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Magyar Termék: Számít?

Tanulmány a Magyar Fogyasztók Hazai F&B Márka Preferenciáiról

Made in Hungary: Does it Matter?

A Study on Hungarian Consumers' Preferences for Local F&B Brands

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1 Introduction

Looking back on history, prior to the system change that happened in 1989, consumers had to face the choice deprivation due to the lack of competition. By the end of 1997, Hungary had shifted much of its trade to the West. With globalization emergence and dynamic development, EU citizens could now have access to international goods thanks to the free movement of products across the EU countries. As a member of the EU, Hungary allows its citizens and businesses to trade goods freely without restrictions and full access to a wide selection of products. However, facing such multiple choices, the final buying decision is affected by cultural, psychographic, personal and many other factors.

Competing against foreign brands who possess an impressive range of advantages: extensive financial resources, cutting-edge technology, high-quality products, strong brands, and experienced marketing and management expertise for market share is challenging despite the protectionism measurement from the government. But with national pride being such a powerful cultural force that evokes a sense of devotion, attachment, and oneness amongst citizens, it gives the local brands' products a competitive advantage.

This research aims to explore whether the local brands pose as an influential factor on consumer preferences and, if so, what can the Hungarian local businesses do to increase the brand equity and sales figure by leveraging "country of origin" (COO) or in other words: "product country image" (PCI) effect and consumer ethnocentrism.

1.1 Problem Statement

Since the 1960s, Schooler and Ditchter have emphasized the relative impact on consumer perception of a brand's country of origin (abbreviated COO) has gathered a lot of attention and is one of the most studied topics in the field of marketing (Peterson and Jolibert, 1995; Papadopoulos and Heslop, 2002). In 1979, Chasin and Jaffe proved the existence of the country-of-origin effect. According to several studies (Eroglu and Machleit, 1989; Han, 1990; Leifeld, 1993; Peterson and Jolibert, 1995; Verlegh and Steenkamp, 1999), customers prefer to use COO when deciding on the quality of a product when they know little about the product, and it has a significant impact on their brand assessments.

According to Wall and Heslop, (1989), demographic variables also played a role in the effects of home-country preferences. In marketing and branding, ethnocentrism is one of the important factors that influences the customers when they decide between imported and domestic goods. In developed countries, consumers choose local brands more than in emerging countries (McCann, 2015). Hungary is a member of the Organization for Economic Co-operation and Development (OECD) and a developed country by UN definition in 2013; therefore, hypothetically, local brand preference among Hungarians should be strong.

Cultural associations, perceived quality, economic reputation, and political beliefs are just a few of the many aspects that make up the intrinsically complicated country-of-origin effect. Many studies, however, try to reduce the COO effect to a single dimension ignoring the complex ways customers perceive many facets of a product's origin. This simplification may produce outcomes that are not entirely accurate. Furthermore, there are not many papers discussing this phenomenon among Hungarian consumers. In this research, we chose to focus on the preferences of Hungarians for local food and beverage products.

1.2 Research Questions

- **Research question 1:** Does the country-of-origin effect exist among Hungarian customers and to what extent?
- **Research question 2:** What are the relationships among consumer ethnocentrism, the determination to find and purchase Hungarian products, age, and proportion of local brands in consumers' baskets?
- **Research question 3:** How does the country-of-origin effect influence how Hungarian consumers perceive the quality and value of local F&B brands compared to international ones?
- **Research question 4:** To what extent do country image/national stereotypes, consumer ethnocentrism, product familiarity, brand equity, and price influence Hungarian consumers buying decisions?

1.3 Objectives

We identified the following research objectives:

- **Research objective 1:** To examine the existence of "home country bias" among Hungarian consumers and its extent of influence on their purchasing behaviors.
- **Research objective 2:** To analyze the relationship between the driving factors of country-of-origin effect i.e.: country image, consumer ethnocentrism, product involvement, product familiarity, and cultural difference.
- **Research objective 3:** To gain insights into how different aspects, namely: brand equity, country-of-origin effect, taste, and price affect customers' decision-making process and buying decisions. Rewrite the objectives to be more academic.

2 Literature Review

2.1 Branding

A brand could be a tangible and intangible asset of an enterprise, it aims to foster awareness and create the enterprise identity among consumers, and to strengthen the reputation and perceived value of a person, product, place, service or a whole company. A brand starts off from a name/trademark to differentiate one company from the others, then later could evolve in two ways: Brand founder's perspective (an identity which holds the owner's vision, intention and dreams) and the consumer's perspective (the sum of their experiences with the product or services) (Marc Fetscherin, Jean-Claude Usunier, 2012). It goes beyond just a name or logo to include a wide array of elements that together create a unique and memorable impression in the minds of consumers. Branding strategy aims to differentiate the brands from their competition. Branding is a crucial aspect of any organization's marketing strategy, as it not only shapes consumer perception but also influences their loyalty and buying behaviors (Dev & Keller, 2014).

Mohammad wrote in his research about "Brand Equity Dimensions (Mohammad, 2018)": "The brand is usually the producer's name, place of origin or picture of an animal." The aim was to create the connection between the brand name and the product while trying to make it easy for the consumer to remember and recognize them from the many choices they have. Businessmen who strike to achieve this goal are the reason why the purpose of branding has emerged. The brand could add to the product's perceived value, for example, by emphasizing on its authenticity and quality (When Apple launches their new product, people automatically associate adjectives like "reliable", "luxurious", "innovative" ... to their products).

Lomax and Mador's research in 2006 said that influential factors such as the downfall in market position, boring and outdated brand images or scandalous problems can amplify the brand equity's loss. Brand management has gained considerable importance as companies have recognized it as a crucial element for business success, since a strong brand can enhance both profit margins and market share (Aaker & Joachimsthaler, 2002; Wong & Merrilees, 2007).

A lot of researchers like Engel, Blackwell, & Miniard in 1995 and Aaker & Joachimsthaler in 2002 have concluded that the brand awareness and whether the

customer will be loyal are interrelated. Grasping how consumers make decisions is essential for strategic planning for both international and local companies (Walsh, Hennig-Thurau, Wayne-Mitchell, & Wiedmann, 2001).

2.2 Country of Origin Effect and Driving Factors

According to Elliot and Cameron in their paper in 1994, the country-of-origin effect can be referred to as “the positive and negative influence that a product’s country of manufacture may have on consumers’ decision-making processes or subsequent behavior”. Country of origin or the home country of a company can be an attribute to the name of a corporate brand, which is represented by several other attributes associated with functional, emotional, and symbolic values/benefits (Anisimova, 2013), that gives the brand core values and personality traits such as luxurious, fun, and creative (Keller and Richey, 2006). Schooler (1965) found that where the products come from can influence consumers' perceptions of its quality. Nagashima (1970) noted that the "made in" image is significantly shaped by consumers' familiarity with and access to products from that country. By understanding the “Country of Origin” (COO) effect, local businesses and enterprises can utilize it to expand their market share or customer segments. As in previous research by Schooler (1971), they witnessed a significant preference phenomenon happened towards the locally made products compared to the foreign one, people’s preferences also were affected by how developed the country of origin was besides their own country.

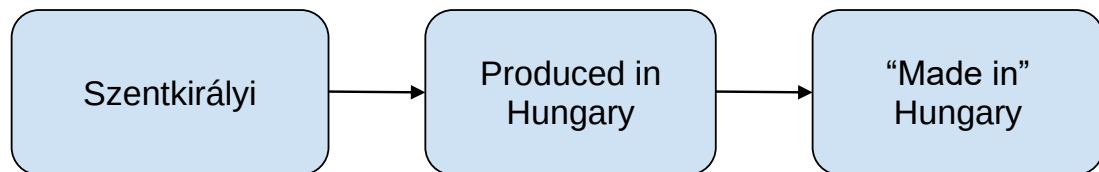


Figure 1: How a country-of-origin is perceived (own model)

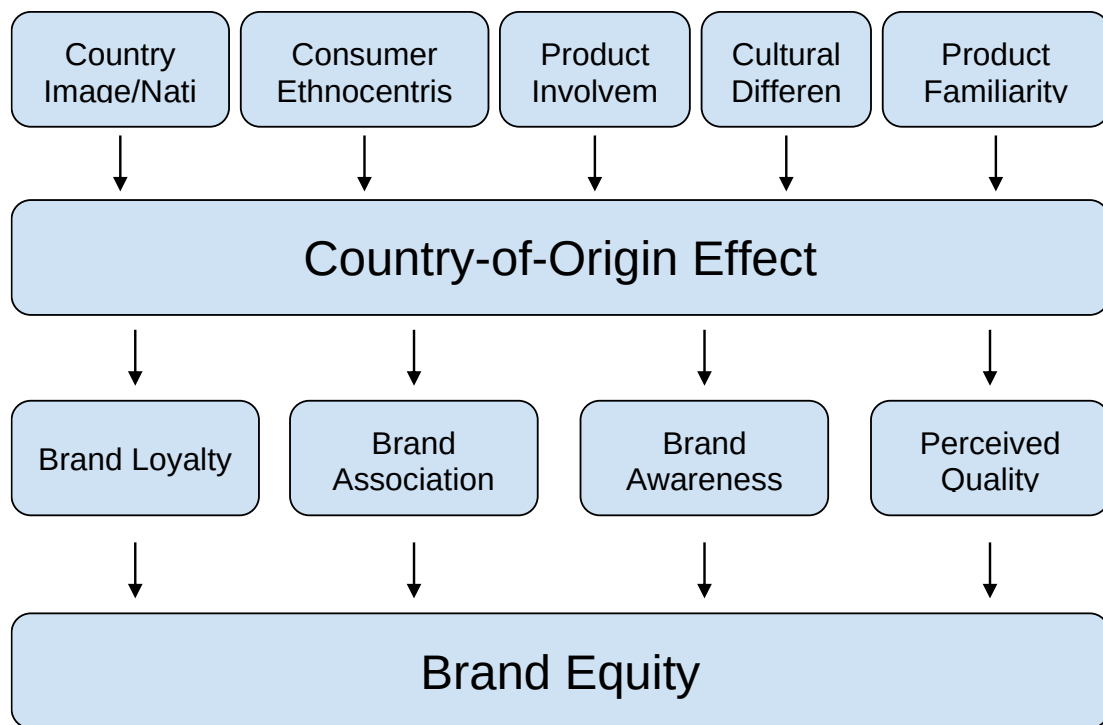


Figure 2: Driving factors of country-of-origin effect and brand equity (Asia Pacific Institute of Advanced Research – APIAR, n.d)

The driving factors of country-of-origin effect include country image/national stereotypes, consumer ethnocentrism, product involvement, cultural difference, product familiarity and experience.

2.3 Country Image/National Stereotype

Country image plays a big role in shaping the products in the customer's mind; for certain product categories, COO remains a crucial determinant of product quality and status, especially in markets like luxury goods and high-end electronics.

When people think of a country, they have a certain bias/ non-bias and association depending on how they view the country. Positive COO effects have been found for countries with strong reputations in specific industries. For instance, German cars, Swiss watches, French wine... are well-known around the globe and usually perceived as high-quality products. Country that has lower economic development is usually associated with a negative COO effect and poorer quality product (Lumb, Ruth and Lall, Vinod, 2006). Negative COO effects, or COO bias, occur when consumers reject products from

countries associated with poor quality or ethical issues, such as child labor or pollution.

[OBJ]

2.4 Consumer Ethnocentrism

In marketing theory and practice, consumer ethnocentrism is a relatively new and unexplored topic. Originally, ethnocentrism was introduced by Sumner as a sociological concept. He defined it as “the view of things in which one's own group is the center of everything, and all others are scaled and rated with reference to it.... Each group nourishes its own pride and vanity, boasts itself superior, exalts its own divinities and looks with contempt on outsiders” (Sumner, 1906, p. 13). Based on Klein's writing in 2002, ethnocentrism is a psychological phenomenon where the consumers tend to prefer buying local goods as they feel that locally produced products have a certain superiority to the foreign produced goods. People with high levels of nationalism may prefer domestically produced products over foreign ones, while ethnocentric consumers avoid foreign goods in general.

The literature suggests that local marketers tend to use consumer ethnocentric branding to appeal to the local consumers (Wanninayake & Chovancova, 2009). If local businesses can increase the sense of national patriotism and tap into consumer ethnocentrism, they could be a strategic marketing tactic to become the customer's top-of-mind and foster brand loyalty (Muhamad & Tazeem, 2011; Wall & Heslop, 1986). Furthermore, highly ethnocentric consumers are held to choose more-expensive local brands in order to support the economy even at a trade-off of higher quality/ cheaper foreign products (Supphellen and Rittenburg, 2001; Shimp and Sharma, 1987).

For the case of foreign products, researchers have witnessed a significantly negative impact on people's intention and attitude towards making a purchase (Huang, 2008; Bawa, 2004)

2.4.1 Product Involvement

Product involvement is the consumer's desire to stick with certain products and commit to such a product's brand.

Low involvement product categories include cheaper products that could be bought easily without too much thought process goes into consideration and the purchases could be made impulsively. On the other hand, high involvement products are expensive,

complex to buy (requires time, researching effort, investment,...) and they pose a certain risk to buyers.

There are three types of involvement antecedents according to Zaichkowsky in his papers in 1985 and 1986:

- Personal: the person's own motivation to have certain interest, values and/or needs.
- Psychical: the person's increased interest which deviate the object property.
- Situational: could temporarily increase the interest towards the product, however it's object-oriented.

Aiello and his team in 2008 found out that the COO effect is strongest to the consumers when it comes to hard goods (car, home appliances, furniture,...) and niche/luxurious products (perfume, watch,...). In some cases, COO positively affects purchase intent, particularly in high-involvement products like electronics or automobiles. However, for "low involvement" products (candy, shampoo,...), Günter Schweiger has proven this effect does not really matter in his research paper "The influence of country of origin and brand on product evaluation and the implications thereof for location decisions".

2.4.2 Cultural Difference

Age, education, and cultural background can affect how consumers interpret COO information. In 1971, Schooler also proved that educational level has correlation with the intensity of bias). More educated consumers have a preference towards foreign products compared to those who received less education. One other important factor of Günter Schweiger, Thomas Otter, and Andreas Strebinger's study about the COO effect was the age of the participants. The older age group and those who have limited understanding of the product or its category were more affected by where the products come from than younger people or those who are well-informed.

COO effect is more present in countries with collectivist cultural backgrounds than those countries with citizens who are more individualistic.

2.4.3 Product Familiarity and Experience

According to Holt's 2002 research, for certain products and services, consumers' tastes and preferences across various countries are starting to align with a common global standard.

Challenges are present for local businesses who want to take advantage of this effect as globalization and the development of e-commerce are happening at a rapid rate. Globalization blurs the effectiveness of COO as there are hybrid products (parent company origin and manufacturer origin are different) and multinational supply chains Andreea stated in her writing in 2010.

As multinational production becomes more complex, understanding how various facets of COO (design, manufacture, brand) affect consumer behavior is crucial for marketers. There is a need for future research to explore the dynamic nature of COO in the modern marketplace, especially with respect to e-commerce and global supply chains.

Brand equity is also greatly influenced by the country-of-origin which is an important cue to influence consumers' perception of a brand quality.

2.5 Brand Equity

There are several definitions of brand equity. Farquhar (1989, p. 27) considers brand equity as "an accumulative value or asset of a product or brand which combines customer's positive emotions, opinion and intention to purchase a product". In 1991, Aaker wrote that brand equity is "the set of brand assets and liabilities linked to the brand - its name and symbols - that add value to, or subtract value from, a product or service" (Aaker, 1991). According to Kotler and Pfoertsch (2007, p. 358), brand equity is defined as "the distinctive impact of a brand which comes to a customer's mind while interacting with the product or service of a brand."

The Aaker's conceptual framework consists of multiple elements like brand loyalty, brand association, brand awareness and perceived quality (Aaker, 1991).

The first and foremost thing about brand equity is brand awareness. According to Aaker (1991, p. 61), brand awareness is defined as "the ability of the potential buyer to recognize and recall that a brand is a member of a certain product.". Aaker mentioned 4 levels of brand awareness: recognition, recall, top-of-mind, and brand preference. He also defines that brand association is "anything linked in memory to a brand". Brand association will be stronger when it is based on experience and exposure to media.

Characteristics of the brand are to some extent reflected through brand associations. Perceived quality and actual quality of the product are not the same. Perceived quality is consumer's subjective evaluation of the product (Zeithaml, 1988, p.) Aaker (1991) defines perceived quality as "the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose relative to alternatives." The last element in the framework is brand loyalty. Brand loyalty is how likely a customer will be to switch to another brand when a change is made either in price or in product features (Aaker 1991, p. 39).

The Aaker's Brand Equity model provides insights about the components that collectively create the brand equity. The 4 components interact with each other and affect the (future or in the long term) performance of the brand.

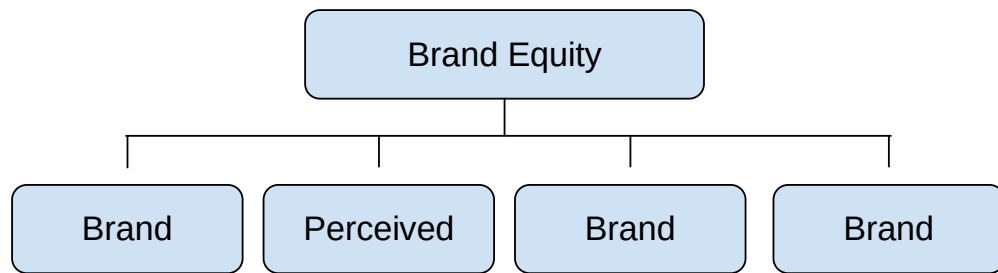


Figure 3: Aaker Model of Brand Equity (Aaker, 1991)

2.6 Purchase Intentions

Purchase intention is the consumers' subjective tendency to pay for the products or services and it is different from the purchase desire (Bagozzi and Burnkrant, 1979). According to Spears and Singh (2004), purchase intention is when consumers make a conscious effort to choose products or services. Customers generate purchase intentions when the impression or attitude given to them meets their expectations. Purchase intention is considered in both perspectives, namely, from existing customers and new customers. From the new customers' purchase intention, marketers can gather data related to interest, impression, and overall behavior. Meanwhile, the purchase intention of existing customers provides researchers with information about customer trust, satisfaction level, and assurance of repetitive purchases in the future (Santoso and Cahyadi, 2014; Ruangkanjanases et al., 2020).

There are several studies about the impact of brand equity on purchase intention (Ashil and Sinha, 2004; Chang and Liu, 2009; Perera et al., 2019; Dissabandara, 2020).

All of them conclude that brand equity has a significant impact on the customers' buying intention. Therefore, by gathering the data on purchasing intention and combine with the company's existing information about its brand equity, marketers can enhance aspects of brand equity, i.e: brand awareness, perceived quality, brand association, and brand loyalty; hence, the brand position in the market can also be improved.

3 Methodology

We used a mixed methodological approach to gather quantitative and qualitative data including a quantitative survey and qualitative group experiment and interview.

3.1 Quantitative Survey

3.1.1 Sampling Method

We collected our research data using convenience sampling methods.

3.1.2 Sample Size

We managed to gather 116 survey answers from people from different age groups, genders, income levels, places of residence, educational backgrounds, and occupations.

3.1.3 Data Collection

The data was collected both through online and offline channels in two weeks, ensuring sufficient responses for statistical analysis.

3.1.4 Data Analysis

We analyzed the research data to find the relationship between factors (ethnocentrism, determination to find and purchase local products, age, and proportion of Hungarian brands in the basket of consumers), the existence of certain trends among the consumers, and their motivation towards local versus foreign products. Therefore, we analyzed the data using several approaches such as matrix, correlation analysis, mean, standard deviation, and proportion.

3.1.5 Survey Design

The survey was designed to assess three key factors influencing consumer preferences: consumer ethnocentrism, country image, and brand awareness.

The first 5 questions were demographic and qualifying questions. Question number 6 was about consumer ethnocentrism. We would like to obtain data about how strong the ethnocentrism of the respondents is. Question number 7 focused on the country image as known as the country stereotype. Question number 8 inquired about brand awareness and brand equity. The seventh and eighth questions were important to the experiment as the

data retrieved from those questions was a baseline allowing us to select the products for the test. Questions numbers 9, 10, 11, 12, and 13 were about the customers' preferences.

3.2 Qualitative Group Experiment and Focus Group iInterview

3.2.1 Reason for choosing a particular research method:

Before the experiment, we surveyed 116 people and identified a pattern in their shopping habits: with few to no cues about the brands and products; for instance: brand designs, names, and price; country-of-origin is crucial information helping the customers to shape the opinion and decide whether to buy or not. However, in this experiment, we added some more elements: taste, brand equity, and price to examine the interaction between those factors and how much each of them weighed customers.

The experiment included 5 product categories: tea, cheese, processed meat, water, and energy drinks.

3.2.2 Experiment Objectives

The objectives of the experiment are:

- **Experiment objective 1:** To find out how Hungarians perceive Hungarian products' quality.
- **Experiment objective 2:** To find out how brand equity and country of origin interact with each other.
- **Experiment objective 3:** To find out which factors have a greater impact on consumers' buying decisions. Tested factors include taste, country-of-origin effect, consumer ethnocentrism, brand equity, and price.

3.2.3 Experiment Procedures

The experiment included 4 rounds:

- **Round 1:** We let the participants taste the same product but from 2 different brands one from Hungary and one from a foreign country. After tasting, they have to choose which one is their favorite based solely on taste and personal preferences.
- **Round 2:** We reveal the country of origin of the products and let the participants choose again which product they favored based on taste and country of origin.

- **Round 3:** We reveal the brands' names and let the participants choose which product they would consider buying based on the given information.
- **Round 4:** We reveal the price of the products and ask the participants to choose which products they are willing to pay for based on all the given factors: taste, country of origin, brand, and price.

To ensure unbiased results, the foreign and domestic products were given to the participants in random order (so cups/plates A must not be foreign products all the time, in every category, and cups/plates B must not be domestic products all the time). In some cases, the participants were blindfolded to prevent visual recognition, for example, of color and texture and the products. After the test, a follow-up focus group interview was organized. We would like to have an insight into their behavior and unravel the underlying motivation of the decisions.

The products chosen for this taste test experiment were from both local and foreign brands that are widely available in local supermarkets. Each product category would have an import and a local product.

Table 1: Overview of tested product categories

Product category	Brands	Country-of-origin	Brand equity	Reasons
Tea	Herbaria	Hungary	Low	To test which factors have a stronger impact: consumer ethnocentrism or brand equity.
	Pickwick	Austria	High	
Deli Meat	Pick Szeged	Hungary	High	To test which factor is more important to the customers: country of origin, consumer ethnocentrism, or price.
	Wiesbauer	Austria	High	
Cheese	Hajdú	Hungary	Low	To examine how country-of-origin and consumer ethnocentrism influence customers' buying decisions and brand evaluation among low-equity brands with similar prices.
	Leerdammer	Holland	Low	
Mineral water	Szentkirályi	Hungary	High	To understand how product familiarity and experience contribute to the decision-making process. To have an insight into the importance of nation pride/consumer ethnocentrism in case of vague or unclear country image. To explore the customers' motivation behind choosing between products with no obvious difference apart from the country of origin.
	Evian	France	High	
Energy drinks	Hell	Hungary	High	To examine which the customers would prioritize: personal influence or country of origin
	Red Bull	Austria	High	

3.2.4 Focus Group Composition

The focus group consists of 7 individuals who are people aged from 25 to 30 years old. The participants were selected from different demographic backgrounds to capture a variety of consumer perspectives.

3.2.4.1 Recruitment Methods and Criteria

Participants are our friends, colleagues, or their acquaintances. Family members usually share a common preference and pattern of habits. Therefore, within a group, there must be no participants that came from the same household ensuring the objectivity and the representativeness of the test.

3.2.4.2 Method for gaining informed consent from the participants.

We prepared a detailed information sheet for the participants. The information included everything related to the research and the experiment: the purpose of the study, the duration of the experiment, and how we would conduct the experiment. Participants also had the right to withdraw from the study at any point or not participate in a certain part with a reason and without any negative consequences. Their personal information would remain confidential, and the data would be used solely for research purposes. To maintain anonymity, each participant was assigned a unique identification code which replaced the participants' names in all study records, data files, and analyses.

3.2.5 Interview Structure

The focus group interview was semi-structured. A set of questions was prepared; however, follow-up questions are possible. This allows members to freely share their own opinions. Consumer motives, buying patterns, and opinions of domestic versus foreign brands were the main topics of the interview. The significance of brand equity, country-of-origin effect, price, and quality in decision-making and purchasing decisions are among the main subjects.

3.2.6 Data Analysis

The qualitative data gathered from the experiment and interview is analyzed accordingly through a thematic analysis.

4 Research results

4.1 Sociodemographic Characteristics of the Sample

116 people were surveyed. Roughly 57% of the respondents were women and 43% were men. Participants by age were divided into 5 groups: below or equal to 18 were 10,34% of the respondents, while the 19 to 27 age group took up the most part (43,10%), followed by the 28 to 43 age group at 22,41%. And the rest were 44 to 59 at 13,79% and 60 and up age groups at 10,34%.

The number of respondents coming from the capital (Budapest) were 45,41% of 116 people asked and 30.87% came from other cities (Kecskemét, Győr, Pecs...) and the remaining 23.72% came from villages.

4.2 The Relationship among Ethnocentrism Level, Age, Determination, and Proportion of Local Products in Consumers' Basket

We have prepared the questions that would determine the ethnocentrism level, focusing on the attitude and reaction towards Hungarian made products and imported products. The average choice consists of the average of multiple answers to different ethnocentric statements.

The choice with the most respondents was 3 for "Hungarians should only buy Hungarian-made food and drink products instead of imported products.". However, when asked about "Only those food and beverage products that are not available in Hungary should be imported" 44.82% of the choices were 4 showing a moderately high agreement to this statement. Similar situation happened when the participants were asked how agreed they are with the statement "Hungarians should not buy food and drink products of foreign origin, because it harms Hungarian industry and can increase unemployment."

The ethnocentrism level is calculated by taking the average of the choices of these three following statements:

Table 2: The mean and standard deviation of respondents' answers to survey question number (6) (own questionnaire data)

Statements	Average (1 - Completely Disagree to 5- Completely Agree)	Standard deviation
Hungarians should only buy Hungarian-made food and drink products instead of imported products.	3.06	1.35
Only those food and beverage products that are not available in Hungary should be imported	3.48	1.22
Hungarians should not buy food and drink products of foreign origin, because it harms Hungarian industry and can increase unemployment.	2.81	1.18

Table 3: Correlation coefficient matrix of ethnocentrism, age, determination, and proportion of local products in the basket of consumers (own questionnaire data)

Correlation coefficient (r)	Ethnocentrism	Age	Determination	Proportion of local products in consumers' basket
Ethnocentrism	1	0.58	0.71	0.38
Age	0.58	1	0.41	0.53
Determination	0.71	0.41	1	0.50
Proportion of local products in consumers' basket	0.38	0.53	0.50	1

As we can see in table 6, the strongest positive relationship is between ethnocentrism and determination of customers ($r = 0,71$). This suggests that consumers who have stronger national pride tend to be more determined in finding and purchasing

local products. According to the matrix, the determination of the Hungarian buyers is also influenced by age. With the $r = 0,41$, there was a moderate positive relationship between the two factors. This indicates that as consumers get older, they are more motivated to seek and buy Hungarian products.

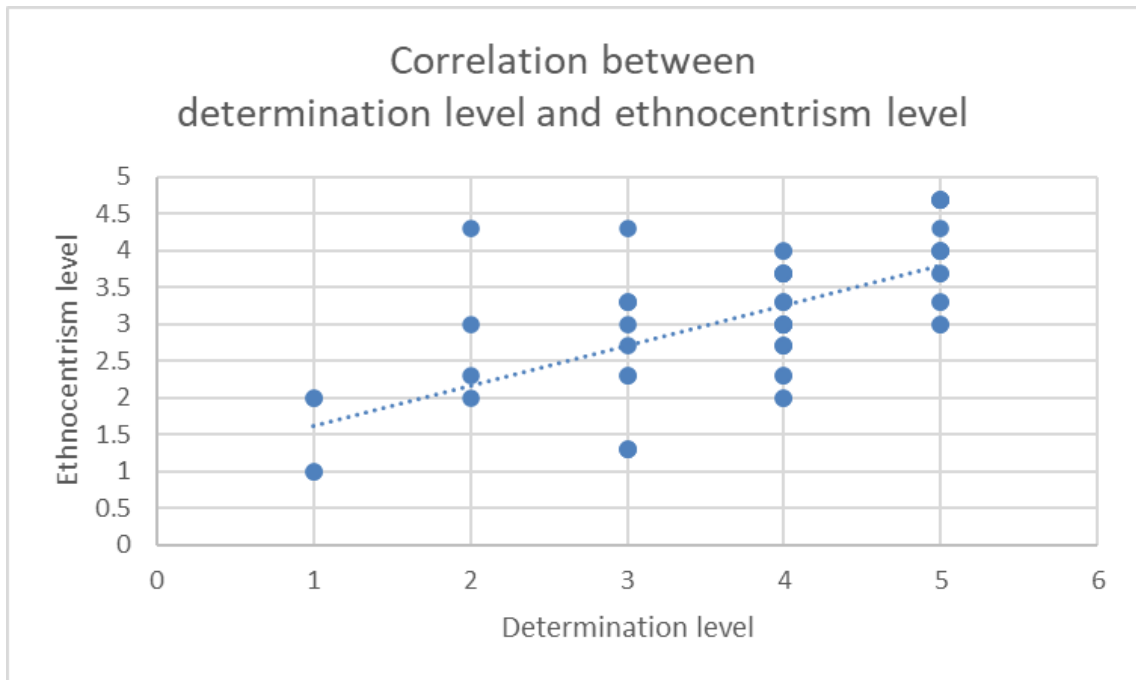


Figure 4: Correlation between determination and ethnocentrism level (own questionnaire data)

Another deterministic relationship is the correlation between consumers' age and their ethnocentrism level (figure 5). The correlation level ($r = 0.58$) shows a strong positive relationship which means that the higher the age the more likely that Hungarian people will have a stronger level of ethnocentrism.

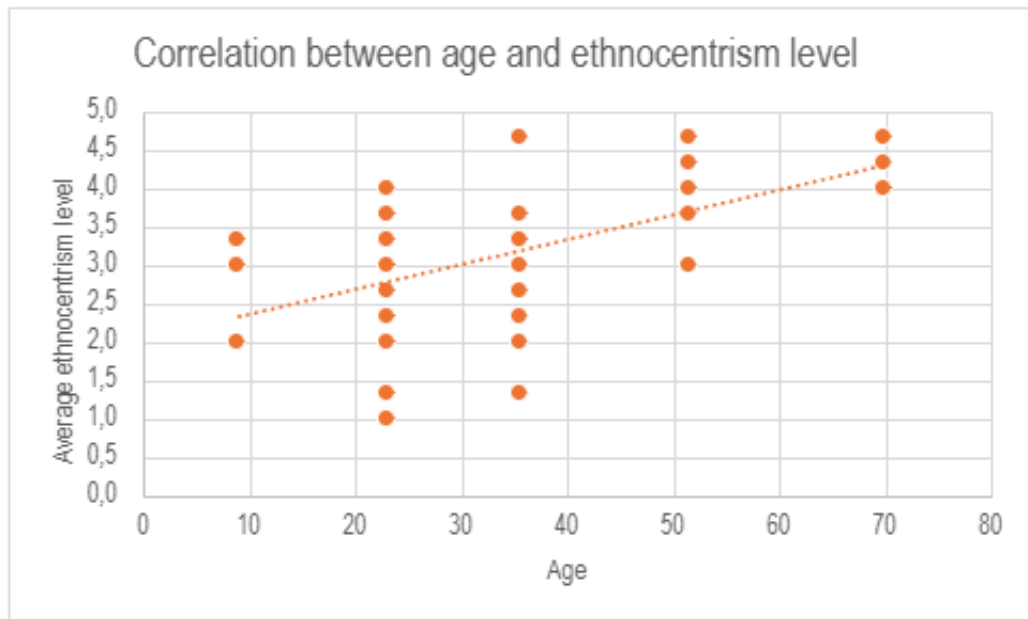


Figure 5: Correlation between age and ethnocentrism level (own questionnaire data)

From the analysis, we can observe that the proportion of Hungarian food and drink products in the consumers' basket is affected by their ethnocentrism level, age, and determination. Among all those factors, age is the most impactful element with $r = 0,53$ followed by determination ($r = 0,50$). The results show that the older the consumers are or the more determined they are to find and buy Hungarian products, the larger the proportion of local products in their basket is.

When the data is visualized, we can see a piecewise linear correlation where on the extreme side of the determination level (1 - completely not determined or 5 - Very determined) we see there is a stronger correlation between the level and percentage of how much the basket is filled with Hungarian products, and on the middle range we see a plateau, where the correlation is not perceivable.

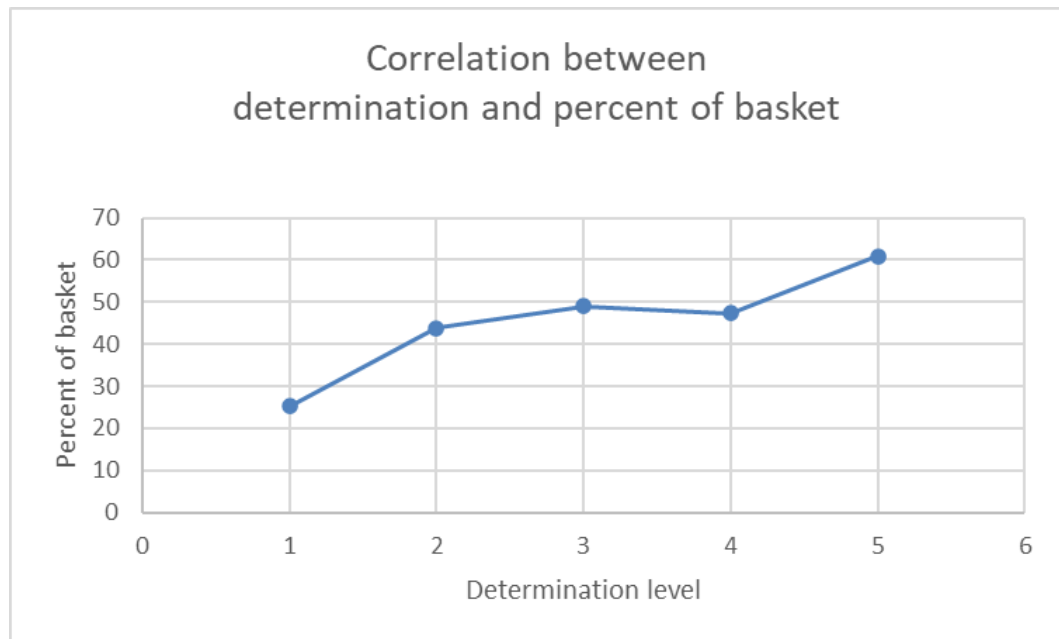


Figure 6: Correlation between consumers' determination to find and purchase Hungarian products and the proportion of local products in their basket (own questionnaire data)

4.3 Brand Equity (Measured by Brand Awareness)

We asked our participants to give 1 top of their mind brand name to different products categories so we could include them in our experimentation product selection.

4.3.1 Energy Drink

Figure 10 has identified some of key players in the energy drinks sector including Hell, Redbull, Monster, Boom. Among those, Hell was the most mentioned brand with 52% of the total answers and the second most was Redbull with 21%.

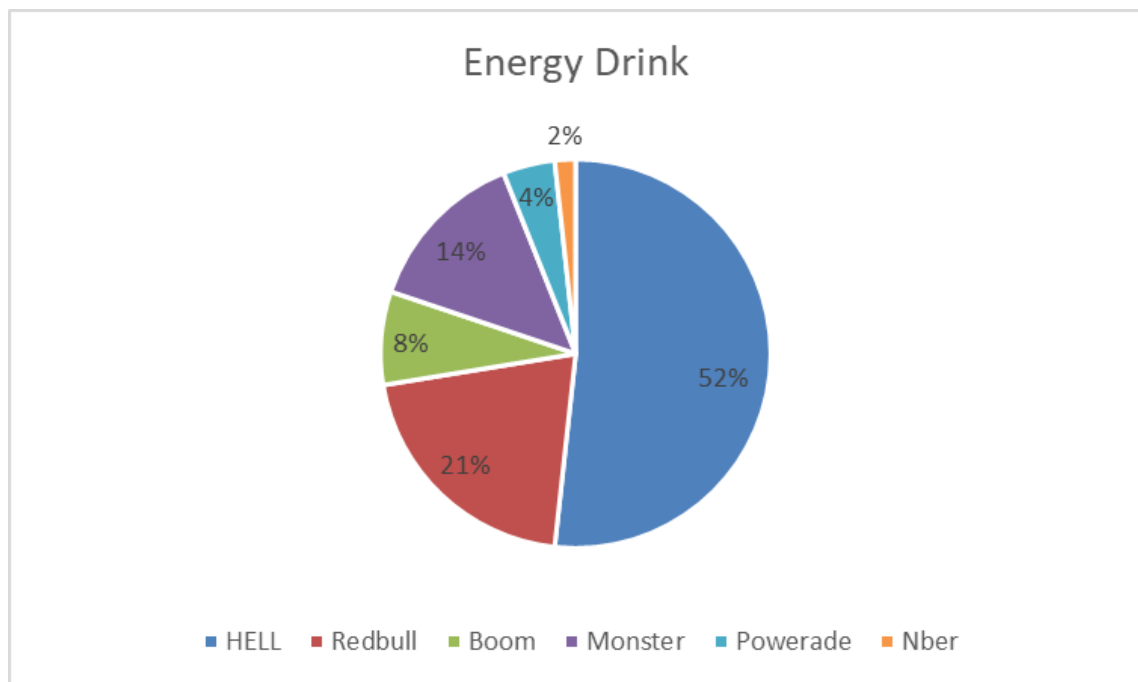
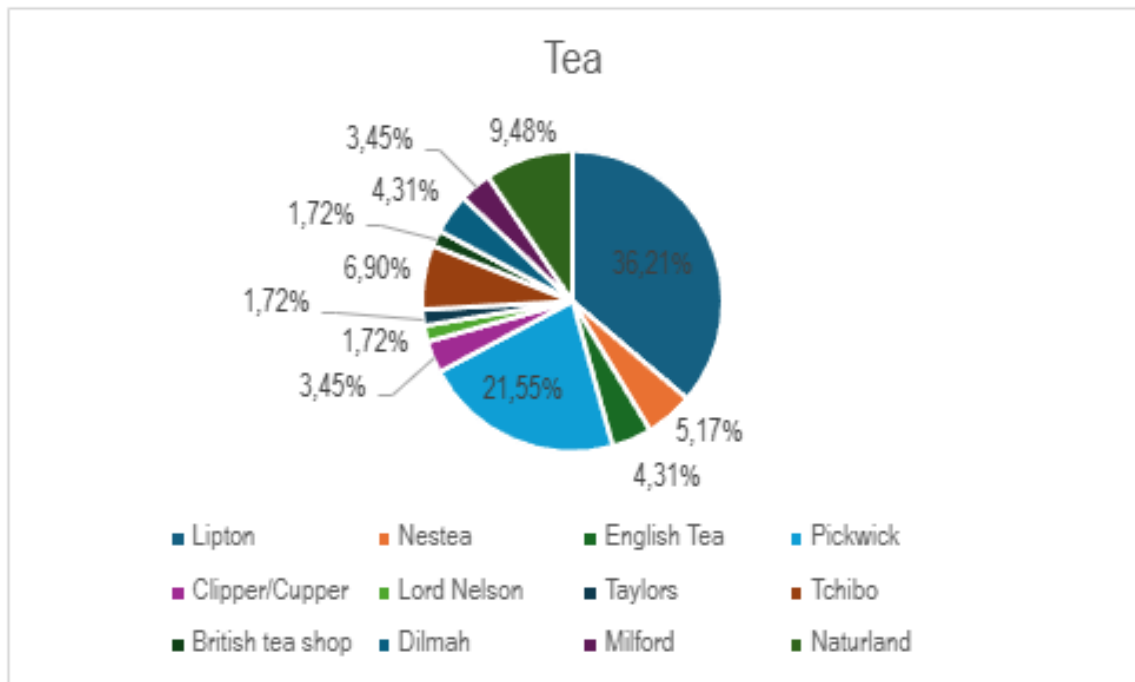


Figure 7: Distribution of respondents' top-of-mind responses for energy drink brands (own questionnaire data)

4.3.2 Tea

Different from the energy drink sector, within tea product categories, many brands were named. However, more than one-third answered Lipton as their first tea brands that came to their minds. Following closely was Pickwick with 21,55% of total answers.

Figure 11 indicates that Lipton and Pickwick are the most answered tea brands.



**Figure 8: Distribution of respondents' top-of-mind responses for cheese brands
(own questionnaire data)**

4.3.3 Cheese

Figure 12 suggests that Medve (22%) and Pannonia (28%) are the top picks which are both Hungarian cheese brands.

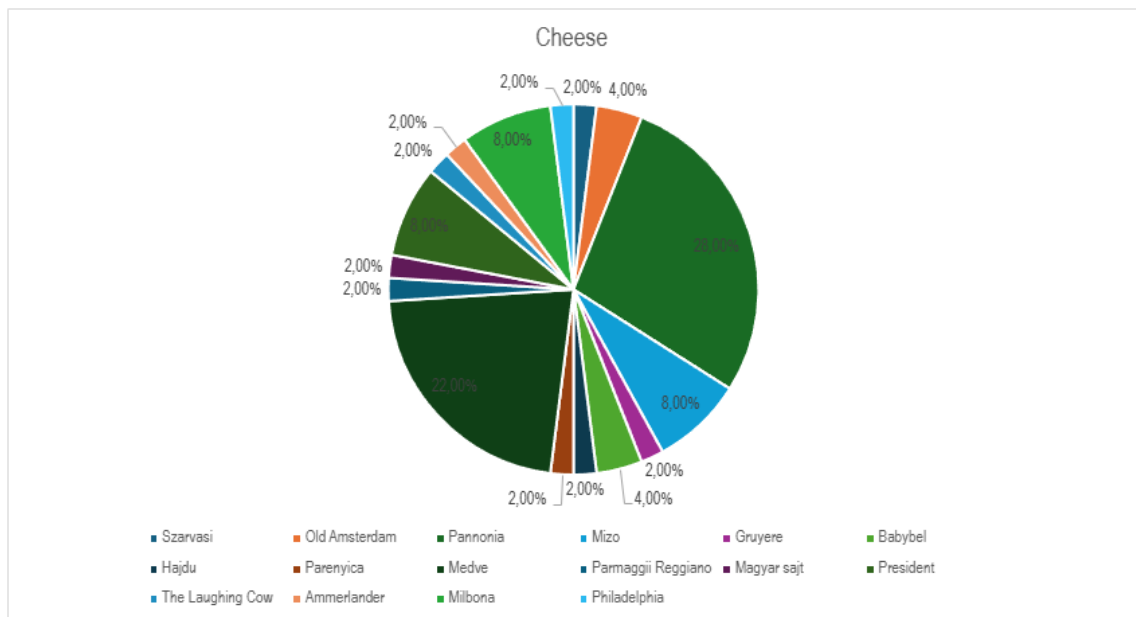


Figure 9: Distribution of respondents' top-of-mind responses for cheese brands (own questionnaire data)

4.3.4 Processed Meat

Through figure 13, we can observe that more than half of the respondents answered Pick (50.79%) as their top-of-mind brand when it comes to processed meat. Pick was founded in 1869, more than 150 years ago, and remains based in Szeged, Hungary. Pick has become the leader of the Hungarian meat market with excellent, high-class quality, widely known and appreciated all over the globe.

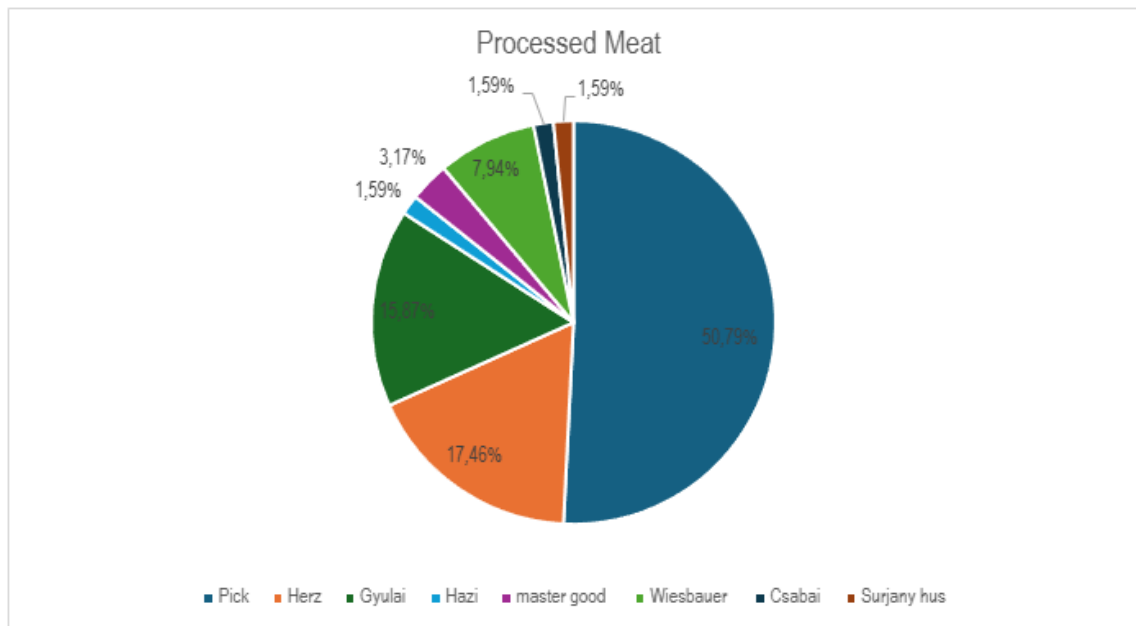


Figure 10: Distribution of respondents' top-of-mind responses for processed meat brands (own questionnaire data)

4.3.5 Mineral Water

In the mineral water category, the result is highly centralized as 71.74% of respondents chose Szentkirályi.

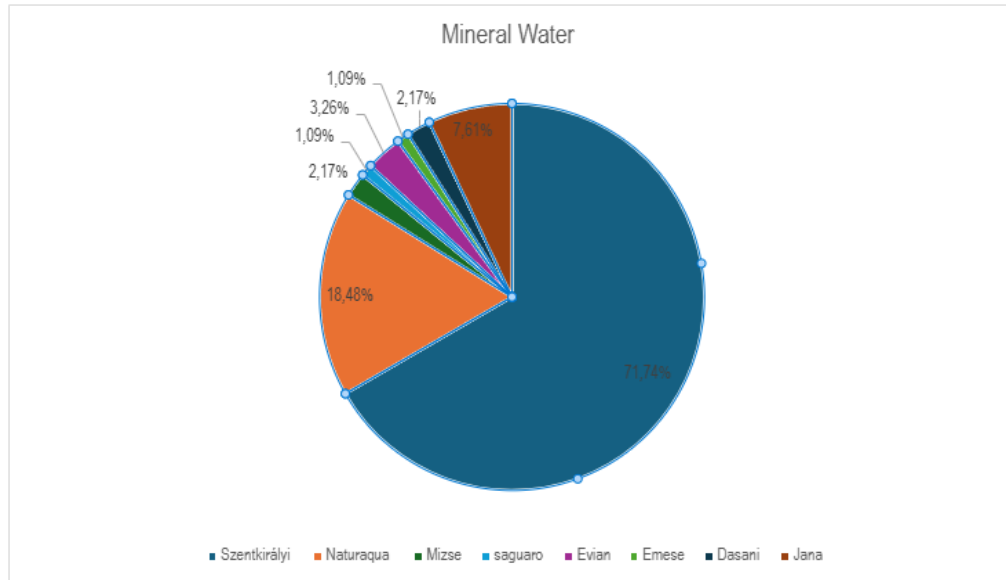


Figure 11: Distribution of respondents' top-of-mind responses for mineral water brands (own questionnaire data)

4.4 Country Image

In question number (7), we asked people about which country they associate with each product category.

4.4.1 Energy Drink

Hungary was the most thought of when people were asked about this product category. This result correlated with figure 10 (brands chart) since most people choose Hell as their top-of-the-mind brand. The answers were concentrated indicating 4 key players within this category: Hungary, USA, Austria, and Thailand.

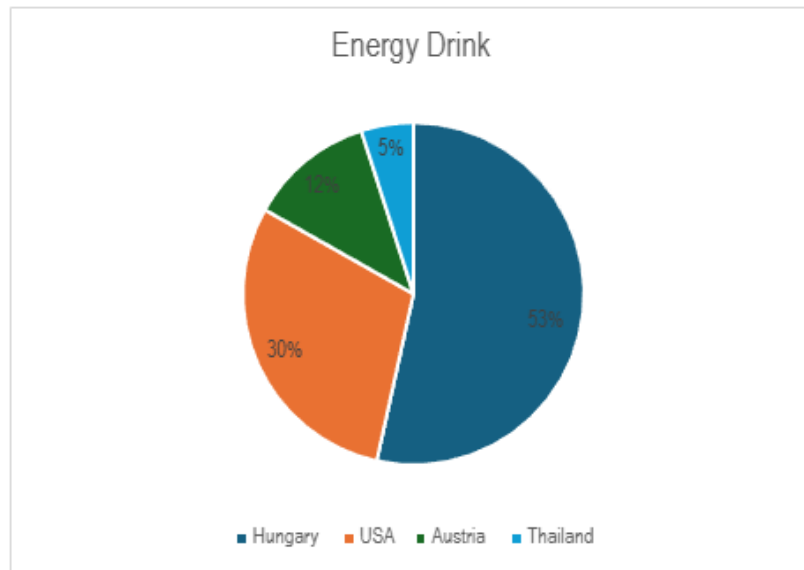


Figure 12: Distribution of respondents' top-of-mind associations with energy drink countries of origin (own questionnaire data)

4.4.2 Tea

This product type is associated with a lot of Asian countries as we can see here partly because they have rich cultures revolving around tea drinking. And in Europe, we have England and Turkey which are famous for their tea. Like the energy drink category, the answers in this sector were centralized.

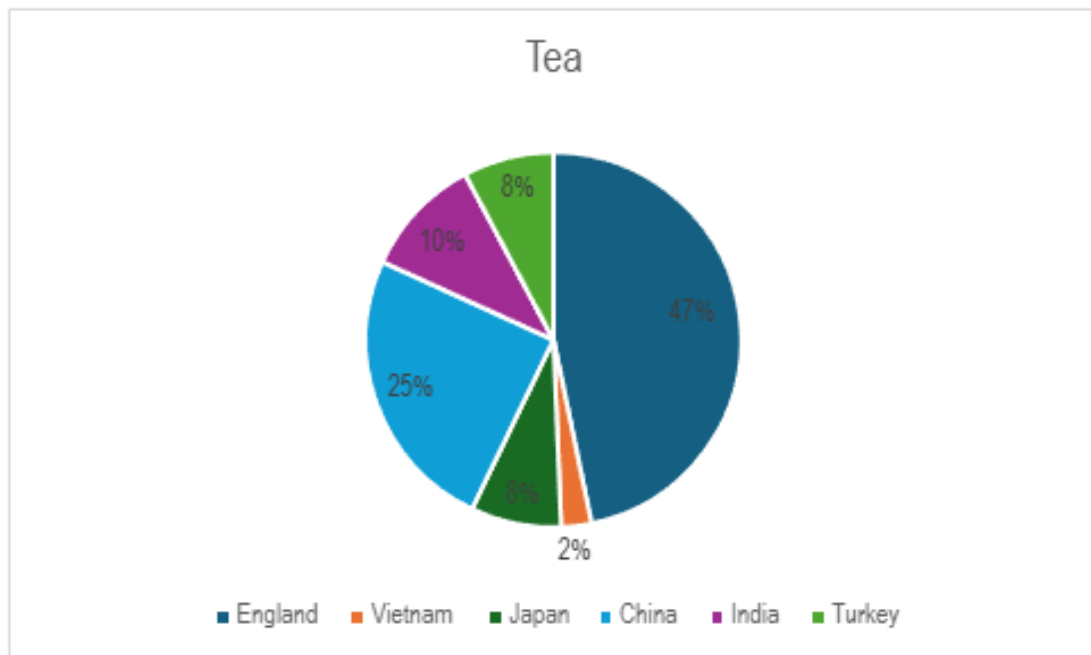


Figure 13: Distribution of respondents' top-of-mind associations with tea countries of origin (own questionnaire data)

4.4.3 Cheese

The most chosen countries were Italy and France because they have a lot of well-known types of cheeses (Camembert, Roquefort, Parmigiano Reggiano...)

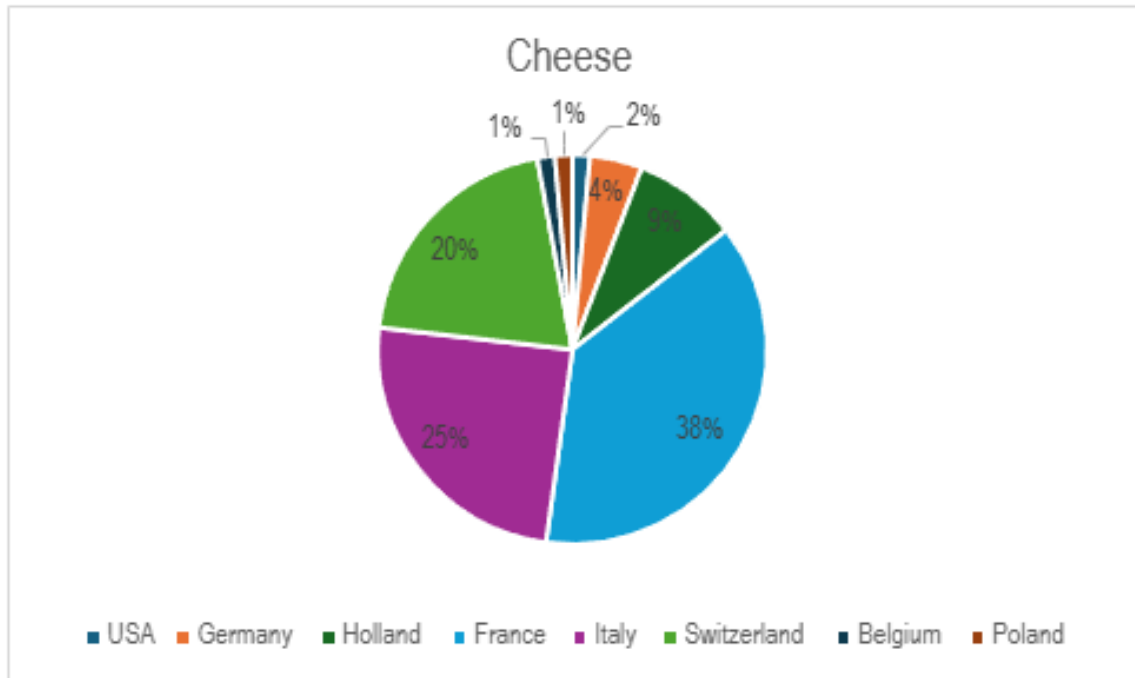


Figure 14: Distribution of respondents' top-of-mind associations with cheese countries of origin (own questionnaire data)

4.4.4 Processed Meat

Here we can see the most picked were Hungary and Germany as they are famous for their processed meat (Kolbász, Virsli, Parízer...)

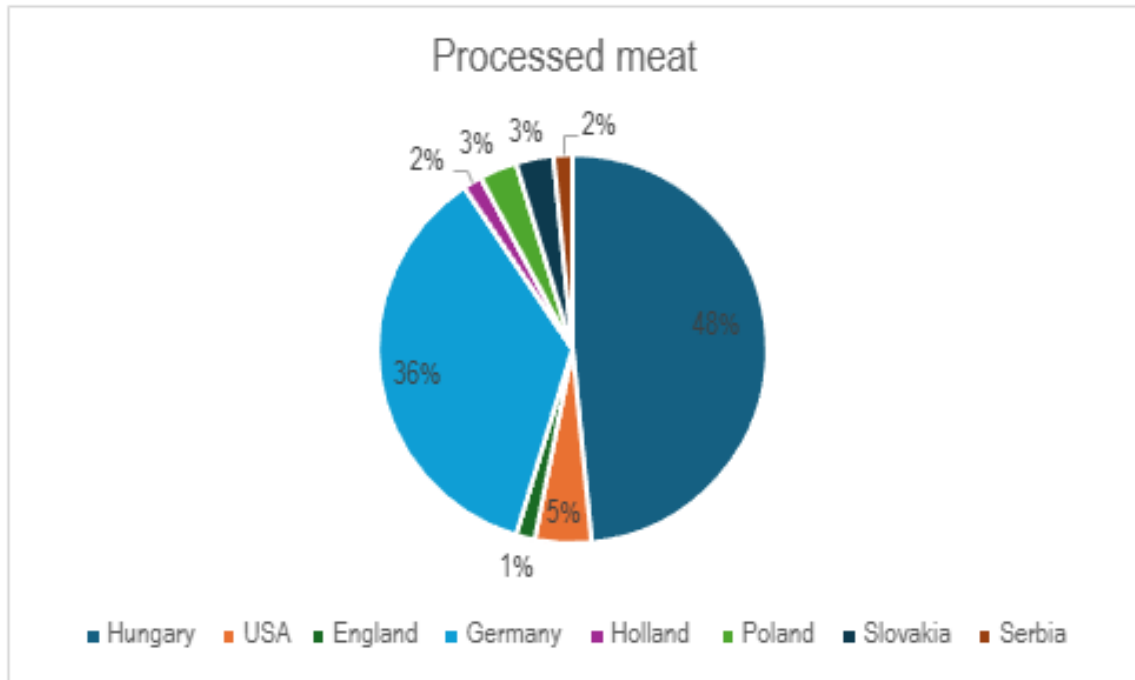


Figure 15: Distribution of respondents' top-of-mind associations with processed meat countries of origin (own questionnaire data)

4.4.5 Mineral Water

As expected, the participants were all Hungarian and more than half of them chose Hungary as the associated country for mineral water.

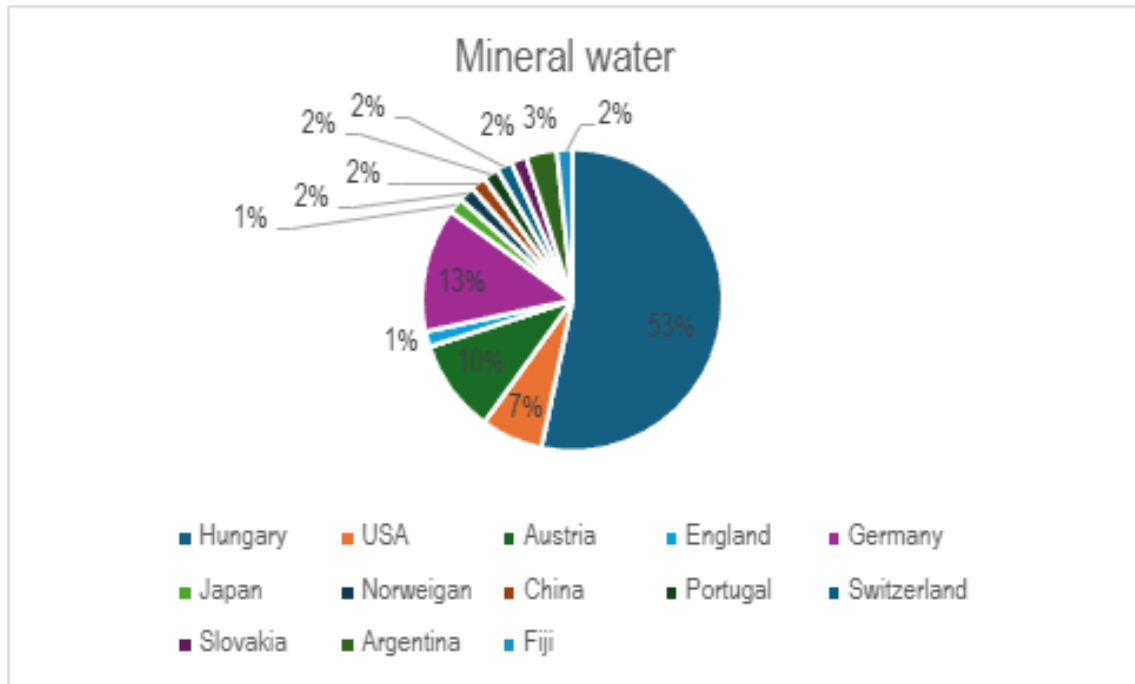


Figure 16: Distribution of respondents' top-of-mind associations with mineral water countries of origin (own questionnaire data)

4.5 Consumer Preferences when shopping in Different Scenarios

We put Hungarian participants in different scenarios to study their behavior when facing the choices between imported products and their own locally made products.

The criteria we use to test our participants include price, quality and the COO. The different scenarios are:

- Hungarian and Foreign products have the same price and quality.
- Hungarian and foreign products are the same price, but the quality of the Hungarian product is lower.
- Hungarian and foreign products are the same price, but: The quality of the Hungarian product is higher.
- The quality of Hungarian and foreign products is the same, but the price of the Hungarian product is higher.
- The quality of Hungarian and foreign products is the same, but the price of the Hungarian product is lower.
- And they could choose between Hungarian products, imported products or "It depends on the product and product's brand".

When facing scenario where “Hungarian and Foreign products have the same price and quality” more than half (51%) of the participants choose Hungarian products which shows a clear preference towards Hungarian products. Around 43% of all respondents choosing the last option (It depends on the product and product's brand) could now act as a control group for this test (neutral people). The last 3% were participants who chose foreign products. After the survey, we concluded as follow:

Table 4: Quality and price bias of groups separated by preference country of origin (own questionnaire data)

Scenario	Neutral leaning	Foreign leaning	Hungarian leaning
Same quality, cheaper foreign product, choose foreign product	72%	60%	63%
Same price, higher-quality foreign product, choose foreign product	60%	54%	56%
Same quality, cheaper Hungarian product, choose Hungarian product	76%	14%	82%
Same quality, higher-quality Hungarian product, choose Hungarian product	80%	20%	91%

People who were leaning towards Hungarian when both product categories (Foreign and Hungarian) have the same price and quality are less likely to react to factors' changes. They are more likely to stick with Hungarian choice more than people in the neutral control group (people who changed their mind depending on the product categories).

The neutral group is slightly Hungarian leaning since they would react to price differences in a more pronounced way when the cheaper product is Hungarian goods.

Keep in mind, price and quality still are the decisive factors for the majority, however around 40% of people would stick to their choice of origin.

With questions number 12 and 13, we asked about consumers' motivation towards purchasing Hungarian and foreign products. The summarized results are presented as following:

Table 5: The mean and standard deviation of respondents' answers to survey question number (12) (own questionnaire data)

	Average (1 - Completely Disagree to 5- Completely Agree)	Standard deviation
Local products have better quality	3.75	1.24
Local products are cheaper	3.77	1.45
I support the local economy and industry by shopping	3.18	1.32
Buying local products is more sustainable and ethical	3.15	1.38
I am proud of Hungarian products	3.34	1.14
Local products are easily accessible and available everywhere	3.58	1.38

When we asked the respondents to rate from 1 to 5 which reasons encourage them to buy Hungarian products instead of foreign products the most, the summarized results are shown in the table 5. From the table, cheaper products, better quality, and accessibility are the three most important factors weighted by the respondents. The second most rated is the consumers' ethnocentrism. The last two factors at the bottom are socio ecological. However, the standard deviations of those two motivators are relatively high which indicates that people have varied opinions about this matter, and the importance of those elements weighs differently from person to person.

Table 6: The mean and standard deviation of respondents' answers to survey question number (13) (own questionnaire data)

	Average (1 - Completely Disagree to 5- Completely Agree)	Standard deviation
Imported products have better quality	3.38	1.41
Imported products are cheaper	3.23	1.40
I want to buy niche products	3.65	1.26
I prefer the country where the product is imported from	3.70	1.30
There is no Hungarian alternative to the product	4.08	1.35

The same type of question for imported products is also asked. From the summarized table, the highest rated reason is “there is no Hungarian alternative to the product” followed closely by “I want to buy niche products” and “I prefer the country where the product is imported from”.

4.6 Qualitative Experiment and Focus Group Interview Result

4.6.1 Participants Profile

There are 7 participants in this group aged from 25 to 30 years old. Their occupations are diverse.

Table 7: Participants profile

Participant ID	Gender	Age	Occupation	Note
001	Male	28	Teacher	
002	Male	27	Family Business Owner	
003	Male	28	IT	
004	Female	27	Logistic Manager	
005	Female	26	Preschool Teacher	
006	Male	28	Psychologist	
007	Female	28	Office worker	Did not participate in processed meat category because of personal preferences

4.6.2 Summary of Experiment Result

Domestic products are denoted by “D” and foreign products are denoted by “F” in table 8.

Table 8: Experiment summarized results (own experiment data)

Product Category	Round	001	002	003	004	005	006	007	Subtotal	
									F	D
Tea	1	D	D	D	F	D	D	F	2	5
	2	D	D	D	D (1)	D	D	F	1	6
	3	F	D	D	D	F	D	F	3	4
	4	F	D	D	D	F	D	F	3	4
Processed Meat	1	F	D	D	F	F	D	X	3	3
	2	F	F (2)	D	D (3)	F	D	X	3	3
	3	F	F	F (4)	D	F	D	X	4	2
	4	F	F	F	F (5)	F	F	X	6	0
Cheese	1	D	D	D	D	D	D	D	0	7
	2	D	D	D	D	D	F (6)	D	1	6
	3	D	D	D	D	D	F	F (7)	2	5
	4	D	D	D	D	D	F	F	2	5
Mineral Water	1	F	F	D (8)	D (8)	F	F	D (8)	4	3

	2	F	F	D	D	D	F	D	3	4
	3	F	F	D	D	D	F	D	3	4
	4	D	D	D	D	D	D	D	0	6
Energy drinks (9)	1	F	F	D	D	D	F	D	3	4
	2	D	F	D	D	D	F	D	2	5
	3	D	F	D	D	D	F	D	2	5
	4	D	F	D	D	D	F	D	2	5
Total									49	87
Ratio (%)									36,02%	63,98%

Reasons for changing decisions provided by the participants:

- (1), (3): They preferred Hungarian brand.
- (2): He preferred Austrian brand.
- (4): His family consumed Wiesbauer and he is more familiar with the brand
- (5): The price was considerably cheaper.
- (6): She used to study at the Netherlands and according to her, Dutch cheese was better and healthier than Hungarian cheese.
- (7): She knew the brand and she had great experience with that brand in the past.
- (8), (9): They recognized the familiar flavors.

5 Discussion

5.1 Country of Origin Effect

The data in table 8 shows that participants tend to favor domestic products in all categories when the circumstance is only knowing the taste and country of origin. This suggests a strong COO effect where participants lean toward local brands, potentially driven by familiarity, perceived quality, or patriotism. For example, in the energy drink category, 6/7 participants realized the familiar flavor of the given drinks. They had their preferences and chose them through 4 rounds. In this case, as the participants knew the price and brand, they were not the deciding factors, but the experience was. One participant initially chose a foreign product (Redbull), but after the revelation of the COO he changed his decision to the local product. His reason was that he did not drink energy drinks that much; therefore, he could not realize the flavor but if he wanted to buy energy drink he would buy from a Hungarian brand.

In the mineral water category, 3/7 participants recognized the flavor of the domestic brand as they consume it daily and the other 4 chose merely based on taste. After revealing the COO, only 1 person has changed the decision, making it 3 to the foreign brand and 4 to the domestic one. In this category, the gap was not significant and when the participants were asked about the motivation behind the selection, 3 participants who chose the foreign brand stated that it tastes better, and after the reveal of the COO they associated the French brand with better quality. The one who shifted her choice to the domestic brand after the COO reveal said that the taste was not different, and she is more comfortable choosing familiar, Hungarian brands over the foreign brand. The 3 people who chose local products from the beginning kept their decision throughout the 4 rounds. After revealing the price, 6 out of 7 people choose the cheaper Hungarian water brand because the price difference was significant. In this product category we can see how COO and brand equity interact with each other. Mineral water brands that are made in Hungary tend to have higher brand equity as local consumers are more familiar with Hungarian mineral water brands, such as Szentkirályi, which have been part of their daily lives for many years. Moreover, we can observe that perceived quality also plays an important role in the decision-making process, however when it comes to everyday

consumer goods, like mineral water, most people are not comfortable spending too much money.

The same phenomenon also happened in other categories where participants changed their decision because of the country stereotype; for example, the second participant changed his decision from a Hungarian product to an Austrian product in the processed meat category or sixth participant changed her decision from Hungarian product to Dutch product in cheese category. When asked, the participants said that Austria was the best country to buy processed meat and Holland was where the best cheese was produced, hence the shifts. This demonstrates how the COO can either reinforce or challenge initial preferences based on taste alone.

5.2 Brand Equity

When brands are revealed (round 3), there is a noticeable shift in preferences. In the tea category, Herbaria is considered to have lower brand equity than Pickwick (the result was taken from 116 survey answers analysis). Even though the domestic brand was initially favored, after the revelation, 2 people switched to Pickwick leaving 4 people remaining to choose Herbaria.

In processed meat and cheese, only 1 person changes his/her decision in each category. Wiesbauer from Austria became the favorite after close contests. This is an interesting result because according to the survey, Hungary is the most and Germany is the second most mentioned nation. When got asked which country comes to their mind when thinking of processed meat, more than half (51%) of the surveyed respondents chose Pick Szeged from Hungary. However, the experiment results indicate otherwise, Wiesbauer was chosen by 4/6 participants. When we asked what the reasons were, they said that their family consumed Wiesbauer instead of Pick, so they trusted Wiesbauer more. Moreover, Wiesbauer is from Austria, but our participants thought Wiesbauer was from Germany because of the name. This suggests that the country of origin can also include the characteristics of the country, for instance: name, and design.

With the cheese category, we chose both low equity brands according to the result of our survey and the participants' choices were relatively stable, there was only one person who changed her decision because she recognized the brand, and she had good experience with that Dutch brand.

5.3 Price Sensitivity

In round 4, the price was revealed. In two categories: processed meat and mineral water, due to the significant price difference, all participants chose the brand with a lower price (foreign product in the processed meat case and domestic one in the mineral water case). We could observe that price is a strong deciding factor, potentially outweighing other considerations like brand equity or COO when the cost differences between products are substantial. In these cases, consumers may prioritize price over brand loyalty or COO, which highlights that in price-sensitive markets, affordability can override other factors.

5.4 Taste

The first round which was the blind taste test isolates the effect of taste without the influence of brand or COO. With the low equity brands, for example: brands in the cheese category when the prices are not so different, taste and COO are important factors driving customers' buying decisions. Taste often serves as a baseline which means that the products must meet a certain taste threshold for other factors (COO, brand, price) to become matter.

5.5 Consumer Ethnocentrism

There is a subtle existence of consumer ethnocentrism among the participants, outstandingly Participant 004. He stated that he was a nationalist, and he deliberately chose Hungarian products in every round except for processed meat products when the price was significantly different. 3/7 participants expressed that when the price and quality are relatively similar, they would try to find Hungarian alternative brands to foreign ones.

6 Research Results

- **Research result 1:** There is a subtle existence of country-of-origin effect among Hungarian consumers. The phenomenon can be observed more clearly from the older generations.
- **Research result 2:** There is a moderate to strong positive correlation between consumer ethnocentrism, the determination to find and purchase Hungarian products, age, and the proportion of local brands in consumers' baskets. Among these, the relationship between ethnocentrism and the determination to find and buy local products of consumers is the strongest followed by the correlation between age and consumer ethnocentrism.
- **Research result 3:** The country-of-origin effect does influence the way Hungarian consumers perceive the quality and value especially when there are few to no clues circumstances.
- **Research result 4:** The experiment reveals that no single factor consistently manipulates the consumer decision-making process. They interact with each other, and customers must consider many aspects before making decisions. Depending on the product, taste, COO, and brand equity have a certain impact on customers' buying decisions but not the willingness to pay. Price remains the most important factor in finalizing the transaction.

7 Recommendations

Based on the findings of this research, some strategies can be recommended to the Hungarian F&B brands to strengthen their market positions.

- **Recommendation 1:** Utilize the Consumer Ethnocentrism in Marketing. Brands can consider making marketing campaigns focusing on consumers with strong national pride and ethnocentrism. For example, campaigns that emphasize the importance of supporting local products and how they contribute to the economy.
- **Recommendation 2:** Rationalize the price for consumers. With the low involvement products in the F&B industry, most of the consumers are price-sensitive consumers. Therefore, brands may benefit from competitive pricing strategies. However, when Hungarian products have higher prices than the foreign alternatives, brands should rationalize the price for consumers; for instance, emphasizing the value-for-money propositions.

8 Limitation

8.1 Study Limitations

8.1.1 Restricted Product Category Scope

The study only focused on F&B product categories which might not be applicable for other product categories. For example, consumers may weigh the aforementioned factors differently for goods from electronics, pharmaceutical, cosmetics, and luxury clothing.

8.1.2 Limited Ethnocentrism Measurement

Ethnocentrism is a complex, multifaceted issue that is distinctive across regions and cultures. Using only surveys may not fully capture the depth of individual biases toward local or foreign products.

8.1.3 Limited Non-Economic Factors

Although some social factors are mentioned in the survey, the study primarily examined economic and brand-related factors influencing consumer choices. We did not consider non-economic motivations such as environmental concerns, ethical values, or cultural attachment. Some consumers may prioritize sustainability or ethical sourcing over COO or brand familiarity, especially for food and beverage products as there are more and more environmentally conscious consumers.

8.1.4 Sample Demographics

The experiment was only conducted among young adults; therefore, the result might not apply to the older generation. Furthermore, we did not discuss the influence of ethnicity.

Different ethnic backgrounds with different values, beliefs, and customs can influence cultural attachment, product familiarity, and country image.

8.1.5 Sampling Method Limitations

Although we tried to reach diverse groups of Hungarian consumers, the respondents are mostly from urban areas and young generations. Therefore, the representativeness was reduced.

8.2 Directions for Future Studies

8.2.1 Scope of Product Categories

Research on different sectors such as electronics, pharmaceuticals, cosmetics, clothing, service, and luxury items can be conducted in the future.

8.2.2 Include Non-Economic Factors

Apart from the tested elements, the importance of non-economic factors such as environmental impact, ethical production, and cultural differences could be examined.

8.2.3 Measure Ethnocentrism Measurement

To understand the ethnocentrism of consumers on a deeper level, future studies could use a mixed methodological approach including quantitative survey questions and qualitative in-depth interviews.

8.2.4 Sample Demographics

Future studies could expand to include a wider age range and socioeconomic, and ethnic diversity.

8.2.5 Sampling Method

Instead of convenience sampling, future studies could use stratified sampling to gather answers from diverse demographic groups of respondents.

9 Summary

Hungarian ethnocentrism is shaped by complex historical, cultural, and political factors from both within and beyond the country's borders. This study tries to understand the Hungarian national identity within the dynamic development of globalization.

In the case of Hungarian consumers, clear associations have emerged linking different product categories to certain countries. When it comes to mineral water, energy drinks and processed meat, more than half of the surveyed participants instinctively associated these products with Hungary. This association could likely stem from the cultural and geographical background that shaped their perception. In the case of mineral water, there exists almost 274 wells according to the Hungarian Chamber of Agriculture. Drinking mineral water has become the Hungarian's habit. Despite the availability of cheaper bottled mineral water alternatives, Szentkirályi remains the most preferred one.

From the result of this research, we can conclude that the country-of-origin effect does have an impact on Hungarian people during their food and beverages purchasing process.

This ethnocentrism sentiment fosters national pride for their own products and the desire to preserve their own culture.

However, the ethnocentric effect is strongest when the price and quality do not really matter. Older Hungarian generations - Gen Y (28-44 years old) and Gen X (people of 60 and up years old) - have more of the ethnocentrism attitude. They paid more attention to social problems that could be caused by the overconsumption of imported products since those products do not contribute to the domestic growth of their own countries, while many young people find this matter not as important as criteria like price or quality.

Hungarian consumers with higher ethnocentric viewpoints have the tendency to favor locally made products, their determination level to actively seek for Hungarian products while shopping is higher as well as their baskets are filled with more locally made products.

On average, the participants also think higher of their domestic products compared to imported ones. Based on our findings, the time where foreign F&B were more

favorable was when such products did not exist in the Hungarian product portfolio, or such products were very niche.

The focus group experiments demonstrated the change of mind people have when facing different influential factors (price, quality, COO effect). How these factors all together posed an impact on the choices that the Hungarian participants made in the end. They chose domestic products as it is easily accessible at a lower cost while being fresh (processed meat). Further than that, when they were informed that those products were made by Hungarians, they were leaning towards them.

For businesses and policymakers, it is essential to understand the complex nuances of Hungarian ethnocentric attitude in consumer behavior. Opting for marketing strategies that could emphasize national identity, and quality will resonate well with domestic buyers. By encouraging the consumption of locally made products, it will make Hungarian products become more competitive in the market that is filled with choices while supporting the domestic industry and economy.

Suggestion for future research could be exploring the nature of ethnocentric attitude on a bigger global scale, for example, increasing exposure to foreign imported F&B products as that is now the reality. Globalization blurred the sense of borders; it incentivized Hungarian buyers to encounter more and more imported products while making it harder for new Hungarian businesses to have a chance to flourish in such a competitive environment. Further research into this topic could help local businesses to have a chance against big multinational companies around the world while preserving the essence of Hungarian cultures and domestic economic growth.

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11 Appendix I

Survey Questions

General Questions

(1) What is your gender?

Male

Female

Other:

(2) What is your age?

(3) What is your occupation?

(4) Where do you live?

(5) What is your nationality

Hungarian

Other

Consumer ethnocentrism questions

(6) Rate the following statements on a scale from 1 to 5 (1 - completely disagree, 5 - completely agree)

- Hungarians should only buy Hungarian-made food and drink products instead of imported products.
- Only those food and beverage products that are not available in Hungary should be imported.
- Hungarians should not buy food and drink products of foreign origin, because it harms Hungarian industry and can increase unemployment.

(7) Which country comes to your mind when you think of the following products...

- Energy drink
- Tea
- Cheese
- Processed meat (Sausage, ham....)
- Mineral water

Brand Awareness questions

(8) Which brand comes to mind when you think of the following products...

- Energy drink

- Tea
- Cheese
- Processed meat (Sausage, ham...)
- Mineral water

Customer Preferences questions

(9) How determined are you to find Hungarian food and drink products when shopping?

(Rate from 1 to 6; 1-not at all, 6-totally)

(10) In general, what proportion of food and drink products of Hungarian origin make up your shopping basket?

- 0%
- 1-25%
- 25-50%
- 50-75%
- More than 75%

(11) Would you choose Hungarian or foreign product if

Hungarian and foreign products are the same price, but:

- The quality of the Hungarian product is higher.
- The quality of the Hungarian product is lower.

The quality of Hungarian and foreign products is the same, but...

- The price of the Hungarian product is higher.
- The price of the Hungarian product is lower.

Hungarian and foreign products are the same price and of the same quality.

(12) To what extent would the following reasons encourage you to buy Hungarian products instead of foreign products? (1 - not at all, 5 - completely)

- If you do not agree with any of the reasons, do not rate the given line.
- Local products have better quality.
- Local products are cheaper.
- I support the local economy and industry by shopping.
- Buying local products is more sustainable and ethical.
- I am proud of Hungarian products.
- Local products are easily accessible and available everywhere.

(13) To what extent would the following reasons encourage you to buy imported products instead of Hungarian products? (1 - not at all, 5 - completely)

If you do not agree with any of the reasons, do not rate the given line.

- Imported products have better quality.
- Imported products are cheaper.
- I want to buy niche products.
- I prefer the country where the product is imported from.
- There is no Hungarian alternative to the product.