

MUTATIONS IN THE PREFERENCES OF ROMANIAN POPULATION FOR FOREIGN BRAND PRODUCTS

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Abstract:

The alteration of the Romanian consumer behavior, in an economic and social climate generated by the great convulsions of the transition to a functional market economy, but also by the opening of the national borders and by the intensification of Romania's efforts towards EU and world trade integration, led to a gradual reconsideration of its position towards the trademark. This is considered now an essential instrument for the identification of products, services and organizations and an important mean of quality guarantee for goods and of recognition of a firm's prestige and fame.

The paper presented below aims to be a brief analysis on the mutations in the Romanian consumers' preferences for the commercial products made in EU, but also on the influence of the trademark and of the home country over the purchasing of these goods.

Keywords: consumer behavior, brand product, trademark, population categories

JEL Classification: M 31

The deterioration of the economic and social climate of Romania after 1989, especially through the depreciation of the national currency, uncertainty of the jobs, the rapid expansion of the underground economy, the inflation and unemployment growth and, above all, through the use of an outdated technology, of an old and unproductive management in the industry sector, determined the Romanians to adapt, in a short period, a buying and consuming behavior totally different from the one previously existing.

The opening of the borders facilitated, during the last decade of the 20th century, an intense traffic of products, firstly at the Hungarian, ex-Yugoslav and Bulgarian borders, and afterwards with rather far countries like Turkey, Poland some countries from the Near East and Asia.

In the same time, in Romania emerged the so-called en-gross warehouses which sold mostly Turkish, Chinese and Arab products. Following, some boutiques and luxurious shops were established by some Western entrepreneurs.

Consequently, the Romanians quickly adapted to the newly created situation and, considering the relatively low prices of the imported products (especially those from China, Turkey and the Arab countries), they turned their eyes on the new offers.

A study and analysis of some statistic data provided during the period 2005-2010 by IRSOP, INSOMAR, IMAS, CURS, METRO-MEDIA Transilvania, AC Nielsen and the National Institute of Statistic, shows that the Romanians preferred in a 70% ratio the imported cigarettes, cosmetics, perfumes, electronic and electrodomestic appliances, and

in a 56% ratio the foreign cars. With a very high percentage, but under 50%, the following foreign products were preferred: electric – 46%, detergents – 43%, paints and polishes – 40%, medicine – 31%. Only the craft (71%), furniture (57%), food products (52%), oil products (52%) and the financial and banking services (52%) from the domestic economy were preferred to the foreign ones (fig.1).

After 2000, together with the growth (over 60%) in the trade with the EU member countries, accompanied by an improvement of the living standard of Romanians, their interest migrates, in certain percentages, towards Western European products and, especially, towards Western Union brands. This happened also because in Romania appeared certain consumer categories with high income, interested in quality products, which include technology and bear famous trademarks. So, considering the criteria of buying power (the regional GDP), the way of life, the consume of products (brands) and media, the Romanian population was divided in 5 large categories :

- ♦ Active professionals – 14.4%, a group formed of people with an active life, dedicated especially to the career, through which they hope to gain a better social status. They take great care of their image, which they preserve by purchasing goods and services according to their status, and do all they can for reaching their goals;

- ♦ Sophisticated consumers – 2.6%, they are successful people, confident in themselves, recognized as so by the others and who display a luxurious life style;

- ♦ Passive traditionalists – 26.5%, a group formed of conservators by definition, who apply the traditional values in their own family, nostalgic, distrustful when it comes to new innovative things;

- ♦ Sedentary family people – 20%, people who spend most of their time and activities in family, often in front of the TV, they value the security of the group, they tend to buy quality products, but also compromise, especially when it comes to price;

- ♦ Resignedly nostalgic people – 36.5%, admirers of the past, do nothing to change the present state of facts.

Among these, only the first two categories and the sedentary family people can actually be taken into account for purchasing brand products, especially from the EU, that is approx. 37% of the total number of buyers. But there is also inside of these groups an obvious stratification, as only a very low percentage (2%) has a monthly income of over 5000 EURO (general managers, heads of departments, owners, managers), a slightly bigger percentage (5%) are people with a monthly income of over 3500 EURO (executive directors, professionals with post-academic studies and specialization abroad, freelancers), and approx. 10% are people with high education, working for private IT firms, consultants, doctors, lawyers, notaries who have a monthly income of over 2500 EURO.

Despite all these, the vast majority of the Romanians can perform an obvious association between the quality of a product or service, their origin and the trademark under which they are sold. The Romanian consumers placed Germany, Japan and USA among their preferences for products that include technology; Italy, France, Germany and USA for clothing and footwear; USA, Japan, Germany, Holland for electronic and electrodomeestic appliances; Germany for cars and beer, France for cosmetics and wines, Russia for vodka, Holland for dairy products, USA for cigarettes and Brazil & Columbia for coffee. The Romanians remained faithful to the domestic fruit and vegetables (1st place), dairy (2nd place), some spirits (tuica, palinca) and medicine (3rd place).

Concerning the attitude towards trade marks there are few variations in the buying behavior of the Romanians, which need further explanations:

a. The most powerful association between the quality of the products and the brand is given by the so-called national brands, these being brands of the producer which include technology: cars, electronic & electrodomeestic appliances bearers of famous brands (Mercedes, BMW, Bosch, Siemens, Black and Decker); clothing and footwear (Pierre Cardin, Gucci, Hugo Boss, Kenzo, Zegna, Escada); cosmetics (Londa, L'Oreal, Wella, Garnier); some food products: wines, pasta, dairy.

For this category of brands, especially for those belonging to the cars or clothing, the wealthy Romanian consumers are willing to pay large amounts of money in order to buy an 'original product'.

b. Equally appreciated are the global brands, these being the products which are sold over a vast geographical area under the same trademark. We talking, first of all, about Europe, where, because of the abolition of the custom duties and of other commercial obstacles at the borders, the firms are interested in lancing their products as euro-brands.

The advantages of such a strategy (using a global brand) consist in a diminution of costs for standardizing the packing, labeling, promotion and advertising; increasing fidelity towards these products as a consequence of the fact that the people who travel abroad observe that their favorite brands are distributed on some other markets too; they are easier accepted by the local commerce channels because of the publicity on large scale markets. It is also known that a worldwide-recognized brand is by itself a force, especially if the respective firms enjoy a good name in their home country too.

Firms like Procter & Gamble, Unilever, Schwarzkopf, Mars, which entered the Romanian market too, sell their products under the same trademark all over Europe.

It is forecasted that people will be more and more sensible to the global brands considering that their tastes tend to become homogenous because of the fast, modern system of telecommunications and transport.

c. Romanians have well-established preferences and make strong associations between the trademark and the country where the products are manufactured, knowing very well that the goods made under license, in cooperation or even just by using the work force from another country don't enjoy the same notoriety as those manufactured in the home country. At present, the Romanian market is invaded by electronic, electro-technic and electrodomeestic appliances, bearing famous trademark (Philips, Sonny, Panasonic, Indesit etc.), but manufactured in Turkey, Poland, Spain and Romania. Some cars also have locations in other countries (Renault in Turkey). Anyway, the Romanians will make more rapidly a buying decision when, on the packing of a product, it is mentioned the home country and not the EU.

d. The buying and consuming behavior at the Romanian population is also favorably influenced by the so-called distributor brands (or private brands) when it comes to national or transnational famous companies such as: Carrefour, Selgros, Metro Cash & Carry, Cora, Mega Image which sell products under their own brand or some generic ones (no brand attached).

e. A very important role in choosing a certain brand considering the lower prices, is played by the licensed brands like names or symbols previously created by other

producers, names of famous people, beloved characters from movies, titles of worldwide, famous books used by certain producers, in order to provide their products with an actual and well-known name.

Most of the times, this procedure is to be found when it comes to selling clothing and accessories, when the names of certain fashion gurus (Calvin Klein, Pierre Cardin, Gucci, Hugo Boss) or their initials appear on underwear, blouses, neck-ties, bags or when characters from movies or cartoons (Mickey Mouse, Barbie, the Ninja Turtles, the Simpsons) are present on or as clothing items, toys, stationery, underwear, packages etc.

On categories of products, the preference for certain brands is divided according to different objective or subjective factors, such as: buyer's income, the culture and civilization degree of the population, the preferences for the producer's home country, traditions, customs, buying habits.

For example, for big sized and high priced cars and Electro domestic appliances (over 1000 EURO) Romanians prefer national brands which have clear indications about the producer's home country. In 2010, the most wanted foreign car brands in Romania were Renault 23%, Skoda 15%, Volkswagen 14%, Peugeot 6%, Fiat 4%, Opel 4%, Mercedes, Citroen, Seat, Hyundai, Audi – 2%.

For small sized Electro-domestic appliances (mills, coffee filters, toasters, grills, irons, massage appliances, vacuum cleaners) there isn't in Romania the perception of an absolute leader, but the market is dominated by two tendencies: a part of the preferences go towards highly superior quality products, especially the German quality of technical objects, with high and very high prices (Brawn, Bosch, Siemens, Moulinex, Tefal, Rowenta, Philips, Black and Decker, LG, Zass), but most of the population with medium and low income are interested in products of the second generation, with good quality, at medium prices, where the home country doesn't induce very big differences at the chain of distribution level (Solac, Taurus, Elin).

For cosmetic products, the top of the Romanian preferences is as it follows: Avon 12%, Oriflame 11%, Nivea and Dove 10 %, L'Oreal 6%, Garnier 5%, Apidermin 4%, Head and Shoulders, Pantene, Amway 3%, Palmolive, Alix Avien 2%. For hair dye, the brands with spontaneous assisted notoriety are Londa (Londa color), Schwarzkopf (Palette), L'Oreal, Wella and Garnier.

The perfumes are represented in Romania by a very large scale of brands, among which Yves Saint Laurent, Givenchy, Calvin Klein, Nino Cerruti, Giorgio Armani, Nina Ricci, Christian Dior, Elisabeth Arden, Kenzo, Cacharel, Paco Rabanne, Carolina Herrera, Lancôme, Lacoste, Chanel Cartier, Dolce&Gabbana, Davidoff, Azzuro, Trussardi, Boss, Rochas, etc.

For detergents and other cleaning products, the battle is between large international firms: Procter & Gamble, producer and distributor of Ariel, Ace, Bonux, Lenor, Mr. Proper, Tide and Unilever for brands as Omo, Persil, Presto, Skip. For polishers and paints the best sold brands in Romania are Köber 29%, Düfa 22%, Policolor 20%.

For clothing, there are networks of shops in Bucharest, Brasov, Cluj, Constanta (Bliss, Esenza, Alsa Boutiques, Mall) which sell fashion collections usually purchased during fashion parades in Milan or which sell in franchise. The most known brands in Romania are Kenzo, Hugo Boss, Ermenegildo Zegna, Escada. Interesting is the fact that from the total number of people which buy from the luxurious shops, 50-60% from them

prefer collection items which, eventually, have also a discount, and 13-30% want to buy only when there is a discount.

For food products, as it was shown, the Romanians generally prefer the domestic products, these having a less toxicity degree because of the pollution. For fruit and vegetables, dairy and few spirits the interest is obviously oriented towards the domestic production. There is also an impressive number of products sold in Romania, bearing a foreign trademark, but which are manufactured in Romania by the big European and American concerns by installing new production units.

So, the best-sold coffee brands are Elita, produced by Elite Romania, licensed by Elite International B.V. Netherlands and Nova Brasilia and Jacobs, produced and distributed by Kraft Foods Romania.

For dairy products (pasteurized milk, yogurt, butter, cow cheese), the production and distribution were overtaken in an important percentage – over 50% - by large firms in Europe: Danone – France, Brenac – Greece, Parmalat – Italy, Hochland – Germany.

The best-sold beer brands in Romania are Ursus, Tuborg, Stella Artois, Carlsberg and Gösser. There are still some beer imports from the EU: Heineken, Amstel and Desperado – Holland, Budweisser, Leffe, Hoegarden – Belgium, Guinness, Kilkenny – Denmark, Gösser – Austria.

From the group of spirits (vodka, gin, rum, aperitives) 21% of the total consume is represented by the products imported, the most imported brand being Smirnoff and Rasputin – Russia, Finlandia – Finland, Absolut – Sweden, Tsarkoff – France.

Conclusions

After 2000, together with the improvement of the economic and social situation of the Romanian consumers, their interest turned, in a certain way, towards products and services, but especially brands from Western Europe. The most interested in purchasing such goods are the categories of active professionals, sophisticated consumers and sedentary family persons which represent 37% of the Romanian population.

The statistical analysis of some market studies carried on by research firms, well known both in Romania and abroad, such as INSOMAR, IRSOP, CURS, METRO-MEDIA Transilvania, AC Nielsen and the National Institute of Statistic revealed as it follows:

- The most powerful association between the quality of the products and the trademark is given by the so-called national brands, brands of the producers which manufacture the entire production or a very important part of the components in the home country. Second, come the global brands which represent the products sold over a wide geographical area (Europe, North America) under the same trademark, then the brands belonging to the distributors (also called private brands) when these are national or transnational famous companies (Carrefour, Selgros, Cora, Metro, Cash & Carry) and the licensed brands, i.e. the right of using the names or the symbols created by other producer;

- The producer's home country plays a very important role in the buying decision of the Romanians (if this is identified with the actual production location), especially for products which include technology (preferring the German quality of all the technical

products), for clothing and footwear (considering the prestige of the Italian fashion designers and fashion houses);

■ An important part of the food products sold on the Romanian market, although bearing foreign brand names, are made in Romania, by taking over some domestic factories by foreign companies or by assembling new production lines (dairy, beer, sausages);

■ Romanians' preferences for few categories of food products: vegetable and fruits, some dairy products, some spirits (tuica, palinca) are exclusively directed towards the domestic production, this fact being explained by the association with the notions of 'natural', 'ecological', 'health.'

For the future it is forecasted an obvious increase in the similarity between the Romanians' and Europeans' tastes, taking into account the homogenization trend of the buying and consuming behavior due to the accession process and to the modernization of the educational, transport and communication system.

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