NATIONAL ASPECT AS A PART OF CORPORATE IDENTITY

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Abstract

This paper deals with assessing the impact of ethnocentrism and country-of-origin effect on selected Czech companies which operate on domestic market. The results of the paper reflects the fact, whether the companies use the influence of Czech country-of-origin effect, when they communicate with customers. As a representative sample of the companies was chosen a set of the companies that were ranked in the Czech TOP 100 ranking in the category of the most important companies. In the paper for each campaign is pursued, whether using visual motif of the Czech Republic, thus visualization of the object, which is typical for the Czech Republic. Furthermore, if the texts of campaigns or web sites texts use the name referring to the Czech Republic. The survey shows the possible membership to the Czech Republic of each company. 

Keywords: country-of-origin effect, brand image, ethnocentrism, CZECH TOP 100, Czech Republic.

JEL Classification: M31, P29, L29.

Introduction

Due to highly concentrated competition on the European Union markets as a whole and on other markets the enterprises are forced to identify themselves and maximize the benefit factors that can bring them the competitive advantage. One of the important factors that may contribute to gain the highest market share is country-of-origin effect and consumer ethnocentrism. The question is whether these factors (effects) are used by the Czech companies.

We can say that the phrase “Made in Czech Republic” or “Made in Czechoslovakia” has good reputation among customers. This stems from the good reputation of Czech industry, which Czechoslovakia (Czech Republic) had during the period between first and second world war (some branches after the year 1945) and after important changes after the year 1989.

Objective

The aim of this paper is to asses, if Czech companies use the tools mentioned above to reach more competitive advantages. Thus if they use in their communication the fact, that they are Czech. It is very difficult to answer this question en bloc so that the answer would include all companies operating on the Czech market. Moreover, the analysis makes no sense for enterprises whose extent and scope of activities is only local (e. g. communication of belonging to the Czech Republic of local producer that is focused on local markets might be confusing). That is the reason why the authors are in this article focused on leading Czech companies that have significant international extent and also represent the top of the Czech economy.

Methodology

This paper analyses 13 Czech companies chosen from the CZECH TOP 100 ranking. These companies were evaluated as the most significant companies of the Czech Republic in years 2005, 2006, 2007 and 2008 and were placed on the first ten places. The year 2008 is the last closed year.

This research is based on the scorecards of each company. These scorecards are evaluated separately for logo and for other communication. In each company are evaluated Czech aspects, e.g. national colours, Czech flag, the word Czech in logo or on website or national/regional links, Czech domain on website etc. Every aspect of companies is evaluated with points, which are assigned with strengths. At the first step the points and strengths are multiplied (for each company and each aspect). Then in each column the partial results are summed. The final result is sum of total figures (logo and other communication).

The data for this research are collected on websites of chosen companies and from controlled interviews with the relevant department of these companies.
Literature Search

For better understanding the present research it is necessary to clarify the following terms.

*Country-of-origin effect*

Country-of-origin (COO) effect refers to how customers perceive products made in a particular country (Roth and Romeo, 1992, in Chu et al., 2010, p. 1056). Several explanations have been proposed to interpret how consumers react to COO information. The most common effects are „halo effect“ and „summary effect“. According to „halo effect“, COO serves as a cognitive cue for consumers to infer their beliefs regarding other attributes of a product and thus overall product evaluation (Erickson et al., 1984, in Chu et al., 2010, p. 1057). The „summary effect“ model suggested that consumers recode and abstract their knowledge about a country’s products into their image of country (Johanson, 1989, in Chu et al., 2010, p. 1057). In accordance with Orbaiz and Papadopoulos (2003) the most important factor in forming product-country image is consumer’s beliefs and attitudes toward a product’s country-of-origin. That is the reason, why international marketers must choose between standardized or local marketing strategies, if they know, how consumers in the target market will perceive and then process COO and product information (in Amine, 2008).

The COO construct is routinely operationalized and conveyed to consumers using the phrase „Made in __“, and the name of the country. Consumer’s response will be more positive if the COO effects is perceived more positive (Ganguly, 2005, in Amine 2008).

*COO and consumer’s ethnocentrism*

COO effect is joined with consumer ethnocentrism; the citizens of one country embody some positive or negative attitudes toward products native in another country. Marketers make efforts in influencing on positive ethnocentric consumer’s attitudes through logical arguments. This is used for example in groceries. The home-made production is presented as better quality, more valuable, healthier or providing employment in the locality. States encourage the national initiatives promoting home-made products. In the Czech republic we can mention the national brand for food products Klasa and the system for checking the product’s quality Czech Made. Both of these initiatives should influence Czech consumers to prefer Czech products (Štrach, 2009).

Ethnocentrism can be also joined with negative experience in history, e.g. the Chinese consumers living in area of Nanjing could present their animosity toward Japanese (because of Japanese occupation) through avoidance buying Japanese products or unwillingness the Dutch consumers to buy German products by implication of German occupation during the world war (Huang, Phau and Lin, 2010).

*Logo / Logographer*

Logo serves to definite identification of the subject, it is a graphics form of the name and it is important part for communication activities. It should be unique, simple, easy-to-remember, applicable for different types of materials and express the company’s activities. It contradistinguish company from the other, it is part of company’s brand (Vysekalová and Mikeš, 2009).

According to Vysekalová and Mikeš (2009) we can recognize three types of logo:

- **Descriptive shapes** – immediately distinguishable, subjects which are used commonly, e. g. geometrical shapes.
- **Suggestive shapes** – the shape is slightly abstract.
- **Abstract shapes** – these logos has no general received, known meaning. The symbol cannot be named and the indefinable shapes are used.

*Results*

In this study, there was evaluated occurrence of Czech symbols in communication of thirteen chosen companies from the ranking CZECH TOP 100.

CZECH TOP 100 ranking is a set of economic data provided by the companies. The first volume of this competition was held in 1994 (data from year 1993), but the first list was published in June 1995 with data from 1994. The ranking contains the economic indicators as sales, value added, the number of employees etc., also ratios (profitability, profitability per employee) and is used for the analytical purposes, macro-economic study and for the company’s use.
The study evaluated separately the occurrence of Czech symbols in logo and in other communication. Table 1 describes the occurrence in the internet communication and in the name of the company. The most followed character was the word Czech in the name of the company. Only four of thirteen companies use in their name the word Czech. It is Panasonic Marketing Europe GmbH, constituent part Czech Republic, Telefónica O2 Czech Republic, a. s., Siemens Czech Republic and Škoda Auto. Two of all companies use the abbreviation of the word Czech (ČEZ – Czech energetic enterprise, ČEPRO – Czech pipelines).

The second most followed character was the using of Czech domain (www.nameofthecompany.cz); all of thirteen chosen companies use it.

According to the table, Siemens and Škoda Auto are the companies that use at the most the Czech symbols in their communication (websites, mane of the company etc.). They received 78 points. The third company that received 71.5 points was Panasonic.

The company Moravia Steel, in this case, uses the least symbols. This company received only 34 points, which is more than half less than in case of the first one.

The table 2 shows the occurrence of Czech symbols in logos of chosen companies. The symbols followed were the Czech flag, graphic inspiration of the Czech flag, national colours, the word “Czech” and other symbols as the Czech crown, lion etc.

Any of all chosen companies does not use Czech flag, graphic inspiration of it and another Czech symbol. Only one of the companies has the word “Czech” in its logo (more precisely “Czech way”). The company mentioned is AGROFERT HOLDING, a. s. and the logo is shown on the picture 1. AGROFERT’s logo is the most Czech logo. The second one is TPCA and the third is Telefónica O2.

![Figure 1. Logo of AGROFERT HOLDING, a. s.](source: www.agrofert.cz)

In the third table you can see the total results. “The most Czech company” with 86.5 points received became Škoda Auto Czech Republic. The second place of “The most Czech company” belongs to Telefónica O2 and the third place to AGROFERT HODLING. These companies received most points and all of them achieved great results in both two categories (AGROFERT and Telefónica O2 in the first category and Telefónica O2 and Škoda in the second category).

**Discussion**

Every of the followed companies are joined with Czech Republic. None of them received zero points, but none of them exceeded the half of total score (200 points). Only in case of AGROFERT is evident the connection to Czech Republic. This company uses the phrase “Czech way” in communication with its business partners, customers and general public.

The surprise was that the traditional Czech companies as OKD or Trinecké železárny - Moravia Steel Group were placed on the bottom of the result list. These companies were traditionally joined with Czech Republic, but their communication does not include any significant elements, which can signal the first sight connection to their country of origin.
In opinion of the authors, the country-of-origin effect occurs only in conjunction with tradition of some companies, which have been operating on the Czech market for a long time (mean Škoda Auto, Moravia Steel, OKD or Telefónica O2 – former Český Telecom (Czech Telecom)).

The future research could be aimed at clarifying the reasons why Czech companies do not use Czech symbols in communication with their strategic partners and will be further used to elaborate the dissertation thesis of one of the authors.

**Conclusion**

Presented results show that Czech companies use in commerce communication the fact that they operate on the Czech market. We are pleased about this fact and we suppose that with further development will this trend reinforce. The question is how important will be the role of the European Union in the future, if “Made in Czech Republic” will not be completely displaced by “Made in EU”. For the companies it is the possible way to present itself unanimously for both units, Czech Republic and EU to.

The important role of using the COO effect is played by the tradition and values of the company, whether the company associated with the Czech Republic. After the undertaken investigations we can conclude that leading Czech companies use the commercial communication conducted with the Czech Republic to improve their market position. The sad fact is that the best evaluated company did not reach at least the half of the ideal score of the company, which use the belonging to the Czech Republic in the maximum possible extent.

**References**

5. FOXCONN CZ s. r. o. [on-line]. Last revision 2011 [cit. 2011-1-25]. Available at: <www.foxconn.cz>.
### Table 1. Czech symbols in communication of chosen companies

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Points</th>
<th>Strength</th>
<th>ČEZ</th>
<th>RWE</th>
<th>TPCA</th>
<th>Panasonic</th>
<th>OKD</th>
<th>Telefónica O2</th>
<th>Agrofert</th>
<th>Unipetrol</th>
<th>Siemens</th>
<th>ČEPRO</th>
<th>Moravia Steel</th>
<th>Foxconn</th>
<th>Škoda Auto</th>
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*Source: Proper results*
Table 2. Czech symbols in logo of chosen companies

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<th>Strength</th>
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<th>Agrofert</th>
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<th>Moravia Steel</th>
<th>Foxconn</th>
<th>Škoda Auto</th>
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*Source: Proper results*

Table 3. Total results

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<td>78</td>
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*Source: Proper results*