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Support for the Decision of Norwegian Seafood Companies to Implement Country of Origin Strategy in the Ukrainian Market

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FOREWORD

This paper as a part of fulfillment of The Master's degree program in Business Administration at Agder University College claims to investigate prerequisites for implementing country of origin marketing strategy by Norwegian Seafood companies in the Ukrainian market. So far business relationships between Norwegian seafood companies and Ukrainian market were only those based on direct export strategy. Author argues that for a long-term success of Norwegian seafood products in the Ukraine, a more consequential and controlling marketing strategy should be introduced. To investigate current situation in the Ukrainian market, a survey to discover attitude toward Norwegian seafood products, knowledge of Norway and ethnocentrism level among Ukrainian consumers has been distributed and data collected. Ukrainian companies, importers of Norwegian seafood, have been contacted and interviewed on their impression of Norwegian seafood. The results of this study are hoped to be of great importance for Norwegian companies in their further penetration of Ukrainian market.

I would like to thank for assistance and guidance my advisor Andreas W. Falkenberg and the market chief for the Ukrainian market at the Norwegian Seafood Export Council Børge Grønbech. I am especially grateful for my family back home in Ukraine for helping to collect the data and also to my boyfriend for his support and understanding.

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1. INTRODUCTION

Nowadays internationalization becomes one of the “must” for a company to stay competitive in the market. In order to obtain the necessary sales level to survive in the competitive international environment, companies expand to new, lately emerged, dynamic markets. These markets attract companies with their large populations and positive prospects of economy growth compared to saturated markets in developed countries.

Operating in an international market is always a challenging step for a company, especially, when the new market represents emerging country environment with their immature and changing economical and political infrastructure. To achieve success in any market requires from the company implementing a market strategy that reflect not only the country’s characteristics but also the aspects of consumer behavior. Because of the frequent shift of the conditions in the emerging market environment, the company must be aware of the continually adjustment of the current strategy to the changes that took place in the market in order to achieve a sustainable long term success there. Knowledge of products’ attributes important for consumers in a particular market and which of them has largest influence on the final product choice are of great importance. There is great variety of attributes of a product available for a consumer to evaluate perceived quality of the product when purchasing goods. When the product is known for a customer he or she will probably base their purchasing decision on previous experience they have had with a product such as smell, taste, workmanship, performance and so on. In case if the product is unknown consumer makes the evaluation based on the products’ extrinsic cues that works as an “halo”, such as brand name, or country of origin of a product. The country of origin of a product is recognized by several researchers as a powerful cue of a product that has an influence on both, perceived quality of a product and on purchasing decisions of consumers. In the past, studies on this topic dealt mostly with how country-producer information affects consumers. Nowadays with globalization of the market and popularization of outsourcing, studies on the country of origin effect focus more on the strategic implications for managers when dealing with country of origin decisions.

The business connection from Norway to Ukraine is mainly those related to seafood-trade activities. Norway has been trading fish to Ukrainian market for a long time. In the last years Ukraine became a more and more strategically important market with remarkable growth

potential for Norwegian seafood industry. From being in the 2001 on the 20th place among most important markets for Norwegian seafood, just in couple of years Ukraine climbed up to the 13th, and being second (see Figure 1.6) important market for pelagic fish, today (NSEC, 2006). To say more, Norwegian part of the total amount of fish imported to Ukraine is more than 60 % (. However, previous research obtained by Norwegian Seafood Export Council in the Ukrainian market shows astonishing results in terms of Ukrainian consumers' ignorance and unfamiliarity with Norway as a largest seafood exporter. Considering latest happenings in the Ukraine that contributed to improved, more secure investment environment, growing purchasing power of Ukrainian consumers and growing demand for seafood it seems like the Ukrainian market is ready to accept more advanced marketing strategies than those "deal-marketing" strategies prevailing there so far. Author argues that in order to ensure a long term successful presence of Norwegian seafood in the Ukrainian market Norway should start to enhance its image among Ukrainian consumers through implementing country of origin strategy.

This paper investigates the nature of the Country of Origin effect and its role in a marketing strategy as a potential source of the competitive advantage. It also assesses the current positioning of the Norwegian seafood among Ukrainian consumers and Ukrainian seafood traders and evaluates the ground for a prospective implementing of country of origin marketing strategy in the light of two theoretical constructs related to country of origin effect and consumers' behavior: country of origin image and consumers' ethnocentrism level.

Further analysis proposes use of country of origin by Norwegian seafood companies as beneficial for the future demand growth and strengthening the overall image of Norway.

1.1 Ukraine and its seafood market.

Ukraine is a beautiful country strategically well located in the middle of Europe, close to the biggest market, such as Russia and other European countries. With the population of almost 50 million inhabitants and land area of 603,700 sq km, it is one of the biggest countries in Europe, approximately of the same size as France. Since the crash of Soviet Union in 1991 the Ukraine has been recognized as an attractive market for international companies. There are many arguments for that. First of all, the large population and relatively high level of

education, great supply of raw materials (fertile black soils, minerals) and last but not least long-term growth potential. Taking into account all these facts Ukraine should be exceeded with investments from all over the world investors. But the reality is completely reversed.

Since independence from the Soviet Union, Ukraine has put much effort into changing economy from centrally-planned to a market economy. First years of independency were characterized by overall declining in the industry, eight years with negative GDP, high inflation and unemployment rate (Ukrainian Statistical Bureau, 2006). Additionally, frequent changes of the government and its pro-Russian orientation did also contribute to the low investment rate, delaying development of Ukraine. Consequently the environment was not favorable for international investors.

However, in the last three years Ukraine finally started to deliver (see Figure 1.1). The last news from the Ukraine have been promising. Gross Domestic Product growth of almost 15% (Ukrainian Statistical Bureau, 2006), and the shift of government orientation with arrival of a new, reform-minded president, Viktor Yushchenko, opened new horizons for western investors. New government sees Ukraine as a member of WTO in the near future, NATO and hopefully soon a member of European Union as well. To meet requirements of these international organizations, reforms have been undertaken by the Ukrainian government. Among those reforms, the most urgent are following: to fight the corruption, reforms in political and economical environment and also, energy independence from Russia. The last point deserves some more explanation in terms of strategic orientation of the country. Ukraine has always had a good relationship with this powerful neighbor but just as far as Ukraine was collaborating its political decision with Russia, of course in the favor of this country. Once the government became Western Europe oriented and started implementing decision that was just for the best of the Ukraine and its citizens, the relationship got cooler. Russia began the strategy of punishment, setting barriers on the way of Ukraine's development. Taking into account that the Ukraine did not leave these things unnoticed and started to pay back by doing similar action, the situation did not get better. The positive side of this is that it resulted into more space for business activities for other investors from Europe.

The Ukrainian business environment is challenging and under continuous transforming to the best. It presents huge opportunities for those investors who can align their needs with the needs of Ukrainian market, combine the local expertise with the best global practices and will exploit a practical approach in developing the market.

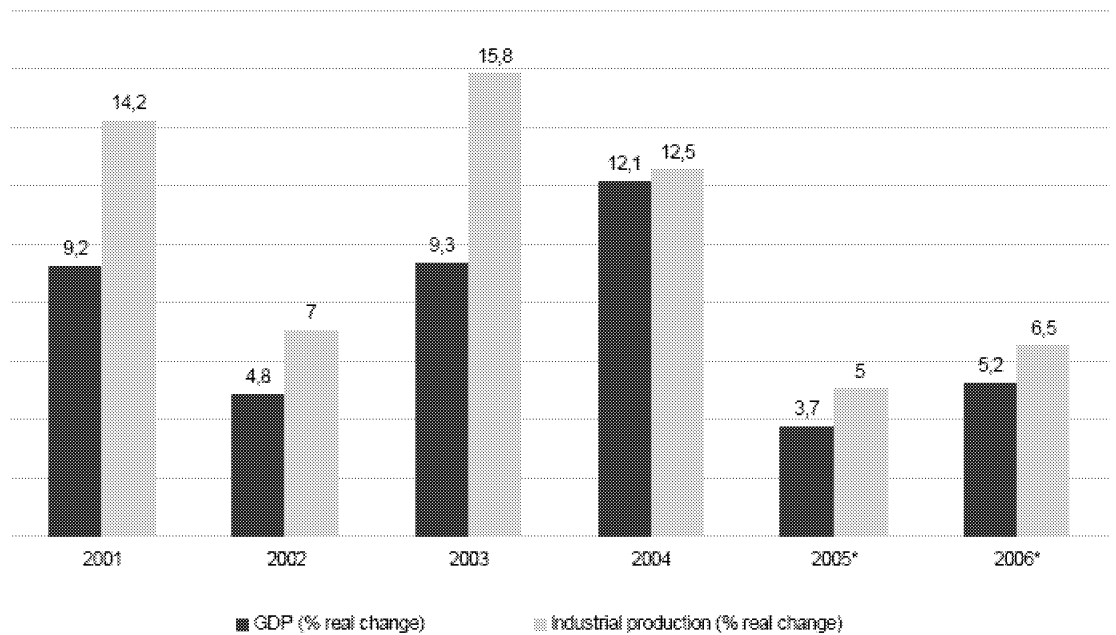
Economic Overview**Major Economic Indicators**

Figure 1.1: GDP growth in Ukraine (USB, 2006)

As to Norwegian investments into the Ukrainian market, there are not very significant. But those few, who did invest into Ukraine at the early stage of the country development, already achieved remarkable success. Among them, probably the largest success attained “Telenor”, the company owns about 60 % of stocks of the “Kyivstar”, one of the largest telecom companies in Ukraine. “Elopac” a producer of package solutions for dairy food did acquire a plant that produces carton packaging for Ukrainian food producers. The number of investment can be much higher because some Norwegian companies invest into Ukraine through investments in other foreign subsidiaries. For instance, “Orkla” invested into Ukraine’s brewing business through Baltic Beverages Holding (IPA, 2006).

Total trade between the Ukraine and Norway was around \$160 million in 2002, where Norwegian export to Ukraine, mainly fish and seafood accounted for 93 %. Norway imports from Ukraine steel, iron, chemical products, ship hulls and grain. According to the Norwegian Trade Council interest to Ukraine from Norwegian companies is steady growing as they can see from the increased numbers of inquiries about doing business in that market (IPA, 2006).

Regarding the Ukrainian seafood market, Norway has had their presence in the Ukraine since early 90s. During last years Ukraine is becoming steady more important market. From being in 2001 on the 20th place on the list of the most important Norwegian seafood importers, only after five years it ended up on the 13th in 2005. This strong total growth of the export value was achieved due increased demand for Norwegian fish and increased prices for seafood (NSEC, 2006). The large Ukrainian population and the prospective growth in fish consuming make Ukraine a strategically important market for Norway in the future. Better purchasing power among steady more European oriented Ukrainian consumers creates more sophisticated requirements for seafood products in the stores. On the same time establishing and opening new, of European standard supermarkets in the coming years will increase accessibility and demand for new seafood products from Norway (NSEC, 2006). According to NSEC, on average, one Ukrainian eats around 15,4 kg of seafood a year, 83 % consume fish more than one time a month (NSEC, 2006). Seafood has a strong tradition in the Ukrainian kitchen both, in everyday life and for especial occasions.

Herring, pollack and salmon are most popular fish arts that are trading to Ukraine. Approximately 60 % of imported fish in the Ukraine is Norwegian (Zerkalo Nedeli, 2005) and mostly it is a raw product that further will be reproduced into seafood products or sold as a frozen product. Herring is the fish art that is eaten most of in the Ukraine. Norway exports herring of the best quality to the Ukraine, having achieved already one of the strongest positions regarding this fish art among Ukrainian traders. But as it was mentioned previously, the information about Norway as a fish-exporter and the excellent quality of its seafood does not rich regular consumers. According to the results of a research undertaken in 2002 by NSEC, on the question “Can you tell me all countries you know as producers of herring” only 24% recognized Norway as a herring producer (see Figure 1.2).

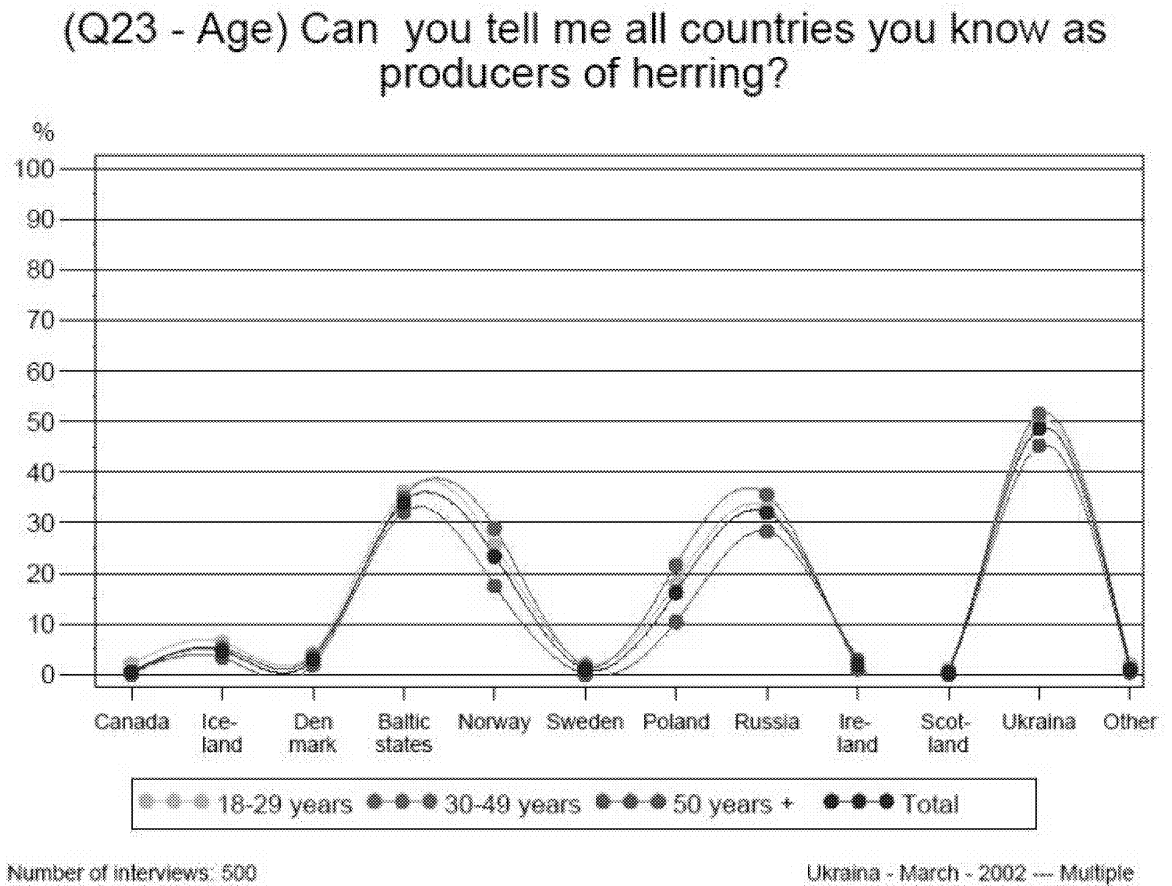


Figure 1.2: Ukrainian consumers' knowledge of countries exporters of herring (NSEC, 2006)

1.2 Norway as a fish nation and role of NSEC in marketing of Norwegians seafood.

Norway has always been a fish nation. The long coast and plenty of fiords allow harvesting many of the sea treasures. The most important challenge for the country regarding these supplies is managing the fish stocks in the proper way - to the best for nature, and people. Nowadays fishing industry is the third most important export industry in Norway with its 5.2 % of the total export, being only behind petroleum and metal industries (See Figure 1.3). Major export markets for Norwegian fish are Denmark, Russia, France and Japan. In 2004 the positive trend of increased export of Norwegian seafood were observed, it reached 160 thousands tones for the total value of NOK 2 billion (NSEC, 2006).

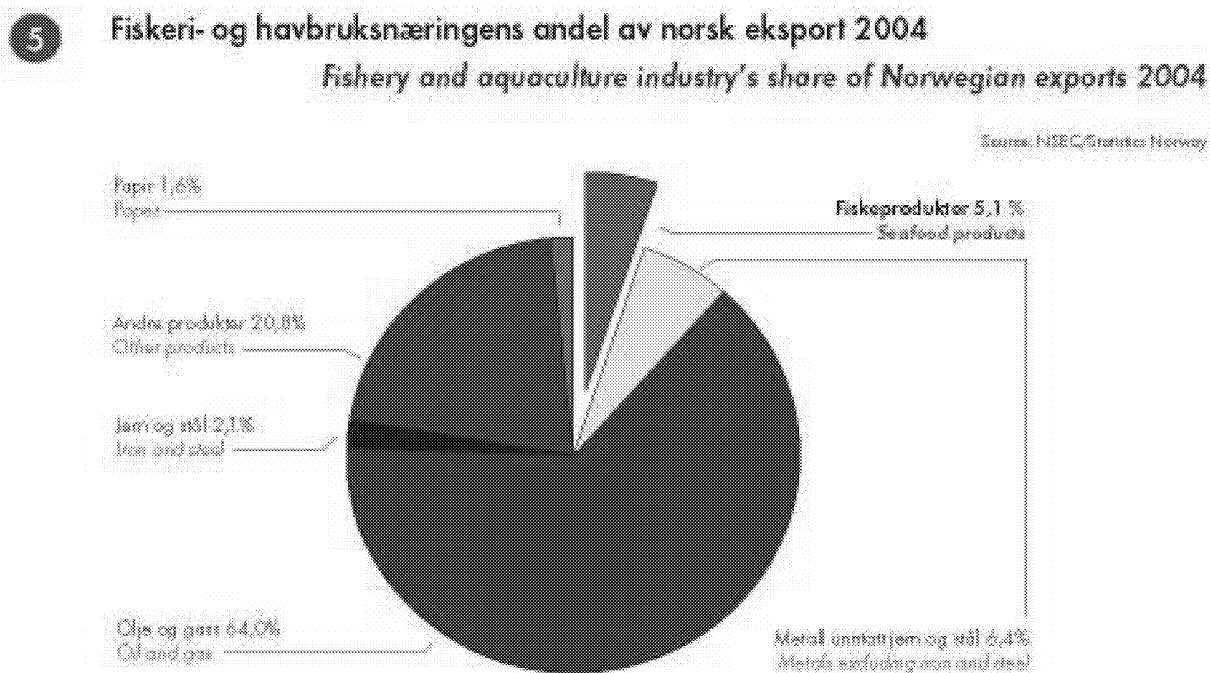


Figure 1.3: Fishery and aquaculture industry's share of Norwegian export (NSEC, 2006)

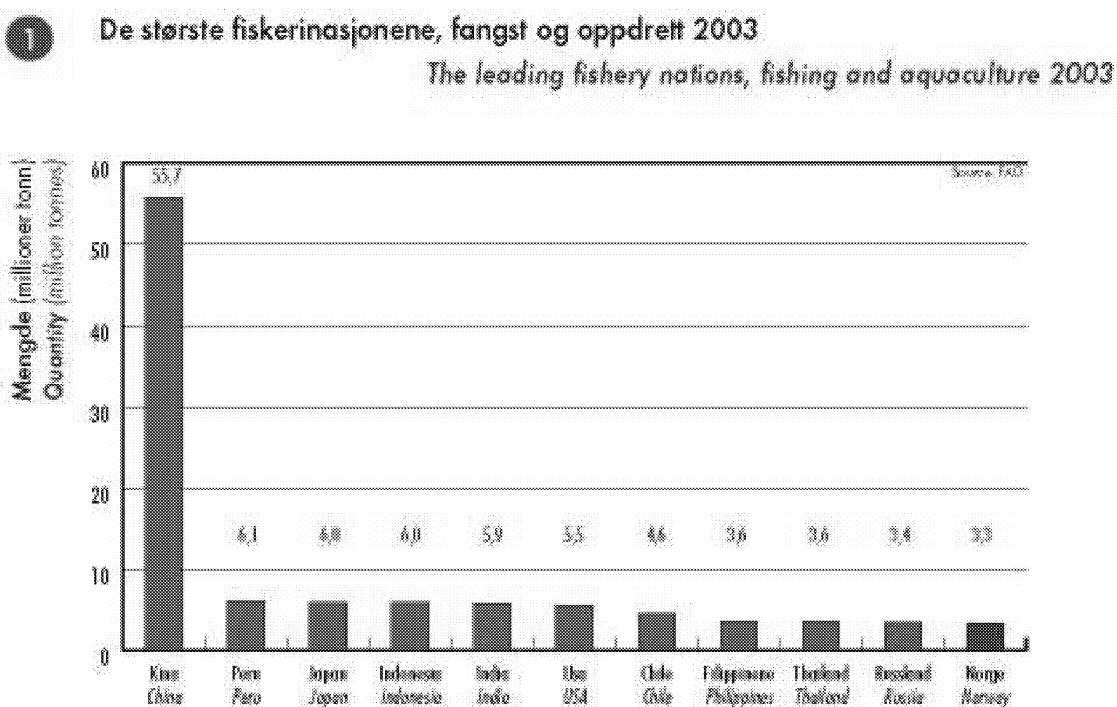


Figure 1.4: The leading fishery nations, fishing and aquaculture (NSEC, 2006).

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Eksportverdi for ulike sektorer Export value for various sectors

Source: NSEC/Statistik Norge

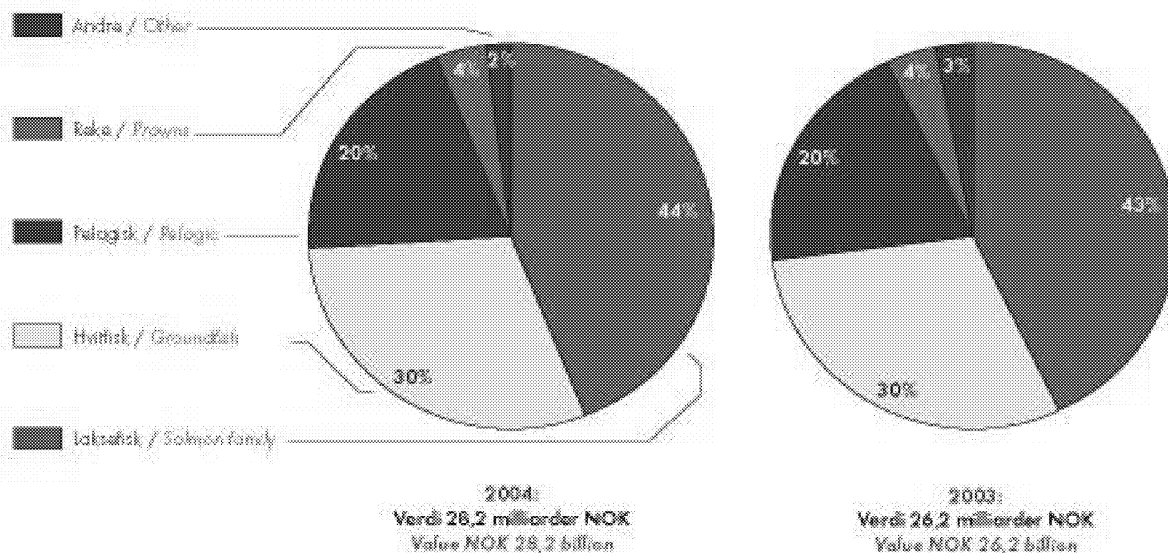


Figure 1.5: Export values for Norwegian fish (NSEC, 2006)

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Viktigste markeder for sild Major markets for herring

Source: NSEC/Statistik Norge

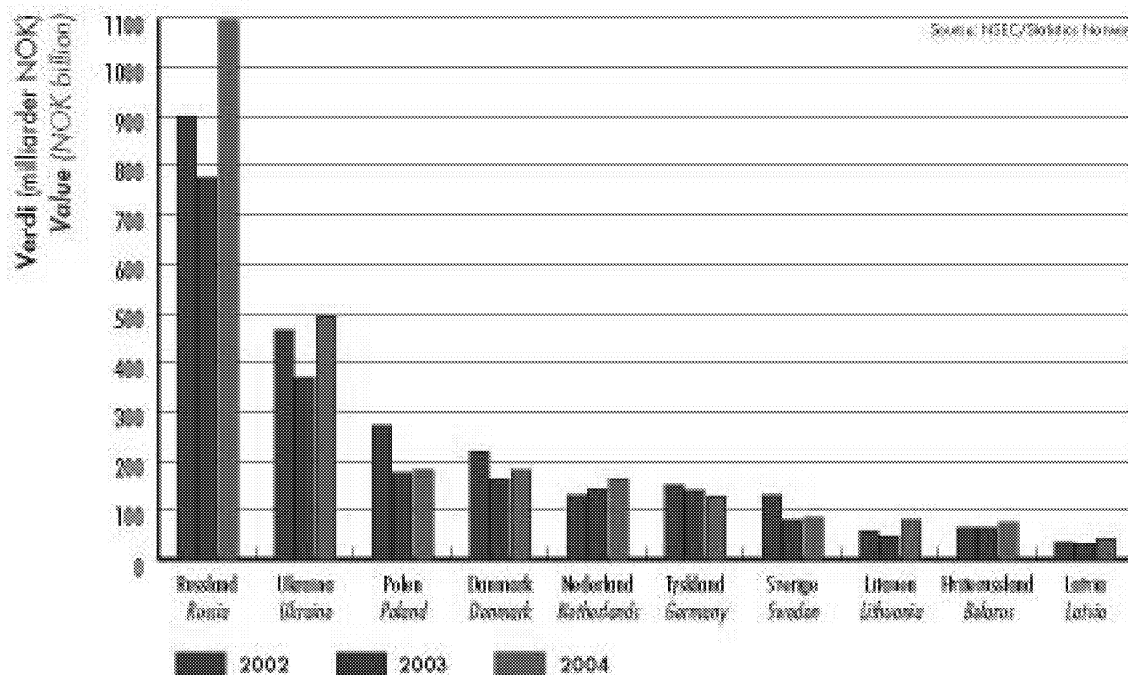


Figure 1.6: Major markets for herring (NSEC, 2006)

Despite significant increase of seafood export to the EU the fastest growing markets for the Norwegian fish are markets outside EU such as Russia, Brazil and China. The amount of fish in Norwegian waters varies from year to year explained by natural tendencies. The catch last year has been doubled since 1990, the historical lowest catch. Considerable fish farming started in the beginning of 1980s when finally, the success in the large scale fish producing has been achieved (NSEC, 2006).



NSEC- the Norwegian Seafood Export Council is an institution created by the Norwegian government in 1991 as a combined marketing and information council for the Norwegian seafood industry. The goal of the organization is to improve the interest and awareness of Norwegian seafood in Norway and other countries around the world. NSEC is the marketing and public information organization for the Norwegian fisheries and fishing industry. It handles general marketing and information activities for the Norwegian seafood industry in international key markets and in Norway itself. The NSEC advises the Fisheries Ministry, gathers information about the market, compiles export figures and assists the export of seafood by making available information and developing marketing and communication activities. The NSEC's managing board consists of representatives from both, fishing and aquaculture industries. Its activities are financed 100% by the fishing industry. The NSEC's headquarter is located in Tromsø. It also has representatives in the most important markets such as Germany, France, Japan, and China (NSEC, 2006).

The Council's activities are as following (NSEC, 2006):

- **Marketing**, to increase demand for the Norwegian fish. NSEC is undertaking marketing activities approved by the fishery industry; collaborate and support companies' own sales promotions; it has been created advisory marketing groups for various arts of fish (salmon, trout, whitefish, prawns, conventional products, and pelagic fish).

- **Market information.** NSEC is in charge of preparing statistic and market analyses for seafood exporters and other industry participants. The goal is to ensure a good decision foundation for the industry, authorities and the NSEC internally.
- **Market access.** Another goal of NSEC is to prepare information on competitors for the Norwegian seafood and the information on the conditions in the central markets for the industry participants.
- **Public relations.** NSEC as a marketing agency also undertakes activities to maintain the good reputation of the Norwegian fish. Through setting a plan of actions and the active influence, NSEC contributes to the reputation of Norwegian seafood at home and abroad.

Promoting Norway as the country of origin of seafood is a central issue in the NSEC's activities. In connection to this in 2004 NSEC carried out over 550 marketing activities in 22 markets. Press-campaigns, campaigns in stores and restaurants, as well as various educational activities were presented in advertising media. Compared to previous years, less resources was spent on pure consumers advertising, shifting attention to retailers, in-shop activities and work aimed at foodservice sector (NSEC, 2006).

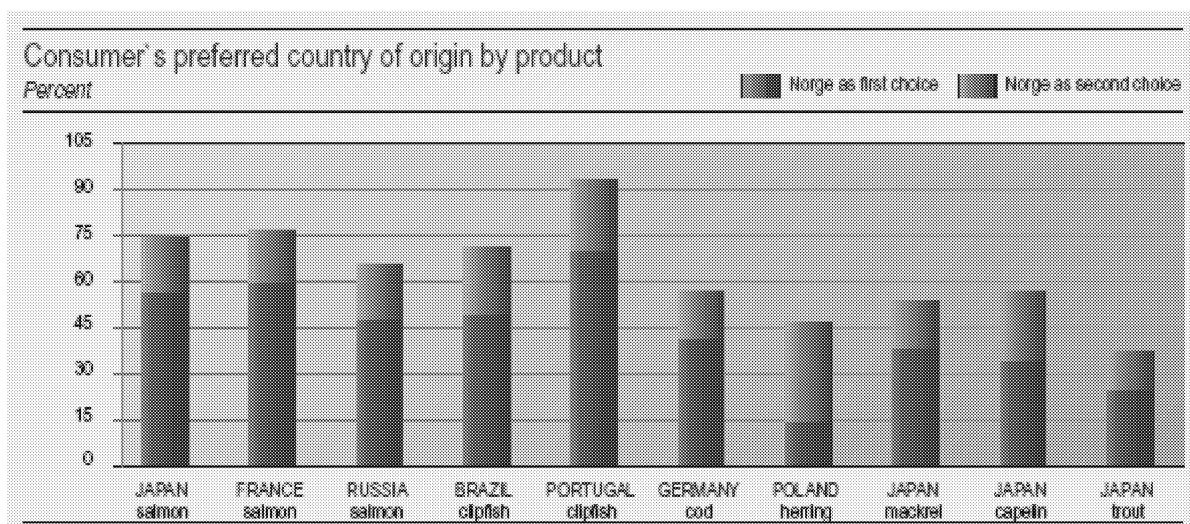


Figure 1.7: Consumer's preferred country of origin by product (NSEC, 2006)

2. THEORETICAL FRAMEWORK

2.1 Country of origin phenomenon in international marketing.

The cue of the country of origin has been identified by marketers for a long time as a factor that has a potential to influence consumers' evaluation of a product. A large amount of research papers deal with COO and issues related to different countries, products and consumer surveyved (Usunier, 2003). The roots of this phenomenon go back to 1965 when Schooler was the first to give a support for the existence of country of origin effect. Further Nagashima (1970) discovering "made in effect" developed a worldwide accepted definition of country of origin, as:

"the picture, the reputation, the stereotype that businessmen and consumers attach to products of a specific country. This image is created by such variables as representative products, national characteristics, economic and political background, history and traditions"

. Yet somewhere different definition was offered by Roth and Romeo (1992):

"country image is the overall perception consumers form of products from a particular country, based on their prior perceptions of the country's production and marketing strengths and weaknesses".

Despite of some distinctions between the definitions, the corner stone of country image effect is its influence on consumer's purchasing decision of any products, including a physical product, a place to spend vacation or an investment object.

With development of a global economy, the country of origin became a managerial decision variable (Brodowsky et al., 2004). The manager can choose to design products in one country and manufacture or assemble them in others. A good example of this can be the famous iPod from Apple, on the panel of the MP3 player written: "designed in USA, made in China", here the managerial concerns of cost resulted in the moving out manufacturing of the product to China - a well known low cost country producer. Managers also decide how country of origin can be used to gain competitive advantage.

There are many indicators which help consumers in identifying country of origin of a product. Papadopoulos (1993) distinguishes following of them:

- Embedded directly into the brand name (Alitalia airline, France-Soir Newspaper)
- Indicated indirectly through the brand name even if brand does not contains country name (Apple is American and Lamborghini is Italian)
- Indicated directly or indirectly in the producer's company name, for instance Nippon Steel
- Promoted expressly as a significant part of, or as "the" brand's unique selling proposition
 1. Direct use of country message
 2. Adapting country image to company image
 3. Lateral transfer of image to an unrelated product
 4. Plying on a reverse-negative stereotype
 5. Industrial marketing
- Included as a centerpiece of a part of package design (a nations flag, flag colors, or some other internationally recognized symbols)
- Used in connection with a company sales force or other service people
- Associated, directly or indirectly, with well known representative symbols of the origin country (advertising, brand and corporate logos, etc.). Associations can be linguistic, visual, and/or aural
- Related to regions
- Provided by third parties

Lately, among researches aroused a discussion on the relevance of country of origin in the modern world. Some authors claim the issue of country of origin to be a convenient and feasible research object. They are accusing the country of origin researchers in ignoring changes that happened in the international business regarding globalization of manufacturing and marketing operations (Usunier, 2003). However, recent evidences indicate that learning of country of origin is not necessary good or bad, the central point is that it has effect on stimulating greater interest of consumers in the product. As a result, consumers think more broadly about a product and evaluate it more carefully (Whai-Kwan and Wyer, 1994).

2.1.1 Fishbein model and individual differences.

Before moving further, it will be explained how consumer process information about a product and how he or she develop their attitudes and preferences. Once consumers engage in purchasing process they are involved in the evaluation of various descriptive, inferential and information cues connected to the product. The brand name, country of origin, package design, price, taste, smell, color, all this factors play in when choosing the final purchasing alternative of a product. Fishbein model and its extended version “the theory of reasoned actions” can be used to clarify this process. The model measures three components of attitude (Solomon, 2004):

- Salient beliefs consumers have about an product during evaluation
- Object attribute linkages or the probability that a particular object has an important attribute
- Evaluations of each of the important attributes.

The overall attitude toward a particular product is obtained by multiplying a consumer’s rating on each attribute for all of the brands considered by the importance rating for that attribute. This means that consumers engaging in a product evaluation base their final decision on a variety of information cues associated with the product (Solomon, 2004). These cues can be intrinsic or extrinsic.

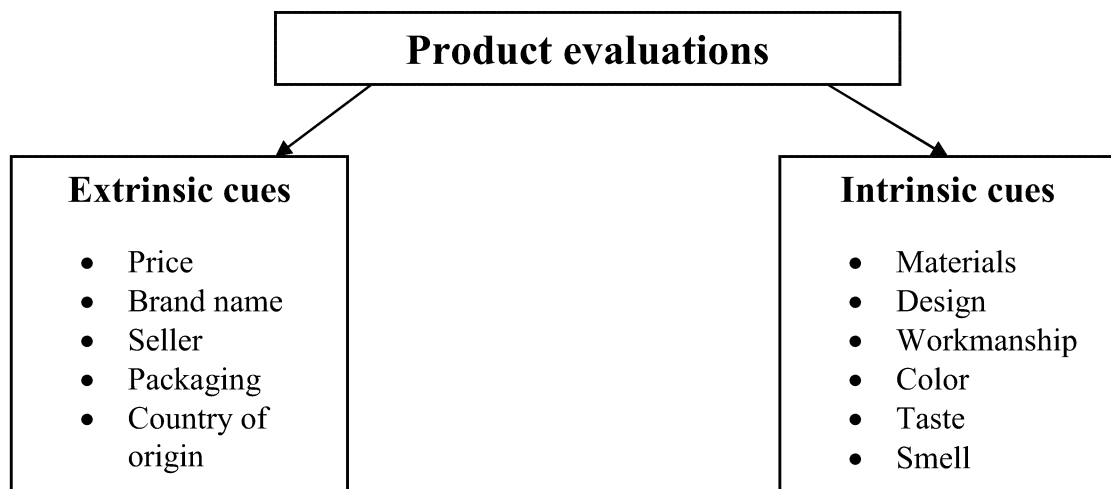


Figure 2.1: Extrinsic and intrinsic information cues.

In case when consumers do not have any experience with the product - lack intrinsic information (taste, smell, color, performance, futures) they tend to use extrinsic cues such as price, brand name or country of origin in the process of evaluating the quality of a product.

In general, it has been identified three mechanisms to explain country of origin effect (Verlegh and Steenkamp, 1999). When country of origin is used as information cue to evaluate product quality, it is a cognitive mechanism; when consumers use country of origin to convey their social or personal norms it is a normative mechanism; and the affective mechanism appear when consumer consider country of origin having an symbolic or emotional value.

Consumers' behavioral researchers have noticed that situational factors used to manipulate the extent of attitude changing sometimes account only for small part of the outcome. This is probably because of individual differences among consumers in their desire to engage in issue-relevant thinking when they form their attitudes (Cacioppo et al., 1984). Such a desire is known as an individuals' need for cognition further explained as an individual's intrinsic motivation to engage in effortful cognitive motivation processing (Cacioppo and Petty, 1982). Since country of origin is used by consumers to evaluate a product, additional insights can be obtained from studying the issue of the need for cognition. There are some arguments that consumers, intrinsically interested in analyzing and processing product related information,

are more likely to judge the product based on its attributes. Conversely, those, enjoying the outcome more than the process of thinking, will be less motivated to analyze the products' attributes. This category of consumers in order to take a quick decision will rely on the obvious and easy available information such as the country of origin of a product. In this case consumer employs a simplified type of information processing also called the heuristic information processing (Zhang, 1996).

Solomon (2004) suggested some strategic implications emerged from the Fishbein model. First, company can capitalize on relative advantage. If one brand is considered to be better than other on a particular attribute, manager should emphasize the importance of that attribute for consumers. Second, if marketer finds out that consumer does not connect his product with a certain attribute which has been stressed by the marketing campaign, those product's qualities should be developed. Third, trying to distinguish themselves from competitors, a company can create a new unique aspect of a product that also is high valuable by consumers. And the last implication is suitable for those who use strategy of comparative advertising, one can try to decrease the positivity of competitors product compared to its own product.

2.1.2 Halo and summary effect.

Several previous studies researching country image mentioned importance of the country's image as a "Halo" in evaluation of the quality of a product. Han (1989) was not only concerned about country image as a halo when a consumer deals with unfamiliar product but also the effect of country image on product evaluation when consumer is familiar with the product. He developed two constructs to test two alternative views of the role of a country's image in the product evaluation: halo and summary constructs.

Country image as a halo

This view claims that the uncertainty about products' true quality forces consumers to use country's image in a product evaluation before purchase. Here the situation is somewhere similar to the role of price in product evaluation when the product information is lacking, price infer quality of the product. Han draws two theoretical implications that result from halo effect:

1. Consumers infer product quality from country image
2. Consumers' rating of product attributes is affected by country image.

The following structural relationships have been suggested:

Country image → beliefs → brand attitude

Country image as a Summary Construct

In this case consumers “recode and abstract individual elements of information into higher order units or “chunks” “(Han, 1989). The benefit for consumers is that these “chunks” are easier to store and retrieve from the long term memory, consequently a consumer does not examine attributes of an alternative brand but simply recall from the memory a previously formed evaluation for each alternative. In other words, according to Han (1989) consumers can abstract information about a country's product because brands with identical country of origin have similar product attributes.

Theoretical implications are as following:

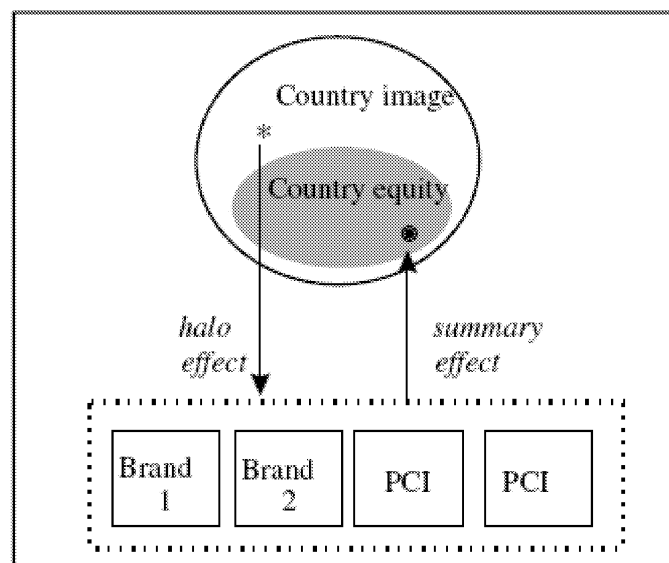
1. Consumers abstract product information into country image
2. Consumers' attitude toward a brand from a particular country is directly affected through that country image instead of indirect affecting through product attribute rating.

Suggested structural relationships:

Beliefs → country image → brand attitude

Investigations made by Han have important implications for the international marketers. If the country has a positive image, companies representing that country will benefit by selling products even if they are of lower quality, thus damaging others companies from the same country. A control from government side is needed to preserve country images from damaging. This could be provided by establishing quality standards simultaneously encouraging those companies who meet these standards by some incentives, such as tax reduction or subsidies in production and marketing.

Kleppe et al. (2002) demonstrated halo and summary effects and their connection to country image, country equity, and product country image in Figure.2.3



- * any knowledge about the country that can be used as an heuristic to form beliefs About product attributes
- Country related intangible assets- associations stored in memory based on experience with products from the origin country

PCI Product-country image

Figure 2.3: Country image, country equity, and product-country image (Kleppe et al., 2002).

2.2 Constructs related to country of origin effect

2.2.1 Country image

Images are inalienable part of human being or of consumers' perception of subjects that surround them. Given that perception occurs at the individual level, every person has its own image different from other people's image about an object (Papadopoulos and Heslop, 1993).

Another assertion by Papadopoulos (1993) about images is that “since people act on what they believe is true, “intrinsic reality” whatever it may mean and however it may be determined – plays a lesser role in human affairs than “perceived quality””. Literally that means that intrinsic attributes of a product should not be important for consumers so far he or she has a positive image of that product. This assertion makes images one of the most important sale drives in marketing.

Country of origin image is one of the images consumer connects to the product by its “made in” label. Moreover country names are responsible for those associations added to or subtracted from the perceived value of a product (Kotler and Gertner, 2002). Country images are also results of its geography, history, famous people born and living there, its music, fashion and art. Kotler et al. (1993) gives following definitions for country image:

“the sum of beliefs and impressions people hold about places. Images represent a simplification of a large number of associations of information connected with a place. They are a product of the mind trying to process and pick out essential information from huge amounts of data about a place.”

Another significant fact about images is that it unavoidably leads to stereotyping and generalization. Stereotype is a knowledge structure based on interferences across products. Stereotypes are often subjective and incorrect but they are important in complex purchase situations to simplify decision (Maheswaran, 1994). Good examples of stereotyped products images are English tea, Chinese silk, German cars, and French fragrances. One study, showed to the college students from Australia, USA and Ireland pictures of “Irish pub” taken in each of those countries with the question on which, was most likely to be the authentic one from Ireland. Most respondents actually picked one that was not Irish; the bars in Australia and USA are adding the stereotypical irish design elements like green colors, four-leaf clovers that are hard to find in a real Irish pub (Lego, Wood, McFee and Solomon, 2003). This example is a further proof of how people are more likely to pay attention to information which confirms their expectations, “they prefer to adjust what they see to what they know” and the successful use of this human weakness by marketers (Kotler and Gartner, 2002). This human weakness is successfully used in many marketing campaigns.

It is a very important connection between product and its country general image. Generally when consumers have negative image about a particular country they are also likely to

transfer these attitudes toward people in that country and vice versa. Logically, those attitudes will be transferred toward products made in that country too (Morello 1984; Wang 1978). That is why it can happen that sometimes country stereotype does a bad favor for marketers. Some researches argue that even if the country has a positive image but the product category does not fit with a common country image it also can result in some negative outcome (Roth and Romeo, 1992).

As usually images are long lasting and difficult to change because of the peoples' ability to ignore information that confronts their previous knowledge. However it may be possible to improve country images or instead of disprove a negative image it may be easier to create a new, the positive one (Kotler and Gardner, 1993).

Researches carried out in England confirmed the idea of the negative effect on consumers the British originating of a product. The managers of the British car brand, Jaguar had to diminish the car's connection to the country of origin and develop a high tech image in order to not awake in minds of potential buyers the negative associations connected to the car from its home country image (Barret, 1996).

It should be kept in mind that the country of origin image is not only important for consumers or professional buyers in choosing a regular product but also while choosing a travel destinations or an investment object (Papadopoulos and Heslop, 1993).

2.2.1.1 Measuring country image.

Despite the popularity of the country of origin issue among researchers, the accurate method to measure or understand the country of origin phenomenon in a target market is yet to be developed. The Handbook of Marketing Scales gives an overview of two scales to measure country image. The first "Country Image Scale" invented by Martin and Eroglu (1993) is dedicated to find out what a person thinks about particular country. The authors gave their definition of country of origin as "the total of all descriptive, inferential, and informational beliefs about a particular country" (Martin and Eroglu, 1993). They also argue that country image is conceptualized as a different from the attitude toward the product from a certain country and can be influenced by a direct experience a consumer has with that country. The original version of the scale had four dimensions still the final form consists of fourteen items from three dimensions: five items on political factor, five items on economical factor and four

items on technological factor. Items scored on 7-point semantic differential scale and can be summed within dimensions or all items summed together to find out the overall country image (Bearden and Netemeyer, 2001).

Pisharodi and Parameswaran (1992) developing their version of country of origin scale, use a different description of country of origin than previous author. According to their vision, the country of origin is a dynamic construct which affect peoples' purchasing decision by means of stereotypical perceptions attached to products from different countries. Moreover, the scale's construct covers not only consumer's perception of a given country, its economical, political and cultural characteristics but also a specific product's images perceptions. The final version of the scale includes 24 items scored on 10 point scale ranging from "Not at all appropriate" (1) to "Most appropriate" (10). The scale consist of six factors: related to general product attitudes, related to general country attitudes, and related to a specific product's attitudes.

Both scales were developed from extensive literature searches, expert panels and pilot surveys among consumers. However, they are reduced and purified to a level where the scales largely contain generic, descriptive or factual items.

2.2.2 Ethnocentrism.

Consumers' reactions to imported goods are various around the globe. They depend on many factors, on one's personality, education or development level of a country. In general people tend to rate products manufactured in their own country higher than those that are imported. This predisposition of consumers to prefer products from their own country is called ethnocentrism. The ethnocentrism concept was first applied in 1906 in sociological literature to differentiate between in-groups and out-groups individuals. Psychologists study ethnocentrism as the level of an individual to evaluate their own values and ways of thinking as the superior ones, and to criticize others compared to their own (Ueltschy, 1998). Some researchers claim to discuss country of origin effect only in light of ethnocentrism level of a particular country (Brodowsky, 1998).

Shimp and Sharma (1987) were first to introduce the term of “consumer ethnocentrism” that was applicable for studying consumer behavior and making marketing implications. To measure grade of ethnocentrism Shimp and Sharma (1987) developed Consumer Ethnocentrism Scale-“CETSCALE” which since then has been extensively used in researching issues related to ethnocentrism, to measure this phenomenon. After the SCALE was introduced, it has been found various correlations between level of ethnocentrism and demographical characteristics. There are evidences that consumers in developed countries rate domestic products more favorable than foreign made products (Lumpkin and Crawford, 1985). The opposite situation has been observed in developing countries. Consumers in Hungary, a developing country, do not trust nationally made products as much as imported products (Papadopoulos et al., 1989). Ethnocentric consumers not only prefer “homemade” product but they also feel it is wrong to buy imported products, mostly because it will harm domestic economy. Conversely, non-ethnocentric consumers do not evaluate the product on the basis whether it came from outside country, they even can be evaluated as superior to domestic goods because they are manufactured in foreign country (Shimp and Sharma, 1987).

In Mexico it has been invented a special word - “malinchista” or betrayers, which describes those who purchase foreign products undermining the Mexican identity by doing so (Kotler and Gardner, 2002). Marketers recognized that consumers’ ethnocentric feelings can be used in developing positive attitudes toward domestic-made products which is crucial in product evaluations and purchase choices. In Norway marketing campaigns like “Godt norsk” are one of the campaign which appeals to high ethnocentric consumers. Some countries, like USA, France are known worldwide as the most ethnocentric ones. The support of higher consumer patriotism among Caucasians, females, older people and blue collar workers has been found by Han (1988). Further, Herche (1992) come up with another discovering that claims CETSCALE to be a better predictor of foreign products purchases than demographical variables. Despite all the evidences about correlations of ethnocentrism and purchasing behavior of imported products by consumers it is still a challenge to profile the ethnocentric segment of a market (Brodowsky, 2004).

2.2.2.1 Measuring ethnocentrism

As it has been mentioned previously Shimp and Sharma developed a scale to measure consumers' level of ethnocentrism. CETSCALE has been constructed and purified through the stages of item generation, item screening, two purification studies, and four subsequent studies conducted to examine the psychometrics of the scale (Bawa, 2004). The scale also has high reliability and validity. Though authors of the scale did not classify its items, Lindquist et al. (2001) argue that items are related to the following four concepts: "it hurts the domestic economy", "results in loss of job", "is unpatriotic" and "is tied to product availability".

The scale does not give an answer whether consumers are ethnocentric or not ethnocentric but rather give a scores ranged from 17-119 on how ethnocentric they are. A short version, consisting only of 10 items has been developed to simplify the scale, thus the reliability of the short version of CETSCALE get lower in this case.

The scale gave somewhere different results in different parts of the world. Results from US, Russia, Japan, Spain, France and West-Germany, supported the unidimensionality, reliability, discriminant validity and nomological reliability of the scale. The results on 10-items scale in Czech Republic, Hungary and Poland are varied but still acceptable (Lindquist et al., 2001). In the Nederland the short version of CETSCALE has been found being not unidimensional (Bawa, 2004). It has also been found inconsistency of scale across product categories (Herche, 1992). The mean score of the CETSCALE seems to be stable over time for the population as a whole but it is changing regarding specific sub-groups (Nielsen and Spence, 1997).

2.2.3 Animosity

Animosity is a relatively new phenomenon in the marketing literature. This construct can be fully understood only if marketers have a good insight into the history of the country and its relationships with other countries (Amine et al., 2004). Klein, Ettenson and Morris (1998) give a definition of animosity as "remnants of antipathy related to previous or ongoing military, political, or economical events", they also emphasize that it has an effect on consumers' purchasing decision such as "consumer might avoid products from the offending nation not because of concern about the quality of goods, but because the exporting nation has

engaged in military, political, or economic acts that a consumer finds both grievous and difficult to forgive". It has been found evidences of consumers' animosity among Chinese toward Japanese products, because of Japan's occupation of China, and Japan's unfair trade practices toward China (Klein, Ettenson and Morris, 1996). Also Australians express some level of animosity toward France, and most recent evidences show an unfriendly relationship between United State and France (Amine et al., 2004). Animosity is somewhere related to consumers' ethnocentric feelings, still the difference is that the last results from pure love and attachment to country, or caused by economic superiority, or national patriotism feelings (Balabanis et al., 2001). Nijssen and Douglas (2004) have evidenced that animosity can increase feelings of ethnocentrism.

There are four types of animosity stable versus situational and personal versus national (Ang et al. 2004):

- **Stable** animosity arises from the counties' past, historically difficult relations between two countries.
- **Situational** is more related to countries' current political and economical happenings.
- **National** animosity, consumers' negative attitude toward a particular country
- **Personal**, drives from an individual negative experience that may have occurred through contacts with foreign country.

2.3 Moderators of country of origin effect

Chue and Kao (2004) identifying factors which affect perceived quality, beside country of origin that was described in previous chapter, distinguish following moderators of the country of origin effect on the perceived quality of a product.

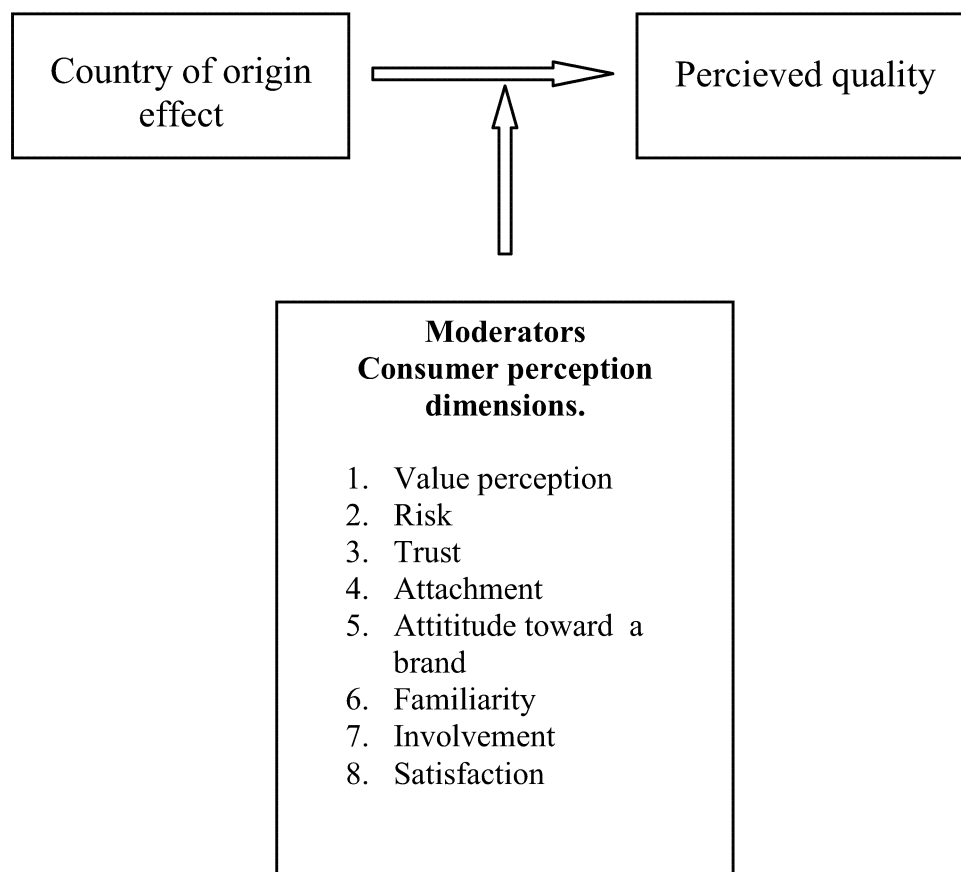


Figure 2.4: Country of origin moderators (Chue and Kao, 2004)

2.3.1 Value perception

Despite consumers' agreement on cues indicating quality, the consistence of "value" remains very much personally and idiosyncratic. Respondents in the exploratory study conducted by Zeitmahl (1988) described the word "value" as a variety of attributes and higher level abstractions. Following diverse meanings of values derived from the study:

1. Value is low price; consumers associate perception of value with what they have to give up.

2. Value is whatever one wants in a product; the benefit one receives from the product.
3. Value is the quality that consumer receives for the price paid; a tradeoff between “give” - price and “get”-quality
4. Value is what consumer gets for what they give; the all relevant “give” and “get” components.

Further Zeitmahl draws an overall definition of value based on the all four consumers’ perceptions of “value”. It is “the consumer’s overall assessment of the utility of a product based on perception of what is received and what is given. Though what is received varies across consumers (some may want volume, others high quality, still others convenience) and what is given varies (i.e., some others concerned only with money expended, others with time and effort), value represents a tradeoff of the salient give and get components” (Zeitmahl, 1988).

2.3.2 Perceived risk

Perceived risk is another factor that can moderate perceived quality of a product. Some researchers (Jacoby and Caplan, 1972; Garner 1986) divide risk into six scales: financial risk, performance risk, physical risk, psychological risk, social risk, and temporal risk. However most studied types of risk are performance risk and social risk. When consumers make a purchasing decision, especially for durable goods, beside situational factors such as price and service they consider also the long-term use of the product. Here consumers perceive the future consequences of the products owning as a component of risk. Risk is defined as “a subjective expectation of a loss” (Stone and Gronhaug, 1993). All the risk dimensions are suggested to be viewed as “an expectation of future loss that contributes to a good’s perceived value for money at the time of purchase” (Sweeney et al., 1996).

Financial risk – net financial loss to a customer including the possibility that the product may need to be repaired, replaced or the purchase price refunded.(Horton, 1976)

Performance risk – a loss incurred when a brand or product does not perform as expected (Horton, 1976).

The influence of risk on a perceived quality varies depending on a product and one’s individual level of risk aversion. Innovators probably will be less influenced by risk when

buying goods. At the same time, others can be price averse, in this situation the motivation for a consumer is a short-term loss of the cost of the good (Sweeney et al., 1996). The important implication obtained from Sweeney's risk study is that consumers' risk perception can be diminished by salespersons which can convince consumers on the product's higher perceived quality.

2.3.3 Trust

Trust is an important component of consumer relationship with the product, or more exactly, to a product's brand. Nowadays marketers become more and more conscious of building invisible bond – called trust, between consumers and product (Hiscock, 2001).

Trust is a socio-psychological phenomenon, which implies relationships of one person to other. To trust someone means that there is a high probability that the person will confirm our high expectations of the positive outcome. In the marketing situations the "other person" is defined as a brand and trust will be consequently regarded as "the confident expectations of the brand's reliability and intentions in situations entailing risk to consumers" (Ballester et al., 1999). Marketers agree that the brand trust is the basis - one of the most desirable qualities in the product-consumer relationship and the most important attributes a brand can own. Brand reliability is often stereotyped in consumers' minds and has strong connection to the image of country of origin of the brand. Similarly to any other images, the brand images stay stable over time and it is a hard job for marketers to change them. Regarding perceived quality, a strong trust bond between consumer and brand will have a positive influence on the consistent perceived quality of the product.

2.3.4 Attitude toward a brand

The attitude toward a brand or the reputation of a brand is also a potential moderator for perceived quality of a product. The dominant view in the literature about attitude toward a brand is the long-run and the overall consumers' satisfaction of a product with certain brand name, or a perception of quality associated with the brand. The association can either be linked to a certain product or to a service associated with a brand name and consequently the

reputation measures on a product level (Pepsi, Avis, Mercedes) or on a bundle of products or services (IBM, Citibank, Philips). In case of business to business industries and services, attitude is more likely connected to the reputation of the company (Selnes, 1998).

In order to develop a positive or negative attitude toward a brand, consumer need to have in minds a standard or norms associated with the product. As usually consumers exploit two different standards as “ideal” for a comparison. It can be the last purchased most preferred, most popular product or the typical performance of a particular brand. Other option can be a believed average performance of brands in same product category. Logically, consumer’s evaluation of a product, depends on their knowledge and experience with the product (Selnes, 1998).

Researchers argue that nowadays brand image and brand reputation has larger effect on consumer’s perceived quality than country of origin of a product. This happens because of the globalization of the brands and an increased overall quality of the products despite the country of manufacturing. A brand name serves as a guarantee for the quality of a product.

2.3.5 Satisfaction

Loyalty to the brand or to a product is an overall aim for managers. Consumer satisfaction is a dimension that is correlated with perceived quality and is related to loyalty. Satisfaction is assessed as an overall feeling and like the previous dimension of the attitude toward a brand, derives from a comparison of a product performance with similar products. Consumer can be satisfied with a product but at the same time they compare performance with an imagination of how the product could be (Johnson and Fornell, 1991). Oliver (1999) asserts the importance of the satisfaction for inexperienced customers that did not develop yet the loyalty to the product. Products’ approving by these customers is crucial for the next purchase decision and for developing and strengthening their long-lasting relationships with the product.

2.3.6 Familiarity

Alba et al (1987) propose two major components of consumer knowledge: familiarity, defined as a "number of product related experiences that have been accumulated by the consumers"(Alba et al., 1987) and expertise "the ability to perform product related tasks successfully" (Alba et al., 1987). In general, an increased product familiarity leads to the increased consumer expertise. However, despite an obvious sign of consumer's familiarity with a product indicated by frequent purchases and use of a single brand it still may not mean the real familiarity with a product but a habitual behavior, which does nor consist of inter-brand comparisons or extended informational search. Some consumers whose usage and purchasing of a particular product is lower and who does not possess habitual behavior can be better experts in a particular product category. The increased familiarity with a product results in the decreased amount of cues used by a consumer when evaluating a product.

2.3.7 Attachment

Some researchers consider loyalty, or behavioral loyalty in the light of emotional loyalty. They claim that emotional loyalty has been overseen by marketers despite its important role in creating relationships with consumers. Those consumers with emotional loyalty have an emotional attachment to the brand that become a basis for high level of brand preference and continued purchase (Hallberg, 2003). Hallberg's findings that emerged from analyzing more than 600000 respondents prove the impact of emotional loyalty on the sales level of the products of that brand. The greater the emotional attachment to a brand the more consumers will buy. Moreover, at the highest level of development of emotional loyalty to a brand, consumers will buy at least twice as much compared to consumers that have low emotional attachment to a brand. Consequently, the more consumers a company manages to move up to the highest level of loyalty, the higher level of success will be achieved by that company in the market place. A brand which manages to develop emotional loyalty among its customers to its products by a great number of buyers is without doubt a brand leader. Moreover, the highest attached to the product customers are responsible for the additional market share that differentiates a superior brand from its competitor.

The factors which increase emotional loyalty vary by brand, product category and country. The marketing campaign dedicated to improve emotional loyalty to the brand should be tailor-made for every particular market with further socio-, and demographical factors considerations (Hallberg, 2003).

2.3.8 Involvement

The involvement construct is close related to the familiarity with a product because individuals that are more involved into a product also tend to have more knowledge about the product. Many researchers consider involvement as an individual relevant construct, further explained as a function of the extent to which a person perceives the product to have personal relevance. This view distinguishes different levels of involvement dependent on a particular individual in a particular situation. According to previous researches different outcomes are likely to occur when purchasing is performed by high involved consumers. Some of them found that these consumers would use more criteria when making decision, others claim that they will look for more information, still others reports them to process information related to the product more detailed (Baker, 2002).

Highly involved consumers pay more attention to the new information related to the product and are more likely to evaluate this information by comparing it with related brand products' attributes. This fact is of great importance for those introducing new brand. It should be expected that a high involved consumer getting information about a new product would probably not react in the same way that a not involved consumers, who would be probably more effected a new brand introduction (Baker, 2002)

2.4 Product-country matches.

Understanding favorable and unfavorable matches between product and country can be very beneficial for companies. Roth and Romeo (1992) examined the country of origin effect in terms of the fit between countries and product categories. In their paper they suggested an approach for linking product category perceptions to country image dimensions and developed a framework which represents possible matches and mismatches between a product and a country.

Authors claim that product-country matches find place when important dimensions of a product category are associated with a country's image, otherwise a mismatch between a product category and country image occurs.

According to the framework four possible outcomes can happen (Roth and Romeo, 1992):

1. Product-country match occurs when the important product benefits are the perceived strengths of the country. For instance the German car is an obvious product-country match.
2. Unfavorable product-country match occurs when important product features are not country's perceived strengths. An Hungarian car could be an unfavorable match.
3. A favorable mismatch would happen when the country has some positive image dimensions but they are not important for the particular product.
4. An unfavorable mismatch happens when both, the image dimensions of a product are not important neither they are perceived strengths of a country.

Understanding country-product matches is important for those managers who will use country of origin effect in their marketing strategies and in the products' promotional campaigns. The fitness between a product's attributes and a country's strengths provide following implications for managers:

- In case of favorable match, promoting country of origin may enhance consumers' evaluation of the product and the willingness to buy that product. It would be beneficial to link the brand name and the country of origin, if possible, to place the information of country of origin on the packaging or on the product itself.
- When the unfavorable product-country match exists, promoting country of origin in advertising can be disadvantageous in terms of consumers' assessment of the product. Important product benefits should be emphasized disregarding the product's country of manufacturing

Mismatch cells represent some implications for managers as well:

- In case of existence favorable mismatch it may be not advantageous to promote country of origin. An option here could be altering importance of image perception
- The unfavorable mismatch is the situation when the country of origin would not be beneficial and should be ignored.

The findings from this study and its managerial implications are summarized in the Figure 2.5

Country image dimensions	
Dimensions as product features	
Not important	Positive
	Negative
Important	1.Favorable match Examples <ul style="list-style-type: none"> • Japanese auto • German watch <i>Strategic implications:</i> <ul style="list-style-type: none"> • Brand name should reflect COO • Packaging should include COO information • Product's COO promotion • Country-manufacture is important
	2.Unfavorable match Examples: <ul style="list-style-type: none"> • Hungarian auto • Mexican watch <i>Strategic implications:</i> <ul style="list-style-type: none"> • Emphasize benefits others than COO • Non-country branding • Joint venture with favorable match partner should be considered
Important	3. Favorable mismatch Example: <ul style="list-style-type: none"> • Japanese beer <i>Strategic implications:</i> <ul style="list-style-type: none"> • Alter importance of product category image dimensions • Promote COO as a secondary benefit
	4. Unfavorable mismatch: Example: <ul style="list-style-type: none"> • Hungarian beer <i>Strategic implications:</i> <ul style="list-style-type: none"> • Ignore COO- such information is not beneficial

Figure 2.5: Product-Country Matches and Mismatches: Examples and strategic implications (Roth and Romeo, 1992).

Niss (1996) disagree with those authors having same opinion as Roth and Romeo. She presents empirical findings reporting that such a representation of country of origin strategy effectiveness is too simplified. Two arguments to support this view were suggested (Niss, 1996):

1. National images are highly blurred as carriers of meaning or as potential source for dissemination of favorable product image.
2. National images should not be regarded just as an instrument to add more value to the products but also as an element in country's positioning strategy to increase awareness and to stimulate interest in the product.

2.5 Country images classification

Kleppe (2002) look on usefulness of country of origin from another prospective. She claims consumers' knowledge of the country of origin in the target market being one of the factors that determine effect of country of origin on the product evaluation. Marketers that will apply this framework in the real world have to discover the information on how strong country image is in the target market also the attitudes and beliefs consumers hold about the country-produces. This information is considered to be crucial while developing a successful country of origin marketing strategy. Kleppe (2002) further classifies country images complexity and proposes marketing implications for each of them.

Lacking or vogue country image

Country image characteristics:

- Few general associations about the country
- No country equity
- Example: Norway in distant markets

Marketing implications:

- National programs should be established to develop knowledge about country and its product
 - Halo effect should be used to connect product attribute to country image
-

Simple country image*Country image characteristics:*

- Some generic associations about the country
- Country equity built on one (strong) or a few country related intangible assets
- Example Japan in Norway

Marketing implications:

- To strength country image the message should be repeated
- By systematic varying messages a multiplex image of a country will be created.

Multifaceted country image*Country image characteristics:*

- Many associations and extensive knowledge about a country
- High country equity built on many assets
- Example: USA, France, Germany

Marketing implications:

- For different product categories appropriate associations should be selected
- Country images have to be extended across product categories.

2.5.1 Customized, versus standardized country of origin strategy

For the countries operating in several markets the question of customized/standardized country of origin strategy is of tremendous importance. Challenges marketers meet by taking a strategy decision are associated with following issues:

- Cultural values and sociopolitical characteristics that influence consumers' perception of a product are different in markets.
- The degree of knowledge of the country varies significantly across different markets.

This means that marketers need to have the information from each target market what specific image they do have about country of origin and how they will react to the prospective marketing country of origin promotion. (Kleppe et al., 2002)

Standardized product-country image requires a situation when "the image should be relevant across products but specific enough to differentiate products from their competitors" (Kleppe et al., 2002). Otherwise a strategy of several images adapted to a specific product should be developed.

Kleppe (2002) suggested possible strategies that depend on product country image across products and product country images across target markets.

2.5.2 One strategy for all products across all target markets.

This strategy represents the most efficient one since a company can use the same strategy, material, packaging, and promotions for all markets. On the other hand by adopting the standardized strategy there is a risk of a poor fit with the product characteristics and a poor fit with the target market. When the target markets lacks or has only vague image of the country of origin, a strong and consistent message about the origin country has to be provided. The challenge here is that consumers have to be educated on both, country and product knowledge. In case of simple country image a standardized strategy will strengthen one particular association. This strategy represents the first stages of image building with focus on a clear and consistent message, but it does not contribute to the multifaceted image of a country (Kleppe et al., 2002).

- A standardized strategy will provide establishing and strengthening country associations in case of lacking country image.
- A consistent country of origin messages across product over time is required to create strong and distinctive country associations.

2.5.3 Strategies adjusted for product, but standardized across target markets

Using a strategy that is adjusted for the products' specific characteristics is another possibility to increase country's competitive advantages. However, not adjusted to the target market

strategy may not have the same effect on the customers in all markets, especially when products are advertised on contrasting associations. This strategy can be damaging for image's development in its starting phase when the country's image is still vague. Thus when the country image is based on a few associations or simple images, the risk of misunderstanding is lower. The multifaceted country image has the lowest risk of confusion. All mentioned above, leads to the conclusion that strategies adjusted for the products but standardized across target markets are more matching for the countries where the country image developing process has already started (Kleppe et al., 2002).

2.5.4 Standardized strategy across products – adapted to target markets.

This strategy provides the same message for all products in a single target market meaning that it involves market segmentation but no product differentiation. Since the same message is used for all products it can strengthen some single associations but it wants broad the country image. The advantage of this approach is the chance to reach the target market by customizing the message. The disadvantage exists in a long perspective when the company operates in many markets and provides there variant country image messages. As a consequence in today's, getting more global world, such a strategy can result in confusion among customers. In case of a simple or multifaceted image this strategy embodies a possibility to strengthen the present associations (Kleppe et al., 2002).

2.5.5 Strategies adjusted for both nations and products.

Strong existing association and introduction of a new one are results of simultaneous market segmentation and product differentiation. This strategy is the most advanced one compared to others strategies and it also bears the highest risk of misunderstanding by consumers. To succeed using this strategy requires the country already to have an amount of assets. In the beginning of the country image developing process this strategy may not be beneficial because of its disability to get through the customized messages (Kleppe et al., 2002).

Product-country image across target markets	Product-country image across products	
	Standardised	Customised
Standardised	Cell 1 Characteristics: One message for all products to all target markets + consistent message – too general — poor fit with product characteristics poor fit with target group Stimulates universal simplex CI	Cell 2 Characteristics: Different message for each product. No adjustment for different target markets. + good fit with product characteristics – poor fit with target market – conflicting messages Stimulates universal multiplex CI
Customised	Cell 3 Characteristics: The same message used for all products, but adjusted depending on target market. + consistent message + good fit with target market – poor fit with product characteristics Stimulates unique simplex CI	Cell 4 Characteristics: The message is adjusted both for product and target market. + good fit with product characteristics + good fit with target market – inconsistent – confusing Stimulates unique multiplex CI

Figure 2.6: Country images qualities and trade offs between standardized versus customized marketing strategies. (Kleppe et al., 2002).

2.6 Practical implications of use of country of origin strategy

In spite of the frequent research in the marketing literature on country of origin effect, few studies have documented evidences of the use of country of origin marketing strategies in real world by international companies. The questions about how, where and when country of origin strategy can be successfully implemented are still unanswered (Amine et al., 2005). Niss (1996) conducting a research of Danish companies was one of the few researchers attempted to give some answers on these questions.

2.6.1 The use of country of origin in consumer vs. trade marketing.

Generally, the nationality of a product is believed to be important in evaluations of a product by consumers as physical person, however empirical findings shows that is even more important the country image is in trade marketing and business to business relationship (Niss, 1996). In reality, there are importers and channel intermediaries who make decision of purchasing the product. Developing and maintaining good relations with those decision makers through a positive country image is an important element in the marketing process of the company. In many cases country of origin is considered as a sign of product quality, negative country image can be a reason for excluding the country's product as a purchasing alternative. Norway harvests a glory of the image the Scandinavian countries generally have worldwide. Its common image of economic development, social infrastructure, clean environment, political freedom gives Norway a chance to be noticed among big players in the competitive business environment around the world (Niss, 1996).

2.6.2 The use of country of origin over the product life cycle.

An important finding that came out in the research is the timing of country of origin strategy. According to the results of the survey 65 % of Danish companies used some elements of country of origin strategy in their export marketing. These results provide a support to the hypothesis suggesting that country of origin effect will be more frequently used in the introduction stage of the Product Life Cycle than in the growth or maturity stage. The explanation of this tendency is that using the country of origin references in the introduction stage will allow companies to expand in the new market quicker than otherwise by using a brand-strategy. As the time pass by, companies focus more on creating strong brand names and product images, shifting the strategy from country of origin to branding (Niss, 1996).

2.6.3 The relationship between company size and the use of country of origin

One more issue connected to country of origin strategy is the size of a company and its international orientation. According to Niss's findings (1996) it seems like rather small and medium sized companies prefer country of origin strategy than the big companies, which

consider the use of nationality immature. Some Danish executives representing international companies say following about the use of country of origin strategy:

“Basically we do not need the national image to sell our products abroad. Our products are known for their quality, and that is what we focus on in our international marketing.”

and

“We used to mention our nationality earlier, but not yet anymore. Today our brands are strong enough to sell by themselves-their Danish origin is not longer relevant.”

Their viewpoint is that country of origin strategy is something “outdated” that can not longer be used because of the increasing competition on the international area.

Small companies that often experience some shortage of resources to develop and introduce their own brand have different opinion of use of country of origin:

“When you first enter the market you need something to “hang on to” in the image building process-and if your resources id scarce, nationality is the only tool of differentiation you have got. Once you have established yourself and have achieved a certain degree of customer loyalty, it matters less.”

It has been found that country of origin effect is used more frequently by larger companies when they do have resources to diversify their international marketing activities. In this case they are in the small companies’ situation, relying on country of origin strategy as a quickest way to penetrate new markets.

The country of origin market penetration and brand marketing penetration can be described by two learning curves (presupposed constant marketing spending). As can be seen from the Figure 2.7 the brand name curve rises slowly in the beginning of the product life cycle but than rises fast afterwards, this happens most likely because of the time needed for new-created brand to become known but the profits are increasing rapidly once image has been created. On the other hand country of origin strategy which draws benefits from already existent image get the curve to raise quick in the introduction stage flattening on the earlier stage than brand name strategy. The conclusion is that in the short term the country of origin strategy is likely to bring benefits for a manufacture but since images created by brand names hold

stronger in consumers' minds than countries' images; in the long run using this strategy can become a competitive disadvantage for a company (Djursaa et al., 1991).

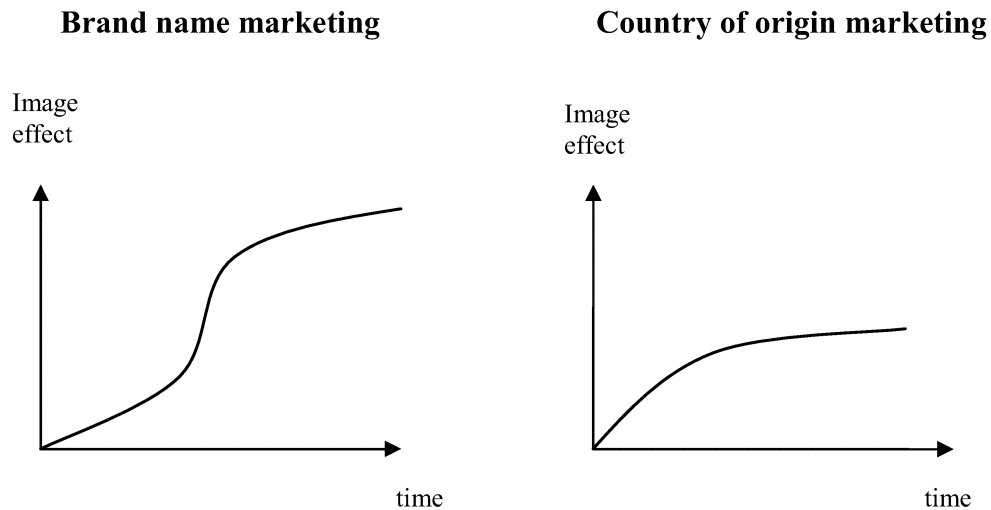


Figure 2.7: Market penetration strategy (Djursaa et al., 1991)

2.7 Strategic approach for managing country image

Kotler (2002) stands a question “Can a country be a brand?” According to the common view in academic literature brand “has social and emotional value to users”, “brand have personality and speak to the users”, brand enhances the perceived utility and desirability of a product”. If there is a positive answer for the question and a country can function as a brand, country’s name is responsible for the associations it may add or subtract from the perceived value of a product. Consequently country names should be managed in a similar way as brands.

According to Kotler (2002) for a successful country branding managers should employ following strategic approach:

1. SWOT analysis to find out country's strengths, weaknesses, opportunities and threats has to be performed
2. Industries, personalities, natural landmarks, historical events has to be chosen to provide a fundament for strong branding and story telling
3. A concept consistent with all branding activities of a country should be developed.
4. The country should then assign national funds to every branding activities that have potential of a large impact.
5. Export control than should be created to ensure that each exporting product delivers what it has been promised.

2.8. Rules of origin and WTO.

Nowadays when productions becomes an extremely complicated process that includes designing, sourcing, manufacturing, and often each of them takes place in different country, it becomes extremely difficult to determine where the product comes from. World Trade Organizations tool responsibility of setting up a guider for solving issues linked to country of originating – “Rules of origin”. These rules are important in implementing such trade policy instruments as (WTO, 2006):

- To implement measures and instrument of commercial policy (antidumping duties, safeguard measures);
- For the purpose of statistic
- For the labeling
- For government procurements
- To determine whether products shall receive Most Favored Nation treatment.

It is a big variety in what roles of origin a particular country apply in practice. Need for harmonization of rules of origin is forced by business globalization and increased international trade. Those harmonized rules would be applied by all countries and that will be

the same whatever the purpose they are applied for. They will be used not only as a device for supporting trade policy instrument but also as an actual trade policy instrument.

The Rules of Origin Agreement (WTO, 2006) requires WTO members to ensure that:

- their rules of origin are transparent;
- they do not have restricting, distorting or disruptive effects on international trade;
- they are administered in a consistent, uniform, impartial and reasonable manner;
- they are based on a positive standard

The Agreement intended to be a long term harmonization of rules of origin that does not create any unnecessary obstacles for the trade.

2.9 Limitations of country of origin studies

Although the country of origin effect has empirical evidence that it does influence consumer's attitude and preferences some authors maintain the view that country of origin is only one of numerous extrinsic cue extrinsic and intrinsic cues available for consumer in purchasing situation. It is being claimed that in real purchase situation consumers are engaged in the process of information search where they are more likely to lessen the importance of country of origin cue (Agrawal and Kamakura, 1999).

Others argue country of origin researches in latest years was not carried out because of their managerial importance or academic value rather because of their convenience and research feasibility; the studies have been completed by ignorance of companies' and consumers' real needs making the entire principle of undertaking a research incongruent (Usunier, 2002).

Usunier (2002) came up with some issues related to the problem of relevance of the country of origin effect in the real world.

2.9.1 Is it still important for consumers where the product was manufactured?

Some findings question the original assumption underlying theoretical resources of Country of Origin effect, where consumers consider this extrinsic cue as an important attribute of a product. For instance, Hugstad and Dag (1986) investigating the American market find out that the country of origin is an unimportant product attribute for about 60 % of the sample. Thus the importance seems to vary across product categories. When one is about to purchase a car, 74 % of consumer do care where it comes from. Generally they stated that only 11 % were concerned of the origin of the product. In other countries the situation is similar, just 35 % of sample of French consumers did know where they latest purchases coming from and only 16 % of them preferred products made in France (Usunier, 2002).

2.9.2 The gap between consumers' perceptions and behavior .

This issue is probably a consequence of the specification of the experimental design where respondents are in the situation to elaborate the country of origin as a single cue, what resulted into an overestimation of the importance of country of origin effect. Petersen and Jolibert (1995) gave evidences that when considering country of origin as a single cue the average effect is 0.30 but in multi-attributive studies, where country of origin evaluates together with other extrinsic cues, such as price, store, brand, the average felt to 0.16.

Another view is that the country of origin has more influence on the perceived quality than on purchase preferences. (Steencamp, 1999) what is another prove that consumers are not aware of country of origin in the real purchase situation

2.9.3 Is the country of origin information still available for consumers?

Compared to the origin labeling in domestic markets where each company is free to indicate the origin of a product, rules of origin is the key element of international trade regulations. It is a custom officer's obligation to know where the product comes from based on the

certificate of origin. The certificate of origin is directly indicated on the origin label market on the goods (“made in”). One factor that contributed to decline of importance of country of origin of goods is decline of the custom’s duties linked to this, from about 40 % in 60-70 year to 3 % nowadays.

In the beginning, the GATT treaty allowed its countries to define own rules of origin, that resulted in the large amount of rules for defining the origin of imported goods. Standardization of rules started with the Agreement of Rules of Origin at Uruguay negotiations round in 1994 (WTO, 2006). WTO policy says that rules of origin should no more be used as protectionist trade instruments meaning that origin labeling should not discriminate against the export from particular countries. For instance, those countries that have disadvantageous image as manufacturer (developing nations) are discriminated against newly industrialized countries while libeling. That is why obligatory libeling may function as non-tariff barrier.

The improvement of country of origin rules resulted into lessened marketing of exported products. Additionally, global companies choose to not inform their customers about where product is manufactured due their preference of manufacturing in low-cost countries which generally have weak country image among consumers.

As a consequence, country of origin in international trade became more and more blurred and unclear. Now, for the customs’ workers it is sufficient to have county of origin declared in the documents even if no libeling exist directly on the goods. Samiee (1994) give some examples of uninformative labels such as “made in Europe” or “made in Asia”, also some humorous as “made in nowhere”. Salespeople go along with this trend as well, preferring to not inform customers about originating of the product.

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2.9.4 Does the influence of the brand image tend to blur the country of origin image?

Another fact against country of origin effect is a growing extension of companies abroad, their globalization that often result into the practice of selling the same product under the same brand name in many countries. In this case, the country of manufacturing is often different than country of design or country of the brand (Apple iPod, designed in California,

USA assembled in China) and consumer may also evaluate this situation differently. The question is which of them has more influence. Several researchers examine these issues without coming to similar conclusions. Han and Terpstra (1988) find out that “sourcing country has greater effects on consumer evaluations of product quality than does the brand name”. Eroglu and Machleit (1989) had evidences that consumers pay similar awareness to brand and country of manufacture. In case of industrial goods Ahmed et.al (1994) concluded that companies distinguish country of design as more important than country of brand or manufacture in the organizational purchases.

3. METHODOLOGICAL FRAMEWORK

3.1 Role of marketing research.

Nowadays when competition for customers between companies is growing rapidly regularly conducted marketing research is crucial. Marketing research can be understood as a communication link between consumer and managers that help in defining consumers' need. That is why understanding of what marketing research is, and what one can do with it is a mandatory issue for anyone who studies business or works in this area.

There are many definitions of "marketing research":

- the process of systematically gathering, analyzing and interpreting data pertaining to the company's market, customers and competitors, with the goal of improving marketing decisions (cfdccariboo.com/glossary.htm).
- the facilitating function of collecting and interpreting data on consumer demands and characteristics so that firms can develop new products and sell existing ones profitable (crfonline.org/orc/glossary/m.html).
- the function which links the consumer, customer, and public to the marketer through information – information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve our understanding of marketing as a process (ama.org).
- research that gathers and analyzes information about the moving of good or services from producer to consumer (wordnet.princeton.edu/perl/webwn).

Despite the variety in the definitions the corner stone of a marketing research is gathering and analyzing information connected to the companies' business activities. More specifically information for using in four different areas (Churchill and Iacobucci, 2003): generation of ideas for marketing actions, their evaluations, general understanding of marketing processes and the evaluations of results compared to the goals.

Marketing research can be used for following reasons (Churchill and Iacobussi, 2002):

For planning

When the need for estimation the size and scope of a potential market exist or to uncover other market opportunities. Questions connected to segmentation (what kinds of people buy our products? Where do they live? How much do they earn?), and demand estimation (Are the markets of our product decreasing or increasing? Are there any promising markets we did not reach yet?) can help managers to give solution for the problem.

For problem solving

These researches are dedicated to find good solutions for existing short and long term issues related to marketing mix. Questions focus on discovering trends within the elements of marketing mix: product (What kind of packages should be used? What is the forecast for the product?); price (What price is right for the product? How sensitive are buyers for price changes? What is the lowest reachable price that does not go over quality for our product?); place (How are relationships with our distributors? Where are our products sold?); promotion (How much should be spend on promotion? What combinations of different promotion methods should be used?; What advertisement should be used and with what frequency?).

For control

A successful product management requires a constant monitoring of current situation. These research questions will help for management to discover a potential trouble shooter (what is our market share overall? Are customers satisfied with our products? Are our employees satisfied? How is our service?).

In this research the implications of the study are believed to be used for planning. The intention is to help Norwegian fish companies to plan their future development of the relationship with Ukrainian market including relationships with Ukrainian importers of Norwegian fish and also for a prospective developing of a marketing program that will increase the interaction of Norwegian producers with Ukrainian consumers.

3.2 The process of research

Every research project is unique and requires a tailor-made specification of the research process. It will be dependent on the company's marketing research program, the purpose of the research and many others factors that are exclusive for every research project. However, there are some general steps that should be followed when doing any research including a marketing research. The research process consists of following steps.

3.2.1 Formulating a problem

"A problem well defined is a problem half solved" this well known, universal saying is applicable also for marketing researcher (Zikmund, 2003). For a meaningful and effective research process, the well defined and clear problem definition is of great importance. Precise defined and formulated problem can save a marketer for a lot of mistakes. Unfortunately the latest trends indicate the inverse process when the researcher starts the research in the beginning without having a picture of the outcome (Churchill and Iacobussi, 2002).

3.2.2 Determining research design

Research design is a specific plan of the methods and procedures for collecting and analyzing the needed information (Zikmund, 2003). Research designs make certain that the study is relevant to the research issue and ensure use of economical procedures. The objective of the study, timing of the decision, expenses of data obtaining and availability of information are among most frequent factors to influence choice of research design.

3.2.2.1 Exploratory research

The exploratory research - the most flexible one, here researches follow their experience on the way of learning more about the problem. Exploratory research is exploited in case of general problems discovered by managers, in order to make them clear and gain better understanding of the aspects of the problem. Generally, exploratory research is undertaken as a preliminary step to the following research directed to solve the problem and is a foundation for a good study. The most often used type of exploratory research is **literature review** search

(Churchill and Iacobussi, 2002). Discovering previous study on the related topic to study issue is the cheapest and quickest way to clarify the problem. The manager should not have forgotten that the main goal of the descriptive research to formulate hypothesis, not finding the explanation for the relationships among variables. The last should be carried out in the most advanced, casual or descriptive research design. Another common mean of the exploratory research is the experience survey dedicated to obtain the information from experts that are familiar to the topic. In the business study these individuals can be everyone from the top executive from the company to a regular consumer of the product, including sales managers, product manager, retailers and others elements of the distribution chain. The crucial is to find a right person that not only possesses useful information but also can disseminate this knowledge. Focus group is a technique most frequently used in a marketing research (Churchill and Iacobussi, 2002). The marketers bring some people together and talk about the problem issue. Each person is free to present their own ideas for others and participate in the discussion.

In this framework literature review and experience survey have been used. Through the articles obtained from electronic databases, reading relevant news papers from Ukraine, and books the extended literature search was accomplished. The Country of origin problem is one of the most studied topics latest 20 years, yet the uncertainty about any effects of this extrinsic cue on purchasing choices has been growing the more the topic was investigated. Therefore, the theoretical framework includes both, the basic view on the effect of country of origin, from the years when it was just discovered and the latest critical review on the relevance of the country of origin effect.

To tap additional knowledge about the Ukrainian fish market and trading of Norwegian fish to Ukraine, Norwegian Seafood Export Council has been contacted. The market chief for the Ukrainian market came up with interesting information and advices. The knowledge obtained from the NSEC directed the whole research process into the right channel which further also helped the author in creating surveys and discovering managerial implications of the study for Norwegian fish companies.

Besides investigating current conditions of the Ukrainian market and its readiness for implementing the country of origin strategy, some hypothesizes related to consumers' ethnocentrism and country of origin image has been created. Based on the empirical findings

provided by previous researchers on consumers' ethnocentrism and country image hypotheses are stated as following:

H1: Younger consumers will demonstrate less ethnocentrism than older consumers.

H2: Highly educated consumers will demonstrate less ethnocentrism than those with low education

H3: Older consumers will exhibit higher level of knowledge about Norway than young consumers.

H4: Highly educated consumers will demonstrate higher level of knowledge about Norway

3.2.2.2 Descriptive research

Another type of research design is a descriptive research. This type of research should be considered when there are needs for:

- describing characteristic of certain groups
- estimating the proportions of people with similar needs, characteristics and behavioral likeness
- making predictions

This design requires a clear understanding by marketer how the information has to be collected, by means of survey, experiments, secondary data studies or observations. Basic types of descriptive research are cross-sectional and longitudinal study (Churchill and Iacobucci, 2002). Cross-sectional study occupies a sample of elements from the populations of interest, on the other side longitudinal, occupies a panel or a fixed sample of elements. The panel can be exposed for different actions. For a repeated measurement of the same variable, in this case we deal with true panel, or for the measurement of different variables called

omnibus panel (Churchill and Iacobucci, 2002). The volunteer participation in the panels is the reason of the method's main disadvantage – being a non-representative, which can later also cause errors in the findings. Thus the method has also advantages, among them its analytical nature in respect to demographical data, such as age, education and occupation, which on the other hand is missing in the cross-sectional studies. The cross-sectional studies have two main descriptors: it is provided one time at a single point of time and the sample of elements as usually are representative for the chosen population (Churchill and Iacobucci, 2002).

3.2.2.3 Causal research

The casual research uses to define interaction among variables. This type of research seeks evidences to confirm or reject the expected relationships. In the business study, managers often explain that one factor, for instance number of customers is predicted by another factor such as store location, “X is a cause of Y” (Zikmund, 2003). Casual research aims to describe characteristic of a phenomenon and answer the questions such as who, what, when, and where. The core difference of descriptive research from exploratory is that the first one is undertaken first after the problem has been understood and clarified.

A convenient method to obtain evidences for a causal relationship is an experiment. This method can easily provide evidences of causal relationships because of its ability to control one or more variables that gives more confidence in discovering any relationships.

A field experiment is a research in a natural situation while a laboratory experiment is an investigation in created by a researcher conditions. Although experiment is a convenient method to discover the relationships among variables, there are some important problems with this type of research, its high cost, time-consuming, and the high control requirements (Churchill and Iacobucci, 2002).

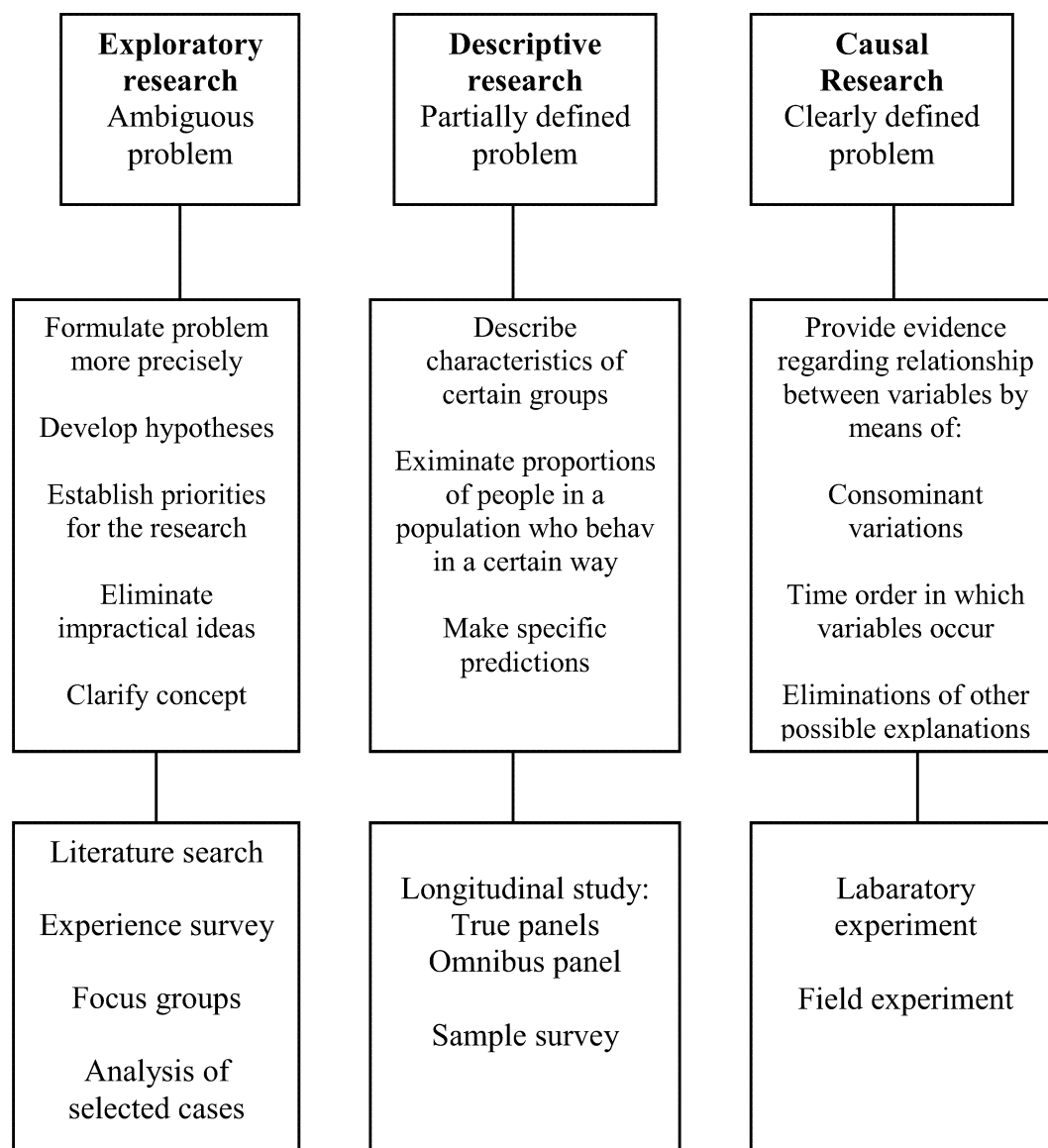


Figure 3.1: Types of research design (Churchill and Iacobucci, 2002).

3.2.3 Sampling and data collection

The quickest and cheapest way of collecting the data is using secondary data. Here researcher can easily obtain the necessary information from the library or Internet but then two serious problems can emerge. First, as usually those data rarely fit perfectly into the problem and second the question of the accuracy of the previous research and consequently, the reliability of the current research becomes questionable (Zikmund, 2003).

The secondary data has been used to accomplish the first part of the paper, theoretical framework and also for obtaining the information on some general indicators of Ukrainian economy and Norwegian seafood production.

Primary data promises more precise information but on the same time it is more costly and time-consuming. Following types of primary data can be distinguished:

- demographical - socioeconomic characteristic
- psychological – lifestyle characteristic
- attitudes, opinions
- awareness, knowledge
- intentions
- motivations
- behavior

In this paper an attempt to discover some aspects of Ukrainian populations as seafood consumers has been made. The demographical, socioeconomic, lifestyle, attitudes and knowledge type of data has been collected.

A principal decision to be taken by a researcher is how the primary data will be collected, through the communications means or through observations. Again, the choice depends not only on the versatility of the technique but also on the time and cost budget of the study. Data collected with help of observational techniques as usually is more accurate and objective, whereas communication techniques are advantageous in terms of its versatility, rapidity and low cost (Churchill and Iacobucci, 2002).

3.2.3.1 Developing the instrument

The primary data in this thesis has been gathered using questionnaires, one of communications techniques method. The questionnaire included following: (see Appendix 1, 2):

- Demographical items
- Questions related to seafood consuming
- Questions related to the issue of originating of seafood product
- Consumers' ethnocentrism scale
- Country image scale

To measure consumers' ethnocentrism the short, 10-items version of Shimp and Shama's CETSCALE has been used. Respondents have been asked to express their level of agreeableness with statements in the questionnaire on the 7-point Likert scale, from 1- strongly disagree to 7- strongly agree.

The Norwegian country image has been measured using COISCALE developed by Martin and Eroglu (1993) that measures descriptive, inferential and informational beliefs about a particular country (Martin and Eroglu, 1993). Individuals were asked to rate Norway against series of descriptors on the scale from 7 to 1. A "1" would indicate the highest level of development of the country, and a "7" the lowest level.

The questionnaire in this research included two scales, to measure the psychological attitude and the image of a country. It feels naturally to write some theory underlying scales of measurement. A very broad definition of measurement is that it is a role that tells how to assign number to subject in a way that will represent quantities of attributes. The important thing when assigning numbers to attributes is that the numeral properties reflect properties of attributes (Churchill and Iacobucci, 2002).

There are different types of scale that can be used in measurement: Nominal scale simply assigns a number to a characteristic. For instance for identifying "YES" or "No" answer, number 1="YES" and 2="NO". In ordinal scale, range or order of measured object is to be identified. The greater the number the greater is the property (Churchill and Iacobucci, 2002).

The numbers in an interval scale tell how far from each other the objects are when measuring an attribute. In this case the differences can be compared; difference between “1” and “2” is the same as between “3” and “4”. A classical example of interval scale is a temperature scale. The meaningful measures of an interval scale are measuring of mode, mean, and median.

Ratio scale has a natural or absolute zero. It measures rather absolute than relative quantities. Those dealing with financial issue mostly exploit this type of scale.

In the behavioral research the most often utilized scale is the interval scale (Zikmund, 2003)

Types of measurement scaling for COISCALE and CETSCALE were determined by their authors as interval scales.

Questionnaire to investigate the preferences and attitudes among Ukrainian fish importers consisted of nine questions related to Norwegian seafood on the Ukrainian market (see Appendix 3, 4).

Both questionnaires have been translated into Ukrainian and Russian languages by author who is originally from Ukraine and is bilingual. Due lack of resources no back-translating has been performed.

3.2.3.2 Sampling

After the problem has been defined and measurement instrument developed, sampling procedures are about to be planned next. Sample designing consist of the following elements: the sampling frame, the sample collection process and the size of the sample. Who is to be sampled, is the question to answer regarding the first element. In business research as usually the sample represents, target market, potential or existed customers. The size of sample is another important issue because the size affects the reliability of the research (Zikmund, 2003).

The first step of the sampling process in this paper consisted of deciding what elements the target populations should consist of. In case of researching attitudes and preferences of Ukrainian consumers toward seafood products, the target population was defined as any individual making everyday food purchasing but preferably those doing it more frequently and those with stronger purchasing power. Logically, there were Ukrainian citizens, adults

over 18 year old. Despite the high incidence of the target populations the fact of limited resources allowed to provide research only in one, middle-sized (350000 inhabitants) city of Rivne in the western part of Ukraine.

The sample for the study of Ukrainian fish importers was all the Ukrainian fish-trade or seafood producers companies that import Norwegian fish. Since eastern part of Ukraine is more industrialized, majority of the sample elements were situated in that part.

Choosing an appropriate sample procedure is linked to the identification of the sample frame. There are two categories of sampling techniques. In a probability sample each element has a known, non-zero chance to be included in the sample. A non-probability sample relies on personal judgment, and is distinguished by the fact that there is no guarantee that the sample is representative. The non-probability sample due its non-representative factor excludes an assessment of “sampling errors”. Yet without knowing about error of sampling procedures, the precision of the findings may be blurred. There are following types of non-probability samples plan. A convenience sample or an accidental sample includes respondents that just happen to be there where the research is obtained. The main disadvantage of this method is that the researcher can never know whether the sample is representative for the target population. When exploiting a judgment sample respondents are especially selected as those who really can contribute to the research purpose. During a quota sample plan researcher ensures that the sample represents respondents with the same proportion of different characteristics as a proportion of those characteristics in the population (Churchill and Iacobussi, 2002).

Probability sample planes are further divided into following types. Simple random sampling ensures that every element in the sample has an equal chance to be selected. In stratified sample plan first, parent population is divided into mutually exclusive and exhaustive subsets and than using simple random sampling the element will be chosen independently from each group. Cluster sampling is similar to previous plan, the population first is divided into mutually exclusive and exhaustive subsets, and then a random sample of the subjects is to be selected (Churchill and Iacobussi, 2002).

In this study non-probability, judgment sample plan has been exploited.

3.2.3.3 Data collection

Once all the preliminary stages had been defined, the data collection can start. To elude data collection errors, respondents should be interviewed by a trained interviewer that not only is reliable on asking correctly the questions from the survey but also is accurate in recording the answers.

In total 110 questionnaires have been distributed among inhabitants in the city of Rivne, situated in the western part of Ukraine. The process of questionnaire of consumers has been managed by two adults that get instructions from the author of this study. Experts, represented by 54 seafood Ukrainian traders in the first round have been contacted through sending an e-mail with attached survey. Due poor results companies has been personally contacted by the author by phone and asked to answer questions from the survey. Questions in the survey were linked to Ukrainian companies' impression of Norway as a seafood exporter and also their opinion on how consumers would react on country of origin information on the seafood products.

3.2.3.4 Demographical characteristics of the consumers' sample.

Out of 110 questionnaires distributed, 105 were returned completed, succumbing 95 % response rate. 44 % respondents out of total sample were male, and 56 % female. The "30-49 years old" group represented 50 % of the sample being most representative group, respondents of age 50+ accounted only for 12 %. The sample is also characterized by its high education level, individuals with University degree represent 65 % of total, and less educated people with only high school degree are only of less than 5 %.

Gender	Frequency	Percent
Male	46	43,8
Female	59	56,2
Total	105	100,0

Table 3.1 Gender

Age	Frequency	Percent
18-29	40	38,1
30-49	53	50,5
50+	12	11,3
Total	105	100,0

Table 3.2 Age

Education	Frequency	Percent
Highschool	5	4,8
College	35	33,3
University	65	61,9
Total	105	100,0

Table 3.3. Education

Gender-education cross-tabulation shows lower level of education by males, the group of high educated females is twice as large as high educated males.

Count

	Education			Total
	highschool	college	university	
Gender male	4	21	21	46
female	1	14	44	59
Total	5	35	65	105

Table 3.4 Gender – Education Comparison

3.2.4 Analyze and interpret the data

The collected data is useless to answer research objectives without analysis. The raw data has to be transformed into a format that can be readable by a computer or the person to carry out the analysis. First, through editing, data has to be checked for legibility, omission and consistency in classifications (Zikmund, 2003). Supervisor of the questionnaire can choose between “field” editing- provided on the same day as questionnaire process, or “in-house”- editing carefully processed after all the results have been collected. The in-house editor checks that that all answers are consistent and will not cause any problems for those responsible for coding. Editors as usually have rules that tell hove they should handle non-response. In some cases when only part of question is answered and when the answered questions are somewhere predictive for unanswered, editors may complete questionnaire. Otherwise, unfilled fields will be marked with especial number or word that tells to the coder that it is a missing value. Sometimes when the relationship between measured variables is of great importance for the outcome of the study, missed values can be replaced by a “plug value”. Rules of “plug value” vary. It can be simply average or a neutral value, or “yes no yes no” and so on rule. It is the editors’ responsibility to decide whether the entire questionnaire is usable for the prospective research, or it would be for the best to exclude that particular questionnaire from the sample.

Second, codes or rules for interpreting, categorizing, and recording the data has to be created (Zikmund, 2003). Codes are numerical symbols that characterize qualitative data. Codes give possibility to analyze data on a computer. When constructing codes, one should withhold two basic rules. First of all codes have to be provided for all subjects, objects and respondents in other words be exhaustive. Additionally they also have to be mutually exclusive and independent which means no overlapping between categories can find place. There is a possibility for a precoding when the answer choices in the questionnaire are known for the researcher. Thus if the researcher does not have defined the answer options in the questionnaire meaning that the questions are open-ended, coding can not be obtained before data are collected and classified (Zikmund, 2003).

4. EMPIRICAL FINDINGS AND ANALYSIS.

The type of analyze exploited in the research is to be determined by the research objectives, questions to be answered and relationships among variables. It can vary from the simple one such as simple frequency distribution to the advanced multivariate analyzes (Churchill and Iacobussi, 2002). Analyzing of data as usually start with tabulation - counting the numbers of cases that falls into the same category.

To analyze data in this research, first frequencies of the questions related to originating of seafood and seafood consuming were computed, with following analysis of scale results, scales' reliability and testing of hypotheses.

4.1 Analyzing quantitative data

The first question in the questionnaire was: "Which of the following countries you think is the largest exporter of seafood in Ukraine?" Results were as following:

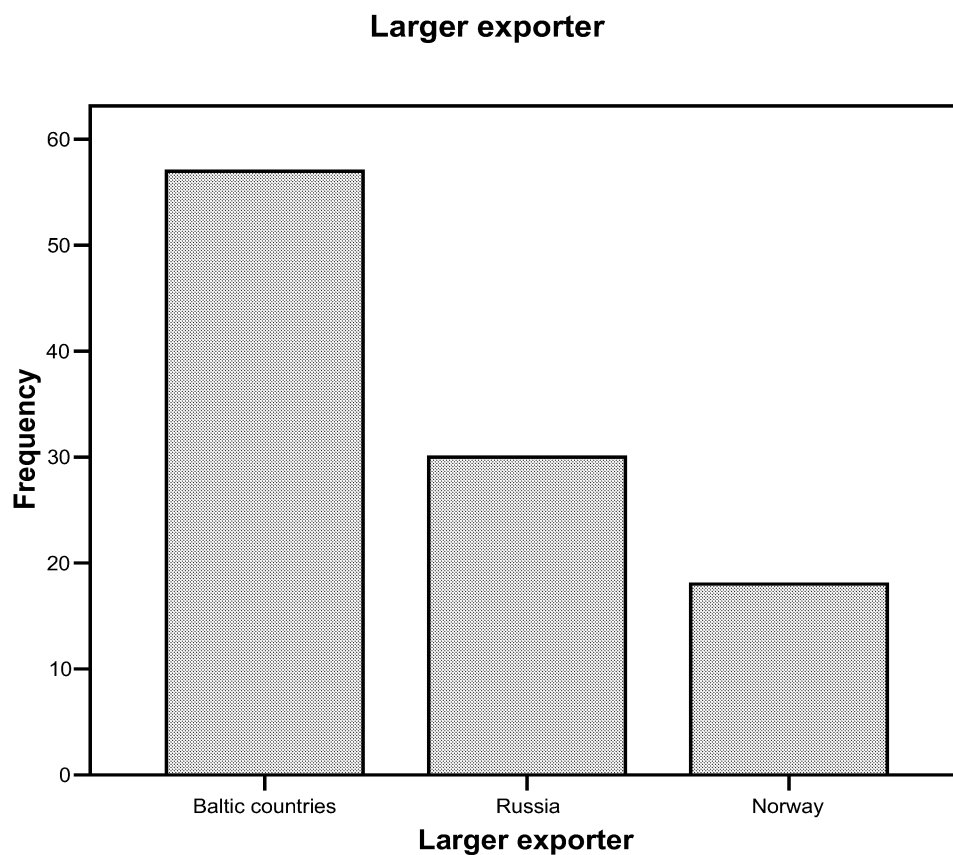


Figure 4.1: Countries, largest seafood exporters in the Ukraine.

More than a half of the sample choose Baltic countries as a largest seafood exporters, one – third selected Russia, on the third place - Norway with approximately 17 % of votes. Surprisingly, Canada was not mentioned by any of respondents at all.

The next question was dedicated to find out which country of origin of seafood product is dominating in the Ukrainian market.

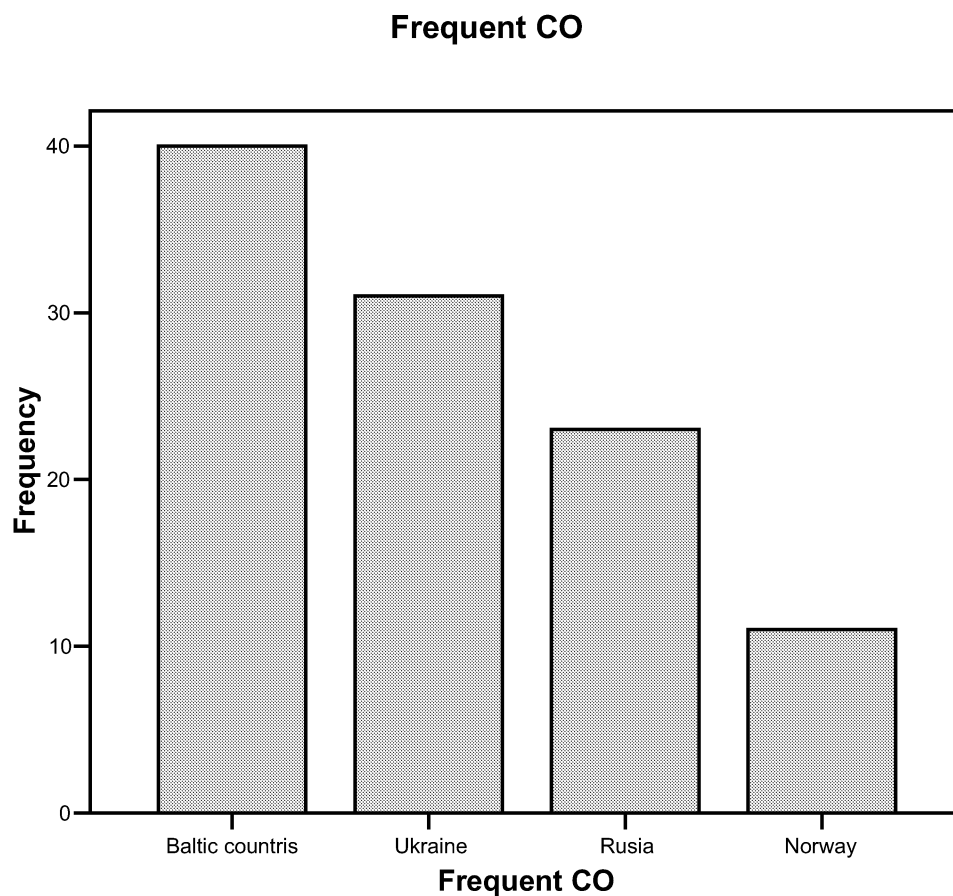


Figure 4.2: The dominating country of origin of seafood product in the Ukrainian market.

Baltic countries are also considered to be the largest region, producer of seafood products, leaving behind, Ukraine, Russia and Norway at the last places (see Figure 4.2).

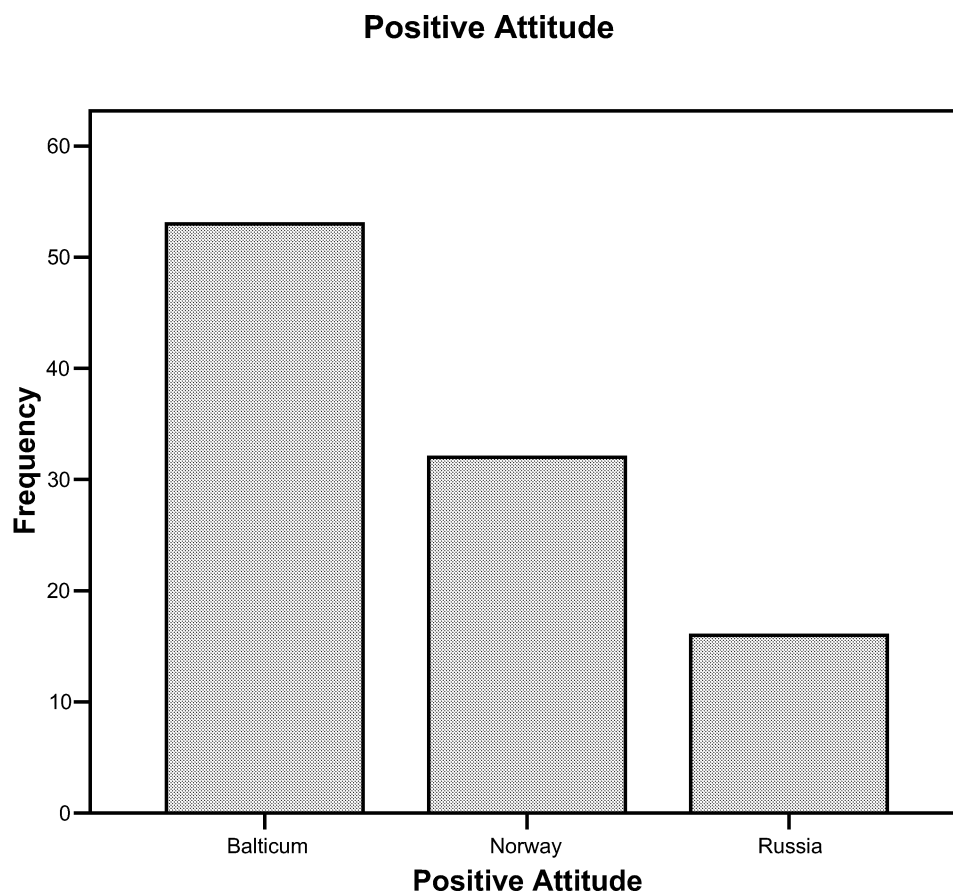


Figure 4.3: Positive attitudes toward countries exporters of seafood.

Interesting results were obtained on the question about positive attitude toward country-exporter of seafood. Majority of respondents' still selected Baltic countries, obtaining almost the same result as in the question about "Country larger Exporter", thus Russia scored much lower here, indicating that despite country is considered as one of the largest exporters, respondents positive attitude toward their seafood are lower than toward Norwegian seafood (See Figure 4.3).

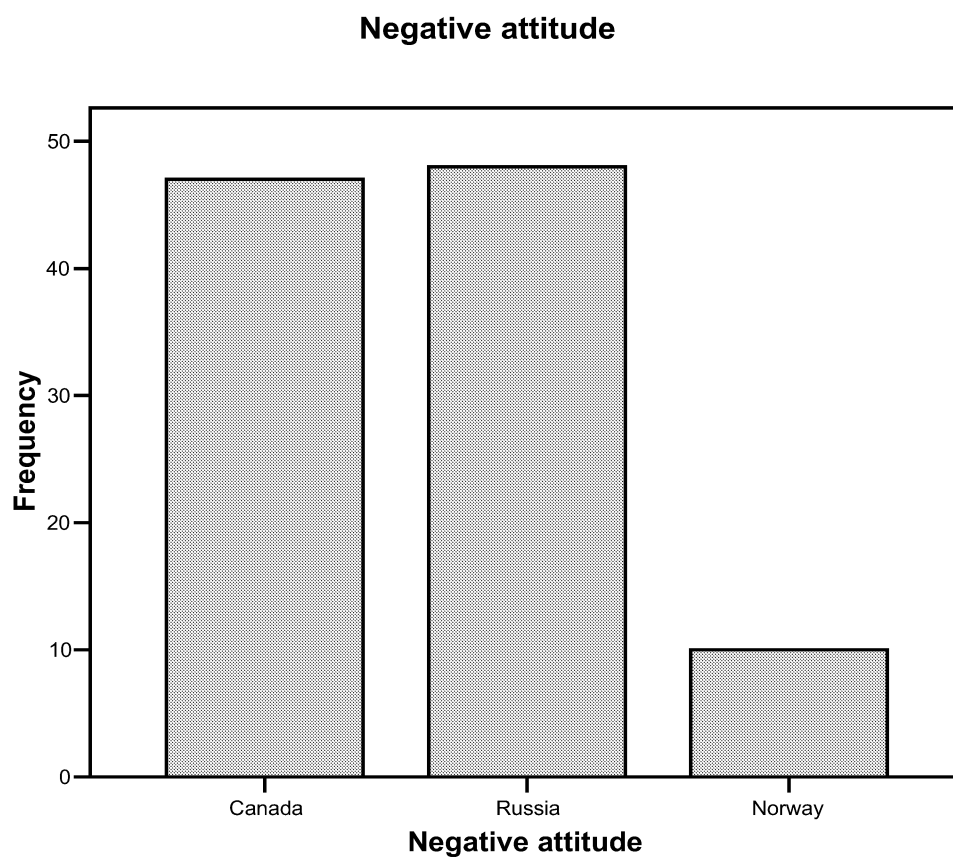


Figure 4.4: Negative attitudes toward countries exporters of seafood.

Conversely to the previous question, next question was about to find toward what country negative attitude is more likely to occur. As can be seen from the result, Canada, country that was not mentioned by respondents as one of the largest exporters of seafood get high score of 46 %, thus Russia get even higher score by 47 %. The Baltic countries were not mentioned by any of respondents.

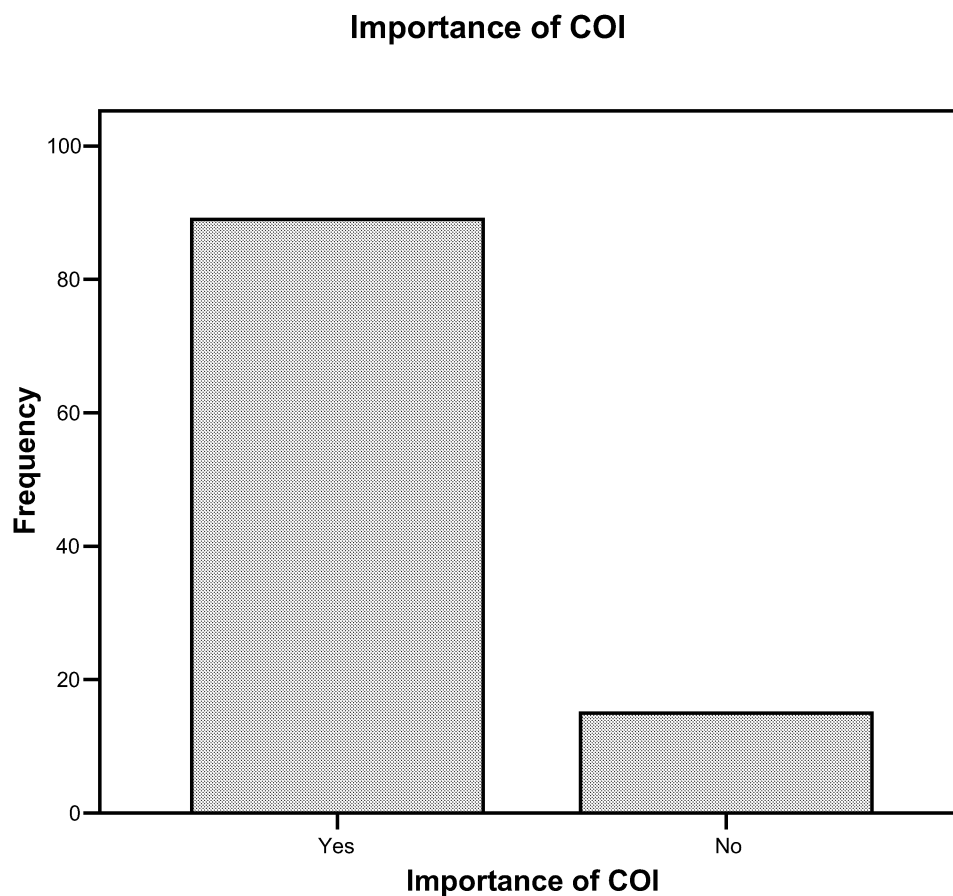


Figure 4.5: The importance of Country of origin information

According to the results regarding importance of country of origin information, almost 85 % reported this cue as an important factor when evaluating a product.

Questions on frequency of seafood consuming indicate following: an Ukrainian eat fish 3-4 times a month – 35 %, 1-2 times a month – 35 %, 5 and more times a month around 30 %. Additionally 84 % of respondents agreed that they would have eaten seafood products more often when they purchasing power will increase.

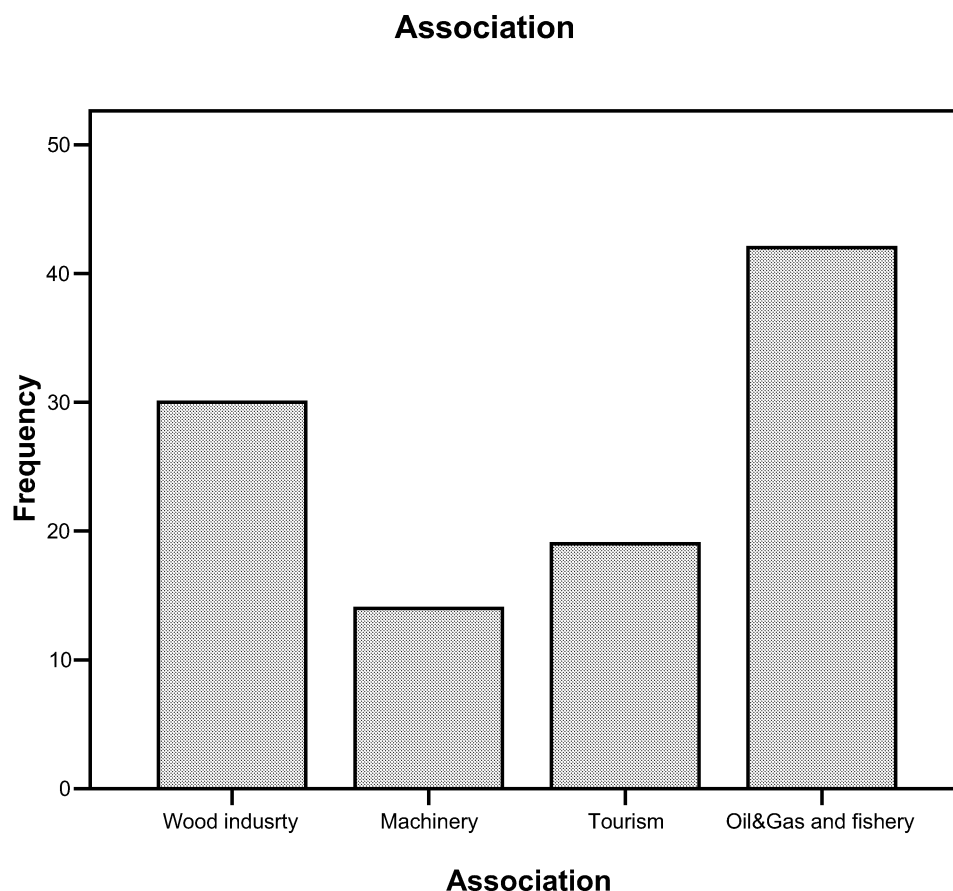


Figure 4.6: The Ukrainian consumers' industry association with Norway

The last question in this section was constructed in order to discover with what kind of industry Ukrainian consumers associate Norway. Despite the fact that not so many respondents appointed Norway as the largest exporter of fish in the Ukraine, results on this question show that Ukrainians have some knowledge about the country. 40% of respondents associate Norway with “Oil&Gas and Fish industries”.

The next step in analyzing collected data is to conduct reliability analysis of Consumers' Ethnocentrism Scale and Country Image Scale. The reliability analysis is dedicated to study the properties of measurement scale and its items. This analysis calculates a number of commonly used measures of scale reliability and also provides information about relationships between items in the scale. In other words the analysis determines extent to which items in scale are related to each other and whether all items are measuring the same construct. The underlying assumption in constructing scales is that when single items are summarized into the single score, the items are still measuring same attitude. Split-half is one of the methods that measure internal consistency of a scale. When employing this method the entire set of items will be split in two parts, then the correlation between two parts are taking into consideration when measuring reliability of the instrument (Churchill and Iacobucci, 2002).

Another, more appropriate method to measure reliability of a scale is by using Coefficient Alfa. The corner stone of this method is a domain sampling model that is about estimating the score that will be obtained if all the items in the domain were used. The acceptable alpha level is 0,7 when it is lower than this level, the scale should be eliminated for items that do not share equally.

Coefficient alpha measure of reliability was applied to both scales in the questionnaire, results show acceptable, but not perfect level of reliability.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.830	.833	10

Table 4.1: Reliability analysis for consumers' ethnocentrism scale (CETSCALE)

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.89	.90	14

Table 4.2: Reliability analysis for country image scale (COISCALE)

Alpha of consumers ethnocentrism scale is 0.83. It is lower than that obtained originally by authors of the scale 0.92-0.94 (Martin and Eroglu, 1991). The low alpha for consumers' ethnocentrism scale can probably be explained by the fact, that not original 17 items CETSCALE, but a short version consisting only of 10 items, has been used in this research. Lindquist et al. (2001) carrying out a validity test on CETSCALE in Czech Republic, Hungary, and Poland also discovered low reliability of the short version of the CETSCALE. He argues that another construct with better fit for each particular country should be developed.

The alpha of the country image scale - 0,885 indicates relatively high level of reliability and consistency of the scale.

Next step in analyzing the scales is to compute mean for both scales which will indicate the actual level of consumers' ethnocentrism level and the knowledge level of development of Norway by Ukrainian consumers.

Consumer's Ethnocentrism Scale Statistics

Mean	Variance	Std. Deviation	N of Items
36,24	101,375	10,069	10

Table 4.3: Mean score and variance of CETSCALE

Grand Mean = 3,62

	Sum of Squares	df	Mean Square	F	Sig
Between People	1054,305	104	10,138	45,687	,000
Within People Between Items	708,748	9	78,750		
Residual	1613,352	936	1,724		
Total	2322,100	945	2,457		
Total	3376,405	1049	3,219		

Table 4.4: ANOVA test of CETSCALE

The Grand Mean of the CETSCALE is equal to 3.62, on the condition that maximum possible mean of the scale is 7.0 which would indicate the highest possible ethnocentrism level by an individual, the obtained mean in this research shows rather low than high ethnocentrism feelings by Ukrainian consumers.

Country image scale statistics

Mean	Variance	Std. Deviation	N of Items
78,7905	126,802	11,26063	14

Table 4.5: Mean score and variance of COISCALE

Grand Mean = 5,6279

	Sum of Squares	df	Mean Square	F	Sig
Between People	876,357	99	8,852	21,754	,000
Within People Between Items	288,057	13	22,158		
Residual	1310,943	1287	1,019		
Total	1599,000	1300	1,230		
Total	2475,357	1399	1,769		

Table 4.6: ANOVA test of COISCALE

On the scale from 7-identifying high development stage of a country to 1- identifying low development stage of a country, in the eyes of Ukrainian consumers with a mean score of 5,63 Norway is a developed country, but not to the same extent as the country is in reality.

Analysis of variance has been conducted to determine significant differences in the level of knowledge about Norway and ethnocentrism level of Ukrainian consumers dependent on age of respondents and their education. One-way analysis of variance allows assessing the relationship of one or more factors with a dependent variable or with multiple dependent variables. The factors can be either between-subject or within-subjects. A between-subjects factor splits sample into different groups such as age or level of income. A within-subject factor has multiple level and each case from the sample is examined on a dependent variable. The ANOVA F-test analyzes whether the group means on the dependent variable differ significantly from each other (Green and Salkind, 2004).

Hypotheses related to CETSCALE were as following:

H1: Younger consumers will demonstrate less ethnocentrism than older consumers.

H2: Highly educated consumers will demonstrate less ethnocentrism than those with low education

	N	Mean	Std. Deviation	Std. Error	Minimum	Maximum
18-29	40	3,4750	1,03695	,16396	1,80	5,90
30-49	53	3,7472	1,02799	,14121	1,80	5,70
50+	12	3,5750	,78755	,22734	2,10	5,30
Total	105	3,6238	1,00685	,09826	1,80	5,90

Table 4.7. Descriptives of ethnocentrism level of group based on groups with different age.

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1,721	2	,860	,846	,432
Within Groups	103,710	102	1,017		
Total	105,430	104			

Table 4.8: Analysis of variance s between group with different age.

According to the rule that significant differences exist if Sig. is less than 0.05, no significant differences has been found among different age groups. However the means of the ethnocentrism level shows that consumers in age group 30-49 are likely to be more ethnocentric.

CETSCALE	N	Mean	Std. Deviation	Std. Error	Minimum	Maximum
highschool	5	3,4600	1,46219	,65391	2,20	5,70
college	35	3,9171	,97452	,16472	1,80	5,70
university	65	3,4785	,96881	,12017	1,80	5,90
Total	105	3,6238	1,00685	,09826	1,80	5,90

Table 4.9: Descriptives of ethnocentrism for the groups based on education

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4,519	2	2,259	2,284	,107
Within Groups	100,912	102	,989		
Total	105,430	104			

Table 4.10. Analysis of variances of ethnocentrism level between group with different education

For groups based on different level of education also no significance differences has been found Sig. is 0.102 what is higher than 0.05. However, the mean of different groups show that consumers with the college education tend to be more ethnocentric.

Next hypotheses where related to COISCALE:

H3: Older consumers will exhibit higher level of knowledge about Norway than young consumers.

H4: Highly educated consumers will demonstrate higher level of knowledge about Norway

	N	Mean	Std. Deviation	Std. Error	Minimum	Maximum
highschool	5	4,8000	,63366	,28338	3,79	5,50
college	35	5,8020	,98794	,16699	2,86	7,00
university	65	5,5978	,66078	,08196	4,29	7,00
Total	105	5,6279	,80433	,07849	2,86	7,00

Table 4.11: Descriptives of level of knowledge about Norway for the groups based on education

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4,547	2	2,274	3,697	,028
Within Groups	62,735	102	,615		
Total	67,283	104			

Table 4.12: Analysis of variances of level of knowledge between group with different education

Analysis of variance of means of consumers with different education (Table 4.12) indicates significant differences. Sig. is less than 0.5, it means that at least two groups have significant differences in their judging of level of development of Norway.

Further, Scheffe test (Table 4.13) confirms the differences between groups of respondents with high school education and college education. It indicates that consumers with college education have image of Norway as a more developed country than consumers with only high school education

(I) Education	(J) Education	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Highschool	college	-1,00204	,37494	,032	-1,9335	-,0706
	university	-,79780	,36397	,096	-1,7019	,1063
College	highschool	1,00204	,37494	,032	,0706	1,9335
	university	,20424	,16442	,465	-,2042	,6127
University	highschool	,79780	,36397	,096	-,1063	1,7019
	college	-,20424	,16442	,465	-,6127	,2042

Table 4.13: Sheffe test on significance differences among groups

Next, ANOVA to discover significant differences among group with different age has been undertaken.

	N	Mean	Std. Deviation	Std. Error	Minimum	Maximum
18-29	40	5,4214	,85052	,13448	2,86	7,00
30-49	53	5,7197	,78906	,10839	3,93	7,00
50+	12	5,9107	,57072	,16475	5,14	6,64
Total	105	5,6279	,80433	,07849	2,86	7,00

Table 4.14: Descriptives of level of knowledge about Norway for the groups based on age

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3,111	2	1,556	2,473	,089
Within Groups	64,171	102	,629		
Total	67,283	104			

Table 4.15: Analysis of variances of level of knowledge between group with different age

No significant differences in the knowledge of Norwegian development based on different age have been found, Significance level is higher than 0.05.

H1: Younger consumers will demonstrate less ethnocentrism than older consumers	Not supported
H2: Highly educated consumers will demonstrate less ethnocentrism than those with low education	Not supported
H3: Consumers with high education will demonstrate higher level of knowledge about Norway	Supported
H4: Older consumers will exhibit higher level of knowledge about Norway than young consumers.	Not supported

Table 4.16: Summary of the hypotheses testing.

4.2 Analyzing qualitative data

The Norwegian embassy in Ukraine keeps eyes on Ukrainian business partners of Norwegian companies. They created a register of the companies that trade Norwegian fish. These Ukrainian companies were the sample for the qualitative research on the subject of originating of seafood and its influence on consumers.

In the first stage of the research process all the companies from the register have been contacted via e-mail where they have been asked to fill out the questionnaire (see Appendix 3, 4). Due poor response from respondents the companies has been contacted directly through the phone and asked the question from the questionnaire. As usually the respondent would be a person having a position of purchasing manager or even a commercial director. This action thus its inefficiency in terms of time and cost gave a plenty of additional information which could not be acquired through the e-mail survey. The survey consisted of following questions:

1. What kind of fish do you import from Norway?
2. Are you satisfied with quality of that fish?
3. Is the price acceptable?
4. Do you prefer Norwegian fish to fish from other producers? If Yes, why?
5. Do you inform you clients that your fish originate from Norway?
6. Do you think that information about Norwegian originating of seafood would have positive effect on the purchase decision of buyers?
7. Do you think that Ukrainian consumer has generally positive attitude for Norway?
8. Do you think that generally, country of origin ("made in") is an attribute of a product that influence Ukrainian consumers' purchasing choice?
9. Your customers have a favorable impression of following countries as fish producers :

Following information has been collected.

The contacted Ukrainian companies are importing variety of fish types and fish products from Norway; however the majority are herring, mackerel, pollack, and salmon. On the question about companies' satisfaction with the quality of the imported fish, respondents' answer

varied depending on what kind of fish is trading by that company. Those companies who buy Norwegian herring were mostly highly satisfied with its quality, recognizing the superiority of Norwegian products compared to all others countries exporters of herring. Still some companies found the quality decreasing in last years or commenting that quality of fish depends on the Norwegian company-importer. Importers of salmon were also sufficiently satisfied with the quality. But when it comes to mackerel almost all respondents criticized the quality finding it insufficient and telling that they are actually switching to Scottish companies as a main supplier of mackerel. Another thing that came up is that quality of fish varies from year to year, in case with mackerel, the quality of this type of fish declined remarkable just in previous years.

The question on acceptability of price seemed to be the tricky one for the respondents in terms of its difficulty to determine what price is acceptable. As usually, buyer desires to purchase cheaper while the seller wants to sell for highest possible price. There was mostly an agreement among the companies that prices on the Norwegian products are acceptable compared to prices of others seafood exporters in the market and that they get good value for the money, but they of course wish the prices to be lower. The split opinions here are also probably due variant relationships the companies have with Norwegian exporters. Some of the Ukrainian largest companies that buy huge quantity of fish usually have direct contact to a particular Norwegian seafood company that supplies their demand. In this the prices are of course negotiable and can be lower than average on the Ukrainian market. Still some others, as usually smaller Ukrainian companies are repurchasing seafood from big Ukrainian companies what result of course in higher prices.

Next question deals with Norwegian overall image as seafood producer. All companies had same opinion that generally they prefer Norwegian seafood because of it superior quality compared to others countries exporters.

All the contacted companies confirmed that they always inform their clients (as usually there are not final consumers but supermarket chains, restaurants, and further reproduction subjects) about country producer of seafood. This question had an intension to find out where the transmitting of the country of origin information of seafood stops in the Ukrainian distribution chain. Moreover Norwegian seafood is actually in a high demand, the actors from the distribution chain are particularly asking for the “Norwegian” fish.

Positive answers were obtained in questions number six and seven. The experts from companies assume that Ukrainian consumers have a positive image of Norway and most likely the information about Norwegian originating of seafood would have a positive effect on consumers.

Answers split again when asking about importance of country of origin for Ukrainian consumers. Some companies' managers claimed country of origin being a brand of a product, still others assert that "fish is just fish" and consumers are not at all aware of where the product comes from.

Finally, Ukrainian fish traders companies and their clients have got the best overall impression of seafood originated in Norway and Iceland.

Some additional interesting information emerged during dialogs with Ukrainian companies. Many of them expressed their interest in expanding relationships with Norwegian companies. In particular through arranged exposition and marketing campaigns when introducing new products.

5. FINDINGS AND DISCUSSION.

The following major findings emerged from the undertaken research on the Ukrainian seafood market that included a study of Ukrainian consumers and Ukrainian companies. It has been found that only 17 % of the sample considers Norway as the largest seafood exporter in the Ukraine, but double as much, 35 %, would have favorable impression of fish imported from Norway. This indicates that Norway has a positive general image as a fish exporter by Ukrainians. Respondents also mainly associate Norwegian economy with fishing industry. Compared to Russia, 30 % of the respondents believe this country to be the largest seafood exporter but when it comes to consumers' favorable impression of the products imported from Russia, only 16 % of respondents gave their voices for that country. The negative attitude toward Russian seafood products were expressed by 45 % of the sample. This negative position of Ukrainians toward Russian products can be most likely explained by the fact that the relationship between Russia and Ukraine lately worsened. Russian sabotaging of Ukrainian products and some political actions against Ukraine are reasons of raised feelings of animosity among Ukrainians toward Russian products. Canada, a land that was not mentioned among the largest countries exporters of seafood, also scored high by consumers regarding negative impressions as a seafood exporter. In the case with Canada, the relationships between two variables: Largest country of Origin and Negative attitude are negative correlated. It became obvious that no knowledge on Canada as a seafood producer causes consumers' negative attitude toward its products.

Only 16 % of the respondents do not care about country of origin of a product in a purchase situation. Findings also show that each respondent consumes seafood at least 1-2 times a month, a third part of consumers even more than 5 times a month. Additionally 84 % of respondents would like to eat seafood more often if their purchasing power increases. The last result demonstrates that fish consuming in Ukraine has growth opportunities; together with the positive prospective of growing welfare of Ukrainian consumers, growing demand for seafood in the Ukrainian market become evident.

The grand mean of consumers ethnocentrism scale is 3.62 on the scale from 1-strongly agree to 7-strongly disagree, where 1 would indicate low ethnocentrism and 7 high ethnocentrism levels. This result indicates low level of ethnocentrism by Ukrainian consumers. According to Shimp and Shama's (1987) definition of low-ethnocentric consumers, Ukrainians will not

evaluate a product on the basis of whether it comes from outside the country. They also will possibly evaluate the product as superior to domestic products. Taking into consideration that Ukraine is an developing market, the low ethnocentrism level by Ukrainian consumers supports the discovering made by Papadopoulos et al. (1989) which says that consumers in a developing country will not be averse to imported products but more probably they will evaluate them as those of better quality compared to domestic produced goods.

The evidence of low ethnocentricity level of Ukrainian consumers is of great importance for Norwegian companies in case they will reposition and exploit country of origin strategy in Ukrainian market. Low ethnocentrism level among Ukrainian consumers represents a market environment inclined toward imported products. Furthermore, since no significant difference among groups with different education and age has been found, the market can be considered as homogenous in terms of ethnocentrism which should be seen as a positive sign.

Regarding Country of Origin Scale, the results were somewhat lower than expected. Based on the current development stage of Norway, the country should be ranked by the highest possible score -“7”, but Ukrainian consumers ranked it only with 5,6. Still, the result is high enough to assume that Ukrainian consumers consider Norway as a developed country. Empirical evidence from previous studies (Han, 1989; Papadopoulos, Heslop and Beracs, 1990; Wang and Lamb, 1983; Yaprak and Parameswaran 1986) confirms that products originated from developed countries will be most likely evaluated higher than those produced in countries with lower development. Consequently, since Norway has the image of a developed country, Ukrainian consumers will also perceive Norwegian products as products with higher quality.

One of the hypotheses related to COISCALE was confirmed. It has been found that consumers with lower education have an image of Norway as a less developed country than those with higher education. The mean of the groups also shows highest ranking of Norway by older consumers.

Applying the results of COISCALE and other questions toward Norway as a seafood exporter, to Kleppe's et al. (2002) country images framework, the Norwegian image in Ukraine can be classified as weak. According to Kleppe et al. (2002), in this case in order to succeed when implementing country of origin strategy, national programs to develop knowledge about Norway and its products should be established. In the situation with seafood

some of the product attributes of fish important for the Ukrainian consumer should be connected to country image.

The study of Ukrainian fish companies shows a well established, positive reputation of Norwegian seafood products. Ukrainian companies agree on the superior quality of Norwegian fish compared to seafood from other countries-exporters. However, there were some biases in responses in terms of some Norwegian seafood companies that can deliver products of worse quality, different types of fish and inconsistency in quality of products from year to year. The quality of Norwegian herring is recognized to be almost free of those biases. Ukrainian companies were also found to be interested in developing more meaningful relationships with Norwegian seafood exporters.

The findings described above point out two important facts. First, the relationship among the Ukrainian market and Norwegian companies is established enough to provide a more advanced marketing strategies. Second, Ukrainian consumers possess the behavioral and attitude characteristics needed for acceptance and positive response of country of origin strategy provided by Norwegian seafood companies.

6. IMPLICATIONS FOR MANAGERS

In this paper different factors to be considered when implementing country of origin strategy in Ukraine by Norwegian seafood companies have been analyzed. Among them were such market factors as potential demand growth in seafood consuming, current attitude of Ukrainian fish importers toward Norway as a seafood exporter, consumers' ethnocentrism level, Norwegian image and knowledge of the development level of Norway among consumers. The following main findings emerged from the study:

- Ukrainian market represents a market with tremendous growth opportunities in seafood consuming.
- Ukrainian consumers have low ethnocentrism level.
- Norwegian image as a country seafood-exporter is positive but weak in the Ukrainian market.
- Norwegian seafood producers have a well established positive reputation among Ukrainian seafood importers.

Nowadays Norwegian seafood companies are facing a situation where they have two choices regarding future relationships with Ukrainian market. They either can keep the same, current positioning in the Ukrainian market, stay in the shadow remaining unknown for consumers both as a country and as a country fish-exporter or they can intervene and start the actions directed toward establishing a more meaningful marketing strategy that will further lead to a long term successful presence of Norwegian seafood in the Ukrainian market.

Considering the findings above and theoretical frameworks from previous chapters it seems like one of the main challenges for Norwegian companies in the Ukrainian market in the process of becoming a recognized country seafood exporter, would be improving Norwegian image among Ukrainian consumers. It should be made in such a way that additional value will be add to perceived quality of Norwegian seafood. Combined efforts of Norwegian seafood companies and the Norwegian Seafood Export Council are recommended to ensure planning and implementing actions needed to improve Norwegian image and further implementing country of origin marketing strategy. Marketers could pursue following course of actions.

First a SWOT analysis should be obtained in order to find out strengths, weaknesses, opportunities, and threats of Norwegian seafood in the Ukrainian market. Then the attributes of the seafood important for Ukrainian consumers should be chosen and adjusted to the knowledge structure of Norway existing in the market. To develop country image and image of Norway as a seafood exporter, an element from the country's history, landscapes or personalities must be connected to Norwegians seafood. The next step would be to align the Norwegian companies (seafood-exporters) in the desire to carry the same message of Norwegian image through all seafood trading activities. The important factor is the consistency of the message. If in addition to branding of Norway as a seafood exporter, a particular company will brand its own trademarks, the message can not reach the consumer because of its complex context.

The issue of quality is also of great importance. If the delivered product is of superior quality it is a good foundation of strengthening any export-import relationship. The actions dedicated to control the quality of Norwegian seafood delivered to the Ukraine will not only enhance the reputation of Norway as a seafood exporter but also its overall image as well. Consequently it will be another contribution to the Norwegian companies' sustainable competitive advantage in the Ukrainian market.

The existence of the Norwegian Seafood Export Council and their experience with promoting Norwegian image in other countries is a great advantage for Norwegian seafood companies. Otherwise, an individual seafood company would not have enough resources to reposition themselves in the Ukrainian market additionally to the doubted profitability of this action. The Norwegian Seafood Export Council should analyze the previous successful actions carried out in other markets and evaluate their usefulness in the Ukrainian market, with further implementation of the most appropriate ones.

Taking into account the nature of fish as a product, does not allow competition on a large number of product attributes. Therefore, brand and country of origin are likely the only contending cues in the more and more competitive global market. Thus, the usefulness of country of origin strategy should not be undermined in the seafood industry.

This strategy will not only add more value to seafood products, stimulate interest, and increase awareness of the Norwegian seafood among consumers but it will also broaden consumers' minds, increasing their knowledge of the country-producer what further may help other, not-seafood Norwegian companies, for a successful operation in the Ukrainian market.



7. LIMITATIONS AND FUTURE RESEARCH

The main limitation of the study is the sample size and that the research has been undertaken only in one city in the Ukraine. Due some existing political polarization between the western and eastern part of the Ukraine, findings can differ in terms of favoritism of country of origin. Further research to discover other important elements of marketing mix for Ukrainian consumers should be conducted. It is also assumed that due to the low welfare of Ukrainians, the importance of the country-of-origin cue may be overestimated, and in real purchase situations consumers would be more price-conscious.

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www.godfisk.no (NSEC)

www.ssb.no

www.wto.org

www.fiskedir.no

www.zn.kiev.ua

www.ipa.net.ua

www.cfdccariboo.com/glossary.htm

www.crfonline.org/orc/glossary/m.html

www.ama.org

www.wordnet.princeton.edu/perl/webwn

Appendix 1

Consumers' Questionnaire (Ukrainian version)

Дана анкета проводиться з метою дослідження обізнаності споживачів з країнами постачальниками рибопродуктів та ставлень до них.

Дайте будь ласка відповідь на слідуючі запитання:

1. Яку з перелічених країн ви вважаєте найбільшим імпортером риби в Україну?

- Норвегія ☐
Росія ☐
Прибалтики ☐
Канада ☐

2. Морська риба або продукція з морської риби, яку ви споживали останнім часом мали походження з:

- України ☐
Норвегії ☐
Прибалтики ☐
Росії ☐

3. Чи є для вас важливою інформація про те, в якій країні продукт ви купуєте був виготовлений?

- ТАК ☐
НІ ☐

4. Ви маєте позитивне ставлення до морської риби, яка ввезена з:

- Прибалтики ☐
Норвегії ☐
Росії ☐
Канади ☐

5. Ви маєте негативне ставлення до морської риби, яка ввезена з:

- Прибалтики ☐
Норвегії ☐
Росії ☐
Канади ☐

6. Яку з наступних індустрій ви асоціюєте з Норвегією?

- Нафта, рибна ☐
Туризм ☐
Лісова ☐
Машинобудування ☐

7. Скільки разів на місяць ви споживаєте рибу чи продукцію з морської риби?

- 1-2 ☐ 3-4 ☐ 5 і більше ☐

8. Якби ваш матеріальний стан покращився, чи збільшилась би ваша потреба в споживанні морської риби?

- ТАК ☐
НІ ☐

7. Зазначте будь ласка ваш вік :

- 18-29 ☐ 30-49 ☐ 50+ ☐

8. Зазначте будь ласка вашу освіту :

- Загально освітня школа ☐
Середня професійна ☐
Вища ☐

9. Стать:

- Жінка ☐ Чоловік ☐

Appendix 1 (continue)

2. Вкажіть будь ласка наскільки ви погоджуєтесь з даними ствердженнями.

	Абсолютно не погоджуюся				Абсолютно погоджуюся			
1.З-за кордону повинні постачатись лише та продукція якої не вистачає в Україні?	1	2	3	4	5	6	7	
2.Ук раїнська продукція завжди найкраща.	1	2	3	4	5	6	7	
3. Придбання закордонної продукції є неприйнятними для українців.	1	2	3	4	5	6	7	
4.Купувати закордонну продукцію – є неправильним.	1	2	3	4	5	6	7	
5.Справжнійукраїнець повиненн купувати лише українські товари.	1	2	3	4	5	6	7	
6.Ми повинні завжди купувати товари вироблені тільки в Україні щоб не дозволяти іншим країнам – виробникам збагачуватися за рахунок укрнаїнців.	1	2	3	4	5	6	7	
7.Українці не повинні купувати зарубіжні товари, тому що це шкодить українському бізнесу, призводить до росту безробіття.	1	2	3	4	5	6	7	
8.Навіть якщо українська продукція коштуватиме дорожче ніж імпортована я всеодно її купуватиму.	1	2	3	4	5	6	7	
9.Ми повинні ввозити з – за кордону лише ті товари які не можна виготовити в Україні.	1	2	3	4	5	6	7	
10.Українці, які купують продукцію ввезену з інших країн сприяють росту безробіття в Україні	1	2	3	4	5	6	7	

3.Дана анкета складена для того щоб визначити рівень ВАШОЇ обізнаності про окремо взяту країну.

	Норвегія							
1. Економічно розвинена	1	2	3	4	5	6	7	Економічно
нерозвинена								
2. Демократична система	1	2	3	4	5	6	7	Диктаторська система
3. Массове виробництво	1	2	3	4	5	6	7	Кустарне виробництво
товарів								
4. Цивільний уряд	1	2	3	4	5	6	7	Військовий уряд
5. Переважно індустріальна	1	2	3	4	5	6	7	Переважно
неіндустріальна								
країна								країна
6. Дорога робоча сила	1	2	3	4	5	6	7	Дешева робоча сила
7. Високий рівень освіти	1	2	3	4	5	6	7	Низький рівень освіти
8. Вільна ринкова								Центрально – планова
ринкова	1	2	3	4	5	6	7	система система
9. Розвинена соціальна								Нерозвинена соціальні
інфраструктура	1	2	3	4	5	6	7	інфраструктура
10.Стабільна економіка	1	2	3	4	5	6	7	Нестабільна економіка
11.Країна – експортер с/г								Країна імпортер с/г
продукції	1	2	3	4	5	6	7	продукції
12.Виробник продукції високої								Виробник продукції
низької якості	1	2	3	4	5	6	7	якості

13.Високий рівень життя	1	2	3	4	5	6	7	Низький рівень життя
14.Високий рівень технологічних технологічних досліджень	1	2	3	4	5	6	7	Низький рівень досліджень

Appendix 2.

Consumer's questionnaire (English version)**1. Which of the following countries you consider as the largest seafood exporter in the Ukraine?**

- Norway ☐
Russia ☐
Baltic countries ☐
Canada ☐

2. The seafood products you purchased lately originated in following countries:

- Ukraine ☐
Norway ☐
Baltic countries ☐
Russia ☐

3. Is the information of originating of the product important for you?

- Yes ☐
No ☐

4. You would have a positive attitude toward seafood originated in:

- Norway ☐
Russia ☐
Baltic countries ☐
Canada ☐

5. You would have a negative attitude toward seafood originated in:

- Norway ☐
Russia ☐
Baltic countries ☐
Canada ☐

6. Which of the following industries you would associate Norway with?

- Wood industry ☐
Tourism ☐
Oil&gas and fishery ☐
Mashinery ☐

7. How many times a month you consume seafood products?

- 1-2 ☐
3-4 ☐
5 and more ☐

8. Would you eat more seafood products if your welfare increases?

- Yes ☐
No ☐

Your sex: Male ☐ Female ☐

Your age: 18-29 ☐ 30-49 ☐ 50+ ☐

Your education: High school ☐ College ☐ University ☐

2. CETSCALE

	Completely agree					Completely disagree	
	1	2	3	4	5	6	7
1. Only those products that are unavailable in Ukraine should be imported							
2. Ukrainian products first, last and foremost							
3. Purchasing foreign made product is un-Ukrainian							
4. it is not right to purchase foreign product							
5. A real Ukrainian should always buy Ukrainian made products							
6. We should purchase products manufactured in Ukraine instead of letting other countries get rich off us.							
7. Ukrainian should not buy foreign products because it hurts Ukrainian business and causes unemployment.							
8. It may cost me in the long run but I prefer to support Ukrainian product							
9. We should buy from foreign countries only those products that we can not obtain within our own country.							
10. Ukrainian consumers who purchase products made in other countries are responsible for putting their fellow Ukrainian out of work.							

3. Country of Origin Scale

NORWAY

1. Economically developed	____:____:____:____:____:____	Economically underdeveloped
2. Democratic system		Dictatorial system
3. Mass-produced products		Handcrafted products
4. Civilian government		Military government
5. Relatively industrialized		Relatively non-industrialized
6. High labor cost		Low labor cost
7. High literacy rates		Low literacy rates
8. Free market system		Centrally planned system
9. Existence of welfare system		Lack of a welfare system
10. Stable economical environment		Unstable economical environment
11. Exporter of agricultural products		Importer of agricultural products
12. Production of high-quality products		Production of low quality products
13. High standard of living		Low standard of living
14. High level of technological research		Low level of technological research

Appendix 3.***The cover letter and survey for Ukrainian seafood companies (Russian version)***

В сотрудничестве с NSEC (Norwegian Seafood Export Council), Норвежский Совет по вопросам экспорта рыбы, мы проводим общенациональный обзор среди предпринимателей и менеджеров в рыбной промышленности. Цель этого исследования состоит в том, чтобы узнать ваше мнение как эксперта в этой промышленности, о рыбе, выращенной и импортированной с Норвегии.

Ваши ответы очень важны для точности нашего исследования а также для развития ваших отношений с норвежскими экспортерами.

Вам потребуется несколько минут чтобы ответить на простые вопросы в приложенном Word документе (английский или русский вариант) и переслать его назад, также по электронной почте.

Конечно же все ответы являются конфиденциальными и будут использоваться только в комбинации с ответами от других украинских импортеров рыбы.

Если Вы желаете, мы также можем переслать Вам результаты исследования когда оно будет готово. Упомяните об этом пересылая заполненную анкету.

Большое спасибо за вашу помощь.

Искренне

Оксана Корзюк

Kristian 4's gt.101, 302
4614 Kristiansand
Norway

E-mail: oksanakor@gmail.com
Tl: +4790584433

1. Какой вид рыбы вы импортируете с Норвегии?

Лосось Сельдь Другое

2. Вы удовлетворены качеством этой рыбы?

ДА НЕТ

3. Цена удовлетворительная?

ДА НЕТ

4. Предпочитаете ли вы норвежскую рыбу другим странам производителям?

ДА НЕТ

_____ _____ Если да, почему?

а) Из за цены _____

б) Из за качества _____

с) Более доступная _____

5. Информируете ли вы ваших клиентов что покупаемая ими рыба из Норвегии?

ДА НЕТ

6. Считаете ли вы, что информация о первоначальном норвежском происхождении рыбы (сырья) будет иметь положительное воздействие на покупателя и на его окончательный выбор продукта?

ДА НЕТ НЕ ЗНАЮ

7. Считаете ли вы, что украинские потребители, в общем, имеют положительное отношение к Норвегии?

ДА НЕТ НЕ ЗНАЮ

8. Думаете ли вы, что страна-производитель в целом является важным критерием для украинского потребителя?

ДА НЕТ НЕ ЗНАЮ

9. О какой из перечисленных стран-импортеров рыбы ваши клиенты имеют самое благоприятное впечатление:

Норвегия _____

Россия _____

Канада _____

Исландия _____

Appendix 4.

The cover letter and survey for Ukrainian seafood companies (English version)

Dear manager,

In co-operation with NSEC(Norwegian Seafood Export Council)we are conducting a nationwide survey among managers and executives in the Ukrainian seafood industry. The purpose of the study is to find out the preferences and opinion of yourself and other experts on the seafood exporters. Your answers will enable Norwegian fish exporters to be aware of the situation in the Ukrainian seafood market and possible improve the relationships with Ukrainian traders and consumers.

It will take only minutes to answer simple questions on the enclosed questionnaire as Word document (English or Russian version) and to return it as an e-mail.

Of course all answers are confidential and will be used only in combination with those of other seafood managers from all over Ukraine.

If you are interested in the receiving a report on the findings of this research, give a notice when returning completed questionnaire. We will be glad to send you a complimentary report when ready.

Please return the completed questionnaire at you earliest convenience. Thank you for your help.

Sincerely
Oksana Korzyuk

P.S. Both Russian and English versions of the questionnaire are enclosed.

Kristian 4's gt.101,302
4614 Kristiansand
Norway

E-mail: oksanakor@gmail.com
Tl: +4790584433

Questionnaire.

Please answer the following questions by placing X under the right answer

1. What kind of fish do you import from Norway?
Herring Salmon Other
____ _____ _____
 2. Are you satisfied with quality of that fish?
YES NO
____ _____
 3. Is the price acceptable?
YES NO
____ _____
 4. Do you prefer Norwegian fish to fish from other producers? If Yes, why?
YES NO
____ _____
a) Because of price _____
b) Because of quality _____
c) Because it is easier available _____
 5. Do you inform you clients that your fish originate from Norway?
YES NO
____ _____
 6. Do you think that information about Norwegian originate of seafood would have positive effect on the purchase decision of buyers?
YES NO DO NOT KNOW
____ _____ _____
 7. Do you think that Ukrainian consumer has generally positive attitude for Norway?
YES NO DO NOT KNOW
____ _____ _____
 8. Do you think that generally, country of origin ("made in") is an attribute of a product that influence Ukrainian consumers' purchasing choice?
YES NO DO NOT KNOW
____ _____ _____
 9. Your customers have a favorable impression of following countries as fish producers :

Norway____
Russia____
Canada____
Iceland____
-

Appendix 5.

1. Country image scale (Martin and Eroglu 1993)

This a survey to find out what a person think about a certain country. To measure this, we will ask you rate the country that appears on the top of the page against a series of descriptors by placing a check X on the scale from one to seven that best reflects your judgments. There is no right or wrong answer. We are only interested in how YOU perceive the country

NORWAY

- | | | |
|--|----------------------------------|-------------------------------------|
| 1. Economically developed | __ : __ : __ : __ : __ : __ : __ | Economically underdeveloped |
| | 1 2 3 4 5 6 7 | |
| 2. Democratic system | | Dictatorial system |
| 3. Mass-produced products | | Handcrafted products |
| 4. Civilian government | | Military government |
| 5. Relatively industrialized | | Relatively non-industrialized |
| 6. High labor cost | | Low labor cost |
| 7. High literacy rates | | Low literacy rates |
| 8. Free market system | | Centrally planned system |
| 9. Existence of welfare system | | Lack of a welfare system |
| 10. Stable economical environment | | Unstable economical environment |
| 11. Exporter of agricultural products | | Importer of agricultural products |
| 12. Production of high-quality products | | Production of low quality products |
| 13. High standard of living | | Low standard of living |
| 14. High level of technological research | | Low level of technological research |

Appendix 6.

CETSCALE (Shimp and Sharma, 1987) (original version)

- 1) Ukrainian people should always buy Indian-made products instead of imports.
- 2) Only those products that are unavailable in Ukraine should be imported.
- 3) Buy Ukrainian-made products, keep India working.
- 4) Ukrainian products, first, last, and foremost.
- 5) Purchasing foreign made products is un-Ukrainian.
- 6) It is not right to purchase foreign products because it puts Ukrainian out of jobs.
- 7) A real Ukrainian should always buy Indian-made products.
- 8) We should purchase products manufactured in Ukraine instead of letting other countries get rich off us.
- 9) It is always best to purchase Ukrainian products.
- 10) There should be very little trading or purchasing of goods from other countries unless out of necessity.
- 11) Ukrainians should not buy foreign products because it hurts ukrainian business and causes unemployment.
- 12) Curbs should be put on all imports.
- 13) It may cost me in the long run but I prefer to support ukrainian products.
- 14) Foreigners should not be allowed to put their products on our markets.
- 15) Foreign products should be taxed heavily to reduce their entry into Ukraine.
- 16) We should obtain from foreign countries only those products that we cannot obtain within our own country.
- 17) Ukrainian consumers who purchase products made in other countries are responsible for putting their fellow Indians out of work.

Note: Items 2, 4, 5, 6, 7, 8, 11, 13, 16, and 17 are part of the

shorter 10-item version of the scale.

CETSCALE (Shimp and Sharma 1987) (reduced 10 items version)

1. Only those products that are unavailable in Ukraine should be imported
2. Ukrainian products first, last and foremost
3. Purchasing foreign made product is un-Ukrainian
4. it is not right to purchase foreign product
5. A real Ukrainian should always buy Ukrainian made products
6. We should purchase products manufactured in Ukraine instead of letting other countries get rich off us.
7. Ukrainian should not buy foreign products because it hurts Ukrainian business and causes unemployment.
8. It may cost me in the long run but I prefer to support Ukrainian product
9. We should buy from foreign countries only those products that we can not obtain within our own country.
10. Ukrainian consumers who purchase products made in other countries are responsible for putting their fellow Ukrainian out of work.