

# TRADEMARKS FOR QUALITY, FOR ORIGIN, AND THEIR SIGNIFICANCE FOR CUSTOMERS ON THE CZECH-GERMAN BORDERLAND

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## Abstract

The paper demonstrates the nature and significance of the trademark as perceived by various authors; in the second part of the contribution the author discusses trademarks which guarantee the quality of products and their Czech origin.

The main purpose of the trademarks is to distinguish the product from the one of the competitor, strive for customer loyalty, and attract new customers. A trademark is a collection of perceptions in the mind of the consumer; it raises associations with the properties of the product, and provides benefits that are linked to emotions.

All people create their own feelings, associations, and they respond to the trademark in some way. A trademark with its content and meaning can influence customers more than they may realize. Due to the recent increase of buyers' demand for local (national or regional) products, such products need to be identified and distinguished by the appropriate symbol. In conclusion, the author presents one part of the research carried out with customers in the Czech part of the ERN. The findings prove a preference in purchases of goods with a trademark for the quality, or for the Czech origin.

## Introduction

A trademark is a collection of perceptions in the mind of the consumer; it raises associations connected with the properties of the product and provides benefits that are linked to emotions. The main purpose of the trademark is primarily to distinguish the product from those of the competition, to seek the loyalty of existing customers and to attract new customers. The value of a trademark is based on the customer's perspective. It is the result of the comparison (e.g., between the benefit and the cost) and the interaction between the customer and the product. [7] The key to creating the value of the trademark is its knowledge, which can be characterized by the trademark awareness and the brand name image. [6] Consumers are now beginning to demonstrate a greater concern for the quality of the environment. They have begun to buy products which do not significantly encumber the environment, which are of domestic origin, and which need to be properly identified and distinguished.

### 1 The Nature and significance of a trademark

With the proliferation of different types of trademarks, their importance is growing, and the ways of treating them are also changing. Their functions have changed rather dramatically as they do not serve only to differentiate competing products, but they have a deep symbolic meaning.

**According to the American Marketing Association, a trademark may be defined as a name, term, sign, symbol, design, or a combination of these concepts used in order to**

**identify the goods or services of one or more sellers and to differentiate them from competing products or services.** [5]

A more complex definition of a trademark has been proposed by Keller: “The trademark is a product, yet such one that adds other dimensions which differentiate it from other products created to satisfy the same needs.” [4] The scope of the trademark is much broader; it covers goods and services, shops, personalities, places, (non-profit) organizations, sports clubs or ideas.

As pointed out by Low [7], the trademark aims to differentiate a product from other, competing goods. Thus it links the goods with the creator, and therefore the buyer knows who stands for the goods, and what its image is. Therefore, the trademark symbolizes the quality of the goods.

A similar characterization of the trademark has been introduced by Vysekalová [10] who adopts the concept of the “brand symbolism” for the physical design of the trademark (logo, name, colours, style of the title, ...). Elliott [3] discusses the functional and emotional-symbolic significance. The functional significance is given by the properties of the product or service associated with the trademark. The symbolic meaning of the trademark is relevant in cases where the easy option transforms into a secure one, and the customer begins to accept that the characteristics of a product or service presented through the trademark are true. Consumers get identified with the trademark, or reach a high degree of loyalty. Thus the symbolic significance constitutes a summary of how the product is presented, and what people add to this presentation. [3]

### **1.1 Design of the Trademark**

Trademark elements are perceived by the customer either verbally or visually, and they lead to the identification and trademark differentiation. [9] To formulate the **name used in the trademark** is the most important choice to be taken as it often captures the main association with the product. [4] The **logo of the trademark** constitutes its other part; it is a well-chosen logo that helps in building the value and awareness of the trademark. The **slogan of the trademark** communicates the descriptive or persuasive information on the brand. The above mentioned phenomena need to be assembled into one coherent set representing one trademark. Keller [4], therefore, lists six basic criteria by which one needs to select the individual components of the trademark, and thus present its complete representation.

1. Memorability
2. Meaningfulness
3. Popularity
4. Portability
5. Adaptability
6. Protection potential

## **2 Trademarks for Quality, Informing on the Czech Origin of the product**

The demand of shoppers for local (national or regional) products has been recently growing. Marketers have begun to respond to this trend, and they keep trying to find smaller regional suppliers who have been overlooked so far. Products from such manufacturers, however, need to be properly identified and distinguished.

Among such trademarks the following ones can be included:



**The national trademark for quality KLASA**, which assists customers with their orientation in domestic products – foodstuffs, presentation of their quality, in comparison with competing food. It is guaranteed by the Ministry of Agriculture. Products labeled like this include those which are of Czech origin or local, not imported from abroad, and therefore their impact of transportation on the environment is limited. [12]



The trademark, called “ČESKÝ VÝROBEK” – Czech product is a unique trademark formed in such a way; it is properly registered in the country. Customers and manufacturers have a warranty that the product is manufactured in the Czech Republic and that the Czech manufacturer employs Czech employees. The manufacturers guarantee the quality, safety and wholesomeness of the products; they comply with legal standards, and pay taxes and contributions to the social security and health insurance system in the Czech Republic. Also, environmental standards are met, and a license to use the trademark Czech product for specific products has been granted. [15]



The trademark of the CZECH MADE, granted both for products and for services, expresses that the concrete product or service meets the requirements of the relevant laws and generally binding regulations, and that its properties meet the requirements at least on a level comparable with the quality of foreign products and other domestic products on the Czech market. [15]



**The trademark “Český výrobek”** – guaranteed by the Food Chamber of the Czech Republic. The products thus marked must not only be made in the Czech Republic, but must also be made of a specified proportion of Czech ingredients (the proportion is different for each category). [16]

## 2.1 Regional labeling of products “Domestic products”



The system of labeling the regional products and services is coordinated at the national level by the Association of Regional Trademarks, supported by the Ministry of Environment. It does not cover only food but also other products.

Its main objective is to promote traditional regions. Granting the use of this label “*guarantees their quality and friendliness to the environment alongside with their origin and connection to some specific territory.*” [17]

The concept of regional labeling contributes to the economic recovery of the region. Promoting regional trademarks supports local businesses (especially small farmers, artisans, small businesses), and contributes to diversification of economic activities in the countryside and to the revival of local economies. It increases the solidarity of the local population with the region and initiates various forms of cooperation in the region between entrepreneurs, public authorities, non-profit sector and nature protection.

Each region in the Czech Republic has its own character, given by its natural wealth, culture and centuries-old traditions of its people. Also, products and produce originating from a particular region bear part of the character – traditions, culture and the work of local artisans and farmers have been incorporated in them. A regional trademark for local products is one of the options for supporting the local economy.

The significance for the customer of such a product with the trademark "Home Products" lies in:

- **the regional origin** of the product and raw materials,
- **the quality**, freshness, better taste and smell,
- **the lack of harmful impacts of the product on the environment**,
- **uniqueness**, stemming from the relationship to the region (e.g. traditions, local materials, craftsmanship, the theme of the region or other exceptional properties).

Regional trademarks are used to label craft products (e.g. products of woven wood, straw, ceramics, jewelry, snowshoes, lace, glass, furniture, etc.), foodstuffs and agricultural products (bread and pastry, milk, cheese, meat, cereals, wine, fruits, vegetables, beverages, berries, fish, honey, etc.) and natural products (medicinal plants, herbal teas, reed for the construction use, plant extracts for cosmetic purposes, compost, mineral water, etc.). Product trademarks can be granted to both traditional and new products if they meet the prescribed criteria and if the certification commission decides in their favour. [11]

The regional trademarks assist manufacturers with **promoting** their products, with increasing their **sales**, and last but not least, with **boosting the prestige** of products at home and abroad through the good reputation of the region. Trademarks also encourage the involvement of the population in what is happening in the region and mediates contacts between producers and other local actors.

## 2.2 The trademark “Regional Foodstuff”



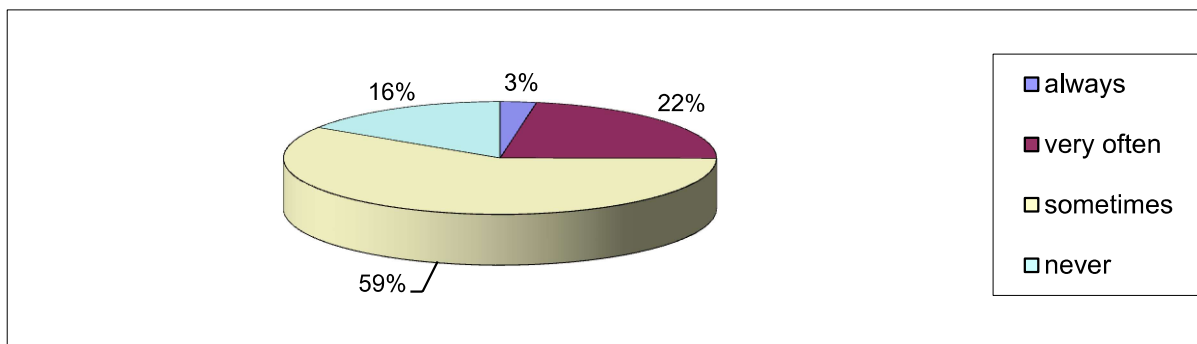
This trademark can be used by selected local manufacturers and retailers for goods produced in the region using the local or domestic raw materials. The share of these resources must be at least 70%. The main ingredient must be 100% domestic in origin. The product “*has at least one property with unique qualitative characteristics that enhance its added value, and ensure its uniqueness in relation to current products available on the market, whereas the regional nature of the product is also a declaration of its exceptional quality features.*” [14]

## 3 Awareness of the trademarks for quality and origin

Customer preferences for purchases of the goods marked with trademarks for quality and regional labels have been presented in one part of research, which was carried out within the project: *An Analysis of Consumer Behaviour in the Czech-German Part of the Euroregion NISA with Regard to Environmentally Oriented Behaviour of Buyers* at the turn of 2009 – 2010. The project was co-funded from the Objective 3 of the Programme / Ziel3. [2]

The marketing research was conducted with a research sample of 370 respondents from the Czech part of ERN and with 200 German respondents. It mainly focused on customer behaviour. The following results presented are those collected from the Czech territory of ERN.

In spite of the heavy promotion of the labels Klasa and Czech Quality in recent years and the increasing awareness of them, approximately 16% of the respondents stated that these trademarks were not decisive in their selection and purchase of goods. As demonstrated by the following Figure 1, almost 60% of the respondents claimed that they “sometimes” give priority to buying products marked with the trademark for quality, and one fifth of them frequently buy such products.



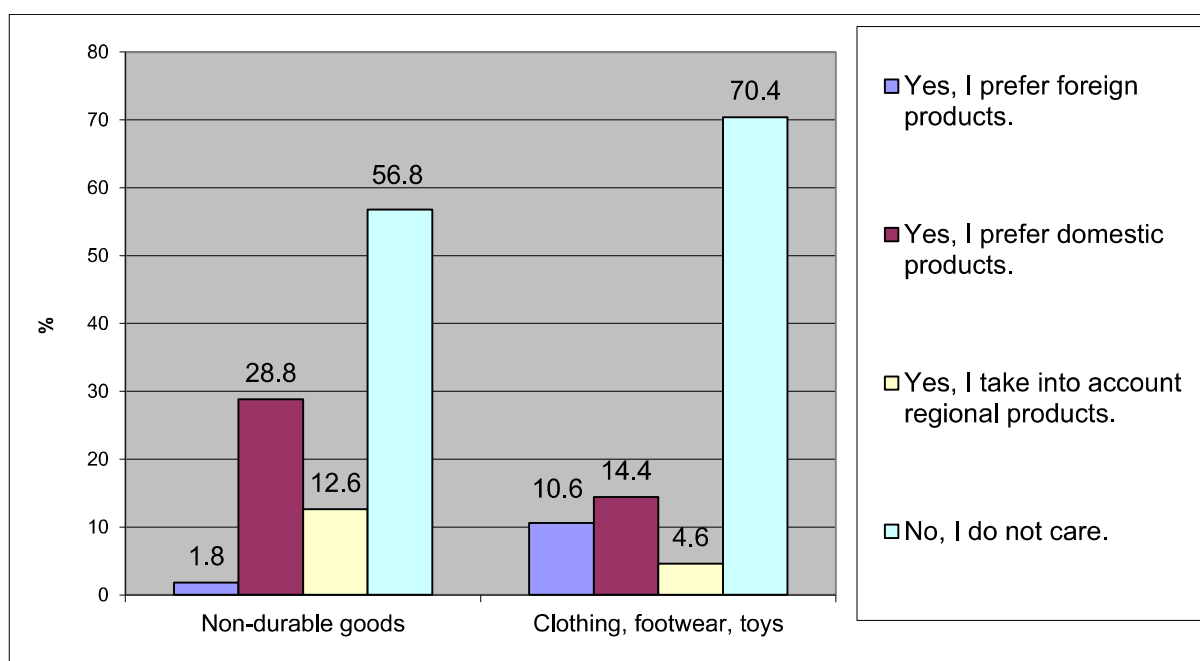
Source: own processing [2]

**Fig. 1:** Preference for the Quality Trademark

In the past, the majority view of consumers in the Czech Republic was that goods originating from Western Europe or the U.S. are better than the products offered by domestic producers or producers from the former “Eastern Bloc”. Currently, this opinion is not as intense as it used to be, and marketers thus face a challenge to struggle for the enforcement of domestic production in our markets rather than goods from foreign competitors.

As shown in Figure 2, approximately 30% of the respondents prefer mainly domestic non-durable goods, and nearly one eighth of the respondents even stated a preference for regional products. This current preference may increase due to projects of private farmers who make an effort to offer their products directly from their farms or in regional stores, or at the ever-expanding farmers’ markets or through the newly introduced Milk-O-Mats. (In Liberec there are already two of these milk machines).

It can be concluded that more respondents from the age group over 40 years confide in the domestic products; it is (30%) of all respondents in this age group, compared with 26% of respondents in the age group of 21-30 years. For durable goods, this ratio is similar, with the older age category expressing more confidence in domestic production. The vast majority of respondents, however, are totally indifferent to the origin of the product also because some of them consider the range of Czech products rather insufficient. [2]



Source: own processing [2]

**Fig. 2:** The Influence of Origin of Goods on Purchase

## Conclusion

Marketers must become fully aware of the fact that no brand loyalty and high value can be built for a product or service without it having a high quality. Only for a quality product is it worth building a quality product label. Furthermore, it is necessary to communicate this quality to the customers and teach them to perceive it. Therefore, it is necessary to know what customers understand as quality and if it can be partly influenced by the Czech or regional origin of the product. Although it is clear that the perceived quality of the product is linked to the associations with the trademark, Aaker [1] considers this category of the brand value as an independent one. Presently, when the market is sufficiently saturated with products, each customer can choose which product to buy. That is why each manufacturer attempts to provide some added value to the customer, which could also be represented by the trademark for the quality, and origin. [4]

Despite the fact that the delivered research did not confirm it, current consumers do notice the impact on the environment, and they are ready to pay for quality Czech products more to help reduce this phenomenon. [8]

The article presents a range of trademarks that guarantee the quality of products and their Czech origin. Customers create their own feelings and associations, and respond to the trademarks differently. They are influenced by the trademark, its content and meaning more than most of them realize. It is up to the customers how they want to live and what they will buy. A trademark is a truly powerful tool in today's society, which can help customers in their decision making.

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## ZNAČKY KVALITY, PŮVODU A JEJICH VÝZNAM PRO ZÁKAZNÍKA V ČESKO-NĚMECKÉM POMEZÍ

Příspěvek ukazuje podstatu a význam značky výrobku dle různých autorů a v druhé části se příspěvek věnuje značkám, které garantují kvalitu a český původ výrobků. Smyslem značky je především odlišit výrobek od konkurence, usilovat o loajalitu zákazníků a získat zákazníky nové. Značka je souborem vjemů v mysli spotřebitele, vyvolává asociace s vlastnostmi výrobku a přináší výhody, které se váží k emocím. Každý si vytváří vlastní pocity, asociace a na značku určitým způsobem reaguje. Značka může svým obsahem a významem ovlivnit zákazníky více, než si lze uvědomit. Protože v poslední době roste poptávka části nakupujících po místních (národních či regionálních) produktech, je potřeba takové produkty označit a odlišit příslušnou značkou. V závěru příspěvku je prezentována dílčí část výzkumu, provedeného u zákazníků v české části ERN, který ukazuje výsledky nákupů upřednostňování výrobků se značkou kvality, popřípadě českého původu.

## QUALITÄTS- UND HERKUNFTSZEICHEN UND IHRE BEDEUTUNG FÜR DEN KUNDEN IN TSCHECHIEN-DEUTSCH GRENZE

Der Beitrag stellt den Sinn und die Bedeutung einer Produktmarke laut verschiedenen Autoren vor. Der zweite Teil des Beitrags konzentriert sich auf die Zeichen, die die Produktqualität und tschechische Herkunft garantieren. Der Zweck einer Marke ist vor allem, das Produkt von der Konkurrenz zu unterscheiden, die Kundenloyalität anzustreben und neue Kunden zu gewinnen. Die Marke ist eine Gesamtwahrnehmung des Verbrauchers. Sie löst Assoziation mit Produkteigenschaften aus und bringt Vorteile, die mit Emotionen verbunden sind. Jeder schafft eigene Gefühle, Assoziationen und reagiert auf eine Marke in einer bestimmten Weise. Die Marke kann mit dem Inhalt und der Bedeutung die Kunden mehr beeinflussen, als man sich bewusst werden kann. Da in den letzten Jahren die Nachfrage einiger Einkäufer nach lokalen (nationalen oder regionalen) Produkten wächst, ist es notwendig, solche Produkte zu bezeichnen und durch ein entsprechendes Zeichen zu unterscheiden. Im Abschluss des Artikels werden die Teilergebnisse einer Marktforschung präsentiert, die bei den Kunden im tschechischen Teil der ERN durchgeführt wurde und die auf die Ergebnisse der Einkäufe mit Bevorzugung der Produkte mit Qualitätszeichen bzw. mit dem tschechischen Herkunftszeichen hinweist.

## ZNAKI JAKOŚCI, POCHODZENIA I ICH ZNACZENIE DLA KLIENTA

W artykule przedstawiono istotę i znaczenie marki produktu według różnych autorów. W drugiej części opracowania uwagę poświęcono markom, które są gwarancją jakości i czeskiego pochodzenia produktów. Istotą marki jest przede wszystkim odróżnienie produktu od produktów konkurencji, dążenie do pozyskania lojalności klientów oraz zdobycie nowych odbiorców. Marka jest zbiorem odczuć konsumenta, wywołuje skojarzenia z właściwościami produktu i przynosi określone korzyści, które wywołują określone emocje. Każdy buduje własne odczucia, skojarzenia i reaguje w pewien sposób na markę. Marka może swoją treścią i znaczeniem wpływać na klienta w większym stopniu, aniżeli można sobie wyobrazić. W związku ze wzrostem popytu dużej liczby kupujących na produkty regionalne lub narodowe, należy takie produkty oznakować i odróżnić odpowiednią marką. W zakończeniu artykułu zaprezentowano częściowe wyniki badań przeprowadzonych wśród klientów w czeskiej części Euroregionu Nysa, pokazujące preferowanie produktów ze znakiem jakości, względnie pochodzenia czeskiego.