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# THE EFFECT OF A COUNTRY NAME ON CONSUMERS' PERCEPTION AND ASSESSMENT OF AGRICULTURAL PRODUCTS WITH PROTECTED DESIGNATION OF ORIGIN

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## ARTICLE INFO

Review Article

Received: 04 October 2022

Accepted: 27 November 2022

doi:10.5937/ekoPolj2204177R

UDC

338.439.22:608.34(497.11)

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### Keywords:

*agriculture, agricultural products, protected designation of origin, national brand*

**JEL:** Q10, Q13, Q18

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## ABSTRACT

The aim of the paper was to show that Serbia has favorable natural conditions (land and climate) for diverse agricultural production (plant- and animal-based), experienced manufacturers, experts and scientists, as well as world-famous selections of numerous plant cultures. Serbia's major agricultural products are corn, wheat (flour), sunflower (oil and pellets), sugar beet (sugar), soybean (oil and protein products), potatoes, raspberries, apples, plums, sour cherries, grapes, pork, beef and poultry, as well as milk.

## Introduction

Studies of the effect of the name of the country of origin have been conducted for a variety of short-lived and long-lasting consumer products, from cars and technical products to food. The name of the country of origin becomes an integral part of a set of external characteristics when evaluating a product on the basis of price, brand, packaging, and service, as opposed to studying the role of aspects of actual product quality, such as material, design, style, etc. Manipulation with product origin affects consumer perception and behavior, even when they are given the opportunity to observe, touch, feel or taste another identical product.

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Designations of origin – the “made in ...” effect, is one of the most exploited concepts, whereby value is added to or detracted from a product depending on its place of origin, resulting from opinions regarding the country, its inhabitants, and other factors. Names of countries have long played the role of brands, helping consumers evaluate products and make purchasing decision. Names prompt associations that can enhance or diminish existing product perceived value. Empirical evidence supports the hypothesis that consumers prefer purchasing goods from developed industrial countries to those from less developed ones, because they equate the product with its country of origin. The product label becomes a mark of quality depending on the reputation of the country of origin, which may boost consumer trust or raise doubts. Regardless of globalization and changes in competitive environment, the place of manufacture still affects consumer decisions concerning certain categories of products.

Few countries in the world can manufacture all the products needed by its citizens, and small countries particularly are compelled to make their agricultural production specialized, directing it towards those products and services offering the greatest potential competitive advantage. Agriculture is one of the pillars of economic development of Serbia, and its importance for national economy, besides economic and social, has an ecological component, too. However, despite huge agricultural potential, which is the result of favorable climatic conditions, soil properties and available water resources, it is not optimally utilised (Mihailović et al., 2013). According to SEEDEV (2017) Serbia has the most competitive advantage when it comes to fruit production, mainly of red fruit: raspberries, strawberries, sour cherries. The country is relatively competitive when it comes to the production of cereals, especially corn, but also wheat, as well as industrial crops: sugar beet, soy and sunflower. Serbia is the largest producer of agricultural and food products in the region, although it is not that significant on the European, let alone world market. In the CEFTA region, Serbia provides for a half or even more of the regional production of the two thirds of different products. Its strongest field is the production of fruit, where 80% of raspberries, apricots and pears, and more than 60% of plums, sour cherries and strawberries are produced in Serbia.

The beginning of the 21<sup>st</sup> century was marked by the liberalization of export, removal of barriers, and establishment of economic relations, albeit at a lower level, with the former Yugoslav states, as well as the process of privatization which regrettably failed to produce the anticipated results, and despite periodic advances, agricultural production, domestic enterprises in particular, has been dealing with substantial quantity and quality decline. In a situation of uneven development of individual sectors and branches of agriculture, it is impossible to observe the attitude toward domestic and foreign products, ethnocentrism, and the views and behavior of consumers in general only on the macro level. Analysis and observation should be brought down to the level of specific agricultural products with protected designation of origin. Sustainable resource management and environmental protection in the field of agriculture production ensure long-term food security and contribute to the stability and quality of local production in conditions of growing risk on the global food market. The specific character of

agricultural production, reflected in its high dependency on the extent and quality of natural resources, which are finite and objectively existing, indicates that the state should employ its authority to create conditions that will contribute to preserving their vitality for future generations (Strategija poljoprivrede i ruralnog razvoja Republike Srbije za period 2014 – 2024).

The effect of the country of origin also depends to a large extent on the type of product involved, e.g. consumers want to know where a car was made but this is not the case with motor oil. Some countries enjoy a positive reputation for certain products: the US is known for innovation in the high-tech industry, non-alcoholic drinks, games, jeans, and cigarettes, France is known for wine, perfume, and luxury items, Japan for cars and small household appliances, etc. The Ministry of Trade, Tourism and Services (2005) conducted an interesting study about the perception of product quality according to origin, which showed that 84% of survey participants thought local food products were of better quality than imported produce, while other product categories lagged behind considerably.

A country's overall image influences people's decisions about buying, investing, making changes, choosing their place of residence, or travel destination. Ideas about a country are formed on the basis of its history, geographic location, culture, celebrity engagement, and other distinguishing traits. The entertainment industry and the media play an important role in forming opinions about a country. However, the perceived image of a country is not only shaped by the popularity of its finished products but also by social problems, epidemics, violation of human rights, natural disasters, various conflicts, economic upheaval, famine, poverty, crime, etc. Each of these categories is continually and strongly associated with a country's name. Countries are experienced through social cognition models and the psychological notions that their inhabitants present to the world.

Now the food increasing production, competitiveness and accelerated development and introduction of agrarian policy instruments allow dynamic restructuring of the agricultural sector (Zakić et al., 2017). In presenting itself to the world, each country should provide precise and credible information, which may be short-term, based on exceptions rather than standard patterns, or on impressions rather than facts, but in any case it must be convincing.

In many countries regulatory requirements for product labeling impose the obligation of stating the origin of the product. Geographic indications or designation of origin are common names for different forms of stating geographic origin. They are used when a product has the attributes or the reputation indicating a specific origin and is at the same time affected by such origin. According to Nikola Radovanović, quality control and control of specific characteristics of agricultural and food products is performed by duly accredited certification bodies. These bodies issue a certificate of compliance verifying the quality and other aspects of products (Radovanović, 2014). The authorized user of the indication of geographical origin or applicant for recognition of status of authorized user of indication of geographical origin may file an application

for international registration in accordance with an international agreement binding on the Republic of Serbia (Law on Indications of Geographical Origin).

Commercial production is typical, in the sense that it is oriented toward achieving maximum yield. Nevertheless, certain types of products, such as organic products or those bearing a designation of origin really are specific. They are usually described as products with added value, as a result of which people are willing to pay more for them. Protection of geographical origin is particularly developed in the European Union. There are currently more than 10,000 protected Geographical origin or GIs in the world with an estimated trade value of more than US\$ 50 billion. Many are well-known names such as Darjeeling tea, Bordeaux wine, Parmigiano Reggiano cheese, and Idaho potatoes. Yet many more are less known and often unprotected (Giovannucci, 2009). Furthermore, in its strategic documents, the European Union particularly stresses the need for environment protection, regardless of the area of human activity (Počuča et al., 2018).

The legislation of the Republic of Serbia defines that the indication of geographical origin shall also be a name that is not a geographical name of a country, region or locality but where such name has become well-known through long-standing use in trade as the traditional name of a product originating from such area, or a historical name of such area, provided the requirements are met for such indication of origin and geographical indication (Law on Indications of Geographical Origin) (Official Gazette). Agricultural and food products with geographical origin, certified in 2020 are: Arilje raspberries, Futog cabbage, Homolje honey, homemade Leskovac ajvar, Djerdap honey, Oblačinka sour cherry from Oblačina, Pirot yellow cow's milk cheese, Srem kulen, and linden honey from Fruška gora. According to SEDEV (2017), raspberry is still among the most competitive Serbian agricultural products, while this sector undergoes significant changes. The production in Serbia is stagnating, and when compared to the global growth, it is 10 percentage points behind. Simultaneously, Serbia's main rival in the EU market, Poland, is growing faster than the global average. Serbia is still the biggest exporter of the frozen raspberry, and in 2015, it achieved the record export of USD 309 million. When it comes to the actual production, after 40 years, there are finally some innovations in the sector, which may prove to be its salvation.

### **Materials and methods**

The study was conducted in the territory of the Republic of Serbia and involved more than 200 participants. The aim of the survey and the study was to show the untapped potential of our country and to try to bring home the need for raising awareness of end consumers regarding agricultural goods with protected geographical origin. Some researchers believe the "made in..." effect can only be understood if correlated with ethnocentrism. Insight into the effect of ethnocentrism was broadened by studies about the negative impact animosity toward other nations can have on purchasing certain products. Studies show that animosity and ethnocentrism have different implications on perceptions of product quality. Animosity is a construction specifically related to a country, while ethnocentrism is described as a people's belief in the superiority of their own ethnic group and rejection

of anything foreign and unfamiliar. In some countries national awareness is positively channeled toward local agricultural products (the Netherlands, France, Spain, etc.). French people will only buy and consume world-renowned cheese and high-quality wine produced in France because they wish to contribute to their own country's budget and not because of any ignorance about food produced in other countries, particularly where this concerns traveling. Serbia is traditionally a wine-growing region and it is slowly approaching those countries that have benefitted from the development of this type of tourism (Stojković and Milićević 2020).

Geographical origin has evidently become a powerful instrument of competition, especially in terms of agricultural products, food, handcrafted goods, and traditional art. Thus, the regulations of the Republic of Serbia states that the “appellation of origin shall be the geographical name of a region, locality, or country used to designate a product originating therein, the quality and specific characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors, and which product is produced, processed and prepared entirely within a specific geographical area (Law on Indications of Geographical Origin).

Protected products with geographical indications primarily benefit small-scale producers who can provide quality goods but lack the resources necessary to invest in their brand. Many empirical studies indicate that the image of the country of origin affects the attitudes toward foreign products. In many countries, marketing experts and organizations engaged in promoting exports are aware their country's reputation is an important factor requiring careful management. Furthermore, information regarding geographical origin of products and a country's image does not only affect foreign consumers but also members of the local population, who will associate products with the place of their birth or their youth or one to which they are otherwise emotionally bound.

## Results

Some studies indicate that national stereotypes hold sway over the relationship between producers and foreign clients. Others suggest that information regarding or labels designating the country of origin would carry less weight if other indicators of quality were present. A global brand could mitigate the negative impression created by the country of origin or, alternately, the negative reputation of the country of origin could make consumers more reserved about a famous world brand.

## Discussions

The marketing survey involved 201 consumers of Serbian food products. The process of data collection lasted until 2021. Defined parameters can clearly determine the current but also the future position of certain recognizable Serbian agricultural products with protected origin, which definitely represent an attractive, agricultural, and gastronomic “identity card” of the Republic of Serbia.

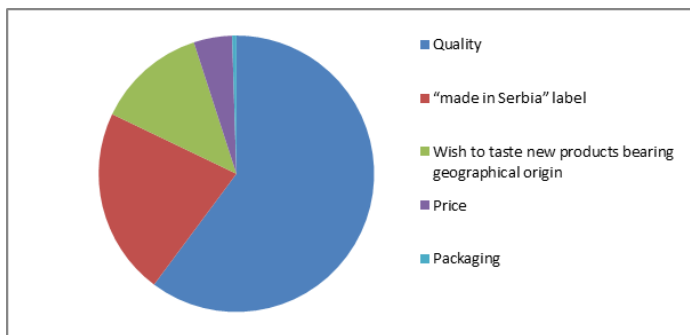
Survey results show that out of 201 participants, most (31,3%) were aged between 35 and 44 years, followed by those between 18 and 24 (26,9%), then by those between 25 and 34 (24,9%), while the remainder of the participants were aged 55 to 64, and over 65.

Participants were asked to indicate their level of education, ranging from primary school to a doctoral degree. Out of 201 participants, the majority, 55,7%, were either junior college or university graduates. The following group, 21.9%, were high school graduates, while 19.9% held Master’s degrees. The number of participants with doctoral degrees was negligible.

An analysis of answers to the question “How would you rate your trust in Serbian agricultural products?” showed that 90 participants (44,8%) rated their trust with grade 4, which is high considering the rating scale was from 1, as the lowest, to 5, as the highest level of trust. 52 participants (25,9%) rated their trust with grade 3. There were 49 (24,4%) participants with the highest faith in Serbian agricultural products, who rated their trust with grade 5. Only 10 (1,5%) out of the 201 participants indicated low trust of Serbian agricultural products with grade 1, and 2 (3,5%) rated their trust with grade 2.

When it comes to the key reasons for buying Serbian agricultural products with geographical origin, the majority of the survey respondents found that the most important parameter regarding food is quality. As many as 60,2% participants answered that their preference for these products was mainly due to quality. 12,9% participants indicated that their choice was primarily guided by the “made in Serbia” label, while 21,9% responded that in choosing these products they were primarily led by the wish to taste new products bearing geographical origin. Out of the total number of participants, 5% indicated price or packaging as the chief reasons for choosing a certain product.

**Figure 1.** key reasons for buying Serbian agricultural products with geographical origin



Source: Authors’ calculations

The analysis of intensity or frequency of buying agricultural products with geographical origin pointed to three parameters. The first, and highest ranked, response selected by 47,8% participants, was that they bought these products more than twice a month. The second in number group of participants (36,8%) responded that they bought the products once a month, while participants who

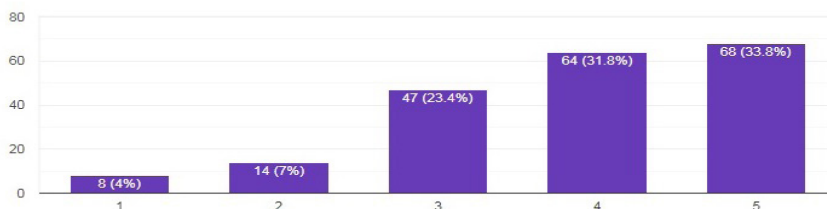
bought products with geographical origin twice a month formed the third group.

That the reputation of the country of origin influenced their choice of agricultural products with geographical origin was indicated by 68 (33.8%) participants, who chose the grade 5 on a scale from 1 (no influence) to 5 (high influence). Close behind, 64 (31.8%) participants said this factor had considerable influence. 47 (23.4%) were unsure of the extent to which the image of the country of origin affected their choice of agricultural products with geographical origin. A country's reputation is not an important parameter in the choice of product for 14 (7%) participants who selected grade 2, and 8 (4%) participants chose grade 1.

**Figure 2.** to what extent the image of the state influences the choice of agricultural products

U kojoj meri imidž države utiče na izbor poljoprivrednih proizvoda?

201 responses



Source: Authors' calculations

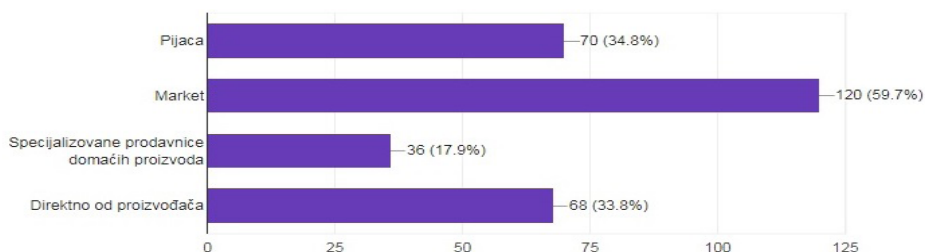
Participants indicated Arilje raspberries, Srem kulen, Leskovac homemade ajvar, Pirot yellow cow's milk cheese, Homolje honey, Futog cabbage and sauerkraut, linden honey from Fruška gora, Đerdap honey, and Oblačinka sour cherry from Oblačina as the best-known and perhaps most readily available agricultural products with geographical origin.

The response given by 120 participants to the question "Where do you buy products with geographical origin?" was that they buy the products in supermarkets, 70 of them do their grocery shopping at marketplaces, 68 buy directly from manufacturers, while only 36 participants opt for specialized shops selling local produce.

**Figure 3.** Where do you buy products with geographical origin?

Gde kupujete proizvode sa zaštićenim geografskim poreklom?

201 responses



Source: Authors' calculations

In this research, out of all respondents, 86 participants responded they were satisfied with the quality of consumed agricultural products with geographical origin, 82 participants rated their satisfaction with grade 4, 26 participants indicated average satisfaction, while 7 participants responded they were not satisfied with the quality of the products.

Another important parameter is price. 7,5% of the participants answered they were not happy about the price of agricultural products they purchase. 28,4% indicated average satisfaction with the price of produce, while 64,2% answered they thought the price of the products they bought was appropriate.

In addition to the analysis of participants' opinions about the price of certain products with geographical origin, an analysis was done of parameters concerning the promotion of these products. As opposed to the majority of previous analyses, this graph shows that most participants are "so-so" satisfied with the type and number of advertisements for these products. This is the response given by 87 participants, which accounts for 43.4% of the total number involved in the survey. The least numerous are dissatisfied participants, who selected grade 1 and who think the advertising is insufficient and inadequate, 15 (7,5%) of the participants think the advertising is adequate, and 17 (8,5%) think it is sufficient in volume (grade 5). 44 participants thought marketing of these products is not good/sufficient and selected grade 2.

In Serbia, the advertising of agricultural products with geographical origin is mostly done by individual retail chain marketing campaigns, each creating a specific image through the use of traditional national symbols. The lack of uniformity in advertising sends mixed messages creating a situation in which participation of the state would be very beneficial.

Information similar to that concerning advertising was obtained by analyzing the data regarding distribution of products with geographical origin. Importance of the delivery charge is especially emphasized. This is explained by the fact that the cost of food delivery in Serbia is relatively high compared to the price paid for organic food, so it represents a criterion that is important for the consumer when deciding whether to buy organic food online (Ćirić et al., 2021). 43,7% participants rated their satisfaction level with grade 3, 22,9% with grade 2, and 18,9% with grade 4. Only 8,5% participants rated their satisfaction level with product delivery with grade 5 (highest), while 7,5% participants thought product delivery was extremely poor, selecting grade 1 (lowest).

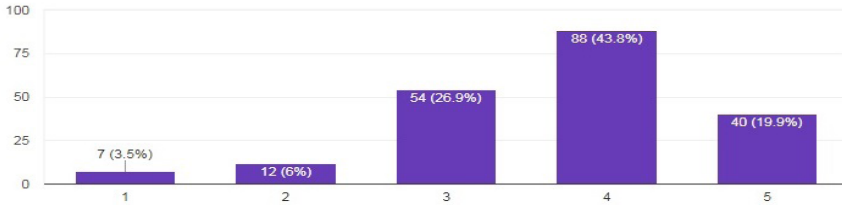
The majority of participants, 88 of them, answered that they were very satisfied with the appearance of the packaging of agricultural products with geographical origin. 44 participants were satisfied with the appearance of the packaging, 40 were extremely satisfied, 12 were dissatisfied, and 7 participants were extremely dissatisfied with the packaging.



**Figure 4.** To what extent are you satisfied with the appearance of the packaging of consumed Serbian agricultural products with protected geographical origin

U kojoj ste meri zadovoljni izgledom pakovanja konzumiranih srpskih poljoprivrednih proizvoda sa zaštićenim geografskim poreklom

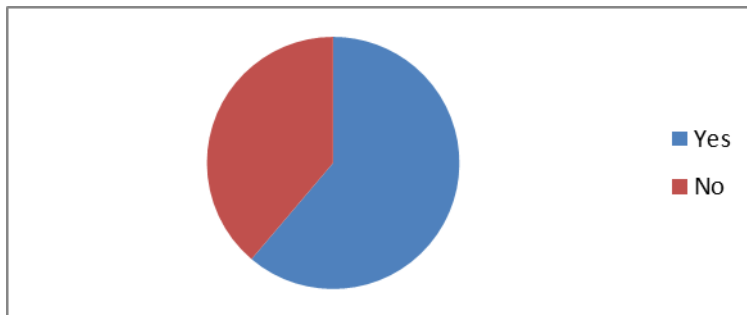
201 responses



Source: Authors' calculations

According to the results of the research, 66.2% participants responded that the label of geographical origin on the packaging had a major effect on the average consumer's choice of Serbian agricultural products with geographical origin, while 38.8% of them thought the label not a vital factor in their decision whether or not to buy or consume the product.

**Figure 5.** Does a trademark with geographical origin affect the priority choice of Serbian agricultural products with protected geographical origin



Source: Authors' calculations

On the basis of the results of the last graph, the conclusion was drawn that the label or mark of geographical origin was a vital factor affecting most consumer's decision to buy or consume products. This prompted the question whether buyers or consumers recognized that label or mark. 70,6% of the participants affirmed that they recognized the label, while 29,4% answered that they do not recognize or know the label.

## Conclusions

Taking into consideration all of the above, we may conclude that the time of raising awareness among consumers of agricultural products with geographical origin is yet to come. If consumers are unable to make the connection between a product and its country of origin, then in appraising the product and, later, in deciding whether or not

to buy it, the consumer might choose a different brand than he or she would have, had they been aware of the country of origin. It is evident that geographical origin has become a powerful instrument of competition, especially where agricultural products and food are concerned, and that this “national umbrella brand” particularly benefits small, quality-oriented producers, who would not have to invest in their brand as much as they are compelled to because they are producing specific products protected by indications of geographic origin.

The skills that the man has mastered allow growing and cultivating of different foods depending on the environment in which they are consumed. Techniques, recipes, technologies, standards and raw materials for food preparation are changing due to cultural, social, global and economic factors (Burešová et al., 2020).

Adjusting to changes and the willingness to introduce changes for the sake of achieving quality, modernization, market development, and approaching the modern, ever more demanding consumer is a costly, complex and long process. Without it, however, agricultural growth would not be possible.

The responsibility is twofold, on the one side it rests with the state in terms of investments, a strategic approach to national branding, and strengthening the country brand, and on the other hand, on all participants in agriculture, who after all have the most to benefit from this cooperation.

The question remains whether we are ready to invest in our arable land, pastures and, ultimately, in our people who “bring“ certain produce to our table or will we continue to reserve our praise for countries that have had the privilege or the fortune to have citizens with a high level of awareness. That level of awareness would make us stop bargaining over a kilogram of quality raspberries and realize that through deceit we are not harming someone who will buy that produce in Russia but the country under whose flag, coat of arms, and hymn we are competing in a competition harsher than the Olympic Games.

### **Conflict of interests**

The authors declare no conflict of interest.

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