

EXPLORATION OF OPPORTUNITIES FOR DEVELOPMENT OF DOMESTIC LUXURY BRANDS IN CEE: CASE OF THE CZECH REPUBLIC

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Abstract

Country of origin (COO) plays a vital role in the luxury market. This paper investigates the extent to which luxury shoppers are aware of domestic luxury brands, and in which categories they would consider buying them. Our results, based on a survey of 253 luxury buyers in the Czech Republic, indicate that there is an opportunity for local brand development in categories such as luxury glass and crystal home accessories, designer furniture and lights, which are outside the scope of the “traditional luxury industry”. Additional findings are also highlighted: for more than two-thirds of actual luxury shoppers; the local COO would be a reason to consider purchasing a luxury brand. Perceptual differences of domestic vs global luxury brands are also indicated.

Implications for a Central European audience: Managerial implications target at managers of domestic or emerging luxury brands in non-traditional luxury markets with a specific demographic segment of potential mature luxury customers. They have a higher affinity for domestic luxury products.

Keywords: luxury; country of origin; branding; domestic luxury

JEL codes: M31, M39

Introduction

According to the last luxury report published by Deloitte, the total revenue of the top 100 companies selling personal luxury brands was almost USD 277 billion in FY 2017; from this amount, more than 52% is concentrated within the top 10 lux companies by revenue (Deloitte, 2018). Among the global product sector profiles, the strongest single sector is jewellery and watches (29.6% of the top 100 luxury companies' sales) followed by clothing and footwear (17.1%), cosmetics and fragrances (16.4%), and bags and accessories (6.1%). More than thirty per cent (30.8%) of revenue comes from companies selling multiple luxury goods (i.e.

those with substantial sales in more than one product sector), predominantly by LVMH, Kering and Chanel (Deloitte, 2019).

Aside from personal luxury brands, there is a larger segment of luxury products that is - according to BCG - three times bigger than traditional personal luxury, and it includes alcohol and food, travel and hotel, technology, furniture and decorations and luxury cars (The Boston Consulting Group, 2010).

The global luxury market is dominated by brands originating from traditional luxury producing countries such as France, Italy, USA and Switzerland, as these four countries combined account for almost 70% of global luxury sales (Deloitte, 2019). On the other hand, in the last couple of years, we can observe brands from other “non-traditional” luxury producing countries emerging. Chinese brands, for example, already account for 8% of global luxury sales, while “other” countries for more than 6% (Deloitte, 2019).

Besides China, which is already among the biggest luxury markets in the world (Kapferer, 2014), other emerging markets will play a more important role in the future, including Central and Eastern European (CEE) countries. The Central European countries have experienced higher growth than Western Europe since their accession to the EU; this has helped them to narrow the income gap with “old” EU members (measured by GDP per capita in PPP) by one-third within just the first decade of their EU membership (ERSTE Group, 2014).

Whereas the global luxury market grew by just 1% in 2016, Eastern Europe is expected to become one of the fastest-growing markets for expenditures on luxury goods over the next few years (Deloitte, 2018). In 2017, the world’s top 100 luxury goods companies generated aggregated revenues of USD 247 billion (FY, 2017), up from USD 217 billion in the previous year, with annual growth of 10.8% (considered a significant increase compared to the previous year’s 1.0% growth) (Deloitte, 2019). This can also be documented in the case of the Czech Republic, where the size of the luxury market in 2019, by revenue, is reported as USD 745 million; it is also expected to grow by 4.0% annually, which is 1pp above forecasted global luxury goods growth (CAGR, 2019 – 2023) (Statista, 2019).

Thus far, the growing demand for luxury products in the Czech Republic has been mostly satisfied by imports of established foreign luxury brands; however, this has also, logically, led to the development of domestic luxury brands. Some of them concentrate solely on the local market, while others have already succeeded abroad.

However, this development has not been significantly investigated by researchers who have instead predominantly focused on more important emerging luxury markets and brands, mainly in China and Chinese brands. The only study that has regularly investigated the Czech luxury market is conducted by the Ogilvy and Mather advertising agency, but it focuses solely on identifying the brands that are perceived as luxurious (including domestic brands) and their attributes (Ogilvy & Mather, 2016). Thus, there is space for further research to investigate the potential of local luxury brands in the Czech market.

The goal of our research is to understand if local luxury buyers within the Czech context perceive any significant differences between foreign and domestic luxury brands based on their country of origin, and if so, how the COO affects their purchasing behaviour.

1 Domestic brands development

To differentiate between domestic and international brands, we define domestic brands as those that exist in one country or in a limited geographical area while belonging to a local, international or global firm (Wolfe, 1991), (Schuiling & Kapferer, 2004), while global brands are those that use a standardised marketing strategy and mix across all markets, presuming homogenous consumer segments (Levitt, 1983). Other researchers define global brands based on consumer perception, e.g. as those that are perceived by consumers to be global; they indicated a positive relationship between the brand's perceived globalness and its perceived brand quality and prestige. Consequently, these two variables (quality and prestige) have a positive relation with purchase intention (Steenkamp, Batra, & Alden, 2003; Llonch-Andreu, Lopez-Lomeli, & Gomez-Villanueva, 2016).

Considering the above, for the scope of this article, we understand domestic luxury brands as those that exist in the Czech Republic and the neighbouring geographical area. The global luxury brands considered in this study are in line with the above-mentioned definitions and are listed by their brand names specifically at a later stage in this paper.

The competitiveness of local brands on local or global markets was captured in the conceptual framework developed by Güliz Ger, who emphasised the need to use local cultural capital *"to construct a sustainable, unique value and offer the symbolism of authenticity and prestige"* (Ger, 1999, p. 70). Steenkamp et al. concluded that the competitive advantage of local brands comes from their perceived brand equity, i.e. consumers' perceptions of a brand as an icon of local culture: *"local firms that firmly position and communicate their brand as icons of the local culture can generate higher brand value"* (Steenkamp, Batra, & Alden, 2003, p. 62).

Taking into account the lack of academic papers related to luxury domestic brand development, we also reviewed the branding sources related to brand development in relation to building domestic brands. Ballantyne et al. explored the evolution of brand choice, concluding that *"the key for successful brands in the future will be to develop a brand image that encompasses elements of heritage and authenticity"*, stressing that even if a brand's associations are based on heritage, they should not be perceived as old fashioned. Rather, the product should be associated by its heritage and authenticity elements as an 'expert in its field', and thus as one that can be trusted (Ballantyne, Warren, & Nobbs, 2006, p. 349). If heritage and authenticity have been identified as determinants of brand success, then where else should luxury buyers find them than in domestic luxury brands?

2 Country of origin and its importance for luxury brands

Country of origin effects are driven by a nation's image, which is an external factor that cannot be controlled by particular brands. Roth & Romeo (1992) defined country image in relation to product perceptions as an *"overall perception [that] consumers form of products from a particular country, based on their prior perceptions of the country's production and marketing strengths and weaknesses"* (Roth & Romeo, 1992, p. 480). Based on their research, they indicated that product-country match might be an indicator of willingness to buy imported products (Roth & Romeo, 1992). The importance and impact of the COO on the perception of a brand is already well described in the academic literature related to international marketing, e.g. (Dinnie, 2004).

In relation to the luxury industry, Koschate-Fischer et al. have proven that their research results related to the impact of the COO were equally relevant for both low and high involvement products, including luxury products (Koschate-Fischer, 2012). Kapferer and Bastien even suggested that one of the strongest sources of scarcity related to luxury brands stems from their ability to be ambassadors of national virtues (Kapferer, 2009). Aiello et al. also analysed the perception of the COO and of a brand, as well as their influence on consumer perception and purchase intention; they concluded that the “*brand had a higher influence on product evaluation and purchase decision than the COO*” (Aiello et al., 2009, p. 335). In the case of luxury goods in this particular research, the COO effect had a medium impact on both the product evaluation (fifth place after brand, design, warranty and country of design) and purchase decision (sixth place after design, brand, price, warranty, country of design). The definition of luxury brand COO used in Aiello’s research applies here too, i.e. “COO is commonly considered the country that consumers typically associate with a product or brand regardless of where it was manufactured” (Aiello et al., 2009, p. 325).

The studies on domestic luxury brands concentrate mainly on the Chinese market, and the possibility to build new domestic luxury brands that would be able to compete with established imported luxury brands. However, these studies usually conclude that, despite the huge potential of emerging markets, the chance that new brands will emerge from them is rather small (Ross, 2011), mainly due to the fact that young Chinese consumers believe that only products originating from the West can be called luxuries, and they often feel doubtful about domestic brands (Mo, 2016). This is also reflected in the marketing strategies of leading global fashion brands that reference a brand’s country of origin and its relatedness to Western countries on their websites, where they specifically stress “Westernness” rather than wealth, as indicated by Strebinger & Rusetski (2016). They concluded that leading, global luxury fashion brands use references to the country of brand origin and relatedness to Western countries significantly more often than references to brand globalness or references to the brand’s relatedness to non-Western developed countries (Strebinger & Rusetski, 2016).

As there is no similar study conducted for any of the Central or Eastern European markets, we aim to fill this gap through this research by aiming at understanding of consumers’ perceptions of the domestic luxury context. Therefore, we attempt to answer the following questions regarding luxury consumers’ perceptions of the value of foreign and domestic luxury brands, their awareness of domestic luxury brands, and the impact of the local COO on lux buyers’ purchase decision making:

1. Do buyers of luxury products perceive any significant differences in the value of global and domestic luxury brands?
2. Are Czech luxury buyers aware of domestic luxury brands?
3. Does the local COO of a luxury brand have an impact on the purchase decision-making process of Czech luxury buyers? What are the domestic luxury product categories considered to be an option to buy? Is there any demographic factor important for potential targeting of domestic luxury brands in the given categories?

3 Research methodology

3.1 Sampling and data collection

The study was conducted in January 2019 in the Czech Republic using CAWI; 253 respondents passed through the recruitment criteria, which were set to ensure quality data from real luxury buyers. This segment is clearly not an easy target for data collection. Many studies exploring luxury buying behaviour are based on samples that do not represent actual luxury buyers. Therefore, we worked with an existing Kantar TNS Consumer Panel (i.e. the online Kantar TNS CZ mymap Panel with over 26 thousand respondents representing the Czech population 16+) to ensure high quality and representative data from actual luxury buyers. Kantar TNS thus has extensive information about all the panel members. This enables the selection of a high-quality sample, and even target groups that are difficult to reach are covered. Precise control and validation of the identity of panel members is continuously performed and monitored, as is quality control (e.g. real-time checkpoints, testing of respondents' attention patterns, de-duplication and overlap prevention). We have approached a sample of 1,100 panellists aged 18+, which is fully representative of the Czech population in terms of gender, age, education and income. Out of those 1,100 panellists aged 18+, 427 respondents were screened out because they had never bought a luxury good from the listed luxury brands (Table 1). The brand selection was based on sales volume (Deloitte, 2018), brands bought most by European consumers (Dubois & Laurent, 1993) and Interbrand's 2017 ranking (Interbrands, 2017). The selection of brands emphasised relevancy for both male and female gender groups through including typical handbags – considered as “the engine that drives luxury brands today” (Han, Nunes, & Dreze, 2010) and watch brands (assumed to play a similar role for men). In general, the list of global luxury brands includes all luxury goods categories as noted earlier (jewellery and watches, clothing and footwear, cosmetics and fragrances, and bags and accessories (Deloitte, 2019).

Table 1 | Screening filter – brand bought within the last year (BWLY)

ALO Diamonds	Chanel	Helena Rubinstein	Omega	Tiffany&Co
Blancpain	D&G	Hermès	MOËT & CHANDON	Tommy Hilfiger
Breitling	Dior	IWC	Prada	Ulysse Nardin
Brequet	Dom Pérignon	Lancome	Rado	Vacheron Constantin
Burberry	Fendi	Longines	Ralph Lauren	Versace
Calvin Klein	Gucci	Louis Vuitton	Rolex	Veuve Clicquot
Cartier	Harry Winston	Montblanc	TAG Heuer	

Source: authors

165 respondents were excluded because their last luxury purchase was less than 1,300 CZK (approximately 52 EUR), and 262 questionnaires were closed because the respondent had not purchased from among the selected luxury brands within the last 12 months. The lowest item value of 52 EUR was set based on the benchmark used by Kapferer & Michaut as the lowest entry point into luxury, based on champagne pricing (Kapferer & Michaut, 2015). Although they worked with a limit of 45 EUR for a bottle of champagne in their study, we shifted this limit to 52 EUR based on the pricing of champagne in the Czech market. In total, we worked with 253 valid entries.

We can consider the share of completed questionnaires (253/1,107=23%) as a rough estimate of our target group penetration. Among survey respondents, 48% were male, and 52% were female. Regarding the age of the respondents, 51% were between 36-60, 32% were aged 18-35, and 17% were above 61 years of age. Fifty-nine per cent of the sample has either a high school (with a diploma) or university education. Eighty per cent of the respondents have children; 39% of the respondents have children over the age of 18. Thus, we can conclude that the sample used for this paper was representative (Table 2).

Table 2 | Sample demographic structure

Indicator	Characteristic	N	%
Age	18-36	81	32.0
	36-60	130	51.4
	61+	42	16.6
Gender	Male	121	47.8
	Female	132	52.2
Education	Elementary	30	11.9
	High school (no diploma)	74	29.2
	High school (with diploma)	91	36.0
	University	58	22.9
Total		253	100

Source: authors

The sample contained penetration of almost all brands listed in Table 1, with the exception of the super-premium watches (Blancpain, Brequet, IWC, Harry Winston, Rado, Ulysse Nardin and Vacheron Constantin). Numeric and percentage penetration of the brands bought within the last year by respondents are summarised in Table 3.

Table 3 | Luxury brand penetration amongst the sample (bought within the last year, BWLY)

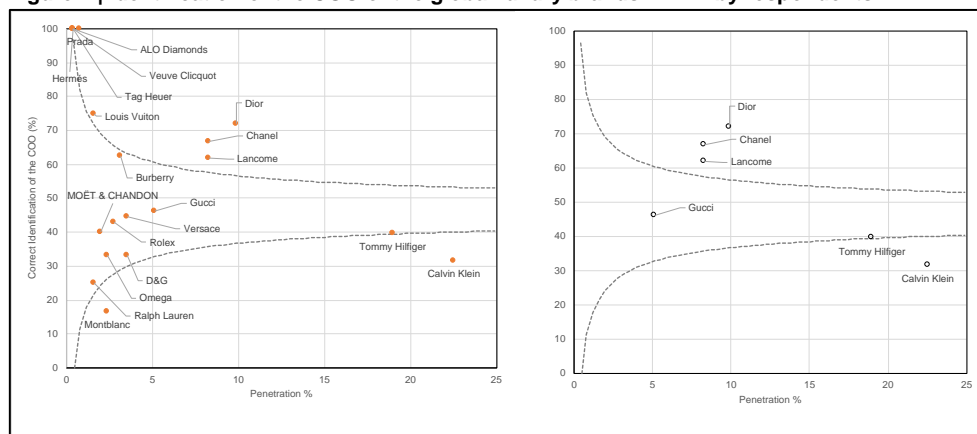
Bought within the last year (BWLY)	N	Penetration of brand BWLY amongst the Sample (%)	Correct identification of COO of the brand BWLY (%)
ALO Diamonds	1	0.4	100
Breitling	1	0.4	0
Burberry	8	3.2	63
Calvin Klein	57	22.5	32
Chanel	21	8.3	67
D&G	9	3.6	33
Dior	25	9.9	72
Gucci	13	5.1	46
Helena Rubinstein	1	0.4	0
Hermès	1	0.4	100
Lancome	21	8.3	62
Longines	1	0.4	0
Louis Vuitton	4	1.6	75
Montblanc	6	2.4	17
Omega	6	2.4	33
MOËT & CHANDON	5	2.0	40
Prada	2	0.8	100
Ralph Lauren	4	1.6	25
Rolex	7	2.8	43
TAG Heuer	1	0.4	100
Tiffany	1	0.4	0
Tommy Hilfiger	48	19.0	40
Versace	9	3.6	44
Veuve Clicquot	1	0.4	100
Total	253	100	

Source: authors

Besides the penetration of the luxury brands within our sample, we needed to understand to what extent our sample correctly identifies the COO of the global luxury brand bought within the last year (BWLY) in order to compare with identification of the domestic brands' COOs at a later stage. Therefore, the last column of Table 3 provides an overview of the correct identification of COO of the brand BWLY.

To eliminate the high COO identification of brands with low penetration within the sample, Figure 1 below (left chart) identifies a group of French brands with strong identification (Dior, Chanel, Lancome) as opposed to a group of US brands where correct identification of COO is lower despite high penetration within BWLY (Tommy Hilfiger, Calvin Klein). The dotted lines in Figure 1 differentiate between three brand segments: (i) the upper one, highlighting the brands with significantly higher identification of the correct COO; (ii) the bottom one, with significantly lower identification; and, (iii) the bottom group, where there was no identification. The left side of this segment, between the dotted lines, shows brands with low penetration in our sample; therefore, even high COO identification is not significant at the 5% significance level. The chart on the right side of Figure 1 shows more clearly those three brand groups without the brands where COO identification is not significant. High penetration/high COO recognition (Dior, Chanel, Lancome), high penetration but low COO recognition (Calvin Klein, Tommy Hilfiger) and Gucci with high COO recognition but overall low penetration within the sample. Our research results thus confirm the findings of previous research that consumers' overall ability to identify a brand's COO is limited (Balabanis & Diamantopoulos, 2008).

Figure 1 | Identification of the COO of the global luxury brands BWLY by respondents



Note: Brands with zero identification of COO and low penetration within the sample, namely Breitling, Helena Rubinstein, Tiffany and Longines, are excluded from Figure 1.

Source: authors

3.2 Questionnaire design

In the survey, we asked participants to consider a list of 34 global luxury brands (Table 1). Only those participants who had purchased a brand found on the list during the past year were then able to complete the survey.

The questionnaire started with scaling the perceptions of the luxury brands in general and used a 4-point Likert scale. The items measured were based on the following attributes:

quality and uniqueness (Vigneron & Johnson, 1999), as well as hedonism, elitism and distinction scales (Kapferer J. N., 1998; Dubois, Laurent, & Czellar, 2001).

The same scales were used to measure the perception of domestic luxury brands. In addition, spontaneous and prompted awareness of the domestic luxury brands were measured. Purchase intention, defined as “*an individual’s conscious plan to make an effort to purchase a brand*” (Spears & Singh, 2004), for the domestic luxury brands was also measured using a 4-point scale for different categories (segments) of the Czech and foreign luxury brands.

The list of domestic (Czech) luxury brands for measuring the prompted awareness was created based on an Ogilvy & Mather (2016) study, while some brands were added by the authors based on their observations of the domestic luxury market (Table 4).

Table 4 | List of domestic (Czech) luxury brands used for measuring prompted awareness

Lasvit	Moser	Brokis
Bomma	Dechem	Bohemia Crystal
Prim	Zorya	Tatiana
Libena Rochova	Zacharias	Kara
Chatty	Ivana Mentlova	

Source: authors

4 Results and discussion

The luxury dimensions have been validated using multidimensional scaling. In the resulting chart (see Figure 2), each dimension is depicted as a point that lies close to those dimensions that are frequently associated together. Results of the multidimensional scaling have been validated using exploratory factor analysis with Varimax rotation.

As respondents chose less frequently the dimensions for Czech luxury brands than for luxury brands overall, the values have been indexed to better show the relative differences. In both cases, the average proportion of *fully agree* answers was set as 100. Dimensions in the spider chart (Figure 2) showing indexed proportions of *fully agree* answers are ordered to match the placement in the common space resulting from the multidimensional scaling to improve interpretability.

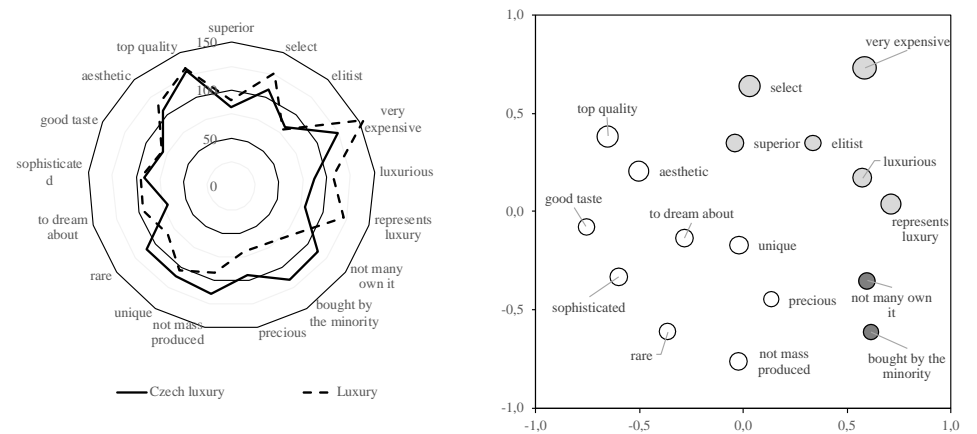
4.1 Do buyers of luxury products perceive any significant differences in the value of global and domestic luxury brands? (Q1)

The spider chart below (Figure 2, left side) illustrates that the following elements are typically perceived with regard to Czech luxury: *rare, unique, not mass-produced, bought by the minority* and *not many own it*, while *very expensive, luxurious, represents luxury* are not. The coordinates in the common space created by multidimensional scaling (Figure 2, right side) are done so the dimensions that are associated lie close to each other. Different shades of grey mark the assignment to the factors discovered by exploratory factor analysis.

Comparison of the perceived luxury dimensions between Czech luxury brands and traditional luxury (Figure 2, left side) indicates that there are similarities in perception when it comes to the hedonism scales (*top quality, aesthetics, people who own this brand have good taste*), quality (*sophisticated, superior and top quality*), and uniqueness (*select, unique*). With regard to Czech luxury brands, the perception of elitism (*can only be bought by the minority, not many people own this brand, and is not mass produced*) and specific items of uniqueness

(precious, rare) are higher compared to the traditional luxury brands. The distinction dimension (represented by *the brand to dream about*) and some elements of elitism (*a very expensive brand, represents luxury*) are strongly perceived for the traditional luxury brands.

Figure 2 | Comparison of the perception of luxury dimensions for Czech and foreign luxury brands



Source: authors

Pearson correlation coefficients (Table 5) measure the association between the considered purchase of luxury brands with Czech origin and their perception. We can expect dimensions that are more correlated with purchase consideration, i.e. *unique, luxurious, the brands to dream about*, to be more important for the acceptance of Czech luxury brands.

Table 5 | Considered purchase of a luxury item due to the Czech origin of a luxury brand

Considered purchase of a luxury item due to Czech origin of a luxury brand		Pearson Correlation	
Czech lux brands are	unique	0.392	**
	luxurious	0.346	**
	the brands to dream about	0.335	**
	people who own this brand have good taste	0.324	**
	aesthetic	0.307	**
	superior brands	0.303	**
	select	0.302	**
	sophisticated	0.295	**
	top quality brands	0.289	**
	rare	0.269	**
	elitist brands	0.259	**
	represents luxury	0.256	**
	precious	0.233	**
	not many people own these brands	0.220	**
	not mass produced	0.177	**
	can only be bought by a minority of people	0.117	**
	expensive brands	0.061	**
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: authors

4.2 Are Czech luxury buyers aware of domestic luxury brands? (Q2)

The highest spontaneous recall of Czech luxury brands was recorded for the watch category (brand Prim, 8.3%) and lux glass (Moser, 7.9%). Additional spontaneously mentioned brands were in fashion (Bandi, 3.6%; Blažek, 2.8%) and jewellery (Český granát, 2.8%). The total frequency of spontaneously stated Czech luxury brands was sixteen. The spontaneously

recalled brands confirm the results of Ogilvy & Mather's study, which indicates Czech consumers sometimes misunderstand the concept of luxury, as neither Bandi nor Blažek can be considered as luxury brands (rather Blažek represents a premium segment, while Bandi is even a mainstream fashion brand) (Ogilvy & Mather, 2016).

The top ten Czech luxury brands with the highest prompted brand awareness were represented by the luxury glass producers (Bohemia Crystal, 66.4%; Moser, 37.9%; and Lasvit, 6.3%), followed by fashion brands (Kara, 65.2%; Liběna Rochová, 20.6%; Tatiana, 13.6% and Ivana Mentlová, 5.1%) and watches/jewellery (Prim, 41.5%; Zorya, 3.6%). There are similarities in the demographics of the respondents with the highest prompted awareness of domestic luxury brands; on average, respondents marked 2.7 brands on the list that they were aware of. The number is significantly higher among older respondents, respondents with a university degree, and those who have older kids or children at university.

4.3 COO impact on luxury buyers and their intention to buy various categories of domestic luxury (Q3)

Almost three-fourths (73.8%) of the luxury buyers agree that *"the Czech origin of a luxury brand is a reason to consider its purchase"*. Over fifty-eight per cent (58.1%) of the respondents would prefer buying Czech luxury when it comes to glass and crystal home accessories. A majority also favour Czech luxury in the designer furniture and lights (40.7%) category as well as in shoes (40.3%) (see Figure 3). However, for a large proportion of the respondents, the COO has no impact on their purchases (on average, 43% of any listed category). Respondents of higher age and education tend to prefer Czech brands in more categories, but the difference is only significant for the 61+ age group. These findings are consistent with those of López-Lomelí et al. who evaluated attitudes and purchase intention towards global, domestic or glocal brands, and described a cluster of "local brand lovers" (who admire leading, high quality and prestigious brands) as significantly older compared to other identified segments (López-Lomelí, Alarcón-del-Amo, & Llonch-Andreu, 2019).

5 Managerial implications, study limitations and directions for further research

Our research extends the results of existing research on luxury branding, domestic luxury and country of origin effect for luxury products in several ways. It investigated the perception of luxury brands originating in the CEE region, as such a study does not exist yet. Existing studies mainly focus on domestic luxury brands originating in other emerging regions. Our research also identified the main attributes of domestic luxury brands and compared them to the same set of attributes associated with already well-established "traditional" Western luxury brands. Another benefit of the study is that it was conducted on a representative sample of actual luxury buyers.

From the managerial perspective, there are several interesting implications of our study that will mainly be helpful for brand managers responsible for developing luxury brands that originate in emerging luxury markets.

Firstly, we identified that domestic luxury brands possess the potential to attract luxury buyers (who today buy mainly established luxury brands) as for over 70% of our sample, the local origin of the luxury brand represents a reason to purchase such a brand. However, the

intention to buy strongly depends on the product category and is also influenced by the respondent's age and education. The importance of the local origin increases with the age and education of the buyer. The main product categories in which a domestic brand is considered for purchase are jewellery, watches, accessories and home accessories (including glass and crystal). For domestic luxury brands, this implies that they should primarily focus on consumers of higher age and education levels and that they have a better chance to succeed within the aforementioned product categories.

Secondly, we identified the attributes in which domestic luxury brands are considered to be superior to traditional Western luxury brands. These are the perception of elitism (*can only be bought by the minority, not many people own this brand, and is not mass produced*) and specific items of uniqueness (*precious, rare*). On the other hand, the distinction dimension (represented by *the brand to dream about*) and some elements of elitism (*a very expensive brand, represents luxury*) are more strongly perceived for the traditional Western luxury brands. Domestic luxury brands should, therefore, focus on their uniqueness and some attributes of elitism, as these values could potentially differentiate domestic luxury from traditional, global luxury brands as supported by Ger's creation of the unique, sustainable value based on local culture and offering the symbolism of authenticity and prestige (Ger, 1999) and further supported by Ballantyne et al.'s finding that "*it is likely that those brands whose image demonstrates the key facets of heritage and authenticity are more likely to succeed in developing symbolic and emotional attachment with consumers — thus gaining a share of both consumers' hearts and minds*" (Ballantyne, Warren, & Nobbs, 2006, p. 349).

Thirdly, we measured the awareness of domestic luxury brands among luxury buyers. Our results showed that the spontaneous recall of domestic luxury brands is relatively low. The prompted brand awareness was also relatively low, but still higher among older buyers (61+). This, together with previous findings, confirms that this target group has potential for local luxury brand management. According to the forecasts of the Czech Statistical Office, this demographic segment will grow from the current 20% of the total population to more than 31% in 2050 (Czech Statistical Office, 2004), this being valid for the whole CEE region where an early response to this emerging demographic challenge is advised in order to gain a key competitive advantage (Perlitz, Schulze, & Wilke, 2010).

We are aware of several limitations of this study. Firstly, it focused on one country only and, despite the size and the quality of the sample, the results may not be valid for other markets. In contrast to some other emerging markets, Czech Republic already has a long-standing tradition in some luxury product categories, such as crystal and glass. These categories belong to a "furniture and decorations" segment of luxury, which is reported separately from traditional luxury categories like fashion, watches, jewellery, and cosmetics) (The Boston Consulting Group, 2010) and therefore, further exploration of luxury buyers' attitudes towards both global and domestic brands in these categories is needed.

Secondly, our study focused on the intention to buy domestic luxury products only, but not on actual purchases, which could have influenced the results. Thirdly, we compared domestic luxury brands with established, traditional global luxury brands only; we did not focus on comparisons with other luxury brands that originate from different emerging markets.

Given the limitations and the managerial implications of this study, there are several directions for future efforts. Further research should focus on other emerging markets within

the CEE region in order to identify the similarities and differences. It would also be beneficial to test the attitudes towards luxury brands originating in other emerging markets and compare the attitudes towards domestic luxury brands.

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