

## **The Meanings of “Made in Romania” among the Romanian Consumers**

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**Abstract.** *In this paper I studied the meanings of made in Romania concept among the Romanian consumers. The methodology required that respondents were interviewed about their attitudes. The results show that made in Romania has a negative connotation, and that made in Germany and made in USA are better appreciated. Still, made in Romania has obtained a better score than made in China. There are perspectives for the improvement of the meanings of made in Romania, the intentions of respondents being a guarantee. The people working in Romania obtained a better score than the results of their work, a warranty for future improvements of made in Romania appreciation.*

**Keywords:** made in Romania; country of origin effect; consumer behavior.

**JEL Code:** M31.

**REL Codes:** 7B, 7I.

As countries developed, they specialized in the production of goods and services, in accordance with the abundance of resources, pedoclimatic conditions, population' training, governmental policies.

Specialization favored the development of international trade, increasing production volumes, generated higher living standard for the respective economies. Once recognized at international level, the products from various countries were able to penetrate and to maintain the markets, conferring a significative economic advantage for the producing companies. The products manufactured in one country reached a notoriety that turned to other products manufactured in that country. In this way, the concept *made in* gained a specific meaning for each country.

The objective of this paper is the analysis of the *made in Romania* meanings for the Romanian public. I intend to identify the way Romanian products are being appreciated, to realize a comparison of *made in Romania* with other *made in* and to evaluate the intentions of Romanian consumers regarding the Romanian products.

### **Theoretical background**

Usually, the products from the developed countries receive better appreciations than the products from the developing countries. The image of the products among the general public is influenced by a series of factors such as: the economic, political, cultural system, the state of economic development, political and historical events (Johansson, Ronkainen, Czinkota, 1994, p. 158).

In the marketing area, the notoriety of products coming from various countries was synthesized in the "country of origin" effect. The country of origin effect can be defined as any influence that the production, assembly or the design country has on the perception and consumer behaviour. A company that acts on the global market, produces goods world-wide; when the consumer became aware of the production place, it is possible that this element will affect the brand image (Cateora, 2006, p. 326).

The country of origin effect represents an important element that a company can bind to, in order to create a better brand image. The country of origin effect means the influence of all factors associated with a country and that plays a role on the process of evaluating the products from that country. Lampert and Jaffe (1998, p. 62) define the country of origin as the impact of the generalizations and perceptions about a country on the way a person evaluates products and brands.

The symbols and the representations act at four levels: national image of the generic product, national image of the producer, the country evocated by the

name of the brand, the production country specified by *made in* (Usunier, Lee, 2009, pp. 260-262). This multitude of information, in many cases, generates confusions for the consumers. The country of origin effect has a pronounced effect in the first phases of the buying decision-making.

A shortcut for the country of origin effect is the *made in* concept. The *made in* concept refers strictly to the production place, even if the producing company can originate from another country. For example, the Nokia (a Finn company) mobile phones are being produced in Romania, in the Cluj county. At the moment, China is recognized as a production country for many goods.

As a consequence, *made in* is a more restrictive concept, but it is more direct, meaning that can be determined with ease by examining the product or its label. The data about the country of origin of a company are harder to be identified in the lack of direct knowledge about this subject.

A. Nagashima (1977, pp. 95-100) has produced a study regarding the meanings of *made in* among the business people from Japan. As methodology the author uses the semantic differential of Charles Osgood to study five *made in*: USA, Japan, Germany, France, England, within specific fields of the economy. T. Maronick (1995, pp. 15-30) analyzed the impact of *made in USA* on American consumers. He showed that, if a product is of poor quality, *made in USA* has a negative impact on buying decision-making. If the product is of good quality, *made in USA* only helps at marginal level. Paul Patterson și Siu-Kwan Tai (1991, pp. 31-40) analyzed the attitude of Aussie consumers toward the *made in* Australia, New Zealand, China, UK. The results of the study showed that the main competition for Australia are New Zealand and UK. L.C. Leonidou and co. (1998, pp. 126-142) analyzed the attitudes of Bulgarian consumers regarding the products originating from Pacific Asia; the products from Japan have the best image.

For the companies originating from developing countries, that want to expand abroad, the internationalization strategy of choice is exporting. As a consequence, the country of origin and the *made in* country are the same. The developing countries need to produce for the external markets, because the export is one of the engine of economic growth. This can be best proven by looking at countries such as South Korea, Taiwan, etc.

In the context of the present economic crises, the fact that products originating from Romania are being appreciated can determine the consumers to reorientate toward these products and so the internal production to be stimulated, favoring the way out of the crises.

## Methodology

We interviewed a number of 11 students of the Faculty of Economics and Business Administration, University of Craiova. The students were from the bachelor and master cycle. The sample is not representative but it can represent a valuable instrument to test the meanings of the *made in Romania* concept. The population that attended the study is, in general, of a young age, without having nostalgia over the communist period. The persons grew up in the period of transition to the market economy and they were exposed both to Romanian and foreign products. Thou their purchasing experience is not so vast, the young people beneficiate from an increasing purchasing power and they intervene in the purchasing decisions of the family at a younger age. At the beginning of the study we explained to the participants that we only take into account the manufactured products and we offered examples of such products, in order to help the participants to focus their attention. The questionnaire was completed on a voluntary base. At the end a summary evaluation intended to eliminate the non-response error and the participants were thanked for their time. Using student samples is a largely used practice in the scientific research to analyze the meanings of concepts and to tests certain hypothesis.

## Results and discussions

There were tested nine dimensions of the *made in Romania* concept. These nine dimensions are: quality, design, innovation, after sale services, price, brand, the pride to be an owner, the satisfactory ratio quality/price, low maintenance costs. The respondents were asked to indicate a grade from 1 to 5. The results are detailed in table 1.

Table 1

**The results obtained by *made in Romania***

	Average	Standard error	Standard deviation
Quality	3.00	.089	.93
Design	2.96	.093	.99
Innovation	2.45	.095	1.00
Price	2.77	.127	1.33
After sale services	2.48	.106	1.11
Brand	2.70	.093	.98
The pride to be owner	2.83	.123	1.30
Quality/price ratio	2.63	.098	1.03
Low maintenance costs	2.95	.116	1.22

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Average	2.75		

It can be observed that the average is 2.75, on a 1 to 5 scale. This mean that the results is under half, that is *made in Romania* has obtained a rather negative result. All the nine dimensions of made in Romania obtained a score between 2.45 and 3.00, with no dimension passing into the positive half of the scale. The best score was obtained by the quality (3.00) followed by design (2.96) and low maintenance costs (2.95). The worst results were obtained by innovation (2.45) and after sale services (2.48).

According to Romanian consumers, *made in Romania* does not has a strong significance. The dimensions we tested obtained low results but these results were grouped. This means that there is no driving force to stimulate the significance of *made in Romania* concept. The score obtained by quality (3.00) is balanced by the low score obtained by quality/ratio raport (2.63). The quality/price ratio has obtained a lower score than the quality and the price taken individually. These can be explained in the following way: even if the Romanian products have a good quality or they can be found at lower prices, buying a product from abroad we can obtain a better quality/price ratio. *Made in Romania* does not means innovation (2.45) and after sale services (2.48). If innovation requires high costs, after sale services are easy to be implemented.

With globalization, consumers have a large portfolio of products to choose from products originating from different countries. The offer of products from abroad is now diverse and the Romanian products are in competition with the foreign products to be bought by local consumers. In these conditions I decided to appreciate the way Romanian consumer evaluates the products originating from different countries. For the purpose of this study, I choosed products manufactured in USA, Germany and China.

The three countries were not randomly chosen. They correspond to the three major economic centers of the world: North America, West and Central Europe and Far East. Germany is a good proxy for the European Union country because is the main commercial partner of Romania from the European Union and it is a recognized standard regarding the production. China is at present the largest manufacturer of the world, many multinational companies having production facilities in China. The results are presented in the Table 2.

Table 2

**Results for Made in Germany, Made in China și Made in USA**

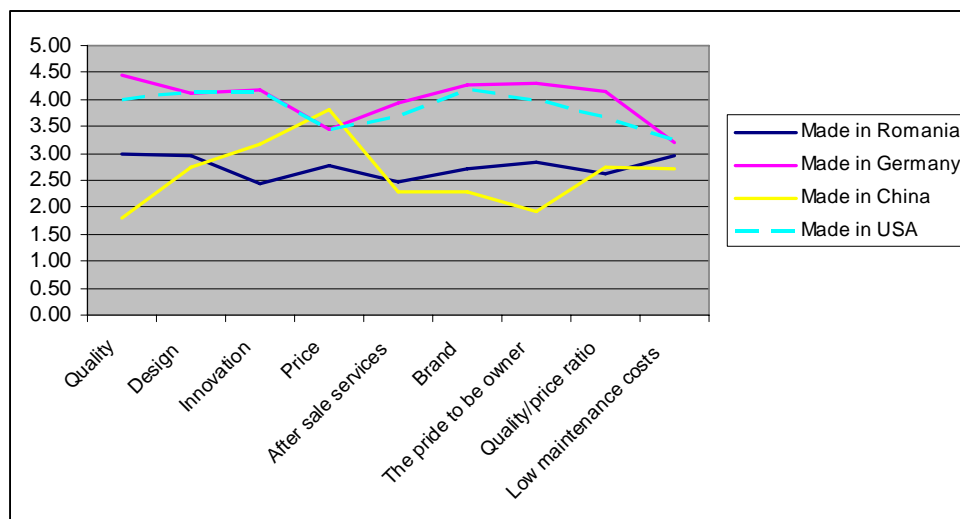
	Made in Germany		Made in China		Made in USA	
	Average	Standard deviation	Average	Standard deviation	Average	Standard deviation
Quality	4.46	.072	1.81	.875	4.00	.82
Design	4.11	.087	2.75	1.153	4.15	.83
Innovation	4.18	.084	3.18	1.36	4.15	.82
Price	3.45	.089	3.81	1.31	3.46	1.01
After sale services	3.94	.097	2.30	1.17	3.68	.95
Brand	4.27	.085	2.28	1.19	4.18	.88
The pride to be owner	4.29	.086	1.93	1.011	3.99	1.02
Quality/price ratio	4.15	.084	2.74	1.28	3.67	.97
Low maintenance costs	3.19	.099	2.70	1.21	3.23	.97
<b>Average</b>	<b>4.00</b>		<b>2.61</b>		<b>3.83</b>	

From the perspective of the Romanian consumer, the most appreciated production location is Germany (4.00), followed by USA (3.83) and China (2.61). China has obtained a lower score than Romania and this proves that Chinese products are associated with low quality (1.81) and low pride to be owner (1.93). The score for quality in case of the Chinese products is the lowest of all dimensions tested, for all countries. The products realized in Germany are the most appreciated regarding the quality (4.46), the pride to own such product (4.29), the brand (4.27). USA has obtained a score closed to the score of Germany, the most appreciated dimensions being the brand (4.18), design (4.15) and innovation (4.15). High maintenance costs (3.19 Germany and 3.23 USA) and the high price (3.15 Germany and 3.46 USA) have obtained the lowest appreciation from the Romanian consumers.

The perception of the products made in Romania is still better than the perception of Chinese products. It is true that in China are produced low quality

products having a low price, but, in the same time, China produces high-tech products, sophisticated medical devices, even artificial orbital satellites. In these conditions, the Romanian producers can speculate this appreciation and to propose quality products on the market, having a good quality/price ratio and low maintenance costs. Being close to the client is a major advantage for the Romanian producers.

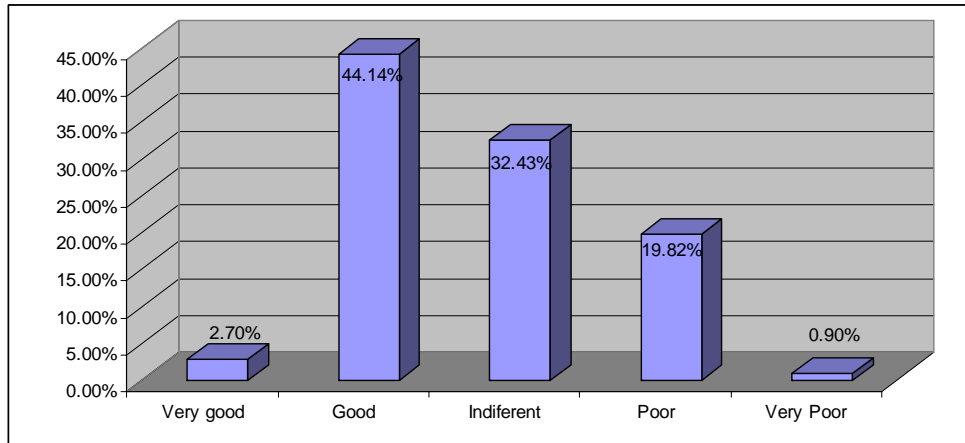
*Made in Romania* obtained the third place in overall standings. But are there any dimensions where *made in Romania* has obtained a better score? The answer is negative, *made in Romania* not being able to obtain better results than *made in Germany* and *made in USA* for any evaluated dimension. *Made in Germany* has obtained the best result for seven of the nine dimensions tested, being taken by *made in USA* at design (4.15) and *made in China* at price (3.81). The results are detailed in Figure 1.



**Figure 1.** *Made in Romania vs. other made in*

Though I did not investigate this in my paper, it is probable that the attitudes toward the made in Romania to have been formed directly from the usage experience and social engagement: friends, press, etc.

Beside the closed end question regarding the concept *made in Romania*, we addressed the question *What is your opinion about Romanian products* offering five response possibilities. The results are detailed in the Figure 2.



**Figure 2.** Percentage frequency for perception of the Romanian products

It can be observed that the percentage of those who have a good and very good opinion about the Romanian products is bigger than those who have a poor and very poor opinion. This can be explained by the fact that, at least at declarative level, certain patriotism is manifested. On the base of positive appreciations the attitudes toward Romanian products can lead to products that have internal and international notoriety. There is certain: in order to export products, Romanian brands, firstly they have to be consumed in the country, appreciated by the Romanians. The opinions of Romanian consumers about Romanian products must reflect the pride to be producers and consumers of such products. Otherwise it will be very difficult to convince the foreigners about the quality of Romanian products.

Searching for explanation about the *made in Romania* attitude, I decided to evaluate the attitude of respondents toward the Romanians, those being the persons who realize the Romanian products. I analyzed three characteristics of Romanian people: the education, the abilities and the work orientation. I consider that at the base of quality products there are the three characteristics mentioned above. The respondents had to express their attitude toward certain affirmations, using a Likert scale from strongly disagree to strongly agree (Table 3).



Table 3

**The respondents attitude toward Romanians**

	<b>Average</b>	<b>Standard deviation</b>
<i>Education</i>	3.23	
The Romanians are well trained within the educational system	2.99	1.06
The Romanians have a good specialization	3.38	1.06
The Romanians are smart	3.34	1.04
The Romanians like to learn	3.21	1.06
<i>Abilities</i>	3.54	
The Romanians can produce good products with lower costs	3.52	.89
The Romanians are innovative	3.46	.96
The Romanians are efficient	3.67	.87
The Romanians are flexible	3.52	1.08
<i>Work orientation</i>	2.81	
The Romanians like to work	2.68	1.05
The Romanians are fair	2.88	1.02
The Romanians are helpful	2.90	.92
The Romanians are serious about the work	2.81	.90
The Romanians likes the work well done	2.77	1.01
Average	3.16	

Cronbach's Alpha = 0.865

The respondents appreciate that the Romanians have the skills to succeed, by innovation and creativity (3.54), have a good education (3.23) but they don't have a strong work orientation (2.81).

We can say that the people (3.16) are better regarded than the products (2.75). What are the implications for this? An explanation can be that the Romanians have the capacity to learn and are quite innovative, but work ethics is deficient. It seems that the Romanians don't like to learn (2.68) and they don't strive for the well done job (2.77). As a possible public policy measure in order to increase the acceptability of the Romanian products might be the offerings of work stimulus that will determine a change in the mentality, in the way that the work it will be appreciated, and the results of the work, both as output and as reward, to be significant.

I also intended to test the Romanian consumers' intentions about the Romanian products. The results are detailed in the Table 4.

Table 4

<b>Romanian consumers' intentions</b>		
	<b>Average</b>	<b>Standard deviation</b>
In the future I will buy more Romanian products	3.25	.78008
In the future I will change positively my opinion about Romanian products	3.35	.79371
Globalization will intensify	3.32	.96448
In the future will not matter the country of origin but the brand	2.86	.97688
Romanian products will have a positive image in the world	3.15	.92636

The respondents indicate that they will buy more Romanian products (3.25) and that in the future they will have a better opinion about the Romanian products (3.35). The results are sensible higher than the results obtained by *made in Romania* (2.75). I did not searched explanations and justifications for this change in attitude. Probably, the respondents appreciate that a series of characteristics of Romanian products will become more competitive: the quality, the price, the after sale services, the brand. The respondents remain reserved when they appreciate that the Romanian products will better perceived by the foreigners (3.15).

### **Conclusions**

In this paper I tested the signification of *made in Romania* concept among Romanian consumers, this being the first approach in this way. I showed that *made in Romania* does not enjoy a strong appreciation from Romanian consumers. I tested nine dimensions of *made in Romania* concept. In the descending order of results these are: quality, design, low maintenance costs, the pride to be an owner, the price, the brand, the quality/price ratio, innovation. From the point of view of the Romanian consumers, the Romanian products display good results for quality and design and worst results for brand, quality/price ratio and innovation. Because both the quality and the price have a better score than the quality/price ratio, this mean that the Romanian quality products are too expensive and the cheaper Romanian products are of poor quality. Comparing *made in Romania* with other *made in* we showed that most appreciated concept is *made in Germany*, followed by *made in USA*, *made in Romania* and *made in China*. At the declarative level, the respondents appreciate that in the future they will buy more Romanian products than at the present and that their attitude toward Romanian products will positively change. This is amplified by the fact that the people from Romania have a better image

than the products from Romania. A strong work ethics recognized at national level can be the solution for improving the attitude toward *made in Romania*.

The limits of the study remain the unrepresentative sample and the lack of an experiment that will strengthen the declarative evidence with the proved evidence. Further developments can identify the modalities of attitude formation toward the *made in Romania*. Also, the attitude toward the concept *made in Romania* can be linked with other elements such as the economic nationalism, building the national brand image, the intention to buy Romanian products in case of a "Buy Romanian" call.

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