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# **Factors that influence consumer purchasing decisions of Private Label Food Products**

*A case study of ICA Basic*

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# Abstract

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<b>Title:</b>	Factors influence consumer purchase decisions of Private Label Food Products
<b>Keywords:</b>	Private Label Brand, consumer attitudes, intention, perceptions, ICA Basic
<b>Abbreviations</b>	PLB: Private Label Brand, WOM: word of mouth

## **Research questions:**

- Which factors influence consumers buying decisions of low-price PLBs food products?
- How consumers perceive low-price PLB food product? Case study of ICA Basic

## **Research purpose:**

The purpose of this study is to identify and analyze factors that influence consumer purchasing decision of private label food products.

## **Method:**

In this case study, both secondary data and primary were utilized. Secondary data was obtained from relevant literatures, online journals, articles, blogs, and other electronic sources. The primary data was collected by the combination of quantitative and qualitative approaches. Qualitative data was carried out through interviews with store manager of ICA Skrapan, Västerås and with ICA PLB manager; quantitative data were collected through online survey, designed on the platform providing by the commercial website surveymonkey.com

## **Conclusions:**

The research identified five factors that influence consumers' purchase decision of low-price private label brands are brand, brand related activities (advertisement & word of mouth), perception, attitude, purchase intention and demographic factors. The study proved brand and brand related factors are not significant factors that influence purchase intention. However, for food products, price-quality relationship is the most important factor. If consumer perception of quality and price match their expectation, they will be satisfied and perceived high value for the products. However if the consumers are dissatisfied with the product, they perceive risk and that has negative impact on their purchase decision. The study also showed female buy more low-price private label compare to male and those

who earn low income also buy more low-price private label compared to ones with higher incomes. Further the result showed a positive attitude towards the ICA brand have a positive influence on buying of the PLB.

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# 1. Introduction

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*This section comprises a brief description of consumer behaviour, private label, research topic area, ICA super market. Then it continues with problem definition, purpose of the study, strategic question, target groups and delimitations.*

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## 1.1. Background

### 1.1.1. Consumer behaviour

Nowadays companies are more concerned on individual consumer behavior. It helps them to yield information about how the consumers think, feel and choose their products. Every individual is consumer. Consumer behavior is the study of the processes involved when individual or groups select, purchase, use, or dispose of the product, service, ideas or experiences to satisfy needs and desires ( Michael R.Solomon, 1998, p. 31). The expand view of consumer embrace much more than the study of why and what consumer buy, but also focuses on how marketer influence consumers and how consumers use the products and services.

Customers are in a tough spot. Individuals have exposed to different window of information and varieties of products; many great deal of choices and options available in the market place impulse their purchase decision. However the interpretation and decision making is different among individuals and also influenced by internal consumer behavior (perception, altitude, and motivation) and external factors (family roles, peer influence and group influence).

Supermarket is one of an interesting area for the study where features of consumer behavior can easily be seen. Focusing on food products, which are needed by the consumers in daily basis, give the impression that the consumers have little thought in purchasing than other product like cloths, mobile phones and cars. Nevertheless, consumers are exposed to variety of food product types which is diversified in price, quality, packages and size. While a person does his shopping on a typical Sunday morning, he enters the local super market with a basket on hands, scans for a cereal box, he grabs one, checks out the box carefully, puts it back to the shelf; eventually, he/she picks up the other box lies next to it; it takes him two seconds... So, what persuade shoppers on randomly or intentionally selecting food products? What decide them to buy or not to buy? The study of consumer behavior will help to explain such type of buying behavior. Furthermore consumer and buyer behavior is in fact an ongoing process,

not merely indicates the interaction between consumers and producers at the time of purchase but it includes various stages in the consumption process: pre purchase issue, purchase issues and post purchase issues. (Solomon, 2013, p. 32)

There are two perspectives on consumer research should be discussed, which are two type of approaches: Positivist approach and Interpretivist approach. Whilst positive approach( sometimes called modernism) emphasizes that human reason is supreme and there is a single, objective truth that science can discover; in interpretivism approach( or so-called postmodernism) , the interpretivist emphasizes the important of symbolic, subjective experience and the idea that meaning is in the mind of the person- in other word individuals construct their own meanings base on individuals own unique and shared cultural experiences, therefore there is no right or wrong answers. More importantly, research relationship in interpretivist approach focuses on interactive, cooperative with researcher being part of phenomenon under study. (Solomon, 2013)

## 1.2. Private Label Brand

The idea of branding exposes consumers in a diversified choices and helps companies to provide one product in a branch out option to fulfill individual needs with different consumption behavior. Companies that are not lucky to sell mass products are forced to turn their face in to private labels, *which are new group of products setting up by the retailer own product line or facility*. Though, some successful players would not miss the chance taking advantages of launching their PLBs:

“Having own brands means that we can sell equivalent products for a lower price and still have a better margin. In addition we have control over our products. We decide on their content and it is we who handle their marketing, not the manufacturers” (Dagens Industri 97-05-17).

The concept of national brands, private labels and or store brand is on the rise among retailers. And they are like never before constantly fighting in the fierce battles in the hope of gaining and keeping their market shares. This encourages retailers to take actions in attempts to minimize “cannibalization”, to develop their own competitive advantages. They strive, by practical practices, building different image and customer perceptions of the brand, pricing, or launching their own brands as the fact is, PLBs can be far more profitable than selling nationally advertised brand:

“Retailers have now recognized that a supermarket need not be just a place to buy a selection of brands. Instead the shop itself, its locations, its atmosphere, the service it offers, the range of goods and prices, can become the brand and retailers can begin to extract the benefits which investment in branding can

bring. The value which the store name acquires can be transferred to a range of goods which themselves reinforce the image of the store” Terry Leahy (1992) cited by (Håkansson).

It is of importance to mention that there are several alternative words for “private labels” like “own brand” or “Distributor Own Brands” (DOB), “retailer brands”, “wholesaler brands”. While those words are in use to refer to the fact that the products are branded in the same way as that of the manufacturers’, the word “private label ” seems to be good choice of word, indicates the aspiring creation rather than merely placing the name on the products to obtain consumer recognition. Store brands are also known as own brand, house brand or private label brands (Collins-Dodd, C., & Lindley, T., 2003) . In this thesis, the term PLBs is chosen intentionally, implying one specific retailer’s private label brand.

### **1.2.1. ICA Super market-PLBs**

PLBs have been experienced enormous growth in recent years in many countries. Europe has been home of the most mature private label markets in the world and experience fast growth popularity. In Sweden, one of the active players in this field is ICA organization. The company established by Hakon Swenson on 1917 as a small retailing company and later Hakon AB spread out over a wide geographical areas and formed ICA in 1938 .The company strategy is focus on providing fresh foods, non-food items and private label products. Focusing on food products, ICA provides different kinds of foods with variety of tastes depending on the consumer budget and price. Moreover in order to minimize the cost the company provides similar products from outside suppliers by expanding its PLBs. Some of ICA’s private labels are: ICA Basic, ICA Selection, ICA Gott liv, ICA I Love Eco (ica.se).

### **1.2.2. ICA Basic**

ICA Basic is one of PLB of ICA and was firstly introduced in 2011. This is the lowest price PLBs among all ICA PLBs. Before that time, the lowest assortment on ICA shelf space was Euro shopper – the provider of low price products, available in 16 European countries. ICA Basic emergence replaced the former brand and has been remaining on ICA shelf space up till now.

## **1.3. Problem discussion**

Consumers are price sensitive but it is not always the case their consumptions are merely driven by price-factors, particularly in food consumptions. Nowadays, so many concerns are rising about the food safety; GMO (genetically modified food) is such an example. Consumers therefore are more and more cautious on their spending. As aforementioned, many retailers get involved in private label as the fact that they can benefit from controlling over the product facilities and gaining better profitable turnover.

While retailers launch higher valued add products on 3rd and 4th generations for the purposes of enhancing their image and competing with brand leaders, the 1st and 2nd generations, lower price product, are still remaining in their brand portfolios(\* see Appendix-1, PLBs) .Food retailers want to cover other segments and compete with other retailers who provide cheaper alternatives.

ICA supermarket chains back to the time before 2011 was distributors of first generation private label named Euro shopper. However, the brand available in 16 countries did not receive much positive perception from Swedish consumers, except its low price, and there is no doubt that suspicious Swedish consumers questioned the origin and quality of these products .That prompted the company take action and developed new brand to replace its distributor products on their shelf space. The emergence of replacement ICA Basics, up till now has been two years. It is realized that, ICA has been taking different approach in developing this sub-brand, which can be seen in their attempts of advertising first time launched the products, and building brand strategies. First generation of PLBs in this case is not merely cheap products unbranded; it is however, considered as an umbrella brand among the retailer' brand portfolios.

Several studies carried out such as PLBs in premium PLBs, PLB first generation in association with brand equity through the rebranding process. Nevertheless there is no specific study with respect to first generation PLBs food investigating insightful perceptions and purchase decision of consumers of this PLB in Sweden.

This thesis will aim at investigating the perception and attitude of consumers toward this first generation private label, which was taken over by the well-known national retailer.

#### **1.4. Purpose of this Research:**

- To gain in-depth and analyses the factors that influence consumer choices of buying grocery PLBs products.
- Provide contributions to the company to gain better insights into customer mind and possibility to evaluate their PLB; also, the findings help to provide suggestions for product development opportunities.

#### **1.5. Research question**

Which factors influence consumer purchase decision of low-price PLBs food products? And How do consumers perceive low price PLBs food products? Case study of ICA Basic

## 1.6. Target Groups

The study hopes to provide useful information for marketing students who wants to advance their knowledge in consumer behavior regarding PLBs.

## 1.7. Delimitations

Within the time frame constraint of this study, the collection data from online survey were carry out in 10 days and only aim to focus on consumers in the region of Västerås. Additionally, the authors received insufficient answers from all ranges of age, therefore the sample of respondents was narrowed down; only respondents whose age between 18-35 were considered for this study.

The use of online survey enabled the authors to attain larger number of reachable respondents in efficiently in short amount of time. Besides the advantages: quick responses received and convenient, yet online survey results comprise both completed and partial completed responses. For that reason, it was decided by the authors that each questions should treated individually and analysis was based on the total number or responses received on each question. For the purpose of comparison, only completed answers were chosen to be filtered, which assures the comparison is valid and reduces non-response bias.

Time constraint also limited the authors utilizing statistical supported analysis tool to analyze the relationships might have between variables such as price-risk perception of PLB; nevertheless the authors made use of built-in analysis tool provided by surveymonkey.com, which being considered a prominent service helping many business enterprises in undertaking market researches nowadays. It allows to provide exact numerical data in every survey questionnaire, facilitates comprehensive visual figures illustrated the amount of answers in each question, each choosing option within each question

Though responses might be limited in numbers due to the time frame restriction, it is believed that the data obtained from the survey with ICA Basic consumers combined with secondary data collection from blogs, forums, and company website; with supports by qualitative data performed through two interviews with ICA managers who shown their interest and willingness to participate in this research, all are rich sources of information; that allowed the authors to make necessary analysis in respect to the purpose study, investigating consumer buying decision and perception to the PLB and examine these consumers' mindset .

Lastly, the study only focuses on ICA Basic food product because assortment across different categorizes possess dissimilar attributes.

## 2. Literature Reviews & Theoretical Framework

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*Chapter two introduces the theoretical framework and the relevant theories in used, which support to analyze the empirical findings in chapter four*

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### 2.1 Previous studies

Several different approaches have been made to explain consumer behavior concerning private labels. Most studies examined private label consumer behavior in association with demographic and socio economic characteristics. However attitude and behavioral characteristic are also highlighted as important determinates of store brand proneness than demographic and socio-economic characteristic (Baltas, 1997). Consumer previous knowledge and experience have greater extent to process the brand, but it depends on the weight of consumer prior knowledge and cognitive ability (Bettman,J.R and Park,C.W., 1980).And other researchers proved that perceptions of quality and products are influencing individuals buying behavior prior to demographic, psychological and shopping behavior (Szymanski,DM. and Busch PS, 1987). Whereas familiarity with store brand, extrinsic cues (such as price and package), perceived quality variation, perceived risk, and perceived value for money, income and family size are example of factors influencing own-label proneness (Richardson,P.S,Jain,A.K and Dick ,A, 1996) . Additional study also showed the difference perception of consumers in the marketing stimuli results different in action of purchasing behavior (Livesey, F; Lennon, P., 1978) .

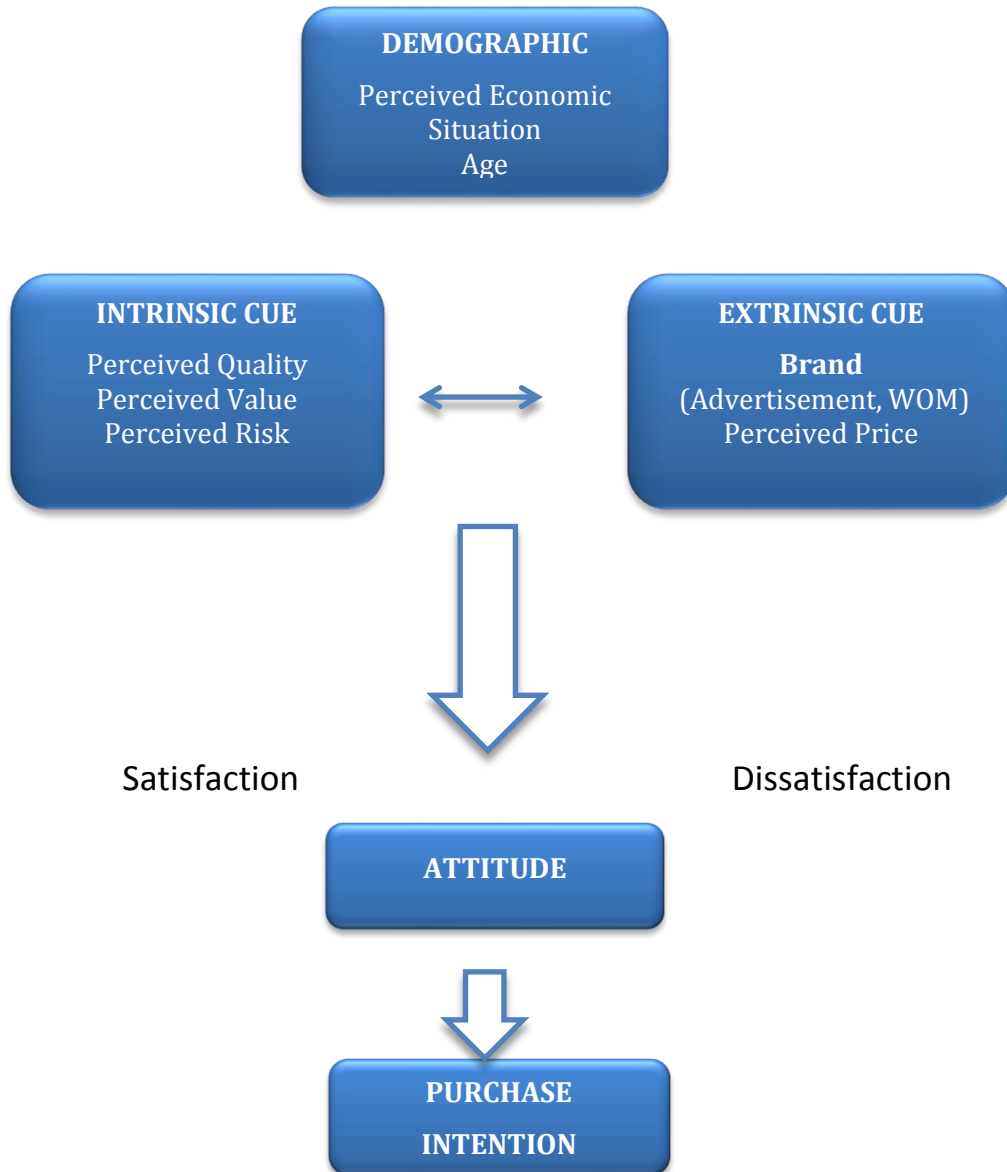
This thesis considered various variables referred by the aforementioned researchers and examined possible relations within them in order find out consumer behavior toward the low price PLBs of food retailer.

### 2.2 Theoretical framework

After reviewing different researches concerning buying behavior of PLBs, the own creation of the theoretical framework was formed. It was believed that the framework consists of main attributes that have impact on purchase intention of ICA Basic. As it can be seen in the Figure 1, attitude is the foremost factor that influences consumers, those who are satisfied with the brand, product quality and price have a positive attitude towards the PLBS whereas dissatisfied consumers have a negative attitudes on purchase intention (Siti & Pan) & (Baltas, 1997). This study designed the framework in consideration to three main factors that have impact on changing attitude of consumers those are intrinsic cue, extrinsic cue and demographic factors. Intrinsic cue is physical attributes of the product

(perceived value, perceived quality and perceived risk) whereas extrinsic cue are product related attributes (brand, perceived price, advertisement and WOM), (Collins-Dodd & Lindley, 2003) , (Siti & Pan) and (Richardson,P.S,Jain,A.K and Dick ,A, 1996). Understanding these variables is important for this study since they have a significant influence on buying behavior.

The aforementioned aspects supporting this study are illustrated in the following figure:



**Figure 1 Theoretical framework**

*(Source: Own creation)*

## 2.3 Branding

This study has adopted the brand concepts and brand-related theories in order to analyze the impacts of brand on consumer attitudes and purchase decisions in relation to PLBs; as the fact is brand is one of essential aspects of extrinsic cues contributes significantly to consumer attitudes and their eventual purchase intention.

### 2.3.1 Definition of brand

According to the American Marketing Association's (AMA) brand is defined as a "name, term, sign, symbol or design, or a combination of them intended to signify the goods or services of one seller or group of sellers and to differentiate them from those of competitors". Within this view, Keller(2003) referred that whenever a marketer creates a new name, logo, or symbol for a new product, this means a brand is created.

In the book "Theoretical of branding" Kotler specifies that brands add dimension to products and thereby enable differentiation/distinction from other products that are designed to satisfy the same need. Brand attribute comprises functional and emotional association to which assigned by its consumer. For that reason brand attribute can be either negative or positive and can have different degrees of relevance and importance to different customer segments, markets and cultures (Brand glossary).

### 2.3.2 Branding strategies

Brand extension: The product line extension, or brand extension is taking a product with a well-developed brand image and using that brand name for a new product either the same product category or different product category. (Gitman, Laurence J;Mc Daniel,C, 2008, p. 311). By implementing this strategy, the company object is to increase its brand equity.

There are three brand strategies can be identified: Family brand name (also known as umbrella branding), Individual brand name, and combination brand name (Jobber & Fahy, p. 136). Family brand name indicates the brand name is used for all products, whereas individual brand name does not identify a brand with a particular company. The combination of these two brand building strategy: the family name of the company and individual brand will facilitate capitalizing on the company reputation and allows individual brand name become distinguishable and identifiable (Jobber & Fahy, p. 137)



On the other hand, Perrey & Spillecke(2013) stated that the umbrella brand name is often the retail brand itself “umbrella brand strategy is also used as a PLB name with a supplement or descriptive attribute that explain the sub-brands”; thereby the image and value proposition of the umbrella brand is transferred to PLB products. Umbrella brand strategy is efficient tool because umbrella brand can have certain impact on product brand and vice versa. For that reason, this strategy is recommended if the corporation umbrella brand is strong and its position is relevant in the particular chosen PL product segments (Perrey & Spillecke, Retail Marketing and Branding: A Definitive Guide to Maximizing ROI, 2013). Many retailers make use of their retail brands as the umbrella brands labeled for their third and fourth generation of PLBs; and they do not compel themselves to include brand names on all PLBs, but instead using different brand for their value range. This implementation aims to protect the retail brand from any “discount association” might evoke and effect on the retail- brand (Perrey & Spillecke, Retail Marketing and Branding: A Definitive Guide to Maximizing ROI, 2013)

Considering two concepts: brand extensions and umbrella brand strategy, the writers of this study defined a PLBs of supermarkets can be considered as a brand extension or a sub-brand under the umbrella brand (master brand- corporate brand).

Brand from the corporation perspectives is of great importance because it plays the integral role in marketing strategy and is considered as the most valuable tangible assets of the corporation. Brand therefore is realized to be of top most management priority. On the other hand, to the consumers, a brand manifests its impact as an identifier: it enables them to identify the source of the product (from where and what distributor or producer the product is from) and which in turn assigns legal responsibility to the product maker. Hence, the brand, in other word provides a promise or bond between the buyers and the makers of the products (O'Cass, Aron;Grace, Debra, 2003). Moreover, consumers receive direct benefits from brands, both in term of economic and symbolic value. It is because brand signals the quality of product, engender or increase consumer trust, and reduce their perceived risk as well as time and effort put into switching/searching costs. In the following sections, different dimensions of brand are discussed which are found to be relevant for the study of PLBs:

### **2.3.3 Brand Equity**

Brand equity composes of 4 assets: Brand awareness, brand association, brand quality and brand loyalty. Brand equity is of great importance to create competitive advantages for the company. Brand equity has significant role in the rebranding process; its proper utilization will maximizing effectiveness of implementing rebranding process to change the brand image of PLBs (Kata & Linda, 2012).. As the

result, strong brand equity on the particular market is a strategic tool to improve brand image (Kata & Linda, 2012). As aforementioned, a strong brand have advantages when implementing umbrella branding strategy .The previous study by Aaker(1996) provided the entire approach to measure brand equity. Nevertheless, for the purpose of this research, it is relevant to examine the dimension of brand association in detailed. Other components of brand equity except for brand familiarity, will not be mentioned in this part, alternatively, dimensions from consumer perspectives such as perceived quality, brand awareness, perceived price, perceived risk will be discussed in the further upcoming sections.

Brand association, part of brand equity can be measured by three perspectives: The brand-as product (value), the brand personality and the brand-as-organization (organizational associations). It is realized that understanding the organizational association aspect is relevant for this study. Aaker(1996) in his study identifies that brand-as organization perspective considers the organization as the whole (people, value, and programs) those lie behind the brand. The corporate brand can play an important role and it can represent something beyond merely being known by its products or services.

Consumers buy products or services that meet their need and demand. Nevertheless, the reputation and positive practices by the producers are also what they concern. This is the reason why organizational associations is essential, which include the concern of customers, being innovative, striving for high quality, being successful, being visibility , being oriented toward the community( Aaker, 1996). It was denoted that there are some scales to evaluate this attribute such as "The brand is made by an organization that I (consumer) would trust" or" "An organization associated with this brand has credibility".

#### **2.3.4 Brand Awareness**

Brand awareness is one important component of brand equity which is sometime under evaluated ( Aaker, 1996). Consumer awareness of the brand refers to the ability to recall, recognize the brand in various situation and link to the brand name, logo, jingles and so on to certain associations in memory ("Brand"). Not only brand awareness is of the main factors to create brand value but also it is a key element influences consumer perceptions and attitudes. To some extent, products that have high level of awareness are likely to result in higher sales because without awareness no communication or transaction will be occurred. In addition, awareness creates a great association in consumer memories. Thereby the level of awareness can be measured by the consumer ability to recall the brand in their mind. A way to examine consumer brand awareness with respect to recognition is to ask "Have you ever

heard about brand X?”. (Aaker, 1996) This method reflects the level at which brand is represented in consumer mind and it is suitable to evaluate consumer recognition of the PLBs in this study.

### 2.3.5 Brand familiarity

Familiarity is considered as higher standard than awareness, it is a measure of the knowledge and understanding the customer has about the brand (Adams, 2012). Consumer evaluates the product by taste, smell, size and shape. If no differences found when a consumer has to choose between two similar products, it is likely that s/he will make the judgment and decision by brand. In this situation, the brand which appears to be more familiar with consumer and had received positive exposures previously will have more advantages. Individuals interpret in relation to past experience, internal and external factors. Increased brand familiarity may be due to exposure to the brand in advertisements or in a store, recognition of the brand name, and prior purchase and/or usage of the brand (Sundaram, [acrwebsite.org](http://acrwebsite.org)).

Individual develop meaning and association with some grocery products because of the utility and trust/emotional satisfaction certain pack type evoke. Brands help individuals to perceive the products differently (Fill, 2002). Brand familiarity is extent of information available about the brand that makes a consumer confident to buy the product. The more familiar the consumers are with the brand the less perceived risk. (Baltas, 1997)

Likewise brand purchasing decisions have positive influence on customers' confidence (Erdem 1998). Brand familiarity increase brand proneness by decreasing perceived risk or perceived quality variation. Consumer those are not familiar with PLB evaluate the product by extrinsic cues, which are price and packaging style (Richardson, P.S, Jain, A.K and Dick ,A, 1996). There are different levels of brand familiarity which were appeared to be relevant for this study and chosen to be presented. They are (Roach K. ):

- Brand insistence: the highest level of brand loyalty, no other brands can be alternatives for loyal, favorite brand
- Brand preference: when consumer has favorite brand but will occasionally accept substitutes
- Brand recognition: when consumer remembers a brand name but know nothing else about the product
- Brand rejection: when consumers recognize a brand, or even familiar with, but refuse to buy it

It is no doubt that high level of familiarity is desirable and beneficial because it facilitates purchase decision process and increase consumer's confidence and trust .Brand familiarity reflects the extent that consumer's direct or indirect experience with a brand. (Alba and Huchinson,1987;Kend and Allen 1994) cited by (Campbell & Keller, 2003). It was also stated brand familiarity enable to capture consumers' brand knowledge, brand association that existed in consumers' memory. Products advertised might be familiar with certain consumers but to many others, those product might be unfamiliar either because they are new to the market place or because consumers have not yet been expose to the brand (Steward,1992) cited by (Campbell & Keller, 2003).

#### **2.3.5.1 Brand familiarity through advertisement :**

Advertising is the activity of attracting consumer attention. Through advertisement marketers transmit product information, differentiate their products from that of competitors and increase their market share by persuading consumers. For new or niche brand, recognition is important, thus, using advertising is tactical tool to familiarize consumers with new products and create buying incentives. The fact is developing a brand is difficult and take times, companies make use of advertisement as a technique to enter other branded products (Parker, 1997) .On the consumer side, advertising increases buying behavior for those who have a positive attitude and or trust towards advertised products (Mehta, 2000).Behavioral learning says individual acquire response through association, reinforcing and motivation. People learn about the product from advertisement. Through advertisement customer associate the product logo with the product (taste, price, value). Consumers view advertising in different dimensions. National brand prone are consumers influenced by advertisements while PLBs prone are not persuaded by advertisement because they are price seeker (Parker, 1997). In addition, cognitive theory proves that individuals have the strongest recall on the last message. Sometimes the consumer might switch to other brand because of the repeated advertisements of the other brands (Fill, 2002).

#### **2.3.5.2 Brand familiarity through WOM**

Word of mouth (WOM) is informal communication pass between consumers and is powerful influence on consumer behavior. Consumers in many cases, make their purchasing decision rely on WOM communication. Hence, the WOM play such an important role.

WOM is may be positive (PWOM), encouraging brand choice or negative(NWOM), discouraging brand choice (Robert East,Kathy Hammond,Wendy Lomax, 2008). WOM however, is not a marketing communication tool to be manipulated by marketers like advertising and sale promotions. Yet, it is an important tool to affect some consumer responses (Sundaram, acrwebsite.org). It is believed that

besides advertising, WOM can affect brand familiarity of PLBs .The findings by Sundaram also showed that the impact of word-of-mouth (WOM) on brand evaluations (purchase intentions and brand attitudes) is moderated by brand familiarity. The sources of WOM can be friends/families or social media, press

Undoubtedly, advertising and WOM (friends/family, social media, press) can improve or influence familiarity; nevertheless, the most influential source is consumers' direct experience that overtime will accumulate into individuals 'own perception about the brand.

## **2.4 Perceptions**

Perception is a process of how individual see and make sense of their environment. It is about the selection, organization and interpretation of stimuli by individual (Fill, 2002). Outside stimuli is selected, sorted and interpreted into a coherent picture of the world around us. If two individual expose the same stimuli and same condition, their response will be different depending on the way they interpret and perceive the stimuli. This is because the way we select , sort and interpret stimuli is grounded and governed by our needs, expectation, value, which are quite unique to each individual (Schiffman, Kanuk, Hansen, 2012).

Kotler defines perception as “the process by which people select, organize and interpret information form a meaningful picture of the world”. Thereby whenever a consumer buys a product it is depend on the perception they have on that particular product.

In the following sections perceived price, perceived quality and perceived value will be discussed.

### **2.4.1 Perceived Price**

Price is the amount of money a consumer sacrifices to obtain the product (Zeithaml, 1988).Price is classified into two parts that is objective price and perceive price. Objective price is the actual price of the product while perceive price is individual believe of the price in relation to the quality of the product (Donald R., Lichtenstein & Scot B., 1989) .Consumer perception with respect to price is different and has a positive and a negative influence on the buying behavior.

According to Hoch & Banerji (1993) economic recession have impact on PLB buying behavior when income decreases consumers become price consciousness and shift their preferences to private label brands rather than choosing national brands .Consumers who prefer to buy more PLBs than national brand are price conscious. Zeithaml (1998) also mentioned PLB buyers are price seekers-those who look for low price, as a result, for some consumers having inexpensive product means achieving high value.

On the contrary, some consumers might associate low price with low quality. Those consumers who think price is an indicator of quality and companies might reduce the quality of the product to minimize the cost. Thus, to them the higher price is a signal of a better quality (Bao.Y,Y and sheng ,S , 2011) . Moreover consumers relate price and quality with self-esteem. The increase in quality content and the higher price has a positive relation with our self-esteem. If the economic situation is good for all, majority want to eat high quality food (forum, 2011).

Zeithaml (1988) expresses price-quality relationship in association of 5 factors. First factor believed as all the information's the consumers perceive through advertisements and brand reputation has power on purchasing decision than price of the product. The second factor explains consumers who are not aware about price they do not use price as a quality reference. Third factors, consumers who have less knowledge about the quality of the product use extrinsic cue such as price, brand name and package to buy the product. Fourth factor, some consumers use price as a signal of higher quality but when there is a price variation on the assortment of products for a tiny quality difference the consumers prefer products with lesser price.

Private label products' price, particularly first generation PLBs' is relatively lesser than the national products. Private brand buyers are those who look for low price, therefore they are not stable, they switch every time they get a lower price (Baltas, 1997). According to Schiffman (2013) price perception has strong influence on purchase intention of PLBs .However if the consumer is uncertain about the quality of the product the less effect it has on the buying behavior (Urbany, J. E., Bearden, W. O., Kaicker, A., Borrero, M. S. D. , 1997).

#### **2.4.2 Perceived Quality**

Quality is defined as evaluation of excellence and superiority of the product (Zeithaml, 1988). In the previous studies, some researchers argued that quality cannot be defined and quality is objective which can be measured. In a different thought others believed quality cannot be measured. Combining this two approaches quality is divided into objective of quality and perception of quality (Anselmsson, ULF, & Persson, 2007). Objective of quality is evaluation of the product based on physical characteristics. While perception of quality considers subjective notation which is consumer evaluation of the product and judgment that based on some attributes.

Richard (1996) defined perceived quality in terms of consumer judgment of intrinsic attributes (taste, ingredients, nutrition value and overall quality (Bellizzi et al 1981; Cunningham et al 1992). According to Collins (2003) consumer evaluates the quality in association of extrinsic and intrinsic cue. Intrinsic cue is

the perception of quality through physical characteristic of the product (color, size, flavor or aroma) while extrinsic cues are attributes which have some relations with the product (package, price, advertising and peer pressure). Because extrinsic cues are more familiar with customers, based on this cues it is easier for them to evaluate the products.

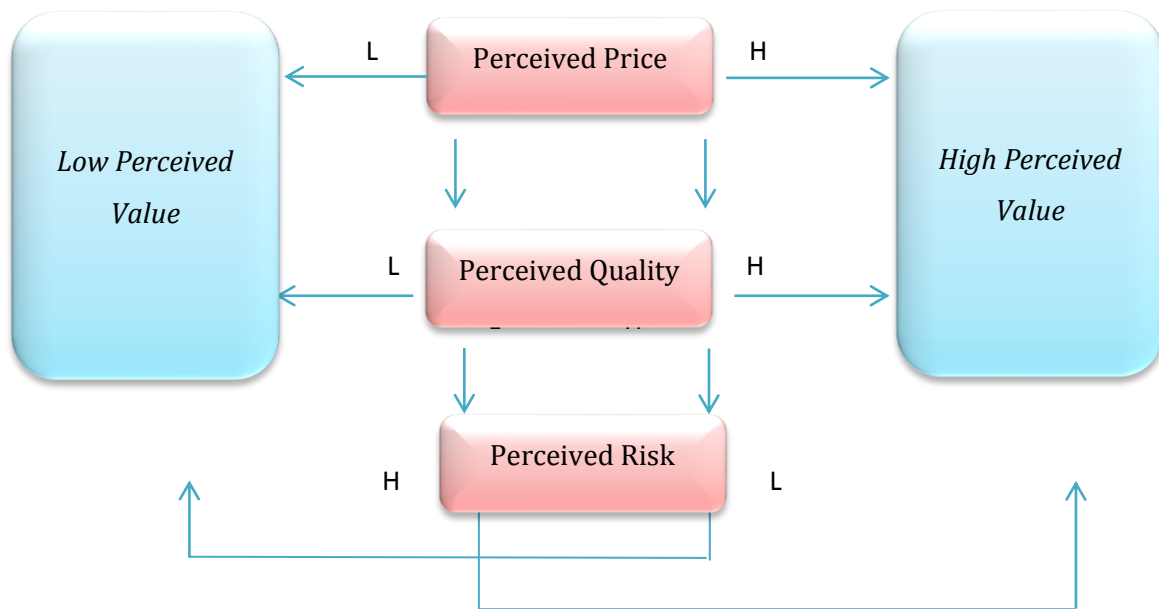
Quality of PLB might be seen in to two dimensions these are the level of quality relative to the national brand and variability. National brands are produced in high technology and sophisticated process while PLBs are produced in less technology and unsophisticated process this will diffuse the quality variability. (Hoch & Banerji, 1993, p. 99).The variability in product creates perception difference among individuals. According to Richardson (1996) private labels are riskier than the national brands because higher product variability and lower quality makes consumer to be unsatisfied. Thus price- quality became an important factor for the success of retailers and PLBs must meet at least the standard of the company ("NSF's Private Label Assurance") . If the PLBs are as good as the national brand perception value is increased while if the PLBs are inferior in quality, value of perception towards the PLBs will be less (Paul s., Trun K., & Alan, 1996).

According to Richardson (1996), quality perception determines consumer proneness to buy a private brand. However, product quality comparison assessment is evaluated by the consumers not by the companies. Sometimes consumers give higher value to lower attributes (Richardson,P.S,Jain,A.K and Dick ,A, 1996). In addition to that, consumer perception of quality change over time as a result of added information. For that reason, marketers must track perception through product align and promotion strategies (Zeithaml, 1988, p. 18).

### **2.4.3 Perceived Risk**

Perceived risk can be explained as consumers' doubt about the result of their decisions. Hence, the degree of consumers' risk perception is one of the important factors influencing buying decision. In the previous studies by (Aaker D. , 1996), (Aaker D. a., 2000), (Chaudhuri, 2002) showed that customers benefits of purchasing familiar brands which reduces their purchasing risk. Some consumers might think PLBs food products are lesser in quality. Therefore risk encounters during their purchasing and consumption, which have a negative impact on their attitude. In order to avoid that, consumers reduce to buy poor-quality products and instead, prefer to buy more expensive ones (Yusuf, Fatih, & Hayrettin, 2013). PLBs perceived risk influences negatively consumer proneness to buy Richardson (1996) cited by (Haifa & Mohsen, 2012). When buying and consuming products, consumers expose themselves different types of risk:

- Financial risk: implies the monetary cost that loss from the poor purchase choice, might result from inadequate or unfamiliar brand. (Yusuf, Fatih, & Hayrettin, 2013).
- Functional risk: Implies uncertainty that the products will not meet the customers' expectation.
- Physical risk: The consumers concern that the product will harm their physical health.
- Social risk (psychological risk): Risk that associated with image or status, it takes into account that the degree of society influences on customers purchasing decision. Some researcher mentions that those consumers who buy national brand might feel higher status than PLBs.



**Figure 2-Relation between Perceived Price, Quality, Value and Risk**

*(Source: Own creation)*

*The figure illustrates the relationship between perceived price, perceived value, perceived quality and perceived risk. Consumer perception of price, quality, value is positively related whereas perceived risk is negatively related. Higher perception of price is indication of high perceived quality and lower perceived risk. While lower perception of price and quality is indication of higher perceived risk. Conversely, higher perception of value and price, have a positive impact on value perception of the product. Consumers who think the value of price is high and the product is better will distinguish a better value of product and vice versa. (Monika Kukar, Nancy M, & Kent B, 2012)*

#### **2.4.4 Perceived Value**



Perceived value defined in terms of four attributes. That is value is low price, value is whatever I want in the product, value is quality I get from the product and value is what I get when I give. These attributes were summarized and eventually the concept of perceived value is defined as the consumer's overall assessment of the utility of the product based on "what is given" and "what is received". However these two factors are different among each individual consumer (Zeithaml, 1988, p. 14).

There is a relationship between perceived value, price quality and risk. Consumer may use price as an indicator of quality, this create price-quality relationship. If price used in the role price has a positive relation with perceived value and intention (Monika Kukar, Nancy M, & Kent B, 2012, p. 65). And also the difference in price among products creates perceived value (Kanagal). As the price of the product increases (within the price range set by individual consumer), perception of value increases to some extent. On the contrary perception of value will decrease if the price is beyond the price range set by the consumer (William b Dodds, Kent B. Monroe, Dhruv greval, 1991).

Consumers consider the product quality and the price before their final decision of purchasing. If the product is unacceptable to pay for, the perceive value is less (William b Dodds, Kent B. Monroe, Dhruv greval, 1991). As aforementioned, PLBs are lesser in price. For some consumers price is an indicator of quality as the result they might think it is risky to buy PLBs products. This might persuades consumers to give less value for the PLB product whereas they can give higher value for national brands.

Consumers assess the benefits they receive for what they sacrifices in order to get satisfaction (Slater, pp 162-167). Satisfaction measure value of the product ,some researcher think value is superior to satisfaction and other explain if the consumer are satisfied, they perceive high value.

## **2.5 Satisfaction & Dissatisfaction**

Satisfaction is defined as an emotional state that occurs in response to the evaluation (Cadotte et al. , 1987 ) cited in (Tam, 2008). Another definition of satisfaction is "a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption related fulfillment" Oliver (1997, p. 13) cited in (Voorhees, James J. Zboja and Clay M., 2006).

Satisfaction is important in creating desirable consumer outcomes for manufacturers and retailers. Hence, it is necessary to measure satisfaction. Aaker(1996) pointed out that the way to measure satisfaction is based on the existing customers those who have experienced the product or service within a certain time frame. The focus can be on their perceived experience from the last use or their point of view from the whole experience. Simply, it is about to figure out the post purchase attitudes by

asking such questions like “Are you/or Do you feel satisfy/dissatisfy/or delight with the product you buy during the last use of experience? “We believe that this type of question appears to be suitable for the purpose of this study in evaluating the degree of satisfaction post-consumption.

It is believed that satisfaction - consequence of positive attitude of post consumption evaluative judgment, which might have relations with the aspects of perceived quality, perceived price and economic situation. (For example, a person feel satisfy for the product purchased if they think that products were bought is good deal, others might have satisfaction only if price and quality are considered worth it on what they pay for). Conversely, dissatisfaction concept contradicts to satisfaction and it is a negative outcome result from last experiences. Satisfaction/ dissatisfaction can be considered as pre-purchase measurement and a key factor that affect the behavior of repurchase intention. Satisfaction can be accumulated from the loyal buyers. Consumer is more likely to make repeat purchase only if they derive an acceptable minimum level of satisfaction from the last purchases. Satisfied consumers are more likely to share their experiences with others, generate positive effect towards purchase intention. One example can be “word of mouth advertising”. Similarly, dissatisfied consumers are more likely to complain or switch brands, engaging in negative WOM.

## 2.6 Attitude

Attitude is considered as key concept on consumer behavior that was defined as set of beliefs, experience and feelings forming a predisposition to act in a given direction (Chandon Jean-Louis, 2011) . Attitude in other research is defined as “the consumer total evaluation of the product” (Rao, 2010) . Fishbein and Ajzen cited by (Chandon Jean-Louis, 2011) denoted that attitude has an influence on purchase intention and consumer behavior because it has basic psychological function.

Attitude is expressed by the evaluation of a product/brand in two directions which is favorable or unfavorable. Attitude towards PLBs is defined as a predisposition to respond in a favorable or unfavorable manner due to product evaluation, purchase evaluations, and or self-evaluation associated with private label grocery products(Burton, 1998) cited by (Chandon Jean-Louis, 2011). Consider this definition, the writer of this thesis believed that attitude towards PLBs has a positive and a negative influence on consumers depends on the past experience (Gigi).

Consumers those who prone to PLBs are focus on minimizing cost disregards of other factors, being low price are a key factor to perceive a positive attitude towards PLBs. In recent years private labels are growing in the retailing industries and consumers are increasing and start to concern about the quality. For this reason several researcher mentions the balancing of price and quality has a relation for creating

consumers positive attitude. Furthermore, if satisfaction from the last purchase is derived, consumers will frequently shop the product and become familiar with it. Once familiarity is archived, the perception of risk reduces; consequently, positive attitude towards PLBs is generated. Consumers who have a positive attitude towards the brand have a positive impact on PLBs products. A positive attitude towards the private label leads to purchase intention, that is the more favorable the consumers are towards the brand the more it has impact on purchasing power (Anas Hidayat ,Ayu Hema Ajeng Diwasasri, 2013).Therefore it is important to mention that attitudes are formed not only as a result of prior direct experience with the products, but also attitude are formed and be influenced by extrinsic factors such as WOM or from other sources such as advertising.

Many consumer researchers make use of the model of Multi Attribute Attitude Model by Fishbein; in which three models are included: Attitude toward –object model, Attitude toward behavioral model and the theory of Reasoned Action. It is considered necessary to discuss two types of attitudes in this study which are attitude toward object model and attitude toward behavioral model:

- *Attitude toward object model* measures consumer’s attitude toward a service, product, and price or towards an organization such as brand.
- *Attitude toward behavior model*, on the other hand, measures the consumer’s attitude toward behaving in accordance to the object rather than attitude toward the object itself. That is a consumer might have a positive attitude toward the brand but a negative attitude towards purchasing expensive product (Schiffman & Kanuk 2004). ” Attitude behavior is a function of how strongly individual believes that the action will lead to specific outcome (either favorable or unfavorable)” (rainbowlink, 2011).These behaviors are learned and developed through experience (Kumar, 2009). Both attitude towards the object and attitude towards behavior are a predictor of behavioral intention (Zhang).

## 2.7 Intention

Purchase intention is a planned behavior that a consumer willing to buy certain product (Ajzen, 1992). There is a relationship between brand image and purchase intention. Advisement is a major factor to increase brand image on consumer, for that reason some companies use different kind of advertisement stimuli to capture purchase intention. Consumers who are influenced by advertisement shift their interests to the other brand which advertises the products (Hashim & Muhammad , 2013). Moreover consumers who purchase the brand frequently resist switching to other brand. Jean-Louse (2011) mentioned that consumers intend to purchase the PLB because they think they have the right price-quality relation. Consumers who are satisfied with the product will have a positive attitude towards the

brand and later have impact on purchase intention. Because there is a relation between attitude and purchase intention if the consumers have a positive attitude towards the brand it will increase purchase intention and actual purchase (Byounggho & Yong, 2005)

## **2.8 Demographic factors**

Three demographic factors that influence consumer purchase decision will be considered for this study, they are: age, Income, genders.

### **2.8.1 Age**

Consumer behavior change came from through ages (Dorota, 2013). The older the person the more purchasing experience they have than the younger one. Older people consider diversified option through the experience they have developed. While younger ones with less experience rely on brand and price (Paul s., Trun K., & Alan, 1996). Thus young generation is easily to be influenced by brand image.

### **2.8.2 Gender**

Gender differentiates consumption behavior. According to Dorota (2013) women and men perform different roles in every household; they have different demands for certain products as well as they behave differently in the process of consumption. Women look for information; they want to take consideration of all their options (Żelazna, Kowalczyk and Mikuta 2002, p. 94). Marketing strategies differentiates gender buying behavior thus female are more emotional and easily be attracted by advertisements compared to male (Imam, 2013). Another study also shows female are the one who have more PLBS shopping experience than males (Irimi, 2012). Opposing this “Global PL-Trande ” (2010) noted gender has no influence on the buying behavior.

### **2.8.3 Income**

Income is superior determinant of purchasing behavior (Dorota, 2013) .The level of income affect the life style and attitude of a consumer. A person with high income purchase expensive product and these with low income prefer to buy product with lower price. Higher Income level’s purchasing behavior has a negative relationship with PLBs. whereas the lower Income levels have negative relation related to purchasing PLBs products (Paul s., Trun K., & Alan, 1996).

## 3. Methodology

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*In this chapter, the methodological research employed for this dissertation is presented and explained in details.*

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### 3.1 Choice of the topic

The inspiration prompted the authors of this study to choose the topic regarding PLB came from observing first-hand experiences of food shopping habits amongst ourselves and our friends. Having raised some questions regarding private labels, specifically ICA private labels to few people, we received various different responses. It was interesting to see opinions differed and that arise the curiosity and aspiration to gain better understanding consumers regarding this issue. Furthermore, from the former course literature "Foundation of Marketing" (David Jobber and John Fahy) the concept of consumer behavior and branding are briefly described but not mentioning private labels in specific, which we consider as an increasingly popular phenomena and interesting to be investigated. Hence, consumers buying behavior of PLBs were chosen to be the research topic.

Afterward, the authors went through several literature concerning consumer behaviors. Information was gathered by investigating in depth the study area through books borrowed from Mälardalens University's library and through internet databases. In order to acquire insightful knowledge about this field, discussion was conducted with a former lecturer holding course of consumer behavior. By receiving valuable and helpful recommendation from the lecturer, combine with efforts of reviewing books, articles, electronic sources related to the study subject, the authors confidently came to decide to form research question. Some critical initial concepts were employed to develop the theoretical framework draft, including the concepts of intrinsic cues (perception) and extrinsic cues (Brand), attitude, and intention. Later on, The researchers of this study made a deep investigation about current position of all available information could be found associated with the chosen PLB( such as advertising and WOM ); these factors were added. Lastly, pre study comprised short interviews with five ICA and ICA Basic consumers about the PLB and their opinions post purchase did aspired the authors to include the satisfaction/dissatisfaction aspects into the theoretical framework. At this stage was fully developed after going back and forth the key concepts, and after acquiring suggestions of peer reviews.

### 3.2 Research approach

Considering the nature of the relationship between theory and research (Bryman & Bell, 2010)(2007) defines that there are two ways to conduct the research, either deductive approach (where theory

guides research) or the reverse - inductive approach (theory is an outcome of research). This thesis follow deductive process that is existing knowledge and theories will be used to explain certain phenomena .From the theoretical framework the study expect to find out reasonable factors that influence buying behavior of low price PLBs food products.

The fact is more than one method employed in the development of measures will result in greater confidence in findings". Webb et al.(1966) cited by (Bryman & Bell, Business Research Method, 2011) ;for that reason both qualitative and quantitative approach will be used to collect the data for this study . Qualitative data is subjective whereas quantitative collection of data through numerical (Bryman & Bell, 2010) .Qualitative data collection help to understand consumer behavior on the other hand quantitative approach help to measure consumer behavior. A combination of these two methods is called "Triangulation".

### **3.3 Data collection**

#### **3.3.1 Secondary data**

Secondary data used for this research were collected from various sources including relevant books borrowed from Mälardalens University library, previous researches, Journals, scientific Articles and other sources on internet such as ICA homepage, annual report, forums, and blogs and so on. The data base utilized in this thesis was providing by Mälardalens University database sources, which directed to Google Scholar, ABI INFORMS Global, DiVa, and Uppsatter.se. This helps the researchers to save time and minimize cost (Mark Saunder,philip lewis,Adrian Thornhill, 2009, p. 272) . The information on the company website and webpages in Swedish was translated in to English by the translation tools, and be rephrased by the authors so as to remain the closest meaning of the content from the original language. The key-words have been used on the search engines for data collections are: Private label brand, retailer brand, consumer intention, consumer perception, ICA, brand strategies, brand management...

#### **3.3.2 Primary Data**

Churchill and Lacobucci (2010) suggest researchers use a method where secondary research is consulted first, and thereafter recommends proceeding with the gained knowledge to conduct primary research. Data that you collect your self will be collected with specific purpose in mind: to answer your research question and to meet objectives (Mark Saunder, philip lewis, Adrian Thornhill, 2009, p. 269).For this study survey and semi-structure interview conducted to collect primary data. For the survey questionnaires were designed on commercial website (surveymonkey.com) and for semi-structure interview questioners sent to managers by personal email directly. (Bryman & Bell, 2010) Mentioned that the phenomenologist views human behavior...as a product of how people interpret the

world...(Bogdan and Taylor 1975: 13-14). Therefore, it is suggested that seeing things through the person's point of view is the way to grasp the meaning of a person's behavior. This approach known as "interpretative methodology" will be employed, as additional method to process this thesis since collecting consumers 'stream of thought as well as their opinions. For that reason, the questionnaires on the survey were designed with additional option in the questionnaires, so that respondents can provide comments/thoughts/or to specify the reasons/explanations.

One of the purposes is to examine the consistent of PLBs image with consumers' actual perception; nevertheless it is essential to understand marketing and branding strategies from the company side since it is supportive source of data for this dissertation. Therefore, qualitative data were collected by performing semi-structured interviews with ICA Store Managers in Västerås and with ICA Private Label. Semi-structured interview (or opening interview) which refers to the interview includes of prepared questions but the interviewer is able to modify or change the sequence of questions and it is also possible for interviewers to ask further follow up questions in responses.

#### **3.3.2.1 Interview with managers**

Two interviews was conducted with Erik Schartau store manager of ICA Skrapan in Västerås , both were taken place in the working room of store manager in staff area, back side of the supermarket. The first interview was on November 22, 2013 for the purpose of getting some general information. At first the manager slightly hesitated to conduct the interview because no booking in advance was done. However, after being given brief explanation and introduction of our study toward ICA private label brand, Mr Erik considered the topic was quite interesting and agreed to have a short interview with the authors. The interview lasted about 15 minutes and authors were informed to contact Mr Erik again case further discussion is needed.

The second interview was taken place on December 14, 2013, the interview were conducted at 11:00-11:36. The atmosphere of the interview was friendly and opened. Since the interviewer has designed questioners related to the theories the interview conducted in a more formal way. The manager was explaining each question in details and slowly while the interviewer took brief notes on laptop besides pictures based explanation was also supportive. Mr Erik suggested to provide helpful information and recommended two telephone numbers so that the interviewer could conduct other interviews with managers in Stockholm, who are responsible for marketing areas of ICA. A phone call were made to one of the manager which provided the interviewer general information about marketing of ICA.

Afterward, the second respondent referred the interviewer email contact of ICA Private Label Manager. Being aware that it could help to collect relevant essential data from this respondent, the authors sent an email including file explained the purpose of our study and list of questions, due to being afraid of time restraint in the last week of December. Right after the following day, the respondent informed that he would be willing to answer the interview via mobile phone. At the same day, 21st December 2013, the interview was made from 14:00-14:20. The manager was willing to answer all questions in a friendly way and agreed to have the interview recorded.

### 3.3.2.2 Survey questionnaire design

Survey questionnaires constructed based on related theories. The questionnaire composes of 39 questions. There are close-ended questions which “respondents are offered a set of answers and asked to choose the one that is most closely representing their view.” (David, 1996, p. 253) . Question format consists of five rating Likert-type scales. This rating measure the intensity of the particular judgment involved (David, 1996, p. 158), and was used to ask respondents attitude towards The PLBs. The Likert scales are used from (Soe Lu, 2012 ). The questions consist of multiple choice, check box and Matrix (method of organizing large sate of ratings) (David, 1996) were also utilized in the survey of this thesis.

The questionnaires are designed in the English language and are divided into three main parts and will be described as following; Part 1 -Ask respondents about their gender, age, house hold and income. It composes of three questions (Q 1-4). Part 2 Factors influencing consumer behavior towards private label brands based on the related theories, Attitude, brand, perception, intention and satisfaction which compose of 34 questions (5-39).

## 3.4 Survey

*Pre-survey:* In order to prepare and form the questionnaires for the survey, some short interviews were conducted with ICA consumers. These practices helped to find out main aspects from consumer perspectives on PLBs in general and ICA Basic in specific. The issues found to be relevant to the subject research were taken in to consideration back and forth.

*Pilot study:* Pilot study is conducted in order to make sure the survey questions operate well and function as expected (Bryman & Bell, Business Research Method, 2011) .The survey preview link were sent to 10 people in order to avoid mistakes on the questions and to test if the skipped logic worked well .The feedback helped to changes into understandable words in several questions, correct some spelling errors, and also some suggestions to improve the survey. And latter, before releasing the



survey, the researchers tried to test several times in the opening the survey. Some errors were found and fixed before eventually publishing the survey

*The use of survey monkey:*

SurveyMonkey.com is a commercial website that allows to collect online responses. The website is considered to be superior to other free online survey tools (example: Google survey) and more suitable for the purpose of the survey. SurveyMonkey "Plus subscription" lasting for one month was utilized for this thesis survey. The website enables to design complex questions such as matrix, and skip questions. Matrix questions are those consisting of both rows and columns (example, Q-14 in the survey). Skip logic works to direct specific audiences to particular questions/or pages that the question designers want to (example, Q-5, Q-7, Q-10 in the survey). The website provides various diverse question forms. In addition, tutorials, sample survey formats, and guidance given by the website were found to be very useful for the author when constructing different types of questionnaires.

The following table shows the questionnaires that are designed from the related theories. In order to analyze the data with the target respondent SurveyMonkey is used. This site has skip logic which is used to classify the audience into categories: (Q-1)-(Q-27) designed for those who have shopping experience with ICA Basic and (Q-33)&(Q-39) is for those who do not know or stop buying ICA Basic.

The preview link to test the survey is in appendix-3. Viewers can test unlimited times up to the time of one month. After collecting data some questions have been omitted that is It was realized that due to time constraint and some questions are irrelevant for the studies were omitted in the analysis which are (Q-11), (Q-29 to Q-32) (Q-35 to Q-38).

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<b>+Related theories</b>	<b>Questions</b>
Demographic Factors	1-4
Classify audiences	5
Attitude towards ICA	6
Brand & related factors (Advertisement & WOM)	7 -8
Brand familiarity	9
Classify ICA Basic shoppers	10
<i>"Not considered in the analysis"</i>	11
Loyalty	12
Perceived quality	13-14
Perceived price	15-16
Perceived value	17
Perceived risk	19
Satisfaction	22 & 24
Intention	21&27
Brand Equity	25 & 18
<b>Only used Q33, Q39, omitted others</b>	<b>28&amp;39</b>

**Table 1- Operationalization**

### 3.5 Snow ball Sampling

Snowball sample method used for empirical data finding process. This method of sampling the researcher make initial contact with small group of people who are relevant to the research topic and then uses to establish contact with others (Bryman & Bell, 2010, p. 192). For this study, firstly questionnaires were designed on commercial website (surveymonkey.com) , later the survey links were sent out to initial contacts who are specific people live in Västerås; that were carried out through emails and social media Facebook. The initial contacts were asked by to forward the survey links to others, who they think might be relevant for the study, that are those who currently live in Västerås. The researchers

found this method is the fastest way and less costly to gather answers from relevant respondents. For snowball sampling it is not necessary to know the exact amount of population however the sample can be representative of the population (Bryman & Bell, 2010, p. 193).

### 3.6 Research criteria: Validity and reliability

#### *Validity*

Validity concerned with the integrity of the conclusions that are generated from the research. Validity is true measurement in order to approve that a deep study of varies related course should be considered (Bryman & Bell, Business Research Method, 2011). This thesis considered three types of validity.

- ✓ Measure validity- This criterion usually applied in quantitative research method to determine if the taste seems to measure what is intended to measure .The questions raised during the interviews with manager was managed to be performed objectively, followed structured questions in order to reduce any possible influences might skew the research as well as having impact up on the validity of findings. (Bryman & Bell, Business Research Method, 2011)
- ✓ Content validity- Content validity addresses the match between the research questions and the content or subject area (The College Board, 2014). The thesis has been reviewed by advisors and peer students. This help to improve the research and make some changes before writing the study that is not relevant for the analysis.
- ✓ Construct validity- “The construct validity refers to how well the study’s results support the theory behind the research and if the theory supported by the findings provides the utmost existing explanation of the results, (Graziano & Raulin 2010)”. Constructed validity is evaluated by the questioners and the underlying theories (Bryman & Bell, Business Research Method, 2011). The questions designed for the survey are considered carefully so that all questions selected are related to the theory presented.

#### *Reliability*

Reliability refers to the degree to which measure of stability and consistency of a concept. Reliability is particularly at the issue connection with quantitative research (Bryman & Bell, Business Research Method, 2011).

In this research, all questionnaires were checked over again and the survey preview link were sent to few people in order to test if the questions were easy to understand , and whether the function of the survey links worked as expectation.

The use of survey monkey skip logic allowed to guide specific audiences to the particular pages (such as buyers, non-buyers of ICA Basic, consumer who have brand awareness and who do not). It enabled to sort out the relevant respondents for certain desired destination questions. In addition, the settings were chosen so as the survey could be done only once in each computer.

Lastly, as it has been presented earlier in previous section, the researchers of this study made use of snow ball method to collect responses from relevant respondents who live in Västerås. The unitization of this method ensured that relevant respondents in specific region were chosen so as to best match the purpose of this study.

## 4. *Empirical Findings and Analysis*

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*Empirical data was collected through company website, surveys with consumers and interviews with two managers. In this section, findings are interpreted and will be presented through illustrated figures, that help the readers to easily understand the results.*

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### 4.1 ICA Basic

According to information gathered from the company websites. ICA basic are the cheapest brand among other brands in the store. The company produce food product with simple package, higher volume, reasonable price and quality and also to keep the lower price the company pull out some of the finer points thought to be unnecessary (ica.se). To mention some:

- ICA basic leaf provides highest standard of animal care and quality products. However, the package thickness is not carefully done.
- The frozen broccoli berries and vegetables provide relatively similar nutrition content than similar product. But, the bean size might be different and might not be perfectly rounded.
- ICA basic pasta sauce tests fairly good however in order to come up the price some ingredients are cut off. This is fair enough for weekly food.

The development of ICA Basic has replaced Euro shopper products in 2011 for low cost alternatives. Sales trends show that customers' interest is high for its private goods. The company has also been providing good prices and also good quality products for the consumers. For that reason, customers can feel confident when purchasing ICA own brand products which the company has controlled the entire manufacturing process and ensures that they are safe and manufactured in a manner consistent with the company values and standards. (ICA Annual Report, 2011)

### 4.2 Interview data

#### 4.2.1 Interview with ICA store manager

ICA food products were well-known in Sweden, even more than some international brand. ICA holds the variety of food products to its consumer and always keeps investing in advertisement as the company mission is to be leader retailer focus on food and meals. Furthermore, ICA supermarket to some extent had its impact on Swedish consumer buying behavior the reason could be people would somehow prefer what their homeland produced; it was where they grew up and also adapted to the national taste.

The question was raised regarding the concerns of interviewer to the extent by which criteria consumers were segmented. It was realized that location of the store and product line are one of the company strategy to segment consumers. ICA supermarkets hold diversified food products ranged from the most expensive international food (A brand) to ICA brand- the national product and private labels (ICA eco for those who are conscious about organic food, ICA selection for better package and ICA basic with less price). ICA Basic were considered as one of the competitive products being marketed with purpose of competing against other low price PLBs food products such as those hold by Lidl and Ax-food (Eldorado).

The company has different marketing strategies to increase its sale, shelf management model; assortment of food products is one of the supermarket marketing techniques used to influence buying behavior of consumers. For that reason the popular brands were placed in the middle of the shelf in the “easy to fetch” shelf space to the consumer; the lower price products like ICA Basic, were placed at lower shelf below. It was also mentioned that ICA brands are large in amount on the shelf and lower price compare to national brands. Products are placed on the right side of the A-brand, on the assumption that most people are right handed and ease them to pick.

Considering the buying behavior, the store manager noted it depended on the consumers; price is one the factor affect consumer buying behavior, consumer give priority for lower price products. Though private label food products are lower in price and their quality evaluate by the company , majority of customers in Sweden prefer eating locally produced food for the reason that the quality increase due shorter transportation and fewer addictive of the national brand.

#### **4.2.2 Interview with ICA Private Label Manager**

ICA has a corporate brand strategy that means ICA Basic for example is called product line, ICA is the brand: ICA I Love eco, ICA Got liv, ICA Selection they are considered as product line. It was seen that the market share of Euro shopper- was actually a private label. The name was owned by a company which is AMS, which is own by ten retailer in Europe. In the Swedish market the market share for Euro shopper went down for couple of years back to 2011. ICA received from store owners that consumers didn't believe in that brand any longer. At that time ICA was focusing on and positioned as a mid- price company. But the company, seeing the situation and started to have an alternative and low price point alternative. This was denoted by the manager as at that time did not exist in the corporate brand strategies. Consider the market and potential opportunities might be the reasons ICA took action , improved all price position or price perception of ICA , hence, ICA included a first price offering within

the ICA corporate brand strategies: launched ICA Basic with new criteria .All Euro shopper assortment were went through and changed was make in recipe based on the new flat form.

It was strongly believed by the manager as ICA is one of the most famous brands in Sweden so just putting the ICA Brand on that product the manager believed that it would get much higher awareness. At this time, ICA Basic is very well known now in Sweden and very high recognition among Swedish consumers.

ICA basic is considered where target consumers are those who think price is the most important; the quality requirement “must be okay”. For that reason certain different target group that are more willing to purchase ICA Basic. However, consumer in general have different ambition in different category “You might be a person that buy premium product in one category but preferred lower price to other product categorizes”, the manager stressed that.

Regarding quality, the manager gave opinion that consumer trust ICA that the quality is okay along with reasonable price. ICA Basic is went through special testing procedures that means that ICA Basic products have to live up to a certain quality level .There is a set standard for ICA Basic as the example of green bean it might be the same quality of the bean, but when the bean was picked, what differ was the number of broken bean that allowed to be in packets, for instance, for ICA product perhaps it is 10% bean but for ICA Basic it might be accepted at 15% broken. Therefore that is sometimes differs the quality requirement although the taste of the bean might be the same. Sometimes it could be the package; ICA Basic has simple packaging compared to other better well-designed packages (zip able packages). When were asked about the positioning of ICA Basic compare with competitors it was answered by the manager that that ICA Basic is to compete with same products from other competitor with Coop x-tra (by Coop), Eldorado(by Axfood) and similar brand by City Gross. Regarding question about advertising, it was mentioned that using TV advertising for first generation PLBs is quite seldom. However, it was used when the brand when first launched in Swedish market. Beside ICA Basic as a strategy to compete with other competitors, ICA still keeps launching more value-added products in the portfolio.

### 4.3 Survey data & analysis

The survey was carried out from 13rd -22nd December 2013. In total, 226 responds were collected after ten days. Because the study object is to collect information from those who have experiences with ICA and ICA Basic, thereby responses were filtered to best match the purpose. A number of 17 responses amongst 227 were disqualified, whose answered “No” in (Q-5):” *Do you have shopping experience with*

ICA” and were excluded in the analysis. In addition, only the respondents whose age ranged between 18-35 were considered for the study; therefore the final number of 184 was taken into account (after omitting 17 disqualified responses and 26 participants were not in the age restriction criteria). From that, females and males were correspondingly 92 and 92, that obtained by a coincidence after 13 days the survey released.

It is illustrated in the following figures:

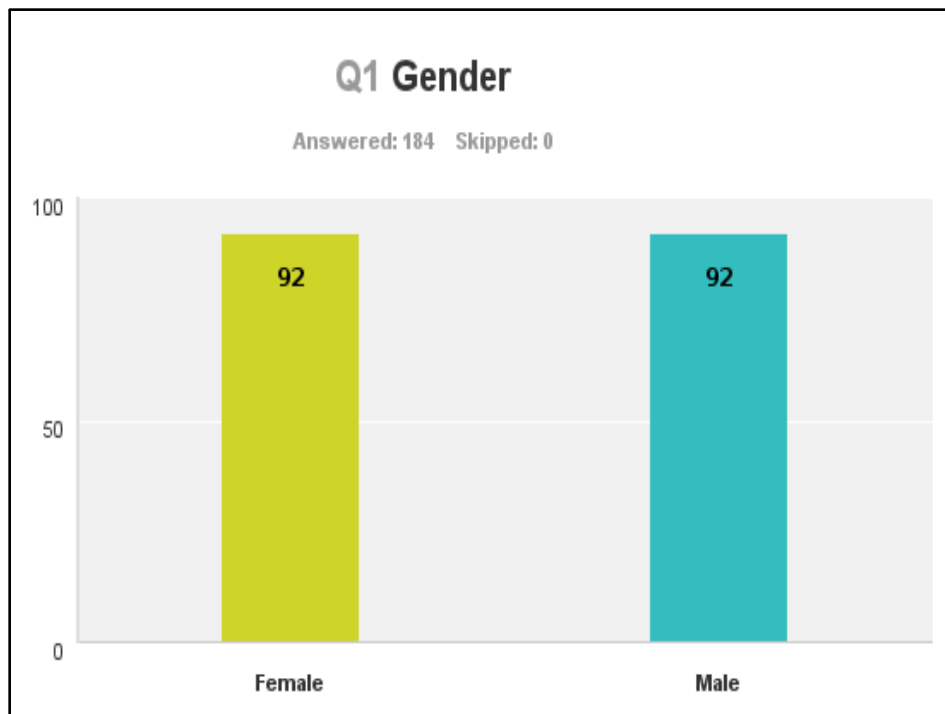


Figure 3- Gender



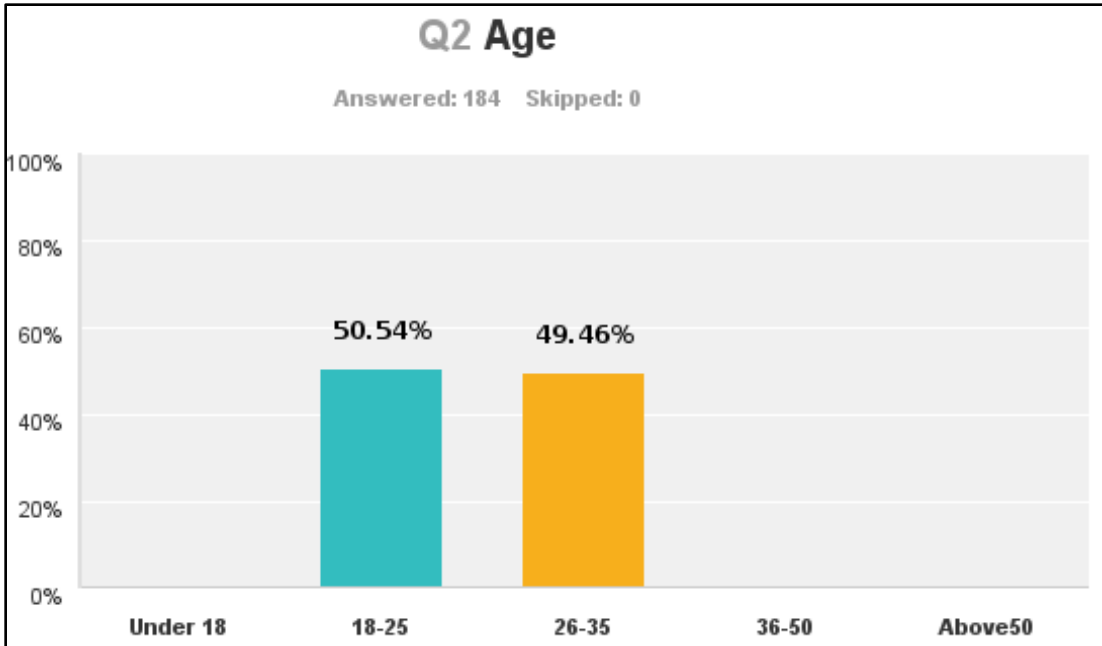


Figure 4- Age

(Q-6) is to identify overall attitude of consumer towards ICA food retailers

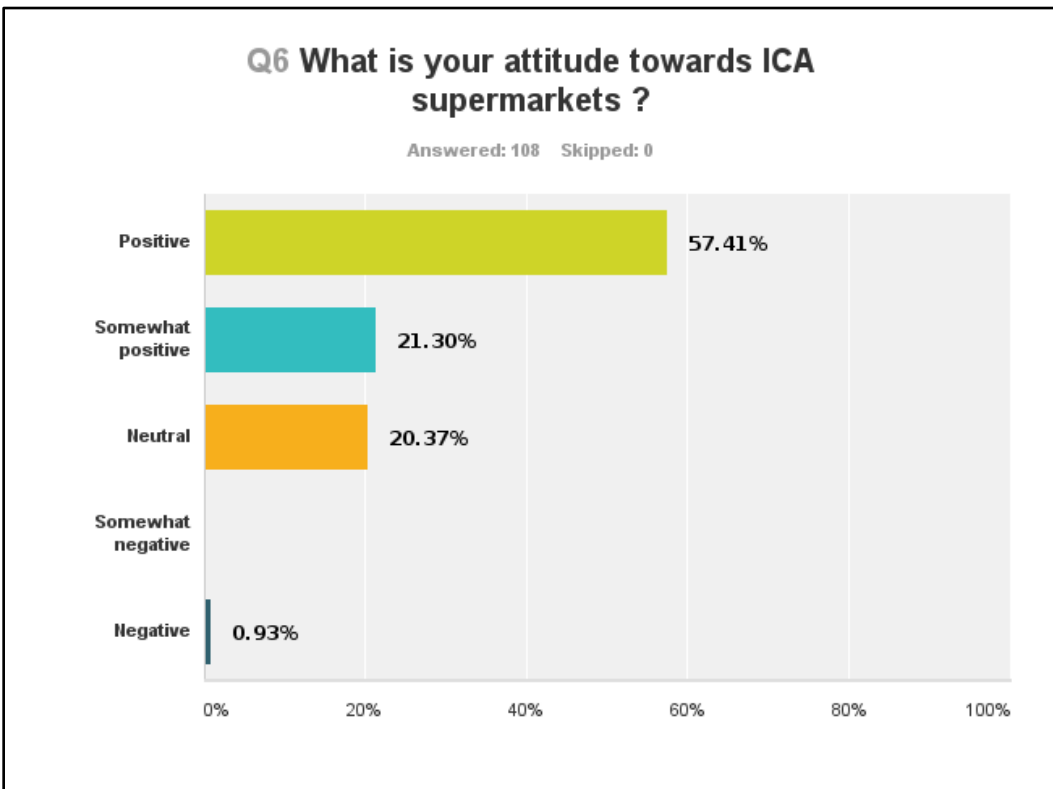


Figure 5-Attitude

This question is derived from theory of attitude toward object model presented in the theory; which stated, attitude towards object model is especially suitable to measure the consumers attitude towards object such as an organization or a brand (Fishbein). In this case, the given question aimed to measure consumers' attitude toward the object, which is the brand ICA, specifically ICA food retailers. In total the question received 180 answered. It is clearly to be seen that more than a half of respondents held absolute positive attitude towards ICA which accounts for 57.41%, along with 21.3% had a relatively positive attitude, 20.37 % kept their opinion neutral and only 0.93% have negative attitude against ICA. The result indicates approximately two third of all responders had attitude skewed positively toward ICA. In fact, ICA is the market leader in the food retail sector with a market share of 36.7%, in the Swedish market at the end of 2012 (hakoninvestnew) .This finding compared with the result obtained from the given survey question, has justified ICA is well-known and has a strong position in the mind of Swedish consumers (di.se) cited by (Kata,B., & Linda,F., 2012).

### 4.3.1 Brand and related factors

Advertising, WOM (Q-7, 8)

The following questionnaires measure consumer awareness of the brand in accordance to (Aaker, 1996) suggestion; it indicated a way to examine consumer brand awareness at level of recognition by asking "Have you heard about brand X"? .Thus the authors of this study based upon this suggestion and chose to formulate the question in the similar manner, "Have you ever heard or know ICA own brand- ICA Basic?"

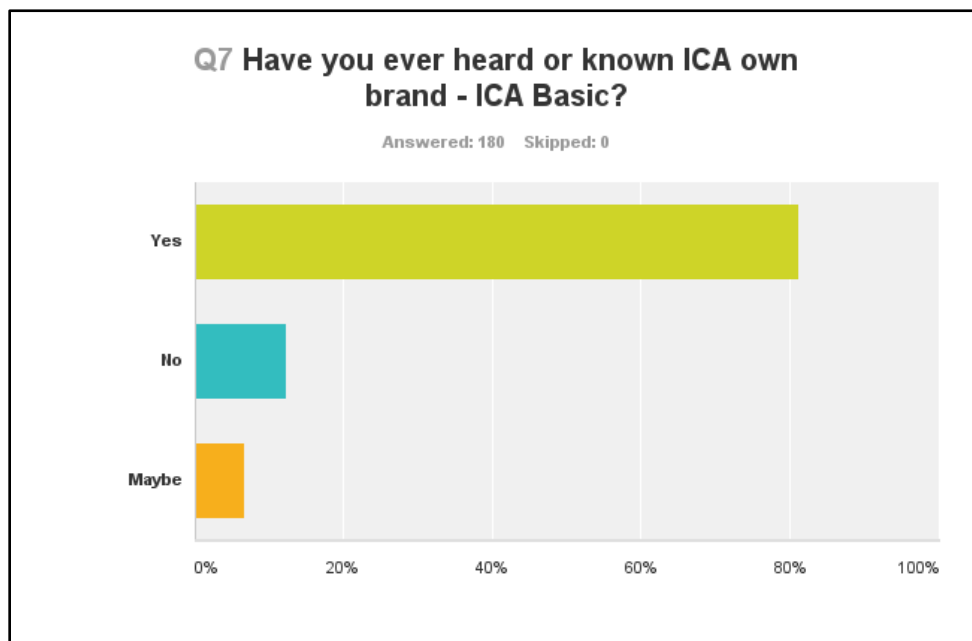


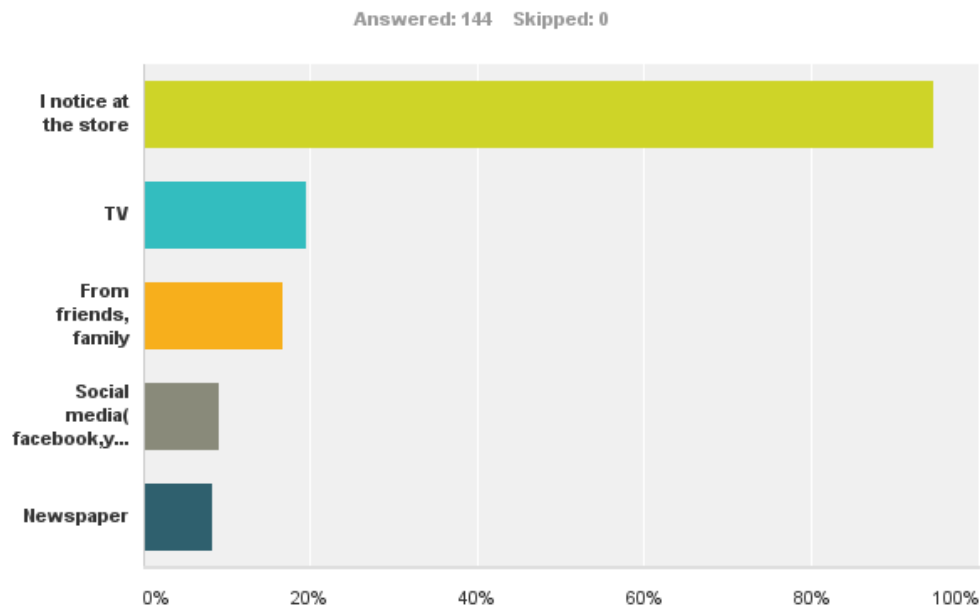
Figure 6-Brand Awareness

Answer Choices	Responses	
Yes	81.11%	146
No	12.22%	22
Maybe	6.67%	12
Total		180

**Table 2- Brand Awareness**

The theory of awareness mentioned earlier denoted that consumer awareness of the brand refers to their ability to recall the brand in various circumstances ("Brand"). In this case, being asked if they have ever heard or know ICA Basic, the majority of respondents 81.11%, answered they had heard or known about ICA Basic, signifying their level awareness of the brand is relatively high. From that, it can be interpreted those consumers have higher level of awareness- which is brand familiarity as Adams( 2012) specified : Brand familiarity is consider as higher standard of awareness and measure consumer understanding as well as knowledge about the brand. Additionally, to identify the sources of brand familiarity in accordance to those consumers' knowledge of the brand, the following (Q-8) was raised:

**Q8 How did you know about ICA Basic (It is possible to select more than one answer )**



**Figure 7-Brand familiarity, advertisement, WOM**

Answer Choices	Responses	
<b>I notice at the store</b>	<b>94.44%</b>	136
<b>TV</b>	<b>19.44%</b>	28
<b>From friends, family</b>	<b>16.67%</b>	24
<b>Social media( facebook,youtube, forums, blogs...)</b>	<b>9.03%</b>	13
<b>Newspaper</b>	<b>8.33%</b>	12
Total Respondents: 144		

**Table 3-Brand familiarity, Advertisement, WOM**

It is necessary to compare different impacts that various type of associations might have on brand knowledge of each consumer; therefore multiple answer options were allowed in this question .The outcome demonstrates in figures 7 indicates most respondents were familiar with the existence of the brand .Approximately 94% recognized ICA Basic at the store compared to 19.4% recognized it by TV, 16.67% by friends and families, and other sources (social media 9.03%, newspapers 8.33%).Because brand familiarity reflects the extent that consumer have direct or indirect experience with the brand (Campbell, Margaret C; Keller, Kevin L, 2003); the result from this questionnaire implies most consumers familiar with ICA Basic by direct experiences, TV and other sources only have little influences on how consumers aware/or familiar with ICA Basic. ICA Basic was introduced on the market in 2011, after two years, it deems to be popular and be recognized by the majority. The authors of this paper have found out that since 2011, three advertisement videos have been launched through social media (www.youtube.com) and were published on TV commercials, yet only small proportion of respondents have exposed to that information. Advertising is tactical tool to familiarize consumers with new products and create buying incentives; and companies make use of advertisement as a technique to enter other branded products (Parker, 1997) ICA has been keeping investing in advertisement as advertising is considered a tool strengthen its position and aim to fulfil the mission to be leader retailer focus on foods (Erik, 2013).WOM factors such as friends/families and social media turned out just slightly influent brand familiarity of consumers.

The finding also shows that there were 12.29% people answered “No “and 6.15% unsure whether they know about the brand or not when being asked (Q-7): *“Have you heard or know about ICA own brand, ICA Basic?”* These respondents were identified as low brand awareness consumers and unfamiliar with the PLBs. As skip logic functioned, they were transferred to the other page designed particularly, consisted of (Q-39). This question was adopted by the study of Aaker (1996) in which he suggested that

“another tack to examine the recognition is to expose respondents to a set of visual images”. Thus, one image chosen as a sample of ICA Basic product was presented in this question. Respondents were asked “*Have you ever purchased any products with this package design before?*”. The result came out was: 18 out of 34 people replied “No”, signifying they had never had experience or exposure to ICA Basic.; evidently means they were completely unaware of the brand ICA Basic, having neither direct nor indirect experience with the PLBs; it confirmed the fact that they are unfamiliar and have not yet exposed to the PLB (Campbell, Margaret C; Keller, Kevin L, 2003)

In addition, an interesting finding was that 16 people answered “Yes” verifying they had bought some products like that before. Obviously those respondents had experiences with ICA Basic products before but did not know about the brand itself. The reasons behind that could be their lack of awareness of what brand they buy or another possibility is they find it hard to distinguish amongst different ICA PLBs.

#### **4.3.2 Brand familiarity**

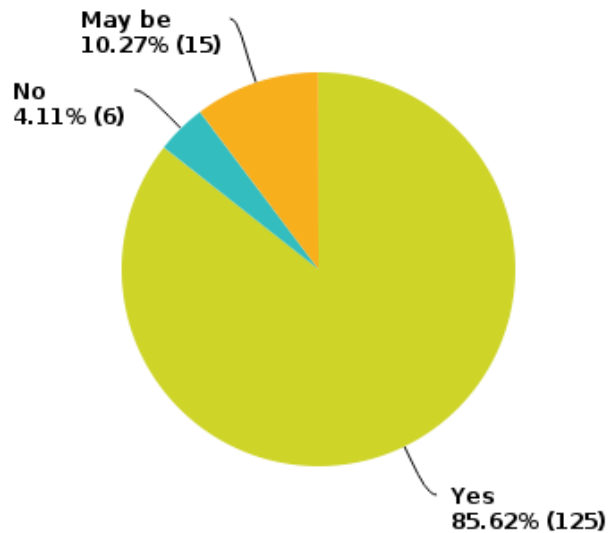
(Q-9) Brand familiarity

This question was formulated for those who have brand awareness, answering “Yes” in (Q-7)

It was mentioned above; the study of Aaker (1996) suggested that “another tack to examine the recognition is to expose respondents to a set of visual images. Hence, another questionnaire similar to (Q-39) was assigned to examine degree of familiarity of those consumers who already known ICA Basic and aware of the PLB, they were asked “*Are you familiar with the design package of ICA Basic product?*”.

### Q9 Are you familiar with the design package of ICA Basic products?

Answered: 146 Skipped: 0



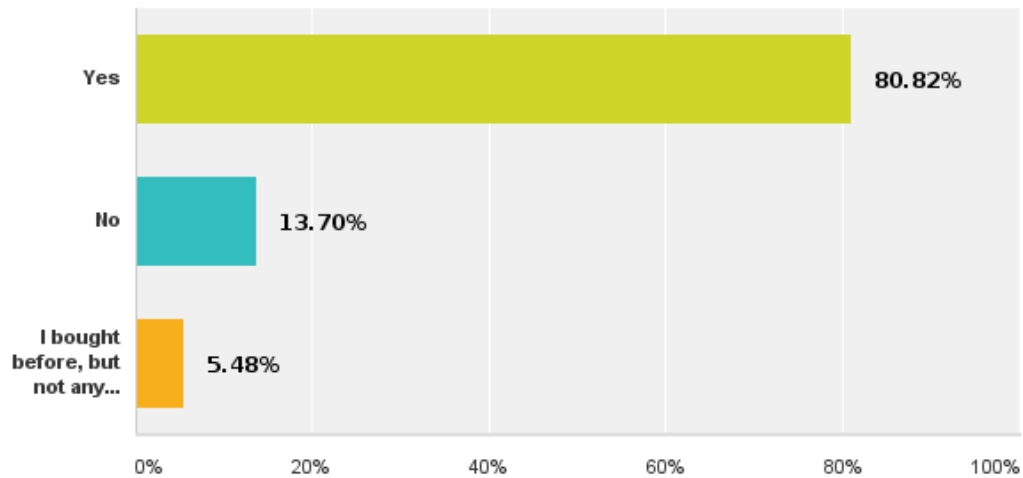
**Figure 8-Brand familiarity**

In this case 84.62% was certain about their familiarity to design package of ICA Basic products in contrast to 4.11% unfamiliar with the packages and 10.27% unsure. The fact is brand awareness to some extent cannot separate from brand familiarity with the brand symbol and visual imaginary. From this result, we can see that most shoppers in the sample are highly familiar with how ICA Basic packages look like. Besides, some interesting finding of previous studies denoted that brand colour is important consideration in brand identify system. A study by A, Wada, Masuda.T, Goto, & Tsuzuki( 2013) where two experiment were conducted to examine effects of memory colour induced by familiarity of brand logo, has provided critical outcome, that there is behavioural evidence of the relationship between the familiarity of objects and the memory colour effect and suggest that the memory colour effect increases with the familiarity of objects. From that , it can be interpreted the combination of logo design and colour influences the sense of likability and familiarity; additionally, by intuitive observation, the authors of this study referred to ICA Basic, which is advantageous as it possess identical red brand logo and package designed with two tone colours of red and white . That appears to be easily recognizable and salient in consumer mind, either buyers or non-buyers.

The following up question classified these buyers and non-buyers

## Q10 Do you buy ICA Basic food products?

Answered: 146 Skipped: 0



**Figure 9-Brand familiarity**

Answer Choices	Responses
Yes	80.82% 118
No	13.70% 20
I bought before, but not any longer	5.48% 8
Total	146

**Table 4-Brand familiarity**

As mentioned earlier, 146 people answered question associated with brand familiarity but only 118 out of that number which accounts for 80.82% buy to ICA Basic products in contrast to 13.7 % were non-buyers.

“ICA is one of the most famous brands in Sweden so just putting the ICA Brand on that product we believe that we would get much higher awareness. ICA Basic is very well known now in Sweden and very high recognition among Swedish consumers” (Heijne, ICA Private Label Manager, 2013) . This belief is verified in this this study because 118 out of 146 respondents in the chosen sample have bought ICA Basic products. This question together with the former one demonstrates the fact is ICA Basic is

significantly familiar with Swedish consumers. Furthermore, example of shelf management model given in the interview with Mr Erik provided the authors the sense that lower price products, like ICA Basic are placed at lower shelf. This study, nevertheless will not take issue of shelf space into deep consideration, yet the latest two figures attained from the survey results gave the author the opinions that no matter where ICA Basic products are placed, most consumers were quite highly aware of their presence, either because of the attractive colour package or either consumers themselves are attentive as they are ICA Basic regular buyers.

Non buyers accounted for 13.7% who might prefer higher package design or higher product quality, and willing to pay extra for the taste and high quality natural products like ecologic products. Few respondents gave additional comment to this issue revealed: "I like quality and taste or natural products". In this case it is matter of preferences which might differ from each individual. In addition, some of them might be risk adverse buyers who feel doubtful and questioned the price and quality of the products that are non-local origin or the products that they are not use to buy, hence, have no proneness to buy ICA Basic.

There was 5.48% confirmed that they used to buy ICA Basics. It was found necessary to gain deeper insights into those consumer mind-set thereby, the "skipped logic "processed them to specific questions regarding post purchase, 7 people continued with this question



### Q33 What is the reason you do not want to buy ICA Basic? (It is possible to select more than one answer)

Answered: 7 Skipped: 0

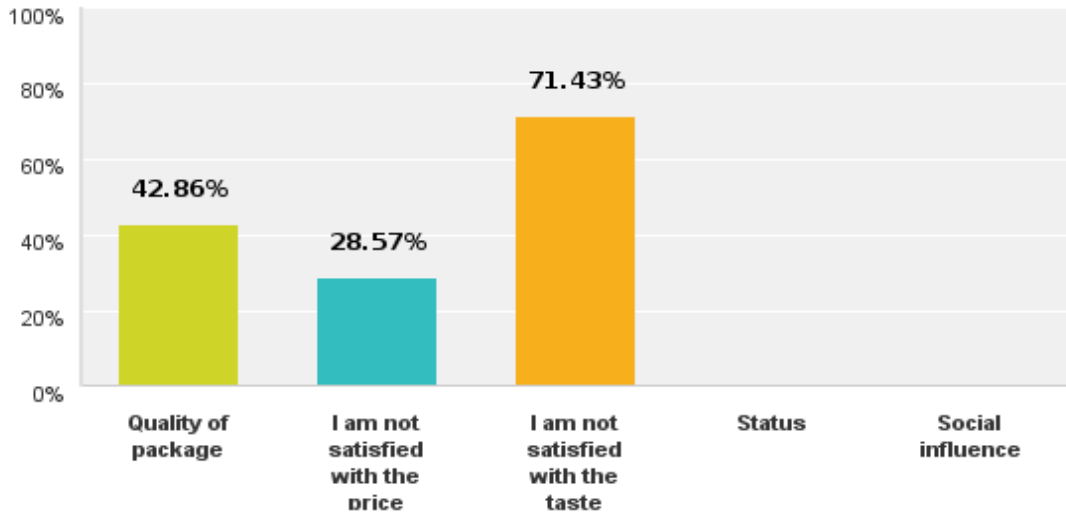


Figure 10- Satisfaction

It is seen that high percentage of responses who said “do not any longer buy ICA Basic “due to the reasons they do not feel satisfied with the product taste (71.43%) followed by 42.86% unsatisfied with product package. It is possibly because they would want a “little extra” for products they buy and maybe turn their face other higher value added products from ICA or other national brands. A lower proportion of 28.57% was not satisfied with the price can be explained as they demand more on the current products compared with the actual price they have to pay.

The theory of attitude toward behavioural model is applied to examine the possible outcome which is favourable or unfavourable. The following figure demonstrates the combination of the response from this question (Q-10) and the positive attitude toward the brand ICA in (Q-6) ( those answered “positive” “somewhat positive”)

	yes	No	I bought it before but not any longer	Total
Positive attitude	67 85.8%	6 7.6%	5 6.4%	78

**Figure 11-Attitude towards ICA Basic**

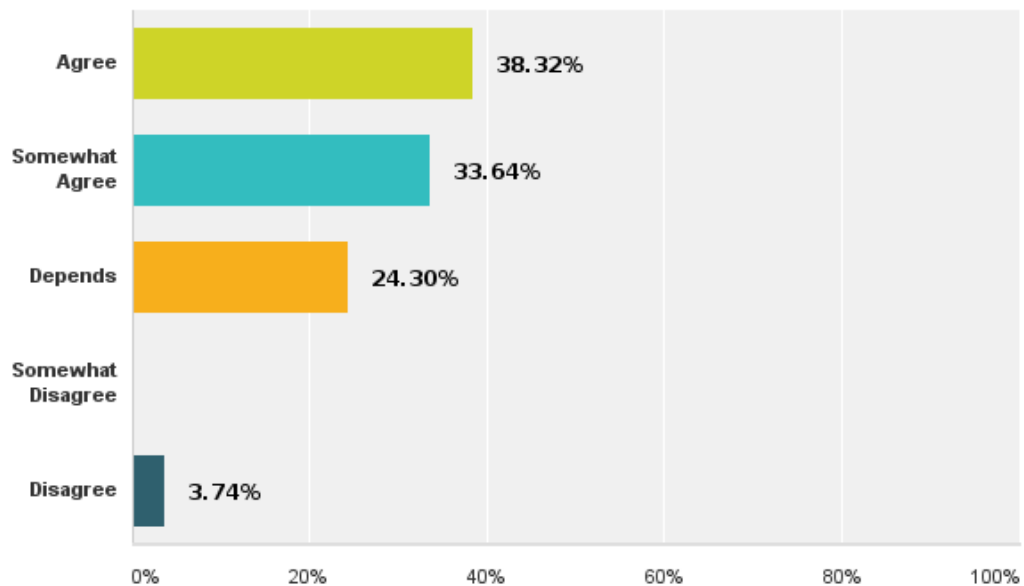
It is clearly that a part of consumer had positive attitude toward the brand ICA, but might hold negative attitude towards purchasing low price private labels ICA Basic; that confirms the attitude of behavioral model (Schiffman & Kanuk 2004) .7.6% responders held positive attitude towards ICA but do not consider buying ICA Basic, they were who had unfavorable attitude to purchase and consume the PLB.

### 4.3.3 Brand equity, branding strategies

(Organization Association Q25)

#### Q25 It's trustworthy to buy low-price food products from well-known retailers

Answered: 107 Skipped: 0



**Figure 12-Brand Equity**

(Q-25) was regarding consumer general opinion about the association between low price food products and retailers' reputation.

In total, 38.32% totally believed that it is trustful to buy low price product from the well-known retailers and 33.64 agreed to the statement to some extent while 24.30% held neutral opinion towards the issue and 3.74 % completely disagree with the statement. It seems to be the retailer reputation or corporate brand reputation has significant impact on consumer mind-set when they buy food product. In this case, majority consumers tend to hold positive attitude to low price PLBs product, providing that they are manufactured by well-known retailers. Aaker(1996) in his study identifies that brand-as organization perspective considers the organization as the whole (people, value, and programs) those lie behind the brand. The corporate brand can play an important role and it can represent something beyond merely being known by its products or services. ICA annual report of sustainable development specified that: "The trust of our customers is one of our most important assets" (Strömberg, 20 May 2013) . Some respondents 'comments in the question have somehow clarified the company's belief:

"I take for granted for the quality since it is ICA"

"They are popular, I trust them"

"I assume that it is safe and they probably follow the food regulation of the company. The products must be able to qualify some standard of food retailers"

"They at least do not want to lose customers"

Comparing this response with the response regarding consumers attitude towards the organization ICA from (Q-6), it can be interpreted that strong organizational associations positively brings about trust to consumers. The corporate brand itself this case is not merely known as product suppliers but stand as symbolic credence in the majority of consumer mind. Regarding this issues, the latest information was collected which supports the argument of strong organizational association. It was found out that ICA grocery store chain has won and be awarded for the sustainable brand according to the Sustainable Brand Index™ 2013 (sb-insight.com). It is Scandinavia's largest brand survey about sustainability. The survey was done by interviewing nationwide with 9000 Swedish consumers. The criteria of sustainable brand by this survey is the brand whose promise is not only about price and quality but also be transparent and responsible regarding the way it create price and quality (ica.se)

The use of umbrella brand is efficient implementation when the brand is strong. Many retailers utilize their retail brands as umbrella brand for third and four generations and using different brand for their

value range in the purpose of protecting retail brand from any discount association. Such an example is Albert Heijn— a popular food retailer of Netherland followed this aforementioned strategy who labelled Euro shopper to distinguish it as price entry range and Albert Heijn-branded products that are at higher price tiers (Perrey & Spillecke, Retail Marketing and Branding: A Definitive Guide to Maximizing ROI, 2013).

This practice, nevertheless in the case of ICA, is opposite. ICA has been labelling all ranges of PLBs under its umbrella brand regardless of different types of PLBs; its PLB brand includes: ICA I love Eco, ICA Gott liv, ICA( those are provide high value added generation PLB ) and ICA Basic , providing low point price products (Heijne, ICA Private Label Manager, 2013). Contradict to Albert Hejin practice to protect retail brand from “discount association”; ICA in turn hold its belief in the positive consequence can result in, which is by using the tag ICA Basic that named under ICA brand ; and believe it can capture high level of awareness among consumers and increase their consumers ‘ trust (Heijne, ICA Private Label Manager, 2013)

Nevertheless, to some extent there still existed a small part of consumers was relatively sceptical, which accounted for 3.74%; one of respondents among those gave opinion that: “You cannot trust any food product nowadays”. They might be those who have high level of risk perception. In the following question is about to investigate in depth this issue.

#### **4.3.4 Risk Perception**

In order to find out how suspicious consumers are about buying ICA Basic this question was asked “(Q-19).How do you hesitate to buy ICA Basic food/beverages product?” From the total respondents who answered the question 37.74% felt not at all hesitate to buy ICA Basic. From Q-10 it is proved that consumers are familiar with ICA Basic , if the consumers are familiar with the brand they perceived less risk (Aaker D. , 1996), (Aaker D. a., 2000),(Chaudhuri, 2002). In addition some respondents gave comments about how they perceived risk while answering the the survey, as following:

“I assume it is safe as they probably follow food regulations as a company.”

“The price is much cheaper”

“The quality, it’s what really in the products!”

“Quality is decent; it's often cheapest of the assortment.”

“Why should I? It’s food, I don’t think so much about it.”

This was confirmed by Mr. Erik who explained that food products produced outside Sweden their quality is evaluated by the company. Furthermore, ICA testing product is guaranteed by ICA .With special testing procedures that means ICA Basic products have to live up to a certain quality level (Heijne, 2013)

In contrary some respondents gave their thoughts on the survey about the quality of ICA Basic and reasons they hesitate to buy the food product:

“Because it is cheaper I wonder if the quality of the ingredients used is lesser.”

“Some of their ICA Basic products lack the quality even for their own price range; packaging is somewhat a turn off sometimes.”

“Sometimes the low price makes me wonder something must be wrong”

“I only buy certain products that I think are okay, like tin corn. I would never buy pasta or potato salad since I am suspicious towards the ingredients.”

We assume that consumer answered this question can be regular buyers or just purchase certain product categorizes that they think are acceptable. Among them who felt slightly hesitate accounted for 37.74% and moderately hesitate 22.64%. Others who are more suspicious about the quality and ingredient will hesitate to buy the PLBs more often. The finding shows only minority of them are totally hesitate (very hesitate 1.89% and none of the respondents have felt extremely hesitate).

According to Schiffman (2013) price perception has strong influence on purchase intention of PLBs .However if the consumer is uncertain about the quality of the product the less effect it has on the buying behavior (Urbany, J. E., Bearden, W. O., Kaicker, A., Borrero, M. S. D. , 1997) because they perceived risk. Some consumers perceived less risk buying the low price private label because they think some assortments have similar quality with other brands. These consumers benefit buying trade-off of those assortments.

ICA basic food products quality is carefully examined by the company. However the company has been also cheated by its supplier providing house meat instead of beef ("Radio sweden", 2013 ) . Therefore the company conducted DNA analyses of all of ICA private label food product that contain beef in order to make sure that they do not contain any horse meat .The company has working a lot for not making the same mistake and to minimize the risk .However, the company still did not have sufficient mechanism to protect fraud of suppliers. As a plan Per Strömberg CEO, ICA AB mentioned labeling of origin of food might have positive aspect in minimizing the risk (sustainability, 2013, p. 4).

The company strategy concerning quality improvement has impact on consumer perception minimizing the risk. According to Richardson (1996) private labels are riskier than the National brands because

higher product variability and lower quality makes consumer to be unsatisfied. Thus price- quality became an important factor for the success of PLBs, retailers' PLBs must meet at least standard of the company ("NSF's Private Label Assurance") . If the PLBs are as good as the national brand perception value is increased while if the PLBs are inferior in quality, value of perception towards the PLBs will be less (Paul s., Trun K., & Alan, 1996).

	Not at all hesitate	slightly hesitate	Moderately hesitate	Very hesitate	Extremely hesitate	Total
(no label)	37.74% 40	37.74% 40	22.64% 24	1.89% 2	0% 0	106

**Table 3-Perceived risk**

#### 4.3.5 Price Perception

Question 15 and 16 asked in order to measure consumer price perception towards the private label ICA Basic

(Q-15) *“The price of ICA Basic is lower than similar products' of other brands”*

Respondents were questioned how they perceive the price of ICA Basic in comparison with others brands. More than half totally agreed about the price of ICA Basic is lower than similar products of other brands. 56.73 % and 32% of them were somewhat agreed whereas 6.8% were neutral and the remaining were disagreed (somewhat disagreed 2.91% and disagreed 0.97%).

From the percentage of agreed response, it can be interpreted that what consumer’s perceived about the PLB price is quite consistent with the image of first generation PLBs (Figure in appendix-1) where price point is a key factor impulse buying.

	Agree	Somewhat Agree	Neutral	Somewhat Disagree	Disagree	Total
(no label)	57.28% 59	32.04% 33	6.80% 7	2.91% 3	0.97% 1	103

**Table 4- Perceived Price**

(Q-16) *“Buying ICA Basic food products is a good way to save money”*

The finding from question number 15 showed most consumers perceived ICA Basic is low price in comparison with other brands. Further it is important to find out whether the consumer are benefited with price option provided by the company or not ,because the lower price products have both a

positive and negative influence on the consumer mind (Zeithaml ,1988). Some consumers think they can benefit by saving some amount of money from the lower price food product. And others might feel suspicious if the price is low the quality might have some problematic issues. For this reason additional question has been raised on the survey (Q-16) “Buying ICA Basic food products are a good way to save money”. 47.22% of them agreed and somewhat agreed 34.26% whereas 17.59% of respondent thought it depends on other factors .Supporting this financial risk on the theory explain that consumers who perceive PLBs as low quality product did not want to spend their money for products they are not satisfied. As shown in the figure below, only the minority, 0.93% of respondents were against the idea that buying ICA Basic is a good way to save money

Though lower price products are preferred by most consumers there are other attributes that consumers take in to consideration that is perception of quality and perception of risk. Those who answered low price food product does not support saving money will be considered either they are not satisfied with the quality of the product or they perceived high risk.

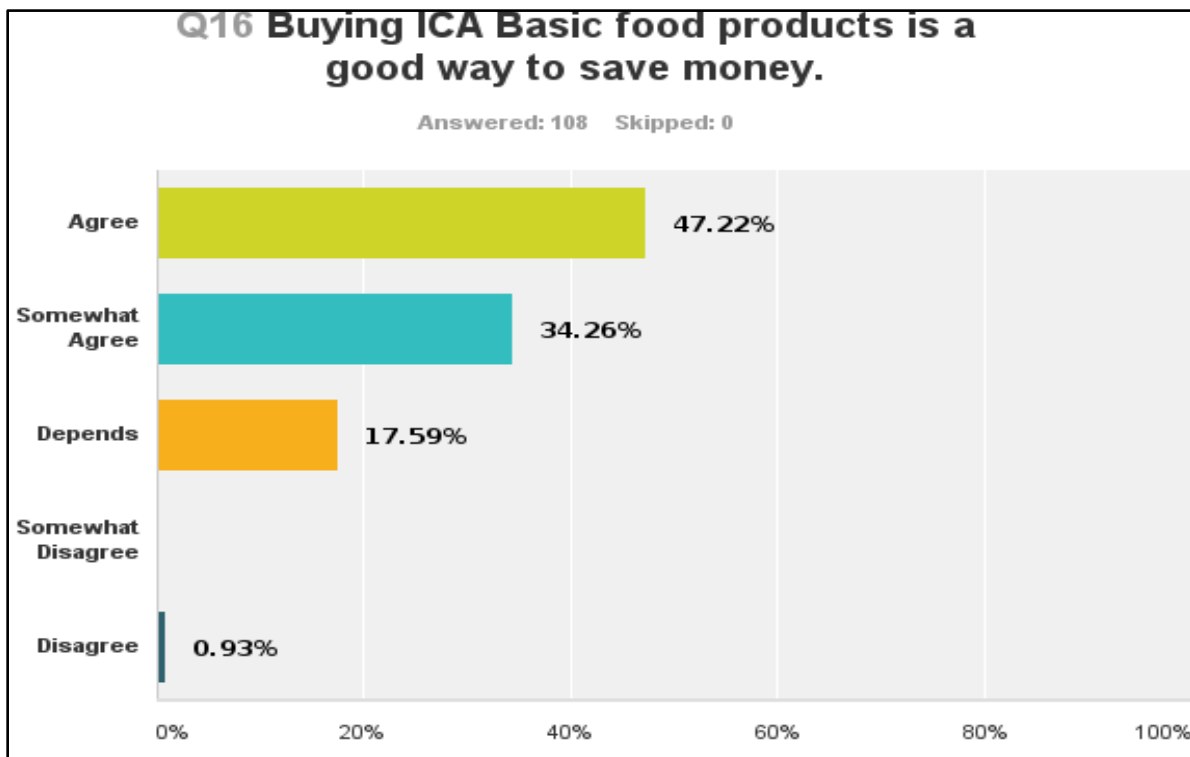


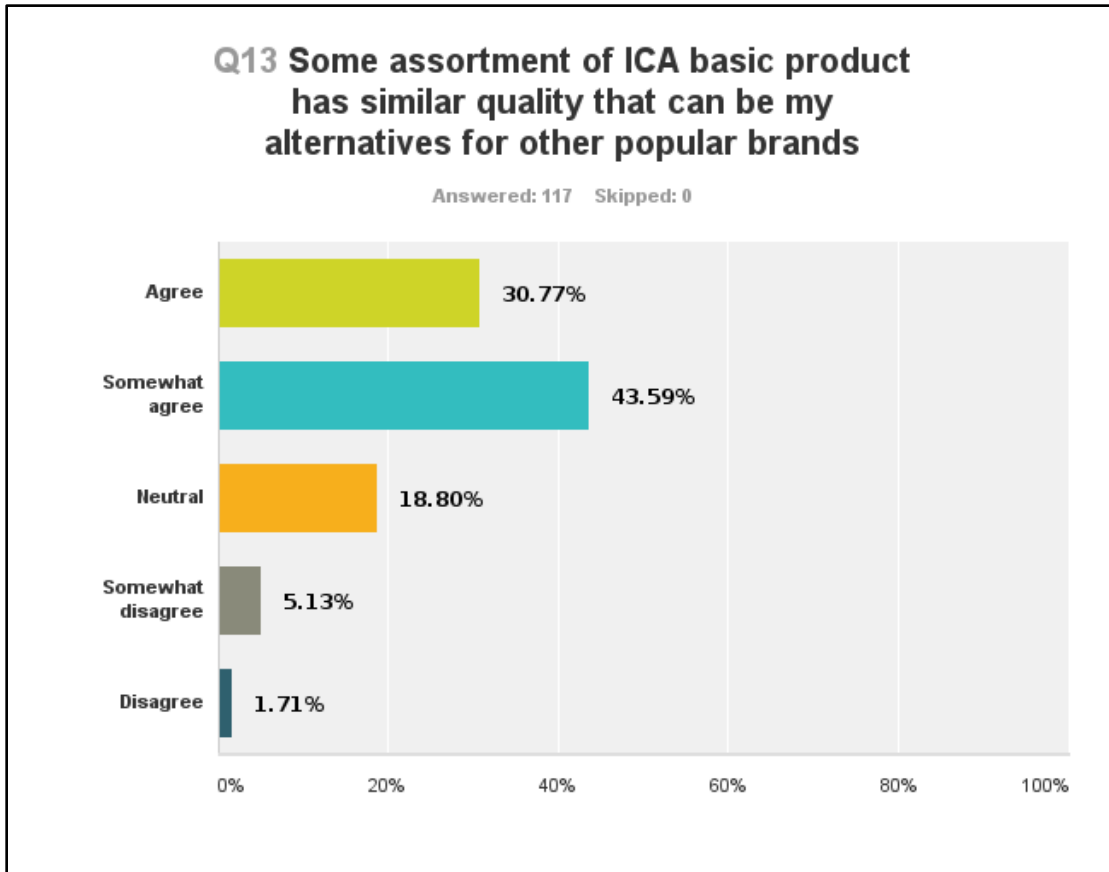
Figure 13-Perceived Price

#### 4.3.6 Perceived Quality

(Q- 13), (Q-14) are to measure how the consumer perceive the quality of the PLBs (ICA Basic)

(Q- 13) “Some assortment of ICA basic product has similar quality that can be my alternatives for other popular brands”.

Almost 75% of respondent agreed (30.77% agreed and 43.59% somewhat agreed) ICA basic products have similar quality with other brands. While only 6.84% of respondents (5.13 % somewhat disagreed and 1.71 % Disagreed) disagree with the statement. The remaining 18.80% of respondents gave neutral opinion.



**Figure 14- Perceived Quality**

Information from the company webpage (translated from Swedish to English by web browser) states that in order to maintain the low price of ICA Basic pick out some of the ingredient content and provides simpler package styles. Concerning quality it was noted that there is a standard set of quality for ICA Basic since the company has a special testing procedures to ensure that the quality meet certain requirement level. An example of green bean was given: It might be the same quality of the bean, but when the bean was picked, what differ was the number of broken bean that allowed to be in packages,



for instance, for ICA product perhaps it is 10% broken bean but for ICA Basic it might be accepted at level of 15% (Heijne, 2013) . On the other hand frozen broccoli berries and vegetables relatively have similar nutrition content than similar product but the bean size might be different and might not be perfectly rounded (ica.se). Though in some of ICA Basic food products might slightly less in ingredient and simpler packaging compare to the national brand and other PLBs by ICA, most consumers are satisfied with ICA Basic. Because 75% of respondents think ICA basic products have similar quality that can be a substitute for other brands. There is actually a situation when consumers are premium purchasers on particular products/categories and sometimes they can accept trade-off by purchasing lower price on other products /categories, such the case can be seen between high and low involvement products. By result given in question, the author believed that besides being regular buyer, some consumers might still have occasional consumption with ICA Basic. They might find themselves trade-off certain product categorizes offered by ICA Basic, which are lower price than others brand. However within the frame of this thesis which concerns only PLBs food in general, in each type of food categorizes is not considered and the issue will not be investigated further in details.

(Q-14) “How do you perceive ICA Basic food products quality?”

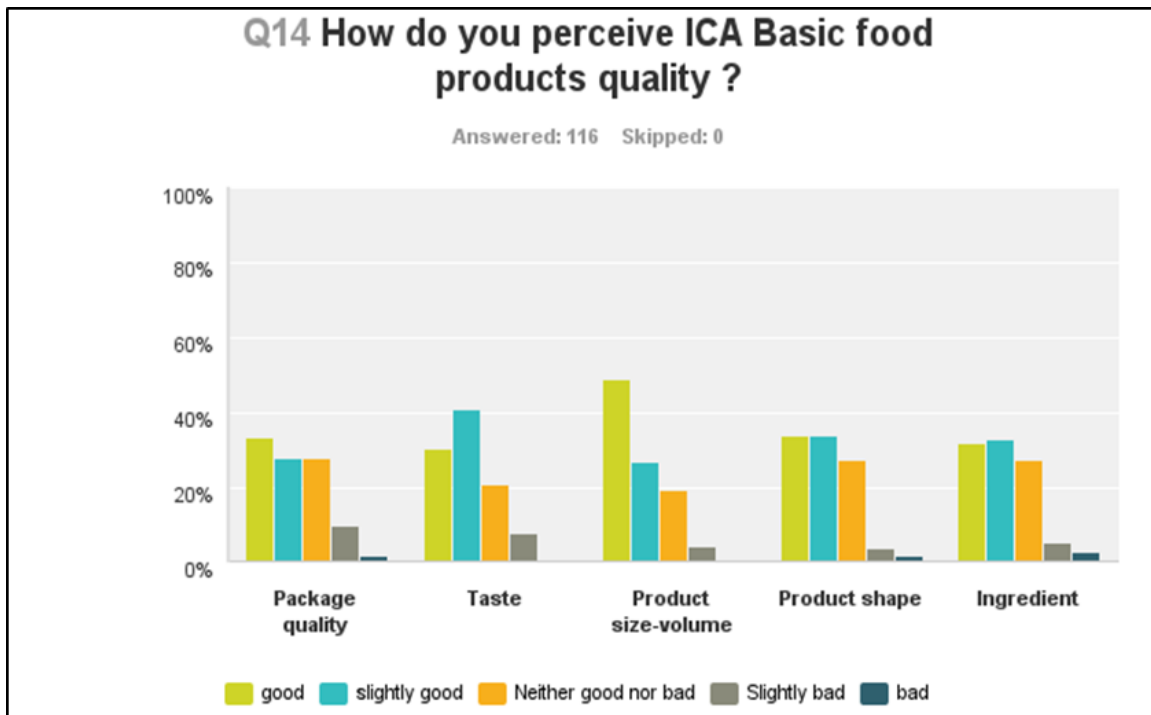
In order to measure quality perception of consumer towards ICA Basic four variables were taken in to consideration namely: - taste, package quality, ingredient, product shape and volume. Almost 76% of respondents (48.70% good and 26.96 % slightly good) believed that product volume is good moreover 60.67% perceived quality of the package is good (33.04 % good and 27.83% slightly good).ICA basic packaging’s might not always be thick to all of the product offerings and also might not have the same opening style that is easy way to open packaging’s with zip or rigid packaging’s (Heijne, 2013). It could be less sophisticated design. However the survey result shows more than 60.67% of respondent give a positive opinion on package quality of ICA Basic products.

In consideration to taste and ingredient, respondents perceive less quality in these attributes compared to package and volume. The figure below shows respondents answered” slightly good” in taste and ingredients with percentage amount of 40.52 and 32.74 .For this analysis the researchers believe taste and origin might have relation because some of ICA Basic food products are supplied from outside Sweden. The products are supplied from different countries might taste differently and might have impact on consumer purchase intention of PLBLs food product since some Swedish consumers care about the taste which they are adapted (Erik, 2013).

About the ingredient the company webpage noted, in orders to come up the price some ingredients are cut off. This have impact on buying behavior depends on the consumer preference such the higher price would be the higher ingredient content.

Equal amount of respondent for product shape 33.64% (good and slightly good) also shows consumers are comfortable with the product shape compared to that of the food taste and ingredient.

More than 25% respondents thought ICA Basic is neither good nor bad correspondingly to those attributes: 27.83% in package quality, 27.43% in product shape, 27.74% in ingredient and for the taste 20.69% whereas 19.13% of them keep neutral opinion. The rest, minority of respondent perceived (taste, ingredient, volume and package) of the food product slightly bad less than 10% whereas and only less than 3% of them answer bad on the four attributes



**Figure 15-Perceived Quality**

	good	slightly good	Neither good nor bad	Slightly bad	bad	Total
Package quality	33.04% 38	27.83% 32	27.83% 32	9.57% 11	1.74% 2	115
Taste	30.17% 35	40.52% 47	20.69% 24	7.76% 9	0.86% 1	116
Product size-volume	48.70% 56	26.96% 31	19.13% 22	4.35% 5	0.87% 1	115
Product shape	33.63% 38	33.63% 38	27.43% 31	3.54% 4	1.77% 2	113
Ingredient	31.86% 36	32.74% 37	27.43% 31	5.31% 6	2.65% 3	113

**Table 5-perceived quality and perceived risk relationship**

#### 4.3.7 Perceived Value

*(Q-17) ICA Basic is good value for what I give for.*

	Agree	Somewhat Agree	Neutral	Somewhat Disagree	Disagree	Total	Average Rating
(no label)	56.73% 59	32.69% 34	6.73% 7	2.88% 3	0.96% 1	104	1.59

**Table 6-Value perception**

As shown in the table above the majority of respondent are satisfied with the product they get in comparison to price scarifies i.e. 56.73% agree and 32.69 % somewhat agree. The rest answer depends (6.73%) and disagree i.e. 2.88% somewhat disagree and 0.96% disagree. When consumers are satisfied perception of value will increased .From the findings it is believed that more than 80% of ICA Consumers are satisfied with ICA Basic. Q -15& Q-16 proved consumer high perception of price towards the private label that is most consumer think ICA basic is low price and they can benefit the low price by saving some about of money. Q-17 shows consumers high perception of quality in comparison to other brand. That means these consumer thought the quality of ICA Basic is quite okay and price is reasonable. According to Zeithaml (1998) PLB buyers are price seekers-those who look for low price, as a result, for

some consumers having inexpensive product means achieving high value. PLB consumer's value for food product is depending on the low price and also the quality of the product. Value is important factor for purchasing food products. Some consumer give priority for low price instead of quality and other might concern for quality than price. Though buying behavior is different among individual quality–price are not separable when making purchase decision. Consumer will be satisfied and or give high value if the quality–price relationship matches their expectation.

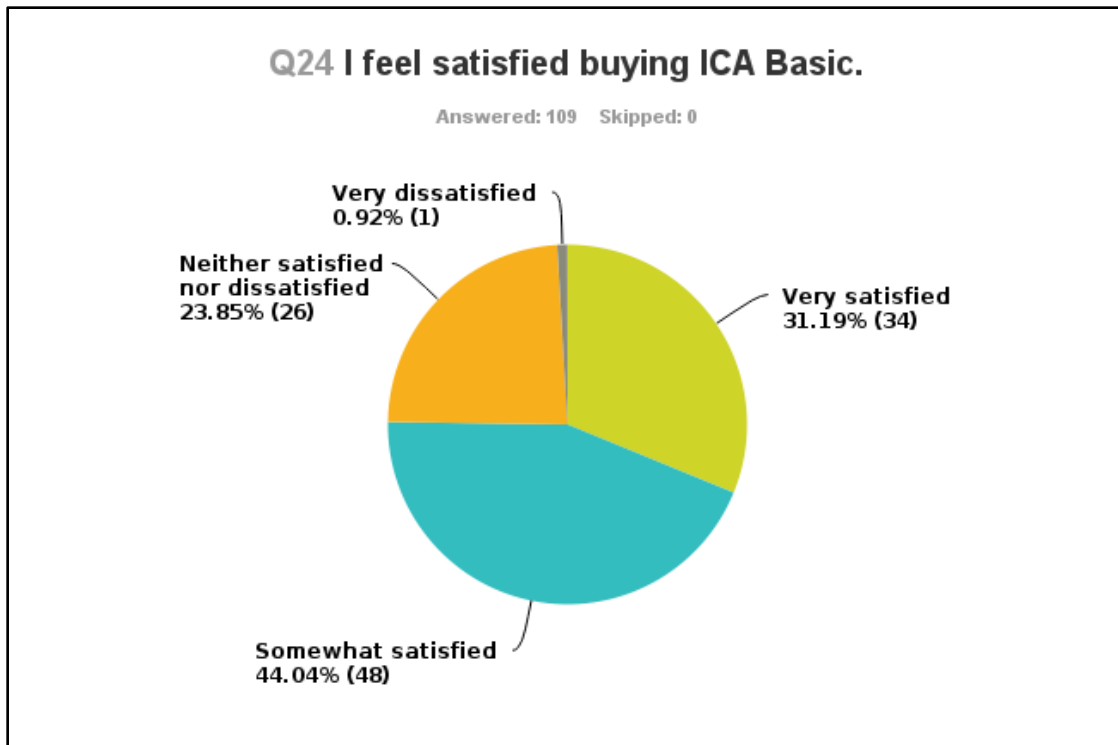
Value perception also related to perceived risk, consumers who perceived high value for the product are those who think the product is less risky.

To measure the finding's with the theory a relationship between perceived risk and value will be considered. Respondents who were totally agreed in Q-17 "ICA Basic is good value for what I give for" will be considered to compare the relation with perceived risk (Q-19): The table shows 53.06% for respondent who agree and not at all hesitate, 32.65 % agree and slightly hesitate, 2.04% agree and very hesitate. This shows respondents who thought ICA Basic less risky give best value for the product but if they are skeptical about the product they will lose the value or interest they have towards the product.

	Not at all hesitate	slightly hesitate	Moderately hesitate	Very hesitate	Extremely hesitate	Total
Q17: Agree	53.06% 26	32.65% 16	12.24% 6	2.04% 1	0% 0	49

**Table 7- Relationship between perception of Value and risk**

#### 4.3.8 Satisfaction



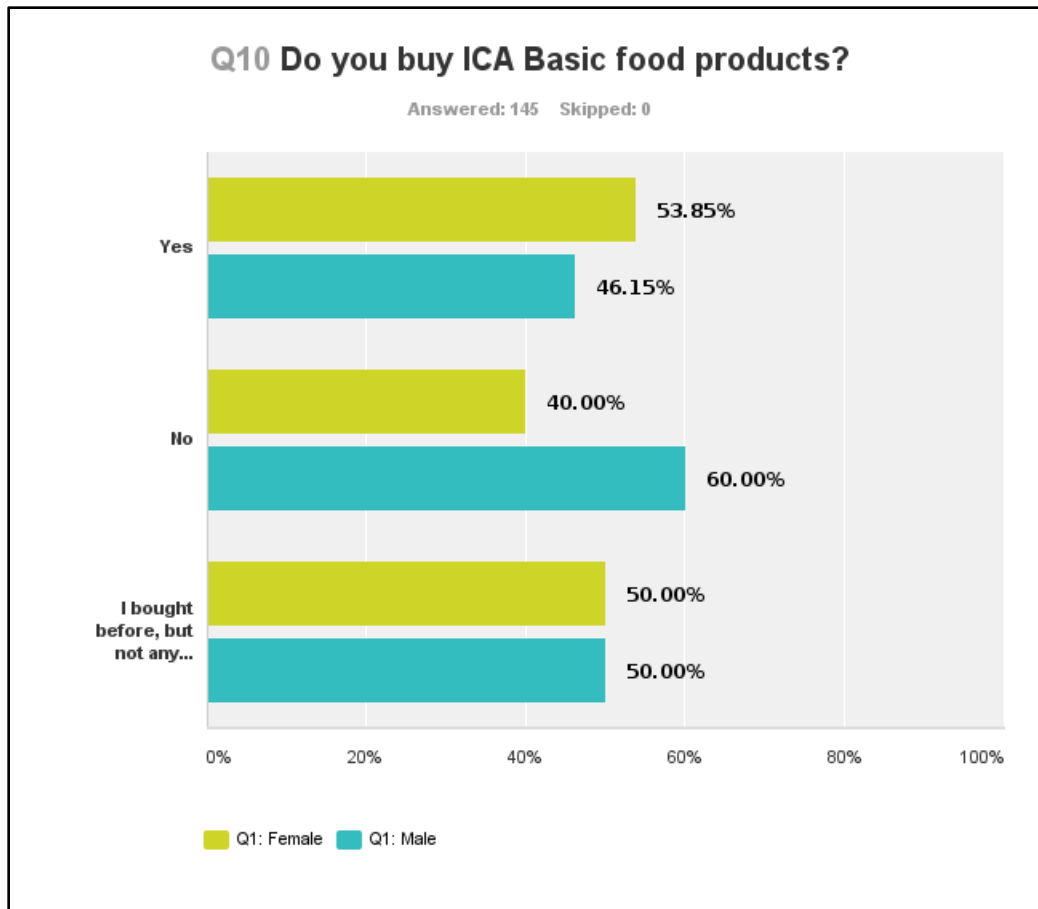
**Figure 16 -Satisfaction**

In general consumers are quite satisfied with ICA Basic products with 31.19 very satisfied and 44.04% satisfy.

From the theory of satisfaction, attitude of post – consumption is decided by previous experience or accumulated experiences over time. The result indicates considerable proportion of roughly 75% buyers gave positive evaluated judgement on ICA Basic products based on their experience, in contrast to only 0.92% dissatisfied buyers. The remaining 23.85% thought that they were neither satisfied nor dissatisfied.

#### **4.3.9 Demographic factor of buying PLBs (ICA Basic)**

Both female and male respondents were asked do you buy ICA basic in order to find out which gender are more prone to the PLBs( ICA basic ). The figure below shows 53.85% of female and 46.15% male answer yes whereas 40.% of female and 60% of male answer no whereas equal amount of male and female 50% answer I bought it before but not anymore. From this it is understood that females are the one who buy more ICA basic compare to male on the other hand male hesitate more buying PLBs than female.



**Figure 17-Relationship between ICA Basic and Gender**

The researchers also wanted to find out the relationship of PLB ICA Basic buying behavior with Income because ICA basic provide lower price food product than the National brands. In order to find out the relationship respondents were asked their income in addition to do you buy ICA Basic. For this analysis only those who answer “Yes” I buy ICA Basic will considered.

The table-7 shows majority of respondents (60.53%) are those who earn less than 10.000. 27.19% of respondent earn between 20000 to 30000 whereas minority of them who buy ICA Basic earn more than 20000 that is ,8.77% for those who earn between 20000 to 30000 and above 30000 (3.51% ) . From this the study analysis that consumer who have less income are the one who buy ICA Basic more .as seen from the findings it is proved that as income increased the preference of buying ICA basic will decreased. Hoch & Banerji (1993) mentioned when income decreases consumers become price consciousness and shift their preferences to private label brands rather than choosing national brands .In addition to that consumers who prefer to buy more PLBs than national brand are price conscious .

	Q4: < 10 000 Kr	Q4: 10 000 Kr - 20 000 Kr	Q4: 20 000 Kr - 30 000 Kr	Q4: Above 30 000 Kr	Total
Yes	60.53% 69	27.19% 31	8.77% 10	3.51% 4	114

**Table 8-Relationship between ICA Basic and Income**

#### 4.3.10 Attitude

ICA brand is well-known and has a strong position in the minds of Swedish consumers Anas (2013). Positive attitude towards the brand leads to positive attitude towards the private label. The finding shows ICA basic is known by more than 80% of consumers and from these more than 50% has a positive attitude towards the PLB. Comparing to males females buy more ICA Basic food products and have a positive attitude towards the PLBs.

Consumers who earn more hesitate to buy ICA Basic and prefer the national brand thus might have a unfavorable attitude towards the brand. On the other hand consumers who have less income prefer to buy ICA basic and have a favorable attitude towards the brand.

Majority of consumers are comfortable with ICA Basic food products and the price offered by the company, this have a positive impact on customer's attitude; whereas the minority who thought ICA Basic is not good quality will give less value and favorable attitude.

Additional question were raised to find out how word of mouth has influence on attitude "(Q-20)How likely would your friends, families ,social media, change your attitude towards ICA Basic?"

	Not at all influential	Slightly influential	Moderately influential	Very influential,	Extremely influential	Total	Average Rating
(no label)	33.33% 36	27.78% 30	29.63% 32	7.41% 8	1.85% 2	108	2.17

**Table 9-Word of mouth**

"(Q-20)How likely would your friends, families ,social media, change your attitude towards ICA Basic?"

Findings of the survey shows that WOM has little effect on buying behavior 33% of respondents answer they are not at all influenced and 27.78 % of them are slightly influenced by friends/families or social media, 29.63% felt they are neither be influenced nor not . The rest minority of respondent (7.41% very influential, 1.85% extremely influential) are influenced by friends, social media and families. Below are some of the comments collected from survey:

“Many positive opinions, increases my willingness to buy the product.”

“Some rumors about low quality ingredients and using bad preservative substance somewhat made me doubtful about Ica Basic.”

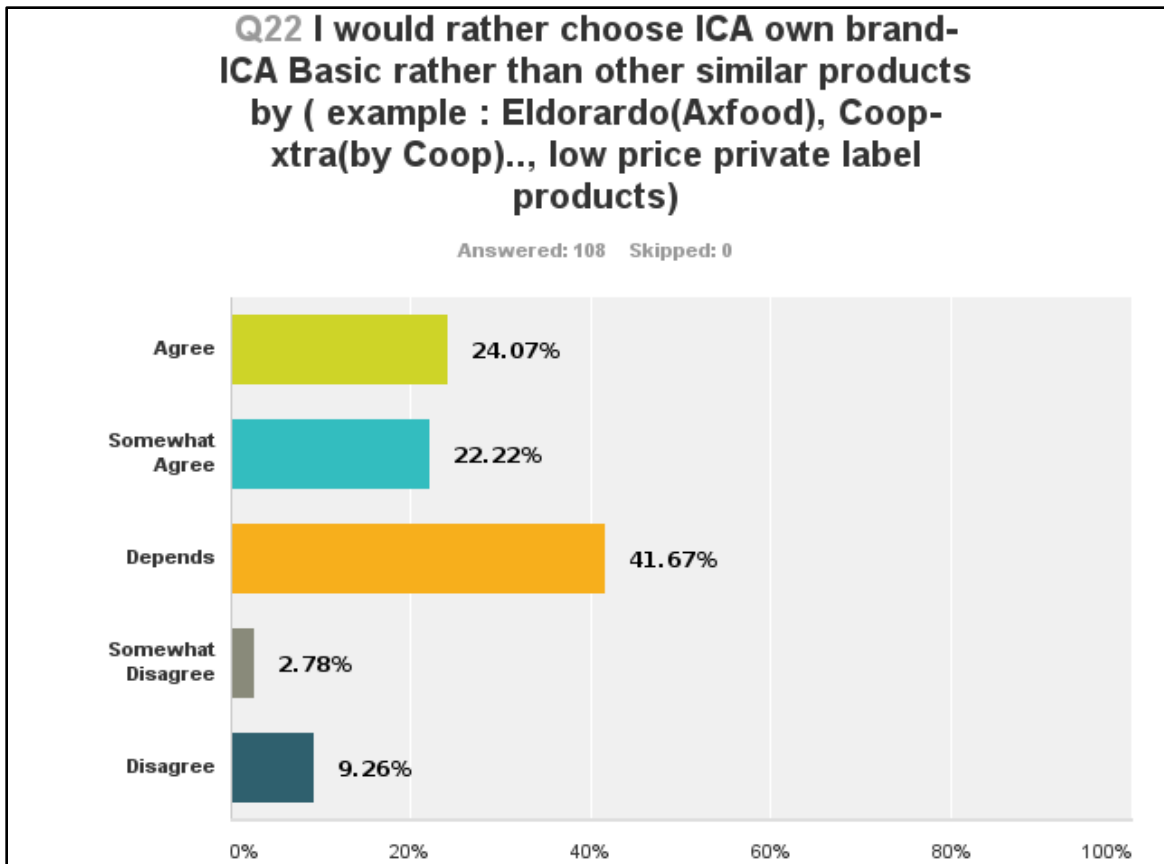
“Negative, news on internet influences me to hesitate.”

The impact of WOM on the PLB was proven in this question. Beside the factor affect attitude such as direct experience. WOM has its both negative and positive influences on consumer attitude.

To Find out attitude of consumer towards the PLB respondents compared to other similar PLBs are asked (Q-22) *“I would rather choose ICA own brand-ICA Basic rather than other similar products by (example: Eldorado(Axfood), Coop-xtra (by Coop).., low price private label products).”*

Some consumer totally agreed with this statement (24.07%) and somewhat agree (22.22) while (41.67%) of respondents noted that the attitude they have towards ICA Basic is depends on different factors whereas approximately 12 % disagree. The majority supported that rather choose ICA Basic than other similar PLBs are those who have positive attitude towards the PLBs, which means the value they give for ICA Basic is higher and hold favorable attitudes for it. On the other hand, 41.67% thought that it depends, keep their opinion neutral.





**Figure 18-Attitude towards ICA basic**

#### **4.3.11 Purchase intention**

*(Q-21)What make you decide to buy ICA Basic? (It is possible to select more than one answer).*

Purchase intention is a planned behavior that a consumer willing to buy certain product (Ajzen, 1992). According to Schiffman (2013) price perception has strong influence on purchase intention of PLBs .From the data collected most consumer (85.05%) answer they intend to buy ICA Basic because of low price. According to Richardson (1996), quality perception determines consumer proneness to buy a private brand. 61.68% of respondents have intended to buy ICA Basic because of acceptable quality. Whereas 14.02% of the respondents are influenced by variety of options provided by the company and others minority of them 4.67% were not sure in which way they are influenced.

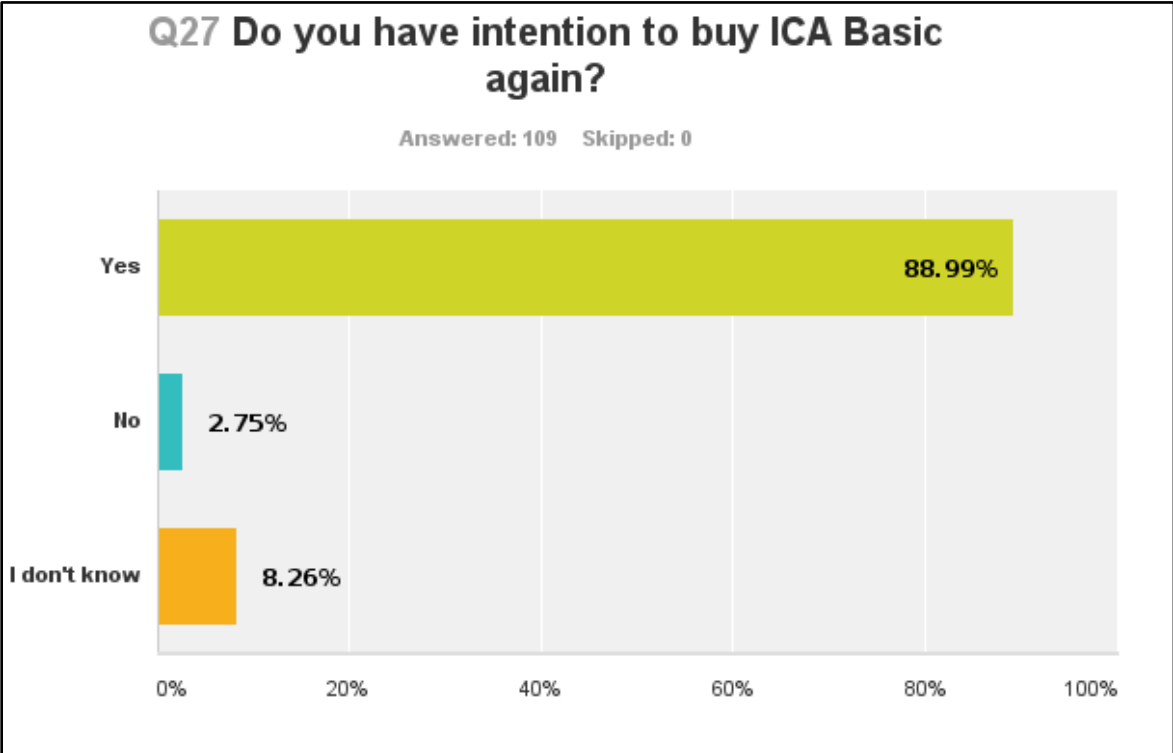
From the survey the researcher found out that location of the store has impact on purchase intention but for this study that issue is not been taken into consideration.

Answer Choices	Responses	
Low price	85.05%	91
Acceptable quality	61.68%	66
Variety of options	14.02%	15
I don't know	4.67%	5
Total Respondents: 107		

**Table 10-Purchase intention**

*Q27- Do you have intention to buy ICA Basic again?*

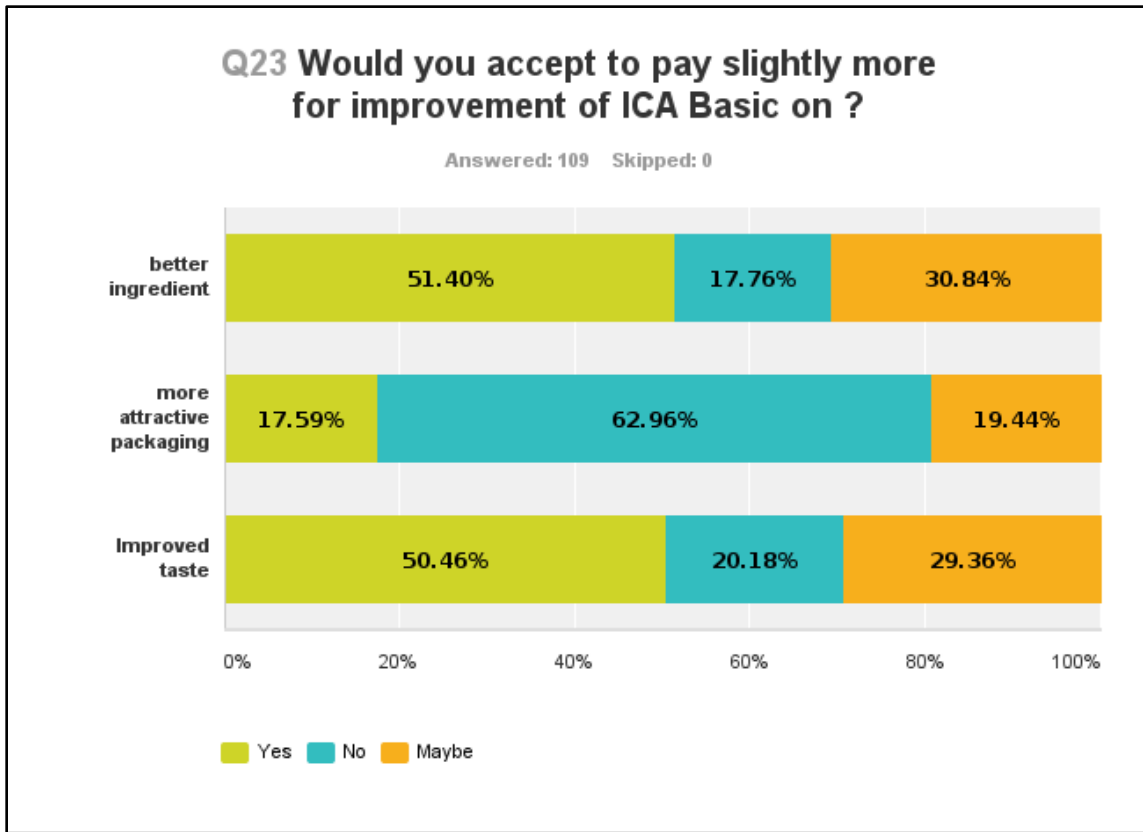
It was showed that 88.99% intend to buy ICA Basic in their next purchasing occasions. They are considered to have favourable attitude and be loyal consumers. On the contrary, 2.75% decided to stop buying the products and 8.26% unsure about their intention. The reason behind can be due to their satisfaction during the last purchases and prefer to switch to other brands, or they might have been influenced by negative information from WOM.



**Figure 19-Intention to buy ICA Basic**

### 4.3.12 Are consumers willing to pay for more?

(Q-23) Would you accept to pay slightly more for improvement of ICA Basic on?



**Figure 20- Would like to pay slightly more for improvements**

(Q-23) aims at investigating whether consumers are willing to pay a little more extra for ICA Basic product improvement in three attributes: Ingredient, taste, and packaging. As it is shown in the figures, consumer are approximately more or less equally agree to pay a little extra for improvement in ingredient 51.4% and 50.46% are interested in paying more if improvement were made in taste. This distribution of answering “Yes” for improvement in taste and ingredient is more or less equal. Buyers might perceive the relations might results in: if ingredient is improves, so as the taste of the products. Conversely, only small proportion of 17% support for improvement in package design and the majority 62.96% uninterested in paying more for better package. The entire result enables to see that first generation ICA Basic is positioned as low price for price proneness buyers. Those consumers are to some extent are still willing in paying extra for implementing improvement. However only increase in intrinsic quality attributes such as ingredient, tastes are of their interested. The increase in price for extrinsic cues, concerning packaging is mostly unsupported by the majority.

For the respondents who answered “No” (17% for better ingredient, 62.96% for better packaging, 20.18 for better taste) not willing to pay more. There can be many explanations for that. One reason might be they are already satisfied with the current situation of ICA Basic; another the reason might be they are interested in changes for improvements, however without paying more.

#### 4.4 Analysis and Findings Summary

**Brand equity-** Majority of consumer agree and somewhat agree that it is trust worthy to buy low price PLB food product by a well-known brand. Even though many retailers make use of their names for higher value-added PLBs product in the umbrella branding strategy, nevertheless, the case study showed that low price PLBs labelled under the strong umbrella –corporate brand name –ICA ,in turn, helps enhance the brand familiarity to consumers and increase their trust .Therefore, the study shows if consumer trust ICA brand the probability of trust for the PLB(ICA Basic) is high, this have impact on the buying behaviour.

**Brand familiarity-** The result from the finding shows that almost 85% of consumers are familiar with ICA Basic package. Familiarity with the PLB is due to strong umbrella brand name or by intuitive observation of the researchers of this study, the high level of brand recognition results from appealing package of PLB products, that easily recognizable for consumers.

**Awareness-**The finding shows that majority of respondents know about ICA basic .However , the research prove that minority of consumers who buy ICA Basic are not aware about the brand and also there are some consumers who are aware about ICA Basic and they did not want to buy .Therefore, brand familiarity is not a significant factor that influence purchase decision. In addition 94% of consumer are aware the brand at the store the rest 6% are influenced by advertisement , WOM and other factors for that reason the study proved that advertisement and WOM has slight effect on buying low-price PLB food product.

**Perceived price-**The evidences from the findings stress that price is an important factor for the target group that persuade them to buy to buy ICA Basic (Low –price PLB). This means that, people buy ICA Basic because most consumers perceived it is lower than similar other brands and they benefit saving some about of money for buying at ICA Basic. However some of the target group thought price is not the most important factor to buy the PLB but they consider other aspects like package, taste, size ingredient of the products. Moreover for some consumers price is an indication of quality these consumers perceive that higher price means higher quality. That means, if the price is very cheap, consumers perceived it is poor-quality. Therefore consumers have to consider other aspects such as quality when

they make any purchase. price and quality are connected to each other and both factors have an effect towards purchasing intentions of private label brands.

**Perceived quality**-The findings from the survey questionnaires shows that most consumers who purchase the PLB thought quality of ICA Basic is good. However for those consumers who thought the quality of PLB is not good; quality is most important factor that affects their purchasing experience. But if the quality of the PLB has good quality as national brand, consumer will be more attracted to buy the private label brand.

**Perceived risk**-Some of the target group want to be sure the quality of the food before buying .This kind of people want to search food product that reduce risk. The finding shows that some consumers are not satisfied with the taste and the ingredient of the ICA Basic food products. The taste difference is result from, because of the PLBS food products are supplied from different countries and in Swedish society some of them are addictive on the taste which they used to and have impact on the buying behaviour. On the other hand , others conscious about the ingredient content might found the ingredient content is not enough hesitate to buy this products. However most consumers thought the quality of package quality, volume and size ICA Basic food product is quite okay.

**Perceived value**-The study shows that most consumers are satisfied with quality ICA Basic food product and the price offer by the company. Majority of respondents thought that they paid less than other similar products, this increases consumers' value perception. So, cheaper store brand products might make consumers to perceive higher value. Value perception is a relation between quality and price, if the consumer's expectation matches the quality with the price what they sacrifices for then they perceived higher value for the product. It is also proved that consumers who have higher value to ICA Basic food product are the one who perceived less risk .So there is a negative relationship with value perception and perception of risk.

**Demographic factor**-The study shows female are the one who buy ICA Basic more than male and also the one who earn lesser income have positive attitude towards ICA Basic buy more compare to the one who earn more.

**Attitude**- If consumers are aware or familiar with the brand they have a positive attitude with the brand. Finding from the survey questioner shows that most consumer have positive attitude to ICA .From this majority of them have a positive attitude towards the ICA Basic. In addition, most consumer answered on the survey that they prefer to buy ICA own brand than other similar brand of other retailers.

Consumer perception, brand familiarity and brand awareness have higher impact on changing consumer attitude towards ICA Basic however slight effect has shown by WOM.

**Purchase Intention** -The finding shows that majority of consumer intended to buy ICA Basic because of the low price and acceptable quality respectively .Moreover most consumer have positive attitude towards ICA Basic this have a positive impact on purchase intention.

## 5. Conclusions

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*This dissertation is based on theoretical framework and empirical findings which includes managerial interviews and survey results. This chapter provide summarized the finding in accordance with the given concepts had been presented; that aims to answer the research question. Also, this chapter provides some suggestion for future researches*

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### 5.1 Conclusion of the study

*Which factors influence consumers buying behavior of low –price PLBs food products?*

*How do consumers perceive low price PLBs food products? A case study of ICA Basic*

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The research identified five factors that influence consumer buying behaviour in Low price private label that is: Brand and Brand related activities (advertisement& word of mouth), Consumer Perception, Attitude, Purchase Intention and Demographic factors. Though these five factors have impact consumer purchase decision, the study proves that, for food products price-quality relationship is most important factor. Consumer prefer lower price moreover take in to consideration of the quality of the food that is ingredient content, taste and other depends on consumer preference .For detail describe each factors as follows:

#### *Brand:*

ICA brand is well-known and has a strong position in the minds of Swedish consumers. Positive organizational association and strong brand create a positive attitude towards the organization. Furthermore, The PLB released by strong corporation brand has advantages on creating familiarity. Low price PLB is familiar with mostly consumers by their own perception and attention. Advertisement and WOM only have little impact on their familiarity. The favourable consumers have relatively high familiarity to the PLB. The majority who purchase low price first generation PLBs buyers and feel trusts toward the brand taken over by well-known retailer. Low price PLBs can be considered as alternative among consumers who want to trade of some categorizes for lower price, but acceptable quality

#### *Demographic:*

Consumers who earn more hesitate to buy low price PLB and have negative purchase intention to PLB brand. On the other hand consumers who have less income prefer to buy lower price PLB

and have a positive attitude towards the brand and have purchase intention. The study shows females buy more PLB food products than males.

#### *Quality*

Majority of consumers is comfortable with PLB food products and the price offered by the company, this have a positive impact on customer's attitude. Whereas minority who thought PLB is not good quality will give less value to the product and think it is risky to buy, this bear a negative attitude towards the private label.

#### *Price*

Price the highest factor that influence PLB buying behaviour. Most consumers think the price of PLB is lower than similar other private label products also can benefit saving money from the lower price offer.

#### *Value-*

The value is considered worth it for what consumers who buy the products; they get what they give, which means lower price, acceptable quality. The value is consistent with the image of PLB

#### *Attitude-*

Besides minority unfavourable attitude toward the PLB regarding quality and risk, the majority have positive attitude toward the PLB. Attitude comes from both from brand familiarity and one 'self-perception of the PLBs products

*Intention:* Majority of consumers buy the PLB in the intention of the low price offer. Moreover favourable attitude lead to future purchasing intention, hence it creates frequently consumption from loyal consumers

## **5.2 Recommendation and future researches**

This study would like to give some proposition for those who would like to indulge themselves in the area of private label in further researches:

Firstly, because of time constraint, this study is only focus on specific sample group that is Swedish consumers who live in Vasteras and age ranged between 18 to 35 and those who are ICA Basic food product consumers. The finding and result might not cover total population of Swedish consumers. Therefore, further research suggests if the sample should be a larger and include diversified of



consumers who live in different cities and wider ranges of age. The result will lead to more understandings of Swedish consumers towards the private label brand.

Secondly, this study has been limited investigating low price PLB in response to food consumption. It might be interesting for future investigation of consumer behaviour across different product categories within low price PLBs, other than food category. Furthermore, another recommendation for future studies is to examine consuming pattern of particular low price PLB categorizes as a trade-off for other higher price PLBs or national brands , as consumers might be premium purchasers in certain categorizes but might also seek for lower price products in other categorizes.

Thirdly future researchers would perhaps consider aspect regarding size of households and PLBs buying proneness; which due to lack of sufficient data collection and was excluded in this study.

Fourth, this thesis paper focused on single PLB which labelled under the retail 'brand; yet the authors of this thesis have noticed that some food retailers do not involved their retail names as umbrella brands for all PLB portfolios; in other word, some PLBs food possess different names from other counterparts, given that they are manufactured by the same retailer. It would be interesting to go deeper findings about the purpose of this branding strategy and degree to which consumer are familiar with such kind of PLBs and their ability to distinguish those PLBs with other brand of retailers, or with other national brands.

Lastly, the information provided by store manager regarding PLBs shelf-management aspect is valuable finding. It is worthwhile for future investigation about level of effectiveness of shelf-management in accordance with consumer actual behaviour.

### **5.3 Managerial Suggestion**

Consumers are price sensitive who purchase low price PLB but they are willing to pay extra for improvement in intrinsic cues such as ingredient and taste, but not for extrinsic cues like packaging. The company can take this as consideration for strategy of building the PLBs brand in the futures.

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## *APPENDIX-1*

	<b>1st</b>	<b>2<sup>nd</sup></b>	<b>3<sup>rd</sup></b>	<b>4<sup>th</sup></b>
<b>Type of brand</b>	Generic No name Brand free Unbranded	“Quasi-branded Own label	Own brand	Extended own brand i.e. segmented own brand
<b>Strategy</b>	Generics	Cheapest price	Me-too	Value added
<b>Objective</b>	Increase margins Provide choice in pricing	Increase margins Reduce manufacturer’s power by setting the entry price Provide better value products(quality/price)	Enhance the categorize margins Expand product assortments Build retailer image	Improve image Differentiation Enhance categorize margins Increase and retain the client base
<b>Product</b>	Basic and functional product	One-off staple line with a large volume	Big categorize products	Image forming Large number of products with small volume(niche)
<b>Quality/Image</b>	Lower quality and inferior image compared to manufacturers’ brand	Medium quality but still perceived as lower than manufacturer’s brand	Comparable to the brand leader	Same or better than brand leaders Innovative& different products than brand leaders
<b>Approximate pricing</b>	20% or more below the price leader	10-20% below	5-10% below	Equal or higher than known brands
<b>Consumer’s motivation to buy</b>	Price is the main criterion for buying	Price is still important	Both quality & price that is value for money	Better and unique products

*Employed figure*

*Source: Laaksonen, H and Reynolds, J (1994)*

## ***APPENDIX-2***

### **Questionnaires interview with ICA managers**

1. What do you say about ICA supermarket chains in term of *market share, competitors, reputation, missions..., etc.?*
2. What do you say about attitude of Swedish consumers towards ICA?
3.
  - What do you say about ICA Private Label food products?  
*(Different types of private Labels, targets, customer segmentations and so on...)?*
  - Which private label do you think most consumers in ICA are familiar with? And what are the reasons behind that?
4.
  - Could you provide further detailed information about ICA Basic?  
*(Brand mission, strength, weakness, opportunities, targeted groups, price, quality, comparison to competitors, and advertising, marketing strategies and so on...)*
  - Which are the important factors to attract and retain customers to ICA Basic?
  - Euro shopper products were no longer on ICA shelf since 2011, ICA Basic was replacement.  
What do you say about the company intention/strategies for ICA Basics food products  
*(The introducing, promoting the brand, advertising, strategies to raise customer awareness)?*  
How well do they work?
5. What do you say about attitude of consumers toward ICA Basic?
6. How has ICA Basic been performing so far? How does it bring benefits and profits for ICA?
7. How do you perceive the future of ICA Basic?

## APPENDIX-3

### Questionnaires

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**1. Gender**

- Female*  
 *Male*

**2. Age**

- Under 18*  
 *18-25*  
 *26-35*  
 *36-50*  
 *Above50*

**3. How many people currently live in your household?**

- 1*  
 *2*  
 *3*  
 *More than 3*

*Other (please specify)*

**4. What is your approximate average income?**

- < 10 000 Kr*  
 *10 000 Kr - 20 000 Kr*  
 *20 000 Kr - 30 000 Kr*  
 *Above 30 000 Kr*

**\* 5. Do you have food shopping experience with ICA ?**

- Yes*  
 *No*

**6. What is your attitude towards ICA supermarkets ?**

- Positive*
- Somewhat positive*
- Neutral*
- Somewhat negative*
- Negative*

**\*7. Have you ever heard or known ICA own brand - ICA Basic?**

- Yes*
- No*
- Maybe*

**8. How did you know about ICA Basic  
(It is possible to select more than one answer )**

- I notice at the store*
- TV*
- From friends, family*
- Social media( facebook,youtube, forums, blogs...)*
- Newspaper*

*Other (please specify)*

**9. Are you familiar with the design package of ICA Basic products?**

- Yes*
- No*
- May be*

**\*10. Do you buy ICA Basic food products?**

- No*
- Yes*
- I bought before, but not any longer*

**11. What persuade you to buy ICA Basic?  
(It is possible to select more than one answer)**

- Advertisement
- Friends , families recommendation
- Social media( facebook, youtube, apps,...)
- I just see the products at the store and buy them
- Other

Other (please specify)

---

**12. How often do you buy ICA Basic?**

- Always
- Often
- Sometimes
- Seldom
- Never

**13. Some assortment of ICA basic product has similar quality that can be my alternatives for other popular brands**

- Agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Disagree

**14. How do you perceive ICA Basic food products quality ?**

	<i>good</i>	<i>slightly good</i>	<i>Neither good nor bad</i>	<i>Slightly bad</i>	<i>bad</i>
<i>Ingredient</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Package quality</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Product shape</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Taste</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Product size- volume</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**15. The price of ICA Basic is lower than similar products' of other brands**

<i>Agree</i>	<i>Somewhat Agree</i>	<i>Neutral</i>	<i>Somewhat Disagree</i>	<i>Disagree</i>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**16. Buying ICA Basic food products is a good way to save money.**

<input type="radio"/> <i>Agree</i>	<input type="radio"/> <i>Somewhat Agree</i>	<input type="radio"/> <i>Depends</i>	<input type="radio"/> <i>Somewhat Disagree</i>	<input type="radio"/> <i>Disagree</i>
------------------------------------	---	--------------------------------------	--	---------------------------------------

**17. ICA Basic is good value for what I give**

- Agree*
- Somewhat agree*
- Neutral*
- Somewhat disagree*
- Disagree*

**18. ICA Basic is an extension brand of ICA , therefore it's trustworthy to buy**

- Agree*
- Somewhat Agree*
- Depends*
- Somewhat Disagree*
- Disagree*

**19. How do you hesitate to buy ICA Basic food/beverages product?**

<i>Not at all hesitate</i>	<i>slightly hesitate</i>	<i>Moderately hesitate</i>	<i>Very hesitate</i>	<i>Extremely hesitate</i>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Can you explain the reason?(please specify)

**20. How likely would your friends, families ,social media, change your attitude towards ICA Basic?**

<i>Not at all influential</i>	<i>Slightly influential</i>	<i>Moderately influential</i>	<i>Very influential,</i>	<i>Extremely influential</i>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



**21. What make you decide to buy ICA Basic ?  
(It is possible to select more than one answer)**

- Low price*
- Acceptable quality*
- Variety of options*
- I don't know*

*Other (please specify)*

**22. I would rather choose ICA own brand-ICA Basic rather than other similar products by ( example : Eldorado(Axfood), Coop-xtra(by Coop).., low price private label products)**

- Agree*
- Somewhat Agree*
- Depends*
- Somewhat Disagree*
- Disagree*

**23. Would you accept to pay slightly more for improvement of ICA Basic on ?**

	<i>Yes</i>	<i>No</i>	<i>Maybe</i>
<i>more attractive packaging</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Improved taste</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>better ingredient</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**24. I feel satisfied buying ICA Basic.**

- Very satisfied*
- Somewhat satisfied*
- Neither satisfied nor dissatisfied*
- Somewhat dissatisfied*
- Very dissatisfied*

**25. It's trustworthy to buy low-price food products from well-known retailers**

- Agree*
- Somewhat Agree*
- Depends*
- Somewhat Disagree*
- Disagree*

*Why?(please specify)*

**26. When you choose food/beverage products, how often do you care about the following attribute?**

	<i>never</i>	<i>seldom</i>	<i>sometimes</i>	<i>often</i>	<i>always</i>	<i>i don't k</i>
<i>Origin</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Price</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Ingredient,nutrition fact</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Product shape</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Product Size</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Package</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**\*27. Do you have intention to buy ICA Basic again?**

- Yes  
 No  
 I don't know

Write your opinion (please specify)

**28. Do you know that ICA has its own different brands with different price?**

- Yes  
 No  
 Maybe

**29. ICA Basic is the lowest price products among ICA, live up to ICA standard requirements**

**How likely will you hesitate to buy ICA Basic food products after this survey?**

<i>Extremely hesitate</i>	<i>Very hesitate</i>	<i>Moderately hesitate</i>	<i>Slightly hesitate</i>	<i>Not at all hesitate</i>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Can you explain why ? (please specify)

**30. Quality of low price food products would not be guaranteed**

- Agree  
 Somewhat Agree  
 Depends  
 Somewhat Disagree  
 Disagree

**31. When you choose food/beverage products, how often do you care about the following attribute?**

	<i>never</i>	<i>seldom</i>	<i>sometime</i>	<i>often</i>	<i>i don't know</i>
<i>Origin</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Price</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Ingredient,nutrition fact</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Product shape</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Product Size</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Package</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**32. It's trustworthy to buy low price food product from well-known retailers**

- Agree
- Somewhat Agree
- Depends
- Somewhat Disagree
- Disagree

Why?(please specify)

**33. What is the reason you do not want to buy ICA Basic?  
(It is possible to select more than one answer)**

- Social influence
- Status
- I am not satisfied with the taste
- I am not satisfied with the price
- Quality of package

Write your own opinion (please specify)

**34. Do you know that ICA has its own different brands with different price?**

- Yes
- Maybe
- No

**35. It's trustworthy to buy low-price food products from well-known retailers**

- Agree
- Somewhat Agree
- Depends
- Somewhat Disagree
- Disagree

Why?(please specify)

**36. When you choose food/beverage products, how often do you care about the following attribute?**

	<i>never</i>	<i>seldom</i>	<i>sometimes</i>	<i>often</i>	<i>always</i>	<i>i don't know</i>
<i>Origin</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Price</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Ingredient,nutrition fact</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Product shape</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Product Size</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Package</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**37. Would you buy ICA Basic again if improvement were made in quality ,the price slightly increased?**

- No
- Yes
- Maybe

*Why (please specify)*

**\* 38. Quality of low price food products would not be guaranteed**

- Strongly Agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly Disagree

**We would want to introduce the package design of ICA Basic .**

**(Go to next question)**



**\* 39. Have you bought any products with this package design before ?**

- Yes
- No

*Preview survey link:*

[https://www.surveymonkey.com/s.aspx?PREVIEW\\_MODE=DO\\_NOT\\_USE\\_THIS\\_LINK\\_FOR\\_COLLECTION&sm=dUxWPrEH36OJR%2bFiDc5RkdUrZAz2cDWKtOZmmDcB%2b%2fs%3d](https://www.surveymonkey.com/s.aspx?PREVIEW_MODE=DO_NOT_USE_THIS_LINK_FOR_COLLECTION&sm=dUxWPrEH36OJR%2bFiDc5RkdUrZAz2cDWKtOZmmDcB%2b%2fs%3d)