Preliminary communication
UDC 339.378:366.1

Attitudes and purchasing behavior of consumers in domestic and foreign food retailers in Croatia*

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Abstract

This paper aims to examine the differences in consumers' attitudes towards domestic and foreign retailers in Croatia. It segments the consumers based on their attitudes, and examines the differences among the attitude segments relative to their retail patronage behaviour, consumer spending and consumer attitudes towards buying Croatian-made products. The empirical analysis is based on data obtained from consumer survey. The data were analyzed using t-test, chi-square test and ANOVA. The results show that consumers perceive domestic retailers as being similar to foreign retailers on three out of four store attribute factors. Cluster analysis produced three consumer segments: (1) consumers who prefer domestic retailers (28%); (2) consumers who prefer foreign retailers (17%); and (3) indifferent consumers (55%). The significant differences across segments exist in retail patronage, but not in consumer spending behaviour and the attitudes towards buying Croatian-made products. It may be concluded that consumers' attitudes towards domestic and foreign retailers might predict retail patronage behaviour. When designing retail strategy, managers should take into consideration both consumer attitudes and consumer segments.

***Key words**: consumers' attitudes, retail patronage, consumer spending, attitudes towards buying Croatian-made products*

***JEL classification**: M30*

* Received: 12-01-2010; accepted: 12-05-2010

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1. Introduction

Retailers have increasingly used internationalization strategy in order to enhance their competitiveness, increase sales and make a profit. Since the end of the 1990s, many foreign retailers have entered the small Croatian market. After the entry of multinational retailers to the Croatian market, the rivalry between domestic and foreign retailers has become fierce (Anic and Jovancevic, 2004). With the expansion of foreign retailers and the shifts in consumers' attitudes and behaviour, domestic grocery retailers have felt ever stronger pressures to make their competitive strategies more effective, so that they can compete against foreign retailers. Strategic positioning has become critical issue for gaining both a sustained long-term growth and a leadership position. The key question is how retailers can get customers to visit their stores more frequently and buy more merchandise on each store visit. Since the success in retailing industry depends on consumers, it is important to examine the perceptions of consumers of retailer's image. One dimension of retailer's image concerns the country of origin (Chaney and Gamble, 2008).

Researchers express a growing interest in the examination of country-of-orign effects (Dinnie, 2004; Phau and Chao, 2008). Extant country-of-origin research has examined the impacts of country-of-origin effects on perceived product quality, attitudes towards the domestic and foreign products and purchase intentions (Dinnie, 2004; Verlegh and Steenkamp, 1999; Bhuian, 1997; Roth and Diamantopoulos, 2009; Insch and McBride, 2009; Pecotich and Rosenthal, 2001; Insch and McBride, 2004). Although those studies assessed the occurrence, magnitude and significance of country-of-origin effects for different products in various countries, this phenomenon is still not well understood, and the results are only somewhat generalizable (Verlegh and Steenkamp, 1999). There is little empirical research on the attitudes of consumers towards foreign and domestic retailers (Ilter, Aykol, Ozgen, 2009). Further research on consumers' attitudes is justified, as some variation in consumers' attitudes and their behaviour exists across different countries and different environments.

The purpose of present study is to gain better insights into consumers' attitudes in the Croatian environment. The main objectives of this study are: to examine the differences in consumers' attitudes towards domestic and foreign retailers; to segment the consumers based on their attitudes towards domestic and foreign retailers; to examine the differences among the attitude segments relative to their retail patronage behaviour; to explore the differences among the attitude segments relative to consumer spending and the attitudes towards buying Croatian-made products. In order to test seven hypotheses the empirical analysis was carried out based on the data obtained from a consumers' survey in the Croatian food retailing environment. The data were analyzed using factor analysis; k-means cluster analysis, t-test, chi-square test, and the analysis of variance (ANOVA).

The paper builds on retail internationalisation theory, country of origin literature and attitude theory (Myers and Alexander, 1997; Alexander, 1995; Hyllegard et al., 2005; Wang and Heitmeyer, 2006; Chaney and Gamble, 2008; Ilter, Aykol, Ozgen, 2009, 2009; Anić and Jovančević, 2009). Taking into account the paucity of such research in Croatia, this paper contributes to the attitude theory and country-of-origin literature by providing deeper understanding of consumers' attitudes towards domestic and foreign retailers. It examines overall consumers' evaluation of domestic and foreign retailers and differences in attitudes among consumers' segments. The next contributions of this paper lie in the examination of the relationship between consumers' attitudes, retail patronage, consumer spending behaviour and the attitudes towards buying Croatian-made products in food retailing environment. There is no study that examined consumers' attitudes of domestic and foreign food retailers in small Croatian market. Food retailing was taken as the case for this research, since it is the most important retail sector in Croatia and it is very competitive industry at the same time. The results may discover that some modifications to retailing strategy are needed for the Croatian food retailing market.

Several managerial implications follow from this study. The study provides some insights into the ways in which Croatian consumers react towards retail management practices of foreign and domestic retailers. Managers may use the research results to develop the program for attracting customers, enhancing store traffic and sales revenues.

The paper starts with the literature review. The methodology used is presented in section three, which is followed by research results in section four. Section five includes conclusions, limitations of the research, and future research directions.

2. Theoretical background

Although many retail internationalization studies focus on motives for retail internationalization (Tatoglu, Demirbag and Kaplan, 2003), success in international market is predicted on sound knowledge of national culture, consumers' perceptions and behavior that influence consumer decision making and impact acceptance of retailers' products and services (Hyllegard et al., 2005). International marketing literature provides ample evidence that consumers evaluate products based on the nation where they are produced or which they are associated with. Country-of-origin research has mainly studied the use of country of origin as a cognitive cue, an informational stimulus about or relating to a product that is used by consumers to infer beliefs regarding product attributes (Bilkey and Nes, 1982; Steenkamp, 1990). Country-of-origin has symbolic and emotional meanings to consumers (Verlegh and Steenkamp, 1999). Several studies suggest that country-of-origin has strong influence on product evaluation (Peterson and Jolibert, 1995), and act as a signal for product quality (Steenkamp, 1990). It further influences consumers' attitudes toward the product and their purchase intention. Verlegh and Stennkamp (1999) indicate that country-of-origin has a larger effect on perceived quality than on attitude toward the product or purchase intention, while differences in economic development influence consumers' evaluation of products.

The study of Laroche et. al (2005) sugests that country image affects product evaluation (attitudes to a product) through beliefs about product attributes such as quality, reliability and pricing. Attitude theory may explain how countries are seen in the mind of the consumers, what beliefs and emotions towards a country they have, how this information affects their reactions towards a country (Roth and Diamantopoulos, 2009). Attitudes are complex system comprising the persons' beliefs about the object, their feelings towards the object, and action tendencies with respect to the object. As such they include cognitive, affective and conative aspects, and represent the way people react to a stimulus.

Consumers mentally process objective information about the product or retailer and form an impression of the benefits they provide. They express the preference or lack of preference for stores, brands and other marketing stimuli by reflecting a favourable or unfavourable attitude, which might affect their purchasing intention and purchases. Many studies have examined consumers' attitudes towards domestic and foreign products (Bhuian, 1997; Beaudoin, 1998; Dickerson, 1982; Wang and Heitmeyer, 2006), while only a few studies explored the consumers' evaluation of domestic and foreign retailers (Hyllegard et al., 2005; Chaney and Gamble, 2008; Ilter, Aykol, Ozgen, 2009; Anić and Jovančević, 2009). The results of those studies are inconsistent. Although there is some indication that consumers have more positive attitudes towards foreign products or retailers than domestic products or retailers (Strutton, True, and Rody, 1995; Wang and Heitmeyer, 2006; Chaney and Gamble, 2008), other research suggests that consumers perceive more favourably domestic products or retailers than foreign products or retailers (Dickerson, 1982; Hyllegard et al., 2005).[2] Domestic retailers were shown to be better evaluated than foreign retailers on several store attributes, including product quality, product assortment, pricing, structure and store layout (Hyllegard et al., 2005). International retailer is likely to be rated higher by consumers in its home country than consumers in its foreign subsidiaries (Burt and Carralero-Encinas, 2000). In terms of establishing new stores, a foreign retailer might expect some resistance in terms of boycotts or protests with consumers more supportive of their domestic retailers (Zarkada-Fraser and Fraser, 2002). A domestic purchase bias may be especially pronounced in emerging and small markets. The study of Dmitrovic, Vida and Reardon (2009)

[2] Klein et al (2006) suggest that generally low quality of domestic goods in developing and transitional economies might stimulate consumers to make trade-off between patriotic feelings and product quality.

shows that in four sampled West Balkan countries (including Croatia) consumer ethnocentrism is positively related to domestic purchase behaviour, and has a direct and positive effect on consumers' appraisals of domestic-made products. As such, consumers who were more ethnocentric exhibit a domestic product bias in that they evaluated domestic-made products more favourably than do less ethnocentric consumers. There has been also a campaign in Croatia aimed at the purchase of domestic products. Thus, purchasing domestic products and from domestic retailers may be regarded as a right way of conduct because it supports the domestic economy (Shimp and Sharma, 1987). Based on past literature the following hypothesis is proposed:

H_1: Croatian consumers evaluate domestic retailers significantly more favourably than foreign retailers.

Several studies indicate that consumer attitudes towards foreign and domestic products differ according to different consumer segments (Phau and Leng, 2008). The study of Beaudoin et al. (1998) showed that fashion leaders had overall more positive attitude towards imported apparel than followers. Chaney and Gamble (2008) suggest that demographic and geographic factors contribute to differences in consumers' attitudes. Accordingly, there should be consumers who prefer domestic retailers and consumers who prefer foreign retailers. Thus, the following hypothesis is proposed:

H_2: Evaluation of domestic and foreign retailers varies according to different consumer segments.

This study is aimed to examine the relationship between consumers' attitudes towards domestic and foreign retailers and consumers purchasing behaviour (retail patronage and consumers spending on grocery products). Although there is no strong empirical evidence that the attitudes drive consumer behaviour due to external pressures and situational variables that cause people to behave inconsistently with their attitudes (Fishbein and Ajzen, 1975), attitude is typically viewed as a variable that affects behavioural intention and specific persons' behaviour (Fishbein and Ajzen, 1975). Consumers show preference or a lack of preference for stores, brands, advertisements and other marketing stimuli by expressing a favourable or unfavourable attitude. When a person's attitude towards engaging in behaviour is positive, then he or she is more likely to engage in that behaviour (Ajzen, 1991). Previous research has found a link between attitude and patronage behaviour (Moye and Kincade, 2003). Consumers with a favourable attitude towards a store will most likely patronize the store and buy its products, whereas consumers engage in opposing behaviour if they have an unfavourable attitude (Moye and Kincade, 2003). Consumers' attitudes were also shown to positively affect consumer purchase intention (Chen, 2007). Past research indicates that the purchase behaviour in favour of domestic or foreign products, brands and institutions varies in line with consumer ethnocentrism (Pecotich and Rosenthal, 2001; Dmitrovic, Vida and Reardon, 2009). Consumer ethnocentrism and patriotism were shown to be stronger determinants of domestic consumption than rational considerations such as perceptions or relative product quality of domestic vs. imported products (Vida and Reardon, 2008). Consumers who evaluated domestic products more favourably exhibited purchase behaviour in favour of domestic products (Dmitrovic, Vida and Reardon, 2009). Patriotic consumers are more likely to buy domestic rather than foreign products compared to consumers who are not patriotic (Han, 1988). Research further indicates that customers who are loyal to a certain retail establishment tend to give one particular store the priority in grocery shopping and are likely to spend more money at the primary store than the less loyal shoppers (Tate, 1961). Therefore, it might be expected that consumers who prefer foreign retailers will patronize those retailers and spend there more money than in domestic retailers. At the same time consumers who prefer domestic retailers are more likely to patronize domestic retailers and spend there more money than at foreign retailers. Based on past research the following hypotheses are proposed:

H_{3a}: Consumers who exhibit more favourable attitude towards domestic retailers are more likely to select domestic retailer as their first choice than a foreign retailer.

H_{3b} Consumers who exhibit more favourable attitude towards foreign retailers are more likely to select foreign retailer as their first choice than a domestic retailer.

H_{4a}: Consumers who exhibit more favourable attitude towards domestic retailers are more likely to spend more money at domestic retailers than at foreign retailers.

H_{4b}: Consumers who exhibit more favourable attitude towards foreign retailers are more likely to spend more money at foreign retailers.

$H_{5:}$ Consumers who exhibit more favourable attitude towards domestic retailers are more likely to exhibit more favourable attitude towards buying Croatian-made product.

3. Methodology

3.1. Consumer survey and sample profile

Data were collected using consumer survey carried out by telephone in March 2009. Four biggest cities in Croatia (Zagreb, Rijeka, Split and Osijek) were selected to participate in the survey. A multistage design was used in developing a sample. Pages in telephone book containing names and addresses of potential respondents were selected using systematic sampling procedure, while simple random sampling technique was employed to choose potential respondents within the selected telephone book pages. The sample included 203 consumers. Summary statistics on sampled consumers is presented in table 1.

Table 1: Summary statistics of sampled consumers (N = 203) – Respondent profile

Residential area (in %):	
Osijek	19.21
Rijeka	21.67
Split	22.17
Zagreb	36.95
Gender (in %):	
Male	32.34
Female	67.66
Average age in years (St. Dev)	49.15 (15.94)
Average number of people in a household (St. Dev)	3 (1.31)
Educational level	
Primary school	10.34
Secondary school	46.80
University and higher education	42.86
Distribution of monthly income (in %):	
up to 2500 HRK	6.93
2501 – 5000	23.27
5001- 7500	25.74
7501 – 10000	16.83
10001 – 12500	11.39
12501 and more	15.84
Average monthly amount of money spent on groceries in HRK (St. Dev)	2,870.30 (1,520.40)

Source: Consumer Survey

The questionnaire included the questions about the importance of store attributes in deciding where to shop and consumers' beliefs about the performance of domestic and foreign retailers. The consumers reported first choice retailer, the amount of money spent at favourite retailer and indicated their attitudes towards buying Croatian-made products.

3.2. Analytical procedure

Attitudes towards domestic and foreign retailers were evaluated using the Fishbein's model (1967). The model is based on the notion that consumers see a retailer and a product as a collection of attributes or characteristics. It posits that a person processes the information about an object in arriving at evaluation of the object. According to the model, a customers' overall evaluation of an alternative is related to the sum of the performance beliefs multiplied by the importance weights. The perceived importance of an attribute is a subjective estimate of relative weights of attributes examined, while beliefs about performance represent the information a consumer has about the object. Attitudes are calculated by using Equation 1 (Fishbein and Ajzen, 1975):

$$Ab = \sum_{i=1}^{n} b_i \times e_i \qquad [1]$$

where Ab = attitudes toward behaviour, bi = belief that performing behaviour leads to certain attributes, e_i = Evaluation of the importance of the attribute, i = attributes. The evaluation of store attributes reflects the customer decisions to patronize the store at particular retailer. The estimation of attitudes towards domestic retailers was calculated using Equation 2:

$$ADR = \sum_{i=1}^{n} b_{di} \times e_i \qquad [2]$$

where ADR = attitudes toward domestic retailer, b_{di} = belief that purchasing from domestic retailer leads to certain attributes, e_i = evaluation of the importance of the attribute, i = store attribute, n = number of attributes. The estimation of attitudes towards foreign retailers was calculated using the Equation 3:

$$AFR = \sum_{i=1}^{n} b_{fi} \times e_i \qquad [3]$$

where AFR = attitudes toward foreign retailer, b_{fi} = belief that purchasing from foreign retailer leads to certain attributes, e_i = evaluation of the importance of the attribute, i = store attribute, n = number of attributes. Based on the formulas above, for each respondent the overall attitudes towards domestic retailers (ADR) and foreign retailers (AFR) were calculated by multiplying the importance evaluation score and the belief score and by summing the results for all examined attributes. Overall attitude comprising all thirteen store attributes was calculated first for domestic retailers and then for foreign retailers. The differences in attitudes towards domestic and foreign retailers were measured using the paired-comparison t-test.

Attitudes were estimated for each store attribute factor and for each individual store attribute. Thirteen store attributes were factor analysed to produce smaller more manageable set of factors. Factor analysis produced four factors of store attributes.

Factors were labelled according to the dominant variables in the factor as follows: (1) Store quality, (2) Prices/Promotion, (3) Convenience of shopping, (4) Additional services. Table A1 in the appendix shows the factor loadings for each store attribute factor.

Store attribute factor scores were used in k-means cluster analysis to group respondents with similar attributes towards domestic and foreign retailers. Cluster analysis is a technique used to classify objects (respondents) with respect to a particular attribute. The resulting clusters of respondents are homogeneous within the clusters and heterogeneous between the clusters. Consumer segments were identified and named based on mean scores on each store attribute factor, which resulted from factor analysis. Differences for retail patronage and the attitude segments were tested using chi-square analysis, while the differences between the attitude segments and consumer spending were tested using analysis of variance (ANOVA).

3.3. Measurement

A review of relevant literature was used to develop measures for variables applied in this study, which was then supplemented and adapted to the study context. For the evaluation of importance of store attributes respondents indicated how important they considered each of thirteen store attributes when buying groceries by using a seven-point importance scale, ranging from 7 (very important) to 1 (not at all important). As for beliefs consumers indicated how well domestic and foreign retailers provided thirteen store attributes by using a seven-point scale, ranging from 7 (excellent) to 1 (poor). The selection of store attributes was based on the past literature and theoretical definitions (Stephenson, 1969; Pan and Zinkhan, 2006).

Consumer purchasing behaviour was expressed as retail patronage. Researchers have defined and measured patronage behaviour in various ways (Shim and Kotsiopulos, 1992; Osman, 1993; Pan and Zinkhan, 2006). Patronage behaviour is the purchase behaviour of the consumer with respect to one particular store. In this study retail patronage is measured as the retailer of first choice selected by the consumer when shopping for groceries. It represents an individual's preference for a particular retailer for purchasing products. Consumer spending reflects money spent at favourite retailer. In determining retail patronage the respondents were asked "at which retailer did you shop the most during the last twelve months?" According to their responses consumers were classified into two groups as follows: (1) consumers who mostly visit a domestic retailer and (2) consumers who mostly visit a foreign retailer.

Consumer spending was expressed as the amount of money spent at favourite retailer. It was determined by asking consumers "How much money does your household spend on groceries in an average month? (in HRK) and "How much money do you spend at your favourite retailer in an average month?" (in HRK).

Consumer attitudes towards buying Croatian-made products were measured by scales previously developed and used by Shimp and Sharma (1987) and include the following items: (1) I personally favor buying Croatian-made rather than foreign-made items; (2) In general, I prefer purchasing Croatian products (any product, not just food products) over foreign-made products; (3) Foreign made products are generally higher quality than Croatian-made products, (4) It is important that I purchase Croatian-made products so that jobs are not lost to foreign countries. Respondents' evaluations were scaled from 1 (strongly disagree) to 7 (strongly agree). Cronbach alpha was 0.72.

4. Results

Table 2 reports the findings of the attitudes of respondents towards domestic and foreign retailers. Consumers' evaluations of domestic and foreign retailers were calculated as the sum of the performance beliefs multiplied by the importance weights. Table A2 in the appendix demonstrates the importance levels of factors and individual attributes and the beliefs of respondents about the performance of retailers.

Results indicate that overall attitude does not differ significantly between domestic and foreign retailers. Consumers perceive almost equally domestic and foreign retailers ($Mean_{AD}$ = 409.9, $Mean_{AF}$ = 403.1, $p>0.05$). Therefore, the hypothesis H_1 is rejected. No significant differences ($p>0.05$) were found for Store quality Factor 1, Prices/ Promotion Factor 2 and Convenience of shopping Factor 3. However, significant difference in consumers' attitudes was found for Additional services Factor 4. Foreign retailers are perceived to offer better additional services than domestic retailers (MeanAD = 23.55, MeanAF = 25.39, $p<0.05$). When individual store attributes are taken into consideration, foreign retailers received better evaluation than domestic retailers on free parking space provided (34.50 vs. 30.43, $p <0.05$) and the speed of check-out (32.99 vs. 29.97, $p < 0.05$). Respondents believe that by purchasing from foreign retailers they can find better parking space provided and the check-out is much faster than at the domestic retailers. On the other hand, respondents perceived domestic retailers as being better than foreign retailers on convenient stores' location and the quality of products offered (36.4, vs. 29.2, $p <0.05$; 39.0 vs. 36.6, $p < 0.05$).

Table 2: T-test results of the comparison of consumers' attitudes (N=203)

Factors/Individual store attributes	Attitudes towards domestic retailer $Mean_{AD}$ (Std. Dev)	Attitudes towards foreign retailer $Mean_{AF}$ (Std. Dev)	Mean differences ($Mean_{AD} - Mean_{AF}$)	t-value
Store quality Factor 1	34.93 (9.17)	34.32 (8.56)	0.61	0.69
Store atmosphere	32.26 (11.74)	32.84 (11.73)	-0.58	-0.50
Level of customer service quality	35.30 (10.69)	34.34 (10.15)	0.96	0.92
Friendly personnel	33.63 (12.71)	32.33 (12.17)	1.30	1.05
Product quality	38.98 (8.41)	36.64 (9.22)	2.33	2.65**
Prices/Promotion Factor 2	28.50 (9.82)	28.04 (9,91)	0.46	0.47
Store brands' quality	31.92 (11.76)	30.91 (11.54)	1.01	0.87
Appeal of sales promotions	24.71 (13.51)	23.92 (13.45)	0.79	0.59
Low prices	30.28 (11.83)	30.72 (11.76)	-0.44	0.38
Convenience of shopping Factor 3	34.14 (8.14)	33.06 (8.50)	1.08	1.31
Convenient stores' location	36.43 (12.45)	29.24 (13.29)	7.20	5.62***
Convenience of shopping	34.46 (10.82)	33.51 (10.95)	0.96	0.88
Speed of check-out	29.97 (12.26)	32.99 (11.27)	-3.01	-2.58*
Broad product assortment	36.10 (10.07)	36.44 (9.84)	-0.34	-0.34
Additional services Factor 4	23.55 (11.00)	25.39 (10.99)	-1.84	-1.67***
Buying on credit	15.00 (14.99)	13.44 (14.12)	1.56	1.07
Free parking space provided	30.43 (19.77)	34.50 (18.18)	-4.07	-2.14*
Speed of check-out	29.97 (12.26)	32.99 (11.27)	-3.01	-2.58*
Overall attitude	409.91 (92.24)	403.14 (95.23)	6.77	0.71

Notes: * $p<0.05$, ** $p<0.01$, *** $p<0.001$; SD, St. Dev. - Standard Deviation.

Source: Consumer survey and author's calculations.

Domestic retailers were shown to be similar to foreign retailers on three out of four store attribute factors. It seems that the process of convergence in the behaviour of domestic and foreign retailers has become increasingly evident in Croatia. Croatian retailing has gone through a rapid change along the familiar lines found in other European countries with the new formats, organisational structures and management practices being implemented rapidly (Anic and Nusinovic, 2003). The structure of Croatian retailing has shifted from a segmented approach to a consolidation, which is a situation in which a few retail chains dominate the grocery market (Tordjman, 1994; Goliath, 2002). As such, domestic retailers have quickly adopted standards used by foreign retailers and have become similar to them. Retail convergence, however, increases the competition in the marketplace, since it is not easy for consumers to distinguish between leading retailers regardless of their origin and it is more difficult for retailers to differentiate their offerings.

In order to get the additional insights into the consumers' evaluation of domestic and foreign retailers, the respondents were segmented based on mean differences in consumers' attitudes towards domestic and foreign retailers using store attribute Factors 1-4. K-means cluster analysis produced three attitude segments. The segments were named as follows: Cluster 1: consumers who prefer domestic retailers; Cluster 2: consumers who prefer foreign retailers; and Cluster 3: indifferent consumers. Results show that significant differences among clusters exist for all store attribute factors. Therefore, hypothesis H_2 is supported. Summary statistics on cluster analysis is given in table 3 and figure 1.

Table 3: Results of cluster analysis

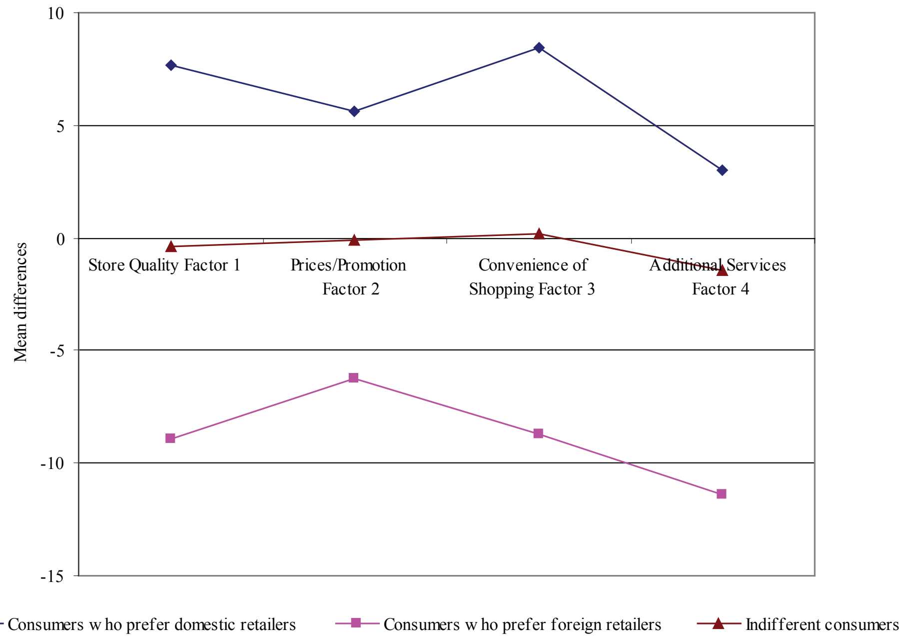
Factors	Segment 1: Consumers who prefer domestic retailers (n=55)			Segment 2: Consumers who prefer foreign retailers (n=32)			Segment 3: Indifferent consumers (n=107)			p
	M_{dif}	M_{AD}	M_{AF}	M_{dif}	M_{AD}	M_{AF}	M_{dif}	M_{AD}	M_{AF}	
Store Quality Factor 1	7.66	35.81	28.15	-8.96	28.91	37.86	-0.38	36.22	36.60	0.00
Prices/Promotion Factor 2	5.62	27.10	21.48	-6.24	23.89	30.13	-0.12	30.92	31.04	0.00
Convenience of shopping Factor 3	8.42	34.71	26.29	-8.73	29.11	37.84	0.21	35.29	35.07	0.00
Additional services Factor 4	3.00	24.30	21.30	-11.41	19.00	30.41	-1.46	24.76	26.22	0.00

Notes: $M_{dif} = Mean_{AD} - Mean_{AF}$; $Mean_{AD}$ – mean of attitudes towards domestic retailers; $Mean_{AF}$ – mean of attitudes towards foreign retailers.

Source: Consumer survey and author's calculations.

Segment 1 is intermediate in size (n=55). This segment consists of consumers who prefer domestic retailers on all factors ($Mean_{AD} > Mean_{AF}$). The highest mean difference in attitudes towards domestic and foreign retailers was found on Factor 3. Segment 2 is the smallest in size (n=32). It consists of consumers who prefer foreign retailers. Those consumers gave foreign retailers significantly higher scores over domestic retailers on all factors ($Mean_{AD} < Mean_{AF}$). The highest mean difference was found on factor 4. Indifferent consumers turned out to be the largest consumer segment (n=107). They rated almost equally domestic and foreign retailers. On three factors indifferent consumers evaluated better foreign retailers, while on one factor they rated better domestic retailers over foreign retailers. Large numbers of indifferent consumers may explain overall evaluation of domestic and foreign retailers.

Figure 1: Consumer segments based on mean differences



Source: Consumer survey and author's calculations.

In order to test the hypotheses $H_{3a,b}$ and Hypotheses $H_{4a,b}$ consumer segments were analyzed with respect to retail patronage and consumer spending behaviour. Table 4 shows the description of each cluster on retail patronage, consumer spending behaviour and attitudes towards buying Croatian-made products.

Table 4: ANOVA and chi-square results

Consumer attitude and behavior variables	Segment 1: Consumers who prefer domestic retailers	Segment 2: Consumers who prefer foreign retailers	Segment 3: Indifferent consumers	P-value
Retail patronage, chi-square test	100.00%	100.00%	100.00%	0.00
at domestic retailer	98.18%	40.63%	78.50%	
at foreign retailer	1.82%	59.38%	21.50%	
Consumer spending, ANOVA	68.00%	70.33%	67.89%	0.80
at domestic retailer	68.03%	67.56%	66.49%	0.90
at foreign retailer	66.67%	72.22%	72.78%	0.94
Consumer attitudes towards buying Croatian-made products, ANOVA (mean values)	5.78	5.62	5.70	0.79

Source: Consumer survey and author's calculations.

The chi-square test revealed significant differences for the relationship between retail patronage and consumer segments (p=00). The results for Segment 1 show that 98% of respondents selected one of the leading domestic retailers as their first choice, while foreign retailers were selected by only 2% of respondents. Consumers who prefer foreign retailers in Segment two mostly patronize foreign retailers (59% vs. 41%). Indifferent consumers in Segment 3 dominantly select domestic retailer as first choice for doing grocery shopping (78% vs. 22%). It might be concluded that consumers' attitudes do affect retail patronage behaviour. There are more consumers with favourable attitude towards domestic retailers that would select domestic retailer as their first choice for store visit. At the same time there are more consumers with more favourable attitude towards foreign retailers who would select foreign retailers as the first choice for their store patronage. Therefore the hypotheses H_{3a} and H_{3b} are supported.

The results of one-way ANOVA, however, show that no significant differences existed among attitude segments and consumer spending (p =0.80, RQ_4), rejecting the hypotheses $H_{4a.}$ and $H_{4b.}$ Consumers who prefer domestic retailers (Segment 1) do not spend significantly more money at their favourite store than consumers who prefer foreign retailers (Segment 2) or indifferent consumers (Segment 3). Although the results are not statistically significant they are in expected direction. Consumers who prefer domestic retailers would spend more money at domestic retailer than at foreign retailer. Similarly, consumers who prefer foreign retailers would spend more money at foreign retailer as compared to domestic retailer.

In testing the hypotheses H_5 the relationships between consumers' attitudes towards Croatian-made products and consumer segments were examined. As expected, Croatian consumers express relatively high level of ethnocentrism (mean = 5.71) and they rate more favourably Croatian-made products (Dmitrovic, Vida and Reardon, 2009). Although the relationship is in expected direction ANOVA results do not show that consumers who exhibit more favourable attitude towards domestic retailers exhibit significantly more favourable attitude towards buying Croatian-made product. Therefore the hypothesis H_5 is rejected.

5. Conclusions

This research sheds some light on the attitudes of consumers towards purchasing from domestic and foreign retailers with respect to major grocery store attributes. The results of this study show that consumers' overall attitudes towards domestic vs. foreign retailers do not differ significantly on three out of four store attribute factors. Therefore the hypothesis H_1 was rejected. As expected, evaluation of domestic and foreign retailers varies according to different consumer segments (H_2 was supported). K-means cluster analysis revealed that three consumer segments described the consumers' attitudes towards domestic and foreign retailers. The segments were named as consumers who prefer domestic retailers (Segment 1), consumers who prefer foreign retailers (Segment 2) and indifferent consumers (Segment 3). Large numbers of indifferent consumers may explain overall evaluation of domestic and foreign retailers. The findings further reveal that significant differences were found among the consumer segments for retail patronage behaviour, supporting the hypotheses H_{3a}.and H_{3b}. Consumers who prefer domestic retailers are more likely to visit domestic retailers, while consumers who prefer foreign retailers are more inclined to visit foreign retailers. Indifferent consumers, however, mostly visit domestic retailers. Thus, consumers' attitudes might predict retail patronage behaviour. However, ANOVA results show that no significant differences exist across attitude segments in consumer spending, rejecting the hypotheses H_{4a} and H_{4b}.Consumers who prefer domestic retailers do not spend significantly more money at their favourite stores than consumers who prefer foreign retailers or indifferent consumers, although results were in expected direction. ANOVA results do not show that consumers who exhibit more favourable attitude towards domestic retailers exhibit at the same time significantly more favourable attitude towards buying Croatian-made product, which rejects the hypothesis $H_{5.}$

This study is limited by several factors that should be addressed in future research. The analysis of consumers' attitudes towards foreign and domestic retailers "took a snapshot" of a sample of consumers in four Croatian cities. This research includes small sample size and is focused on grocery retailing. Despite these limitations, the results of this paper offer useful findings and pose some valuable managerial implications and direction for further research. Larger sample size would allow a more detailed analysis. Researchers might investigate and compare consumers' attitudes towards domestic and foreign retailers in other countries to identify similarities and differences in consumer behaviour across countries. Future studies should incorporate additional products and multiple product categories to examine differences in consumer attitudes between products. Future studies might measure changes in consumer attitudes over time and examine why these changes occur. Finally, research can investigate the relationships between consumers' attitudes and demographic variables.

Several managerial implications follow from the findings of this study. The results suggest areas in which domestic and foreign retailers might enhance their competitiveness in the Croatian market by changing performance beliefs. Domestic retailers can improve their competitive position by providing better parking opportunities and by offering faster check-out. Foreign retailers should place more emphasis on finding more convenient location of their new stores and on providing products of higher quality. Altering customers' importance weights and adding new benefits is another approach to influence store choice. When designing retailing strategy retailers should take into consideration identified consumer segments which represent a specific set of opportunities and challenges.

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Stavovi i kupovno ponašanje potrošača u domaćim i stranim maloprodavačima prehrambenih proizvoda u Hrvatskoj

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Sažetak

Ciljevi ovog rada jesu istražiti razlike u stavovima potrošača prema domaćim i stranim maloprodavačima u Hrvatskoj, segmentirati potrošače sukladno njihovim stavovima i analizirati razlike između tako identificiranih segmenata potrošača s obzirom na izbor maloprodavača, potrošnju i stavove potrošača prema kupnji hrvatskih proizvoda. Empirijska analiza se temelji na podacima koji su prikupljeni anketnim istraživanjem. Podaci su analizirani t-testom, chi-kvadrat testom i analizom varijance (ANOVA). Rezultati istraživanja pokazuju da potrošači percipiraju podjednako domaće i strane maloprodavače na tri od četiri faktora. Klaster analizom identificirana su tri segmenta potrošača: (1) potrošači koji preferiraju domaće maloprodavače (28%); (2) Potrošači koji preferiraju strane maloprodavače (17%), i (3) neopredijeljeni potrošači (55%). Značajne statističke razlike utvrđene su između segmenata potrošača u pogledu izbora maloprodavača, ali ne i kod potrošnje potrošača i stavova potrošača prema kupnji hrvatskih proizvoda. Može se zaključiti da se stavovima potrošača prema domaćim i stranim maloprodavačima može predvidjeti izbor maloprodavača. Maloprodavači bi trebali prilikom kreiranja maloprodajnih strategija uvažavati razlike u stavovima potrošača.

Ključne riječi: *maloprodavači, stavovi potrošača, izbor maloprodavača, potrošnja, stavovi potrošača prema kupnji hrvatskih proizvoda*

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Appendices

Table A1: Results of factor analysis using varimax raw rotatio

Store attribute factors	Factor loadings	Percentage of variance (in %)
Store quality Factor 1		19
Store atmosphere	0.72	
Level of customer service quality	0.82	
Friendly personnel	0.82	
Product quality	0.56	
Prices/Promotion Factor 2		14
Store brands' quality	0.58	
Appeal of sales promotions	0.76	
Low prices	0.81	
Convenience of shopping Factor 3		16
Convenient stores' location	0.76	
Convenience of shopping	0.76	
Speed of check-out	0.47	
Broad product assortment	0.55	
Additional services Factor 4		11
Buying on credit	0.58	
Free parking space provided	0.87	
Speed of check-out	0.42	

Source: Consumer survey and authors' calculations.

Table A2: Importance levels and beliefs (N=203)

Factors/Individual store attributes	Importance*	Beliefs**	
	Mean (Std. Dev.)	Domestic retailers $Mean_D$ (Std. Dev)	Foreign retailers $Mean_F$ (Std. Dev)
Store quality Factor 1	6.25 (0.82)	5.53 (1.07)	5.46 (0.99)
Store atmosphere	5.88 (1.32)	5.41 (1.32)	5.48 (1.28)
Level of customer service quality	6.32 (0.92)	5.53 (1.28)	5.41 (1.23)
Friendly personnel	6.05 (1.34)	5.43 (1.46)	5.24 (1.43)
Product quality	6.75 (0.58)	5.75 (1.06)	5.42 (1.25)
Prices/Promotion Factor 2	5.51 (1.21)	5.07 (1.10)	4.98 (1.12)
Store brands' quality	5.91 (1.37)	5.28 (1.31)	5.11 (1.38)
Appeal of sales promotions	4.73 (1.90)	4.89 (1.56)	4.71 (1.64)
Low prices	5.88 (1.41)	5.05 (1.42)	5.13 (1.35)
Convenience of shopping Factor 3	6.01 (0.87)	5.65 (0.91)	5.46 (0.99)
Convenient stores' location	5.86 (1.56)	6.15 (1.17)	4.94 (1.71)
Convenience of shopping	5.89 (1.23)	5.76 (1.24)	5.63 (1.28)
Speed of check-out	5.94 (1.32)	5.00 (1.62)	5.49 (1.27)
Broad product assortment	6.33 (0.92)	5.69 (1.28)	5.73 (1.22)
Additional services Factor 4	4.78 (1.43)	4.74 (1.35)	5.12 (1.22)
Buying on credit	3.16 (2.20)	4.00 (2.31)	3.66 (2.31)
Free parking space provided	5.23 (2.45)	5.21 (2.41)	6.21 (1.62)
Speed of check-out	5.94 (1.32)	5.00 (1.62)	5.49 (1.27)

Notes: *Importance ratings ranged from 7 (very important) to 1 (not at all important).
**Belief ratings ranged from 7 (excellent) to 1 (poor).

Source: Consumer survey and authors' calculations.