CERAMIC PRODUCTS TODAY: ANALYSIS OF CONSUMER TRENDS IN PRESTIGE MARKETS

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ABSTRACT

In view of current globalisation, organisations need to be aware of the importance of achieving a differentiated perception in order to survive in the new international scene. Such possible product differentiation may be found, among other factors, in the relation of the product to its place of origin. In this sense, the present study (which is part a larger project) has a twofold objective: on the one hand, to analyse the perception that professionals in the building sector of certain key European markets, in particular France and the United Kingdom, have of different types floor coverings and, on the other hand, to analyse the perception that these same professionals have of a specific product, namely ceramic tile, in relation to its place of origin.

1. INTRODUCTION

As in other industries, during the last decade, globalisation has also made itself felt in the ceramic industry. For the individual companies, this phenomenon refers to the existence of a much more complex, new environment in which they must pursue their activity, in which context they must act, and for which the rules of the game used to date have changed.

However, despite the difficulties the foregoing might suggest, a priori, it seems to be a highly beneficial scenario for companies in general and for ceramic companies, in particular. The positive results of ceramic companies come, increasingly, from markets that are not properly-speaking their own and, consequently, the percentage of their activity undertaken in such markets has grown steadily.

Companies, therefore, opt to be present in this new terrain. However, it should be borne in mind that the organisation needs to operate in a different way, and not think that transferring its domestic policy to the international market will suffice to enable it to compete successfully in the long term. And this is because in this new terrain ceramic companies face greater pressure, owing to:

- constantly growing competition, coming ever closer, and becoming more aggressive,
- the technology which, though becoming more sophisticated, is increasingly easy to imitate, thus demanding ever shorter innovation and development times,
- and finally, as markets are increasingly better informed, they are also more demanding.

Therefore, companies should not act with their backs to the market, and any effort that is made to achieve greater competitiveness needs to be grounded in formal, broad and detailed knowledge of the different markets and their perceptions.

With a view to meeting this objective in part, in November 2004 a fieldwork was conducted in collaboration with ASCER (Spanish Ceramic Tile Manufacturers' Association) in two countries (France and the United Kingdom) with a common denominator: both are European and are considered prestige markets; as well as a differentiating factor: in France the ceramic product is much more traditional than in the United Kingdom. Altogether 78 valid questionnaires were returned (36 in the United Kingdom and 42 in France), completed by professionals from the building sector, who work with ceramic products.

The work was undertaken to try to analyse the present ceramic product consumer trends. That is, to attempt to answer questions such as:

- What advantages does the ceramic product have compared with other substitute products?
- Where do the purchased ceramic products come from?
- What are the attributes with which each of these markets relates the main ceramic industries?

- Which are the attributes with which each of the analysed markets identifies the ceramic products made by the main industries?

The following attempts to analyse these four questions, with a view to helping ceramic companies to a certain extent understand better the consumer tendencies currently found in these prestige markets, and that this should contribute to developing more effective commercialisation strategies in these markets.

2. THE CERAMIC PRODUCT VERSUS OTHER SUBSTITUTE PRODUCTS

As mentioned above, one of the issues envisaged from the outset in this project has been the comparison of ceramic products with some of what are considered substitute products. Thus, one of the questions included in the questionnaire specifically solicited an evaluation on a Likert-type scale, from 1 to 5 (where 1 meant strong disagreement, and 5 strong agreement), of different types of floor coverings, in relation to a series of statements.

These items referred to technical as well as aesthetic qualities that could be encountered in the various products, as well as price perception (in this case, 1 meant that it was perceived as a very low price, and 5, a very high price). Specifically, the statements referred to wear resistance, ease of installation and maintenance, variety of finishes and designs, how hygienic the product was perceived to be, and price.

The substitute products analysed together with the ceramic products were carpeting, vinyl, natural stone, wood and laminates.

As far as the results are concerned, set out in Table 1, the following conclusions may be drawn: the scores given by both the British and French are very similar, which suggests there are hardly any significant differences. This allows discussing these evaluations in a global fashion, even though the tradition regarding the use of different products in the home in the two markets is quite different.

Therefore, in the first place, leaving aside the item in relation to price, only ceramics and natural stone score above 4. In particular, for the first item, wear resistance, these two products receive very high scores in relation to the rest of the substitute products, which, except for wood, are even rated below 3.

With respect to perceived maintenance and hygiene, the ceramic product stands out clearly from the rest, including natural stone, scoring around 4.50, whereas the remaining products receive a rating around 3. And carpeting does even worse, with very low scores, even below 2, in the item relating to the hygienic quality of the product. Wood also scores below 3, in relation to ease of maintenance.

As far as the variety of finishes and designs are concerned, the ceramic product again stands out, although in relation to this statement note that all products score above a pass, i.e. 3.

Finally, with regard to ease of installation and price, the opposite occurs to the previous cases. The ceramic product and natural stone receive the worse scores in these items, as they are considered to present the greatest difficulty when it comes to installation. And this is also the case with respect to price, since they are perceived as the most expensive coverings, together with wood.

	CARPETING		VINYL		CERAMICS		NATURAL STONE		WOOD		LAMINATES	
	UK	FR	UK	FR	UK	FR	UK	FR	UK	FR	UK	FR
Wear resistance	2,47	2,33	2,78	2,74	4,78	4,26	4,28	3,69	3,11	3,21	2,67	3,05
Ease of installation	3,92	3,90	3,64	3,60	3,08	3,52	2,58	2,95	3,06	3,07	3,44	3,38
Ease of Maintenance	2,81	1,76	3,36	3,36	4,61	4,45	3,42	3,14	2,89	2,86	3,25	3,55
Variety of finishes and designs	3,78	3,07	3,22	2,93	4,36	4,50	3,31	4,24	3,25	3,93	3,19	3,33
Hygienic	1,83	1,38	3,67	3,26	4,50	4,62	3,56	3,90	3,06	3,40	3,31	3,50
Price	2,97	2,07	2,22	2,17	3,28	3,26	4,19	4,21	3,75	4,05	2,64	3,07

Table 1

3. THE PERCEIVED IMAGE OF CERAMIC PRODUCT ORIGIN

On the other hand, focusing on what the ceramic product is, the study seeks to answer three further questions:

- Where do the purchased ceramic products come from?
- With which attributes does each of these markets relate the main ceramic industries?
- With which attributes does each of these studied markets identify the ceramic products made by the main industries?

In regard to the first question, in the study it was sought, first, to try to establish how well acquainted the French and British professionals were with the different ceramics producing places; secondly, to attempt to ascertain from which of those places they were acquiring the products and, finally, to compare their level of overall satisfaction with the different origins.

These enquiries focused on three European industries. Two of these have a long-standing tradition, the Italian and the Spanish ceramic industry, while the third, the Turkish ceramic industry, is considered an emerging industry.

In relation to familiarity, the indices of the two first industries were obviously over 90% in both France and the United Kingdom. In contrast, in regard to the Turkish ceramic industry, the degree of acquaintance dropped to 53% in the case of the United Kingdom, and to 38% in France.

As far as the following point was concerned, that is, whether they acquired ceramic products from these places, the same occurred to a certain extent as was remarked in the previous paragraph: indices over 80% for the Italian and Spanish ceramic industries. Note, however, that in the case of the French, the greater acquisition corresponded to Italian ceramic products, whereas in the case of the United Kingdom, the greater acquisition lay in Spanish products. In relation to Turkish ceramic products, the acquisition was much smaller, around 26% in France and 19% in the United Kingdom.

Finally, in regard to the overall satisfaction of the surveyed French and British interviewees concerning the different origins of the ceramic products, Spanish and Italian products received a high satisfaction rating, scoring around 4.20 out of 5. In contrast, for ceramic products originating from Turkey, the satisfaction level did not score a pass, as it lay below 3.

In regard to the last two questions, before discussing these further, it is important to note why importance is attached to the product's place of origin. From the remarks made in the introduction it may be inferred that the projection of a positive image abroad of a product's place of origin will always be an element that facilitates the activity of organisations abroad [13, 9].

Similarly, when it comes to commercialising products abroad, the possible projection of a negative made in of a certain origin or, equally, the lack of image of that place, which prevents identification of the product with that origin, can become a true barrier to entrance to foreign markets for those products [11, 3, 16].

On the other hand, note that the saturation in supply in today's markets means that for a product lacking a strong presence, not backed up, moreover, by appropriate promotional support, the weakness of its image could even place it below the market's minimum threshold of perception.

The result would be that this product had no defined image or even a distorted one for the market and could, hence, no longer compete under the same conditions[3]. Thus, faced with globalisation, having high recognition abroad and achieving, in principle, high product credibility are objectives to which public administrations should commit themselves at present [20, 21].

On the other hand, countries that have a sufficiently good and consolidated image to serve as an effective support for their exports also congratulate themselves on having organisations with recognised brands that have contributed substantially to the creation of that image, and which also display an important tendency to use the national origin of the product as a reinforcing element for themselves[19, 17]. This transfer of images and associations between country of origin and product brand is known as cross-fertilisation [2, 4] and refers to the mutual benefits reaped in time by the country, the brands and their organisations, in terms of credibility and trust.

For these reasons, Valls (1993) and Ortigueira Sánchez (1999; 2000) indicate the convenience, on the one hand, of implementing active policies of country image management on an institutional level, as a starting point for recognition of the country abroad. This enables providing the products of that place of origin with what is known in the literature as a halo effect, which consists basically of turning the image of the place of origin into an identifier of its products [8] That is, when specific information on a product is unavailable, the image of the country is sufficiently powerful to transfer consumer perception of it to the attributes of the product, and is able to contribute, thus, to having a quality judgment made on this product. Such an effect can and needs to be achieved through promotional efforts [5, 14, 6].

But it is also necessary to act in regard to country image management on a sectoral level (i.e. at a specific level for a given product category), since it is reasonable to consider that the images that individuals form may vary considerably depending on the product or the product category [10]. Product origin is a potentially powerful image variable that can be used to achieve sustainable competitive advantages and can become a quality brand in time for a specific product category. However, for this to occur, it is necessary also to carry out at this level an appropriate policy of communication, which enables reaching a high degree of identification between the projected image and the image perceived by individuals [12, 22].

Consequently, organisations can obtain greater competitive advantages by associating their products in the commercialisation abroad with the name of their place of origin. But for this, they need to identify this place of origin with a quality know-how corresponding solely to the industry of that place of origin and, thus, create an umbrella brand under which the whole industry can shelter and from which the whole industry can benefit. Therefore, it will be necessary to develop a concrete definition of the dimensions to be encompassed by this and with which it will be possible to compete on the international stage.

Thus, the third question raised in this study referred to the attributes with which each of the markets being surveyed (France and United Kingdom) related the European ceramics industries at issue (see Table 2).

The attributes under evaluation have been the perception regarding the investment made in R&D, the prestige or reputation achieved, the capabilities in relation to product availability and after-sales services and, finally, the level of prices offered in relation to perceived product value. In this case as well, the evaluations were made on a scale from 1 to 5 (where 1 meant very low and 5 very high).

	Spanish ceramic industry		Italian ceramic industry		Turkish ceramic industry	
	UK	FR	UK	FR	UK	FR
Research and development	4,08	4,02	3,86	4,31	2,56	2,76
Prestige	4,36	3,76	4,14	4,26	2,36	2,52
Product availability	4,36	3,64	3,81	3,74	2,47	2,74
After-sales service	4,08	3,48	3,64	3,50	2,42	2,71
Value for money	4,08	3,95	3,56	3,76	3,08	2,83

Table 2

Once again, an important distance can be observed between the two traditional European ceramic industries (Italian and Spanish industries) and the emerging Turkish industry. This last industry scores below 3 in every item, though the last item is close to a pass. To a certain degree, this would appear reasonable, since although the price of these products is lower, the perceived value of a Turkish product is also lower.

As far as the traditional industries are concerned, the scores given by the British to Spanish ceramic products are particularly notable, and are all above 4. Note, furthermore, the lower scores given by the French to both Spanish and Italian ceramic products. Even so, they are always far above 3, and slightly higher for the Italian ceramic products, thus corroborating what has been remarked previously in relation to the level of overall satisfaction, which, for the French professionals, was greater with the Italian products.

In addition, it should also be indicated that whereas the scores given by the French and British for Italian ceramic products are very similar, this was not the case with ceramic products from Spain, which display significant differences in the scores given to the items by the French and British, particularly in relation to the prestige of the industry, product availability and services offered.

Finally, in regard to the level of prices offered in relation to perceived product value (value for money), note the better scores given by both British and French to products from Spain, as opposed to those from Italy.

And in relation to the last question, which referred to the different attributes with which each of these consumer markets (France and the United Kingdom) identified the ceramic products made by the industries at issue, the analysis made of a series of statements measured on a scale from 1 to 5 (where 1 means very low and 5, very high), yields the following conclusions (see Table 3):

For the third time in this study, the important gap is again to be observed, in this last case, between the Turkish ceramic product and the products from Spain and Italy. In no case, does the Turkish ceramic product score a pass (a score of 3), and the scores given by British and French are very similar.

	Spanish ceramic product		**Italian ceramic product**		**Turkish ceramic product**	
	UK	**FR**	**UK**	**FR**	**UK**	**FR**
Design	4,28	4,05	4,36	4,57	2,72	2,52
Product quality	4,25	4,02	4,28	4,10	2,78	2,50
Wear resistance	4,25	4,07	4,11	4,12	2,89	2,71
Variety of finishes	4,31	4,19	4,25	4,40	2,86	2,86

Table 3

As far as Spanish and Italian ceramic products are concerned, it is clear that British and French professionals value both in a very similar way and, in any case, always rate them over 4.

However, it may be said that the Italian ceramic products seems to be more appreciated for their aesthetic aspects (design and variety of finishes) than for their technical features (product quality and wear resistance), particularly by the French professionals. In the case of Spanish ceramic products there would appear, in principle, to be a greater balance in the scores given to the four items; perhaps to be highlighted is the higher rating given to technical quality (such as wear resistance) compared with that of the Italian ceramic product.

4. CONCLUSIONS

Therefore, in conclusion to the first point it may be said that both consumer markets (France and the United Kingdom) note the superior technical qualities of ceramic products compared with other floor coverings, such as greater wear resistance, easy maintenance and the perception of it being an extremely hygienic product. In addition, from an aesthetic point of view, ceramics are also valued as the products that have the greatest variety of finishes and designs. However, the study also shows two of their most important disadvantages: the greater difficulties in regard to installation, and the greater payment to be made in order to purchase this type of product.

On the other hand, the second part of the work indicates the possibility of effective and frequent use of the image of the country of origin as a competitive tool for the ceramic industries in prestige European markets. In this sense, organisations should be aware of the importance of incorporating this image appropriately in their marketing plans [22]

Organisations need to be clear at the time of designing the most appropriate strategy for the product image to be projected, and, therefore, regarding the aspects to be highlighted most, that both the intangible place of origin and their own individual brand can coexist as product attributes. At issue is the creation of an umbrella brand that can be used for commercialisation in different markets, in order to supply a general backing in the form of greater value to all the brands and organisations that shelter under this, however, without preventing at any moment the pursuit of individual business development. The purpose is for both intangibles to be used as assurance of satisfaction to help clients make their purchasing decision [24].

It is important furthermore, that the organisations involved should note that the added value incorporated by the image of the product's place of origin will only be effective within certain limits, since the product needs to meet a minimum quality level and have a price matching the value offered, so that the image of the place of origin can offer, in a sustainable and continuous way in time, the added value sought [14, 15].

Thus, it is impossible to compete without acceptable levels of quality. An image policy cannot replace or compensate this absence, in time. The starting premise must be, therefore, to offer a product with the capacity to compete at least on equal terms [18]. As far as price is concerned, Garcías and Revilla (1998) recommend, for example, that exporting companies should not embark on a price war, especially between those from the same place, since this marketing action (which responds to a strategy of price competition in the pursuit of greater market share) could seriously harm the perception abroad of the product originating from that particular place.

In addition, it is convenient to take into account that just as organisations can benefit from a favourable image of the place of origin when they enter new markets and, thus manage to have their products perceived as entailing a smaller risk and, therefore, achieve rapid product acceptance, organisations can also exist which, in the face of this situation, attempt to take advantage of this favourable image with products of inferior quality [1]. This fact can seriously damage the image of that place of origin and, consequently, the other organisations, since individuals continuously make abstractions of the environment [8]. This, then, makes it recommendable to pursue monitoring actions by the sector, based on permanently maintaining the desired image. It is necessary always to bear in mind that the attribute transmits the image that the origin projects, and not the one that it wishes to project. It is essential, therefore, continuously to manage how this image is perceived, so that corrective actions can be implemented before the benefits that are in principle expected should turn into irreparable damage.

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