

Country of Origin - the Impact of Media on the Perception of the Country - Czech Presidency of the European Union

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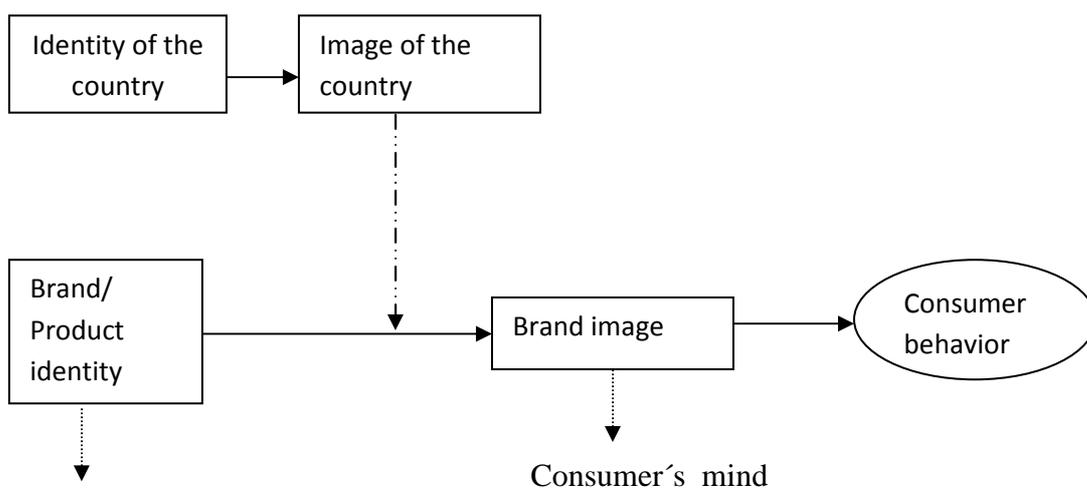
Czech Republic

Introduction- perception of the country

Country of origin plays an important role in the international marketing today. It has been proved by many researchers that the perception of the country by the target group influences the perception of the quality of goods and services originating from that country and therefore also the prices customers are willing to pay for them.

Following picture shows the way how the country of origin influences the perception of qualities of products and brands and simultaneously the consumer behavior. It is clear that it is not the identity of the country that plays the crucial role in the perception of the product or brand but the perception and image of the country in the consumer's mind. The other fact that is obvious from the picture is that companies have just a limited power to control and influence the perception of a certain brand by the consumers because they could not change the reality in the country of origin neither the image of the country.

Picture 1: Influence of the country of origin on the perception of the brand



One of the main problems related to the country of origin is that the biases concerning the countries and therefore influencing the perception of the country and its products are relatively stable in time and change just very slowly. The biases do not originate just from consumer's personal experience with the country and the products but also from the word-of-mouth of the opinion leaders and from the articles in the popular press.¹ Mass media play a crucial role in influencing and changing the perception of the country because they combine many factors that make the message credible and trustful for the consumers. They combine the local expertise with the long-lasting relationship with their audience which is typical for opinion leaders. Press and generally media play the role of intermediary in the flow of information. Readers (watchers) receive just that information that is published in the mass media. So it is up to the media to decide which topics are relevant and interesting for their audience but they can even interpret the information for the audience suggesting positive or negative attitude to the topic. That is why it is highly important for marketers to analyze and observe or monitor not only the appearance of their brand in mass media but also the appearance of the country which influences the perception of products originating from the country.

The main factors that influence the perception of the country could be classified into six groups forming the "national image hexagon."² Among those groups of factors there are:

- Tourism
- Exports
- Internal political situation and foreign affairs
- Investment and immigration
- Culture and cultural heritage
- People.

Consumers form their biases about a country on their personal experience with any of those factors but also on the information about those factors they receive through mass media. Tourism as a factor of perception of a certain country represents mainly personal experience when people get some information about the country during a short stay there. Exports also represent personal experience of customers with the products that were produced in a certain country. Experience with one or few products of the country is usually transformed and generalized into an attitude towards all products from that country. Political factors (internal political situation and foreign affairs) represent factors which people usually do not have any personal experience with and they are fully dependent on information they get through mass media.

The later three groups of factors could influence the perception of the country in both ways, either people have some personal experience with them or they receive the information about them through mass media. The factor "people" represents in this model not the ordinary

¹ Verlegh, Steenkamp, Meulenbergh: Country- of- origin effects in consumer processing of advertising claims, International Journal of Research in Marketing 22(2005)

² EURO 38/2006

inhabitants of the country but the famous people who have the ability to represent the country in foreign countries, like sportsman, actors, singers and politicians.

Following example will illustrate the impact of media not only on perceptions and biases of people but also on real economy. Especially in the today's times of financial crisis markets are very sensitive to every new published.

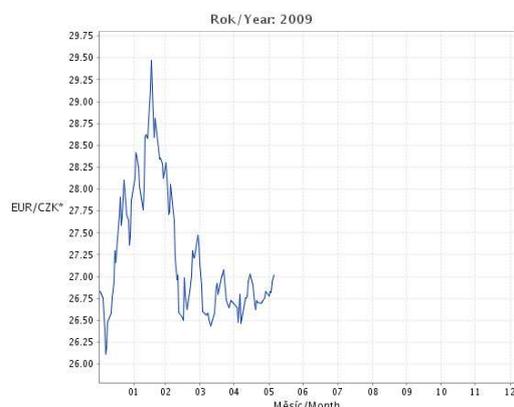
This was the case of the forecast of the American investment bank Goldman Sachs published in the beginning of January 2009. The forecast quoted by leading newspapers suggested that the Czech currency (CZK) would lose its value in the upcoming months from the current 26 CZK/EUR to more than 32 CZK/EUR. After this news had been published the Czech currency started to depreciate and within a few days reached the value of 28,105 (23rd January). So within just two weeks the currency lost some 7 per cent of its value.

After a short recovery the Czech Koruna (CZK) faced another series of bad news. The renowned magazine Economist and newspaper Financial Times published the analysis that described the current economic situation in the Czech Republic as very similar to that in Hungary and Latvia- countries most hit by the financial crisis in the region. The reaction of the market based on that news was quick. The depreciation of the currency continued and on 17th February Koruna reached a record level of 29,47 CZK/EUR.

So the Czech currency lost within just 6 weeks more than 11 per cent of its value partly because of the news that were not correct. After the intervention of the Czech National Bank and a joined intervention of Central Banks of Central European countries that stated that the situation in those countries was much better than described in the articles, the currency started to appreciate slowly.

Chart 1 shows the development of the Czech currency since the beginning of the year 2009. The chart demonstrates clearly how influential mass media are today even though the articles that started the rapid depreciation of the Czech currency were based on incorrect data and misunderstanding of statistical data which were interpreted in a wrong way.

Chart 1: Development of the exchange rate of the Czech currency (January- Mai 2009)



Source: Czech National Bank (<http://www.cnb.cz>)

Czech presidency of the European Union

Political factors mentioned above usually play less important role in the perception of smaller nations, as the Czech Republic, because topics related to their internal political situation and foreign affairs do not get much mass media attention and coverage worldwide whereas for larger nations those factors could play relatively important role because they are covered intensively by the mass media worldwide.

Therefore the Czech presidency of the European Union from 1st January 2009 till 30th June 2009 was perceived by the Czech politicians and public as a chance to attract media attention to a country which usually attracts media with other factors. Czech politicians perceived the presidency as a chance to show the ability of the Czech Republic and its representatives to lead the European Union and therefore to strengthen the international reputation of the country.

On the other hand the media coverage of the Czech presidency started already in late December 2008 quoting the many skeptical voices of European politicians who had doubts whether the new and small member state would be able to lead the EU during the difficult times of financial crisis.³ Among the most influential skeptics was also the French president Nicolas Sarkozy “who declared that he was ready to call a meeting of Euro- Zone members anytime if needed during the Czech presidency.”⁴

Research objectives and methodology

The main objective of this paper is to analyze the media coverage of the Czech presidency of the European Union during the first three months of the year 2009 in one of the leading world mass media, namely in BBC. The purpose of this research is to provide marketers with objective information about the perception of the Czech presidency in the mass media. The most important reason that motivated this research was that the Czech media informed quite widely about the presidency itself as well as about its coverage in the world- press but those information were usually not objective. Media reported about the articles and statements published in the world mass media just from time to time, usually to support their own attitude to a certain problem. Also the media coverage analyses published in the Czech Republic cover Czech media only and therefore are not able to picture the attitudes of mass media worldwide.

The goal of this paper has two dimensions, firstly to analyze the media coverage of the Czech presidency and secondly to analyze the importance of the Czech presidency for the mass media related to other topics concerning the Czech Republic covered by those mass media. The analysis should help the marketers to understand better the attitudes of international public towards the Czech Republic and its products based on the information they receive from mass media. Consequently this analysis should also help them to estimate the real impact of the Czech presidency on the perception of the country.

³ „Czechs may give EU a bumpy ride,“ Published on www.bbc.co.uk (26th Dec 2008)

⁴ Potužník, J.F: Sto dní v čele Evropy, Prague: WWA photo s.r.o., 2009, ISBN: 978-80-903963-5-7

To reach the objectives of this paper, primary research methods will be used. Analyzing the media coverage of a country is a problem that is very similar to the analysis of the effectiveness of PR communications. Therefore in this paper the standard methods of measurement of effectiveness of PR activities will be used, namely media monitoring and media audit. Media monitoring is based on observation of articles published in the media concerning the analyzed topic. In this paper monitoring will consider all articles published in selected media covering any topic related to the Czech Republic. Therefore not only articles informing about the Czech presidency will be analyzed but generally all articles with a certain attitude towards the Czech Republic. This extensive approach will enable the analysis of the importance of the Czech presidency compared to other topics.

Media audit will be used as a method to analyze the impact of the articles on the perception of the Czech Republic. All articles will be classified according to a standard media audit methodology based on their attitude to the problem as positive, negative, neutral (informative) and ambivalent.

The analysis will consider one of the leading media in the today's world- the BBC. BBC is frequently quoted by other media worldwide and therefore has the power to change the attitudes of the target audience towards a certain problem not only in its home country, but worldwide.

At the end the results received from the monitoring and audit will be analyzed and commented.

Research results

Media monitoring

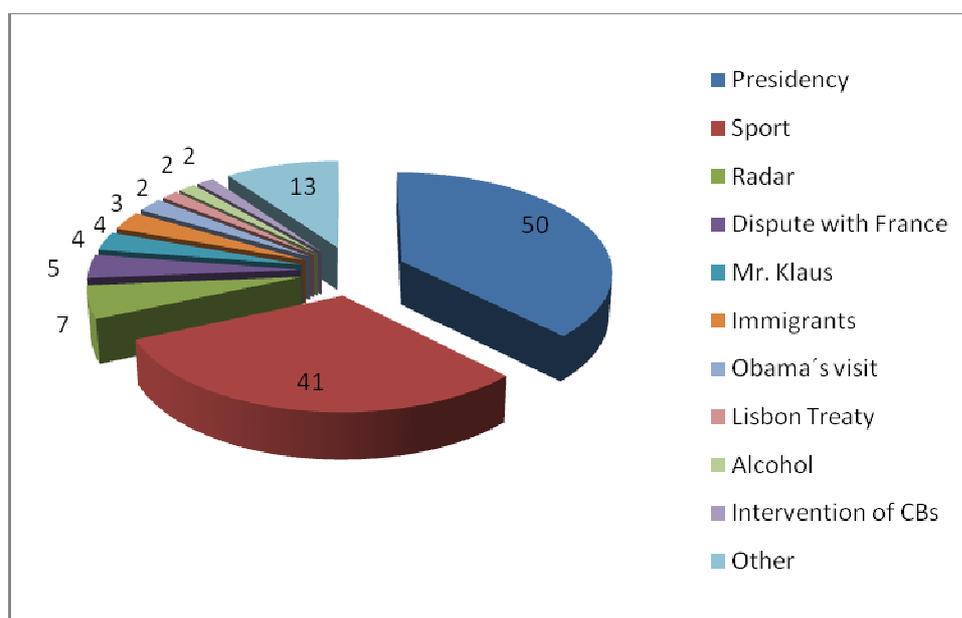
The analysis of the websites of BBC which cover all media types used by BBC (television, radio broadcasting and internet) brought results that will be analyzed in the following text. Altogether there were 133 articles published from 1st of January 2009 until 31st of March 2009 about the Czech Republic or having some direct relation to the Czech Republic. Fifty articles informed about the Czech presidency of the EU which accounts for almost 38 per cent of the total publicity about the country. Second most important topic was sport with 41 articles (almost 31 per cent).

Other groups of topics follow Czech presidency and sport account altogether for less publicity than sport alone. The American anti- missile radar was third most important topic with 7 articles, followed by a Czech- French dispute with 5 articles. The dispute started with the speech of the French president Sarkozy who suggested that the French car manufacturers that receive subventions from the state should move their factories from the Czech Republic back to France to help with fighting the unemployment in France. This statement was logically criticized by the Czech presidency. Four articles were devoted to the Czech president Vaclav Klaus and his criticism of European integration and his opinions on global warming. Four articles also covered the immigration reporting about the Czech migrant workers moving back to their home country.

Just three articles informed about the visit of the US president Obama in Prague but the relatively low number of articles was influenced by the fact that the visit took place from 4th till 5th of April, so the articles reported just about the plans and preparations. The other three topics with more than one article were consumption of alcohol in the Czech Republic, the ratification of the Lisbon Treaty by the Czech parliament and the oral joint intervention of central banks of Central European countries against the depreciation of their currencies, all three topics with two articles each.

The complete statistics could be taken from the following chart.

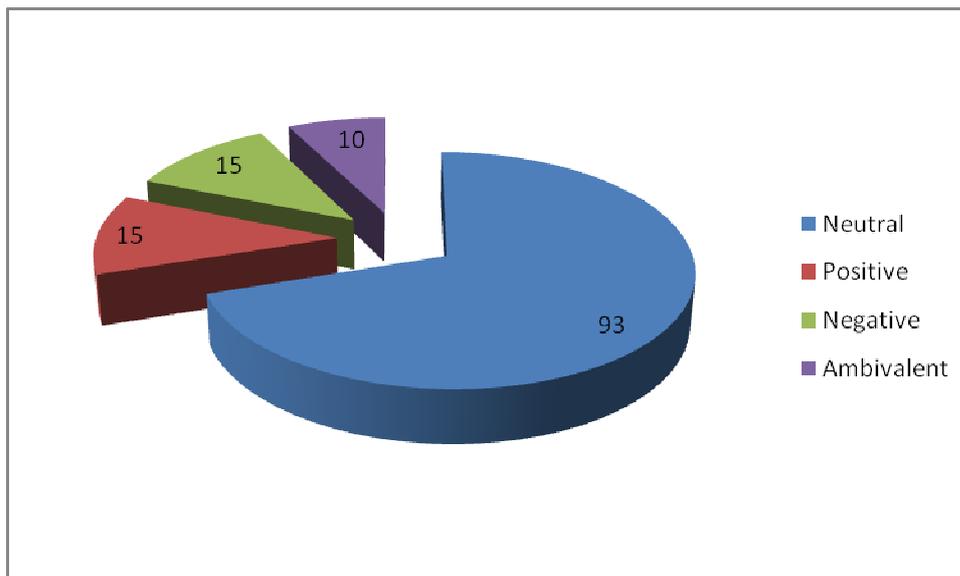
Chart 2: Distribution of articles according to the topic (own research)



The media monitoring generally confirms the expectations of the Czech politicians that the Czech presidency will help to promote the Czech Republic in the world media. If we count another topics that were related directly or indirectly to the presidency, as the Obama's visit in Prague and the Lisbon Treaty, the Czech presidency would account for almost 42 per cent of the total publicity. But quite surprisingly sport as a topic which was not related to Czech presidency was the second most important topic covered by BBC and the number of articles devoted to sport was just some 18 per cent lower than the number of articles devoted to the Czech presidency.

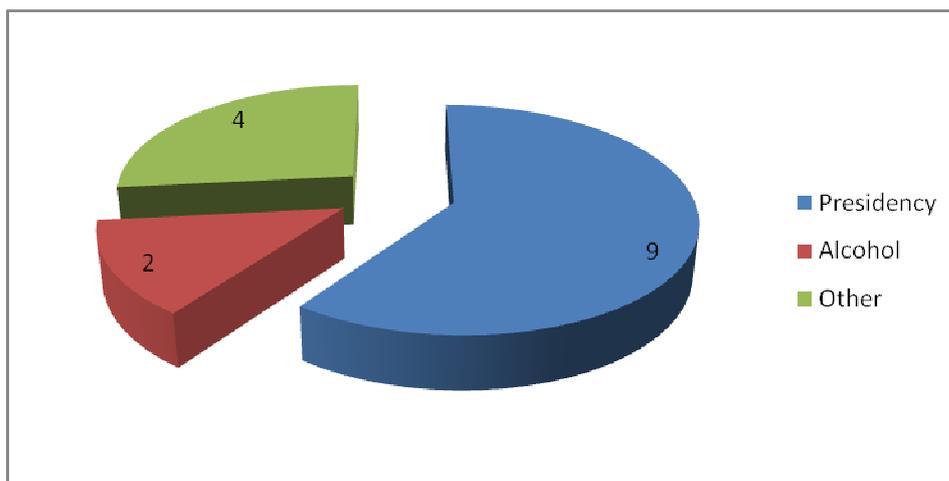
Media audit

To estimate the potential changes in the perception of the Czech Republic it is necessary to analyze also the attitudes of the articles towards the topics. The chart 2 summarizes the distribution of attitudes among the articles. The majority of the articles (almost 71 per cent) were neutral which means that the media reported just about the facts and did not make any comments on them. Positive and negative articles were exactly balanced, each of the categories accounted for 15 articles. Just 10 articles were ambivalent presenting positive and negative comments on the topic together in one article.

Chart 3: Distribution of articles according to the attitude (own research)

Even though most of the articles were neutral it makes sense to analyze the articles with positive and negative attitudes more in detail to be able to identify which factors influenced the perception of the Czech Republic positively and which negatively.

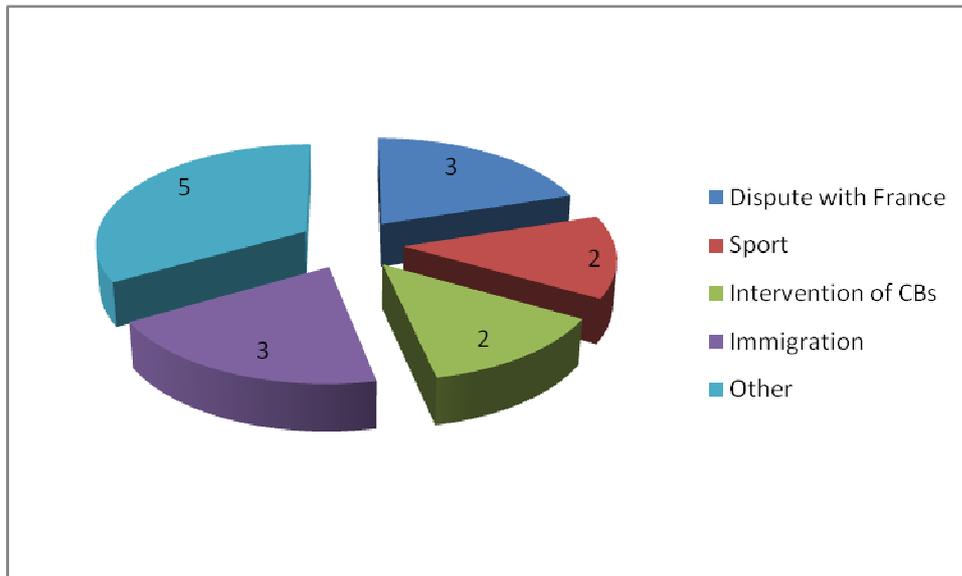
Topics related to the Czech presidency dominated the group of negative articles being responsible for 9 out of 15 articles (60 per cent). Two articles informed about the consumption of alcohol in the Czech Republic (under- age drinking and the total consumption of alcohol), other four articles covered different topics, including the way people drive cars in the Czech Republic and the information that the Czech made planes had been used for Tamil attacks in Sri Lanka. Following chart summarizes the distribution of negative articles according to the topic.

Chart 4: Distribution of negative articles (own research)

The group of articles with positive attitude was much diverse than that of negative articles. The dispute with France was covered by 3 articles with positive attitude towards the Czech Republic; three positive articles were devoted to the Czech immigrants. Two articles with

positive attitude related to sport and two as well to the joint intervention of Central European central banks. Other positive articles informed about different topics, as the current economical situation of the country, the arts, travel experience from the Czech Republic, Czech president Mr. Klaus or Czech beer producer Budvar. Following chart summarizes the distribution of articles with positive attitude.

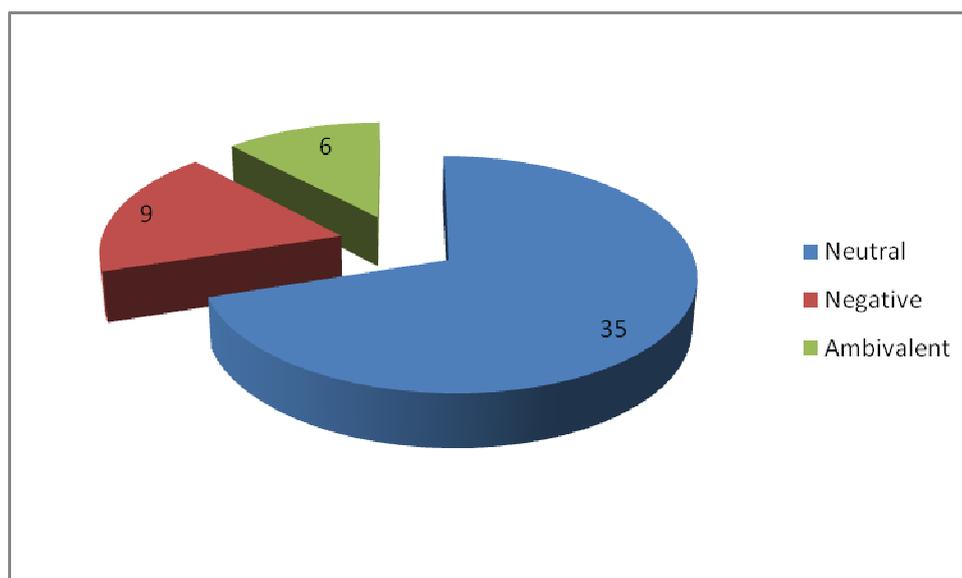
Chart 5: Distribution of positive articles (own research)



Media audit of the Czech presidency

One of the main objectives of this paper is to analyze the impact of the Czech presidency on the perception of the Czech Republic worldwide. Previous findings showed that the Czech presidency influenced the perception of the country quite strongly as it accounted for more than 38 per cent of the total publicity devoted to the Czech Republic. It was also stated that the Czech presidency accounted for over proportional part of articles with negative attitude. To be able to decide objectively about whether the presidency influenced the perception of the country in a positive or negative way another analysis of the data is needed. Following part of media audit will therefore concentrate just on the articles related to the Czech presidency.

The majority (70 per cent) of those articles was neutral, there was no article with a positive attitude published during the analyzed period, nine articles (18 per cent) were of a negative attitude and six articles (12 per cent) were ambivalent. Following chart shows the distribution of the articles related to the Czech presidency.

Chart 6: Distribution of articles related to the Czech presidency (own research)

Most of the articles about the Czech presidency did not concentrate really on the Czech Republic but on the agenda of the presidency. Therefore most of them are neutral discussing current topics of the agenda, as war in Gaza, gas crisis, the approach of the EU to the financial crisis. Czech politicians were often quoted as speakers of the EU. So we can conclude that even the neutral articles helped to positively influence the perception of the Czech Republic. But a deeper analysis is necessary to understand the articles with negative attitude and whether those articles could potentially change the perception of the country in a negative direction. Five negative articles were published in the first half of January 2009 just after the start of the Czech presidency. Two summarized the doubts of European politicians about the ability of the Czech government to lead the EU. Another two articles covered the controversial mosaic “Entropa” and one article covered the way the Czech presidency dealt with the gas crisis.

As the Czech presidency continued the way media reported on it changed. Starting from 17th of January there were no negative news published until the 24th of March when the Czech government fell. Three articles informed about the fall of the Czech government in a negative light presenting the doubts of European politicians about the ability of the Czechs to lead the EU in the times when there was an internal political crisis in the Czech Republic. One negative article informed about the speech of the Czech Prime Minister Topolanek who said that the way the United States tried to solve the crisis was a “road to hell.”

Findings and conclusions

This paper examined the potential impact of the Czech presidency of the European Union on the perception of the Czech Republic during the first three months of the year 2009. It has been proved through primary research that the presidency influenced significantly the amount of articles being published about the Czech Republic in one of the world’s leading media-namely BBC. The articles devoted to the presidency accounted for almost 38 per cent of the total media coverage related to the Czech Republic. The presidency of the EU could be

therefore considered as a factor that could potentially help smaller countries to attract the attention of the world mass media.

Most of articles covering the Czech presidency were neutral, just 18 per cent of them were of a negative attitude. This would suggest that the presidency helped only to promote the knowledge about the Czech Republic as an EU member worldwide. The negative articles were analyzed more in detail to identify the potential sources of negative connotations that could be connected with the country. It has been proved that the negative connotations could mainly source from the internal politics and the politicians themselves as more than a half of negative articles covered the topics about which the Czech politicians decided, i.e. fall of the government, “Entropa” mosaic, and the Czech Prime Minister’s speech. The politics therefore accounted for 60 per cent of all negative articles but only for 46 per cent of positive ones.

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BBC: <http://www.bbc.co.uk>

Czech National Bank: <http://www.cnb.cz>