Influences Behind the Success or Failure of Private Label Goods;
A Study of Four Private Label Products.

Bachelor Thesis Within Business Administration

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Abstract

Background and Problem: Consumer behavior has become a topic of great interest in today’s society. Considering today’s competitive markets it is imperative that companies understand the needs and actions of their customers. There are many influences behind consumers’ decisions of choosing one brand over another. This thesis investigates Swedish consumers and why some private label products succeed, while others fail within different product categories.

Purpose: The purpose of this thesis is to investigate how the nature of the good influences Swedish consumers in their decision between private label and national brand goods.

Frame of reference: Three theories are applied in order to understand consumer choices: brand loyalty, perceived risk factor and social risk factor.

Method: Both a quantitative survey and qualitative interviews have been carried out and applied to the three theories. Coding of interviews was used to understand how the level of influence varies amongst different product types. In order to respond to the research questions, these findings were compared to sales statistics received from Swedish supermarkets.

Conclusion: It can be concluded that the three influences affect consumer choices differently, depending on the type of good. Private label brands succeed in low loyalty, low social risk, and low perceived risk goods, while national brands take the lead in high brand loyalty, high social pressure and high associated risk good categories.
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Many thanks,

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1 Introduction

1.1 Supermarkets and the Evolution of the Private Label

Consumer behavior has become a topic of great interest in today’s society. For companies who compete in competitive markets, it is imperative to understand the needs and actions of their customers. There are many influences behind consumer decisions of choosing certain brands or goods over others. According to Chaniotakis, Lymeropoulos, and Sourelis (2010), some of the main factors that affect consumer buying behavior are consumer trust and positive attitudes towards the brand, benefits that they receive from the products, price, packaging and flavor of the product, their financial situation, and the varying quality of the product that they are buying.

Supermarkets are an environment where the factors of consumer behavior can easily be seen, and have become a very interesting area of study. As opposed to a larger purchase like buying a car, consumers make very routine purchases on a weekly or even daily basis with what may seem to be little thought. However, these purchases should not be overlooked, as even the smallest of purchases have underlying motivations. Marketers have gained interest in understanding supermarkets because consumers choose between thousands of products with varying quality, prices, packaging, and marketing. With that said, even the supermarket itself can be divided into multiple areas of study, ranging from shelf space, shelf position, store layout, packaging, promotions, and so forth. Considering this, why do some brands end up in your shopping basket more often than others?

In the past, supermarkets have focused their marketing on selling national brand goods, such as Coca Cola or Kellogg’s cereal. By selling national brand goods supermarkets make a profit from marking up the wholesale price and selling at a higher retail sales price. In order to increase customer awareness about their available products, stores previously focused on strengthening customer loyalty for the national brands on their shelves (Moutinho, 1993). However, because of the high price of national brands, companies realized an opportunity to serve a target market of consumers who were more price sensitive. Food distributors began to offer “no frills” versions of products, which
concentrated solely on offering the lowest price. These “generic” products were introduced in the late 1970s when Carrefour, a French retailer introduced 50 generic products to their product assortment (Prendergast & Marr, 1997). Supermarkets welcomed this new product type, and began to fill their shelves with both the national brand and the generic brand versions. At this point, consumers not only had a choice between thousands of various products, but also a new level of choice between price and quality in similar products.

Supermarkets had the goal of introducing generic products at the same level of quality as the national products, and priced at a substantially lower level. However, consumers today often associate generic products with a slightly lower level of quality in comparison to national label products. In order to offer a lower price, generic goods companies attempt to lower their overhead costs in many ways and therefore do not invest in advertising campaigns. Generic brands like Eldorado and Euroshopper use simple labels and cheap packaging to cut costs. Unfortunately, this has been thought to lead to the association of lower quality as well (Prendergast & Marr, 1997).

Many consumers appreciated the savings that generic brands offered and they became extremely popular during their first ten years on the market. However, they are thought to have reached a stage of maturity in today’s markets. Many consumers still prefer to buy the national or name brand version, and pay a higher price, known as brand equity. Brand equity is the brand strength, and the resistance of the consumer to change to a different brand (Wood, 2000). Because generic brands do not have brand equity until consumers have tried them, they are taking an added level of risk. There may be social risks, risks of losing money if they do not end up liking the product, quality risks, and more.

Although generic brands are thought to have reached sales maturity, there is another sector of branding that is growing. Today, supermarkets themselves are trying to fill the void somewhere in the middle of generic and national brands. They have created the “private label brand,” which aims to fulfill this goal by offering a low price, with comparable quality and therefore less risk. Private label brands are “products owned and branded by organizations whose primary economic commitment is distribution rather than production” (Zielke & Dobbelstein, 2007, p.112). A Swedish supermarket called ICA, offers their own private label pasta as an option between national brand pasta and
generic brand pasta. This adds another level of choice in the supermarket, which now carries the high priced national brand, the low priced generic brand, and the mid-priced private label brand that bears the name of the supermarket itself.

Market chains like ICA and Willys in Sweden have introduced full lines of products that bear the name of their mother store on their labels. They hope that customers will realize that their private label products offer greater savings compared to national brand goods, and less risk compared to generic goods, becoming a win-win choice for consumers. Because the store itself is responsible for their reputation, and places its own store name on the food labels, offering goods of high quality is imperative to the stores success (R. Kjellman, personal communication, 2/22/2012). The retailers work closely with the production teams to ensure a high level of quality. The private label product is an average of ten percent cheaper than its national brand counterpart, and an average of ten percent more expensive than the generic version (Zielke & Dobbelstein, 2007).

Supermarkets today have left behind their old business plans of focusing on the sales of name brand goods, and have decided to become direct competitors of national brands. Stores maximize their income by taking advantage of sales from both their own private label goods as well as the national brands that they carry (Moutinho, 1993).

It is easy to understand why a great amount of thought and influences motivate consumer purchase choices on large purchases such as a car or a home. However, many people in their everyday lives do not realize that they are also subject to these influences on even the simplest purchases, such as rice, pasta, or laundry detergent. Consumers have numerous options to choose between, depending on style, price, and quality preferences. They have the option of buying a national brand, private label brand, or a generic brand version. This can mean that the versions of pasta, coffee, and chocolate etc. from which they can choose from, is daunting. So, why and how do they make that decision? Do consumers make their decisions differently depending on the type of good? In order to recognize and confirm these trends, a fundamental pre-study was carried out. The core research of this thesis was built upon the following pre-study.

1.2 Pre-Study

The aim of the pre-study was to narrow down to a specific topic and confirm the phenomenon that some brands sell better in certain types of goods. As seen above, the su-
permarket itself is very complex. The pre-study offered a closer look at what is actually happening, and how it can be studied in greater detail.

The pre-study consisted of a quantitative survey, which was administered through www.surveymonkey.com, and published on Internet media such as Facebook and mass-emails. Controls were added to the survey, for example only one survey could be completed from each computer. This made sure that the participants could not answer multiple times which would sway the results. In addition, a column was added in which the participants could chose to reply, “I do not buy this good,” so they did not feel forced to give a false answer.

The pre-study researched a broad list of twenty goods that are available for purchase in Swedish supermarkets. It aimed to identify if the 186 participants were more prone to purchase the national brand version or the private label version of each of the twenty goods, which ranged from pasta and beans, to pet food and laundry detergent. Thereafter, a social factor was added to their decision process by asking if they would purchase the national brand version or the private label version of each of the twenty goods if they were going to offer them to guests or buy them as a present.

Of the participants, 39.50 percent were in the “Low income – I try to save money whenever I can” category, 54 percent were in the “Middle income – Doing just fine but still try to save where I can” category, and 6.50 percent were in the “High income – Money is not an issue” category. The majority of the participants were middle income takers that try to save money whenever they can. Although this thesis studied the general population of Sweden as a whole, it was beneficial that the middle income group was the largest in this study. As explained further in empirical findings, these people fall into a category where the choice between the private label good and the national brand good is very relevant.

Of the 186 participants, the majority bought products such as pasta, rice, beans and frozen French fries from a private label brand both if they were to consume it themselves and if they were to prepare it for others. This signified that these goods were possible goods to study for successful private label goods, and that they may not be very sensitive to social factor, risk factor, or brand loyalty. When it came to purchasing products
such as coffee, chocolate and cola soda on the other hand, the majority preferred the national brand. This pattern implied that the type of product the consumer is buying is a determinant of whether or not they are willing to buy the private label version. This initial survey allowed for problem recognition, and validated the authors’ curiosity for the subject area.

Two clear patterns were concluded from this pre-study. Firstly, private label goods succeed in some categories, but drastically fail in other categories. Secondly, social factors impact consumer decisions, as many people switched from private label goods to national brands when a guest was involved. It can be noted that zero participants switched from national brands to private label goods when guests were involved. This implies that there is greater perceived risk involved with private label goods than there is with national brand goods. These patterns also lead to the belief that when there is high perceived risk with a particular product, consumers may be more brand loyal to national brands. This means that influences such as social factor, risk factor, and brand loyalty may have different levels of influence depending on the type of product, and may contribute to the success or failure of the private label version. The results of this survey can be found in Appendix 1.

1.3 Problem Discussion

Understanding the simple everyday purchases that Swedish consumers make in their local supermarkets is useful for both companies and shoppers alike. Company awareness of these matters allows for greater profits. Likewise, consumer awareness of their purchase motives allows for better decisions as well as more savings.

Consumers may feel that more risks are associated with particular types of goods, regardless of the brand. This may have to do with how much crafting and skill is needed to make the good, and how much the quality can therefore differ. It is possible that private label goods are simply not successful in some categories, and possibly never will be. On the other hand, it may be possible that an extra pricey national brand with frivolous marketing and packaging may not be necessary in some goods where private label goods have proven to be successful. Consumers may be more comfortable choosing generic products in some product categories such as rice, but may prefer to pay more for national brands in other product categories like chocolate. Four goods with varying
characteristics have been chosen (coffee, chocolate, canned tuna, and frozen French fries), in order to research the level of impact that these influences have, depending on the type of product in question.

Brand loyalty, perceived risk, and social risk are three influences that this paper applies to consumer choices of products. Brand loyalty is important to both private label brands and national brands because it is an effective way for companies to keep their customers, and decrease consumer willingness to try a new brand. The influence of perceived risk factor is important because the customer is facing an uncertainty of buying a product that does not deliver the wanted expectations. If there are pressures from consumers peers to act a certain way, or behave a certain way, a social risk factor is present. This affects the customer because of the belief that others may view them negatively if they buy a product that does not meet the standard of the group.

An empirical foundation has been attained through studying extensive articles on the influences of buying private label goods, versus national brand goods. By applying same three influences to four different types of goods, one can see how they are affected differently. For example, are people more likely to buy private label toilet paper than they are willing to buy private label luxury goods? If so, why? Researchers have established many factors that affect consumer product choices, but the authors have not seen a study that focuses on the impact of the good category itself. This thesis aims to expand from the general knowledge and previous studies on private label brands by adding another component: the type of good. This is an opportunity to contribute valuable knowledge in the field of consumer behavior and branding. The findings of this thesis are carried out from the prospective of the consumers themselves, not the companies or managers.

### 1.4 Purpose

The purpose of this thesis is to investigate how the nature of the good influences Swedish consumers in their decision between private label and national brand goods.

### 1.5 Research Questions

According to the pre-study, the proneness of Swedish consumers to buy private label goods may be dependent on the type of good they are buying. More specifically, this study aims to answer the following research questions. These questions are mirrored by
the conclusions of this thesis.

1. Does brand loyalty affect the success of the private label good differently depending on the type of good?
2. Does perceived risk factor impact the success of the private label good differently in various products?
3. Does social risk factor influence the success of private label goods differently depending on the type of product?

2 Frame of Reference

2.1 Definitions

2.1.1 Private Label Brands

Private label brands are “products owned and branded by organizations whose primary economic commitment is distribution rather than production” (Zielke & Dobbelstein, 2007, p.112). The aim of a private label is to increase the retailer’s presence as well as increase profits (Verhoef, Nijssen, & Sloot, 2002). The retailer usually contracts an independent producer, and private label products are sold under the retailer’s label. On average, private labels reap a benefit of a ten to thirty percent lower price than national brands. Within private label brands there are various levels of goods. For example, premium label brands are positioned according to the national brands and the quality and packaging are more comparable to the national brands (Zielke & Dobbelstein, 2007). According to Baltas (1997) the terms “own label” product, and “store brand” are comparable terms.

The development of store brands can be seen as a strategy for improving a store’s reputation and profitability. Since store brands are exclusively distributed products, the retailer can differentiate their inventory at a lower cost than if they were to acquire another national brand good. This means that a store brand can help to strengthen the retailer’s bargaining power and overall position in the distribution channel (Baltas & Argouslidis, 2007).
The term “generic brand” brand is often confused with private label. Generic brands also focus on reducing costs, but do however differ slightly in their priorities. While private label goods seek to position themselves closer to the style and quality of the national brand good, generic goods aim to sell the cheapest, most basic, no frills version of the good. The packaging design is limited, as well as the advertising activities, which enables the generic brands to have an even lower price (Zielke & Dobbelstein, 2007). Generic goods are also not exclusively sold to one store chain, and can instead be carried as the cheapest version offered by many supermarket chains.

This thesis will apply the definition of a private label brand. Products that bear ICA’s “ICA brand,” as well as store label brands such as Willys brand “Garant” (which does not bare the name of its store but is distributed exclusively to Willys) are included in the definition of a private label brand. These both aim to offer lower price, at a comparable quality to national brands, and unlike generic brands, they are sold exclusively to particular stores.

2.1.2 National/Name Brands

National brands differ from private label brands in many ways. They are usually sold at a higher price than private label brands, and are sold to all supermarkets, not just one store. If a private label were considered to be the low cost, low frills version, a national brand would be considered the opposite. National brands spend much more money on marketing and packaging, which creates brand equity (Richardson, 1997). Wood (2000) explains brand equity as the brand strength, and the resistance of the consumer to change to a different brand. Many people also associate a higher price and a nicer package, with better quality (Richardson, 1997). Researchers have found that the quality of private label brands is now comparable to national brands, and that this price-quality association is in fact becoming an illusion (Méndez, Oubina, & Rubio, 2011). However, due to factors such as brand loyalty, risk factor, and social factors, national brands do succeed in many products and often have market share majority. The marketing campaigns and high quality have created loyal customers, which makes it difficult for private label brands to succeed in some product areas. In conclusion, national brands are the competition to private label brands, and are generally sold at a higher price.
2.2 Theoretical Framework

2.2.1 Brand Loyalty

When consumers repeatedly choose one brand over many others, they are thought to be loyal to that brand. In order to create as many repeat purchases as possible, marketers have begun to focus on what makes customers brand loyal. The level of brand loyalty can be used to measure brand equity as well as success (Knox & Walker, 2001). In order to compete with other similar brands, it is imperative for marketers to focus on gaining brand loyalty. This is also true in the competitive markets where consumers find both private label and national brands. Brand loyalty will play a heavy role in their ultimate decision and brand choice.

Customer based brand equity is most commonly viewed as “the value endowed by the brand of a product” (Anselmsson, Johansson & Persson, 2007, p. 402). Brand equity implies that a brand can be associated with something that is of value to the consumer. It is explained by Wood (2000) as the brand strength, and the resistance of the consumer to change to a different brand. According to Aaker (1991) the four different sources of brand equity are brand loyalty, brand awareness, perceived quality and brand associations. Brand loyalty is considered to be the most significant dimension of brand equity, and is associated with the attachment that customers have to a brand.

According to Oliver (1999) brand loyalty is defined as “a deeply held commitment to rebuy a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior” (p.34). This definition includes both the attitudinal brand loyalty, in terms of the unique values and commitment that is associated with a brand, as well as the behavioral one which is defined as the willingness to repurchase a specific brand (Chaudhuri & Holbrook, 2001).

Jacoby and Chestnut (1978) refer to brand loyalty as a relational phenomenon by saying “it describes a preferential behavior toward one or more alternatives out of a larger field containing competing alternatives” (p.83). This implies that brand loyalty is not only a process of selecting certain brands’, but also a process of not selecting others, meaning
there must be a choice available. According to Jacoby and Chestnut (1978) the definition of the true brand loyalty is expressed by six elements of necessary conditions:

“(1) The biased (i.e. non-random) 
(2) Behavioral response (i.e. purchase) 
(3) Expressed over time, 
(4) By some decision-making unit, 
(5) With respect to one or more alternative brands out of a set of such brands, which 
(6) Is a function of psychological (decision making, evaluative) processes.” (Jacoby & Chestnut, 1978, p.80)

Furthermore, this means that the purchase made cannot be one occasional event, but must be repeated. The repetition is necessary because loyalty does not refer to one single event, but requires at least two or more. Considering brand loyalty, it is the pattern of purchases over time that is important rather than the next purchase occasion. Consumers will most likely try different products to compare, however, if the consumers are brand loyal they will continue using the product again after that trial, and will not change thereafter. According to Jacoby and Chestnuts (1978) definition, the “decision-making unit” can be either a single individual, or a group of people who are loyal to the brand. Finally, it includes the purchase decision in which various brands have been considered, tried and evaluated, leaving one preferred brand. These six elements are necessary and sufficient for defining brand loyalty and will most likely result in brand commitment (Jacoby & Chestnut, 1978). Hence, a consumer is considered to be very loyal when their “relative attitude towards the brand is highly favorable or the latter is clearly differentiated from other competitors as well, as they consistently purchased the same brand” (Amine, 1998, p. 308).

Moreover, many researchers have investigated the differences in true brand loyalty and spurious brand loyalty. Amine (1998) stresses the importance to differentiate the two because it is essential for a retailer to understand whether the consumer will have the same purchase behavior in the future, even if the stores assortment or selling conditions change. If they will stay constant only when there are no changes, but may change if there are new options, they are considered to have spurious brand loyalty. Jacoby and
Chestnut (1978) defines this as containing the first five elements of true brand loyalty, however, the sixth element is absent and is instead referred to as a function of inertia. According to Amine (1998) spurious loyalty occurs when several different brands offer equal products and encourages the same buying behavior that requires no change in selling conditions.

There are many advantages of building brand loyalty, especially when it comes to the area of marketing. Brand loyalty could lead to advantages such as reduced marketing costs, favorable word-of-mouth which itself leads to more new customers and a greater resistance towards competition (Chaudhuri & Holbrook, 2001). If a consumer has the opportunity to evaluate the quality of a product and find satisfaction, that satisfaction is expected to have an influence on loyalty. As a result, the consumer may recommend the product to others. This type of word-of-mouth derived from loyalty is considered one of the most powerful sources of persuasion. Moreover, because of various factors, such as reliability, preferences and trust in the brand, the consumers repeatedly purchase a certain brand irrespective of other available alternatives (Selnes, 1993).

According to Chaudhuri and Holbrook (2001) brand loyalty has two determining factors, namely brand trust and brand affect. These two determinants are important because “brand trust” creates a relationship between the consumer and the brand, and “brand affect” creates a beneficial association to the brand. When comparing better-known national brands to private label brands, there are often different amounts of uncertainty related to each. Where there are large differences between brands, it is advantageous if the consumers have a notion of trust towards a specific brand, and gaining brand loyalty can help with this. More specifically, trust reduces the uncertainty. Chaudhuri and Holbrook’s (2001) research showed the importance of brand loyalty as a link to brand performance outcomes.

According to Richardson (1997) national brands spend much more money on marketing and packaging, which creates brand equity for that specific brand. This may contribute to the belief of some consumers that there is more risk associated with private label goods. Furthermore, the efforts that national brands put into marketing enables them to
charge higher prices and produce nicer packaging that in turn provides the consumers with a perception of the product to be of better quality.

Garretsson, Fisher and Burton (2002) researched how price promotions affect brand loyal consumers who are willing to pay a higher price for their preferred brand and might even go elsewhere to purchase that specific product if they cannot find it in the supermarket. These consumers do anticipate and await promotions of the national branded product and at that occasion stockpile inventory for future use. Even though a national brand product was offered at a lower price because of the price promotion, there were no differences in the perceived quality. The perception of better quality and repeated positive advantages from use of that product, creates brand trust and brand affect on the consumer. This means that they will continue purchasing that product from a specific brand, which adds to the brand’s equity in terms of loyalty (Richardson, 1997).

2.2.2 Perceived Risk Factor

When a consumer makes a purchase, they do not know if they will like it or not until they have made the purchase and given it a try. This means that every time they buy a new product, they are dealing with some degree of uncertainty, and therefore taking some level of risk. Whenever a consumer is making a purchase decision and has the option of choosing between multiple similar products, perceived risk becomes a factor of their ultimate decision (Stem, Lamb & MacLachlan, 2007). Perceived risk has been studied extensively, as many scholars and researchers find its implications very interesting. For example, many studies have been conducted on the elements of perceived risk, the types of risk and how to measure them, and how consumers can control or reduce risk (Stem et al., 2007). Studies have also looked at how risk affects the probability of consumers to buy generic or store brands as opposed to national brands. Such studies have been reviewed by the authors, and helped to form the base of framework for this thesis.

Previous researchers have defined perceived risk according to their various studies. Stem et al. (2007) define risk as the relationship between uncertainty and consequences. For example ambiguity related to the product itself, the purchase location, or the amount of financial costs. Other researchers such as Bettman (1971) have defined perceived risk as the relationship between defined and inherent risk; where inherent risk is risk that a
product category as a whole proposes to consumers, and defined risk is the degree of uncertainty that a particular good causes when a consumer is deciding between brands.

In their essay Mieres, Martin and Gutierrez (2006b) conducted a study in which they proposed that perceived risk was a factor to the consumers’ proneness to buy store brands, and realized this to be prevalent in private label goods that did not have a high market share. The study highlighted that there are significant differences between store and national brands, and mentions that a large difference in associated risk between national brand and private labels contributes to a decrease private label success. Mieres et al. (2006b) state “store brands are perceived as functional, financial, social, physical, psychological and time riskier alternatives than national brands” (p. 763). They suggest that the greater the amount that store brands and national brands differ in perceived risk, will affect store brand proneness negatively in regards to store brands purchase, consumption, and future purchases. They found that although stores are continuously trying to position their brands as comparable goods to national brands, they are still seen as the higher risk option (Mieres et al. 2006b).

There are multiple ways to measure the various types of perceived risk. A traditional method that both Bettman (1973), and Peter and Tarpey (1975) used, measures risk through two-rating/double component measurements that look at risks and their consequences. Researchers can also use ranking measurements such as Likert scales, asking participants to measure importance, or imagined risk etc. if they were to buy a product. Mieres et al. (2006b) conducted their study by choosing four goods to research and applied a multi-attribute scale. This shows the variations of risk dimensions in a specific way. They used a Likert scale with seven different levels of choice, and applied it to both private label and national brands, with the goal of testing influences of perceived risk in regards to private label and national brands. Stem et al. (2007) suggest that the most advanced way to measure perceived risk was used by Jacoby in his 1972 study, in which participants were asked to rank goods according to ten questions. Scores for the products according to the ten questions were used to calculate three values of perceived risk (Stem et al. 2007).

When consumers buy a national brand or one that they have tried before, their level of risk is diminished. If a consumer associates risk with a private label good, they are less likely to buy it, and will instead buy the national brand good which is thought to be a
safer choice. Often times, a national brand has a tool that the private label lacks; brand equity. Aaker (1996) explains that the brand greatly effects the consumers’ perception of a product. The brand offers prestige, image, name awareness, and perceived brand quality. All of these brand assets are tools of risk reduction (Aaker, 1996). If the product does not meet all of their requirements once they have tried it, then they have made the wrong purchase decision, and may have taken too high of risk. This is one of the reasons why consumers are willing to pay a brand premium for a trusted national brand name. Brand risk may however, be more prevalent in particular categories, and some types of goods may be more sensitive to perceived risk than others.

Although many private label goods offer comparable quality today, they still seem to face some issues. Studies have concluded that consumers perceive national brands to be superior to private label brands in attributes such as quality, taste, aroma and reliability. It is discussed that national brands provide the consumers with a hedonic utility and quality choice, whereas private label brands are perceived to have a lower price, lack of advertisement and poor packaging. Therefore national brands might be perceived as a more secure alternative, as well as a more socially accepted product. The previous studies show that consumers generally believe that national brands have higher quality levels in comparison to private label brands. However, this is not always the case, and most retailers’ private label brands quality actually matches or even exceeds that of the national brands (De Wulf, Odekerken-Schröder, Goedertier, & Van Ossel, 2005).

As described in the definitions section of this thesis, private label goods usually have less market share, less marketing, and less eye-catching packaging. Because of this, when the risk factor is higher than the amount of savings that private label products offer, they are often overlooked. They often lack the brand equity tool that national brands benefit from. If the consumer tries a private label good and finds the same purchase benefits as the national brand, taking the risk would be beneficial due to the amount of realized savings that the private label good offers. However, many people are simply risk averse and will end up spending much greater amounts of money over a lifetime by paying for the safety that the national brand offers. Brand risk may also be more prevalent in particular categories, and some types of goods may be more sensitive to perceived risk than others.

Once risk has been established, consumers go through risk handling processes. There
are multiple methods of risk reduction. Stem et al. (2007) define this as “the process of reducing perceived pre-purchase risk by using risk reduction methods until the level of risk perceived reaches a level which is tolerable to the individual consumer and is consistent with his purchase goals” (p. 315). Advertising can often lower the amount of associated risk by creating brand awareness and loyalty, which is something that national brands have and private label brands often lack. Consumers tend to trust word of mouth, and if they hear that a product is of good quality, they may be more likely to try the product. Therefore, it may be beneficial for private label companies to create social media campaigns, which would help spread the word. Social influences also help to reduce risk, for example if a consumer is a participant of a sports team, they may be prone to try a new healthier version of a product. There is also a generalization that a higher priced good will always offer a higher quality, and this is known as the price quality effect. In this case, a consumer will choose the higher priced good because they believe there must be less risk involved with this product. Lastly, Stem et al. (2007) suggest that brand loyalty is a significant factor of risk reduction. Because brand loyalty creates trust, consumers feel safer buying the brand that they have built trust with.

2.2.3 Social Risk Factor

There are multiple definitions of what social risk involves. Zielke and Dobbelstein (2007) suggest that it is a possible loss of image or prestige, which occurs when consumers buy products that they are uncertain about. According to Williams (2002) it is a combined risk with psychology that arises when friends and family think that it was a poor or inferior choice. It therefore adds a level to other risk factors such as financial risk, by looking at how the consumers’ surroundings and peers affect them. The product might be perfectly fine to buy in itself, but the judgment of others is inferior in some way. However, the product does not need to be physically bought, it might also be related implications with the actual store where the product is bought. The situational factors that have the greatest impact on social risk are group discussion and consumer involvement (Williams, 2002). Similarly, Aqueveque (2006) concludes that social risk is present in a situation where the consumer has a choice between multiple products and believes that their peers may evaluate them negatively if they choose the wrong product. Zielke and Dobbelstein (2007) also suggest that social risk is greatest in situations where the product is consumed in public or offered to guests.
When consumers buy new products there is also a new process of involvement with the product. Use of personal and impersonal sources of information may be used. Products used in public or offered to guests are thought to have high social risk, whereas products bought for private consumption are seen as having low social risk. Products with a high risk factor require more information sources to confirm that the product is approved by social peers, and does not constitute a threat to making a bad choice (Hugstad, Taylor, & Bruce, 1987). The economic situation of the consumer affects some of the choices made. According to Karlsson, Dellgran, Klingander, and Gärling (2004) consumption of necessary or luxury goods and services shows that households with better economical situations strive to have higher levels of aspirations. This implies that higher income people believe that more products and services fall under necessary consumption, and may be under high social pressure to buy those particular goods.

In a purchase decision, the factors that the consumer considers are dependent on consumer what the good is being purchased for. In Wells, Farley, and Armstrong’s (2007) research, they showed that if a dinner party or family lunch is to be prepared, the consumer will think about the social pressure they face before buying the products that are going to be used for that party. The research showed that consumers were seeking products that would not be embarrassing to serve to their guests. They also sought after products they knew would deliver expectations, and were safe to buy. The consumers who bought products for special occasions claimed that they would buy premium private label products, because then they felt that they were serving products with high quality. The research also suggested that consumers were looking for products that they could pretend were their own creation, for example, a dessert that looked like something they could have made themselves.

To deal with social risk factors, consumers search for information in order to aid the decision-making. Information search can be classified into two different groups depending on where the information is obtained. Internal information includes processes such as trying to remember similar situations that the consumer has been through before, and thereafter deciding which option has the least associated social risk. External information search uses external references such as social references. It also uses market information such as advertisement, sales personnel, store displays or Internet sites (Aquiveque, 2006).
Social risk is largely connected with behavior. Thompson and Vourvachis (1995) conducted a research regarding the theory of reasoned action and found that the best predictor of behavior is the intention to preform that behavior. Intention is determined by two components. Attitude measures the extent that an individual has a favorable or unfavorable evaluation of the suggested behavior. The second component is the subjective norm, which measures the influence that peers have on an individual’s intention to act. The findings showed that behavior intention is determined by the subjective norms and then attitudes. Zielke and Dobbelstein (2007) suggest that social risk is related to product groups, and that it will influence the success of private label brands.

Zielke and Dobbelstein (2007) conducted a study on butter, sparkling wine, potato chips, laundry detergent and shampoo. In their research, potato chips and sparkling wine showed the highest social risk, while butter showed minimal social risk. Therefore the willingness to by the private label butter product was also highest. Potato chips and wine are often consumed with friends and may therefore be the reason why they score highest in the social risk. It is clear that social risk affects the success of goods differently, depending on the category of good. If a purchase is being made in a category with high social risk, the consumer may be more prone to buy the national brand over a private label brand, in order to at least minimize other types of risk, such as quality. This is one explanation as to why some private label goods may succeed more than others.

### 2.3 Research Propositions

Based on the pre-study and the presented frameworks, the authors make the following propositions regarding the success of private label brands in various goods.

1. The private label brand will succeed in product categories where brand loyalty is weak.
2. The private label brand will have greater success in goods that have a lower perceived risk factor.
3. The private label brand will have greater success in goods where social risk factor is less influential.
3 Method

3.1 Primary and Secondary Data

When conducting research it is of great importance to have reliable sources of information. Primary and secondary research are the two classifications of data collection that researchers use to establish academic arguments.

Secondary research allows the writer to build their findings upon previous research that has already been investigated. It includes but is not limited to scientific journals, books, trade magazines and conference proceedings (Lorentzi, 2011). While collecting secondary data, the authors of this thesis have referred to original sources as much as possible. According to Craig and Douglas (2005) secondary research is a relatively inexpensive way to collect data compared to primary research. The reason that secondary research can be kept inexpensive is because of the increasing availability of sources on the Internet and in libraries (Churchill & Iacobucci, 2010). It is important to use secondary research cautiously. Researchers should keep in mind that secondary research may not always be suitable for their purpose, but the appropriate parts can still be beneficial (Churchill & Iacobucci, 2010). It is imperative to make sure that the data collected is relevant and correct. This thesis has used secondary sources from only the most significant sources found. The authors of this thesis have taken necessary precautions of using only peer-reviewed articles, increasing the accuracy of the sources.

Primary research, on the other hand, is generated collecting your own data. Primary research can be conducted in the form of surveys, focus groups, observation and interviews (Curry, Nembhard & Bradley, 2009). According to Churchill and Iacobucci (2010) a great advantage of using primary data is that it is created according to the purpose of the research. This means that the data collected has a direct relationship to the investigation at hand.

Churchill and Iacobucci (2010) suggest researchers use a method where secondary research is consulted first, and thereafter recommends proceeding with the gained knowledge to conduct primary research. The depth of this study has been built upon secondary findings and has attained depth through the primary findings. The authors started by collecting secondary research such as scholarly articles, scientific journals
and books to establish the foundation on which to build their research. This empirical foundation is complemented with primary research in the form of a survey as well as interviews. The primary research provided the authors with information directly from the sample group of interest: consumers in Sweden. The secondary research has been used to add credibility to the thesis by applying frameworks to support the primary research conducted.

3.2 Qualitative, Quantitative, and Mixed Methods

There are various methods that can be used in the research process, namely quantitative and qualitative research. According to Davidsson (1997) quantitative research requires observations that can be turned into numbers and is imperative to many studies. The population or the sample of the population is used to make generalizations and conclusions. Thereafter the numbers can be analyzed and applied to statistical and mathematical tools. For example, quantitative research methods could count frequency or how many times something happens (Curry, Nembhard & Bradley, 2009).

Qualitative research on the other hand is used to understand complex social behaviors. It aims to identify beliefs, values and motivations through observations. Qualitative research is defined as, "a form of scientific inquiry that spans different disciplines, fields, and subject matter and comprises many varied approaches” (Curry, Nembhard & Bradley, 2009, p.1442). There are several methods and approaches that can be categorized as qualitative research. Typical examples are interviews, observations and documents (Nordqvist, Hall & Melin, 2009) as well as case studies, visual methods, politics and ethics (Denzin & Lincoln, 2005).

In order to choose the most suitable method, researchers must identify what their purpose is. Some researchers prefer qualitative research, while others prefer quantitative research. This depends greatly on what the researchers are trying to achieve, and if the chosen methods agree with the purpose. In this paper the authors have applied a mixed method to their research, which is also known as triangulation.

As Newman, Ridenour, Newman and DeMarco (2003) argue, there are certain research questions that require mixed research methods to fully capture the different aspects of the research problem at hand. Tashakkori and Creswell (2007) provide a broad defini-
tion of mixed methods research by saying, “the investigator collects and analyzes data, integrates the findings, and draws inferences using both qualitative and quantitative approaches or methods in a single study or program of inquiry” (p.4). In this thesis, asking qualitative research questions about consumer behavior attained the depth of the research. However, the goods that were chosen to investigate were decided upon in a quantitative manner from both the supermarket statistics and the pre-study.

Using both methods offered this research a comprehensive understanding of why private label brands are more successful in certain type of goods than in others. The qualitative research complements the statistics by focusing on social behavior. Interview results collected provide a deeper understanding of the why private label brands succeed and fail amongst various goods. Meanwhile, the quantitative research provided statistics about the products. The combination enabled the authors to track consumer buying patterns and reasoning, and relate them to sales statistics.

3.3 Data Collection

The initial survey suggests that consumers feel more comfortable buying private label brands in some good categories than they do in others. In order to fulfill the purpose of this thesis, primary data was collected to answer to the research questions and reach an understanding as to why this is happening.

3.3.1 Meetings With Store Managers- Quantitative Data

The initial survey lacked a level of control that was needed, in order to be empirical evidence. Although it offered a basis for future research and located a clear pattern, the authors could not determine where the respondents lived, or view demographic information such as how old they were. Therefore, meetings were arranged with two store managers in Sweden, with the goal of attaining clear statistics, which would serve as reliable proof of sales trends. Robert Kjellman from ICA Kvantum in Falköping, and Tommy Axebrink from Willys Österängen in Jönköping represents two very large supermarket chains in Sweden. As seen in Appendix 2, the statistics received from these meetings complemented the initial survey by providing a much larger sample group, and showed sales statistics from the entire previous year.
During the meetings, which lasted about two hours, twenty goods were gathered from the store shelves. The private label brand was compared to the leading national brand in each store. For example, ICA coffee was compared to Gevalia coffee, and so forth for each of the twenty goods. The managers provided insight on which specific brands should be compared, and which were the leading national brands in each category. Careful attention was given when choosing the goods, making sure they were comparable products. For example when comparing chocolate, both brands were milk chocolate bars weighing 200 grams. The coffee compared was also the same weight, the same roast, and made for the same type of brewing machine.

The managers then scanned the goods into their inventory and sales software, providing figures on the total number of items sold per year, and the sale price for both the private label and the national brand versions of the same twenty goods. The sale price was important to include because the price difference is an influence on consumers. This study assumes that the private label good always offers a lower purchase price, and the statistics given by the grocery stores support this assumption. For example, Marabou chocolate is sold at 16.90 SEK while ICA chocolate is sold at a price of 12.90 SEK. In addition to the twenty goods from the pre-study, the authors were provided with information and statistics about the stores best-selling private label products, one of which was canned tuna. All statistics received can be seen in Appendix 2.

### 3.3.2 Motivation of Chosen Products

Four goods were then chosen from analyzing the initial survey and the statistics from Willys and ICA. The authors arrived at the decision to study only four goods so that they did not have too many goods to research, and could therefore have time to go more in depth on these goods. An even number was chosen so that two successful private label goods could be compared with two failed private label goods.

The chosen national brand products were Gevalia coffee, Marabou chocolate, Felix frozen French fries, and Abba canned tuna. These goods are comparable to ICA and Willys private label versions. It must be noted that canned tuna was not on the initial list of twenty goods, but was added because the private label version was extremely successful for both ICA and Willys.
It was also important that the goods themselves had different characteristics. Coffee is a liquid and has a high connection to Swedish people, while chocolate is a solid. Tuna is canned and solid while French fries are frozen. This offers a comparison of the factors to the success and the failure of the brands, with different product characteristics as well. By selecting these goods the authors included a frozen good, a canned good, a beverage, and luxury treat. This offers goods of various traits to be analyzed through the same process, offering results that are not swayed to a particular good category.

3.3.3 Semi-Structured Qualitative Interview Creation

The next step in data collection was to create a qualitative interview. According to Myers and Newman (2007) there are various approaches to qualitative interviews. Structured interviews use a script in which all questions are prepared in advance and must be followed. However, the structured approach does not allow the interviewer to improvise. There are also semi-structured and unstructured interviews where the interviewer prepares an outline of questions and guidelines in advance. In this case, the interviewer is considered the researcher and improvising is necessary in order to collect the data needed.

This thesis applies a semi-structured approach to interviews. A prepared script provides both the structure needed to achieve a common goal in all interviews, and allows added depth through improvising, adaptation and additional comments. Carruthers (1990) states that semi-structured interviews offer strengths that quantitative questionnaires do not have, in that they are more objective and thorough. They offer an understanding of the interviewees reasoning. For example, as interviews were administered, thoughts were developed and the interviewers learned how to dig deeper into the subject by asking clearer questions. The semi-structured interview allowed for follow up questions, which were used to help the consumer imagine that they were actually shopping. For example, “If you switched to a different brand, was it because of a sale?” and “Which would you be more sad if it tasted bad, chocolate or canned tuna?” Improvising allows for an added understanding of consumer behavior, which the quantitative data alone does not provide.
The semi-structured interview questions were constructed to suit the goals of the thesis (See Appendix 4). As recommended by Qu and Dumay (2011), the interview started with an introduction in which the subject of the interview was explained to interviewees. According to Kavle (1996) the first minutes of the interview are important because this is when the interviewer has the opportunity to give the respondent a grasp of whom they are and what they want to know. However, it is also important to not give too much information. Providing too much information could create bias or sway the interviewee in a particular way. For this reason, only the necessary introductory information was disclosed.

As part of the introduction, the purchase decision setting was explained. There are multiple influences on consumer behavior that the scope of this thesis does not address. The aim of this thesis is to research three specific influences, which implies that many are left unstudied. Strength was added to the research buy involving other factors in various ways. By including and or eliminating the unstudied influences, the authors were able to solely focus on the chosen frame of references. For information on how this was done, please refer to section 3.5 “Limitations of Chosen Method.”

In the introduction, participants were informed that their questions were welcome at any time. This established important rapport and made the interviewee feel comfortable in order to speak more freely. Because disclosing that research is part of a University study helps attain participants, respondents were also notified that the researchers are students from Jönköping International Business School. Furthermore, the interview continued with an introductory question that aimed at opening up a discussion with the interviewee and got them to think about their usual decisions. This was a straightforward question of what brand they would most likely buy and provided two alternatives (Qu & Dumay, 2011). The following questions were constructed to identify influences of brand loyalty, perceived risk factor and social risk factor.

Income level is a strong determinant in purchase decisions. Consumers with low income levels may not have any other choice than to buy the cheapest variety of a good, while a high income consumer may have more extra income and therefore may not have to even consider the cheapest version such as a generic of private label good. In order to get a
better understanding of the influences, it was crucial to identify the different income levels. There is currently not an official classification of what low income, middle income and high income are in Sweden. However, statistics from Statistics Sweden have been used to identify three levels of income (See Appendix 6). There are 15 different salary income levels according to Statistics Sweden. Because Swedish people refer to income on a monthly basis, salary incomes were presented as per month figures and were rounded to the closest thousand place. For the purpose of this thesis, those 15 salary income levels have been divided into the three following groups:

- Low income makers comprise the first five groups (0-199,999 SEK per year) or (0-16,999 SEK per month)
- Middle income makers comprise the five middle groups (200,000-399,999 SEK per year) or (17,000 – 33,999 SEK per month)
- High income makers comprise the last five groups (400,000 SEK > per year) or (34,000 SEK > per month) (Statistics Sweden, 2012)

There was also a reason behind the order that the goods were presented in the interview. Coffee was the first presented good because this good has a strong connection to Swedish people, and reflected as a high national brand seller in both the statistics and the survey. A successful national brand good was beneficial to have first in order to create a connection to what brand loyalty really is, and thereafter compare it with a failed product such as canned tuna. The goods were placed in order where a successful private label good followed a failed private label good, for means of a comparison.

Demographic information was collected towards the end of the interview in order to gain trust, and to allow the interviewer a chance to prove that the intention of the interview was genuine. This allowed for more accurate answers regarding sensitive material such as personal income. At the end of the interview, some respondents may wonder how the information will be used; therefore Kvale (1996) recommends that the interviewer give a debriefing at the end. To eliminate any tension, the authors of this study gave the respondents more specific information about the nature of the study as the final part of the interview.
3.3.4 Interview Characteristics

The strength of the qualitative interview is subjective to the nature of the interview, and the level of comfort that the interviewees feel. People who trust the interviewer may open up more and be more honest. This is why the majority of the interviews have been conducted on people in the authors’ personal networks. The aim of this was to receive honest answers, from people who were glad to meet and talk. The authors feel that these people contributed greatly to the findings, and that a personal network is a great tool for qualitative interviews. These people offered their time, and were happy to contribute without a stress for time. However, some researchers may see a potential bias in this method of data collection. In order to offset this potential bias, interviews were also conducted outside of ICA Kvantum Falköping on April 18th, 2012. This allowed for neutral answers from people who had no connection to the researchers.

Clear patterns were seen in the data received from both sample groups (network vs. no network). This suggests that the relation to the authors did not affect the answers given. Interviews were completed within a three-week period from April first to April twentieth, 2012. A strong pattern was found and the data reached maturity with a sample size of 42. The interview time averaged from 7-10 minutes.

3.3.5 Analyzing the Interviews

Choosing the correct method of analyzing data is imperative to a persuasive conclusion. Before the analyzing began and conclusions could be made, the data had to be carefully reviewed and reduced to the most important aspects for this study. In the reduction process it was important not to lose track of anything important. The first step of analyzing was to become well acquainted with the data. Because the survey used a semi-structured approach, the open-ended questions could generate single words, brief phrases or full sentences as answers (Taylor-Powell & Renner, 2003).

Throughout the analysis process, the aim was to be self-aware of any biases and to be honest and reflective during the reduction. Thereafter, the data had to be focused to find out how the answers reflected the research questions. The next step was to categorize the data in order to recognize patterns. Data was analyzed with a coding system based on the research questions. The goal was not to convert the answers into numbers or val-
of great importance to look for patterns in the answers and recognize when respondents were explaining similar views but with different words, therefore fitting into the same coding category. Once patterns had been recognized and organized, interpretations and conclusions were made that responded to the purpose and the research questions (Taylor-Powell & Renner, 2003). The last question in the interviews asked consumers to give reasoning as to “why they are more loyal to product X than they are to product Y.” This offered valuable comparison in the analysis process, and clarified their previous answers about each influence.

3.4 Evolution of Method

It is usually necessary to slightly change the initial idea or method as the research process proceeds. Sometimes it might not be possible to follow the original work process and another perspective or action may be required to achieve the purpose. This thesis was originally planned on being conducted inductively but as the work preceded the authors changed to a deductive approach of research. It became more suitable to use already established theories and generalizations, and thereafter build upon them.

At an early stage in the research process laundry detergent and pet food were excluded because they proved difficult to apply the social factor to, as they are rarely purchased for someone else and are not served to guests. The initial intention was also to conduct
the research in Sweden, Canada, USA and Australia, but due to several different factors such as different food cultures, the research was instead focused on Sweden. It is thought however that the identified theories apply in different countries, just possibly at different levels of influence depending on the culture’s attachment to the particular good.

At first, when deciding how many goods to research the aim was to use six different goods to be able to cover several product categories, however, as the work process developed it was considered preferable to conduct a more careful and specific research of four goods instead. By researching four goods instead of six, more time could be put into identifying the factors influence on each good. Researchers must consider interview time, and make sure not cause rushed or false answers by being too lengthy. By using two successful and two failed private label goods, a conclusion regarding research questions could still be made.

In the interview the initial thought was to have canned tuna presented as the first good. An advantage was however identified if the respondents were asked about coffee first, followed by canned tuna, chocolate and then frozen French fries. This order meant that a failed private label product (coffee) was asked about first, followed by a successful private label good (canned tuna) which enabled the respondents to compare them against each other, after realizing that they are loyal to the first good.

3.5 Limitations of Chosen Method

There are merits and limitations to all methods of data collection. When examining the rigor of this study, someone who is fond of quantitative styles may find the interview sample size to be a quite low. However, for the purpose of this thesis the aim is to dig deeper into the mind of the consumer. This is very time consuming and with the amount of time available, interviewing fewer respondents thoroughly was more beneficial than interviewing hundreds and only touching on the surface of the research questions. Secondly, because quantitative and qualitative research has been combined, the strengths and weaknesses of each are compensated by the other method.
When considering validity, possible points that an opposition may question have been considered. Primarily, it must be noted that this study has been conducted in Sweden, and therefore may not be representative of other countries. Although it is believed that social factor, risk factor, and brand loyalty are present around the world, they may have different levels of influence on the consumer. This may be especially true when considering the four chosen goods. This is because Swedish consumer attachment to the goods researched may not represent the world's. For example, Swedish culture has a very strong connection to coffee, which may not be found at such high levels in other countries. This may mean that results of high brand loyalty and high risk factor seen in coffee would not be as high in other countries.

Secondly, the specific supermarkets that were chosen may have different target markets and consumer characteristics. For example, Tommy Axebrink who manages Willys supermarket, mentioned that his customers are very price sensitive, and may be more prone to buy the private label cheaper version. Mr. Axebrink noted that he has a very different clientele than ICA’s, whose customers may have a higher income and be more national brand loyal (T. Axebrink, Personal communication, 3/23/2012). Willys business idea is after all, to offer “Sweden’s cheapest grocery bag” (Willys/Axfood, 2011). This must be considered when looking at the sales statistics, because the income level of customers effects their purchase decision. However, two very different food chains have been used in order to offset possible bias. When a pattern is found at both stores regardless of their consumer base, with different target markets, the goods can be compared in an unbiased way, and income levels become less of a determinant. The four chosen goods followed the same statistical sales trends from both stores.

Most importantly, there are many other factors that influence consumer proneness to purchasing private label brands that this study does not include. However, this study aims to reach deeply into only three of those factors. In order to do so the conducted research must be specific and narrow. For example product placement and shelf space impact the consumers decision. If a particular brand has a vast amount of shelf space at eye level, the consumer may choose it just because it is the first thing they see. In fact, companies pay for this shelf space for this reason (Suárez, 2005). The reader must understand that it was impossible to study every factor comprehensively, and that the un-
studied factors do have an impact on consumers as well. This has been addressed by providing interviewees with pictures of the two comparable brands. They were asked to imagine the various goods on the shelves, with equal shelf space. Ruling out other influences allowed for a more narrow focus on the research questions. Interviewees were also informed that the study assumed that the private label good has a lower price (the benefit of the private label). Another factor that the study does not research but is influential, is packaging. However, packaging is associated with both brand loyalty and social factor, and has therefore not been researched specifically but has been included by showing pictures of the goods and their packaging.

4 Empirical Findings

The interview sample boasts very broad demographics and characteristics, which created less bias than from for example interviewing only students. The interview included participants from multiple towns, of different ages, and income levels. There were five participants with low income, twenty-six with middle income, and eleven with high income. The average age of respondents was 51 ½ years old, with the youngest participant being twenty-one and the oldest being eighty-two. Participants were from the following towns in Sweden: Jönköping, Bankeryd, Habo, Göteborg, Huskvarna, Tranås, Falköping, Vartofta, Kinnarp, Gudhem, Broddtorp, and Halmstad. More detailed interview characteristics can be seen in Appendix 9.

It was beneficial that the majority of respondents fell in the middle income bracket. While middle income consumers probably have enough money to pay extra for a national brand premium, they may also still benefit from saving money. They are therefore placed in the decision making process between the private label and national brand good, more than a low income taker who must focus more on saving money. If the sample contained mostly low income respondents, data would probably be skewed to private label goods and not represent Sweden as a whole.
4.1 Results of Interviews

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<tr>
<th>Comments from interviewees were used to determine how the consumers are influenced by brand loyalty, risk factor, and social factor for each good.</th>
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<tr>
<td>Coffee</td>
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The above chart can be referred to when reading interview result information. Numbers in bold red font represent the prominent trend regarding to the good and the three factors. (Self Created, May 2012)

When investigating consumer coffee buying habits, an astounding 97.50 percent of respondents expressed brand loyalty to a specific national brand. This leaves a mere 2.50 percent gap of consumers who prefer to save money on coffee and buy from a private label. Of the 97.50 percent who were brand loyal, 67.50 percent were very reluctant to change to another brand because they associated a risk in doing so. In addition, 90 percent of the participants saw a high social risk in serving a private label brand of coffee to a guest, and felt that guests impacted their decision not to buy private label coffee.

In comparison, the interviews showed that when it came to purchasing canned tuna, the consumers were not nearly as loyal. Nearly 81.00 percent actually had a preference to buy private label brand of canned tuna, or the cheapest one available, and showed no tendencies to be brand loyal. In relation to not being brand loyal, 94.44 percent of interviewees did not consider trying different brands of canned tuna to be risky, and that they often do so. When identifying the social risk for the respondents, 77.78 percent said that they would serve any brand of canned tuna to guests, and that friends did not impact their purchase choice. Furthermore, this implies that 77.78 percent related a low social risk to canned tuna.
Chocolate was more comparable to coffee, with 90.24 percent of consumers being brand loyal and preferring to buy a national branded chocolate. Although consumers are brand loyal to both coffee and chocolate, they differed in their attributed risk levels. The risk associated with switching brands and trying different chocolates was significantly lower than with coffee, with 58.54 percent who would consider trying different brands. Yet, the social risks associated with chocolate were very high, as many as 95.12 percent of the participants would not serve guests anything other than national branded chocolate, and would definitely not give a private label chocolate as a gift.

Out of the four goods that were investigated, frozen French fries had the lowest response rate due to the fact that they are not a staple food in all Swedish homes. Nevertheless, a clear pattern could be identified; 85.71 percent of the respondents were not brand loyal and chose to buy private labeled frozen French fries, or the cheapest version. This left 14.29 percent to be brand loyal, yet only a mere 3 percent of the respondents associated a risk with trying different brands of frozen French fries. A very low risk was associated to frozen French fries with 97 percent of respondents expressing willingness to try different private label brands. The conditions changed slightly when it came to the social risk associated with frozen French fries, but 71.43 percent were not influenced by social factors when choosing what to serve to guests.

In conclusion, coffee and chocolate both proved to be goods were the consumers have tendencies to be brand loyal to national brands and were associated with a high social risk. They did however, differ slightly in the perceived risk, where coffee was associated with a high risk in changing brands while chocolate was associated with a medium to low risk in changing brands. The low loyalty goods were canned tuna and frozen French fries, which the respondents were indifferent to what brand to purchase and preferred the private label brands in order to save money. These two goods also had low perceived risk and low social risk association.
5 Analysis

5.1 Varying Levels of Influence on Goods

5.1.1 Coffee

Both the pre-study and quantified statistics provided by ICA and Willys offers a credible assumption that Swedish people prefer to buy coffee from a national brand. More specifically, 39 of the 40 respondents who bought coffee preferred national brands while only one bought from a private brand. While previous quantifiable data allows for a generalization to be made, it is important to understand why this is so. The qualitative interviews brought the authors to the next step, of understanding why coffee has not faired well as a private label good.

Of the interviewees, 97.50 percent preferred to buy national, and only 2.50 percent preferred private label products. It can be said that Swedish people are brand loyal to their preferred brand of coffee. When asked if respondents had a favorite brand of coffee, multiple people answered immediately with not even the slightest pause, “Gevalia!” Many even said “Gevalia, and nothing else!” Respondents answered that they had tried other brands but that none of the other brands lived up the “high standards of Gevalia,” and they therefore always go back to their favorite brand. This is also related to how often they buy coffee, which for most Swedes is very often. Respondents gave comments such as: “Coffee is so important,” and “I need my morning coffee to be as good as always.” Lastly, it has to do with their connection to the product, or how important coffee is to them. As mentioned by an interviewee, “Coffee is a good start of the day, it is very important.” Coffee plays a significant role in the lives of Swedish people, and they have spent years or even a lifetime building a relationship or loyalty to a particular brand. As one interviewee mentioned, “Gevalia has been around since I was a child, it is always sitting in the back of my head.” Another mentioned, “Coffee is an art, and the companies specialize in this art, creating the best coffee. ICA makes many products and coffee is not their main focus, so I do not think they are as good as Gevalia.” Consumers think that a brand name is very important when it comes to coffee, stating, “I know what I am getting.” The national brand offers a feeling of safety that routine shoppers value.
Swedes also associate a great deal of risk with coffee. One interviewee stated a common Swedish saying, “I do not want to leave a wining horse,” which could be translated to “Why leave something behind when it is already working.” Perceived risk is related to an economic risk of loosing money when a purchase decision is made and does not reap the benefits that the consumer had hoped for. It can therefore also be seen as the relationship between risk and quality. This is important regarding coffee, and consumers do not want to risk their money on a lower priced/low quality coffee. For example, one respondent thought, “Cheap coffee is bad coffee.” Swedes think that ICA's coffee is an “unsafe buy, it tastes differently every time,” or “the taste is not good.” Like brand loyalty, this also has to do with how often they buy coffee. Because it is such an important product, they do not want to buy a product that will disappoint them. As mentioned by an interviewee in the context of coffee, “I look forward to my Fika every day.”

Because of this “Fika” where Swedes share conversation and each other’s company over coffee, the social factor is astoundingly high with coffee. Swedes “treat friends to something of good quality,” and Swedish people know the difference between good and bad coffee when they taste it. Therefore, they will not buy the private label branded coffee, but will buy a national brand product that they consider to be risk-free to offer to their guests. Ninety percent of respondents answered that they would not serve anything but their own favorite brand or “the best” to their guests. This makes coffee a high social risk product. Williams (2002) suggests that social risk is most prevalent in categories where group discussion and consumer involvement is large. Coffee is often consumed in groups and is therefore more exposed to the social risk factor. Zielke and Dobbelstein (2007) also suggest that social risk is greatest in situations where the product is consumed in public or offered to guests. Word-of-mouth is a very useful tool to quickly spread information, and because coffee is often consumed in public or in groups, people want to buy a coffee that is widely viewed as a good brand (Chaudhuri & Holbrook, 2001).

When relating these results back to the sales statistics from ICA and Willys, a clear connection can be made. ICA’s private label coffee only sold 4,680 packages of coffee in 2011, which is only 11 percent of sales in comparison to direct competitor. Gevalia on the other hand had robust sales of 39,203 packages of coffee sold in the same Falköping ICA Kvantum store. Sweden’s most popular national brand has clearly won the
race in the fight between national and private brand sales. It can be concluded that consumer level of brand loyalty, perception of financial/quality risk as well as social pressure, has contributed to the failure of the private label brand in this product category.

Coffee has been coded as a good where brand loyalty is extremely high due to comments such as “I buy it out of old habit and for its taste.” They also perceive high risk related to this good, and associate high social pressure. It can be concluded that this triple combination has lead to its failure as a private label good.

5.1.2 Canned Tuna

When compared to coffee, canned tuna seems to be less important to the Swedish population. It is still a popular good to buy, but the demand for the product is much lower than the demand for coffee. Of the 36 people who purchased tuna, 29 responded that the brand does not matter to them in this good. Comments such as “tuna is tuna,” and “the taste is the same in all brands,” were given to explain the reason why this was the case. Because consumers believe that canned tuna does not vary much in taste or quality, it is not as affected by brand loyalty as much as coffee is.

Many respondents expressed that the price difference between private label tuna and national label tuna is high, while the difference in quality is minimal. Therefore, the risk factor for buying canned tuna is considered to be low. Respondents said: “It does not hurt to try something new,” and “It can only be a bad buy once, and the price is low so trying many types cannot hurt.” This shows that consumers do not feel that a lower price means a higher quality risk. For example Stem et al. (2007) define risk as the relationship between uncertainty and consequences, and in the case of canned tuna this is not such a high risk. The money the consumer would waste on a bad can of tuna is not nearly as much as they would waste on a bad coffee, due to the price and purchase frequency.

Perceived social risk factor for canned tuna was not reported to be high. Since the respondents felt that canned tuna in general basically has the same quality and taste amongst brands, serving their guests any type of tuna is not an issue, and they can serve “what is already at home.” Comments like “My guests will not see the brand of the canned tuna,” and “Tuna is mixed with other ingredients,” make the social pressure decrease substantially. Even though there is an association connected between national la-
beled products and private label products, in which private label products is seen to have less quality assurance (Mieres et al., 2006a) this is not a problem within the category of canned tuna.

Due to these findings the authors have coded canned tuna as a low brand loyalty product, a low risk product as well as having a low social risk factor when buying the product. Because of the low influence of these factors, tuna has sold very well as a private label good.

5.1.3 Chocolate

Like coffee, chocolate was also reported to be a product with high brand loyalty. From the 41 respondents who purchased chocolate, only four responded that the brand does not matter. Some of the respondents even expressed their favorite brands logotype when answering the questions. Comments like “Mmm…Marabou,” expressed the high level of brand loyalty that exists for the product. Here it can also be mentioned that word-of-mouth is a very important tool that can contribute to a products success factor (Chaudhuri & Holbrook, 2001; Selnes, 1993). When the consumers can recall a brand logo, it can be assumed that they are brand loyal to that brand, and the attachment level is high (Aaker, 1991). Chocolate was the product that received the highest respondents in comparison to how many people who was asked. Only one respondent answered, “I do not buy chocolate.” Chocolate had a respondent rate of 97.62 percent.

Respondents expressed their high loyalty to chocolate by saying, “It is an established brand,” and “This brand has a rich chocolate flavor.” They also said that the national brand has “a high quality assurance,” and “I know what I am getting.” These are examples of Aakers (1991) four different sources of brand equity, which are loyalty, awareness, perceived quality and associations. This leads to the conclusion that chocolate is a high loyalty product.

Chocolate is slightly different from coffee in that it has a lower perceived risk. Like canned tuna, this can be related to the lower sales price. Chocolate is a product that has a medium to low perceived risk level. Respondents conveyed reasons such as: “I like trying something new,” “It is fun to try,” and “It is not a big investment.” However some interviewees also said “It is a safe choice, and I do not want to risk buying a bad
product,” “It is worth paying more for something that is guaranteed to be good,” and “It has to be an established brand.” Stem et al. (2007) suggest that brand loyalty is an important factor of risk reduction. Even though it has a low risk, chocolate is a product with high brand loyalty and many people do have a trusted brand. Even though there are many brands of chocolate on the market, consumers still chose to stay with their trusted brand in many cases. However due to the low price and many various flavors, it is clear why consumers think that trying another brand is not very risky.

Social influence is prevalent when serving chocolate to guests. Respondents stated, “I only serve the best chocolate,” and “Marabou has a better reputation,” which implies that the concern of serving guests high quality chocolate is important. One interviewee even stated, “There is a social pressure and I do not want to serve anything that is not regarded to be a good product.” This is believed to have a great effect on the brand that the consumer chooses for their guests (Zielke & Dobbelenstein, 2007). Products with higher risk factors require more information sources to confirm that social peers approve the product. Therefore, such products are more successful in the national branded sector (Hugstad et al., 1987).

When consumers buy chocolate, brand loyalty and social factor are determined to be of high influence, and risk factor is a medium to low influence. Chocolate is a product that consumers buy regularly, and it is important to them. Due to this, chocolate is a product that has not fared well in private label products.

5.1.4 Frozen French Fries

Many of the respondents expressed that the importance of the brand is very small concerning frozen French fries. Comments such as: “It does not matter what brand, I take the cheapest,” or “potatoes are potatoes,” conclude that the importance is very low. Frozen French fries are regarded as a “basic product” as quoted from our respondents, and can therefore be regarded in the same category as canned tuna, a low loyalty product.

The response rate for frozen French fries was the lowest of our four goods with 83.33 percent who bought this product, this tells the authors that the product is not used as often as coffee or chocolate as comments such as “I do not buy it that often,” or “I buy it on rare occasions,” were stated. Some of the respondents chose not answer the questions for frozen French fries because they do not regularly buy them. The level of brand loy-
ality was questioned and consumers conveyed: “I buy the cheapest product,” and “It all tastes the same,” which shows that consumers do not pay much attention to the brand they are buying. According to Anselmsson et al. (2007) brand equity implies that a brand can be associated with something that is of value to the consumer. In the case of frozen French fries it does not apply with the same level of influence as for coffee and chocolate. French fries do not have a repetitive purchase pattern for the same brand, and many of the consumers chose the brand that was on sale. According to Oliver (1999), this shows that frozen French fries do not have high brand loyalty.

The interviewees also expressed that the risk associated with buying frozen French fries are low. The price difference between a national label bag of frozen French fries and a private label version is not large and in the example used in this thesis, the price difference was only one SEK. It can be concluded that changing to another branded product would not cause a big financial risk. One respondent explained, “Companies do not have to master the art of making frozen French fries, but they do have to be very skilled at making coffee.” Another said “a potato is a potato,” and this implies that the uncertainty of choosing the wrong product is reduced because consumers believe the French fry products are similar, and does not depend on the brand or the label (Stem et al., 2007).

Frozen French fries are similar to canned tuna in many characteristics. Both products have a low social risk factor, and the stated reasons for this were: “I do not place the product in its original package on the table,” “The products taste the same,” and “The quality is the same.” These products are not used as often as coffee or chocolate, and even though the private label has a lower price, the quality is not perceived to be lower, and there is therefore low social risk.

5.2 Good Coding Related to Sales

The four goods have been researched and coded in relation to the level of influence that brand loyalty, risk factor, and social factor have on consumers decision to purchase the good in a national brand or private brand version. It is the combination of these three factors, which has been applied to coffee, canned tuna, chocolate, and frozen French fries. As seen in the chart below, coffee has been coded as a good where there is high brand loyalty, high risk, and high social pressure good. Canned tuna has been recog-
nized as a good with low brand loyalty, low perceived risk factor and low social factor. Chocolate is more similar to coffee with high brand loyalty and social pressure, but lands in the mid to low risk range because of its lower sale price. Lastly, frozen French fries are similar to canned tuna, with low brand loyalty, low associated risk and low social influences. This coding pattern can then be related to the sales statistics of the private labels versus the national brand, which were received from Swedish supermarkets ICA and Willys. By comparing the coding pattern to these sales statistics, conclusions can be drawn as to why they have failed or succeeded in the private brand version.

<table>
<thead>
<tr>
<th>Coding of Products Related to Influences and ICA Sales Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
</tr>
<tr>
<td>High loyalty</td>
</tr>
<tr>
<td>Low loyalty</td>
</tr>
<tr>
<td>High risk</td>
</tr>
<tr>
<td>Low risk</td>
</tr>
<tr>
<td>High social</td>
</tr>
<tr>
<td>Low social</td>
</tr>
<tr>
<td>ICA Private label Sales/year</td>
</tr>
<tr>
<td>National Brand Sales/year</td>
</tr>
</tbody>
</table>

6 Conclusions

6.1 Relation to Theoretical Frameworks

6.1.1 Brand Loyalty

Brand loyalty affects the success or failure of private label goods differently depending on the type of good. The level of influence is different among the different products, and for those in which brand loyalty is ever-present, the private brand struggles. For example 97.50 percent of people expressed high brand loyalty to a national brand of coffee, and 90.24 percent of chocolate lovers were also loyal to a certain brand. The conclusion can be drawn that there is a connection to this strong brand loyalty, and the failure of the private label version of chocolate. Differing from coffee and chocolate, both canned tuna and frozen French fries showed low relation to brand loyalty, and therefore
have been quite successful as private label goods. This connection drawn from the interviews and the sales statistics, agrees with research proposition one; private label brands succeed in product categories where brand loyalty is weak.

6.1.2 Risk Factor

Like brand loyalty, the level of influence of risk factor varies amongst goods. In goods where risk factor is minimalistic, private labels tend to succeed and compete well with their national brand counterparts. Both canned tuna and frozen French fries were perceived by interviewees as low risk products, which can be assumed to have contributed to their success as a private label good. Canned tuna and frozen French fries have been expressed to be products that do not vary much in quality amongst various brands, and which also do not bare high price tags. The relationship between low price and low quality variance makes them low risk goods. Low risk goods are successful in private labels because consumers find these goods to be ones where they would like to simply buy the cheapest version.

On the other hand, goods that fail in sales within the private label and types of goods that have high risk associated to them. Goods like coffee, which 67.50 percent of consumers perceive to have highly varying levels of quality and taste amongst brands, has failed as a private label good. Where risk is prevalent, consumers take comfort in the national brands reputation, and pay a brand premium in order to minimize the associated risk. In response to the second research question, according to this study, private label brands have greater success among goods that have low associated risk.

6.1.3 Social Factor

Social factor has also been seen to vary in its influence amongst different good categories. Private label brand success is greater in product categories where social factor is less influential. Swedish consumers expressed that their brand decision when buying both canned tuna and frozen French fries would remain the same whether they were buying the product to cook for themselves, or to serve in a meal to guests. They expressed that social pressures were not high in these two goods.

However with products that people really looked forward to, like their beloved cup of coffee, 90.00 percent expressed a social factor being present in their purchase decision.
The same goes for their prized chocolate treat, in which social pressure influenced 95.12 percent of consumers at one time or another. Many people felt that because coffee is so important to the Swedish everyday lifestyle, it was not a product to be cheap with, especially not when serving friends. Swedish consumers expressed a pattern that when serving coffee, they want to treat their guests to a high quality product. Due to the high associated risk factor, this in turn meant buying a brand name. Swedes also conveyed that they would never give a private label chocolate as a gift, as the label would of course be shown. It can be concluded that private labels have failed in chocolate, coffee, and similar products, due to the high influence level of social pressure. In response to the third research proposition, private label goods do succeed more often in goods with low social pressures.

6.2 Value of Findings

Understanding the characteristics of goods can be very useful to companies. When it is understood how influences determine if a type of good will succeed with a private label, companies can use this information to test new products before they are introduced to the market. They can then conduct studies to tell how sensitive social pressures will be to their product, how much risk may be associated with it, and how much previous brand loyalty they will need. The question may be raised, if the national brands marketing budget and efforts are even necessary in low brand loyalty, low risk, low social pressure goods like canned tuna; or can these companies better allocate their money? On the other hand, should stores like ICA be spending money on creating private label goods in categories with extremely high brand loyalty like coffee and chocolate; or should they be focusing their efforts on goods with characteristics similar to canned tuna and frozen French fries?

This information is also useful for the consumer. The amount that a consumer can save if they were to choose private label products over a lifetime is a significant amount. Consumers make these small purchases very frequently and their savings can add up to be enormous over time. Many of these influences may be subconscious, and if consumers would reexamine their purchases to determine how much risk is involved with them, how much social pressure they feel, and why exactly they are paying more to be brand loyal, they could change their spending habits. In fact, by simply changing spending habits in only fifteen goods, one could save more than 83,000 SEK or 12,480 USD in
twenty years. This figure is a sample that could potentially be multiplied considering that most families buy more than these fifteen goods (See Appendix 10). It is clear that an understanding of how factors influence consumer proneness of buying private label goods, is useful information to society.

6.3 Suggested Future Research

This research has been conducted by looking at three specific factors, and four specific products. The authors believe that conclusions have answered the research questions, but do acknowledge that there is more to be studied in this topic area. For example, similar research can be conducted in other countries, to see how the cultural influence affects the success or failure of various private label goods. Studies in other countries of the same four goods could then be compared to this study to see the variance and the degree that culture influences consumers.

Another study could be undertaken by looking at the same influences, but by dividing the sample by their income levels in order to see the importance of the consumer’s income level. This would offer information on what degree income effects their purchase decisions. Lastly, organic or ecological products could be added as a type of brand. There were some respondents who were not able to answer the pre-study because they prefer to buy only organic products, and were therefore a consumer category that was overlooked in this study.
7 References


8 Appendix

Appendix 1 - Initial Survey

What would you buy? Generic brand or Name brand?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income - I try to save money whenever I can.</td>
<td>39.5%</td>
<td>73</td>
</tr>
<tr>
<td>Middle income - Doing just fine but still try to save where I can</td>
<td>54.1%</td>
<td>100</td>
</tr>
<tr>
<td>High income- Money is not an issue</td>
<td>6.5%</td>
<td>12</td>
</tr>
</tbody>
</table>

185 answered question
1 skipped question

Which of the following categories best describes your economic situation?

- Low income - I try to save money whenever I can.
- Middle income - Doing just fine but still try to save where I can.
- High income- Money is not an issue
What would you buy? Generic brand or Name brand?

Considering that generic brand goods have a lower price... From the following list of goods, would you buy a stores private brand item of this product, or would you prefer to buy the national name brand? For example (Willys brand VS Felix brand ketchup) or (Albertsons brand VS Purina dog food) (Walmart brand cereal or Kellogs cereal) (Coles brand cola VS Coke Cola)

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Generic Store Brand (cheaper)</th>
<th>National Brand (more expensive)</th>
<th>Neither (I do not buy this product)</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>121</td>
<td>58</td>
<td>7</td>
<td>186</td>
</tr>
<tr>
<td>Pasta</td>
<td>119</td>
<td>61</td>
<td>6</td>
<td>186</td>
</tr>
<tr>
<td>Beans</td>
<td>103</td>
<td>41</td>
<td>42</td>
<td>186</td>
</tr>
<tr>
<td>Frozen french fries</td>
<td>82</td>
<td>25</td>
<td>75</td>
<td>186</td>
</tr>
<tr>
<td>Ketchup</td>
<td>65</td>
<td>111</td>
<td>10</td>
<td>186</td>
</tr>
<tr>
<td>Mustard</td>
<td>75</td>
<td>87</td>
<td>24</td>
<td>186</td>
</tr>
<tr>
<td>Cereal</td>
<td>63</td>
<td>106</td>
<td>17</td>
<td>186</td>
</tr>
<tr>
<td>Cola (Soda)</td>
<td>30</td>
<td>118</td>
<td>38</td>
<td>186</td>
</tr>
<tr>
<td>Ice cream</td>
<td>47</td>
<td>122</td>
<td>17</td>
<td>186</td>
</tr>
<tr>
<td>Cheese</td>
<td>74</td>
<td>104</td>
<td>8</td>
<td>186</td>
</tr>
<tr>
<td>Pet food</td>
<td>40</td>
<td>70</td>
<td>76</td>
<td>186</td>
</tr>
<tr>
<td>Laundry detergent</td>
<td>81</td>
<td>102</td>
<td>3</td>
<td>186</td>
</tr>
<tr>
<td>Coffee</td>
<td>29</td>
<td>127</td>
<td>30</td>
<td>186</td>
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<td>Tea</td>
<td>49</td>
<td>110</td>
<td>27</td>
<td>186</td>
</tr>
<tr>
<td>Jam/Jelly</td>
<td>75</td>
<td>74</td>
<td>37</td>
<td>186</td>
</tr>
<tr>
<td>Olive Oil</td>
<td>79</td>
<td>101</td>
<td>6</td>
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</tr>
<tr>
<td>Chocolate</td>
<td>27</td>
<td>142</td>
<td>17</td>
<td>186</td>
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<tr>
<td>Berries</td>
<td>101</td>
<td>67</td>
<td>18</td>
<td>186</td>
</tr>
<tr>
<td>Ham/Turkey</td>
<td>47</td>
<td>123</td>
<td>16</td>
<td>186</td>
</tr>
<tr>
<td>Juice</td>
<td>70</td>
<td>96</td>
<td>20</td>
<td>186</td>
</tr>
</tbody>
</table>

186 answered question
0 skipped question

What would you buy? Generic brand or Name brand?

If you were buying the product for a friend, or using the food to cook a meal for guests...would you buy a stores private brand item of this product, or would you prefer to buy the national name brand?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Generic Store Brand (cheaper)</th>
<th>National Brand (more expensive)</th>
<th>Neither (I do not buy this product)</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>105</td>
<td>71</td>
<td>4</td>
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<tr>
<td>Pasta</td>
<td>96</td>
<td>88</td>
<td>2</td>
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<tr>
<td>Beans</td>
<td>98</td>
<td>57</td>
<td>31</td>
<td>186</td>
</tr>
<tr>
<td>Frozen french fries</td>
<td>83</td>
<td>56</td>
<td>47</td>
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<tr>
<td>Ketchup</td>
<td>56</td>
<td>125</td>
<td>5</td>
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<td>Mustard</td>
<td>67</td>
<td>104</td>
<td>15</td>
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<tr>
<td>Cereal</td>
<td>52</td>
<td>120</td>
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<tr>
<td>Cola (Soda)</td>
<td>30</td>
<td>136</td>
<td>20</td>
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</tr>
<tr>
<td>Ice cream</td>
<td>37</td>
<td>144</td>
<td>5</td>
<td>186</td>
</tr>
<tr>
<td>Cheese</td>
<td>60</td>
<td>124</td>
<td>2</td>
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</tr>
<tr>
<td>Pet food</td>
<td>43</td>
<td>83</td>
<td>60</td>
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<tr>
<td>Laundry detergent</td>
<td>79</td>
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<tr>
<td>Coffee</td>
<td>24</td>
<td>149</td>
<td>13</td>
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<tr>
<td>Tea</td>
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<td>Jam/Jelly</td>
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<td>Olive Oil</td>
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<td>Chocolate</td>
<td>21</td>
<td>155</td>
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<td>Ham/Turkey</td>
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<tr>
<td>Juice</td>
<td>58</td>
<td>117</td>
<td>11</td>
<td>186</td>
</tr>
</tbody>
</table>

186 answered question
0 skipped question
Graph showing income from participants.

On the following page, the orange area shows the amount of participants that preferred to buy the good in a national brand. The orange area became larger when the question was changed, by adding the factor of social pressure. This implies that people are influenced to buy the more expensive good. Goods such as beans and frozen French fries are not as sensitive to social pressure, and remain strong in the private label or generic brand blue area.
Considering that generic brand goods have a lower price... From the following list of goods, would you buy a store's private brand item of this product, or would you prefer to buy the national name brand? (For example: Willy’s brand vs Felix brand ketchup) or (Albertson’s brand vs Purina dog food) (Walmart brand cereal or Kellogg’s cereal) (Coles brand cola vs Coke Cola)

If you were buying the product for a friend, or using the food to cook a meal for guests... would you buy a store’s private brand item of this product, or would you prefer to buy the national name brand?
## Appendix 2 - ICA and Willys Supermarket Sales Statistics

Green numbers show the successful brand (National label VS. Private label) and red shows the unsuccessful brand for each relative product. Our four products were then selected from this list, if a trend was found from both stores.

<table>
<thead>
<tr>
<th>Product</th>
<th>ICA Kvantum</th>
<th>Willys</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Items sold</td>
<td>Sale Price</td>
<td>Sales Share</td>
<td>Items sold</td>
</tr>
<tr>
<td>Coca Cola Soda</td>
<td>18560</td>
<td>16,5</td>
<td>78%</td>
<td>29927</td>
</tr>
<tr>
<td>ICA Soda</td>
<td>5182</td>
<td>10,9</td>
<td>22%</td>
<td>5789</td>
</tr>
<tr>
<td>Marabou (200 g) Chocolate</td>
<td>12414</td>
<td>16,9</td>
<td>99%</td>
<td>344</td>
</tr>
<tr>
<td>ICA Chocolate</td>
<td>177</td>
<td>12,9</td>
<td>1%</td>
<td>174</td>
</tr>
<tr>
<td>Felix Ketchup</td>
<td>3003</td>
<td>19,9</td>
<td>80%</td>
<td>2071</td>
</tr>
<tr>
<td>ICA Ketchup</td>
<td>754</td>
<td>14,9</td>
<td>20%</td>
<td>2492</td>
</tr>
<tr>
<td>Kellogs (750g) Cereal</td>
<td>4723</td>
<td>28,9</td>
<td>88%</td>
<td>1011</td>
</tr>
<tr>
<td>ICA (750g) Cereal</td>
<td>615</td>
<td>18,9</td>
<td>12%</td>
<td>681</td>
</tr>
<tr>
<td>Zeta Olive Oil</td>
<td>881</td>
<td>39,9</td>
<td>69%</td>
<td>57</td>
</tr>
<tr>
<td>ICA Olive Oil</td>
<td>387</td>
<td>29,9</td>
<td>31%</td>
<td>134</td>
</tr>
<tr>
<td>Heinz Baked Beans</td>
<td>2537</td>
<td>8,9</td>
<td>80%</td>
<td>2105</td>
</tr>
<tr>
<td>ICA Baked Beans</td>
<td>643</td>
<td>5,9</td>
<td>20%</td>
<td>1332</td>
</tr>
<tr>
<td>Uncle Benz Rice</td>
<td>1561</td>
<td>29,9</td>
<td>44%</td>
<td>1522</td>
</tr>
<tr>
<td>ICA Rice</td>
<td>2004</td>
<td>19,9</td>
<td>56%</td>
<td>1085</td>
</tr>
<tr>
<td>BOB Raspberry Jam</td>
<td>1102</td>
<td>22,9</td>
<td>39%</td>
<td>496</td>
</tr>
<tr>
<td>ICA Raspberry Jam</td>
<td>1719</td>
<td>16,9</td>
<td>61%</td>
<td>566</td>
</tr>
<tr>
<td>SLOTTS Mustard</td>
<td>2299</td>
<td>16,9</td>
<td>93%</td>
<td>1726</td>
</tr>
<tr>
<td>ICA Mustard</td>
<td>162</td>
<td>11,5</td>
<td>7%</td>
<td>103</td>
</tr>
<tr>
<td>Gevalia Coffee</td>
<td>39203</td>
<td>39,9</td>
<td>89%</td>
<td>21851</td>
</tr>
<tr>
<td>ICA Coffee</td>
<td>4680</td>
<td>34,9</td>
<td>11%</td>
<td>10350</td>
</tr>
<tr>
<td>Barilla Spaghetti</td>
<td>3737</td>
<td>13,9</td>
<td>63%</td>
<td>5899</td>
</tr>
<tr>
<td>ICA Spaghetti</td>
<td>2236</td>
<td>14,9</td>
<td>37%</td>
<td>2694</td>
</tr>
<tr>
<td>Felix French Fries</td>
<td>1145</td>
<td>17,9</td>
<td>23%</td>
<td>1078</td>
</tr>
<tr>
<td>ICA French Fries</td>
<td>3734</td>
<td>16,9</td>
<td>77%</td>
<td>3805</td>
</tr>
<tr>
<td>BRAVO Juice</td>
<td>410</td>
<td>16,9</td>
<td>23%</td>
<td>57</td>
</tr>
<tr>
<td>ICA Juice</td>
<td>1395</td>
<td>10,9</td>
<td>77%</td>
<td>826</td>
</tr>
<tr>
<td>Pârsson Turkey</td>
<td>1292</td>
<td>36,9</td>
<td>81%</td>
<td>1364</td>
</tr>
<tr>
<td>ICA Turkey</td>
<td>300</td>
<td>29,9</td>
<td>19%</td>
<td>507</td>
</tr>
<tr>
<td>Polarica Frozen Strawberries</td>
<td>400</td>
<td>18,9</td>
<td>35%</td>
<td>284</td>
</tr>
<tr>
<td>ICA Frozen Strawberries</td>
<td>732</td>
<td>9,9</td>
<td>65%</td>
<td>2220</td>
</tr>
<tr>
<td>ABBT A Tuna</td>
<td>1384</td>
<td>16,5</td>
<td>14%</td>
<td>256</td>
</tr>
<tr>
<td>ICA Tuna</td>
<td>8276</td>
<td>11,9</td>
<td>86%</td>
<td>360</td>
</tr>
</tbody>
</table>
Appendix 3- Semi-Structured Interview Manuscript (Swedish)

Highlighted areas allow for product coding once answers are received.

Introducera frågorna/sammanhanget (för att bygga tillit)

Hej, vi är tre studenter från Internationella Handelshögskolan i Jönköping som håller på och gör en marknadsundersökning om matvaruaffärer i Sverige och undrar om vi kunde få fråga dig några frågor om vad för typer av varumärken du vanligtvis köper av olika produkter. Denna intervju är konfidentiell och vi kommer inte att lämna ut dina uppgifter till någon. Om det är någon fråga du inte vill svara på så kan du självklart välja att göra så.


Har du några frågor? Om du har några frågor under intervjuens gång är det bara att ställa dem. Nu kör vi!

_______________________________________________________________

Kodning: (endast för författarnas vetskap)

Privata varumärken som lyckats: Låg social risk, låg risk faktor, låg lojalitet

Privata varumärken som misslyckats: Hög social risk, hög risk faktor, hög lojalitet

_______________________________________________________________

Är det högre sannolikhet att du köper KAFFE av ett privat varumärke eller ett etablerat varumärke?

_____ Privat varumärke  _____ Etablerat varumärke

Varumärke Lojalitet - Har du ett favorit varumärke för KAFFE som du vanligtvis köper? JA________________________NEJ

Om ja, vad är det du gillar med just det varumärket?
Om nej, varför inte?

Tycker du att varumärket är viktigt eller spelar det ingen roll? Varför?

**Risk Faktor** – Anser du att det är riskabelt att prova ett annat varumärke av **KAFFE**?

JA_______NEJ_______

Om ja, av vilken anledning? Har du fortsatt använda varan?

Om nej, varför inte?

**Social Faktor** – Om du skulle servera denna vara till gäster, har de ett inflytande på ditt val av varumärke? JA_______NEJ_______

Om ja, varför? Om nej varför?

(Exempel för oss: Kommer du ställa fram varan på bordet eller inte? Väljer du vara berorande på vilka gäster som kommer? Vet du i förväg om de föredrar något specifikt varumärke?)

Vänligen ta en titt på dessa bilder om du vill färskna upp minnet om varorna och priserna.

_______________________________________________________________

Är det högre sannolikhet att du köper **TONFISK I VATTEN** av ett privat varumärke eller ett etablerat varumärke?

_____ Privat varumärke  _____ Etablerat varumärke

**Varumärke Lojalitet** - Har du ett favorit varumärke för **TONFISK I VATTEN** som du vanligtvis köper? JA__________________________NEJ

Om ja, vad är det du gillar med just det varumärket?

Om nej, varför inte?

Tycker du att varumärket är viktigt eller spelar det ingen roll? Varför?

**Risk Faktor** – Anser du att det är riskabelt att prova ett annat varumärke av **TONFISK I VATTEN**? JA_______NEJ________
Om ja, av vilken anledning? Har du fortsatt använda varan?

Om nej, varför inte?

**Social Faktor** – Om du skulle servera denna vara till gäster, har de ett inflytande på ditt val av varumärke? JA_____ NEJ_______

Om ja, varför? Om nej varför?

*(Exempel för oss: Kommer du ställa fram varan på bordet eller inte? Väljer du vara beroende på vilka gäster som kommer? Vet du i förväg om de föredrar något specifikt varumärke?)*

__________________________________________________________________________

Är det högre sannolikhet att du köper CHOKLAD av ett privat varumärke eller ett etablerat varumärke?

_____ Privat varumärke  _____ Etablerat varumärke

**Varumärke Lojalitet** - Har du ett favorit varumärke för CHOKLAD som du vanligtvis köper? JA________________________ NEJ

Om ja, vad är det du gillar med just det varumärket?

Om nej, varför inte?

Tycker du att varumärket är viktigt eller spelar det ingen roll? Varför?

**Risk Faktor** – Anser du att det är riskabelt att prova ett annat varumärke av CHOKLAD? JA______ NEJ_______

Om ja, av vilken anledning? Har du fortsatt använda varan?

Om nej, varför inte?

**Social Faktor** – Om du skulle servera denna vara till gäster, har de ett inflytande på ditt val av varumärke? JA_____ NEJ_______

Om ja, varför? Om nej varför?

Är det högre sannolikhet att du köper **FRUSNA POMMES FRITES** av ett privat varumärke eller ett etablerat varumärke?

___ Privat varumärke
___ Etablerat varumärke

**Varumärke Lojalitet** - Har du ett favorit varumärke för **FRUSNA POMMES FRITES** som du vanligtvis köper? JA________________________NEJ

Om ja, vad är det du gillar med just det varumärket?

Om nej, varför inte?

Tycker du att varumärket är viktigt eller spelar det ingen roll? Varför?

**Risk Faktor** – Anser du att det är riskabelt att prova ett annat varumärke av **FRUSNA POMMES FRITES**? JA_______NEJ_______

Om ja, av vilken anledning? Har du fortsatt använda varan?

Om nej, varför inte?

**Social Faktor** – Om du skulle servera denna vara till gäster, har de ett inflytande på ditt val av varumärke? JA_____ NEJ_______

Om ja, varför? Om nej varför?


**Extra Slutfråga**: (Måste jämföras mellan en vara som lyckats inom privata varumärken och en som misslyckas)
Det verkar som att du är mer lojal mot ____________ men inte så lojal mot ____________.

Vad tror du är anledning till att det är så?

(till exempel TONFISK I VATTEN men inte CHOKLAD)

Till sist har vi några demografiska frågor som självklart även dem är konfidentiella.

Ålder: ____________________________ Stad: ____________________________

Vad beskriver bäst din nuvarande inkomst/ekonomiska situation?

_____ Låg – Jag sparar så mycket jag kan (ca 0 – 16 999 SEK per månad)

_____ Medel – Jag klarar mig men sparar när det är möjligt. (17 000-33 999 SEK per månad)

_____ Hög – Jag köper vad jag vill oavsett pris (34 000 SEK eller mer per månad)
Introduction and context (for building trust)

Hello, we are three students from the International Business School in Jönköping that are conducting a study on grocery stores in Sweden. We are wondering if we could ask you some questions about what kind of brands you usually buy different products. This interview is confidential and we will not disclose your information to anyone. If there are any questions that you do not feel comfortable answering, of course you may skip them.

We will ask you for information about four different foods. When we ask you the questions, please imagine that you are in supermarket, and think about what you usually buy. We have pictures to show you, which are just examples of the products and prices to make it easier to imagine what kind of decisions you usually make. It must be noted that in this investigation we assume that private brands are sold at a lower price than the well-established brands, and that they both have the same shelf space and location in the store.

Do you have any questions? If you have any questions during the interview, feel free to ask.

Coding: (for the authors purposes only)

Private label brands that have succeeded: Low social risk, low risk factor, low brand loyalty.

Private brands that have failed: high social risk, high risk factor, high brand loyalty.

Are you more likely to buy COFFEE in a private label brand or a national brand?

___ Private  ____ National Brand

Brand loyalty - Do you have a favorite brand of COFFEE that you usually buy? yes_________________________no______

If yes, what is it you like about the particular brand?
If not, why not?

Do you think a brand name is important in this product or could you just choose anything? Why?

Risk Factor - Do you think it is risky, or do you feel comfortable buying a different/new brand of COFFEE? yes______ no______
If yes, for what reason? Have you continued to use the new product?
If not, why not?

Social Factor - If you were to serve this product to guests, do they have an influence on your choice of brand? yes______ no______
If so, why? If no, why?
(Semi-structured possible questions) Will this product be seen on the table or not?
Would you choose a more expensive brand, depending on what guests are coming? Do you know in advance if they prefer a specific brand?)
Please take a look at these pictures if you want refresh your memory on the products and prices.

____________________________________________________________

Are you more likely to buy Canned Tuna in a private label brand or a national brand?
___ Private ___ National Brand

Brand loyalty - Do you have a favorite brand of Canned Tuna that you usually buy? yes____________________ no______
If yes, what is it you like about the particular brand?

If not, why not?

Do you think a brand name is important in this product or could you just choose anything? Why?
Risk Factor - Do you think it is risky, or do you feel comfortable buying a different/new brand of Canned Tuna? yes_______no_______
If yes, for what reason? Have you continued to use the new product?
If not, why not?

Social Factor - If you were to serve this product to guests, do they have an influence on your choice of brand? yes_______no_______
If so, why? If no, why?
(Semi-structured possible questions) Will this product be seen on the table or not?
Would you choose a more expensive brand, depending on what guests are coming? Do you know in advance if they prefer a specific brand?)
Please take a look at these pictures if you want fresh your memory on the products and prices.

Are you more likely to buy Chocolate in a private label brand or a national brand?
_____ Private _____ National Brand

Brand loyalty - Do you have a favorite brand of Chocolate that you usually buy? yes______________no_______
If yes, what is it you like about the particular brand?

If not, why not?

Do you think a brand name is important in this product or could you just choose anything? Why?

Risk Factor - Do you think it is risky, or do you feel comfortable buying a different/new brand of Chocolate? yes_______no_______
If yes, for what reason? Have you continued to use the new product?
If not, why not?
Social Factor - If you were to serve this product to guests, do they have an influence on your choice of brand? yes______no_______
If so, why? If no, why?
(Semi-structured possible questions) Will this product be seen on the table or not?
Would you choose a more expensive brand, depending on what guests are coming? Do you know in advance if they prefer a specific brand?)
Please take a look at these pictures if you want fresh your memory on the products and prices.
__________________________________________________

Are you more likely to buy frozen French fries in a private label brand or a national brand?
___ Private ____ National Brand

Brand loyalty - Do you have a favorite brand of frozen French fries that you usually buy? yes_______________________ no______
If yes, what is it you like about the particular brand?

If not, why not?

Do you think a brand name is important in this product or could you just choose anything? Why?

Risk Factor - Do you think it is risky, or do you feel comfortable buying a different/new brand of frozen French fries? yes_______ no_______
If yes, for what reason? Have you continued to use the new product?
If not, why not?

Social Factor - If you were to serve this product to guests, do they have an influence on your choice of brand? yes______no_______
If so, why? If no, why?
(Semi-structured possible questions) Will this product be seen on the table or not?
Would you choose a more expensive brand, depending on what guests are coming? Do you know in advance if they prefer a specific brand?)

Please take a look at these pictures if you want fresh your memory on the products and prices.

Extra Final Question: (Must be compared between a product that succeeds in private and one that fails)

It seems that you are more brand loyal to ____________, but not as brand loyal to____________.

Why do you think this is?
(Such as CANNED TUNA IN WATER but not CHOCOLATE)

Finally we have a few demographic questions that are of course confidential.

Age: __________________________ City: __________________________

What best describes your current income / financial situation?

_____ Low – I try to save as much as I can (about 0-16999 SEK per month)

_____ Middle- Doing just fine, but save when possible. (17 000-33 999 SEK per month)

_____ High – Money is not an issue to me. (34000 SEK or more per month)
Appendix 5- Interview Picture and Price Sheet

Each product was shown to the interviewee on its own individual paper, so that they would be able to think about only that one product, and they would not be able to compare two different goods. This allowed for more neutral answers.

**KAFFE/COFFEE**

<table>
<thead>
<tr>
<th>Product</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaffe ICA</td>
<td>34.9</td>
</tr>
<tr>
<td>Gevalia</td>
<td>39.9</td>
</tr>
</tbody>
</table>

**TONFISK I VATTEN/CANNED TUNA IN WATER**

<table>
<thead>
<tr>
<th>Product</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tonfisk I Vatten</td>
<td>11.9</td>
</tr>
<tr>
<td>Tonnikautton</td>
<td>16.5</td>
</tr>
</tbody>
</table>
CHOKLAD/CHOCOLATE

FRUSEN POMMES FRITES
FROZEN FRENCH FRIES
Appendix 6- Income Statistics

These statistics were used to create the income brackets in the interviews and were received from statistics of Sweden.

The following statistics are provided by Statistics Sweden, and provides income information on how many people fall into each salary income level for the year 2010.

<table>
<thead>
<tr>
<th>Salary Income</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 000-39 000 SEK</td>
<td>672527</td>
</tr>
<tr>
<td>40 000-79 000 SEK</td>
<td>329534</td>
</tr>
<tr>
<td>80 000-119 000 SEK</td>
<td>684637</td>
</tr>
<tr>
<td>120 000-159 000 SEK</td>
<td>707337</td>
</tr>
<tr>
<td>160 000-199 000 SEK</td>
<td>779772</td>
</tr>
<tr>
<td>200 000-239 000 SEK</td>
<td>749570</td>
</tr>
<tr>
<td>240 000-279 000 SEK</td>
<td>762504</td>
</tr>
<tr>
<td>280 000-319 000 SEK</td>
<td>719459</td>
</tr>
<tr>
<td>320 000-359 000 SEK</td>
<td>543379</td>
</tr>
<tr>
<td>360 000-399 000 SEK</td>
<td>376533</td>
</tr>
<tr>
<td>400 000-499 000 SEK</td>
<td>467294</td>
</tr>
<tr>
<td>500 000-599 000 SEK</td>
<td>208133</td>
</tr>
<tr>
<td>600 000-799 000 SEK</td>
<td>154523</td>
</tr>
<tr>
<td>800 000-999 000 SEK</td>
<td>51251</td>
</tr>
<tr>
<td>1 000 000+ SEK</td>
<td>47301</td>
</tr>
</tbody>
</table>

Values based on less than four people are presented as (...) for confidential reasons.

The table includes people who was registered as citizens in the country at some point during the year of income.

Source: Statistics Sweden
Appendix 7- Manuscript of interview with ICA and Willys Managers

Data collection from the store meeting with the store managers Robert Kjellman, at ICA Kvantum in Falköping and Tommy Axebrink at Willys Österängen in Jönköping.

1. Do you agree with the following definition of private label goods, for your brand?
   Private label goods are products owned and branded by organizations whose primary economic commitment is distribution rather than production. The aim of a private label is to increase the reseller concentration as well as higher profits.
   
   Robert Kjellman: *I agree with this definition, it correlates with our ICA branded products.*
   
   Tommy Axebrink: *Overall a good definition of Private Label Brand.*

2. What kind of marketing do you do for your private label brands?

   Robert Kjellman: *We call our Private Label Branded products for EMV products. ICA mostly uses TV-commercials and newspaper ads as marketing means. However, the marketing is usually an overall commercial for the ICA brand and not specific products. The national brands can buy a spot in the TV-commercials, in which both national and private label brands are marketed.*
   
   Tommy Axebrink: *We do national commercials for Willys where we market goods in groups, i.e. Gevalia can buy a spot in the Willys commercial.*

3. Do you do national campaigns on one specific product, like ICA/Willys Ketch-up? Or do you usually do marketing campaigns for all the products together?

   Robert Kjellman: *No, Ica never has national advertising campaigns for one product individually. ICA always market several products at the same time. As I said before, if a national brand wish to participate they can buy themselves a spot.*
   
   Tommy Axebrink: *That does not occur.*

4. What is your best-selling ICA/Willys product?

   Robert Kjellman: *The best-selling products are Corn in cans (3-pack) and tuna cans. When it comes to canned tuna, ICAs own label sells significantly more than ABBA does. Out of your 20 goods, frozen French fries and pet food are the two best selling. The reason that they are the best selling is most likely depending on the price difference to the national brand and the placement in the store.*
   
   Tommy Axebrink: *From the 20 goods, frozen strawberries and Juice are the two most successful ones.*

5. What is your worst selling ICA/Willys product?

   Robert Kjellman: *Generally, ICAs diapers and ICAs cereal are the worst selling ones because the competing national brands successfully created strong brand equity. From your list, Juice and beans are selling less of the private label.*
Tommy Axebrink: *Mustard and Premier Cola is the worst selling.*

6. Do you think that the quality of the private label products has a good standard compared to the national brand products?

Robert Kjellman: *I believe that the quality of the product are similar, however, there might be a small taste difference between the brands. ICA does offer the different ICA brands, namely ICA basic – low price products, ICAs Own – Good products to a good price and finally ICA selection – The finest, carefully picked products.*

Tommy Axebrink: *The quality of the goods that Axfood produces are under strict guidelines for what is acceptable and therefore the quality is similar to the national brands.*

7. Where do the ICA/Willys brand products come from? What company produces them?

Robert Kjellman: *We have several different suppliers and producers of ICAs products.*

Tommy Axebrink: “Willys has contracts with many producers, Axfood being the largest one. Axfood produces Willys private label branded products called “Garant.”

8. Does the ICA/Willys products do badly in product categories where brand loyalty is very high?

Robert Kjellman: *Yes, for example Kellogg’s; people associate cereal with Kellogg’s; therefore it is really hard for ICA to compete in that product category.*

Additional Overall Comments:

Robert Kjellman: *ICAs EMV products carries a big responsibility since they represent ICAs concern. If a customer would return a product the concern carries the responsibility not another brand. If a national branded product would be returned then that brand would carry the responsibility and the reputation of ICA would not be affected in the same direct way. For ethical reasons products such as: Snus, cigarettes, beer and pharmaceuticals would not be produced as ICAs EMV products.*

Tommy Axebrink: *The area where Willys Österängen is located is a price sensitive area and therefore many of its customers are price sensitive. This implies that they often choose to buy the cheapest products, which in most cases are the private labeled brand. In comparison, Willys customers might have a lower income than ICA customers.*
### Appendix 8 - Product coding from interviewee dialogue

Comments from interviewees were used to code each product, and determine how they feel about the goods, regarding brand loyalty, risk factor, and social factor.

<table>
<thead>
<tr>
<th></th>
<th>Tuna</th>
<th>Coffee</th>
<th>Chocolate</th>
<th>Frozen Fries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High loyalty</strong></td>
<td>7</td>
<td>39</td>
<td>37</td>
<td>5</td>
</tr>
<tr>
<td><strong>Low loyalty</strong></td>
<td>29</td>
<td>1</td>
<td>4</td>
<td>30</td>
</tr>
<tr>
<td><strong>Nr of respondents</strong></td>
<td>36</td>
<td>40</td>
<td>41</td>
<td>35</td>
</tr>
<tr>
<td><strong>High risk</strong></td>
<td>2</td>
<td>27</td>
<td>17</td>
<td>1</td>
</tr>
<tr>
<td><strong>Low risk</strong></td>
<td>34</td>
<td>13</td>
<td>24</td>
<td>34</td>
</tr>
<tr>
<td><strong>Nr of respondents</strong></td>
<td>36</td>
<td>40</td>
<td>41</td>
<td>35</td>
</tr>
<tr>
<td><strong>High social</strong></td>
<td>8</td>
<td>36</td>
<td>39</td>
<td>10</td>
</tr>
<tr>
<td><strong>Low social</strong></td>
<td>28</td>
<td>4</td>
<td>2</td>
<td>25</td>
</tr>
<tr>
<td><strong>Nr of respondents</strong></td>
<td>36</td>
<td>40</td>
<td>41</td>
<td>35</td>
</tr>
</tbody>
</table>
Appendix 9- Interview sample demographics

<table>
<thead>
<tr>
<th>City</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankeryd</td>
<td>3</td>
</tr>
<tr>
<td>Broddetorp</td>
<td>1</td>
</tr>
<tr>
<td>Falköping</td>
<td>12</td>
</tr>
<tr>
<td>Gudhem</td>
<td>1</td>
</tr>
<tr>
<td>Göteborg</td>
<td>3</td>
</tr>
<tr>
<td>Habo</td>
<td>1</td>
</tr>
<tr>
<td>Halmstad</td>
<td>6</td>
</tr>
<tr>
<td>Huskvarna</td>
<td>1</td>
</tr>
<tr>
<td>Jönköping</td>
<td>7</td>
</tr>
<tr>
<td>Kinnarp</td>
<td>2</td>
</tr>
<tr>
<td>Tranås</td>
<td>1</td>
</tr>
<tr>
<td>Vartofta</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>42</strong></td>
</tr>
</tbody>
</table>

Age: 21, 21, 21, 23, 24, 25, 26, 30, 30, 33, 34, 35, 36, 40, 44, 44, 45, 46, 48, 50, 51, 51, 52, 53, 54, 60, 62, 64, 66, 69, 70, 70, 72, 73, 73, 74, 75, 75, 76, 79, 80, 82

Average age: **51.4**
Mean age: **51**
Appendix 10 - Savings from Private Label Brands

<table>
<thead>
<tr>
<th>Product</th>
<th>Sale Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coca Cola Soda</td>
<td>16.50</td>
</tr>
<tr>
<td>ICA Soda</td>
<td>10.90</td>
</tr>
<tr>
<td>Marabou (200 g) Chocolate</td>
<td>16.90</td>
</tr>
<tr>
<td>ICA Chocolate</td>
<td>12.90</td>
</tr>
<tr>
<td>Kellogs (750g) Cereal</td>
<td>28.90</td>
</tr>
<tr>
<td>ICA (750 g) Cereal</td>
<td>18.90</td>
</tr>
<tr>
<td>Zeta Olive Oil</td>
<td>39.90</td>
</tr>
<tr>
<td>ICA Olive Oil</td>
<td>29.90</td>
</tr>
<tr>
<td>Heinz Baked Beans</td>
<td>8.90</td>
</tr>
<tr>
<td>ICA Baked Beans</td>
<td>5.90</td>
</tr>
<tr>
<td>Uncle Benz Rice</td>
<td>29.90</td>
</tr>
<tr>
<td>ICA Rice</td>
<td>19.90</td>
</tr>
<tr>
<td>BOB Raspberry Jam</td>
<td>22.90</td>
</tr>
<tr>
<td>ICA Raspberry Jam</td>
<td>16.90</td>
</tr>
<tr>
<td>Gevalia Coffee</td>
<td>39.90</td>
</tr>
<tr>
<td>ICA Coffee</td>
<td>34.90</td>
</tr>
<tr>
<td>Barilla Spagetti</td>
<td>13.90</td>
</tr>
<tr>
<td>ICA Spagetti</td>
<td>14.90</td>
</tr>
<tr>
<td>Felix French Fries</td>
<td>17.90</td>
</tr>
<tr>
<td>ICA French Fries</td>
<td>16.90</td>
</tr>
</tbody>
</table>
Figures above are shown in Swedish Kronor and are converted to US Dollars. These figures show savings from buying staple foods, once a week, for twenty years. This is only a fraction of the savings that could be attained, when considering that most people buy much more than just these fifteen products. This is just an example. When quality is perceived to be the same, it may be worth thinking about the decision process.

<table>
<thead>
<tr>
<th>Product</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAVO Juice</td>
<td>16.90</td>
</tr>
<tr>
<td>ICA Juice</td>
<td>10.90</td>
</tr>
<tr>
<td>Pärsson Turkey</td>
<td>36.90</td>
</tr>
<tr>
<td>ICA Turkey</td>
<td>29.90</td>
</tr>
<tr>
<td>Polarica Frozen Strawberries</td>
<td>18.90</td>
</tr>
<tr>
<td>ICA Frozen Strawberries</td>
<td>9.90</td>
</tr>
<tr>
<td><strong>ABBA Tuna</strong></td>
<td><strong>16.50</strong></td>
</tr>
<tr>
<td><strong>ICA Tuna</strong></td>
<td><strong>11.90</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total National Brand Cost</td>
<td>324.80</td>
</tr>
<tr>
<td>Total Private Label Cost</td>
<td>244.60</td>
</tr>
<tr>
<td>Difference in cost of one trip to the store</td>
<td>80.20</td>
</tr>
<tr>
<td>Money saved in one year, if you shop once a week</td>
<td>4,170.40</td>
</tr>
<tr>
<td>Money saved in 20 years, shopping once a week</td>
<td>83,408.00</td>
</tr>
</tbody>
</table>

IN USD, EXCHANGE RATE OF 6.68 SEK TO 1 USD AS ON APRIL 4TH 2011 12,480.83