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**LOYAL ATTITUDE OF CONSUMERS TO THE EUROPEAN  
FOOD AND DRINK BRANDS IN KAZAKHSTAN AND THEIR  
IMPACT ON CONSUMER BEHAVIOR**

**PATĒRĒTĀJU LOJALA ATIEKSME PRET EIROPA  
RAŽOTIEM PARTIKAS UN DZERIENU ZĪMOLU  
PRODUKTIEM KASAKHSTANĀ UN TĀS IETEKMI UZ  
PATĒRĒTĀJU UZVEDĪBU**

MASTER`S THESIS

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## **ABSTRACT**

It is well known that the European produced products are valued around all over the world. Since the tendency of European products procurement are growing rapidly, this research study concentrates on the fact that people from developing countries are differently perceive the purchasing of good produced in Europe. In this reaserch it is more sensible to use the qualitative methods in order to receive comparatively accurate reaction on consumer's purchasing behavior. In this method of data collecting were participated 90 Kazakstani people, where were in Kazakhstan and Latvia. The number of participants in 90 out of planned 130 has agreed to be more deeply involved in this research work. The number of participants was divided by age, gender and status gaps. The age of participant is from 18 to 53. They have been asked to answer the questions which have been created on basis on two main research questions: brand awareness and loyalty and the theory of reasoned action. As the results of this research is identified that consumers of food and drinks in Kazakhstan are loyally attitude towards the European products. However, brands loyalty to European vs local products showed no significant alterations and this is predicated on consumer's behavior.

**Keywords:** brand equity, brand awareness, brand loyalty, the Theory of Reasoned Action, levels of product, point of difference, brand recognition, consumer's behavior, attitudes

## ANOTACIJA

Ir labi zināms, kad Eiropā ražotie produkti tiek novērtēti visā pasaulē. Ņemot vērā strauji augošu Eiropas produktu iepirkumu tendenci, šis pētījums ir virzīts uz faktu, ka cilvēki no attīstītām valstīm atšķirīgi uztver preces iepirkumus kuri tiek ražoti Eiropā.

Šajā pētījuma daudz efektīvāk izmantot kvalitatīvo metodi (kvantitatīvo metodi) priekš precīzas informācijas saņemšanas par patērētāju pirkuma uzvedību. Dotajā aptaujas metodē piedalījās 90 kazahstaniešu no visiem Kazakstanam un Latviem. Aptaujāto dalībnieku skaits 90 no 130 respondentiem, kuri aktīvi piekrita piedalīties dotajā pētnieciskajā darbā. Dalībnieku skaits bija sadalīts uz vecuma, dzimuma, un statusa grupām.

Dalībnieku vecums no 18 līdz 53 gadiem. Viņiem tika piedāvāts atbildēt uz jautājumiem, kuri tika izveidoti balstoties uz diviem pamata pētnieciskiem jautājumiem: zīmola atpazīstamība un argumentēto darbību teorija.

Pēc aptaujas rezultātu apkopojuma tika noteikts, tas ka produktu un dzērienu patērētāji Kazahstānā, lojāli attiecās pret Eiropā ražotiem produktiem, un šī uzvedība tiek balstīta uz zīmolu pozicionēšanu. Tomēr zīmoliem, kas lojalitāti pret Eiropas un vietējiem produktiem, nebija būtisku izmaiņu, un tas ir atkarīgs no patērētāju uzvedības.

**Pamatvārdi:** zīmola kapitāls, zīmola atpazīstamība, atkārtotas darbības teorija, produktu līmeņi, atšķirības punkts, zīmola atpazīšana, patērētāju uzvedība, attieksme

## 摘要

众所周知，欧洲生产的产品在世界各地都很受欢迎。由于欧洲产品采购的趋势正在迅速增长，本研究的重点在于发展中国家的人们对欧洲产品的购买有着不同的认知。在本研究中，更明智的做法是使用定性的方法，以获得或多或少精确的反馈消费者的购买行为。

该方法收集了来自 个地区的 90 名哈萨克斯坦人的数据。130 名参与者中有 90 人同意更深入地参与这项研究工作。参与者的人数按年龄、性别和地位差距划分。参与者的年龄从 18 岁到 53 岁。他们被要求回答基于两个主要研究问题而产生的问题:品牌意识和理性行动理论。本研究的结果表明，哈萨克斯坦的食品和饮料消费者对欧洲产品的态度是忠诚的，这种行为基于品牌定位。

关键词：品牌资产，品牌意识，品牌忠诚度, 理性行动理论，产品水平, 差异点，品牌认知，消费者行为, 态度

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University of Latvia, May, 2019

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## **LIST OF ABBREVIATIONS**

TRA	Theory Of Reasoned Actions
FMCG	Fast Moving Consumer Goods
CBBE	Customer Based Brand Equity
EU	European Union
WTO	World Trade Organization
CIS	Commonwealth Of Independent States
EEU	European Economic Area
ECO	Eurasian Economic Community
ISO	International Organization For Standardization
BBE	Best Before End
ASYUCUDA	Automated System For Customs Data
EPCA	The European Petrochemical Association
RTD	Ready To Drink
OPEC	Organization Of The Petroleum Exporting Countries

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Table 1. Statistics on Export and Import data between EU countries and Kazakhstan in 2007

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## INTRODUCTION

In today's life, more foreign companies are looking for a new market place to expand their businesses. Based on this idea they attract more and more customers around the world using their brand awarenesses. Historically, the European products are counted as the best quality products, such as Japanese. This paper is related to the study of consumer behavior towards brand awareness. How do the goods of European producers, especially food and beverages perceived in Kazakhstani market. Nowadays, the marketing sector of any brand representatives believe that brand loyalty and awareness has a significant impact on consumer's perception attitudes. Marketing tool that allows customers to be close to the company, attract more people to a product, build brand awareness, brand recognition and build bridge between the organization and consumers. There is a notion that global brands especially Western producers strongly impress on the developing countries market. This study cannot illustrate how effective this method of brand positioning can be evaluated precisely. According to the applied survey, it can be specified that the European brands have even not a huge but plenty efforts on Kazakhstani consumer's. However, how effective this strategy is and what are consumers' attitudes towards them will be examined in this research.

**The aim** of this study is to find out what aspects and specific criteria influence on consumers when they make a choice in shops.

### Task

- Examine to major theory related to the research work
- Examine to other correlated theories within the theoretical framework
- Collect all the data about the food, drink and retail industry in Kazakhstan
- Create the Survey based on research question
- Arrange the telephone calls according to the survey methods
- To characterize the selected group based on:
  1. Shopping Principles
  2. Principles of nutrition
  3. Socio-demographic characteristics
- Analyse collected data and information within the theory

**Hypothesis** – Consumers in Kazakhstan have a loyal and preferable attitude towards the European products since the product has sufficient benefits to believe in. Therefore, consumer's behavior is relied positively.

### Research questions

- How do the current situation looks with food and drink import industry in Kazakhstan?

- What are the main criterias of purchasing consumers follow and focus on?
- How do the consumer's decide to buy products produced by foreign companies?
- Is there any positive attitude towards the European products from the Kazakhstani consumers side?

**Research method** – simply to start analytical point of this study, secondary data about retail industry, statistics of nutritions, the governmental state information have been gathered. Thus, the Theory of Reasoned action and brand loyalty are selected as main resarch points. The total number of participants are 90 out of planned 130. In order to determine an analysis, well prepared questions for two types of survey: telephone and mail surveys was used. Questions were consist of open and multiple choice options. Firstly, pilot interview have been used, and the participants were chosen by the convenience sampling way.

**Limitations of the work** – since in these research the main considered country was Kazakhstan, author's was not able to subjectively evaluate the common situation of food and drink retail indusrty in Kazakhstan. During the survey, it was a little confused, since most of the repondents were not fully opened for conversations and for open questions. Moreover, author have chosen a narrow specific topic to reaserch, therefore it was found lack of data regarding the statistics in nutrition, customers preferences in Kazakshtan, also there were no precise data of importing particular brands in the Kazakhstan, it made some difficulties in research.

Mainly the following authors litetarature had been used in order to determine theoretical part of the research work: Ajzen Fishbein, Aaker, D.A, Kotler Ph., Keller K.L. The statistical and analytical data mainly were collected from Statista.com, The World Bank, stat.gov and others

# **CHAPTER 1. THEORETICAL FRAMEWORK OF THE RESEARCH UNDER THE THEORY OF REASONED ACTION AND BRAND THEORY**

In this chapter, the major appropriate theories of different authors are written, such as brand equity and its diversification, theory of reasoned action and the product as itself. Also, it is widely explained of the way of consumer's thinking and perception of the product relying on various aspects. Furthermore, in order to describe a basic aspects of brand awareness, in this research work, the main subtypes of brand equity are given in order to study in detail the influence of the brand on the consumer's behavior when purchasing goods. This chapter discussed the main influencing factors on brand awareness, such as positioning, brand image, what are the points of difference that affect to the minds of customers with the purpose of brand recognition. The theory of reasoned action has a special role, since it is inherently related to the consumer's behavior. Further, the theory of certain steps of the buyer's behavior when purchasing goods is also given.

## **1.1.Brand Equity**

Brand as itself is the way of people's perception of product. An it can be viewed as the following equation: <sup>1</sup>.

$$\text{Brand} = \text{Product} + \text{Packaging} + \text{Added Values}$$

Thus, brand implies that product which is presented in a particular, difference packaging inputs an added values and regarding the added value people have a peculiar feeling and thinkings. In a psychological level, they are able to evaluate an economic benefits and perceive the different criterias of the product.<sup>2</sup>. Generally brand equity should be perceived as the financial assets using in financial markets. It has started to appear only in 1991. Brand is the key figures shows the relationship between customer and producer company. More the company has a powerful

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<sup>1</sup> Ambler T., (2000). Marketing Metrics in Business Strategy Review, Vol.11, pp. 59 - 66

<sup>2</sup> Smith, D. J., Gradojevic, N. and Irwin, W. S. (2007) "An Analysis Of Brand Equity Determinants: Gross Profit, Advertising, Research, And Development", Journal of Business & Economics Research (JBER), , Vol. 5, No. 11, 5

brand recognition more powerful its brand equity.<sup>3 4</sup> In order to have a competitive spirit in any brand of company in the market, any company develops the relevant indicators of brand strength that describe financial performance.<sup>5</sup> The American specialist, Aaker also believe that the equity of brand lies in the fact that the consumers find benefits in a functional and emotional way, and also satisfies their needs of self-expression. Therefore, there are two values of brand equity existing<sup>6</sup>. However, there are any other definitions of brand equity.<sup>7</sup> It was developed by Farquhar and aware that brand confers a product is the added value.<sup>8</sup> This added value has three potential development prospects. The first is cognitive psychology, that is, as a<sup>9</sup> consumer perceives the entire marketing mix of a particular brand through perception and association with the brand.<sup>10</sup> The second is a perspective in the economic spectrum. The basic concept of this is the increasing of the brand utility with respect to the product. The third is<sup>11</sup> the impact on the financial market. From this point of view, the main thing is the market value of the firm minus the value of its tangible assets.<sup>12</sup>

Nevertheless, nowadays, it is proposed by King and Grace to add the forth perspective of brand equity model. This is employee-based brand equity (EBBE) as "the differential impact that brand knowledge has on employee responses in their work environment." This a new perspective implies by the workers contribution throught their decisive role in the market where they are present the interests of brand.<sup>13</sup>

According to the Aaker theory of consumer based brand equity, he had cited 5 key dimensions: brand awareness, brand association, brand loyalty, perceived quality and brand assets.<sup>14</sup>

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<sup>3</sup> Tuominen, P. (1999), "Managing brand equity", LTA, 1(99), pp. 65-100

<sup>4</sup> Stabell, C. B. & Øystein, D. F. (1998), "Configuring value for competitive advantage: On chains, shops and networks", Strategic Management Journal, Vol. 19, pp. 413-437

<sup>5</sup> Aaker, D.A. (1996), "Measuring Brand Equity Across Products and Markets", California management review vol 38., pp.102-120

<sup>6</sup> Leone, R. P., Keller, K.L., Rao, V. R., Man, A.L., McAlister, L. & Srivastava R. (2006), "Linking Brand Equity to Customer Equity", Journal of Service Research, Volume 9, No. 2, pp. 125-138

<sup>7</sup> Baalbaki, S. & Guzman, F. (2016). Consumer-based brand equity., pp.32-47

<sup>8</sup> Farquhar, P.H. (1989) "Managing Brand Equity", Marketing Research, Vol. 1, pp.24-33

<sup>9</sup> Baalbaki, S. & Guzman, F. (2016). Consumer-based brand equity., pp.32-47

<sup>10</sup> Aaker, D.A. (1991), "Managing Brand Equity: Capitalizing on the Value of a Brand Name", New York: The Free Press.

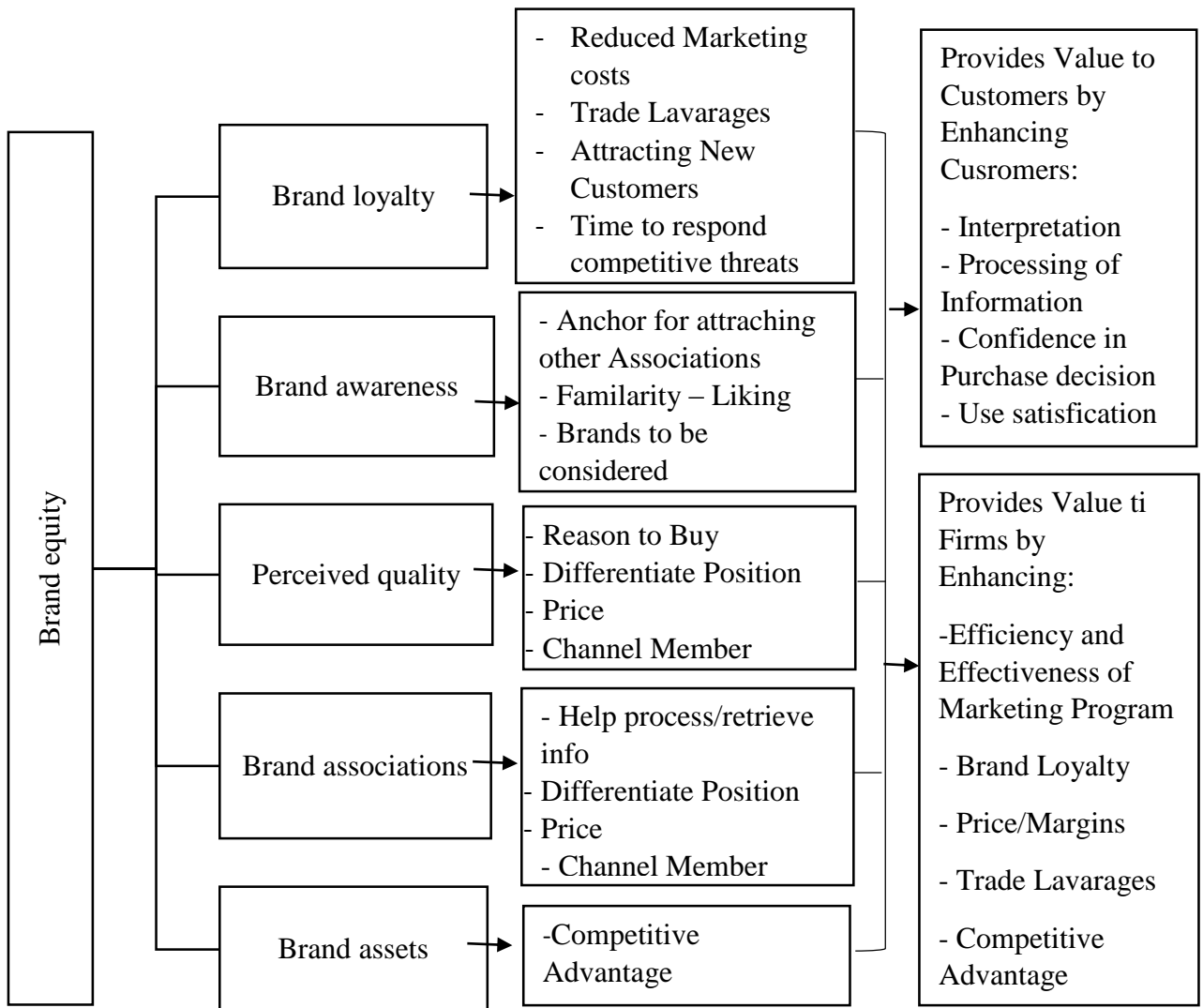
<sup>11</sup> Simon, C.J. & Mary, W. Sullivan, W.M. (1993), "The Measurement of Determinants of Brand Equity: A Financial Approach", University of Chicago

<sup>12</sup> Wernerfelt, B. (1988), "Umbrella Branding as a Signal of New Product Quality: An Example of Signalling by Posting a Bond", The RAND Journal of Economics, Vol. 19, No. 3., pp. 458-466

<sup>13</sup> King, C.& Grace D. (2009), "Employee Based Brand Equity: A Third Perspective", pp. 122-147

<sup>14</sup> Aaker, J.L. (1997), "Dimensions of Brand Personality", Journal of Marketing Research, 34, pp.347-356

Since the brand equity include 4 major elements which in their turn shows how production is valued.<sup>15</sup> Figure 1 indicates the key challenges of each elements.



**Figure 1. Aaker's Brand equity model**

Source: Aaker, D.A., (1991), "Managing Brand Equity: Capitalizing on the Value of a Brand Name", New York: The Free Press. p.169.

<sup>15</sup> Aaker, D.A. (1991), "Managing Brand Equity: Capitalizing on the Value of a Brand Name", New York: The Free Press., p.169

### 1.1.1 Brand Loyalty

For some authors, such as Leisse & Shuelter, brand loyalty is associated with consumer's re-purchasing of the same product. Obviously, building a strong brand requiring a long-term relationship is one of the complex processes. Moreover, by understanding the needs of consumers at a psychological level it does really work.<sup>16</sup> By having such a privilege, the company can offer prices to the appropriate product level, provide more profitable sales, giving ample opportunities to expand the brand.<sup>17</sup> The need to develop brand loyalty is essential if the subsequent actions will create a huge customer base, thereby earning income from loyal customers.<sup>18</sup> In another author's point of view, brand loyalty may be occurred due to emotional binding to the brand, or this<sup>19</sup> brand satisfies the customer's need.<sup>20</sup> Almost the same idea has a Jacob. He had identified the 6 definitions which help to reach brand loyalty, these are a) biased (tendentious); b) behavioral response (reaction model); c) habitual expression; d) make a unit based on several decisions; e) give a preference for one brand out of other alternatives; f) psycho-emotional process.<sup>21</sup>

Based on the above theories, the brand loyalty is formed by two components: 1) attitudinal; 2) behavioural which are explained the following consumer's attitude<sup>22</sup>

These two components can be considered in the theory of the trilateral relational structure.<sup>23</sup> There are also claims by other authors who believe that the relationship between behavior and attitude is the physical state of the consumer. Influence can be different, both

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<sup>16</sup> Mustafa, A., (2008), "Exploring Behavioural and Attitudinal Brand Loyalty Using Tripartite Model of Attitude", Universiti Teknologi Mara

<sup>17</sup> Reichheld, F. F. & Sasser, W. E. (1990), "Zero defections: Quality comes to services", Harvard Business Review, 68, pp.105-111

<sup>18</sup> Rosenberg, L. J. & Czepiel, J. A. (1983), "A marketing approach to consumer retention", Journal of Consumer Marketing, 1(2), pp.45-51

<sup>19</sup> Leisse, J. (1992), "Brands in Trouble" Advertising Age, p.16.

<sup>20</sup> Hanif, Muzammil & Hafeez, Sehrish & Riaz, Adnan. (2010). "Factors Affecting Customer Satisfaction", International Research Journal of Finance and Economics. 60, pp.44-52

<sup>21</sup> Jacoby, J. (1971), "Brand loyalty: A conceptual definition", Proceedings of the Annual Convention of the American Psychological Association. 6. pp. 655-656.

<sup>22</sup> Dick, A.S. & Basu, K. (1994), "Customer Loyalty: Toward an Integrated Conceptual Framework", Journal of the Academy of Marketing Science, 22, pp.99-113

<sup>23</sup> Bohner, G. & Dickel, N. (2011), "Attitudes and attitude change", Annual Review of Psychology. 62. pp.391-417

verbal and non-verbal<sup>24 25</sup> which can encourage negative and positive attitudes.<sup>26</sup> Thus, the following reactions reflecting the attitude should be identified:

Cognitive: external observation that is indirect. Affective: physiological response, such as facial expression, bodily movements, it is nonverbal. Conative: behavioral inclinations and obligations.<sup>27</sup> These reactions also can be considered as the theoretic components of other behavioral structures.<sup>28</sup> Another researcher considered that the loyalty associated with an attitude entails, the interest of the consumer in the purchase of one particular brand and not of any other brand. This type of loyalty shows emotional affection and deep satisfaction with the use of a branded product. The buyer is ready to buy your favorite brand for a long time<sup>29</sup>

Behavioral loyalty occurs when you buy a brand product on an ongoing basis, but in the absence of supplement choice. The consumer is uninterested to the brand: as soon as possible, he does not hesitate to switch to buying another brand. According to the some author's concepts, repurchasing of goods can cause brand loyalty through a behavioral component.<sup>30 31 32</sup> However, there are other assumptions from authors such as Sharp and Wright, arguing that the behavior has no correlation with brand loyalty.<sup>33</sup> Newman was one of the first who detected the relationship between attitude and preference in order to recognize loyalty. Thus, during the use of goods by the buyer, the satisfaction caused by is a step in the formation of brand loyalty.<sup>34</sup> Regarding the satisfaction of needs, like behavior, Oliver and Mano believes that satisfaction

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<sup>24</sup> Hilgard, E. R. (1980), "The trilogy of mind: Cognition, affection and conation", *Journal of the History of Behavioural Science*, 16, pp.107-117

<sup>25</sup> McGuire, W. J. (1985). *The nature of attitudes and attitude change*. In G. Lindzey & E. Aronson (eds). New York: Random House.

<sup>26</sup> McGuire, W. J. (1985). *The nature of attitudes and attitude change*. In G. Lindzey & E. Aronson (eds). New York: Random House.

<sup>27</sup> Böhner, G. & Dickel, N. (2011), "Attitudes and attitude change", *Annual Review of Psychology*. 62. pp.391-417

<sup>28</sup> McGuire, W. J. (1985). *The nature of attitudes and attitude change*. In G. Lindzey & E. Aronson (eds). New York: Random House.

<sup>29</sup> Baldinger, A.L. & Rubinson, J., (1996) "Brand loyalty: the link between attitude and behavior", *Journal of Advertising Research* 36 (6), pp. 22-34

<sup>30</sup> Ehrenberg, A.S.C. & Goodhardt, G.J., Barwise, P.B., (1990), "Double jeopardy revisited", *Journal of Marketing* 54, pp. 82-91

<sup>31</sup> Kahn, B.E., Kalwani, M.U. & Morrison, D.G. (1986), "Measuring variety seeking and reinforcement behaviors using panel data", *Journal of Marketing Research* 23, pp.89-100

<sup>32</sup> Ehrenberg, A.S.C. (2000), "Repeat buying – facts, theory and applications", *Journal of Empirical Generalizations in Marketing Science* 5, pp. 392-770

<sup>33</sup> Sharp, A., Sharp, B., Wright, M., 2002. Questioning the value of the "True" brand loyalty distinction. *International Journal of Research in Marketing* 19 (1), 81-90

<sup>34</sup> Newman, J. (1966), "On Knowing the Consumer", New York: Wiley and Sons

is the result of a post-purchase with a subsequent impact on the product.<sup>35</sup> Also, Assael in his work, claims that behavioral brand loyalty can be seen when customers' expectations are met and the desire for a subsequent purchase can only increase once for a second time. On the other hand it is worth noting that there may also be a negative attitude towards the product if the consumer's expectations are not met and the likelihood of a purchase is reduced the next time.<sup>36</sup> Another way of evaluation intention of consumer's behavior to buy had been proposed by Jan Hofmeyr and Butch Rice who created the Conversion Model<sup>37</sup> which help to be explained by the following indicators: Brand satisfaction - the higher the degree of satisfaction, the higher the likelihood of its conversion to commitment. However, satisfaction does not correlate well with behavior, and therefore an understanding of the nature of satisfaction does not fully disclose the causes of certain actions of consumers. Nevertheless, satisfaction is an essential component in understanding the relationship between the consumer and the brand. Therefore, the consequences of product perceiving can be casually described as customer's satisfaction<sup>38</sup> Alternatives - one of the reasons why consumers do not change the brand to another is the following: they feel that the alternatives could be worse than that brand they buy usual. Brand valuation does not occur in isolation from competing brands. It must also be remembered that a high degree of satisfaction does not always mean that communication with the consumer is constant: if the consumer sees the competing brand in a more favorable light, this can lead to a withdrawal from this brand. The importance of choosing a brand - if the choice of a brand does not represent any importance to the consumer, then it will not be easy to achieve intention. The choice of a brand, like a product category, should be of some interest to the consumer. Only in this case, intention to buy can exist. The degree of uncertainty or duality of the association - this indicator is key to the conversion model. The more insecure a consumer is about choosing a particular brand, the more likely it is that he will postpone the final purchase decision until the last moment. Therefore, for such consumers, an incentive is needed, which they receive already directly in the store, since that is where the final choice takes place.<sup>39</sup>

Nevertheless, this approaches can not guarantee precise answers from consumer's, since it is complicated to obtain feedback from consumer to identify the importance of choosing brand

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<sup>35</sup> Oliver, R. L. & Mano. H. (1992), "Assessing the Dimensionality and Structure of the Consumption Experience: Evaluation, Feeling, and Satisfaction", *Journal of Consumer Research Inc.* 20, pp.451-466

<sup>36</sup> Assael, H. & Day, G. S., (1968), "Attitudes and awareness as predictors of market share" *Journal of Advertising Research* 8 (4), pp. 3-10

<sup>37</sup> Hofmeyr J. & Rice B. (2000), "Commitment-Led Marketing", John Wiley and Sons, pp.85, 22

<sup>38</sup> Zeithaml, Valerie. (1988). "Consumer Perceptions of Price, Quality and Value: A Means-End Model and Synthesis of Evidence", *Journal of Marketing*. 52. pp.2-22

<sup>39</sup> Hofmeyr J. & Rice B. (2000), "Commitment-Led Marketing", John Wiley and Sons, pp.85, 22

and the probability of uncertainty. The complexity of the problem lies also in the fact that the tendency to remain trustworthy to the brand is different for all consumers. According to these authors, brand loyalty may also depend on the buying situation, as some consumers prefer to use different brands in different cases. Moreover, a single consumer can buy different brands for different family members. All of this makes it difficult to measure brand loyalty.<sup>40</sup>

Up to these days, there are a fairly enormous number of different brands that exist. The number of new brands is fetching more and more in every segment of any market. The more sensitive issue is how to engage consumers to make a choice in favor of the specific brand name. Obviously, it is hard to understand what brand means for consumers. Many consumers deliberate that they purchase absolutely miscellaneous products by being unaware that most of them conclude the one huge corporation who manages all these brands' recognition. The major role for people is playing reducing the risk associated with the choice.

### **1.1.2 Brand Awareness**

The ability of immediately recognizing or remembering the product when a buyer makes a choice of purchasing is called brand awareness. It can affect the competitive advantage of the product and has a long-term growth opportunity. Basically, the acknowledgement of the product is measured in percentage and means the audience share that is familiar with the company's product and can identify the brand within the product category. Brand awareness affects product competitiveness and its long-term growth opportunities.<sup>41</sup> According to Aaker's views, brand awareness is the key subdivision of the consumer-based brand equity.<sup>42</sup> Generally, brand awareness is also associated with the meaning of product knowledge, which includes two actions: identification and remembering at once.

As previously mentioned, brand recognition is used very effectively in marketing. According to Aaker's view, brand awareness is strongly perceived as a fundamental brand in the consumer market.<sup>43</sup> Also, Keller and Davey claim that as higher the brand awareness, the more likely it is that potential customers are aware of the category in which the brand has competitive

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<sup>40</sup> Alsop R. (1989), "Brand Loyalty is rarely Blind Loyalty", Wall Street Journal

<sup>41</sup> Keller, L.K. (1993), "Conceptualizing, measuring, and managing customer-based brand equity", Journal of Marketing, 57(1), pp.1-22

<sup>42</sup> Aaker, D. A., (1991), "Managing Brand Equity: Capitalizing on the Value of a Brand Name", The Free Press: New York

<sup>43</sup> Aaker, D. A., (1991), "Managing Brand Equity: Capitalizing on the Value of a Brand Name", The Free Press: New York

advantages. That is, brand awareness as the basis of the capital model.<sup>44</sup> Meanwhile, Rossiter and Percy argue that brand awareness is the basis for creating a brand as itself.<sup>45</sup> The same ideas are followed by other authors that there is a strongly connection between brand awareness and customer behavior.<sup>46 47 48</sup>

In brand awareness, it is noticed three major measures: top of mind; spontaneous; aided.<sup>49</sup> Spontaneous awareness takes place if the buyer instantly names the brand of a particular category of goods, in this case, the main indicator is how many buyers know the specific brand. Top of mind awareness is when a group of people, when asking about brand, indicate one brand as the very first association with this category of goods. And finally, aided awareness is the percentage of people who indicated that they know this brand.<sup>50</sup>

Generally, when the specific brand has a stable affiliation in consumer's mind, adopt uniqueness with the distinguished awareness brand equity takes place. In order to get a positive reaction from purchasers it is acceptable to have only brand awareness.<sup>51</sup> Since in a low level of decision, buyers make a choice basing on poor brand familiarity. Nevertheless, the uniqueness of a brand associations and its strong perception has a major role in defining exponential in choice which performs the brand value. It happens when the peculiar brand name embody the whole product category.<sup>52</sup> As for instance, the well known brand Pampers in most countries are associated with diapers. i.e, that the brand has a strong product category association and perceive the offered product as non branded. However, consumers should not think that all brands are the same. Therefore, the creation of brand awareness include customer based brand equity (CBBE) frame. As considering previously mentioned fact, brand awareness can be interpreted one the following level of perception: brand recognition, when the buyers

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<sup>44</sup> Keller, K.L. & Davey, K.K. (2001), "Building customer-based brand equity", Advertising Research Foundation Workshop

<sup>45</sup> Rossiter, J. R., Percy, L. & Donovan, R.J. (1991), "A better advertising planning grid", *Journal of Advertising Research* 31, pp.11-21.

<sup>46</sup> Assael, H. & Day, G. S., (1968), "Attitudes and awareness predictors of market share" *Journal of Advertising Research* 8 (4), pp. 3-10

<sup>47</sup> Hoyer, W. D. (1984), "An examination of consumer decision making for a common repeat purchase product", *Journal of Consumer Research* 11, pp. 822-829

<sup>48</sup> Nedungadi, P., 1990. Recall and consumer consideration sets: Influencing choice without altering brand evaluations. *Journal of Consumer Research* 17, 263-276

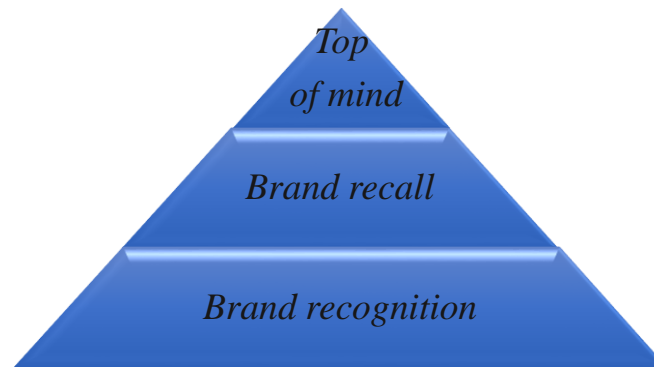
<sup>49</sup> Laurent, G., Kapferer J-N. (1995), "The Underlying Structure of Brand Awareness Scores, in *Marketing Science*"

<sup>50</sup> Moisescu, O.I. (2009), "The Relation Between Unaided Brand Awareness and Brand Commercial Performance: A Study Among Urban Romanian Consumers", *Studia Universitatis Babeş-Bolyai. Negotia Journal*

<sup>51</sup> Stokes, R.C. (1985), "The Effects of Price, Package Design, and Brand Familiarity on Perceived Quality". In Jacoby J & Olson J (eds.), "Perceived Quality", Lexington Books

<sup>52</sup> Stahl, F., Heitmann, M., Lehmann, D.R., & Neslin S.A. (1956), "The Impact of Brand Equity on Customer Acquisition, Retention, and Profit Margin", *Marketing Science Institute*

has a capacity “to identify brands class when being provided with the names”<sup>53</sup> and brand recall and is related to consumer’s ability to retrieve the brand from memory when given a relevant cue.<sup>54</sup> The almost the same concept has Aaker (1991) where defined brand awareness as “the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category”<sup>55</sup> In Figure 2 shows the hirerachy of brand awarenesss:



**Figure 2. The Awareness Pyramid**

*Source: Aaker, D. A., 1991. Managing Brand Equity: Capitalizing on the Value of a Brand Name. The FreePress: New York, p.62*

From an economic point of view, it can be assumed that brand affection, i.e. mentioning it first does not happen spontaneously, but the likelihood that the buyer has seen the brand several times is also relevant, based on the fact that the company invests a lot of money to support it, thus assuring the consumer that the product is really good. Brand recognition does really work when consumers by coming to the stores are looking for a brand which have already been recognized among other alternatives. Brand recall does work when consumers recapture the brand from their memory when they are thinking about the precise product category. It happens when buyer decides to purchase that goods right after needs arise.<sup>56</sup>

Brand awareness are strictly correlated with the brand image creation. Since the name of any explicit brand settled in purchasers mind it is easier for associations to be established

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<sup>53</sup> Moisescu O.I., (2009) “The Importance of Brand Awareness in Consumers’ Buying Decision and Perceived Risk Assessment in Management & Marketing”, 7 pp. 103-110

<sup>54</sup> Aaker, D. A., (1991), “Managing Brand Equity: Capitalizing on the Value of a Brand Name”, The Free Press: New York

<sup>55</sup> Keller L.K., Strategic Brand Management: Building, Measuring and Managing Brand Equity, Prentice Hall, 1998

<sup>56</sup> Keller, K.L. (1993), “Conceptualizing, Measuring, and Managing Customer-Based Brand Equity”, Journal of Marketing, Vol. 57, No. 1, pp. 1-22

and attached <sup>57</sup>. Also, Kapferer shows the correlation between six dimensions of brand identity and brand awareness as itself. These dimensions are made in frame of Brand Identity Prism: physique, personality, culture, relationship, reflection and self-image. <sup>58</sup>

On the other hand, as <sup>59</sup> Rossiter and Percy gave an opposite side of two types of brand awareness, these levels of brand awareness depends only on situation choice. It means, that buyers are able to recognize the brand by its selling location (convenient stores) or its packaging, size or color. Therefore brand recall might be useless in buying.

Based on the Jo H.G. opinion, in many cases, brands are often viewed as a means of differentiation, that is, distinguishing one brand from another. However, it should be taken into account that this differentiation is possible only if the party score and the point of difference are considered. That is, the differentiation is determined on the basis of the identity of the product. Before imagine about these concepts, the very concept of positioning should be stated.<sup>60</sup> According to Trout, the main goal of positioning is to reach the buyer's mind. Thus, it should be assured that positioning is a method of ascertaining what the consumer thinks about a particular company and its product.<sup>61</sup> It can be the following characteristics as advertising impressions, promotion, price corresponding to quality, product feature. However, it should be borne in mind that positioning is an impact on the mindset of buyers. Also, Rice and Trout believe that well-known positions in the minds of consumers are occupied by well-known products.<sup>62</sup>

Consequently, in order to effectively position a brand in the market, a company must clearly understand what specific qualities or properties their product prevails. There are three main criteria for this: desirable, deliverable, and differentiating. They are described below. With effective use of positioning using these criteria, the brand corresponds to the consumer, company and competitors, i.e. desirability = consumer, deliverability = company, and

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<sup>57</sup> Esch, F.R., Langner, T., Schmitt, B.H., & Geus, P. (2006), "Are brands forever? How brand knowledge and relationships affect current and future purchases", *Journal of Product & Brand Management*, Vol. 15, No. 2, pp. 98-105

<sup>58</sup> Roy, D., & Banerjee, S. (2014) "Identification and measurement of brand identity and image gap: a quantitative approach", *Journal of Product & Brand Management*, Vol. 23 Issue: 3, pp.207-219

<sup>59</sup> Rossiter, J.R. & Percy, L. (1997), "Advertising Communications & Promotion Management", Second edition. New York, N.Y.: McGraw-Hill,

<sup>60</sup> Jo, H.-G., (2012), "Balance between Point of Parity and Point of Difference for Positioning Improving. In: Proceedings of the KAIS Fall Conference", The Korea Academia-Industrial Cooperation Society, pp. 166–168.

<sup>61</sup> Trout, J., (1969), "Positioning is a game people play in today's me-too market place", *Industrial Marketing*, Vol.54, No.6, pp.51-55

<sup>62</sup> Ries, A. and Trout, J. (1986) "MARKETING WARFARE", *Journal of Consumer Marketing*, Vol. 3 Issue: 4, pp.77-82

differentiation = competitors. It is also worth noting that the criteria can be considered under a number of considerations.<sup>63</sup>

- **Desirability Criteria.**

Based on the category of consumers have a clear idea of the point of difference, so finding it an important criterion when choosing a brand. The higher the growth becomes the demand of this brand, the more present this point of difference among consumers. Moreover, distinguishing one brand from another is not a sufficient value.<sup>64</sup>

- **Deliverability Criteria.**

According to the state of Kotler, and as it mentioned earlier, in most cases, the deliverability of an attribute or benefit brand association depends on the capabilities of the company, which can offer and the feasibility of the product, then develop a conviction from consumer to product:

- Feasibility: The marketing pitch should match the client's wishes. The main idea is the belief of the consumer about the fact that they did not know, and not to innovate in an existing product.

It may be worth pointing out a certain attribute of the product that will serve as a point of trust from the buyer, which is an effective way. On the other hand, if the point of distinction was imposed on the brand image, then the association with the company is the place to be.

- Communicability: The main point in communicability is the perception of a brand when a brand is mentioned. Creating an association based on consumer awareness of the brand can be caused not only by positive thoughts. And for marketers, this is one of the difficult steps in achieving consumer confidence in the proposed brand. The deliverability of an attribute or benefit brand association depends on both a company's actual ability to make the product or service (feasibility) as well as their effectiveness in convincing consumers of their ability to do so (communicability), as follows<sup>65</sup>

- **Differentiation Criteria.**

To establish long-term positioning in the market, companies are increasingly trying to enter the category of well-known brands. Thereby, attracting the target category of consumers where

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<sup>63</sup> Romanuik, J., Sharp, B. & Ehrenberg, A. (2007), "Evidence concerning the importance of perceived brand differentiation" Australasian Marketing Journal, Vol.15 (2), pp.42-54.

<sup>64</sup> Landi, H. (2010), "Good to the Core" Beverage World, pp.35-42

<sup>65</sup> Bird A. & McEwan M., (2012), "The Growth Drivers: The Definitive Guide to Transforming Marketing Capabilities" West Sussex, UK: John Wiley & Sons

they distinctively see the point of difference. Here, brand stability is an integral part. The criteria for differentiation is manifested in the priority of positioning.<sup>66</sup>

If research reveals that many consumer decisions are made at the point of purchase, where the brand name, logo, packaging, and so on will be physically present and visible, then brand recognition will be important. If consumer decisions are mostly made in settings away from the point of purchase, on the other hand, then brand recall will be more important. For this reason, creating brand recall is critical for service and online brands: Consumers must actively seek the brand and therefore be able to retrieve it from memory when fitting. Note, however, that even though brand recall may be less important at the point of purchase, consumers' brand evaluations and choices will still often depend on what else they recall about the brand given that they are able to recognize it there. As is the case with most information in memory, we are generally more adept at recognizing a brand than at recalling it.

### **Advantages of Brand Awareness**

According to Keller's state, there are three main advantages which help to establish a good brand awareness. They are: consideration, learning and choice advantages.<sup>67</sup>

**Learning Advantages:** initially, to create an association with the brand in the memory of consumers, companies create a certain chain of brand recognition. This chain shows how quickly and naturally the consumer can recognize the brand and what additional associations arise in the mind of the consumer. This advantage implies correct creation of the association with the buyer. With the right choice and setting of associations, the success of the company is unequivocal.

**Consideration Advantages:** When buying goods of one category, the buyer has a number of brands that could satisfy the needs of the client. The more choices there are, the more thoroughly the consumer chooses the choice of goods.<sup>68 69</sup> Based on research of different authors, consumers are usually not loyal to one precise brand, since they have options for other

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<sup>66</sup> Nebojsa, D. & Piyush, S.. (2015), "Impact of Product Differentiation, Marketing Investments and Brand Equity on Pricing Strategies: A Brand Level Investigation", *European Journal of Marketing*, 49. pp.760-781.

<sup>67</sup> Steve, H. & Keller, K.L. (2003), "The Marketing Advantages of Strong Brands", *Journal of Brand Management*, 10

<sup>68</sup> Baker, W.J., Hutchinson W., Moore, D. & Nedungaldi, P., "Brand Familiarity and Advertising: Effects on the Evoked Set and Brand Preference", *Advances in Consumer Research*, Vol.13, ed. pp. 637-642

<sup>69</sup> Luiz, R.K. (1986), Provo, UT: Association for Consumer Research, pp.637-642; Prakash Nedungadi, (1990) "Recall and Consumer Consideration Sets: Influencing Choice without Altering Brand Evaluations", *Journal of consumer Research* 17, pp.263-276.

brands. However, if the consumer only considers a few brands of which they are aware, then the likelihood of considering other newer brands is reduced.<sup>70 71</sup>

Choice Advantages: This premium is regarded as a high level of brand awareness. It affects the choice of brand that has been considered an advantage<sup>72</sup> Even if the buyer is very involved in the process of selecting a brand, even the minimum level of warning about the brand you choose can be sufficient<sup>73 74</sup>even with a well-formed relation.<sup>75</sup>

Additionally, when the buyer make a choice the model of attitude are persuasion influence.<sup>76</sup> Generally, brand attitude is the way of people’s knowledge, feelings about brand<sup>77</sup>with the consequently correlation of brand and motives or purchase ability.<sup>78</sup>

		<b>Motivational</b>	
		Informational (negative)	Transformational (positive)
Involvement	Low	Think	Feel
	High	Habitual	Satisfication

**Figure 3. The Rossiter-Percy Grid**

<sup>70</sup> Roediger, H.L. (1973), “Inhibition in Recall from Cuing with Recall Targets” , Journal of Verbal Learning and Verbal Behavior 12, pp.644–657

<sup>71</sup> Nickerson, R.S., (1984), “Retrieval Inhibition fromPart-SetCuing: A Persisting Enigma in Memory Research” ,Memory and Cognition 12, pp.531–552

<sup>72</sup> Adaval, R. (2003), “How Good Gets Better and Bad Gets Worse: Understanding the Impact of Affect on Evaluations of Known Brands”Journal of Consumer Research 30, pp.352–367

<sup>73</sup> Jacoby, J. & Syzabillo G.J. & Busato-Schach, J. (1977), “Information Acquisition Behavior in Brand Choice Situations”, Journal of Consumer Research 3, pp. 209–216

<sup>74</sup> Roselius, T. (1977), “Consumer Ranking of Risk Reduction Methods” Journal of Marketing, pp. 56–61

<sup>75</sup> Bettman, J.R. & Whan, P. C. (1980), “Effects of Prior Knowledge and Experience and Phase of the Choice Process on Consumer Decision Processes: A Protocol Analysis” Journal of Consumer Research 7, pp.234–248; Hoyer, W.D. & Brown S.P. (1990), “Effects of Brand Awareness on Choice for a Common, Repeat-Purchase Product” Journal of Consumer Research 17, pp. 141–148; Park, C. W. & Lessig P.V. (1981), “Familiarity and Its Impact on Consumer Biases and Heuristics”, Journal of Consumer Research 8, pp.223–230

<sup>76</sup> Hoyer, W. D., & Brown, S. P. (1990), “Effects of Brand Awareness on Choice for a Common, Repeat-Purchase Product”, Journal of Consumer Research, 17, pp. 141-148

<sup>77</sup> Rossiter, J. R. & Percy, L. (1997), “Advertising Communications and Promotion Management”, Boston, MA: McGraw-Hill

<sup>78</sup> Petty, R. E. & Cacioppo J.T. (1996), “Attitudes and Persuasion: Classic and Contemporary Approaches”, Boulder, CO: Westview

*Source: Rossiter, J.R., Percy, L. & Donovan R.J. (1991). A Better Advertising Planning Grid. Journal of Advertising research, p.11-22*

Involvement is a risk assessment method used by the target audience of a brand. That is, involvement can be considered on two levels, the low level is when the buyer does not see the idea to study the brand, but rather just try and see. A high level of involvement requires detailed information processing, since the product can be a big risk.<sup>79</sup> For an informational motive (negatively understanding) it is enough to have information about the brand, where the main element is thinking. The negative attitude caused by an unpleasant event causes motivational attractiveness and encourages a person to search for information about a brand or product, and then acquire it. Transformational motives (positive strengthening) contribute to the transformation of both psychological and emotional attitude to the product by obtaining positive feelings caused by positive events, which also leads to an increase in attractiveness or motivation.<sup>80</sup>

## **1.2. Product and its classification**

Due to the fact that we live in the modern world where everything is practically available, goods of wide consumption are taking place. There are a huge number of manufacturers, services to meet human needs. A wide choice of certain goods have both a positive and a negative impact on consumers. In an age of technology, getting a product produced at one end of the world is not so difficult to get at another part of the world. Before we determine the meaning of the product concept it is appropriately to understand what is “product” as itself. Everything that offered to the market for consumption is the Product and it should satisfy a need of consumer.

According to Levitt and Kotler’s theory, product is the comprehension of bundle of utilities-qualities, processes, and capabilities (goods, services, and ideas) for the consumer<sup>81</sup>,

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<sup>79</sup> Rossiter, J. R., Percy, L. & Donovan, R.J. (1991), “A better advertising planning grid”, Journal of Advertising Research 31, pp.11-21

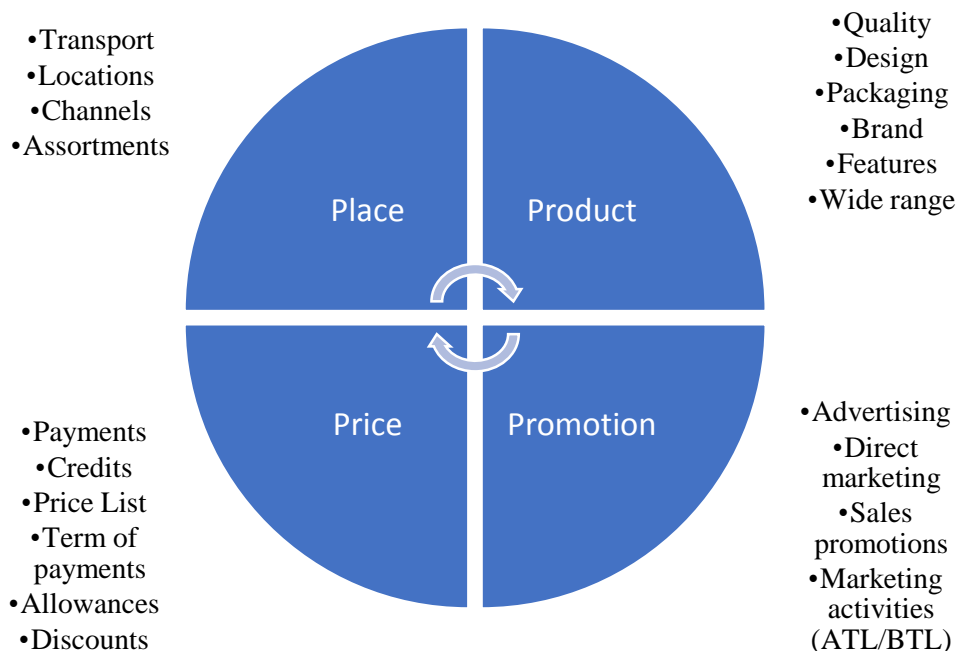
<sup>80</sup> Rossiter, J. R., Percy, L. & Donovan, R.J. (1991), “A better advertising planning grid”, Journal of Advertising Research 31, pp.11-21

<sup>81</sup> Levitt, T. (1975), "Marketing myopia", Harvard Business Review, 53, pp. 26–183.; Levitt, T. (1980), “Marketing Success Through Differentiation—of Anything”

that is expected to provide satisfaction such as expected efforts and perceived risks regarding the consumer's behavior.<sup>82</sup>

As it is known that the Marketing Mix consists of 4 P's and product is the key element of approach<sup>83</sup>. The concept comes from 1950s and still has a success around the world. This concept based on three main presumption 1) significant amount of customers 2) all customer's preferences are more or less identically 3) it is not predicament to substitute previous customers with new customers.<sup>84 85</sup> At the same time this approach is not able to be applied in service markets. The service as itself is considered in author's work later on. Product features will identify how good the customer relationship with the company will be with target market.

The initial marketing Mix was proposed by Jerome McCarthy, whereas 4P's meant: Price, Promotion, Place and Product<sup>86</sup>.



**Figure 4. Marketing Mix: 4P's Model**

*Source: McCarthy, E. J. 1975. Basic Marketing: A Managerial Approach. Richard D. Irwin, Inc.*

<sup>82</sup> Enis, B. M. & Roering K.J. (1980), "Product Classification Taxonomies: Synthesis and consumer Implications, in Theoretical Development in Marketing", America Marketing Association, pp. 186 -189

<sup>83</sup> Kotler, Ph. & Armstrong G., (2014), "Principles of Marketing", Pearson Education Limited

<sup>84</sup> Hollensen, S.(2010), "Marketing Management A Relationship Approach" Sixth Edition, Pearson Education Limited, pp.8-9

<sup>85</sup> Copeland, M. T. (1923), "Relation of consumers' buying habits to marketing methods" Harvard Business Review, 1, pp.282-285

<sup>86</sup> McCarthy, E. J. (1975), "Basic Marketing: A Managerial Approach", Richard D. Irwin, Inc.

The product is not only that things which can be touched, it is also can be services, ideas, persons etc. But before define what is the services and good, we have to consider what is tangible and intangible products in order to have a common vision of the product as itself.

However the major subject of the research is mostly related to the tangible product, the definition of intangible product will be given shortly. As Levitt explained that intangibles are selling by everyone regardless what is produced in the production side. The idea of selling tangible goods is pursued with intangible benefits at once, such as feeling of comfort, satisfying and etc. Services such as consulting, computer software, different agencies providing outsourcing services, banking, hotel are relate to the intangibles.<sup>87</sup> However, services is a form of product which is made up from activities and satisfaction of the mentioned above services and positioned as the intangible.<sup>88</sup> Drawing upon theory of Levitt, the primary resemblance between tangible and intangible is that the intangibility intrinsic part in both.<sup>89</sup> Consequently, the notion of transition from product to services has been recognized by Valdermare and Rada where they used termin 'sertivisation'. In nowadays, most of the producer-companies offer to the customers the whole bunch of client-oriented combinations of goods and services in once. It is leads to new level of relationships between producer and consumer.<sup>90</sup>

According to the Kotler when producer propose a product to the market, it uses both good and services which is tangible. Ideally, an embedded offer to the target market include pure tangible goods for example consumers basic needs such as bread, salt etc, pure services, for example consulting, banking etc. and experiences.<sup>91</sup>

Since product and service are liased with each other, many companies are started to create a new value towards customers. This value can be described as the experiences. I.e., creating new product and the sucess of this specific product is the distinction from competing alternatives by customers adding value.<sup>92</sup>

Levels of product and services:

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<sup>87</sup> Levitt, T. (1981), "Marketing Intangible Products and Product Intangibles"

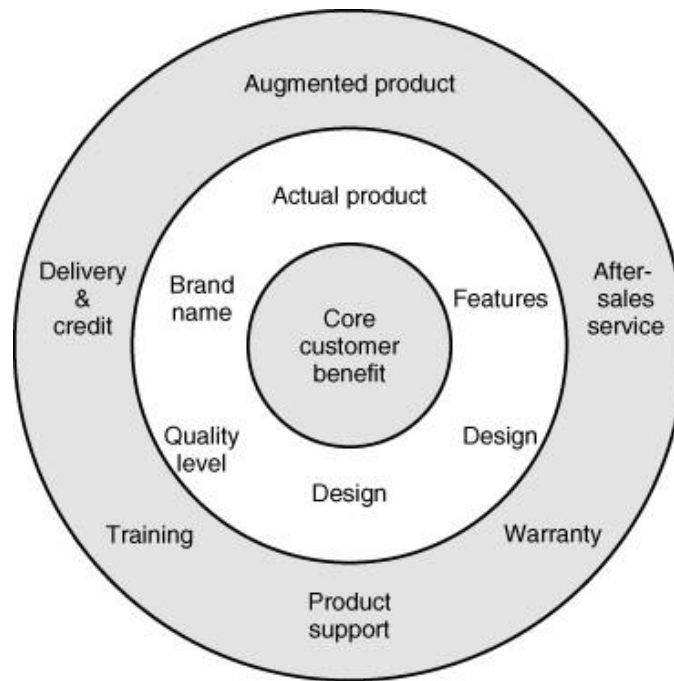
<sup>88</sup> Philip Kotler & Gary Armstrong Principles of Marketing, 2014, Pearson Education Limited

<sup>89</sup> Flipo, J.P.. (1988), "On the Intangibility of Services", Service Industries Journal. 8. pp. 286-293

<sup>90</sup> Vandermerwe, S. & Rada J. (1988), "Servitization of business: Adding value by adding services", European Management Journal Vol. 6, pp. 314-324

<sup>91</sup> Kotler, P., Armstrong, G., Saunders, J., & Wong, V. (2014), "Principles of Marketing", Pearson Education Limited

<sup>92</sup> Sethi, R., Smith, D. C. & Park, C. W. (2001), "Cross-functional product development teams, creativity, and the innovativeness of new consumer products", Journal of Marketing Research, 38(1), pp. 73-85.



**Figure 5. Three Levels of Product**

Source: Kotler, P. (1984). *Marketing management: Analysis, planning, and control*. Englewood Cliffs, N.J: Prentice-Hall.

It should be noted that there is a need to distinguish between material and non-material products. Even if there are obvious differences between these two types, it is worth remembering that there are also common characteristics describing these two types of product.<sup>93</sup> From this point of view of marketing, the main resemblance of tangible and intangible products are their depends on the level of finding tangibility in bothe side. Since the basis of marketing lies in attracting customers, the intangible product has more involvement in the process of finding consumers or clients. In order to hold the buyer, the intangible product is threatened, thereby facing serious challenges. It is placable to indicate what types of product does exist and how does it created. The following statement based on Kotler’s identification only.

Core benefit. The main core of the entire product is its foundation. in this sense, it is a base, expressing the main need, complete customer satisfaction when purchasing a product. This level of concept is worth considering from the point of view of the consumer. Questions why this product is bought by a person is equally connected with this fundamental level. But at

<sup>93</sup> Levitt, T. (1981), „Marketing Intangible Products and Product Intangibles”, Harvard Business Review.

the present time it is difficult to focus only on this level, since a product identical to all is not competitive. Therefore, the next stage of the product is proposed to consider.

**Actual Product.** This level brings a different color to the product. That is, its external characteristics, such as brand, quality, packaging, dimensions, design, etc. This gives customers a choice of benefits if they purchase this product.

**Augmented Product.** Well, the last, as such, is in addition to all the above-mentioned level of goods. Most often, these are not tangible goods that affect the perception of the consumer. This level includes service, warranty, etc. This particularly helps in companies where methods of increasing the value of the product are in priority.<sup>94</sup>

### **1.3.The Theory of Reasoned Action**

The theory of reasoned actions primarily has been developed by Fishbein and Ajzen is <sup>95</sup>the most frequently cited and recognized in the field of predicting behavior. The election as the name of the “theory of reasonable action” is <sup>96</sup> that people in their actions are based on principles of information acceptance, not on logical basis. The theory states that behavioral intentions of a person are usually the most adequate predictors of how a person will behave and, consequently, behavioral intentions can be predicted if there is knowledge about attitudes and ideas relating to them. In particular, behavioral intentions for the implementation of a certain kind of behavior featured the function of two factors: personal attitudes regarding behavior and the subjective norm associated with other people's judgements about how it should be acted in such situations . Each of these factors is considered by the value model of expectations - suggesting the unification of a number of characteristic ideas about perceived probability or expectations, compiled in evaluative expressions (perceived value of the result for an individual).

The theory of reasoned actions is generally viewed as a method of predicting and understanding human behavior. This understanding is applicable in all cases of life without exception. In order to build this model, it is necessary to adhere to the previously mentioned factors as attitudes and subjective norms. Thus, the attitudes of the individual with respect to

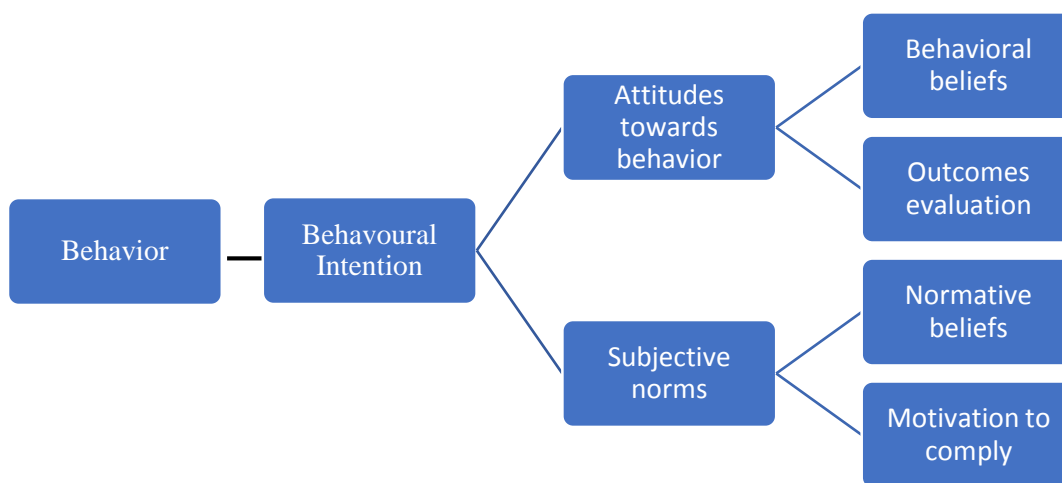
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<sup>94</sup> Kim S.J., Kim K.H., Choi J. (2019), “The Role of Design Innovation in Understanding Purchase Behavior of Augmented Products”, *Journal of Business Research*, 99 , pp. 354-362

<sup>95</sup>Ajzen, I., & Fishbein, M. (1975), “Belief, Attitude, Intention and Behavior: An Introduction to Theory and Research reading”, MA: Addison-Wesley, pp. 5-11

<sup>96</sup> Ajzen, I., & Fishbein, M. (1980), “Understanding attitudes and predicting social behavior”, Englewood Cliggs, NJ: Prentice-Hall

behavior combine behavioral provisions (perception about the consequences of behavior actualization), each of which is conclude of personal assessments of possible consequences. In this case the attitude is the overall value of such correlations. Similarly, a subjective norm is created as the derived from normative ideas (perception here is that others can think about how to act in such situations), each of which is determined by the individual’s motivation in frame of compliances of significant others. It can be mentioned that whether preliminary decisions of purchase behavior is used to conjecture and find out the level of brand loyalty, hence the further anticipation and measurement of the brand loyalty within brand awareness will be more substantial and efficiently over and over. The result of this kind of deduction is the subjective norm.<sup>97</sup> A schematic view of the TRA mechanism is given in Figure 3.



**Figure 6. The theory reasoned action model**

*Source: Ajzen, I., & Fishbein, M. (1975). Belief, Attitude, Intention and Behavoiur: An Introduction to Theory and Reasearch reading, MA: Addisson-Wesley, pp. 5-11*

Considering the Figure 3, it can be assumed that the theory of planned behavior is assembled on the basis of the theory of reasoned action, since they have a relationship between behavior and the subjective norm.<sup>98</sup> However, it should be noted that the theory of reasoned action has restricted application as that complement the theory of planned behavior.<sup>99</sup>

<sup>97</sup> Choong, L. H. (1998), "The theory of reasoned action applied to brand loyalty", Journal of Product & Brand Management, Vol. 7 Issue: 1, pp.51-61

<sup>98</sup> Ajzen, I., & Fishbein, M. (1980), "Understanding attitudes and predicting social behavior", Englewood Cliggs, NJ: Prentice-Hall

<sup>99</sup> Ajzen, I., & Madden, T. J. (1986), "Prediction of goal directed behavior: Attitudes, intentions, and perceived behavioral control", Journal of Experimental Social Psychology, 22, pp. 453-474

However, TRA does not consider further consumer's activities based on the situation as suggested by Gordon R. Foxall in The Behavioural Perspective Model, which confines the capacities of TRA appliances.<sup>100</sup>

### **Behavioral beliefs**

According to the Ajzen and Fishbein's statement, TRA performs the function of encouragement as itself. These researchers explain this in the following way: "Generally speaking, we form beliefs about an object by associating it with various characteristics, qualities and attributes. Automatically and simultaneously, we acquire an attitude toward that object. More specifically, we learn to like (or have favorable attitudes toward) objects we believe have positive characteristics"<sup>101</sup> It means that, if a person implies that the behavior will lead to an outcome of positive events, then he will adhere to a positive attitude, and if, on the contrary, in the opinion of the person, the behavior will lead to negative result, he will accordingly adhere to adverse about attitude. This is what is called the control of behavioral beliefs

### **Outcomes evaluation**

Further, after the behavioral belief, it is followed outcomes evaluation, which means, the consequences of the behavioral beliefs might be differ. Thus, the purchase of any product can be assessed as a negative, and a positive attitude.<sup>102</sup>

### **Normative beliefs**

Fishbein and Aizen also encouraged the use of normal beliefs.<sup>103</sup> which was already mentioned in the theory of planned behavior. Bicchieri also states that "Only the joint presence of a conditional preference for conformity and the belief that other people will conform will produce an agreement between normative beliefs and behavior"<sup>104</sup> From the perspective of

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<sup>100</sup> Foxall R.G. (2001), "Foundations of Consumer Behaviour Analysis", Sage Journals, Vol. 1, pp. 165-199

<sup>101</sup> Ajzen, I., & Fishbein, M. (1980), "Understanding attitudes and predicting social behavior", Englewood Cliggs, NJ: Prentice-Hall

<sup>102</sup> Ajzen, Icek. (2006). Constructing a Theory of Planned Behavior Questionnaire. pp.1-12.

<sup>103</sup> Ajzen, I. (2006), "Constructing a Theory of Planned Behavior Questionnaire", pp.1-12

<sup>104</sup> Bicchieri, C. (2006), "The Grammar of Society: The Nature and Dynamics of Social Norms", Cambridge University Press

TRA, beliefs and norms are linked through a continuous process of causality.<sup>105 106</sup> Aizen and Fishbein explain that “although the social norm usually implies a rather wide range of permissible, but not necessarily required forms of behavior, normative conviction refers to a specific behavioral act that is expected or desirable in these circumstances,”<sup>107</sup> Lapinsky and Rimal also concluded that the influence of social beliefs crisscrosses in normative beliefs. Since norms are “dynamic phenomena and individuals acting on personal or altruistic motives, constantly changing regulatory contours” in beliefs<sup>108</sup>

## Social Norms

Social norms are estimated from a number of social factors on consumer behavior. Thus, two types of influence were proposed: normative social influence; and informational social influence.<sup>109</sup> Other researchers such as Ravis and Sheeran put forward the terms "prohibitive norm" and "expressive norm" in order to describe the above-mentioned influences. When it comes to behavior, psychology can be stated as well. Then, people are under pressure from different behaviors in different cases of social norms, then they unintentionally tries to meet the requirements of social regulatory influences. The subjective norm in the theory of organized behavior and the “normative social influence” in social psychology have resemblances.<sup>110</sup>

Cialdini also put forward the concept that norms include the notion of “behavior supported by groups” responding to the concept of “must do” and “how the groups themselves behave” responding to the notion of “how to do”, excluding the fact that the norms respond as a single concept.<sup>111</sup> From the descriptive norms point of view, this means people can follow the norms of people who already had experience in a particular situation. Consequently,

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<sup>105</sup> Stern, P.C., Abel, T.D., Guagnano, G.A., Kalof, L., and Dietz T. (1999), “A Value-Belief-Norm Theory of Support for Social Movements: The Case of Environmentalism”, *Hum. Ecol. Rev.* 1999, 6, 81–97.

<sup>106</sup> Nordlund, A.M. & Garvill, J. (2003), “Effects of values, problem awareness, and personal norm on willingness to reduce personal car use.”, *J. Environ. Psychol.*, 23, pp.339–347

<sup>107</sup> Ajzen, I., & Fishbein, M. (1980), “Understanding attitudes and predicting social behavior”, Englewood Cliffs, NJ: Prentice-Hall

<sup>108</sup> Lapinski, M.K. & Rimal, R.N (2005), “An explication of social norms. *Commun. Theory*”, pp. 127–147

<sup>109</sup>Deutsch, M., & Gerard, H. B. (1955). A study of normative and informational social influences upon individual judgment. *The Journal of Abnormal and Social Psychology*, 51(3), 629-636.

<sup>110</sup> Ravis, A. & Sheeran, P. (2003), “Descriptive norms as an additional predictor in the theory of planned behaviour: A meta-analysis”, *Journal Current Psychology*, Vol.22, pp 218–233

<sup>111</sup> Cialdini, R.B., Kallgren, C.A. & Reno, R.R. (1991), “A focus theory of normative conduct: A theoretical refinement and reevaluation of the role of norms in human behavior”, *Advances in experimental social psychology*, vol 24, pp. 201–234

whether it is possible to argue that people tend to make decisions on personal norms if others follow the standards.<sup>112</sup>

In addition, Bicchieri proposes to perceive social norms as social interaction, which is quite acceptable with the social environment.<sup>113</sup> Based on the study of Blackwell, the attitude can be both favorable and vice versa, emotional reaction, behavioral tendencies, cognitive assessment that guide people in any circumstances.<sup>114</sup> According to psychologists, attitudes which might be are conative, affective and cognitive influences, afterwards became persistence and consistency demonstrated.<sup>115</sup>

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<sup>112</sup> Cummins, D.D.(1996), "Evidence of deontic reasoning in 3-and 4-year-old children. *Mem. Cognit*", 24, pp.823–829

<sup>113</sup> Bicchieri, C. (2006), "The Grammar of Society: The Nature and Dynamics of Social Norms", Cambridge University Press

<sup>114</sup> Blackwell, R.D., Miniard, P.W., Engel, J.F. (2006), "Consumer Behavior, Tenth Edition", South-Western College Pub

<sup>115</sup> Gifford, R. (2007), "Environmental Psychology: Principles and Practice", Fourth edition

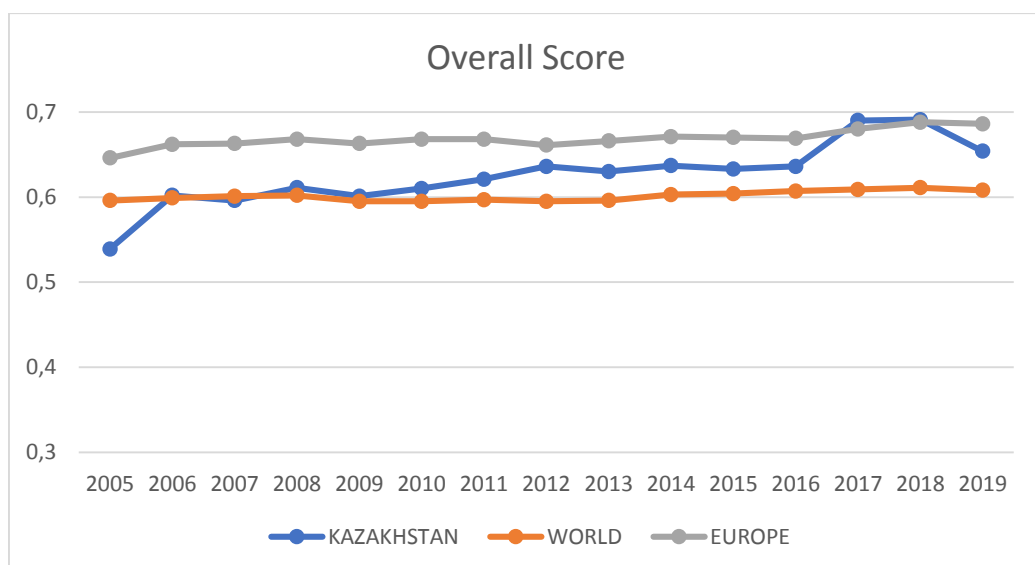
## CHAPTER 2. ANALYTICAL REVIEW OF KAZAKHSTANI RETAIL MARKET AND CONSUMPTION OF EUROPEAN PRODUCTS

### 2.1. Kazakhstan market overview

Today, Kazakhstan is the leading country among all the countries of Central Asia, which has provided the connection between China and Europe. In order to diversify its economic position, it is considering in every possibility to use its oil and mineral wealth, since they are the main economical drivers, thereby attracting trade and investment perspectives from foreign countries.

Also, being a former Republic of the Soviet Union, Kazakhstan still believes in developing a highly efficient and auspicious business environment with the consequent attraction of foreign investment. However, it it noticed that the adopted various regulations and other regulations are not quite successfully promoted within the country as investors and local companies are not satisfied with the rules reflecting the former Soviet Union. There are still unresolved issues in the country related to the country's competitiveness and its economic diversification.

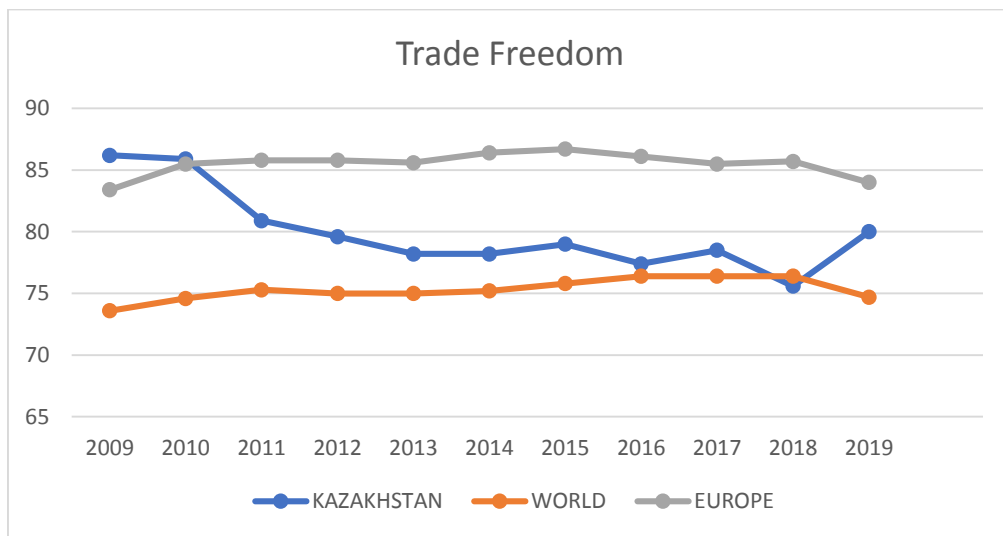
Owed to joining the World Trade Organization in November 2015, the country's trade shows very convincing results. According to the results of the Heritage Foundation's Economic Freedom Index 2019, Kazakhstan was rated as a moderately free country, ranking 41 out of 180 countries. This is shown in the table below, where you can see that the estimate is above average:



**Figure 7. Index of Economic freedom of by overall score 2019**

*Source: The Heritage Foundation*

This general indicator includes such regulations as property rights, judicial effectiveness, government integrity, tax burde, government spending, fiscal health, business freedom, labor freedom, monetary freedom, trade freedom, investment freedom, financial freedom, monetary freedom, trade freedom, investment freedom, financial freedom Thus, we can assure that Kazakhstan shows very good results exceeding the average figures for the whole world in 2019 by 4.6%, and in comparison with European countries, it is only 3.2% lower. Here it can be assumed that the country has great potential for importing and in most cases is willing to pay for high-quality and innovative goods, both material and non-material. Another acknowledgement is that the percentage of trade freedom rose by 3.6 % by being 80% in comparison with the previous year 2018 – 76.4 % and this is higher than the World averages score which is equal to 74.7 % in 2019 and 75.6 % in 2018.



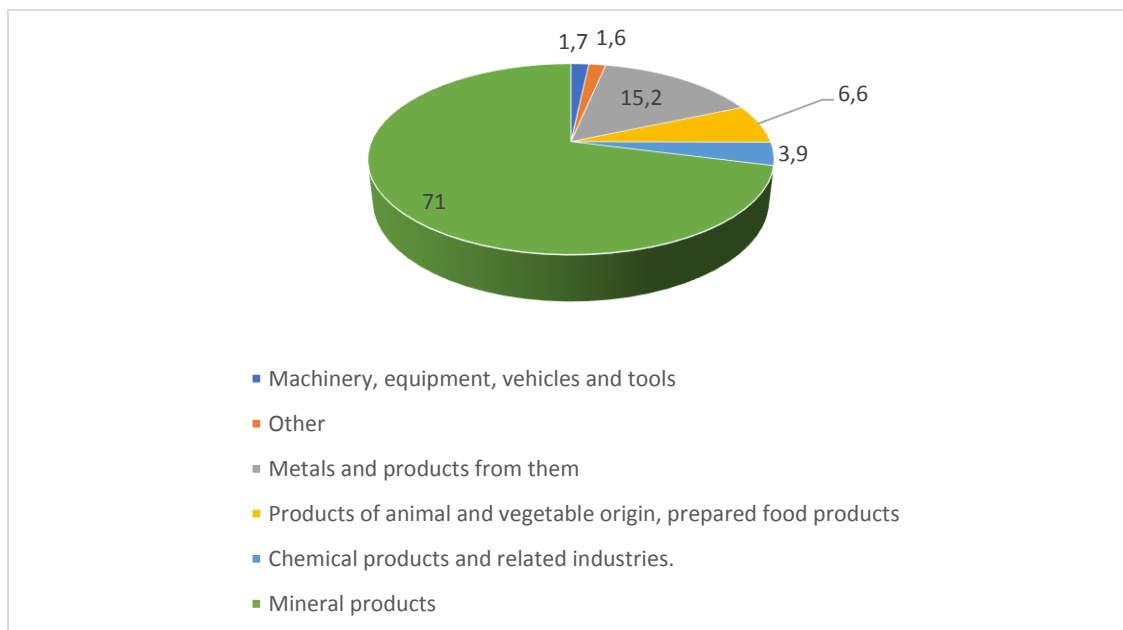
**Figure 8. Index of economic freedom by trade indexes 2019**

*Source: The Heritage Foundation*

Nevertheless, according to the World Bank analysis, it is worth noting that the current GDP in 2018 increased by 4.1% percent mainly due to the growth of exports, thereby restoring domestic demand. As mentioned earlier, one of the main engines of the economy is oil, and the increase in its price in the past few years has strengthened investments from foreign companies

by 3% above the position. However, the country's other growth engine, the mining industry, which is not related to exports and imports, according to the results of 2018, is lower compared to previous years. Overall, the steady price of oil affected the GDP of 2018, which led to an increase of 0.5%. Net international reserves in 2018 amounted to \$ 30.9 billion, equal to 18.1 percent of GDP.

As for revenues, corporate income tax and value added tax, which account for two thirds of tax revenues, increased by 16.2 percent in 2018. Also, the main indicator of the country's economic level is the level of poverty, which indirectly affects the ability of residents. In the author's work this will be mentioned in the next chapter. With the improvement of the labor market, the percentage in 2018 decreased by 0.12% compared with the previous year. Total, 2018 - 7.4%, 2017 - 8.6%.<sup>116</sup>



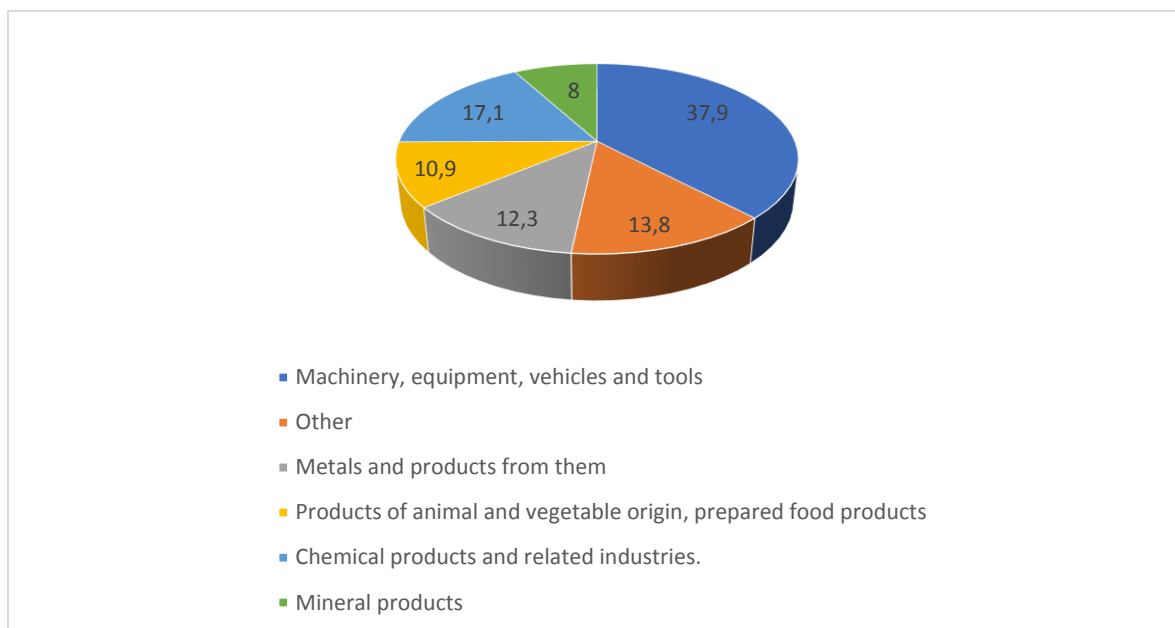
**Figure 9. Kazakhstan Export of Commodities in January - March 2019 in %**

*Source: TradingEconomic.com*

Based on this statistics is it seen that the main exported product by Kazakhstan is obviously mineral products which conclude 71% of the total export by first quarter of 2019. However, the food product has less percentage of exporting compare with the import which is

<sup>116</sup> The World Bank Group. Available at [http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode\\_exact=KZ](http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode_exact=KZ)

equal to 10.9 % by 2019. If commonly detailed, one of third part of overall export trading stands for all 5 segment of trading sectors.



**Figure 10. Kazakhstan Imports of Commodities in January - March 2019 in %**

*Source: TradingEconomics.com*

In the figure above, we see that the percentage compilation of all sectors of imports is almost equal with each other. Most of them are chemical products - 37%, the product segment is the fourth largest import compiled, with a share of 10.9%.

## **2.2. Kazakhstan and EU trade partnership**

Since 2000th Kazakhstan became greatest trading partner for European Union. According to analytical research of Norling,<sup>117</sup> from 1999 Kazakh parliament established diplomatic relations with the EU and started to develop new opportunities for import/export relationship. According to Kasymzhomart Tokayev research, in 2008 the major issue was laid for cooperation between Kazakhstan and the European Union. Measures are being taken to develop otherworldly relations with the EU countries, thereby showing the country's leadership among other Central Asian countries. In turn, for Europe the main condition for this agreement

<sup>117</sup> Kazakhstan's Deepening Ties with Europe, Published in Analytical Articles . Available at <http://www.cacianalyst.org/publications/analytical-articles/item/13091-kazakhstans-deep-ening-ties-with-europe.html> Assessed by 11 November, 2014

is free access of European business, the supply of goods and capital (investments) to the Kazakhstani market. This will allow the EU to favorably increase trade with Central Asia as a whole.

Relations between Kazakhstan and the European Union are regulated under the Partnership and Cooperation Agreement. In the opinion of the EU, this agreement is considered sufficient for the further development of mutually beneficial cooperation, thereby not restricting bans on the import of goods. The subsequent entry of Kazakhstan into the WTO in 2015 is an example. Topical issues are governed by the Subcommittee on Trade and Investment.<sup>118</sup>

According to data of Foreign Trade of RK, the share of the EU countries in the goods turnover is 36.3% of the total foreign trade of Kazakhstan. If in 2006 the volume of goods turnover of Kazakhstan with the EU countries was 18.1 billion dollars (which exceeds the total trade turnover of all seven other Central Asian countries and the Caucasus<sup>119</sup>, then in 2007 it increased by 65.8%, reaching 27.5 billion dollars. The largest share in the total turnover of Kazakhstan in 2008 with the EU countries belongs to Italy 34.5%, France 17.7%, Germany 10.2%, Netherlands 0.9 %, Spain 0.7 %, Great Britain 0.6 %. EU countries have a significant share in the volume of Kazakhstani exports (39.5%) and the import structure is represented by goods classified as “investment imports” (machines, equipment and mechanisms, electrical devices, transport, chemical products and foods), has the share of 24.7% of imports among EU:

**Table 1. Statistics on Export and Import data between EU countries and Kazakhstan in 2007**

Import		Export	
Italy	15.8%	Italy	37.9%
France	6.9%	France	24.3%
Germany	30.3%	Netherlands	8.1%
Sweden	6.1%	Spain	4.3%
Great Britain	0.6%	Germany	3.7%
		Poland	3.3%

<sup>118</sup> Tokayev, K-Zh.K. (2001), Vneshnaja politika Respubliki Kasakstan v period stanovleniya novogo mirovogo poryadka

<sup>119</sup> Compilation of Statistics of Foreign Trade of the Republic of Kazakhstan. - Almaty, 2008. No. 2. Available at [http://stat.gov.kz/faces/wcnav\\_externalId/publicationsCompilations?lang=ru&\\_adf.ctrl-state=qxt6nxycv\\_128&\\_afLoop=10205458433159207#%40%3F\\_afLoop%3D10205458433159207%26lang%3Dru%26\\_adf.ctrl-state%3Ddedhndjv3y\\_4](http://stat.gov.kz/faces/wcnav_externalId/publicationsCompilations?lang=ru&_adf.ctrl-state=qxt6nxycv_128&_afLoop=10205458433159207#%40%3F_afLoop%3D10205458433159207%26lang%3Dru%26_adf.ctrl-state%3Ddedhndjv3y_4)

United Kingdom	3.2%
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*Source: Compilation of Statistics of Foreign Trade of the Republic of Kazakhstan. 2008.*

However, it should be taken into account another fact that, in 2013 the overall import/export rate between Kazakhstan and EU counted approximately 40 billion USD. This means that the total growth since 1999th increased from 29% to 36%, where half of it belongs to trading relations between Kazakhstan and Russia. In 2013 only Russia, Moldova and Azerbaijan had possibility to trade with EU-countries and share it among post-Soviet Union space. If taking into account the countries that are not members of one of the powerful alliances as OPEC. Then among non-OPEC countries Kazakhstan became the largest energy supplier after Russia and Norway. Because it exports approximately 60% of Kazakhstan's oil and gas to the EU. However, there is a significant increase in food import/export between Kazakhstan and European countries. As it was mentioned in World Top Exports there is a top 10 list of products which has high interest rate in the EU.<sup>120</sup> Most of them are metals, oil, gasoline and other strategic materials but Kazakhstan has a leading position among Central Asia countries of exporting milling products, malt, starches for 463.5 million USD. So, for example, the import of goods from Italy to Kazakhstan in 2016 increased twofold and amounted to 544 million euros, which is + 90%. However, it is worth noting that due to the growth in imports of metallurgy, there was a decline in imports of the following product segments by: textiles and textile products- -21%, shoes- - 17.5%, furniture and wooden products- - 8.5%, household appliances- - 39%, food- - 5, 5%

Basically, in Kazakhstan exists 3 main international organizations whose are in charge of food export and import industry. There are:

1. The Commonwealth of Independent States (CIS)
2. The Eurasian Economic Union (EAEU)
3. The Economic Cooperation Organization (ECO) \

These organizations design the most efficient way to register foreign food producers who are interested to sell their products on Kazakhstani market. Local manufacturers and companies are focused on strategic materials only, therefore Kazakhstan is more oriented on using an export way to make people satisfied with the variety and quality of food. For last few years Kazakhstan modernized the system for import/export documentation loop. It means that

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<sup>120</sup> The World's Top exports. Available at <http://www.worldstopexports.com/kazakhstans-top-10-exports/>

all procedures and regulations were digitized to make process for foreign countries easier and more understandable. According to Trade Market Access Database which was updated 30th of April 2019 with <sup>121</sup>latest changes about ISO certification and international agreements for treatment, Kazakhstan improve relations with Western part of the EU like (Germany, Poland and Austria) by providing up-to-date documentation for exporting expensive and quick-expired food products (QEFP). Fresh seafood, tropical fruits that are coming to EU from Brazilia are the products with high interest rate but with low survivability during transportation. There were some incidents with logistics companies who transport QEFPs that is why international food companies lost money because of the package was not delivered in time. To avoid long-term procedures to pass customs services for EU products to cross borders of Kazakhstan, EU committee of International Trade provided the solution for Registration with ASYCUDA. Basically, ASYCUDA also known as ASTANA-1 is the system for electronic application which submits documents about product and its consistency to Automated Systems for Customs Data. This system allows to save a lot of time and avoid mass of time-spending procedures to cross borders with QEFP package with annual customs check only. It means that customs service will have documents in electronic form before transport with QEFP will come.<sup>122</sup> After Q1 of 2019 all border control services connected to this system and food import of QEFP stated to grow up with strong impact. This fact was based on lack of fresh seafood, cheese products and sweets. Primarily, it is advisable to have an overview of the whole economical situation which allows to trade between foreign countries. As author suppose there is another fact which can be a anabler of trading between Kazakhstan and EU, since Kazakhstan was the first country from Central Asia who signed The Enhanced Partnership and Cooperation Agreement (EPCA) in 2016. After it is signed and EU member states are ratified it. Foreign trade plays a significant role in the structure of the economy of Kazakhstan. The main export items are oil and oil products, ferrous and non-ferrous metals. Kazakhstan, in the first place, imports reactors, equipment, and transport.<sup>123</sup> However, there is a place in the country's foreign trade balance for food products, especially when it comes to grain and milling products. In addition to government supplies, private entrepreneurs successfully purchase and sell many other foods that are in demand from consumers..1

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<sup>121</sup> Trade Market Access Database. Available at

<https://madb.europa.eu/madb/viewPageI?Publi.htm?doc=overview&hscod=&countryid=KZ#h3>

<sup>122</sup> Trade Market Access Database. Available at

<https://madb.europa.eu/madb/viewPageI?Publi.htm?countryid=KZ&hscod=&doc=asycuda.html>

<sup>123</sup> European Commision available at <http://ec.europa.eu/trade/policy/countries-and-regions/countries/kazakhstan/>

## 2.3 Kazakhstan's Food, Drink and Mass Grocery retail Industry

According to the Eurostat data the total amount of food, drinks and tobacco delivered from EU is range between 2014 -2018 around 200 mln EUR. <sup>124</sup>The latest production type is tricky one because Kazakhstan manufactures high quality chocolate which became a national brand, nevertheless people in Kazakhstan are most likely to prefer to buy famous foreign products. It is demonstrated in Chapter 3, where analysis are concluded. The arguments of KazInform becoming said reality: “Ordinary citizens prefer to buy imported products instead of homemade ones.” The total amount of food and beverages imports in Kazakhstan is around 10.5% of all total year volume. <sup>125</sup> According to the data TradeMap, the total value of food production was 5.8 billion dollars in 2015, where fruit and vegetables are equal \$427 million and dairy and eggs are \$382 million. <sup>126</sup> As can be seen from ITEFood&Drink, since most of the equipments and other technologies come from mostly European countries and bringing new brands into the Kazakhstan's territory, the local producers could be on a position of a suppressed player in Kazakhstani market, because they outcomes of using outdated equipments could be reflected of not good quality production. <sup>127</sup>

According to the author's research on the report Business Monitor International, the country's food industry can be considered one of the most promising countries in Eurasia. <sup>128</sup> Also for its further development contributes a positive macroeconomic environment. The well-known crisis in 2008 greatly influenced the economies of many countries. Thus, the impact on the food and beverage sector had dropping statistics, and then recuperated in recent years.

After the collapse of the Soviet Union, many countries, including Kazakhstan, were interested in imported products where there was a variety of goods. Products that were previously virtually unavailable, today can be purchased almost everywhere, as imported goods are in demand among buyers. However, it is worth noting that consumers in different cities and villages consume products in different ways. And so, the author considered the fact that cities have more access to various goods, and villagers focus on essential foodstuffs first. This fact may affect the decline in sales turnover, and investments from foreign investors. Figure 11.

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<sup>124</sup> Eurostat. Available at [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ext\\_lt\\_mainagri&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ext_lt_mainagri&lang=en)

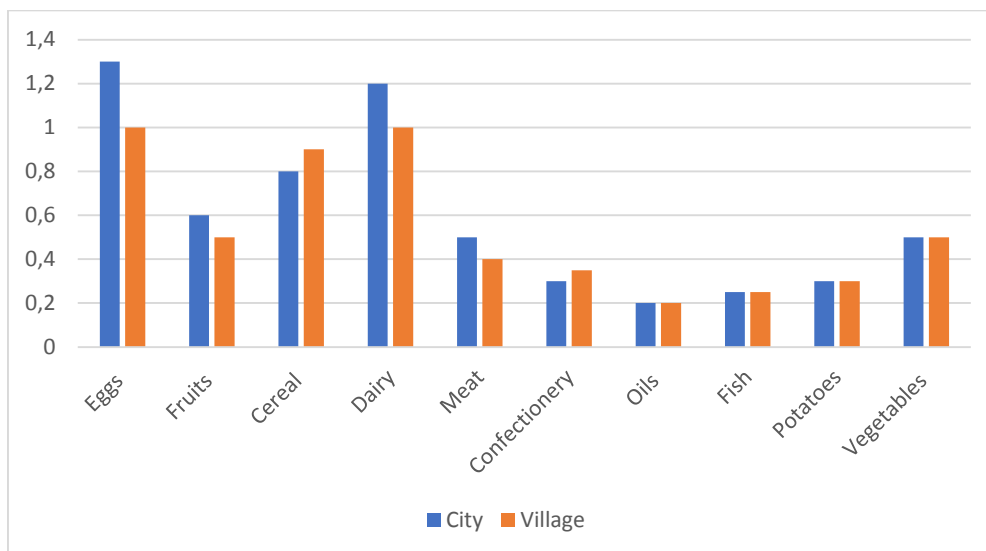
<sup>125</sup> WorldFood Kazakhstan Available at <https://www.worldfood.kz/en/press-centre/news/352-13-02-2017food> assessed on February 2017

<sup>126</sup> TradeMap. Available at <https://www.trademap.org/Index.aspx>

<sup>127</sup> ITE Food & Drink “Kazakhstani consumers “prefer imports”. Available at <http://www.food-exhibitions.com/Market-Insights/Turkey-and-Eurasia/Kazakhstani-consumers-prefer-imports>” Assessed by 23 May, 2017

<sup>128</sup> Kazakhstan Food & Drink ReportQ3 2013 INCLUDES 5-YEAR FORECASTS TO 2013, Business Monitor International

shows comparable index between rural and urban area peoples consumption. The most consumed product types are eggs, dairy, cereal, fruits and then confectionery, which is varies depends on the living area and here is prevailed urban area consumption, where mostly 0.2 time more than rural are. <sup>129</sup>

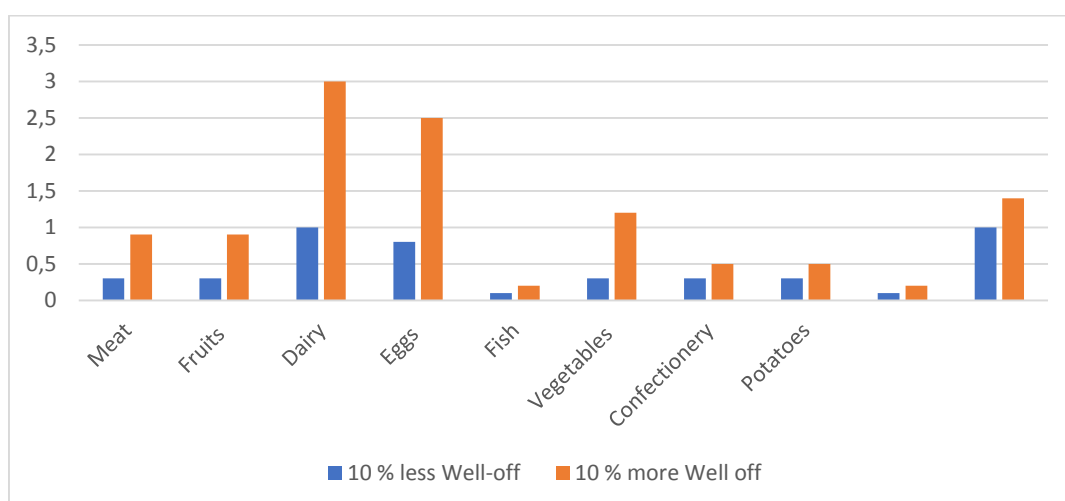


**Figure 11. Food consumption in urban and rural area 2017 (per capita)**

*Source: Ministry of national Economy of Kazakhstan. Statistics Committee*

However, during the reasearch of nutrition, it is preferably to know how the well-financed condition impact on nutrition statistics. As it is indicated in Figure 12, peoples who have 10 % of the most well-off has a tendency to consume 3 times less meat and meat products and fruits.

<sup>129</sup> Ministry of national Economy of Kazakhstan. Statistics Committee. Available at [http://stat.gov.kz/faces/homePage?\\_afzLoop=9951203003533670#%40%3F\\_afzLoop%3D9951203003533670%26\\_adf.ctrl-state%3D975x543b2\\_4](http://stat.gov.kz/faces/homePage?_afzLoop=9951203003533670#%40%3F_afzLoop%3D9951203003533670%26_adf.ctrl-state%3D975x543b2_4)



**Figure 12. Food consumption by decile groups in Kazakhstan 2010-2017 Kazakhstan in billion KZT**

*Source: BMI*

Today's food consumption is recognized as a major pattern in all developed and developing countries taking into account their both low and high income. It can be said that the food consumption depends on the countries current condition typically.<sup>130</sup> According to the Kazakhstan National Statistical Office, OECD and BMI forecast, it is simply viewed that the food industry is growing gradually, thereby increasing consumption volumes every year. As it is noticed, over the past 5 years, consumption has increased almost double. If in 2010 it was 14.56 billion, then in 2017, this number increased to 32.65 billion, in total.<sup>131</sup>

Since the research paper of the author explores the preferably food market and its perception, in this section is described the current food consumption condition in Kazakhstan. According to the information taken from the article in FoodExpo Qazaqstan which is based on the MIT Atlas of Economics Complexity database. Today, the main five positions are leading in the import of food products in Kazakhstan: sweets, tea, poultry, grapes and dried fruits.<sup>132</sup> So, the statistics from 2016 in number is shown below, in the Table 2:

<sup>130</sup> Kearney, J.M. (2019), "Encyclopedia of Food Security and Sustainability" Volume 2, 2019, pp.16-24

<sup>131</sup> Kazakhstan Food & Drink Report Q3 2013 INCLUDES 5-YEAR FORECASTS TO 2013, Business Monitor International

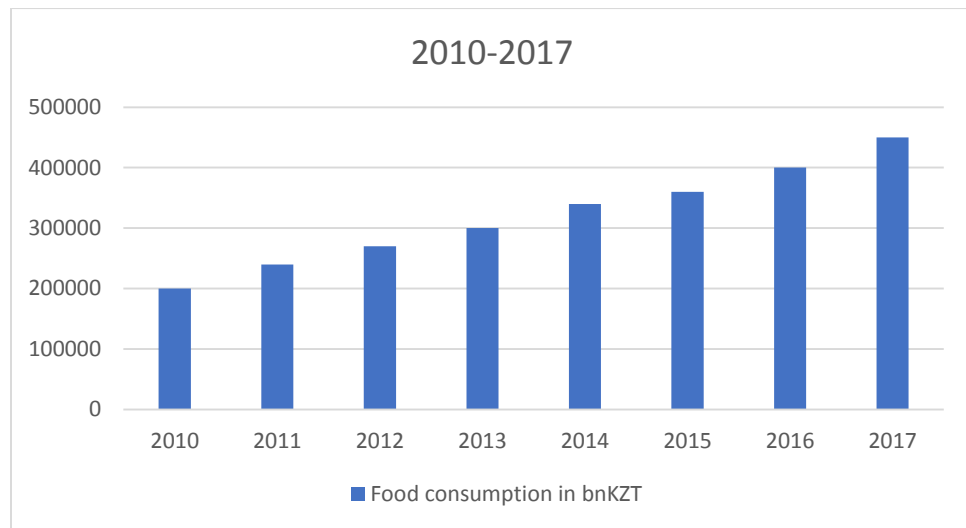
<sup>132</sup> Kazakhstan's top 5 food & drink import groups. Available at <https://www.worldfood.kz/en/press-centre/news/465-24-04-2018import>. Assessed by 24 April, 2018

**Table 2. Kazakhstan's top 5 food & drink import groups**

<b>Type of Product</b>	<b>Import turnover a year</b>
<b>Confectionery</b> The biggest importers	<b>\$151mio</b> (entire market \$750mio) Russia - \$119 mio, Ukraine - \$29.4 mio, German - \$12.8 mio
<b>Poultry meat</b> The biggest importers	<b>\$131 mio</b> United States - \$81.2 mio (62% of market share), Russia - \$30.4 mio (23% of market share)
<b>Tea</b> Consumption The biggest Importers Black tea imports	<b>\$112 mio</b> 59.100 tons in a year Sri Lanka, Kenya, India \$90 mio annually.
<b>Pitted fruits</b> Types of most imported	<b>\$97 mio</b> Cherries - \$41.9m, Peaches & nectarines - \$25.3m, Apricots - \$18.9m Plums - \$10.9m
<b>Grapes</b> The biggest importers	<b>\$95.5 mio</b> Europe at all

*Source: WorldFood.kz and MIT Atlas of Economic Complexity*

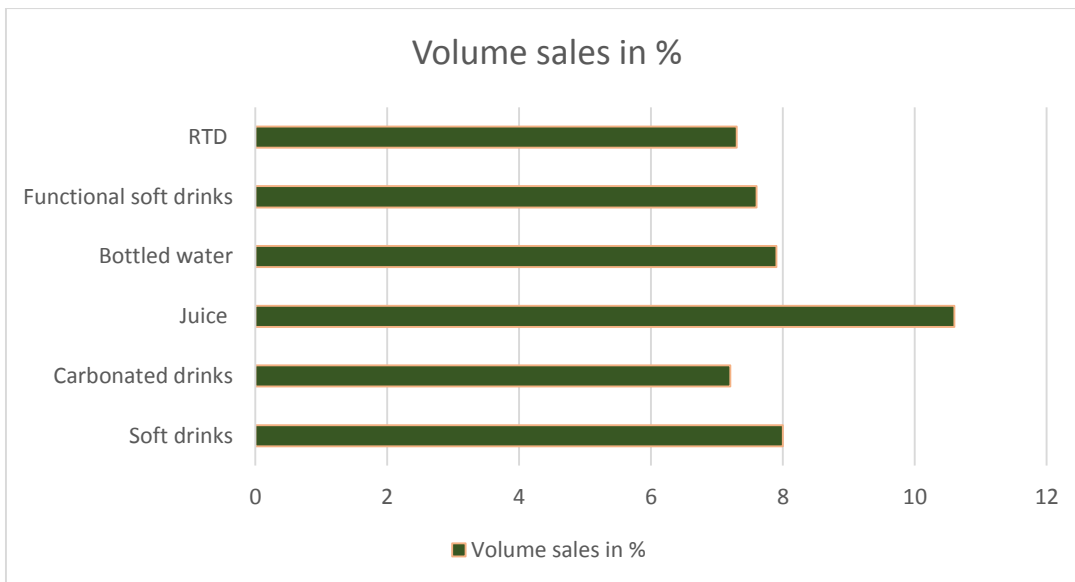
Since in Kazakhstan there is a huge tendency for imported sweets, this statistics does obviously work.



**Figure 13. Food consumption 2010-2017 in Kazakhstan**

*Source: BMI*

In Kazakhstan, there is still a method of producing alcoholic beverages at home, but the country's trend is moving towards its elimination. Such experiments in most cases lead to a not very good result and can be extremely dangerous for human health. For example, a European brand that produces beer, such as Carlsberg and Anadolu Efes, has a competitive ability to attract more foreign investment and marketing support. Since many young people are focused on drinking soft drinks only, there have been perceptible changes in the sale of alcoholic beverages. Based on current statistic for 2017, the alcoholic drinks sales are fluctuating from 9% till 13%. Now, turnover conclude 3.175 mln dollars. It can also affect the growth of premium class beverages. Since there is a significant difference between the premium and economy class segments. In this regard, the buyer can clearly assess the product premium class and compare with the economy class. In the Figure 12 is shown the sales by type of drinks by 2017.



**Figure 14. Drinks consumption in Kazakhstan by types in 2017**

Source: BMI

It is noticed, that the volume of Juice objectively rather higher than other types. Where juice volume of sales is equal to 10.5% of growth in 2017. This results might be affected by the fact that the people are in a way of healthy lifestyle, Thus, the sales of bottled water and juice have a tendency to growth.

The other thing is where all food and drink are available to purchase. One of the economic's driver in the world is a retailing industry. Since, retailing sector refers to send end product from producers to consumers.<sup>133</sup>

In 2017 Kazakhstan was in a 16<sup>th</sup> place in Global Retail Development Index, compare with 2016 it became for 16<sup>th</sup> position lower. As is was mentioned before, there were a sufficient changes due to the local currency devaluations, sharp decline of oil price, political issues such as European sanctions against Russia. All these matter can lead to the retail sales falling. On the other hand, the government was facing the challenges by alleviating prices for essential goods and increasing the GDP growth. It is assumed that this gap in the retail sector was a result of the economic shocks and the economy is already picking itself up.<sup>134</sup> The volume of retail trade in 2016 was about \$ 20 billion, next year this figure was increased by 26.3%, with a volume of 25 billion. Also, it is worth noting the fact that the last three years, the growth in retail sales did not exceed 13%. Currently, it is clear that retail trade tends to grow, while local retailers are gaining wide popularity in Kazakhstan, which also contributes to the development

<sup>133</sup> Reynolds, J. & Cuthbertson, R. (2014), "Retail & Wholesale: Key sectors for the European Economy understanding the role of retailing and wholesaling within the European Union", Institute Of Retail Management., pp. 11-12

<sup>134</sup> Export Gov. Available at: <https://www.export.gov/article?id=Kazakhstan-Direct-Marketing>

of domestic franchising. There are already more than 30 local franchises, as well as more than 200 franchise points.<sup>135</sup>

According to the author, the concept of franchising can play one of the important roles in the provision of imported products to residents of Kazakhstan. Today, franchising is developing very quickly, however, there are some factors that affect its growth, for example, not enough awareness and franchise business in the territory of Kazakhstan, the protection of intellectual property, and others. Meanwhile, the government of Kazakhstan, in order to diversify the country's economy, supports franchising, thereby attracting foreign brands representing international quality standards. Despite all the influencing factors, since the founding of the Kazakhstan franchise association KazFranch, the national franchise association, the work on franchising has become less complicated, and an understanding of the consumer market in Kazakhstan is becoming better.<sup>136</sup>

The peculiarity of the franchising market in Kazakhstan is sub-licensing and international franchisors prefer to work in Kazakhstan through their licensees, giving them a master franchise to several countries, and licensees enter into sub-licensing agreements in Kazakhstan, and Kazakhstani companies act as sub-franchisees (sublicensees).<sup>137</sup>

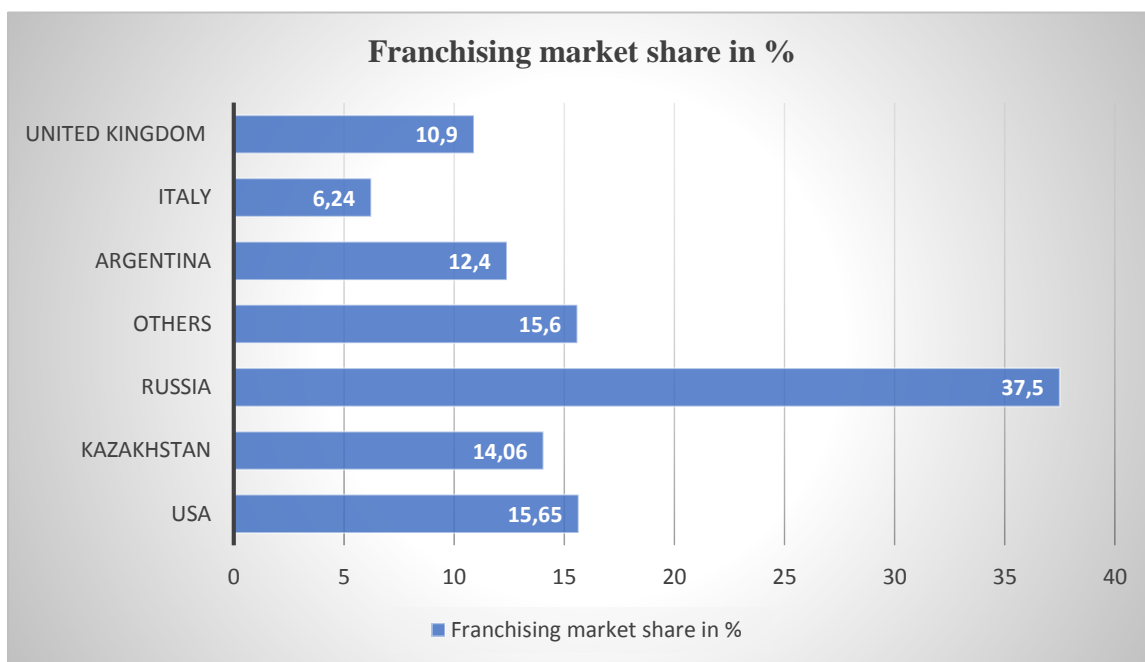
Full information on the number of companies operating on the basis of franchising in Kazakhstan is impossible, due to the fact that there is no registration of a franchise agreement or franchise. However, based on the table created by A.A. Duisembayev, it can be distinguished the following statistics, all the companies using franchising: 14.06% are Kazakhstani, 37.5% are Russian, 10.9% are British, 6.25% are Italian, 15.65% are American, 12.4% are Argentinean and 15,6% - from other countries (Finland, Turkey, Greece, Argentina, Ukraine, Spain, France, Holland). Based on the previous mentioned authors analysis, in the Figure 15 it is seen how many companies of country of origin have a franchising permission in domestic market:

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<sup>135</sup> Privacy Shield Framework. Available at: <https://www.privacyshield.gov/article?id=Kazakhstan-Franchising>

<sup>136</sup> Export Gov. Available at: <https://www.export.gov/article?id=Kazakhstan-Franchising>

<sup>137</sup> Osobennosti razvitiya franchayzinga v malom biznese Kazakhstanaю Available at: <https://articlekz.com/article/8719>



**Figure 15. The share of franchise companies by countries in Kazakhstan 2012**

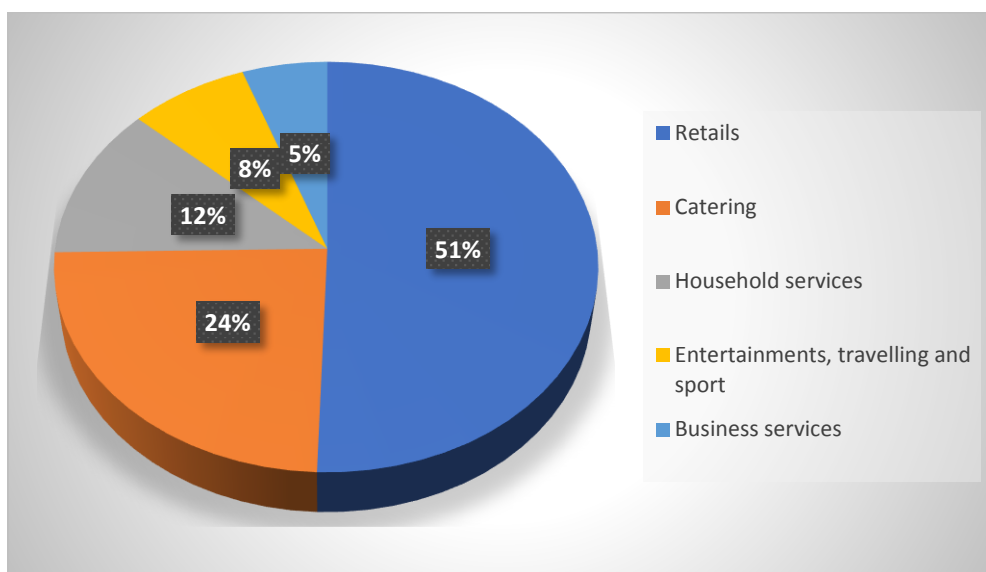
*Source: Compelled by Duysembaev, A.A., „Analiz i otsenka razvitiya franchayzingovykh otnosheniy v predprinimatel'skoy sisteme Kazakhstana”*

Judging by this table, it is clear that the main player also remains Russia, with more than 37.5 percent of the share of the entire fractionated business in Kazakhstan. It is followed by the United States in the percentage of 15.65%, with an almost double gap from Russia, Italy and the UK have a small share in the franchise business in Kazakhstan, together making up about 17.15%.<sup>138</sup>

In Kazakhstan, currently operating global brands such as World Class, Gloria Jeans, Coca-Cola, Adidas, retailer Metro and many others. There are also a huge number of low-budget franchises in the field of trade in consumer goods and services. But so far, large corporations with tens of thousands of points around the world in the Kazakhstan market are still absent, in the meantime Kazakhstan entrepreneurs are ready to cooperate.<sup>139</sup> In the Figure below, the percentage of franchising market share by sector is occurred:

<sup>138</sup> Duisembaev, A.A., „Analiz i otsenka razvitiya franchayzingovykh otnosheniy v predprinimatel'skoy sisteme Kazakhstana”. Available at <https://static.caspianworld.com/catalogue/2012/FranchExpo2012.pdf>

<sup>139</sup> Osobennosti razvitiya franchayzinga v malom biznese Kazakhstana. Available at: <https://articlekz.com/article/8719>



**Figure 16. Franchising growth rate by sector for 2013**

*Source: Compelled by Karimova M.D., “Osobennosti razvitiya franchayzinga v malom biznese Kazakhstana” Available at: <https://articlekz.com/article/8719>*

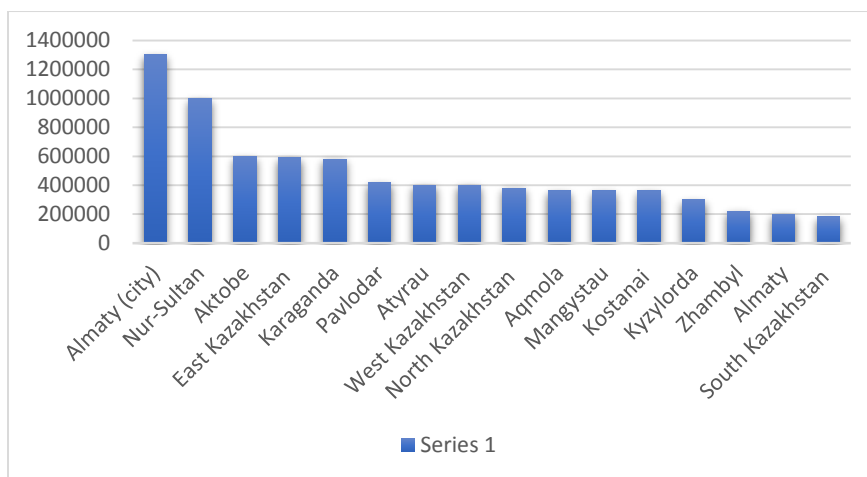
As can be seen from the above Figure, franchising is actively developing in the retail trade sector, prevailing in 51% of the total share. This may imply that foreigners are more interested in the sale of food and beverages and not only. Also, this growth may be associated with the quick development of retail trade in Kaazakhstan, such as the opening of new shopping centers, the enlargement of retail chains (supermarkets, hypermarkets, premium stores, etc.). This development encourages foreign companies to cooperate through franchising in Kazakhstan. By the result of the last 10 years about 20 hypermarkets have been opened, and this is only in the main cities of Kazakhstan, Almaty and Nur-Sultan. However, investors still believe that this sector is not yet completely flooded, and will continue to grow.<sup>140</sup> One of the only gamblers of European retail franchises is a chain of grocery stores, in particular hypermarkets, the German brand Metro. The company began its activities in 2008 in Almaty, and has more than 7 stores throughout Kazakhstan. Another player in the same sphere, Carrefour, whose activities began 3 years ago. But due to local competition and devaluation proclaimed in the country, the company was forced to suspend its work some time later.<sup>141</sup> Another pointer shows that , the Kazakhstan position is an interesting area in the development of catering facilities with an indicator of 24%, as it can be seen, the catering sector also shows

<sup>140</sup> Export Gov. Available at: <https://www.export.gov/article?id=Kazakhstan-Franchising>

<sup>141</sup> Small Business Development Fund. Available at <https://damu.kz/en/o-fonde/otchetnost-fonda/godovye-otchety-fonda/>

good results, holding the second place in terms of market share for franchising in Kazakhstan. This can be proved by the fact that Kazakhstani entrepreneurs want to adhere to the model of the U.S franchises. As already noted in the diagram earlier, a greater number of franchises which are not from US, come from Germany, Spain, Italy, France and Russia. business supporting services – 5%, entertainment – 8% and household services – 12 %.

Also, noted that a tendency of Mass grocery retail growth over the last 5 years is still growing up. In developed countries, retail trade in a accustomed format gradually ends to exist. Retailers are massively closing stores because of a slump in sales and a reduction in the number of buyers. Thus, according to the American analytical news portal Business Insider, in 2017 in the United States more than 6 thousand retail outlets of various networks were closed. In Kazakhstan, traditional retail does not even think of losing ground. According to the CC MNE RK, the volume of retail trade in Kazakhstan in 2017 reached 8,847.13 billion tenge. Compared to 2016, the figure increased by 26.3%, whereas in the previous three years its growth did not exceed 13%. Almost one third of the total retail trade of the republic in 2017 fell on Almaty (27.9%), 11.7% on Astana, and 9.4% on the East Kazakhstan region. At the same time, the highest growth rate for the year was observed in Astana - 12.2%, while in Kyzylorda region, sales increased only by 0.3%.<sup>142</sup>



**Figure 17. Retail management in Kazakhstan by regions 2018**

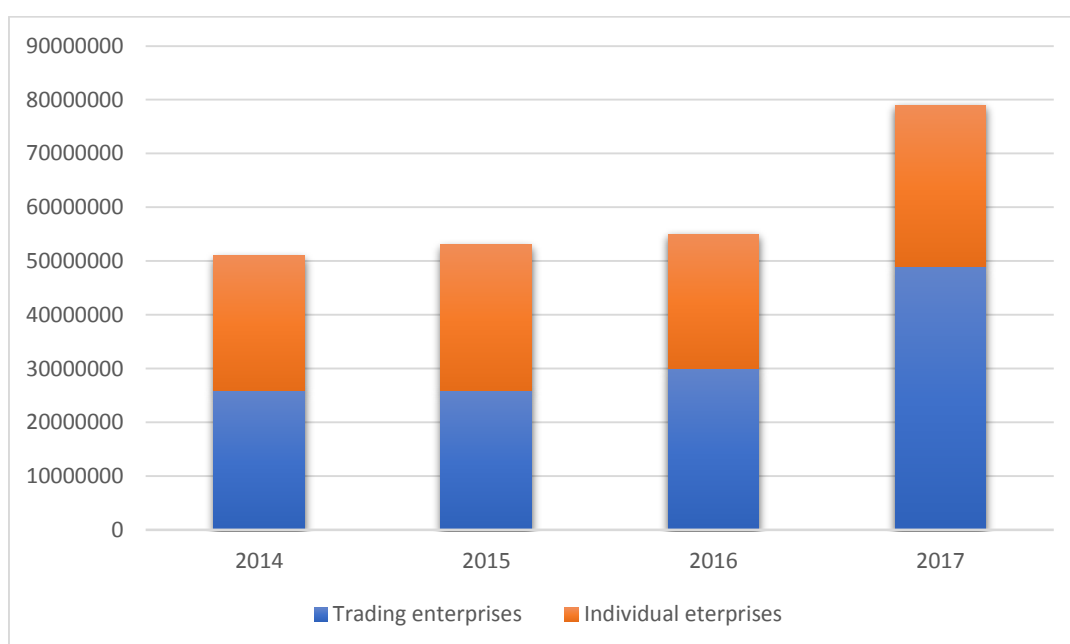
Source: CC MNE RK

On average, in 2016, retail trade per capita in Kazakhstan amounted to 448.13 thousand tenge. Most of all, Almaty residents love shopping, here per person accounts for purchases of 1.27 million tenge per year or 105.81 thousand tenge per month. Residents of the capital spend

<sup>142</sup> CC MNE RK Available at <http://economy.gov.kz/ru>

989.6 thousand tenge per year, a high level of retail sales per capita and in the Aktobe region - 591.21 thousand tenge. It is spending the least amount in the South Kazakhstan region, here only 143.26 thousand tenge of purchases per year is accounted per capita. The three most inexpensive are residents of Zhambyl and Almaty regions, here for the year in stores and markets leave 218.84 thousand tenge and 198.54 thousand tenge per person, respectively.

Kazakhstani like to buy clothes; in 2016, Kazakhstan spent 573.8 billion tenge on wardrobe, or 7.2% of the total retail volume. Next in the list of purchases of Kazakhstan citizens are listed beverages, including alcohol, for which 387.2 billion tenge was spent. The top five goods most purchased by Kazakhstan also included meat and meat products, building materials and passenger cars from the salon.<sup>143</sup>



**Figure 18. Retail sector growth per capita 2016**

Source: CC MNE RK

The main complications of retail in Kazakhstan are related to the fact that there are very few professional players, believes the commercial director of the ARCADA Group of Companies, Elza Rosenthal. Not all global brands are represented on our market. According to the expert, the retail market is experiencing a shortage of professional tenants, while the existing sites in the past two years were in a stagnant state and began to develop expansion plans only in the last periods.

<sup>143</sup> Available at <https://www.kursiv.kz/news/tendencii-weekly/ritejl-ziv-obzor-roznicnoj-torgovli-v-kazahstane/>

Trading companies in Kazakhstan do not provide data on revenues and profits, since they are not public, so the only criterion for assessing the scale of trading enterprises is the amount of tax payments. Kursiv Research has compiled the rating of Kazakhstan retailers, which includes the largest hypermarket chains with a wide range of goods.<sup>144</sup>

The largest player in the retail sector in the Kazakhstan market is the chain of stores - Magnum Cash & Curry. In 2017, they paid 4.93 billion tenge in tax payments. This figure will even exceed the performance of the next large network in double volume. The number of active points throughout Kazakhstan is more than 33, 7 cities are involved in the Magnum Cash & Curry and Magnum ATAK formats.

The next is one of the largest chain stores Anwar, which was founded in 1993 in Aktobe, which is in western Kazakhstan. Tax payment in 2017 amounted to 2.65 billion, which shows an increase of 12.7% higher compared to 2016. Today, the company has 33.5 thousand square meters of retail space in seven regions of Kazakhstan.

Skif Trade with small and Skif discount brands are by far the most common retail chain in Kazakhstan. Total tax deductions of Skif Trade LLP and Skif Saud LLP over the past year amounted to 2.11 billion tenge. The retail network currently has 55 supermarkets in 15 cities of the country, in particular in Almaty and Nur-Sultan.

Then follows the division of the concern METRO Group, the international wholesale and retail company LLP METRO Cash & Carry. The volume of tax payments in 2017 amounted to about 1.72 billion tenge. The company has 690 stores in 29 countries and was founded in 1964 in Germany by German and Swiss entrepreneur Otto Beisheim. Today, the network shopping centers are located in seven cities of Kazakhstan. According to the company, the share of Kazakhstani goods (both of its own production and imported by Kazakhstani companies) in the total range of stores is at least 90% of the total purchases.

More than 882.27 million tenge was paid tax for 2017 LLP Best Solution. The main activity of companies in the retail sector is a network of supermarkets and hypermarkets Dina, which began its work in 1999. Currently, there are more than 18 stores throughout Western Kazakhstan.

Next on the list is a company that entered the Kazakhstan market from Turkey in 1999. Ramstore chain of stores, which rightfully takes the place of one of the well-known brands in Kazakhstan. The trading company owned by the Turkish-English joint venture Migros Ticaret A. S. in Turkey and Macedonia, in 2017 replenished the treasury by 50.23 million tenge, which

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<sup>144</sup> Kazakhstan Retail Overview. Available at: <https://kursiv.kz/news/tendencii-i-issledovaniya/2019-05/kazakhstanskie-zriteli-stali-chasche-vybirat-otechestvennyye>

is almost 55% decline compared with the previous year. In Kazakhstan, the company is represented by 12 supermarkets, three express-format supermarkets, one premium-class supermarket, two online stores and a multifunctional complex Ramstore All in — represented in Almaty and Nur-Sultan.

Further, the joint Kazakhstan-German enterprise SKGP “InterFood” LLP, one of the largest retailers in Kazakhstan, takes the amount of tax payments from KZT 287.62 million based on the results of 2017. The trade and production company exists in the Kazakhstan market since 1997. It includes the Interfood supermarket chain in Almaty and Nur-Sultan, the culinary and confectionery industry Thomi's Pastry, as well as the home goods store Ideal Home.

Basically, the level of tax deductions of the largest players in the retail market did not show significant growth compared to the previous period, or decreased by the previous year. In general, the twenty retailers in terms of taxes paid 15.85 billion tenge to the state budget in 2017, which is 0.9% less than in the previous period.<sup>145</sup>

**Table 3. Rate of the largest retails in Kazakhstan 2017**

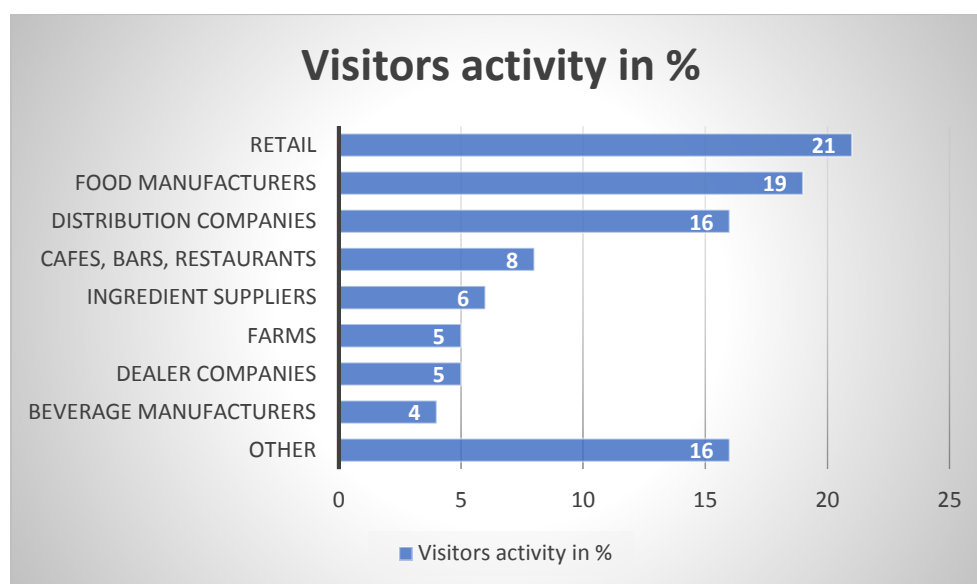
<b>Company</b>	<b>Trademark</b>	<b>Tax payments growth 2016 – 2017 in %</b>
TOO “Magnum Cas&Carry”	<b>Magnum Cash&amp;Carry</b>	- 1.3%
TOO “Anvar”	<b>Anvar</b>	12.7 %
TOO “Skif Trade” and TOO “Skif Sauda”	<b>Skif, Small</b>	0.0%
TOO “Metro Cash&Carry	<b>METRO</b>	10.5%
TOO “Luchsheje reshenije”	<b>Dina</b>	4.1%
TOO “Ramstore Kazakhstan”	<b>Ramstore</b>	-55.3%
TOO SKGP “Interfood”	<b>InterFood</b>	2.6%
TOO “Madzhid Alj Foodtime Hypermarkets”	<b>Carrefour</b>	- 58.4%
TOO “Estau company”	<b>Esentai Gourmet</b>	- 8.0%

*Source: Made by author on the information basis from CC MNE RK*

In order to attract a larger number of foreign companies in the future, the WorldFood Kazakhstan exhibition is held annually in Kazakhstan, where a huge number of manufacturers

<sup>145</sup> Available at <https://www.kursiv.kz/news/tendencii-weekly/ritejl-ziv-obzor-roznicnoj-torgovli-v-kazahstane/>

from both Kazakhstan and foreign countries are represented. The exhibition presents finished products from manufacturers, as well as advanced technologies and means of modernizing domestic food processing industries, which becomes an impetus not only for the development and expansion of sales markets for domestic producers, but also a pretext for creating joint ventures and establishing an international trade process. Thereby, allowing to develop a circle of a trade and economic platform. In most cases, special interest in this exhibition attracts foreign companies, in particular, European, which are oriented procurement for retail chains, which will be displayed on the shelves of Kazakhstan food stores. The main categories of interest are: yeast products, toppings, glazes and creams, meat, cocoa, sweeteners and syrups, oils, spices, meat and poultry, fish and seafood, dairy products, ice cream, fat products, confectioneries and bakery products, grocery, vegetables and fruits, canned foods, frozen foods, prepared foods, baby and diet food, tea and coffee, non-alcoholic and alcoholic beverages.<sup>146</sup>



**Figure 19. Visitors of FoodExpo Qazaqstan in 2018**

*Source: 21st Central Asian International Exhibition Results Report. Available at [http://files.iteca.kz/web/download/wfk/2018/PostShow\\_WFK18\\_ru.pdf](http://files.iteca.kz/web/download/wfk/2018/PostShow_WFK18_ru.pdf)*

As for example, at the exhibition in 2018, the number of participants of countries was 31 countries, more than 370 companies from Austria, Azerbaijan, Armenia, Belarus, Belgium, Great Britain, Germany, Greece, Indonesia, Iran, Spain, Italy, Kazakhstan, Canada, Kenya,

<sup>146</sup> FoodExpo Qazaqstan. Available at <https://www.worldfood.kz/en/>

China, Korea, Kyrgyzstan, Netherlands, United Arab Emirates, Poland, Russia, Slovakia, Slovenia, USA, Tajikistan, Thailand, Turkey, Ukraine, Czech Republic, Sri Lanka. In the Figure 19 is shown the who was more interested in this exhibition:

## 2.4 Mondelez International company's experience

Mondelēz International, Inc. - the world leader in the production of snacks, the company's turnover in 2013 amounted to \$35 billion and in 2019 net turnover is came up with 26 billion. This company was in group of Kraft Foods company. Since Kraft Food decided to split and make a reorganization in the company inside, global brands with a yield of over \$ 1 billion, such as Oreo, TUC, Cadbury, Milka, Alpen Gold, Jacobs went to Mondelez, with the meanwhile Kraft Food had mainly started to operate on mostly in North America by taking all American brands. To this days, Mondelēz International is the world leader in the categories of cookies, chocolate, chewing gum, candy , and other categories. Last year, the company's revenue amounted to \$ 35 billion in revenue, with a capitalization of more than \$ 72 billion.<sup>147</sup>

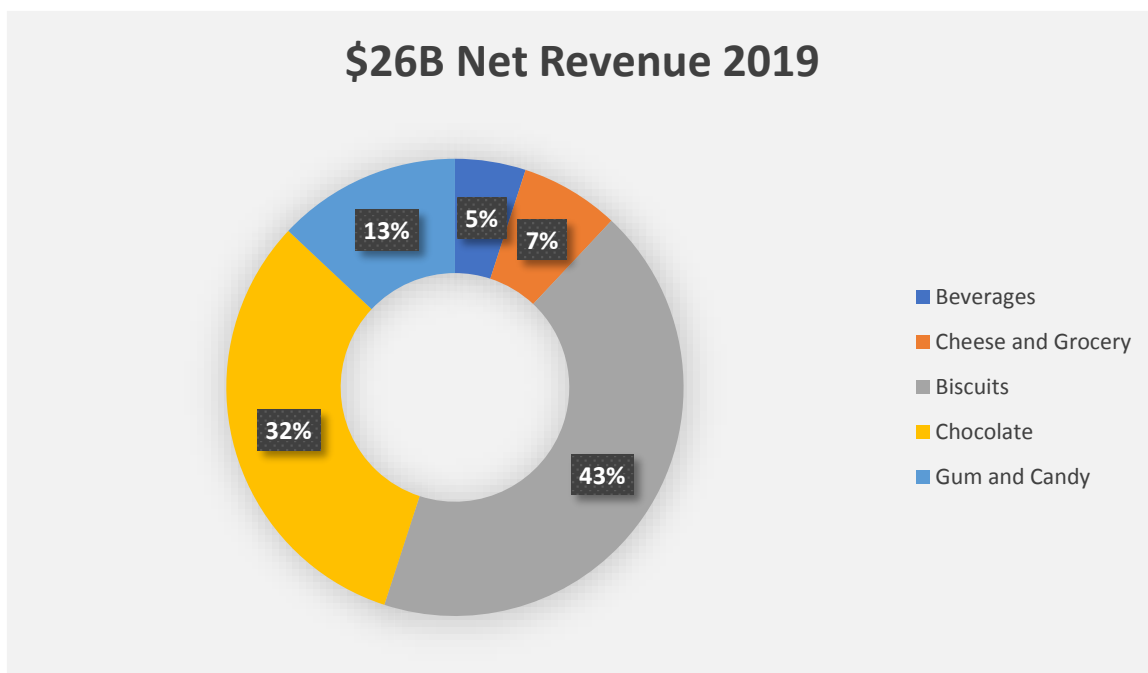


Figure 20. Mondelez International Net revenue in 2019

Source: Mondelez International

<sup>147</sup> <https://www.vestifinance.ru/articles/46406>

[https://www.mondelezinternational.com/en/~media/MondelezCorporate/Uploads/downloads/mondelez\\_intl\\_fact\\_sheet.pdf](https://www.mondelezinternational.com/en/~media/MondelezCorporate/Uploads/downloads/mondelez_intl_fact_sheet.pdf)

In Figure, below it is shown the main categories which are made by Mondelez International company. Mondelez Int. mostly oriented on biscuits -43% and chocolate – 32% production. The company controls all five regions with the a huge amount of revenue. In the list below is shown the current statistics by its income:

Eastern Europe, Middle East and Africa: revenue grew by 6.3%, with an equal contribution of the volume / range ratio and pricing. Russia grew by 4–6% (mid-single digits), where the main products are based on the categories of cookies, candy, and coffee. Also double-digit growth in the region showed Turkey, Central Asia and the countries of the Middle East. Kazakhstan is cooperates with the Ukrainian partners in order to have this product on the shelves of Kazakhstani market.

Europe: revenue fell by 1.9%. The volume / assortment ratio has decreased due to consumer response to price changes, especially in France. While prices for chocolate and cheese increased, in general, prices in the region decreased slightly due to reduced costs for coffee beans. Lower coffee incomes had a restraining effect on growth of 0.4 percentage points.

Latin America: revenues increased by 11.8%, mainly due to pricing, especially in the inflationary economies of Venezuela and Argentina. Brazil grew in the range of 7-9% (high single digits), showing steady growth in all categories.

Asia-Pacific: revenue declined by 8.3% due to continuing difficulties in China and tighter competition in the market retailers Australia and New Zealand. India was able to show double-digit growth again.

North America: revenues increased by 2.7%, driven by growth in the range of 4-6% (mid-single digits) and the continued increase in market share in the biscuits and candy categories. The volume / range ratio was the main driving force.

An organic net revenue in emerging markets increased by 4.7%, and in developed - decreased by 1.2%. Overall, key brands rose 1.3%.

### **CHAPTER 3. DATA ANALYSIS OF ATTITUDE TOWARDS EUROPEAN BRANDS AND THEIR PURCHASING BEHAVIOUR**

In the previous chapters it was described the fundamental and supplementary evidence which strongly related to the both theoretical review and empirical data research. The chapter include the main methodological approaches and methods of data analysing. Thus, based on these consciousness the findings and were created on the essential put forward theories frameworks. They are brand awareness and the theory of reasoned actions. The further own analysis and observation is made by In this chapter, the author discussed the following points, the main of which is the substantiation of the hypothesis presented earlier. For this purpose, actual analysis methods and methodological tools were chosen. Any methods of collecting information determine the results of specific analyzes of the study. Hence, methods in which consumer behavior appears as an element of research can be both qualitative and quantitative. For this analysis, the author chose the quantitative method with the aim of obtaining an explanatory result. There is a huge difference between qualitative and quantitative methods. Generally, one of the methods of analysis is a quantitative technique that helps data collection.<sup>148</sup> In sociological science, one of the main methods is a questionnaire. The survey method in turn embodies the features of the quantitative method. In this paper, this method will be used. Also, it is used to test various theories and hypotheses, where the coverage area occupies large segments of the population.<sup>149</sup> Hirschi's research has shown that most surveys are analyzed through studies called correlational and cross sectional.<sup>150</sup> The structure of the implementation of the survey method is as follows, it is carried out at the same time, for the subsequent identification of the paths<sup>151</sup> and degrees associated with the variables. Experimental design can easily be contrasted with the survey approach, which is used in the framework of a simplified quantitative research with science. During this experiment, two or more groups selected by random selection are used. The main idea of the experiment is to show that one group is exposed, and the other way around.

Thus, for effective analysis of research, the author conducted the main market research methods that favorably affect the result. In this order, the more fitting Survey method is implemented. The author was used the survey method as an essentials. However, in order when

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<sup>148</sup> Bryman, A (1988) *Quantity and Quality in Social Research*, London, Routledge

<sup>149</sup> Cassell, C and Symon, G (Eds) (1994) *Qualitative Methods in Organizational Research: A Practical Guide*, London, Sage

<sup>150</sup> Hirschi, T., and Selvin, H.C. (1973), *Principles of Survey Analysis*, New York: Free Press

<sup>151</sup> Magoon, A.J. (1977), 'Constructivist approaches in educational research', *Review of Educational Research*, vol. 47, no. 4, pp. 651–93.

the major interview to be conducted properly, the author took a checking methods of the Pilot interview.<sup>152</sup> This work was done solely in order to understand how the questions were formulated in a logical and accessible way. Afterwards, suggestions and related comments was considered and Survey template has been corrected.

Since to visit Kazakhstan directly for author was a little complicated, he decided to hold this methodological tools via phone call and emailings. There were applicable to seize Structured standardised interview, where a specific questions were noted. Participants feedback, comments and answers were recorded on a questionnaire paper during the sureyed time. Totally, 90 invited persons were fully participated in differents dates starting from 15th of April till 23rd of May. In Table 5. below it is shown the details of surveying process.

**Table 4. Telephone and Email survey details**

	Telephone		Emails (Facebook, messengers App)	
Time	15 April – 6 May		Decimated from 23 April - 19 May	
Number of participants	30 10 male, 20 female		60 32 female, 28 male	
Age	20 - 38		18 - 53	
Current location	Kazakhstan - Latvia		Kazakhstan – Latvia	
Duration	8-10 min for each repondents		Not limitation	
Interviewers	Assel Assem	Assel Assem	Assel Assem	Assel Assem

*Source: created by Author on the stucture of planned survey*

Most of these participants were met Author’s requirements and the overall picture was as follows: Since the study was conducted in gap, it took several time to evluate the overall result and conduct a data analysis. As it can already be seen on the table above, two types of survey were held with the identical survey questions. Questions were created with including open and multipal choice questions. For the telephone survey, two periods of time were

<sup>152</sup> Schriesheim, C., & Tsui, A. S. (1980), “Development and validation of short satisfaction instrument for use in survey feedback interventions” In Tsui, A. S., Egan, T. D., & O’Reilly, C. A. (1992). Being different: “Relational demography and organizational attachment” *Administrative Science Quarterly*, 37(4), pp.549-579.

allocated, 15- 20 April, 1-6 May, and 2-3 people per day were sampled. However, email survey took less efforts with no restriction on receiving feedbacks. Moreover, it was not inconvenient to arrange this process with the help of various instant messengers or social networks. So it took less effort and give more feedback. The age of the participants of the questionnaire was from 18 to 53 years. As a large number of Kazakhs live and study in Latvia, the author took advantage of this position and also asked to fill out and give feedback on research work. According to preliminary evaluation, 80 % percent of the participants are loyal to the imported commodity of food products.

Regarding the questions in the survey sheet, they were compiled on the basis of the pursuing hypothesis and the objectives of this research work. The sheet with questions to work is attached. The basis for the compilation of questions was the main theories examined in the first chapter. These include brand awareness, brand equity, brand loyalty and a theory of reasoned action. The questions were hidden theories and beliefs in relation to the product and their consumption. The questions were also drafted in stages, firstly it was necessary to get information about the individual principles of buying food, then what were the main factors that were given priority during the sampling of goods, and finally it was proposed to present the situation. In recent questions, it should be noted that sampling was not essential.

### **3.1 Analysis of the theory of brand loyalty and reasoned actions**

Participants who was involved on the research are people of different status and ages, 80 % of them are willing to make a purchasing of foods and drinks in different types of store segmentation (such as Premium, Econom classes and convenience stores). Many of which when purchasing goods deeply evaluate its characteristics. This will be discussed in more detail according to the theories described in Chapter 1.

As the first theory to be hypotezised, author's mentions the theory of reasoned actions primarily has been developed by Fishbein and Ajzen <sup>153</sup> The idea is that people in their actions are based on principles of information acceptance, not on logical basis <sup>154</sup>. The theory states that behavioral intentions of a person are usually the most adequate predictors of how a person will

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<sup>153</sup> Ajzen, I., & Fishbein, M. (1975), "Belief, Attitude, Intention and Behavior: An Introduction to Theory and Research reading", MA: Addison-Wesley, pp. 5-11

<sup>154</sup> Ajzen, I., & Fishbein, M. (1980), "Understanding attitudes and predicting social behavior", Englewood Cliggs, NJ: Prentice-Hall

behave and, consequently, behavioral intentions can be predicted if there is knowledge about attitudes and ideas relating to them. In particular, behavioral intentions for the implementation of a certain kind of behavior featured the function of two factors: personal attitudes regarding behavior and the subjective norm associated with other people's judgements about how it should be acted in such situations. Based on the theory under considering on, the decision of the majority of participants proceeds from behavioral reflections and changes their attitude towards the brand as a product. Sensibly, the presence of 1 or more components of individual approaches is preferable with the consequence results. In other words, participants were free to share their attitudes towards purchasing behavior. Participants were formed a strong positive intention to show their abehaviour, There were no environmental barriers (obstacles) that make it impossible to perform the behavior since the questionnaire was held in a distance. Therefore, emotional reaction of a person to performance of behavior was unhindered . By the telephone conversation it was noticed that 70 % of participants had a willing to accomplish behavior under different (other) circumstances. Thus, with the reference to the provided questions the psychological constructs of behavioral beliefs, outcome evaluation, specific referents, attitude, subjective norms, and behavioral intention were measured. Questions were presented in the order suggested by Ajzen and Fishbein (1980). Questions used in way and field for situation are presented:

In aim to identify and measure the behavioral intention of the respondents, questions such as “Do you think that European produced goods have a better quality? Were practices by the following evaluation scale suggestion “From 1 – 10 on a scale where 1 - low quality, 10 - high quality.

The next research statement was consumer’s attitudes towards the product. The primary request here was "Do you purchase goods that are made in Europe?" and afterwards, depend on the repondend reply “yes/no”, 2 questions in depth have been followed and used. Open questions helped to catch what arguments they can provide author, once author was able to see how the participant replying and what viewpoints he has for the specific products.

Questions related to the behavioral beliefs points was aided to identify what the consumer is expected as an outcomes after purchasing the product. This states was assessed by asking “What products in your opinion is produced better by local companies rather than foreign?”. Based on the reponses where it was revealed what products could appeal to their flavouring and quality preferences. Since, it was an open question they had a possibility to explain there preferences relying of what criterias they use. Outcome evaluation more or less was evaluated by the above mentioned questions as well. And in base of their viewpoints

analysis was made. Questions, such as "What can be the reason of choosing European brand to local one? It was evaluated as an open question result.

Subjective norms and normative beliefs were evaluated based on the open talk with the participants, when authors asked about "Do you feel inconvenience when you already bought a product, and your close friend tried to persuade you that is the worst product ever". Answers of participants could give objective thinking about the reasoned purchase of goods. According to the states of Miniard and Cohen, there is a strong correlation of attitude and subjective norms, where it is believed that bond between them well-founded by the impact of once behavior where it can be explicated as either a behavioral beliefs or normative one.<sup>155</sup> And as the authors further analysis showed the believe of Dillard and Pfau, that the aim of subjective norm adoption is to represent prefernces of others behavoiral beliefs rather than normative beliefs

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### **Attitude towards behavior**

In order to determine the main effects, the understanding of forecasting and the possibility of influencing the forms of participants' behavior, this line of research plays an important role, involving the conceptual basis and the use of applicable assessment methods. As previously mentioned, attitudes such as the role of beliefs, attitudes, norms, perceived behavioral control, and intentions were involved. Thus, the lack of volitional control may interfere with the performance of the behavior that was outlined earlier, beliefs, views and beliefs that do not look plausible may be the result of false information.<sup>157</sup> Also, it should be taken into account that circumstances can directly influence a person's intentions, if circumstances are inconceivable, and similarly, an emotional behavioral context.

This part of analysis had been under main research tactics. This is consumer's attitude towards the European products selling in the Kazakhstani market which is followed by cognitive learning and educational purposes, it can be the common view of the statistics where it is shown how many people have a positive or negative attitude towards imported products, especially European's one and as educational purposes is what values, place of purchasing and other comprising elements could be. Afterwards, this states was proved by the summing

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<sup>155</sup> Miniard, P.W., & Cohen, J.B. (1981), "An examination of the Fishbein –Ajzen behavioural intentions model concept and measures", *Journal of Experimental Social Psychology*, 17, pp.309-399

<sup>156</sup> Dillard, L., & Pfau, M. (2002), "The persuasion handbook: developments in theory and practice", Retrieved May 17, 2008, f

<sup>157</sup> Ajzen, I. & Fishbein, M. & Lohmann, S. & Albarracin, D. (2018), "THE INFLUENCE OF ATTITUDES ON BEHAVIOR The Influence of Attitudes on Behavior"

opinions and preferences of participants during the survey holding. Supplementary, there is one of the ensuing citations from telephone conversation is given “*Well, when I make a choice between local or imported sweets, I prefer to buy imported ones, especially if they are made in Germany or Switzerland. Currently, in Kazakhstan we have a wide range of imported confectionery products, which is almost a third of all confectionery products in Kazakhstan, so I have more choices from foreign manufacturers. Yes, of course the price may differ significantly from local manufacturers. In Kazakhstan there are indeed large manufacturers of confectionery, but unfortunately there are very few of them. And at prices they are not much inferior to imported ones, as prices for raw materials in Kazakhstan also increase, affecting production.*”.

Focusing on the answers of many participants of the experiment, it can be argued that the country of production of food products, in fact, are an indicative factor affected on purchasing decision. So, during the questionnaire, it was clear that about narrate percent of people of different age categories tend to say that European manufacturers have more priority when choosing a product, explaining that in Kazakhstan, the level of production technology is still weak, and therefore can affect on the quality of goods. However, it should be mentioned, the opportunity to buy imported goods is not identical to everyone because of the standard of living.

Combined with each other, attitude to behavior, the subjective norm form the behavioral intention and behavior of the individual. As a rule, the more positive the attitude and the subjective norm, the stronger the subjective control and the intention of the person to perform these actions.

Relying on the theory of Aizjen may explain, also that marketing a product only informative can be an ineffective affair. This can not be the result of increasing the amount of information affecting the behavior of buyers. Campaigns aimed at subjective norms may induce in the buyer a desire to purchase this product.

Basically any product could be promoted, thus affects on consumer’s purchasing process. So we are describing why advertising campaigns that provide information only are ineffective. Increasing the amount of information practically does not contribute to behavior change. Campaigns aimed at installations, subjective norms and control, in order to change the opinion of buyers or encourage them to purchase certain goods, lead to better results. To see, what is the subjective norms applied to the theory provement, the consumer’s attitude towards foreign products in different stores in Kazakhstan.

It should be noted that the subjective norms are also a direct link affecting the intention of the person. In this case, the person getting under the approval of other people makes a

decision in the purchase of goods. That is, social pressure from people around them. Subjective norms refer to the belief that an important person or group of people will approve and support certain behavior. Subjective norms are determined by perceived social pressure from other people on consumer's behavior. However, the author tried to analyze the following statements from Norris Kruger and his colleagues, where they say that the intention of individuals has a very weak correlation or does not correlate at all with the attitude to behavior.<sup>158</sup> Nevertheless, there is another fact should be noted, the subjective norms refer to a large number of approved behaviors in certain circumstances, while the normative beliefs being inside the concept of subjective norms have a specific leading behavior, in this case, the fulfillment of it by a person who remained under psychological influence on his thinking and further behavior.<sup>159</sup> As to rely on the responses of participants, the authors could implement above mentioned statement in practice. So the most of participants on age of 18-25 are not often do the shoppings alone, but if to take into consideration conversation with participants, it was noted that the pressure from social side is exist for somehow or for others not impact. The situation is following: if they are a little confused in choice making of a product they address to the people who are aware of this product, or if they do really like the specific product, but the obstacles such as ingredients, country of origin, relevant prices or if this flavor good enough, they also take a recommendations, advices from close friends, parents, colleagues etc. Some of the common responded answers are highlighted: *“When I go to the grocery store, I see a huge range of food products, where it is sometimes difficult for me to focus on certain brands. For example, when choosing cheeses, I have a terrible panic, so I am not a good connoisseur of cheeses. But definitely take the cheese that was produced somewhere in Italy, so most people claim that Italian cheeses are better than others. Also, I use the advice of people who are good at buying cheese and are well aware of its production”*. As it can be observed in this situation, subjective norm has a direct impact on buyer's behavior, explaining it by his further intention to buy this specific cheese relying on the people advices. Subjective norms can be applied without motivation for compliance, thereby making the correlation between regulations and motivation very weak.<sup>160</sup> And as already mentioned, attitudes can be more predictable than the influence

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<sup>158</sup> KruegerJR, F., Norris & Reilly, Michael & Carsrud, A. (2000), “Competing Models of Entrepreneurial Intention”, Journal of Business Venturing. 15. pp.411-432.

<sup>159</sup> Ajzen, I., & Fishbein, M. (1972), “Attitudes and normative beliefs as factors influencing behavioral intentions”, Journal of Personality and Social Psychology, 21(1), pp.1-9.

<sup>160</sup> Ajzen, I., & Driver, B. L. (1992), “Application of the Theory of Planned Behavior to Leisure Choice”, Journal of Leisure Research. 24. pp.207-224

of subjective norms<sup>161</sup> and social influence on behavior is miscellaneous.<sup>162</sup> In their study, Miniard and Cohen also found multicollinearity between normative norms and behavior; one can manipulate the influence of one variable on another, that is, control of human behavior.<sup>163</sup> Other participants' responses were also studied, where buyers were not guided by the opinions of others when buying. For example, about 30% of respondents replied, as follows: *"When you have a rather large selection of goods, to opt for one a bit difficult, especially when you have never tried this product. Often this happens with imported goods if the awareness is lower. So for example, when I go to the store where European food is selling, and this one such as InterFood, Esentai Gourmet, you can see a lot of different imported products that you can hardly find in other supermarkets in the city. There is dilemma occur, which brand is better. In such cases, I additionally ask my friends if they had experience in buying certain brands. The recommendations were different, but I stopped my choice according to my preference, since I began to study the product on my own after all recommendations"*. Generally, this type of answers can be as an evidence of lack of social affection on consumer's decision.

Combined with each other, attitude to behavior, the subjective norm form the behavioral intention and behavior of the individual. As a rule, the more positive the attitude and the subjective norm, the stronger the subjective control and the intention of the person to perform these actions. Increasing the amount of information practically does not contribute to behavior change. Any product aimed at installations, subjective norms and control, in order to change the opinion of buyers or encourage them to purchase certain goods, lead to better results. Centered on the participants opinions and number of acts regarding the theory of reasoned action, the following points should be summarized:

1. Kazakhstanis are looking at European food products with interest, as a potential product to buy, based on the understanding that the product was made in Europe, for example, in Germany or Italy.
2. The intentions of people to buy European goods are not always positive or negative, most likely neutral, since awareness of its ingredients and price ratio is small.
3. When choosing from a large assortment of food and beverages, people often invoked to the advice of social society, believing that they already have experience buying one or another product.

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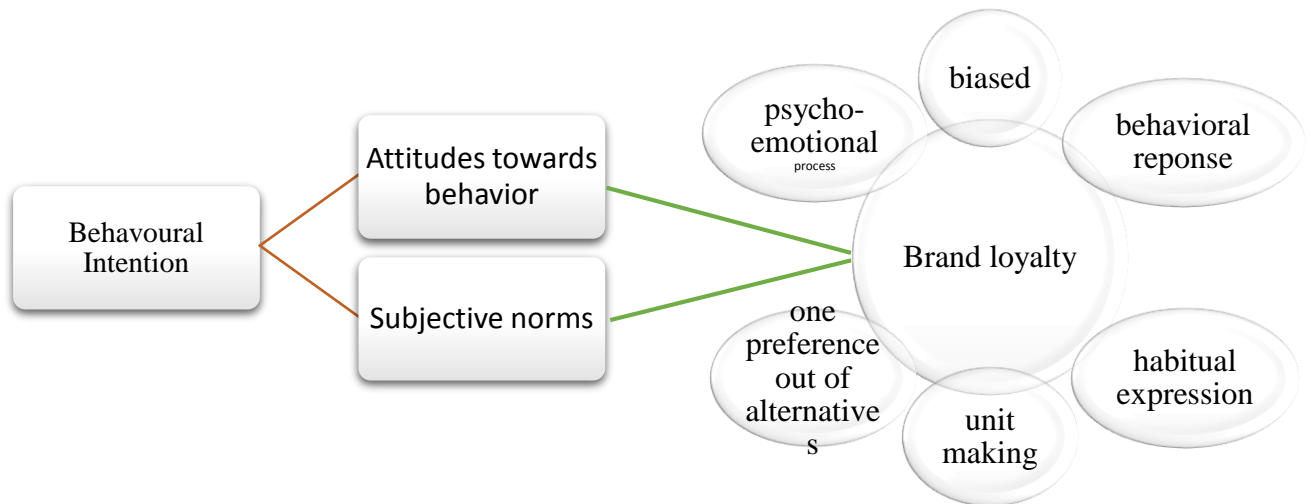
<sup>161</sup> Trafimow, D., & Fishbein, M. (1994), "The Moderating Effect of Behavior Type on the Subjective Norm-Behavior Relationship" *The Journal of Social Psychology*. 134. pp.755-763

<sup>162</sup> Lapinski, M. K., & Rimal, R. N. (2005). An Explication of Social Norms. *Communication Theory*, 15(2), 127-147.

<sup>163</sup> Miniard, P. W., & Cohen, J. B. (1979), "Isolating Attitudinal and Normative Influences in Behavioral Intentions Models", *Journal of Marketing Research (JMR)*, 16(1), pp. 102-110

4. There is a low percentage of people who, even when seeking advice from others, do not always act as expected. They still take into account the opinions of others, but give preference according to their personal desires.
5. Intentions may be unpredictable.

During the analysis, the author noted that brand loyalty and theory of reasoned action have a common idea in consumer's behavior detection, where the consumer has the same intentions. In Figure it is mentioned that the consumer is controlling



**Figure 20 . The combined model of Brand loyalty and The Theory of reasoned action**

*Source: Author's model vision on basis of two theory*

Since Jacob asserted and described six basic conditions (biased (tendentious), behavioral response (reaction model), habitual expression, make a unit based on several decisions, give a preference for one brand out of other alternatives, psycho-emotional process) that affect brand loyalty, the results of which also lead to a state of attitude towards the behavior and intentions of those who promoted through recommendations, i.e. subjective norms. Meanwhile, the theory of resoned action also states that the attitudes towards behavior and subjective norms lead to the consumer's intention to purchase a specific product. During the experiment, the author tried to bond these two theories and explain their correlation. Thus, it can be seen that brand loyalty depends on the following criteria that describe the state of the buyer during product selection. During the experiment, the author tried to connect these two theories and explain their correlation. Thus, it can be seen that brand loyalty depends on the following criteria that describe the state of the buyer during product selection. The experiment was conducted on the example of a selection of chocolates, the participants were asked to

choose the three most famous brands in Kazakhstan, these are Oreo, Kazakstan and Ritter Sport. Analyzing all the answers by these standards, the following percentage statistics was defined: about 65% of the participants answered that the domestic producer was always presented because it is available, tested and has a good reputation in Kazakhstan, being the tastiest of all manufacturers in Kazakhstan, 30% of the participants said that Oreo is a relatively new product on the Kazakhstan market, but awareness of its taste has been present for a long time, since this brand has established itself as the most purchased and satisfying chocolate consumer. Even if the price of this product will differ from others, anyway, taste preferences and the desire to buy it will remain unchanged. And only 5% of experimenters answered that Ritter Sport is in great demand among fans of imported goods. Awareness of this brand is small. But when the packaging is written made in Germany, these 5% percent immediately show confidence in the quality, thereby affecting their emotional component, in this case they do not spare money to meet their needs. However, in this whole structure, it was also noticed that the participants, without hesitation, answered which brand they liked the most.

For a clearer understanding of this assessment, the author proposed to consider the following analysis results, which show the loyal attitude of customers of the above-mentioned segmentation of chocolate products, and analyzed the likelihood of recommending a product to other people. The author has created a table where the percentage of responses is indicated and the average assessment of the question asked is revealed.

**Table 5. Author's statistics based on survey analysis results**

	Brand loyalty			Recommendations			
	Promoter	Neutral	Critics	Highly	Maybe	Never	
<b>Oreo (prod. Mondelez Int.</b>	31,55%	55,28%	13,17%	45,38%	20,19%	34,43%	
<b>Average score</b>	<b>18,37%</b>			<b>10,95%</b>			
<b>Kazakhstan (prod. LLP Rakhat)</b>	68,35%	8,59%	23,06%	71,20%	3,45%	25,35%	
<b>Average score</b>	<b>45,29%</b>			<b>45,85%</b>			
<b>RitterSport (prod. Alfred Ritter GmbH &amp; Co. KG</b>	28,59%	43,45%	27,96%	30,15%	53,16%	16,69%	
<b>Average score</b>	<b>0,63%</b>			<b>13,46%</b>			

*Source: Table was created by author on respondents feedback basis.*

The above table was prepared by the author, based on different criteria for assessing brand loyalty, such as how familiar the consumer is with the manufacturer, price ratio, industrial recognition of the brand among others, quality, taste preferences, previous experience etc. However, to fully understand this result, the author conducted an additional experiment with the help of other questions. In the study of the consumer market, the author proposed to use a different plane of establishing a loyal consumer attitude to the product. The idea of this experiment was to identify for what reason consumers have loyalty in general to a particular product. The author indirectly used the well-known marketing mix 4P model. As a similar model, one way or another affecting the consumer, the following characteristics were considered during the survey: Price, place, packaging and Taste, Accessibility in stores, Packaging, promotion of goods. In order to find out which of these factors to a greater extent have an impact on the consumer at the time of making a consumer choice, and which to a lesser extent, respondents were asked to choose which characteristics of a product to a greater extent influence their purchasing decision. The respondents were asked the question “What are the following criteria for choosing a product? A) reasonable price, b) excellent quality, c) attractive packaging, e) promotion of the product” The outcomes have shown that following result on the Figure 21 below



**Figure 21. The results of product loyalty based on the criterias to believe in products**

*Source: The Authors own calculation based on a respondents results*

As it can be the percentage of people who chose the quality of the product and the price as a prior, was almost the same. People who answered that when they buy a product they pay attention first to the quality and specification of the product are – 31.51%, meanwhile other majority part of the respondents - 29.31% are intend to buy a product by their financial status, which means that the choosing price equals to the affordable purchasing. As a results, can be from the results of this experiments, the ratio of quality and price is almost equal. An it can be assumed that the people who choose the quality first looked for a details, such as the country of origin of the product, ingredients, tendency if the product consumption, suggestions of purchasing more natural product and etc. Thus, as it was analysed earlier, it can be mentioned that there is a correlation between loyal attitude and recommendations. Since, people who choose the price as a prior characteristics, and in most cases, relying on their budget and economic situation. Therefore, the products they purchase might be of the local producing, and mostly they do not really care about the producers of the product. However, if this percentage of people face the discounted products, they will instantaneously buy this discounted products. Some of the respondents who confess that when they can allow themselves to purchase imported, especially European product, if only there will be campaigns for the product and see that imported product of a high quality can be really good and affordable. In most cases, the prices The rest of percentage of participants were splitted between place of purchasing- 23.5 % place and the level of promotion of product category- 15.68 %. There, however, factors like promotion of a product or its place of sale also affect the purchase by the buyer. Participants who choose the Place as a prior criteria, used to go to the huge stores. Considering that in Kazakhstan there are almost all types of stores, ranging from hypermarkets to small shops in the courtyards of houses, people always go to hypermarkets to make large purchases. Usually this describes what the buyer will have a huge choice on which he can be oriented. The respondents said that they could also have access to a large assortment of imported goods as well as to local, and they would have the opportunity to compare prices and the quality of goods and assess their real possibilities of buying goods. Most of the participants answered that they go exclusively to big stores, because they are used to choosing products according to the degree of comparison. Thus, based on the response of people, it can be assumed that the product of whatever production it is, or the pricing policy does not acceptable and affordable to buy goods, they will always have the opportunity to find alternative solutions in huge retail market. 15.68%, who have chosen promotion of a product, are usually guided by advertising slogans or relying only on social norms of influence. It was also noted that many respondents correlated the promotion of goods with the non-measure of buying European goods because they believe that European products are highly valued and cannot be bad. But also, promotion of a product may

imply its availability to consumption. For example, many chain stores often arrange tastings and advertising projects in order to attract large loyal customers to the product. One part of the participants in the open question said that promotion is an emotional one that influences consumer behavior in this or that situation. Then, the buyer begins to be interested in the product, followed by product breakdown. That is, it should be borne in mind that promotion carries with it a fairly good reason why the product should be bought.

Focusing on this result, it can be argued that in general, people are loyal to the familiar brands, but the likelihood of trying something else also has a place to be., that is, the willingness to try goods of foreign origin is assessed as positive. Also, such a result can be interpreted as a manifestation of possessiveness in relation to the brand when verbalizing the degree of intention to recommend it to others. Since, in this analysis each product has a different indicators of intention to purchase or recommend, the consumption of these specific chocolate may vary from active to passive level.

In each analyzed group of consumers intention, it is possible to distinguish those associations with the brand, the severity of which is most associated with satisfaction, strength of associations with the brand, intention to re-purchase and recommendations.

Brand awareness. For a complete understanding of consumer attitudes towards European products, a survey was conducted to identify the level of brand awareness through spontaneous awareness, awareness raising and top of mind. People of different ages from 20 to 53 years old took part in the recognition of non-alcoholic sugary drinks,. During the entire survey, 5 brands of non-alcoholic drinks were used for recognition, 3 of which were foreign-made, and two local manufactures.

1. Brand recall (without help) - the author was asked a question where a participant could name the most brands of soft drinks. In this case, the assessment was determined by analyzing as follows: spontaneous awareness as a result of the sum of general references to a brand, based on the first five brands mentioned. At this stage, about 35% of participants offered options for identical brands in the Kazakhstan market. What is most interesting, about 3-4 named brands were domestic production. Here we can assume several factors why they remembered precisely these brands, the market of non-alcoholic beverages in Kazakhstan is very developed compared to other categories of food and beverage products. And consumption is much higher than imported manufacturers.

2 To of the mind. Next, the next step in the research method was analyzed. Awareness of the peak of the mind - the questions were similar as in the first case. However, the distinguishing feature was the fact of which brand the participants indicated first.

3. Brand recognition. This level of awareness suggests assistance to respondents, they were given a number of the most well-known brands in the category of non-alcoholic beverages. This trick is used to find out how much the consumer is familiar with this brand and whether it knew the brand before.

According to all studied materials and made analysis, answers for the earlier mentioned research questions were presented:

Research question 1 : How do the current situation looks with food and drink import industry in Kazakhstan?

The current situation in Kazakhstan, in the food and beverage market is moving steadily. Because. There are many opportunities for promoting both imported products in Kazakhstan and promoting local producers. Annual programs for attracting foreign investment or cooperation with major European manufacturing companies, contributes to the development of foreign trade relations, also helping to increase Kazakhstan's economic growth.

Research question 2: What are the main criterias of purchasing consumers follow and focus on?

Value quality and prices have always been the main criteria for the purchase of goods. However, it should be noted that the social situation, lack of awareness and other factors may affect the existing criteria that a person adheres to. As the results of the analysis showed, the number of people who consider quality as the first criterion is equal to the number of people considered at first the price proposal. Residents of Kazakhstan are increasingly taking into account the quality of the product and its ratio to the price, as today the sphere of consumption of food and beverages in Kazakhstan is developing steadily.

Research question 3: How do the consumer's decide to buy products produced by foreign companies?

Among all the countries of Central Asia, Kazakhstan has more opportunities for cooperation in foreign manufacturers. Since the market of Kazakhstan is very rich in the choice of products as well as local and foreign brands, People tend to listen to the social community. There are many factors interrelated between the saba, which leads to difficult decision-making by the buyer. For example, the conformity of prices in quality, the place of purchase of goods, its advertisements can, as well as in a separate variable, and in one influence the consumer's decision. Often, buyers resort to the advice of people who have already tried the product and can evaluate and recommend the product in their own way.

## CONCLUSION

Commonly, the key findings of these research work are giving in the following conclusions:

1. Since the world and the market are changing rapidly, and new brands come to the market of any countries frequently, people have a plenty of range of product choices and it can affect on the their purchase alteration. Thus, as it was resulted from the analysis of Kazakhstani peoples attitude, prefer to buy product with high quality.
2. The attitude of consumers in Kazakhstan towards European products of food and drink is explained by its special positioning in local market
3. European products convey the status of a product which is defined by characteristics as quality and country of origin. As a result of the survey, the main criteria that people pay attention to are that it is either its price or quality.
4. It is not excluded the fact that social environment affects the intentions to buy goods. However, consumer intentions to purchase goods are not always guided or involved with subjective norms. It all depends on brand awareness and personal needs.
5. Brand loyalty and consumers intention are correlated, since the consumer in Kazakhstan cannot fully trust on an unknown brands.
6. It was distinguished those associations with the brand, the strictness of which is most associated with satisfaction, power of associations with the brand, intention to re-purchase and recommendations.
7. The launched hypothesis that the consumers from Kazakhstan has a loyal and preferable attitudes towards thr European brands partly approved.

## SUGGESTIONS

For local and foreign producers:

- Since the brand awareness can be a key element of achievement of the success of the product, most of the local companies are suggested to use marketing tool and promote product through different ways of activities (ATL/BTL). Such as taking part on the great events being as sponsors and arranging marketing campaigns in different types of stores (hypermarkets, supermarkets and shopping malls).
- In order to have a competitive advantage over European products, local producers should carefully consider branding, in particular its recognition and loyalty, this is what import goods in Kazakhstan currently experience.
- The company should give a clear statement to the local brand focusing on: the target audience, the value provided by the brand, and its backup, thereby positioning itself in the local market of Kazakhstan along with world famous brands.
- In order to provide competitiveness to European brands, a local company should follow the interpretation of consumer loyalty by defining it as a set of behavioral and emotional characteristics of the customer, allowing it to be retained even in the case of better properties from competitors, which allows differentiating the loyalty category from satisfaction, specifying loyalty types, and classifying factors affecting it.
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## ANNEX 1.

1. Do you make a grocery shopping?

A) Yes

B) No

2. If yes, how often do you do?

Everyday

Once in two days

Once in a week

Never

3. If not, who is the person in your family buying products?

Parents

Brother/sisters

Other members

4. Do you prefer purchasing experienced goods or you are welcome to try new ones? (open question)

-----

5. If you have a new product on the shelf what is the first you pay attention?

A) Packaging

B) Brand/Producer

C) Country of origin

D) Price

E) Ingredients

F) Uniqueness

G) Others

6. Do you consider yourself as a loyal person to exact brand or product?

A) yes

B) no

6.1 If yes, what makes you loyal to the brand? (open question)

-----

6.2 If not, basing on what criterias you choose any brand or product? (open question)

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7 Do you purchase goods that are made in Europe?

A) Yes

B) No

7.1 If yes, how do the word “Made” can affect on your attitudes towards brand?”

---

7.2. If no, why do the country of origin does not principal for you?

---

8 Do you think that European goods have better quality? Please, evaluate from 1 – 10 on a scale where 1 - low quality, 10 - high quality

1 2 3 4 5 6 7 8 9 10

9. What can be the reason of choosing European brand to local one?

Image that your eyes are closed and you are given 2 glasses of wine for tasting. Can you differentiate which one is by local producer and which one is by foreign? Please, explain.

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What products in your opinion is produced better by local companies rather than foreign?

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—

The master`s thesis “Loyal attitude of consumers to the european food and drink brands in kazakhstan and their impact on consumer behavior” is worked out at the faculty of Business, Management and Economics of University of Latvia in the professional MBA program “International Business”.

With my signature I certify that the research is made by myself, the information sources shown in the work are truly represented and the electronic copy is corresponds to printed version.

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(Name Surname) (signature) (date)

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Supervisor: professor Dr.oec.Baiba Šavrina \_\_\_\_\_ . \_\_\_\_ . \_\_\_\_ .2019  
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Reviewer: professor Dr.oec.Inta Kalniņa \_\_\_\_\_ . \_\_\_\_ . \_\_\_\_ . 2019  
(signature) (date)

The work is submitted at the Study Center on : \_\_\_\_ . \_\_\_\_ . \_\_\_\_ .(date)

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Work is presented in the meeting of master`s final probation committee

\_\_\_\_ . \_\_\_\_ . 2019. protocol N. \_\_\_\_

Secretary of committee: \_\_\_\_\_(signature)

