRIS, I.: *Generácia C a jej základné charakteristiky*. [online]. [2012-09-17]. Available at: <<http://www.ludia-a-rast.com/2012/09/generacia-c-jej-zakladne-charakteristiky.html>>.

<sup>13</sup> SOLIS, B.: *Meet Generation C: The Connected Customer*. [online]. [2012-04-09]. Available at: <<http://www.briansolis.com/2012/04/meet-generation-c-the-connected-customer/>>.

Generation C based on the following eight characteristics:<sup>14</sup>

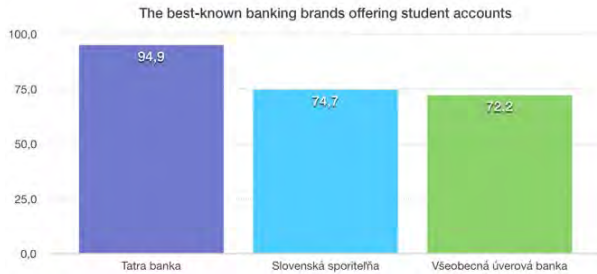
1. **State of mind** – Approximately 80 % of the asked can be involved in Generation C due to their desire to create or share certain contents and be part of community;
2. **Need to express oneself** – People who belong to Generation C consider sharing pictures and videos on social networking sites and on YouTube a form of expressing themselves;
3. **Trends** – The mentioned generation is a generation which creates and sets the upcoming trends. Up to 85% of people from this generation rely on recommendations from friends and acquaintances before deciding to make a purchase;
4. **Social activity** – About 88% of this generation use a kind of media and 65% are active on social networking sites on a daily basis;
5. **Entertainment** – Generation C is twice as active in watching YouTube videos as other generations;
6. **Need to be connected** – A remarkable number of 91% of people have their smartphone at hand even while they are asleep;
7. **Watching videos on mobile devices** – More than 80% of Generation C members use their mobile phones to watch YouTube and this number has a growing potential especially due to constant increase in the Internet speed and unlimited data. At times, this generation is referred to as YouTube Generation;
8. **Relevance and Originality** – for 39% of people classical form of advertisement is not obtrusive, as long as its contents are relevant.

### 3.3 Generation C and banking products for the young

Before we have a look at communication of separate banking brands with Generation C, it is necessary to specify which brands are successful in communication with this segment. Therefore we have executed a short survey. The respondents were 160 marketing students aged 20 – 25, who can be referred to as “connected” consumers, so we strongly believe that it is a representative sample based on psychographic behaviour. Respondents were first asked about their knowledge of bank campaigns offering student accounts or youth accounts. Three leaders with a significant lead compared to the other brands were profiled right in the first question. Tatra banka was labelled by respondents in almost 95% of cases. It was followed by Slovenská sporiteľňa, labelled by less than three quarters of respondents and more than 70% of the asked were familiar with campaigns of Všeobecná úverová banka. UniCredit and Prima banka finished with more than 20% recognition. ZUNO – a bank currently leaving the Slovak market – was labelled in 15% of cases and the last positions under 10% belonged to mBank and Československá obchodná banka.

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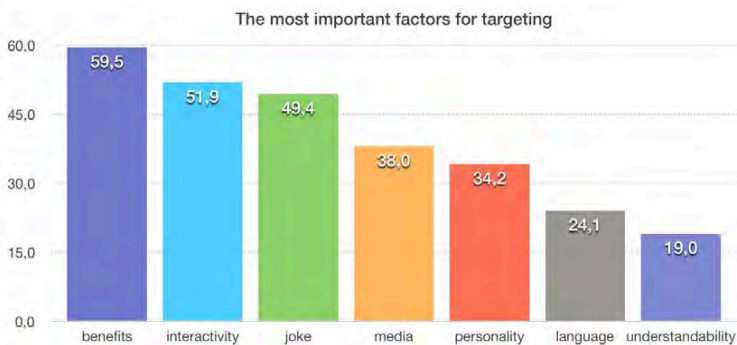
<sup>14</sup> PERRY, M.: *How to Market to Generation C: The YouTube Generation*. [online]. [2013-05-29]. Available at: <<http://www.in2communications.com/blog/bid/147937/How-to-Market-to-Generation-C-The-YouTube-Generation>>.



**Chart 1: The best-known banking brands offering student accounts**

Source: Own processing

Subsequently the respondents were asked what appealed to them about communication of the labelled banks. Certain characteristics of Generation C may be deduced from the presented results. Benefits offered by the bank appeal to them most about the communication. Prominent position of interactivity and fun factor is important. Young members of Generation C are not as much interested in which personality performs in the communication, or how comprehensible the offer is. They rather request banking products to be offered with wit and especially interactively. Thus, Generation C is not interested in encountering a bank offer and buying the product immediately. They prefer certain interaction with the bank before obtaining the product. In theory it may be said that Generation C consumers prefer an interactive and funny offer which might not be completely comprehensible to a clear and comprehensible offer which lacks interactivity and fun.

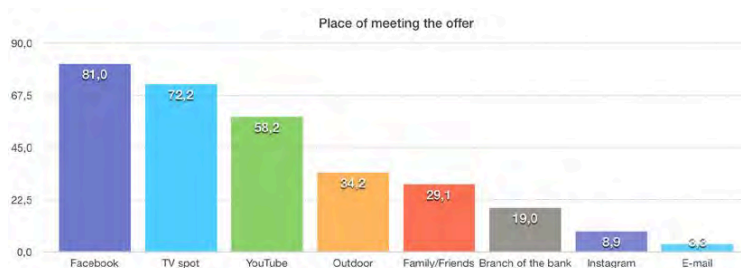


**Chart 2: The most important factors for addressing a selected target group**

Source: Own processing

At the end of the study we asked where the respondents got in touch with the bank offer. The results revealed several interesting findings. For instance, even though the Internet (Facebook and YouTube taking the first positions) plays a key role for the Generation C, they highly appreciate TV as well. The fact that more than 70% of the respondents noticed the bank offer in a TV spot proves that the Generation C watches TV quite often and therefore can be easily targeted through this medium. The article of the Profit magazine named „Generation Y is changing bank philosophy“ states that

„almost half of the people who were born in the last two decades of the last century do not visit banks in person, they rather use their smartphone applications.“<sup>15</sup> As our study targeted mainly those consumers born in the last decade of the last century, these findings can also be proven by the results of our research which showed that only 19% of the respondents visit the branch to communicate with their bank. It is worth mentioning that more than a third of the respondents were informed about the bank offer through outdoor banner stands.



**Chart 3: Where a target group communicated with a bank**

Source: Own processing

### 3.4 How bank brands communicate with younger consumers of the Generation C

As far as products designed for the Generation C are concerned, Tatra Banka is definitely considered a market leader. They deserve it for various reasons. Apart from building an image of an innovative bank by way of its own microsite [www.inovacieta.sk](http://www.inovacieta.sk), this brand seems to be extremely sophisticated when it comes to communication with a particular consumer segment.

In 2013 Tatra Banka already launched an online campaign called „Rytmus Financial Academy“ created by ZARAGUZA Agency. The press report of the bank dated from April 14, 2013 claims that: „For the last four weeks Rytmus Financial Academy had become the most successful online campaign in Tatra Banka history.“<sup>16</sup> The whole campaign was built on two key factors, which were also stated in our study – and that is interactivity combined with a substantial benefit offered with a bank product. Interactivity drew from the Financial Academy itself where participants were asked to solve thirty specific tasks. They were published on the bank’s microsite in form of a video for the period of six weeks. Each participant could get 1€ if the task was dealt with successfully. The overall sum of money the participant won was credited to his/her bank account he/she created afterwards. These two key factors and celebrity endorsement of Rytmus, a famous rapper and a social media star having more than 300,000 Facebook fans and more than a million of views on YouTube, made this campaign extremely effective. Apart from making a record in the number of student accounts being opened, the campaign tripled the number of registrations, recorded 356,000 unique visitors, registered 2,4 million answers and what is the most, it

<sup>15</sup> ŽUFFA, R.: Generácia Y mení filozofiu bánk. In *Profit*, 2016, Vol. 23, No. 12, p. 37.

<sup>16</sup> *Rytmusova finančná akadémia*. [online]. [2016-10-28]. Available at: <http://fb.rulezz.sk/2013/praca/rytmusova-financna-akademia>.

exactly hit the target audience as 91% of the subscribers were aged 15 to 26.<sup>17</sup> The Academy was reopened in 2014 when it starred a chatting bot which was programmed as if Rytmus himself had been answering the questions. This time the benefits included golden Apple iPhone, for example.



**Picture 1: Rytmus Financial Academy**

Source: *YouTube*. [online]. [2015-05-26]. Available at: <https://www.youtube.com/watch?v=vGZztuphLq4&t=59s>.

In 2015 Tatra Banka carried on with the campaign in an interactive and funny way combining benefits and celebrity endorsement. At the time of the highest popularity of the first Slovak cartoon LokalTV, Tatra Banka launched a campaign called Tatra Academics made by Vaculik Agency. They again made use of its own microsite [www.tatraacademy.sk](http://www.tatraacademy.sk) where their own academy was created and Rytmus was changed for „Menežeris“ – one of the main characters of the LokalTV cartoon. The campaign targeted students as it starred their role models and icons. The participants could get a 30€ bonus on a newly-open bank account after answering thirty questions correctly. Apart from the benefit, a so-called „MNŽRS package“ was offered to 100 account owners who will share the project on their Facebook profile. The campaign designed as a funny and stylish cartoon became easily viral.



**Picture 2: Tatra Academics**

Source: *Medialne.etrend.sk*. [online]. [2015-03-23]. Available at: <http://medialne.etrend.sk/marketing/z-menezerisa-je-profesoris-najala-ho-tatra-banka.html>.

<sup>17</sup> *Rytmusova finančná akadémia*. [online]. [2016-10-28]. Available at: <http://www.adcslovakia.sk/archiv/detail/Rytmusova-financna-akademia?wid=192>.



In 2016 Tatra Banka took up the YouTuber trend. It engaged four popular Slovak YouTubers in its campaign – Expl0ited, Asimister, Moma and Matúš who at that time had more than 987,000 YouTube subscribers.<sup>18</sup> The principle did not change at all. The participants' task was to help YouTubers to finish their appeals while the winners were rewarded. There were four appeals while each participant could get a 20€ bonus. They could get an extra 10€ bonus on condition that their new debit card will be used three times minimum. The campaign motto was „The card which can not be bought“ as it was given for free with a student bank account.



**Picture 3: Tatra Academy visual**

Source: *Tatrabanka.sk*. [online]. [2016-04-06]. Available at: <<http://www.tatrabanka.sk/tlacova-sprava/5328554/tatra-academy-otvara-svoje-brany-studenti-mozu-ziskat-30-.html>>.

Tatra Banka is considered a market leader in the field of communication with the young. However, other banks have also understood that it was necessary to change the way of communication with digital consumers. In 2015 Slovenská sporiteľňa already used celebrity endorsement of a famous Slovak YouTuber GogoMan in its campaign for student accounts. The main goal of the campaign created by CORE4/Tel lit online was to attract as many young consumers as possible for a newly-created microsite [www.space.sk](http://www.space.sk) which was specifically designed for communication with the young. GogoMan made his own funny videoblogs including the term „#space“ and a link to this microsite. Through videos the spectators were asked to accomplish certain tasks. In one of the videos the YouTuber asked visitors to take a selfie photo and upload it on the microsite while the best photos will be give a 400€ bonus. Another video was made as a response to an on-going Facebook campaign where the YouTuber asked users to share their experience of how they usually ask their parents for money. Five comments with the most „Likes“ were given a 50€ bonus while the best comments were made into the video showing ordinary life situations.

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<sup>18</sup> *Tatra academy otvára svoje brány, študenti môžu získať 30€*. [online]. [2016-04-06]. Available at: <<http://www.tatrabanka.sk/tlacova-sprava/5328554/tatra-academy-otvara-svoje-brany-studenti-mozu-ziskat-30-.html>>.



Picture 4: Slovenská sporiteľňa and GogoMan

Source: *YouTube*. [online]. [2015-06-02]. Available at: <<https://www.youtube.com/watch?v=cLqC3GyTCzU&t=21s>>.

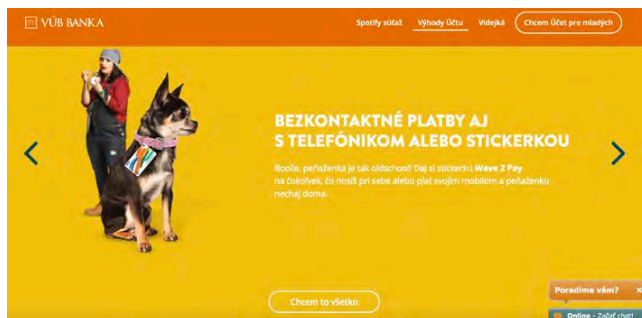
In 2016 Slovenská sporiteľňa is continuing with promotion of bank accounts for the young with YouTubers endorsement. Another campaign starred YouTuber Selassie. He is making funny YouTube videos where short sketches are showing the most popular things for the young, e.g. sports for the young, food for the young, etc. Every video includes a link to „Space account“, the most popular bank account for the young, and at the end the YouTuber promotes the microsite where all the videos can be shared.



Picture 5: The most popular bank account for the young

Source: *Space.sk*. [online]. [2015-06-02]. Available at: <[www.space.sk](http://www.space.sk)>.

The current product campaign for „the Account for the young“ by Všeobecná úverová banka is also worth mentioning. The core platform of the campaign is its own microsite [www.tosaoplaaa.sk](http://www.tosaoplaaa.sk). The campaign stars the main characters from Kredenc – a popular TV show by Markiza – Cuky and Luky, rather simple-minded „ladies“ who want to be „in“ and trendy at any price. They communicate with visitors in an informal and slang language in their own theatrical manner as in the TV show. Apart from providing information about the bank account for the young, Microsite serves for collecting videos about Cuky and Luky in different situations presenting their jealousy at the young’s youth or suggesting the young that creating a bank account really pays off as it is for free. Some users can also win a premium Spotify account for three months. Users are also invited to pay for all their shopping by card as 100 the most active clients will be rewarded.



**Picture 6: It pays off!**

Source: *Tosaoplaaa.sk*. [online]. [2015-06-02]. Available at: <[www.tosaoplaaa.sk](http://www.tosaoplaaa.sk)>.

### Conclusion

The number of users of digital technologies is constantly growing. They have become a core part of consumers' lives throughout all generation cohorts, which means these consumers are becoming easily targeted by communication messages of particular brands. In addition, brands have a countless number of innovative ways how to appeal to their target group. On the other hand, admen have to face a tough challenge of how to decode and understand consumer behaviour of „an attached“ generation and how to communicate with its members. The Internet provides a great deal of information consumers get in touch with on a daily basis. Thus they develop so-called immunity to unimportant or unattractive content. Consequently if brands do not embrace modern trends in the online environment or what appeals to „attached“ consumers, their messages can easily go unnoticed among other pieces of information.

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## PARTICIPATION OF SLOVAK PRODUCTS IN CONSUMER'S PERCEPTION

*Eva Poliačiková – Daša Václavíková*

### **Abstract**

The center of attention in the market, especially in the food market is becoming increasingly focus on food products from domestic production. This ambition has been long resounds not only from the government and the media, but also from consumers. The paper deals with Slovak products and their perception of Slovak consumers. Today, as a general rule saying "The customer is always right". Therefore, if an organization wants to be successful on the market must meet the needs of the consumer as much as possible. Each person has certain needs, behavior and attitudes and the organization should know and explore them. Consumer behavior is influenced by many factors, as well as the growing impact of globalization on the food market, which is reflected in interpenetration of cultures, changing eating habits and healthier lifestyles. Today, consumers have possibility to choose between Slovak and foreign products. Consumers therefore also affects the country in which the product is made, it means the country of origin of the product.

### **Key words:**

Consumer. Consumer behaviour. Consumer ethnocentrism. Consumer satisfaction. Slovak product.

## **1 Introduction**

### **1.1 Consumer and consumer behavior**

Consumer is a person, household or organization that pays for the product or service in order to obtain the expected benefits.<sup>1</sup> Consumer behavior can be defined as behavior that consumers show in search, purchase, consumption and evaluation of products and services, which hopes to meet their needs. Consumer behavior can be defined as the dynamic interaction of people and the environment, which involves an exchange of emotions and actions in order to meet their needs.<sup>2</sup> According to Koudelka (2006) consumer behavior is one of the areas of human behavior, which includes the reasons for consumption and methods of consumption, including the effects that impact on this process.<sup>3</sup> Consumer behavior is behavior of the final consumers who receive, use and delaying consumer products. Consumer behavior focuses on individual decision-making process in effecting its own resources on items related to consumption.<sup>4</sup> Consumer behavior is defined as behavior that consumers manifested through shopping behavior on the market in order to meet their needs.<sup>5</sup> Gálová, Kretter and Klein (2011) define consumer behavior as a set of internal and external impulses that determine consumer behavior on the place where the purchases of goods are realized.<sup>6</sup>

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<sup>1</sup> JAKUBÍKOVÁ, D.: *Strategický marketing – Strategie a trendy*. Praha : Grada Publishing a.s., 2008, p. 232.

<sup>2</sup> RICHTEROVÁ, K., KULČÁKOVÁ, M., KLEPOCHOVÁ, D.: *Spotrebiteľské správanie*. Bratislava : Ekonóm, 2005, p. 48.

<sup>3</sup> KOUDELKA, J.: *Spotřební chování a segmentace trhu*. Praha : Vysoká škola ekonomie a managementu, 2006, p. 93.

<sup>4</sup> SCHIFFMAN, L. G., KANUK, L. L.: *Nákupní chování*. Brno : Computer Press, 2004, p. 214.

<sup>5</sup> POLIAČIKOVÁ, E.: *Marketing I*. Banská Bystrica : Univerzita Mateja Bela, Ekonomická fakulta, 2007, p. 23.

<sup>6</sup> GÁLOVÁ, I., KRETTTER, A., KLEINOVÁ, K.: *Marketing potravín s chránenými označeniami v SR*. Nitra : Slovenská poľnohospodárska univerzita, Fakulta ekonomiky a manažmentu, 2011, p. 72.

### 1.2 Ethnocentrism of Slovak consumer

Ethnocentrism of American consumers for the first time defined Shimp and Sharma (1987) as a convinced consumers about the suitability of purchasing foreign product while purchase of imported products is bad, because it causes domestic economy problems, such as unemployment, and therefore highly ethnocentric consumer refuses products from other countries.<sup>7</sup> Generally we can specify ethnocentrism as a tend to explore, evaluate and interpret all aspects of life from the perspective of our own culture. On foreign cultural practices we look through “cultural glasses”. Ethnocentrism brings together members of a particular culture and promote internal cohesion of the group. However, we can not say that one culture is better or worse than another.<sup>8</sup> Ethnocentrism is often explain negatively because it is associated with thought-closed attitude. Given the focus of the paper we understand consumer ethnocentrism as Slovak consumers tend to prefer buying products made in Slovakia before the products made abroad. Ethnocentrism rate is also affected by numerous other factors such as the economic development of the country of origin, the economic situation in their own country, but also personal experiences.<sup>9</sup>

Shimp and Sharma (1987) developed a scale of consumer ethnocentrism, called CETSCALE (Consumer Ethnocentric Tendencies Scale). Respondents evaluated 17 CETSCALE questions and answer according to subjective conviction. CETSCALE is a 17-item model, focusing on the country’s economy, unemployment, patriotism and product availability. This model successfully distinguish segments of consumers who receive foreign products and who reject them. For evaluation the responses of the respondents is used a Likert scale, in which the value 7 means the unambiguous agreement and the value 1 means the unambiguous disagreement. Based on the identified values we can determine whether a consumer is a patriot or the consumer is open to foreign products.<sup>10</sup> Very ethnocentric consumers consider the purchase of foreign products as unpatriotic act with regard to the impact on the domestic economy. Non-ethnocentric consumers appreciate foreign products and consumers who achieve in CETSCALE low ratings, accept foreign products. Ethnocentrism varies by country and product.<sup>11</sup>

### 1.3 Country of origin and Slovak product

Vysekalová et al. (2011) states that the national cultures are connected with different product categories, but especially with their image, which is affected in relation to individual “typical” national characteristics. In this regard, it talks about COO effect, based on the image that everyone create in the childhood about the individual countries. Consumer perception of the product and his product evaluation affects

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<sup>7</sup> SHIMP T. A., SHARMA S.: Journal of Marketing Research. In *American Marketing Association*, 1987, Vol. 24, No. 3, p. 282.

<sup>8</sup> KUTNOHORSKÁ, J., CICHÁ, M., GOLDMANN, R.: *Etika pro zdravotně sociální pracovníky*. Praha : Grada Publishing a.s., 2012, p. 114.

<sup>9</sup> BENČÍKOVÁ, D., MALÁ, D., MINÁROVÁ, M.: How Culturally Intelligent are Slovak Small and Medium Business?. In LOSTER, T., PAVELKA, T. (eds): *7th Internaional Days if Statistics and Ekonomics*. Prague : Melandrium, 2013, p. 110.

<sup>10</sup> SHIMP T. A., SHARMA S.: Journal of Marketing Research. In *American Marketing Association*, 1987, Vol. 24, No. 3, p. 283.

<sup>11</sup> SCHIFFMAN, L. G., KANUK, L. L.: *Nákupní chování*. Brno : Computer Press, 2004, p. 218.

precisely this image together with the brand, price and other factors. Country of Origin effect, also called as “Made in” effect or “Product of” effect means any product labeling relating to the country of origin.<sup>12</sup> Ďaďo, Kaščáková a Zajková (2013) argue the COO effect is based on product characteristics, consumer ethnocentrism and consumer personal characteristics. Authors by statistical hypothesis testing confirmed the assumption of the existence of the correlation between consumer ethnocentrism and country of origin of the product.<sup>13</sup> One consumer can say that products made in Slovakia are of good quality, another consumer can say that these products are of lower quality and he prefers products made abroad. Consumers used factor of the country of origin symbolically. Consumers often associate country automatically with certain products, such as pasta to Italy, the wine to France, the technology to Germany. Therefore, some consumers in choosing products do not affect product quality, but the image of the country of origin of the product.<sup>14</sup> The consumer can identify the country of origin of the product through the brand. Brand awareness is part of brand management and constitutes an important element in consumer behavior because the brands that consumers know blocking other brands that do not get into the process of the purchasing decision. We can say that the level of brand awareness is an important element in the success of marketing activities of the organization.<sup>15</sup>

Regulation of the Ministry of Agriculture and Rural Development of the Slovak Republic about promoting and marketing of agricultural products and foodstuffs defines the “Slovak food” as the foodstuff which “at least 75% of raw materials and ingredients of the total amount used in its production have to come from the Slovak Republic and all stages of the production process must be carried out in the Slovak Republic. Foodstuff may be marked with the words “Made in Slovakia” if all phases of the production process are carried out in the Slovak Republic”.<sup>16</sup> If the producer can not meet the required percentage of the origin of ingredients, but all production phases are carried out in Slovakia, this product may be labeled as Made in Slovakia. Also this designation helps consumers identify the country of origin of the product.<sup>17</sup> The issue of the designation of origin in the Slovak Republic regulate the Act no. 469/2003 about the designations of origin and geographic indications of products. Designations of origin of the product is in accordance with the provision § 2. a) “the name of a specific place, region or, in exceptional cases, a country used to describe a product originating in that specific place, region or country; if the quality or characteristics of the product are essentially or exclusively linked to the geographical environment with its inherent natural and human factors and the production,

<sup>12</sup> VYSEKALOVÁ, J. et al.: *Chování zákazníka*. Praha : Grada Publishing a.s., 2011, p. 208.

<sup>13</sup> ĎAĎO, J., KAŠČÁKOVÁ, A., ZAJKOVÁ, D.: Význam označovania produktov v spotrebiteľskom etnocentrizme. In *Forum statisticum slovacum*, 2013, Vol. 9, No. 4, p. 21.

<sup>14</sup> ŪRGEOVA, J.: *Európsky spotrebiteľ v kontexte teórie, výskumu a praxe*. [online]. [2015-02-27]. Available at: <[http://www.slpk.sk/eldo/2008/zborniky/018\\_08/Urgeova.pdf](http://www.slpk.sk/eldo/2008/zborniky/018_08/Urgeova.pdf)>.

<sup>15</sup> VILČEKOVÁ, L.: Spontánna znalosť značiek a postoje slovenských spotrebiteľov k značkám. In *EMI*, 2014, Vol. 6, No. 1, p. 31. [online]. [2015-03-03]. Available at: <[http://emi.mvso.cz/EMI/201401/Spontanna%20znalost%20znaciek%20a%20postoje%20slovenskych%20spotrebitelov\\_03\\_Vilcekova.pdf](http://emi.mvso.cz/EMI/201401/Spontanna%20znalost%20znaciek%20a%20postoje%20slovenskych%20spotrebitelov_03_Vilcekova.pdf)>.

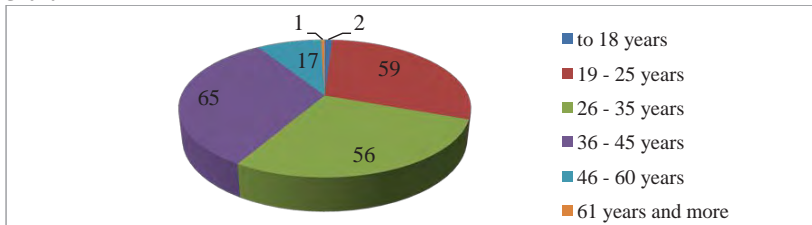
<sup>16</sup> *Edict 163, §2 and §3: Regulation of the Ministry of Agriculture and Rural Development of the Slovak Republic about promoting and marketing of agricultural products and foodstuffs*.

<sup>17</sup> MUSA, H., MUSOVÁ, Z., DEBNÁROVÁ, L.: Responsibility in the Corporate Governance Framework and Financial Decision Making Process. In IACOB, A. I. (ed): *Procedia Economics and Finance*, 2015, Vol. 23, p. 1023.

processing and preparation of the product take place only in a specified place, region or country".<sup>18</sup>

## 2 Own Research - Methodology and Results

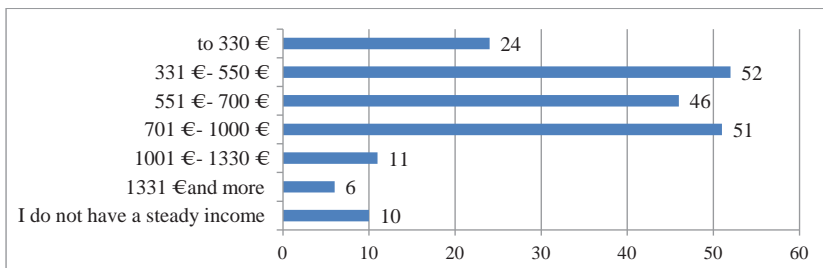
In the next part of the paper we present the results of own research. Focus of research is the Slovak consumers perception of Slovak products in the purchasing decision. Based on Internet and personal questioning, we collected 200 questionnaires from respondents. Into research were involved respondents from different regions of Slovakia. As the identification data of the respondents we used the age and income structure of respondents. 128 women and 72 men participated in the research. The distribution of respondents according to their age is shown in Chart 1.



**Chart 1: Distribution of respondents by age**

Source: Own processing

The largest group of respondents is at the age 36 to 45 years, representing 65 respondents, it is 32,50% of all respondents. Large representation also has a group of consumers at the age 19 to 25 years, in the number 59 respondents, which representing 29,5% of all respondents and the last large group of consumers are in the age 26 to 35 years, in the number 56 respondents, which representing 28% of all respondents. Given the age of the respondents we expect that it is precisely these age groups of respondents who buy food products to households and their consumer behavior is influenced by various factors. In the questionnaire, we also investigated income categories of respondents. Income levels and distribution of respondents in income categories are shown in Chart 2.



**Chart 2: Income categories of respondents**

Source: Own processing

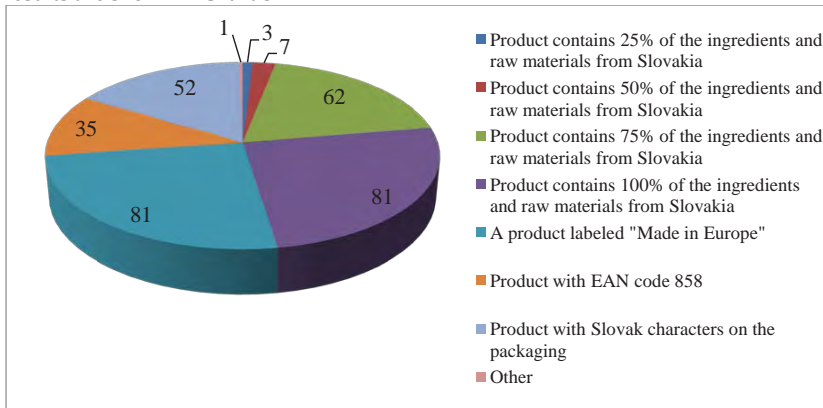
<sup>18</sup> Act no. 469/2003 Z.z. about the designations of origin and geographic indications of products.



The largest group of respondents presents income category with income from 331€ to 550€. This income category consists of 52 respondents. The second largest group, which has only one respondent less presents income category from 701€ to 1000€. 10 respondents do not have a steady monthly income. After the identification data of respondents we can move on evaluating responses to selected questions of the questionnaire. Given the scope of the research we present only some of the questions.

**Question 1: What do you mean by "Slovak product"?**

This question helped us to assess the awareness between respondents about Slovak products. We were interested according to what characteristics the consumer perceives Slovak product. Respondents could choose more than one answer. The results are shown in Chart 3.



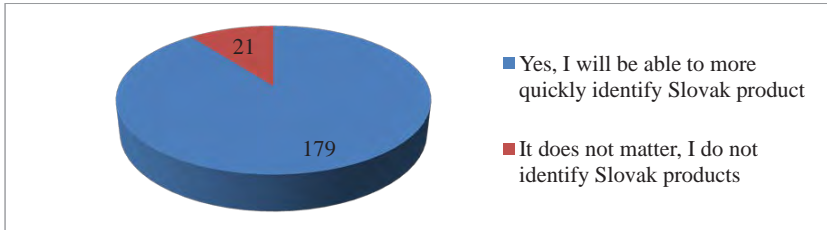
**Chart 3: The meaning of "Slovak product"**

Source: Own processing

We offered respondents except the correct answer, the product contains 75% of raw materials and ingredients from Slovakia, also possibility of 25%, 50% and 100%. Our aim was to find out the actual consumer perception. As shown in Chart 3, the same number of respondents consider the term "Slovak product" as the product containing 100% of the ingredients and raw materials from Slovakia and as well as the product labeled "Made in Slovakia". The manufacturer is not obliged to state this labeling of the product, so it is possible if a product is also produced in Slovakia, consumer can not identify it, because he can not find a mark by which he perceives Slovak product. 62 respondents think that Slovak product is a product containing 75% of the ingredients and raw materials from Slovakia. 52 respondents identify product by Slovak characters on the packaging. 35 respondents identify product according to EAN code. These are likely to mislead because, as we mentioned in the theoretical part, EAN code does not indicate the country of origin of the product, but the company of the manufacturer.

### **Question 2: Would Slovak uniform labeling of products help you to better identify Slovak product?**

By this question we examined whether the respondent identify Slovak products while shopping and if uniform labeling would help them in the purchase. In today's fast time, everyone rushes and does not have time to search and identify whether the product is produced in Slovakia or abroad. Therefore, consistent and clear labeling of the products could help as a consumer, as well as the seller. Answers of respondents presents Chart 4.



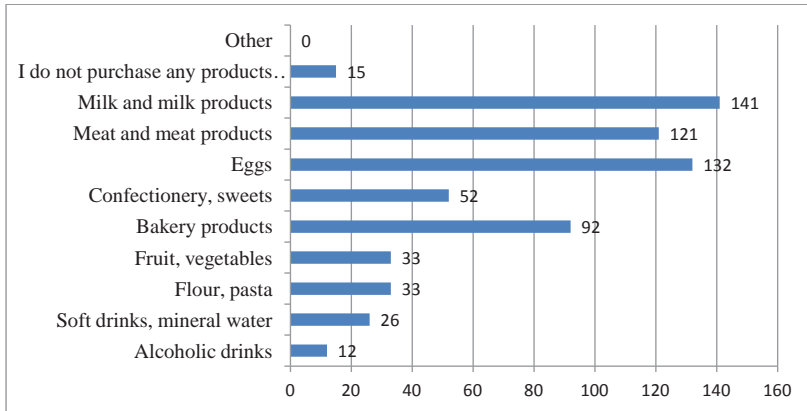
**Chart 4: Uniform labeling of Slovak products**

Source: Own processing

To this question 89,5% of respondents answered positively and they would be pleased by uniform labeling of Slovak products. They said it would be very helpful in identifying Slovak products and would save time searching for them. Also they said they prefer buy clearly labeled Slovak product instead of foreign products. Only 10,5% of respondents said they do not identify Slovak products and therefore their do not care about uniform labeling of Slovak products. As we found out in the questions 1, consumers most frequently identified Slovak product by the designation "Made in Slovakia", therefore uniform labeling of Slovak products should be focused precisely on this label.

### **Question 3: In which product categories, do you buy exclusively Slovak products?**

Because a high percentage of respondents answered positively to the previous question, in this issue we find out specifically in which product categories respondents buy exclusively Slovak products. We examined whether respondents depends on some specific products produced in Slovakia or respondents generally prefer Slovak products. Respondents could select multiple answers. The answers are shown in Chart 5.



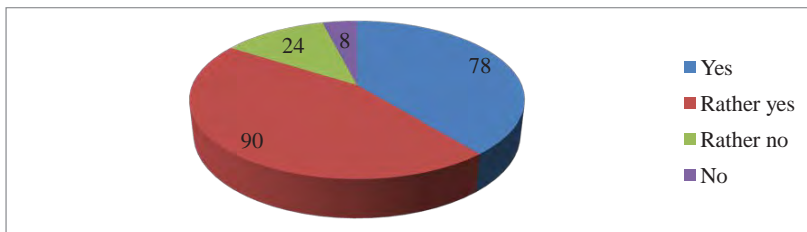
**Chart 5: Slovak products purchased only**

Source: Own processing

The results show that most respondents (specifically 141) buy exclusively Slovak food in the category milk and milk products. Also frequently purchased Slovak products are eggs and meat and meat products. On the other hand, least of the respondents search alcoholic drinks produced in Slovakia.

**Question 4: Do you prefer Slovak foods to foreign food?**

We asked respondents if they prefer Slovak or foreign food. In other issues we wanted to find out if respondent prefers Slovak food why they do it. Further we also wanted to find out how the change in price and quality affects consumer behaviour in the selection and prioritization of Slovak food to foreign products.



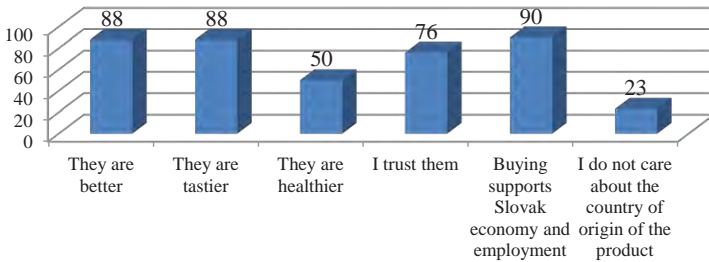
**Chart 6: Prioritizing of Slovak food to foreign**

Source: Own processing

Due to the obtained data we conclude when the consumer can choose between Slovak and foreign food that the most common answer was that they prefer domestic products. A high percentage of respondents (84%) rather prefer food from Slovakia. 12% of respondents answered that they do not favor more Slovak food before foreign and 4% of respondents do not favor Slovak food at all. Since a large majority of respondents said that they prefer these products, in the next question we investigated the reason for favoring Slovak food.

**Question 5: Why do you prefer Slovak food?**

As we have found more than three quarters of respondents prefer foods with Slovak origin before foreign. Identifying the reasons for preference Slovak foods was also important for us. We wanted to know whether respondents are influenced by subjective evaluation such as taste or the reasons has macroeconomic character. Of course, as we found out from a previous question that a few percent of respondents do not favor Slovak products, respondents could choose the option that country of origin is not important for them. Respondents had the option to mark multiple answers. For a graphical representation of the responses we processed Chart 7 which presents the answers of respondents.



**Chart 7: Reasons for prioritizing Slovak food**

Source: Own processing

We discovered through this issue interesting finding. Most of respondents, 90 of them, prefer Slovak food because it supports the Slovak economy. After evaluating consumer attitudes, we can assume that in terms of willingness to prioritize the consumption of domestic products, the situation is optimistic. Slovak consumer is aware of the high degree of interconnection between production and consumption of domestic products with other economic aspects - employment growth. Respondents are willing to contribute to the promotion of the Slovak economy just this way. The same number of respondents (88) buy Slovak products because they are more tasty and they consider these products as better. From these responses, we concluded that Slovak consumers feel the need to support the economy and employment in Slovakia.

**Question 6: Please provide your attitude to the following statements.**

We examined the respondents' views on specified individual statements. We have selected five of the original 17 statements of model CETSCALE. We abstracted from the other statements. For the evaluation we used Likert scale, where respondents had the opportunity to select a value from 1 to 7. Value 1 represented a clear disagreement with the statement and value 7 represented clear agreement with the statement. By this issue we examined consumer ethnocentrism of respondents. To find out whether women or men are more ethnocentric, the answers were divided by gender of respondents. This distinction has helped us to evaluate consumer ethnocentrism of women and men. Answers we have noticed in Table 1. In the table, we distinguish between responses of men and women based on the value they ticked. Respondents had to state value in every statement.

**Table 1: Rating of statements of respondents by gender**

Assertion	Gender	Rating						
		1	2	3	4	5	6	7
Slovaks should always buying Slovak products instead of imported goods.	Women	3	0	1	12	23	28	61
	Men	11	10	6	6	11	8	20
The purchase of Slovak products support employment in the Slovak Republic.	Women	0	0	0	1	28	34	65
	Men	0	4	8	8	18	16	18
Slovak products are always first.	Women	0	1	3	12	55	36	21
	Men	8	3	8	21	25	1	6
The purchase of foreign products is not patriotic.	Women	12	5	6	5	44	24	32
	Men	20	9	8	15	20	0	0
The import of products should be restricted.	Women	5	2	5	6	19	44	47
	Men	18	9	4	15	15	10	1

Source: Own processing

Based on the responses and the distribution of responses between men and women, we calculated the average values between men and women by the way how they expressed agreement with the above statements. Based on the distribution of the average values we can assess whether a consumer ethnocentrism is manifested more by women or men. Based on the findings, organizations can implement an appropriate strategy for a targeted group of consumers. Average values are shown in Table 2.

**Table 2: Consumer ethnocentrism of women and men**

Assertion	Gender	The average value per gender	The average value together
Slovaks should always buying Slovak products instead of imported goods.	Women	3,82	5,40
	Men	1,58	
The purchase of Slovak products support employment in the Slovak Republic.	Women	4,02	5,90
	Men	1,88	
Slovak products are always first.	Women	3,49	4,96
	Men	1,48	
The purchase of foreign products is not patriotic.	Women	3,24	4,35
	Men	1,11	
The import of products should be restricted.	Women	3,68	4,93
	Men	1,25	
	Together	25,54	25,54

Source: Own processing

Based on the average values, we can determine consumer ethnocentrism of women and men. From Table 2 we can see that the total value of CETSCALE was 25,54. In view of the fact that we used only 5 statements from the original model, the values could be in the range <5; 35>. The mean value of the interval was 20. The calculated value was about 5,54 points higher than the average of the values that could have CETSCALE. So we found that respondents are above average ethnocentric. This finding was confirmed by the mean value of all responses to each statement, which was 5,108. The average ethnocentrism characterizes value 3,5. The maximum value reached statement "The purchase of Slovak products support employment in the Slovak Republic". The minimum value reached statement "The purchase of foreign products is not patriotic". This finding confirms the fact that we have found in previous issues that Slovak consumers are well aware that buying of Slovak products support the economy and employment of the Slovak Republic. We also investigated the ethnocentrism of respondents by gender. The average value of CETSCALE was 3,65 for women and 1,50 for men. For women, we can conclude that they are above average ethnocentric, but it is not same for men. Men are below average ethnocentric.

### Conclusion

The results of the marketing analysis of representation of Slovak products in stores through the eyes of consumers indicate differences in consumer behavior of women and men, younger and older, but also in different income categories. Currently the consumers are looking for the quality of products. Domestic products are above average of the quality, but Slovakia is still not adequately self-sufficient in food. Consumers are interested in Slovak origin of the food, but if they have a choice between cheaper foreign product and more expensive Slovak product, they choose a cheaper product. Although consumers are adequately informed about the interconnection of consumption and production of domestic products, it looks like they know only the theory. In practise, consumers would buy more Slovak products directly in private and specialized stores that offer them real fresh homemade food. By this option, consumers should promote the development of their region. The results also indicate that ethnocentrism of women is much more significant than ethnocentrism of men.

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## THE CONSUMERS PERCEPTION OF THE BRAND IN DIGITAL ENVIRONMENT

*Tomáš Ružička*

### **Abstract**

Today's consumer is more connected than ever, with more access to and deeper engagement with content and brands, thanks to the proliferation of digital devices and platforms. Content that was once only available to consumers via specific methods of delivery (such as via print, radio and broadcast television) can now be sourced and delivered to consumers through their multiple connected devices. This is driving the media revolution and blurring traditional media definitions. Consumers continue to take an advantage of the convenience of anytime, anywhere browsing and shopping via their smartphones and tablets, there is a huge opportunity for retailers and brands to capture the full path-to-purchase.

### **Key words:**

Brand. Consumer. Digital consumer. Digital market. Media.

### **Introduction**

As the current world is changing within the digital age under the influence of technology and online environment, so the current consumer is becoming more demanding and perceptive. It is noticeable that consumers are changing their behaviour every year. Brands that seek to get into good graces of consumer want to make a use of as many online and offline touch points as possible to their own benefit for the interaction with target group. Companies try to bring an experience so they deepen the relation to the brand. Every place, where consumer comes into contact with a brand - so called "touch points", becomes an experience point of a particular brand.

### **1 Digital era and digital consumer**

Technological progress is advancing very fast. Due to this fact it is extremely important for companies to adapt to changes as well as consumer demand for digital content consumption. Nowadays, consumers are equipped much better than ever. The Internet and digital technologies have raised the demands of personalized information and services of request and so created a situation in which the brands need to try harder to catch the attention. *"We can conclude that 21<sup>st</sup> century has contributed to creation of new dynamic sector - digital economy." Implementing of information and communication technologies has made their platforms highly useful as it brings advantages and benefits to all market subjects. The key factors includes especially simplified access to information source, their processing and storage.*<sup>1</sup> Thanks to the impact of technological changes as well as changes in behaviour of consumers who have been influenced by digital era a special consumer type, so called "digital consumer" has been created. It is hard for the companies to understand the changes in consumer behaviour and it is often difficult to notice them in time.

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<sup>1</sup> ŽÁK, Š.: *Marketingový výskum v digitálnej ére*. Bratislava : Vydavateľstvo Ekonóm, 2014, p. 27.



The changes in consumer behaviour can be demonstrated on the following trends:<sup>2</sup>

- Customers are no longer comparing a brand with direct competitors. It has become a trend to compare regardless the industry or product. They focus on the factors such as service, quality, and overall customer satisfaction;
- Criticism and complaints from consumers have more serious impact on companies due to the speed of information dissemination via digital media. The brands are put under pressure to satisfy the needs of more demanding and less tolerant customer;
- The impact of social media strengthens the strong position of word of mouth marketing. On one hand, this fact can influence the branding positively, on the other hand it can be destructive;
- The technological progress causes a decrease of customer loyalty. Digital customers are more open to the brand change;
- Digital communication channels play increasingly important role in informing and communication with consumer. If brands want to be successful in the market, it is necessary for them to have a good orientation in digital space and to choose the right form of communicating with customers. For a lot of brands is the best but at the same time especially difficult solution to find the right balance between digital space and communication via traditional channels. This is a multichannel communication,
- The consumers in the digital era are informed more than ever before. Therefore it is much more difficult for brands to regulate information that are disseminated to the consumers. Knowledge about products and services provides them with sufficient room for decision-making by purchasing of products.

The mentioned changes in consumer behaviour and attitudes are an incentive for the brands to find their way to the current customer who is more demanding and informed than ever before. The right understanding of consumer creates an opportunity for the brands to clever coordinate relationships and achieve their goal. The brands can be successful only when they are able to create strong relationships with consumers that are trust-based. On the basis of this kind of relationships, with which also the consumer is identified, it is possible to create segments and observe which one is the most dominant by particular brands in particular markets.

## 2 Typology of digital consumers

Regarding the broad representation of consumers in internet population, it is important for companies to segment them on the basis of some similarities. They need to know how the consumers use technologies, how they communicate with the brands or how the marketing communication tools influence them. The other important observation is how much time the consumers spend on the Internet or the how they behave in online space. On the ground of researching consumer behaviour, attitudes and motivation in the digital space the agency TNS Slovakia defined 4

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<sup>2</sup> MANICOM, S.: *How digital is changing consumer behaviour*. [online]. [2016-10-07]. Available at: <<http://www.mediavisioninteractive.com/blog/social-media/how-digital-is-changing-consumer-behaviour/>>.

consumer segments and 2 spheres of influence - digital and social.<sup>3</sup> A digital influence is determined by the number of consumer Internet connections via different devices. Social impact demonstrates how important are the social network use, content and interaction within them for digital consumer.

- “Leader” – this group includes young people who use the digital devices intensively. According to the survey they spend more than 6.2 hour per day by using a digital device;
- “Functional” – this group is characterised by more moderate use of technologies. A typical feature is a distrust degree of digital devices and cyberspace;
- “Observer” – this group involves an enthusiast for technologies and technological progress. The typical feature is curiosity and great sense of orientation among innovations and new releases;
- “Connector” – those are the opposite of the observer, they use the Internet primarily for communication via social media. Especially, lower-income users belong to this category.

Regarding the age as the main criterion for the segmentation of digital consumers, it is possible to classify them into following 4 basic categories:

- The first one includes so called **Baby Boomers**. The consumers who were born in post-war period between 1948 and 1963 belong to this category. No generation before had experienced so drastic changes in the fields of education, economic and social life;
- **Generation X** (born between 1964 and 1978) - this generation was in living a working life during the advent of technologies like mobile phones, computers or the Internet. This generation tends to find out as much information as possible about the product before the purchase. At the same time, scepticism towards the tools of marketing communication is a typical feature of this group;<sup>4</sup>
- **Generation Y** (born in 1979-1990) – this generation grew up with the digital technologies and also in the period of social media development. For this segment the Internet becomes increasingly a primary source when obtaining information about products and services;
- **Generation Z** – so called “Millennials” (born in 1991 – 2005). This generation represents the brightest generation of all times in terms of technology – small children are able to find and watch any kind of video via YouTube and pupils on the first primary education stage are able to prepare a PowerPoint presentation. This generation can absorb a great amount of information as well as look them up in few seconds. *“Generation Millennials prefers social media from all the media forms, whereas 63 % of young people use social networks and 59 % watch online videos. At the same time, this group of people accepts new digital methods as for example mobile payments as the first of all.”*<sup>5</sup>

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<sup>3</sup> VALLO, A.: *Poznáte typy digitálnych spotrebiteľov?* [online]. [2016-10-07]. Available at: <<http://strategie.hnonline.sk/spravy/marketing-digital/poznate-typy-digitalnych-spotrebitelov-0>>.

<sup>4</sup> WILLIAMS, E.: *Generation X consumer behavior*. [online]. [2016-10-07]. Available at: <<http://yourbusiness.azcentral.com/generation-x-consumer-behavior-9585.html>>.

<sup>5</sup> TNS Slovakia. *Generácia Millennials a generácia Z*. [online]. [2016-09-03]. Available at: <<http://yourbusiness.azcentral.com/generation-x-consumer-behavior-9585.html>>.

Different increase speed of digital literacy level causes significant differences between generations. It can be concluded that over the decade the attitude to the digital literacy has changed. *“Nowadays, more than 60% of the population over the age of 14 is adopting to ICT without major difficulty. Regarding the other side, the proportion of those who reject adopting and learning (ca. one quarter of the population) is not changing in long-term view.”*<sup>6</sup> Almost during one decade the Generation Y reached a high level of digital skills while the generation of their parents is still not sufficiently digitally mature and copes with lot of problems when using hardware, software and a wide range of digital service. The perception of information technologies is different as well. ICT represent for the youth not only means of self-reflection and self-realization but also clear definition of their generation. The communication with peers through social networks, chatting, media streaming, on-line gaming, e-shopping – this all is “cool”. On contrary, the generation of their parents consider modern technology as a tool which helps them to retain their job and to carry out their daily duties. Their attitude can be classified as pragmatic or even utilitarian. For Baby Boomers are computers, smartphones, tablets, the Internet and its services something that is familiar to their grandchildren but they are according to their words “too old” for that. For the Millennials create ICT a natural part of their everyday life whereas for the Generation X it is only a necessity of life and for the Baby Boomers (in most of the cases) a useless thing.

We should expect that this digital barrier between the generations will exist still for a certain time. However, it is likely that in the long term view the differences between the generations will be not as noticeable as they are nowadays. On the one hand, a generation is being created and is growing up, for which the modern information and communication devices are a natural part of their life since their birth. On the other hand, the society alone creates increasingly intensive pressure on the digital skills in different social spaces and fields.

### 3 Digital market

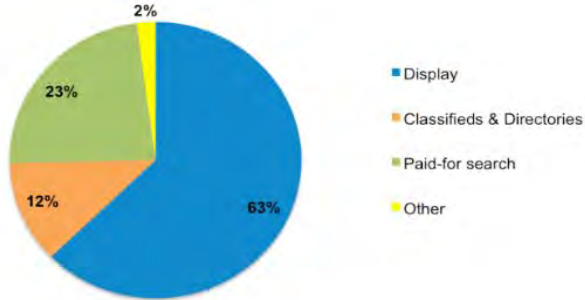
Concerning the time that current population spend on the Internet using different digital devices it is necessary for brands to wisely combine the use of marketing communication tools in online media space and offline media space. The increase in the volume of advertisement and branding in the online environment has therefore incessantly rising tendency. The consideration of the traditional media content consumption is changing because of the considerable rise of using more devices - screens at the same time. This phenomenon is called **digital living room**. One of its typical characteristics is that consumer is by consumption of traditional media like television or radio using also a mobile device with the connection to the Internet. He searches through these devices for additional information or communicates with other consumers via social media. He is able to change the incentives into a purchase in short time horizon since he see the communication message for the first time.

Within the digital market on the territory of Slovak Republic belongs 58.2% of population to the regular users of the Internet. 51 % of this number are women and 49% are men. Most of the users are in the age of 30-39 and belong to the Generation

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<sup>6</sup> VELŠIČ, M.: *Digitálna gramotnosť na Slovensku 2015*. [online]. [2016-09-07]. Available at: <<http://yourbusiness.azcentral.com/generation-x-consumer-behavior-9585.html>>.

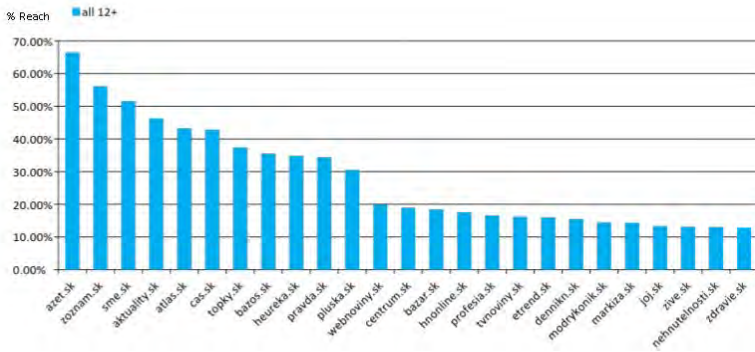
Y. People older than 60 years – baby boomers are of minor percentage. Since 2014 a significant change in the usage of the Internet has been noticed. The usage of mobile devices is on the rise. They are used in 37% of cases when the page is visited. *The advertisement on mobile devices represents still a minority share with 3%. “To the most frequent activities carried out by smartphones belong e-mailing, access to social networks, reading news and discussion fora but also watching videos, listening to music and playing games.”*<sup>7</sup>



**Chart 1: Advertisement categories share in total income**

Source: *Objemy reklamy Slovensko*. [online]. [2016-10-07]. Available at: <<http://www.iabslovakia.sk/internetova-reklama/objemy-reklamy-slovensko/>>.

Income of the internet advertisement in the first six months of 2016 has raised about 26% in comparison to the first six months of 2015. The Survey of the Interactive Advertising Bureau Slovakia related to the percentage of the particular advertisement category shares has approved that **display advertisement** has a strong position with 63% share. To display advertisement belong: banners, buttons, skyscrapers, overlays, and interstitials, pop ups, mobile display, video advertisement. **Advertisement displayed on the basis of searching** has 23% share. Context PPC and catalogue advertising belong to the category of **Classifieds and directories**, which has a share of 12%.



**Picture 1: The most visited portals in the Slovak Republic**

Source: *Najnavštevovanejšie internetové portály SR*. [online]. [2016-09-20]. Available at: <<http://www.online.aimmonitor.sk/>>.

<sup>7</sup> ŽÁK, Š.: *Marketingový výskum v digitálnej ére*. Bratislava : Vydavateľstvo Ekonóm, 2014, p. 83.

The picture 1 displays the most visited portals in the Slovak Republic. The surveys of the project aimmonitor show that to the most visited categories belong news, portal homepage and magazines – lifestyle, hobbies. Very frequently visited are also entertainment, information and advertising portals. There, especially, plays an advertisement the most effective role.

### 4 Digital consumer and brand

At the time when the digital technologies create an endless stream of marketing possibilities that is visible on the first glance it is very important for brands to choose the right strategy. The successful brands are distinguished by involving new technologies in their clearly defined strategy. It is highly unlikely that the tendency of the technology progress would slow down and therefore it is a key to use the brand power across more platforms. The constant technological progress and development causes a lot of changes in the customer attitudes. In 2016 we can conclude that digital technologies or social media have become a strong part of the consumer life. *“The greatest chance for the success is based on the access to the particular channels.”*<sup>8</sup> The young generation in the age of 16-24 is active at least in three different social platforms. The longer time people spend on social networks, the more diverse social channels they use.

A programme technology and data-based aiming create a great opportunity for the companies. They are often aiming only on the base of consumer behaviour. The problem is that if they aim only consumers with the same purchasing habits it can cause worthless spending on advertisement which aims only consumers whose purchasing habits are developed quite well. From the point of view of branding and strategy branding seems the programme advertisement to be suitable. The integration of strategy segmentation with data message platform has a great impact on communication efficiency. According to Clair Valoti *“the best brands have got used to social fragmentation.” These are the brands that know how to address the consumers through different platforms. They create the right strategy, the right creative advertisement processing and the right message they want to leave. It is not easy but when you understand your customers well, you are not going to fail.*<sup>9</sup>

### Conclusion

The main goal of a company should be not only to provide a customer with an experience but also with a relationship. Models of brand performance prove the relation between the relationship to the brand and commercial results. Companies who are owners of the brand and also a media agencies are forced to understand that digital branding and digital access to the consumer are necessary nowadays. *„Regarding the communication strategy of brands, the most common form today is*

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<sup>8</sup> *Dynamika pripojeného spotrebiteľa.* [online]. [2016-09-07]. Available at: <[http://www.tns-global.sk/sites/default/files/files/connected\\_life\\_e\\_booklet\\_digital\\_2015.pdf](http://www.tns-global.sk/sites/default/files/files/connected_life_e_booklet_digital_2015.pdf)>.

<sup>9</sup> *TNS Slovakia. Marketing, ktorý spája: príručka pre značky.* [online]. [2016-09-09]. Available at: <[http://www.tns-global.sk/sites/default/files/files/connected\\_life\\_e\\_booklet\\_digital\\_2015.pdf](http://www.tns-global.sk/sites/default/files/files/connected_life_e_booklet_digital_2015.pdf)>.

*digital marketing*.<sup>10</sup> Concerning the fact that people use the digital ways of communication, the brands need to think of this digital and should get themselves on the same place where their customers are. To understand this approach the key factor is not to lag behind their competitors. A lot of tools in digital space are available which enables to get closer to the thinking of the consumer. One of the strongest and most competitive strengths of the strong brands is acquiring their own unique knowledge about their customers. These are the first step to efficient solutions. Digital tools are able to find out how people compare and confront different products and know how to develop a measurable and applicable analysis. This enables the organizations to react with the improvement of experiences and other relevant improvement before they would spend their money on something that is not interesting for consumers. The brand owners should realise the impact of digital tools on sharing ideas. The truth is that developing a discussion is very important by branding. Thanks to the Internet and other digital tools is sharing of ideas as much viral as possible. It is the greatest opportunity, but we need to monitor is attentively.

New digital environment requires a non-stop marketing approach because the results need to be evaluated and improved continuously. This calls for new approaches of media planning and purchase which would bring more prompt and flexible advertisement as well as for new cooperation types of the brands on the content which is not limited by channels. These new approaches include also models that are able to transform data into new acknowledgements and advice immediately and also a commitment to continue with innovations. First of all, a deeper and faster understanding of consumers is needed because that is the base of every change.

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<sup>10</sup> GALERA MATÚŠOVÁ, J., IHNÁTOVÁ, Z.: Communication of global brands in digital space. In ČÁBYOVÁ, L., PETRANOVÁ, D. (eds.): *Marketing identity: Digital Life – part I. Conference Proceedings*. Trnava : FMK UCM in Trnava, 2015, p. 63.

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## PERCEPTION OF MODERN AND RETRO PACKAGING

*Alena Srbová – Iveta Broučková – Eva Jaderná*

### Abstract

This article presents the results of the first phase of research, which is aimed at analysing the perception of retro packaging by consumers. It will highlight the important specifics of this marketing activity and also its effectiveness and impact on the customers' perceptions. As well as in-depth interviews, semantic differential was also used to introduce the differences in perceptions of current and retro packaging for both genders. The results presented in this article will be used in the next phase when applying quantitative research.

### Key words:

Brand perception. Consumer. Retro packaging.

## 1 Introduction

One of the chains in the Czech market created a, so called, Retro Week on a repeated basis and offered products in packaging that was available before 1989 in Czechoslovakia. Their packaging reminded consumers of that earlier time and evoked sentimental memories for them. Subsequently, products in retro packaging were found in other chains as well. In our research, we focused on the emotions and associations that this retro packaging caused in the minds of customers. To support that we used the semantic differential, which is designed to highlight the differences in perceptions in both genders about current and retro packaging and, also, interpreted the results without having regard to gender or age category. The research is divided into several phases. In this article, we publish the results of the first phase. This phase is crucial to all the rest of the research. Therefore, the results of the primary research were precisely interpreted in detail, so that they could be accepted as a suitable fundamental base for the entire process.

## 2 Literature review

Retro or modern packaging of traditional products are based mainly on brand recognition. The term brand is interpreted in literature in many ways. In principle, most authors agree that it can be a "name, term, design (sound, colour, shape, etc.), symbol or any combination of these. It identifies the product and distinguishes it from others."<sup>1,2,3,4,5,6</sup> These "means" are called, by most authors, **brand elements**

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<sup>1</sup> AAKER, A. D.: *Managing brand equity*. San Francisco : Free Press, 1991, p. 7-16.

<sup>2</sup> *Dictionary. American Marketing Association*. [online]. [2010-08-28]. Available at: <[http://www.marketingpower.com/\\_layouts/dictionary.aspx](http://www.marketingpower.com/_layouts/dictionary.aspx)>.

<sup>3</sup> KAPFERER, J. N.: *Strategic Brand Management: New approaches to creating and evaluating brand equity*. London : Kogan Page Limited, 1992, p. 15-21.

<sup>4</sup> KELLER, K. L.: *Strategické řízení značky*. Praha : Grada Publishing a.s., 2007, p. 33-37, 105-106.

<sup>5</sup> KOTLER, P., ARMSTRONG, G., WONG, V.: *Principles of Marketing*. Harlow : Pearson Education, 2008, p. 521-539.

<sup>6</sup> KERIN, R. A., PETERSON, R. A.: *Strategic Marketing Problems: Cases and comments*. New Jersey : Pearson Education, 2010, p. 147.



(sometimes called brand identities). Keller<sup>7</sup> states, that the key to success is to select the elements to enhance brand awareness, facilitate the formation of strong, favourable and unique brand associations or elicit positive brand judgements and feelings; whereas Kapferer<sup>8</sup> sees the brand as a part of company strategy aimed at differentiation. According to Aaker<sup>9</sup>, the brand indicates the product source and protects the products, producers and distributors from competitors, who sell similar products. However, not only brand elements are important for brand perception. It is also necessary to monitor other key elements within the relationship between a company and customers. Kotler, Armstrong and Wong<sup>10</sup> identify feelings, especially, as being related to the product and its performance – brand represents everything that the product means to a customer. Herman<sup>11</sup>, in his publication, is focused on emotional connections to a brand and states, that the brand represents the target group expectations regarding a contribution from the identified sources, often associated with a standardized set of symbolic representation, which are, again, the brand elements mentioned before.

Emotions and expectations cannot be mentioned without ties to the brand value. The concept of brand value which first appeared in the 1980's, has gained in importance and developed since then. The brand became more important in marketing strategies, where it gave direction to interests of managers and to research activities. However, this concept has been defined in many different ways, according to its many different purposes. For example, Kotler et al.<sup>12</sup> sees brand value as a positive distinguishing effect, when a customer recognizes the brand and, also, knows the product or service that is associated with that. Brodsky<sup>13</sup> describes it as a *"sales and profit that the company has as a result of the marketing efforts in previous years and from comparison with the newly introduced brand"*. Keller<sup>14</sup> defines the basic brand values as a *"set of abstract associations (characteristics and benefits) that represent the brand"*. Du Plessis<sup>15</sup> also states, that the brand value is a *"set of all emotions, associations and memories connected with the brand"*. However, it is described as, an economical representation of customer needs, by Healey<sup>16</sup>. Similarly, Smith<sup>17</sup> sees brand equity as transactions, which express measurable financial values, which add to the product or service due to successful programmes and activities. Lastly, we should not forget Aaker's<sup>18</sup> viewpoint. He describes brand equity as *"a set of actives and passives*

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<sup>7</sup> KELLER, K. L.: *Strategické řízení značky*. Praha : Grada Publishing a.s., 2007, p. 33-37, 70-72, 105-106.

<sup>8</sup> KAPFERER, J. N.: *Strategic Brand Management: New approaches to creating and evaluating brand equity*. London : Kogan Page Limited, 1992, p. 15-21.

<sup>9</sup> AAKER, A. D.: *Managing brand equity*. San Francisco : Free Press, 1991, p. 7-16.

<sup>10</sup> KOTLER, P., ARMSTRONG, G., WONG, V.: *Principles of Marketing*. Harlow : Pearson Education, 2008, p. 521-539.

<sup>11</sup> HERMAN, D.: *The Making of Faking of Emotionally Significant Brand: Creating a genuine feel-appeal for your brand*. [online]. [2010-07-19]. Available at: <<http://SSRN-id430900-1.pdf>>.

<sup>12</sup> KOTLER, P., ARMSTRONG, G., WONG, V.: *Principles of Marketing*. Harlow : Pearson Education, 2008, p. 521-539.

<sup>13</sup> BRODSKY, J.: Issues in Measuring and Monitoring. In KELLER, K. L. (ed.): *Strategické řízení značky*. Praha : Grada Publishing a.s., 2007, p. 72.

<sup>14</sup> KELLER, K. L.: *Strategické řízení značky*. Praha : Grada Publishing a.s., 2007, p. 70-72.

<sup>15</sup> DU PLESSIS, E.: *Jak zákazník vnímá reklamu*. Brno : Computer Press, 2007, p. 3.

<sup>16</sup> HEALEY, M.: *Co je branding?*. Praha : Slovart, 2008, p. 6.

<sup>17</sup> SMITH, J. W.: Thinking About Brand Equity and the Analysis of Customer Transactions. In KELLER, K. L. (ed.): *Strategické řízení značky*. Praha : Grada Publishing a.s., 2007, p. 72.

<sup>18</sup> AAKER, A. D.: *Managing brand equity*. San Francisco : Free Press, 1991, p. 7-16.

*connected with name and symbol of the brand.*" Those activities and passives enhance or reduce the value, which the product brings to the company or its customers.

From this brief overview, it is evident that the definition of the term is not clear and simple. In essence, two meanings are possible to conclude from that. The first focuses on brand value from the customer's point of view, the second involves the brand fitting into the strategy creation on the company side.

- The value is perceived by customers through features and benefits that help them to differentiate and select the brand during a buying process;
- The value as seen as a financial representation of the price of brand, which is used eg. In concluding licensing agreements or as a basis for litigation.

In this paper, the authors follow the first meaning of the term. As the key sources of brand value, the following are generally accepted: firstly, brand awareness, as a potential buyer's ability to recognize and remember that the brand is part of a specific product category and what needs that category meets; secondly brand identity<sup>19</sup>, which expresses the sense of the brand and the perceived meaning of the brand to the customers. This is often defined as brand image<sup>20</sup> or brand associations.<sup>21,22,23</sup> Zimmermann et al.<sup>24</sup> divide brand identity into separate dimensions, which invoke customer responses. Aaker<sup>25</sup> also introduces other key sources – perceived quality, which is the overall quality or benefits of the product with regard to its purpose. This perceived quality is often used for evaluation of the alternatives. As the last recognized key source, Aaker states that brand loyalty reflects how readily a customer moves from one brand to another. A loyal customer does not replace the brand as fast as a disloyal one. However, authors Wilson, Ouvang, Rineha and Grant<sup>26</sup> find an incompatibility with the importance of brand loyalty as expressed by Aaker. According to their research and, despite the respondents answering that they were loyal, a significant number of them admitted that they would change the brands on the basis of lower prices of a competitive product. Here, then, the question arises whether or not the brand loyalty should be listed among the key resources of brand equity.

In connection with branding, it is also necessary to mention the packaging itself. It carries the name of the brand and it is the first thing which can gain a customer's interest. In theory, packaging is divided into several basic categories of packaging. Kollár<sup>27</sup> recognizes the following categories: *consumer (primary) packaging* – that forms an integral unit with the product for a customer. Further, he distinguishes *group*

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<sup>19</sup> RYPÁČEK, P.: *Značka bez identity je jako „Muž, který nikdy nebyl“*. [online]. [2010-07-19]. Available at: <[http://www.marketingovenoviny.cz/index.php3?Action=View&ARTICLE\\_ID=1123](http://www.marketingovenoviny.cz/index.php3?Action=View&ARTICLE_ID=1123)>.

<sup>20</sup> For more information, see: HESKOVÁ, M.: *Category management*. Praha : Profess Consulting, 2006.

<sup>21</sup> AAKER, A. D.: *Managing brand equity*. San Francisco : Free Press, 1991, p. 7-16.

<sup>22</sup> KELLER, K. L.: *Strategické řízení značky*. Praha : Grada Publishing a.s., 2007, p. 33-37, 70-72, 105-106.

<sup>23</sup> DU PLESSIS, E.: *Jak zákazník vnímá reklamu*. Brno : Computer Press, 2007, p. 3.

<sup>24</sup> ZIMMERMANN, R. et al.: Volume 1: Brand equity review. In *Brand Equity Excellence*. Düsseldorf : BBDO, 2001, p. 14-15. [online]. [2010-07-19]. Available at: <[http://guvenborca.com/dosyalar/files/Brand\\_Equity.pdf](http://guvenborca.com/dosyalar/files/Brand_Equity.pdf)>.

<sup>25</sup> AAKER, A. D.: *Brand Building: Budování obchodní značky*. Brno : Computer Press, 2003, p. 31.

<sup>26</sup> WILSON, W. et al.: Brand Equity in the Drinkin' Box Market: Canadian vs. American. In *Journal of Comparative International Management*, 2004, Vol. 7, No. 2, p. 55-65.

<sup>27</sup> For more information, see: KOLLÁR, V.: *Systém a špecifická produktovej politiky*. Bratislava : Sprint, 1999.

(secondary) packaging, which combines several selling units for easier storing or possible sales. A removal of this type of packaging does not affect the properties of the product. Lastly, he recognizes *transport (tertiary) packaging*, which is used for manipulating or simplifying the transport and it, also, protects the products during these activities. Jakubíková<sup>28</sup> distinguishes these categories in a similar way, but differs in their explanations. The primary packaging is the one, which directly covers the product. Secondary packaging corresponds to the above-defined consumer packaging and both authors agree on the concept of tertiary packaging. Importantly, in each distribution and selling stage of the product, the packaging fulfils certain functions. Those which are marketing orientated are interesting mainly for customer as, not only does it attracts his attention and raises his interest, but it also communicates information about the content, the brand and its values.<sup>29</sup> Packaging provides for product image and, therefore, the graphics must match the content.<sup>30</sup> It is also the role of packaging to inform the customer, as completely as possible, about the product and then convince him to be tempted to buy it.

Kollár<sup>31</sup> states, that the packaging should raise an interest and communicate basic information about the content, quickly and at greater distance. Compulsory information on food packaging is adapted to legislation (e.g. Decree No. 113/2005 Coll., on the method of labelling food and tobacco products), but according to Vysekalová<sup>32</sup> the customers expect even further, additional information. This could be information needed during shopping, during consumption and could also include marginal (further) information.<sup>33</sup> It is necessary, however, to look at packaging functions differently when a consumer buying decision takes place in a store or is made before entering the business units, which is what often happens with goods for everyday use. In that case, the emotional effect of the package is moved to another level. Whether it is in making decisions about buying a product objectively in advance, or impulsively in-store, brand perception plays an important role in this decision- making process. In theory, there are a lot of different approaches and models, which describe consumer behaviour and their expected reactions in buying behaviour. However, the subjective approaches and attitudes of individuals cannot be easily summarized and, in most cases, they are only assumptions and estimations of expected reactions, that may not happen.

### 3 Methodology

This article focuses on introducing the first phase of the research, which was aimed at analysing the perception of retro and modern packaging of certain products (Indulona, Pralinky a Granko).

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<sup>28</sup> JAKUBÍKOVÁ, D.: *Strategický marketing*. Praha : Grada Publishing a.s., 2013, p. 220-221.

<sup>29</sup> PLÁŠEK, J.: *Značka a obal prodávají*. [online]. [2011-02-19]. Available at: <[http://mam.ihned.cz/3-21877190-obal-100000\\_d-8d](http://mam.ihned.cz/3-21877190-obal-100000_d-8d)>.

<sup>30</sup> For more information, see: VYSEKALOVÁ, J.: *Obal coby důležitá součást marketingové komunikace*. In *Packaging*, 2007, Vol. 11, No. 6.

<sup>31</sup> For more information, see: KOLLÁR, V.: *Systém a špecifiká produktovej politiky*. Bratislava : Sprint, 1999.

<sup>32</sup> For more information, see: VYSEKALOVÁ, J.: *Obal coby důležitá součást marketingové komunikace*. In *Packaging*, 2007, Vol. 11, No. 6.

<sup>33</sup> For more information, see: KOLLÁR, V.: *Systém a špecifiká produktovej politiky*. Bratislava : Sprint, 1999.

The expected results of the first phase of the research are:

- Identification of attitudes of potential customers from different age groups and from the gender perspective towards modern and retro packaging of selected products;
- Comparison of differences in perceptions of modern and retro packaging of selected products from a gender perspective;
- Comparison of differences in perceptions of modern and retro packaging of selected products, regardless of gender and age groups.

These goals are set to be able to define the target group, state hypotheses and create a questionnaire for the next phase of research. To achieve these goals, the following research methods were used:

- Structured interviews, which were conducted in September 2016. The participants were subjected to in-depth individual interviews with an experienced interviewer. These participants were specifically selected to represent each age group and both genders. The results are intended to be the basis for determining attitudes of representatives from various age categories;
- A semantic differential was submitted to interviewees during the structured interview, which was subjected to a pre-test in terms of selected attributes. We also focused on the degree of validity of the scale. The results are compared in terms of gender and, also, perceptions of modern and retro packaging were assessed and compared, but regardless of gender and age categories.

To interview the participants an interview based on, the so called, instruction method was used. According to Hendel<sup>34</sup>, this type of interview requires an establishment of a specific list of questions or topics, which should be answered by each respondent. This form of interview should ensure that all topics will be introduced by the interviewer and discussed with the respondent. The interviewer also influences, how and in what sequence the information is obtained. The above findings, attitudes and comparisons, will be used to establish and state hypotheses for further research, which, it is intended will be based on a survey.

### 3.1 The results of structured interviews

For research purposes, personal meetings with respondents were agreed. In each specified age category (up to 20 years, 21- 30 years, 31 – 40 years, 41- 50 years, 51 – 60 years and 61 and over), both genders were addressed. Therefore, there were 12 in-depth interviews conducted. Pictures of modern and retro packaging of selected brands (Granko, Indulona and Pralinky) were shown to the respondents. Their first reactions and feelings were observed and further information was asked about their feelings, their first thoughts and, lastly, their answers were analysed and discussed. The main objectives set were to find associations between retro packaging and respondents' quality perception, to identify motivations to buy these products, to determine whether or not the respondents noticed these retro editions and also to

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<sup>34</sup> For more information, see: HENDEL, J.: *Kvalitativní výzkum: Základní metody a aplikace*. Praha : Portál, 2005.

gather respondents' opinions about the reasons for and effectiveness of this type of marketing activity by producers. The interviews were, partly, aimed at assessing modern and retro packaging perceptions. Assessment findings are separately introduced later in this paper, as another result of the pre-research phase.

**Summary of results from the structured interviews**

It appears from the responses, that retro packaging evokes rather pleasant memories. For younger respondents, the retro packaging means a link to the past. Respondents, who do not have their own experience with retro-branded products, have an opinion, either based on mediated information or they connect retro packaging with a higher quality, which is often discussed in public. However, the higher quality of product in retro packaging cannot be automatically expected, which is, for many customers, very disappointing and retro editions using old fashioned technologies and materials would be welcomed by them.

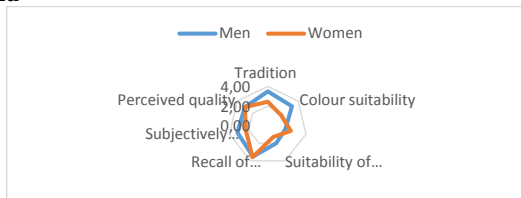
Most respondents, who were familiar with the retro edited products, noticed them within the retail chain, Lidl. This company supports retro editions with leaflets and in-store placement in a single rack, which attracts customers. Respondents agreed, that they would purchase the retro product on a one-off basis, mainly because of nostalgia or because they would like to assess, whether or not the quality of modern and retro packaged products is the same, or also to show it to their offspring. On the other hand, younger respondents would buy these products for their parents to remind them of a past time or simply because they are interested in the taste. Respondents further state that producers try to lure customers by these retro editions with references to tradition, which often has a connotation with higher quality. Quality is not only required by the older generation, but it is also very important for the younger generation too. Therefore, we would recommend to manufacturers a return to the original quality together with retro-imaged products.

**3.2 Evaluation of proposed semantic differential**

During structured interviews, participants were asked to evaluate individual packages according to a predetermined bipolar scale of attributes. Perceptions and connected emotions can be compared on the basis of this semantic differential, either from the general point of view, regardless of gender or age categories, or differentiated by gender. Some of the maps of perceptions are presented by the net graphs below.

**Comparison of perception and opinions between men and women**

**Indulona brand**

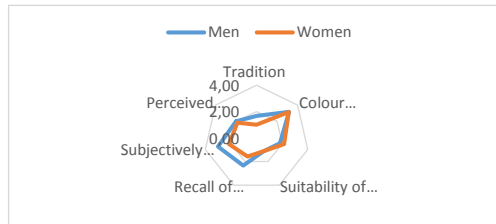


**Figure 1: Comparison of perception and opinion of modern packaging of Indulona, distinguished by gender**  
 Source: Own processing

Figure 1 above shows that men and women agreed, that the **modern package** of the Indulona (brand of an ointment) does not recall any memories of youth and it has a neutral position in terms of quality perception level. A similar situation occurred with the brand name recognition on the packaging, where both genders were not inclined towards a good state of recognition. A larger difference in this comparison was in connection with the perception of tradition. Women were more inclined towards seeing modern Indulona as a traditional product; whereas men tend to judge it as being a more modern product. Women, also, consider the colours on the modern Indulona to be more distinctive, however, men find it more featureless. Minor differences of opinion are found between genders when considering whether or not they like the package and whether the package is appropriate for this product. In the case of **retro packaging** the opinions were, in essence, the same. The only attribute, where their views were different, was related to whether participants like or dislike the package. While women like the retro package, men tend to dislike it.

**Pralinky brand**

The **modern packaging** of Pralinky (a brand of chocolate pralines) was considered to be substantially different, as far as the gender assessment is concerned. Women and men agreed, that the branded product is modern and the colours on the package are more expressive and correctly chosen for the product. Both genders, also, considered that the product represents a high quality. Minor differences were found in brand name recognition. When the name was recognizable very well, the package does not recall memories of childhood and youth in any of the gender groups. However, both groups like the packaging itself.



**Figure 2: Comparison of perception and opinion of retro packaging of Pralinky, distinguished by gender**

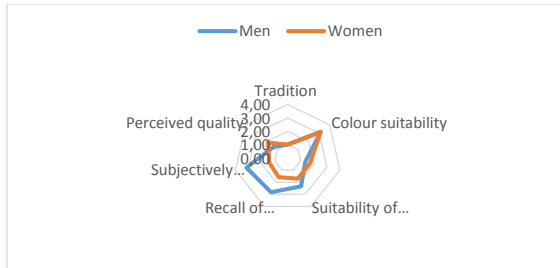
Source: Own processing

Figure 2 shows zero differences between men’s and women’s perceptions of chosen colours on the **retro packaging** of Pralinky. Both genders find the packaging to be less distinctive. The brand name is well recognizable, for both men and women. There is also agreement around quality assessment as both genders find the quality to be significant. To women, this packaging recalls memories of childhood and youth more so than for the men women like it more and also consider it to be more traditional. Men see these attributes differently, it means, that these attributes are assessed less positive by them.

**Granko brand**

Opinions on the **modern packaging** of Granko (a brand of chocolate drink) are substantially similar for both sides women and men. Both groups also agree on: a greater quality perception, that the name is easily recognizable and the effectiveness of the bright colours and product packaging, which is liked by all. Slight differences exist on the suitability of the packaging when considering the usage of the product.

Women consider it to be more appropriate than men. On the other hand, for men, the package represents the childhood and youth for them, which is more so than for women. The men, also, perceive the package to more traditional than do the women.



**Figure 3: Comparison of perception and opinion of retro packaging of Granko, distinguished by gender**

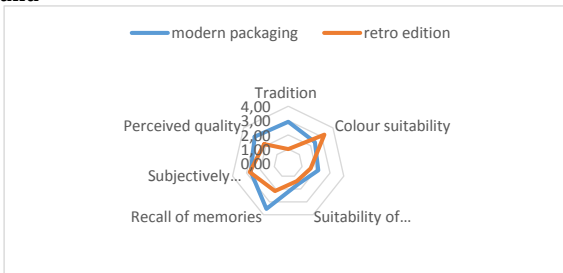
Source: Own processing

In Figure 3 is seen the agreement in perception of the **retro packaging** of Granko, particularly in the case of the colour assessment. The colours are assessed to be blander, even insipid. There is also agreement in perception of tradition. Both genders consider the brand name to be recognizable. Only slight differences appear in the perception of quality assessment and both genders assess it as very high. Also, the choice of product packaging, for both genders, is deemed essentially appropriate.

Substantial differences exist in assessing the recall of memories of childhood or youth. Women are more committed to the idea of a product from the past, bringing back the memories. They also like the packaging more than men. The analysis of the proposed semantic differential suggests that it is appropriate to compare the genders, but also that the assessment of perception of age categories would be suitable for the research. However, the age groups must be chosen appropriately, with regards to the buying behaviour of potential respondents and possible awareness of the brand. In case of gender assessment, there were few significant differences.

**Opinions and perceptions regardless of gender and age categories**

**Indulona brand**

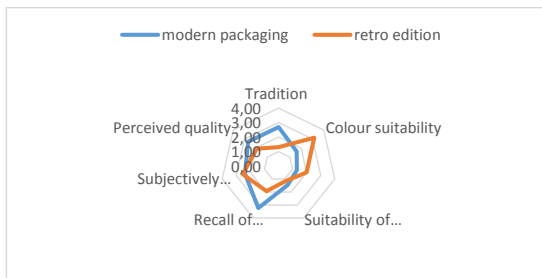


**Figure 4: Comparison of perception and opinion of retro and modern packaging of Indulona, regardless of gender and age categories**

Source: Own processing

From the Figure 4, above, it is clear that a similarly positive opinion is held by respondents, mostly in the case of the subjectively perceived appearance and suitability of packaging. Larger differences can be found in quality perception, where retro packaging is perceived as a product with higher quality than the product in modern packaging. The retro packaging, also, recalls memories of childhood and youth and highlights the tradition more than the modern packaging. However, colours on retro packages are generally assessed as being less bright than that found on modern packaging. Any differences in the recognition of the brand between the retro and modern packaging is, in the case of Indulona, insignificant.

**Pralinky brand**

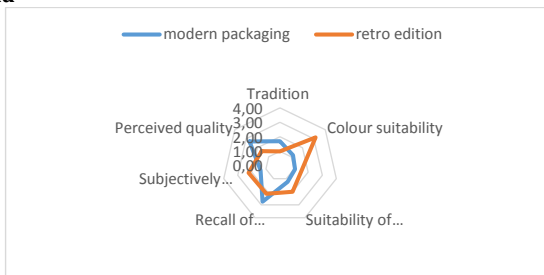


**Figure 5: Comparison of perception and opinion of retro and modern packaging of Pralinky, regardless of gender and age categories**

Source: Own processing

It is interesting, that the perception of retro and modern packaging of Pralinky is very similar to the perception of the previous brand, Indulona. The results are shown on Figure 5, where the two maps showing respondents’ perceptions of Pralinky are displayed.

**Granko brand**



**Figure 6: Comparison of perception and opinion of retro and modern packaging of Granko, regardless of gender and age categories**

Source: Own processing

The perception of retro packaging of Granko is, in many cases, very similar to the previous brands, Indulona and Pralinky. The differences appear, particularly, in the modern packaging assessment. The modern packaging is perceived as more colourful



and the brand more easily recognizable. From this part of research, we can assume, that the semantic differential has been selected appropriately. This fact is proven by the perception of retro packaging – it is assessed to be more traditional and colours are perceived differently, which can be due to changes in taste and habits in using more bright colours on packaging nowadays. An important aspect of retro packaging is its association with higher quality. This should be proven by further research.

### **3.3 The results of the first phase of research**

The research should refer primarily to the important issues surrounding the retro packaging of traditional products. The age groups have their own specific views, but they all have one thing in common – where the respondents remember the packages from the past, the retro edition recalls very positive emotions for them. These perceptions would be appropriate to capture and analyse in detail within the next stages of the research. Also, further research should consider more questions concerning a perceived quality, mainly because of customers' desires to return to an earlier product quality. This could be achieved by possible declarations of original recipes and some details of production technology. This aspect was raised, not only in the structured interviews, but, also, from the evaluation of the proposed semantic differential as well. Furthermore, any further research should be focused, also, on the buying behaviour of customers and their attitudes towards quality, on the influence of marketing stimuli and, especially, on the influence of the packaging itself. Another subject should be the assessment of expected impulses to buy a product that is in retro packaging.

The problem for further research could be any missing data about the buying behaviour of the younger generation (under 20 years), who mainly do not make a purchase themselves; although, eventually, they do buy products but only for their own immediate consumption. This is a base for another recommendation. We would suggest to focus the research on the age categories, which are expected to shop more frequently, mainly for housekeeping purposes. Therefore, the age category “under 20 years”, is deemed inappropriate to the researched topic, as they do not have experience with using the product in the past, and therefore no connected memories of their own. The structured interviews also showed, that significant motivators to buy the product in retro packaging were leaflets produced by the retail chain, Lidl. These, within the so-called Retro Week, introduce a wide range of products, which are intended to evoke memories. Because of those leaflets, many customers discuss the retro edition and are attracted by them to purchase and taste them again. Further research should, therefore, follow this trend and try to recognize the main incentives and reaction on, for example, the usage and effectiveness of retro products for customers. Also, questions aimed at the motivation and frequency of purchase of products and expected benefits for the customer and the manufacturer should be used.

The semantic differential has indicated that it is appropriate to observe the differences in perceptions of modern and retro packaging with regards to gender and also for respondents from different age categories and that these should be on the buying behaviour basis. Validity of the semantic differential was proven; therefore, we would recommend to follow recent attributes in further research as well. Also, as

mentioned earlier, the connection between retro packaging and quality level should be developed and analysed more. Applying those suggestions to further research should result in confirmation/disproval of these determined hypotheses:

1. The value of retro brands needs to be based on building traditional brand associations;
2. The retro editions recall memories from childhood and youth. This evokes connection to the brand based on the customer's previous positive experience;
3. The quality of the product in retro packaging is perceived to be higher and less misleading and therefore, the probability of purchase is higher.

It is important to follow these areas in further phases of the research: buying behaviour of participants, evoked emotions, expected quality, desires connected with original recipes and ingredients in retro editions, functions of leaflets and other marketing communication activities and, finally, motivation to buy. The suggested target group for further research would be "people, who realize their shopping not only for themselves, but also for their family." Age would be limited by 20 and above, even distribution of gender.

### **Conclusion**

Nowadays, it is possible to record the return of customers to the traditions, to original Czech recipes and many consumers welcome link to the past as far as quality is concern. Therefore, retail chains have started offering traditional products in retro packaging. However, the question remains whether or not this is fulfilling for consumers. The results of the pre-research phase clearly show that respondents from all age categories, who have their own experience with the product from the past, refer to the higher product quality, which was offered that time on the market. Therefore, they were pleasantly tuned to a wave of memories. But, not all of them associated the retro packaging with the retro product. The ones, who did not see the associations, would buy products from a retro edition only on a one-off basis. For repeated purchase, they need to be convinced about original recipes, ingredients and technology. There were not great differences, when the semantic differential was used. The comparison of perception of retro and modern packaging, with or regardless of gender and age categories, has shown, that retro packages were assessed positively in connection with quality and tradition, whereas modern packaging had better perception in terms of the visual side and style. The question of appropriate usage and perception of retro packaging on current Czech market is, for retailers, still ongoing. Therefore, it would be adequate to follow this pre-research by detailed definition of research questions, target group determination and hypotheses setting, all of which could be done on the basis of this first phase of the research. Proposals arising from this paper are a good foundation for concretization of objectives, selection methods for survey and how to use the results of structured interviews and the evaluation of the semantic differential to develop the questionnaire.

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## THE ENTRY OF A FOREIGN COMPANY ('THE NEW BRAND') INTO THE MARKET IN THE SLOVAK REPUBLIC

*Natália Stalmašeková – Jana Štofková*

### **Abstract**

The entry of any company into the market always brings certain risks and unpredictable events, even if it is a well-known brand with an established reputation. The company must be able to assess entry barriers into its new market and be able to overcome them effectively. At first sight, the Slovak rail passenger transport market could seem a disadvantageous area for new entrants. Železničná spoločnosť Slovensko, with the state as 100% shareholder, had a monopoly on this market and on top of that, this company provided unpaid transport for chosen segments of passengers. Another drawback is the poor condition of the track network, which affects the speed of transportation. However, a successful company should be able to use these conditions for its own benefit and bring change and innovation to such an industry. The Czech company RegioJet inc, has decided to enter this sector and try to entice Slovak passengers with its services, which have not yet been offered by anybody else.

### **Key words:**

Marketing research. Rail passenger transport. RegioJet Inc.

### **Introduction**

The end of 2014 brought big changes for the Slovak rail passenger transport market. On November 17<sup>th</sup>, the state began to cover the full cost of tickets for selected passenger groups, which caused a significant increase in passenger numbers from these groups. On December 14<sup>th</sup>, the Czech private company RegioJet began a service on the Bratislava – Žilina – Košice line. Until that date, Železničná spoločnosť Slovensko was the single carrier in rail passenger transport on this route. The Bratislava - Žilina - Košice route is a key one for rail passenger services in Slovakia, as it connects the eastern with the western part of Slovakia. RegioJet entered the market with a guarantee of lower prices and higher quality than was offered by Železničná spoločnosť Slovensko. It also began the track service with concerns about how the state endowment would influence the decisions of passengers and whether it could successfully compete with the Slovak company. For the passengers, the entry of RegioJet meant awaking from the 'apathy', which they experienced when traveling with ZSSK, because without the competition the state company was not pushed to improve the quality of travelling and decrease the prices. With its entry, RegioJet promised modern, yellow trains, which offered high standard travelling for low prices. In the survey, we were looking to see if the well-known Czech brand established itself in the Slovak market successfully.

### **1 Methodology and goals**

The goal of the paper is to analyse, on the basis of primary research, the success of entry of the Czech company RegioJet into the Slovak market of rail passenger transport on the Bratislava – Žilina – Košice route. The paper provides an overview of the RegioJet services and comparison of ticket prices, which both companies offer. In conclusion, we summarise the survey results.

## 2 The origin and history of RegioJet Inc. company

RegioJet Inc. company is a sister company of Student Agency holding, Inc. Student Agency, s.r.o company was first founded in 1996 by the owner of RegioJet. Its business focus was the provision of au pair services in Europe and the USA, of language programmes, educational programmes abroad, work programmes, and bus transport. It was gradually extended to the business of ticket sales and domestic bus transport. The company kept growing, gaining new employees and reinforcing its position among customers.<sup>1</sup> RegioJet Inc. Company was founded in 2009 in Brno and entered into the rail passenger transport market of the Czech Republic. In 2010 RegioJet dispatched its first train on the Decin and Krupka route. In 2010, the Commercial Register of the Slovak Republic registered RegioJet Inc. Company, with its residency in Bratislava.<sup>2</sup> In 2011 the Czech carrier started to dispatch intercity trains on the Praha – Ostrava – Čadca – Žilina route. In November 2014 RegioJet extended the Prague – Žilina route to Košice, and in December it entered the main Slovak Bratislava – Žilina – Košice route. Besides organizing rail transport in Slovakia, RegioJet organizes bus transport on the Banska Bystrica – Nitra – Bratislava and Bratislava – Vienna routes.

### 2.1 Services offered by RegioJet Inc.

RegioJet intercity trains offer transportation in first and second class carriages. Passengers can choose from the three types of tariffs: standard, relax and business. On the Bratislava – Žilina – Košice route, the company sends off three pairs of trains daily. The price of ticket depends on the type of tariff, time of departure and type of discount for various classification of passenger.

**Table 1: Price of tickets on the Bratislava – Žilina – Košice route at a specific time (for example Friday 5:33 pm.)**

Tariff	Adult	Student
Standard	13,30 €	6,60 €
Relax	18 €	9 €
Business	23,40 €	11,70 €

Source: STALMAŠEKOVÁ, N.: *Analysis of the competitive environment in the rail passenger transport on the Bratislava – Žilina – Košice route*. [Master thesis]. Bratislava : University of Economics in Bratislava, 2016, p. 35.

**Table 2: Price of tickets on the Bratislava – Žilina – Košice route at a specific time (for example Friday 05:33)**

Tariff	Adult	Student
Standard	9 €	4,50 €
Relax	14,90 €	7,40 €
Business	23,40 €	11,70 €

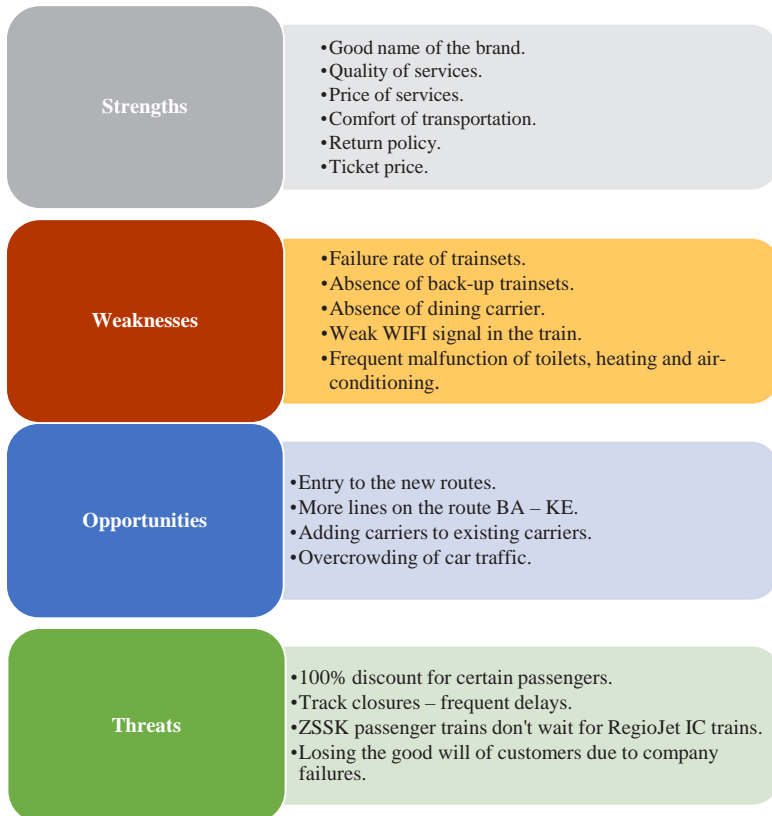
Source: STALMAŠEKOVÁ, N.: *Analysis of the competitive environment in the rail passenger transport on the Bratislava – Žilina – Košice route*. [Master thesis]. Bratislava : University of Economics in Bratislava, 2016, p. 36.

<sup>1</sup> *História spoločnosti Student Agency*. [online]. [2015-11-20]. Available at: <<http://www.studentagency.sk/o-nas/profil-spolocnosti/historie-spolocnosti/>>.

<sup>2</sup> *FinStat s.r.o. – Databáza firiem*. [online]. [2015-11-20]. Available at: <<http://www.finstat.sk/47231271>>.

## 2.2 SWOT analysis of the RegioJet Company

Using the SWOT analysis, the company can create an overview of the challenges and opportunities of the industry in which it operates and effectively assess its strengths and weaknesses.<sup>3</sup> RegioJet's success with consumers will depend on the success of overcoming challenges from the external environment and eliminating weaknesses. The company in Slovak market will continue to grow if it can take advantage of opportunities in the industry, by using its strengths.<sup>4</sup> Figure 1 shows the strengths and weaknesses of RegioJet, opportunities in the external rail transport environment in Slovakia and market risks.



**Figure 1: SWOT analysis of company RegioJet**

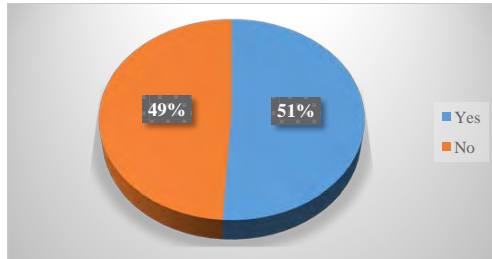
Source: Own processing

<sup>3</sup> For more information, see: ŠTOFKOVÁ, J. et al.: *Business Management*. Bratislava : Dolis, 2015.

<sup>4</sup> ŠTOFKOVÁ, K.: Využitie znalostného manažmentu na podporu konkurencieschopnosti. In ŠTOFKOVÁ, K., JANKALOVÁ, M., MOČOKOVÁ, M.: *Manažment a sieťové podnikanie vo vedomostnej ekonomike*. Žilina : Žilinská univerzita, 2013, p. 7-24.

### Results of the survey

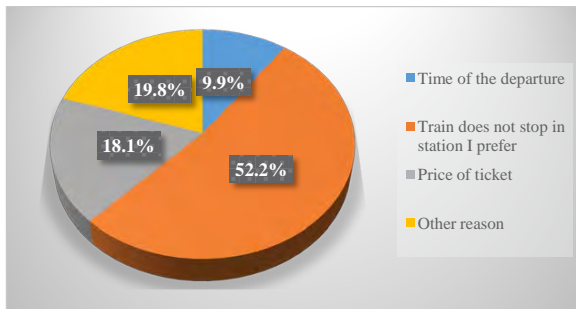
The survey was conducted on a sample of 384 respondents, and one part was focused on the RegioJet company. Respondents were asked to express their opinions on their experience and views about travelling with this company. The survey also provides answers to questions about what affects consumer's deciding whether to use the services of this company. Graph No. 1 shows respondents which have already used the services of RegioJet. 51% of respondents stated that they had already travelled with this company.



**Graph 1: Do you travel by RegioJet trains (on the Bratislava – Žilina – Košice or Košice – Žilina – Prague route)?**

Source: Own processing

Graph No. 2 states reasons which cause these respondents not to choose to travel with RegioJet. We can see that 52.2% of respondents do not travel with this company because the trains do not stop at their preferred station and only 18.1% of respondents state that they are discouraged by the price of the ticket. The departure timetable does not suit 9.9% of respondents and 19.8% of respondents stated different reasons for not travelling with this company. Collected answers indicate that the deciding factor for choosing the specific company could be not only the ticket price but also the number of stations served on the route.



**Graph 2: Why do you not travel with RegioJet?**

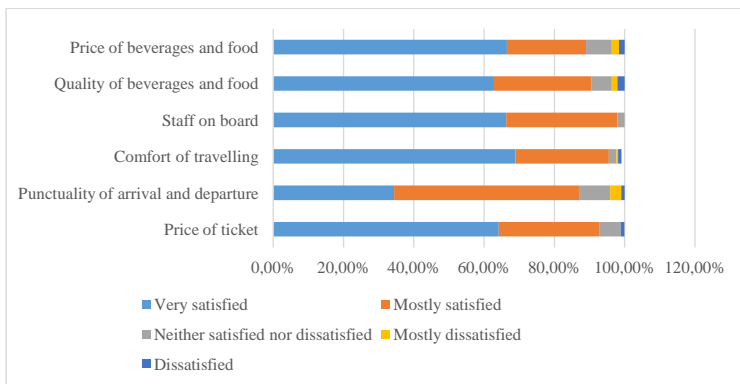
Source: Own processing

Graph No. 3 shows the satisfaction of customers with the various attributes of travelling with this company on the given scale. The scale comprised five statements: very satisfied, mostly satisfied, neither satisfied nor dissatisfied, mostly dissatisfied, and dissatisfied. Respondents expressed their opinions about:



- price of beverages and food;
- quality of beverages and food;
- staff on the board;
- comfort of travelling;
- punctuality of arrival and departure;
- price of ticket.

Graph No. 3 states that respondents were satisfied overall with the services that the company offers. Respondents were least satisfied with the punctuality of arrivals and departures of trains because only 34.4% of respondents stated that they were very satisfied and 52.6% of respondents stated that they were mostly satisfied. Over 60% of respondents were very satisfied with other attributes and 30% were mostly satisfied. Around 3% of respondents were dissatisfied with every attribute and nobody was dissatisfied with staff on board. Respondents were most satisfied with the comfort of travelling. 69.8% of respondents were very satisfied and 26.6% of respondents were mostly satisfied, which means that 96.4% of respondents were satisfied with the comfort on board. The graph states that respondents were generally satisfied with services of Regiojet.



**Graph 3: Express your satisfaction with the services of Regiojet**

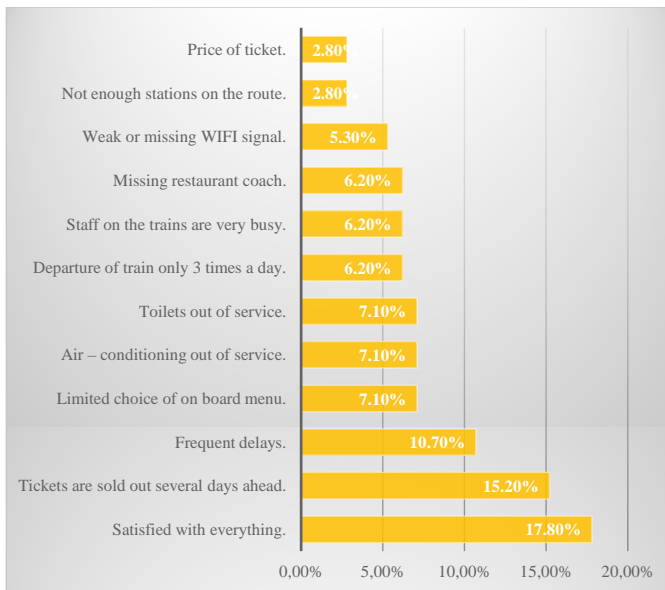
Source: Own processing

The next question asked respondents what they are dissatisfied with when they travelled with Regiojet. On the basis of analysis of the answers, we prepared Graph No.4, which contains most the following observations:

- Satisfied with everything;
- Tickets are sold out several days ahead;
- Frequent delays;
- Limited choice of on board menu;
- Air-conditioning out of service;
- Toilets out of service;
- Departure of train only three times a day;
- Staff on the trains are very busy;
- Missing restaurant coach;
- Weak or missing WIFI signal;

- Few stations on the route;
- Price of ticket.

Graph No. 4 states that most respondents – 17.8% – were satisfied with everything. One stated observation was that the train was sold out several days before departure (15.2%) and there were frequent delays (10.7%). Equally, 7.1% of respondents were dissatisfied with air-conditioning problems, toilets facilities, and limited choice of on board menu, since it is not unusual for the menu items to be unavailable half-way through the route. 6.2% of respondents were dissatisfied with the departure of the trains (only three times a day), missing restaurant coach, and busy staff – especially when is the train full of passengers. A low percentage of respondents were dissatisfied with weak WIFI signal, infrequent station stops on the route and price of ticket.



**Graph 4: When travelling with RegioJet, I am dissatisfied with...**

Source: Own processing

## Conclusion

When entering the market, RegioJet promised to bring a revolution. If the discount for students and seniors were not established, it could really have done so, because RegioJet could offer cheaper ticket prices than Železničná spoločnosť Slovensko. However in reality, RegioJet had no other choice than to run price wars with its competitor. The company brought to Slovakia passenger services (established under its brand also in the Czech Republic) and a ticket price that could not be matched by Železničná spoločnosť Slovensko. Expectations were high and the daily operation of

the trains was watched by the strict view of the public and the media. Despite many positives that the company has brought, it could not avoid some negatives. In March 2015 one of RegioJet's trains derailed at Hlavná stanica in Bratislava. The event resulted in the withdrawal of the restaurant coach and also in the reduction of the number of carriers from nine to six. The result of this reduction was a dramatic selling out of tickets during the most popular days when Slovak people were moving from east to west. On Sunday and Monday to Bratislava, and Thursday and Friday to Košice, the trains were virtually sold out a week before departure. During holidays, tickets were already sold out three weeks before the departure of the train. In late March 2015, RegioJet once again caused a storm, when on Sunday evening at Bytča it nearly collided with an express train, 613 of Železničná spoločnosť Slovensko.<sup>5</sup> Traffic on the Bratislava - Žilina - Košice route was paralyzed for three hours. In the survey, respondents expressed dissatisfaction especially with frequent delays, limited on board meals and drinks offers, which was the only source of food for them, as from March 2015 to January 2016, the company did not have a restaurant coach on their trainsets. They were also bothered with recurring problems with heating and air-conditioning.

RegioJet brought to the Slovak market all the things that are significant for this brand – yellow trains, low prices and a variety of services. The company managed to entice passengers and fill its trains. According to the survey, the passengers are mostly satisfied with its services and in spite of some reservations, they keep coming back. In 2015 on the Bratislava - Žilina – Košice route, the company transported more than 900 000 passengers, and, if it can keep its promises about increasing the capacity of their trains, maintain quality of service and keep prices low, the number could be much higher in 2016.<sup>6</sup>

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<sup>5</sup> *Vlak Regiojetu išiel na červenú.* [online]. [2016-02-17]. Available at: <<http://hn.hnonline.sk/slovensko-119/vlak-regiojetu-isiel-u-nas-na-cervenu-takmer-sa-zrazil-s-rychlikom-707388>>.

<sup>6</sup> *RegioJet očakáva nárast cestujúcich.* [online]. [2016-10-02]. Available at: <<http://dennik.hnonline.sk/ekonomika-a-firmy/575527-regiojet-ocakava-narast-cestujucich-chce-prijat-novych-zamestnancov>>.

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## WORD OF MOUSE IN THE WORLD OF BRANDS

*Jaroslav Světlík – Vladimír Vavrečka*

### **Abstract**

There is no doubt that spontaneous offline WOM is one of the most important and influential sources of information since the beginning of human society. The attitudes of consumers towards the brand and their consumer behavior in more than 60% decided not on advertising but based on the recommendations of friends, family members, professionals, colleagues. With the advent of the Internet and especially Web 2.0, this area of marketing communications has changed radically. If consumers need information and references that would facilitate their purchase decisions, have to rely on their personal social network today from the perspective of obtaining relevant information and recommendations of this global network. This new form of communication is referred to as WOM online, e - WOM, or even Word of Mouse. Differences between traditional off-line form and Word of Mouse are essential, as are different (and also identical) ways to build positive attitudes towards the brand and purchasing intention. Decisive influence plays the credibility of the information sources.

### **Key words:**

Brand image. Equity. Interactivity. Precedence. Purchasing behavior. Social capital. The credibility of the source. Word of mouth.

### **Introduction**

Word of Mouth (WOM) is one of possible forms how to disseminate information about a product, brand, service or company among existing and potential customers. Recently the use of Word of Mouth Marketing (WOMM) became more than important communication tool. Why? This is mainly due to the advent of new digital technologies, increasingly popular use of the Internet which provide this form of communication completely new opportunities in the form of online activities, for example online forums, blogs and communication on social networks, which allow spread all information not only faster, but in much greater extent than in the past. Another reason is obvious loss of confidence in the other tools of communication mix, including advertising for the majority of consumers. People are well aware that advertising (and other marketing communications tools), wants to persuade them, just for the sake of its sponsors, to some desirable activity (especially shopping), and that in doing so uses sometimes not very ethical, but more effective ways how to reach this goal. All these changes, associated with the advent of new technologies, the growing interest in the use of social media, new media behavior of the young generation, attitudes toward advertising, they all raise the need to understand in more details the functioning of this form of communication in terms of new knowledge coming mainly from the fields of psychology and sociology. Thus, the market, consumer behavior, lifestyle, marketing and marketing communications, are changing, so must change also the theory, which explains all these changes in the existing paradigm.

The aim of this paper is to describe the impact of the Word of Mouse on brand building and also the main factors affecting and influencing this phenomenon, which is the credibility of the sources and other antecedences. The paper has a character more or less of review study, whose aim is to summarize on the base of already published facts and results of international research which are relevant to the topic

in this specific field of marketing communications. This conference paper is based on a descriptive research focusing on a deeper and more detailed view on the issue. Due to the theoretical nature of the paper, the appropriate theoretical methods have been used, e.g. the analysis and synthesis of knowledge gained primarily from scientific secondary sources, induction and deduction, followed by generalization and comparison.

### 1 Theoretical aspects of WOM

With the decline of trust in advertising, consumers increasingly rely on their purchase decisions on the recommendation or endorsement. It can be assumed that positive WOM has a positive effect on the purchasing behavior, while negative more or less opposite. Some studies have confirmed that negative WOM affects the recipient's much harder (even twice) than that of the positive WOM.<sup>1</sup> Research carried out by the Spaniards, however, did not fully confirm this claim. Conversely, according to the results of their research, positive WOM has greater influence on purchasing behavior than that of the negative by 14%.<sup>2</sup> However, it may (though it is not a rule) an opposite reaction. Especially in cases, when people are persuaded about the facts, which are against their faith and values and when the attitude to the brand is strongly positive in case of the recipient, and he does not intend to accept negative messages towards the brand. In assessing the impact of positive or negative WOM also plays a role the fact, whether the brand is known and is familiar to customers. In this case, WOM acts less intensively, and the difference between positive and negative information in its impact is low. Conversely, if it is an unknown brand, or its awareness is weak, negative information conveyed in this form of communication, compared with the positive, has a much stronger impact on the recipient of the message. The results of various surveys are really quite different, which can prove that a number of various factors, which had not been covered in these studies, play important roles in consumer's decisions.

It is clear that very significant role in the shift of purchase decisions by the recipient play interpersonal relationships between the source and recipient of WOM communication. This role concerns mainly the strength and content of the relationship between source and receiver of the message. This source may be both initiator and provider of the information. Furthermore, experience and power of the source in terms of the scope and effect of convincing arguments. The strength of the statement has a very strong influence on the recipient of the information, assuming an active search for information (recipient is interested in this information and the source is interested to communicate him the particular information), both in the case of a positive as well as negative WOM. The relationship between the source and recipient of the message and the degree of suggestibility of recipients are given by their mutual similarities (behavior, lifestyles, respected values etc.) and by the strength of the relationship. It can be considered as strong, when both parties know each other personally very well, their relationship is determined by mutual

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<sup>1</sup> ARNDT, J.: Role of Product-Related Conversations in the Diffusion of a New Product. In *Journal of Marketing Research*, 1967, Vol. 4, No. 3, p. 293.

<sup>2</sup> VÁZQUEZ-CASIELLES, R., SUÁREZ-ÁLVAREZ, L., BELÉN DEL RÍO-LANZA, A.: The Word of Mouth Dynamic: How Positive (and Negative) WOM Drives Purches Probability. An Analysis of Interpersonal and Non-Interpersonal Factors. In *Journal of Advertising Research*, 2013, Vol. 53, No. 1, p. 54.

familiarity or intimacy and by mutual support. For example, there is a strong relationship within the family between parents and children. Weak relationship may mean that we know each other, but more or less "we just meet on the bus when going to work." It can be assumed that the higher the strength of the mutual relationship, the more the recipients will seek information through WOM right at the source. This is undoubtedly true in the case of offline WOM. But how is it possible, that more and more people are using ways and means of e-WOM, where the source of communication is more or less anonymous?

What is the motivation that people are willing to share, both in offline and online form WOM, their knowledge and experience with a certain brand or services to other people? It is a fact, that today, and thanks to the internet we are overloaded by the information of all kinds. But how we can choose the right one, which is correct and relevant. Let say, when we consider the purchase of particular product, brand or service, for example. WOM can help. Fortunately, there are trustworthy professionals, experts in certain areas of human reality, who themselves seek opportunities to share their knowledge with others (they are called market mavens). Moreover, most people have a need to share with others information concerning current affairs and issues. Another motivation for communication within WOM can be explained by the theory of cognitive dissonance. Once a consumer identifies with a certain brand and he faces negative information on his/her favorite brand, it gives him a feeling of cognitive incongruence. This feeling can be eliminated by obtaining more details about the brand. For example, through his/her visit to a specific discussion forum which concerns the relevant topic. Other motivation is altruism, reciprocity, increased social prestige especially by the possibility of upgrading the status etc. But even in these cases, play an important role the other variables, next to other cultural factors or product category.<sup>3</sup>

What is the impact WOM for men and women? Are there some differences, and if so, what? On these issues tried to find answers scientists from American universities.<sup>4</sup> Based on the fact that WOM (and in case of a negative WOM this applies twice) is a social activity in which people consider not only their benefits but also the costs that they will have to bring to this form of communication. And not in financial terms, just from economic point of view, but rather from the perspective of whether their involvement in WOM will bring them something to the issue of their social status, or vice versa, if this will not harm their image in the eyes of other people. For negative WOM it may be the case, that our bad experience we have gained by being an easy target for a crook, for example. Probably because we did not judge the situation and that was not very clever from us, more or less we behaved silly. Of course this also depends on how that person values his/her own image in the eyes of other people and how deeply he/she can be affected by its own image damage. Also, if we really had a bad experience, we will share it with someone who is very close to us, to a lesser extent with the person, where the bond is weak or absent. If so, then the person probably to a lesser extent (if at all) will communicate their bad experience about a certain product or service. Another factor of the willingness to communicate

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<sup>3</sup> BARRETO, A. M.: The word – of – mouth phenomenon in the social media era. In *International Journal of Market Research*, 2014, Vol. 56, No. 5, p. 639-641.

<sup>4</sup> ZHANG, Y., FEICK, L., MITTAL, V.: How Males and Females Differ in Their Likelihood of Transmitting Negative Word of Mouth. In *Journal of Consumer Research*, 2014, Vol. 40, No. 6, p. 1097-1108.

is the above mentioned strength of relationship between the sources and recipient of the message. And even so, the strength of the relationship may be due to damage of the image, an important factor in negative communication.

Additionally, there may play important role the gender of the source or recipient of the message. It is known that among men and women, there are many differences and some of them may play an important role in the WOM. Some of these differences are based on accepted values of women and men. Men more recognize values, sometimes referred to as masculine orientation, which includes rationality, power, dominance, they put more stress on their ego etc. Women, however, put more stress on values such as relationships to other people, they try to avoid conflicts and accept in a greater extent values based on emotion and sentimentality. These values are described as feminine orientation.<sup>5</sup> This division is based on the so-called agency - communion theory.<sup>6</sup> In other words, women more likely prefer and find it more important values of relationships, while men are more focus on themselves and their own interests (of course that is not the theory which can generalize the behavior of all women and men, above mentioned are the predominant values which influence subsequent behavior).

The above mentioned research confirmed that the impact of possible damage of the image and the strength of the relationship on the other hand, differ significantly from the perspective of spreading negative WOM. For women, the effect of possible damage to the image play a significant role especially in the case of a weak relationship between the source and recipient of the communication, whereas in the case of a strong relationship it does not play such a significant role (female rather confides her problems concern bad purchase with her good and close friend). However, this is not the case for men, where the power relationship does not play a significant role in the willingness to spread negative WOM. There are differences in the products and services which are consumed in public or in private. In the first case, the effect of the possibility of damaging the image is much stronger than products consumed privately, for example at home. Another difference exists in the case of individual and group decision making. In the case of group decision-making more important role plays aspect of so called communion, a common interest group. The above factors influencing the emergence and impact WOM are only part of the antecedents, which influence this phenomenon in relation to brand equity and brand building.

## 2 Brand equity and WOM

Concept of brand equity is well known and well researched part of marketing. Broyles et al. defines the brand equity as "customers' overall perceptions toward the value of a brand, which motivates them to acquire, maintain, or increase their possession of something in order to meet certain needs, wants, purposes, or

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<sup>5</sup> This division corresponds to the theory of cultural values set by Geert Hofstede (remark by the authors).

<sup>6</sup> The concept of communion means the preference of a community of people interests at the expense of individual which put stress on the fact that individual is part of a higher social group and is based on mutual understanding, love and affection (feminine orientation) (remark by the authors).



desires."<sup>7</sup> In simpler terms, brand equity is the added value which the brand pays for your product.<sup>8</sup> Concept of brand equity has been described in a number of papers and books while its content was defined by a variety of dimensions. Among those on which most experts agreed, include: brand awareness, perceived quality, brand associations, functionality, customer loyalty to the brand and brand image. There are a number of expert studies based on empirical research that document the fact that word of mouth has a strong positive effect on the brand equity. The latest published research in this area dated in the year 2016, clearly confirms the strong relationship between word of mouth and brand image, loyalty to brand, brand preferences, its leadership and brand equity.<sup>9</sup> The fact that brand equity directly influences the purchasing behavior has been demonstrated by a number of empirical studies. In other words we can say that the endorsement or recommendations made by other people whom the customer trusts, through this high level of confidence affects brand equity and customer behavior. Positive WOM reinforces the brand image, its reputation and consequently its popularity in the eyes of customers. There is no doubt that word of mouth can be one of the most powerful tools of marketing strategies through brand building and built a high brand equity and thank to it also obtain a competitive advantage in the long run.

### 3 Word of Mouse and brand

With the advent of the Internet, word of mouth has changed radically. If consumers need information and references that would facilitate their purchase decisions, they do not have to rely on their personal social network, but they can appeal to a much larger, even international network. One can just read a dozen blogs, professionally focused discussion groups, read reviews of consumers who have already purchased this product and have their personal experience. In addition, in some cases they can even verify the person who provided the information, for example through LinkedIn or Google. This new form of communication is referred to as WOM online, e - WOM, or even Word of Mouse. Word of Mouse exists in many forms, from e-mails, instant messaging, allowing sending and receiving messages in real time through the use of social networks, online blogs, online reviews of products and services, etc. This is actually the same idea, as the traditional, offline WOM. On the other hand, it is a completely new tool that distinguishes the two concepts together. Due to orientation and focus of this paper it is essential to know the answer how Word of Mouse affects brand building? What is the link between e - WOM and brand equity? There is also the question of whether these two forms at all describe the same marketing communication tool? While traditional WOM enables obtaining information from a circle of friends, acquaintances or other persons who we well know personally and we rely on their credibility and expertise. Then we can take a quick own opinion. In the case of online WOM we collect recommendations, experience and views mostly

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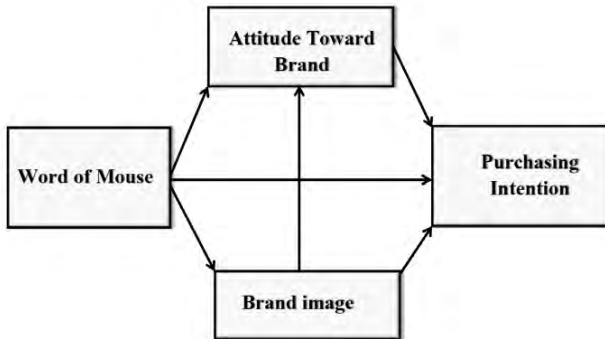
<sup>7</sup> BROYLES, S. A., SCHUMANN, D. W., LEINGPIBUL, T.: Examining brand equity antecedent/consequence relationship. In *Journal of Marketing Theory and Practice*, 2009, Vol. 17, No. 2, p. 150.

<sup>8</sup> HANAYSHA, J.: Examining the link between word of mouth and brand equity: A study on International Fast food restaurant in Malaysia. In *Journal of Asian Business Strategy*, 2016, Vol. 6, No. 3, p. 42.

<sup>9</sup> Ibidem, p. 43-46.

given by anonymous people who represent for us unknown source. Significant is the fact that it is a resource which we can, but we also cannot trust. The crucial difference thus relates to the knowledge of the information source and consequently its credibility. Which means the attributes on which is based successful word of mouth.

Elseidi and El-Baz suggested model of research that aimed to determine the impact of Word of Mouse on purchase behavior mediated by its effects on brand image and attitude of customers to the brand. Their research, which was focused in a specific product category of smartphones, has confirmed the feasibility of a strong relationship in various parts of the model. Their model in which dependencies between variables are represented by arrows is shown in Figure 1.



**Figure 1: Relationship of word of mouse and variables of interest**

Source: ELSEIDI, R. I., EL-BAZ, D.: Electronic word of mouth effects on consumers’brand attitudes, brand image and purchase intention: an empirical study in Egypt. In *The Business and Management Review*, 2016, Vol, 7, No. 5, p. 517.

Research has demonstrated a strong positive statistical dependence of variables. That means that word of mouse has a strong positive impact on the brand image as well as the attitude of customers to the brand and buying behavior. E-WOM influences the purchasing behavior both directly, but also partly mediated through brand image, which strengthens the positive relationship between customer and the brand. This research is unique and has repeatedly confirmed the existence of this strong relationship. Of course, it may not only be a positive influence, in the case of a negative Word of Mouse, the impact on the relevant variables is also negative. The authors of the study recommend in the process of selecting e-WOM tactics, to focus on those features that are really important to users of the brand. For example, it may be in the case of smartphones ease of use, reliability, cost, battery life, design, size and qualities of the camera. These properties are decisive for the positive or negative online reviews and also have a strong impact on mentioned variables.

The question of credibility and trust, as one of the most important factors of WOM is in the online environment frequently discussed topic. These antecedences are influenced by a variety of factors. People tend to associate with similar people, those who have similar views, recognize the same values, who have the same or similar interests. For example, it can be a virtual community of people who gather on the

Internet by the common interest (e.g. Pinterest network) and sympathizing with certain products that can be highly active source of information (Harley-Davidson Club, iPhone users respectively other products of Apple brand etc.). These communities have a high impact and often very high credibility, not only for its own members, but from the perspective of endorsements and recommendations to other people. Credibility of these sources is influenced by number of antecedences, which include, for example, power of the local community, emotional support, sense of belonging to this group and so on.<sup>10</sup>

Credibility of sources in terms of trust in case of online WOM was examined, among other things, by two Israeli scientists.<sup>11</sup> They concluded that the recipient of the message in case of online WOM is strongly influenced in particular by:

- Information **communication richness** which depends mainly on the amount of information and also on the number and strength of the supporting contacts;
- The **social tie**, which refers to the personal knowledge of the source and the confidence in his assertions. WOM strength depends on the strength of the relationship and the knowledge of those who communicate with each other. The concept of social ties is linked to another category, which is the social capital in terms of aggregate resources resulting from social contact with other people, the quality of these relations, contacts and acquaintances that the individual can use in his/her favor;
- Electronic media **interactivity** and speed of response to online communication.

People actively use social networks, and next to other reasons one of the most important one is building their own social capital. What is the prevalent activity on these social or community networks? Most of all - building social acceptance, recognition and networking opportunities, promote of joint activities and attitudes and last but not least it can be amusements and fun. The main features of social capital can be (consistent with Putnam division) trust, reciprocity, norms and networks which improve the efficiency of the functioning of society. There are a variety of approaches to the definition of this concept, typology etc. The above academician divided it on bridging (intergroup social capital) and bonding (intragroup). This division is based on the nature of the community network of relationships, its strength and accepted standards and norms. **Bridging** social capital is based on the weaker interactions that span different social groups and create bridges between them. Mentioned differences may be based on different education, gender, social status, political views etc. It is typical for individuals having different origins and backgrounds, who are connected more or less on the tentative acquaintance. The result, among other things is the lack of emotional support in the interaction and communication.

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<sup>10</sup> BARRETO, A. M.: The word – of – mouth phenomenon in the social media era. In *International Journal of Market Research*, 2014, Vol. 56, No. 5, p. 639-650.

<sup>11</sup> LEVY, S., GVILLI, Y.: How credible is E-Word of Mouth Across Digital – Marketing Channels? The Roles of Social Capital, Information Richness and Interactivity. In *Journal of Advertising Research*, 2015, Vol. 55, No. 1, p. 95-109.

On the other hand, **bonding** social capital exists between people who are tied through solid and close relations which are based on strong mutual emotional support of these people. With these strong relationships we can meet in the family, team or gang, within the football fans etc. Most important prerequisite for this relationship is the homogeneity of these groups. For this type of social capital is typical that people invest in this relationship, they communicate quite well often with each other and know each other. Credibility and trust stemming from personal relationships based on trust and understanding that exists between the source and the recipient of communication is the base of successful WOM. Research carried by Levy surprisingly found that bonding between communicating individuals and groups in itself is not a strong enough factor to strengthen the credibility of the e - WOM channel. Strong relationship can have the effect that people are more strapped to the existing social relationships within which they communicate well. Bonding can create communication deviations and uncertainties. The recipient then needs to become verified and credible information from other sources, which he/she will be more confident and will use them. And this happens rather by building bridging social capital through seeking new bridges to communicate with people he/she personally so well did not know, people who "belong somewhere else", but whose opinions and recommendations complement the overall mosaic of information, which contributes to the necessary confidence. This finding is also confirmed by some earlier studies that confirm the fact that in case of weaker strength of social ties is the source of the information perceived as more influential than it is in the case with great strength of this bond. That people "imprisoned" within existing social relationships, where they receive more or less one-sided information which precludes the recipient critically analyze the information obtained from other, independent and objective sources. Only diversifying sources increases credibility in the online environment.

**Information richness** of communication is made up by capacity of the communication channel and its ability to provide detailed and real time information. It depends on the capacity of feedback, options for multiple stimuli, language options and by capabilities and level of customization of the message. In the case of media with low information richness there is a limited number of information associated with uncertainty and low credibility sources. Traditional media such richness quite clear, everyone understands, for example, the difference in the richness of communication by mobile phone on one side and the printed catalog on the other side. Even in the case of online communication is the richness of communication given by the above mentioned factors. For example, the speed feedback will be different for SMS messages, e-mail, chats or online forums respectively. Communication on social networks is richer, offers us a text, video, music, etc., than do information poorer media channels. There is strong dependence among the information richness of communication and credibility of the source.

**Interactivity** is one of the key features of online media and represents a factor that had a great influence on the incredibly rapid expansion of new media. This key feature of online media lies in the ability and the possibility of two-way communication of participants consisting of the changing role of the source and the recipient of the message. Such communication is characterized both strong feedback by higher communication spontaneity. Interactivity includes three basic dimensions, which include not only the possibility of two-way communication, but also the

degree of control over communications and the ability to communicate in real time. In terms of credibility, interactivity enables high openness of access to different information, which can then serve as a stimulus to the credibility of communication in an online environment. This can be absolutely true, there are also some studies, which have come to similar conclusions, but there are also some researches aimed on the credibility of news servers which showed, that in this case, the relationship between interactivity and credibility does not exist. So, it can be declared, that the influence of interactivity on the credibility of the relevant communication channel is done indirectly through the information richness and bridging social capital. Summarizing the above facts, it can be stated that among the factors that most influence the credibility of the communication channel in the online environment are the information richness and bridging social capital, influence of bonding social capital and interactivity is not straightforward and is mediated by first mentioned two strong attributes of credibility channel in an online environment.<sup>12</sup>

With the credibility goes, hand in hand and not only in the online environment, trust. A simple definition says that "trust is the belief that the other side of the transaction is reliable and honest".<sup>13</sup> Trust is made up by credibility and reputation of the competent subject most of all on the basis of past and repeatedly good experience. In the online environment of trust is more than an important factor, especially in areas that are often perceived as high risky, such as in case of online shopping. Trust in offline WOM is based in the social context and direct communication, where the receiver of information due to familiarity with the source evaluates the credibility of it. Next to other precedence it is reputation based sources, the method of communication both verbal and nonverbal etc. In the case of online WOM, however, the recipient can rely only on the linguistic content of the communication that takes place in writing. It happens mostly without personal knowledge of the source and with the absence of personal experience with his/her credibility and reputation. This aspect plays an important role in the social commerce respectively. Social commerce is a specific part of e-commerce using social networks. These new business strategy dates back to the period of the eBay more than a decade ago using the Internet in the C2C and B2C trading. At present, these business models represent a wide spectrum of business activities, using, among others Facebook, Pinterest, reviews (Amazon, TripAdvisor) etc. Part of social commerce is the communication within brand communities and communication businesses with those communities.

One of the most important parts of social commerce is therefore social interaction in various forms of community networks. Consumers produce a range of information, which may become a cheap source of inspiration for both commercial and non-commercial entities. Recommendations based on their own experiences of buying and using the product becomes a strong incentive for purchasing decisions. So communication within online forums, communities, expert blogs, consumer reviews and their recommendations and endorsements are becoming essential and important part of the social commerce significantly influencing consumer behavior in the online environment. Not only because it reduces the risk associated with the purchase, but the fact that Internet users create their own content, social word of mouse, much stronger than traditional forms of advertising, increases the persuasive effect on potential customer. Research has shown high persuasiveness of

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<sup>12</sup> Ibidem, p. 100-105.

<sup>13</sup> HAJLI, N. et al.: Social word of mouth. How trust develops in the market. In *International Journal of Market Research*, 2014, Vol. 56, No. 5, p. 676.

communication in this form of online communication. Interaction through social networks called “social word of mouse” represents important and trusted source for most of the members of community/social networks. Part of social commerce is the creation of a favorable environment that supports positive decision by potential buyers, especially through text information and credit ratings. In addition, active consumers engage in various online discussion groups and communities by sending queries, express their own opinions and experiences in response to queries of other members of these groups or communities.

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## VALUE (SIGNIFICANCE) OF BRAND FOR SPECIFIC CONSUMER GROUPS

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### **Abstract**

The number and scope while satisfying the needs of each individual depend on many factors, which are determined by economic, social, ethical, environmental and other conditions. A human health unquestionably belongs to one of the conditions. The health of each individual depends on the range of determinants. There are four basic factors: biological and genetic conditions, health care system, prevention and lifestyle, including eating. Diet is for specific consumer groups with certain physical limitations, such as diabetics, coeliacs and senior a very important factor board. Diabetics and coeliacs must be adapted to the specific requirements. They must eliminate from the diet foods everything that is adverse to their health (contain sugar or gluten). Foods with a brand that they does not contain sugar or gluten are therefore very important for these two specific groups of consumers. Brands of required food represent a high value on the orientation when buying food, and indirectly life quality of selected two specific groups and senior of consumers.

### **Key words:**

Brand. Celiac. Consumer. Costumer. Diabetic. Foods. Quality of life. Senior. Value.

## **1 Introduction**

Every individual human is distinguished (and thus also differs from the rest of the animal world) conscious approach to meet the elementary (material) and the higher (spiritual) needs. The health of every individual depends on the range of determinants<sup>1</sup> associated with both biological (genetic) and social factors. They include the four basic factors: biological and genetic conditions, health care system, prevention and lifestyle.<sup>2</sup> These factors contribute to the quality of life of each individual that, however, is conditioned not only by them but also a number of factors such as economic, social and working conditions and environmental levels. Among the general determinants<sup>3</sup> that define its impact and significantly influence quality of life of specific consumer groups with diabetes mellitus, consumers with gluten intolerance and consumers seniors are follows:

- biological and genetic predispositions;
- health care system (medicine);
- lifestyle including diet;
- and influence of the environment (environment).

Determinant related to lifestyle, especially diet is analyzed, evaluated and compared for the purposes of this article. The latter is the most easily grasped by consumers themselves and refillable. Other determinants are determined objectively, scientifically researched and their effect on the quality of life of the individual. This individual may these hardly or at least influence.

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<sup>1</sup> Determinant – determinative, decisive component-factor that defines their action or significantly influences the phenomenon, such as quality of life (remark by the authors).

<sup>2</sup> Základem zdraví je prevence. In *Právo*, 2012, Vol. 22, No. 57, p. 6.

<sup>3</sup> KRAUS, J. et al.: *Nový akademický slovník cizích slov*. Praha : Academia, 2009, p. 167.

## 2 Material, methodology and objective

The selected customer specific consumer groups are significant and growing groups in the food market in the Czech Republic. The aim of this paper is to demonstrate the importance and value of the brand of food for these specific customer groups of consumers, particularly consumers with diabetes mellitus, consumers with gluten intolerance and seniors. When preparing this paper were used the results:

- grant projects:
  - „Developments of food consumer basket for customers with disorder diabetes mellitus“ 2011-2012;
  - „A survey of suitable food supply for customers with gluten intolerance in retail“ 2013-2014;
  - „Availability of dining for celiacs (with a gluten-free diet) in hospitality establishments in the CR and their social responsibility towards the monitored group of consumers“ 2014-2015;
- survey of consumer preferences when buying food for a healthy diet;
- survey of consumer preferences when purchasing foods suitable for the diet of consumers with diabetes mellitus;
- survey of consumer preferences when purchasing foods appropriate for consumers with gluten intolerance.

Results of the grant projects and the questionnaire surveys were analyzed and compared with theoretical expectations, experience and practical knowledge.

## 3 Specific customer groups of consumers

Generally speaking, the concept of quality of life<sup>4</sup> falls somewhere between living standards and satisfaction with the objective pole is closer in politics, economics and subjective in medicine, sociology and psychology. Sense of wellbeing is a key concept of quality of life, and it stems from the body, individual life reality. It can be stated on the basis of self-reflective dimension, which is defined by physical, mental and spiritual existence of man that health is one of the basic categories-quality of life domain. As shown in Figure 1:



**Figure 1: Five basic domains of quality of life**

Source: *Review of Quality of Life Project Management*. Canada : Chief Review Services, 2004.

<sup>4</sup> The World Health Organization (WHO) defines quality of life, "Quality of life is how people perceive their position in life in the context of a culture in which he lives, and in relation to their goals, expectations, lifestyles and interests" (remark by the authors).



That the life quality of selected specific population groups-consumers with health or age restrictions were comparable to those of other citizens, it is necessary for them to adapt to manner of its life, to a specific request in the diets. They must eliminate from the diet foods that contain undesirable ingredients for their health.

### 3.1 Consumers with diabetes mellitus

Diabetes mellitus is a chronic disease caused by insufficient production of insulin by the pancreas or the low efficiency, technically speaking, it is a disorder of metabolism. M. Kvapil<sup>5</sup> states that diabetes mellitus brings people a series of labor market<sup>6</sup> restrictions such as driving motor vehicles. Accessible and quality food supply that demand of correct diet including diets responsible,<sup>7</sup> is therefore also in terms of working and social inclusion very important. The cause of diabetes is not completely known. It is possible to specify several potential triggering factors as e.g. genetic predisposition and influence environmental (stress, viral infections, obesity, etc.) or basic physical factors (race, gender, age, etc.). In terms trigger mechanism it is distinguished several types diabetes. The most common types are type 1 diabetes and type 2 diabetes.

Type 1 diabetes appearing mostly in childhood and young age. In contrast, Type 2 diabetes is typical for adults, especially for obese patients.<sup>8</sup> In the Czech Republic there are registered more than 800,000 people with severe diabetes mellitus (diabetic shortly). Moreover, it is expected that about 300,000 people still are unaware of their diseases (incidental findings at examination of another health problem.) Diabetes mellitus relates about 10% of the population. People with this disease must follow a specific diet to which they need and buy food and some accessories appropriate to their medically adjusted diet (diet) that they has not been phased from work or social life. A survey of consumer food basket for consumers with diabetes mellitus in retail and the survey found: Food for customers with diabetes mellitus were on offer in 4 small from 154 establishments, in 14 cases this assortment was stored on a shelf of a healthy diet or point of sale has been associated with the sale of organic products, in 6 cases diabetic products were included among other products.

**Table 1: Respondents by age-diabetics**

Sex	All respondents		Age up to 20	Age 20-40	Age 40-60	Age 60-80	Age above 80					
Men	362	48 %	17	2,25 %	82	10,88 %	149	19,79 %	100	13,28 %	14	1,86 %
Women	391	52 %	23	3,05 %	80	10,62 %	137	18,19 %	129	17,13 %	22	2,92 %
<b>Total</b>	<b>753</b>	<b>100 %</b>	<b>40</b>	<b>5,3 %</b>	<b>162</b>	<b>21,5 %</b>	<b>286</b>	<b>37,98 %</b>	<b>229</b>	<b>30,41 %</b>	<b>36</b>	<b>4,78 %</b>

Source: Own processing

<sup>5</sup> KVAPIL, M.: *Diabetologie*. Praha : Triton, 2010, p. 89.

<sup>6</sup> BARRAT, J.: The cost and availability of healthy food choices in southern Derbyshire. In *Journal of Human Nutrition and Dietetics*, 1997, Vol. 10, No. 1, p. 63-69.

<sup>7</sup> EDELSBERGER, T.: *Encyklopedie pro diabetiky*. Praha : Maxdorf, 2011, p. 172-192.

<sup>8</sup> WU, Y. et al.: Risk Factors Contributing to Type 2 Diabetes and Recent Advances in the Treatment and Prevention. In *Int J Med Sci*, 2014, Vol. 11, No. 11, p. 1185-1200.

Respondents in the number of 753 reported in the survey assortment in dia represented the brand<sup>9</sup> in retail stores:

- Sweeteners: Aspartame, saccharin Clara, Fan saccharin, Huxol, Irbis, Tesco;
- Cookies: Beta wholemeal, Clara, diabetes, Duo, Ela, Sula, Uno;
- Chocolate: Alpia, Milka, Orion;
- Jams: Fruit mix Hamé Hero, Strawberry Schwartzau, Stovit;
- Beverages: Clara, Coca Cola, Jinan-syrup-Pfaner juice, Podebradka-deck beer, Gambrinus.

Brands for diabetics, which are popular and often presented in questionnaires are listed in the following table.

**Table 2: Assortment, brand and manufacturer**

<b>Assortment and brand:</b>	<b>Manufacturer:</b>
<ul style="list-style-type: none"> <li>• Sweetener: saccharin Fan</li> <li>• Cookies: Ela,</li> <li>• Chocolate: Milka</li> <li>• Jam: Fruit miv / Strawberry</li> <li>• Beverages: Juice-Pfaner</li> </ul>	<ul style="list-style-type: none"> <li>• F&amp;N Dodavatelé s. r. o</li> <li>• Sedita</li> <li>• Milka – Kraft foods</li> <li>• Hamé / Schwartzauer Werke</li> <li>• Hermann Pfaner</li> </ul>

Source: Own processing

Popular and frequently mentioned brands including manufacturer selected range of diabetic products have for consumers-diabetics great importance when buying. They assist in choosing the diabetic products, they express and deliver value to their medically treated diet.

### 3.2 Consumers with gluten intolerance

Consumers with an autoimmune disease of the small intestine, which can't cope with the protein gluten, or gluten, lives in the Czech Republic about 50 to 120 thousand (in percentage from 0.5 to 1.2% of the population). Only 10-15% of them are treated, others are not yet diagnosed. Basically, it is a chronic disease of the small intestine mucosa often known under the term celiac disease or a gluten allergy or During dermatitis. This disease needs to use foodstuffs which do not contain gluten or only in a low concentration. Gluten is yet part of a series of common-classical (conventional) foods. The causes of the disease may be different, for example, the context of the celiac disease and rickets (rickets) in children.<sup>10</sup> The disease can occur in childhood but also in adulthood. There may be more trigger factors – the sudden change in life, childbirth, surgery, infectious diseases, stress. The disease can occur after exalted psychological or physical experience and other extraordinary events.<sup>11</sup> Customer-specific group with gluten intolerance enter into the Czech market with

<sup>9</sup> ŠÁLKOVÁ, D. et al.: *Consumer Decesion-Making Trends for the Purchase of Food Products*. Prague : Publishing powerprint, 2014, p. 67-68.

<sup>10</sup> ASSIRI, A. et al.: Celiac disease presenting as rickets in Saudi children. In *Ann Saudi Med*, 2013, Vol. 33, No. 1, p. 49-51.

<sup>11</sup> PAVLÍČKOVÁ, J., KOHOUT, P.: *Otázky kolem celiakie. Víte si rady s bezlepkovou dietou?*. Praha : Forsapi, 2010, p. 21-25.

the need for specific nutritional purposes. These consumers may tolerate in their diet various low quantity of gluten.<sup>12</sup>

Respect for a gluten-free diet is the purchase of suitable foods that are gluten-free or only in the allowed concentration. What is the availability of a particular brand and who are the manufacturers of these foods in the internal trade<sup>13</sup> of the Czech Republic involved in meeting the needs of consumers with gluten intolerance, including imports. Based on the results of the survey we can say that they are gluten-free foods for the retail dealer known term. With exceptions, gluten-free foods include, in most cases, the offered range of goods (although not a large part of the shares sold goods). It is possible to confirm the findings of a specific type of synergy between operational units and individual factors the observed, i.e., generally speaking, the smaller the business unit (except for the specialized), it is the volume of offered assortment of gluten-free products smaller.

**Table 3: Respondents by age-celiac**

All respondents			Age up to 20		Age 20 - 40		Age 40 - 60		Age 60 - 80		Age above 80	
Sex	#respondents	Percentage	#respondents	Percentage	#respondents	Percentage	#respondents	Percentage	#respondents	Percentage	#respondents	Percentage
<b>Men</b>	27	19,71%	3	2,19%	17	12,41%	6	4,38%	1	0,73%	0	0,00%
<b>Women</b>	110	80,29%	12	8,76%	75	54,74%	22	16,06%	1	0,73%	0	0,00%
<b>Total</b>	<b>137</b>	<b>100,00%</b>	<b>15</b>	<b>10,95%</b>	<b>92</b>	<b>67,15%</b>	<b>28</b>	<b>20,44%</b>	<b>2</b>	<b>1,46%</b>	<b>0</b>	<b>0,00%</b>

Source: Own processing

Based on field research and questionnaire revealed: their availability is very uneven in the market. This assortment is not available in retail operating units available or it is allocated to organic food supplements and healthy food. Based on the results of the survey it can be said that gluten-free foods for the retail dealer is known concept. From the obtained results it is possible to confirm a certain type of synergy between the business unit and individual factors surveyed, broadly speaking, for the smaller unit (except specialized), the volume of an offered range of gluten-free products is smaller. Product Brand is an important tool of communication with the target customer group in the market. Target marketing strategy is to create a situation that the consumer perceives the brand as something specific that can optimally identify the product and its quality. Consumers that have more information about a particular product, when buying a targeted focus on the particular brand. This brand brings the quality of the product, and consumers know that they will receive at any time and at a different place of purchase, the same quality.<sup>14</sup> There were chosen six monitored types of gluten-free foods: bread, fresh pastries, sweet and salty biscuits, flour,

<sup>12</sup> *Označování potravin z hlediska obsahu lepku. See EC Regulation no. 41/2009, which entered into force on 1 January 2012 in the Czech Republic.* [online]. [2016-10-10]. Available at: <<http://www.szpi.gov.cz/clanek/oznacovani-potravin-z-hlediska-obsahu-lepku.aspx>> .

<sup>13</sup> Internal trade – as a sub-system includes wholesale, retail, catering (catering and accommodation services) and tourism (remark by authors).

<sup>14</sup> NADÁNYIOVÁ, M.: Faktory ovplyvňujúce správanie spotrebiteľ'a na globálnom trhu. In *Globalizácia a jej sociálno-ekonomické dôsledky* '12. Žilina : ŽU v Žiline, 2012, p. 569-572.

instant products and sausages. Offer the business units was monitored by both Czech and foreign manufacturers (eg. From Italy). Consumers-coeliacs quality products prefer by manufacturers when purchasing from the monitored types of gluten-free foods. The most frequently purchased products and their manufacturers are given in the following table:

**Table 4: The most purchased types of gluten-free foods by manufacturers**

Gluten products	Manufacturer
Bread: pancarre, gluten-free bread Fresh bakery	Dr. Schär, Penam, Bezgluten food, Jizerka
- Sweet: gluten-free buns	- Dr. Schär
- Salt: gluten-free baguette	- Penam, Bezgluten foods
Cookies: cereální,jablečné	Dr. Schär, Pravé hořické trubičky
Flour: corn, buckwheat, mix	Bezgluten, Extrudo Bečice, Jizerské pekárny
Instant products: millet gruel, cake	Nominal, Labela,
Cold meats: ham	Berger

Source: Own processing

Consumers, both from a questionnaire survey further showed coeliacs or their parents (several respondents-celiac patients were elementary school pupils and one child under school age) purchase operating units retail products suitable to their medically treated menu mode on average 1x a week, mostly in specialized stores. They are the most influence in purchasing decisions of the assortment and price range. Good experience and habit is the most appeal when buying specific gluten-free foods. Product quality is also assessed according to their own good experiences. Price gluten-free food due to the total expenditure on food is high. Discount action item tracking affect only partially (gluten-free food in the discount offer occur rarely). The brand is in the selection of gluten-free products and important customers perceive it. However, they do not prefer Czech products, assortment and is assessed as insufficient. Price of gluten free foods (as compared to conventional) is considerably high<sup>15</sup> even by different manufacturers. The following table shows a comparison of prices of selected foods for gluten-free diet from different manufacturers (including import). Prices for bread mixtures are equal, in other species, the difference between 150 and 200 CZK / 1 kg.

**Table 5: Comparison of certain products for gluten-free diet and pricing by manufacturer**

Name	Manufacturer (brand)	Volume Packing in g	Price incl VAT in CZK	Price in CZK/kg
Mixtures bread light / dark	<b>Labeta</b>	500	41,86	83,80
	<b>Jizerské pekárny</b>	500	64,40	128,80
	<b>Paleta</b>	500	53,80	107,60
	<b>Doves Farm</b>	1000	145,00	145,00
	<b>Dr.Schär</b>	500	87,00	<b>174,00</b>
Pasta side-dish	<b>Dr.Schär</b>	500	86,60	173,20
	<b>Doves Farm</b>	500	94,10	188,20
	<b>Natura</b>	250	21,80	87,20

<sup>15</sup> HES, A. et al.: *Malobchod s bezlepkovými potravinami v České a Slovenské republice*. Praha : Powerprint, 2014, p. 31-33.

	<b>Probio</b>	500	69,50	139,00
	<b>Schnitzer</b>	200	60,90	<b>303,50</b>
Salty products, Crackers	<b>Dr.Schär</b>	210	86,30	411,00
	<b>Probio</b>	100	49,60	496,00
	<b>Schnitzer</b>	100	63,60	<b>636,00</b>
Bread-whole meal rolls, baguettes	<b>Dr.Schär</b>	200	61,60	<b>308,00</b>
	<b>Schnitzer</b>	250	76,80	307,20
	<b>Penam</b>	200	45,90	229,50
	<b>Jizerské pekárny</b>	135	21,53	159,50

Source: Own processing

Celiacs evaluate the gluten-free products not according to their own brand, but by producers as indicated by the questionnaire and survey. Based on their experience coeliacs evaluates the quality of food by the manufacturer and often prominent role to the price of the product. Informative value in Table 4 is indisputable.

### 3.3 Consumers – seniors

Seniors are the third a specific customer group. Senior Czech Republic was usually delimited as a citizen 60 years of age and older (60plus shortly). Eurostat statistics in 2011 provides for seniors 65 years and over (it's in the Czech Republic 15.5%<sup>16</sup>). According to the Census and Housing 2011 (Census) there were in the Czech Republic counted 1,644,836 persons aged 65 years, 16% of the total population,<sup>17</sup> which according to figures at the end of 2015 it employed 356,000. Seniors in the Czech Republic do not constitute a homogeneous social customer or group of people. The image of seniors and seniors in view of the company is also thanks to the mass media, rather warped. Sociologists have such an impression, but also the seniors themselves. The public often do not see their benefits or activity. About half the population perceives the elderly as malcontents who tend to still just something to complain about, even if they have pretty good. Such ideas are spread very quickly, and sometimes they are in a series of advertisements absurd. Besides seniors who receive a pension and who must count every crown, there are seniors who are more likely to spend in retirement. These include a part of working pensioners receive a pension and still receive salary and seniors who have additional income from rental properties, dividends from shares, etc. Seniors (n the Czech Republic) enter the market with increasingly high demands and with a greater amount of money. Pensioners spend on the market about 20 billion every month. These billions of monthly sums directed to food purchases (23%), services, healthcare and consumer goods. This group of people has become that for manufacturers, dealers and distributor a strong customer group of consumers.<sup>18</sup>

<sup>16</sup> *Senioři*. [online]. [2016-09-25]. Available at: <<http://www.czso.cz/csu/redakce.nsf/i/seniori>>.

<sup>17</sup> *Senioři v číslech*. [online]. [2016-09-25]. Available at: <<http://www.statistikamys.cz/2015/03/seniori-v-cislech>>.

<sup>18</sup> VAVROŇ, J.: Češi nakupují podle ceny, a ne kvality. In *Právo*, 2012, Vol. 22, No. 103, p. 1-4.

## Conclusion

The value and importance of the brand of food to select specific customer groups on the Czech market for the purposes of this article analyzed and monitored. These groups are consumers with diabetes mellitus, consumers with gluten intolerance and consumers - seniors. These three customer groups of consumers are constantly growing in number. Individuals are often knocked out of the workforce. Determinant-regimen regarding health- affects dramatically the quality of life. Consumers may affect their lifestyle consumer behaviour in the decision-making process of purchase. Purchase high-quality branded food provides these consumers a high value. The value and importance of high-quality branded food makes it easier to adjust the diet and the quality of food. The change in lifestyle including proper diet can lead to improvement in the status and selected groups of consumers in the working collective and social life.

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## SIX SIGMA FOR MARKETING

*Andrej Trnka*

### **Abstract**

The article deals on Six Sigma methodology and its use in marketing processes. Six Sigma is the systematic further development and combination of proven tools and methods for improving processes. Emphasis is placed on the consistent orientation to customer requirements and a concept of quality that integrates the benefit for the stakeholders. The Six Sigma approach identifies and eliminates defects with a structured, data-driven, problem-solving method of using rigorous data-gathering and statistical analysis.

### **Key words:**

DMADV. DMAIC. DMEDI. Six Sigma.

### **1 Approaches of Six Sigma methodology**

Six Sigma is a rigorous, focused, and highly effective implementation of proven quality principles and techniques. Incorporating elements from the work of many quality pioneers, Six Sigma aims for virtually error-free business performance. Sigma,  $\sigma$ , is a letter in the Greek alphabet used by statisticians to measure the variability in any process. A company's performance is measured by the sigma level of their business processes. Traditionally companies accepted three or four sigma performance levels as the norm, despite the fact that these processes created between 6200 and 67000 problems per million opportunities. The Six Sigma standard of 3,4 problems-per-million opportunities\* is a response to the increasing expectations of customers and the increased complexity of modern products and processes.<sup>1</sup>

The Six Sigma concept started out as a problem-solving process. The problems generally concerned eliminating variability, defects and waste in a product or process, all of which undermine customer satisfaction. Six Sigma practitioners call this original method DMAIC – Design, Measure, Analyze, Improve and Control. The five steps are as follows:

1. Define the problem;
2. Measure the process and gather the data that is associated with the problem;
3. Analyze the data to identify a cause-and-effect relationship between key variables;
4. Improve the process so that the problem is eliminated and the measured results meet existing customer requirements;
5. Control the process so that the problem does not return. If it does return, it should be controllable using a well-designed control plan.<sup>2</sup>

If a process cannot be improved as it is currently designed, another approach of Six Sigma methodology can be applied. The DMADV process is used to fundamentally

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<sup>1</sup> PYZDEK, T., KELLER, P.: *Six Sigma Handbook*. New York : McGraw-Hill, 2010, p. 3.

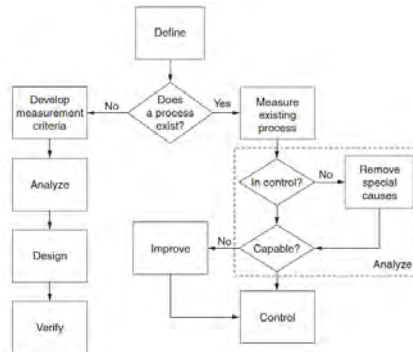
<sup>2</sup> CREVELING, C. M., HAMBLETTON, L., MCCARTHY, B.: *Six Sigma for Marketing Processes: An Overview for Marketing Executives, Leaders, and Managers*. Upper Saddle River, NJ : Prentice Hall, 2006, p. 9-10.



redesign a process. It may also be used to design a new process or product when new requirements emerge. The five steps are as follows:

1. Define the problem and/or new requirements;
2. Measure the process and gather the data that is associate with the problem or in comparison to the new requirements;
3. Analyze the data to identify a cause-and-effect relationship between key variables;
4. Design a new process so that the problem is eliminated or new requirements are met;
5. Validate the new process to be capable of meeting the new process requirements.<sup>3</sup>

Picture 1 shows flow chart with differences between DMAIC and DMADV approach.



**Picture 1: DMAIC vs. DMADV**

Source: PYZDEK, T., KELLER, P.: *Six Sigma Handbook*. New York, NY : McGraw-Hill, 2010, p. 151.

A second redesign approach has been developed to incorporate elements from a Lean Six Sigma approach – the DMEDI approach. DMEDI is essentially similar to DMADV, but it adds tools from the Lean methodology to ensure efficiency or speed. The steps are as follows:

1. Define the problem or new requirements;
2. Measure the process and gather the data that is associated with the problem or new requirements;
3. Explore the data to identify a cause-and-effect relationship between key variables;
4. Develop a new process so that the problem is eliminated and the measured results meet the new requirements;
5. Implement the new process under a control plan.<sup>4</sup>

Six Sigma has been very popular in manufacturing for over a decade, sales and marketing leaders have only recently started to use it. This delayed appreciation is the result of four main factors:

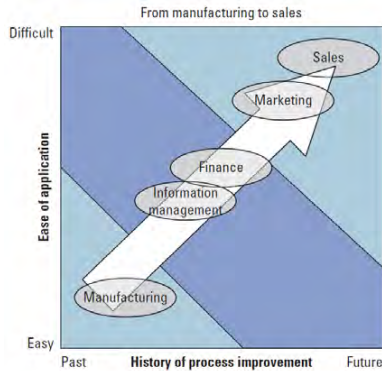
1. Facilities;

<sup>3</sup> CREVELING, C. M., HAMBLETON, L., MCCARTHY, B.: *Six Sigma for Marketing Processes: An Overview for Marketing Executives, Leaders, and Managers*. Upper Saddle River, NJ : Prentice Hall, 2006, p. 11.

<sup>4</sup> Ibidem.

2. professional backgrounds;
3. consumer purchasing patterns;
4. existing sales culture.<sup>5</sup>

Six Sigma methodology has evolved from shop floor applications of SPC to the current state of applying processes and measures to all business processes. This progression can be perceived as advancing through three main stages, with the third stage currently underway (see Picture 2).



**Picture 2: Six Sigma Evolution**

Source: PESTORIUS, M. S.: Apply Six Sigma To Sales and Marketing. In *Quality Progress*, 2007, Vol. 40, No. 1, p. 20.

## 2 Six Sigma and its use in marketing

The primary means of deploying Six Sigma is to establish an infrastructure of people trained in the methodology and accountable for implementing it to produce results. “Black Belts” and “Master Black Belts” work full time on projects and are the most knowledgeable in the approach. “Green Belts” spend some time working on projects while maintaining their regular work responsibilities. “Process Owners” are traditional line managers whose operations are the focus of Six Sigma projects.<sup>6</sup> The Six Sigma approach identifies and eliminates defects with a structured, data-driven, problem-solving method of using rigorous data-gathering and statistical analysis.<sup>7</sup>

The standard DMAIC approach can be implemented to marketing in each step:

1. Define: The role of marketing is to create predictable streams of revenue growth by enabling the organization to profitably identify and secure new customers, and to keep and grow the value of these customers. Therefore, a

<sup>5</sup> PESTORIUS, M. S.: Apply Six Sigma To Sales and Marketing. In *Quality Progress*, 2007, Vol. 40, No. 1, p. 20.

<sup>6</sup> WEBB, M.: Introduction to Six Sigma for Marketing and Sales. In *Impact Communications*, 2003, Vol. 3, No. 9, p. 2.

<sup>7</sup> PATTERSON, L.: *Applying Six Sigma to Marketing to Grow Revenue*. [online]. [2016-10-05]. Available at: <<https://visionedgemarketing.com/images/applying%20six%20sigma%20to%20marketing%20to%20grow%20revenue.pdf>>.

key ingredient in this step is for marketing to establish goals and deliverables designed to achieve these three outcomes;

2. Measure: There is no escaping the fact that to be successful in measurement marketing will need data. Without data, performance cannot be measured and improvements cannot be made. Marketing needs to have access to data about its efforts and expenditures. Marketing will need to have a collaborative relationship with finance, sales, and customer service;
3. Analyze: Simply measuring performance will not make it improve. Performance improvement results from deriving insight through the analysis of the data. By analyzing the data and understanding what it means, marketing can determine the degree of impact it is having on the organization, and redesign processes that will improve performance;
4. Improve: The main purpose of applying Six Sigma to marketing is to determine how to improve performance and processes;
5. Control: Because marketing prides itself on its creativity, it has often sacrificed control. But the time has come for marketing to document its processes and best practices and to apply these consistently. The lack of standards control will result in less than optimal marketing execution.<sup>8</sup>

Examples of Six Sigma project in marketing:

- determining which customers are best ones to target;
- developing sales best practices for direct and channel partner sales;
- reducing errors and.<sup>9</sup>

The important area in Six Sigma methodology should be protection of data. One way, how to protect data is steganography.<sup>10</sup> Implementation of Six Sigma methodology to marketing can increase marketing's ability to deliver on market requirements, improve the efficiency and effectiveness of the marketing planning process, successfully manage marketing operations, provide transparency into marketing processes, and improve the collaboration between marketing and other groups within the business.<sup>11</sup>

### 2.1 Six Sigma in brand strategy

For example, the company wants to increase the share in a regional market. It uses the DMADV approach and adapts it for brand strategy (Table 1). By applying DMADV approach, the company realized that to advance from the business strategy to marketplace results, it was necessary to first understand the brand, define the brand promise and identify specific actions required to deliver on it (Define, Measure,

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<sup>8</sup> PATTERSON, L.: *Applying Six Sigma to Marketing to Grow Revenue*. [online]. [2016-10-05]. Available at: <<https://visionedgemarketing.com/images/applying%20six%20sigma%20to%20marketing%20to%20grow%20revenue.pdf>>.

<sup>9</sup> WEBB, M.: Introduction to Six Sigma for Marketing and Sales. In *Impact Communications*, 2003, Vol. 3, No. 9, p. 2.

<sup>10</sup> HALENAR, R.: Steganography used for copyright protection in Matlab environment. In *European Journal of Science and Theology*, 2014, Vol. 10, No. 5, p. 253.

<sup>11</sup> PATTERSON, L.: *Applying Six Sigma to Marketing to Grow Revenue*. [online]. [2016-10-05]. Available at: <<https://visionedgemarketing.com/images/applying%20six%20sigma%20to%20marketing%20to%20grow%20revenue.pdf>>.

Analyze). Finally, the company needed to make sure that the defined brand promise actually was fulfilled (Design, Verify).<sup>12</sup>

**Table 1: Adapting DMADV for Brand Strategy**

<b>DMADV</b>	<b>Brand Six Sigma</b>
<b>Define</b> the project goals and customer (internal and external) deliverables.	Ensure that operational activity is delivering on the competitive advantage and customer expectations created by the brand promise.
<b>Measure</b> and determine customer needs and specifications.	Determine the measurable extent and scope of competitive advantage and customer expectations created by the brand promise.
<b>Analyze</b> the process options to meet the customer needs.	Work back from the brand promise through brand associations and tangible brand attributes/CTQs to ensure that operational building blocks – business goals, organization, processes, administration and metrics – are producing the competitive advantage and delivering on customer expectations generated by the brand promise.
<b>Design</b> detailed processes to meet customer needs.	Design and implement the operational building blocks.
<b>Verify</b> the design performance and ability to meet customer needs.	Use measurement to verify that the operational building blocks are producing the tangible brand attributes/CTQs contributing to the brand associations and brand promise.

Source: PINCUS, G., BERTELS, T.: *Promises of Brand Strategy and Design for Six Sigma*. [online]. [2016-10-25]. Available at: <<https://www.isixsigma.com/new-to-six-sigma/design-for-six-sigma-dfss/promises-brand-strategy-and-design-six-sigma/>>.

## **Conclusion**

The benefit of integrating Six Sigma into marketing processes includes better information to make better decisions. Using the more robust approach reduces the uncertainty inherent in marketing. Marketing professionals typically view their function as a set of activities or projects rather than a set of processes. It may seem unnatural at first to think about marketing work in terms of a process. However, process thinking provides an easily communicated road map that can describe interactivity with other processes.<sup>13</sup>

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<sup>12</sup> PINCUS, G., BERTELS, T.: *Promises of Brand Strategy and Design for Six Sigma*. [online]. [2016-10-25]. Available at: <<https://www.isixsigma.com/new-to-six-sigma/design-for-six-sigma-dfss/promises-brand-strategy-and-design-six-sigma/>>.

<sup>13</sup> CREVELING, C. M., HAMBLETTON, L., McCARTHY, B.: *Six Sigma for Marketing Processes: An Overview for Marketing Executives, Leaders, and Managers*. Upper Saddle River, NJ : Prentice Hall, 2006, p. 17.

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## GENERATION Y CONSUMERS' ATTITUDES TO FOOD QUALITY LABELS IN THE CZECH REPUBLIC AND THE SLOVAK REPUBLIC

Šárka Velčovská

### Abstract

Over the last decade, preference for higher-quality food is observed. Consumers have become more exacting in their food products choices and they show growing interest in product quality and its certification. The paper is devoted to the topic of branding food products with quality labels and explores the topic from generation Y consumers' perspective. Members of this generation are the most powerful consumer group, because they have more disposable income than that of any previous generation. The aim of the paper is to identify and compare generation Y consumers' attitudes toward food quality labels in the Czech Republic and the Slovak Republic with focus at analysing (1) the role of quality labels as indicator of a food quality, (2) quality labels awareness, and (3) perceived benefits of the labels. A total of 379 respondents of generation Y, 221 of Czech and 158 of Slovak were interviewed in online survey. The statistical analysis procedures including descriptive statistics, Chi-square test, and Mann-Whitney U test were performed to discover relations between variables. Finally, the marketing implications of the topic are discussed.

### Key words:

Consumers' attitudes. Czech Republic. Food quality labels. Generation Y. Slovak Republic.

### 1 Introduction

At present, food quality and food safety are topics that are at the center of interest. Consumers require more information and put the emphasis on product origin, product composition, methods of production and other quality attributes. The effort to provide consumers with a high-quality food in accordance with their requirements and give them the guarantees of that product quality has led to introducing a number of quality assurance schemes in an international and national level. For the effectiveness of these quality schemes, consumers must be aware of their existence and also trust them so they can use them every day while purchasing food. Information mediated by quality labels allows customers to reduce their sense of uncertainty or risk in the purchase situation.<sup>1</sup> However, the current trend in food products labelling with quality labels has led to the situation that a large number of food quality labels cause consumer confusion. In accordance with this problem, the paper explores the consumers' attitudes toward food quality labels. With respect to the gap in literature, the attention is given to promising market segment of the generation Y consumers as the most powerful and therefore attractive consumer group to marketers. The aim is to discover how consumers of this generation perceive the food products quality, whether they are aware of food quality labels and what their attitudes to these labels are. The research was conducted in two European Union (EU) countries, the Czech Republic (CR) and the Slovak Republic (SR). First, the theoretical background of the topic is discussed, followed by methodology of the research and discussion of results. Summary, marketing implications and limitations of the research are presented at the end of paper.

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<sup>1</sup> LOVELOCK, CH., PATTERSON, P., WIRTZ, J.: *Services marketing*. Melbourne : Pearson Australia, 2015, p. 43.

## 2 Literature review

### 2.1 Generation Y specifics

Generation Y (Gen Y), also called Echo boomers, Millennials or Net generation, concerns the people born during the '80s and the early '90s, making this cohort not only the largest demographic segment of consumers in most developed societies, but also a very lucrative segment.<sup>2</sup> Individual authors refer to different age boundaries of Gen Y, e.g. 1977 - 1994<sup>3</sup>, 1980 - 1994<sup>4</sup>, or 1982 - 2000.<sup>5</sup> Gen Y members have lifestyle different from previous generations. They are sophisticated, technology wise, immune to most traditional marketing tools as they grew up with it all.<sup>6</sup> They very often belong among innovators or early adopters according to the innovation adoption lifecycle theory.<sup>7</sup> They prefer to communicate online rather than actual personal contact. Consumer psychologist Kit Yarrow states that technology represents the "third hand and second brain" of Gen Y.<sup>8</sup> A lower brand loyalty and diverse responses to brands are typical for them. Some studies have observed Gen Y's willingness to pay more for brands that represent quality.<sup>9</sup> What makes Gen Y particularly important and attractive to the companies is the very sizeable consumer segment with significant purchasing power they represent. European Gen Y accounts for 24 % of the adult population in the EU Member States.<sup>10</sup> According to shopping typology of Gen Y consumers in the CR and the SR, some differences in their shopping behaviour by gender, education or age were identified.<sup>11</sup>

### 2.2 Food quality labels

The importance of food quality labels has increased after a series of food safety crises and scandals that have shaken the European food market over the past years, leading

<sup>2</sup> RUGIMBANA, R.: Generation Y, how cultural values can be used to predict their choice of electronic financial services. In *Journal of Financial Services Marketing*, 2007, Vol. 11, No. 4, p. 304.

<sup>3</sup> SULLIVAN, P., HEITMEYER, J.: Looking at Gen Y shopping preferences and intentions, exploring the role of experience and apparel involvement. In *International Journal of Consumer Studies*, 2008, Vol. 32, No. 3, p. 285.

<sup>4</sup> BEDNALL, D. et al.: Getting Generation Y to attend: Friends, interactivity and half-time entertainment. In *Sport Management Review*, 2012, Vol. 15, No. 1, p. 80.

<sup>5</sup> BROSDAHL, D. J. C., CARPENTER, J. M.: Shopping orientations of US males: A generational cohort comparison. In *Journal of Retailing and Consumer Services*, 2011, Vol. 18, No. 6, p. 549.

<sup>6</sup> *Generations X, Y, Z and the others*. [online]. [2016-09-09]. Available at: <<http://socialmarketing.org/archives/generations-xy-z-and-the-others/>>.

<sup>7</sup> MANGOLD, W. G., SMITH, K. T.: Selling to Millennials with online reviews. In *Business Horizons*, 2012, Vol. 55, No. 2, p. 151.

<sup>8</sup> BILGIHAN, A., PENG, CH., KANDAMPULLY, J.: Generation Y's dining information seeking and sharing behavior on social networking sites. An exploratory study. In *International Journal of Contemporary Hospitality Management*, 2014, Vol. 26, No. 3, p. 352.

<sup>9</sup> QUINTAL, V. et al.: Factors influencing generation Y's purchase intentions of prototypical versus me-too brands. In *Journal of Retailing and Consumer Services*, 2016, Vol. 30, No. 3, p. 175.

<sup>10</sup> STOKES, B.: *Who are Europe's Millennials?* [online]. [2016-02-18]. Available at: <<http://www.pewresearch.org/fact-tank/2015/02/09/who-are-europes-millennials/>>.

<sup>11</sup> KLAPILOVÁ KRBOVÁ, P., VELČOVSKÁ, Š.: Shopping typology of Generation Y in the Czech Republic and Slovakia. In KOVÁŘOVÁ, E., MELECKÝ, L. (eds.): *Proceedings of the 3rd International Conference on European Integration 2016. Conference Proceedings*. Ostrava: VŠB – Technical University of Ostrava, 2016, p. 451.

to a decline in consumer confidence in the safety and quality of food products.<sup>12</sup> Consumers are more cautious and more interested in what they buy and where the products come from. Therefore, more information and guarantees of food quality are now required. As possible quality indicator, informing consumers on the quality attributes of a product and helping them to reduce the uncertainty and perceived difficulty to evaluate product quality, quality labels can be considered.<sup>13</sup> However, only if consumers will be aware of these labels, if they will trust them and if they will prefer certified products in their food choice, quality labels can fulfil their role and bring benefits to both, producers and consumers.

A number of studies have been done on this topic,<sup>14</sup> but there is no such study focused specifically on generation Y. According to data of TNS Opinion & Social network from 2012 within Special Eurobarometer survey carried out in the 27 member states of the EU on the sample of 26 593 respondents aged 15 years and over, quality is the most important factor for EU citizens when buying food. Ninety-six percent of EU respondents regard food quality as important (CR: 98 %, SR: 97 %), with nearly two-thirds (65 %) considering it very important (CR: 73 %, SR: 71 %). A substantial majority of EU citizens also prioritise price, with 91% seeing it as important (CR: 96 %, SR: 97 %) and just over half (54 %) as very important (CR: 74 %, SR: 74 %). Two thirds (67 %) of EU citizens (CR: 67 %, SR: 62 %) check food purchases to see if they have quality labels that ensure specific characteristics, however only few do this consistently (EU: 22 %, CR: 15 %, SR: 14 %). Overall recognition of individual food quality logos is low, while knowledge of these logos varies widely between EU member states.<sup>15</sup>

Survey of STEM/MARK agency from October 2015 conducted in the CR and the SR has revealed a low awareness of food quality labels among consumers. When buying food, only 9 % of Czechs and 10 % of Slovaks definitely prefer products with quality labels. The Klasa label with 82 % of spontaneous and 87 % of aided awareness is the best-known label in the CR, the Quality label SK with 57 % of spontaneous and 79 % of aided awareness is the best-known in the SR. Spontaneous awareness of other labels is less than 25 %. Information deficit is perceived as the main barrier in

<sup>12</sup> DE JONGE, J. et al.: Monitoring consumer confidence in food safety: an exploratory study. In *British Food Journal*, 2004, Vol. 106, No. 10/11, p. 838.

<sup>13</sup> GRUNERT, K. G.: Food quality and safety: consumer perception and demand. In *European Review of Agricultural Economics*, 2005, Vol. 32, No. 3, p. 377.

<sup>14</sup> See: GRACIA, A., DE-MAGISTRIS, T.: Consumer preferences for food labeling: What ranks first?. In *Food Control*, 2016, Vol. 61, No. 3, p. 41; GRUNERT, K. G., AACHMANN, K.: Consumer reactions to the use of EU quality labels on food products: A review of the literature. In *Food Control*, 2016, Vol. 59, No. 1, p. 179; MAEHLE, N. et al.: Exploring consumer preferences for hedonic and utilitarian food attributes. In *British Food Journal*, 2015, Vol. 117, No. 12, p. 3046; VELČOVSKÁ, Š., KLAPILOVÁ KRBOVÁ, P.: Consumers' attitudes towards food quality labels in selected European Union countries. In KOVÁŘOVÁ, E., MELECKÝ, L. (eds.): *Proceedings of the 3rd International Conference on European Integration 2016. Conference Proceedings*. Ostrava : VŠB – Technical University of Ostrava, 2016, p. 1071; VERBEKE, W. et al.: Consumers' awareness and attitudinal determinants of European Union quality label use on traditional foods. In *Bio-based and Applied Economics*, 2012, Vol. 1, No. 2, p. 216.

<sup>15</sup> *Special Eurobarometer 389: Europeans' attitudes towards food security, food quality and the countryside. Report from July 2012*. [online]. [2016-02-12]. Available at: <[http://ec.europa.eu/public\\_opinion/archives/ebs/ebs\\_389\\_en.pdf](http://ec.europa.eu/public_opinion/archives/ebs/ebs_389_en.pdf)>.



purchasing certified products.<sup>16</sup> It would be useful to know how food quality labels are perceived by powerful segment of Gen Y. Therefore, the research study was conducted.

### 3 Research methodology

The main objective of the research was to identify and compare generation Y consumers' attitudes toward food quality labels in two very close EU countries, the CR and the SR. Specifically, the study was focused at analysing what attributes are perceived as an indicators of a food quality, how generation Y consumers are familiar with food quality labels and what are their attitudes to these labels. In both countries, the number of food quality labels is strongly high. Consumers can meet a variety of national, European or global labels, covering product quality, product origin, organic farming or other specific characteristics of a product. In the study, the attention is drawn to the national labels that are a guarantee not only product quality, but also product origin (Table 1).

**Table 1: Surveyed labels**

Czech labels				Slovak labels			
							
Klasa	Czech Product	Regional Food	Healthy Food	Quality Label SK	Slovak Product	Quality from our regions	Slovak Food

Source: *Značky kvality podporují české výrobce*. [online]. [2016-01-27]. Available at: <<http://eagri.cz/public/web/file/241185/priloha.pdf>>; *Označovanie potravín*. [online]. [2016-01-27]. Available at: <<http://www.mpsr.sk/index.php?navID=862&navID2=862&sID=111&id=9446>>; PALKOVÁ, L.: *Kampane a programy na podporu predaja slovenských výrobkov*. [online]. [2016-02-18]. Available at: <<http://slovenske-vyroby2.webnode.sk/novinky/>>.

Two questionnaires, one for Czech and the second for Slovak consumers, were developed, differing only in surveyed national quality labels. Data were collected online in March and April 2016. Gen Y individuals living in the CR and the SR born between 1980 and 1995 served as a population for the survey. The sample of respondents was conducted by judgemental sampling with respect to the role of women and men in household food purchases. According to study of Data Collect Agency from 2015, women dominate household food shopping.<sup>17</sup> This is also confirmed by the study of KPMG from February 2016.<sup>18</sup> The research revealed that food products for family are regularly purchased only 27 % of men.<sup>19</sup> Based on these

<sup>16</sup> *Tisková konference 7. 10. 2015. Kvalita z Evropy – chutě z příběhem*. Praha : STEM/MARK, 2015, p. 5-38.

<sup>17</sup> *Průzkum: Nákupy potravin v domácnostech se mění*. [online]. [2016-02-03]. Available at: <<http://ekonomicky-denik.cz/pruzkum-nakupy-potravin-v-domacnostech-se-meni/>>.

<sup>18</sup> *Nákupní zvyklosti 2016 – Dvě třetiny lidí nakoupí více, než plánovaly*. Released on 20<sup>th</sup> May 2016. [online]. [2016-05-22]. Available at: <<http://gastrohotel.cz/rubriky/novinky-z-gastronomie/nakupni-zvyklosti-2016-dve-tretiny-lidi-nakoupi-vice-nez-planovaly/>>.

<sup>19</sup> HRUŠOVÁ, M.: *Průzkumy: Rodinné kase častěji vládnou ženy*. *Fincentrum*. Released on 28th February 2014 [online]. [2016-02-02]. Available at: <<http://www.hypindex.cz/pruzkumy-rodinne-kase-casteji-vladnou-zeny/>>.

findings, 25 % of men and 75 % of women participated in the study in each country. A total of 379 respondents of gen Y, 221 of Czech and 158 of Slovak completed the questionnaire.

## 4 Results

Since the questionnaire includes a broad range of questions related to the topic, only selected problem areas are presented in the paper. Namely, the attention is given to (1) the role of quality labels as indicator of a food quality, (2) food quality labels awareness, and (3) attitudes to food quality labels with focus on their benefits perceived by consumers. Data were analysed with the usage of IBM SPSS Statistics 23.0 and Microsoft Excel software. Descriptive statistics were counted and Chi-square test was undertaken to test the dependences between nominal variables. Mann-Whitney U test was used to compare whether two population means are equal.

### 4.1 Quality labels as a food quality indicator

The first part of the study was aimed at identification of attributes perceived by consumers as indicators of a food quality. Specifically, the role of food quality labels in this context was analysed. Respondents could indicate up to three factors from the list shown or complete their own factor. For both, Czech and Slovak respondents, a food quality is mostly connected with natural ingredients of a product (Table 2). The order of other factors differs by country and gender of respondents. Czech and Slovak woman rank on the second position a food product beneficial to health, whereas men have chosen different attributes. Czech men associate a food quality with freshness of a product, Slovak men with nutritionally balanced product. A food quality labels are seen as a quality indicator only by about 10 % of respondents, with the exception of Czech women (17.9 %).

**Table 2: Food quality indicators by respondents' country and gender**

	CR		SR	
	women	men	women	men
food product made from natural ingredients	70.2 %	66.0 %	71.8 %	58.5 %
food product beneficial to health	55.4 %	45.3 %	51.3 %	41.5 %
fresh food product	41.7 %	47.2 %	48.7 %	43.9 %
nutritionally balanced food product	44.0 %	34.0 %	37.6 %	51.2 %
<b>food product certified with quality label</b>	<b>17.9 %</b>	<b>9.4 %</b>	<b>8.5 %</b>	<b>12.2 %</b>
food product produced in the CR/SR, from domestic raw materials	8.9 %	24.5 %	16.2 %	26.8 %
food product under known brand / manufacturer	5.4 %	13.2 %	5.1 %	12.2 %

Source: Own processing based on data from IBM SPSS Statistics 23.0

Chi-square test was performed to verify the dependences between answers and socio-demographic characteristics of respondents, namely gender and country. Perception of food quality indicators depends only on gender of Czech respondents, Sig. = 0.009 (Table 3). Following this topic, respondents were also asked whether they check the quality labels on product packaging when buying food. The labels are searched at least occasionally by 38.9 % of Czechs and 33.6 % of Slovaks. On the other hand, 13.1 % of Czechs and 12.7 % of Slovaks do not pay attention to them.

Statistical dependence between attention given to food quality labels and country or gender of respondents was not confirmed. However, there is relation between attention given to labels during purchases and perception of labels as food quality indicator by Czech respondents, Sig. = 0.018 (Table 3). Value of Cramer's V (= 0.191) indicates a weak association between variables.

**Table 3: Chi-Square Tests**

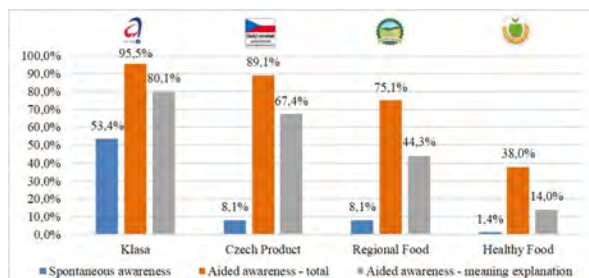
Perception of food quality indicators	Sig. *	Attention given to food quality labels	Sig. *
by gender of Czech respondents	0.009	by gender of Czech respondents	0.232
by gender of Slovak respondents	0.127	by gender of Slovak respondents	0.571
by respondents' country	0.376	by respondents' country	0,847
		by perception of labels as a quality indicator by Czechs	0.018
		by perception of labels as a quality indicator by Slovaks	0.415

\* The Chi-square statistic is significant at the 0.05 level.

Source: Own processing based on data from IBM SPSS Statistics 23.0

## 4.2 Awareness of food quality labels

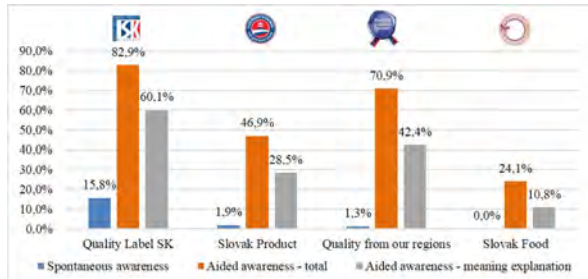
A comparison of spontaneous and aided awareness of national food quality labels in the CR and the SR is presented in Figure 1 and Figure 2. In the CR (Chart 1), the best-known is the Klasa label with 53.4 % of spontaneous awareness. Aided awareness reached 95.5 % and 80.1 % of respondents were able to explain the label meaning. Spontaneous awareness of other labels is low (from 1.4 % to 8.1 %). Aided awareness is high for Czech Product (89.1 %) and Regional Food (75.1 %), but the number of respondents aware of their correct meaning is more than 20 % lower.



**Chart 1: Comparison of Food Quality Labels Awareness in the Czech Republic (valid %)**

Source: Own processing

Spontaneous awareness of national quality labels in the SR (Chart 2) is lower than in the CR, it varies between 0.0 % for the Slovak Food to 15.8 % for the Quality Label SK. The values of aided awareness are more positive. The best-known is the Quality Label SK (82.9 %), followed by the Quality from our regions (70.9 %), Slovak Product (46.9 %) and Slovak Food (24.1 %). The correct meaning of the labels was explained from 60.1 % (Quality Label SK) to 10.8 % of respondents (Slovak Food).



**Chart 2: Comparison of Food Quality Labels Awareness in the Slovak Republic (valid %)**

Source: Own processing

When comparing the results in the CR and the SR, Czechs are better aware of their national food quality labels than Slovaks. In both countries, the best-known are their principal national labels with similar meaning, the Klasa label and the Quality Label SK. Approximately a fifth of respondents familiar with logos of surveyed labels demonstrated inability to explain their correct meaning. Chi-square test was undertaken to find out dependences between the labels awareness and gender of respondents (Table 4). In the CR, the significant relationships exist between all tested variables. Women are more familiar with the labels than men. According to Cramer's V values, the strengths of association are weak to moderate. In the SR, gender has no influence on the labels awareness.

**Table 4: hi-Square Test: The labels awareness by gender of respondents**

Variable	Statistics	CR				SR			
		Klasa	Czech Product	Regional Food	Healthy Food	Quality Label SK	Slovak Product	Quality from our region	Slovak Food
Gender	Sig.*	0.032	0.000	0.001	0.043	0.326	0.968	0.269	0.241
	Cramer's V	0.200	0.304	0.244	0.169	-	-	-	-

\* The Chi-square statistic is significant at the 0.05 level.

Source: Own processing based on data from IBM SPSS Statistics 23.0

### 4.3 Generation Y consumers' attitudes to food quality labels

Respondents were asked to evaluate ten statements about food quality labels by using a 7-point scale of agreement (1 = I absolutely disagree, 7 = I absolutely agree). The differences between Czech and Slovak consumers' attitudes were analysed. Based on the results of Shapiro-Wilk test of normality, we can conclude with 95% confidence that that the data tested are not normally distributed (p-value < 0.05). Therefore, nonparametric Mann-Whitney U test, as the alternative test to the independent sample t-test, was undertaken to compare whether two population means are equal or not. Following hypotheses were determined. H0: The distribution of answers is the same across categories of country, H1: The distribution of answers is not the same across categories of country. The results of Mann-Whitney U test are presented in Table 5.

**Table 5: Mann-Whitney U test**

Statement	Country	Mean	Mean Rank	Sum of Ranks	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-tailed)*
Quality labels facilitate food choice.	CR	4,19	185,78	41058,00	16527.000	41058.000	-0.901	0.368
	SR	4.30	195,90	30952,00				
Quality labels make food products more expensive.	CR	3,63	194,46	42975,00	16474.000	29035.000	-0.952	0.341
	SR	3.46	183,77	29035,00				
Quality labels guarantee the quality of a food product.	CR	3,96	194,28	42936,00	16513.000	29074.000	-0.917	0.359
	SR	3.79	184,01	29074,00				
Certified products are higher quality than those uncertified.	CR	3,79	192,40	42520,50	16928.500	29489.500	-0.514	0.607
	SR	3.72	186,64	29489,50				
I believe to food quality labels.	CR	4,08	196,06	43328,50	16120.500	28681.500	-1.294	0.196
	SR	3.82	181,53	28681,50				
When buying food products, I usually prefer the products with quality labels.	CR	3,48	192,89	42629,00	16820.000	29381.000	-0.617	0.537
	SR	3.37	185,96	29381,00				
I am willing to pay more for food products with certified quality.	CR	3,78	194,09	42893,00	16556.000	29117.000	-0.871	0.384
	SR	3.63	184,28	29117,00				
Information of quality labels are available.	CR	3,75	178,54	36066,00	12919.000	22930.000	-1.487	0.137
	SR	3.42	162,62	22930,00				
Information of quality labels are sufficient.	CR	3,51	176,32	34911,50	11915.500	21368.500	-1.925	0.054
	SR	3.11	155,97	21368,50				
Information of quality labels are understandable.	CR	3,59	179,78	35775,50	11586.500	21177.500	-2,491	0.013
	SR	3.08	153,46	21177,50				

\* The Chi-square statistic is significant at the 0.05 level.

Source: Own processing based on data from IBM SPSS Statistics 23.0

The third column in Table 5 contains Means counted from 7-point evaluation scale. A higher Mean indicate a higher level of agreement with the statement. Generally, the evaluations of all the statements are similar with Means from 3.08 to 4.30, i.e. average or slightly below average rating. With the exception of the first statement, Slovaks show a lower level of agreement than Czech respondents. Respondents from both countries the most agree with the first statement that quality labels facilitate food choice. According to results of Mann-Whitney U test, hypothesis H0 is rejected for the last statement „Information of quality labels are understandable.“,  $U = 11586,500$ ,  $Sig. = 0.013$ . Czech respondents more agree with this statement than Slovaks, however Eta coefficient ( $\eta = 0.151$ ) indicates a weak association between variables. For all other statements we retain the null hypothesis, i.e. the distribution of answers is the same across categories of country.

Mann-Whitney U test was also performed to compare whether the distribution of answers is the same across categories of gender. In the SR, we retain the null hypothesis for all statements, there are no differences between answers of women and men. In the CR, the null hypothesis is rejected for the statements “Quality labels facilitate food choice.” ( $U = 3328.000$ ,  $Sig. = 0.005$ ), “I believe to food quality labels.” ( $U = 3583.000$ ,  $Sig. = 0.029$ ) and “When buying food products, I usually prefer the products with quality labels.” ( $U = 3642.000$ ,  $Sig. = 0.043$ ). Women more agree with

these statements than men. Respondents also expressed their opinion on number of food quality labels on the Czech / Slovak food products market. Almost fifty percent (49.8 % of Czechs and 46.8 % of Slovaks) consider the number of food quality labels too high. Approximately a fifth of respondents think that number of labels is just right, about ten percent perceive the number of labels as a small, the remaining respondents were unable to judge. The dependence between perception of number of food quality labels and respondents' country was not confirmed, Sig. = 0,057.

### **Conclusion**

Findings of the study indicate not too positive attitudes of Gen Y consumers to the national food quality labels. Although some of the labels are well known to consumers, not all of them were able to explain their correct meaning, their benefits are not perceived and their influence on food products purchases is limited. Czechs show a better awareness of the labels than Slovaks. They also more agreed with the statements about labels benefits, however, in comparison with attitudes of Slovak respondents, the differences are quite small. Gender of respondents has statistically significant impact only in the CR, women are more familiar with the labels and they have more positive attitudes to them. About half of respondents in both countries perceive the number of food quality labels as too high. Presented results indicate that the strategy of food quality labels should be reconsidered in both countries. Number of the labels need to be reduced in order to facilitate orientation in food quality and eliminate the misleading of consumers. Only few principal labels with clear focus and benefits are recommended to be present on the market. Product attributes perceived as indicators of a food quality should be considered by administrators of the labels as the main characteristics guaranteed by labels. The labels need to be also supported and their promotion should be implemented into producers' marketing strategy in order to build more positive consumers' attitudes to the labels. It is obviously necessary to provide consumers relevant, complete and accurate information in an understandable form. Attributes associated with food quality should be highlighted in promotion campaigns to attract consumers' attention and increase their interest in certified products. It is also necessary to take into account a suitable media for promotion of the labels with respect to Gen Y specifics and their preference of online communication. The limitations of the research lie in following facts. The study was conducted in two EU countries only. Not all food quality labels were included into the study due to their high number. With regard to limited length of the paper, there is also limited scope of problem areas that could be presented, and only a few types of statistical analyses could be undertaken. In future research, it would be interesting to perform factor and cluster analysis to create a consumer typology based on consumer attitudes to food quality labels. It could be also useful to conduct more extensive research focused on other food quality labels in each country, to include more EU countries or to involve generation X into the comparison.

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## DETERMINING THE BRAND PERSONALITY OF NIKE IN SLOVAKIA

*Lucia Vilčeková*

### **Abstract**

Brand personality is defined as human characteristics projected into a brand. This construct has multiple uses in marketing - brand personality can diverse the brand from other brands, it creates positive brand equity and can be used as a strong basis for marketing communication. The concept of brand personality originated in human psychology. Because of the differences in personalities within cultures, there has been a need to examine the brand personality construct from an international perspective. The purpose of this paper is to describe the personality of the brand Nike from the perspective of Slovak consumers. An online survey with a sample of 229 Slovak consumers was carried out with the main goal to describe Nike as a person, characterize the friends of the brand and suggest hobbies of the brand. Slovaks see the brand as an active man, a winner and a sportsman. His hobbies are all kinds of sports, and fashion and he is very health-conscious. His friends are also very active, attractive and young. It is in accordance with the overall image of the brand communicated worldwide no major differences in brand image and brand perception were found.

### **Key words:**

Brand. Nike. Personality. Slovak consumers.

## **1 Literature review**

Brand personality is defined as “the set of human characteristics associated with a brand”.<sup>1</sup> This concept works because consumers often describe the brands with help of human personality traits. By assuming the brand as a person, it can create a self-expressive benefit that becomes a vehicle for the customer to express his or her own personality.<sup>2</sup> They can easily view a brand as having a friendly or exciting personality or as a person with whom they may choose to have a relationship.<sup>3</sup> In clinical psychology, numerous attributes used to describe human personality can be limited to number of classes composed of five major factors (a model known as the Big Five human personality dimensions). By assuming the brand as a person, it can create a self-expressive benefit that becomes a vehicle for the customer to express his or her own personality.<sup>4</sup> Kotler and Keller confirmed customer usually choose the brands which match their self-image or sometimes consumers choose a brand based on their ideal self-image or social self-image.<sup>5</sup> To define a brand any human feature can be used. The associations might be linked to certain demographic features (such as age, or gender), beliefs, hobbies, and personality traits.<sup>6</sup>

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<sup>1</sup> AAKER, J. L.: Dimension of brand personality. In *Journal of Marketing Research*, 1997, Vol. 4, No. 3, p. 347.

<sup>2</sup> Ibidem, p. 349.

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<sup>4</sup> AAKER, J. L.: Dimension of brand personality. In *Journal of Marketing Research*, 1997, Vol. 4, No. 3, p. 352.

<sup>5</sup> KOTLER, P., KELLER, K. L.: *Marketing Management*. 15<sup>th</sup> Edition. Pearson India : Uttar radesh, 2016, p. 342.

<sup>6</sup> ROJAS-MÉNDEZ, J. I., ERENCHUN-PODLECH, I., SILVA-OLAVE, E.: The Ford Brand Personality in Chile. In *Corporate Reputation Review*, 2004, Vol. 7, No. 3, p. 240.

According to Khani et al, brand personality comes from three main sources:<sup>7</sup>

- the relationship that customers have with the brand;
- the image which is a company trying to present;
- the unique features of product.

Brand personality, as a construct, has multiple uses in marketing. King found brand personality to be the most important to identify personal meaning for the consumer.<sup>8</sup> Lannon and Cooper added that brand personality is needed as information for marketers when developing communication strategy.<sup>9</sup> In order to effectively market and position a brand marketers must understand and develop the personality of a brand.<sup>10</sup> Other authors have suggested that brand personality should be seen as a more global construct: a key determinant of brand equity.<sup>11</sup> Measuring the personality congruence between brands and sporting events can provide marketers with a practical tool that is conveniently applicable for connecting the right brand to the right sporting event.<sup>12</sup> Consumers can make attributions about the brand's personality, "inner character," goals and values. In some marketing strategies, the brand is actually made to be "alive" and action-oriented.<sup>13</sup> Fournier adds brand personality has an impact on various key variables, such as attitude, preference, usage imagery, and emotion.<sup>14</sup>

Aaker used methods similar to human psychology to identify five brand personality dimensions: sincerity, excitement, competence, sophistication and ruggedness.<sup>15</sup> Further researches suggested different traits, e.g. Levy divided brand personality into five dimensions, which are excitement, competence, peacefulness, sincerity, and sophistication.<sup>16</sup> In the Japanese context there was no Ruggedness dimension as in the American study, and another dimension – Peacefulness, was identified as a very strong trait. In Spain, in addition to the Sincerity, Excitement and Sophistication dimensions (that also existed in the USA and Japan), Peacefulness (found in Japan but not in the USA) and Passion (not found in the other two countries) were identified. In Brazil, the dimensions of brand personality were Credibility, Joy, Audacity,

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<sup>7</sup> KHANI, S. et al: The Relationship of Appliance Consumer Personality Trait, Brand Personality, Brand Loyalty and Brand Equity in the Mobile Phone Industry. In *International Journal of Fundamental Psychology & Social Sciences*, 2013, Vol. 3, No. 4, p. 65.

<sup>8</sup> For more information, see: KING, S.: Branding Opportunities in Financial Services. In *Proceedings of the Advertising and Marketing Financial Services Conference*. London : MRS Press, 1989.

<sup>9</sup> LANNON, J., COOPER P.: Humanistic advertising: a holistic cultural perspective. In *International Journal of Advertising*, 1983, Vol. 2, No. 3, p. 195-213.

<sup>10</sup> BRAUNSTEIN, J., ROSS, S.: Brand personality in sport: Dimension Analysis and General Scale Development. In *Sport Marketing Quarterly*, 2010, Vol. 19, No. 1, p. 11.

<sup>11</sup> BIEL, A.: *Converting Image into Equity. Brand Equity and Advertising*. Hillsdale, NJ : Lawrence Erlbaum Associates, 1993, p. 67-83.

<sup>12</sup> LEE, H. S., CHO, C. H.: The matching effect of brand and sporting event personality: Sponsorship implications. In *Journal of Sport Management*, 2009, Vol. 23, No. 1, p. 63.

<sup>13</sup> AAKER, J., FOURNIER, S.: A brand as a character, a partner and a person: three perspectives on the question of brand personality. In *Advances in Consumer Research*, 1995, Vol. 22, No. 4, p. 393.

<sup>14</sup> FOURNIER, S.: Consumers and their brands: Developing relationship theory in consumer research. In *The Journal of Consumer Research*, 1998, Vol. 4, No. 4, p. 344.

<sup>15</sup> AAKER, J. L.: Dimension of brand personality. In *Journal of Marketing Research*, 1997, Vol. 4, No. 3, p. 349.

<sup>16</sup> LEVY, S., ROOK, W.: *Brands, Consumers, Symbols and Research*: Sidney : J Levy on Marketing, Sage Publications, 1999, p. 203-212.

Sophistication and Sensitivity.<sup>17</sup> Because of the differences in personalities within cultures, there has been a need to examine the brand personality construct from an international perspective.

### 2 Research methods

The participants were 229 adult Slovak subjects. Sixty-five percent of the respondents were female and 35 percent male. Thirty-six percent of them had a university degree, 33 percent were undergraduate students and the rest had high-school education. Average age was 26 years with standard deviation of 5.17. They were chosen on principles of convenience sampling and the participants have been selected from available population. Respondents were presented a questionnaire. First they were asked if they know the brand and only those reported knowing it were considered for the study. Then they were asked to imagine Apple was a person. "What kind of person it would be?", "Who would be Apple friends with?", "What kind of hobby it would have?", "Would it be male or a female?" – these were the questions to describe the brand personality. To visualize the results from the open-ended questions, word cloud Tagxedo was used.

### 3 Research results

The personality of Nike is very much related to the product that the company sells (active and athletic) as well as the characteristic of athletes (competitive) and of a heroic person (determined and focused).<sup>18</sup> According to Mark & Pearson, Nike is perceived as a hero, the one who triumphs, gets through challenges and, in doing so, is an inspiration to all of us, it is a warrior and a leader.<sup>19</sup> Nike's personality is athletic. The company is positioned as providing the best athletic gear to all athletes no matter what sport. They have successful products in every major sport around the world. The brand created a personality of being a cool, successful and athletic.<sup>20</sup> According to Slovak consumers, concerning the demographics of Nike's personality, 70 percent of Slovaks see it as a man and for 30 percent it is a woman. The average age is 33 years, ranging from 16 to 80 with a standard deviation of 11.

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<sup>17</sup> MUNIZ, K. M., MARCHETTI, R. Z.: Brand personality dimensions in the Brazilian context. In *Brazilian Administration Review*, 2012, Vol. 9, No. 2, p. 182.

<sup>18</sup> HADDAD, L., HAMZA, K., XARA-BRASIL, D.: Archetypes and brand image: an international comparison. In *Australian Journal of Basic and Applied Sciences*, 2015, Vol. 9, No. 34, p. 28.

<sup>19</sup> MARK, M., PEARSON, C.: *O Herói e oFora da Lei: como construir marcas extraordinárias usando o poder dos arquétipos*. São Paulo : Editora Cultrix, 2012, p. 121.

<sup>20</sup> MENGXIA, Z.: Impact of brand personality on PALI: a comparative research between two different brands. In *International Management Review*, 2007, Vol. 3, No. 3, p. 36.





as to brands. The cultural differences result in differences of perception and attitude regarding brands. Therefore it is beneficial to examine the global brands in national contexts. It is clear that perceptions associated with a brand go beyond functional attributes and benefits of a product. Each brand has its own individual character and brand personality can diverse the brand from other brands. Having a favorable and unique brand personality, which creates positive brand equity, is important because it is a basis for competitive advantage and can even generate revenue for a company. To managers and academics it is important to understand how brand personality works. Consumers can relate brands to people, celebrities of important figures which can be easily used by marketers to connect the personality of a brand with the desired person. Especially for sports brands this is very beneficial and they can use for their communication purposes well-known athletes. Furthermore it is also possible to measure the degree of congruence or incongruence between a sporting event personality and a sponsoring brand personality. In investigating congruence effects between sporting events and brands we can also better understand consumer processing of sponsorship stimuli.

However, although brand personality is naturally appealing some facts need to be taken into consideration. First, there are still some questions on how it should be defined and to what extent it differs from brand image. Second, there is no unified or „the right way“ to measure brand personality. While some of researchers use qualitative methods, such as image descriptions, free associations, others use rather quantitative ways to detect the traits of brands. The presented study makes contributions to examining brand personality of the brand Nike in Slovak audience. However, a number of important limitations need to be considered. First, the current research was not specifically designed to evaluate all the factors related to brand personality. Second, the research is not representative because of the sampling method and clearly; the sample may not represent any definable population larger than itself. Non-probability sampling is a good method to use when conducting a pilot study therefore; further research is required to obtain representative results. Thirdly, the generalizability of these results is subject to certain limitations. A number of possible future studies using the same experimental set up would be a contribution to this topic.

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# Regional branding



BRANDS WE LOVE



## DIGITAL BRANDING OF REGIONAL WINE COMPANIES IN SLOVAKIA, CZECH REPUBLIC AND GERMANY

*Lucia Coskun – Branislav Mišota – Milan Čáky – Eduard Hyránek*

### Abstract

Regional branding plays a significant role in wine industry. The purpose of this study was to analyze how regional wine companies in three European Union countries proceed when building a brand in a digital world. A sample of wine companies from Slovakia, Czech Republic and Germany was analyzed. In each of the selected three categories (Website features, Social media portfolio and Communication / Content Strategy) such attributes were chosen that made an evaluation possible when expressed as a binary value. Results in the category of Website features show that 3 of 22 selected Slovak wine companies do not use in 2016 an own website. Slovak as well as Czech regional wine companies underestimate the importance of having an own website optimized for mobile devices or to use responsive web design. Activities of Slovak wine companies were insufficient for establishing and building relationships with customers through story telling. Slovak wine companies achieved the worst results compared to Czech and German wine companies when creating a regional brand.

### Key words:

Content strategy. Digital branding. Regional wine companies. Social media portfolio. Website features.

## 1 Introduction

Wine became a daily used product. Wine-drinking is becoming increasingly common place across broadening socio-economic consumer groups.<sup>1</sup> Consumers today are not passive shoppers. They seek out and disseminate information about a product using social media.<sup>2</sup> The adoption of social media for business marketing and communication has major implications for many industries, especially for those such as the wine industry that offer products with a high level of credence and for which searching for information is part of the consumption experience.<sup>3</sup> Building a contact with the customer requires new strategies. Winning the customer for life belongs to the key strategies companies. Social media platforms and other online communities are important spaces for interacting with customers, as they contribute jointly to the co-creation process.<sup>4</sup> The social interactions of customers in online brand communities with their favorite brands help develop relationship quality and increase customer brand loyalty.<sup>5</sup> Social media can help to create consumer loyalty.<sup>6</sup> Using internet when attracting customers plays a big role for young people. The so-called Millennials is a generation that has been using computers and cell phones all of

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<sup>1</sup> BRUWER, J., WOOD, G.: The Australian online wine-buying consumer: Motivational and behavioural perspectives. In *Journal of Wine Research*, 2005, Vol. 16, No. 3, p. 193-211.

<sup>2</sup> PELET, J. E., LECAT, B.: Smartphones and wine consumers: a study of Gen-Y. In *International Journal of Wine Business Research*, 2014, Vol. 26, No. 3, p. 188-207.

<sup>3</sup> CAPITELLO, R. et al.: Social media strategies and corporate brand visibility in the wine industry. In *EuroMed Journal of Business*, 2014, Vol. 9, No. 2, p. 129-148.

<sup>4</sup> ZWASS, V.: Co-creation: Toward a taxonomy and an integrated research perspective. In *International Journal of Electronic Commerce*, 2010, Vol. 15, No. 1, p. 11-48.

<sup>5</sup> HAJLI, N. et al.: Branding co-creation with members of online brand communities. In *Journal of Business Research*, 2016. In Press.

<sup>6</sup> CAPITELLO, R. et al.: Social media strategies and corporate brand visibility in the wine industry. In *EuroMed Journal of Business*, 2014, Vol. 9, No. 2, p. 129-148.

their lives.<sup>7</sup> Study of Nowak examined the attitudes of Millennial wine consumers and tried to determine if positive evaluations of the winery's web site lead to increased trust in the winery and perceptions of product quality, higher levels of brand equity, and increased purchase intentions. It was proved that the web site quality was a significant predictor of increased trust in the winery and perceptions of the quality of the wine.<sup>8</sup> This could be a big step in building loyalty to the wine product.

Thach explained the terminology: the expression 'Wine 1.0' refers to wine being featured on the Internet in a passive fashion (e-commerce), the term 'Wine 2.0', refers to using the Internet to engage with wine consumers on their terms, in a time and manner of their choosing like blogs, vlogs, message boards wine.<sup>9,10</sup> The 'Wine 3.0' is not available yet, refers to new and unique ways of integrating wine data on the Internet. For example wine reviews from consumers and wine critics around the world could be quickly uploaded by scanning the wine bottle barcode label with an Internet-connected cell phone.<sup>11</sup> Lockshin and Corsi,<sup>12</sup> present and identify consumer behaviour for wine 2.0., review since 2003 and future directions. They focus their attention on published research like: online wine purchasing, wine tourism, the effect of region, wine lifestyle, values and social psychology, generation Y and comparisons, social media, etc.

In the wine industry, many companies have not yet integrated social media and Web 2.0 technologies into a strategic marketing plan.<sup>13</sup> Capitello et al analyzed the relationships between the orientation, communication strategies and Web 2.0 tactics of business, and the social media effect on brand visibility. Today research has shown that from 90 to 100% of US wineries have a web presence.<sup>14</sup> In order to communicate effectively with newer consumer demographics, wine brand websites must first and foremost be understandable and readable.<sup>15</sup> Mills explored the approachability of consumer brand wine web sites for diverging target demographics by looking specifically at web sites' readability from the viewers' perspective. He found out that the wine brand web sites appear to fall into two categories: one category that can be considered highly readable to most audiences, and a second category that can be considered approachable only to a more sophisticated audience.

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<sup>7</sup> NOWAK, L. I., NEWTON, S.: Using winery web sites to launch relationships with Millennials. In *International Journal of Wine Business Research*, 2008, Vol. 20, No. 1, p. 53-67.

<sup>8</sup> Ibidem.

<sup>9</sup> For more information, see: OLSEN, J., HERMSMEYER, J.: Direct wine sales and Wine 2.0. In THACH, L., MATZ, T. (eds.): *Wine: A Global Business*. New York: Miranda Press, 2008.

<sup>10</sup> THACH, L.: Wine 2.0 - The Next Phase of Wine Marketing? Exploring US Winery Adoption of Wine 2.0 Components. In *Journal of wine research*, 2009, Vol. 20, No. 2, p. 143-157.

<sup>11</sup> Ibidem.

<sup>12</sup> LOCKSHIN, L., CORSI, A. M.: Consumer behaviour for wine 2.0: A review since 2003 and future directions. In *Wine Economics and Policy*, 2012, Vol. 1, No. 1, p. 2-23.

<sup>13</sup> CAPITELLO, R. et al.: Social media strategies and corporate brand visibility in the wine industry. In *EuroMed Journal of Business*, 2014, Vol. 9, No. 2, p. 129-148.

<sup>14</sup> STRICKER, S., SUMMER, D. A., MUELLER, R. A. E.: Wine on the web in a global market: a comparison of e-commerce readiness and use in Australia, California and Germany. In *IV EFITA (European Federation for Information Technology in Agriculture) Conference*. Hungary: IV EFITA, 2003, p. 256.

<sup>15</sup> MILLS, A. J., LEYLAND, P., SETAYESH, S.: Reading between the vines: analyzing the readability of consumer brand wine websites. In *International Journal of Wine Business Research*, 2012, Vol. 24, No. 3, p. 169-182.

Mills et al. came to the conclusion that less sophisticated consumers will not respond to wine marketing messages they cannot understand, and more sophisticated wine drinkers will react more positively to messages that are clear and well-written. Tourism is an important and growing part of the wine industry internationally.<sup>16</sup> Websites of the wine producers are often connected with the promotion of the region and recreation possibilities. Lockshin and Corsi<sup>17</sup> studied behaviour of the wine tourists in the published research. There was evidence that tourism benefits the winery substantially, but there was not much evidence that the typical tourist changes his/her behaviour very much in regard to which brands they buy, however, signing tourists up to email lists or wine clubs does increase sales.

Hajli suggests that companies may develop online brand communities to facilitate the social interactions of customers in order to develop relationship quality and loyalty for branding co-creation purposes. They indicate that the interconnectivities of customers in online brand communities produce relationship marketing and loyalty, which can be a practical strategy of co-creation of value for branding.<sup>18</sup> Regional branding is a challenge but also a big opportunity to promote regional products like wine. Creating a regional brand identity for demographic similar region increases benefits not only for the region but also for the companies producing wine. As already mentioned, the trust and loyalty play a big role in this process.

For branding the history of wine in this regions has been of important influence. The cultivation of the vine is very old and dates back to ancient times. Mankind has cultivated vines on the territory of ancient Mesopotamia, from where it spread to Egypt, the Black Sea and the Caucasus, from there to ancient Greece, where the wine in the form of adding wine god Bacchus Divine Worship. There is an evidence that the Etruscans grew wine grapes in central and northern Italy more than 2,500 years ago. North of Italy vines spread mainly by Roman legions, which, in times of peace at so called Limes Romanus planted vines and finished wine to prevent import from other parts of the empire. This way it was brought into the country Gaul (now France), on the territory of the Germanic tribes, especially the southern part of Germany, the Rhineland, Lower Austria. Similar like the Greeks also the Romans indulged in wine. Wine was used primarily as a drink with meals, as well as a suitable drink distracting the mind from which arose the historical words 'In vino veritas'. On the territory of Slovakia vines were already known to the Celts, who produced harsh wine, probably of lower quality. Systematic planting better varieties of vine has been noted between 276 to 282 during the reign of Emperor Marcus Aurelius Probus that expanded cultivation of higher quality Roman wine grape varieties in the area north of the Alps (where the Roman legions worked) in Pannonia (Aquincum) and the Small Carpathians. This was the beginning of coherent area of vineyards, comprising the valley of the River Rhine, part of southern Germany, Austria, Small Carpathian region of Slovakia and South Moravia.

Slavic tribes which from the 5th century AD settled down in this territory, continued

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<sup>16</sup> NEILSON, L., MADILL, J.: Using winery web sites to attract wine tourists: an international comparison. In *International Journal of Wine Business Research*, 2014, Vol. 26, No. 1, p. 2-26.

<sup>17</sup> LOCKSHIN, L., CORSI, A. M.: Consumer behaviour for wine 2.0: A review since 2003 and future directions. In *Wine Economics and Policy*, 2012, Vol. 1, No. 1, p. 7.

<sup>18</sup> HAJLI, N. et al.: Branding co-creation with members of online brand communities. In *Journal of Business Research*, 2016. In Press.

with growing vine and producing wine. This is clearly already in the Great Moravian period. They were drinking wine undiluted as well as diluted with water, as the prevention of various diseases. Significant progress in expanding vine cultivation occurred in the 13th century, when wine production became a commercial matter and therefore part of the trade. At the behest of the rulers, the cultivation of vines spread from areas of the Small Carpathians in the valley of the Váh to Trenčín, to Krupina, and even to Prešov and Bardejov. Improvement of the quality of wines is connected with German colonists who brought new production technologies, but also new varieties suitable for growing wines intended for commercial purposes. In the 17th century occurs also in Slovakia, the "golden age" of viticulture, as written by Matej Bel. Especially red wine from vineyards in Svätý Jur was a popular drink on the tables of rulers in Vienna and Cracow. Tokaj wine was also a very favourite wine, which received from the French King Louis XIV even the epithet "the wine of kings". In the early 18th century there were the known varieties grown in Slovakia, like: green Veltliner, green and red Silvanus, blue Frankish, blue Portuguese and others. Mass consumption of this beverage required mass production, which led to the expansion of vine area, but also to a drop in wine quality.

## 2 Methodology

Wine companies have to correctly identify and define their target consumers in the digital world. Some papers<sup>19</sup> tried to compare generation Y with generation X and the Baby Boomers and their buying behavior. When building an online business the wine companies aim their branding activities especially at generation Y and generation X. The branding of regional wine enterprises in the digital world can be understood as a two-way process between the wine company and its customers extending in a spiral. Digital branding has to ensure regional wine companies a visibility but also a trust through digital content distributed to digital channels. The result of this unending process should be long-lasting loyalty relationships between the company and its customer. Regional wine companies as well as other organizations when building a brand in the digital world must:

- Utilize digital channels;
- Tell digital brand story;
- Develop loyalty relationships in digital world.

As basic concepts relevant to our study, we used a number of the above scientific articles, mostly Capitello et al.<sup>20</sup> This one deals with social media strategies and corporate brand visibility in the wine industry and focuses at Italian wine market, which is one of the most developed wine markets in the European Union. Capitello et al.<sup>21</sup> describes in his paper the three-dimensional research framework based on three interrelated dimensions (Picture 1).

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<sup>19</sup> LOCKSHIN, L., CORSI, A. M.: Consumer behaviour for wine 2.0: A review since 2003 and future directions. In *Wine Economics and Policy*, 2012, Vol. 1, No. 1, p. 9.

<sup>20</sup> CAPITELLO, R. et al.: Social media strategies and corporate brand visibility in the wine industry. In *EuroMed Journal of Business*, 2014, Vol. 9, No. 2, p. 132-133.

<sup>21</sup> Ibidem.



**Picture 1: The three-dimensional research framework**

Source: CAPITELLO, R. et al.: Social media strategies and corporate brand visibility in the wine industry. In *EuroMed Journal of Business*, 2014, Vol. 9, No. 2, p. 133.

We were focused mainly on the second and third dimension. They are Digital Marketing Strategy and Social Media Tactics. We used some of their components for our comparative study. We chose three basic categories for the assessment of how regional wine companies proceed to build the brand in the digital world: Website Features, Social media portfolio and Communication strategy (this category we be used in narrower understanding and therefore it will be named Communication/Content Strategy). In each of the three selected categories such criteria were chosen which could be evaluated by binary values. In the category of Web site features it is necessary for wine companies to use an own website as one of the main channels of communication with the customer. Wine companies must have an optimized website for mobile devices because more than a half of internet search and visits of company websites take place from mobile devices, the company must use the responsive web design. The last evaluation criteria of the Web site features category was whether the wine company uses on its website some of e-commerce solutions such as e-shop. Ideally should the e-commerce solution be integrated with the content marketing strategy.

The second evaluation category is Social media portfolio. To evaluate this category, we selected items that characterize the use of various social media in digital branding. One of the metrics was whether the regional wine companies have their Google My Business profile. Further evaluation criterion was whether wine companies use some of the most widely used social networking sites such as Facebook, Google+ or Twitter. We will evaluate if wine companies communicate with their customers through any video channel on You Tube or Vimeo. And last but not least, if wine companies use in digital branding some of the visual social media platforms such as Instagram, Flickr or Pinterest. In the category Communications / Content strategy such attributes were selected where an active use is considered to be necessary in order to understand what value represents a particular winery. This is not only through its products but also in the wider context of the region in which the winery is located. Therefore it is important to build and communicate emotional

and utilitarian value of their products through telling a story. The wine company should present the region in which it is located and communicate current events and opportunities for tourist activities. Concerning the tourist activities it would be appropriate if the wine company could offer or mediate accommodation or tasting room. Subscribing Newsletters via email can provide a regular communication of wine company with its target audience. E-book is a powerful content marketing tool to help to communicate brand for its utilitarian value.

In the resulting concept design for the evaluation in terms of individual categories, the following attributes were selected:

### **1) Website features**

- a) Website,
- b) Mobile optimization / Responsive Web Design,
- c) E-commerce / E-Shop,

### **2) Social media portfolio**

- a) Google My Business profile,
- b) Facebook, Google+, Twitter,
- c) You Tube, Vimeo,
- d) Instagram, Flickr, Pinterest,

### **3) Communication / Content strategy**

- a) Telling story, News,
- b) Newsletter,
- c) E-Book,
- d) Region, Events, Tourism,
- e) Accommodation, Tasting room.

The intensity of engagement for specific attributes in wine companies will use particular features of individual categories in digital branding in Slovakia, Czech Republic and Germany.

## **2.1 Data collection**

Based on a questionnaire survey, marketing communication strategies in wine companies were empirically studied in our previous research. The attention was focused on wine companies in European countries which are geographically close. The previous questionnaire survey was realized in Slovakia, Czech Republic and Germany. We asked more than 200 respondents to infill the questionnaire. We have received answers from 49 wine companies. Methodic of this paper was based on collecting information<sup>22</sup> of a sample of wine companies from three European Union countries. 49 companies filled in a questionnaire. In this sample 13 respondents were from Czech republic (27 %), 22 respondents from Slovakia (45%) and 14 respondents from Germany (29%). These companies were also selected as a sample of regional wine companies. We evaluated how regional wine companies proceed when building the brand in the digital world. In each of the selected three categories (Website features, Social media portfolio and Communication / Content Strategy), we chose those attributes that made it possible to evaluate when expressed as a binary

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<sup>22</sup> COSKUN, L., MIŠOTA, B., NOVÁK, V.: Specifics of the communication mix in Slovak Republic, Czech Republic and Federal Republic of Germany in a selected sector. In *Journal of knowledge society*, 2015, Vol. 3, No. 2, p. 79-88.

value 1 (in case the company uses the appropriate attribute) or 0 (in case the company does not use the appropriate attribute). These values were calculated as a sum of the individual participating countries for each item. For each of the three categories: Website features, Social media portfolio and Communication / Content strategy separate tables (table 1 to table 3) were created. In the following steps attributes for each of the three categories were sorted into the following tables, based also on a particular country. Absolute and relative frequencies of utilization of attributes for each of three categories: Website Features, Social media portfolio and Communication / Content Strategy in regional wine companies were counted.

### 3 Results

All these statistical data can be found in the tables 1 to 3 as well as in the charts 1 to 3. The results in the category of 'Website features' show that 3 of 22 selected Slovak wine companies do not use in 2016 its own website.

Table 1: Website features

Country		Sum of Firms	Website	Responsive Web Design, Mobile optimization	E-Shop
Slovakia	Absol.	22	19	7	3
	Rel.(%)	100,00%	86,36%	31,82%	13,64%
Czech Republic	Absol.	13	13	5	8
	Rel.(%)	100,00%	100,00%	38,46%	61,54%
Germany	Absol.	14	14	8	9
	Rel.(%)	100,00%	100,00%	57,14%	64,29%

Source: Own processing

Slovak as well as Czech regional wine companies underestimate the importance of having an own website optimized for mobile devices respectively to use responsive web design. Only 31.82% Slovak and 38.46 % Czech wine companies did not underestimate this fact. An alarmingly low number of implemented e-commerce solutions for websites of Slovak wine companies have been found.

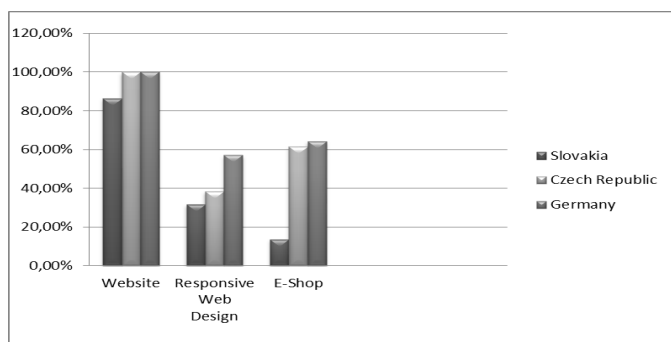


Chart 1: Web site features

Source: Own processing

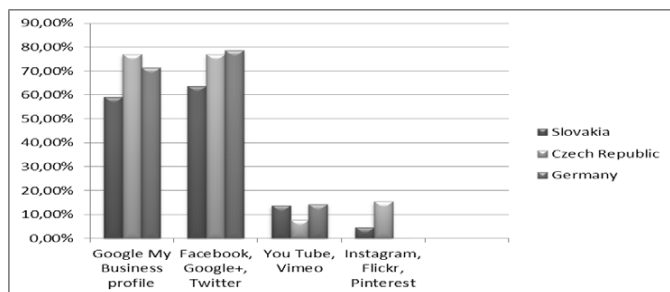
Results in the second evaluation category 'Social media portfolio' indicate that about 40% of Slovak wine companies do not have their Google My Business profile, respectively when building the brand do not use any of the social networks like Facebook, Google+ or Twitter.

**Table 2: Social media portfolio**

Country		Sum of Firms	Google My Business profile	Facebook, Google+, Twitter	You Tube, Vimeo	Instagram, Flickr, Pinterest
Slovakia	Absol.	22	13	14	3	1
	Rel.(%)	100,00%	59,09%	63,64%	13,64%	4,55%
Czech Republic	Absol.	13	10	10	1	2
	Rel.(%)	100,00%	76,92%	76,92%	7,69%	15,38%
Germany	Absol.	14	10	11	2	0
	Rel.(%)	100,00%	71,43%	78,57%	14,29%	0,00%

Source: Own processing

Companies in the wine sector communicate with customers through video channels on You Tube or Vimeo very seldom. It is also interesting to note that German wine companies do not use visual possibilities of social media platforms such as Instagram, Flickr or Pinterest. Only 4.55% Slovak and 15.38% Czech wine companies use the visual social media to build their brand.



**Chart 2: Social media portfolio**

Source: Own processing

Results in Communication / Content Strategy mean that none of the selected wine businesses use e-book as a powerful content marketing tool. Only a very small percentage of the selected wine companies give visitors the opportunity to subscribe to Newsletters via email.

**Table 3: Communication / Content strategy**

Country		Sum of Firms	Telling story, News	Newsletter	E-Book	Region, Events, Tourism	Accommodation, Tasting room
Slovakia	Absol.	22	14	3	0	6	10
	Rel.(%)	100,00%	63,64%	13,64%	0,00%	27,27%	45,45%

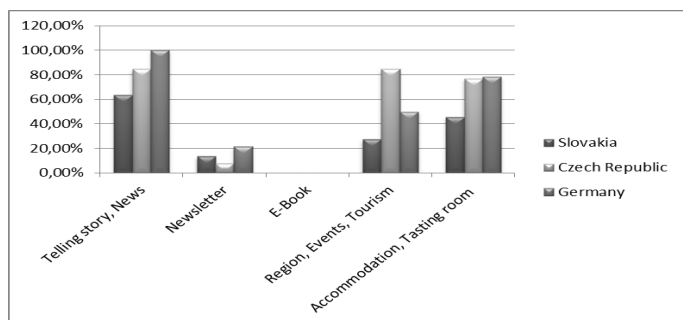


## MARKETING IDENTITY

<b>Czech Republic</b>	Absol.	13	11	1		11	10
	Rel.(%)	100,00%	84,62%	7,69%	0,00%	84,62%	76,92%
<b>Germany</b>	Absol.	14	14	3	0	7	11
	Rel.(%)	100,00%	100,00%	21,43%	0,00%	50,00%	78,57%

Source: Own processing

The activities of Slovak wine enterprises when establishing and building an emotional relationships with the customers through story telling were insufficient (very low intensity). Slovak wine companies achieve the worst results compared to Czech and German wine companies in creating a regional brand. Slovak wine companies communicate Slovak wine tourism activities very insufficiently.



**Chart 3: Communication / Content strategy**

Source: Own processing

## Conclusion

In this paper we tried to analyze how regional wine companies in Slovakia, Czech Republic and Germany proceed to build the brand in the digital world. A sample of wine companies was used. As a part of its digital branding strategy should the regional wine companies use more often new opportunities when building a brand in the digital world. It responds to the image of changing needs and habits of the customers. Wine companies have many possibilities to build its brand in each of the three selected dimensions 'Website features', 'Social media portfolio' and 'Communication/Content strategy'. These dimensions were chosen to evaluate the participation of regional wine companies. The regional wine companies compared to offline environment have much larger opportunities for the perception of the customer needs. Unfortunately the companies do not use this chance sufficiently. That is a reason why the communication of fundamental values of wine companies do not fully reflects the expectations of the customers in praxis.

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## DEMAND AND SUPPLY COMPARISON OF REGIONAL PRODUCTS IN TOURISM

*Lucia Hrubalová*

### **Abstract**

It becomes more and more attractive for visitors to experience original and authentic products which present culture and traditions of the destination, reflect the local differences, specifications and particularities. Regional products are able to meet these needs and thus they should be recognized, preserved and promoted. The aim of the paper is to analyse the demand on regional products from visitors' perspective and compare it with the supply of regional products in Slovakia. This study examines visitors' requirements and preferences toward regional products and willingness to buy them during holiday. It identifies typical regional products of Slovakia and compare them with regional branding. An electronic research was conducted from December 2015 to January 2016 and completed by 150 respondents. We also used secondary data on regional brands published on web pages concerning regional branding. The data were interpreted by cluster analyses and methods of descriptive statistics. The results show that regionally branded products meet visitors' requirements on the attributes of regional products. Nevertheless, the regional products demanded by visitors appear to be different when it comes to the supply of regionally branded products. In addition, regional products are poorly accessible and recognized by domestic visitors. Consequently, the study reveals some recommendations that could increase visitors' usage of regional products while visiting Slovak regions.

### **Key words:**

Brand. Local food. Regional branding. Regional product.

## **1 Introduction**

The links between regional products, especially food, and tourism have nowadays become more accepted as a means of potentially increasing tourist spending. The reason is growing demand on products with known origin and guaranteed quality. In order to be shown all positive synergic effects going from regional products consumption, it's necessary to have a knowledge, if the supply of regional products meets requirements and preferences of visitors. The demand for particular products should be subsequently supported. Definitions and attitudes towards regional products differ from the point of view of consumers, entrepreneurs and scientists. There is a lack of research about the demand and supply of regional products in scientific literature. The definition of regional product is often connected with food and drinks.<sup>1,2,3,4</sup> Enteleca Research and Consultancy<sup>5</sup> by local food means „food and drink that is produced or grown in the local area or local speciality food that has

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<sup>1</sup> EVERETT, S., AITCHISON, C.: The Role of Food Tourism in Sustaining Regional Identity: A Case Study of Cornwall, South West England. In *Journal of Sustainable Tourism*, 2008, Vol. 16, No. 2, p. 150.

<sup>2</sup> KIM, Y. G., EVES, A., SCARLES, C.: Building a model of local food consumption on trips and holidays: a grounded theory approach. In *International Journal of Hospitality and Management*, 2009, Vol. 28, No. 3, p. 423.

<sup>3</sup> SIMS, R.: Food, place and authenticity: local food and the sustainable tourism experience. In *Journal of Sustainable Tourism*, 2009, Vol. 17, No. 3, p. 322.

<sup>4</sup> MYNTTINEN, S. et al.: Perceptions of food and its locality among Russian tourists in the South Savo region of Finland. In *Tourism Management*, 2015, Vol. 48, No. 6, p. 455.

<sup>5</sup> *Tourists Attitudes Towards Regional and Local Foods*. [online]. [2016-08-25]. Available at: <<http://tourisminsights.info/ONLINEPUB/FARMING%20AND%20FOOD/FOOD%20PDFS/tourist%20attitudes%20to%20local%20foods.pdf>>.

a local identity". This definition would include fresh farm gate sales, regionally branded and locally produced products, and speciality products that are in some way distinctive to the region or unique. Morris and Buller<sup>6</sup> explain that „local“ can be understood either in terms of bounded region within which products are produced and sold, or in terms of „speciality“ or „locality“ foods which are intended as value-added products for export to other countries or regions. In this case, local brand is more important and the product itself doesn't have to be necessarily produced, bought or consumed in that particular region. According to Sims,<sup>7</sup> producers are concentrating more on the ingredients and manufacturing processes involved, by contrast, tourists focus more on symbolic attributes of local food ( for example the name of a product underlining the affiliation to the region). If we want to use regional products in tourism and support the demand on them effectively, it's necessary to define regional product from consumers perspective.

Visitors' demand on regional products, their attitudes, consumer behaviour and motivation to buy, is influenced by several factors. Level of expenditure for those visitors who buy local food products depends highly on their views concerning local food products and on whether they are already familiar with the products.<sup>8</sup> Respondents that have obtained information about the area before their visit, are already familiar with the specific local food products and are aware of their importance have significantly higher probability of purchasing local food products than visitors who were not informed prior to visiting the area or buy the products for the first time.<sup>9</sup> Visitors would buy more regional products, if they recognized them to be regional.<sup>10</sup> "The amount and source of information consumers have about local food producers positively influences their appreciation of the food's regional certification and association with specific place".<sup>11</sup>

Regional products help to build region identity which is inevitable for a creation of regional brand. The purpose of each regional brand is to differentiate regions and to reinforce their competitiveness. Regional brands are one of several ways how to promote rural regions and support development of socially, culturally and environmentally oriented economies in areas that are interesting due to their natural and cultural heritage.<sup>12</sup> They market the qualities of the region in the broadest sense: landscape, nature, cultural heritage, regional products, regional gastronomy, traditional quality products, and so forth.<sup>13</sup> Regional brands stimulate the regional

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<sup>6</sup> MORRIS, C., BULLER, H.: The local food sector: A preliminary assessment of its form and impact in Gloucestershire. In *British Food Journal*, 2003, Vol. 48, No. 8, p. 559.

<sup>7</sup> SIMS, R.: Food, place and authenticity: local food and the sustainable tourism experience. In *Journal of Sustainable Tourism*, 2009, Vol. 17, No. 3, p. 332.

<sup>8</sup> SKURAS, D., DIMARA, E., PETROU, A.: Rural Tourism and Visitors' Expenditures for Local Food Products. In *Regional Studies*, 2006, Vol. 40, No. 10, p. 776.

<sup>9</sup> Ibidem.

<sup>10</sup> MYNTTINEN, S. et al.: Perceptions of food and its locality among Russian tourists in the South Savo region of Finland. In *Tourism Management*, 2015, Vol. 48, No. 6, p. 461.

<sup>11</sup> DIMARA, E., SKURAS, D.: Consumer evaluations of product certification, geographic association and traceability in Greece. In *Regional Studies*, 2006, Vol. 40, No. 5/6, p. 771.

<sup>12</sup> ČADILOVÁ, K.: Úvod. In *Regionální značení napříč Evropou*. Litomyšl : Asociace regionálních značek o.s., 2011, p. 8.

<sup>13</sup> DE BRUIN, R.: Streekproducten en regionale herkomst: kansen voor het platteland. In MESSELY, L., DESSEIN, J., LAUWERS, L.: *Branding regional identity as a driver for rural development*. Belgrade :

economy, create added value for the regional products and services,<sup>14</sup> have innovation potential,<sup>15</sup> make buying process easier for tourist, they provide tourists an alternative to the „consumer style“ of tourism, strengthen the region's attractiveness, form its character and have a positive impact on perceiving the region as a whole, support cooperation, reduce environmental burden and so contribute to development of sustainable tourism. Their uniqueness significantly contributes to overall tourism development. Branded products, their promotion and sale, and a possibility to meet the producers in person and visit workshops or farms strengthen the region's attractiveness for tourists, form its character and have a positive impact on perceiving the region as a whole.<sup>16</sup>

## 2 Methodology

The purpose of this research was to analyse the demand on regional products from visitors' perspective and compare it with the supply of regionally branded products in Slovakia. In order to achieve the goal we defined regional product, analysed regional products bought on holidays and visitors' attitudes towards them, identified typical regional products of Slovakia and compared them with regional branding. In the end we proposed some recommendations for the development of regional products in tourism. A quantitative method was chosen as the main research approach for this study. A questionnaire has been adopted as the data collection instrument. Data from visitors were collected electronically from December 2015 to January 2016. Random sampling was used to select respondents and a total of 150 surveys were completed during this process. The data were analysed using SPSS and cluster analyses and descriptive statistics were employed. The 69% of the participants were females and 31% of them were males. The 41% of the respondents were at the age of 25 – 35, 37% of the participants were at the age 24 and below, 22% were at the age of 36 and above. Almost half of them were employed (44%), 36% were students, 11% were self-employed, 5% were retired and 4% were on maternity leave. Among the participants, 35% had income from 601 to 1000 €/month, 11% had above 1000 €/month and 30% had less than 600 €/month. The 24% of the respondents didn't have regular income. All Slovak regions were present in the research sample. In order to get more in-depth understanding of regional branding in Slovakia, we analysed secondary data on regional brands published on web pages concerning regional branding.

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European Association of Agricultural Economists, 2009, p. 4. [online]. [2016-09-08]. Available at: <<http://core.kmi.open.ac.uk/download/pdf/6522923.pdf>>.

<sup>14</sup> HEGGER, E.: Branching, Banding & Blending. An explorative study into concepts and practice of region branding in the Netherlands. In MESSELY, L., DESSEIN, J., LAUWERS, L.: *Branding regional identity as a driver for rural development*. Belgrade : European Association of Agricultural Economists, 2009, p. 4. [online]. [2016-09-08]. Available at: <<http://core.kmi.open.ac.uk/download/pdf/6522923.pdf>>.

<sup>15</sup> For more information, see: LOUČANOVÁ, E., KALAMÁROVÁ, M.: *Inovačné analýzy a stratégie – Návod na cvičenia*. Zvolen : Technická Univerzita vo Zvolene, 2016.

<sup>16</sup> *Traditional branding throughout Europe*. [online]. [2016-09-12]. Available at: <<http://www.regional-products.eu/en/about-project/default/1/zakladni-informace>>.

**3 Results and discussion**

**3.1 Demand on regional products in tourism**

From the visitors’ perspective regional product must have several attributes. Most respondents (63%) said that it is a product produced according to traditional regional recipes and manufacturing processes, for the 60% of respondents it is a product produced or grown in the region, 59% find it a product produced by local people or producers. More than half of the respondents requires it to be made of local ingredients (53%) and 52% consider it a speciality product distinctive to the region. Regional identity is important for 23% of respondents and regional branding for 18% of respondents (Table 1). Based on the results of cluster analysis we can define regional product as a product made in the region by local producers from local ingredients according to traditional recipes and manufacturing processes. According to the definitions described by Sims<sup>17</sup> and Watts, Ilbery and Jones<sup>18</sup> it is a more stringent definition of "locality", as not only traditional regional recipes and manufacturing processes are important, but also the origin of the product in the region in terms of production, producers or ingredients.

**Table 1: Requirements of visitors on regional products**

Variable	N	%
Product produced or grown in the region	90	60
Product produced by local people/producers	88	59
Product made of local ingredients	80	53
Product produced according to traditional manufacturing processes	94	63
Product with regional branding	28	19
Speciality products distinctive to the region	78	52
Product with regional identity	34	23

Source: Own processing

Visitors show different interest in the regional products during the holiday in Slovakia. Respondents preferred the tasting of local food and drink and visiting of local events (traditional fairs, feasts, festivals, concerts, sports competitions, etc.) the most (Table 2).

**Table 2: Preferences toward regional products during holiday**

Variable	N	Mode rating	Mean Rating	SD
Taste local food and drinks	150	1	1,56	0,64
Buy regional foodstuff and/or drink	150	2	1,80	0,66
Buy a book of visited place	150	3	2,72	0,84
Buy regional craft goods	150	2	2,17	0,78
Buy regional art objects	150	3	2,68	0,82
Buy regional themed collectibles	150	1	1,95	1,05
Buy regional themed clothes	150	4	3,15	0,85
Visit regional event	150	2	1,67	0,66
Attend courses and workshops arranged by local craftsmen and artists	150	3	2,83	0,79

Note: 1 – strongly agree, 4 – strongly disagree

Source: Own processing

<sup>17</sup> SIMS, R.: Food, place and authenticity: local food and the sustainable tourism experience. In *Journal of Sustainable Tourism*, 2009, Vol. 17, No. 3, p. 324.

<sup>18</sup> WATTS, D. C. H., ILBERY, B., MAYE, D.: Making reconections in agro-food geography: alternative systems of food provision. In *Progress in Human Geography*, 2005, Vol. 29, No. 1, p. 25.

Gordon<sup>19</sup> consider regional products to be one of the types of souvenirs, so we analysed the visitors' interest in them. We found out that respondents show an interest in experience as well as tangible objects in the form of souvenirs, particularly regional food and drink or regional themed collectibles (magnets, stickers, badges etc.). To buy regional themed clothes (T-shirts, caps, sweaters etc.) and books of visited place was the least important for respondents. The willingness of visitors to purchase regional products can be improved by removing several barriers. Respondents would buy more regional products especially if they were more accessible (63%) and recognizable (e.g. by brand) (52%). Enteleca Research and Consultancy<sup>20</sup> proved that between 13 and 17% of tourists would strongly value more information on local foods both before and during their visit, and a brand or label identifying local produce and local specialities. A similar proportion claim that branding and labelling would encourage them to purchase more local products and to choose restaurants using local produce. We found that 43% of respondents would buy more regional products, if they knew what regional products the region has to offer, i.e. which products are regional, and where they can be purchased (35%).

We confirmed the claim of Mynttinen et al.<sup>21</sup> and Skuras, Dimara and Petrou<sup>22</sup>, who identified the recognition of the product by visitors as an important factor for the demand on regional products as well as their ability to identify and distinguish these products. Interestingly, the price is the least important factor and its reduction would appreciate only 27% of the respondents (Table 3). Regional brand is therefore not decisive for visitors in assessing the value and quality of regional products, but it is important to increase their distinguishability from other products.

**Table 3: Willingness to buy regional products**

Variable	N	%
If they were cheaper	40	27
If I knew which products are regional	64	43
If I knew where to buy them	52	35
If they were more accessible	94	63
If they were more recognizable	78	52

Source: Own processing

According to Sims<sup>23</sup> tourists appreciate local foods, not just because they are perceived to be local but also because they are seen to be traditional products with long history of production in that location. Respondents therefore distinguish some traditional products specific to particular regions of Slovakia. It is mainly dairy products, namely sheep cheese and various kinds of traditional cheeses, wood products (traditional

<sup>19</sup> GORDON, B.: The souvenir: Messenger of the extraordinary. In SWANSON, K. K., HORRIDGE, P. E.: Travel motivations as souvenir purchase indicators. In *Tourism Management*, 2006, Vol. 27, No. 4, p. 673.

<sup>20</sup> *Tourists Attitudes Towards Regional and Local Foods*. [online]. [2016-08-25]. Available at: <<http://tourisminsights.info/ONLINEPUB/FARMING%20AND%20FOOD/FOOD%20PDFS/tourist%20attitudes%20to%20local%20foods.pdf>>.

<sup>21</sup> MYNTTINEN, S. et al.: Perceptions of food and its locality among Russian tourists in the South Savo region of Finland. In *Tourism Management*, 2015, Vol. 48, No. 6, p. 461.

<sup>22</sup> SKURAS, D., DIMARA, E., PETROU, A.: Rural Tourism and Visitors' Expenditures for Local Food Products. In *Regional Studies*, 2006, Vol. 40, No. 10, p. 776.

<sup>23</sup> SIMS, R.: Food, place and authenticity: local food and the sustainable tourism experience. In *Journal of Sustainable Tourism*, 2009, Vol. 17, No. 3, p. 330.



musical instruments such as “valaška” and “fujara”) and traditional dishes like potato dumplings with sheep cheese (Table 4). Drinks are also important, especially various spirits and wines, also ceramics, and textile and wool goods.

**Table 4: Typical regional products of Slovakia**

Category	Subcategory	N	Total
Art and craft goods	Wood and stone goods	78	156
	Glass, metal and wire goods	6	
	Ceramics	24	
	Textile and wool goods	26	
	Leather goods	4	
	Other art and craft goods	18	
Food and agricultural products	Products from bakery and confectionery	16	274
	Products from the garden	4	
	Farm products (dairy products)	176	
	Meat and smoked-meat products	8	
	Drinks	28	
	Other foodstuffs and agricultural products (speciality food)	42	
Natural products	Honey	2	2

Source: Own processing

Classification of typical regional products into categories according to the usual rules of regional branding shows that respondents consider typical regional products to be mainly food and agricultural products. This corresponds with the interests of visitors in the tasting and buying food and drink as a souvenir from a vacation in Slovakia.

### 3.2 Supply of regional products in tourism

We examined the supply of regional products in Slovakia by means of regional brands given to regional products that meet rigorous criteria and their relationship to the region is guaranteed by a certificate. We analysed 10 regions which are actively granting a label "regional product" to the craft goods, food and agricultural products, natural products, hospitality establishments, adventures and events. These products must come from a local manufacturer or service provider, be unique to the region, be of good quality, contribute to the preservation of traditions, use traditional manufacturing processes and local resources, contain certain proportion of manual work and be environmentally friendly. It is not just food and drinks, but a wide range of goods and services.

Among the first initiatives in regional branding in Slovakia can be included the introduction of quality labels linked to the specific regions. The Regio Danubiana quality mark guaranteed quality and origin in the region of 77 goods and services, but it is now inactive due to the lack of financial resources. The first cross-border regional brand in Central Europe is a regional brand Traditions of the White Carpathians, which is active at the Czech and Slovak part of the White Carpathians,<sup>24</sup> Slovakian brand was put into practise in 2006 and up to now was given to 19 regional products which can be used in tourism development. In 2008 the non-profit

<sup>24</sup> *Regional brand Traditions of White Carpathians*. [online]. [2016-08-27]. Available at: <<http://www.tradicebk.cz/znacka-tbk>>.

organization Regional Environmental Center Slovakia (REC) began with the regional product branding in Kysuce, Záhorie and Small Carpathians. Local action groups took the initiative in launching regional brands in Slovakia after completion of the projects Parks&Economy and Greenbelt funded by the EU, which were focused on regional branding. From the original three regional brands the two appear to be inactive (Kysuce and Malé Karpaty) forasmuch as that they do not publish any information on regional brands or call for applications for the certificate. Despite the fact that the standards for certification and logo of regional brands were not always consistent, local action groups agreed to have a single graphic design of the logo.<sup>25</sup> In addition to the already mentioned brands also regional brands Podpol'anie, Hont, Ponitrie, Gemer - Malohont, Karsticum, Upper Liptov, Malodunajsko – Galantsko and Kopanice are active. They have together certified 248 regional products.

The most preferred types of certified regional products are craft and art goods. Their number in Slovakia was 96 up to September 2016 of which prevailed textile and wool goods, and wood and stone goods. In the second place are 79 food and agricultural products. This group is dominated by beverages such as wine, mead, beer and spirits, reflecting the long-standing winemaking tradition in Slovakia. The offer of honey (31), which is in the category of natural products, is significant too. It is surprising that despite the rich supply and a long tradition in the production of cheese and other dairy products, there are only few certified farm products. Only 31 regional hospitality establishments asked for certification up to the September 2016 dominated by Karsticum region and private accommodations. Adventures and events have certified seven subjects (Table 5). The comparison of regional brands shows that the highest number of certified regional products provides Karsticum region (41), the Upper Liptov (39) and Hont (35). Tourist regions with high potential for tourism development, such as High Tatras, Považie, Orava, Turiec, Horehronie, Spiš, Šariš, Zemplín and Abov, miss the regional branding.

The supply of certified adventures and events, hospitality establishments and natural products is also insufficient. In terms of time comparison is the development of regional brands relatively favourable. It was certified 189 regional products in January 2015, which is compared to September 2016, increase by 31%. Regional brands increased the most in the category of hospitality establishments (182%) and food and agricultural products (44%). The lowest increase in certification was in the category of art and craft goods (10%), although their number was the highest among all categories during both periods. As regards regional comparison, the number of regional brands increased annually only in 5 of the 10 regions with the highest increase recorded in the Hont region. In two regions, there was no change in the number of regional brands, and in three regions, their number has decreased.

### 3.3 Comparison of demand and supply of regional products in tourism

In order to utilize positive impacts of production and sales of regional products in tourism development, it is necessary to ensure the consonance of the demand and

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<sup>25</sup> ŠTENSOVÁ, A.: Značky regionálnych produktov na Slovensku v kontexte rozvoja regiónu. In *Deturope - The Central European Journal of Regional Development and Tourism*, 2013, Vol. 5, No. 2, p. 37-59. [online]. [2016-09-10]. Available at: <[http://www.deturope.eu/img/upload/content\\_20811366.pdf](http://www.deturope.eu/img/upload/content_20811366.pdf)>.

supply. Visitors expect regional products purchased on holiday in Slovakia to be produced in the region by local producers using local ingredients according to the traditional recipes and manufacturing processes. Local action groups in Slovakia, providing regional branding, can give regional brand only to products that are from a local manufacturer or service provider, are unique to the region, are of good quality, contribute to the preservation of traditions, use traditional manufacturing processes and local resources, include certain proportion of manual work and are environmentally friendly. Supply of regionally branded products meets the requirements of visitors on regional products. In addition to the requirements of visitors on the origin of the products in the region, the local producers, local ingredients and traditional manufacturing processes, the regional brands are also unique to the region, are of good quality, contribute to the preservation of traditions, contain a certain proportion of manual work and are environmentally friendly. Visitors can thus be sure that the regionally branded products meet their preferences.

Visitors of Slovakia are interested mostly in local food and drinks and local events. According to the structure of regional brands in September 2016, we can say that the supply does not correspond with the demand on regional products, because the brands have been given mainly to craft and art goods. The number of regional brands in the category of events was the lowest of all categories. Positive is that in comparison to the previous year the number of regional brands has increased in the category of food and agricultural products. The importance of branding food and agricultural products is supported by the fact that respondents have considered these products the most typical for Slovakia.

## REGIONAL BRANDING

**Table 5: Regional brands in Slovakia**

Subcategory	Type		Goods										Services						Adventures and events	Total (year 2016)	Total (year 2015)							
	Category	Art and craft goods	Food and agricultural products										Natural products									Hospitality establishments						
Traditions of White Carpathians	1	1	x	3	1	x	4	1	1	x	2	x	2	x	x	x	x	x	x	x	x	x	x	x	x	19	19	
Záhorie	x	4	1	1	1	x	2	x	1	3	1	2	x	x	x	3	x	x	x	x	x	x	x	x	x	2	21	28
Podpol'anie	5	x	x	5	1	1	1	4	x	1	x	x	3	x	x	3	x	x	1	x	x	x	x	x	x	x	24	20
Hont	4	1	2	2	1	2	4	1	2	1	6	2	x	x	6	x	x	1	x	x	x	x	x	x	x	x	35	9
Pontrie	1	x	x	x	x	1	1	1	1	x	2	2	1	x	x	3	1	1	x	x	x	x	x	x	x	x	13	17
Gemer Malohont	2	1	x	3	x	2	x	3	1	x	2	2	x	x	4	x	4	x	x	x	x	x	x	x	x	x	18	13
Karsticum	2	x	1	x	x	1	2	2	1	x	5	1	x	x	4	x	x	3	11	6	1	x	x	1	41	21		
Upper Liptov	12	3	1	12	3	6	1	x	x	x	x	x	x	x	1	x	x	x	x	x	x	x	x	x	x	39	41	
Malodunajsko	x	x	x	x	1	1	x	2	3	1	2	x	1	x	x	2	1	1	2	x	x	x	x	2	2	21	21	
Galantsko	x	1	1	1	1	1	1	2	2	1	2	x	x	1	3	x	1	1	2	x	x	x	x	2	2	17	0	
Kopanice	27	11	6	29	6	17	15	16	12	6	21	9	1	1	31	2	2	7	13	6	1	0	2	7	248	x		
Total (year 2016)	96						79						35						31						7	248	x	
Total (year 2015)	19	14	3	29	5	17	10	10	8	5	17	5	2	0	25	3	2	3	1	3	0	0	2	6	6	x	189	

Source: Own processing

### Conclusion

Regional products have positive influence on regional economics, environment and preserving cultural heritage. They have the ability to differentiate the destination, strengthen its competitiveness and increase attractiveness of the region to visitors. All these reasons make it necessary to recognize regional products, make them easily accessible and promote them appropriately. One way how to do it is regional branding. The brand will guarantee that the product will be manufactured in particular region by local producers from local materials according to traditional manufacturing processes. Even though the respondents didn't find regional brand as the most important attribute in their buying motivation, the study shows that they would buy more regional products during the stay in Slovakia, if they were easier to recognize. This recognition can be facilitated by regional brand. There are no regional brands originated in the regions of significant potential for tourism development. We also miss the supply of certified regional events, adventures, hospitality establishments and natural products. According to the study, regional branding needs to be extended also in categories of food and agricultural products seeing that these are the most demanded types of products in tourism. Education and edification in the field of regional products and their benefits could motivate producers to offer and certify their products and visitors to buy them.

National coordination and promotion of regional branding in Slovakia is covered by the National network of local action groups. They should focus on the support of regional branding, unification of the categories of regional products and the terms of brand granting, providing up to date information and common marketing. It's also important to keep coordinated attitude and provide steady financing of these activities. Possibilities for financing of regional branding are subsidies and grants, financial support from regional and local authorities, sponsorship, free promotion (PR, presentation events associated with tourism promotion, marking official selling points etc.) or commission on selling branded products e.g. through e-shops, internet reservation systems, local shops and events. We consider good recognition and accessibility of regional products as an important condition for utilizing them in tourism. Products accessibility and visitors' interest in the region can be increased by selling regional products at traditional festivals, markets, feasts and other events. These events themselves belong to the most preferable regional products. Availability can be also supported by distributing them into local shops and visitor centres. Regional products recognition can be achieved by quality promotion and giving valuable information to visitors before and during their stay in the tourist destination. This study is not free from limitations. First of all, research sample could consist of more respondents enquired personally in all tourist regions of Slovakia, which might offer more accurate results. It might also be interesting to repeat the research a few years later to verify the fruitfulness of regional branding in Slovakia on utilization of regional products in tourism. Additionally, it would be interesting to analyse the perceptions, experiences and awareness of foreign tourists concerning regional products in Slovakia.

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## WILLINGNESS TO PAY FOR LABELLED REGIONAL FOOD IN VYSOČINA REGION

*Martina Chalupová – Stanislav Rojík – Martin Prokop*

### Abstract

The article presents partial results of the research on regional food and their labelling schemes in Vysočina Region. Particularly, it focuses on two main research questions: the value that consumers connect with regional food labels and their willingness to pay for the labelled food. Presented results are part of longitudinal research of Czech regional food and regional labelling schemes, with focus on Vysočina Region. Research was conducted in January – March 2015 in each of the region's district, it had a quantitative design. Correspondence analysis, a multivariate statistical technique, has been chosen to analyze the data. Results show that respondents generally are able to identify several benefits of regional food labels, they strongly agreed that the labels represent a symbol of the support of local producers and also that they help consumers differentiate the food production. As for the regional food with Vysočina regional labels, nearly three quarters of respondents (73.5%) were willing to pay a higher price, but their willingness was limited – ideally, surcharge should not exceed 10%. Further analysis revealed that respondents preferences are dependent on their gender, age and income, but not residence in town/village.

### Key words:

Correspondence analysis. Regional label. WTP. Vysočina Region.

### Introduction

Since the beginning of the century an increasing demand for regional products have been observed in EU countries,<sup>1</sup> including Czech Republic. Significantly higher preference of domestic food production (national, as well as regional and local) among Czech consumers may be considered the lasting trend.<sup>2</sup> Regional food represents a certain act of resistance to the globalized (placeless) production that is standardized and homogenous in taste.<sup>3</sup> Regional product (food) may be defined as one of a quality and prestige can be attributed to its region of origin, important attribute is that it is marketed using the name of the region of origin.<sup>4</sup> To consumers, reliable information and strong guarantees of the food origin and quality are necessary. Regional food labels may play this role, as they are intended to help improve information flow between producers and consumers about the products'

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<sup>1</sup> See: LOUREIRO, M. L., UMBERGER W. J.: Assessing Consumer Preferences for Country-of-Origin Labelling. In *Journal of Agricultural and Applied Economics*, 2005, Vol. 37, No. 1, p. 49; McENTEE, J.: Contemporary and Traditional Localism: Conceptualisation of Rural Local Food. In *Local Environment: The International Journal of Justice and Sustainability*, 2010, Vol. 15, No. 9, p. 785; SCHERMER, M.: From „Food from Nowhere“ to „Food from Here“: changing producer-consumer relations in Austria. In *Agricultural Human Values*, 2015, Vol. 32, No. 1, p. 121.

<sup>2</sup> See: TURČINKOVÁ, J., KALÁBOVÁ, J.: Preference regionálních potravinářských produktů v České republice a na Slovensku. In PETRANOVÁ, D., ČÁBYOVÁ, L.: *Specifická regionálního a neziskového marketingu*. Trnava : FMK UCM in Trnava, 2011, p. 206; VELČOVSKÁ, Š., DEL CHIAPA, G.: The Food Quality Labels: Awareness and Willingness to Pay in the Context of the Czech Republic. In *Acta Univ. Agric. Silv. Mendelianae Brun*, 2015, Vol. 63, No. 2, p. 647.

<sup>3</sup> CASINI, L. et al.: Trends in food consumptions: what is happening to Generation X?. In *British Food Journal*, 2015, Vol. 117, No. 2, p. 705-718.

<sup>4</sup> ITTERSUM VAN, K. et al.: Consumers' Appreciation of Regional Certification Labels: A Pan-European Study. In *Journal of Agricultural Economics*, 2007, Vol. 58, No. 1, p. 1.



characteristics and enable their choices<sup>5</sup>. Some authors<sup>6</sup> presume that by capturing respondents' observable characteristics that influence their WTP for specific product traits, it might be easier for marketers and policy makers to identify and target segments of consumers. Other authors<sup>7</sup> suggested that as the local (regional) food involves a social component, it is important to test how demographic characteristics of consumers affect WTP for local food.

In the Czech Republic, two institutional platforms certifying regional products appear to be most prominent: 'Regional Food' labelling scheme established by the Ministry of Agriculture and Association of Regional Brands (ARB) initiated by the governmental programs in the early 2000s. Labelling system 'Regional Food' represents an annual contest, in which a limited number of the best regional food products (produced by SMEs) are awarded a quality certificate and the right to use the logo for four years.<sup>8</sup> The programme is accompanied by the government marketing campaign including occasional direct supports to the participation in consumers lottery and food exhibitions. It was established in 2007 with logo identical for all regions (defined in accordance to the official NUTS 3 administration), Vysočina Region participated in the programme since the beginning. In October 2016 there were 51 products from Vysočina Region entitled to use the logo.

The other dominant platform for regional labelling schemes is coordinated by ARB, aiming to enhance attractiveness of well-established tourist regions, pointing out regional products as a new tourist activity, providing economical opportunities to the local communities. The key role of the program are playing LAGs, acting as the initiators and organisers of the local stakeholders. In October 2016 ARB involved 27 member micro-regions (Vysočina Region being the only region involved at the NUTS 3 level). In most regions the 'Regional Brand' is not restricted to food, certification commissions grant a label to handicraft products and tourist services, as well. Regional logos of the ARB members follow the similar design, but each has its own variant indicating also the region's name and character. The certification criteria include the product name (preferentially the local one), enterprises (SMEs) located in the regions, raw materials coming from the region to large extent, at least 5 year product history, unique quality and originality, handmade work and environment friendliness<sup>9</sup>. Label VYSOČINA Regional Product® was created in 2007, the first local producers received their certificates from the regional certification commission in 2008. In October 2016 there were 66 products that held VYSOČINA Regional Product label.

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<sup>5</sup> VECCHIO, R., ANNUNZIATA, A.: The role of PDO/PGI labelling in Italian consumers' food choices. In *Agricultural Economic Review*, 2011, Vol. 12, No. 2, p. 80-98. [online]. [2016-03-19]. Available at: <[http://www.eng.auth.gr/mattas/12\\_2\\_7.pdf](http://www.eng.auth.gr/mattas/12_2_7.pdf)>.

<sup>6</sup> BALOGH, P. et al.: Tackling heterogeneity in consumer willingness to pay for food attributes: an application to traditional foods. In *Food Policy*, 2015, Vol. 62, No. 2, p. 1.

<sup>7</sup> GRACIA, A., DE MAGISTRIS, T., NAYGA, R. M.: Importance of Social Influence in Consumers' Willingness to Pay for Local Food: Are There Gender Differences?. In *Agribusiness. An International Journal*, 2012, Vol. 28, No. 3, p. 361.

<sup>8</sup> For more information, see: BOŠKOVÁ, I., RATINGER, T., KLIČKOVÁ, K.: The food industry structure under the effect of increasing number of regional products and small processing entities in the Czech Republic. In *149th EAAE Seminar 'Structural change in agri-food chains: new relations between farm sector, food industry and retail sector'*. Rennes, France : SMART-LERECO, 2016. [online]. [2016-09-27]. Available at: <<http://ageconsearch.umn.edu/handle/244898>>.

<sup>9</sup> Ibidem.

The paper examines the influence of chosen demographic characteristics of respondents from Vysočina Region on their willingness to pay (WTP) for the food with the two presented regional labels. First, it presents methodology, following research results analysis that was focused on the test of dependence between gender, age, residence in town/village and income of respondents and their WTP for Vysočina labelled food. Conclusion presents practical guidance that could assist regional food producers in preparation of their marketing programs.

## **1 Materials and methods**

Research had a quantitative design, it was conducted between January and March 2015 in each of the Vysočina Region district. Demographics were limited to gender, age, residence in town or village and household income (see Table 1). Questionnaires were completed with the help of interviewers outside supermarkets and shopping centres, 819 of them were processed. The questionnaire consisted of 25 questions: apart from demographic questions and their buying decisions process, respondents were asked about the regional food labels awareness (spontaneous and aided awareness) and their willingness to pay for labelled regional food. This paper focuses on analysis of willingness to pay of inhabitants of Vysočina for the food with regional labels.

**Table 1: Vysočina Region population aged 15-65+ by gender, age groups and districts and respondents group characteristics**

<b>Criterion</b>	<b>Respondents from Vysočina Region</b>		
	<b>Group</b>	<b>Abs. frequency</b>	<b>Rel. frequency</b>
<b>Total</b>	<b>Population aged 15-65+</b>	<b>819</b>	<b>100.00</b>
<b>Gender</b>	Male	418	51%
	Female	401	49%
<b>Age</b>	15-25 years	192	23%
	26-35 years	153	19%
	36-45 years	171	21%
	46-55 years	124	15%
	56-65 years	122	15%
	66+ years	57	7%
<b>Residence</b>	Town	475	58%
	Village	344	42%
<b>Household income</b>	Insufficient	67	8%
	Satisfactory	342	42%
	Substandard	374	46%
	High	36	4%

Source: Own processing

Data have been processed with correspondence analysis (CA), a multivariate statistical technique. The method provides a means of displaying or summarising a set of data in two-dimensional graphical form. Contingency tables are an easy way of displaying relations among categorical data. Depending on the character of the data we then use suitable tests of independence. For the case of a

contingency table of the  $r \times c$  type ( $r$  is the number of rows,  $c$  is the number of columns) we most often use the test statistic:<sup>10</sup>

$$\chi^2 = \sum_i \sum_j \frac{(n_{ij} - e_{ij})^2}{e_{ij}}, \quad (1)$$

$e_{ij}$  is an expected and  $n_{ij}$  observed frequency. We use the statistic  $\chi^2$  in Pearson's chi-square test with asymptotically  $\chi^2_{(r-1)(c-1)}$  distribution. The null hypothesis of the test assumes independence. To use the Pearson's chi-square test the condition that maximum 20% of the expected frequencies are less than five must be met, in other case, we calculate simulated p-value of  $\chi^2$  statistic.<sup>11</sup>

Correspondence analysis (CA) is a multivariate statistical technique. In a similar manner to principal component analysis, it provides a means of displaying or summarising a set of data in two-dimensional graphical form. It is traditionally applied to contingency tables - CA decomposes the chi-squared statistic associated with this table into orthogonal factors. The distance among single points is defined as a chi-squared distance. The distance between  $i$ -th and  $i'$ -th row is given by the formula

$$D(i, i') = \sqrt{\sum_{j=1}^c \frac{(r_{ij} - r_{i'j})^2}{c_j}}, \quad (2)$$

where  $r_{ij}$  are the elements of row profiles matrix  $R$  and weights  $c_j$  are corresponding to the elements of column loadings vector  $cT$ , which is equal to mean column profile (centroid) of column profiles in multidimensional space. The distance between columns  $j$  and  $j'$  is defined similarly. The aim of this analysis is to reduce the multidimensional space of row and column profiles and to save maximally original data information. The total variance of the data matrix is measured by the inertia, which resembles a chi-square statistic but is calculated on relative observed and expected frequencies.<sup>12</sup> Software STATISTICA was used for processing of primary data.

## 2 Results and Discussion

Results of the research showed that the majority of respondents from Vysočina are willing to pay more for the food with regional labels that guarantee its origin in the region, but with a limit. Most of them showed willingness to pay (WTP) for the labelled food from Vysočina if the price is only 10% higher (318; 39% of all respondents), 27% (218) of respondents would pay 20% more. Only 8% (66) of respondents would always buy labelled regional food and only minimum of them (54; 6.6%) would never buy it. Pearson's chi-square test of independence with the level of  $\chi^2 = 24.873$ ; sig.  $p=0.00005$  ( $p<0.05$ ) has confirmed respondents' WTP for the labelled regional food from Vysočina is strongly dependent on their gender (see Table 2). It is apparent, that women are statistically significantly willing to pay more

<sup>10</sup> For more information, see: ŘEZANKOVÁ, H.: *Analýza dat z dotazníkových šetření*. Praha : Professional Publishing, 2011.

<sup>11</sup> For more information, see: HINDLS, R.: *Statistika pro ekonomy*. Praha : Professional Publishing, 2003.

<sup>12</sup> For more information, see: HEBÁK, P., HUSTOPECKÝ, J., MALÁ, I.: *Vícerozměrné statistické metody*. Praha : Informatorium, 2007.

for the food with regional label. Similarly, other authors<sup>13</sup> concluded that women are more likely to buy local (regional) food and pay a surcharge, their research showed that for men the effect was negative.

**Table 2: WTP for the labelled regional food from Vysočina Region according to gender**

<b>Are you willing to pay for the food with regional label guaranteeing its origin in Vysočina Region?</b>	<b>Female</b>	<b>Male</b>	<b>Row rel. frequencies</b>
<b>A</b> Yes, always	46	20	66
Column rel. frequencies	9.75%	5.76%	
<b>B</b> Yes, but max. 10%	136	82	218
Column rel. frequencies	28.81%	23.63%	
<b>C</b> Yes, but max. 20%	192	126	318
Column rel. frequencies	40.68%	36.31%	
<b>D</b> Very seldom	80	83	163
Column rel. frequencies	16,95%	23,92%	
<b>E</b> Never	18	36	54
Column rel. frequencies	3.81%	10.37%	
<b>Total</b>	472	347	819
<b>Pearson chi-sq. test</b>	$\chi^2$		<b>P</b>
Pearson chi-sq.	24.87316	df=4	p=0.00005

Source: Own processing

Further analysis focused on testing of dependence between WTP for the regional food with Vysočina labels and age. Results in Table 3 demonstrate strong dependence between the tested variables with Pearson's chi-square test at the level of  $\chi^2 = 44.06176$ , sig. p=0.00148 (p<0.05), allowing to draw a correspondence map (proven dependence and at least three values of observed variable).

**Table 3: WTP for the labelled regional food from Vysočina Region according to age**

<b>Are you willing to pay for the food with regional label guaranteeing its origin in Vysočina Region?</b>	<b>Age</b>						<b>Row rel. freq.</b>
	<b>15-25 A</b>	<b>26-35 B</b>	<b>36-45 C</b>	<b>46-55 D</b>	<b>56-65 E</b>	<b>66+ F</b>	
<b>A</b> Yes, always	11	7	16	22	5	5	66
Column rel. frequencies	5.73%	4.58%	9.36%	17.74%	4.10%	8.77%	
<b>B</b> Yes, but max. 10%	40	50	49	32	32	15	218
Column rel. frequencies	20.83 %	32.68 %	28.65 %	25.81 %	26.23 %	26.32 %	
<b>C</b> Yes, but max. 20%	88	50	73	36	52	19	318

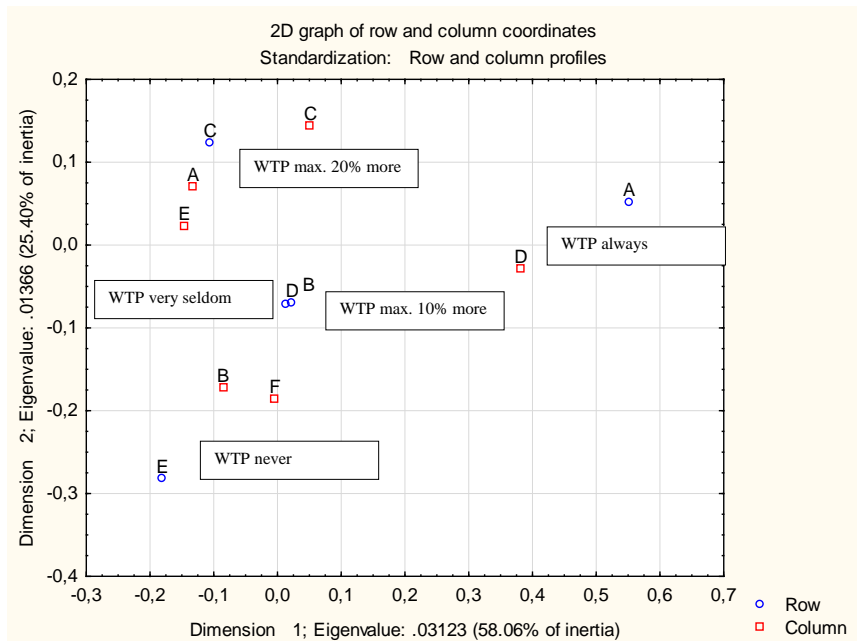
<sup>13</sup> GRACIA, A., DE MAGISTRIS, T., NAYGA, R. M.: Importance of Social Influence in Consumers' Willingness to Pay for Local Food: Are There Gender Differences?. In *Agribusiness. An International Journal*, 2012, Vol. 28, No. 3, p. 361.

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Column rel. frequencies	45.83%	32.68%	42.69%	29.03%	42.62%	33.33%	
<b>D</b> Very seldom	38	33	28	28	25	11	163
Column rel. frequencies	19.79%	21.57%	16.37%	22.58%	20.49%	19.30%	
<b>E</b> Never	15	13	5	6	8	7	54
Column rel. frequencies	7.81%	8.50%	2.92%	4.84%	6.56%	12.28%	
<b>Total</b>	192	153	171	124	122	57	819
<b>Pearson chi-sq. test</b>	$\chi^2$						<b>P</b>
Pearson chi-sq.	44.06176				df=20		p=0.00148

Source: Own processing

Graph 1 presents graphical output of the correspondence analysis, it displays how inhabitants of Vysočina are willing to pay for food with regional labels. Nearby points in the graph mean that respondents with age between 15 and 25, 36 and 45, 56 and 65 years are willing to pay preferentially max. 20% more for the labelled regional food. Age groups of respondents 26-35 and 66+ may be considered the ones that are relatively not willing to pay more for such food. Respondents who fall into age group 46-55 have the highest tendency to always pay a surcharge for a food with regional label.



**Graph 1: Correspondence analysis - WTP for the labelled regional food from Vysočina Region according to age**

Source: Own processing

## REGIONAL BRANDING

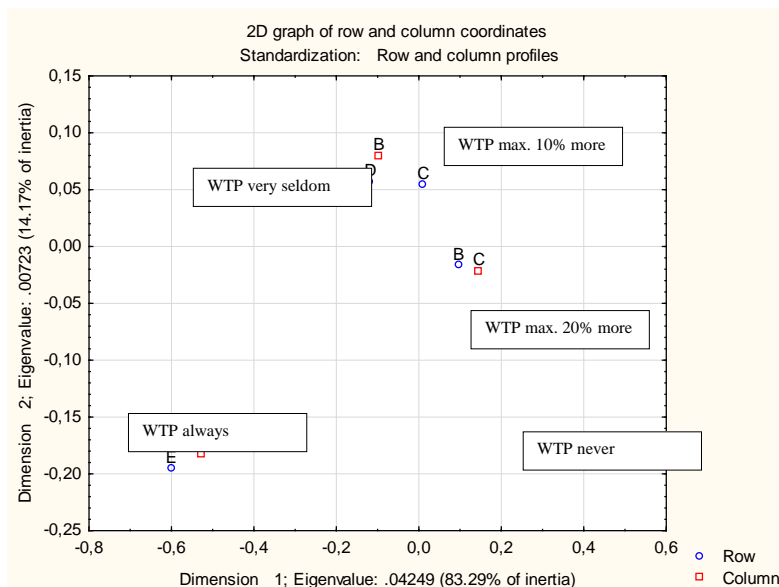
Dependence of the WTP for the food with Vysočina regional label and respondents' income was also tested, results showed strong dependence (Pearson's chi-square test of independence with the level of  $\chi^2 = 41.778$ ; sig.  $p=0.00004$ ,  $p<0.05$ ). As it is apparent from Tab. 4, respondents were asked to evaluate their income, the scale was ranging from insufficient income, sufficient finances for basic needs (standard), to substandard and high income. Table 4 also shows, that most respondents claimed their income was standard and substandard (87,4%), and these were the two groups of respondents that were willing to pay the most a surcharge for the labelled food.

**Table 4: WTP for the labelled regional food from Vysočina Region according to income**

Are you willing to pay for the food with regional label guaranteeing its origin in Vysočina Region?	Income				Row rel. freq.
	Insufficient A	Sufficient for basic needs (standard) B	Sub-standard C	High D	
<b>A</b> Yes, always	2	17	41	6	66
Column rel. frequencies	2.99%	4.97%	10.96%	16.67%	
<b>B</b> Yes, but max. 10%	14	86	106	12	218
Column rel. frequencies	20.90%	25.15%	28.34%	3.33%	
<b>C</b> Yes, but max. 20%	22	141	141	14	318
Column rel. frequencies	32.84%	41.23%	37.70%	38.89%	
<b>D</b> Very seldom	16	73	71	3	163
Column rel. frequencies	23.88%	21.35%	18.98%	8.33%	
<b>E</b> Never	13	25	15	1	54
Column rel. frequencies	19.40%	7.31%	4.01%	2.78%	
<b>Total</b>	67	342	374	36	819
<b>Pearson chi-sq. test</b>	$\chi^2$			<b>P</b>	
<b>Pearson chi-sq.</b>	41.77884		df=12	p=0.00004	

Source: Own processing

Correspondence analysis (Graph 2) showed, that respondents from Vysočina with standard income are willing to pay above all 10% more for the food with the regional label (but they also do it very seldom), those who were willing to pay 20% more claimed to have a substandard income. It is very surprising that respondents with insufficient income were the ones with relatively high willingness to pay always more for the food with regional label, while respondents with self proclaimed high income would rather not do it. It may be concluded that respondents with high income do not consider regional food labels as a signal of product with superior quality, worth paying a subcharche.



**Graph 2: Correspondence analysis - WTP for the labelled regional food from Vysočina Region according to income**

Source: Own processing

Further analysis focused on testing of dependence between WTP for the regional food with Vysočina labels and their residence in town or village. It confirmed the independence between the variables:  $\chi^2 = 8.225$ ; sig.  $p=0.08368$  ( $p>0.05$ ), residents of towns and villages in Vysočina tend to show relatively same willingness to pay for food with regional label.

**Table 5: WTP for the labelled regional food from Vysočina Region according to residence town/village**

Are you willing to pay for the food with regional label guaranteeing its origin in Vysočina Region?	Residence		Row rel. freq.
	Town A	Village B	
<b>A</b> Yes, always	44	22	66
Column rel. frequencies	8.53%	7.26%	
<b>B</b> Yes, but max. 10%	152	66	218
Column rel. frequencies	29.46%	21.78%	
<b>C</b> Yes, but max. 20%	184	134	318
Column rel. frequencies	35.66%	44.22%	
<b>D</b> Very seldom	102	61	163
Column rel. frequencies	19.77%	20.13%	
<b>E</b> Never	34	20	54
Column rel. frequencies	6.59%	6.0%	
<b>Total</b>	516	303	819
<b>Pearson chi-sq. test</b>	$\chi^2$		<b>P</b>
<b>Pearson chi-sq.</b>	8.224792	df=4	p=0.08368

Source: Own processing

### 3 Discussion and conclusion

Research results have significant marketing and policy implications the regional food producers involved in regional labelling schemes in Vysočina Region. They indicate that they should consider gender, age and income as statistically significant characteristics of consumers who are willing to pay for the food with regional label. Above all, they should focus their marketing efforts on female consumers, as their WTP for labelled food from Vysočina was significantly higher. As for the age, relatively strong WTP was observed among the respondents within age groups 15 and 25, 36 and 45, 56 and 65 years. Also income plays important role. Other authors<sup>14</sup> argue that price of the products with Czech regional labels may be likely least important element in their marketing mix, as these products have to be specific to the region, orchestrating the region's character. In that sense, labelled food should have above all clear positive regional reference, focusing the marketing communication on transfer of meaning of the regional labels to customers (f.e. their role in economical support of the region), and in that way increasing the preference of the regional food and WTP the premium price. Aside from the practical contribution of the analysis, authors are aware of some limitations. Presented article adopted quite basic statistics (correspondence analysis and chi-square tests), further research should run a cluster analysis to better profile customers in Vysočina Region interested in regional food. It should be also tested whether preference of the labelled regional food and WTP for it might be more dependent on the attitudes of the respondents towards their own region, their lifestyle and persuasions attitudes and perceptions regarding food – its freshness, taste and food safety, as well as support of local economy impact on WTP for regional foods, should be tested.

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<sup>14</sup> For more information, see: BOŠKOVÁ, I., RATINGER, T., KLIČKOVÁ, K.: The food industry structure under the effect of increasing number of regional products and small processing entities in the Czech Republic. In *149th EAAE Seminar 'Structural change in agri-food chains: new relations between farm sector, food industry and retail sector'*. Rennes, France : SMART-LERECO, 2016. [online]. [2016-09-27]. Available at: <<http://ageconsearch.umn.edu/handle/244898>>.



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## THE IMAGE OF THE POLISH MINING INDUSTRY IN THE BLOGOSPHERE IN 2015

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### **Abstract**

Building a positive image of an industry is of great importance when it comes to fulfilling any of its planned objectives as well as achieving results. The mining industry is one of the key industries in the Polish economy and the most important one for the Upper Silesian region (the most industrialized region in Poland). The industry's image in the eyes of the participants of the communication is deeply associated with social trust. Social trust with which the environment endows the industry and which releases the mutuality of this relationship. Consequently, the image builds loyalty which is one of the main forces driving the social-economic system for companies associated with the industry both directly and indirectly. Electronic communication has an increasing impact on shaping of this image – mainly due to the increasing, and often dominating, role of social media in the nowadays world. That is why the article authors present the results of the blog post analysis for the crisis year 2015. They aim to utilize such results to identify the image of the mining industry and also strive to identify the influence of the blog discourse on the abovementioned image. The statements of journalists, public figures, bloggers-miners were analyzed, as well as the comments beneath the posts, which give a certain insight into the way mining is perceived by the citizens as well as into the social reception of the industry in the crisis period of 01.01.2015 – 30.06.2015.

### **Key words:**

Communication. Image. Media. Polish industry mining. Social media.

### **Introduction**

The image of the Polish mining industry has great impact on its future. This is due to the fact that one of the key challenges that the industry is facing in the nowadays world is securing the social acceptance for the running a mining business. The emphasis placed on protecting the environment by both the public and European institutions proves to be a real challenge for mining companies that plan to maintain their operations and develop their position in the energy raw material suppliers market. Therefore creating a positive image of the Polish mining industry and its proper analysis are of great importance in terms of the development of the Silesian region as well as retaining the important position of the extractive industry on the market. The studies conducted so far in many cases did not focus on the image of coal mining industry and the existing analyses were based mostly on press research and surveys. Due to the increasing role of the Internet, electronic communication (including CSR 2.0) becomes increasingly more significant as it reaches a wider audience of stakeholders by means of internet channels. Therefore it seems that blogs (i.a.) would be a good source of knowledge although they are rarely used for image studies. This results from the methodological problems associated with research based on materials published on the internet.

The aim of this article is to determine the image of the coal mining industry emerging from the blogosphere. However, its proper and full analysis is hindered by the fact that the audience (stakeholders) interested in the issues of mining is diversified. It involves various groups – people working in the mining industry and the power

industry as well as journalists, politicians and citizens worried about the country and region's future who view it as this industry as one of many. The analysis focused on a small fraction of the blogosphere, however even such a limited study subject determined the elements which contribute to the image of the industry and which may be used by individuals involved in the decision-making process.

### **1 Political-economic situation of the Polish mining industry**

The context for the discussion around mining in Poland is determined by the role of coal in the Polish economy and by the economic situation of the mining industry in years 2012-2015. This discussion is a part of a broader economic discourse subject – the subject of energy industry, considered to be a significant segment of the whole economy as well as the citizens' life. The availability of coal deposits in Poland and in the world (compared with the competitive energy sources) and the resulting guarantee of its supply, connected with the ease of transport and storage (compared with gas and petroleum), as well as the low efficiency of the renewable energy sources and the social concern associated with nuclear power engineering cause that coal extraction in the world constantly increases despite the existence of competitive energy sources. According to the International Energy Agency, coal will remain as the primary raw material used for electricity production at least up to year 2030.<sup>1</sup> The extraction of coal plays a key role in the Polish economy, however the prospects for development in this area are not good. Coal mining demonstrates a declining trend, the industry requires financing and the European Commission's climate-energy policy is a serious threat to the branch. However, due to the rich deposits of this raw material, Poland is one of the most energy-safe (self-sufficient) countries in Europe. The Polish economy is able to fulfil most of the country's energy requirements from its own resources. This in turn guarantees independence which is especially significant in our geopolitical region. The factor that the Polish economy had almost no influence on, and which triggered the crisis in the Polish mining industry in 2015, was the situation on the global market of coal and other energy raw materials.

The increase in coal extraction, especially in countries where the costs of its acquisition and production are relatively low, caused the increase in its supply and a decrease in its price.<sup>2</sup> Additionally, large amounts of coal imported from the American market as well as the decrease in the prices of petroleum and gas (associated with the price of coal) deepened the abovementioned crisis, and caused an increase in the stock amount of this material.<sup>3</sup> However, the difficulties of the coal mining industry in 2015 did not result solely from the relatively low prices of the raw material. The high price of Polish coal is a derivative of other factors that constitute the cause of this crisis. The fault for the bad shape of the coal mining branch, aside

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<sup>1</sup> It is estimated that at least until year 2030, coal will remain as the primary raw material (over 37%) compared with the production of electricity (remark by the authors).

<sup>2</sup> According to the estimates made by Rafał Sadoch, an economist in Plus Bank, a 10 dollar decrease in the price of an oil barrel translates into a 3 dollar decrease in the price of a tonne of coal (remark by the authors).

<sup>3</sup> In 2014 the prices of coal decreased by 16%. The price of coal in ports in Amsterdam, Rotterdam and Antwerp amounted to 57 dollars per tonne in the January contract. In 2011, the price of coal amounted to 110 dollars per tonne – comp. Report of the Koliber Association - <http://analizy.koliber.org/files/raport-stan-polskiego-gornictwa.pdf> (remark by the authors).

high taxation and high extraction costs due to geological factors, is also attributed to the privileges of the managers and trade unionists as well as to poor mine management. The reasons behind the crisis in the coal mining industry as well as its possible solutions are a subject of many scientific and political discussions. It seems obvious that the mining branch, similar to any other branch, should be economically viable. It is believed that such a situation is quite possible, but the achievement of a permanent economic recovery of the Polish mining sector requires a deep and systemic restructuring of the whole branch as well as investments in new extraction and processing technologies.<sup>4</sup>

### **2 Studies on the image of the Polish mining industry – state of art**

The notion of image has many interpretations in the source literature. It appeared in the literature associated with the subject of public relations in middle of the 1950s.<sup>5</sup> 'The image of the company [branch] is influenced most of all by: the quality of the offered products and services, advertisement and promotion, undertaking actions for the benefit of the environment, cooperation with the environment as well as the local and national authorities, the method of resolving conflicts with the environment, actions on the international level and other. The image of the company may be planned and shaped using conscious and deliberate actions.'<sup>6</sup> K. Wójcik adds that image is a result of the method of communicating the personality/identity of the organisation.<sup>7</sup> According to the researcher, image creation is influenced by the intensity and quality of the communication regarding the organisation and also by the social reception of such communication. Many publications associated with the subject of image draw the attention to the 'temporariness' of the positive image, to the possibility of a constant image shift (the risk of change) and its modification related to the changing circumstances as well as the perception of the communication recipients. Image changes are especially visible in times of crisis.

When it comes to determining the image, studies are very helpful as they allow the organisation or industry to discover: (1) what is said of them, (2) what are the (social) expectations for their activity, (3) what has and what has not been understood from the hitherto communication, (4) what is positively and what is negatively evaluated (evaluation of the hitherto actions and communication), (5) what other branches is the unit compared to (competitors, collaborators).<sup>8</sup> The most well-known studies related to the image of the Polish mining industry involve the

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<sup>4</sup> Further increase in investments aimed at increasing extraction and efficiency as well as decreasing costs through increased mechanization of the extraction process should be expected. Despite the European Union's decarbonisation policy, investments in energy technology based on coal (fossil-fuel power stations) are conducted in the European countries (remark by authors).

<sup>5</sup> GOŁATA, K.: Wizerunek przedsiębiorstwa w kryzysie (na przykładzie Toyoty). In ADAMUS-MATUSZYŃSKA, A., MAĆKOWSKA, R. (eds.): *Public relations jako funkcja zarządzania w organizacjach*. Katowice : Wyd. Uniwersytetu Ekonomicznego w Katowicach, 2011, p. 78.

<sup>6</sup> PISAREK, W.: *Słownik terminologii medialnej*. Kraków : Universitas, 2006, p. 232. Image was defined similarly by: M. GRECH, W. BUDZYŃSKI, Z. KNECHT, M. BIEDERMAN.

<sup>7</sup> WÓJCIK, K.: *Public Relations. Wiarygodny dialog z otoczeniem*. Warszawa : Placet, 2001, p. 44.

<sup>8</sup> GRECH, M.: Badanie wizerunku – metody ankietowe. Metodologia badań. In GRECH, M. (ed.): *Badanie wizerunku: ludzie, marki, branże*. Wrocław : Instytut Dziennikarstwa i komunikacji społecznej Uniwersytetu Wrocławskiego, 2012, p. 14-15.

one conducted by Imago Public Relations and Press-Service Monitoring Mediów in 2011 – ‘The image of coal mining industry in 2010-2011’ („Wizerunek branży górniczej 2010–2011”).<sup>9</sup> The research was based on the material from printed press. The image of the industry was stable in these years, the number of positive and negative publications was similar and the majority of the opinions were neutral. Strikes, disasters and court judgements were considered the biggest threats.

### **3 Methodology of the studies on shaping the image of the industry in the blogosphere**

The analysis of the coal mining industry image in the blogosphere requires the researchers not only to exhaustively examine the texts, their construction and content, but also to utilize the knowledge associated with the context and political-economic situation of the industry. This is due to the fact that this knowledge determines the boundaries of the media discourse on the coal mining industry. Moreover, the analysis of the social media poses new challenges for the researchers. Such challenges include among others: an ever-changing area, a multitude of senders, large amount of material and the fact that the content is distributed using a variety of communication channels. When analysing the blogosphere, it is important to remember that the large amount of material makes it impossible to analyse it by means of the traditional method (without the use of computer tools that aid such an analysis). The recreation of the coal mining industry image in this article was commenced by an automatic analysis of the language which included indicating the most common collocations as well as keywords for the given statement types. Next, a semantic analysis was conducted which utilized the assumptions of syntax semantics, distributism and frame analysis referring to corpus analysis. The exact blog material research methodology was described by the authors in their article entitled ‘Outline of the concept of discursive blogosphere study’ (‘Zarys koncepcji dyskursywnego badania blogosfery’).<sup>10</sup> The research is based on a corpus of blog texts which comprises of both posts and comments associated with the subject of coal mining. The texts were published in the 01.01.2015 – 30.06.2015 period.

### **4 Distinctive elements of the image of Polish mining industry according to the bloggers**

Each of the groups involved in the creation of the Polish mining industry image in the blogosphere approaches the issues of the industry from the point of view of their own experiences, knowledge and values. The initial analysis of the texts (contents) using the natural language processing tools<sup>11</sup> proved that the decisive criterion, which grouped the texts in terms of the subjects raised, was the social role played by

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<sup>9</sup> For more information, see: *Raport "Wizerunek branży górniczej 2010 – 2011"*. [Electronic document]. Katowice : Imago PR, 2011.

<sup>10</sup> GOŁUCHOWSKI, J., KONIECZNA, D., LOSA-JONCZYK, A.: Zarys koncepcji dyskursywnego badania blogosfery. In SKOWRONEK, B., HORYŃ, E. (eds.): *Język a media. Zjawiska komunikacyjne we współczesnych mediach*. Kraków : Collegium Columbinum, 2015, p. 13-29.

<sup>11</sup> This includes the tools created for the purpose of this article as well as the ones available for general use and distributed through the clarin-pl.eu website (remark by the authors).

the sender. Therefore, it can be stated that the most commonly raised subjects and their evaluation correspond with the division into stakeholder groups.

#### 4.1 Coal mining industry as seen from the point of view of young miners

Blogs created by miners<sup>12</sup> working in various mines in the Silesian region were focused mainly on the subjects deemed by the employees as the most emotive. In 2015 such subjects included strikes, therefore the word strike was among the nouns used the most often in the analysed posts.<sup>13</sup> It is usually accompanied by phrases evoking negative connotations, e.g. 'regular war between strikers', 'lengthened strike', 'rough strikes'. However, the phenomenon itself is viewed by the authors as harmful, despite the fact that it is sometimes considered as a necessary means of struggle to assert their rights. The top ten of the most frequently used nouns also features the words director and trade unionist.<sup>14</sup> Conflicts usually arise between the director and the trade unionists (a group that young miners often want to distance themselves from), e.g. "All began (meaning the strike) with the idea of taking away the regeneration meal privilege from the administration employees – which met with a huge resistance from the side of the trade unionists (not miners!), followed by the director Jarosław Zagórowski's idea to fire the trade unionists who organised the solidarity action in the KWK Budryk mine (during the strikes in KW) which added fuel to the fire (hard to describe it otherwise). This is where the riot began'.<sup>15</sup> The trade unionist phrase has gained a new meaning in terms of negative connotations – trade unionists fight to only assert the rights to their privileges, they use miners and cause financial losses.

The texts created by miners most frequently utilize verbs such as: start (13) and know (13). The word 'start', in the analysed text, appears mainly in context of new propositions and hopes that something can be changed in the Polish mining industry. However, the verb 'know' is most often used in the first person form. The miner knows (mainly from his/her experience) – as an example - that the given situation will result in a strike, knows that if a strike will last longer, the restructuring will not be possible. Therefore 'knowledge' in this case refers to the awareness of the difficult situation in the industry. However, such knowledge does not prevent the miners from hoping that the situation can be changed and fixed.

When determining the coal mining industry image based on the blogs of miners as well as the image the miners themselves have (and which they communicate), one should differentiate two categories of the industry descriptions: 1. The descriptions of the overall situation in the industry, 2. The descriptions of the situations in the particular companies and mines. The descriptions related to the whole industry rarely mention any figures (tonnes, millions of PLN, etc.), but are usually associated

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<sup>12</sup> These blogs were created mainly by young people working as miners (remark by the authors).

<sup>13</sup> Mine (47 occurrences) and miner (24 occurrences) were the only nouns used more frequently. The word strike was used 23 times in posts amounting to a total of 2992 words including conjunctions and prepositions (remark by the authors).

<sup>14</sup> Director – 20, trade unionist – 15. The top ten of the most frequently used words also features the names of coal businesses (JSW and Kompania Węglowa) as well as the word company itself (remark by the authors).

<sup>15</sup> MŁODY GÓRNIK: *JSW Je suis wkurzony*. Released on 10<sup>th</sup> August 2016. [online]. [2016-08-10]. Available at: <<https://mlodygornik.wordpress.com/2015/02/04/jsw-je-suis-wkurzony/>>.

with the observations such as ‘The situation in the Polish coal mining industry is bad and everyone knows it. Since the beginning of the year strikes <<break out>> not only in mines – first in Kompania Węglowa, then in Jastrzębska Spółka Węglowa, next in Katowicki Holding Węglowy’.<sup>16</sup> The detailed descriptions, on the other hand, are associated with staff matters and the impact of the condition of the companies on the mines and their ability to operate (again – no hard data is available). Miners, especially young employees, have feelings of injustice as they would like to work in the profession they selected and accept changes, even if they are connected with sacrifices from their side. However, they are unable to do so, as to the trade unionists protect their own interests as well as the interests of the administrative staff and are unwilling to sacrifice anything in the name of restructuring. Moreover, the directors are usually incompetent and the government does not handle the coal mining industry matters in the right time, to avoid the society’s protests.

#### 4.2 Coal mining industry as seen from the point of view of journalists

Journalists usually view the coal mining industry through the so-called hard data – information on the amount of coal extracted, the prices of coal, the size of the debt, etc. Therefore the most common words used in their texts feature phrases such as: zloty, price and the numerals: tonne and million.<sup>17</sup> Such notions usually indicate the premises based on which the journalists will draw conclusions related to the situation in the industry, e.g. ‘When the lens of a satellite made pictures of our black hole 25 years ago, we extracted 180 millions of tonnes of coal, and the industry employed a force of 400 thousand people. Nowadays, 100 thousand employees in the Silesian region extract 60 millions of tonnes.// We have colossal amounts of stock coal, we are able to extract it, but are unable to sell it – it is too expensive. This is where the problem with the coal mining industry lies’.<sup>18</sup> This type of context appears the most frequently. Less frequent uses of these words are associated, as an example, with the use of the word tonne to magnify the meaning and evoke emotions in the reader, e.g. ‘Death is always painful, but seeing millions of tonnes of stock coal sold for half the price – it gets especially painful. To die... for this? That would be it’.<sup>19</sup>

Journalists often analyse the impact of the situation in the coal mining industry on the situation in the region. This results in the heightened use of the words Silesia and Silesian. On one hand, the texts focus on forecasts associated with the situation of the Silesian region without this industry (will it be able to cope with it and what industries should be developed) and on the other hand they focus on social matters, such as unemployment. Blogger journalists also devote their attention to potential reforms, restructurings and reorganisations,<sup>20</sup> this justifies the presence of verbs

<sup>16</sup> See: MŁODY GÓRNIK: *Może pora zacząć słuchać młodych*. Released on 10<sup>th</sup> August 2016. [online]. [2016-08-10]. Available at: <<https://mlodygornik.wordpress.com/2015/02/11/moze-pora-zaczac-sluchac-mlodych/>>; MŁODY GÓRNIK: *JSW je suis wkurzony*. Released on 10<sup>th</sup> August 2016. [online]. [2016-08-10]. Available at: <<https://mlodygornik.wordpress.com/2015/02/04/jsw-je-suis-wkurzony/>>.

<sup>17</sup> Respectively zloty 22, price 18, tonne 21, million 19 (remark by the authors).

<sup>18</sup> DZIADUL, J.: *Śląsk bez kopalń*. Released on 10<sup>th</sup> August 2016. [online]. [2016-08-10]. Available at: <<http://dziadul.blog.polityka.pl/2015/03/22/slask-bez-kopaln/>>.

<sup>19</sup> DZIADUL, J.: *Człowiek groźniejszy od żywiółów*. Released on 10<sup>th</sup> August 2016. [online]. [2016-08-10]. Available at: <<http://dziadul.blog.polityka.pl/2015/04/01/czlowiek-grozniejszy-od-zywiolow/>>.

<sup>20</sup> Comp. frame analysis of the mentioned notions – GOŁUCHOWSKI, KONIECZNA, LOSA-JONCZYK.

such as conduct and change. Despite the fact that the journalists see the industry in a far worse state than the miners, they still have hope that it can be fixed, or at least that its course can be diverted from leading into a social-economic disaster through the closure of some (most of) the mines.

The blogs of journalists very frequently feature the notion of the coal mining industry (fourth term in terms of frequency in the posts made by blogger journalists). In comparison, the phrase was almost non-existent in the miners' blogs (where the focus was placed on the companies and miners and not the industry itself). The industry is described from a variety of perspectives, e.g. historical: 'It was under Gierek's government, that the mining industry experienced its renaissance.'<sup>21</sup> sociological: 'Our coal mining industry can be characterised as social – it provides employment, but does not define any perspectives for Silesia'<sup>22</sup> or economic: 'Bogdanka is a thorn in the flesh of the Polish mining industry. In 2014 it increased coal extraction by one million tonnes (up to 9,3 million) which resulted in <<eliminating>>, or to put it in more gentle words – in pushing the <<Pokój>> mine in Ruda Śląska out of the market.'<sup>23</sup>

#### 4.3 Coal mining industry as seen from the point of view of the energy industry employees

In their blogs, the people working in the energy industry and the analysts of this market, focus on the relationships between the energy and the coal mining industries, indicating that the problems in the mining industry may result in issues in their sector. One of the most frequently used words is the notion of problem (23 occurrences). This noun is usually accompanied by the coal mining industry phrase, or the word coal, e.g. 'unless the aim is to make this apolitical expert a scapegoat of the deepening **problems** of the mining sector.' The blog entries place bad management, coal mining industry privileges and the ineptitude of the government as the main problems in the mining industry. The fact that this industry experiences issues is considered as a normal situation. Moreover, this information is usually presupposed in the sentences (the sense of the sentence requires us to assume that the mining industry is in a difficult situation).<sup>24</sup> Similarly to the entries made by journalists, hard data occurs here as well, but not as often. The coal mining industry phrase itself (25 occurrences)<sup>25</sup> is usually accompanied by the notions of shutdown, problem, crisis, e.g. 'It is a factor especially important in time of crisis, which is so apparent in the Polish coal mining industry'.<sup>26</sup> The noun 'restructuring' is the most

<sup>21</sup> DZIADUL, J.: *Zagłębie Dąbrowskie pożegnanie z węglem*. Released on 10<sup>th</sup> August 2016. [online]. [2016-08-10]. Available at: <<http://dziadul.blog.polityka.pl/2015/05/28/zaglebie-dabrowskie-pozegnanie-z-weglem/>>.

<sup>22</sup> DZIADUL, J.: *Śląsk bez kopalń*. Released on 10<sup>th</sup> August 2016. [online]. [2016-08-10]. Available at: <<http://dziadul.blog.polityka.pl/2015/03/22/slask-bez-kopaln/>>.

<sup>23</sup> DZIADUL, J.: *Polsko-polska wojenka węglowa*. Released on 10<sup>th</sup> August 2016. [online]. [2016-08-10]. Available at: <<http://dziadul.blog.polityka.pl/2015/03/03/polsko-polska-wojenka-weglowa/>>.

<sup>24</sup> Comp. also 'Same problems – the decrease in the prices of coal on global markets and a business model not suitable for the amount current income', etc. (remark by the authors).

<sup>25</sup> Derivatives of this phrase were also frequent, e.g. coalmining (adjective), etc. (remark by the authors).

<sup>26</sup> JAKOBIK, W.: *Papież, wyciek akt i bomba górnicza*. Released on 10<sup>th</sup> August 2016. [online]. [2016-08-10]. Available at: <<https://wjakobik.com/2015/06/15/papiez-wyciek-akt-i-bomba-gornicza/>>.



neutral word associated with this industry. People associated with the energy industry also pay attention to the matters related with the protection of the environment and the emission of gases into the atmosphere. The subject is usually approached from the finance point of view to comment the changes in the international agreements connected with gas emissions.

#### 4.4 Coal mining industry as seen from the point of view of a 'normal citizen'

The utterances of the group described as 'normal citizens'<sup>27</sup> proved to be most complex and the most difficult to analyse. The most frequently used words in this group included ones that did not occur in any other of the abovementioned groups. Such words include nouns<sup>28</sup> such as: Poland (102), Pole (46)<sup>29</sup> (with 53 occurrences of the word Silesia), man (44), work (44), authority (35) and the verbs know (39) and must (32). The word miner is used much more frequently (35 occurrences) than the coal mining industry phrase. This implies that the utterances, similarly as in case of the miners' entries, approach these subjects from the points of view of particular mine cases (seldom as overall). The entries also include statements which are associated with an international context, e.g. Germany seeks coal in Orzesze, Czechs in Czerwionka-Leszczyny, etc. This can be considered as an argument indicating that the Polish mining industry can be profitable, given the fact that other countries are willing to make investments in Poland. Moreover – the coal mining industry is considered as a strategic sector, e.g. 'It's obvious that we cannot abandon the resources of a strategic raw material – coal.' The difficult situation in the Polish mining industry is also perceived as a result of attacks on the Polish independence: 'That justifies the constant attacks on the Polish coal, on our anchor of independence'.<sup>30</sup> Despite the assumption made by most of the commenters, that the Polish mining industry experiences major issues, they see more possibilities for the sectors' recovery than journalists or energy industry workers.

### Conclusion

The conducted analysis allowed to outline the image of the Polish mining industry emerging from the discussions around it taking place within the blogosphere. The image of the industry formed by particular groups of stakeholders is similar, albeit differences occur. The analysis of blog entries provides the answers for all of the five questions mentioned earlier (see section 3). The most elaborate image emerges from the answers to the first of the five questions used to determine the image. Young miners provided an 'insider' approach to the issue, focusing mostly on the relationships between the particular employee groups. They tried to indicate the ones responsible for the difficult situation in the coal mining industry (they indicated

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<sup>27</sup> The GDF software not only divides the text into threads, but also creates graphs indicating the connections between the given statements (remark by the authors).

<sup>28</sup> This applies to frequent occurrences in comparison to the number of used words (remark by the authors).

<sup>29</sup> Derivatives of this word were also frequent, e.g. the adjective 'Polish' occurred 104 times (remark by the authors).

<sup>30</sup> Comment by Luap under an entry in the Jana Dziadula's blog *Śląsk z bliska*. (For more information, see: LUAP: *Śląsk z bliska*. Released on 10<sup>th</sup> August 2016. [online]. [2016-08-10]. Available at: <<http://dziadul.blog.polityka.pl>>).

trade unionists, administration workers, directors and persons responsible for the mining industry within the government). Moreover, they highlighted the fact that the coal mining industry is important and that the employed people are honest and hardworking. The journalists tried to objectify the image of the Polish mining industry by referring to hard data and comparing past and current situations. The industry is subject to high extraction costs which result in issues with the material sales. The employees of the energy industry placed the coal mining industry in the context of international agreements and conditions, due to the fact that they view coal as one of many raw materials used for energy production. They highlighted the fact that the image is impacted by the matters of environmental protection in the context of the costs that the industry will have to suffer to fulfil the international agreements associated with ecology.

Ordinary citizens perceive the mining industry from the safety perspective: both personal (what health effects the so-called low emission may have on each of us, what health dangers arise from a wide-scale coal heating of homes and water), energetic (how expensive will it be to keep my home heated) and national – how is the Polish political security influenced by the fact that Polish coal resources are available (and that there is no need to import this material). The question related to the social expectations for the mining industry was answered similarly by all groups: the industry should be viable. It should be fixed, having in mind the ecological aspect. The most controversial subjects include financing the mining sector and the possible health effects which may result from coal usage. The conducted analysis did not provide the answer for the next question: what has and what has not been understood from the hitherto communication of the institutions. The blogs did not contain opinions on the statements formulated by the companies. However, the analysis proves that due to the highly specialised language of the coal companies' statements, analyses and reports, the 'ordinary citizens' find it difficult to understand how the difficult situation is influenced by external factors, solutions implemented within the mines and on the government level.

The search for the answer to the question 'what other branches the unit is compared to' shows that bloggers and commenters usually refer to the experiences of other countries involved in coal extraction rather than to other branches. The only association with another branch exists between the mining and energy industries. The elements of the coal mining industry image discovered in course of this analysis should serve as a starting point to shape the communication aiming at creating a positive image of this industry. They allow to see what subjects should be focused on when communicating with the stakeholders. The effects of the positive industry image creation include the promotion of coal as a product that competitive when compared with other energy sources and the promotion of the industry itself as an ecological, economic and responsible (compliant with the principles of CSR) economy sector. As aptly noticed by the participants of the discussion within the blogosphere, this requires a coherent cooperation of the subjects operating within the industry, including trade unions which have an especially strong influence on the media, and whose image shifts into an increasingly more negative one. It is worth to mention that the new media are considered a channel which reaches mostly the

young and partially the middle aged audience.<sup>31</sup> A change in the coal-related communication that reaches such stakeholders through this channel may serve as a starting point to changing the image of the coal mining industry itself.

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<sup>31</sup> Although a thesis may be formulated that it reaches also the middle aged audience. This is due to the fact that most of such people declare the internet (including social media) as their main source of information. Furthermore, most of the content in the Internet is created by persons above the age of 25 (remark by the authors).

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## SUSTAINABLE CREATIVE INDUSTRIES VALUE CHAIN: KEY FACTOR OF THE REGIONAL BRANDING

*Emília Madudová*

### **Abstract**

The paper provides a deeper look into value chain logic in supply chain relationships in a creative industries value chains. In recent years, value has been recognized as a key factor in better understanding consumer behavior and thus gaining competitive advantage. The presented model describes and analyzes the industry participants, value chain processes, support and related environment, evaluate the relationship of stakeholders. The paper also takes into account the creation of value chain approach that describes the vertical and horizontal linkages. The chain of values represents the coordinated set of kinds of activity which create value for the enterprise, beginning from initial sources of raw materials for suppliers of this enterprise up to the finished goods delivered to the end user including service of the consumer. The value chain conception is important for the identification and development of the enterprise. The value creation activities can be a core competitive advantage which center on fostering relationships with key actors who can derive benefits from each other's value chain. It cannot forget the fact, that the regional location of the creative industries and their support at the both national and regional levels has become an integral part of the regional policy in the Slovakia and also as a part of a kind of "regional branding".

### **Key words:**

Creative industry. Supply chain. Value chain.

## **1 Introduction**

Value chain methodology is an extremely useful tool not only for manufacturing firms to conduct competitive analysis and formulate strategy.<sup>1,2</sup> Cultural products carry strong symbolic value which is determined by the social and cultural meanings associated with it that allow consumers to express individual and social identity via the purchase and use of the product.<sup>3</sup> In recent years, culture and creative industries play an important part in the national development policies in many developing countries. Culture or creative industry can be both high-tech and high-touch, highly creative and with potentials in economic development.<sup>4</sup>

### **1.1 Innovations due to close ties to customer and users**

Cultural and creative enterprises are not only innovative themselves in an above average way, they also trigger innovations in other sectors due to their marked tendency to cooperate with others. A large number of small enterprises and a high proportion of the self-employed characterize the market segments of cultural and creative industries; cooperation is, therefore, vital for companies' success. Creative

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<sup>1</sup> ŠTOFKOVÁ, J., MADLEŇÁK, R., ŠTOFKOVÁ REPKOVÁ K.: *Business Management*. Bratislava : DOLIS, 2015, p. 178.

<sup>2</sup> ŠTOFKO, S., ŠOLTÉS, V., ŠTOFKOVÁ, Z.: Options of using the integrated management system. In *Production management and engineering sciences*. Leiden, London : CRC Press/Balkema, Taylor & Francis Group, 2016, p. 267-272.

<sup>3</sup> HORNG, S., CHANG A., CHEN K.: *The Business Model and Value Chain of Cultural and Creative Industry*. London : Springer International Publishing, 2015, p. 63.

<sup>4</sup> EIKHOF, D., HAUNSCHILD, A.: For art's sake! Artistic and economic logics in creative production. In *Journal of Organizational Behaviour*, 2007, Vol. 28, No. 5, p. 523-538.

actors tend to operate in networks and maintain close collaborative relationships with suppliers, customers or partners. Creativity is a vital asset for innovation because innovation essentially involves the successful application of creative ideas. As a result, countries have begun to link the creative industries directly to innovation policy.<sup>5</sup>

## 1.2 Creative industries and the other involvements

Many policies related to the creative industries have been oriented towards supporting key sectors of content development. Networks and clusters in “creative industries networks” are vital sources of innovation. Creative industries networks also play a key role in linking local and regional places into national and global circuits of information and resources. The places where network connections converge and concentrations of creative industries are found are usually referred to clusters. Clusters have become more important to the new economy, not just as physical locations, but also as nodes in knowledge networks.<sup>6,7</sup> All the informal professional networks develop a specific group competence. In these networks, the division of labor, resource allocation and decision-making are organized through personal contacts. “Communities of Practice” comprise not only creative enterprises but increasingly also their suppliers and partners from other sectors. This is how creative enterprises contribute to the macroeconomic diffusion of more open, networked ways of working in the sense of open innovation.<sup>8</sup> Already<sup>9,10,11,12</sup> mentioned the necessity of collaboration with other supply chain members, to engender these innovations. Collaborative innovation involves contributors who share the work of generating a design and also reveal the outputs from their individual and collective design efforts to each other or agreed upon partners.<sup>13</sup> Being a complex, cross-organizational, multidisciplinary activity, collaborative innovations require interactions across multiple supply chain members.<sup>14</sup> Picture 1 describes the macroeconomic effects of creative industries.

<sup>5</sup> DERVOJEDNA, K et al.: *Creative Industries : Analysis of industry-specific framework conditions relevant for the development of world-class clusters*. Brussels : Bruegel, European Union, 2013, p. 25-58.

<sup>6</sup> OECD: Creative industries in the knowledge economy. In OECD (eds.): *Tourism and the Creative Economy*. Paris : OECD Publishing, 2013, p. 21-35.

<sup>7</sup> For more information, see: ŠTOFKOVÁ, K., ŠTOFKOVÁ, J.: Implementation of the knowledge management as a competitive advantage. In *EDULEARN10: International conference on education and new learning Technologies*. Barcelona : IATED, 2010.

<sup>8</sup> ARNDT, O. et al.: *The cultural and creative industries in the macroeconomic value added chain*. Berlin : Fraunhofer, 2012. [online]. [2016-08-05]. Available at: <[http://www.isi.fraunhofer.de/isi-w/Assets/docs/t/en/Engl\\_Kurzfassung-KKW-Wertschoepfungskette.pdf](http://www.isi.fraunhofer.de/isi-w/Assets/docs/t/en/Engl_Kurzfassung-KKW-Wertschoepfungskette.pdf)>.

<sup>9</sup> SKIPPARI, M., LAUKKANEN, M., SALO, J.: Cognitive barriers to collaborative innovation generation in supply chain relationships. In *Industrial Marketing Management*. In Press.

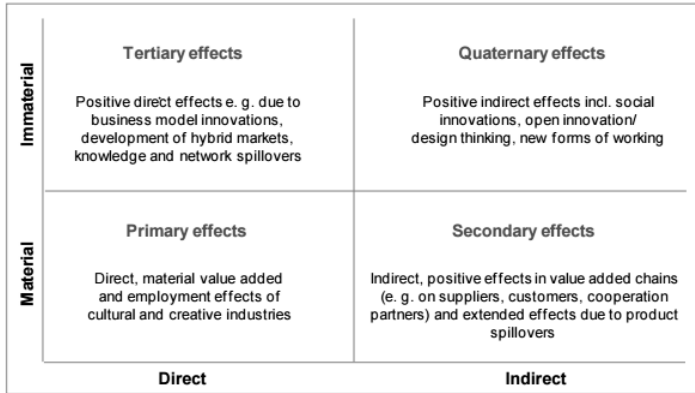
<sup>10</sup> GANESAN, S. et al.: Barton Supply chain management and retailer performance: Emerging trends, issues, and implications for research and practice. In *Journal of Retailing*, 2009, Vol. 85, No. 1, p. 84-94.

<sup>11</sup> VENKATESH, S. et al.: Innovations in shopper marketing: Current insights and future research issues. In *Journal of Retailing*, 2011, Vol. 87, No. 1, p. 29-42.

<sup>12</sup> MENTZER, J. T., MIN, S., ZACHARIA, Z. G.: The nature of interfirm partnering in supply chain management. In *Journal of Retailing*, 2000, Vol. 76, No. 1, p. 549-568.

<sup>13</sup> BALDWIN, C., HIPPEL, E.: Modeling a paradigm shift: From producer innovation to user and open collaborative innovation. In *Organization Science*, 2011, Vol. 22, No. 6, p. 1399-1417.

<sup>14</sup> DAVIS, J. P., EISENHARDT, K. M.: Rotating leadership and collaborative innovation recombination processes in symbiotic relationships. In *Administrative Science Quarterly*, 2012, Vol. 56, No. 2, p. 159-201.



**Picture 1: Macroeconomic effects of creative industry**

Source: ARNDT O. et al.: *The cultural and creative industries in the macroeconomic value added chain*. Berlin : Fraunhofer, 2012. [online]. [2016-08-05]. Available at: <[http://www.isi.fraunhofer.de/isi-wAssets/docs/t/en/Engl\\_Kurzfassung-KKW-Wertschoepfungskette.pdf](http://www.isi.fraunhofer.de/isi-wAssets/docs/t/en/Engl_Kurzfassung-KKW-Wertschoepfungskette.pdf)>.

## 2 Theoretical background

The theory describes many approaches dealing with creative industries. All these approaches try to define the most characteristics sign and strengths and weaknesses of the creative industry approach (Picture 2). The most discussed approach is the sectoral approach, where all jobs in each creative sector are considered to be „creative“, even when many functions within these sectors are arguably not creative (such as administrative functions in creative enterprises), while many creative people work outside the formal creative sectors (for example in the design of cars). The more recent employment-based approaches, such as the „creative trident“<sup>15,16</sup> combines people working in the creative industries and those working in specialist creative jobs in other firms and organizations. Creativity in the commercial creative industries is presented through the branding and packaging of individual talent and the personality cult fostered around stars and celebrities.<sup>17</sup> Yet, behind the scenes, a more realistic unit of analysis for creative processes and product is the team or the partnership. At the core of the creative team, is the double-act of the genius and the water-carrier.

<sup>15</sup> For more information, see: CUNNINGHAM, S., POTTS, J.: Creative industries and the wider economy. In CANDACE, J., LORENZ, M. (eds.): *Handbook of Creative Industries*. Oxford : Oxford University Press, 2013.

<sup>16</sup> CUNNINGHAM, S.: Developments in measuring the creative workforce. In *Cultural Trends*, 2011, Vol. 20, No. 1, p. 25-40.

<sup>17</sup> FLEW, T.: Creative suburba: rethinking urban cultural policy – the Australian case. In *International Journal of Cultural Studies*, 2012, Vol. 15, No. 3, p. 231-246.

Creative thinking, depends on upon a union of, contrasting abilities and styles of thinking or playing<sup>18,19</sup> have observed three features of the creative process that make its relationship to organizations complex:

1. Autonomy: individuals engaged in creative processes need to be given considerable scope to exercise independent judgement on how tasks are to be undertaken and organizational goals are to be achieved;
2. Non-conformity: since the nature of the creative process is that there is no single path to the realization of goals, individuals engaged in it are often non-conformist in their patterns of work, personal dress codes, forms of communication, etc.;
3. Indeterminacy: the goals of the organization are frequently emergent and arise through the creative process, rather than being set in advance of the process, as is more characteristic of problem solving approaches.

Model	Description	Implications
Sectoral model	Creative industries are viewed as an economic sector with distinctive value chain and important economic impact. The original approach was taken by the United Kingdom. Many other countries have adopted this approach, including Australia, Canada and Germany.	A focus on specific sectors that are relatively easy to identify and measure. May potentially strengthen the existing divisions between sectors and inhibit an integrated approach.
Concentric circles model	Creative ideas originate in the "core creative arts" and then disseminate outwards to the "borderline" and "peripheral" cultural industries. Model originally developed by Throsby (2001) and extended by The Work Foundation (2007). Originally used by academics, now more widely adopted by policy makers.	Identifies the creative content and "expressive value" involved in different creative activities and identifies the symbolic value of creativity. Poses the problem of adequately defining expressive value.
Symbolic texts model	Cultural industries essentially concerned with production of social meaning through the production and circulation of texts. Mainly used by academics.	Illustrates the very wide scope of creativity, which includes many functions outside the cultural industries themselves.
Intellectual property and copyright model	World Intellectual Property Organisation (WIPO) model of the "copyright industries" involved in the creation, manufacture, production, broadcast and distribution of copyrighted works or intellectual property (IP). Used to estimate the economic value of the copyright industries.	Allows the value of copyright sales to be calculated, but not all creative industries deal with IP, so has limited scope.
UNESCO Institute for Statistics trade-related model	Based on international trade in cultural goods and services. Used to calculate the export value of trade in cultural goods.	Provides a clear measure of the export value of cultural goods and services and therefore a useful tool for export-orientated policies. Provides limited coverage of creative sectors, and does not consider tourism-related exports.
Americans for the Arts model	Based on the identification of creative sectors related to the arts. Mainly used as a lobbying tool by the arts sector.	Relates very clearly to arts policy, but ignores links with technology, computing and other creative sectors.

**Picture 2: Models of the creative industries and associated concepts**

Source: UNESCO: *The 2009 UNESCO framework for Cultural Statistics (FCS)*. Montreal : Unesco Institute for Statistics, 2009. [online]. [2016-07-02]. Available at: <<http://www.uis.unesco.org/culture/Documents/framework-cultural-statistics-culture-2009-en.pdf>>.

Based on the case analysis of creative companies, Unesco<sup>20</sup> proposes a generic Culture Creative based value chain, which consists of six key components of value

<sup>18</sup> For more information, see: BILTON, C.: *Management and Creativity: From Creative Industries to Creative Management*. Oxford : Blackwell, 2007.

<sup>19</sup> For more information, see: DAVIS, H., SCASE, R.: *Managing Creativity: The Dynamics of Work and Organization*. Buckingham : Open University Press, 2000.



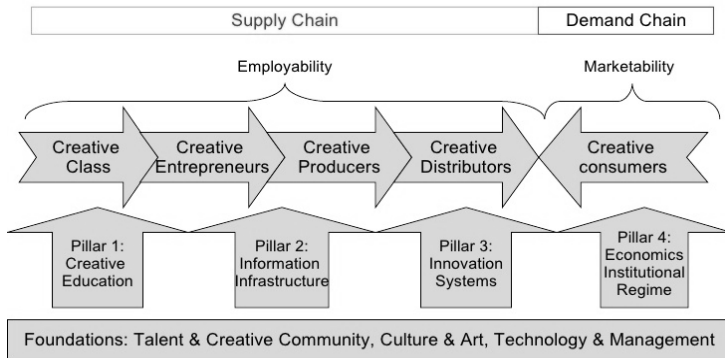
creation: culture, ideation, design, production, later on, there has been developed the culture cycle concept. The concept of culture cycle was developed to capture the process of value creation within and across these domains and includes **creation**, origination and authoring of ideas and content, **production** – making and production of cultural works, **dissemination** – distribution of generally mass producible cultural products to consumer and **exhibitors, exhibition and reception** – provisions of live and/unmediated experiences to audiences through granting or selling restricted access to consumption/participation in often time-based cultural activities, **consumption/participation** – activities of audiences and participants in consuming cultural products and taking part in cultural activities and experiences (Picture 3).



**Picture 3: Creative Value chain defined by Unesco**

Source: UNESCO: *The 2009 UNESCO framework for Cultural Statistics (FCS)*. Montreal : Unesco Institute for Statistics, 2009. [online]. [2016-07-02]. Available at: <http://www.uis.unesco.org/culture/Documents/framework-cultural-statistics-culture-2009-en.pdf>.

It is essential to distinguish between the different value chain actors. Miles identified the groups of actors within the creative industries (Picture 4).



**Picture 4: The Groups of actors within the creative industries**

Source: MILES, I.: *Innovation, Convergence and Creative (Service) Industries*. In *MOSTI – Service innovation seminar*. Manchester : Manchester Institute of Innovation Research, 2009. [online]. [2016-07-02]. Available at: <http://www.slideshare.net/IanMiles/creative-industries-innovation-and-digital-convergence>.

<sup>20</sup> UNESCO: *The 2009 UNESCO framework for Cultural Statistics (FCS)*. Montreal : Unesco Institute for Statistics, 2009. [online]. [2016-07-02]. Available at: <http://www.uis.unesco.org/culture/Documents/framework-cultural-statistics-culture-2009-en.pdf>.

### 3 Methodology

The methodology consisted of research activity – mapping the value and supply chains of the creative firms. According to the Statistic Office of the Slovak Republic, there has been defined the creative industries according to SK NACE codes (Table 1). The research focuses mainly on Music, visual and Performing arts creative industry, Fashion Design creative industry, Architecture creative industry, Advertisement creative industry and ICT creative industry. There were researched 450 firms operating in these creative industries mentioned above. There was achieved the maximum range of errors around  $\pm 9\%$  and the reliability of research results about 90%. Primarily, there were interviewed firms, which are the best visible in the individual Slovak regions – their names are associated with major projects; firms which cooperate with the Slovak universities in university practice projects. As an appropriate method of the research was the method of standardized interview identified. Despite the scenario stated the interview had free course in all cases, which reflected the respondent's freedom to express his/her and in articulating his/her opinion on an issue.

Table 1: Creative industries in the Slovak Republic

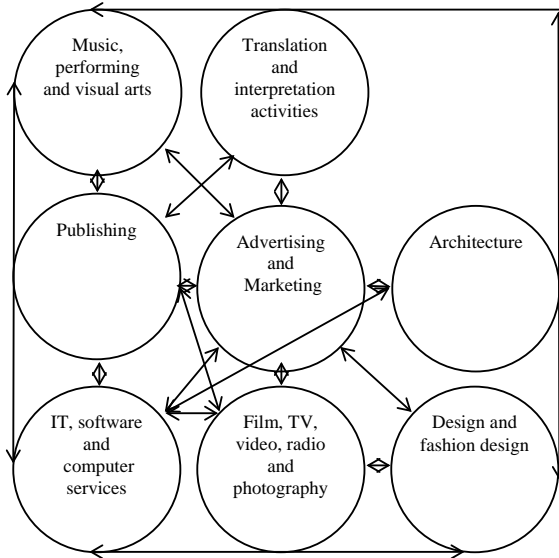
<b>CREATIVE INDUSTRY</b>	<b>SK NACE CODE/DESCRIPTION</b>
<b>Advertising and Marketing</b>	70210 PR and communication activities 73110 Advertising agencies 73120 Media representation
<b>Architecture</b>	71110 Architectural activities
<b>Design and fashion design</b>	74100 Specialized design activities
<b>Film, TV, video, radio and photography</b>	59110 Motion Picture, video and TV program production activities 59120 Motion Picture, video and TV program post-production activities 59130 Motion Picture, video and TV program distribution activities 59140 Motion Picture projection activities 60100 Radio broadcasting 60200 TV programming and broadcasting 74200 Photographic activities
<b>IT, software and computer services</b>	62010 Computer programming activities 62020 Computer consultancy activities
<b>Publishing</b>	58110 Book publishing 58120 Publishing of directories and mailing lists 58130 Publishing of newspapers 58140 Publishing of journals and periodicals  58120 Publishing of computer games 58290 Other software publishing
<b>Translation and interpretation activities</b>	74300 Translation and interpretation activities
<b>Music, performing and visual arts</b>	59200 Sound recording and music publishing activities 85520 Cultural education 90010 Performing arts 90020 Support activities to performing arts 90030 Artistic creation 90040 Operation of arts facilities

Source: Own processing according to SK NACE Codes

**4 Results**

Value chains within creative industries are often diverse and complex without a strong organizing entity. The value added scale and the relationship of the value and supply chains differs. This difference is based on the creative industry and the character of the creative activity (creative original producer or creative service provider). Even when the creative sectors act independently on the market, some creative sectors are involved in the others creative sector (Table 2 and Picture 5).

As can be seen in Picture 5, the creative sector of Advertising and Marketing constitutes a network with other creative sectors and is an integral part of every creative product and service. This creative sector of Advertising accompanies most of the creative products with a proper marketing communication. IT sector is tied to all the creative sectors in relation to special programming and software solutions in Film, TV, photography sector, music and performing arts, a new way of fabric printing in fashion design etc.



**Picture 5: Involved Creative Sector**  
Source: Own processing

Creative industries comprise also a variety of subsectors. Creators of the creative product are creative originators, who through creative enablers/facilitators disseminate and distribute and disseminate the creative product to the customer. The main trend in value chain logic is based on the exchange of user-generated content for merchandise and non-monetary rewards such as prestige and visibility inside the consumer community. The most important involvements in value chain mechanism presents Table 2. As can be seen, the creative industries can be defined as the creative original producers, creative service providers, and creative content producers. There is always any creative sector involved. As written above the there is

also the necessity of the creative originator who through the creative enablers/facilitators create the creative product and through the distribution, mechanism brings this product to the customer.

Very important role in the value chain pay the key public institutional involvements. These actors can also build up stakeholders groups including industry associations, regional development agencies, chambers of commerce, municipalities, business networks, educational institutions etc. All these networks should promote a conducive creative environment. Nowadays, it has become more important for firms in the creative industries to have different competencies (to have creators, distributors and technological professionals). Not only different professionals with these skills, but also increasingly professionals, that have all these different skills. The supply chain mainly generally consists of creation, production, dissemination, exhibition and consumption, the value chain differs. Very special cases of the creative industries are the Advertising and Architecture creative industries. In these industries, where the first impulse of the creative idea generation is the customer, moreover, the creative industry value chains are often complex without a strong organizing entity.

**Table 2: Value chain Mechanism**

<b>Creative Field</b>		<b>Involved Creative Sector</b>	<b>Creative Originators</b>	<b>Creative Enablers/Facilitators</b>	<b>Creative Distribution Mechanism</b>	<b>Public Institutional Involvements</b>
<b>Music, visual and performing arts</b>	<i>Creative original producers</i>	Advertising Publishing IT Design Fashion Design	Screen Writer, Choreographer, Composer, Producer	Independent Journalists Art Photographers Agents Publishers Educational institutions	Gallery, Museum, Theatre, Library, Festivals, Concert Hall...	Sponsors Professional Networks and Associations Educational institutions
<b>Fashion Design</b>	<i>Creative Original producers</i>	Advertising Film, TV Radio and Photography, IT, Music, performing and visual arts	Fashion Designer	Employee, who does: Sew, Dye, Spin, Weave, Cut...	Fashion Salon, Media, Fashion Magazines, Fashion Show	Beauty Salons Production Agency Modeling agency Sponsors Educational Institutions
<b>Architecture</b>	<i>Creative Service Providers</i>	IT, Advertising	Architect, Customer	Workman Civil Engineer Constructor Urban Planner	Architectural studio, Building Contractor, Construction company, Fairtrade	VUC, Associations and councils, Government Office, Slovak Chamber of Architects Educational Institutions

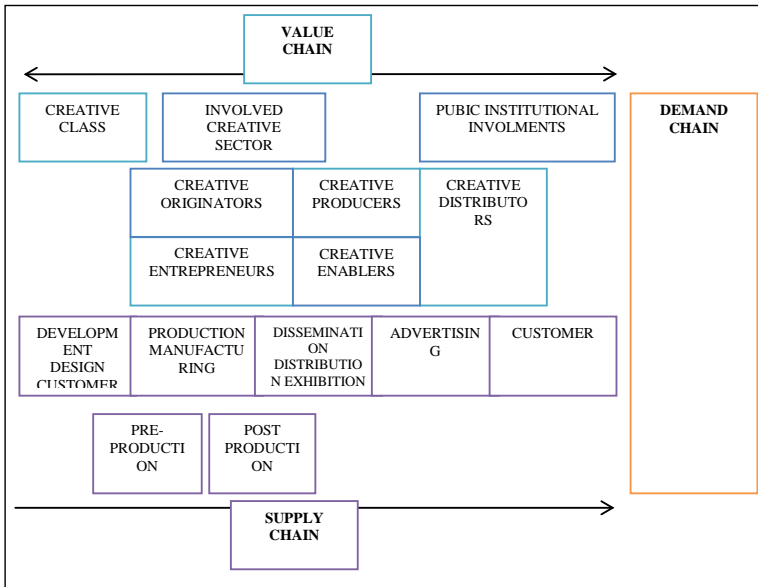
## MARKETING IDENTITY

<b>Advertising</b>	<i>Creative Service Providers</i>	All	Creative employee Customer	Outsourcers Media Production company	Media Advertising Agency	The Slovak Advertising Standards Council, The Club of Advertising Agencies Slovakia, IAB Slovakia Educational Institutions
<b>IT (digital games development)</b>	<i>Creative content Producers</i>	Music, Publishing, Film, Photography	Programmer, Game Designer, Screenwriter, Freelancer	Production Publisher, Distribution	Production Company, Publishing Media and New Media Shops and e-shops PC Magazines	Industrial Property Office of the Slovak Republic, Educational Institutions

Source: Own processing

### Conclusion

In all the steps of the value chain, from the creative process to retail and consumption, secondary economic fallouts are expected with the creation of employment.



**Picture 6: The value chain logic in supply chain relationships**

Source: Own processing

For example, creative industries generate work opportunities for logistic and transport companies, when selling the creative products, as well bringing economic spillovers to other sectors, for example, by sourcing cotton fabric for the production of some art crafts, fashion, etc. Strategic alliances and joint ventures are becoming increasingly important for the creative industry as well. Knowledge is transferred among partners in the network and thereby the importance of partnership in the chain increases since it allows maximize value and optimally overcomes business challenges. A critical mass of each of the value, supply and demand chain actors is a necessary condition for creative industries growth. Building a critical mass of supply chain actors can help emerge creative industries within a region. Moreover, creative industry value chains are often complex without a strong organizing entity (Picture 6). As written above, the creative thinking is the most value added but without the existence of innovation, collaboration, contrasting abilities and styles of thinking, creative enablers, distributors and public institutional involvements and mainly the demand, the creative industries will not have sufficient conditions for progress, development, and prosperity.

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## COOPERATION BETWEEN BRATISLAVA AND PRAGUE IN THE FIELD OF TOURISM AND OTHER SPHERES

*Matúš Meluš*

### **Abstract**

This contribution deals with the topic of cooperation of Bratislava and Prague in the fields of tourism, development of infrastructure, preservation of historical monuments, sharing experiences etc. These cities have many common features and they are all very attractive for tourists. They have a long history and their mutual relations have a solid tradition. Problems of municipalities and their inhabitants are very similar, so the exchange of experiences in solving them may be useful for all concerned partners. I mention as well partnership with two other capital cities in the area of Central Europe – Budapest and Warsaw. The main goal of this paper is to analyse the form of current cooperation and I also try to focus on the extension of opportunities in these spheres. Bratislava, Prague, Budapest and Warsaw play an important role in foreign relations and in presentation of countries abroad. Politicians from all around the world visit them and they are usually the first stop for travellers who come to Slovakia, Czech Republic, Hungary and Poland. Moreover, almost all relevant state institutions are functioning there.

### **Key words:**

Capital city. Central Europe. Cooperation. Municipality. V4 members.

### **1 Some common features of capital cities**

Capitals of Central Europe are now becoming popular for tourists and also young people who want to have fun. A lot of youngsters come here from Great Britain, Canada or United States. The world and European international tourism organizations in their several analyses and studies reflect the impact of the new demographic trends in tourism. One of the major trends affecting the situation in experiential travel is the aging population. The growing population in the oldest age groups indicates that the older generation is becoming an interesting target market. However, the other target groups with a strong sign to the demand of leisure activities are young travellers aged 18-25 years. Have a number of characteristics: willingness to travel, the desire for experiences, the travellers without fear of terrorist attacks and lifestyle diseases, they are considerably funding to the visit destinations, they are willing to take risks in trying new and unproven product. They consider travelling as a source of personal development, a way of meeting people, and then there is fun and relaxation, the discovery of new places, and finally seeing their relatives and friends. Young people would travel abroad for occasional brigade, language courses, but most often for learning experience. This trend is primarily used by university students, through various grants and Erasmus +.<sup>1</sup> Cities in the territory of Central Europe are an ideal place for these activities. The best condition is concerning to low-priced services and accommodation.

Foreigners can spend here a lot of time for little money. Recently, there is a meeting place of different social groups, including minorities. I can mention for example LGBT community. Favourite towns of the sexual minority in Europe are London,

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<sup>1</sup> LUKÁČ, M.: Museum visitors in the whirlpool of social and demographic changes. In ONDŘEJ, J. (ed.): *Selected problems of demographic trends*. Beroun : Nakladatelství Eva Rozkotová, 2016, p. 126.



Stockholm, Amsterdam and Berlin. But now, we can add to them Prague and partially also Bratislava. It is clear that the Czechs and Slovaks are more likely conservative in this issue. But both capital cities have more cosmopolitan and multicultural character. So there is a different situation than in the rest of countries. They have also become the centers of gay tourism recently. It is probably because of fact that one part of society has no prejudices. There is a huge concentration of tourists in the small tourist center so anonymity is assured there. The most visited places of Prague and Bratislava are clearly monuments and leisure attractions. In addition to the summer tourist season, the biggest brunt of the LGBT community is experienced during the Rainbow Pride. It is a friendly and coloured week full of exhibitions, concerts, and sports activities etc., which are terminated by the parade through the streets of the capital. This theme is quite frequented in Vienna. On the other hand, the smallest discussion about this topic is in Poland. It is a strongly Catholic country. Another correlation arises due to migration of population. A typical example is the young work forces, which were not able to find appropriate application within the scope of their education. These professionals graduating from Slovakia mostly migrate to the Czech Republic or in other countries of Central and Western Europe, which can offer them adequate salary and appropriate working background. In Prague live and study a lot of Slovaks – at least ten thousands. Beneficiary countries are gaining the skilled labour, at the expense of Slovakia. In addition to productive employees, the homeland is losing the investments made by their education or future contributions to government budget, such as paying taxes.

An important part of the common relations is their territorial status too. Both cities have the status of self-governing units. I need to say that Slovak model is more complicated. In our country are used several terms. Bratislava is superior and self-governing territorial unit (VÚC), but we also called it region. On the other side, regions are typical units for spatial structure of Czech Republic.<sup>2</sup> As I mentioned before, Prague has the status of single region. There is no uniformity in the naming. A parallel attitude can we observe in the sphere of the leading officials' position. Despite the fact, that the regional authorities have decision – making powers in social services, public transport, inter-regional cooperation, tourism or education, many people are still unaware of how much they are responsible to these powers. Also there are many specifications that should be able to promote in the campaigns and gain more popularity in the eyes of the voters and media, but still they remain in the shadow of the national issues. As for example, the race for Bratislava region, which was still usually the most – watched (after Košice region), but remain in the last places of the voter's turnout.<sup>3</sup>

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<sup>2</sup> HORVÁTH, P. et al.: *Kapitoly z politického systému SR*. Brno : Tribun EU, 2013, p. 158.

<sup>3</sup> ŽÚBOROVÁ, V.: Second rated campaign: the position of regional election in Slovak political system. In *Innovative Issues and Approaches in Social Sciences*, 2012, Vol. 5, No. 2, p. 40. [online]. [2016-10-07]. Available at: <[https://www.researchgate.net/publication/269435277\\_SECOND\\_RATED\\_CAMPAIGN\\_THE\\_POSITION\\_OF\\_REGIONAL\\_ELECTION\\_IN\\_SLOVAK\\_POLITICAL\\_SYSTEM](https://www.researchgate.net/publication/269435277_SECOND_RATED_CAMPAIGN_THE_POSITION_OF_REGIONAL_ELECTION_IN_SLOVAK_POLITICAL_SYSTEM)>.

## 2 The closest partners – Bratislava and Prague

Prague belongs to the priorities of international cooperation of Bratislava. Particularly, it is because of the close geographic region, the status of EU capitals, joint development, addressing urban issues and especially because of common historical interdependence. Although cities have not this cooperation in contract, Prague is a practical and permanent partner of Bratislava in many ways. For instance, it concerns the exchange of experiences in the preparation of urban policy and solving practical and current public problems. I can mention some specific themes like city transportation, coordination of spatial development, operation and management of public utilities, the possibility of drawing European funds, powers of the municipal police and security in the city, the problem of the homeless people, crisis management and so on.<sup>4</sup> Bratislava and Prague want always to strengthen and intensify their cooperation. Despite the fact that Prague has twice as much city districts than Bratislava and the statute of a separate region, both cities face similar challenges. Three quarters of public investments are from European funds and without the support of the European Union would Bratislava not allow major projects – for example in the field of transport, tourism, infrastructure etc. Therefore, Slovak capital city conducts an active dialogue with Brussels. Prague uses similar methods. It calls for a self-operational program for the absorption of EU funds. Despite the fact that in the Czech capital is located 57 universities, Prague does not receive adequate money for the development of science and research. It aims to increase subsidies for science and research here and helps to build research centres directly in Prague. Both cities are struggling with the same problem - debts. In the case of Prague, the financial situation is complicated by a high rate of indebtedness of the Prague Transport Company. Interesting is also the topic of managing and functioning of joint stock companies with a share of capital city. Prague has ten companies of this kind, Bratislava only three – Transport Company, Company for Waste Disposal and Water Company. Besides that, Czech capital city is the 100% owner of the Prague Congress Centre.

Bratislava and Prague cooperate in traditional spheres of tourism, but they also try to develop the partnership in new technologies which can make the transit and traffic easier. The latest example is the project of Hyperloop. It has entered in March 2016 to Central Europe - the Slovak government signed a contract with one of the companies that bring the system into action. And they have already calculated how much it would shorten the journey from Prague to Bratislava - compared to a train it would take 12-times less. Instead of the four hours it will take only 19 minutes. One of the main visions is to connect the capital cities of the Visegrad countries (V4) with Vienna. Connection with Prague would take roughly twice as much as the way from Bratislava to Vienna or Budapest. The project Hyperloop was introduced by Elon Musk, the visionary entrepreneur who stands behind the car factory Tesla or space company SpaceX, in 2013. Slovak Ministry of Transport has signed a cooperation agreement with one of the companies that Hyperloop develops - Hyperloop Transportation Technologies (HTT). Its boss Dirk Ahlborn spent a few days in Slovakia in March. If the new system would be more advantageous from a technical, geographical and economical point of view, we might to talk about the

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<sup>4</sup> *Capital city of Bratislava*. [online]. [2016-10-07]. Available at: <<http://www.bratislava.sk/praha/d-11050119/p1=11079156&p3=0.html>>.

creation of new traffic plans in the future. Hyperloop works on the principle of pneumatic post. Inside the tube is created a vacuum so there is no friction such as in air and special capsule can therefore move up to the speed of sound. This mode of transport seems perfect for not too far-distant cities. It will be interesting to see how it will develop the cooperation between Prague and Bratislava in this field.<sup>5</sup>

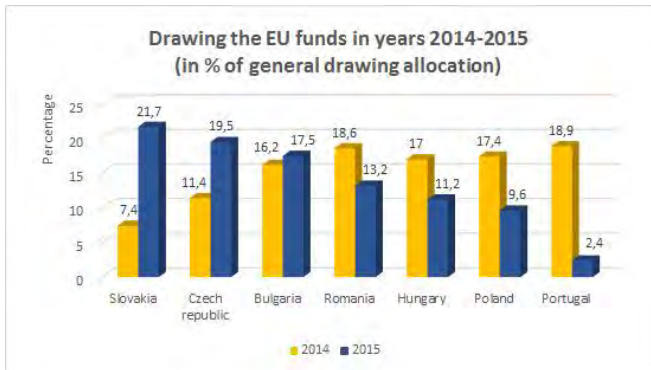
Direct marketing of both cities is realized for example at exhibitions and fairs. Joint events are held in Bratislava and in Prague too. For instance, I can note travel fair Holiday World Prague or similar event in Bratislava – Slovakiatour. These activities are also involved by other affinitive regions – South Moravian or Central Bohemian. Prague and Bratislava cooperate with various territorial units in countries from all over the Europe – Moscow region (Russian Federation), county of Győr-Moson-Sopron (Hungary), duchy of Mazowieckie (Poland) or with federal land of Berlin (Germany). These events support not only the maintenance and development of local and regional traditions as a part of the offer for tourism, but it is successful product for sustainable development of tourism as a whole. Meetings attend on mutual awareness, as well as on the exchange of experience with experts on tourism in the regions. Regional cooperation creates space in the context of the necessity of increasing staff training and improving their awareness in this field. There is better possibility to improve coordination in the planning and realization of diverse events, in processing of strategic and conceptual materials, assignment of surveys and analyses, as well as in other activities in tourism. These better possibilities can be achieved through regular meetings.

Interesting data also provides the field of funding tourism. An essential element for its development is the EU funds. Income for capitals is based on total government drawing of these subsidies. As I found, in Prague is the situation more favourable. Differences at the national level are shown in tables. Bratislava has to change an unfair funding. It is the capital city of Slovakia and sub-regional centre for a strong region. Changes can reflect positively on increasing the budget to invest in repairs, maintenance of roads, green areas and development projects. City may fulfil its tasks and develop for the benefits of citizens only up to the budget. In addition, Bratislava cannot draw EU funds as other cities and it is a handicap. Even compared with the capital city of the Czech Republic – Prague is the adjustment of Bratislava's funding quite poor and unfair. Prague has in the budget more funds per capita and more money for fulfil its functions as the capital city. Last year it was 1,200 euros per capita. It can be good pattern for Bratislava. Specific allocation in the state budget would significantly help Bratislava in the fulfilment of its task as the capital. The state should admit the role of the capital not only with a separate law but also with financial support. On the other hand, a separate chapter in the state budget and increase the coefficient of this town is not directed against towns and villages in Slovakia and solidarity with them. The question is what will be the situation after 2020, when the EU funds will phase out. The funding must then move in another direction. It means that Bratislava cannot bargain for the individual interests of

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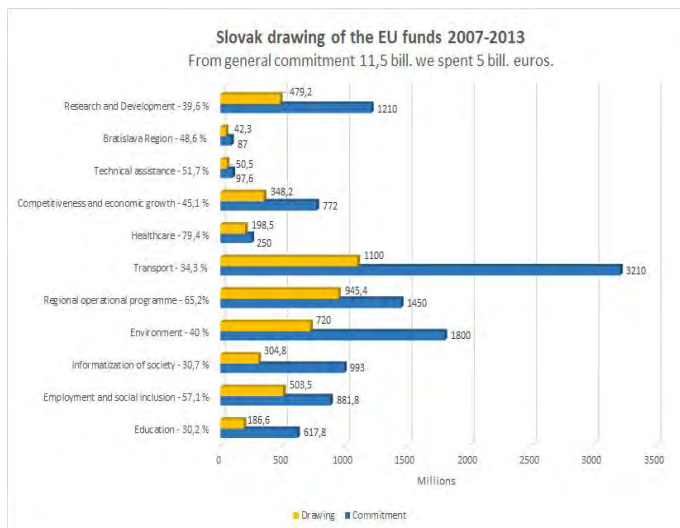
<sup>5</sup> KREČ, L.: *From Prague to Bratislava in 19 minutes. Slovaks plan to connect cities by tube.* [online]. [2016-10-07]. Available at: <<https://zpravy.aktualne.cz/ekonomika/slovaci-planuji-spojiti-bratislavu-s-prahou-tubusem-cesta-by/r~8c30eda6e79911e59c4a002590604f2e/?redirected=1475917564>>.

particular persons, but it has to care about interests of the whole society. It should be always applied.<sup>6</sup>



**Chart 1: Drawing the EU funds by countries**

Source: Own processing



**Chart 2: Drawing the EU funds in Slovakia (programming period 2007 – 2013)**

Source: Own processing, Ministry of Finance of the Slovak Republic

<sup>6</sup> ŠRÁMEL, B.: Pôsobnosť prokuratúry SR v kontexte volieb do orgánov samosprávnych krajov. In *Slovak Journal of Public Policy and Public Administration*, 2014, Vol. 1, No. 1, p. 75. [online]. [2016-10-08]. Available at: <[https://issuu.com/sjpppa/docs/sjpppa\\_1\\_2014](https://issuu.com/sjpppa/docs/sjpppa_1_2014)>.

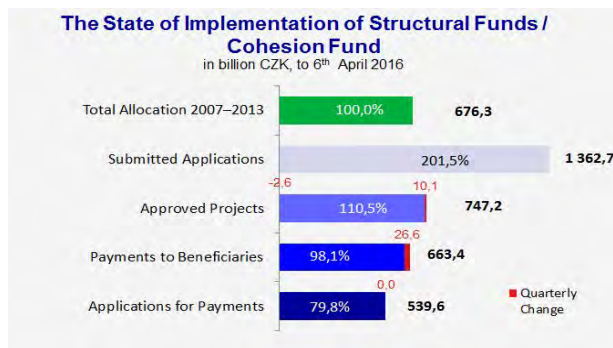


Chart 3: Drawing the EU funds in Czech Republic (programming period 2007 – 2013)

Source: Ministry of Regional Development of Czech Republic

### 3 Budapest, Warsaw and Vienna – partners from Central Europe

Cooperation of Bratislava, Prague, Budapest and Vienna is officially declared since 2007. However, joint work between these cities has also historical roots. Their geographical closeness is a quality condition for it. In recent time is here the necessity of restoration of this interactivity. The latest initiative came from the mayor of the Old Town of Bratislava (it is one of the city districts). The main idea is the work extension on historical central parts of capital cities. Present cooperation between capitals of Vienna, Budapest, Bratislava and Prague proclaimed in 2007, was virtually not developed. Old Town of Bratislava last year intensified cooperation with Prague 1 and is ready for intensive cooperation with other centres of Central European capitals. It is very pleased that this year, the cooperation was extended to Warsaw. It created space for effective communicate and solving of common problems.<sup>7</sup> The mayor of Old Town Radoslav Števík signed in Budapest a Memorandum of Understanding with the central parts of Vienna, Warsaw, Prague and Budapest. These historical metropolitan centres of Central Europe have much in common. Cooperation of five historic centres of five Central European capitals relates to development of tourism, exchange of experience in the fields of transport and infrastructure, sharing experiences in the field of preservation of historical monuments, cultivation and expansion of traditions and help in contact between citizens and public organizations. The mayors of the historical parts of Vienna, Budapest, Bratislava, Prague and Warsaw concurred that the problems of municipalities and their inhabitants are very similar, so the exchange of experiences in solving them may be the benefit for all participants. They also agreed that their meetings will be organised every year. Furthermore, they declared their interest to cooperate intensively at the bilateral level in the fields of culture and education.

Moreover, great importance has the partnership in education, science and research. One of the considerable initiatives is the Central European Network for Teaching and Research in Academic Liaison. It was founded in 2014 at the initiative of Humboldt-

<sup>7</sup> ŠTEVČÍK, R.: *Historické centrá piatich metropol posilnia spoluprácu*. [online]. [2016-10-08]. Available at: <<http://www.stevcik.sk/aktuality/historicke-centra-piatic-metropol-posilnia-spolupracu>>.

Universität in Berlin. Besides Humboldt-Universität, the members of the network include the University of Vienna, the University of Warsaw, Charles University in Prague and the ELTE in Budapest. The strategic partnership network, which is based on previous successful cooperation at research, student exchange and governance level, will help the participating universities to engage in more academic activities and further strengthen and support cooperation. The multilateral network aims to promote joint scientific projects and events, to establish common course programmes and to facilitate exchange among researchers, teaching staff and managers. In the medium term, it is also planned to present the scientific region of Central Europe on a global stage. As a result, Central Europe will play a greater role in scientific activity, thus enhancing the strategic global network of Humboldt-Universität in Berlin and its partners. Initial funds for projects with universities in focal regions can be requested through Strategic Initiative Funding. The Central Network is funded by the German Academic Exchange Service (DAAD) within the funding line "Strategic Partnerships". This covers a funding amount of roughly 1 million Euros for the funding period 2015-2018.<sup>8</sup> In these days, Comenius University in Bratislava is trying to connect to this partnership. All these universities have the worldwide reputation and can help to improve the position of the most famous Slovak university. It would also bring new opportunities for students and researchers.

We should not forget the well-known organization of the Visegrad Group. States as well as individual capitals cooperate in various fields. The V4 cooperation can currently be referred to as the most clearly profiled initiative in Central Europe. The backbone of this cooperation consists of mutual contacts at all levels – from the highest-level political summits to expert and diplomatic meetings, to activities of the non-governmental associations in the region, think-tanks and research bodies, cultural institutions or numerous networks of individuals. Cooperation between the respective ministries constitutes an important part of the activities within the V4 framework, whether at the level of the ministers or in the form of joint expert teams. A number of joint projects are currently being implemented particularly in the fields of culture, environment, internal security, defense, science and education. At the same time, cooperation in the field of justice, transportation, tourism, energy or information technologies is also intensifying. The funding of these activities is ensured by the International Visegrad Fund. It is the only institution of Visegrad cooperation. Its main purpose is to promote the development of closer cooperation among the Visegrad Group (V4) countries by supporting grant projects in the fields of common cultural, scientific and educational projects, youth exchanges, cross-border cooperation and tourism promotion, and by awarding scholarships and artist residencies.<sup>9</sup>

The specific brand has a marketing campaign to promote tourism in Central Europe. "European Quartet" is the promotional name for joint marketing of the national tourist head offices of four Central European sovereign states – the Czech Republic,

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<sup>8</sup> *Central European Network for Teaching and Research in Academic Liaison (CENTRAL)*. [online]. [2016-10-08]. Available at: <<https://www.international.hu-berlin.de/en/international-profile/partnerships/schwerpunktregionen/zentraleuropa>>.

<sup>9</sup> *The Visegrad Group – Aims and Structure*. [online]. [2016-10-08]. Available at: <<http://www.visegradgroup.eu/about/aims-and-structure>>.

Hungary, Poland and Slovakia, under which they present themselves in the field of tourism. Major players in this campaign are the capital cities. The association of these countries, known as the Visegrad Four (V4), has actively been developing cooperation over the long term in fields of common interest and is intensively reinforcing its internal cooperation. The Visegrad initiative is an expression of the effort to develop the region of Central Europe within the wider framework of Europe-wide integration. This is based on the joint historical roots or one civilization which all four countries belong to, on a shared cultural tradition and similar historical development. At the same time however, each of the member countries has its own unique points and specifics, be these in the field of architecture, art, religion, folklore and traditions or nature. Thanks to this, visitors to the V4 region are surprised every step of the way and are most certainly not bored. The Visegrad area offers several unique UNESCO monuments, world famous spas, authentically preserved historical towns and places of natural beauty.<sup>10</sup>

### 4 Possibilities for future development

In many of the former socialist countries of Central and Eastern Europe, the concept of developing wider involvement within decision making-processes remains inherently problematic. Prior to 1989, public participation was a limited and often ignored aspect of policy making. However, more recently throughout the region, tourist agencies, new regional organizations, a range of non-governmental organizations, and community groups have emerged in response to potential growth in new tourism industries, thus expanding the number of stakeholders involved.<sup>11</sup> Funding for projects involving regions and local authorities on either side is an important aspect of a common border. Tourism activities play a key role. In programming period 2007 – 2013 were funds from the EU in the field of tourism distributed according to this model – local public authorities (25%), regional public authorities (19%), national public authorities (5%), non-profit organizations (23%), private enterprises (7%), research institutions (6%) and universities (16%). It should be noted, however, that the degree of their influence on the final result (structure and operation) is vary from state to state.<sup>12</sup> Nice example of cooperation of countries from this region is the project of Danube Limes – it is the UNESCO World Heritage project focused on the sustainable preservation and protection of joint Danube 'limes' – the frontier installations of the former Roman Empire – by nominating them for World Heritage status. The process started in Slovakia, Hungary and Austria and will eventually encompass all countries that the River Danube flows through. We can see that this partnership can extend to several areas also outside the Central Europe – Serbia, Romania, Bulgaria etc. Bratislava is one of the centers in this issue.

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<sup>10</sup> *European Quartet*. [online]. [2016-10-08]. Available at: <<http://www.discover-ce.eu/>>.

<sup>11</sup> ROBERTS, L., SIMPSON, F.: Developing Partnership Approaches to Tourism in Central and Eastern Europe. In *Journal of Sustainable Tourism*, 1999, Vol. 7, No. 3-4, p. 314. [online]. [2016-10-08]. Available at: <<http://togarsim.tripod.com/collaboration/roberts.pdf>>.

<sup>12</sup> MACHYNIAK, J., BRIX, R.: Political aspects as a determinant of public administration functioning – the case of Slovak Republic after 1989. In *SGEM 2015: 2nd International Multidisciplinary Scientific Conference on Social Sciences and Arts*, 2015, Vol. 1, No. 2, p. 227. [online]. [2016-10-08]. Available at: <<http://sgemsocial.org/ssgemlib/spip.php?article1545&lang=en>>.

Bratislava, Prague and other capital cities in Central-European territory have many common features and they can take advantages of it in future. This region has great potential, beautiful nature, many historical monuments and interesting cultural traditions.<sup>13</sup> They may cooperate with the Balkan and Mediterranean countries, because a lot of Slovaks, Czechs or Poles spend here their holidays. They are close to each other. Central Europe has a very rich natural heritage including important ecosystems and abundant biodiversity. This heritage and related natural resources are highly valuable and need to be preserved, protected and if necessary ecologically restored. At the same time natural heritage is an important location factor and the use of its assets can serve as a driver for economic development. As a consequence, natural heritage and resources (including water, soil, fauna and flora) are subject to numerous pressures and usage conflicts, e.g. between environmental protection and industry, agriculture, transport, urbanization or tourism. Further pressure arises from the increasing risk of natural hazards linked to the effects of climate change. The loss of biodiversity, the vulnerability of natural heritage and landscapes as well as the effects of climate change have a strong impact at territorial level. In central European rural regions, tourism can be one of the most important economic sectors next to agriculture, energy production, etc. In remote regions tourism-related services are often the main sources of income for the local population. When linked to culture in particular, tourism is also a relevant factor of growth and income for cities even though the economic crisis reduced people's inclination to travel and thus negatively affected this sector. This will also have a direct impact on human and economic activities and requires climate change adaptation and risk prevention measures including disaster management and rescue systems. For example, the increasing risk of aridity requires the transformation of water management, especially for agriculture, fisheries, forestry, energy production and tourism.

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<sup>13</sup> GUŤAN, D.: Účinná komunikácia samospráv. In MAGÁL, S., MATÚŠ, J., SOLÍK, M.: *K problémom mediálnej komunikácie II. Mediálne kompetencie v ére nových médií. Marketing a vzťahy s médiami.* Trnava : FMK UCM in Trnava, 2010, p. 476.



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## CONCEPT OF “FIGURE OF MERIT” FOR PLACE MARKETING IN DIGITAL NOMADISM AGES

*Dušan Mladenović*

### **Abstract**

The sole aim of this paper is to find potential relation between the “figures of merit” of electronic devices that eventually might be useful in explaining the desirable characteristics of a place/destination. Desirable from perspective of digital nomads, which they would like to work and live their experience. Digital nomads are people with particular life style: they use to live in a sustainable, cooperative and social network oriented life; for limited period and time, they choose places in line with their particular work needs and with their life style. Digital nomads could be special target for places (e.g. counties, cities etc.) because they represent a form of knowledge and culture openness and could become a relevant driver for the place evolution. Places might want to organize and position themselves to attract this exact segment of individuals. Initial hypothesis is that each digital nomad chooses his destination using this approach and that could be the key to provide the place value to them. This work in progress provides a “figure of merit” formula for places toward the segment of digital nomads. In a next research project, the intention is to test this proposed formula in a live environment with a real nomads directly providing inputs to the equation.

### **Key words:**

Destination. Digital nomadism. Figure of merit. Place branding. Place marketing. Value.

## **1 Introduction**

This work is centred in the research line of marketing with a particular focus on place marketing. Throughout the work figure of merit in technology is used as an approach to re-think the approach to the place management looking for the place marketing strategy. A parallelism occurs between the two approaches probably because the approach for the technology choice could be the same in place choice looking for the characteristics of the “consumer” approach. The digital nomadism phenomenon has been defined from many years.<sup>1</sup> The digital nomadism is explainable as a new lifestyle in which people are free from constraints of time and location and write, think and work using new technologies – particularly the mobile technology – everywhere. Internet communication and smallest and light mobile technology are the fundamental asset for the digital nomadism; people that share this philosophy choose places in the world to spent part of their time to visit new places, share experiences, cooperate and collaborate. It is a lifestyle open to cultural exchange and continuous improvement of life experience. Digital nomadism is useful to exchange and improve ideas, behaviours, traditions, cultures and respect for people all over the world. This philosophy could contribute to reduce cultural differences and stereotype in different countries, in middle and long run.

People live for years in which anyone could be considered a digital nomad because it is shared a lifestyle hyper-connected and a life based on co-working, crowdsourcing and in general co-creation. In a management and marketing perspective, looking for the companies that in markets are searching for opportunities and new markets, it is possible to define a mix of segments that define the target of digital nomads from

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<sup>1</sup> MAKIMOTO, T., MANNARS, D.: *Digital Nomad*. Chichester : John Wiley & Sons, 1997, p. 152.

technology side but in our opinion also, from territories/countries side and this work presents the perspective of the territories, defining it as “places” not only “territories”. The territory could be defined as “a geographical context which includes all necessary living facilities for housing, food, transport, facilities and entertainment”. Therefore a “place” becomes only when territory is able to interact with all demands existing, when it insists a set of products, services and human and artificial attractions that draw users who see in it the goal of their needs.<sup>2</sup> Reflecting on the technology used by digital nomads in every day work it is possible to find the approach in choosing devices regarding the performances, costs and used power. In that way if a technology company has to think to the technological project for the future, it has to think to the final user and to the value in use based on specific features. In technology the “figure of merit”<sup>3</sup> is a used formula to explain the relevant features of a technological device or so-called “nomadic tool”:

$$\text{Figure of merit} = \frac{\text{Intelligence}}{\text{Size} * \text{Cost} * \text{Power}}$$

Whereby:

*Intelligence* stands for the information processing capability;

*Size* stands for the dimension of the device/technology instrument;

*Cost* is the economic sacrifice to obtain desirable technology from the user side;

*Power* represents usage of electricity/energy to work.

By looking back onto historical evolution of electronic equipment, the relevance in research and development is based on the efficient mix among intelligence, costs, size and power of technologies and tools. Logically, engineers tend to look for higher/greater levels of intelligence, small sizes and costs and low power, working for the longer span of time. If this is the reasoning of a digital nomad to purchase a nomadic tool, probably, this lifestyle will bring the nomad to think at the same in the place choice. Moreover, that could eventually be stimulus and breaking point for next research to be performed. However, this work it will be explained how it is possible to configure a *Figure of merit* (hereby FoM) for a place and why governments have to think in that way to attract the specific segment of digital nomads. The identification of a FoM for places is of tremendous importance to identify a specific approach to the place marketing management identifying the value proposition of a place that need to focus on the specific target of Digital Nomads to be attracted.

## 2 Methodology

The research performed is theoretical, secondary-desk analysis. Publicly available sources of literature have been utilized. Two mostly used are Google Scholar and discovery.muni.cz. Based on those, further elaborations have been formed. The work eventually contributes to the marketing and management disciplines, increasing knowledge focusing the research on different aspects and perspectives in actors’ relationships using social media as a marketing tool. In total, over 45 relevant articles have been deeply screened for consistent information. Moreover, citation from

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<sup>2</sup> BRUNI, R., TREGUA, M., CARRUBO, L.: Value Co-Creation. In *Places: The Role And Relations Between Stakeholders And Government*. Poznan : University of Economics, 2015, p. 712.

<sup>3</sup> MAKIMOTO, T., SAKAI, Y.: *Evolution of low power electronics and its future applications*. Tokyo : ISLPED, 2003, p. 25.

several of them has been used. Browsing has been ultimately funnelled by three criteria: keywords, abstract analysis and date of publishing. Time span of approximately last eleven years (2006-2016) have been targeted in order to get updated materials given combination of methodology, sources and time stamps has been employed since it does not require enormous organizational and material resources to put in practice.

### 3 Concept of Digital Nomads in Context of 21st Century

It goes without saying that novelties like internet, general availability of data and remarkable calculating power of modern “easy-to-afford” equipment completely reshaped the world we know. Further imposing huge footprint on our behaviour and how we perform our daily tasks/work/obligations. Urry,<sup>4</sup> states that work, as a concept of daily of daily tasks, has become so much de-territorialised, offshored in a way that material conditions and persons available in one place, do not match necessarily. In addition, “work” has been mobilised and suitable to be performed ‘anywhere, anytime and by anybody’. Indeed, remarkable fact of a great importance nowadays. As a consequence, distinct group of individuals, so-called Digital Nomads, emerged. According to Lamarque,<sup>5</sup> more and more people tend to travel around the continents, states and the World, but meanwhile not neglecting their work obligations and tasks at their original companies for a single moment.

Basically, we can imagine the equation wherewith one side of it has been represented by digital nomads and their affinities, perception, wishes etc. While on the other we have destinations in form of the cities, towns, villages, counties etc. that tend to promote themselves and position themselves as a “digital nomad friendly” environments. They (places) tend to do so by utilizing marketing techniques to draw nomad’s attention. “Figure of Merit” for places might be considered as conditional “middleman” between these two interdependent variables (nomads and destinations). If we would speak of this phenomenon twenty years-thirty ago, most probably the whole concept would be far impossible even to imagine. What is even trickier, that trend of Digital Nomadism appeared to have very decisive effect on individuals. As per Rosenwald,<sup>6</sup> digital nomads are both experiencing primitive (essential) and practical gains of their specific life-style. As for “primitive” ones, the fact that nomadism implies working and living in different locations (co-working spaces etc.) around different places brings a dose of exotic sense and satisfaction of basic human needs (e.g. need to travel, meet new people etc.). On the other hand, practical benefits are those summed up as a (Rosenwald, 2009): geographical dislocation, convenience of traveling, better time management, feeling of freedom, readiness to work more passionate etc.

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<sup>4</sup> URRY, J.: *Offshoring*. New York : John Wiley & Sons, 2014, p. 327.

<sup>5</sup> LAMARQUE: *The Rise of the Digital Nomad*. [online]. [2016-09-20]. Available at: <[http://www.huffingtonpost.com/hannah-lamarque/the-rise-of-the-digital-n\\_b\\_7492482.html](http://www.huffingtonpost.com/hannah-lamarque/the-rise-of-the-digital-n_b_7492482.html)>.

<sup>6</sup> ROSENWALD: *Digital nomads choose their tribes*. [online]. [2016-10-03]. Available at: <<http://www.washingtonpost.com/wp-dyn/content/article/2009/07/25/AR2009072500878.html>>.

Exceptionally worthwhile overviews of concept of digital nomads have been brought up by Barbara Czarniawska<sup>7</sup> in her experimental work *Nomadic Work as Life-Story Plot* (2014). Namely, she met and interviewed individuals with different ethnic, academic, religious etc. backgrounds on what and how they consider nowadays nomads. For the record, all of the interviewed individuals spent few years outside their country of origin. Moreover all of them have always worked professionally for the same employer. Furthermore, Czarniawska emphasize and support their nomad character by stating that all of them have been living abroad long number of years, whilst number of states residing varies between 2 all the way up to 15. Individual with management and organizational background considers nomads, interestingly enough, as geographically stable, when it comes to permanent perimeter, but in the sense of so-called “digging into” a permanent location, this sense evaporates and is non-existent however. Moreover, more profound and relevant are statements by individual with anthropological background. He/she considers him/herself as a modern person, whose roots are very well packed in suitcase. Meaning, extremely flexible and instantly movable in no-time whatsoever – this further goes in straight line with aforementioned Hannah opinion. Even more striking and profound economic statement comes from the very same individual (anthropological background). “In terms of economic theory, the quint essential definition of nomadism is that capital moves where the reproduction is best, and labour normally follows capital flows”. In this case, labour could be equalized with those individual with nomad prefix. The fact strongly supported by Korpela<sup>8</sup>, whereby she states that global digital nomadism is ratified by extremely high mobility and movability.

“So many actually do not see the line between tourists/temporary residents and nomads” - exactly with this wording Pieter Levels started his article in Guardian on digital nomadism. Levels believe in that cliché “citizen of the world” is much overused phrase, but it is becoming more and more relevant. Additionally, according to Rosenwald, whereby he considers digital nomadism as a consistent and further extension of concept of “teleworking” - or widely known “home office”. Just to set a background, Reaney<sup>9</sup> defined teleworking or telecommuting as a specific work arrangement in which employees do not need necessarily to commute to a central working place. Many authors<sup>10</sup> consider appearance of “home office” as official “trigger” for further developments. This statement however is being partially supportive since nomadism is far more geographically dislocated and provides far the greater feel of freedom and spiritual satisfaction to the nomads’ themselves. But on the other side, it indeed might be true that strong bond between phenomena of nomadism and concept of teleworking does exist.

Back in 2000, Beck<sup>11</sup> was claiming that we are going to witness appearance of so-called “brave new world”. According to the very same author main characteristics of such a concept of “world” are: severely intensified demands on one’s time, increased

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<sup>7</sup> CZARNIAWSKA, B.: *Nomadic work as life-story plot*. Warsaw : Springer, 2014, p. 205.

<sup>8</sup> KORPELA, M.: *More vibes in India: Westerners in search of a better life in Varanasi*. Tampere : Tampere University Press, 2009, p. 50.

<sup>9</sup> RAENEY: *About 20 percent of global workers telecommute*. [online]. [2016-10-01]. Available at: <[http://www.huffingtonpost.com/2012/01/24/workers-telecommute\\_n\\_1228004.html](http://www.huffingtonpost.com/2012/01/24/workers-telecommute_n_1228004.html)>.

<sup>10</sup> DHAMIJA, S., AGRAWAL, A., KUMAR, A.: *Place Marketing-Creating a Unique Proposition*. Delhi : BVIMR Management Edge, 2011, p. 42.

<sup>11</sup> BECK, U.: *The Brave New World of Work*. Cambridge : Polity Press, 2000, p. 215.

need for flexibility and focus on mobility. As an outcome, around 20% of world's workforce has been employed in some sort of non-standard working position. The trend is more than obvious and moreover more and more appealing. To support this statement, Lewchuk et al.<sup>12</sup> came up with an extraordinary and invaluable piece of information, applicable for Toronto area. According to his study from 2013, barely half of those employed in Toronto area are employed on permanent, full-time position. As a matter of fact this is on the other side saying that slightly less than 50% of Toronto's workforce have been dispersed all over the globe while performing their daily assigned tasks. It is strongly believed that example of Toronto is one of the most prominent and influential cases we have in order to back up the theory behind digital nomads. In addition, according to Reuters (2009, Office in a bag: Basic 'musts' for the digital nomad)<sup>13</sup>, approximately 10% of world workforce permanently work from home.

In terms of Europe and in relation with digital nomad phenomena, field work of Gallup<sup>14</sup>'s Eurobarometer resulted in concise publication 'Youth on the move'. In its disclosure it states that more than 53 % of European youngsters are very keen to work and leave in another country (regardless if in Europe or not). Indicated fact is of greater importance if we observe development within a longer time frame. This conclusion has been based on the field work between January and May of 2011. Observed from the wider angle, according to Korpela<sup>15</sup>, nowadays global nomads' habits and behaviour has become possible as a consequence of several and strongly interrelated factors. Affordable and cheap transportation, communication technologies that enable them to be online, proper funding and well and widely accepted travel documents (so they are not limited and detoured by bureaucracy issues). As a general conclusion, Korpela finds that the far greatest number of nomads is coming from Western world. A plausible question might arise asking where actually digital nomads usually go to, and what critical factors influence greatly their decisions.

There are many approaches that tend to elaborate their choices in more details. However the public found as a most relevant piece of a puzzle is the way Washington post was reporting on this development. It is not observed from academic, but rather from journalist standpoint, it is a solid foundation to start with. In their article (Digital Nomads Choose Their Tribes)<sup>16</sup>, published in July of 2009, they conclude the brief list of three critical elements that influence the nomad's reallocation decision in a remarkable manner. The very first on the list is the connectivity options and possibilities. This one has been primarily derived from the essential need of having a non-stop reliable bond (in form of internet) with company/clients who take on

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<sup>12</sup> LEWCHUK, W. et al.: *It's more than poverty: Employment precocity and household well-being*. Southern Ontario : Hamilton, Poverty and Employment Precarity, 2013, p. 115.

<sup>13</sup> REUTERS: *Office in a bag: Basic 'musts' for the digital nomad*. [online]. [2016-10-01]. Available at: <<http://www.computerworld.com/article/2527837/smartphones/office-in-a-bag--basic--musts--for-the-digital-nomad.html>>.

<sup>14</sup> GALLUP: *The Youth on the Move. Analytical Report*. [online]. [2016-09-25]. Available at: <<http://europa.eu/youthonthemove>>.

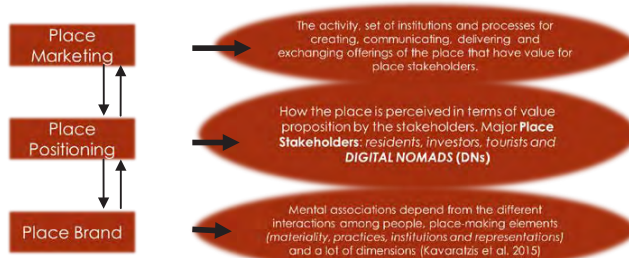
<sup>15</sup> KORPELA, M.: *More vibes in India: Westerners in search of a better life in Varanasi*. Tampere : Tampere University Press, 2009, p. 50.

<sup>16</sup> ROSENWALD: *Digital nomads choose their tribes*. [online]. [2016-10-03]. Available at: <<http://www.washingtonpost.com/wp-dyn/content/article/2009/07/25/AR2009072500878.html>>.

nomad's services. Once, the connectivity is not an issue, nomads pay great attention to the IT infrastructure available in the area. If the infrastructure is on satisfying level, nomads move on by checking on the general computer literacy at their eventual working destination. Those three central components (*connectivity, IT infrastructure and computer literacy*) are base for their (digital nomads) travel and moving decision.

#### 4 Place Branding and Management

What are the means to marketing places and destinations in relation to newly emerged group of digital nomads? Although there is still little consensus on the answer to this question, differences in attitudes, level of developments, perspectives, contemporary developments – all combined received and do receive considerable and increased attention in recent years. One way of thinking is to brand the destinations and places in order to attract specific group of people.



**Figure 1: Marketing, positioning and branding of Place**

Source: Own processing

Gertner<sup>17</sup> believes that planners must be aware of and identify variables and elements that play a role in shaping place/destination's image in someone's eyes. Moreover, Florek and Insch<sup>18</sup> stated that public authorities and planner severely want for "their" places to become one's top choice to live, play and work. Observed from marketing perspective and especially through place marketing prism, places strive to attract nomads in different more appealing ways. This is indeed widely known fact. In terms of service dominant logic within place marketing Dhamija et al.<sup>19</sup> strongly backs their mutual statement that place marketing is all about creating and delivering unique value proposition, whilst having in mind aforementioned elements. For the record, Armstrong, Kotler et al.<sup>20</sup> defines value proposition as a "combo or set of benefits or values (that brand) promises to deliver to consumers to satisfy their needs". Considering theoretical background, one is able to draw a very

<sup>17</sup> GERTNER, D.: *Unfolding and configuring two decades of research and publications on place marketing and place branding*. Berlin : Place Branding and Public Diplomacy, 2011, p. 91.

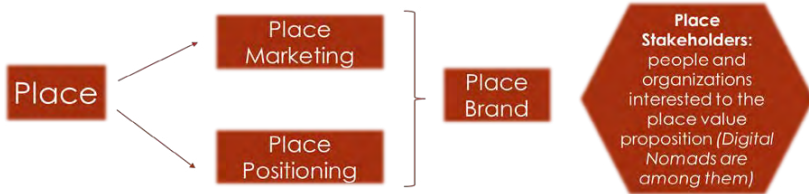
<sup>18</sup> FLOREK, M., INSCH, A.: *When fit matters: Leveraging destination and event image congruence*. London : Journal of Hospitality Marketing & Management, 2011, p. 265.

<sup>19</sup> DHAMIJA, S., AGRAWAL, A., KUMAR, A.: *Place Marketing-Creating a Unique Proposition*. Delhi : BVIMR Management Edge, 2011, p. 42.

<sup>20</sup> ARMSTRONG, G. et al.: *Marketing: an introduction*. London : Pearson Prentice-Hall, 2006, p. 163.

tangible conclusion which further translates into actionable branding applications. Namely, places/destinations strive to equip themselves in technological terms, in desired extent and quality so they can satisfy “needs” of nomads. Once again, those three central decision units are: connectivity, IT infrastructure and computer literacy.

The very same authors strongly believe that “places have long felt a need to differentiate themselves from each other in order to recognize their individuality and distinctive features”. But this is far easier to say than to apply. Zavattaro<sup>21</sup> is assured that places/destination must attract stakeholders – but this is again nothing extraordinarily new. Categorization of stakeholder groups varies starting with group of inhabitants all the way to the most flexible and demanding group of digital nomads. By attracting and engaging nomads locally, places might be in position to further accomplish their various economic goals in their agendas. This is the whole new level of place and destination marketing in a long run and how beneficial this relation might become for the both sides. This sort of mutually beneficial relation brings new perspectives and possibilities of value creation, replication and meaning re-creation. Of course, needless to say, all marketing processes are facing some obstacles that might endanger, distort or completely detour progress of promotional and positioning activities in unwanted direction. Far the greatest challenge in process of marketing and promotion of place might be very straight forward ascertainment made by Eshuis et al.<sup>22</sup> According to them “place is a complex product that may be difficult to market”. Which is indeed very realistic conclusion considering variety of elements and factors that must be taken in consideration. Moreover, they argue that local authorities and governmental bodies might use another brands in order to enhance promotion and positioning of their own place, but this is far more complex to coordinate and apply. In addition, place as a brand, logically, belongs to people and place itself. Further implying that huge number of different interest and concerns must be taken into consideration while doing a branding planning.



**Figure 2: Branding of places elaborated**

Source: Own processing

It is possible to argue that the FoM could be, between others, a way to reflect on the communication program of specific place asset toward specific segment of potential stakeholders – in this case, group of digital nomads.

<sup>21</sup> ZAVATTARO, M.: *Social media in public administration's future a response to Farazmand*. Zurich : Administration & Society, 2013, p. 242.

<sup>22</sup> ESHUIS, J., BRAUN, E., KLIJN, E. H.: *Place marketing as governance strategy: An assessment of obstacles in place marketing and their effects on attracting target groups*. London : Public Administration Review, 2013, p. 507.



## 5 Identifying a Figure of Merit for Places

As mentioned above, looking for the necessity of people to work and connect in mobility, the engineers in technology design use the “Figure of Merit”. Moreover this formula is in relation to the device’s performances<sup>23</sup> and the whole formula is based, in particular, on intelligence (tending to rise) and on the other side categories like size, costs and power (tending to decrease). Whilst interpreting this formula on the place side, it is necessary to focus the attention both on the needs of the digital nomads and on the particular features within the place, underlining the specific assets in line with the digital nomads approach toward the place opportunities. In this work it is presented the hypothesis – testing in a next research – that, thinking to the life philosophy, the digital nomads should have the same behaviour both in searching for a device and choosing for a place to work and live for a period. If this should be true, place governments could reflect on the FoM – adapting the variables – using the same approach making government decision to plan the place strategy and to attract the specific niche of digital nomads - probably not only digital nomads, but people interested about a place for a period.

This approach is based on Place Marketing and Destination Management frameworks; that could be the right perspective because of the approach to place definition and to stakeholder’s value recognition. A place could be a town, city, country or a neighbourhood because it is possible to argue that place is where stakeholders are able to recognize a value proposition offering.<sup>24</sup> Looking for this approach, digital nomads are place stakeholders and, because of their characteristics, they should be able to be attracted by the place. Listed down below is possible to have a brief overview of eventual benefits that places might expect as a result of “digital nomad friendly” marketing:

- Sharing knowledge and know-how;
- Diffusing information about the quality of life and cost-of-living;
- Diffusing the place value all over the world;
- Enhancing the diffused positive perception of the Place Value;
- An indicator of progressivity of the place;
- Increasing awareness of the given place in the world;
- Encouraging and supporting tourism development etc.

These stimuli and conditions are useful to increase awareness of the given place in the world and encouraging and supporting tourism development, generating an indicator of progressivity of the given place. In that way the digital nomads contribute to the place brand awareness and to build the elements of perception useful to stimulate the emerging value of the place. Step by step, starting by the Figure of Merit for technology - based on intelligence (to be increased), size, costs and power (to be reduced) -, considering the contribution of the Digital Nomads previous presented it is possible to hypothesises the Figure of Merit in places. Place is a part of territory in which stakeholders are able to recognize a value proposition that has been offered. In that way the value need to be presented in the numerator:

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<sup>23</sup> MAKIMOTO, T., SAKAI, Y.: *Evolution of low power electronics and its future applications*. Tokyo : ISLPED, 2003, p. 25.

<sup>24</sup> SANSONE, M., TARTAGLIONE, M., BRUNI, R.: *Enterprise-Place Relationship and Value Co-Creation: Advance in Research*. Paris : International Journal of Business and Management, 2015, p. 51.

value from the place (in terms of standard of life, well-being and incomes); the logic of the differential benefit perceived suggests generating a ratio between the value numerator - and the differential sacrifice emergent - denominator -. Defining the sacrifice, it is possible to divide concept of sacrifice in three different values:

- **CiA** = constraints in accessibility to the place; independently from dimensions, the place needs to be perceived simple to reach and in line with the essential dimensions required by the users;
- **CtR** = costs to reach place, the mix of costs necessary to reach the place (e.g. costs of journeys, authorizations, time etc.);
- **CoL** = cost-of-living in medium run.

The last few paragraphs imply following equation might be the previous interpretations it is possible to argue that the Figure of Merit for places should have this form:

$$Figure\ of\ Merit\ (place) = \frac{Intelligence}{CiA * CtR * CoL}$$

## 6 Conclusion and Future Perspectives

Although the formula is based on stakeholders' perceptions of the place, it is possible to divide the perception of the value about value proposition and the perception of sacrifice behind the value proposition. In that way both governments and stakeholders are able to compare their perceptions giving the personal interpretations to the Figure of Merit – from both sides – moving on the next value proposition or regulating the place choice - from stakeholders side. Looking for the different approaches, both from the government and stakeholders sides, many questions are opened and ready for future researches in line with needs of practitioners and researchers. In particular from the place government side could be necessary to deep the knowledge about the whole formula understanding if could be useful to measure the attractiveness of the place for every stakeholder or, the formula could be an indicator to relive the necessities in places, organizing future strategies and connected policies. A lot of issues are involved in the research on the formula side because could be necessary to understand the right interpretation of the meaning of each element inside.

**Table 1: Future Perspectives and Open Questions**

<b>Government aspect</b>	<b>Stakeholder side (digital nomads)</b>
Could the FoM of the Place useful to measure the attractiveness of the Place for every stakeholder?	Defining the elements of value perception for each stakeholder
What are the right indicators useful to measure each element in the formula?	What are the discriminants choosing the place among others?
What is the exact meaning of quality of life in the place for each stakeholder?	How much the digital nomads contribute to the place brand positioning? It is possible to develop an indicator?
	Define in details each element in the FoM for place

Source: Own processing

From the stakeholder's side the relevance of the research emerges on the comparison in behaviour between the choice of a technology and the choice of a place to live and work in terms of discriminants choosing the place and in terms of indicators developing.

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SANSONE, M., TARTAGLIONE, M., BRUNI, R.: *Enterprise-Place Relationship and Value Co-Creation: Advance in Research*. Paris : International Journal of Business and Management, 2015.

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## REGIONAL PRODUCT LABELLING SYSTEM ZNOJEMSKO REGIONÁLNÍ PRODUKT FROM THE POINT OF CONSUMER BEHAVIOUR'S VIEW

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Martin Prokop*

### **Abstract**

The article is focused on regional labelling systems from the point of consumer behaviour's view. Nowadays, regional product labelling is a tool being used worldwide, mainly by the food, helping to make a food production of small and middle-sized regional and local producers and farmers more visible among the consumers. Regional labelling systems are the most often coordinated by non-profit organizations and regional municipalities. This article is focused on the basic association connected with the brand Znojemsko Regionální produkt [Regional product Znojemsko] among consumers. At the time of the research realization, this brand was the youngest regional brand (RB) coordinated by Asociace regionálních značek [Association of Regional Brands] (ARB). The research was provided at the turn of the years 2014 and 2015; 450 respondents of the Czech Republic, South-Moravian region participated in it. The results presented in this article are the partial results of this research and are presented in connection to the selected socio-demographical parameters – the highest education, gender, age and family income. The results show that the respondents with higher income are aware of the regional brand the most. As for the rest of parameters, only small differences among categories of respondents were found.

### **Key words:**

Association connected with brand. Brand. Consumer's behavior. Marketing. Regional labelling systems.

## **1 Introduction**

Historical development led from the lack of food (when food represented mainly satisfaction of the basic needs as it comes to consumer's point of view) to current situation lasting approximately since the World War II and being characterized by changing approach of consumers towards food. Recently, marketing trends contribute to this situation and higher awareness of consumers connected with it. Food has begun to satisfy higher than the basic needs and food producers have had to adapt to such situation.<sup>1</sup> One of those efforts, regional labelling and food certifying represent; in food industry, this is one of approaches helping to make small and middle-sized regional and local food producers more visible among consumers. Regional food labelling is the result of the consumers' pressure on food quality and an alternative for consumers, who prefer local products to global production.<sup>2</sup> As e.g. Hollis points out, regional food labelling can be built on several pillars, e.g. local culture, traditions and habits, nostalgia as well as on advantages in the field of logistics etc.<sup>3</sup> Useful tool how to market those food products are i. e. farmer markets.<sup>4</sup>

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<sup>1</sup> For more information, see: SKOŘEPA, L. et al.: *Regionální trh potravin*. České Budějovice : JIH, 2009.

<sup>2</sup> McENTEE, J.: Contemporary and Traditional Localism: Conceptualisation of Rural Local Food. In *Local Environment: The International Journal of Justice and Sustainability*, 2010, Vol. 15, No. 9/10, p. 785-803.

<sup>3</sup> For more information, see: HOLLIS, N.: *The Global Brands: How to Create and Develop Lasting Brand Value in the World Market*. New York : Palgrave MacMilan, 2008.

<sup>4</sup> POKORNÁ, J. et al.: Value Proposition Canvas: Identification of Pains, Gains and Customer Jobs at Farmers' Markets. In *AGRIS on-line Papers in Economics and Informatics*, 2015, Vol. 7, No. 4, p. 123-130.

The regional branding of food is mainly focused on the development of rural areas with natural and cultural diversity.<sup>5</sup>

As it comes to regional food, La Trobe sees advantages in its freshness and in case agents would be left out in supplying chain, considers food production more quality for affordable prices.<sup>6</sup> He mainly sees a significance of food labelling for distant regions being built on agricultural production so those systems can bring improvement for given regions also in economic area. Regional brands of food seem to become a suitable opportunity for small and middle-sized local producers producing quality food products; communication of this fact towards potential customers is their weakness though (e.g. because of lack of knowledge or high costs). Together with marketing changes, not only customers' awareness grew but also the number of information they get as well.<sup>7</sup> Therefore, consumers are searching for particular signals or tools, which would help them to make decision-making process easier. In this field, several researches have been provided and scientific results have been published. For example, the research of Turčíňková and Kalábová proves increasing interest in Czech food among the Czech consumers.<sup>8</sup> Horská et al. then confirms that for the Czech customers, symbols are important when purchasing food.<sup>9</sup> The popularity of regional food in the Czech Republic (CZ) has an increasing tendency.<sup>10</sup> Similar conclusions, the research of Dimara, Skuras confirm for EU consumers.<sup>11</sup> In regional food, consumers search for the alternative to global food production.<sup>12</sup> Slabá, among others, states that local brands can also be perceived positively in foreign countries e.g. in China.<sup>13</sup>

### 1.1 Regional labelling in the Czech Republic

In 2004, Regional Environmental Center Czech Republic, citizens association (RECCR)<sup>14</sup> implemented in the frame of the project Natura 2000 the regional

<sup>5</sup> TREGGAR A. et al.: Regional foods and rural development: the role of product qualification. In *Journal of Rural Studies*, 2007, Vol. 23, No. 1, p. 12-22.

<sup>6</sup> LA TROBE, H.: Farmers' markets: consuming local rural produce. In *International Journal of Consumer Studies*, 2001, Vol. 25, No. 3, p. 181-192.

<sup>7</sup> For more information, see: FREY, P.: *Marketingová komunikace: nové trendy 3.0*. Praha : MP, 2011.

<sup>8</sup> TURČÍŇKOVÁ, J., KALÁBOVÁ, J.: Preference regionálních potravinářských produktů v České republice a na Slovensku. In PETRANOVÁ, D., ČÁBYOVÁ, L.: *Specifiká regionálního a neziskového marketingu*. Trnava : FMK UCM in Trnava, 2011, p. 206-209.

<sup>9</sup> HORSKÁ, E., ŮRGEOVÁ, J., PROKEINOVÁ, R.: Consumers' food choice and quality perception: Comparative analysis of selected Central European countries. In *Agricultural Economics - Czech*, 2011, Vol. 57, No. 10, p. 493-499.

<sup>10</sup> VARVAŽOVSKÁ, P., JARKOVSKÁ, M.: Regional Food as Expression of Identity and Sustainability in Regional Development. In *Conference Proceedings from International Scientific Conference: Marketing Identity 2014: Explosion of Innovations*. Trnava : FMK UCM in Trnava, 2014, p. 512-523.

<sup>11</sup> DIMARA, E., SKURAS, D.: Consumer demand for informative labeling of quality food and drink products: a European Union case study. In *Journal of consumer marketing*, 2005, Vol. 22, No. 2, p. 90-100.

<sup>12</sup> McENTEE, J.: Contemporary and Traditional Localism: Conceptualisation of Rural Local Food. In *Local Environment: The International Journal of Justice and Sustainability*, 2010, Vol. 15, No. 9/10, p. 785-803.

<sup>13</sup> For more information, see: SLABÁ, M.: Advertising in Chinese markets. In SOLIMAN, K. S. (ed.): *26th International-Business-Information-Management-Association Conference Location. Conference Proceedings*. Norristown : Int Business Information Management Assoc-Ibima, 2015.

<sup>14</sup> Since June 2008, it operates under the name Apus, o.s. (remar by the authors).

labelling of local products of Krkonoše, Šumava and Beskydy, by which the first regional brands were established in the Czech Republic. In 2008, those were transformed to Association of Regional Brands, c.a. (ARB). The reason for regional brand system implementation is by the organization Apus, o. s. defined as follows: „*In current over-globalized world, the need to preserve an identity of regions grows stronger. Connection between protection of cultural and natural heritage in regions and economic prosperity of regions is important priority... supports local entrepreneurs (mainly farmers, craftsmen, smaller businesses) thank to promotion... diversification of economic activities in the country and revival of local economies. It increases sense of belonging of local inhabitants and region and initiates different forms of cooperation in region among businessmen, public administration, non-profit sector and nature protection. As far as environmental aspect is concern, support of local production has its significance and consumption as for decrease of transport burden, support of production-friendly production ...*“<sup>15</sup> The principal of regional brands being coordinated at national level of ARB is the system based on regional coordinators, who administrate brands, communicate with local producers and ARB. The brand is assigned to the producers by independent certifying commission in each region after given criteria are fulfilled<sup>16</sup> (regional origin, quality, ecological aspects, uniqueness).<sup>17</sup> Another initiative, which can be considered the pioneer of regional brand in the Czech Republic, regional competition of food producers is – e.g. „Chut’ and Zlatá Chut’ jižní Moravy“, „Chutná hezky, Jihočesky“<sup>18</sup> [Taste and Golden taste of South Moravia, It tastes nice] and Perla Zlínska [the Pearl of Zlin region], which have been established about 2006-2007 as the regional initiative coordinated by regional agrarian chamber. Those competitions are coordinated by the regional agrarian chamber together with local administration. The aim of those initiatives is to make consumers aware of quality regional products and attract them to come to given region. Regional brands regard only the field of Production of food products CZ-NACE 10 and Production of beverages CZ-NACE 11.<sup>19</sup>

## 1.2 Regional brand Znojemsko Regionální produkt

Regional brand (RB) Znojemsko Regionální produkt (logo see Picture 1) was established in 2013 based on principle of RB coordinated at the national level of ARB. Local active group Živé pomezí Krumlovsko–Jevišovicko, o.s. is the main coordinator.<sup>20</sup>

<sup>15</sup> Apus, o.s. [online]. [2016-10-05]. Available at: <<http://www.apusos.cz/regionalni-znaceni-produktua>>.

<sup>16</sup> Criteria for regional brand granting (being coordinated by ARB) are the same for all regions. The list of particular criteria is mentioned by the brand Znojemsko regionální produkt (remark by the authors).

<sup>17</sup> Asociace regionálních značek, o.s. [online]. [2016-10-05]. Available at: <<http://www.regionalni-znacky.cz/arz/cs/o-nas>>.

<sup>18</sup> Regionální agrární komora Jihočeského kraje: Portál Chutná hezky, Jihočesky. [online]. [2016-10-05]. Available at: <<http://www.chutnahezkyjihocesky.cz/aktuality/udalost.php?id=7>>.

<sup>19</sup> Buletin ÚZEI č. 5/2012. [online]. [2016-10-05]. Available at: <<http://www.uzei.cz>>.

<sup>20</sup> Znojemsko Regionální produkt: MAS Živé pomezí. [online]. [2016-10-05]. Available at: <<http://www.zivepomezi.cz/projekty/regionalni-znacka-na-znojemsku/>>.



**Picture 1: Logo of Znojensko Regionální produkt**

Source: MAS Živé pomezí. [online]. [2016-10-05]. Available at:

<<http://www.zivepomezi.cz/projekty/regionalni-znacka-na-znojemsku/regionalni-znaceni-na-znojemsku>>.

**Table 1: Characteristic of the regional brand Znojensko regionální produkt**

Regional brand	Znojensko Regionální produkt
Region location	district Znojmo, South-Moravian region, Czech rep.
Area	1 591 km <sup>2</sup>
Population	113 334
Populace density	71,1 inh./km <sup>2</sup>
Potential of region	Tourism, wine-growing, farming
Current situation (finances)	EU support, European Agricultural Fund for Rural Development
Coordinator	ARB and Živé pomezí Krumlovsko-Jevišovicko
Membership conditions	Fulfillment of certification criteria, payment of registration fee
Certification criteria	Methodology of ARB adjusted by local conditions
Number of certified products (2015)	10
Development phases	Establishment and development
Establishment	2013
Field of development	Food industry, services and crafts
Distribution channels	Stores with healthy food and local stores
Brand focus	Food production and crafts
Certification duration	2 years
Certification conditions – product	Quality standards, ecological aspects, uniqueness
Certification conditions – companies	Local subject, friendly production, without debts, quality guarantee
Products category	Food products and crafts

Source: Own processing

The primary aim of the regional brand Znojensko Regionální produkt is to support local producers with focus on small and middle-sized companies (preferring mainly farmers, food industry, accommodation and food services, art craft), which “*manage their business economically, traditionally and in accordance with the principle of sustainable development*”<sup>21</sup> Methodology of regional brands granting follows valid ARB criteria.<sup>22</sup> As for the area, which the brand Znojensko Regionální produkt is

<sup>21</sup> MAS Živé pomezí. [online]. [2016-10-05]. Available at:

<[http://www.zivepomezi.cz/upload/www.zivepomezi.cz/projekty/\\_dir/13642/priloha1acertifikacni-kriteria-pro-znacku-vyrobkyaod-1.6.2013.pdf](http://www.zivepomezi.cz/upload/www.zivepomezi.cz/projekty/_dir/13642/priloha1acertifikacni-kriteria-pro-znacku-vyrobkyaod-1.6.2013.pdf)>.

<sup>22</sup> Certifying criteria are divided into two groups. A for producers and B for products. „*Criteria for A group: 1. Local subject (business premises have to be in the area limited by previous district Znojmo), 2. Qualification for particular production, 3. Without debts, 4. Guarantee of quality standards (prove only by statutory declaration), 5. Production process does not damage nature (evaluation of certification commission, applicant does not have to be under investigation of Czech Environmental Inspectorate). Criteria for B group: 1. Consumer goods, agricultural and natural products or arts produced in region*



assigned for, previous district Znojmo is concern (South-Moravian region). As the content of regional brand Znojemske regionální produkt is considered, it is wider and does not include only food products.

## 2 Methodology and results

Primary research was provided within November 2014 – January 2015 in South-Moravian region. Respondents were chosen by quota selection - representing sample of 450 respondents – visitors as well as inhabitants of this region. This article brings the results; the following hypotheses were tested by Pearson Chi-squared test:

H1: Knowledge of regional brand Znojemske Regionální produkt does not depend on respondents' gender.

H2: Knowledge of regional brand Znojemske Regionální produkt does not depend on respondents' age.

H3: Knowledge of regional brand Znojemske Regionální produkt does not depend on the amount of net family monthly income of respondents.

For contingent table  $r \times c$  ( $r$  = number of rows,  $c$  = number of columns), the test statistics of Pearson Chi-squared test on independence is used the most often, which in this case monitors knowledge of regional brand Znojemske Regionální produkt in dependence on the selected socio-demographical factors. Zero hypothesis of this test presumes independence.<sup>23</sup>

$$\chi^2 = \sum_i \sum_j \frac{(n_{ij} - e_{ij})^2}{e_{ij}}$$

Symbol  $e_{ij}$  means expected frequency for case of independence and symbol  $n_{ij}$  means monitored frequency in contingent table. Expected frequency is calculated from contingent table as the product of marginal frequencies divided by total frequency. Assuming independence, the statistics chi-squared has asymptotical division  $\chi^2_{(r-1)(c-1)}$ . By statistical software Statistica, for each hypothesis p-value was calculated and if  $p < 0,05$ , zero hypothesis was rejected in favour of alternative hypothesis assuming dependence of variables. To use Pearson chi-squared test, such condition is to be fulfilled – maximum 20 % of expected frequencies should be lower than 5.<sup>24</sup>

### 2.1 Results

The results of realized research showed that consumers in South-Moravian region do not mostly know the regional brand Znojemske Regionální produkt. When asked

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*Znojemske, 2. Product quality (evaluation by certifying commission) 3. Nature-friendly, 4. Uniqueness connected with region (traditional product; product made of local ingredients or materials; handcrafted or mental work; arts with the main motive "Znojemske"/products being specific for region „Znojemske“; exclusive (above standard) characteristics of the product.* (For more information, see: MAS Živé pomezí. [online]. [2016-10-05]. Available at:

<[http://www.zivepomezi.cz/upload/www.zivepomezi.cz/projekty/\\_dir/13642/priloha1acertifikacni-kriteria-pro-znacku-vyrobkyaod-1.6.2013.pdf](http://www.zivepomezi.cz/upload/www.zivepomezi.cz/projekty/_dir/13642/priloha1acertifikacni-kriteria-pro-znacku-vyrobkyaod-1.6.2013.pdf)>).

<sup>23</sup> For more information, see: ŘEZANKOVÁ, H.: *Analýza kategoriálních dat pomocí SPSS*. Praha : VŠE, 2007.

<sup>24</sup> Ibidem.

whether they have met this brand when purchasing food, 67 respondents answered positively, i.e. 14, 89 % of investigated sample.

**Table 2: Knowledge of brand Znojemsko Regionální produkt in dependence on respondents' gender**

Knowledge of brand Znojemsko Regionální produkt	Men	Women	Total
Yes	30	37	67
Relative frequency of yes answers (%)	14,29%	15,42%	
No	180	203	383
Relative frequency of no answers (%)	85,71%	84,58%	
Total	210	240	450

Source: Own processing

From Table 2 results that 30 addressed men (14,29 %) and 37 women (15,42 %) know the brand Znojemsko Regionální produkt. Thus, more women know the brand in investigated region than men do.

**Table 3: Knowledge of brand Znojemsko Regionální produkt in dependence on respondents' gender**

	Chi-square	df	P
Pearson chi-square	0,1130468	df=1	p=0,73670

Source: Own processing

As mentioned in Table 3, p-value of Pearson Chi-squared test of independence is 0,74, which is significantly more than level of significance 0,05. Thus, hypothesis of independence is not rejected at the level of independence 5 %. The hypothesis H1 is accepted - Knowledge of regional brand Znojemsko Regionální produkt does not depend on respondents' gender.

**Table 4: Knowledge of brand Znojemsko Regionální produkt in dependence on respondents' age**

Knowledge of brand Znojemsko Regionální produkt	18 - 35 years	36 - 50 years	51-65 years	Total
Yes	22	26	19	67
Relative frequency of yes answers (%)	14,67%	17,33%	12,67%	
No	128	124	131	383
Relative frequency of no answers (%)	85,33%	82,67%	87,33%	
Total	150	150	150	450

Source: Own processing

The results mentioned in Table 4 show that people of middle age group 36-50 years (17, 33 %) know about the brand Znojemsko Regionální produkt the most and people of the youngest age group 18-35 years (14,67 %) little less. As for respondents of the oldest age group 51-60 years, 12,37 % of those know this brand.

## MARKETING IDENTITY

**Table 5: Knowledge of brand Znojemsko Regionální produkt in dependence on respondents' age**

	Chi-square	df	p
Pearson chi-square	1,297689	df=2	p=0,52265

Source: Own processing

In case of knowledge depended on respondents' age, mentioned in Table 5, p-value of Pearson Chi-squared test is significantly higher than defined level of significance 0,05. The hypothesis of independence is not rejected at the level of significance 5 %. Thus, the hypothesis H2 is accepted - Knowledge of regional brand Znojemsko Regionální produkt does not depend on respondents' age. Even though, statistical dependence could not be proved, it can be stated that respondents of middle age group and younger ones know the given brand more often than respondents of the oldest age group do.

**Table 6: Knowledge of regional brand Znojemsko Regionální produkt in dependence on the net family monthly income of respondents**

Knowledge of brand Znojemsko Regionální produkt	up to 25 000 CZK included	B - 25 001 - 50 000 CZK	C - 50 001 CZK and more	Total
Yes	24	33	10	67
Relative frequency of yes answers (%)	11,11%	16,75%	27,03%	
No	192	164	27	383
Relative frequency of no answers (%)	90,28%	91,88%	86,49%	
Total	216	197	37	450

Source: Own processing

From the results of Table 6 is seen that the highest relative knowledge of this brand the respondents with the highest net monthly family income being above 50.000 CZK (27,03 %) showed. As for other income categories, respondents stated knowledge of this brand very similarly; 16,75 % of respondents with income between 25 000 CZK - 50 000 CZK and 11,11 % of respondents with income up to 25 000 CZK.

**Table 7: Knowledge of regional brand Znojemsko Regionální produkt in dependence on the net family monthly income of respondents**

	Chi-square	df	p
Pearson chi-square	7,273717	df=2	p=0,02633

Source: Own processing

P-value of Pearson Chi-squared test of independence, mentioned in Table 7 is in case of dependence of this brand and the highest net monthly family income 0,03, which is less than chosen level of significance 0,05. The hypothesis H3 of independence is rejected at the level of independence 5 % - Knowledge of regional brand Znojemsko Regionální produkt does not depend on the amount of net family monthly income of respondents.

## 2.2 Discussion

From the results of realized research can be concluded that consumers of investigated region mostly do not know the given brand Znojemsko Regionální produkt. Only 67 of the sample of 450 of them stated knowledge representing thus 14,89 %. The highest knowledge showed the respondents with the highest income, which is very interesting fact. This fact is directly opposite to the findings published by the authors Zámková, Prokop, who state that just respondents of South-Moravian region with the highest income are the least interested in bio and ecological food.<sup>25</sup> The results of provided research can be interpreted in context with previously published results of the authors; knowledge of brand system in South-Moravian region – Regionální potravina Jihomoravský kraj was found at the level of 46,9 %.<sup>26</sup> This research was realized with the same respondents' sample and within the same time period. When considering awareness of other brands in this region, it can be said as follows: even the brand Znojemsko Regionální produkt is the youngest one, it is the best known brand out of all "small regional brands" of South-Moravian region; compared to the brand Zlatá Chuť jižní Moravy (the oldest regional brand system in region; 11,6 % of respondents know it) and the brand Moravský kras Regionální produkt (the brand coordinated by ARB – the same as investigated brand; 9,33 % of addressed respondents know this brand). The results of the research, which was provided in neighbouring region – Lower Austria of Austria within the same time period and in which also 450 respondents took part, show that 40 – 65 % of respondents know all regional brands. Including the brand Waldland (53,3 %), which is to be considered the equivalent to our brand Znojemsko Regionální produkt.<sup>27</sup> As for another characteristics of the brand Znojemsko Regionální produkt, such research conclusions are proved by e.g. Rojík et al. that better awareness of those brands can be expected from women and middle-age and young generation of the respondents; and consumers with the highest income.<sup>28</sup>

## Conclusion

In the Czech Republic, the labelling of the products and services by regional brands is still quite new tool to make quality regional and local production (mainly food one) more visible. There are two main regional labelling systems in the Czech Republic - state system Regionální potravina [Regional food] and system Regionální/Originální produkt [Regional/original product] coordinated by Association of Regional Brands. Significantly higher budget is considered the advantage of the first system (above that also for communication and other marketing activities). The second system's

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<sup>25</sup> ZÁMKOVÁ, M., PROKOP, M.: Comparison of Consumer Behavior of Slovaks and Czechs in the Market of Organic Products by Using Correspondence Analysis. In *Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis*, 2014, Vol. 62, No. 4, p. 783-795.

<sup>26</sup> For more information, see: ROJÍK, S. et al.: Recognition of the regional food brand "Regionální potravina Jihomoravský kraj" by consumers in the Region of South Moravia. In *Littera Scripta*, 2016, Vol. 9, No. 1.

<sup>27</sup> For more information, see: ROJÍK, S.: *Úloha regionálního značení potravin ve vybraných regionech ČR a Rakouska*. [Dissertation Thesis]. Opava: Slezská univerzita v Opavě, 2015.

<sup>28</sup> For more information, see: ROJÍK, S. et al.: Recognition of the regional food brand "Regionální potravina Jihomoravský kraj" by consumers in the Region of South Moravia. In *Littera Scripta*, 2016, Vol. 9, No. 1.

advantage is its closeness to regional and local producers and the fact that the brand is contrary to the system Regionální potravina granted to all products and producers, who fulfilled certification conditions (it is not competition though as it is in case of system Regionální potravina when this brand is granted to those producers, who win in particular categories). This fact has to be taken into consideration as the main advantage of the brand Znojemsko Regionální produkt. Within about two years of its existence in the market, this brand showed the highest awareness compared to all regional brands (excluding Regionální potraviny). Vaguely defined strategy of the brand Znojemsko Regionální produkt has to be considered the disadvantage; because except food products and services, there are also included different products such as e.g. wooden floor; this situation shows coordinator's ambivalence as far as his management is concern.

Because of low awareness of this brand, it does not provide the producers with many benefits why they should have the products recertified; there are also not arguments for this brand coordinator, which would contribute to the increase of demand for certification by the producers. Considering very limited budget of this brand, before the increase of communication effort, it is necessary to work on the basic marketing tool – product. The main task of coordinator would be contacting the associations and significant businesses e.g. out of wine and services fields and offer them certification of those products. This task should be provided as soon as possible. The region of Znojmo is the region with big potential just in the field of wine and travelling (national park, tradition in agriculture and wine-growing, historical middle-age cities being visited by tourists, well-known events for tourists such as Znojemské historické vinobraní [Znojmo's historical grape harvest]). Also cooperation with local municipalities – districts, micro-regions and cities is important. Considering very limited budget of this brand, the authors see above mentioned proposals as the most suitable way how to make development of this brand faster and how to increase its value.

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## **BRAND OF REGION AND REGIONAL DEVELOPMENT OF SELECTED REGION IN SLOVAKIA AND MARKETING COMMUNICATION OF THIS REGION**

*Rudolf Rybanský – Denisa Jánošová – Peter Vaško*

### **Abstract**

Globalization is in many ways considered as necessary, but brings with it a range of negative effects on some aspects of life in society. It also concerns the sphere of regional identity and regional development. The issue of regional development at the country level in the globalization process is extremely important. The aim of this work is based on the available empirical data and secondary research outline view of regional identity and regional development. The objective is based on theoretical and practical knowledge recommend further development opportunities of the region, summarize all factors, that are active in the process of regional development and branding of the region, specifically the determining of regional marketing objectives, which can only be achieved by using marketing tools.

### **Key words:**

Brand of region. Marketing communication. Regional development. Regional identity.

### **Introduction**

Successful growth of each national economy in today's world is significantly affected by the degree of its participation in the development of the world economy. No economy cannot currently figure with no link to foreign trade, foreign economic or financial relations, or markets. This has an impact on the stabilization and development of territorial parts of the country, thus regions. It is certainly in the interest of every country, to degree of development of its regions reached high level. Social and economic stability of the domestic economy in same time requires to develop different territorial units proportionally, though in them, can dominate various sectors (various forms) of economic activity.

### **1 Interpretation of definitions**

The understanding of issue of regional development and regional brands at the country level in the globalization process is extremely important. Interest in the development of the region is not entirely new. We cannot understand it as a response to the current globalization trends. Expressing spatial relationships through economical tools in some economical theories appeared in the late 18th century. So in the theory of territorial development appeared term disparity. We express by him an element of diversity specific area to another territorial unit. Specifics of individual regions we can be subdivided from various perspectives - economics, geographic, social, cultural and so on. We talk about multidisciplinary, which allows to allocate the region by a wide variety of viewpoints. From a natural point of view, may have the region other territory, than for example from agricultural point of view or industrial production. *„Regional integration overcoming national borders, but at the same time creates a space for collective recovery some of his globalization repressed*



*functions.*"<sup>1</sup> This concerns not only economic indicators. In this way we can talk about sociological and psychological influence of regionalization on residents.

The rise of the region's meaning enabled the development of a new scientific discipline, which generally we call regional science. It stems from the view that the concept of regional development is very difficult to define (with regard to specific regions). For regional development and understanding of brand of the region is important also tourism. „*The World Travel Organisation (WTO) defines tourism as the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited.*”<sup>2</sup> For example for regional development of Trnava region is important also religion tourism, because this region is full of historical and religion monuments. „*Modern age and comfortable travel connections have prepared favourable conditions for a group of travellers willing to move a few thousand miles to religion actions. Currently, there are numerous tourist agencies all over the world, focusing on the specific destinations of pilgrimage or religious tourism.*”<sup>3</sup>

### 1.1 Brand and disparities of the region

For a comprehensive understanding of the brand of the region should be defined disparities of this region. Since each region is formed by certain set of elements and therefore, it may change the size and character, we need in relation to them talk about the process, so-called regionalization. Set of elements that define the region we speak regional disparities. Generally it is the sum of characters and process, which are different. The basic attributes (characteristics) of regional disparities is their occurrence, (territoriality), measurability and temporality.

Regional disparities concern:

- physical geographic potential (mineral resources, climate, position, size, localization region);
- environment (air, waste, water, biodiversity, forests, land and soil);
- transport infrastructure (road, rail and air infrastructure, water transport and transport services);
- technical infrastructure (water supply, sewerage and wastewater treatment, energy supply, information and communication technologies and tourism infrastructure).

Economic disparities:

- economic performance (performance, productivity, etc.);
- economic structure (branch structure, structure by ownership);
- human potential (economic capital of the population - the skills, qualifications, work experience, mobility and business capital of the population - the rate of entrepreneurial activity, length of business activity, number of employees, turnover, profit, etc.).

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<sup>1</sup> ŠIKULA, M.: Long-term vision of the development of Slovak society. In *Working Paper*, 2008, Vol. 14, No. 1, p. 6.

<sup>2</sup> GOLEDNER V. R., RICHIE B.: *Tourism, Principles, Practices, Philosophies*. New Jersey : Wiley & Sons, 2003, p. 58.

<sup>3</sup> SVOBODA, J., ŠALGOVIČOVÁ, J., POLAKOVIČ, A.: Religion and tourism in Slovakia. In *European Journal of Science and Theology*, 2013, Vol. 9, No. 1, p. 126.

Social disparities:

- Population;
- Health Care;
- Education;
- Employment and unemployment;
- Social protection;
- Household economy;
- Crime;
- Culture.

*„The indicated number of disparities not exhaust all the factors, which may be differentiated attributes of regional disparities. The individual factors can be structured, or combined.”<sup>4</sup>*

### 1.2 Understanding of the brand in relation to the region

For customer, brand guarantee constant quality and facilitating decision-making. Politics of brand or branding is an important part of the marketing mix. Brand of region is a marketing concept that supports sustainable regional development. The basic condition for the formation of regional brand, for example is clearly defined region. For example Short Dictionary of Slovak Language as codification guide defines the region as an area, county. Academic Dictionary of Foreign Words this term defines as geopolitically defined area, territory. The policy objective of region is to create brand awareness about destination in the minds of customers, client partnerships between destination and visitors and create a solid positive associations of visitors associated with the brand. *„According Gučík, M. brand conveys an image. The image is the result of a long process and forms, in order to differentiate themselves from the competition. Brand's image should be by author reliable, unmistakable, individual, the customer should remain in the minds and create a positive image.”<sup>5</sup>* The brand of region consists in the name of the territory or entity, such as graphics-name territory, region, location, hotel or hotel chain, the ski area and so on. This brand is often accompanied by a slogan that forms a complex with it. While, the brand is permanent in nature, the slogan has a limited life span and usually respond to the changing market situation and policy intentions destination.

Through propagation brand of the region are supported local businesses (especially small farmers, artisans, small businesses), thereby contributing to the diversification of economic activities in the country and reviving local economies. At the local population increases solidarity with the region and initiates various forms of cooperation in the region between entrepreneurs, public administration, non-profit sector and nature protection. Brand works as a platform for meetings between different actors in the region. From an environmental point of view is favourable renewal of the regional market (local production and consumption), which reduces the traffic load, support greener production and widening the possibilities for sustainable tourism. As mentioned in the section above, For regional development

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<sup>4</sup> MICHÁLEK, A.: Indicators for the identification and measurement of regional disparities (a few notes on the selection of indicators). In *Geographic magazine*, 2013, Vol. 65, No. 1, p. 363.

<sup>5</sup> GUČÍK, M. et al.: *Manažment regionálneho cestovného ruchu*. Banská Bystrica : Dali-BB, s.r.o pre Slovak-Swiss Tourism, 2007, p. 221.

and understanding of brand of the region is important also tourism. Tourism is undoubtedly one of the fastest developing and most promising industries of the Slovak national economy. The position of Slovakia in the heart of Europe at the intersection of trade routes, its cultural and historical wealth and the favourable climatic conditions all create the potential for development of the tourism industry in our country. The demographic makeup of visitors shows that the Slovak Republic is a target country for middle class and less-demanding visitors for whom price is a critical factor. Slovakia's tourism industry has grown remarkably since the country became independent. The number of tourists has been growing steadily over the years, and there is also a higher number of overnight stays in the country. The number of tourists increased by 4.5 percent over 2005 to more than 3.5 million in 2006. The number of foreign tourists to Slovakia rose to 1,611,808, which is an increase of 6.4 percent year-on-year.

### 1.3 Regional identity as one of the starting points of regional marketing

At psychological analysis of consumer behavior it is necessary to take into account regional identity, which reflects long-term relationships created by the region's population. This identity creates historical-architectural and landscape-geographical components of the environment and socio-economic characteristics of the population. Therefore, regional identity is an important factor in creating a marketing strategy of the region. *„For the success of business plans in the region are necessary information. Every marketing decision requires accurate, timely and relevant information called Marketing information system (MIS).“*<sup>6</sup> It serves especially to analyzing and storing data from various sources. Includes for example marketing research, research agency and so on. It can be used with other information sources - external databases, outputs statistical offices. For the marketer, it is important that the region in which he wants to operate, to operated with good information's in spheres of geography, history, population, population, infrastructure, economic potential, regional disparities and some important aspects of the influence of the region on its inhabitants. Important role in drawing up regions marketing strategies, when examining regional disparities and research regional identity plays Slovak Archive of Social Data (SASD). In terms of marketing communication it includes secondary data that has been used in other contexts, but can also be used for the further study of the market.

When creating a communication mix we must also respond to, which parties have interest on the company marketing strategy. *„Every advertising campaign or other type of marketing communication follows different and specific goals, and, in particular there is a high level of dependency between the target audience and its ability to consume communicate information and decipher this information to the required extent depth. Another important factor is a type of advertising media that is employed.“*<sup>7</sup> *„It is also important to mention that the centre of the marketing strategy becomes a customer strategy, and therefore organizations must formulate its market supply and build relationships with customers and on a level, that customers then*

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<sup>6</sup> HASPROVÁ, M.: *Marketing of Towns and Municipalities*. Bratislava : Ekonóm, 2007, p. 63

<sup>7</sup> MENDELOVÁ, D., ZAUŠKOVÁ, A.: *Innovation in the Slovak advertising environment*. In *Communication Today*, 2015, Vol. 6, No. 1, p. 48.

*bought products at prices that enable organizations to grow and maintain its profitability in the long term.*"<sup>8</sup>

## 2 Methodology

*„Recently, under the influence of new technological, political and economic changes in most developed countries gradually begin to draw attention to new factors, which may affect the competitiveness of regions.”*<sup>9</sup> Current challenges of regional development are based on the concept convergence, competitiveness, cohesion and dependency of economic development and regional dimension. To achieve the objectives it was necessary to use several methods. Collection and processing of the data for the work was carried out in the period 2014 - 2015. Analysis of the development of Trnava Region and analysis of the tools of active policy in Trnava Region was established by method of personal interviews, personal investigations face to face, and through brainstorming with experts from the field of regional development. For the realization of market research was used a personal interview with people who deal with this topic, which is the subject of the research. Respondents' answers were recorded in a pre-prepared questionnaire. Marketing research was created based on the answers of 100 respondents, consisting of institutions and employees in positions that have an impact on regional development.

To the questionnaire were contacted the following institutions:

- Office of Labour, Social Affairs and Family in Trnava;
- Municipal Office in Trnava;
- District Office in Trnava;
- HTU (higher territorial unit) Trnava.

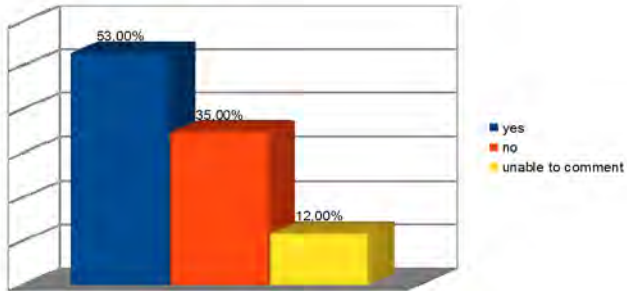
## 3 Research

Do you think, that is from side of local government authorities operating in the region exerted sufficient activity concerning building brand of region and regional development? 53% Of the respondents surveyed, tended to answered - yes agree that regional governments exerted sufficient activity to building brand of region and regional development, 35% of respondents had opposite opinion and 12% of respondents to the question were unable to answer.

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<sup>8</sup> RAJČÁK, M.: Innovative milieu and clustering from the aspect of the regional development. In *Forum of innovative ideas*. Trnava : UCM in Trnava, 2012, p. 155.

<sup>9</sup> MATÚŠ, J., GALERA MATÚŠOVÁ, J., FINDRA, S.: Innovation in marketing – marketing innovation. In *European Journal of Science and Theology*, 2015, Vol. 11, No. 6, p. 147.

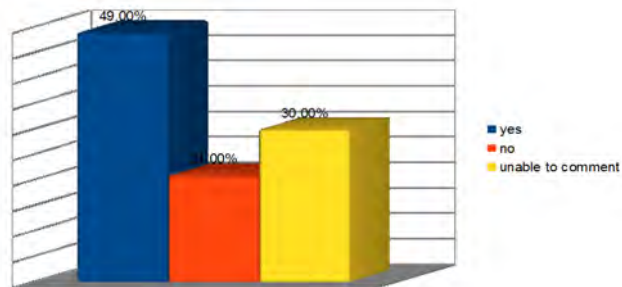


**Chart 1: Do you think, that is from side of local government authorities operating in the region exerted sufficient activity concerning building brand of region and regional development?**

Source: Own processing

Do you think, that in the region are applied all the marketing tools?

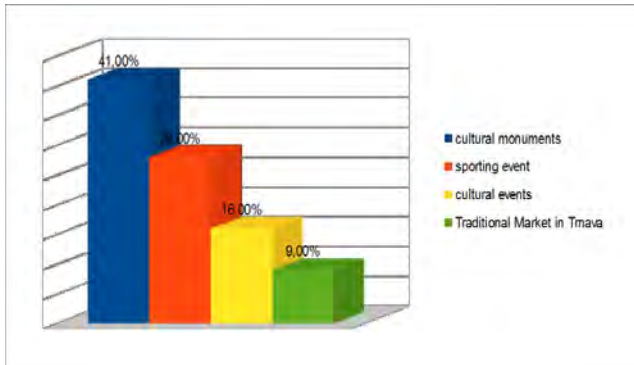
Of the 100 respondents surveyed 49% were positive to the referred question, 21% had opposite opinion and they think, that they are not used all the tools of the marketing mix of the region, which would contribute to the development and 30% to this problem were unable to answer.



**Chart 2: Do you think, that in the region are applied all the marketing tools?**

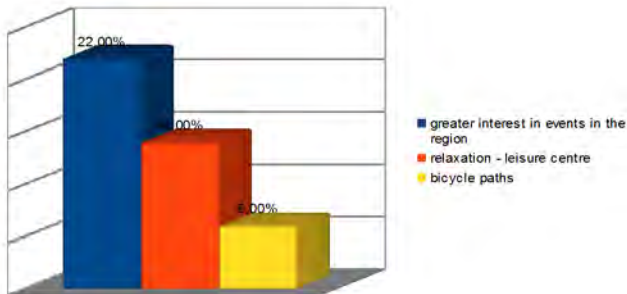
Source: Own processing

If you were to persuade tourists to visit your region, what do you attract them? Out of 100 respondents was 41% to lure tourists to cultural monuments. 28% think, that the tourist clientele could be attracted by sporting events, 16% believe in the cultural events and 9% think, that it will be the Traditional Market in Trnava.



**Chart 3: If you were to persuade tourists to visit your region, what do you attract them?**  
 Source: Own processing

Do you have a personal goal, what you would like to do for the development of the region? At this point was a great variety of answers. 22% of answers was - greater interest in events in the region, 14% reported relaxation - leisure centre. 6% opted for bicycle paths. Other answers vary and could not be created a similar percentage group.



**Chart 4: Do you have a personal goal, what you would like to do for the development of the region?**  
 Source: Own processing

### 3.1 Interpretation of research and recommendations

Within its own research were obtained all the information necessary for solving defined problem. The main aim was to obtain information and ideas relating to research problems. The research subject were selected institutions in Trnava Region, which directly through its activities contribute to building brand of region and regional development. The object of the research (final respondents) were workers in senior and middle management of these institutions. All the tools of the marketing mix of the region are applied. From the observed results it can be confirmed by the active use of marketing tools. Since that 49% of respondents opted for answer yes, thus confirming knowledge, that the region apply different marketing tools. 21% of

respondents had the opposite opinion and relatively high percentage of respondents - 30% were unable to assess the problem.

The collected data were evaluated by computer technology and by appropriate software. The obtained data were collected in a transparent database. Part of the data evaluation was the detection of errors. That database of information was helpful in for the theory and the brings benefits for the practice. Research should examine the success of marketing communication of local government authorities in the region. Nevertheless, research has shown that local government authorities have in the marketing area a some little reserves. In relation to local government authorities, it would therefore be possible to formulate a recommendation about way of communication at the level of institutions, and about needs to supplement marketing communication plans of the institution and their knowledge at all managerial levels of local government authorities, not only in implementation but also the theoretical part. The obtained knowledge can be formulated in relation to the further examination of the area, thus, the conclusions of the research team. Eliminating factor "want to hear" can be achieved through a number of control issues. In the research also revealed the need to specify more precisely the problem, for example by scaling.

### **Conclusion**

This article does not attempt to find an universally valid criteria for the earmarking of territorial units. But certainly this article wants to remind to marketing staff, that in the communication of region have effect numerous of factors, while part of it is connected just with terminology questions of regionalization. As well as research results show marketing activities in Trnava Region are on high level. This is confirmed by the fact that the absolute majority of respondents from institutions that have a significant influence on the development of the region believe, that the local government authorities spending sufficient funds for development. From this article is suggested, that marketing activities especially in terms of tourism, should focus on the promotion of cultural heritage, which is a significant represent in Trnava Region. Article also presents some suggestions for improving the region's attractiveness for tourists, such as build relaxation - leisure centre and bicycle paths. These proposals resulted from the research results, which were represented by respondents from key institutions and businesses in the Trnava Region. Another incentive for the creation of that text was the diversity of approaches to the specification of territorial units. However, in this regard still it needs to emphasize the fact that regional development is not just a marketing problem. To this process enters a range of other disciplines, therefore we are talking about interdisciplinary approach to region. We must realize that in addition to the socio - economic differences, are playing an increasingly more fundamental role in the cultural disparity surveyed regions.

In this article we have tried to show the need of comprehensive perception of some aspects of regional marketing especially those aspects that are characteristic of the economic and social affairs. We understand that the role of the creative worker in marketing is to build a good marketing plan. But for its implementation, which is a condition for success, effect a number of factors in these areas. When creating

marketing plans is in the demarcation of the region often underestimated and also are underestimated a detailed examination of regional disparities. Although the regional government communicates with the public, is not a typical marketing communication. Regional government products includes decisions, and its customers includes residents and businesses in the region. Here, too, it is therefore necessary to make a typology of consumers. The article does not have a typical marketing, economic and social character. Our intention was to provide a broader view of issues that affect regional marketing and related brand building region.

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## ELECTION CAMPAIGNS IN TRENČÍN MUNICIPAL ELECTIONS

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### **Abstract**

Political life in democracy consists of various activities connected with elections and preceding election campaigning. Research and academic literature are mostly focused on election campaigns of political parties and movements in parliamentary elections. However, political marketing is also significantly used in regional and local elections. Presented paper, using documents from State archive of Trenčín and historical regional press, examines political marketing in Trenčín municipal elections between 1923 and 2010. The first aim of the paper is to identify the main marketing tools and campaign content. The second aim is to compare campaigns during the First Czechoslovak Republic with period after restoration of competitive political system in 1989.

### **Key words:**

Agitation. Communist party of Czechoslovakia. Election campaign. Hlinka's Slovak People's Party. Mayor. Media. Municipal elections. National committee. The First Czechoslovak Republic. Trenčín.

### **Introduction**

Political parties in democratic countries gain their political legitimacy through competition - by participating on elections. The result of elections depends on wide set of historical, mental or individual factors and also on context of voting behaviour. Naturally, one of the most influential factors is political marketing, i.e. ability of political leaders and candidates to appeal to voters and win their confidence. Marketing strategies are exercised through various tools which are in practice often limited by budget. Presented paper introduces political marketing used by political parties at local level in city of Trenčín. Using detailed research in Trenčín State Archive and Michal Rešetka Regional Library we are able to clarify the content of political marketing during the first Czechoslovak Republic, promotion of totalitarian elections in period 1945 - 1989 and democratic elections since 1989.

## **1 Municipal elections during the First Czechoslovak republic**

### **1.1 Elections of 1923**

Six political parties stood in the 1923 municipal elections - Slovak People's Party (SLS), Communist party of Czechoslovakia (KSČ), Jewish party, Republican Party of Farmers and Peasants (Agrarians), The Czechoslovak Social Democratic Workers' Party (ČSSDR) and Czechoslovak Traders' Party (Traders). The biggest share of 4500 participating voters took Slovak People's Party and so it became the strongest party in Trenčín's Council. Communist Party of Czechoslovakia got about one-third of votes less than SLS. The third strongest party was Jewish party and Agrarians finished at fourth place receiving only one-half of votes for Jewish party, although the party was the strongest one at national level. Czechoslovak Social Democratic Workers' Party was until then the strongest party in Trenčín but in 1923 elections it obtained very similar number of votes as Agrarians and placed fifth. In order to constitute the first freely elected self-government it was also needed to elect the leadership of the city. Surprisingly, SLS as a strongest party did not succeed in getting this post as other

smaller parties formed a very capable opposition. *“In repeated mayoral elections of November 3, 1923 the council confirmed Ing. G. Dohnányi from Czechoslovak Traders' Party in his office. The First Deputy Mayor was J. Barták from KSČ and the Second Deputy Mayor became Dr. Gejza Pereszlényi from Jewish Party. Ing. G. Dohnányi was a Mayor until October 1924 when his position was taken by his counterpart from November's elections of 1923 to City Board, priest Rudolf Misz – abbot of Trenčín. The First Deputy Mayor became Jozef Reihel and the Second Deputy Mayor was Juraj Boček, both from SLS.”*<sup>1</sup> Political parties within Trenčín territory probably did not use all the possibilities of political marketing. We can just assume that political marketing of party was implemented through modest leaflet promotion and advertising in local media, e.g. in weekly newspaper *Trenčan*, which was founded the same year.

### 1.2 Elections of 1928

Twelve political parties stood in the 1928 municipal elections which is twice as much as in 1923. Moreover, political parties tried to lead their electoral campaign more professionally. Magazine *Trenčan*, which openly supported Hlinka's Slovak People's Party (HSLŠ), published on February 18, 1928, on the heading of the first page and right under the name of this magazine, following appeal: *“Who wants Trenčín to keep exculpating itself such as during the last three years, who wants to live in peace and security, to earn bread, that one votes in his/her own interest only No. 1.”*<sup>2</sup> Similarly, one week later the same magazine agitated again: *„Did you know Trenčín before 1925? And do you know it today? Don't you see that huge difference? It all came under the leadership of Hlinka's party! Therefore you cannot vote for another party, just for Hlinka's party with No. 1”*<sup>3</sup>

Other parties tried to attract the voters using leaflets. Provincial Christian-Socialist Party used municipal elections to propagate self-government for Slovakia. Its election leaflet did not refer to any local issue, it intended to discourage voters from voting other political parties. The content of their campaign was negative and also populist: *“Do not listen to agents, who always promise you the earth before elections, but after elections they do not care of you, because they simply sell you down the river. Who shout and promise a lot, the one is always dubious. We do not do loud agitation. As we are paid neither by Czechoslovak government nor any other, we do not have enough money for that. Moreover, we are persecuted by governmental circles. Our newspapers are confiscated, secretaries are locked up.”*<sup>4</sup> Negative campaign was popular also among leaders of HSLŠ. Special supplement of *Trenčan* emphasized animosity towards representatives of czechoslovakism (especially towards Czechoslovak populists) and communists. Their arguments against communists stemmed from conviction that KSČ does nothing for poor working people and the only advocate of workers is HSLŠ.

### 1.3 Municipal elections in the 1930s

Next municipal elections with 15 participating political parties took place in 1932. Election campaign had again also the character of committed journalism. Above-

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<sup>1</sup> ŠIŠMIŠ, M. et al.: *Trenčín (Vlastivedná monografia 2)*. Bratislava : Alfa-press, 1997, p. 11.

<sup>2</sup> For more information, see: *Weekly newspaper Trenčan*, 1928, Vol. 5, No. 8, p. 1.

<sup>3</sup> Ibidem.

<sup>4</sup> *Campaign leaflet of Provincial Christian-Socialist Party. State Archive in Trenčín.*

mentioned weekly news magazine *Trenčan* ironically presented election priorities of participating parties: *“Agrarians will divide remains of Czechoslovak populists amongst themselves. Communists will amuse themselves „capitally“. Socialists will increase the price for tobacco to prevent poor people from smoking. Let capitalists damage their lungs! Czechoslovak populists will establish the new order of invincible consistency and new coat of arms with hare’s tail used for marking of disloyal Hlinka’s followers. Traders will keep their craft and abandon the politics. The Party of Truth – not really truth but technology will win. Party of Jewish voters swears it will found the new party named „Four-leaf clover“. The party of village house owners will split in parts. Hungarian Christian socialists will yield the post of Mayor to Party of village house owners. Sportsmen will honestly and fearlessly break their umbrellas on heads of people from other municipality to demonstrate their victory. And finally, Populist Hlinka’s followers who stand in elections with No. 9, promise they will not promise anything but work honestly. Other parties promised nothing publicly, we have just heard they declared their non-participation on elections“.*<sup>5</sup>

Although HSLŠ won elections third time in a row, the party did not succeed in electing a Mayor. *Trenčan* informed about this issue in detail: *“Slovak People’s Party of Hlinka has 10 representatives of 36 in the Council; it claimed the post of mayor. It negotiated with 8 parties to have the majority for its candidate Dr. Ján Zatl’ko, but it was not able to ensure needed 18-19 votes. „Catholic“ party of Mr. Mičura was asked for common action in this issue, but they did not even respond to presented suggestions of Hlinka’s Catholic party.“*<sup>6</sup> As a result, on April the 14th, 1932 Jozef Reihel was reelected by a slim majority of one vote against the will of populists from HSLŠ.

After recapitulation of all general elections in *Trenčín* we can see 5 political parties which were established in municipal environment of *Trenčín* during whole period of the First Czechoslovak republic: Hlinka’s Slovak People’s Party (HSLŠ), Communist party of Czechoslovakia (KSČ), Czechoslovak Social Democratic Worker’s Party (ČSSDR), Jewish political parties and Republican Party of Farmers and Peasants (Agrarians). HSLŠ remained the strongest political party during more than 15 years when its voting support reached about one third of all votes. KSČ was the second strongest party at the beginning of 1920s but its support continuously decreased up to their election result in 1923.

## 2 Election campaign to local national committee (MNV) in *Trenčín*

### 2.1 Elections between the 1950s and the 1970s

News weekly magazine *Trenčan* ceased to exist in 1945 and so the role of information print media in *Trenčín* was taken over by *Trenčianske noviny* since 1960. The content of articles published in the press signified that the elections in this period had rather an ideological and propagandist than a power function. Texts about the elections contained pathetic formulations, which concealed the fact that the whole process of elections – from the start of campaign to announcement of results – had only declarative character used as a demonstration of loyalty to

<sup>5</sup> For more information, see: *Weekly newspaper Trenčan*, 1932, Vol. 4, No. 9, p. 7.

<sup>6</sup> Vol’ba predstavenstva mesta v *Trenčine*. In *Weekly newspaper Trenčan*, 1932, Vol. 4, No. 17, p. 7.

totalitarian regime: *“It is not even six o’clock yet but you can already hear the sound of brass music in streets. It is a signal for people usually sleeping longer on Sundays that they must wake up earlier today as this Sunday is different from any other. Elections are today and this is an event which unites mind and heart of all into one huge whole. This is going to express the approval with the party and governmental policy and willingly cast their votes to future representatives.”*<sup>7</sup> Trenčianske noviny published also information about some elected representatives with photographs. Election campaign in 1971 was aimed at consolidation of normalization leadership in Czechoslovakia. The president of district national committee Mikuláš Andris in article „Vote for happiness and peace“ pointed out: *“In our society and thanks to KSČ, we again created all the favourable preconditions to close definitely - by these general elections to assemblies - the period of political crisis in political life of our society and state caused by activity of right-wing opportunist, antisocialist and anti-Soviet forces. We live in such a consolidated conditions today that we wake up contentedly, we work contentedly and intensively (it is confirmed by economic results for three quarters of this year in industry and agriculture of our district and also in whole country) and what is important, working people in our country enjoy the fruits of this intensive labor under the new leadership of KSČ Central Committee with its leader –comrade Husák - in specific forms (price reduction in May, improvement of old age pension, etc.)”*.<sup>8</sup> Although communist expressions had primarily revolutionary and evangelical style by year 1968, after 1968 patriotism became the new element of rhetorical vocabulary among communist officials. Reference to patriotism helped to stabilize political situation as it remained the part of country’s collective identity notwithstanding 20 years of communist totalitarian regime.

## 2.2 Decrease of ideological intensity in elections during the 1980s

Election agitation in this period had soberer message referring to positive results of socialist economy, which should satisfy the needs of citizens. Simultaneously, it was possible to point out some imperfections through constructive criticism. This shift was proved by interview with the then president of Local National Committee Mr. Štefan Reháč published in Trenčianske noviny. Reháč talked about problems with construction of the city. *“Critical comments of citizens from Juh settlement are legitimate and we deal with them. We heard them also at local and district conference of KSS. Turn for the better will come after more responsible approach of distributing organizations. Their representatives were invited to solve the most critical problems and we agreed on common action and precise terms of task fulfillment. Construction of boiler house and social amenities are monitored monthly during controlling days”*.<sup>9</sup> In order to revive the agitation activities many competitions of enlightenment organizations, agitation centers and libraries were taken place. What was significant, these institutions periodically organized also political and educational events in various towns and villages. Election campaign before the last elections to national committees in 1986 did not bring any new element. The press primarily reminded the 65th anniversary of Communist party’s formation in Czechoslovakia and the 17th Congress of the party. Its attention was paid also to some candidates to national

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<sup>7</sup> Hlasovali sme za život ešte bohatší a radostnejší, hlasovali sme za mier. In *Weekly newspaper Trenčianske noviny*, 1960, Vol. 1, No. 24, p. 1.

<sup>8</sup> ANDIS, M.: Hlas pre šťastie a mier. In *Weekly newspaper Trenčianske noviny*, 1971, Vol. 7, No. 47, p. 1.

<sup>9</sup> Na rozhraní dvoch etáp. In *Weekly newspaper Trenčianske noviny*, 1981, Vol. 22, No. 22, p. 3.

committees but authors of the press primarily emphasized other topics, as for example the significance of youth, and publicly awarded activities of worthy workers.

### 3 Election campaign in Trenčín after 1989

#### 3.1 Municipal electoral competition in the 1990s

Mobilized and innovative election campaign influenced the result of right-wing coalition which managed to win the elections in 1994. The regional press promoted candidates to assembly and their program rather than the candidate on Mayor Rudolf Dobiáš. As a whole, the campaign had progressive style and emphasized liberal and conservative values: *"You vote - who you know as a polite neighbor, decent parent, unimpeachable citizen, - whom you can trust and rely on, - who has not disappointed you yet and do not want to lie to you. Representative of coalition will ensure: - to have an Office which will serve you, not vice versa. You have a right to work your matter out at one place, without running across the offices, - your idea should not forfeit, - your eventual complaint should be properly solved, - you have a right to information about the activity of your representative, assembly and city hall. This is not possible without local television, notice board is not sufficient. The town does not have to do business, but in order to achieve its dignified life it needs to get back the part of your taxes given by law for greenery, streets and pavements, waste disposal, culture and sport etc. However, the city has to do business in areas where services to the citizen are not provided."*<sup>10</sup> The coalition also elaborated and introduced a program for each city district – especially for Sihot' I., II., III., IV., Opatová, Pod Sokolice, Kubrá, and separately for Juh I. and II. Program for right bank contained plans for Zámostie, Kvetná, Istebník, Orechové, Zlatovce, Nové Zlatovce and Záblatie.

The winner of mayoral elections in 1998 was again Jozef Žiška, a candidate of Party of Civic Understanding (SOP). He gained 999 votes more than in 1994 elections. His concrete election topics were related to completion of city construction, social housing, increase of safety, traffic situation, greenery in the city and support for business: *"I consider as the most important to deal with these priorities in following four years: - to continue in flats construction – Štefániková street, Strojárska street, urban settlement Juh and others, - building of flats for asocial citizens and bad payers and create dignified possibility of living for Trenčín citizens in the empty flats, - formation of new company which will run the city public transport, - continue in extension of security monitoring system in order to increase safety in the city etc."*<sup>11</sup> Movement for Democratic Slovakia (HZDS) was again unsuccessful in winning the post of Mayor, although this party became stronger at local level. Miloš Mažár, a candidate of HZDS received about 1000 votes more than the candidate of this party in 1994 elections.

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<sup>10</sup> Žit' v slobodnom a prosperujúcom meste. In *Weekly newspaper Trenčianske noviny*, 1994, Vol. 35, No. 47, p. 3.

<sup>11</sup> Dôvera – šanca – istota. In *Weekly newspaper Trenčianske noviny*, 1998, Vol. 39, No. 51-52, p. 23.

### 3.2 Dominance of the right as a consequence of 2002 municipal elections

The candidacy of Juraj Liška was directly supported by the then prime minister of the SR Mikuláš Dzurinda. It was a new element of election campaign within the Trenčín communal politics because it was not customary for national level politician to support – even if indirectly - a municipal level candidacy before the 2002 elections. Trenčianske noviny informed about the visit of the prime minister: *“The prime minister Mikuláš Dzurinda and the finance minister Ivan Mikloš came to visit Trenčín after being invited by MP Juraj Liška. The prime minister informed of successful NATO accession negotiations which would create further favorable conditions for development of Slovakia as a whole and regions in particular. Member of Slovak Parliament Juraj Liška talked mainly about problems that needed to be solved in the near future. It is necessary to finish construction of complex infrastructure in the Trenčín region in order to attract foreign investors. (...) Special attention was payed to the city of Trenčín. Our regional capital is falling behind other regional capitals in which there was much more invested lately. Development of infrastructure is constrained by further building of transportation network. (...) Prime Minister Mikuláš Dzurinda promised substantially higher financial support in building up of the regional capital Trenčín. The city was until now overlooked by the government for various reasons.”*<sup>12</sup> Similar support of top politicians – even if it might look banal in this case – was not common in previous municipal elections and was later repeated only during 2009 regional elections.

### 3.3 Mayoral by-elections of 2014

The result of mayoral by-elections was interesting by relative closeness of numbers of votes for the first six candidates, each one gaining more than 1500 votes. Emerging leader of the left in Slovakia DIRECTION did not run its own candidate in the elections. Independent candidate Dušan Lobotka was supported by nationally and socially oriented parties Peoples Party – Movement for Democratic Slovakia (LS-HZDS), Communist Party of Slovakia (KSS), Social Democratic Alternative (SDA) and Slovak National Party (SNS). The left in Trenčín was represented by the candidate of Party of Democratic Left (SDL) and former Chief of the Armed Forces of the Army of SR Jozef Tuchyňa. Relatively high number of votes was also received by the independent candidates Peter Nižňanský and Dušan Lobotka. In 2004 inhabitants of Trenčín had an opportunity to get acquainted with attitudes and opinions of respective candidates in a section of Trenčianske noviny paper – Candidates for Mayor of the City of Trenčín in the Hot Seat. The section was a part of several issues of the newspaper and its topics were respective policy areas of local politics such as culture, education, transportation, budget, safety and so on. The responses of eleven candidates were similar in number of areas but differed in level of detail they gave.

### 3.4 Failure of coalition of socialists and nationalists in 2006 elections

The political power of national-socialist coalition was adequately represented in election campaign which had a professional character. Candidate for mayor Oto Barborák was presented on election materials along with all top representatives of

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<sup>12</sup> Predseda vlády SR na návšteve v Trenčíne. In *Weekly newspaper Trenčianske noviny*, 2002, Vol. 43, No. 49, p. 1.

the coalition parties – Robert Fico, Vladimír Mečiar and Ján Slota. Barborák was also shown with other significant regional leaders Pavol Sedláček (Chairman of Trenčín Self-governing Region) and Peter Baco (ĽS-HZDS MEP). Campaign manifesto was carefully formulated according to demands of Trenčín inhabitants: elaboration of strategic plan of city development while taking into consideration railway modernization, stopping the sellout of city property, building of an industrial park, construction of small apartments, audit of long-term contracts of the city to provide it with goods and services, ending discrimination of local suppliers to the city of Trenčín, removing the negative outcomes of dismantling of military, industrial and aviation tradition, lowering of local taxes, construction of an intelligent system of safe and uninterrupted traffic flow, audit of the city police, obtaining Citibuses with access friendly to the disabled, fair distribution of finances on culture, support of tourism, creating conditions for permanent theatre, and so on.

### 3.5 Marketing failure of the right in 2010 elections

Candidate of SDKÚ-DS and MOST-HÍD Branislav Celler was under rising pressure during final phases of campaign due to information about unsatisfactory state of city debt, transparency and communication of his office. *“Analysts of Institute for Economic and Social Reforms are ranking the city as the third most indebted despite the opposing arguments of the city. According to Institute chairman Peter Dobiáš only Bratislava and Žilina have higher debt ratio among the twenty largest cities in Slovakia. The city has a negative balance and the debt ratio equals 4,4 percent of the city revenue, he states.”*<sup>13</sup> The next issue of Trenčianske noviny published the information that another institute Transparency International Slovakia ranked Trenčín as number 40 out of 100 municipalities according to their level of openness in communication with public. Critical reactions were also voiced in reaction to introduction of the smart card system to enter the Office of the Mayor. The media let the incumbent Mayor Celler but also other candidates to give their statements on these issues. The outcome was that public perceived mostly negative information concerning the city management. This tendency peaked by the article of Michal Piško on page four of Trenčianske noviny *“Four years of Mayor Celler: Debt and closed office”*. Just five days before the elections, author is summarizing all the negatives connected to the tenure of Celler as a mayor regardless of objective responsibility of the office.

### Summary

According to historical and political circumstances, we divided acting of political parties in Trenčín into three historical periods. Despite these being three distinct historical periods with different levels of technological advance, we can state that political marketing in Trenčín has changed in a very small way. Political parties addressed voters always through their own advertising or engaged journalism in regional media (Trenčan between 1923 – 1945 and Trenčianske noviny since 1960), traditional popular celebrations, meetings, leaflets and posters, which were placed on designated areas or private carriers. The key candidates were also trying to put

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<sup>13</sup> Trenčín je tretie najzadĺženejšie mesto. In *Weekly newspaper Trenčianske noviny*, 2010, Vol. 49, No. 46, p. 2.



forward their particular policy proposals for the city in all three periods. After evaluation of intensity of election campaign as well as intensity of mutual political attacks we found that these were more frequent during the first Czechoslovak Republic, while agitation of KSČ had more propagandist than mobilizing character and finally that the campaigns led since the year 1990 were mostly decent and factual and concerned with practical issues of life in Trenčín.

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## LITTLE MARKETING BIG POTENTIAL: SLOVAK BRANDING IN AMERICA

*Amiee Shelton – Peter Mikuláš*

### **Abstract**

This paper explores the concepts of country branding and how Slovakia can improve upon their brand, image, and identity, specifically regarding tourism and country branding towards Americans. As a transitioning country with a relatively unknown history, efforts by Slovaks to increase tourism and market their country to travelers in the United States has not been a priority. A survey was distributed to Americans to explore what they know about Slovakia and the effectiveness of their current tourism efforts revealed that Americans would have an affinity towards Slovakia. Perhaps the most relevant finding from this study was that Americans rated attractions found in Slovakia and the culture the most important factors when considering traveling to Slovakia.

### **Key words:**

Country branding. Destination marketing. Image of country.

### **Introduction**

The concept of destination marketing and place branding has become very popular in trying to improve tourism in many countries. Before exploring how Slovakia can take advantage of these strategies, it is important to distinguish between destination marketing and place branding. Avraham and Ketter explain the difference between place marketing (destination marketing) and branding.<sup>1</sup> While first one focuses on perception, branding is concerned more with promotion. The focus of a country's efforts to create a competitive identity will shift depending on if they are branding or marketing efforts. A nation's identity refers to the perception of the country by those who are from or live there, whereas a country's image is the perception of the place by members of other countries. A nation's image directly impacts the reputation they have and that overall perception then impacts the nation's self-perception.<sup>2</sup> The distinction between these concepts and how they all play off of each other is an important aspect of place branding.

Further distinctions that need to be made are the differences between branding a city, a region, and a country. In a 2004 study by Caldwell & Freire, it was found that the factors that influenced the perception, or image, of a country were different than the factors that influenced the perceptions of cities and/or regions.<sup>3</sup> Whereas perceptions and interest in cities and regions were influenced by functional

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<sup>1</sup>AVRAHAM, E., KETTER, E.: Marketing Destinations with Prolonged Negative Images: Towards a Theoretical Model. In *An International Journal of Tourism Space, Place, and Environment*, 2013, Vol. 15, No. 1, p. 145. [online]. [2016-03-01]. Available at: <<http://dx.doi.org/10.1080/146166882011647328>>.

<sup>2</sup>BLAIR, T.C. et al.: Competitive Identity of a Nation. In *The Global Studies Journal*, 2014, Vol. 8, No. 1, p. 13-30. [online]. [2016-12-11]. Available at: <<http://0-ed.s.a.ebscohost.com/helin.uri.edu/eds/pdfviewer/pdfviewer?sid=6350ad32-6e61-4d24-b5d7-e6320579e484%40sessionmgr4001&vid=0&hid=4105>>.

<sup>3</sup>CALDWELL, N., FREIRE, J. R.: The differences between branding a country, a region and a city: Applying the brand box model. In *Journal of Brand Management*, 2004, Vol. 12, No. 1, p. 50-61. [online]. [2016-08-01]. Available at: <<http://0-search.proquest.com/helin.uri.edu/docview/232485380?accountid=25133>>.

attributes, like the weather, beaches, mountains, and attractions, countries need to focus on representational attributes, or “value-expressive” aspects in which countries display their own self-concepts.<sup>4</sup> Because of their smaller size, cities and regions are viewed more functionally because travelers are looking for something specific that attracts them to that area. On the other hand, countries are obviously much more expansive and therefore have a variety of functional attributes, which is why people tend to focus on the representational attributes which represent the country as a whole.

There is also a notable difference between nation brand, nation branding, and country branding.<sup>5</sup> He notes that whether or not a nation has invested in nation branding, every nation has a brand image. Fan’s concept of image is consistent with Blair’ in that a nation’s image is the perception of the nation by others.<sup>6</sup> Fan explains that although nation and country are often used interchangeably, the difference needs to be made clear when considering nation branding and country branding. A country is an area of land occupied by a nation, and the nation itself is a large group of people who generally share the same race and language. For this reason, a country can actually have multiple brand identities. This is further explained by outlining one of the major differences between product branding and nation branding. Although product branding and nation branding do hold similar concepts, one of the major differences is that with a product brand name, there is a single owner of that name who has legal rights over the brand. There is no single “owner” of a country, and therefore there is no way to control how that country’s name and image is used. Often, nations are branded in different ways. Fan cites Great Britain as an example, as they have two widely known “brand identities”: “Cool Britannia” and “Green Britain.” Each brand was developed by different organizations, further outlining the differences between branding products and countries.

It has also been found that because the consumer now has more control over what advertisements and information they seek out, it is more important to focus on marketing the “experience” rather than what the destination has to offer.<sup>7</sup> King relates country branding to lifestyle marketing rather than product marketing.<sup>8</sup> Others agree that marketing the experience of a country improves the effectiveness and efficiency of destination marketing.<sup>9</sup> However, marketing an experience is achieved through the marketing of an array of products and services. The products and services should be marketed as “experiences” on their own, then

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<sup>4</sup>Ibidem.

<sup>5</sup>FAN, Y.: Branding the nation: What is being branded?. In *Journal of Vacation Marketing*, 2006, Vol. 12, No. 1, p. 6. [online]. [2016-10-02]. Available at:

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<sup>6</sup>BLAIR, T. C. et al.: Competitive Identity of a Nation. In *The Global Studies Journal*, 2014, Vol. 8, No. 1, p. 13-30. [online]. [2016-12-11]. Available at:

<<http://0-eds.a.ebscohost.com.helin.uri.edu/eds/pdfviewer/pdfviewer?sid=6350ad32-6e61-4d24-b5d7-e6320579e484%40sessionmgr4001&vid=0&hid=4105>>.

<sup>7</sup>KING, J.: Destination marketing organisations – connectingtheexperierather than promoting the place. In *Journal of Vacation Marketing*, 2002, Vol. 8, No. 2, p. 106. [online]. [2015-10-01]. Available at: <<http://0-search.proquest.com.helin.uri.edu/docview/195806372?accountid=25133>>.

<sup>8</sup>Ibidem.

<sup>9</sup>SOTERIADES, M.: Tourism destination marketing: Approaches improving effectiveness and efficiency. In *Journal of Hospitality and Tourism Technology*, 2012, Vol. 3, No. 2, p. 114. [online]. [2015-07-01]. Available at: <<http://0-dx.doi.org.helin.uri.edu/10.1108/17579881211248781>>.

they contribute to the overall experience of the destination. In accordance with this notion, in 2005 Hungary changed their slogan from “The Heart of Europe” to “Talent for Entertaining” which lends more to the people of Hungary and what they can contribute to a traveler’s experience and less to the actual attractions of the country.<sup>10</sup>

Recent research from the Destination Marketing Foundation International found that destination marketing significantly contributed to the economic growth of countries that spent an estimated \$2 billion on promotion and marketing efforts.<sup>11</sup> Destination marketing was found to support the development of transportation infrastructure, therefore attracting investment to other sectors that needed the transportation to be developed first. Destination promotion also “builds awareness, familiarity, and relationships in commercial networks that are critical in attracting investment. Similarly, destination promotion raises the destination profile among potential new residents, supporting skilled workforce growth that is critical to economic development.”<sup>12</sup> In addition, it was found that a 10% increase in a country’s visitor-related employment causes a 1.5% increase in broader employment through catalytic channels.<sup>13</sup> The research also notes that since 1998, hospitality and tourism employment has expanded almost 10%, whereas aggregate employment in all other traded clusters actually shrank – emphasizing the growing need for destination branding and marketing as well as the interest in travel.<sup>14</sup>

### 1 Slovakia’s branding and marketing

It is almost 20 years since US Secretary of State Madeline Albright called Slovakia “a black hole in the map of Europe”.<sup>15</sup> Although many things have changed thereafter, image of Slovakia is still relatively characterless, even compared with its neighbors: Czech republic, Poland, Hungary and Austria. Even in Hollywood movies production Slovakia is neither ignored nor presented in bad shape, as a big negative surprise for anyone who comes in (eg. movies *Hostel*, 2005 or *Eurotrip*, 2004). On the other side, attractiveness of Slovakia as tourist destination is undoubted, as proven by lots of evidence (eg. it was listed in *Lonely Planet Best in Travel 2013*, it has eight Unesco heritage cultural and natural sites, high density of medieval castles, attractive landscape).

Slovakia is a country with much potential, and therefore a perfect candidate to begin embracing new concepts of country branding and marketing. With its expansive

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<sup>10</sup>SZONDI, G.: The role and challenges of country branding in transition countries: The central and eastern European experience. In *Place Branding and Public Diplomacy*, 2007, Vol. 3, No. 1, p 8-20. [online]. [2016-08-01]. Available at: <<http://0-dx.doi.org/helin.uri.edu/10.1057/palgrave.pb.6000044>>.

<sup>11</sup>*Destination Marketing Association International: Oxford Economics Shows Broad Spectrum of Economic Development Fostered*. [online]. [2014-01-07]. Available at: <<http://www.destinationmarketing.org/new-research-reveals-destination-marketing-unexpected-catalyst-employment-economic-development>>.

<sup>12</sup>*Ibidem*.

<sup>13</sup>*Ibidem*.

<sup>14</sup>*Ibidem*.

<sup>15</sup>TUPY, M.: *Slovakia’s Return to the ‘Black Hole’*. [online]. [2014-01-07]. Available at: <<http://www.cato.org/publications/commentary/slovakias-return-black-hole>>.

history, interesting culture, and number of attractions, Slovakia has the potential to interest travelers from around the world. However, Slovakia lacks a national image or brand among other countries. Slovakia also faces name recognition issues. Known also as the Slovak Republic, previously part of Czechoslovakia, and often confused with Slovenia, Slovakia needs to create a slogan that will help to brand the country aiding in giving its people an identity and promoting its image to the rest of the world. As competitiveness increases in the global market and the interest and popularity of place marketing continues to skyrocket, it is necessary for Slovakia to begin strategizing on how to capture its potential by good branding. Though new research on how to effectively do so is still emerging, current findings all agree that in order to create a positive image and identity for a country, the experience of travelling to Slovakia needs to be emphasized through its brand and in its promotional and marketing tactics.

Szondi explores several functions of country branding specifically among transitional countries.<sup>16</sup> First is to distance the country from its previous economic and political system, mainly socialism.<sup>17</sup> Next, country branding will allow these countries to change the negative stereotypes associated with the country and its people and create and reinforce positive ones. Branding the country also positions the country as a reliable member of the international community.<sup>18</sup> These transitional countries also want to be seen as a leader in the transition of this area. Lastly, country branding has a largely positive impact on the nation's identity and helps its people to be proud of the nation they are a part of.<sup>19</sup>

## 2 Method and Methodology

A survey was created to determine the success of previous attempts to brand Slovakia, as well as figure out what is already known about Slovakia, what people believe to be strong aspects of the country, and what they believe should be marketed about the country. In order to determine how the concepts of country branding can be implemented, we first needed to examine what is already known and thought about Slovakia. Opinions and attitudes of U.S. citizens were measured in order to determine what is marketable about Slovakia and what perceptions about the country already exist. Specifically, the survey investigated the following research questions:

- What do Americans think about Slovakia (or Eastern Europe)?
- What have Americans heard about Slovakia?
- What characteristics make someone want to visit a country?
- What characteristics of Slovakia are marketable to tourists?
- Are Slovakia's current marketing efforts effective?

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<sup>16</sup>SZONDI, G.: The role and challenges of country branding in transition countries: The central and eastern European experience. In *Place Branding and Public Diplomacy*, 2007, Vol. 3, No. 1, p. 8-20. [online]. [2016-08-01]. Available at: <<http://0-dx.doi.org/helin.uri.edu/10.1057/palgrave.pb.6000044>>.

<sup>17</sup> Ibidem.

<sup>18</sup> Ibidem.

<sup>19</sup> Ibidem.

Certain parameters were placed around respondents; we only accepted those who have travelled and are interested in traveling, specifically adults over the age of 20. A convenience sample was taken from the population. The survey was promoted on social media sites such as Facebook, Twitter and LinkedIn. The survey was shared on respondents' personal social media networks. Questions like "what three words come to mind when you think of Slovakia" and "have you ever seen a commercial for Slovakia" will help gauge what perceptions about the country are already out there. Some questions will also examine people's general travel habits and opinions – such as what draws them to a particular country and why they usually choose to travel. This will help to come up with an effective way to market Slovakia as a travel destination. Because it was anticipated that many Americans would not be very familiar with Slovakia, a short description of Slovakia and some photos of popular landmarks were included in the survey before asking questions about Slovakia specifically. In addition, Likert scale questions about specific country attributes are asked to determine what characteristics of Slovakia are most marketable. The questions also examine the current logo and slogan of Slovakia and how effective it is in marketing the country.

The survey was distributed through Qualtrics and we received 142 responses. The majority of respondents were female. Just over 50% were aged 20-29, and 45% were 40-years-old or above. The research was conducted in early 2016, when Slovakia branded itself as Little Big Country with "butterfly" logo (figure 1). "Little Big Country" was communicated by several marketing tools, most of all by social video stylized to the form of movie trailer from 2008, with a voiceover of legendary Don LaFontaine known from Hollywood trailers.



**Figure 1: Little Big Country logo of Slovakia from 2006**

Source: *ISMCS*. [online]. [2016-08-01]. Available at: <<http://www.ismck.com/slovakia/>>.

### 3 Findings

Ninety-five percent of respondents had heard of Slovakia before, which was obviously good, but only one respondent had ever traveled to Slovakia. However, 14% had travelled to Eastern Europe. When asked where in Eastern Europe, some responded with Czechoslovakia, which split into the Czech Republic and Slovakia in 1993. This response could suggest that there still confusion in Americans around Slovakia being its own country. To explore what attracts people to a particular country, we asked them questions about their travel preferences. Almost 100% of respondents usually enjoy traveling for leisure and 90% find that when they do

travel, it's for pleasure as opposed to business. Most people were not very much affected after seeing an advertisement for a country – the majority of people (28%) responded “neutral” when asked if seeing an online ad would make them want to visit a country more. However, respondents said they would be more likely to visit a country after hearing good things about it from someone else.

We asked them to rate different “country characteristics” from most important to least important when deciding on what country to go to. The characteristics were rated from one to seven, one being the most important and seven being the least. The rankings were as follows:

1. Culture (people, traditions, history);
2. Cost/Affordability;
3. Attractions (museums, castles, etc.);
4. Destinations (cities, places, etc.);
5. Activities (shopping, hiking, skiing, etc.);
6. Location (what continent of area of the world the country is located in);
7. Geographical characteristics (beaches, mountains, rain forests, etc.).

Culture and cost being at the top of people's lists when picking a place to travel indicates that Slovakia should be highlighting those to characteristics when marketing the country as a destination. However, when asked what characteristics were enjoyed the most in previous travel experiences, location and sights/scenery were mentioned in more than half of the responses. Another common answer was none of the country characteristics we had come up with; many people said they enjoyed spending time with the people they were traveling with the most.

After viewing a short paragraph about Slovakia and some photos, respondents were asked questions specifically about their thoughts on the country. We asked what attributes of Slovakia they thought would be most marketable to tourists using the same country characteristics used in the previous ranking question. The results can be seen below. One was the most marketable and seven was the least:

1. Attractions (museums, castles, etc.);
2. Culture (history, traditions, etc.);
3. Activities (skiing, hiking, etc.);
4. Cost/Affordability;
5. Destinations (cities, towns, regions, etc.);
6. Location (being in Eastern Europe);
7. Geographical characteristics (mountains, forests, landscapes, etc.).

Concerning opinions on Slovakia, geographical characteristics of the country were ranked last by respondents. This response comes despite respondents listing geography as the most “enjoyed” characteristic in a respondents' previous travel experiences. However, when asked what three words came to mind when thinking about Slovakia, many of the answers again centered on the scenery or location; many said “beautiful”, “mountains”, “amazing views.” Almost every respondent listed culture as one of Slovakia's three biggest strengths.

The last section of the survey focused on the current tourism efforts of Slovakia and gaging opinions and awareness of the efforts. 90% of respondents had never seen a

commercial for Slovakia, and only 5% had seen any type of advertisement for the country. Only a single respondent recognized Slovakia's current logo and 68% thought it "might or might not" accurately represent Slovakia. Most people found the logo visually appealing, however, when asked what the logo reminded them of, not one person had any response that had anything to do with Slovakia. Almost everyone gave the obvious answer of a butterfly, but multiple suggested that the logo looked like something for a technology company. 78% had never heard Slovakia's slogan before: "Little Big Country." Similar to the logo, most people were indifferent about how accurately it represented the country. Almost 50% responses were neutral to moderately interested in learning more about Slovakia after hearing their slogan. However only 7% were actually interested in traveling to Slovakia after hearing the slogan.

### Conclusions

Despite its spectacular natural and cultural qualities, Slovakia is not well-known or even popular destination. Where most other central European countries have improved their branding strategies and tourism rates, Slovakia has remained in the rearview. On FutureBrand's 2014-2015 Country Brand Index, Slovakia was rated 59 out of the 75 countries included in the study based on their values system, quality of life, business potential, heritage and culture, tourism, and "made-in", which focuses on products made in the country.<sup>20</sup> Slovakia was the lowest rated Eastern European country involved in the study.<sup>21</sup> In a more positive light, in the other report, The Good Country Index, Slovakia came in 27th out of 125 countries.<sup>22</sup> The Good Country Index measures how much each country contributes to the planet and the human race by looking at science and technology, culture, global peace and security, world order, planet and climate, prosperity and equality, and health and wellbeing. This further outlines the potential for Slovakia to become a popular destination and respected, well-known nation on a global scale. While a level of basic knowledge about Slovakia in U.S. is relatively high, only small percentage of its people have real experiences with country. Despite the "Hollywood" look of Slovakia's promo video, its current tourism marketing did not resonate with many of the respondents, suggesting that their branding campaigns need to be revamped. With the help of a new branding campaign, Slovakia could be recognized as a destination for travelers, improving the image, reputation, and identity of the country.

Our findings showed that American people are more likely to visit a country after hearing good referrals. The more people who learn about Slovakia, the more people will travel there and then go on to share those experiences. The current branding efforts to not embrace the interesting culture and attractions in the country, which was what respondents were most interested in. As respondents revealed that Slovakia's location is of interest of them, and geographical features are important in determining travel plans, Slovakia has great potential in reaching American travelers

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<sup>20</sup>Futurebrand: *Country Brand Index 2014-15*. [online]. [2016-07-01]. Available at: <[http://www.futurebrand.com/uploads/CBI-14\\_15-LR.pdf](http://www.futurebrand.com/uploads/CBI-14_15-LR.pdf)>.

<sup>21</sup> Ibidem.

<sup>22</sup>The Good Country Index: *Research report, 2016*. [online]. [2016-03-01]. Available at: <<https://goodcountry.org/index/overall-rankings#SVK>>.



with the abundance of geographical features found within its borders. However, the survey results show that as it stands, Slovakia is not embracing their potential. Part of the reason is Americans a very unfamiliar with the country. At the end of the survey, respondents were asked to create their own slogan for Slovakia, but most people didn't feel like they knew enough about the country to create one. However, since this research was conducted in early 2016, the Slovak Republic has implemented a new branding slogan. Currently, the slogan is: Visit Slovakia Good Idea (Figure 2). This new slogan was launched October 1, 2016.



**Figure 2: Good Idea Slogan of Slovakia from 2016**

Source: *Slovakia.travel*. [online]. [2016-08-01]. Available at: <<http://slovakia.travel/en>>.

The new slogan and logo-type of the “brand Slovakia” are the result of a several years’ search for a new identification brand. New branding concept seems to be in accordance with Soteriades’<sup>23</sup> concept of “experience” instead of focusing on sightseeing as static elements of the destination. According to Slovak Foreign Minister Miroslav Lajčák a new logo and slogan have a huge potential to positively present Slovakia abroad.<sup>24</sup>Lajčák reports that “the result of this process was based on expertise, communication with experts and the wider public, tried to find what people can conceive when hearing “the brand of Slovakia”, what it should include, according to them. Only the brand of a country, which inhabitants can identify with, has a chance to succeed. However, it remains to be seen if this slogan is used in conjunction with a concerted effort to market towards Americans, and if the slogan is better received better, in general, than the previous one.

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<sup>24</sup>LAJČÁK M.: *Official presentation to media on April 28*. [online]. [2016-01-10]. Available at: <<http://spectator.sme.sk/c/20149956/slovakia-has-a-new-slogan-and-logo-as-part-of-its-brand.html>>.

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## LIVING AND LIVED CULTURE AS A PART OF REGIONAL IDENTITY

*Zuzana Slušná*

### **Abstract**

Living culture conveys diverse social and cultural phenomena of the “here and now”, yet, at the same time, it is associated to the past of social groups and societies. Within living culture, the “past” (including cultural tradition) is not a static archaic inventory. Today, we can observe the revival and revitalization of folk traditions, folklore, as well as ethno-cultural traditions with a potential of becoming an attraction. As a result of the effort to increase their appeal, the potential market value of traditions is transformed through various strategies, such as aestheticization, stylization, staging and transformation to open-air museums. These elements can function as an attraction; however their presentation must not become shoddy. This article points out several strategies of utilizing traditions.

### **Key words:**

Living culture. Regional culture. Regional development. Regional identity.

### **Introduction**

In the last decade, we can witness a change of perspective in the conceptualization of sustainable development: in addition to economic and environmental aspects of relevant processes, the focus has spread to the social and cultural aspects.<sup>1</sup> Sustainable development remains a global agenda of the European Union and its member states, yet due to the necessity of effectivity and directness, the execution of individual tasks and goals is more markedly shifting to the regional level.

### **1 Regional development as a basis for planning cultural activities**

Development is seen as a complex and multidimensional process of change and activities executed during a longer period of time which are, in a long-term perspective, aimed at the dynamization and support of a specific region. The consequences of those changes and activities and their manifestations on individual levels are seen by local stakeholders (citizens, the public sector and other subjects, including the civic sector) as a positive quality. The indicators of development include parameters enabling the tracking and quantification of the effectiveness and effectivity of the utilization of the resources and capabilities of an area, such as the diversity of the public sector, the quality and level of development of the technical and social infrastructure, including housing stock, the scope and quality of public services including cultural services, employment policy aimed at employment development or at least the stabilization of a low unemployment level, a positive migration rate, improvement of average life expectancy, elimination of social problems and risks and the level of development of organizations in civic sector. The improvement of these indicators is currently not seen as the goal of development policies, but as a tool and a set of parameters indicating the improvement of the quality of life.

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<sup>1</sup> SLUŠNÁ, Z.: *Súčasná kultúrna situácia z pohľadu teórie a praxe*. Bratislava : Univerzita Komenského in Bratislava, 2015, p. 52-57.

In reaction to the commitments set forth in the Treaty of Lisbon (2008), the European Union is striving to support globally consistent development in given areas (economic, social and territorial integrity), while utilizing its ability to postulate the desired development trends through consensually set goals. In addition to the support of economic development, the current segment policies of the European Union affect other areas as well, such as cohesion (5.1 Regional policy and the policy of cohesion), but also social and cultural life (5.10 Social policy and employment policy, 5.13 Culture, education and sport). The need for consistent cultural and social aspects is highlighted also in the current work plan for culture for 2015 - 2018, setting four key priorities: 1. availability and inclusiveness of culture, 2. cultural heritage, 3. cultural and creative sectors: creative economy and innovation, and 4. advocacy of cultural diversity. The first global document on the enforcement of sustainable development in various areas and at various levels of hierarchy - thus also in terms of the local and regional culture, is **Agenda 21**. It is the key starting point for designing the strategies of sustainable development at all levels. The **Local Agenda 21 (MA21)** is also known as the “development program for the 21st century”. The current direction of development policy is summarized in the document titled *EUROPE 2020 - A strategy for smart, sustainable and inclusive growth*. Economic and financial growth based on knowledge and innovations, promotion of employment, but foremost social and economic cohesion are set as the key priorities for development. To support economic and financial growth, activities and tools affecting social and cultural life are intensively employed.

The development policy of the EU emphasizes the importance of civic culture, as well as the satisfaction of the citizens achieved through a sufficiently rich and stimulating supply of cultural and social activities. The benefits of cultural and social life, including creative, free-time and sports activities, need to be available for everyone. In the context of development policy, the striving for respecting and maintaining the unique and distinctive “local colour” of human habitations, in which beauty and practicality unite, belongs to the most crucial tendencies. All citizen groups should participate, but it is desirable to engage foremost the youth, thus encouraging social solidarity and joint liability. The Updated National regional development strategy of the Slovak republic, which was adopted by the Government of the Slovak republic through its resolution no. 222/2014, is the key strategic document. It defines a complex strategic approach of the state to the support of regional development for the 2014 - 2020 funding programming period and it specifies the visions and goals of the national strategy to 2030.

## 2 Regional identity

Regions and residences (cities, towns and villages) are geographically, socially and culturally delimited areas actively participating in the processes of local and regional development. At present, regions are not seen as territorial units artificially delimited for the purposes of administration and statistical comparison, but rather as complex entities that are geographically and administratively set apart, but, on the outside, they are foremost determined at a social and cultural level. Regions are space-time, administrative and socio-cultural structures. The borders of regions as of socio-cultural units are not demarked only from a geographic and administrative

perspective, but foremost “symbolically” – in the culturally and socially manifested reproduction of forms and elements (customs, habits, traditions, specific commonplace activities, etc.) Cultural geography thus sees a region as a category with a collective dimension, as specific relations between a location and its participants, including their traditions, history and day-to-day activities.<sup>2</sup> Every region is a culturally colourful, pluralistic and differentiated entity.

The importance of the region for its inhabitants is not set; rather it evolves in the context of the activities and communication events: phenomena forming and characterizing the region (from objects to people and events) are tied to deeply embedded and accepted values. The need to “belong”, to be associated to the surrounding social, cultural and environmental setting, belongs among the basic needs of biological organisms. One of the most important types of relationships to a space is the sense of home, the identification of an individual with the space. It is related to the formation of territorial, as well as emotional ties to a specific geographic domicile, it does not pertain solely to the perception of the objective parameters of the space. The social and cultural context, in which activities, actions and the social behaviour of individual participants become meaningful for all stakeholders, is more relevant for the perception of positive emotional ties to a place (a domicile or region). An objectivizable dimension of the positive emotional ties to a place is the formation of *regional consciousness*.

A region must be defined not only as an administrative and geographical structure, but also as a mental one, and it must exist in the consciousness of its inhabitants. The inhabitants of a delimited geographical area feel the need to detach themselves symbolically from the others. This symbolic detachment (“who we are not”) is also a symbolic identification stemming from self-realization (“who we are”). According to the well-established scheme of Anssi Paasi, regional awareness and the identity of a region are the two fundamental dimensions of the phenomenon of regional identity.<sup>3</sup> A culturally and socially delimited region is primarily established through social activity of its inhabitants, in everyday cultural activities, in formulas of the experience of day-to-day and social experience. One is born into a geographical environment – regional citizenship can be obtained, but through the processes of socialization, one is embedded and integrated to the environment – one becomes a part of it, identifying with one's environment and community. Regions are no longer conceptualized as static phenomena associated with a person being a member of the community. They are constantly being determined and are happening through the “practicing” of space (*praxis*) and its humanization through the day-to-day activities of the participants.

The existence of emotional bonds between people and space results in a stronger embedding, reduces the risk of alienation and eliminates the sensation of isolation. The integration into a region as a socio-cultural environment is an important factor of the social cohesion of the inhabitants of a region. A high level of regional awareness results in a sense of fellowship and solidarity. An active participation in all

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<sup>2</sup> CHROMÝ, P.: Formování regionální identity: nezbytná součást regionálních výzkumů. In JANČÁK, V., CHROMÝ, P. (eds.): *Geografie na cestách poznání*. Praha : UK v Praze, KSGRR, 2003, p. 165.

<sup>3</sup> PAASI, A.: Region and place: regional identity in question. In *Progress in Human Geography*, 2003, Vol. 27, No. 4, p. 475-485.

forms of activities of the civil society implies understanding of the situation of the community and the perception of the events and needs of surrounding actors. Regional awareness and the related solidarity and cohesion are also reflected in the sharing of culture, in maintaining the continuity of values which are tied to the community in the mind of the subjects and on the background of which individuals and groups affirm the identity of the community and “immortalize” the here and now, towards the past and also towards the future. The solidarity of the individual with the group or place is verbalised and manifested: it is also expressed by respecting of the fixed courses of conduct which, while not binding, are repeated and respected by the community. These include the experiences, observations, knowledge, skills, as well as artefacts (tools and objects) manifested in oral traditions and expressions, in performing arts, in habits, the knowledge and beliefs concerning nature and the universe, the skills associated with traditional crafts and in the particularities of the transformation of the cultural landscape. Regional awareness must be constantly renewed, updated and postulated in the members of the community and its carriers need to be consistently and actively involved in its maintaining, restoration and persistence.

In practical, everyday situations, regional awareness is manifested not only as an emotional bond between a person and the region, but also on the level of interactions between the members of the community. Communities within socio-culturally delimited regions manifest their internal cohesion whenever they can identify factors that enable them to steer towards a common goal or a shared (or shareable) vision, even though they actually function as culturally pluralistic and internally differentiated (culturally inhomogeneous), often even politically, socially, ethnically, confessionally, etc., particularized units. Regional awareness is based on a **shared historical, social and cultural experience**. It utilizes values, representations and beliefs enabling the projection of a “shared vision” and concretizing “the commonly perceived” (goals, moral principles and modes of behaviour). Regional awareness has three key functions for the inhabitants of the region as a socio-cultural entity:

- It enables them to categorize and classify other symbolic entities by distinguishing between “us” and “them”;
- It enables the residents of villages and towns of the region to have a sense of community and belonging, which, in addition to geographic distance, are based also on a common culture (knowledge, acceptance and respect for cultural values and elements);
- It enables to perceive familiarity, while this perception can be tied to an immediate and frequent daily contact, but also to the availability of cultural institutions in the region.

In practice, the manifestations of regional identity as a form of cultural potential can be evaluated at four basic levels:

1. As tangible assets of the community (cultural and historical heritage, historic entities, objects with cultural value, etc.; the “genius loci” and the uniqueness of the cultural landscape; public spaces as places for meeting, sharing and participation; public artistic and cultural activities);
2. As the wealth and richness of cultural and social life (social opportunities, as well as opportunities for education, improvement of skills and culture);

3. As a realm of media, since they increase awareness of the citizens, present strategies and goals, co-create public opinion and increase the interest of the inhabitants;
4. As a policy of support and helpfulness on the part of government authorities.

The functioning of the local government based on the principles of civic democracy coincides with the cohesion of social participants to be integrated into the society (the local resident community). The grounds for this social and spatial attachment lie in the relationships formed in primary social collectives (from family to various social communities) amplified by social identification. Through social and cultural actions, one always turns to the others and towards the others, “forcing” a reaction in the form of a response. Positive emotional identification with the social and cultural environment is reflected not only in the identification, but also in the participation and involvement in what is happening in the region and community. Supportive and stimulating social environment is the context that “calls” to social participation and “facilitates” social practice of the objectives of public interest.

The cultural and social dimensions of interaction between citizens and the domicile can be transformed into a quantifiable indicator – **the cultural and social potential of the regions**, which is one of the so-called soft factors of regional development. Cultural and social potential of regions and domiciles can be tracked through various indicators, such as the quality of the social environment, the diversity of cultural life, the supply of cultural and social services, the structure of the cultural landscape in its complexity, etc. This cultural and social potential of regions and domiciles is a priceless fortune: it is the unique wealth of an area (the domicile or region) and its population, which can be further developed, cultivated, utilized (even economically), but it can also perish. The parameters most markedly affecting the cultural and social potential of the region include: business environment, helpfulness of public authorities, the level of exploitation of the uniqueness of the area (the *genius loci*), the potential of the residents and their publicly manifested satisfaction. In this era of globalization, when the trends and tendencies have become global and the everyday reality is complemented by globally recognized and present commodities, culture, in its uniqueness and diversity, is becoming the factor differentiating regions.

### **3 Living and lived culture as a unique form of cultural capital and an attraction**

Cultural and social life enriches and enlivens the community and it belongs to the parameters of quality of life. At the level of local and regional cultures, “cultural life” is made up of diverse and varied activities, actions and expressions which differ in their degree of professionalization, their availability (“everydayness” or exceptionality or activities), their legitimacy and creativity. An important part of it is a rich and varied range of products, goods and services, which are distributed from large centres to regions in the form of tradable commodities. However, the cultural life of a place is much more significantly created by a culture which is a response of the inhabitants to external stimuli, the so-called “authentic local culture”, which stems from cultural subjects, artists, audience, fans, volunteers and enthusiasts in the region.

There are three members of the *Obserwatorium żywej kultury*<sup>4</sup> initiative and the theoretician Barbara Fatyga<sup>5</sup> working with the **concept of living culture**. It is a multidimensional social and cultural milieu that coexists alongside other cultural milieu (the official culture, the local culture, the cultural tradition, etc.), it can overlap with them in some areas, but it cannot be equated to any of them. It intersects with the lives of individuals, social groups, communities and social institutions. It is characterized by dynamics and variability generated through the activities and creative energy of the community. It is accumulated through an active participation in cultural life. Living culture is actively associated with one's being at a place, it is completed and developed through one's actions and its value should be tied to the ethos of the community. It is established in the practices and activities of individuals and social groups, such as responses (reactions), adoption, rejection and involvement.<sup>6</sup>

As a scientific instrument, the concept of living culture is connected with the tendencies to view culture as a phenomenon existing primarily through participation, co-sharing and participation in common values, including the values integrated in the ethos of the community and the public good. It is a catalyst for creative innovation and it can be an important source of economic innovations. At the same time, it builds on the so-called "wide perception of culture" that has been used in the key documents of UNESCO (*Mexico City Declaration on Cultural Policies*, World Conference on Cultural Policies, 1982) since 1982, and it is used by the Education, Youth, Culture and Sport Council (as a legislator of the European Union). Culture is not exclusive content, the impact of which is limited by cultural and economic capital. In the contemporary documents, participation, active dimension, availability and public benefit of cultural activities are emphasized as baseline parameters in relation to culture. According to current conceptual materials on culture of the EU, cultural activities include:

1. All activities in culture, including economic activities associated with the spreading of culture (its creation, production, distribution, marketing, storage, as well as all the related activities);
2. The utilization of cultural goods and services in a diverse and varied spectrum.

A specific variant of living culture is **living folk culture**, which, according to Barbara Fatyga, is associated to the **processes of globalization** – with the implementation of global trends into the local cultural environment, as they arouse interest in original, authentic and typical components of culture. The sociologist Maciej Zurek lists the following key parameters of living folk culture:<sup>7</sup>

- **Traditionalism:** the transferred social elements have roots in the past, which is a period that the current population cannot remember;

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<sup>4</sup> FATYGA, B.: *Zywa kultura. Obserwatorium żywej kultury – swiec badawcza*. Released on 17<sup>th</sup> November 2013. [online]. [2016-10-28]. Available at: <<http://ozkultura.pl/wpis/111/5>>.

<sup>5</sup> FATYGA, B. et al.: *Kultura ludowa. Teorie – praktyki – polityki*. Warszawa : Instytut Stosowanych Nauk Społecznych, 2014, p. 424.

<sup>6</sup> SLUŠNÁ, Z.: Kultúrna tradícia a kultúrne dedičstvo ako "horúca téma". In SLUŠNÁ, Z., CHOMOVÁ, S.: *SúčasnÉ témy v kultúrnej teórii a praxi*. Bratislava : Vydavateľstvo UK, 2015, p. 25.

<sup>7</sup> ZUREK, M.: Głosy praktyków. In FATYGA, B. (ed.): *Kultura ludowa. Teorie – praktyki – polityki*. Warszawa : Instytut Stosowanych Nauk Społecznych, 2014, p. 35-37.



- **Regionalism:** some transferred social elements are shared among the inhabitants of the region or area, their sharing is the basis for the perception of the region as a culturally homogeneous environment;
- **Provinciality:** maintaining and updating of folk culture is more common in rural areas than in urban areas;
- **Flexibility:** refers to the tendency of the system for change, innovation and variation. Apart from the requirement that the features of living a folk culture must meet the parameter of traditionalism, innovation is possible, as it has to pass through the filter of the local style. Adopted innovations thus manifest the features of a characteristic, local colour;
- **Definition of the field of competency:** a large part of the elements which are specific for culture at this level represents the practical competencies of “how it is done”. It includes not only the contents respected by the members of the community or the beliefs accepted as binding, but also a system of expected responses and reactions in the form of socio-cultural regulations.

Living culture cannot be seen solely as a cultural type associated with the villagers. Living folk culture coexists with local culture and regional culture on an equal basis, it communicates with them, but it is not identical or identifiable to them, as unlike them it is not territorially grounded and bounded. Within living culture, the “past” (including cultural tradition) is not a static antique inventory, as it must be continuously updated and attested. Living culture covers diverse social and cultural phenomena of “here and now”, but it is also associated to the past of social groups and societies. Cultural elements of traditional folk culture (folklore) and other cultural forms of the past (the phenomena of *vintage* and pre-Christian tradition) are creatively and actively utilized, and, in the context of globalization processes, they can be supplemented by the impact of high and popular culture. In the case of living folk culture, it is not a musealization or permanent barring of the development of cultural elements. Living folk culture as a unique and creative form can be a source of artistic interpretation, as well as it may be the subject of a nostalgic interpretation. Acceptable strategies include bricolage (utilization of features that are currently available on the level of practices and aesthetic ideals), syncretism, mixing of “stray” elements (tied to geographical areas or to other cultural and social communities), revitalization of themes (communication with these “stray” elements or elements “lost” in time), pastiche, etc.<sup>8</sup> New creative practices are often related to the phenomenon of *displacement*. The original and authentic element both spatially and symbolically escapes from the parent culture, whether through the processes of diffusion or translation, and loses its ties to specific socio-historical conditions. By implementing a new context, by “re-placing” itself, it gains new meanings and functions.<sup>9</sup>

**The update of folklore and ethno-cultural traditions** must not be seen by the local community as a “pressure from above”; also, the community should not see the revitalization of traditions as an archaic form of local patriotism. Living folk culture is neither folklorism aestheticized and stylized to an extreme degree, nor folk culture in artistic interpretation. **The participation of a community in a cultural event in its**

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<sup>8</sup> FATYGA, B. et al.: *Kultura ludowa. Teorie – praktyki – polityki*. Warszawa : Instytut Stosowanych Nauk Społecznych, 2014, p. 410-418.

<sup>9</sup> THOMPSON, J. B.: *Média a modernita. Sociální teorie médií*. Praha : Karolinum, 2004, p. 160.

**updated, living form** is also one of the conditions for the registration of the element in the UNESCO Representative List of the Intangible Cultural Heritage. The “living” of the tradition, its updating and development are a fundamental condition facilitating the perseverance and further development of the event or element. This aspect is also stressed in the methodological materials of UNESCO: traditional practices, knowledge, skills, artefacts and space must be in active interaction with communities and groups, they must be passed on as a legacy to their history and identity and they must be respected both as a part of the richness of cultural forms, as well as manifestations of cultural creativity and imagination.<sup>10</sup>

A specific example of updating of cultural traditions as part of the living folk culture is a new form of collective events: the formation of communities whose members are united by a common interest to creatively **preserve traditions as a leisure-time or relaxation hobby** (*folk-love* communities).<sup>11</sup> They exist mainly at the level of communal culture; they are not professional bodies (organizations) whose program of activities is aimed at the preservation of cultural heritage and cultural traditions. According to Hana Hlôšková, folk-love communities are a specific fellowship offering its participants a socially tolerated form of escapism (a symbolic “exile” from the current reality). In case of many participants, the interest in traditional forms stems from their ambition to enrich contemporary culture with an accent on values based on traditions. Hlôšková thus calls this process *remoralization* of contemporary culture. The participants of *folk-love* communities utilize the value on the background of traditional culture as a medium through which they restore sensitivity to issues which have been relativized during the modern period (faith, tradition as such, binding norms and regulations, and the value of specific human activities – respect for work and craftsmanship). The functions of participation in the activities of *folk-love* communities are twofold: socialization and integration. These can be an important element of recovery and revitalization of local cultural styles.

Folk-love communities must be differentiated from the commodized forms of folklorism. Certain forms of folklorism are incorporated into the production chains of the cultural industry and consumer culture, thus losing the authenticity and turning into marketable products. Folklore and folk culture continue to be presented as a “legacy of the past”, yet ultimately they are just strategically commodized by the cultural industry. According to Hana Hlôšková, especially some festivals offering an opportunity to enjoy cultural “tradition” in the form of a consumable and accessible experience are an example of commodized form of traditional culture.<sup>12</sup> Commodized forms of traditional culture are useful mainly as attractions within the field of cultural tourism, and they cannot be seen as a substitute for living folk and traditional culture.

The valorisation of the potential of culture through its commodification is a process that can bring many benefits; however, it always conveys threats and risks. From the culturological perspective, “creative economy” itself can be perceived as a tendency

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<sup>10</sup> For more information, see: *Basic Texts of 2003 Convention for Safeguarding of the Intangible Cultural Heritage*. Paris : UNESCO, 2012.

<sup>11</sup> HLÔŠKOVÁ, H.: Fenomény folklorizmu medzi globálnym a lokálnym (Na príklade troch podujatí). In *Slovenský národopis*, 2013, Vol. 61, No. 4, p. 411-413.

<sup>12</sup> *Ibidem*, p. 423-425.

to neutralize visible manifestations of “economisation” and commodification in various areas, such as the creation, production, publishing and distribution of art, art trading, protection of cultural heritage, cultivation and education, and management and regulation of human communities. Critical and creative use of operational tools, activities and strategies enabling a noticeable improvement in the social and cultural life, including the participation of cultural institutions in enhancing the attractiveness and appeal of localities and regions for cultural tourism, is required, so that the trend of economisation and commoditization would not prevail in the context of exploitation of cultural potential of Slovak towns and regions.

### Conclusion

The cultural heritage of Slovak regions, presented in the form of a vibrant traditional culture, enriches the inhabitants of towns, cities and regions, and, as a potential attraction within cultural tourism, it can be of benefit to all humanity. Exploring the cultural heritage and cultural traditions is a unique opportunity for mutual familiarization with the distinctive cultures. Therefore, it is becoming an important segment of creative economy with a potential to generate not only financial gain through cultural tourism, a new and extremely dynamic segment of the economy. The Slovak republic can pride itself on a diverse and rich cultural heritage that can be seen as an attraction generating additional potential values. Getting to know it belongs among the basic civil rights. According to EU-SILC surveys, analyses and comparisons between individual EU member states, as well as the analyses created for the needs of individual departments (the Ministry of Economy and the Ministry of Culture), the exploitation of cultural heritage within creative economy as a factor of economic and economic growth can be significantly affected by several factors:<sup>13</sup>

#### **1. Considerable disparities between regions in the Slovak Republic as a determinant of equal distribution of cultural capital**

For a long time, Slovakia has belonged among the countries with significant economic and social disparities between regions. Due to the economic crisis, the difference between the 10% of the strongest and 10% of the weakest regions has significantly widened. The greatest disparity can be seen between the Bratislava region, with a significantly metropolitan character, and Eastern and Central Slovakia, which have a strong rural character. In remote rural areas and in the smallest rural settlements, the concentration of “invisible” social exclusion can be perceived, which is typical for rural areas and brings about the risk of reproduction of this exclusion. These are so-called soft forms of exclusion – low level of civic amenities, lack of access to health care, low level of technical infrastructure, etc. This disparity is increasingly evident in the daily life of underdeveloped regions and sub-regions. It jeopardizes social cohesion at a regional level, as well as in its sub-administrative parts (villages, towns).

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<sup>13</sup> LIPNICKÁ, P. et al.: *National strategy for the development of culture of the Slovak republic for 2014 – 2020. Report on the status and potential of the creative industry in Slovakia. Executed by Neology, a.s. for the Ministry of Economy of Slovakia, 2013.* [online]. [2016-10-10]. Available at: <[www.culture.gov.sk/extdoc/5040/sprava-kreativny-priemysel\\_MKSR\\_Neology](http://www.culture.gov.sk/extdoc/5040/sprava-kreativny-priemysel_MKSR_Neology)>.

## 2. Creating an environment able to appreciate a high degree of creativity

The Slovak republic belongs to the most rural European OECD member countries. The "Rural Development in the European Union – report 2013" shows that a major part of the area of the EU is taken up by rural regions, while 59% of the area of Slovakia is classified as primarily rural (only 4.2% of its area is classified as urban). "Rural" areas are home to more than half of the population; only 11.5% of the population lives in urban areas. Rural regions constitute 95.8% of the area of Slovakia. In the EU, more than half of the population lives in rural regions, while in Slovakia it is the vast majority of the population (88.5%).<sup>14</sup> Studies and observations indicate that the "creative" factor is mainly generated and formed in a very specific environment. This includes especially areas with a metropolitan character, which, in addition to a rich and varied range of cultural and social activities, are also characterized by a high concentration of different cultural elements. A cultural climate favourable for the appreciation of manifested differences and creativity is generated by a tolerant community that critically respects cultural and social diversity, acknowledges creative innovation and is not afraid to manifest its recognition of the "creative class". Creative individuals often build up their personal identity based on significant otherness from the majority culture in behaviour patterns, in their image and their overall lifestyle. They tend to prefer a social climate that is open to otherness and distinctness in lifestyle and in behaviour patterns, and tolerates and appreciates otherness and diversity. The appreciation of creative individuals by the local community is not an automatic process: its actual outcome can never be considered definitive or satisfactory.

Without an external impulse, local communities rarely realize that artists and creative individuals are just as important for the economy (of the state, region or locality) as technical experts. According to the methodological recommendations and guidelines of the European Commission, different forms of cultural and educational activities and training, the actual activities and performances within arts, including the so-called "arts and crafts", as well as a wide range of activities and services related to the operation of galleries, museums and libraries and organizing exhibitions are important components of creative industries. Many activities are performed on a non-commercial basis and therefore are largely dependent on subsidies, sponsorships and donations. Creative energy is not generated only through formal activities of organizations and institutions. Especially in terms of smaller towns and villages, it is an important catalyst for the creativity of activities of various non-professional associations, clubs and groups, many of which function as part of the culture of the civil sector.

In context of communal cultural subjects, the systematic **mobilization of the recipients, the stimulation of their interest in the participation in public life and the co-creation of impulses and opportunities to develop creative competences are an important objective.**<sup>15</sup> The satisfaction of citizens with cultural and social life also brings about the creating of conditions enabling to maintain and creatively develop unique and exceptional local cultural traditions and

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<sup>14</sup> BUCHTA, S.: Vývojové trendy vidieckych a mestských oblastí Slovenska. In *Economics of Agriculture*, 2012, Vol. 12, No. 4, p. 48.

<sup>15</sup> PRAVDOVÁ, H.: Kreativný priemysel. Legitimizovanie ekonomizácie mediálnej kultúry. In GAŽOVÁ, V. (ed.): *Metamorfózy priemyslu kultúry. Acta Culturologica No. 23*. Bratislava : Vydavateľstvo UK, 2014, p. 95.

regional heritage and the fostering of awareness of the need to preserve them for future generations. The quality of cultural and social life is also reflected in the quality of human resources. Sustainability and further development of cultural traditions and heritage are associated with the strengthening of the consciousness that the wealth of cultural traditions and elements of cultural heritage must be preserved for future generations, not as museum exhibits, but as living cultural elements. The richness and attraction do not lie in conserved, exhibited attractions, rather in living culture, in which the cultural heritage of our ancestors has its place. In the spirit of the new approach to culture in which it is no longer only an area requiring investment, but rather a new economic segment (cultural and creative industries), the current documents, methodologies and recommendations of the European Commission stress the need to methodically and purposefully utilize all functions of culture, so that it will be primarily of benefit to the local community and consequently to the whole society.

Cultural and social life enriches and enlivens the community, if the conditions for maintaining and creative development of unique and exceptional local cultural traditions and regional heritage are favourable. Sustainability and further development of cultural traditions and heritage are related to the need to strengthen the awareness of the richness of cultural traditions and that the elements of cultural heritage must be preserved for future generations, not as museum exhibits, but as living cultural elements. Their richness and attraction do not lie in conserved, exhibited attractions, rather in living culture, in which the cultural heritage of our ancestors has its place. In the living culture, the ancestral heritage can be continuously handed over, but also denied, ironized and even “resuscitated”. In the spirit of the new approach to culture in which it is no longer only an area requiring investment, but rather a new economic segment (cultural and creative industries), the current documents, methodologies and recommendations of the European Commission stress the need to methodically and purposefully utilize all functions of culture, so that it will be primarily of benefit to the local community and consequently to the whole society.

The valorisation of the potential of culture through its commodification is a process that can bring many benefits; however, it also always conveys threats and risks. From the culturological perspective, “creative economy” itself can be perceived as a tendency to neutralize visible manifestations of “economisation” and commodification in various areas, such as the creation, production, publishing and distribution of art, art trading, protection of cultural heritage, cultivation and education and management and regulation of human communities.

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## SELECTED ASPECTS OF FINANCING REGIONAL DEVELOPMENT IN TERMS OF SELF-GOVERNMENT

*Viktor Šoltés – Zuzana Štofková*

### **Abstract**

Development of the region, and as well the quality of life of people living within its territory, is also determined by the utilization of regional funds. The development of tourism is one of the indicators proving the good condition of the region. Tourists and visitors bring to the region additional resources that improve the business environment, competitiveness, quality of services, infrastructure and thereby help to increase the socio-economic indicators of regional development. Effective utilization of funds in marketing and promotion can easily attract new visitors to a region, who may eventually become its new permanent residents. The goal of this paper is to analyze the budgets of higher territorial units of the Slovak Republic and monitor the development of funds used for regional marketing and tourism. The paper reveals the correlation between the amount of money spent on marketing to the number of visitors in the various regions and determines the optimal number of funds that the region should spend on the marketing and tourism.

### **Key words:**

Marketing. Program budgeting. Regional development. Tourism.

### **Introduction**

In the actual process of globalization, it is necessary to look on a regional development in a wider context. Today it is possible to attribute to this term social, economic, political, cultural, ecological and other dimensions. Effective use of financial resources, which regions have available can stimulate regional development indicators and achieve growth. Development of the region is closely linked to the quality of life, which can be increased only in a stable and predictable environment. Quality of life is determined by many factors, and regional development is one of them. The funds which regions have are limited. Regions should in addition to regular financial resources to raise additional funds for its activities. Development of marketing and tourism is an ideal way for obtaining additional funds for local, as well as regional self-government.

### **1 Regional self-government**

Natural region is long term created and has its historical-architectural and socio-economic characteristics, which is typical for each region. Impact on creating the regional identity of the inhabitants have a lot of factors, among which can include history, culture, level of urbanization, regional settlement, religion, the environment, and the natural environment.<sup>1</sup> For example, in the Slovakia it is considered as a natural region Spiš, Liptov, Saris, Gemer and the like. Administrative region is the region created for the special purpose by the public authorities. Administrative regions cover the entire national territory and they have the competent authorities<sup>1</sup>. Administrative regions should be created so that they have a similar size, population, they should respect the natural conditions, historical development and consider the

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<sup>1</sup> VÝROSTOVÁ, E.: *Regionálna ekonomika a rozvoj*. Bratislava : Iura Edition, 2010, p. 129.

boundaries of natural regions. In the Slovak Republic, the administrative regions are defined pursuant to Act No. 221/1996 Coll. on territorial and administrative division of the Slovak Republic.<sup>2</sup> In the Slovakia, it is possible to consider 8 self-governing regions as Administrative regions.

In terms of regional policy, regional development can be defined as the systematic process of positive change, which depends on the region's ability to use its available resources.<sup>3</sup> In terms of geography, under the regional development should be considered socio-economic processes taking place in the social and natural environment.<sup>4</sup> Regional development in Slovakia can be described according to Act No. 539/2008 Coll. on regional development as a set of social, economic, cultural and environmental processes taking place in the region which contribute to improving its competitiveness, social, territorial and economic development and to the elimination of regional disparities. The above definitions suggest that several factors influence regional development. As a basis factor of regional development can be considered economic growth.<sup>5</sup> The other important factors of regional development include land, natural resources, human capital, geographical location, infrastructure, culture, institutions, social capital and so on. Besides the above mentioned internal factors, which are located directly in the region have an impact on the regional development and external factors. These include the economic and social policies and export of goods and services.<sup>6</sup>

### 1.1 Tourism and marketing

As specific factors affecting regional development can be considered marketing and tourism. Tourism is an important element in the development of living standards in many respects. Undeniable importance for humans have in terms of recovery of physical and mental powers, acquiring language skills, learning about new cultures and customs. But the tourism is important also from socio-economic point of view because it brings work opportunities in the hotel industry and gastronomy. Tourism enables the development and improvement of services provided accommodation due to the increased competitiveness. In terms of regional policy, the tourism has importance in the contribution and spending of funds by tourists from another region in their territory. Every newcomer productive inhabitant of the region is for the region important not only in economic terms but also from a social point of view. The development of tourism along brings out the positive but also negative effects (Table 1).

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<sup>2</sup> Zákon č. 221/1996 Z. z. o územnom a správnom usporiadaní Slovenskej republiky.

<sup>3</sup> BENČO, J.: *Teória a prax regionálneho rozvoja*. Prievidza : Alfa Print, 2005, p. 25.

<sup>4</sup> KLAMÁR, R.: *Regionálny rozvoj a jeho plánovanie*. [online]. [2016-09-28]. Available at: <[http://naturescience.fhpv.unipo.sk/geografia/trendy/regionalny\\_rozvoj.htm](http://naturescience.fhpv.unipo.sk/geografia/trendy/regionalny_rozvoj.htm)>.

<sup>5</sup> ŠTOFKOVÁ, K., ŠTOFKOVÁ, J.: Research of strategic management utilization for support of education activities and regions development. In CHOVA, L. G., BELENGUER, D. M. (eds.): *Edulearn Proceedings. Conference Proceedings*. Valencia : IATED, 2011, p. 5037.

<sup>6</sup> BUČEK, M., REHÁK, Š., TVRDOŇ, J.: *Regionálna ekonómia a politika*. Bratislava : Iura Edition, 2010, p. 69.



**Table 1: Positives and negatives of tourism**

<b>Positives:</b>	<b>Negatives:</b>
<ul style="list-style-type: none"> <li>• Incomes in the form of local taxes (local self-government),</li> <li>• Reducing unemployment,</li> <li>• Increasing the income of domestic population,</li> <li>• Increasing purchasing power and demand for goods and services of inhabitants,</li> <li>• Development of business activities,</li> <li>• Development of technical and social infrastructure,</li> <li>• Knowledge of culture and history.</li> </ul>	<ul style="list-style-type: none"> <li>• Overload zones (devastation of natural and cultural values),</li> <li>• Social tensions between domestic inhabitants and tourists/immigrants,</li> <li>• Possible crime increase,</li> <li>• Devastation of architecture,</li> <li>• T growth in the price level,</li> <li>• Overload of transport infrastructure.</li> </ul>

Source: PAPCUNOVÁ, V., BALÁŽOVÁ, E., JARÁBKOVÁ, J.: *Cestovný ruch a samospráva*. Nitra : Municipality, 2007, p. 12.

At the regional level within the competence of self-governing regions in tourism is the creation of conditions for the creation, presentation and development of cultural values and activities, conservation of the monuments and coordination of tourism development.<sup>7</sup> With the support of tourism is closely linked the promotion and marketing. In terms of marketing theory, provided services in the tourism sector have specific characteristics that in other services cannot be found. More emphasis should be placed on the image and the external aspects of the provided services, the significant is impact of the psyche and emotions during buying services and the services are easily copy able. In general, we can say that tourism marketing is becoming increasingly complicated and less centrally managed. Typical use is for him more than a "4P" because in addition to the traditional marketing mix (Product, Price, Place, Promotion) there is at least another "4P" (People, Packaging, Programming, Partnership).<sup>8</sup> Subject of regional self-government, as well as subjects of local self-government must effectively spend sufficient funds for development of tourism and marketing. Only in this way can their region attract new tourists, of which over time can become their permanent residents.

## **1.2 Program budget**

Self-governing region is a legal person, which independently manage its own property and its own income.<sup>9</sup> Its budget is an essential tool of financial management, governing the funding of its tasks. It is created for the financial (calendar) year and looking ahead to the next two years.<sup>10</sup> Since 2009, the obligation to draw up a program budget expanded from the central government to the local self-government. It is a system of planning, budgeting, and evaluation, which emphasizes the relationship between budgetary resources and the achieved outcomes. Program budget is a group of programs consisting of interrelated activities

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<sup>7</sup> Zákon č. 302/2001 Z. z. o samosprávnych krajoch.

<sup>8</sup> PAPCUNOVÁ, V., BALÁŽOVÁ, E., JARÁBKOVÁ, J.: *Cestovný ruch a samospráva*. Nitra : Municipality, 2007, p. 67.

<sup>9</sup> Zákon č. 302/2001 Z. z. o samosprávnych krajoch.

<sup>10</sup> ŠTOFKOVÁ, J., REPKOVÁ ŠTOFKOVÁ, K., KAŠTÁNEK, P.: *Finance*. Bratislava : DOLIS, 2015, p. 10.

carried out by government.<sup>11</sup> It is a sort of mini-budget for a specific group of activities.

In connection with smooth course and as a tool for self-governing regions, Ministry of Finance of the Slovak republic has prepared methodical aids and exemplary examples of the program budgets. According to these materials should program budget of self-governing region include 14 programs.<sup>12</sup> The program budget contains for example, program "Transport", "Communications", "Security", "Education", "Culture", "Health", "Social services", as well as program "Promotion and Marketing". It is this program "Promotion and Marketing" encompasses all activities of self-governing regions related to presentation and promotion of tourism. Model structure of program budget is not generally binding. The specificity of self-governing regions causes that the amount and frequency of the various activities carried out varies. Therefore, they can create programs freely. With few details, all the self-governing regions follows the model structure of the program budget.

## **2 Analysis and comparison of spending funds of self-governing regions for Marketing and Tourism**

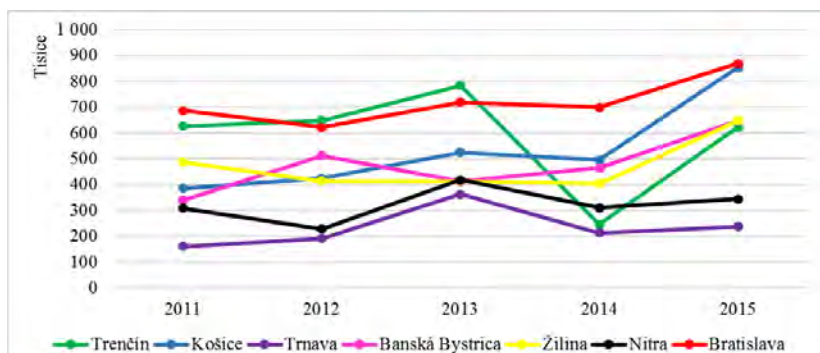
After the end of the financial year, regional self-governments collectively processed data of budgetary management into the final account. Final account shall include, inter alia, the evaluation of spending of separate programs.<sup>13</sup> Based on the final account it is possible to determine exact amount of money, which the self-government spent on a specific area in each budget year. All regional self-governments use the model structure of the program budget. To the program "Promotion and Marketing" all self-government regions, apart from Prešov, allocate all activities related to marketing, promotion, advertising, and tourism. Prešov region allocate in the program also other activities that have not directly related to Marketing and Tourism (control activities, etc.). Because it was not possible to quantify how much money was spent only for the "Promotion and Marketing", Prešov Region will not be further addressed in the paper. Amount of funds, which are used by self-governing regions for marketing and for tourism is influenced by several factors. The most important is the amount of funding received from the state budget, the amount of revenues from its own activities, the amount of revenue from taxes, fees, and penalties, as well as the number of marketing projects on which is region participating, the number of associations focusing on development of tourism in which region is a member etc. Chart 1 shows the evolution of amounts of money spent on "Promotion and Marketing".

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<sup>11</sup> BALÁŽOVÁ, E., PÁPUNOVÁ, V.: *Manažment samospráv*. Nitra : Municipality, 2008, p. 51.

<sup>12</sup> ŠOLTĚS, V., ŠTOFKOVÁ, K.: Characteristics and development of program budgeting in self-governing region. In HÁJEK, P., MUMANACHIT, P. (eds.): *Innovations in science and education*. Prague : Central Bohemia University, 2015, p. 52.

<sup>13</sup> *Zákon č. 583/2004 Z. z. o rozpočtových pravidlách územnej samosprávy*.



**Chart 1: Amounts of money spent on "Promotion and Marketing" by selected self-governing regions (2011 - 2015)**

Source: *Závěrečné účty Banskobystrického samosprávného kraja*. [online]. [2016-09-28]. Available at: <[http://www.banskabystrica.sk/?id\\_menu=24210](http://www.banskabystrica.sk/?id_menu=24210)> et al.

Development of spending finance to promotion and marketing of self-governing regions is unstable. At the beginning of the focused period is the first rung partitioned by Bratislava and Trenčín. However, in 2014 it was a turning point and Trenčín Region It drastically reduced amount of funding invested in the research area. Currently it holds the first places by Bratislava and Kosice Self-Governing Region, whose headquarters are the two largest cities in Slovakia. At the second partitions moves Žilina, Banská Bystrica and Trenčín Region. At least the funds for program invests in long-term Nitra and Trnava regions. However, a positive is an increase of invested funds to promotion and marketing in all regions in 2015. Table 2 below shows the proportion of invested money funds of self-governing regions for the focused period for promotion and marketing with respect to their overall budget.

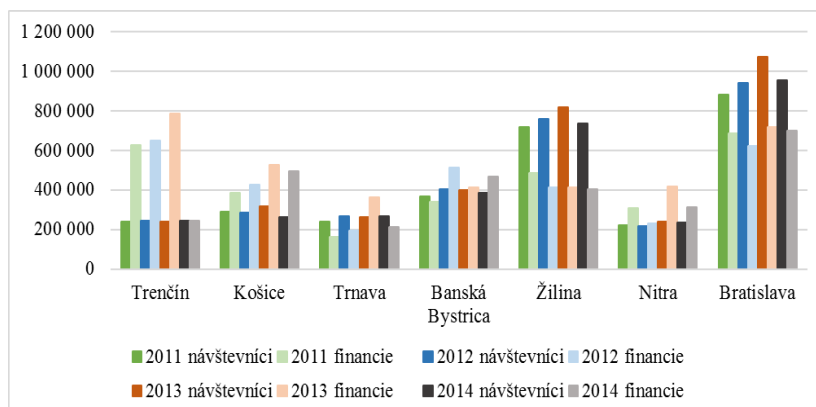
**Table 2: The share of money spent on marketing and tourism given the overall budget**

Self-governing region	2011	2012	2013	2014	2015
<b>Trenčín</b>	0,52%	0,50%	0,65%	0,22%	0,55%
<b>Košice</b>	0,25%	0,27%	0,32%	0,28%	0,47%
<b>Trnava</b>	0,10%	0,17%	0,33%	0,19%	0,19%
<b>Banská Bystrica</b>	0,24%	0,34%	0,28%	0,32%	0,44%
<b>Žilina</b>	0,31%	0,27%	0,26%	0,20%	0,39%
<b>Nitra</b>	0,18%	0,15%	0,29%	0,21%	0,22%
<b>Bratislava</b>	0,60%	0,53%	0,58%	0,60%	0,66%

Source: *Závěrečné účty Banskobystrického samosprávného kraja*. [online]. [2016-09-28]. Available at: <[http://www.banskabystrica.sk/?id\\_menu=24210](http://www.banskabystrica.sk/?id_menu=24210)> et al.

Of the budget of self-governing regions for promotion and marketing they spend only a minimum of finance. Almost in most cases goes from their budgets only half percent of the all funds in the focused area. Except for the Bratislava region, whose spending on promotion, marketing and tourism are regularly more than half a percent of funds from the budget. Spending funds on marketing and promotion may have a different impact on tourism development. The greater amount of funding regional self-governments invests in marketing and promotion, the more visitors

would have to visit these territories. Figure 1 follows the development of the amount of money spent on promotion, marketing and tourism, and the number of visitors to the various self-governing regions for the focused period.



**Figure 1: Development the number of visitors and the amount of money spent on promotion, marketing and tourism in self-governing regions (2011 - 2014)**

Source: *Záverečné účty Banskobystrického samosprávneho kraja*. [online]. [2016-09-28]. Available at: <[http://www.banskabystrica.sk/?id\\_menu=24210](http://www.banskabystrica.sk/?id_menu=24210)> et al.; *Štatistická ročenka regiónov Slovenska 2015*. Bratislava : Štatistický úrad Slovenskej republiky, 2016, p. 350, 351.

In terms of the ratio of the number of visitors and the money spent on marketing are most effective Žilina and Bratislava region. The number of visitors of these regions far exceeds the amount of funds invested on marketing and promotion. The least efficient in this way in the years 2011-2013 was Trenčín Region. At the present, can be regarded as inefficient Košice Region. It should be added that a major impact on the high number of visitors in accommodation facilities, hotels and pensions in Slovakia has commuting for work. This fact has an impact on the status of the Bratislava and Košice region.

## Conclusion

For the self-governing regions in Slovakia in terms of existence is necessary to ensure sustainable development. Financing regional development is largely limited by the amount of regular funds coming from the state budget. Regional self-governments must find ways of obtaining additional financial resources. Such methods include attracting new investors and residents who help to ensure stable regional development. Activities related to the promotion, marketing and tourism can be combined in one of the areas where regional self-governments are investing a certain amount of its funds. Given the overall budget it is only a minimal amount of funds (on average less than 0.5%). However, by comparison of last years of the period it is possible to find out that all regions have increased amount of invested funds in this field. With the amount of funds spent this way is closely related the number of region visitors. However, it has a stagnant character. In Kosice, Bratislava and Žilina region occurred in 2014, the slight decrease of visitors. A possible reason

of that state is the low efficiency of marketing and unstable funding and promotion of tourism in recent years. Self-governing regions should on activities related to this area spend at least one percent of their budgets. It is necessary to choose the right marketing strategy by management, so the funds can be spent effectively. And that is the only way to achieve the emergence of new financial resources.

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## LOCAL ACTION GROUP AS A SYMBOL OF A POSSIBLE DEVELOPMENT OF THE REGION

*Pavla Varvažovská – Martina Jarkovská*

### **Abstract**

This article focuses on the issue of rural development through the Leader approach and local action group (LAG) as the brand of the region. The aim is to evaluate the performance of the selected local action group and suggest possibilities for further development of activities. The objective is achieved by means of field survey. The quantitative survey was conducted using questionnaires with the aim to identify citizens' awareness of the activities of local action groups and determine the pride of the citizens for the brand of their region. The qualitative survey was carried out through semi-structured interviews with community representatives, managers of local action groups and other actors of regional development. The results were evaluated and conclusions were drawn. The activities of the local action group were positively assessed not only by the LAG members themselves but also by the local residents.

### **Key words:**

Brand. Cooperation. Development. Leader. Local group. Region. Strategic plan.

### **Introduction**

The Leader (Liaison Entre Actions de Développement Rural) approach has been used in the European Union to develop rural areas for more than twenty years. It is based on a partnership cooperation of actors in the public, private and non-profit sector. The key players are the local action groups (LAG), whose operation is based on this method. It is a non-profit organization that is not dependent on political decisions.

The main objective of the Leader method is an intensive support of rural development through local residents, because only they know well the strengths and weaknesses of their territory, and together they are able to solve their problems. Leader is a method aimed at supporting the development of rural areas. It leads rural territories to exploring new ways towards overcoming problems associated with the aging of rural population, low quality of services or lack of job opportunities. It helps increase competitiveness, protect the environment and generally improve the quality of life of people in these rural areas. Leader can be understood as a method or initiative that aims to enhance the development potential of rural areas by the local population.<sup>1</sup> One of the most important principles of the Leader method is the so-called "bottom-up" approach, where the initiative for development of the region comes from local citizens who on behalf of LAG decide about the needs of their territory. Broad layers of the population receive through LAG an opportunity to engage in issues related to rural areas, actively participate in the reconstruction and development of their communities, contribute to the development of the agricultural sector and help protect nature. The main task of the LAG is the activation of inhabitants in their territory, promoting their voluntary activities and building partnerships. LAG also acts as a facilitator and administrator of subsidies and provides consultations, the administration or the selection of projects for funding. A

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<sup>1</sup> For more information, see: BAJER, P., MATYÁŠ, J.: *Praktický průvodce dotacemi z fondů evropské unie*. Brno : Eurospolečnosti, 2009.

direct contact with the applicant helps from the initial preparation phase of the project to its full realization. The principle of the Leader approach lies in the fact that the Leader does not try to convince what should be done, but it tries to show how one should proceed.<sup>2</sup> The Leader method has become a key element in the transition of the style of governance in rural areas of the state to rural management system, which is represented by the whole range of public, private and non-profit sectors.<sup>3</sup>

From the viewpoint of development dispositions and development routing, it is important to distinguish between endogenous and exogenous factors. The endogenous factors are directly related to development actors. The exogenous factors represent the factors and instruments that regulate rural development without affecting individual actors. Among the exogenous factors belongs the location of the municipality, the natural environment, and exposure to other regions, legislation or activities supported by subsidies. Functional development can be achieved only by the involvement of both these factors.<sup>4</sup> Promoting the development of rural areas in the form of partnership projects involving the local actors and stakeholders is an important and effective means of the implementation of rural development. The inspiration for the promotion of the establishment of LAG was foreign experience, where these actors work together to exchange information and knowledge on the preparation and implementation of development projects. Such a partnership arises spontaneously abroad and its experience can be used as a model in the developing Czech countryside.

### 1 Objectives and Methodology

The aim of this paper is to evaluate the two selected local action groups (LAG Podhůří Železné Mountains and LAG Kunětické Mountains Region) in terms of their activities and to determine whether these two are bearers of the regional development. The partial aim is to determine whether the citizens of the concerned regions are aware of the existence and activities of each LAG. Yet another objective will be to determine the possibilities of development in terms of LAG members and other actors of regional development. Based on the study of documents on the issue, research questions and hypotheses have been set that are subject to further testing.<sup>5</sup> This was done using a deductive method of quantitative research, where citizens living in the LAG territory are addressed with the help of a questionnaire. A qualitative survey was conducted through interviews with individual LAG members and managers. The results were evaluated and the conclusion was drawn. LAG Podhůří Železné Mountains is also a part of the micro-region Podoubraví association

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<sup>2</sup> For more information, see: EUROPEAN COMMISSION: *The Leader approach – A basic guide*. Luxembourg : Office for Official Publications of the European Communities, 2006.

<sup>3</sup> NAVARRO, F. A.: *The Leader Initiative has been a Victim of Its Own Success. The Decline of the Bottom-Up Approach in Rural Development Programmes. The Cases of Wales and Andalusia*. [online]. [2016-09-28]. Available at:

<[http://onlinelibrary.wiley.com/doi/10.1111/soru.12079/epdf?r3\\_referer=wol&tracking\\_action=preview\\_click&show\\_checkout=1&purchase\\_referrer=onlinelibrary.wiley.com&purchase\\_site\\_license=LICENSE\\_DENIED\\_NO\\_CUSTOMER](http://onlinelibrary.wiley.com/doi/10.1111/soru.12079/epdf?r3_referer=wol&tracking_action=preview_click&show_checkout=1&purchase_referrer=onlinelibrary.wiley.com&purchase_site_license=LICENSE_DENIED_NO_CUSTOMER)>.

<sup>4</sup> For more information, see: BINEK, J. et al.: *Synergie ve venkovském prostoru: aktéři a nástroje rozvoje venkova*. Brno : GaREP, 2009.

<sup>5</sup> DISMAN, M.: *Jak se vyrábí sociologická znalost*. Praha : Karolinum, 2011, p. 121.



of municipalities, with its headquarters in Chotěboř. On the LAG territory there are located 13 municipalities which have 48 local districts with the administrative district of municipalities with extended powers Chotěboř. The area of LAG covers approximately 13,020 hectares in the population density of 133 inhabitants / km<sup>2</sup>. A landscape character is determined by a relatively high average altitude - 447 meters above sea level.<sup>6</sup>

LAG Kunětické Mountains region covers an area of 19,231 hectares with 21,911 inhabitants. The area density is roughly 114 inhabitants / km<sup>2</sup>. The LAG territory consists of the territory of the municipality Opatovice nad Labem and neighbouring micro-regions: the Association of municipalities below Kunětická Mountain and Loučná union of municipalities - the territory of 27 municipalities, which together have 54 other local areas.<sup>7</sup>

## 2 Results and Discussion

Based on the study of the documents in the theoretical bases, the following research questions have been established: Research question 1 – what proportion of the respondents is aware of the existence of the local action groups. Research question 2 – which educational group has the greatest awareness of the local action groups? Research question 3 – which age group has the highest awareness of local action groups? Research question 4 - what proportion of the respondents has an overview of the activities of locally relevant local action groups? Research question 5 – how many citizens have at least basic knowledge of the activities undertaken by LAG and are proud their membership in LAG. Research question 6 – what proportion of the population is interested in active participation in the activities of municipalities leading to their regional development and considers the LAG as its brand to identify the region.

The questionnaire survey in the region LAG Podhůří of the Železných Mountains (PZM LAG), involved a total of 117 respondents (56% were women and 44% men). In terms of educational structure, 40% completed high school with graduation, 36% were university graduates, while only 4% obtained basic education. The structure of employment of the respondents was the most represented in public administration with 37% and 63% other respondents. The largest group were the respondents between 31 and 45 years of age, the least frequent age was 61 years and more. The last part of the characteristics were the finding of the respondents regarding the time of living in the region, 84 respondents, i.e. 72% live in their community or around 10 kilometres from his birth, 33 i.e. 28% of them immigrated to the monitored region.

The questionnaire survey in the LAG Kunětické Mountains region (KMR LAG) involved a total of 104 respondents (52% were women and 48% men). In terms of an educational structure, there were 41% high school graduates, 40% college-educated respondents while 3% had primary school education. The structure of employment of the respondents was most represented by public administration at 35%, others

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<sup>6</sup> MAS Podhůří Železných hor. [online]. [2016-09-18]. Available at: <<http://www.podhurizeleznnychhor.cz/>>.

<sup>7</sup> MAS Region Kunětické hory. [online]. [2016-09-18]. Available at: <<http://www.masrkh.oblast.cz/encyklopedie/objekty1.phtml?id=134481>>.

65%. The largest group of respondents was between 31 and 45 years of age (46%), while the least frequent age was 61 and more (3%). The last part was finding the characteristics of the respondents regarding the period of living in the region. Among the 75 respondents there were 38 who immigrated to the monitored region. The questionnaires from a quantitative survey were evaluated and an analysis was conducted based on the individual phenomena - in case of rejecting the null hypothesis and determination of the strength of dependence among them. Due to a limited extent of the paper, the procedure will only be indicated here.

- Hypothesis 1 – H0: there is interdependence of awareness of the local action groups and between employments in public administration;
- Hypothesis 2 – H0: there is no interdependence between active interest in the activities of citizens focused on regional development and living in the region since birth.

**Table 1: Contingency table of LAG awareness of the PZM LAG**

LAG existence awareness	LAG knowledge, pride	LAG ignorance	TOTAL
Territorial Administration	29	14	43
Other	9	65	74
TOTAL	38	79	117

Source: Own processing

Calculation based on the formula (1 and 2):

$$\chi^2 = \frac{\sum \sum (n_{ej} - n_{oj})^2}{n_{oj}} = 37.87 \qquad \chi^2_{0.05, 1} = 3.841 \qquad (1)$$

The null hypothesis of independence can be rejected, as there is relationship between the knowledge of local action groups and between employments in public administration. The distribution of frequencies in the contingency table shows that employees of municipalities, regions or organizations established by municipalities have a greater awareness of the existence of local action groups than students, pensioners or employees working in other spheres. The strength of this relationship is determined by Cramér V factor (Cramer's V): The strength of this relationship is determined by Cramér coefficient (V Cramer V):

$$V = \sqrt{\frac{\chi^2}{n(h-1)}} = 0.57 \qquad (2)$$

The strength is dependent on a moderate level approaching the limit of strong dependence. Similarly, you can define a dependency analysis for the hypothesis 2. The null hypothesis of independence cannot be rejected. No significant relationship was found between the rates of interest in the active participation of citizens towards regional development and between living in the region since birth. The strength of dependence is on a moderate level approaching the limit of strong dependence. A similar assessment was performed for two identical hypotheses in the LAG Kunětické Mountains region.

In case of both LAGs the hypothesis of independence between awareness of the existence of LAG and between employments in the public administration was rejected. Employees of the municipal regional offices or employees of organizations established by municipalities have a greater awareness of the existence of individual LAG than other employees, measured at moderate dependence, rather approaching strong dependence. In contrast, a statistical calculation based on dependence analysis found that there was no correlation between an active interest in the activities of citizens towards regional development and whether they have lived in the region since birth, or moved into it. The question in the questionnaire regarding the interest of citizens in some areas in the municipality was also of interest.

**Table 2: Overview of preferred areas of interest by PŽM LAG respondents**

<b>Preferred area of interest LAG Podhůří Železné Mountains</b>	<b>Ratio</b>
No interest in municipality events	1.3%
Other: music events, safety in the community, the environment (illegal landfills, waste collection, etc.) + care for greenery, construction of new buildings, renovation, zoning, environment, urban planning, maintenance of municipal property	2.6%
Business (support of companies, business zones)	7.4%
Social services (day care, nursing homes)	9.6%
Education (care for buildings, construction investments in schools)	15.1%
Transport infrastructure (repair of roads, sidewalks)	15.7%
Tourism (hiking trails, bike trails, bike routes, accommodation)	16.7%
Leisure activities (sports, swimming, cultural activities)	31.7%

Source: Own processing

The overview of responses (Table 2) shows that the respondents of PŽM LAG territory are not interested in the events in the municipality from 1.3% only. In other cases the most preferred areas of interest are leisure activities such as various sports, swimming and cultural activities, followed by tourism, especially hiking trails, bike paths and routes. The overview of the responses in KMR LAG shows (Table 3) that no interest in the events in the municipality involves 2.4% respondents. In other cases the most preferred areas of interest are leisure activities as well as tourism and education closely followed by the area of supporting businesses.

**Table 3: Overview of preferred areas of interest by KMR LAG respondents**

<b>Preferred area of interest LAG Podhůří Železné Mountains</b>	<b>Ratio</b>
No interest in municipality events	2.4%
Other: Theatre on the open stage in Kutná Hora, security in the municipality, Opatovice noise barrier reconstruction, zoning, environment	3.2%
Transport infrastructure (repair of roads, sidewalks)	6.2%
Social services (day care, nursing home)	6.3%
Business (support for companies, business zone)	15.4%
Education (care for building, construction investments in schools)	17.6%
Tourism (hiking trails, bike trails, bike routes, to accommodation)	24.6%
Leisure activities (sports, swimming, cultural activities)	29.8%

Source: Own processing

Within the analysis carried out by an inductive method interviews with individual members of each local action group were conducted. They were held in the form of a semi-structured interview. The interview was directed towards information on potential participation of social capital in the activities of individual LAG, the overall assessment of current activities, any expectations and, last but not least, experience with the perception of citizens and local businesses of LAG activities, or their awareness of the existence of LAG.

Question no. 1: How do you rate the effect of the LAG, in particular, have your expectations been met?

Representatives of PŽM LAG members evaluate existing activities in LAG very positively, since most of them have already managed to implement their plans. As regards KMR LAG, the evaluation of satisfaction has so far been affected by the impossibility to implement financially more substantial projects.

Question no. 2: Do you see the importance of further participation as a member of LAG?

In response to this question all the addressed expressed high expectations for the future development of the LEADER programme, thus remaining in LAG membership has been found as important.

Question no. 3: Do you think that your region's citizens have an idea about the activities or the very existence of LAG?

Also in this issue there was consensus, because members of each LAG recognize that the citizens do not have much awareness concerning the LAG, except for a few working in working in public administration, which is due to the fact that they come across the LAG activities in the course of their work duties.

Question no. 4: How do you perceive the activity of citizens and businesses through LAG, which would lead to the promotion of regional development?

Here several representatives expressed themselves in the sense that they feel interested in what is happening in their region, but they cannot find any essential activity based on concrete proposals or concerns of citizens.

The qualitative research shows that individual members see a clear advantage in the participation of LAG and plan to continue in their membership as they have great expectations from this programme. Regarding the awareness of citizens not much optimism prevails. Neither the over-activity of local citizens nor companies is of a greater significance. In matters relating to citizens' active approach to regional development the representatives of both LAGs expressed themselves in terms of absence of local residents. They admit that from their current personal observations it is apparent that ordinary citizens have essentially no awareness of the LAG existence.

The research questions reveal that the knowledge of the term local action group is known to less than 32% respondents in PŽM LAG and to 23% in KMR LAG only. Further questions on the knowledge of principles, awareness of the existence of LAG in a particular region or particular knowledge of the implemented project have narrowed the number of positive responses even more. If the LAG awareness is

evaluated among citizens working outside the public administration, it shows that not even 1/10 of the respondents has any awareness of their existence. This problem has however developed on the basis of findings from other foreign LAGs. In Spain (Andalusia) for example, LEADER and its LAG are so successful that might become victims of their own success. There arises a situation where local bureaucracy and local governments restrict the autonomy of LAG and thereby discourage participants of marginal groups (NAVARRO, 2015). Also Danish LAGs tackle the same problem. Their prepared study demonstrates the importance of both sectors in meeting the objectives of LAG, however, it is difficult to define an inflection point at which the municipalities are already too dominant and tend to take LAG to their own administration.<sup>8</sup>

Among the interests of individual respondents it was leisure and tourism that prevailed. A personal proactive approach to implement any projects without providing knowledge and awareness concerning the principles declared by the LAG was declared by 62% respondents concerning PŽM LAG and even 79% concerning KMR LAG. It is therefore clear that the taste and interest of citizens to participate in the activities of regional development in the vicinity of their homes is substantial. In conclusion, the statistical method of dependence analysis rejected the hypothesis of independence between awareness of the existence of LAG and between employments in the public administration system for both LAGs. Employees of municipal regional offices or employees of organizations established by municipalities have a greater awareness of the existence of individual LAG than other employees, measured at moderate dependence, rather approaching strong dependence. The default assumption for pronouncing this hypothesis was based on the assumption that employees of public administration become familiar with the existence of LAG within their profession, whether they participate in discussions about possible projects of LAG or from different internal materials. In contrast, the statistical calculation of dependence analysis found that there was no correlation between an active interest in the activities of citizens, their pride pointing to regional development and whether they have lived in the region since birth, or moved into it.

### Conclusion

One of the LAGs can benefit from the support provided in the form of project financing and thus undoubtedly allow positive regional development based on the needs and knowledge of local citizens its vicinity. Although even the second researched LAG is actively working on various forms of activities in the region thanks to good social capital, the lack of financial support "from above" does not fully allow the use of the endogenous potential and thus linking these components into a functional unit. It is necessary to maintain the set principles of partnership and their proportions in the representation of LAG and not discourage local companies and citizens from membership, or help lead their interest in regional development to join the LAG where citizens can realize their needs, as was sufficiently demonstrated by the qualitative research. The quantitative research shows that citizens have little

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<sup>8</sup> TEILMANN, A., K., THUESEN, A. A.: *Important types of LAG-municipality interaction when collaborating on rural development: Lessons from Danish LEADER LAGs.* [online]. [2016-09-28] Available at: <[https://www.researchgate.net/journal/09730052\\_International\\_Journal\\_of\\_Rural\\_Management](https://www.researchgate.net/journal/09730052_International_Journal_of_Rural_Management)>.

awareness of the existence of local action groups. The statistic method of dependence analysis also clearly indicates the fact that among citizens working outside the territorial autonomy less than one tenth of respondents only have the awareness of LAG. This finding obviously has a major impact on the very essence of the principles of LEADER. Only those citizens who know what opportunities are available can benefit from them.

Based on the results of the theoretical background and the results of the survey, the proposed recommendation to tackle current and potential problems is the need to focus on promotion and mutual communication. For this purpose, it is appropriate to develop a marketing strategy, especially in the promotion of the "product". This may include distribution of promotional materials and flyers, which as of yet are not even in individual surveyed LAGs available. It is also possible to reinforce the promotion of already completed projects and support the effort of keeping the interaction between LAG and citizens in the regions. It is very important to realize that this problem does not concern the researched LAGs only, but it could virtually affect the entire system in the future.

With LEADER programme the European Union has enabled us to reduce the gap between the central government and the smallest areas in terms of regional development. Thus there were provided tools to help solve the problems of implementation of projects in locations that can be identified by a local entity only. The tools which find their use only if they can be properly grasped and processed by local citizens.

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## BRAND AS ONE OF THE TOURISM DEVELOPMENT TOOLS IN THE TOURIST AREA BESKYDY - WALLACHIA

*Vladimír Vavrečka – Jiří Mezulánik*

### **Abstract**

The article deals with the issue of the brand in the context of the research for the development of the tourist area of Beskydy-Wallachia. "Beskydy-Wallachia" brand is originated from the name of the tourist area, geographically covering the area of the Moravian-Silesian Beskydy mountains and foothills, characterized by its original character and traditions - Valašsko (Wallachia). Yet executed marketing research is based on its own methodology, which relies on interviewing the focal group of actors in the tourist area. The exploitation rate of potential is assessed in relation to make the brand of "Beskydy-Wallachia".

### **Key words:**

Brand in the tourism industry. Customer satisfaction. Destination management. Focus group. The barriers of tourism. The potential of the tourist region.

### **Introduction**

Nowadays travelling and tourism are one of the most significant sectors of the world's economies. Tourism is a comprehensive commercial-economic sector, which significantly affects employment, the balance of payments and the socio-economic development of the regions. This kind of industry is involved in the formation of the gross domestic product, it also has an impact on the revenues of local budgets, it contributes to the protection and preservation of natural and cultural treasure, and last but not least it also supports investment activity in the regions.<sup>1</sup> The dynamic development of domestic and international tourism is, according to the available and well-known data, fixed and stable. Over the past 60 years the international tourism has been growing (rated by arrivals) on average approx. 4.5% per annum. Period of decline or stagnation have always been short, and followed by the fast rebounding of demand. This was typical for the decline in 2008-2009. The UNWTO forecasts are compiled in a similar way. These estimates for the following decade further growth of the sector, which, inter alia, would be reflected with a growth in international tourist arrivals up to approx. 1.6 billion tourists in 2020. Europe is a mature destination with a very high intensity of tourism. Unlike the emerging and developing regions (Asia, South America, etc.) and destinations, the sources of growth have been explored far more difficult. And therefore, the UNWTO forecasts calculate in the following years for Europe with an average annual growth of around 3%, i.e. below the global average growth.<sup>2</sup> The situation in the European tourism market is logically fundamental for the development of tourism in the Czech Republic. On one side the Czech Republic is significantly dependent on arrivals from other European countries; on the other hand, it is a significant feature of European tourism.

The development of the European market thus indirectly affects the situation of the sector of tourism in the Czech Republic, in the Moravian-Silesian Region (hereinafter

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<sup>1</sup> *Cestovní ruch v regionech České republiky*. Ostrava : Enterprise plc, s.r.o., 2003.

<sup>2</sup> *UNWTO World Tourism Organization. UNWTO World Tourism Barometer*. [online]. [2013-08-31]. Available at: <<http://unwto.org/en>>.



referred to as MSR) and the individual tourist areas of the region. The segmentation of the Czech Republic on tourist regions and tourist areas is based on the strategy of tourism regions for 2007-2013, which has been approved by the Association of regions of the Czech Republic. This segmentation is used for the work in the framework of their domestic and foreign activities by the Czech Tourism Authority – CzechTourism. The allocation of the tourist potential of the Czech Republic is based on the 17 regions and 40 areas. This allocation of the tourist potential of the tourist regions map is the basis for the statistical monitoring of the characteristics of tourism of the Czech Statistical Office.

The tourist region of Northern Moravia and Silesia is from the perspective of its borders identical with the territory of Moravian-Silesian region and it is divided into 6 tourist areas, which are as follows: **Beskydy-Wallachia**, Ostrava, Poodří - Moravian Kravařsko, Opava Silesia, Cieszyn Silesia, and the Jeseníky – East. The most important, both in terms of capacity (approx. 1/3 bed accommodation capacity of the facilities in the MSR, the attractiveness of the territory, etc.), as well as the acquaintance and attendance (over 30% of the guests in accommodation facilities and over 25% of overnight stays of tourists in accommodation facilities in MSR) is in the Moravian-Silesian region the tourist area "Beskydy-Wallachia". The mentioned destination uses as part of its marketing activities the title combining the name of a major mountain range in the Czech Republic-Moravskoslezské Beskydy – and an important ethnographic area - Wallachia. Destination has created destination management, which has actively worked since 2011 and whose name comes from the name of the tourist area, namely "Destination management of BeskydyValašsko tourist area, o.p.s." (hereinafter referred to as DMBV). Destination management therefore uses the branding of "Beskydy-Wallachia", indicating that the tourism product in the territory of the tourist area of the Beskydy-Wallachia. The mission of the Destination management area of Beskydy-Wallachia, o.p.s. is to coordinate the development of tourism the tourist area of Beskydy-Walachian region, i.e. on the territory of 67 villages under the municipalities with extended competence Frýdek-Místek Frýdlant nad Ostravicí, Nový Jičín, Frenštát pod Radhoštěm, Kopřivnice and part of Ostrava. The priority is to present the tourist area as a pleasant place to spend free time in order to increase a visit rate to the destination.

### **1 „Beskydy - Valašsko“/“Beskydy – Wallachia” Brand Name**

The brand has been used for centuries to distinguish goods of individual producers or services providers. Keller, in his publication, uses the definition of brand of the American Marketing Association (AMA), which characterises the brand such as: "... a name, a term, a sign, a symbol or a design, or a combination of these terms used to identify the goods and services of one or more sellers and to differentiate them in the competition of the market".<sup>3</sup> The concept of the brand comes from the Old-Norwegian word "brandr", which means "to burn". Brand concept includes both elements of the brand and its other intangible aspects. The brand as a marketing tool can be used, if there is sufficient differentiation from the competition, it has its own identity, and the public begin to endorse it in goods and services that the brand

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<sup>3</sup> KELLER, K. L.: *Strategické řízení značky*. Praha : Grada Publishing a.s., 2007, p. 33.

represents. The brand also represents the ideas and associations in the minds of consumers and increasing importance becomes even a social symbol.<sup>4</sup> Brand management is a discipline that in marketing and marketing communication plays an increasingly important role even in the tourism sector. Příbová defines the brand management as: "... a strategic and integrated system of analytical, planning, budgetary and implementation activities, which are part of the brand management process."<sup>5</sup> According to Keller the strategic brand management includes the design and implementation of marketing programmes and activities that are used to build, measuring and controlling of brand values.<sup>6</sup>

The 21st century is, in branding, as well as in other fields, the most dynamic period. It has brought a lot of new factors that have a major impact on the brand. Above all, it is the increase in competition. According to Keller, nowadays is much more difficult to convince customers by traditional communication technologies than it was before. Customers are getting more experienced, more demanding and want to communicate. The nature has been changed of what consumers want from products, services and brands. Today, the companies should strive to be trusted and emotionally link the company with the desires and aspirations of their consumers, to create "loving brands".<sup>7</sup> Another significant change in marketing in general are new communication technologies and the dynamics of their development. These are mainly interactive and electronic media. In principle, however, the role of the brand in time almost unchanged. The brand is used from the history to the present to distinguish and identify the products and services on the market. As already mentioned that is radically changing the conditions for its control and increases the difficulty and the importance of brand management. Similarly, as it is the case in the manufacturing industries, the importance of brand has been developed in sectors of services, including the tourism sector. Tourism understands the brand not only an attribute of the product, but also as an important tool of marketing communication and part of the tourism destination identity.<sup>8</sup>

The brand of "Beskyd-Wallachia" was originated from the name of the tourist area, geographically covering the area of the Moravian-Silesian Beskydy mountains and foothills, characterized by its original character and traditions - Valašsko (Wallachia). Territorial subdivisions in tourist regions and tourist areas has been a long-term process (2002-2008), which contained both the interests of the central authorities (Ministry for Regional Development, the Agency CzechTourism CCCR) with the interests of local self-governing bodies (MSR, small regions, cities and municipalities) and local communities. It is therefore a compromise that created the brand "Beskydy-Wallachia", and since 2011 DMBV has kept the development of the brand position. From the view in the tourism market offer, therefore, this is a relatively new brand both for domestic tourists and visitors and tourists from abroad.

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<sup>4</sup> BAUER, Z. et al.: *Jak vytvořit atraktivní obchodní název firmy, služby, produktu, značky*. Praha : Zdeněk Bauer, 2014, p. 44.

<sup>5</sup> PŘIBOVÁ, M. et al.: *Strategické řízení značky – Brand Management*. Praha : EKOPRESS, 2000, p. 15.

<sup>6</sup> KELLER, K. L.: *Strategické řízení značky*. Praha : Grada Publishing a.s., 2007, p. 75.

<sup>7</sup> *Ibidem*, p. 68.

<sup>8</sup> For more information, see: JAKUBÍKOVÁ, D.: *Marketing cestovního ruchu. Jak uspět v domácí i světové konkurenci*. 2<sup>nd</sup> Edition. Praha : Grada Publishing a.s., 2012.

## **2 Research of tourism in the tourist area of Beskydy-Wallachia**

In an effort to ensure the development of the market position of destination including the promotion of knowledge and perception of the brand "Beskydy-Wallachia", there was processed a research based on the task by DMBV, consisting of the following sections:

1. Processing of analysis of the visit rate to the tourist area of Beskydy-Wallachia region in summer and winter season;
2. Preparation and implementation of qualitative research with the target group of service providers in the tourism industry in the area of Beskydy-Wallachia;
3. Processing of the research study;
4. Presentation of the research findings.

For the analysis there was used secondary data from the research guaranteed by the Agency ČCCR-Czech Tourism and realized by the company Ipsos, s.r.o. (<http://monitoring.czechtourism.cz/CzechTourism/uvod.html>) focused on identification of the profile of visitors of the Czech Republic, tourist regions and tourist areas and relevant information of the Czech Statistical Office. The aim of this research was to obtain the most accurate information about the visit rate and visitors of the tourist area of Beskydy-Wallachia. For the realization of qualitative research there was in accordance with the specification selected a polling method by means of interviews with focal groups (from Engl. Focus Groups). The aim of this research is to identify the barriers to the development of tourism in the tourist area of the Beskydy-Walachian region from the perspective of tourism actors and reviews of visitation (quantity, structure) of the tourist area. Due to the limited space, we will define in the following parts of the text, focuses on the description and the formulation of a qualitative research and its outputs, and on the formulation of the comprehensive outputs of the research as a whole.

## **3 Identification of barriers to the development of tourism in Beskydy-Wallachia**

Identification of barriers to the development of tourism in Beskydy-Wallachia was implemented in the form of qualitative research with a method of focus groups.

### **3.1 Characteristics of research**

The research was divided into two stages. The first stage was the assessment of the summer season 2013, which was carried out in September 2013. The second stage was the assessment of the winter season 2013/2014, which was carried out after spring break 2014, i.e. in the period from 18. till 26. 3.2014. This paper deals with the results summary of the qualitative research for summer season 2013 and winter season 2013/2014. The research method was interviews with focal groups that represent the in-depth interviews using visualization, association, projective techniques, or role play to establish a context, attitudes, feelings, behavior and

motivation of respondents. Activation methods are thoroughly worked out didactically and their use in an applied research can be regarded as trouble-free.<sup>9</sup>

Meanwhile direct contact and evoke a certain social situation favourably affects the spontaneous and subjectively uncontrolled reaction. Interviews with focal groups are managed by an experienced moderator of the discussion. As outputs there are not quantitative (numeric) data, but information, opinions and motivation. These group interviews should meet several basic rules. The number of respondents in one group should move to twelve people, respondents should survey the problems of long-term deal and should not know each other. Group interviews are carried out repeatedly to achieve saturation. Special requirements are placed on the environment in which the interview is conducted (informal environment, light, snacks). Interviews with focal groups were divided into standard stages. Conducted interviews with focal groups represent a confrontation of visitors' opinions of Beskydy-Wallachia region with the views of the stakeholders of tourism the tourist area. Structure for the summer and the winter season has been slightly modified. The core focus of the interviews was to:

1. Evaluation of offer of the CR in the Beskydy-Wallachia (cultural-historical attractions, nature attractions, hiking conditions, spa tourism, vocational tourism, adventure tourism);
2. Accommodation and catering, information services, and other supporting services;
3. Evaluation of demand of the CR in the Beskydy-Wallachia (a typical visitor, perceptions of satisfaction and dissatisfaction of the visitors);
4. Promotion and marketing strategy (quality, forms, balance, coordination, strategic priorities, superstructure, infrastructure, products);
5. The projected development scenarios (offer, demand, promotion).<sup>10</sup>

In the framework of the research had been scheduled 60-90-minute structured in-depth interviews with actors who are involved in the area longer period and can expertly answer questions, which the contracting authority of the research had already prepared. The selection of respondents was then conducted by the submitter of the research. Research in summer 2013 was implemented in four locations (Trojanovice, Frýdek Místek and Morávka, Frýdlant nad Ostravicí, Kopřivnice). In winter 2013/2014 were selected four sites (area of Lachian Gate, Frenštát, Frydlant region, Morávka and Frýdek Místek). The respondents represented the main actors of tourism – tourism organizers, representatives of the public administration, and service providers in the tourism industry. The selection of respondents was conducted by the submitter of the research. The place and time of realization of group interviews were laid down by the contracting authority of the research. The results and findings of the research are divided into two parts, especially for summer 2013 and for winter 2013/2014. Then the intersection of the results was made for both periods. Based on the analysis of the interviews there were formulated the basic characteristics and problems of development of tourism in the tourist area. The essential criteria for the inclusion of the characteristics were the frequency (most

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<sup>9</sup> KRPÁLEK, P., KRPÁLKOVÁ KRELOVÁ, K.: *Didaktika ekonomických předmětů*. Praha : Oeconomica, 2012, p. 95-102.

<sup>10</sup> VAVREČKA, V., DURDA, L., MEZULÁNÍK, J.: *Výzkum cestovního ruchu v turistické oblasti Jeseníky – východ a následný přenos klíčových poznatků a výstupů směrem k místním aktérům cestovního ruchu. Závěrečná zpráva z výzkumu*. Ostrava : VŠP, 2012, p. 22.

often repeating view) and the relevance of the responses of the respondents. The relevant replies were in the main section of the interviews divided into 4 categories: on the offer side, **the potential is exploited, the potential is not exploited, unexploited and can be difficult to use, problems.**

### 3.2 The findings of the qualitative research in summer period

The potential of the tourist area **is exploited** in the following areas:

- Hiking: this is the primary motive for visiting the tourist areas because it provides excellent conditions. Other activities/attractions are rather complementary. Some destinations, however, are overcrowded (Lysa hora, Pustevny), on the other hand, there are other little-visited destinations (Smrk). Hiking is also supported by a cableway to Bílá, which is used in the summer time (Thursday-Sunday). A network of hiking trails is wide, in some areas, however, the marking of trails and routes are bad;
- Cultural-historical sights: the most frequently visited destinations are Pustevny, Štramberk, Skansen in Rožnov pod Radhoštěm and Hukvaldy. Sacral monument is the most frequent Minor Basilica of Frýdek-Místek;
- Biking: tourist area offers good conditions for cycling, due to the hills meets the demanding cyclists. A network of bicycle paths is sufficient, in certain cases, however, there is a lack of links among them and there are not adjusted the peak routes. The development of cycling is partly hindered with the existence of a Protected Landscape Area;
- Hippotourism: its potential is being used, but rather limited. Popular riding school is in Muchovice, Bonanza (ponies) and then the stables in Kozlovice and Trojanovice. In most cases, however, there is an accompanying activity intended rather to children;
- Natural attractions: the tourist area provides a wide range of natural attractions, for example. travertine cascade, falls in the Beskydy rivers, beautiful views of Beskydy (Pustevny, Lysá hora, Smrk, Javorník, Prašivá), Geopark Pobeskydí, arboretum Šipka.

The potential of the tourist area **is not exploited** in the following areas:

- a) Vocational tourism: due to the proximity of Ostrava is the potential of vocational tourism little exploited. Although there are a large number of mountain chalets and hotels, but this target group of visitors is not enough addressed according to respondents (the exception is the hotel Sepetná). Another reason is less interested in enterprises of this form of tourism, in the context of economic recession. Some hotels (eg. Troyer) have appropriate facilities for vocational activities, but inappropriate for more conditions (such as double bed). Another limitation is the fact that the vocational tourism depends on personal contacts;
- b) Adventure tourism: rather, it is about minor additional things to do in summer and in winter tourism. Sightseeing flights are restricted by applicable regulations; rock climbing is used in a limited degree. Rope climbing centre Tarzanie is very popular, but there is a decrease of interest from schools (school trips), because despite all the security measures, it is still a risky activity. A tourist area provides excellent conditions for mountain running, but the increase is only slight. Through the excellent conditions the paragliding is used in a limited

degree. More tourists would be attracted by a variety of interesting and popular actions (e.g. market crafts).

The potential of the tourist area **unexploited and can be difficult to use**

a) Water tourism: water tourism in nature cannot be developed because there is few suitable flows and water reservoirs. The potential of aquapark in Olešná and swimming pool in Frenštát pod Radhoštěm is exploited, swimming pool in Frýdlant nad Ostravicí is less visited, which records a drop in visitors.

The fundamental **problems** of the development of the tourist area is the lack of networking of stakeholders in tourism, as necessary it demonstrates the institutionalization and strengthening professional destination management. The tourist area offer is fragmented, missing packages of products, linking with sports, sightseeing and leisure activities, no alternatives in unfavorable weather and entertainment supply. Another fairly large problem is a weak of **entrepreneurial spirit**, no interest in business, lack of capital, lack of trust of entrepreneurs towards the organizers of tourism and the absence of a strategic, long-term thinking of service providers. As regards the offer of **gastronomic services**, overall, the quality and the network has been gradually improving, unfortunately it is perceived by different levels in different areas. There are few restaurants with high quality for demanding clients; on the other hand, there is a sufficient offer for weaker revenue clientele, who represents the dominant group. The regional gastronomy is at a decent level by the opinion of the respondents. The accommodation network is wide with varied quality and a very important part of the clients are "discount voucher" visitors. There is not a baby friendly hotel, the offer is limited for the most demanding clients, and car camps level is weak, although the interest in this form of accommodation is growing.

**The demand of tourism tourist area of Beskydy-Wallachia** is made up of relatively fixed groups of visitors. A typical visitor is a family with children, or grandparents with grandchildren mostly from the Moravian-Silesian region. Other regions are represented by clients from South Moravia and the Zlín region. The important categories of visitors are seniors and schools (trips, schools in open-nature, ski courses, sanitate stays). Foreign clientele is relatively limited; it is formed by the Poles, who are a very promising clientele, Slovaks, Russian-speaking transit clientele and visitors from the Baltic countries. Client **satisfaction ratings** (the demand side) the participants have formulated in the focus groups into several areas. Overall, the majority's perception of client satisfaction with services often follows the tradition of the tourist area. Another reason for satisfaction is the diversification of prices. **The visitors are unhappy** with the promotion of the tourist area. In particular, the absence of fragmentation/non-existence of promotional materials, targeting advertising on traditional destinations (Rožnov pod Radhoštěm, Lysá hora, etc.), other destinations are (even by the MSR) promoted in less intensity. Attractiveness of the tourist area would help the introduction of tourist (visitor) card offering discount coupons. Greater emphasis should be placed on the promotion in social networking via the Internet and that the younger generation prefers. The survey shows that it is necessary to better networking of actors of tourism in the tourist region. There is a lack of infrastructure (parking, overpopulation of certain destinations). There are no promotional items and souvenirs, which are traditions

typical for the region, and that could support the brand of the tourist area of Beskydy-Wallachia.

### 3.3 The findings of the qualitative research in winter period

Research in this survey was conducted in the same way as regards the research method and the structure of the polling, as in the summer period. In this section of the article we focus on the results of the research that are not been listed for the summer period. In terms of **offer and supply** of tourism in Beskydy-Wallachia region there can be formulated more conclusions. It will be necessary to develop comprehensive packages of services to various target groups (seniors, animation programmes, families with small children) and organize new non-traditional events. The potential for the offer of winter activities is used in particular in major ski resorts (Bílá, Pustevny, Lysá hora, Mezivodí), where is the guarantee of snow. The situation is worse in smaller/urban ski areas (Červený kámen Koprivnice, Sviňorky Morávka, Zlatník, Frenštát p. R., Malenovice, Pstruží, Palkovice). In principle, there are decent technical possibilities of production of artificial snow, even in the smaller centres. Excellent conditions are for cross-country skiing in all reporting areas (plenty of cross-country loipes and the project of Beskydy magistrála works well, then Ondřejník, Morávka, Pustevny). Ski schools operate in most major cities and villages. At the same time there are enough areas for skating.

In terms of the **demand** of tourism in Beskydy-Wallachia region would be appropriate to focus on other potential destinations. The problem is more difficult accessibility of certain ski resorts; there are no modern cabin railways or cable cars (in particular the Lysa hora) and accompanying services, lack of skibus network, no a single ski pass for ski resorts. There are not the original non-traditional accompanying activities (leisure time centers, interactive workshops, etc.). There could be better exploited the specifics of the tourist area (ski jump ramps in Frenštát p. Radhoštěm, the partisan history). There are missing the alternate programmes in case of bad weather.

### 3.4 The conclusions of the qualitative research

It shows that the intersection of the conclusions in both periods is very significant. It follows from this that the most positive and negative findings have a general nature and there are related to the summer and the winter period without distinction. In spite of that some conclusions have been managed to articulate that relate specifically to seasonal differences. The results of the research were already presented to the actors to the tourist area and it is expected to restart collection and evaluation of data, using the same methodology.

## 4 Complex outputs from the marketing research

On the basis of a combination of outputs of qualitative survey (focus groups) and analysis of destination based on secondary data (ČSÚ, monitoring of visitors) can be noted a certain degree of consistency between outputs and findings from both parts

of the research and we can thus formulate the following key outputs and recommendations:

### **Positives:**

- An increasing number of actors calls for networking, enhance cooperation and coordination of tourism in the tourist area of Beskydy-Wallachia;
- Despite of a very specific winter 2013/2014, it was relatively very well assessed clients satisfaction with services.

### **Negatives:**

- Gradual loss of clientele, especially domestic. There is a noticeable decline, lower interest especially in summer and low-season period. Due to the significant major share of domestic tourists is this development for the tourist area of Beskydy-Wallachia very risky and even increases in foreign tourists at the moment are not able to replace the declines at domestic tourists;
- The lack of facilities of the tourism infrastructure and superstructure with the trend of deterioration in the last 4 ranked years (2010-2014). Long-term development is warning and in particular from the perspective of attracting a larger number of visitors/tourists from abroad and, in particular, from the growing markets of tourism, this area reviews alarming;
- Unsatisfactory situation in transport - poor quality of the roads, however, it also is not evaluated positively transport servicing areas. Despite a fairly significant investment in improving the quality of communication in MSR, the visitors are not satisfied with the quality of the roads. Problem is even the servicing of public transport means;
- The reviews deal with quality of services and offer has significantly worsened. We can see that there is recorded the contradiction between the assessment of this area by actors (see outputs from the interviews in the framework of focal groups). The involvement of domestic clients (residents) to international tourism brings their growing demands for quality services;
- The growing percentage of guests who before arrival to destinations not seen any tools of marketing communication, motivating to visit the tourist area of Beskydy-Wallachia;
- A decline in the proportion of those who come to the region to explore.

### **Threats:**

- The deterioration of the position of the mountain destination, suitable for city breaks, relaxation, entertainment and sport and unable to ensure the necessary quality of services and the availability of supra and infra structure. From the perspective of the reviews, however, in particular there is deteriorating reviews of services an important warning;
- The reducing of the traditional target groups without compensation. If there is no increase in attention in particular to the Youngers and middle generations, there is a real threat of a continued decline in visitors and tourists of these target groups. A similar situation can occur at the target group of seniors. Just "off season" discounts may not be a sufficient motivator to visit the region and especially in the period when the price has



- become more or less the main instrument motivating, but otherwise non-motivating to purchase a product (trip, stay, holiday etc.);
- The declining number of visitors 50 + is not a good sign because the market for seniors and more experienced middle generation owing to demographic developments has been growing. Losing the favor of this group of guests can be fixed in particular looking very bad sign with drastic impact on already low utilization of beds;
  - The growing pressure of competition on the non-increasing (sometimes even reducing) markets. In particular, domestic tourists and visitors will be under increasing pressure the vast majority of other domestic destinations with a similar invitation to the profile (Jeseníky, Jizerské hory, Krkonoše, Krušné hory, Orlické hory, Šumava, etc.);
  - The deteriorating situation with a range of services and, in particular, of winter sports in Pustevny, as the well known and the most famous destination for domestic travelers.

### **Opportunities and potential solutions:**

- Strengthening the market position of the "summer" or better say "year-round" destination, with a condition to keep an updated offering of programmes and products for strategic target group for this period. Strengthening the position in relation to the internal structure of the MSR where the tourist area of Beskydy-Wallachia together with the Jeseníky mountains are clearly the strongest "brands" in tourism in the MSR (Beskydy, Hukvaldy, Lažsko, Lysá hora, Pustevny, Štramberk, Wallachia, etc.), the tourist area of Beskydy-Wallachia has within the MSR the most CAE (collective accommodation establishments) and beds;
- Improvement of awareness (promotion) in accordance with the nature of the target groups. In particular, the emphasis on the further development of e-communication (the Internet – web, social networking, mobile internet, location services, offer of services via or using so-called smart phones and tablets);
- The identification of significant differences (strengths) of the destination and link the destination with these originalities – mountains, countryside views, a healthy environment, healthy food of the Beskydy nature, complex and diverse offer of individual parts of the destination (the necessary cooperation and coordination of activities and the quote by the destination management), tourism product innovation and offers activities, especially adventure tourism;
- The use of the development of direct air links with MSR lines with England (London) and France (Paris). Take advantage of the offer, in particular to those target groups which has a particular connection with. It is also in accordance with the trends of tourism in the world;
- The involvement of new or not yet fully utilized sites (e.g., unique Travertin cascade near the village of Tichá, Ski jumping centre in Frenštát p. R. linked with the Olympic ski jumping winner and the legend of J. Raška, etc.);
- Linking the offer to the most visited attractions and transportation hubs near the Beskydy-Wallachia (Silesian Ostrava Castle and the ZOO in Ostrava, the Wallachian open-air museum in Rožnov, Janáček Airport in Mošnov, etc.);

- Supra and infra structure of tourism:
  - Improvement of facilities for strategic target groups (seniors, families with children). Focusing on an offer of attractions for children and for families with children (an entire family);
  - Accessibility – improving the links with regions of the target groups (links to transnational and national network of motorways and express roads), the offer of products and services for passengers by train (the increase in the offer of the high-speed train) and even all year round;
  - Off position (parking) – a necessary condition of mastering the increasing number of visitors, using to transport on a holiday, to discover the attractiveness, etc. own transport (a passenger car).
- Searching the options for involvement of local products, local small and medium sized manufacturers to cooperate in motivating potential clients to visit the region and Beskydy-Wallachia and a higher satisfaction of their requests for services and purchases of small gifts and souvenirs related to the local culture, traditions and folklore;
- Due to limited resources for investment in infra and supra structures of tourism is needed to replace this with a close cooperation with actors in ensuring existing offerings, and above-average levels of quality of service. Necessary here is the role and development of the activities of a professional destination management. This requirement arises from both the global trends, as well as from the acts of the individual focus groups (focus groups).

### **Target groups:**

- Home (domestic) clients:
  - Focusing on domestic clientele (the largest, traditional, good image of "Beskydy-Wallachia"), which consists of over 85% of the long term visitors and tourists in the Beskydy mountains;
  - Strengthening the position of national clientele, in relation to the uniqueness of the tourist area. Strengthen the offers and proposals for 50 + target group;
  - Focusing in particular on clients from distant places of the Czech Republic. Currently, this lack of a large clientele form the penetrate target group, that is not enough to sufficient accommodation capacity utilisation in the tourist area of Beskydy-Wallachia.
- International clients: focusing on strategic target groups of foreign visitors and tourists. This includes, in particular:
  - Poland - neighbouring country with significant historical structures and with proven high visit rate, good connectivity by road and rail transport. The traditional clientele and knowledgeable of the brand "Beskydy". The number of guests from Poland in hotels in the MSR has long range between 15-21 thousand per year; the average length of stay at MSR is 2.24 overnights;
  - Germany - neighbouring state, with significant historical structures and with proven high visit rate, a major target market, good connectivity by road and rail transport. The number of guests from Germany in hotels in the MSR has long range between 14-18 thousand per year; the average length of stay at MSR is 2.42 overnights;

- Slovakia – neighbouring country with significant historical structures and with proven high visit rate, a major target market, good connectivity by road and rail transport. The number of guests from Slovakia in hotels in the MSR has long range between 22-27 thousand per year; the average length of stay at MSR is 2.3 overnights;
- France – Western European country, with significant historical structures, the worse accessibility by road and rail transport, since 2012 direct air service Ostrava – Paris. The number of French guests in hotels in the MSR is between 2500-3300 per year. The average length of stay of French tourists in the MSR is around 2.24 overnights;
- United Kingdom – Western European country, with significant historical structures, the worse accessibility by road and rail transport, since 2013 direct flights Ostrava – London. The number of British guests in hotels in the MSR is between 2700 – 3900 per year. The average length of stay of British tourists in the MSR is around 2.42 overnights;
- Russia – state with traditional structures to the Czech Republic and, in particular, with the tradition of Russian tourists traveling to the Czech Republic. The number of Russian guests in hotels in the MSR is between 7700-18000 a year. The average length of stay of British tourists in the MSR is around 1.68 overnights, indicating the position of the MSR what would transit destination. In comparison with the Pardubice (3.3) and Karlovy Vary (11.6) region is a very low number of overnight stays.
- Especially for foreign clients it is required in cooperation with neighbouring regions, in particular tourist area with Těšínské Slezsko, which forms the northern part of the Moravian-Silesian Beskydy and the Eastern Moravia – Wallachia, which in turn forms the southern part of the Moravian-Silesian Beskydy and there is the most visited attraction in the Moravian-Silesian Beskydy mountains – the open-air museum in Rožnov;
- Focusing on targeted strengthening of offers for clients, able to take advantage of an air connection with Leoš Janáček Airport (France, United Kingdom).

### **Attraction points of Beskydy, suitable for the production of products for foreign clients:**

- Industrial and technical sights in the Moravian-Silesian region:
  - Techno Routes;
  - Motorism, motosport (Tatra Kopřivnice – museum, polygon, well-known trucks producer of TATRA, Hyundai-Nošovice – a major world producer of cars, produced in Nošovice (for the European market).
- Sports and leisure (especially hiking, biking, paragliding, winter sports);
- Culture routes, towns – Frýdek–Místek, Nový Jičín, Příbor, Štrambersk;
- Spas+spa wellness (BRC Čeladná);
- Culture and sports events – Beskydská 7, linked in Colours of Ostrava, Golden Spike, Davis Cup, Fed Cup, Ice-Hockey World Cup etc.;
- Stays for families with children – e.g. BRC Čeladná, recreation in the mountain and foothill areas of Beskydy, stay on the farms, etc.;
- Knowledge tourism: turismus:

- linked in Ostrava region – Opava’s Military Operation (World War II.);
- Architecture and history – Frýdek Místek, Hukvaldy, Nový Jičín, Pustevny (architect Jurkovič – designated for Slovak market), Štramberk etc.;
- Brands known from the global markets and events (Tatra – trucks, Rallye Paříž – Dakar);
- Individualities (S. Freud - Příbor, linked in his stay in London, designated for English market as well as the linking to Austria, J. Raška - Frenštát p. R., linked in his Olympics victory in Grenoble, in particular for French market, Leoš Janáček - Hukvaldy, linked in his popularity in England, connected with Janáček May Festival, especially for English market).
- Gastronomy:
  - Beer – Radegast Brewery, a number of small and family breweries in Beskydy – Hukvaldy, Ostravice etc. (especially for „the beer lovers“);
  - How Moravian-Silesian region smacks (Silesian cuisine, Wallachian and Lach cuisine, in particular as to the lovers of good food, French market, Russian market);
  - Gastronomy and night life – Stodolní Street (for young people as a supplemental program), the local gastronomic specialities and products of healthy nutrition, based on the nature of the Beskydy and the traditions (Silesian cuisine, Wallachian and Lach cuisine).

### Conclusion

Tourism in the tourist area of Beskydy-Wallachia has gained a new impetus by creating a regional destination management. "The defence" of the brand Moravian-Silesia Beskydy Mountains, in the long term forming the recreational facilities for the industrial Ostrava, has taken charge of a new professionally-oriented and professionally operating entity which is funded by the strong local entities (the city of Frýdek-Místek district, the town of Kopřivnice, Association of municipalities, Association of tourism persons involved Beskydhost). The brand "Beskydy-Wallachia" thus has also become a tool for destination management to unify the efforts of the actors and stakeholders to ensure the further development of the tourist area and both in the area of development of product offerings, program offerings based on coherence and cooperation of each of the relevant bodies, but also in the fields of marketing and marketing communication to target destination of the tourism markets. That is nearly a five-year cooperation of actors and stakeholders on the platform of destination management starts with bringing its results, see the following table which captures the development of major tourism development indicators – number of guests and the number of nights spent in hotel accommodation facilities in the tourist area of Beskydy-Wallachia.

**Table 1: The characteristics of the development of tourism in the tourist area of Beskydy-Wallachia**

Year	Arrivals total	residents	non-residents	Overnight total	residents	non-residents	Average number of overnights (nights)	residents	non-residents
2012	214 612	172 219	42 393	528 102	438 456	89 646	2,5	2,5	2,1
2013	206 661	169 067	37 594	500 220	413 186	87 034	2,4	2,4	2,3
2014	200 725	164 727	35 998	476 235	394 971	81 264	2,4	2,4	2,3
2015	233 463	189 984	43 479	567 314	464 006	103 308	2,4	2,4	2,4

Source: Czech Statistic Office, Own processing

One of the activities which encourage positive development of tourism in the tourist area of Beskydy-Wallachia was the implementation of marketing research at the turn of the years 2013 and 2014, which both offered a mirror the state of tourism in the tourist area of actors and stakeholders (developing the analysis of visit rate to the tourist area of Beskydy-Wallachia) and, secondly, on the platform of focus groups helped to bring in 4 tourist zones of the tourist area of Beskydy-Wallachia to one table the representatives of actors and stakeholders that these together were able to identify the barriers to the development of tourism in the tourist area and thus has created the entry for destination management.

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## AWARENESS OF ENTREPRENEURIAL ORGANIZATION'S BRAND BUILDING AMONG EMPLOYEES OF THE MUNICIPAL COUNCIL

*Zbigniew Widera – Wiktor Widera – Ewa Dudzic*

### **Abstract**

Presented article is the result of research work in the field of awareness of entrepreneurial organization's brand building among the employees of municipal council. The concept of brand, already well established, has recently moved far beyond the original link with product and services. Municipal council, managed by mayor and, on their behalf, the office staff, is an organization that provides public services. Due to the increased need of public for the quality and choice of services, as well as limited funding available to local governments, the latter face the challenge of transition from the bureaucratic to entrepreneurial system. It can be achieved by building an entrepreneurial organization's brand of a public service organization. Accordingly, brand building should be associated with the awareness of organization management goals, and the way of their implementation.

### **Key words:**

Brand building. Competition in the market. Entrepreneurship. Local government. Organization management.

## **1 Brand building**

The term brand is well established in the economic market. The American Marketing Association defines brand as "name, term, design, symbol, or any other feature that identifies the seller's good or services as distinct from those of other sellers".<sup>1</sup> This definition was later modified and broadened by Leslie de Chernatony and Malcolm McDonald who defined brand as "an identifiable product, service, person or place, augmented in such a way that a buyer or user perceives relevant and unique added values which match their needs more closely. Furthermore, its success results from being able to sustain these added values in the face of competition".<sup>2</sup> Still, the concept of brand has moved far beyond the original link with product and services. Brand became linked to people, places and events<sup>3,4</sup> as well as "city-brands, region-brands and even country-brands."<sup>5</sup> Region, municipality, village became organizations competing in the market for investors and tourists, and trying to maximize the use of their resources. Many of these organizations have built a recognizable brand that is associated with their unique features. The better managed and the more recognizable they are the greater chances they have for the development. In Poland, introduction of the local democratic mechanisms to the local government such as direct election of the president or the mayor creates favourable conditions for building recognition of an individual citizen. This results in the citizen

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<sup>1</sup> KOTLER, P.: *Marketing – Analiza, planowanie, wdrażanie i kontrola*. Warszawa : Gebethner & Ska, 1994, p. 410.

<sup>2</sup> CHERNATONY, L., McDONALD, M.: *Creating Powerful Brands in Consumer, Service and Industrial Markets*. 3<sup>rd</sup> Edition. Oxford : ELSEVIER Butterworth-Heinemann, 2003, p. 24.

<sup>3</sup> KOTLER, P., ARMSTRONG, G.: *Principles of Marketing*. Upper Saddle River, New Jersey : Prentice Hall, 2001, p. 301.

<sup>4</sup> KOTLER, P., LEE, N.: *Marketing w sektorze publicznym. Mapa drogowa wyższej efektywności*. Warszawa : Wydawnictwa Akademickie i Profesjonalne, Wyższa Szkoła Przedsiębiorczości i Zarządzania im. L. Koźmińskiego, 2008, p. 118.

<sup>5</sup> OLINS, W.: *Wally Olins o marce*. Warszawa : Instytut Marki Polskiej, 2004, p. 170.

having greater role in building municipal community. Accordingly, day-by-day, the management evolves what leads to the development of local communities.<sup>6</sup>

Last but not least, there are many factors affecting effective brand building. The latter is often associated with the ability to use own resources, and with successful adaptation of existing solutions. Among many determinants of entrepreneurial organization's brand building, one of the most important is the awareness of workers about the implementation of such an objective. Thus, the individual needs to understand the objective and know how to achieve it.

### **2 Entrepreneurial organization in the social area**

Although from different points of view, local development strategies focus on providing the best possible conditions for economic development in the area in which they are realised. Local development is thus the result of growth in employment and income of the population, as well as, is the source of growth in budget revenues of local government units. Consequently, local development contributes to the overall improvement in the standard of living of the population.<sup>7</sup> Today, the municipality (town) and region are increasingly being treated as entrepreneurial organizations whose mission, according to the subordinate role of local government, is to meet the collective needs of the community through the provision of universal service.<sup>8</sup> David Osborne and Ted Gaebler presented an innovative approach to technology governance that is full of analogies to the processes taking place in the market economy introduced in the United States. According to the above-mentioned authors, efficient management of municipality requires appropriate technology that has to be understood as a set of methods and techniques used in decision-making. The essence of the theory became an analogy with processes occurring in the economic and political market. Furthermore, governance technologies related to the management of socio-political institutions were introduced based on the corporate governance techniques.

This theory gave a reflection on politics in terms of the market, where exchange transactions occur between the vendor and the purchaser. According to theory's principles, a citizen is treated as a demanding customer, and serving them office worker, as an individual strictly dependent on the satisfied customer. As a result, this assumption changed the perception of the office worker being an "oracle" on inhabitants' matters. Moreover, it also abolished the management model leading to the bureaucracy and the dominance of the local structures of power.

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<sup>6</sup> OSBORNE, D., GAEBLER, T.: Rządzić inaczej. Jak duch przedsiębiorczości przenika i przekształca administrację państwową. In WIDERA, Z. (ed.): *Przedsiębiorcze zarządzanie samorządem terytorialnym z elementami komunikacji marketingowej*. Katowice : Wydawnictwo Naukowe Unikat 2, 2013, p. 21.

<sup>7</sup> ZALEWSKI, A.: Nowe zarządzanie publiczne w polskim samorządzie terytorialnym. In ZIÓŁKOWSKI, A. (ed.): *Zarządzanie strategiczne w polskim samorządzie terytorialnym*. Warszawa : Oficyna Wydawnicza SGH w Warszawie, 2005, p. 113.

<sup>8</sup> OCHOJSKI, A.: Kultura przedsiębiorczości jako czynnik rozwoju lokalnego. In BARCZYK, Z., BIENIECKI, J. (eds.): *Przedsiębiorczość, samorządność, rozwój lokalny*. Katowice : Wyd. UE w Katowicach, 2001, p. 44-47.

### 3 Building entrepreneurial brand by the public service organization

David Osborne and Ted Gaebler in “Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector” presented 10 principles that governments or public service organizations wishing to be entrepreneurial, rather than bureaucratic, shall implement. Accordingly, these guidelines support drawing from the following government characteristics:

1. Catalytic government – encapsulating the activity of the ruling governments as the one that governs, manages and supervises established strategies, rather than concentrates on executive actions. In brief, the government should focus on steering, or providing guidance and direction, rather than rowing, or providing services;
2. Community-owned government – supports involving communities in service delivery and handing over responsibilities to communities. In that way, the final recipients of services have influence on the quality of these services, and they also add value by providing experience and skills;
3. Competitive government – an approach based on the universal implementation of competition rules. In this way of thinking, competition is not a matter of choice between the public sector and the private sector. On the contrary, competitive government ends governmental monopolies and introduces competition in order to achieve best quality and price of service;
4. Mission-driven government – well described by the sentence: never tell people how to do something. Tell them what you want done, and you will be surprised by their ingenuity. Mission-driven organizations abandon strict rule-driven system and instead encourage employees to pursue organization’s mission;
5. Results-oriented government – the paramount function of an action to achieve its goal, rather than focus on inputs only. It is essential to stress the significance of understanding the purpose of an action and at the same time, introduce clear performance measurement to reward well-performing employees;
6. Customer-driven government – the basic criterion is customer’s satisfaction with the proposed service or product, which appears on the market that the governance has an influence on. As the customers have individualized, no longer homogenous needs, the government’s efforts should be directed at better understanding these needs;
7. Enterprising government – based on organizing social life in the impact area, adopting the recommendation: it is better to earn money than spend it. Enterprising government can recognize their assets and make use of them in such a way that creates revenue;
8. Anticipatory government – an approach in which management thinks ahead and accounts planning for the future in the current decision-making processes. This can be implemented by introducing by the following actions such as prevention, strategic planning, long-term budgeting, cross-departmental budgeting or incorporating accrual expenses;
9. Decentralized governance – based on flattening organizational structure and empowering those, who contribute well. There are many advantages behind adopting this type of governance as decentralized institutions are more flexible and can respond faster to changing conditions and customer needs. These institutions operate also more efficiently and are much more likely to introduce innovative solutions;



10. Market-oriented governance – well described by the Corporation for the Promotion of Entrepreneurship: “instead of acting as mass providers of goods or services (...) public agencies operate on existing or emerging markets only, more as parties that improve their performance, agents and providers of initial capital. As proven in the past decade by the experience of many leading private corporations, this role, requiring grater entrepreneurial spirit, may not be well fulfilled by the traditional, accustomed to command system bureaucracy”.<sup>9</sup>

#### 4 Entrepreneurial management of local municipal government

The qualitative study conducted in March-May 2016 with employees of the Municipal Office in Sosnowiec and the Municipal Office in Chorzów provided data on the awareness of employees on the entrepreneurial management of local government. Sosnowiec and Chorzów are two, representative of the Silesian agglomeration, cities. Working in the municipal council located in the city where the respondent lives was the main selection criterion of the study. Consequently, out of 55 employees of Municipal Office in Sosnowiec and the Municipal Office in Chorzów, 29 of them live and work in the same city, and they were further interviewed. Table 1 presents respondents’ characteristics.

**Table 1: Respondents’ characteristics**

Respondents’ characteristics		% of sample
Sex	Female	52%
	Male	48%
Age	18-25	3%
	26-35	35%
	36-45	31%
	46-55	21%
	56-65	10%
Profession	Management	24%
	not performing management functions	76%
Time spent working in current profession	Less then 1 year	17%
	1-4 years	38%
	5-8 years	10%
	9-13 years	21%
	More than 13 years	14%
Education stage achieved	Secondary education (in the process of gaining tertiary education)	7%
	Tertiary education	93%
Work place and home city	Chorzów	55%
	Sosnowiec	45%

Source: Own processing

<sup>9</sup> OSBORNE, D., GAEBLER, T.: Rządzić inaczej. Jak duch przedsiębiorczości przenika i przekształca administrację państwową. In WIDERA, Z. (ed.): *Przedsiębiorcze zarządzanie samorządem terytorialnym z elementami komunikacji marketingowej*. Katowice : Wydawnictwo Naukowe Unikat 2, 2013, p. 21.

When asked what they understand by entrepreneurial management of local government, respondents indicated that it is, among others, the effective use of resources of the community, the consistent implementation of the strategic objectives of the community and using the potential of the community. What is more, respondents considered meeting the needs of the residents, as well as the use of business management methods in the management of the municipality as actions linked to the entrepreneurial management (see Table 2).

Furthermore, with respect to the answers given to question regarding the three main factors that have the greatest impact on the management of local government, 86.7% of answers indicated infrastructure (material resources) as the most important factor in the management of local government. The second most important factors were human resources, listed in 69% of answers, equally with financial resources.

**Table 2: Respondents' opinions about what the entrepreneurial management of local government is**

Response	Respondent's characteristics					
	Sex	Age	Profession	Time spent working in current profession	Education stage achieved	Work place and home city
The use of the municipality's resources that allows achieving the best possible results.	female	26-35	not performing management functions	9-13 years	tertiary education	Chorzów
By this I mean activating citizens to undertake activities for their city.	female	36-45	not performing management functions	14 and more years	tertiary education	Chorzów
Business development, promotion of the region.	female	26-35	not performing management functions	1-4 years	tertiary education	Chorzów
As economical as possible.	male	26-35	not performing management functions	1-4 years	tertiary education	Sosnowiec
Creating appropriate conditions, development of infrastructure, and exploitation of natural assets.	male	56-65	management	9-13 years	tertiary education	Chorzów
Management eg. management of municipality in such a way that one manages the company (which obviously is not a municipality).	male	46-55	management	less then 1 year	tertiary education	Chorzów
Management in such a way as to fully exploit the economic and social potential (of municipality, county, state), and effectively carry out public tasks.	male	26-35	not performing management functions	1-4 years	tertiary education	Chorzów

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Using the potential of the municipality with consistent implementation of strategic objectives.	male	46-55	not performing management functions	9-13 years	tertiary education	Chorzów
Activation of the local community. Cooperation between local communities, organizations, businesses - to support their activities.	female	36-45	not performing management functions	less then 1 year	tertiary education	Chorzów
Defining municipality's objectives and their consistent implementation and monitoring.	male	56-65	not performing management functions	1-4 years	tertiary education	Chorzów
This is management in such a way that the results obtained are effective	female	26-35	not performing management functions	1-4 years	tertiary education	Chorzów
This is determination of goals - needs taking decisions on tasks, measures and deadlines	female	46-55	not performing management functions	14 and more years	tertiary education	Chorzów
Entrepreneurial management of local government is rational budgeting, profit-oriented and having positive effect on improving living standard of inhabitants.	male	18-25	not performing management functions	1-4 years	Secondary education (in the process of gaining tertiary education)	Chorzów
Meeting the expectations of the citizens of the territory - conducting research concerning citizens' expectations and the implementation of important from their point of view projects.	female	46-55	not performing management functions	less then 1 year	tertiary education	Chorzów
Using the resources of the municipality and its potential so as to ensure the satisfaction of citizens.	female	36-45	not performing management functions	1-4 years	tertiary education	Chorzów
Implementation of management vision aimed at citizen's (entrepreneur, pensioner, child etc.) satisfaction with a rational use of resources that the municipality has.	female	36-45	not performing management functions	14 and more years	Secondary education (in the process of gaining tertiary education)	Chorzów
Honesty and competency in management.	male	46-55	management	less then 1 years	tertiary education	Chorzów
Effective management of urban / human resources in order to achieve the best results while maintaining a rational economy.	male	36-45	management	1-4 years	tertiary education	Sosnowiec
Skilful use of the potential of the city.	male	26-35	not performing management functions	1-4 years	tertiary education	Sosnowiec
Increasing the investment attractiveness of the city.	male	36-45	management	9-13 years	tertiary education	Sosnowiec
Local government should be treated as an enterprise. This enterprise should meet the needs of citizens,	male	56-65	not performing management functions	14 and more years	tertiary education	Sosnowiec

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while keeping in control the financial status of the individual as well as follow the trends of modernity.						
To me, this is forward-looking, efficient and economically reasonable that takes into account all social groups.	female	36-45	not performing management functions	5-8 years	tertiary education	Sosnowiec
Setting goals and directions of development, the formation of expert teams and task groups, successive pursuit of these objectives.	female	46-55	not performing management functions	9-13 years	tertiary education	Sosnowiec
Exploration and introduction of new and innovative solutions in collaboration, eg. with local entrepreneurs.	female	26-35	not performing management functions	1-4 years	tertiary education	Sosnowiec
The development of urban infrastructure that serves the daily life of residents, and meets the needs of residents.	male	26-35	not performing management functions	5-8 years	tertiary education	Sosnowiec
Mayor should manage it like an enterprise which state must be constantly monitored and one need to respond to any threat.	female	36-45	management	9-13 years	tertiary education	Sosnowiec
Conscious completion of the tasks of the municipality, taking into account its citizens, and direct income that the municipality has.	male	26-35	management	Less than 1 year	tertiary education	Sosnowiec
Caring for the welfare of the residents and the appropriate management of the funds of the municipality.	female	26-35	not performing management functions	1-4 years	tertiary education	Sosnowiec
Maximum use of its potential.	female	36-45	not performing management functions	5-8 years	tertiary education	Sosnowiec

Source: Own processing

### Conclusion

Understanding of the need for the fundamental transformation from bureaucratic government to entrepreneurial government has been constantly evolving since Daniel Osborne and Ted Gaebler demonstrated structural reasons for that shift. The idea promoted by the above-mentioned authors relates also to the governance of public service organizations, including municipal offices. These have been influenced by changes promoted in urban areas such as decentralization, allocation of authorizations and also their transfer to lower levels. Moreover, some public services were commercialised, companies privatized, contracts for service management introduced and concession for conducting and financing of public services were limited. Besides there has been a considerable change noted in the quality of public

services, as some methods of corporate governance, organizational structure and the control system, were altered. Not only, management contracts were introduced and responsibility for results and resources was decentralized, but also activities such as budgeting, cost control, quality management and finally internal benchmarking greatly improved the management of public organizations.<sup>10</sup> Conclusively, these above-mentioned processes are applicable when the municipal brand building is considered. The municipality, perceived now also as entrepreneurial organization, is therefore obliged to compete on the market and look for new growth opportunities.

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<sup>10</sup> ZALEWSKI, A.: *Nowe zarządzanie publiczne w polskim samorządzie terytorialnym*. Warszawa : Szkoła Główna Handlowa Oficyna Wydawnicza, 2007, p. 32-39.

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## MARKETING COMMUNICATION OF ECO-INNOVATIONS AND THEIR IMPACT ON REGIONAL DEVELOPMENT

*Anna Zaušková – Lukáš Grib*

### **Abstract**

Innovative solutions are considered to bring about positive changes to businesses, mainly when it comes to those solutions improving production processes, reducing environmental impact or communicating corporate social responsibility. Eco-innovations seems to be a key to an unfavourable situation in all fields of business. However, they have to be supported by appropriate marketing communication targeting consumers in a right way, enhancing their ecological awareness and motivating them to purchase eco-friendly products. The paper deals with the topic of eco-innovations and their promotion by way of marketing communication tools. Attention will also be paid to impact of eco-innovations on regional development. The paper also points to the results of two survey carried out in the segment of small and medium-sized enterprises (SMEs) in the Slovak business environment.

### **Key words:**

Eco-innovation. Marketing communication. Phygital Concept. Region.

### **Introduction**

The term of „regional development” usually refers to population or territorial growth. The core of regional development lies in a qualitative change of life of inhabitants.<sup>1</sup> We assume that regional development is only a continuous process because conditions influencing life in regions are still changing. Regions are often left behind without any financial resources and thus unable to realise development activities. However, regional development is not dependent solely on finance. They are also inhabitants, municipality representatives and their effort to promote actively changes beyond their powers or show willingness to take personal liability for their acts. Regions are seen as competitors in all fields of development. This is the reason why the majority have started to behave as a company which is bound to thrive. One of the factors of development are innovations – a key to companies’ success. Eco-innovations are especially important. Businesses operating in regions should take into account one fact – by their conduct they are able to reduce negative environmental impact. Entities which invest in environmental activities contribute to improving not only their own image, but also the environment of the region they operate in. Natural capacities and resources have almost been exhausted. Eco-innovative solutions are beneficial for institutions, businesses or the society itself. We mainly talk about those solutions which improve production processes, reduce environmental impact and promote activities of corporate social responsibility while educating the public. A suitable communication strategy can persuade other businesses to carry out their activities in an environmentally-friendly manner. Marketing communication of eco-innovations, nevertheless, has to meet certain standards so as a particular businesses tool be qualified as environmentally-friendly. Marketing communication of eco-innovations is highly specific with regard to its segment, target group and its main goals.

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<sup>1</sup> JÁNOŠOVÁ, D.: *Implementation of Marketing Activities for the Benefit of Regional Development*. Trnava : FMK UCM in Trnava, 2012, p. 28.

## 1 Eco-innovations

Eco-innovations as a sub-category of innovations represent a key element of progressive society the main goal of which is not merely generating a profit. This society perceives sensibly and reacts to any impact from the external environment.<sup>2</sup> Studying eco-innovations stems from various scientific disciplines, e.g. institutional, evolutionary or industrial economy, theory of technological changes, systematic analysis and operational research, sociological and political sciences. They are also included in network and communication theories, educational management and management of organisational changes.<sup>3</sup> The concept of eco-innovations has become a key political topic in the 60s of 20<sup>th</sup> century as a result of degradation of the environment. Numerous national and multinational corporations took up this philosophy in the 90s and incorporated it into their business strategies. However, it was not sooner than in the early 21<sup>st</sup> century when eco-innovations took their place in the field of research or economic development.<sup>4</sup> Eco-innovations relate to all types of innovations which influence positively the environment. We may assume that eco-innovations include all improved products, production processes or renewed marketing solutions, reducing exploitation of natural resources or contributing to environmental protection.<sup>5</sup> Global demand for eco-friendly technologies, products and services is currently on rise due to numerous ecological issues and a limited number of natural resources. Therefore we can expect eco-innovations to enhance environmental impact and resistance within the whole economy. The field of eco-innovations is highly dynamic when it comes to new trends. These day businesses see creation of inventions and their further implementation into eco-innovative processes as an important step. However, they are reluctant to use all tools of marketing communication appropriately.<sup>6</sup>

## 2 Marketing communication of eco-innovations

Marketing communication is a part as well as a core of planning and implementation of eco-innovations. Its main goal is to ensure inform ability of target groups of customers and communicate the advantages – innovations for the environment. The role of marketing communication of eco-innovations is to gain market share thanks to combination of specific communication tools, enhance awareness of an eco-friendly product, create a need for this product and influence consumers' behaviour

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<sup>2</sup> ZAUŠKOVÁ, A., BEZÁKOVÁ, Z.: Green Innovations and Their Implementation in the Slovak SMEs. In MATÚŠ, J., PETRANOVÁ, D. (eds.): *Marketing Identity: Explosion of Innovations. Conference Proceedings*. Trnava : FMK UCM in Trnava, 2014, p. 443.

<sup>3</sup> CARRILLO-HERMOSILL, J. et al.: *Eco-Innovation. When Sustainability and Competitiveness Shake Hands*. London : Palgrave McMillan, 2009, p. 18.

<sup>4</sup> MIKLENCIČOVÁ, R., ČAPKOVIČOVÁ, B.: Environmental Management and Green Innovation in Businesses. In MATÚŠ, J., PETRANOVÁ, D. (eds.): *Marketing Identity: Explosion of Innovations. Conference Proceedings*. Trnava : FMK UCM in Trnava, 2014, p. 483.

<sup>5</sup> HOLLÝ, J.: Green Marketing as a Tool for Market Penetration. In MATÚŠ, J., PETRANOVÁ, D. (eds.): *Marketing Identity: Explosion of Innovations. Conference Proceedings*. Trnava : FMK UCM in Trnava, 2014, p. 471.

<sup>6</sup> ZAUŠKOVÁ, A., BEZÁKOVÁ, Z., GRIB, L.: Use of Digital Marketing in the Eco-Innovation Processes of a Businesses. In KLIŠTIK, T. (ed.): *Globalization and Its Socio-Economic Consequences*. Žilina : EDIS, 2015, p. 872.



to generate demand therefore.<sup>7</sup> Businesses which have been established to meet environmental requirements as well as those having decided to implement specific eco-innovations have to define target audience and the whole concept of communication. The main aim is to create positive image, introduce a new product and its ecological features and thus enhance consumers' awareness of the product. Furthermore, it is necessary to make customers build a long-term and loyal relationship to a product and a company itself.<sup>8</sup>

Companies have to be able to adapt to needs and growing ecological requirements of their customers. Marketing communication has to be based upon and appropriate communication mix. It is crucial to choose those communication tools which promote environmentally-friendly features and thus gain a competitive advantage.<sup>9</sup> Marketing communication of eco-innovations can be regarded from two angles. The first one is using marketing communication to talk about eco-innovations of particular businesses, inform the public and create positive image. Eco-innovations themselves have positive impact on the earth and our environment – by appropriate communication they can help businesses in long-term even from a financial point of view. The second standpoint is using ecological solutions and eco-innovations directly in marketing activities of businesses. The volume of goods, energy and other materials businesses use for marketing activities is enormous and represents heavy economic and ecological burden. One of the solution is to combine traditional forms of marketing communication with digital ones, which seems to be more eco-friendly and ecological. Interconnection of these two types of environment is referred to as crossline communication. We can meet with a term Phygital Concept in a literature and practice, too. Nowadays it is modern to communication through the tools of this modern concept.

Development of technologies and dynamicity of the environment have enabled traditional tools of marketing communication to function intensively in the online environment the importance of which is constantly increasing.<sup>10</sup> Combining online and offline environment is crucial when a business is determine to succeed. Each marketing campaign should result from the interaction of tools of the two types of environment which are bound to cooperate and create a synergic effect. That is exactly the aim of the Phygital Concept combining communication tools in both the online and offline environment. Combining offline and online (or digital) communication enables faster transfer of news and information on implemented eco-innovations as particular businesses can complement one another. The Phygital Concept itself is deemed as ecological because it includes environmentally-friendly combinations. It is worth mentioning that communication tools of Phygital Concept

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<sup>7</sup> BEDNÁRIK, J., SZKURÁKOVÁ, L.: Green Marketing as Opportunity for Innovation. In MATÚŠ, J., PETRANOVÁ, D. (eds.): *Marketing Identity: Explosion of Innovations. Conference Proceedings*. Trnava : FMK UCM in Trnava, 2014, p. 495.

<sup>8</sup> RYBANSKÝ, R., MÁLIKOVÁ, I.: Perception of the Value by Customers. In KLIEŠTIK, T. (ed.): *Globalization and Its Socio-Economic Consequences*. Žilina : EDIS, 2015, p. 628.

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<sup>10</sup> GRIB, L., ZAUŠKOVÁ, A.: Support of Green Innovation Through Online Communication Tools. In MATÚŠ, J., PETRANOVÁ, D. (eds.): *Marketing Identity: Explosion of Innovations. Conference Proceedings*. Trnava : FMK UCM in Trnava, 2014, p. 456.

are not completely new, but they represent effective combinations of offline tools with digital ones.

Using communication tools of Phygital Concept belongs amongst the up-to-date trends in marketing communication of nowadays. There is a large number of marketing communicators in the offline environment resulting in high saturation of the online business environment. New technologies combine the digital world with the physical one in order to provide the wide public with a unique interactive experience. All this results in performance which incorporates not only materiality but also virtual functions. Let's state only a few of them, e.g. QR codes, augmented reality, Six Sence Technology and many others. Communication through Phygital Concept makes it more user-friendly and funnier. Therefore businesses are required to pay as much attention as possible to these new trends.

The term Phygital was derived from combination of English words physical (physical reality) and digital (digital reality). As stated by Jennifer Pan, a marketing coordinator of Logic Solutions, it refers to „*creating a new ecosystem between a brand and its customers within the physical and digital environment.*“<sup>11</sup> It can also be referred as „*joint objects generating a physical reaction to a digital question or a physical action with a digital outcome.*“<sup>12</sup> All these activities should result in expansion of a one-dimensional communication of a particular brand. Phygital Concept assumes that thanks to growing digitalisation of the market, virtual and physical reality have to be interconnected. By Rigby and Tagerova from Bain & Company a customer is more intensively targeted with a product which attracts all his/her senses, seeing it or hearing about it on the Internet is not sufficient.<sup>13</sup> Through Phygital Concept businesses are able to interlink new technologies with production processes having environmental impact.

### **3 The analysis of the present state of marketing communication of eco-innovations in the field of small and medium-sized enterprises in Slovakia**

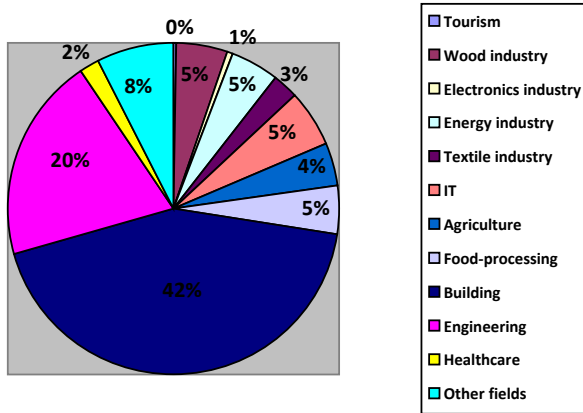
In the framework of the VEGA project 1/0640/15 named: „*Phygital Concept and Its Use in Sustainable Integrated Environmental Management of Businesses*“ we carried out two surveys from February to September 2016. The first survey focused on the present state of use of marketing communication in the field of creation, implementation and commercialisation of eco-innovations in SMEs. We distributed 1,200 online questionnaires. The survey targeted those businesses which implemented eco-innovations in the last three years (see the Chart 1).

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<sup>11</sup> PAN, J.: *What is Phygital Technology?*. [online]. [2016-09-30]. Available at: <<http://www.logisticsolutions.com/what-is-phygital-technology/>>.

<sup>12</sup> TEO, V.: *The Internet of Things: Let's Get Phygital*. [online]. [2016-09-30]. Available at: <<http://www.clickz.com/clickz/column/2281397/the-internet-of-things-let-get-phygital/>>.

<sup>13</sup> RIGBY, D., TANGER, S.: *Leading a Digital Transformation*. [online]. [2016-09-30]. Available at: <<http://www.scribd.com/doc/238618299/digital-bain/>>.

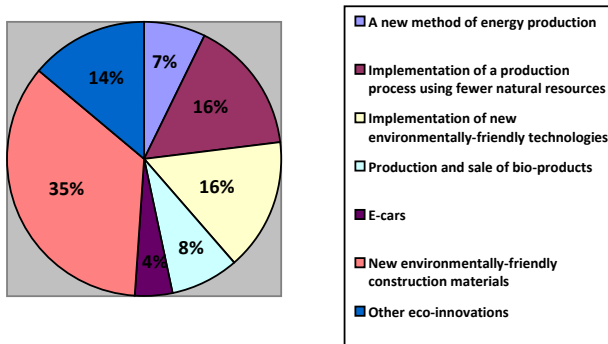


**Chart 1: The field of business of the analysed companies**

Source: Own processing

The Chart 1 shows that the majority of businesses (43.00 %) which implemented eco-innovations operate in the building industry. We may assume that the building sector entails great potential and is open to new challenges as most of the buildings in Slovakia had not been constructed in line with sustainable development, i.e. in term of high energy consumption or uneconomical systems built in the constructions. The current trend respects European Union policies and directives in order to fulfil the idea of economies and sustainability.

Slovak businesses understand they have to face this challenge and are trying to adapt their activities accordingly. The businesses we questioned also stated the type of an eco-innovation they implemented (see the Chart 2).



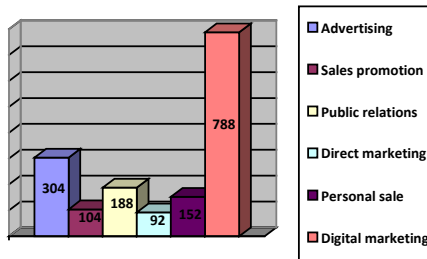
**Chart 2: Implementation of the selected types of eco-innovations**

Source: Own processing

Effective focus of eco-innovations is not possible without sufficient endorsement of marketing activities and business functions. There is no doubt that innovations and

marketing communication are two important activities which have to be fully complementary. The majority of businesses are also aware of their crucial role in marketing communication of eco-innovations. Up to 79 % of businesses use marketing communication when promoting eco-innovations. The remaining 21 %, however, do not consider marketing communication as important and therefore they do not implement it. They stated that eco-innovations were being implemented within the company without any need for further promotion. In many cases businesses do not have any qualified personnel to be in charge of the field or they are not willing to invest finance to outsource these activities. Marketing activities and marketing communication can result in synergy of eco-innovations in general.

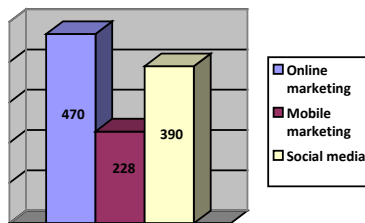
What is more, customers targeted by this type of marketing campaign can accept an eco-innovation more than an ordinary product. The Chart 3 defines use of specific tools of marketing communication in promotion of eco-innovations. The businesses we questioned could choose from several answers.



**Chart 3: Marketing communication tools used in eco-innovations**

Source: Own processing

The Chart 3 indicates that the majority of businesses use digital marketing for communication support of eco-innovations. Digital marketing offers a wider spectrum of new attitudes in marketing communication. The world of digital media is changing fast. Up-to-date technologies and the way people use them influence the manner in which people exchange, use and forward information. The Chart 4 draws the techniques of digital marketing businesses use to promotion of eco-innovations.

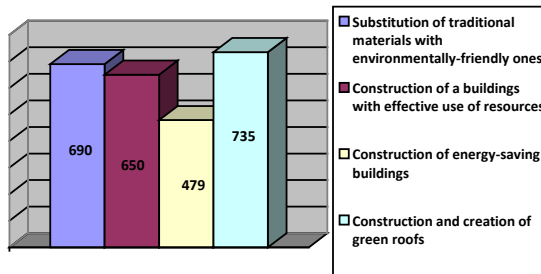


**Chart 4: Digital marketing techniques used in marketing communication of eco-innovations**

Source: Own processing

The second survey dealt with the present state of use Phyigital Concept in communication support f eco-innovations in the segment of SMEs in Slovakia in the building industry. 1,500 online questionnaires were distributed. We chose the building sector for various reasons. As stated by available secondary resources we had enough reliable information to see that this segment is growing really fast and at the same time entails great potential for implementation of eco-innovations. The assessment study by EIO in the Country Report points out that the building industry is doing really well.<sup>14</sup> Another factor to have motivated us was Amendment to the Directive of the European Parliament and the European Council on energy efficiency of buildings which stipulates that all the buildings constructed by the year 2020 shall have almost zero energy consumption. As stated above, we decided to focus on the present state of implementation of eco-innovations and their marketing communication in businesses operating in this field.

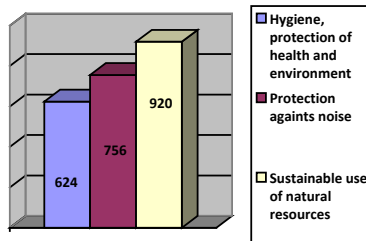
The survey also showed that 79 % of businesses were open to implementation of eco-innovations. They were also implementing various types of eco-innovations (see the Chart 5). They could choose from a set of answers.



**Chart 5: Implementation of types of eco-innovations in the building industry**

Source: Own processing

Businesses are aware of environmental impact of buildings (see the Chart 6). They also understand that buildings should not have negative environmental impact in the whole life cycle (from production to use and demolition). On the contrary, buildings should be constructed in the way that ensures recycling of building materials and building waste after demolition. It is crucial to use not only environmentally-friendly products and processes but also guarantee use of secondary raw materials.

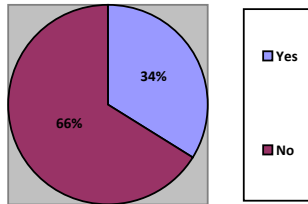


**Chart 6: Constructions and their impact on the environment**

Source: Own processing

<sup>14</sup> *Country Report*. [online]. [2016-10-03]. Available at: <<http://www.ecoinnovation.eu>>.

In the survey we were trying to find out whether the businesses are aware of influence of their own eco-innovations on development of the region they operate in (see the Chart 7). The analysis of the present state suggests that businesses should strengthen their innovative and competitive abilities through cooperation networks in the regions and thus create a functioning regional innovative system. It might be rather difficult and time-consuming to understand the whole process of influencing living standards in the region as it is based upon complex relationships, i.e. company status, negotiations with public authorities, etc.



**Chart 7: Impact of eco-innovations on regional development**

Source: Own processing

The role of marketing communication tools in promotion of eco-innovations is seen as important by the majority of businesses in the building industry. In contrast to the first survey where we were looking into use of particular marketing communication tools, the second survey focused mainly on awareness of businesses of Phygital Concept and its potential use in the framework of a communication strategy. The analysis of the present state showed that managers of Slovak business entities in the building industry were not particularly knowledgeable of possibilities of using the tools of Phygital Concept in the integrated environmental management, which results in lower competitiveness. We found out that only 10 % of businesses had ever encountered or heard of the term “Phygital”. However, none of those businesses is using this concept. Even though an online channel is effectively used in promotion of eco-innovations, which was confirmed even before, businesses are implementing traditional ways, in how to inform on an eco-innovation. The possibility of combining a traditional communication approach with the online world brings about new possibilities, helps to gain a larger market share and generate higher attractivity for end users. Nevertheless, the question is when businesses operating in this field understand the potential arising out of use of phygital communication tools.

## Conclusion

On a dynamically developing market, which has become even more global thank to online technologies, marketing communication is a key to success for the majority of businesses. As technological progress seems to be a little slower than the ability of entrepreneurs to adapt themselves hereto, it is crucial to fill the gaps when using traditional communication methods and tools. Integrated communication in offline and online environment results in a synergic effect. However, its effectivity to attract

recipients drops with their growing immunity against advertising and commercials. The solution may be an increase in interaction of these two types of environment in communication campaigns, which marketing experts refer to as Phygital Concept.

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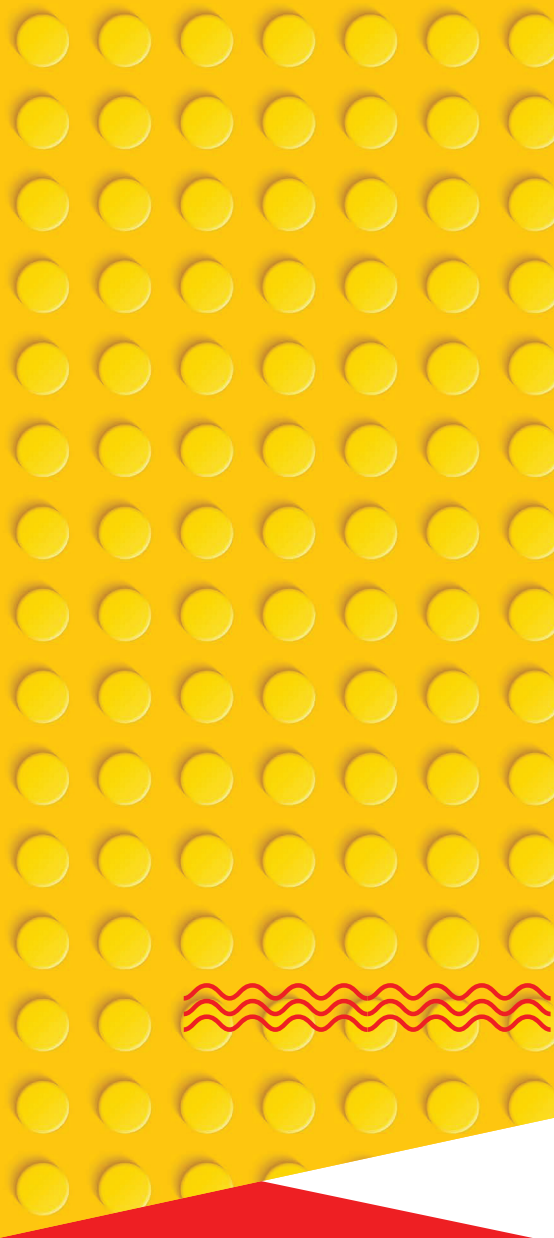


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