

# The Impact of Ethno Marketing Activities on Consumer Buying Behavior in the Balkans: The Case of Kosovo

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## Abstract

Ethno marketing defines as marketing segmentation approach that groups consumers on the basis of ethnicity. Ethno marketing starts with recognizing the elements of culture as crucial and essential for driving contemporary marketing strategies. Ethno marketing is slowly gaining traction in marketing in multicultural environments, particularly in countries or regions inhabited by consumers from different ethnic backgrounds. This study aims to find whether such marketing activities based on cultural elements practice has any effect on consumers' buying behavior in the Balkans. It focuses on consumers in Kosova with the understanding that this is a preliminary exploratory study whose results will form basis for a large study on the Balkan region.

The study used a structured questionnaire with the Likert Scale. One hundred, forty-eight responses were received and analyzed using the SPSS statistical software.

The results of the analysis show that Albanian consumers in Kosova agree that ethno marketing is important and company marketing activities such as a company's advertisement and promotion in the language of the ethnic is considered very important during consumers purchase decisions. Furthermore, results reveal that symbols, cultural elements as well as the

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information dissemination inside the stores and outside seem to be very important for consumers.

On the basis of this study, a larger study that covers the different countries in the Balkan region to determine how consumers in the different countries in the region relate to ethno marketing is strongly recommended.

**Key Words:** marketing; culture; subculture; ethno marketing; research

## 1. Introduction

People are influenced by culture on the way they think, they face the world and the way they consume products. It is a system that we learn and that is passed on from generation to generation. Many define culture as a collection of elements such as language, religion, values, beliefs, etc.

Consumers see the world and their surroundings through their lenses, and as such their behavior is very much influenced by many shared factors that belong to a culture, such as: values, suppositions, rules, values, society perceptions, beliefs, and evaluations. Culture has been found as the most influential element dealing with the consumption behavior where certain products are linked with a particular symbolism (Lindridge and Dibb, 2003).

Companies make efforts to understand their consumers on the way they behave in the market. They want to understand them how they react to different stimuli in their marketing efforts, and how they behave in their purchasing moment.

The need for researching cultural framework and marketing activities has emerged in the last few decades by many scholars and academics. They are focused on researching ethno marketing and cultural elements impact on marketing activities.

Companies use marketing activities to serve customers' needs and preferences coming from a different segment from the whole market. Companies focus on ethno marketing elements as a way of segmenting the whole market into targets where the primary purpose is to serve such markets based on ethno marketing elements. Meltem et al., (2009) define ethnic marketing as a marketing that segments markets based on ethnic groups considering specific cultural considerations in their marketing activities.

Ethno marketing starts with recognizing the elements of culture as crucial and essential for running businesses nowadays. Similarly, cultural dimension is used by a company to develop its activities in order to analyze the behavior of consumers, the way companies make decisions and the development of the market (Morales, 2005; Schein, 1985; Páramo, 2004).

It is very important to analyze the cultural aspects of consumer behavior in marketing, especially during the segmentation of the market, during targeting segments and while positioning products or services in the chosen segments. (Durmaz et. al., 2011). Market segmentation can help companies to motivate consumers to buy advertised products and services. The market segmentation based on demographic characteristics might be successful in countries, where many ethnic groups live together with different cultures differing from one another. The process of segmenting the market and the process of ethno marketing help companies design customer-focused marketing communication to satisfy consumer's needs and preferences.

There is a gap on ethno marketing research in the Balkans, or just a very little has been done. There are not any marketing studies in the majority of the Balkan countries related with cultural marketing, a market with many cultural segments with different consumers and mixture. Therefore, this research study aims at providing further empirical evidence about ethnic elements and their influence on consumer behavior while purchasing products and services. Furthermore, it can draw some light on the way how the concept of ethno marketing can be used in order to explain the consumption patterns of consumers belonging to different ethnic groups and different segment groups.

### **1.1. Objectives of the Study**

This study tries to find out by analyzing the impact of ethno marketing and its importance during the process of decision-making and during consumer purchases. The target group are consumers that live in Kosova, a country where many foreign companies have expanded their businesses in many different forms of market entry strategies. So, the research aims at finding out whether and how much this market is influenced with designed marketing mix activities of companies. The results will show whether cultural elements such as: culture, subculture, language, religion, and symbols embodied in companies' activities will influence their buying behavior.

Therefore, this paper tries to:

- to identify the impact of ethno marketing on the purchasing behavior decision.
- to examine whether cultural elements have an effect on the purchasing behavior.
- to assess the relative influence of cultural factors on the purchasing decisions of consumer.
- to find out the more important factors that influence consumers during their purchase decision

## **1.2 Research Questions**

This paper tries to answer the following research questions:

1. How much does ethno marketing influence the purchasing behavior of consumers?
2. What is the effect of cultural elements on consumer behavior during the purchasing decision process?
3. What cultural elements are more important for consumers during the purchasing decision process?

## **2. Literature Review**

Culture shapes the way human beings behave. Culture also shapes consumer behavior. Language is an essential part of any culture. Consumers through languages receive the message from companies, they receive advertising messages. Religion also influences consumer buying behavior because certain products are religious biased and religious conscious (Mokhlis, 2009). Values which are part of a culture influence the behavior of people and the consumption of certain products and services. Symbols can have a stimulating effect to certain members of a particular culture (Allen, 2002).

Companies in order to satisfy different needs of different segment they design special differentiated marketing mix. Ethno marketing means a tailored marketing mix for a targeted segment based on cultural differences of that consumer group. The market segmentation meets customers' needs and preferences more accurately (Sun, 2009). This helps companies to improve their profits because it allows companies to gain the best price. In this line, market segmentation based on ethnicity helps companies to enter

heterogeneous segments, i.e., segments belonging to different ethnic groups.

There is a growing interest among scholars concerning the opportunities derived by ethnicity in order to market and target ethnic consumers within multi-cultural diversity countries (Pires, & Stanton, 2005; Cui, 2001; Burton, 2000; Erdem & Schmidt, 2008). Ethnic markets are separated from common markets because of socio-economic factors that connect consumers with groups that have similar consumption patterns (Pires & Stanton, 2005).

Ethno marketing is an effort to understand the way consumers consume and how they behave during purchasing within their minority groups by developing marketing concepts to satisfy the needs of target groups (Sözer, 2008). The major focus within the ethno marketing is to focus on groups as customer segments using culture or nationality specific offer created in their native language. According to Mirela-C et al., (2012) ethno-marketing is a differentiated marketing strategy adapted in alignment with the cultural elements of the target groups. Morales (2005) defines ethno marketing as marketing segmentation approach that groups consumers on the basis of ethnicity. This marketing effort is slowly gaining traction in multicultural environments, particularly in countries or regions inhabited by consumers from different ethnic backgrounds, who eventhough live together, still communicate in different languages.

The cultural dimension represents the decisions and the dynamics of the company's activities toward a given market. In this case, marketing activities involve the recognition of cultural elements as the bases for determining the consumer behavior during their purchase habits. Thus, introducing marketing activities towards target groups that share common ethnic features denotes ethno marketing or intercultural marketing (Szillat and Betov, 2015). From this point of view and approach, ethno marketing might be considered as the study of consumption of individuals within the social group or the cultural group that they are part of.

The application of ethno marketing helps companies to carry out a local differentiated marketing mix. Ethno marketing analyses help companies to design their marketing offer based on ethnic group as well as communicating, using images, and cultural symbols that are important to that ethnic group. Companies try to design differentiated marketing mix for attracting consumers in unique market segments where the ethnocentric inclination is much emphasized. Using these cultural elements by

companies as strategies for entering such market segments helps them gain the competitive advantage on such segments.

Jamal et al., (2015) refer to ethno marketing as directing activities of marketing to special groups with activities focused on ethnic characteristics. When companies use ethnic marketing they integrate in their marketing planning characteristics that are important for that ethnic group. Companies also focus on the way how to promote their products and services to ethnic targeted groups by considering their culture, subculture belonging, religion, values, symbols and rituals in order to appeal to those groups in those market segments (Wilken, 2004).

### **3. Methodology**

Methodology shows the way how the data was collected and analyzed. The main idea of the study is to find out the role and the influence of cultural factors in the purchasing decision of consumers, and to find out how consumers think about the way companies use ethno marketing and cultural symbols on consumer purchase decisions. The purchasing decision behavior of consumers is a dependent variable which can be influenced by language, cultural elements, symbols, that are independent variables. The study used a primary and secondary data. For collecting the primary data, a structured questionnaire was used. For collecting the secondary data, books, textbooks, online articles, and journals were used. The study used a structured questionnaire with the Likert Scale (1 denoting consumer's "completely disagreed" position, and "5 denoting completely agreed" position, with 3 being a neutral position). The questionnaire was distributed non-randomly. One hundred forty-eight responses were received and analyzed using the SPSS statistical software.

The sample population are consumers in Kosova market. So, the purpose of the research is to identify whether and how much the Kosovar community as a special target market is influenced with designed marketing mix activities of companies. The results show whether cultural elements such as: culture, subculture, language, religion, and symbols embodied in companies' activities will influence their purchasing behavior. The SPSS software package and Excel were used as a statistical tool for analyzing the obtained data.

#### **4. Data Presentation and Analyses**

This part presents the obtained data collected by a survey about the role and impact of the ethno marketing activities on consumer purchasing behavior.

##### **4.1 Descriptive statistics**

A structured questionnaire was delivered to one hundred eighty-five respondents. Table: 1 shows participants' characteristics. There were 185 valid participants who responded to two parts of the questionnaire. The first part consists of demographic data, and the second part with 18 questions of the structured questionnaire.

Table 1, presents the surveyed participants based on different groups by age, gender, education, household income and the number of languages spoken by them and the number of languages spoken in their area.

**Table 1:** Demographic statistics of participants

		Frequency	Valid Percent
Gender	Male	97	52.4
	Female	88	47.6
	Total	185	100.0
Age	21-30	120	64.9
	31-40	45	24.3
	more than 41	20	10.8
	Total	185	100.0
Education	bachelor	44	23.8
	master	129	69.7
	doctorate	12	6.5
	Total	185	100.0
Household income average	to 250 €	24	13.0
	251-400 €	32	17.3
	401-600 €	32	17.3
	over 600 €	97	52.4
	Total	185	100.0
How many languages do you speak beside mother tongue?	one	8	4.3
	two	104	56.2
	three	52	28.1
	more than four	21	11.4
	Total	185	100.0
Living area	mono-ethnic place	36	19.5
	multiethnic	45	24.3
	majority from my ethnicity	104	56.2
	Total	185	100.0
How many languages are spoken in your living area?	one	68	36.8
	two	53	28.6
	three	48	25.9
	four	16	8.6
	Total	185	100.0

**Source:** Author's own calculations



**Table 2:** KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.606
Bartlett's Test of Sphericity	Approx. Chi-Square	1435.784
	df	153
	Sig.	.000

**Source:** Author's own calculations

The test value is .606 and it is above the level of acceptance (*level of acceptance is 0.6 and in some other studies the value of 0.5 is also accepted*). The KMO measures the sampling adequacy of the given responses with the sample whether are adequate or not. The value for KMO should be closer than 0.5 in order a satisfactory factor analysis to proceed. According to Kaiser. F. M. (1974) a value 0.5 is a minimum (barely accepted), and values between 0.7-0.8 are acceptable, whereas values above 0.9 are very reliable. Looking at the table below, the KMO measure is 0.606, which is close of 0.5 and therefore can be accepted as a value.

**Table 3: Communalities**

<b>Communalities</b>		
	Initial	Extraction
Companies use consumers' language while promoting their products and services	1	0.671
Companies take care a lot communicating with consumers in their language	1	0.713
Companies have to prepare their offers respecting the language of the consumers	1	0.72
Companies take care about symbols of other ethnicities while promoting	1	0.742
Companies have to take care during information dissemination respecting the languages spoken in the market	1	0.777
Companies have to post information in more languages in their stores	1	0.343
Companies have to take care about cultural elements during advertising	1	0.63
I am influenced during the purchase if the company advertises in my language	1	0.78
I am more concerned with the quality of products/ services rather than getting information in my native language	1	0.747
It is more important for me the price of a product/ service than getting information in my language	1	0.805
I am always interested to buy qualitative products rather than domestic products	1	0.548
I think of boycotting businesses that don't use my language during communication	1	0.787
Consumers do not have alternatives while choosing product/services based on ethno marketing	1	0.746
Ethno marketing is not important for my ethnicity	1	0.598

Consumers where I live are not influenced during product/service selection based on ethno marketing elements	1	0.562
Ethno marketing should have an important role in selecting products and services	1	0.878
I get irritated from advertisement in the market done by other languages	1	0.812
Consumers don't have to buy products/services from companies that do not use different languages in their stores	1	0.769
Extraction Method: Principal Component Analysis.		

**Source:** Author's own calculations

Communalities show the communality value which should be more than 0.5 that can be taken in consideration for proceeding with ongoing analysis. Table 3 shows the communality of variables, which are measures of variation percentages that are explained by factors. A high level of communality denotes that a variable has commonalities with other variables as a group. The communality values in this study are high.

Table 4: Total Variance

Total Variance Explained						
Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.022	22.347	22.347	3.556	19.758	19.758
2	2.364	13.133	35.480	2.194	12.189	31.946
3	2.234	12.413	47.893	2.082	11.569	43.515
4	1.824	10.131	58.024	1.851	10.283	53.799
5	1.174	6.522	64.545	1.498	8.325	62.124
6	1.008	5.601	70.147	1.444	8.023	70.147
7	.886	4.924	75.070			
8	.822	4.567	79.637			
9	.738	4.101	83.738			
10	.628	3.488	87.226			
11	.494	2.744	89.970			
12	.462	2.569	92.539			
13	.372	2.065	94.605			
14	.279	1.550	96.155			
15	.230	1.280	97.435			
16	.171	.949	98.383			
17	.160	.892	99.275			
18	.131	.725	100.000			

Extraction Method: Principal Component Analysis.

**Source:** Author's own calculations

The function of rotation is to reduce the number of factors with the investigated variables that have high loadings. Rotation makes easier the interpretation of the analysis. Table 5 shows the Rotated Component Matrix and Total Variance that determine the important factors for this study. Total Variance denotes how much the percentage of the model

explains the variables as groups in the analyses. Factors are put in one group.

In this study the first factor contains seven variables:

- Companies have to take care during information dissemination respecting the languages spoken in the market,
- Companies have to prepare their offers respecting the language of the consumers,
- Companies have to take care about cultural elements during advertising,
- Companies take care about symbols of other ethnicities while promoting,
- Companies take care a lot communicating with consumers in their language,
- Companies use consumers' language while promoting their products and services,
- Companies have to post information in more languages in their stores.

All these variables have a variance 3.556, and explain the model with a value of 22.347%.

The second factor contains two variables:

- I get irritated from advertisement in the market done by other languages,
- Consumers don't have to buy products/ services from companies that do not use different languages in their stores.

All these variables have a variance 2.194, and explain the model with a value of 13.133%.

The third factor contains four variables:

- Ethno marketing is not important for my ethnicity,
- It is more important for me the price of a product/service than getting information in my language,
- I am more concerned with the quality of products/ services rather than getting information in my native language,
- I am always interested to buy qualitative products rather than domestic products.

All these variables have a variance 2.082, and explain the model with a value of 12.413%.

The fourth factor contains four variables:

- Ethno marketing should have an important role in selecting products and services,
- I am influenced during the purchase if the company advertises in my language.

All these variables have a variance 1.851, and explain the model with a value of 10.131%.

The sixth factor contains one variable:

- Consumers do not have alternatives while choosing product/services based on ethno marketing.

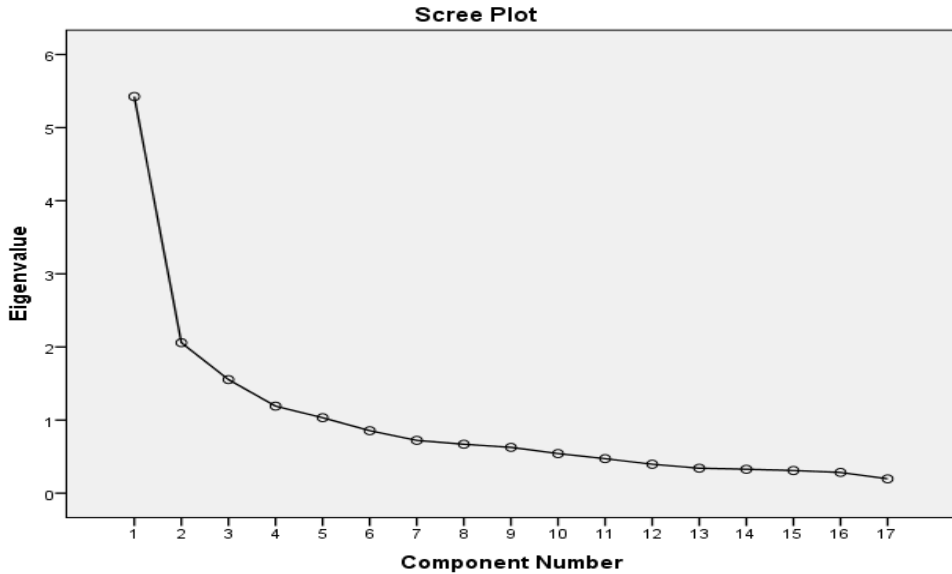
All these variables have a variance 1.498, and explain the model with a value of 6.522%.

The fifth factor contains two variables:

- I think of boycotting businesses that don't use my language during communication,
- Consumers where I live are not influenced during product/service selection based on ethno marketing elements.

All these variables have a variance 1.444, and explain the model with a value of 5.601%.

**Figure 1:** Component number



**Source:** Author's own calculations

According to figure 1 the variables in the study are grouped into 6 components, where according to the rule in order to be considered as a factor the Eigen value should be  $> 1.00$ . thus, the value for the first component is 3.556, the second with 2.194, the third with 2.082, the fourth with 1.851, the fifth with 1.498, and the sixth one with 1.444 component value.

These Eigen values show that the 18 variables compose these six factors. These factors are important from the statistical point of view, because the minimum value for considering a factor is 1.00.

**Table 5: Rotated Component Matrix**

<b>Rotated Component Matrix<sup>a</sup></b>						
	Component					
	1	2	3	4	5	6
Companies have to take care during information dissemination respecting the languages spoken in the market	<b>.804</b>					
Companies have to prepare their offers respecting the language of the consumers	<b>.760</b>					
Companies have to take care about cultural elements during advertising	<b>.729</b>					
Companies take care about symbols of other ethnicities while promoting	<b>.669</b>					
Companies take care a lot communicating with consumers in their language	<b>.644</b>					
Companies use consumers' language while promoting their products and services	<b>.633</b>					
Companies have to post information in more languages in their stores	<b>.512</b>					
I get irritated from advertisement in the market done by other languages		<b>.886</b>				
Consumers don't have to buy products/ services from companies that do not use different languages in their stores		<b>.799</b>				
Ethnomarketing is not important for my ethnicity			<b>.347</b>			
It is more important for me the price of a product/service than getting information in my language			<b>.805</b>			
I am more concerned with the quality of products/ services rather than getting information in my native language			<b>.704</b>			



I am always interested to buy qualitative products rather than domestic products			.701			
Ethnomarketing should have an important role in selecting products and services				.904		
I am influenced during the purchase if the company advertises in my language				.815		
Consumers do not have alternatives while choosing product/services based on ethnomarketing					.830	
I think of boycotting businesses that don't use my language during communication						.801
Consumers where I live are not influenced during product/service selection based on ethnomarketing elements						.519
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.						
a. Rotation converged in 13 iterations.						

According to table 5, using Rotated Component Matrix and Total Variance, factors are put into six groups, as more important factors. In the first factor variables related with the communication in their languages, using symbols and cultural elements during advertisement, and promoting using the language of the consumers are included. The second factor contains variables related with the language used in advertisement. The third factor contains variables related with ethno marketing elements during consumer buying behavior. The fourth factor is related with variables of the impact of ethno marketing during selecting and purchasing the products or services. The fifth factor contain the variable related with the choice of consumers selecting to purchase products or services based on ethno marketing elements. The last factor is related with a variable boycotting businesses that do not use consumers' language. Thus, from the findings, the loading factors show specific factors that are important for consumers during their purchasing decision process. The marketing offer

on consumers' language, cultural elements, symbols during advertisement are more important in consumer purchasing process.

## **5. Conclusions**

Consumers are influenced by culture on the way they think, the way they face the world and the way they consume products. It is a system that we learn and that is passed on from generation to generation. In this context, ethnic marketing means company efforts using marketing activities in order to serve customers' needs and demands coming from a different segment from the whole market.

The data from research on the impact of ethno marketing elements on consumers' buying behavior assumes these findings:

Consumers' behavior is very much influenced by the languages companies use while promoting their products and services. Moreover, communicating with consumers into their languages shows company's readiness to satisfy consumers' needs and preferences. Companies' efforts that try to use as much as possible cultural elements while promoting and communicating with their consumers in the target language helps them to position their products better in that target group.

Using symbols by companies may have an impact on consumer purchasing behavior. Companies need to consider the importance of symbols while positioning their products or services. So, based on results companies do not use enough consumers' language while disseminating information respecting the languages of the market. Consumers expect from companies to use consumers' languages while disseminating information for their marketing mix.

The physical evidence related with cultural elements of consumers is important and may influence consumer purchasing behavior. The evidence from the results denotes that companies do not post enough information in their stores using languages of their target audience. Companies need to pay more attention to cultural elements during products and services advertisements especially in multiethnic segments.

Consumers' expectation and perceptions need to be considered, since consumers come with their expectations and they do not want to get disappointed. Companies while targeting culturally sensitive segments need to consider the opportunity of offering more products or services

based on consumer expectations and products and services based on ethno marketing.

Finally, based on the empirical results a large proportion of consumers find ethno marketing elements playing an important role in their selection of products and services.

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