CROATIAN T&C INDUSTRY AND STUDENTS CUSTOMER SATISFACTION WITH CLOTHING PRODUCTS PRODUCED IN DOMESTIC COMPANIES

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ABSTRACT

In today's world of globalization and economic crisis threats for the manufacturing business in such competitive market is also the case in sector of fashion industry. It brings worries for the future and is growing every day, especially for small and medium enterprises (makes 98,56% of all) in clothing industry (C14) in Croatia in the year 2011.

In creating an effective marketing strategy it is important to identify factors that determine demand, satisfaction and idealistically, brand loyalty. This paper examined some macroeconomic indicators of Croatian textile and clothing (T&C) industry sector and demand for clothing products trough students customer perception and behaviour about Croatian producers clothing products, their satisfaction and their brand loyalty. Data were collected by surveying student population - customers of Croatian clothing products. On-line surveying students (N=311) from three faculties of University of Zagreb (EFZg, AgrF and TTF)* showed that the most of them do buy Croatian clothing products. Products quality showed to be an important factor in their purchase. Other important factors are price, fashion trends, brand image and companies' image. Furthermore, consumers are very pleased with products quality, but discontented with price, promotion and availability of products. There are a large number of customers that are not loyal to Croatian brands. Results show that Croatian clothing companies don't have clearly developed marketing strategy and should pay more attention to developing long-term relationships with their customers, researching reasons for their loyalty and developing loyalty programs. All customers agreed about buying more Croatian clothing products in case of better and more modern design, lower price, bigger promotion and wider distribution.

The scientific contribution of this paper are new insights and better understanding of the demand for clothing products in Republic of Croatia, as well as the specifics required to build a competitive marketing strategy.

KEYWORDS: Croatian textile and clothing (T&C) industry sector, small and medium enterprises, costumer perception and demand, domestic clothing market, satisfaction and loyalty, marketing strategies, students population

1. INTRODUCTION

The aim of this paper is to give a brief simple, descriptive time series analysis of some macroeconomic indicators of Croatian textile and clothing (T&C) industry as a base for understanding the place of this manufacturing industry sector in last 4 years (2008-2011) in the Croatian economy. The other aim is to empirically research the customers (students) perception and behaviour considering domestic (Croatian) producers clothing products, their satisfaction and their subjective loyalty (affiliation), as a croaky view of this interesting marketing segment which potential should grow in years ahead considering domestic (Croatian) producers of clothing products.

In general, as Andolfinin and Andersen (2011, 19) indicate the textile and clothing manufacturing industry sector is strongly driven from the dynamics in textile and clothing markets and therefore it is necessary to distinguish between two different market systems:

1. Consumer markets that are predominantly served through retailing and
2. Industrial markets where textiles are part of a system (e.g. a car) or a project (a hotel or luxury yacht) predominantly served through downward industries.

There are no precise estimates of the share of both markets, but a rough approximation indicates that consumer markets represent 60% of total textile market and industrial markets 40%.(Andinolfi, Andersen, 2011, 19). This paper

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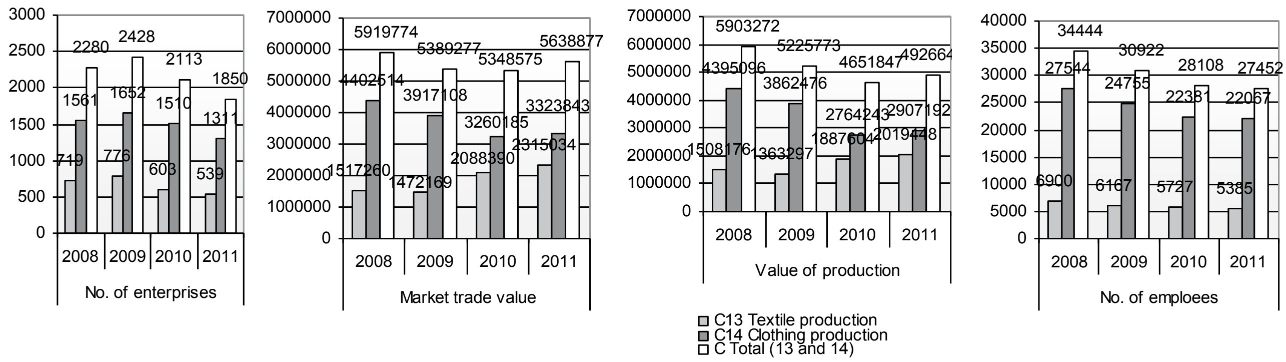
tries to add some empirical facts based on the analysis of data, their trends and drivers of change found in available literature, students survey and data analysis.

1.1. Croatian textile and clothing (T&C)

This section provides data overview of some macroeconomic indicators and their key developments, trends and drivers in the Croatian textile and clothing industry (C13 textile production and C14 clothing production; T&C sector). The Croatian textile and clothing manufacturing industry (C13 and C14) shows generally mostly declining data trends over the last twenty years. Thus recent statistical data of some macroeconomic indicators of industrial production and employment in textile and clothing industry, they continue to record a decrease in production. Graph 1. and Table 1. as well as Table 2. presents quick view and tendency of some macroeconomic data in Croatian textile and clothing manufacturing industry (C13 and C14) that mostly decline (number of enterprises, number of employees, production volume and value, growth rate).

Graph 1. Presentation of absolute values of macroeconomic indicators of in Croatian textile and clothing manufacturing industry during time period (2008. -2011.) by number of enterprises, market trade value, value of production and number of employees



Source: Authors according to CBS data

In the year 2009, there were 22.447 employees in the textile and clothing industry; 17,30% in textile and 83,79% in clothing industry.

Table 1. Frequencies in the year 2008 and time series indices during period (2008-2011) in Croatian textile and clothing manufacturing industry by number of enterprises, market trade value, value of production and number of employees

Year	2008 (2008=100%)	2009/2008	2010/2008	2011/2008	2009/2008	2010/2009	2011/2010
	Indicator	**Basal index (Ib) %**			**Chain index (Iv) %**		
Branches of manufacturing ind.:	**No.of enterprises**	Basal index (Ib) of No.of enterprises			Chain index (Iv) of No.of enterprises		
C13 Textile production	719	107,93	83,87	74,97	107,93	77,71	89,39
C14 Clothing production	1.561	105,83	96,73	83,98	105,83	91,4	86,82
C Total (13 and 14)	2.280	106,49	92,68	81,14	106,49	87,03	87,55
	Market trade value (HRK)						
C13 Textile production	1.517.260	97,03	137,64	152,58	97,03	141,86	110,85
C14 Clothing production	4.402.514	88,97	74,05	75,50	88,97	83,23	101,95
C Total (13 and 14)	5.919.774	91,04	90,35	95,25	91,04	99,24	105,43
	Value of production (HRK)						
C13 Textile production	1.508.176	90,39	125,16	133,90	90,39	138,46	106,98
C14 Clothing production	4.395.096	87,88	62,89	66,15	87,88	71,57	105,17
C Total (13 and 14)	5.903.272	88,52	78,80	83,46	88,52	89,02	105,91
	No.of emploees						
C13 Textile production	6.900	89,38	83,00	87,32	89,38	92,87	94,03
C14 Clothing production	27.544	89,87	81,26	80,12	89,87	90,41	98,60
C Total (13 and 14)	34.444	89,77	81,60	79,70	89,77	90,9	97,67

Source: Authors according to CBS data

Textile sector (C13) shows generally brighter perspective comparing to clothing sector (C14). Textile sector perform, during the selected period and especially recently, at least encouraging, increase in i.e. market trade value, value of production and labour productivity (2,2% comparing to all sectors in the year 2012) while decrease and negative rates are general characteristic of other indicators in C13 and generally whole Croatian clothing sector.

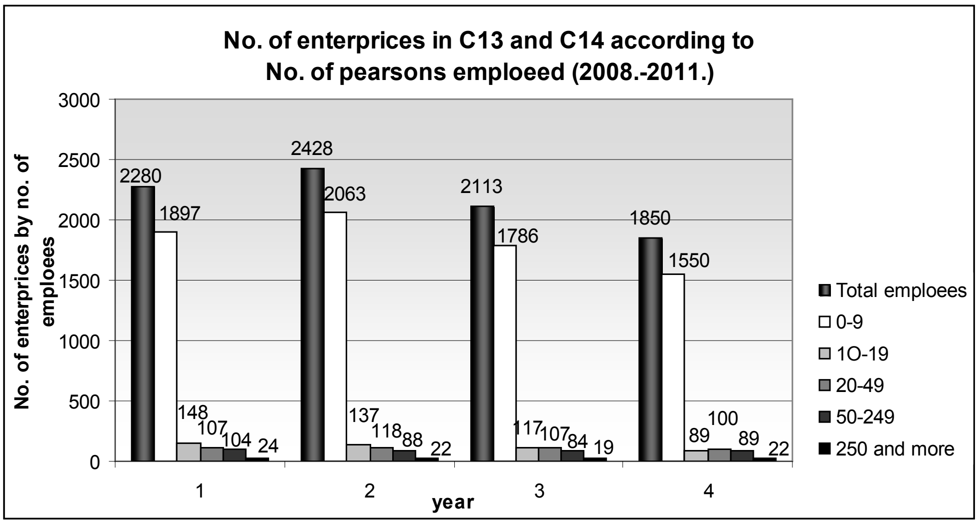
Table 2. Industrial production indicators: gross volume, growth rate, Structure and rates of persons employed and Labour productivity (2012)

Indicators of Croatian industry (2011., 2012.)	Industrial production-GROSS VOLUME indices, total, according to MIGs 2009. and NKD 2007. sections and divisions	Industrial production-GROW RATES calculated on basis of working-day ajusted indices,	Structure of persons employed	Persons employed	Labour productivity
	I. – XII. 2012. / I. – XII. 2011.	I. – XII. 2012. / I. – XII. 2011.	ø 2012.	XII. 2012. / XII. 2011.	ø 2012.
Total industry	94,5	-5,5	100,00	93,9	98,7
C Manufacturing	94,7	-5,1	89,91	93,6	99,1
C 13 - Manufacture of textiles	91,4	-7,8	1,72	88,2	102,2
C 14 - Manufacture of wearing apparel	86,7	-13,4	8,12	85,3	96,3

Source: Croatian Bureau of Statistics (CBS): Industrial production volume index and indices of stocks, persons employed and labour productivity

The distribution of enterprises in Croatian textile and clothing (T&C) sector, according to their proportions of enterprise sizes, selected by number of persons employed, shows a little variation during the selected period and average (in 4 years) and it is shown at Graph 2. There lays the opportunity for Croatian T&C sector when knowing that customer-satisfaction and customer-orientation are strongly associated with successful small companies (Blythe, 2001; Brooksbank et al., 1992). “It is the customer who determines what a business is, what it produces, and whether it will prosper.” (Drucker, 1954, 37). Ties with customers enable Small and Medium Sized companies (SME’s) to know customers taste and demands and respond appropriately in order to satisfy them. It also promotes open communication, which in turn develops trust and reliability of the SME in the eyes of customers (Gilmore et al., 2001).

Graph 2. Croatian textile and clothing total number of enterprises and their distribution by sizes of company during four-year time series



No.of enterprieses in C13 and C14 according to emploeed persons					
No.of pearsons emploeed	0-9	10-19	20-49	50-249	250 and more
Average 4 years proportion	84,12	5,62	5,01	4,24	1,01

Source: Authors according to CBS data

While industrial producer price indices somewhat weary since 2008 Prices are displayed as indices (base is the value in previews year) methodological validity. Table 3 shows the movement of prices of textile and clothing products.

Table 3. Manufacturers price indexes of textile and clothing products in the years 2009, 2010 and 2011

Industrial producer price indices (total) according to MIGs 2009. and NKD 2007. sections and divisions, in december	Indicies – Iv (%)		
	I. – XII. 2009. / I. – XII. 2008.	I. – XII. 2010. / I. – XII. 2009.	I. – XII. 2011. / I. – XII. 2010.
C 13 - Manufacture of textiles	96,9	111,0	89,0
C 14 - Manufacture of wearing apparel	79,9	98,9	105,0

Source: Authors adaption from Croatian bureau of statistics data: Short-term Indicators of Industry, 2009; 2010; 2011 – Industrial Production, Producer Prices, Turnover and New Orders of Industry-Statistical reports - 1402/2010; 1429/2011; 1458/2012

According to Anić, et al. (2011) in research on the differences and similarities in strategies employed by 80 companies operating in the Croatian textile and clothing industry, research results indicate that textile and clothing manufacturers in Croatia employ two major strategies: low cost strategy and value-oriented strategy. This paper will hereinafter try to investigate the other perspective, focusing on the students costumer's perspective, i.e. perception, satisfaction and loyalty intention of clothing products produced in Croatian companies, as well as the specifics required to build a competitive marketing strategy.

1.2. Costumers perception and behaviour at fashion and clothing market

Fashion Marketing is commonly classified in two micro and macro topics, include: Micro topics are focused on services / products offered and how to deal with customer. In fact, long-term services of customer should be considered for maintaining profitable ones.

According to Anić and Rajh, (2008, 137) numerous studies have analyzed the demand and consumer behaviour in the textile and garment industry. Studies have mostly focused on the clothing industry. Many factors influence the increase or decrease in demand for some products, and factors affecting the increase in demand are: price, income, population, cost and availability of complementary products, prices and availability of substitutes, consumer needs and tastes, and special effects (Grabovac, 1998, 44). According to Solomon and Rabolt (2004.): many studies have looked at evaluative criteria that customers use when making apparel and fashion decisions. Some of them were studies of authors like: Jacoby, Olson and Haddock (1971), Davis (1985), Hatch and Roberts (1985), Casill and Drake (1987), Eckman, Damhorst and Kadolph (1990), Kwan et al. (2004) or Stracenski (2004). Usually criterias/factor are/is divided at intrinsic factors or extrinsic factors. Intrinsic attributes of the product cannot be hanged without changing physical characteristics of the products such as design/stile, colour, fabric, quality, fit, and care. Extrinsic ones are determinate by manufacturers and/or retailers and cannot be the basic component part of the product such as the brand, price, image, country of origin. Different criteria may have also different importance on consumers buying decision (Stracenski et al., 2012).

When speeking about fashion and clothing market Andinolfi and Andersen (2011.) emphesise that in EU, consumer markets are stable or declining in mature markets (but are less sensitive to the conjectural cycle) whereas industrial markets are growing slightly above the rate of economic growth (but are far more sensitive to cycles). In Emerging Economies the trend is slightly different as societies are normally based on a dynamic and youthful population that has still some basic needs to be fulfilled but is looking at Fashion and especially Fashion Brands as a way to show their personal and professional accomplishment (Andinolfi; Andersen, 2011, 19).

According to the data from Croatian bureau of statistics there are 1,535,635 private households in Republic of Croatia (CBS, 2011) and it is assumed that the market potential for the Croatian textile and clothing sector is about 6 million HRK. In theory, income is the most important determinant of demand for textile and clothing products (Grahovac, 1998). Data from Central Bureau of Statistics in Croatia show that between 2005 and 2007 total disposable income per household had increased from 69.180HRK to 77.442HRK, relatively 11,9%. In the same time there was an increase in the average annual personal consumption of clothing and footwear in the household from 5.377 HRK to 5.867 HRK, relatively 9,1%.
But as it is shown in table 4, since 2008, time when recession began, it shows constant declining tendency.

Table 4. Personal consumption, annual average per household for clothing and footwear, expenditures, structure and indicies

Consump. expend. group C14 Clothing and C15 footweare	Year	Personal consumption, annual average per household on clothing and footweare(HRK)	Expenditures, Structure, % out of total that year	Indicies	
				Iv (%) (v=year befoure)	Ib (%) (b=2008)
Total C14 and C15	2008	5.902	7,90	/	100,00
Total C14 and C15	2009	5.553	7,30	94,09	94,09
Total C14 and C15	2010	4.787	6,40	86,21	81,11
Total C14 and C15	2011	4.493	6,00	93,86	76,13
		4.493	100,00		
C14 - clothing	2011	3.124	69,50		
C15 - footweare	2011	1.369	30,50		

Source: Authors adaption from Croatian bureau of statistics data

Unfortunately, the elasticity of demand considering income in Croatia by groups of textile products can not be calculated (Anić et. al. 2008), because the lack of statistical data by groups of textile products and expenditures.

According to Haluk Köksal and Özgül (2007), economic crises affect consumers both psychologically and economically, i.e. consumer behaviour and habits adapt to changing economic conditions (Ang, 2001; Ang, et al., 2000; Zurawicki; Braidot, 2005). Negative trend of total economic activity was moderated in 2010 to a decline level of -1,2% (CCE). According to a generally accepted practical definition of economic research, if GDP drops for two consecutive quarters, a recession may officially be declared (Shiskin, 1975).

Other macroeconomic indicators also suggest a decline in business activity. The year 2010 will be registered for the largest unemployment increase in newer Croatian history. Stronger economic recovery is not expected in 2011, therefore significant positive shifts in the labour market could not be expected as well. The registered unemployment rate in February, 2011 was 19,6%, which is 1,3 percentage points higher than last year's and 5,1 percentage points higher than before the crisis in 2008 in the last sixteen years, due to further reductions in domestic demand, growth of unemployment and a decline in disposable income (CCE).

Such heavy blows to the economy have forced customers to consider their own expenditures more thoroughly. They try to maximize their usefulness in the selection of goods depending on the consumption of that good (Banks, et al. 1997). Purchasing process through which consumer goes when buying, includes the following phases: identification of needs, seeking product information, evaluation of product attributes, product selection, making the purchase, ratings of satisfaction after buying the product, possible re-purchase and customer loyalty (Giese; Cote, 2000; McQuitty et al., 2000).

Unfortunately, on the other hand, Croatian textile and clothing companies in dynamic environment have weaken their competitive position. Resent data show negative trade balance (in 2011 it was –344.573, and in 2012 it was -282.879, but a bit encouraging is that in 2012 the negative trade balance is 17,9 index points lower than in 2011, based on CBS data (2013) presented in table 5.

Table 5. Export and import and incdicies of manufacturing of textiles, clothing, footwear, lether and simmilar products (2011. and 2012.)

Export and import according to NKD 2007. (production principle/approach)	EXPORT			IMPORT		
	I. – XII. 2011.	I. – XII. 2012.	Indicies I. – XII.2012. / I. – XII.2011.	I. – XII. 2011.	I. – XII. 2012.	Indicies I. – XII.2012. / I. – XII.2011.
CB Manufacturing of textiles, clothing, footwear, lether and simmilar products	749.343	727.768	97,10	1.093.916	1.010.647	92,40

Source: Croatian Bureau of Statistics (CBS)

The company's survival depended on the ability to introduce radical changes necessary to cope with new market challenges. Even though the crisis environment can pose a significant threat, it is also an opportunity to improve business performance, depending on the nature and root of the crisis (IMF). Some economies (countries) tried to empower their strength by encouraging their costumers to by more or at least, more often domestic products.

So, to empower the domestic industry, different countries carried out campaigns to convince consumers to support domestic industry products such as the campaign carried out by the U.S. clothing (apparel) industry during the 1980s named "Crafted with Pride" in the USA or "Let's by domestic (Croatian)" in Croatia 2000s. The goal of this kind of extensive campaigns were to promote labels, hangtags, and extensive advertising were used in attempts to convince consumers that Made in the national economy (USA; Croatia) and its effect should play a fundamental role in clothing purchase decisions (Crafted with Pride Dazzles America 1986; Dickerson 1995).

Consumer decision-making has both cognitive and affective characteristics when the fashion and clothing items/brands are researched. Although many factors influence consumer decision-making, consumers are thought to approach the market with certain basic decision-making styles (Sproles; Kendall, 1986). In the existing consumer behaviour literature, most studies assume that all consumers' approach shopping with certain decision-making traits that combine to form a consumers' decision-making style (Zhang, 2012), such as: the consumer typology approach, the psychographics/lifestyle approach, and the consumer characteristics approach and utilized a Consumer Styles Inventory (CSI) (Sproles; Kendell, 1986). But the consumer characteristics approach has been perceived to be more powerful and explanatory than others, as its focus on consumers' mental orientation (Lysonski, et al., 1996).

Sproles and Kendell, (1986) define eight factors included in the CSI to describe clothing decision making styles: (1) **quality** - Perfectionism or High-quality conscious – consumers seek the very best quality products, have high standards and expectations for consumer goods, and are concerned with the function and quality of products; (2) **image** - Brand consciousness – consumers are oriented toward the more expensive and well-known national brands and feel price is an indicator of quality;

(3) **fashion** - Novelty-fashion consciousness – consumers gain excitement and pleasure from seeking out new things, and are conscious of the new things; (4) **recreation** - Recreational, Hedonistic Shopping consciousness – consumers find shopping pleasant, shop just for fun of it; (5) **value**- Price Conscious, or "Value for money" – consumers are low-price conscious, look for the best value for the money, and are likely to be comparison shoppers; (6) **emotion** - Impulsiveness, Careless – an orientation of consumers not to plan shopping or to be concerned about the amount of money they spend; (7) **confusion**- Confused by Over-choice – consumers who perceive many brands and stores from which to choose and have difficulty making choices; and (8) **loyalty** - Habitual, Brand-Loyal toward consumption – consumers who are apt to have favourite brands and stores.

The numerous cross-cultural studies have shown that the CSI has a potential utility across international populations, although decision-making styles can vary across cultures. Zhang (2012) had found that it has been applied in following nine countries: initially in the U.S. (Sproles; Kendall, 1986) and to countries such as Korea (Hafstrom; Chae; Chung, 1992), New Zealand (Durvasula; Lysonski; Andrews, 1993), Greece, India (Lysonski; Durvasula; Zotos, 1996), the United Kingdom (Mitchell; Bates, 1998), China (Fan; Xiao, 1998; Hiu et al., 2001), Germany (Walsh; Mitchell; HennigThurau, 2001), Singapore (Leo; Bennett; Hartel, 2005), and afterword i.e. China and India (Byoungho; Park; Ryu, 2010), U.S. and Japan (Lee, J.; Karpova, E.E., 2011.) or U.S. and China (Zhang, 2012). Hiu et al. (2001) recommended four factor model: "Quality Conscious", "Brand Conscious", "Fashion Conscious", and "Recreational" are more fit to measure global consumer decision making style.

According to Yang and Tsai (2007), overall satisfaction reflects customers' cumulative impression of a clothing performance and that, in turn, may serve as a better predictor of customer loyalty (Yang; Peterson, 2004). Recently, it has attracted researchers to pay attention to the formal tests of the mediation effects of customer satisfaction in an integrated loyalty model or behavioural intentions model (e.g., Yang; Lin, 2006).

Furthermore, numerous studies considering the effects of the Made in the USA label on clothing purchasing showed that country-of-origin was far less important to consumers' clothing decisions than product attributes such as price, aesthetics, and quality (like: Abraham-Murali and Littrell 1995; Eckman, Damhorst, and Kadolph 1990; Ettenson, Wagner, and Gaeth 1988; Forney, Rabolt, and Friend 1993; Gipson and Francis 1991; Hester and Yuen 1987; Lang and Crown 1993). Few consumers appeared to be aware of the country-of-origin of their clothing purchases, and even fewer consumers admitted to caring (Forney et al. 1993; Hester and Yuen 1987).

Customer loyalty has been shown to have a strong impact on firm performance. Research has also indicated consumers may demonstrate their loyalty towards a firm in numerous different ways including willingness to pay higher prices, advocacy and the establishment of a long lasting relationship (Rowley, 2005). Dick and Basu (1994) argued that consumer loyalty is primarily determined by the strength of the relationship between an individual's repeat patronage and their relative attitude towards the entity. Generally, consumers who display relatively high levels of loyalty are likely to be more actively involved with the company and are also more likely to spend a significantly higher proportion of their expenditure with businesses they are loyal towards (Knox, 1998).
The rest of the paper is organized as follows: the next section present research design and data analysis, followed by a brief presentation of the results of the data analysis and discussions that leads to the key messages, conclusions and recommendations of future research areas.

2. METHODOLOGY

According to the theme of this research, parts of this study are based on exploratory research and parts of it are based on descriptive purpose. For the empirical research, the method of convenience sample was used. In total, 480 students' population customers (student's mailing list studying economics classes/module) equally from Faculty of economics and business Zagreb (EFZg), Faculty of Agriculture (AgrF) and the Faculty of Textile Technology (TTF) of Zagreb's University, studying during the year 2012, were selected. As a result the total sample comprises responses from 311 students/costumers students whom were willing, anonymously to participate, i.e. who filled out a questionnaire and processed it back. All surveys (respondents) were aggregated from above faculties (regardless of institution) of University of Zagreb studying economic course/module. Data were collected and partially analysed via on-line questionnaire using free program "SurveyMonkey online surveys" and SPSS17. Of all respondents (N=311), 65,27% (203) were females and 34,73% (108) were males with. Both sex groups having an average age of 20 years old (disperse from 19-24 years old). Data were presented via tables and graphs. Statistical analysis used simple and descriptive statistics method.

The method of on-line questionnaire was designed based on two demographic questions about age and gender and 6 criteria questions was adapted from established measurement scales (Anić et al., 2008.) on which the measurement of each variable was automatically generated. Several changes were made in the wording of some items. First question (Q1.: Do you buy clothes produced in Croatia?) was dichotomous; second question (Q2: What are your main reasons for buying Croatian products?) was semi structured; third question (Q3: What is your main reasons for buying Croatian clothing products?) was semi structured; next question/set of questions (Q4: How much are You satisfied with following characteristics of Croatian producers clothing products: a) Price, b) Quality, c) Fashion design, d) Availability and e) Promotion) was structured and all items in scales were retained, and for all scales Likert-type response categories (1 completely dissatisfied – 7 extremely satisfied) were used; fifth question asked about subjective perception of their own "loyalty"/affiliation for Croatian producers clothing products (Q5: How much are you loyal to Croatian clothing products?) also scales 5 point Likert- type response (1 extremely unloyal – 5 extremely loyal); and last open ended question (Q6: In what situation would Croatian manufacturers of clothing have been your first choice in buying clothing product?).

3. ANALYSIS

At the first question with closed, dichotomy answers responded 99,04% students (308), i.e. three respondents (out of 311) didn`t answer the Q1.: Do you buy clothes produced in Croatia? 68,18% (210) of respondents answered with „yes", so they buy Croatian clothing products. While 31,82% (98) do not buy it. We are free to conclude that Croatian consumers perceive the value of Croatian clothing products.

The several main factors which, according to survey, encourage consumers to purchase are shown in table 6. On second, semi structured question (Q2: What are your main reasons for buying Croatian products?), answered 96,14% of respondents. The most significant factor for the selection of clothing manufactured in Croatia respondents found *quality of products* (33,12%). The second one is *price* (16,72%), while *fashion trends*, *image of the brend* and *image of the company* tend to be less significant. The 36,98% respondents, when added the answers *shomting else* and *missing* answer, are mostly those, which answer on priviews Q1, that they do not by Croatian clothing products. On Q2 *shomting else* answered 33,12% respondents, which on open-ended subquestion *what else,* responded mostly with larger answer (not just by giving single but reather combination or multiple characteristics), specifieing answers like: balans of *„good quality and price"*, *„I by what (if), I like (it)"* or patriotic reasons *„...because it is domestic product"*.

Table 6. What are your main reasons for buying Croatian products?

The main reasons for buying Croatian clothing products (N=311)	Frequency	Rank	Percentage of answered (299)	Percentage of total (311)
Price	52	3	17,39	16,72
Quality	103	1-2	34,45	33,12
Image of the company	6	6	2,01	1,93
Image of the brand	15	5	5,02	4,82
Fashion trends	20	4	6,69	6,43
Something else	103	1-2	34,45	33,12
Answered	299		100	96,14
Missing	12			3,86

Source: Authors

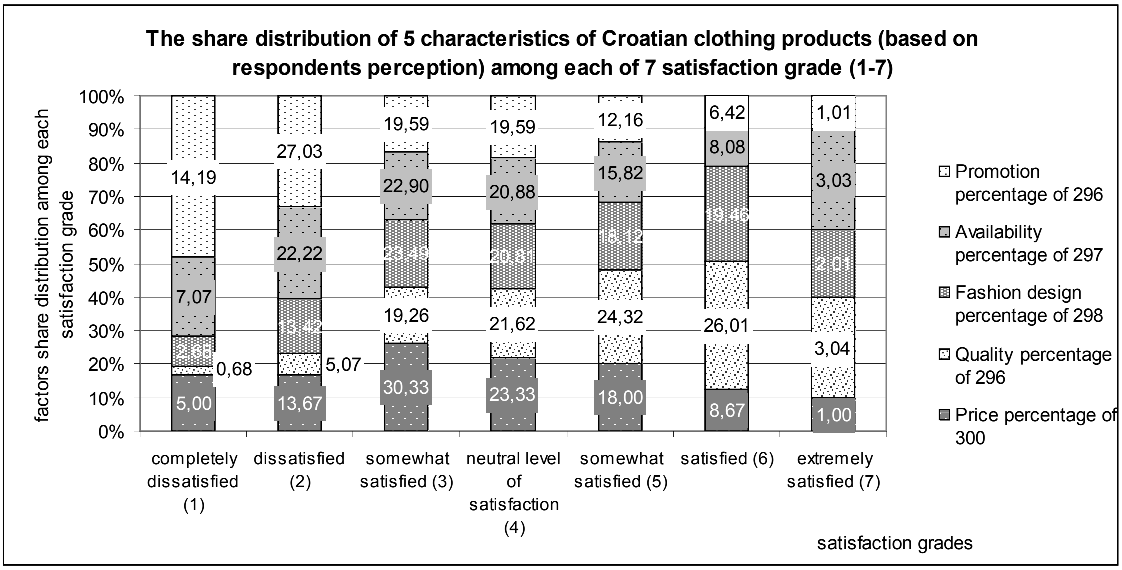
The satisfaction of 5 factors shown in table 4 were also tested using grades that represent degree of satisfaction as follows: 1= completely dissatisfied, 2=dissatisfied, 3=somewhat satisfied, 4=neutral level of satisfaction, 5=somewhat satisfied, 6=satisfied, 7= extremely satisfied. Less then 5% of respondents didn`t answered this set of questios and they mostly, strongly declare they do not by Croatian clothing.

Table 7. Rate the extent to which respondents are satisfied with the 5 factors/characteristics

The rate of satisfaction with product characteristic when purchasing Croatian clothing (N=311)		Answers								Missing answer
		1	2	3	4	5	6	7	Total	
Price	Frequency	15	41	**91**	70	54	26	3	300	11
	Percentage of 300	5,00	13,67	**30,33**	23,33	18,00	8,67	1,00	100,00	
	Percentage of total	4,82	13,18	**29,26**	22,51	17,36	8,36	0,96	96,46	3,54
Quality	Frequency	2	15	57	64	72	**77**	9	296	15
	Percentage of 296	0,68	5,07	19,26	21,62	24,32	**26,01**	3,04	100,00	
	Percentage of total	0,64	4,82	18,33	20,58	23,15	**24,76**	2,89	95,18	4,82
Fashion design	Frequency	8	40	**70**	62	54	58	6	298	13
	Percentage of 298	2,68	13,42	**23,49**	20,81	18,12	19,46	2,01	100,00	
	Percentage of total	2,57	12,86	**22,51**	19,94	17,36	18,65	1,93	95,82	4,18
Availability	Frequency	21	66	**68**	62	47	24	9	297	14
	Percentage of 297	7,07	22,22	**22,90**	20,88	15,82	8,08	3,03	100,00	
	Percentage of total	6,75	21,22	**21,86**	19,94	15,11	7,72	2,89	95,50	4,50
Promotion	Frequency	42	**80**	58	58	36	19	3	296	15
	Percentage of 296	14,19	**27,03**	19,59	19,59	12,16	6,42	1,01	100,00	
	Percentage of total	13,50	**25,72**	18,65	18,65	11,58	6,11	0,96	95,18	4,82
General grade of 5 researcher charasteristics	Percentage of average grade	5,92	16,28	23,11	21,25	17,68	13,73	2,02	100,00	
	Mod of grade	6	4	1	2	3	5	7		

Source: Authors

Graf 3. Distribution of share of 5 characteristics/factors of satisfaction of respondents among each grade (shown verticali, by single grade)



Source: Authors

Even respondents/Croatian consumers declaire they are not at all loyal to Croatian clothing products declaire 15,11% and 28,61% express that are unloyal, while 31,19% of them have neutral level of loyalty, i.e. affiliation. Only 18,33% considere themselves as loyal. Extremely loyal to Croatian products declaire 3,54% of respondents, as it is shown in table 8.

Table 8. Frequency and rate the extent to which you are brand loyal Croatian clothing products

Brand loyal to Croatian clothing products	Extremly unloyal				Extremly loyal	Answered	Missing
	1	2	3	4	5		
Frequency	47	89	97	57	10	300	11
Percentage of 300	15,67	29,67	32,33	19,00	3,33	100,00	
Percentage of total	15,11	28,62	31,19	18,33	3,22	96,46	3,54

Source: Authors

The last open-ended question refers to situation in which Croatian clothing products would be the first choice to buy for surveyed consumers were answers that encompasses characteristics of price, quality, trendiness and design (single or in combination) appears in more then 70% of all answers:

(1)"Adequate, better price", "If they will be not too expensive"; (2)"If they will be more trendy"; (3)"Good, balanced price- quality ratio"; (4)"In the case of reasonable prices, exceptional quality and interesting design"; (5)"In case in which design could compete with brands such as Zara, Mango H & M, etc., and quality and price would be near theirs"; (6)"I think that there are (if they at least were) many manufacturers who produce high quality clothing in Croatia, but aren't promoted well and do not follow fashion trends"; (7)"I would buy Croatian clothes if it was more present in the shops, there is no way you can find it in the stores. I think the whole problem of restructuring the textile industry in Croatia need to be solved. Croatian producers doomed to a very small production."; or (8)"I think when you enhance the advertising and fashion design of Croatian producers, success could be much better".

Based on the poll that have been carried out, shown that there is a consensus among consumers that Croatian brands are not sufficiently modern and that their products are not being adequately promoted and distributed. In order to change this perception, a long-term marketing strategy relating to the promotion, price and distribution as well as bust the branding (at national but also at international market) of the products should be developed.

5. DISCUSSION

The purpose of this research was to identify the situation (potential strength) of the Croatian T&C sector (macroeconomic view) on one hand and at the other hand to indicate perception and behaviour of Croatian student's market segment for the domestic clothing products (microeconomic view) proposed for use by apparel manufacturers and retailers (or even economic policy makers). The results of a survey carried out among Croatian student population, i.e. consumers showed that according to their answers, most of them buy cloths made by Croatian manufacturers. An important factor that influenced their decision to buy these products was their quality. Other important factors are products' price, fashion trends, image brand and companies image. The results of the survey differ from the conclusion drawn by Anić et al. (2008) that the main factor influencing the purchase is the price of the product. Stracenski (2004) find out that 22 or more factors (out of 83 researched) were important in 50% of respondents (N 306 Zagreb's young clothing costumers aged 15-35), which as a most influential factors for buying clothes ranked appearance of the apparel item (96,41%), own appearance in the apparel item (95,75%), comfort (91,18%), quality (85,95%) and price (83,99%) A survey among the US consumers (Fadiga et al. 2005, Lee, J.; Karpova, E.E., 2011) also showed that the price is the main factor that influences their decision when buying clothes as well as Chinese consumers (Byoungho, et al., 2010), while, by contrast, Japanese consumers increased their purchases of higher quality, domestically produced apparel, but decreased the purchase of low quality imported apparel when its price increased (Lee, J.; Karpova, E.E., 2011). This discrepancy is probably result of the demographic characteristics, time and place of the consumers who have taken part in the survey – young newly employed people who readily give out money for clothes of high quality.

Respondents are contented with the quality of the product. However, they are not contented with price, promotion, distribution and availability of the products. In the eyes of respondents, contented buyers are likely to become regular costumers, while those not contented will reach for more competitive products, sooner or later. If buyers are contented with products, they are likely to have a positive perception. This increases the probability that customers will recommend the product to someone else, they will buy the product again and in this way increase ordering of goods and their consumption. This conclusion is in concord with the survey by Anić et al. (2008) that customers can very easily choose goods by other manufacturers.

The survey on the perception of loyalty of buyers, i.e. researched students to Croatian clothing brands shows that there is a large number of buyers that are not loyal to Croatian clothing brands and that only a smaller number of buyers considers themselves to be loyal. That finding is consistent with research results of Stracenski Kalauz (2010) on younger teenagers (N507), which are among 7 types of loyalty (ultimately loyal, loyal, loyal to several brands, potentially loyal, inert, explorers and disloyal) mostly inert (26,4%), then disloyal (20,71%) and loyal (17,16%). The loyalty strength exists but it was relatively low, and only 17,32% of respondents waned to be loyal to the clothing brand (regardless of country of origin).

This results indicates that Croatian manufacturers should pay more attention to the development of long-term relations with buyers, that they should examine the reason why their image (as a producers) as a main reason for buying Croatian products isn't recognized enough by student costumers and why brother students costumers are not loyal and producers should work more harder to develop a program, which would help to attract and bound more customers. Consumers agree to buy clothes of Croatian producers in cases of better and modern product design, better promotion, wider distribution and lower prices, and that supports the findings of Anić, et al. (2011) that textile and clothing manufacturers in Croatia employ two major strategies: low cost strategy and value-oriented strategy.

Like most (Croatian) studies, this study had difficulties with primary macroeconomic data about Croatian T&C sector on one hand, and on the other hand took a "snapshot" of a sample. More abundant and richer data would have enlarged the scope of analysis as well as nowadays well known much richer statistics. But despite these limitations, the results of this study can be indicative and useful insights into the Croatian T&C industry performance and students (costumers) satisfaction with clothing products produced in domestic companies.

6. CONCLUSIONS

The paper analyzed the situation (potential strength) of the Croatian T&C sector (macroeconomic view) on one hand, and at the other hand to indicate perception and behaviour of Croatian student's market segment for the domestic clothing products (microeconomic view) proposed for use by apparel manufacturers and retailers that are mostly SMEs, and their marketing strategies. In period from 2008 to 2011 the textile sector indicate slight recovery considering market trade value, value of production and labour productivity (2,2% comparing to all sectors in the year 2012.) while decrease and negative rates are general characteristic of other indicators in C13 and generally whole Croatian clothing sector C14.

In this paper it was also examined the demand for clothing products, customer satisfaction and brand loyalty (affiliation) in Croatia. Data were collected by surveying 311 students (customers) of Croatian clothing products.

Research of Zagreb's University students, i.e. consumers found that most students buy clothes of Croatian producers. An important factor of buying proved to be products quality. Other important factors are price, fashion trends, brand image and company's image. Among answer something else that with quality share first place, were answers that combine: balans of *„good quality and price"*, *„I by what (if), I like (it)"* or patriotic reasens *„...because it is domestic product"*. Furthermore, consumers are satisfied with the quality of products, while they express dissatisfaction with price, promotion and availability of Croatian producers clothing products. There is a number of customers who are not loyal to Croatian brands producers. Results indicate that Croatian clothing manufacturers haven't developed a clear marketing strategy, that they should pay more attention to developing long term relationships with consumers and researching reasons of their low loyalty. Consumers agree to buy clothes of Croatian manufacturers in case of better and modern product design, more/better promotion, wider distribution and lower prices. Brands of Croatian producers are not sufficiently known, due to poor promotion.

The coverage of Croatian market is unfavorable and distribution channels are limited. In order to achieve sales growth, Croatian producers would have to increase investment in marketing activities, development of their own products and brands. All this must be accompanied with promotion in order to create positive consumer perceptions and positive image. Marketing strategy of Croatian producers should be adapted to particular market segments. It is necessary to follow market and take care of customer satisfaction and loyalty. The scientific contribution of this paper are new insights and better understanding of the demand for clothing products in Republic of Croatia, as well as the specifics required to build a competitive marketing strategy.

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