Emerging issues in French grocery sector

Actual customers’ perceptions and motivations toward

private label and manufacturer brands

MA MARKETING DISSERTATION

07 JANUARY 2013
ACKNOWLEDGMENTS

First of all, I have sincerely thanked my supervisor Enda Murphy for his guidance and his cordial support throughout the whole duration. I will also thank all those who participated directly or indirectly in the development of this research and more especially my mother Marie-Gabrielle which gives me support in writing this dissertation. To my friend Rosyne Evrad who was a source of motivation because of our similar situation. Her advices, words of support allowed me to progress in time despite many difficulties and pitfalls. Finally, I have a through for Gary Bernie, research methods teacher, who directed me in my first subject reflections to well achieved this research

Thank You!

January 2013
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ABSTRACT

Purpose – design/methodology/approach

Retail brands have become a strategic feature of the grocery industry. Appearance of private label on the grocery market generates new challenge for national brands and change consumption patterns of consumers. The criteria on which consumers based their choices have been changed. This, therefore, impact on consumer’s behavior purchase habits.

The purpose of the present study is to examine consumer’s behavior purchase about private label and national brands and their actual perception toward these two kinds of brands. So the aim of this explanatory research is to give more insights into consumer’s being motives between national and private label brands in food product category. We will illuminate differences in attributes preferences of manufacturer brand and private label buyer, explore if there is a significant differences between consumers’ evaluation on PLB and NB and analyze the relevant factors that’s cause the distinctness of consumers’ evaluation through qualitative and quantitative research. Survey, group interviews, gustative test are used to respond to our aim objectives.

Findings

Using 100 questionnaires conducted with customers at the Cora of Molsheim, the research found a high level of agreement toward past literatures suggesting that quality and price are two key elements in product choice. But the research also confirms that consumer’s perceptions of PLB and NB had involved, and gives new insights to the empirical studies on PLB and NB. However the research found that performance levels between PLB and manufacturer brands were not comparable. Quality, price and value for money were found to be important factors in the purchasing of food products. The use of a focus group and gustative test allowed also responding to the research objective of this study on consumers’ perception of food products.

Key words: Private label brands (PLB), National Brand (or manufacturer brand (NB,MB), price, branding, consumers perception, consumer behavior, store image, preferences, attributes.
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PART ONE: Introduction

Retailers play a key role in the food chain. For example, in France, they sell about 75% of food products to final consumers (INSEE, 2004). By developing private labels (PL), which are their own brands, retailers now play an active role in the production of final goods.

Context

Since the striking phenomenon of Free Products in 1976, the French retailers are constantly creating new own brands. In former times, manufacturers have enjoyed great bargaining power over retailers which were dependent on the manufacturers’ products. This situation changed with the introduction of the first private label products. First, simple tangible copies of national brands with low quality and low prices, private labels sail now (since 1996) to an area of innovation (Ducrocq, 1993) and value creation.

Recession conduct companies to take on new challenges which can be transformed into opportunities. French habits have changed during the crisis and lead them to reassess their spending habits. Inflation has led to a rise in commodity prices. Price increases, combined with other economic factors are forcing consumers to buy cheaper brands, especially during 2008-2009. Private labels took advantage of the crisis to renew their segmentation and expand their offerings to compete with manufacturer brands and the expansion of hard discounter. Private label development, first concerned, basics products, then widened to discount or premium products and to thematic products such a regional products. So after long confined themselves to national brands reproduction, private labels are now exploring new ways to gain market share and expect customer needs. Nowadays, the image of private label products has changed and a strong competition between private labels and manufacturer brands exists. National brands, so far only to exploit targeted trends such as children, organic, halal, to insure their growth must increase their effort in term of innovation and branding to reaffirm their position and ensure customers loyalty and cope with private labels increase. Innovation and branding become the key element in food industry both for PL and NB.
The research statement and justification

So the last decade has seen major flux in the French grocery sector both for retailers and manufacturers. In many countries, PL has become a common brand choice for shopper, an important strategy for retailers and a significant concern to national brand manufacturer. The growth of private labels has been seen as an indicator of growing retailer power face to manufacturer brands. Even if PL were generally positioned below NB in terms of quality and price, in the mid 1990, PB upgrades their quality and were growing faster than NB. PB are becoming an own brand with similar characteristics and advantages than NB. Consumer consumption motivation, perceptions and choice criteria have also involve in the recent years toward French grocery market and regarding to the development of PB and hard discounter.

Reflecting to this changing it can be interesting to found the contemporary issues in the French food industry and the effect they have on grocery actors and purchase intention.

This paper aims to uncover current consumers’ perception and attitude (behavior) toward the actors of the French food industry and how these actors respond to the market involvement. Investigate and offer more insight on the factors effective on consumers purchase intention and motives. That leads to analyze quality, price, reliability, values for money and loyalty influence to understand the new way of consumption and how the different actors of the food industry will adapt themselves. Branding which also be an important point in this investigation.

Understand the contemporary issues can be interesting because it’s an actual subject. This research can help some firm to be more aware of the reality of the market and consumers expectations. Consumers become more and more demanding in term of innovation quality and price. Company had to be ware of consumer’s motivations. Better understand the market and consumers expectations to well understand the perception of the grocery market in France.

The two internships I have do, both of the retailer and manufacturer allow me to well understand the market, consumer behavior and develop relationships that can help me in my investigations.

This dissertation will contribute to the private label and manufacturer brands literature in different several ways. First it help to clarify the result of earlier studies on consumers perceptions and choice criteria between PL and NB which have consequently involve in the
last years. Secondly how loyalty, price, branding and promotion influence choice. Third the
dissertation adds a new perspective of strategies challenges of the different actors of the
grocery sectors in France;

**Methodology**

Different research method will be used in this dissertation to explore the difference of consumer's perceptions between private label and manufacturer brands. Qualitative researches such as focus group and interview are used to have real return of consumers about the feelings toward private label and manufacturer brands. A survey in supermarket is conducted to explore the grocery consumer perception and behavior in the context of my village (Molsheim). These two kinds of research method allow us to have a global and realistic vision of consumers' perception toward private labels and manufacturer brands. A qualitative and quantitative approach also allow us to update (have an actual vision) the attributes that motives and take into consideration in their buying process.

**Backgrounds to the research**

PL has significantly increased in grocery sector (Ailawadi 2008) and become a threat for NB manufacturers (Herstein and Ganiliel 2004). The development and transformation of private labels such in term of quality and also in term of image gives a significant number of studies. A lot of researchers investigate the factors influencing consumers buying decision between manufacturer brands or private label brands. Considerable work has been done to investigate consumer perception of PB and NB (Bellizzi and AL 1981; Burt, 2000; De Wuf 2005; Verhof et al 2002). They include, customer decision (Aachker, 1996, Keller 2003), retailers motivation (Steiner 2004), national brand strategies (Hoch, 2006), shopping orientations such as price consciousness (Ailawadi et al. 2001; Baltas, 1997), impact of promotional actions (Quelch and Harding, 2006), quality/value perception (Richardson et al. 1994, Dick et al 1995), store image (Collins-Dodd and Lindley, 2003), branding (Baker 2006). Research also work strongly on attitudes and preferences, and highlight that this two element are the most important components in consumers’ choice for a brand (Ajzen & Fishbein 1980; Fishbein & Ajzen 1977; Guerrero et al. 2000)
**Structure of the thesis**

The structure of the thesis is illustrated in Figure 1 and provides an overview of the different chapters. Part one has introduced the topic of the research. In part 2 a critical review of the available literature is set up to well understand the subject through 6 sections. Part 3 is the methodology used for this study, consisting of: research approach, research objectives, research methodology, research sample, research design and data collection. Part four is the analysis and discussion of research findings. The last part, part 6 consisted of conclusion and recommendations for similar future empirical studies.

![Figure 1: Structure of the thesis](image-url)
The purpose of this present study is to offer more insight of grocery consumer perception and buying behavior in the food retailing industry in France. This thesis aims to explore the difference of consumer perceptions between PLB and national brands. An analysis of customer differentiating between MN and PLB in food retailing industry will improve the existing literature through the contribution of new findings. During the course of the paper the research findings will be related back to the literature review, with the methodology explained and results discussed prior to conclusions being drawn and implications for further research explained. This thesis will also support the retail and manufacturer industry through marketing strategies improvement.
PART TWO: Literature review

The arrival on the market of PLB and their rapid growth, as introduced in part 1, has result in numerous studies and literature on private label. This different literature are investigating: consumer attitudes and behavior in terms of perceptions, motivations toward private label opposite to national brands but also their benefits in terms of attributes to well understand this rise; retailer positioning and market factors that permit the success of this type of brands but also the different strategic response of national brands to cope with this growth.

The purpose of this chapter is to review literature relating to the research topic. This literature review is divided in 3 principals' parts:

- First about the necessity of branding
- Previous studies on PLB and MN. This part include definitions; elements of differentiations toward PLB and NB (in terms of positioning); retailer motivations for PLB and the role of store image
- Previous studies on consumers perceptions and criteria toward NB and PLB. In this part extrinsic factors and intrinsic factors which come into account during the purchase process will be highlight. Studies on consumer perception and products attributes of PLB and MN is highlight such as customers’ attitudes and shopping behavior of them.

Branding and brand equity

The aim of this thesis is to evaluate consumers' perceptions of private label brands and national brands. So it's essential to understand the background knowledge about brand. According to the American Marketing Association (AMA), a brand is defined as “a name, term, sign, symbol or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers, and to differentiate them from those of a competitor (de Pelsmacker, 2007). Aaker (1996) indicated that brand was used for suppliers to reflect the consumers' purchase information and make communicate with customers easier. Branding is a key element in food marketing (Baker, 2006).Brands allows to distinguished products from each other (Kapferer, 2008). So branding increase consumer loyalty, repeat business, easy introduction of new products and improve corporate image (Beierlein and Woolverton, 1991).
But to become loyal consumers had to perceive some unique value in the brand, which will be create by branding (Chaudhuri and Holbrook, 2001). Consumers are inundating by many information. Branding is a good means to create clarity in consumers' minds. According to Dick et al (1997) consumers’ base judgment of brand quality on direct factors such as ingredients, taste, and texture but more often on indirect factors such as price and brand name. Branding helps to create clarity in minds by communicating the source of the offering (Aaker, 1991; 1996), indicating quality of the product, and decreasing search costs and the risks (Davis, 2000; Janiszewski & van Osselaer, 2000; Keller, 1998). Original concept of brand equity is the added value that a brand name offers (Quelch and Harding, 1996; Wulf el al 2005).

Due to high branding strategies, for consumers manufacturer brands are set of promises according to Keller in 1993. Consumer associated manufacturer product with the brand name which is a justification of quality and justify higher prices (Woodside and Ozcan, 2009). So for researchers, consumer perception of high quality conducts them to buy manufacturer brand (Bhat and Reddy, 1998) more than alternative products, even if the price is higher. According to Sethurman and cole (1999), it's the perceived quality differential between this type of brand which justify manufactures their higher prices. According to Washburn, J. H. and Plank, 2002, brand loyalty, brand awareness, perceived quality, perceived brand knowledge are the different components of brand equity. Aaker considers brand awareness, brand associations, perceived quality, and brand loyalty to be the most important dimensions of consumer-based perspectives. High brand equity levels lead to higher consumer preferences and purchase intentions (Chen, W. S. and Chang, W. S., 2004) and (Zeithaml, V. A., 1988). Firms with high brand equity usually have good performance. (Pappu, R., Quester, P. G. and Cooksey, R. W.,2005).

Brand equity is an important element in the context of national brands vs store brands competition. Studies examining private label brand equity suggest that national brands have higher brand equity than private labels despite the fact that their objective quality may be similar. Keller (2003) defines customer brand equity as — the differential effect that brand knowledge has on consumer response to the marketing of that brand. Quality of private labels has evolved over time and that there is no difference in objective quality between private labels and manufacturer brands in most categories (Méndez et al., 2008). Taste tests comparing blind (unbranded) and non-blind (branded) scenarios or where private label and national brand packaging have been switched, show that image, in the form of brand name and packaging, is more important to consumers than intrinsic quality (Davies & Brito, 2004; De
Wulf et al., 2005; Richardson et al., 1994). Image more than quality also explains why consumers are prepared to pay a premium for national brands over private labels (Sethuraman, 2003).

From the company's point of view, brands are considered as one principal source of differentiation (Grace and O'Cass, 2005). As Dawar states: “brands have become the focal point of many a company's marketing efforts and are seen as a source of market power, competitive leverage and higher returns” (2004, p. 31). Researchers suggest that developing brand image and brand equity would be a more viable and profitable approach in the long term (Hoch, 1996).

Retailer brands have developed their branding strategies over the time, as shows Laaksonen & Reynolds (2002). To low quality and low price, they develop now their branding strategy through higher quality products but still lower prices in comparison to manufacturer brands. The increase quality of retailers brands push manufacturer brand to reinforce their branding strategies. Many researchers recommend that national brands should increase their distance from private labels (Hoch, 1996; Verhoef, Nijssen, & Sloot, 2002) and differentiate through quality and continuous innovation to increase quality or value for consumers and brand awareness.

So Bayus in 1992, say that strong branding which impact on brand perception is becoming a critical component in the development of competitive strategy. High brand equity can reduce the negative debates of consumers for a price increase (Campbell, 1999), because consumers lean to buy the brand more than the real product. Consequently, brand equity is also a factor to evaluate consumers' perception of own brands.

**Previous studies on nationals brands and private labels**

*For a decade, a major phenomenon that attracts researchers and marketing practitioners attention is the fast rise of private labels (MDD) facing to manufacturer brands. Several reasons have been put forward by researchers to explain this growth. (Breton, 2004; Juhl et al., 2006; Baltas and Argouslidis, 2007; Lamey et al., 2007). Overall, Binninger (2007) gives an explanation to this success; the author argues in 3 points that the success of PLB is related to the fact that there is a favorable dimension to PLB in general. First consumer enjoys buy PLB and appreciates stores that offer this kind of products. Moreover PLs are competitive compared to national brands (good value for money). And on the distributors side several*
reasons are given (higher margins, customer loyalty, and pressure tool on manufacturers). Figure 1 shows the positive evolution of private label in the French market.

![Figure 1: Private label in the French market](image)

**Definition of manufacturer brands and private labels**

Manufacturer brands have long dominated the retail scene. But in the recent time an increasing number of retailers have created their own private label. P; Kotler, G; Armstrong (2008) defines national brands as “a brand created and owned by the producer of a product or service, sell under their own manufacturers’ brand name”.

Lincoln and Thomassen (2008), define private label. Private label are brands which are created, owned and distributed by the retailer who gets its goods made by a contract manufacturer under its own label. The Private Label Manufacturers Association (2010) provides on its website the following definition for private labels: “Private label products encompass all merchandise sold under a retailer’s brand. That brand can be the retailer’s own name or a name created exclusively by that retailer

**Retailer motivation for private label**

Retailer brands are designed to provide consumers with an alternative to manufacturer brands, to build customer loyalty to a retailer or improve margins. Private label take more and more space in shelves. Auchan hold 10 000 own products, Carrefour 8000 and Leclerc more than 4000 own products (Transrural initiatives, 2003). 30% of products present in shelves are private label (Nielsen, Figure 3)
Retailers introduced private labels to improve their gross margins. Competition between retail stores on the same or similar national brands is a major contributor to lower retailer margins (Steiner, 2004). According to Hoch and Banerji, 1993) the margins do buy retailers on their own branded label are 20 to 30 percents higher than the margin they do on national brands. Private labels enable retailers to increase their gross margin from 12% for national brands to 23% for private label according to the record established by Transrural initiatives, 2003. Steiner, in 2004, supports this point but highlight that it’s not the only reason. The increase competition between retail stores which purpose the same or similar type of national brands push retailers to different themselves through private label. Juhl, Esbjerg, Grunert, Bech-Larsen, & Brunsø, 2006; Laaksonen & Reynolds, 1994; Quelch & Harding, 1996, supported than it’s a mean to attract consumers in their store in offering unique products. For Wilcox and Narasimahm, 1998, its also a way to increase their bargaining power on manufacturers to negotiate more interesting rate. In their research, Gabrielsen and sorgard in 2007, show than this mountain pressure on manufacture brands had to be mitigate because of the loyalty than customer have for national brands. Grunert, Esbjerg, Bech-Larsen, Bruns & Juhl's (2006) note that retailers face conflicting demands in their brand building. On the one hand they attempt to differentiate themselves by offering products that are unique to their stores, yet on the other hand they need to meet consumer expectations by offering national brands that are available elsewhere

Richards, Hamilton, Patterson, & Portland (2007) reported that private labels play an important role in attracting customers from other retailers, and Anselmsson & Johansson (2007) found
that the more private labels consumers buy, the more loyal they are to the store. But there is mixed evidence on whether private labels create store loyalty in practice. Richardson (1997) found that consumers do not differentiate between the private labels of different retailers but rather perceive them as —just another brand! in the market. Juhl et al. (2006) found that consumers are more store loyal than brand loyal in general. Private labels are also introduced to compete with leading national brands by creating brand loyalty. Private label brand loyalty, however, is driven at least in part by store loyalty (Anselmsson & Johansson, 2007).

**Comparison of PLB’s with national brands positioning.**

Consumer perceptions and attitudes to private labels are based in large part on perceptions of the quality, price and value of private labels relative to that of national brands. In early years it was the combination of price and quality that makes the difference between store brands and national brands. Several studies shows that private label brand products are offer poor quality and at low price. The main explanation for such a significant growth of the private labels over the years could be that store brands attract customers by offering good price-quality ratio products. Consumers evaluated manufacturer brands to be of better quality, have a better taste and a superior reliability, whereas private label products were evaluated as having a poor packaging, a low price and were not advertised which lead to a poor brand recognition (Bellizzi et al. 1981).

But in the recent years, store brands are trying to change this perception. Walker (2006) and De Wulf et al. (2005) have demonstrated that retailers have discovered the important role of quality in the success of store brands. PL have involved over the time both in term of image, packaging than quality (Laaksonen & Reynolds (2002). Nowadays it is often comparable to the quality of manufacturer brand products. PLB have developed a good brand image to become closer to national brands and increase the trust in the product. Del Vecchio (2001) confirmed this change with the finding that consumers increasingly see private label products as being competitive with manufacturer brand products with regard to functional quality. Quelch and Harding, 1996; Fitzell, 1998 according with this fact and also show that private label products have improved their quality and packaging making them comparable to NB. This figure shows that private label are positively evaluated compared to manufacturer brands.
Laaksonen & Reynolds (2002), in his studies show the different step of PLB evolution:

Have we previously said, PLB were first see as offer lower quality products at lower prices. The next generation has a little bit increase in term of quality but is still lower than nationals brands. After that PL develop mee too strategy. At this point they offer comparable quality than NB but at lower prices. So their advantage is that they offer value for money products. The more advanced fourth generation private labels offer innovative, unique products of the same or better quality than national brands and prices that are equal to or higher than national brand leaders (Laaksonen & Reynolds, 1994).

**Empirical research on strategies of brand manufacturers towards private label**

Empirical research on strategies of brand manufacturers towards private label is rare. But Hoch in 1996, do an interesting studies which highlight strategic options of national brands to cope with private label increase. Initially, store brands should relate to products for customers particularly price-sensitive. Customers seeking quality were supposed focus on national brands.
But nowadays, consumers buy private label because they become aware that their quality is comparable to the national brands. In addition, prices are generally lower from 10 to 30% than national brands. In the past, national brands tended to focus on the consumer and to neglect the distributor. But nowadays, distributors and manufacturers of national brand are trying to work together.

This study shows the link between economic situation and sales growth of private label: when economic situation is difficult, consumers tends to buy more private label. If the economic situation is more positive, manufacturer brand products are favorite.

If consumers have first research good quality products without take care of the prices or on the contrary low prices products at the expense of quality, allows to the manufacturer brands to focus quality. PLB become a real threat for NB.

**Strategic options for NB:**

Hoch 1996, shows six strategic options for national brands based on two dimensions: quality and price.

The first option is to increase distance from private label through offering “new and improved”. Innovation can be a means to fight against private label. Innovations are necessary for national brands to maintain a good quality and justify prices.

The second option is to increase the distance with private label through offering “more for the money”. It consist of maintains prices while giving the consumers additional value. It can be accomplished by simple improvement quality or packaging.

The third option is to reduce the price gap. Hoch found that price gap have a significant effect on sales for both national brands and private labels. If the gap is small, national brands sales are favored over private label. The opposite situation will increase sales of private label.

The fourth option is to formulate a me too strategy. This strategy is the opposite of the first option. National brands can consider offer lower priced, lower quality products to imitate private label. So national brands become closer to private label.

The fifth option is to wait and do nothing. The development of private label in brand’s category is uncertain and volatility, so manufacturers had to wait and see what happens.

The last option is to premium private labels. According to Dunne and Narasimhan (1999), there are three motivations to produce private label such as economic, relationship and competitive motives. Manufacturers can use their excess production to produce private label and maximize their manufacturing capacity and increase their margins. By producing private
labels, a national brand manufacturer can increase sales and market share away from competitors.

Frequent sales promotions have been a common strategy to fight with the private labels in the last few decades. However, while some of previous studies (Quelch and Harding, 1996) has shown that this is an effective strategy to reduce the private label penetration into the market, other authors (Shapiro, 1992; Gedenk and Neslin, 1999) suggest that national brands should stay constant with their better quality products images in order to keep the loyal customers and not to confuse them about the brand image. These promotions usually offer 20 – 30% price discounts (IRI Marketing Fact Book, 1996; Ailawadi, Neslin and Gedenk, 2001).

Advertising, personal selling, public relations are mainly used by the national brands, as they have bigger budgets of marketing activities. This is a major strategic advantage for national brands in comparison with the private labels, which helps manufacturers’ to target to a deal-focused segment (Ailawadi, Neslin and Gedenk, 2001).

**Strategic positioning options for PLB**

While national brand manufacturers are advised to distance their national brands from private labels, it is optimal for retailers to position quality private labels close to leading national brands (Richards et al., 2007). Bergès-Sennou, Bontems, & Réquillart (2003) suggested that the retailer practice of positioning PLS close to national brands is evidenced by the large numbers of me too’ private labels that are imitations of national brands. But for Sethuraman (2000) this strategy is not really effective because this positioning will not be credible in practice (Ailawadi & Keller, 2004). Sayman, Hoch, & Raju (2002) found there is mixed evidence about the success of the strategy since consumers recognize the positioning but do not alter their perceptions of the quality of the private label. Laaksonen & Reynolds (1994) argued that PLB need to be positioned either on low price or on high quality and innovation. Zielke & Dobbelstein (2007) reported that consumers are more willing to try a new private label when there is a small or a large price differential between the private label and the national brand, but least willing when there is only a medium differential.
Previous studies on consumers perceptions and criteria toward PLB and MB

A group of researchers (e.g. among others Steenkamp and Dekimpe, 1997; Dhar and Hoch, 1997; Ailawadi and Keller, 2004) have tried to explain consumers’ preferences and perceptions toward manufacturer brand and store brand. Consumer perceptions and attitudes to private labels and manufacturer brands are based on perceptions of the quality, price and value. Extrinsic and intrinsic factors are the component on what consumers based their quality judgment. In a marketing point of view is very important to determine intrinsic and extrinsic cues to develop a successful strategy. Marketer can play with extrinsic factors to develop quality without modifying core product.

Extrinsic factors.

Different research demonstrate that extrinsic factors are playing an important role in influencing consumers' purchase intention opposite to intrinsic elements (Richardson, 1997). It’s what consumers are able to observe prior to a purchase. Perception of price; packaging, store image and advertisement composed product’s extrinsic factors.

PRICE: Perceived quality of a product through its price.

Consumer intention is influenced by monetary cost (Grunert, K.G., Bredahl, L. and Brunso, K. 2004). In addition, there is a significant positive relationship between price and consumers’ motives towards purchase of private label product (Munusamy, J. and Wong, C.H. 2008). Therefore, majority of consumers will make their decision by choosing low price product (Boutsouki, C., Zotos, Y. and Masouti, Z. 2008). Reference pricing has been studied by Monroe (1973). Price may serve as a reference point for judging brand quality when other information are not available or when consumer is convicted that there are differences in quality between different brands (Monroe, 1976). Monroe and Petroshius (1981) state that the reference price is not necessarily an exact price but a range of prices for similar products. According to Aaker, often the price means quality. Research on consumer products with high purchase frequency and cheap, have shown that the price is almost a quality indicator sometimes more than the brand (Rao et Manroe, 1989) According to Laaksonen (1994) price
become less important in the choice of private labels products than previously. Private labels are more shown as a solution to get good quality products but at lower prices than manufacturers' brands (Veloutsou, Gioulistanis and Moutinho, 2004). Hoch & Banerji (1993) also indicated that consumers do not buy private labels just because they are cheaper; But Hoch in a study of 2006, show that finally price is still important for retailer brand. If the price gap between manufacturer brands and retailer brands is small, consumers tends to buy manufacturer brands. But price is still an important indicator of quality or benefits for customers (Dick et al.’s, 1996). So price is still an important asset for brands perception (Dodds, W. B., Monroe, K. B. and Grewal, D.,1991). Customers which associated price and quality tends to more consume manufacturer brands (Garretson, Fisher, & Burton, 2002). Winer, R. S., 1986, shows than a low price strategy can create confusion in consumers’ mind and have a negative effect on brand image.

Despite of this element, price consciousness is always present in consumer mind. Price conscious is often one of the characteristics of buying private label brand more than quality conscious (Ailawadi, Neslin, & Gedenk, 2001). Baltas in 1997 has shown that price is an informational element that increases sensitivity to private label. Anselmsson & Johansson, 2007 in their study also explain those private labels are positively affected by price consciousness. But as shows Sinha & Batra (1999), this price consciousness can become less important for products categories perceive as risky. They are ready to pay more for national brands in these categories.

So private label products perform better in the product categories, where customers are more prices sensitivity (Raju, 1995; Burton, 1998; Ailawadi,2001).

**PACKAGING: Perceived quality of a product through the package**

Packaging is another element that influences consumer purchase intention. Consumers usually examined product by looking his appearance but also information provided on the packaging in the decision-making process Ampuero, O., and Vila, N. 2006

Packaging conveys the image of the product, its positioning, or even the image of the company "Self-service, the role of packaging is inevitably attract the attention of customers and triggered by following the desire to purchase the product, it is purely subjective role of the packaging "Dussart

Product packaging is an important asset to attract consumers attention is a wild range of competitive products (Underwood et Al. 2001). Ampuero and villa, 2006, agree with this, in
seeing that packaging is what first attract consumer but that its also a means to inform on the quality and benefits of a products. Fielding in 2006, suggest that packaging stay in mind of customers and that it’s no more an asset for manufacturer brand but also for private labels. Meyer and Gertsman in 2005, agree with this fact and show that private label are largely improve their packaging and so reduce the difference between them and manufacturer brands. These authors identify packaging as a source of differentiation. According to Dick et al. in 1997, private label can offer lower prices because of the low manufacturing cost but also cheaper packaging. But Halstead and Ward, 1995, have show in their study that private label have review their packaging strategy to be more able to competing manufacturer brands. Suarez, in 2005, even add, than due to this packaging improvement, it become more and more difficult to distinguish between manufacturer brands and private labels.

**STORE IMAGE**

Store image is linked with consumer perceptions of the price and quality of the brands sold in the store. Meanwhile, an empirical study by Baker et al. (2002) found that favorable store atmosphere in terms of store design, results in more favorable perceptions. The interdependent nature of the relationship between brand image and store image is summed up by Porter & Claycomb (1997); Store assortment or variety is another factor that impact and improve the store image. (Ailawadi & Keller, 2004). Store name, also impact on store image and purchase intentions. So consumer link store name to retailers brands quality (Grewal, Krishnan, Baker, & Borin (1998). But Dawar & Parker (1994) suggested that reputation is not specific to product quality particularly for manufacturer brands. Collins-Dodd & Lindley. (2003) suggested that there may be reciprocal effects between store image and private labels and that they are positively associated. Anselmsson & Johansson (2007) reported that private labels do build store image in that the perceived value of private labels increases the perceived value of the store, Different researchers have shows the importance of retailers brand in store image. Vahie & Paswan (2006) reported that consumer perceptions of the quality of private labels in the apparel market are influenced by the store image dimensions of store atmosphere and store quality Dawson, Findlay, & Sparks in 2008 also show that brands can also have an important role on store image (Dawson, Findlay, & Sparks, 2008). The rise of the retailer as a brand is considered to be one of the most important trends in retailing (Grewal et al., 2004). His study
show that store image is a combination of manufacturers brands, private label and the store itself as a brand. An investigation conduct by Martenson in 2007, show that even if private label impact on store image, store assortiement and price are more important for customers. He also highlight than manufacturer brand doesn’t play any role in store image. Contrary to Matenson, Ailawadi & Keller (2004) notice that it’s important to provide high quality national brands which can impact on consumer perception of retailer’s image and consequently on private label. Richardson et al (1996b) suggest that national brands have higher brand equity as a result of the marketing efforts of manufacturers.

**PROMOTION/ ADVERTISEMENT**

Use of sales promotions directed at the consumers is one of the factors influencing brand choice behavior (Dodson, Tybout and Strenthal, 1978). Sales promotions generally put in place on short-term including price reductions (package, coupons, refunds…). If promotions are too frequently put in place, this can affect consumer perception of the brand in the long term. This can create an image of unstable quality. Mela and Gupta, 1997, highlight that sales promotions have a significant impact on the consumer’s decision making process but also that sales promotions can have an negative effect on brand equity and encourage brand switching. (Yoo, B., Donthu, N. and Lee, S., 2000). Some authors such as Mela, C. F., Gupta, S. and Lehmann, D. R. in 1997, found that, due to of the increased of promotional actions, customers become more price and promotion sensitive. Mariola and Elina, 2005, show sales promotions differently. They indicate promotional action have an positive impact on brand equity. Shoemaker, 1979,Iso show the positive effect of sales promotions in term of increase sales. Moreover, sales promotions have been frequently used by manufacturer brands to cope with the increase of private label penetration (Quelch and Harding, 1996) which offer products generally 30% cheaper (Sethuraman, 1992). So through various promotional actions, national brands offer 20-30% price discounts (Ailawadi, Nelsin and Gedenk 2001). Garretson, Fisher and Burton (2002) in their study show that promotions allowed to save money without sacrificed quality. So, consumers perceived price promotions on national brands more favorably than the private label products which are seen than lower quality. Gedenk and Neslin, 1999, mitigate this point, and suggest that manufacturer brands should not use so much promotional action, to not affect the quality image of their products in order to keep the loyal consumers and not confuse them about the
brand image. Therefore, customers who have the same goal – to save money - have two choices: buy private label branded products or to look for the price deals of the national brand goods. Burton (2002), study showed that „for these consumers, price promotions may represent a way to achieve savings without feeling that quality was being sacrificed“ and therefore, they perceive price promotions on national brands more favorably than the private label products. In other words, national brands’ promotions let consumers feel not only economic (Chandon, Wansink and Laurent, 2000).

Grunert, Bech-Larsen and Bredahl (2002) investigated the effectiveness of communication. In their studies they show that communication, if it’s credible, is a effective tool to give information and that consumers believe in this information. According to this research, communication had to be clear and translating in terms which provide consumers benefits. Experience attributes however can be well communicated by intrinsic quality cues, for example the colour of meat is an important intrinsic cue for consumers as a predictor for the experience attribute “Taste”.

**Intrinsic factors**

Intrinsic factor is the physical product characteristics. Perception of intrinsic attributes of products, will constitute important indicators of quality during the purchase process. Perceived quality, risk and value are the principal intrinsic factors. These are the specific attributes that give to the product different signs of quality. intrinsic factors can't be identify during the purchase process, consumers will be recourse to extrinsic factors. So, it was during the consumption, after the act of purchase, that the consumer can judge the quality of the product. Quality attributes are what consumers actually want from a product and thus are not observable prior to a purchase. Intrinsic cues are defined as properties of the actual core product for example taste, colour, shape, size, content, additives. Quality is a particularly important feature, because it is registered as a determinant of consumer behavior favorable towards PLB. Thus, about the intrinsic quality, Hoch and Banerji (1993), based on research data constructed from panels and maintenance experts, show that the categories of products where quality compared PLB/ NB and the variation in quality is low, the penetration rate of MDD is stronger.
Measuring the impact of attributes such as price and packaging on quality assessment, Richardson et al (1994) show that consumers evaluate a product as NB better when they are presented in packaging and price of NB. But when a NB product is presented with PLB attributes (price and packaging), estimates are lower than if offered normally. These results clearly demonstrate the role of the packaging and the price in the perception of the quality of MDD, at the same time they underline the importance of the intrinsic quality in the success of these products. Hoch and Banerji (1993) examined that private label products are more successful in the product categories, where their quality is closer to the national brand products’ quality. Semeijn (2004) ratified this statement and suggested that consumers are more willing to buy national brand products in the situations when the quality variance within a product category is high.

Perceived risk is a critical factor, which draw guidance for customer intentions to buy private label or national brand products (Richardson, Jain and Dick, 1996; Batra and Sinha, 2000). Perceived risk between different product categories varies significantly. Risk is due to uncertainty due to the appearance of the product as well as the safety of the product. The risks in purchasing food product include food safety and food quality. For consumers low price, poor packaging and products which not well known by consumers is risky. The fact is that they are not confidante with the products (Sudhir, K and Talukdar, D. 2004). So, if the product seem risky for the consumers, they prefer choose national brands. For consumers NB are less risky than PLB. This is because most of them are not so familiar with private label product (Cox, D.F. 1967). This is due to consumers’ lack of knowledge about the product (Batra, R. and Sinha, I. 2000). So consumers are less tempted to buy PLB more the perceived risk associated to PLB is important (Richardson, 1996). According to Baltas (1997), “national brands provide a safer choice in many consumption situations”. That’s why when consumers perceive negative consequences of choosing a wrong brand, they are more attempt to buy the national brands.

**Perceive quality**

So perceive quality of a product influence the purchase intention. Zeithaml 1988 defined perceive quality such as the consumer’s perception of the overall excellence of a product. Monroe 1990 and Steenkamp 1990, highlight that perceived quality functions is a critical factor which influence purchase intention. Steenkamp in 1990, particularly explained the role of
perceive quality in purchase intention. According to this approach, the crucial factors influencing perceived quality are quality cues and quality attributes,

![Perceived Quality Model](source: Steenkamp 1990)

Research confirmed that quality cues (extrinsic factors) and quality attributes (intrinsic factors) are as well as experience and credence attributes impact on perceive quality. Concluding, quality cues function as predictors for quality attributes prior to a purchase. Such quality attribute beliefs can be confirmed only after the actual purchase, if at all and exactly here is the distinctive fact between experience and credence attributes. The consumer is able to conclude about experience attributes after the product trial, whereas credence attributes can’t be observed by the consumer at all (Steenkamp 1990).

A number of empirical studies confirm that risk plays a key role in consumer perceptions of quality and ultimately in private label purchase. Shoppers who are not prone to private labels are more concerned that private labels may be of inferior quality and that their purchase will therefore result in financial risk (Dick et al., 1995). Non private label shoppers are also influenced by social risk, believing that others may judge them negatively if they buy private labels (Dick et al., 1995). Narasimhan & Wilcox (1998) confirmed that the willingness of national brand buyers to switch to private labels is related to perceived risk, specifically the consequences and probability of buying a private label product of unacceptable quality.

**To this end, this research will investigate this entire element which comes into account and influence brand purchase decisions in the food sector.**

**Customers’ perception of brands**

Consumer perceptions and attitudes to private labels and manufacturers brands are on perceptions of the quality, price and value.
Previous studies of customer perceptions of brand suggest that manufacturer brands were superior to store brands in terms of taste, reliability and quality (Sundel, 1974; Bellizzi et al. 1981). Walker, 2006, also concedes that private label brands are often viewed as lower priced and hence of inferior quality alternative to manufacturers’ brands. This is supported by Burt (2000) and De Wulf (2005) which also analyzes that store brands where generally perceived to be lower in term of quality compared to competing manufacturer brands. In 1981, Belizzi et al. researched consumer perceptions and came to the conclusion that consumers who buy more store brands are less sensitive towards brands and advertising. He shows also that consumers evaluated manufacturer brands to be of better quality, have a better taste and a superior reliability, whereas private label products were evaluated as having a poor packaging, a low price and were not advertised which lead to a poor brand recognition (Bellizzi et al. 1981). Dick, Jain and Richardson (1996), also found that brand name is one of the major factors discriminating private label brand buyers from manufacturer brand buyers in the way that the private label brand buyers are less sensitive towards the brand name. There research also shows that for NB buyers high price is a quality guarantee opposite to PLB buyers which do not correlate a high price with a high quality. Both findings about brand sensitivity and price sensitivity were also confirmed by Baltas. In 1997, he found that price is an important element for PLB buyers. The factor price sensitivity was also investigated by Hansen, Singh and Chintagunta (2006). Which found that price sensitivity is one major factor explaining private label brand preference across categories? “Brand sensitive consumers place emphasis on brand names and are more prone to buy manufacturer brands” according to Baltas 2006. Dick, Jain and Richardson in 1996 also highlight that consumers who believe that brand name is a good indicator for taste tend to buy less often private label brands. NB buyers judge taste on the brand name and the generally quality of a product on its high price. So NB buyers and PLB buyers haven’t the same evaluation and perception of products attributes. To resume their perception we can said that NB buyers are more brand sensitive and less price sensitive opposite to PLB buyers. This point makes the difference of perception between these two buyers’ categories.

Consumers’ perception of private labels products has change during the last decade. Since the gap in terms of price and quality decrease between PL and MN perceived risk of buying private labels dimishing (McGoldrick 1984). Myers’s (1967) support this last findings but highlight in his study than consumers which regularly consume private label considered that they are the same quality as national brands. Later studies such as Fitzell (1992) suggest that consumers perceive store brands to be equal, in terms of quality, with manufacturer brands.
This is supported by Verhoef et al (2002), said that this perception of lower quality appears to be changing. He found that consumers felt that store brand performed as well as manufacturer brands.

Therefore, there has been a considerable shift in consumer perceptions to the extent that they now believe store brands provide a true quality brand alternative (De Wulf and al. 2005). Certain retailers have consequently developed their range of product. Now they provide acceptable quality at reasonable price. Verhoef highlight that retailers are developing premium offering which aim to compete directly with manufacturer brands. This is supported by Fitzell (1992), who found that consumers perceived store brand to be equal in term of quality than manufacturer brands. Customer perception of private label has changed. According to De Wulf et al (2005), customers now believe store brand provide a true quality brand alternative because they become aware that their quality is comparable to national brand because store brands are often made by national brand maker. So customers are becoming increasingly comfortable with.

So, Consumer perceptions of private labels have changed as retailers have repositioned them over time. The reduction in the gap between own labels and national brands in terms of price and quality, together with the increasing promotion of retailer names and their own brands, has changed consumer perceptions of own labels and reduced perceived risk associated with their purchase (McGoldrick, 1984). Many authors such as Deveny, 1992, Baltas, 1997 and Buck 1993 highlighted that the popularity of store brands is due to an increase of trust in the quality of these product and a reduced risk in purchasing own brand products. So customers’ perception of store brands has involved due to quality improving and maintaining of lower price (5 to 10% lower than manufacturer brand according to Laaksonen 1994. In this way, Aaker (1996), show that manufacturer brand had to push their benefit through high branding. De Chernatony and Mc Donald, 2003 support this point and show that its important that manufacturer brand create powerful brands and ensure that their price is reasonable in proportion to the benefit drove.

Nevertheless, studies continue to show that private labels are perceived as inferior in quality to national brands. —Private labels suffer from a lack of a strong, quality image! (Vaidyanathan & Aggrawal, 2000)
**Purchase behavior/ decision making**

The household food consumption volume declined for the second consecutive year in 2009, a sign of arbitrations conducted by households in terms of range and products.

![Figure 6: French household food consumption in volume](image)

During the decision making process, purchase can be influenced directly by several factors. In previous literature, brand and price sensitivity appears have been describe such the two principal variables which influence private label brand buyers and manufacturer brand buyers namely brand sensitivity and price sensitivity.

He believes that the main benefit for consumers when purchasing store brands is that they receive value for money. This is supported by Veloutsou (2004) who suggest that the most obvious benefit from a consumer's point of view is that they are able to buy good quality products cheaper than the manufacturer brands.

For Smith and Sparks (1993), purchase decision of customers is based on price, perceived value but also quality. Zieke and Dobbelstein (2007), also demonstrated that quality and value for money, as well as price have a major impact on the decision to buy store brand products in the retail sector.

But for Laasksonen (1994), the price is not a dominant element in store brands purchase decision than it previously did. . First generation are where store brands used to be positioned, with a commitment to selling plain packaged, no frills products at the lowest possible prices (Tsoulos, 2000). Davis (1992), in his study shows that it's the value for money that receives customers which play the most important role in customers purchase behavior. This is
supported by Veloutsou in 2004. Customers buy private label because they can have good quality products but cheaper than manufacturers brand. The unique benefit offers by manufacturers brands for which the customer is willing to pay higher price is the key element in customer purchase decision (Aaker, 1996 and Keller 2003). For both authors, its simplify the customer decision. However, the price cannot be excluded from factors of decisions, because most of consumers go shopping after they have a budget in mind (Hogan, 1996). Additionally, a generalized private-label attitude is discovered to influence purchase behaviour; factors include: “consumer price consciousness, price-quality perception, deal proneness, shopping attitudes, impulsiveness, brand loyalty, familiarity with store brands, reliance on extrinsic cues, tolerance for ambiguity, perceptions of store brand value, and perceived differences between store brands and national brands” (p347, Collins-Dodd and Lindley, 2003).

For Richardson and Dick, 1996, consumer who judge product by quality will be less likely to purchase private label product because they believe in quality is more important than price. This is supported by Ailawadi, K.L, Neslin, Gendek , 2001. Dick in 1997, also highlight than purchasing decision is drive by indirect cue such as brand, package and advertising. Based on the findings of Sestokaite (2010), she concluded that manufacturer brand buyers want to be sure that a product is of high quality and are therefore willing to pay higher price, whereas private label brand buyers do not see a big difference in quality between the two brand types and hence do not want to pay a price premium.

Other elements can influence purchase behavior such as environment, personal preference and psychological factors. (Veloutsou et al 2004). Certain consumer characteristics can have an influence on purchase decision of food products (Batra and Sinha, 2000, Richardson, Cole, 1999). These consumer factors included age, gender and incomes. Sethuraman and Cole in a studies conducted in 1999, show that younger groups and male are more store brand prone than older age groups or female. For example, youngest are more interest in the new and innovative products than old people which buy products due to their habits. Zieke and Dobbelstein (2007) and Baltas and Argouslidis (2007) doesn’t follow this studies. According to their research they advocate that gender or age doesn’t have any impact on the store brand preference. They suggest that the overall impact of socioeconomic characteristics is unclear as previous studies have found mixed results (Murphy, 1978).

Moreover, consumers also often choose brands that they know to have a guarantee. Moreover consumers have less and less time to do their purchase, so they prefer choose products de to
their habits and no lost time to re evaluate the brands with different attributes (Ehrenberg, 2004).

But the increase of store brand quality and the economical context constantly changing, are not put in evidence. So it will be interesting to search how variable such as quality, reliability, value for money, price influence brand purchase decision in the actual changing context.
PARTE THREE: Research methodology

Introduction

Marczyk (2005) define research as a process to answer and acquire knowledge. According to Collins and Hussey (2003), the research has to be organized to be conducted in an efficient manner.

Saundere et al. (2007, p4) consider the formulation and clarification of the research topic area the starting point of the project, before defining research questions and objectives.

The aim of this thesis is to better investigate how brands are actually perceived by private label and manufacturer brands buyers and what influence their purchase behavior face to a large choice of food products. This will permit to identify new strategies for the grocery market actors. Based on the problem statement of the thesis, the following purpose is set:

To find out and explore the contemporary issues in the French food industry and the effect they have on grocery actors and purchase intention; uncover current consumers’ perception and attitude (behavior) toward the actors of the French food industry. This thesis will explore if there is a significant difference between consumers’ evaluation between PLB and MN and analyze the relevant factors that cause the distinctness of consumers’ evaluation.

Research question

Saunders et al. 2007, highlights the importance of research question “the extent to which you can do that will be determined largely by the clarity with which you have posed your initial research question”.

In order to answer to the identify problem statement and to contribute to the academic literature on this particular topic, the present study will seek to answer this following research question:

What is the actual perception of consumers’ toward NB and PLB and on what relevant criteria they based their judgment and brands choice?
Therefore base on the considerations finding in literature, consumer NB and PL attribute, preferences, use benefits and values are indicated. Managerial implications will be highlighted as regards consumers’ value profits and motivations that guide them in their choice.

**Research objectives**

The research objectives express the researcher’s clear sense of the purpose and direction (Saunders et al.2007). In order to achieve the principal objectives it will intend to fulfill the followings objectives:

1° To exploring attributes preferences of PLB and MB buyers through their brand perception
2° To determine customer differentiation between NB and PLB in the retailing industry
3° To determine what elements influence consumers’ purchase behavior between national brand and own branded products
4° To explore shopping motivation of NB and PLB consumers.
5° To determine new marketing strategies for retailers and manufacturers according to the new consumption habits?

**Research hypothesis**

According to Malhotra and Briks, 2003, a hypothesis is an unproven statement or proposition about a factor or phenomenon that is of interest to the researcher”.

H1: Branding increase consumer positive perception about products
H2: The quality of PLB and MN is similar for consumers
H3: Consumer chose the brand with a better image to reduce perceive risk
H4: Consumers prefer choose quality than price in their purchase
H5: Personal values behind PL and NB impact purchase behavior
Research design

To answer to the thesis hypothesis and reach the objectives of the dissertations it’s important to show how we will respond to that. The methods for collecting data can be represented by the research onion purpose by Saunders et al. 2007

Research philosophy

A research philosophy is a belief about the way in which data about a phenomenon should be gathered, analyzed and used.

Saunders identify three research philosophies:

- **Epistemology**: is the view of what is constituted as acceptable knowledge.
- **Ontology**: is the view of the nature of reality and existence.
- **Axiology**: is a branch of philosophy that studies judgments about value (personal beliefs or feelings about the topic).

In this thesis, the epistemological approach seems to be the most efficient way. Saunders identifies three epistemological research approaches:
- **Positivism**: this concept work on an observable social reality which influences the behavior of individual. Positivism approach assumes that everything can be proved and known. This approach is using quantitative methods such as survey. Positivism is not considered to researching areas where human behavior is a factor.

- **Interpretivism**: This approach is associated with qualitative research. It’s used in social researches, to tries to understand the meaning humans attach with any experience (Schutt, 2006). It’s allows researcher to get close to participants to interpret their objective understanding of reality.

- **Realism**: Realism characterizes a significant challenge to the dominance of positivist and interpretive position within the social sciences (Evans and Hardy, 2010). Realism takes aspect from both positive and interpretive positions.

In this paper, researcher will use the paradigms of realism which is contributed by both positivism and interpretivism with the methods of qualitative and quantitative data collection and analysis. Researcher will try to understand the factors that influence the grocery market both from consumers perception than for food distributors. So to understand and explore intentions, motivations and experiences of consumers and grocery markets market actors qualitative. Make surveying is also required to focus on fact.

**Research approach**

According to Saunder et al. there is two way to approach the research process: deductive method or inductive methods.

- **deductive approach**
  This method use the literature review to identify theories and ideas that research will test using data. Literature is the base of the research (Reyes, 2004). It is just after having a sufficient knowledge of the subject area that the researcher is able to establish the question and the hypothesis work on the thesis. With deductive approach we work from the more general to the more specific.
- **Inductive approach**
  Inductive approach begins with a specific observation that is then developed into a tentative hypothesis, which is then tested (Hesse-Biber and Leavy 2005). This research approach is efficient when poor literature and knowledge exist on the research topic. Inductive research is less formal and less structured.

- **Combining research approach**
  It’s possible to combine both. This approach is called abduction (Alvesson and Skoldberg, 1994). Combining both is advantageous (Saunders). Abduction is based on empirical facts as the inductive approach but it does not reject theoretical ideas and is therefore closer to deductive approach. A deduction approach will be valuable for the data collection, the review of literature as well as to confirm or refute hypotheses. Inductive approach will also be useful to collect qualitative data and define theory and recommendations as the result of the research.

For this study combining research approach is the most suitable approach according to the philosophy research. Deductive approach to collect quantitative data (administrate a questionnaire to show how people react) and because the research will be fist a deduction of hypotheses from existing theory. Inductive approach to collect qualitative data (interviews and focus group to have managers and consumers feeling about market involvement).

**Research strategy**

Saunders et al (2000), describe the research strategy as a generic plan guiding the researcher to answer the specific research questions. Saunders et al. identify seven types of research strategies:

<table>
<thead>
<tr>
<th>Experiment</th>
<th>The study of causal links between two variables</th>
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<tbody>
<tr>
<td>Survey</td>
<td>Associated with the deductive approach, most frequently used to answer who, what, where, how much and many questions</td>
</tr>
<tr>
<td>Case study</td>
<td>A depth analysis of a single incident or group</td>
</tr>
<tr>
<td>Action research</td>
<td>More participatory in nature, allowing improvement in one’s radical knowledge</td>
</tr>
<tr>
<td>Grounded theory</td>
<td>Tries to develop an hypothesis from the corpus of collected data (Strauss and Corbin, 1990). The best example of inductive approach.</td>
</tr>
<tr>
<td>Ethnography</td>
<td>An inductive strategy to see the world through the research subject’s eyes</td>
</tr>
<tr>
<td>Archival research</td>
<td>Make use of records and documents as the principal source of data (Saunders and et al.)</td>
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*Table 1: seven types of research strategies; Saunders et al 2000*
Research will choose survey and grounded theory strategy in accordance with the research approach choice.

The survey strategy is generally related with the deductive approach (Saunders 2007). It allows collecting quantitative data and analyzing quantitatively. Survey strategy gives more control over the research process.

Grounded theory is generally related with the inductive approach. This type of research is appropriate as a proportion of the research is concerned with explaining consumer behavior. Data will be accumulated through focus groups and interviews.

**Research choice**

The research methods choice refers to quantitative and qualitative data.

- **Quantitative**: Hussey 1997 states this approach provides objective and unbiased results that have not been influenced by the researcher. It focuses on numerical results and attempts to limit the influence of the human factor. Theory is usually deductive. Survey is a quantitative method.

- **Qualitative research** seeks to provide understanding of human experience, perceptions, motivations, intentions, and behaviors based on description and observation. Inductive research strategy focusing on process, meaning, and understanding (Merriam 1999). Focus group, interviews are qualitative methods.

According to Saunders 2007, there are two research choices:

- **Mono method**: if research use only one data collection method
- **Multiple methods**: it’s when researcher used both qualitative and quantitative data. In this case, researcher can use:
  - multi-methods: use qualitative and quantitative data but treat them as two separate data sets
  - or mixed methods: researcher mixed the findings of both data sets and compare them together as a whole.
Use both qualitative analysis and quantitative data is the most suitable method in order to reach research aim and objectives. According to Saunders et al., thus constituted mixed model research. Mixed method research allows researcher to compare the different data’s that he gets and create a move overall and concrete view on the topic area. It can provide more comprehensive answers to research questions.

**Time horizon**

Two types of time horizon can be choosing:

<table>
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<tr>
<th>Table 2: Time horizon, Saunders et al</th>
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<tr>
<td>Cross-sectional studies</td>
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<td>Longitudinal studies</td>
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Cross sectional studies often employ the survey strategy to describe the incidence of a phenomenon. However, they may also qualitative methods such as interviews conducted over a short time period. This study is a “snap-shot’ of customer behavior of our time. As I’m trying to describe a phenomenon of our time, cross-sectional technique will be more adapt for my studies. Data has to be collected at one point in time. It is a cross-sectional design.
Data collection and analysis

Research design is categorized under three sections (Saunders):

- **Exploratory research** is necessary when the purpose is to develop understanding in an area that is little understood. This kind of method will not involve testing particular hypothesis. It is associated with qualitative methods.

- **Descriptive research** aims to identify present and past state of events (Rubin et al. 2010). Answers to the Who? What? Where? When? How? and How many? questions. This type of study could be suited to either qualitative or quantitative methods.

- **Explanatory research**: Conduct to test the cause and effect relationship of the suggested hypothesis (Babbie, 2010). It’s a continuation of descriptive research. The researcher analyzes and explained why or how the phenomenon being studied is happening. This type of approach is more likely to employ quantitative methods, typically a survey.

In this study, researcher will describe the situation of food grocery in France and the place of the consumers in the food market. According to the research objectives, descriptive methods should be adapted.

The explanatory research approach is also appropriate for this research topic as it explained the relationship between variable such as loyalty, branding, price, consumer perception and brand positioning and the impact they have on the food grocery market and consumers perception. Moreover in a explanatory research, structured and semi structured interviews can be used.

*An A combination of secondary data and primary data will be used to collect data and respond to the research question.*

**Secondary data collection**

According to Saunders its external data collected from purpose such as books, journal articles, online resources data but also internal sources such as companies reports. The role of secondary research is very often exploratory and/or descriptive. Secondary research might
be used to help define and understand the problem or issue, or to generate hypotheses or ideas.

Table 3: Secondary research advantages/disadvantages

<table>
<thead>
<tr>
<th>FEATURES</th>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not expensive</td>
<td>Limited control of data</td>
</tr>
<tr>
<td></td>
<td>Easy to find resources</td>
<td>Large range of data make difficult to analyze</td>
</tr>
<tr>
<td></td>
<td>Take less time than primary research</td>
<td>A lot of up to date information</td>
</tr>
<tr>
<td></td>
<td>Target research according to the topic</td>
<td>Access to a lot of information</td>
</tr>
</tbody>
</table>

Searching the literature on a topic to reach a greater understanding of the issues involved, or to help develop interview questions or a framework for analysis is secondary research used. The majority of secondary data collect from books and journal or internal reports. Online sources are also used due to the lack of up to date information in books.

**Primary data collection**

Primary research is designed to generate or collect data for a specific problem. This research will use two kinds of primary data: qualitative and quantitative.

Table 4: quantitative and qualitative research

<table>
<thead>
<tr>
<th>FEATURES</th>
<th>Quantitative research</th>
<th>Qualitative research</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>More objective</td>
<td>More subjective</td>
</tr>
<tr>
<td></td>
<td>Fixed response</td>
<td>Response can be semi structured or unstructured</td>
</tr>
<tr>
<td></td>
<td>Regarded only scientific and justifiable</td>
<td>Regarded as not scientific and not following a structure</td>
</tr>
<tr>
<td></td>
<td>Theory is usually deductive or casual</td>
<td>Theory is usually inductive but can be casual</td>
</tr>
<tr>
<td></td>
<td>can be generalize</td>
<td>Less able to generalize</td>
</tr>
</tbody>
</table>

**Quantitative primary date collection**

Survey is the best technique to gain expressive data (Kotler and Amstrong 2010). The most common form of a survey is based on positivist epistemology. Three types of variables will be collected according to Dillmann 2007:

- **Opinion**: to known how respondents felt about national and private labels brands attributes.
- **Behavior**: to known what elements guide their food purchase.
- **Attribute**: to collect data about the respondents' characteristics.
To test the above hypothesis, data was collected through a survey. A total of 100 questionnaires will be delivered in front of the principal supermarket present in the city of Molsheim, to directly target grocery shoppers. Survey will take place in a short period of time (1 days). The survey will be structured. It use formal list of questions asked of all respondents in the same way. A face to face self administrated questionnaire will be adopt (advantages to be administrate over a short period of time, Saunders et al. 2009). Survey started by introduced the purpose of the research to the participant and define very quickly what is national brands and private label brands. Respondents will ask a variety of questions regarding their purchase habits, behavior and perception toward PLB and NB, motivations and demographic characteristics. The questionnaire consists in 20 questions (including 5 questions about demographics characteristics) using open questions, close questions and forced choice questions. So open questions, list questions, category question and 5 point Likert composed this questionnaire. (APPENDIX 1)

Before using questionnaire in collecting data, the survey needs to be test (Graves et Al. 2009). The research test questionnaire on 10 persons and according to the result, change it.

**Pre test**

After designed the questionnaire it's important to test the effectiveness of each questions. Before administrated the questionnaire in supermarket, I have piloted the questionnaire on 10 persons.

~ 5 students who known how a survey had to be conducted
~ and 5 persons of my family to see their feelings and if they understand each questions.

After this test, several corrections had to be made. First, on the structure of the questionnaire: adjust questions order, correct some grammar error and finally some questions were no really well understand.

**Qualitative primary date collection**

*In an exploratory qualitative research perspective a focus groups including taste tests were carried out, in order to get an idea of the perception of private label an national brands by consumers.*
Focus group interviewing:

It is rapidly becoming one of the major research tool to understand people’s thoughts and feelings (Saunders 2006). Focus group allows creating an environment of trust to easily shared information. The research felt it necessary to understand the perception of consumers through a semi structured focus group “with a free exchange of ideas, beliefs, and emotions (Baker, 2003).

Besides, the wealth of content, choose group interviews rather than individual interviews, is justify by the fact that they have many advantages such as interactivity and mixture of interviewee experiences.

Researcher, who will be the trained moderator, have invited 12 people according to Saunders (2009) suggestions during 2H30 to understand the relationship between the variables through emerging themes and categories. The meeting is held in a pleasant place, and refreshments are served to create a relaxed environment. Focus group participant will discuss on their vision of brands, fears, needs, expectations about image, quality, price and give their feedback on products.

Focus group started by introduced the participant to the research and purpose. MB and PLB are briefly defined to all participant to be sure that there is no confusion.

It will be a semi structured focus group interview. Indeed, experience shows that more questions are asked, less answers are given. Interviewee needs freedom (Michon, 2006). Discussion will be divided in 5 thematic:

- **Knowledge / general attitude**
  - What is PL for you? What is NB for you?
  - What are our products expectations?

- **Purchase motive**
  - How they choose products they buy?
  - On what attributes products choice are based
  - Element that influence products choice

- **Brand image / packaging/ promotion**
  - Brand equity
  - Importance of packaging
  - Importance of promotion
- **Quality and confidence**
  - Importance of quality
  - Place of confidence

- **Prices.**
  - Importance of price
  - Prices differences

At the end of the focus group a list of statement was given to the different participants to summarize their perception toward PLB and NB through 5 point Likert Scales. *(APPENDIX 2)*

![5-point Likert Scale](image)

Figure 9: Likert Scales

According to Saunders the interviews must take place in an appropriate location. So it’s important to choose a location which is convenient for the participants and where they feel comfortable and can’t be disturbed. That why the focus group will take place in my parents’ house. Focus group were recorded, with the permission and transcribed manually.

~ Gustative test:

In an experiential perspective, a taste tests is conducted. Two tests are conducted, blind tests and non-blind tests. This experience is developed on three different kinds of food products. The objectives of this research are to have a better understanding of the perception of taste quality between national brands and private labels brands. More specially, it was to see on what element consumers based their judgment on products and how they appreciate it. We can see how consumers can differences private labels brands and national brands in terms of taste an how this distinction could be influenced by the perceive brand image. Indeed, we know that the packaging can influence the perceived quality of a brand and can bias products evaluation by the consumers.

Taste tests are considered as an appropriate tool to better understand the real perception of a bran by consumers *(De Wulf and al. 2005; Sprott and Shimp, 2006).*
Three products are selected:
- orange juice
- yoghurts
- cake

Test is conducted in two stages:
- first participants taste the different products without see the packaging, brand. Following this test, they have to fill a grid of analysis in term of taste (APPENDIX 3). They had to give a mark between 1 and 5 (5= better score)
- then the product with packing are presented. They will test again the product in give their appreciation, on a fist hand in term of taste (mark product from 1 to 5 according to their satisfaction) and in a second hand in terms of packing, presentation, attributes. After the degustation, price of the different products were showed to the participant. They also give their appreciation about this point in the analysis grid. The goal is to understand how they perceive the product and on what they base their judgments. (APPENDIX 4)

**Justification of product category choice**

In order to compare the perception of consumers toward private label and manufacturer brand but also the differences of perceptions 3 food products were chosen.
This products are well represented in national brands and privates labels products have substantial market share on this products segments (Planet Retail, 2007). So, this element makes them goods products for this test.
For the private labels products, the retail brand Cora is chosen because it's the principal food retailers in the region. Each participant are making their shopping in this store.
National brands products are chosen according to their notoriety and presence on the French market. So, following brands are chosen:
- Brossard
- Danone
- Tropicana

Particular attention was focused on products characteristics’ in terms of homogeneity: same weight, same format, same flavor, same principal ingredients, similar packaging. (appendix 5)
Data analysis

Quantitative data which will be collected through a survey, will be realized and analyze with the software called Sphinx. Through this software, quantitative data will be organized, linked and them resented in graphics.

For qualitative data: the process consists of three parts: Noticing, collecting and thinking about interesting thinks.

**Step in qualitative analysis**

| Data collection | Collect data through interviews and focus group |
| Note taking     | Taking notes of main ideas during data collection Producing a records of the things noticed, observed |
| Coding          | Every answer to open questions will be grouped in several main themes, categories. |
| memoing         | Closely examined, compared for similarities or differences, synthesized and noting hypotheses that arise about |
| Writing         | themes will be developed in paragraphs |

*Figure 10: step in qualitative analysis*

Sampling process design

Time and budget limitations make it difficult to collect data from a total population; therefore the researcher needs to select a sample.

**Saunders identifies two type of sampling:**

- probability or representative
- non probability

The participants are selected through non probability sampling methods. For thus studies, convenience and judgment sampling will be
The researcher estimates that the respondent will be an appropriate sample (not) of target audience. It appears the most suitable to collect data.

**Sampling size**

For the survey, the researcher will target 100 peoples at the exit point in each supermarket the survey will be conducted. Either men and women aged 18 or older and which consumed both PL et NB products will be sound out will be sound out randomly. In table 5 sampling is detailed.

France has 63 461 000 billions inhabitants. 51,4% of the population are female and 48,6% male. That why to be consistence we have question 48% of male and 52 % of female.

<table>
<thead>
<tr>
<th>CATEGORIES</th>
<th>SAMPLE N=100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>100</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>48</td>
</tr>
<tr>
<td>Female</td>
<td>52</td>
</tr>
<tr>
<td>AGE</td>
<td></td>
</tr>
<tr>
<td>18-24</td>
<td>40</td>
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<tr>
<td>25-34</td>
<td>22</td>
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<tr>
<td>35-44</td>
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<tr>
<td>45-54</td>
<td>10</td>
</tr>
<tr>
<td>55-64</td>
<td>11</td>
</tr>
<tr>
<td>65+</td>
<td>3</td>
</tr>
<tr>
<td>OCCUPATION</td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>18</td>
</tr>
<tr>
<td>Employee</td>
<td>41</td>
</tr>
<tr>
<td>Executive</td>
<td>25</td>
</tr>
<tr>
<td>Retired person</td>
<td>9</td>
</tr>
<tr>
<td>Unemployment</td>
<td>7</td>
</tr>
<tr>
<td>INCOMES</td>
<td></td>
</tr>
<tr>
<td>Under 1000</td>
<td>14</td>
</tr>
<tr>
<td>1000-2000</td>
<td>42</td>
</tr>
<tr>
<td>2000-3000</td>
<td>19</td>
</tr>
<tr>
<td>3000-4000</td>
<td>15</td>
</tr>
<tr>
<td>4000-5000</td>
<td>10</td>
</tr>
</tbody>
</table>

*Table 5: Survey sampling*

For the focus group, researcher invited people close to him, which represent current shopper and which consume both PL and NB products. 12 persons, both men and woman, will be selected to participate to the focus group. They are living in the research area, which is the city of Molsheim and do their shopping in the same food store. Table 6 gives the detail of the focus group composition. So they represented a god sample of the large population, with different age, situation and incomes. To be sure that a global vision can be analyzed.
Limitation to the research

A first limitation can concerned the interviews. Confidentiality of companies’ strategies against their competitors can appear like a limits to the date collection to well explore the topic. Access to secondary data such as official reports of companies’ strategies can be a difficulty. Thesis will be conducted in France; access to books will be more complicated or too expensive. Specific magazine are reserved for professional. Difficulties to found recent information about the market (update information). Availability and understanding of the people who will be interviewed can also appear like a potential difficulty (focus group, interview, survey)

Ethical issues

According to Saunders et al. (2003), ethics in the context of research refers to the appropriateness of behavior in relation to the right of those who become subject in the research or are affected by it. Research required ethical considerations around data protection and anonymity. The collected private information such as names, addresses will not be shown in the studies.
It can be ethical issues concerning participants of the research activity. Always collect information with the approval of the participant and make him aware of research terms. Make sure that questions will not embarrass respondent and not a invasion in their privacy. Always informs respondent of the type of information we are going to ask before collect data. Never put pressure on him. To not be unethical it’s important to follow these points.

It’s also important to maintaining confidentiality of information collected.

Avoiding bias. Bias on the part of the researcher is unethical. Bias is a deliberate attempt to either to hide what you have found in your study, or highlight something disproportionately to its true existence. An incorrect reporting of the findings can be unethical.
PART 4: Data Analysis / Findings

Introduction

This chapter will present the key results of the different actions put in place to respond to the research problem. So, this chapter presents the results of the statistical analysis of the collected data, following the methodology outlined in Chapter 3. The survey, focus group and gustative test are explained in this chapter to satisfy the final objective of the research. The significance of the findings will be discussed, within the context of the relevant literature and in relation to the research problem which mainly include the perception of PLB's and NB. Suitability of some literature review items are verify through this part. (cf Bellizzi and AL 1981; Burt, 2000; De Wuf 2005; Verhof et al 2002, Aachker, 1996, Hoch, 2006, ( Ailawadi et al. 2001; Baltas, 1997, Richardson et al 1994, Dick et al 1995),

The primary purpose of this chapter is to present the results as they relate to the hypotheses of the study, which were tested using a survey and focus group analysis. It also presents a profile of respondents. The final section of the chapter discusses the results of the statistical analyses used to test the hypotheses.

A copy of questionnaire and all the element used for the focus group, as well as some further relevant results with this area are presented in appendix.

Profile of respondents

The survey was conducted on 24 November 2012 in front of the supermarket named Cora in the city of Molsheim. A total of 100 shoppers respond to the questionnaire. In them, there are 52% of female and 41% of male to respect the distribution of the French population (51,4% of female and 41,6% of male). Many shoppers did not wish to participate in the survey after finishing their shopping. Every respondent have both buy manufacturer brands and private labels brand during their last shopping.

Those aged between 18 and 34 accounted for just over 60 percent of all respondents, while those over 65 made up just three percent. The 35 - 64 year represented 35% of the
respondents. With respect to household income, the 3 categories of shoppers earning less than 3,000€ together made up 75 percent of all respondents. In the highest income category, earning over $100,000, accounted for 26 percent. In between those categories, 20 percent of all respondents earned 3,000€ represent 25% of all respondents. 41% of respondents are employees whereas 9 % and 7% are retired person and unemployed. 14% are student and 25% executive person.

**Focus group interviewing**

A focus group had been organized to discuss around consumer's perception of PLB and NB. Has it had be explain in part 3, focus group interweaving had be divided in 5 part, just to give a guide line for the discussion. So in this part the result obtain during this exercise is explained and analyze. Moreover, people who are present during this focus group are a restrain but representative sample of the population as show table 6 in part 3. Equal number of female and men, different incomes and professional situation. So this permits to have a global vision of their perception and to have an attractive discussion. The main objective of the focus groups was to gain a better understanding of the perception of private labels and nationals brands image but also verify some items derived from literature review (eg Bellizzi and AL 1981; Burt, 2000; De Wuf 2005; Verhof et al 2002) were relevant or not in the context of our study.

**Discussion report**

The data collected during the focus group are summarized in this part, supported by some quantitative data collected through a table which summarize some questions concerning products attributes which influence purchase of PLB and NB. The objective is to determine the most significant factor perceived to be important in purchase of PLB and MN. The descriptive data including was obtained and shown in Table 7. The minimum score for all influencing factors is 1 (strongly agree), 3 (neutral) and the maximum score is 5(strongly disagree).
Table 7: Level of agreement to questions concerning products attributes which influence purchase of PLB and NB

- **Knowledge / general attitude**

  Focus group, first, shown that consumers make a clear distinction between NB and PLB. They are conscious that PLB have improved their quality but are still lower than MN.
However, the term "private label" is often unknown: "I know these kinds of brands but the term ‘private labels were unknown to me.”

In general, for participant PLB are characterized by low price, inferior quality but which provide good value for money, if consumers are not really attentive to quality.

NB are characterize by good quality products, innovative, which offer a large choice of products. They also point that NB are more expensive than PLB but that this fact is justify buy a highest quality.

Consumers are aware that quality of PLB had been improved and that they have made some efforts at the product presentation level. But still stay lower than NB.

For daily consumption, participant said that they buy more regularly private label, but when they want to indulge themselves, invite people or during the week end they will choose more easily NB.

Moreover, consumers feel closer to NB (closer ties: habits, affection).

They also found a slight increase of PLB’ prices. The price gap between NB and PLB has tendency to decrease. They explain this fact by the increase PLB quality. But they founds that it goes against what features the PLB. That conduce them to choose more easily NB which offering food safety and quality. Will be explained with a concrete example in the next section (gustative test). They also highlight the consistent quality of products offer by NB.

Major results can be gleaned from focus groups: the predominance of extrinsic factors and more especially price(according Richardson 1997) in the choice of PLB and a more or less positive image of PLB. It is the combination of price and quality that makes the difference between PLB and NB. Focus group also show that intrinsic factors (perceived quality and risks) become important attributes in consumers choice. This goes against the previous studies on products attributes but confirms the claims of Hoch et Banerji (1993), who highlights importance of intrinsic factors

- **Purchase motive**

According to table 10, our findings show that perceived quality and risk associated to the product are the most important criteria in consumers’ purchasing of food products.. Price also appeared like an important asset in consumer products orientation.

Extrinsic factors are playing an important role in influencing consumers’ purchase intention opposite to intrinsic elements (Richardson, 1997). But our studies show that intrinsic quality become the most important attributes which come into account when consumers choice a
products. But perceived quality can be influencing by extrinsic factors such as price and packaging.

Other characteristics indirectly affect consumers such as packaging, promotion and advertising. Consumers make deep thinking more on price and quality that will bring them the products. We see through gustative test that these attributes play an unconscious role in consumers choice.

Consumer expectations have evolved, at the heart the crisis consumers have lingered only prices, to get the better opportunities. But today we can see that consumers are looking for more qualitative products. Even if they remain attentive to their costs and prices, quality becomes a predominant attribute in the choice of products. So they want quality products at affordable price.

The actual consumer is a consumer called “zapper”, searching the best opportunities available to him. These opportunities are not just monetary. Indeed, consumer’ purchase can be driven by a situation, a place, a moment, a mood, lighting or even purchase a context putting in provisions such as the purpose of the purchase is an opportunity to grasp immediately. The environment in which the prospective buyer is, therefore influencing their purchases.

- **Quality and confidence**

However, it should be noted that certain statements show awareness of the product category or nature involving the product in question: "It depends on the products. For commodities, food, dairy, etc.. I trust can more easily trust PLB but what is beauty products, luxury I do not trust them. "Similarly, the interviews showed a positive assessment of PLB in terms of confidence, "On safety level, I began to trust the brand cora".

Quality also becomes integral in the mind of consumer in the purchasing decision because they believed that high quality product give reduces purchase mistake and assures them security of the food products consumed, thus built a trust relationship to the particular products.

According to the findings in table 7, quality appears such the principal criteria of choice. Participant of the focus group clearly agree with the fact that NB are better in terms of quality and taste than PLB. These findings will be confirmed in gustative test part. We can see that they also clearly disagree with the fact that the quality between NB and PLB are equivalent, while Fitzell in 1992 and suggest that consumers perceive store brands to be equal, in terms of quality, with manufacturer brands. For them PLB offer a reasonable quality. They are aware
that over the year’s retailers have increase PLB qualities. But they can’t directly compete NB on quality.

These findings justify the importance of risk and confidence in products choice. NB gives greater confidence in products. During the act of purchase consumers said that they remains vigilant about their choice, when they purchase food products. Consumers make a link with quality. NB offer higher quality which reduce perceived risk for consumers According to the empirical studies (Dick, 1995).

So, result shows that respondents are less willing to take risk so they tend to think twice in selecting and purchasing private label brand food products. In addition, consumers acquire more information about the product especially when there are similar quality food goods in the market. Therefore, the more product information, the more likely consumers are willing to purchase because it could enhance purchase intention and reduces purchase risk

### Prices.

Table 7 show that price is an important criteria of consumer’ products. For them price is also a cue of quality. Consumers are conscious that price gap between NB and PLB has decreased. That why they think that PLB are no more a real economic solution and doesn’t allow us to save a lot of money, if they only buy PLB.

Nevertheless we found that price is the main factors to purchase the PLB, quality belonging to NB. As evidenced by the following statement: "When I see the product Cora, I think cheaper price", "I do not distinguish PL products and NB products. I am particularly interested in the price ";" For students it is cheaper to buy PLB, even if the quality is not as good than NB products. "We see that the consumers believe that the competitiveness of PLB is primarily due to their lower price

Value for money is also cited as an important factor in purchasing private label: "Whenever I go shopping I give an particular attention on value for money that give me the products I buy"

This is an important result because the price was long been the key determinant of buying a label.

### Brand image / packaging/ promotion

Then, in terms of image, the practicality of PLB in terms of accessibility is often stressed: "It is very convenient to buy PLB can be easily found in stores"

It should also be noted that the positive image of PLB is less important for consumers if we take into account the nationals brands. Thus, evidenced by the following comments:"I
personally think that private label brands only imitate NB "I think I is a lower quality of MDD compared to national brands " "PLB do not advertise on TV ... "

Consumer associated manufacturer product with the brand name which is a justification of quality and justify higher prices (Woodside and Ozcan, 2009).

Apart from that, consumers perceived store image is important when buying private label food products because store image reflect the images of retailers where it might influence the perceived quality of products they carry and the decisions of consumers as to where to shop. Consumers often blame PLB because of a lack of innovation and originality. To consumers PLBs are still lower quality and are not totally an alternative to NB. Although this vision tends to evolved. In addition, PLBs are still often associated first price products. .En Indeed, their communication is often based on the price, which can be harmful in terms of image.

Private labels are less successful when competing with many other national brands. Moreover, due to PLB development, NB increased their advertising budgets (advertising operations, coupons) , Does not exist at PLB level, which can be seen as a disadvantage.

A less important factor in influencing the purchasing of food products is packaging. Promotions and advertisements play also a less important role according to participant claims.

For consumers packaging doesn’t play an important role. They don’t buy products because of attractive packaging, contrary to Ampuero and villa, 2006 claims. But gustative test that packaging plays an unconscious role and conveys values such as quality, security, through brand image. Moreover table 7 show that consumers agree that PL packaging is similar to NB. They also agree that, even if there is some similarities, NB packaging stay more innovative and attractive than NB.

Generally, promotion don’t influence consumer’ choice. But promotions can tend to influence more NB purchase. Promotion impact very little on PLB purchase.

On advertising level. Consumers said that advertising can influence their purchase more particularly concerning NB products. This is logical, because it’s national brands that invest a lot in this to create brand equity. So advertising in a good tools to coney some element about brand and create an confidence environment.
**Gustative test report**

In an experiential perspective, we conducted a gustatory test in two steps: first a blind test followed by a no blind test. Has we have explained previously the main objective, was to highlight and understand on what attributes consumers based their perceptions of PLB and NB. The main objective of the tests was to evaluate consumer perceptions of PLB compared to nationals brands. Indeed, it is recognized that some private label in food are similar (or even better!) than National brands in terms of quality (Breton, 2004). But consumers can be influenced by packaging or advertising in their evaluation of PLB and tend to perceive less favorably in terms of image. The taste test will prevent or reduce this bias advertising or image. Generally, we consider that the national brand provides hedonic value and quality while PLB is characterized by low prices, lack of awareness and advertisement.

<table>
<thead>
<tr>
<th>NON BLIND TEST</th>
<th>ORANGE JUICE</th>
<th>YOGHURT</th>
<th>CHOCOLATE CAKE</th>
</tr>
</thead>
<tbody>
<tr>
<td>T</td>
<td>PLB</td>
<td>NB</td>
<td>PLB</td>
</tr>
<tr>
<td>31/60</td>
<td>52/60</td>
<td>37/60</td>
<td>44/60</td>
</tr>
</tbody>
</table>

*Table 8: Non blind test results*

The results of non-blind taste tests confirm this. Indeed, every national brand (Tropicana, Danone and Savene de Brossard) was rated better than Cora PLB (see Table 8). Thus, in the fruit juice got 52/60 while PLB only got 31/60 in terms of rating quality taste. Similarly, NB chocolate cake obtain 42/6 whereas PLB chocolate cake obtain 26/60. Danone got 44/60 in yoghurt then PLB has obtained 37/60 in terms of scoring. This result is consistent with those of Wulf et al. (2005) which showed the superiority of MN on attributes such as overall quality, taste, aroma and reliability after non-blind taste tests consumers on the french market.

However, the results of blind tests are interesting and surprising because does not really confirm the past studies of De Wulf et al., 2005. In fact, they show a better assessment of labels (Cora) compared to national brands in terms of taste quality in a product category: chocolate cake. PLB gets a better rating than NB: 36/60 against 32/60. In yoghurt category, it was more difficult for consumers to differentiate the products because of a similar quality and texture. Just two points differentiate products: PLB obtained 42/60 and PLB obtained 40/60.
Of course, the difference is minimal, but this is a result that shows the influence of packaging and brand advertising on national brands evaluation. The consumer may also be influenced by the group effect in its assessment. As the national brand has a good image, it is always better without take in account its intrinsic qualities. This therefore shows once again the dominance of key extrinsic perception of PLB. This result also confirms a belief reported in previous research that PLB can offer a quality similar or better than the national brand but with a lower price (De Wulf et al., 2005; Sprott and Shimp, 2006). But we can note one exception in the gustative test. Tropicana NB has obtained a better rating than PLB. Moreover, the difference of notation is important. That shows that empirical studies on PLB and NB cannot be extended to all products and all brands. Some national brands still manage to differentiate their products largely through superior quality. It’s this point that still makes national brands stronger than PLB.

However, it should relativize the better score of the PLB over the two national brand. Indeed, overall, national brand obtained better rating than PLB, as shown table 8 and 9. On 120 possible marks NB chocolate cake scored 74 points whereas PLB obtained only 62 points. It’s the same case for yoghurt: NB scored 84 points whereas PLB scored 79 points. So, on the whole nationals brands is rated better in terms of taste quality and therefore retains its supremacy on PLB.

Thus, about the intrinsic quality, Hoch and Banerji (1993), based their researches show that the categories of products where quality compared MDD / MN and the variation in quality is low, the penetration rate of MDD is stronger. Measuring the impact of attributes such as price and packaging on quality assessment, Richardson et al (1994) show that consumers evaluate a PLB product as better when they are presented in packaging and price of NB. By cons, MN when a product is presented with MDD attributes (price and packaging), estimates are lower than if offered normally.
These results clearly demonstrate the role of the packaging and the price in the perception of the quality, at the same time they underline the importance of the intrinsic quality in the success of these products. So our findings support this empirical study.

After having only rate products on their taste quality. Consumers have discussed around their packaging and price (APPENDIX 5). So, other product attributes were rated by the participants, in a real context as show Table 10.

![Table 10: Products attributes evaluation](image)

**Value for money**

This finding indicates that most people are value sensitive that they would ensure to getting best value for money during the purchasing process. PLB provide the best value for money. The lower quality becomes acceptable because of a lower price. These findings support the claims of Baltas, 1997, which said that price increase sensitivity to PLB.

**Price**

Because of a highest quality of NB, consumers estimate that even if the price of NB is higher, it's acceptable. According to Aaker, often the price means quality. This also show that price become less important in the choice of private labels products than previously (Laaksonen,1994)

The gap between PLB and NB orange juice is the most important: 0.66€. But as show table 8 and 9 the quality of NB is higher than PLB. That why the 2 products obtain the same score. Consumer considerate that if quality is superior the price had to be superior.
Yoghurt is considered as a product which is more risky than the 2 others types of products because it’s fresh food. The gap between NB and PLB is only of 0,34€. That why consumers considerate that the price of NB is more acceptable, because represented a guarantee of quality. As shows Sinha & Batra (1999), this price consciousness can become less important for products categories perceive as risky. They are ready to pay more for national brands in these categories. Customers which associated price and quality tends to more consume manufacturer brands (Garretson, Fisher, & Burton, 2002). If the price gap between manufacturer brands and retailer brands is small, consumers tend to buy manufacturer brands (according to Hoch, 2006, claims.) This also attests by chocolate cake result that shows that even if NB price is higher, consumers consider that it justify the higher quality of the product. So this result shows that price became less important in the actual product choice of consumers.

If we just focus on price gap between PLB and NB we can see that (according to appendix 5):

- PLB cake is 16% cheaper than NB
- PLB orange juice is 29% cheaper
- PLB yoghurt is 10% cheaper

So on average, PLB are 18.6% cheaper than NB. This show that price gap between PLB and NB had decrease because in 1992, Sethuraman, claims that prices of PL products’ are 30% cheaper. This also confirm the third strategic option highlighted by Hoch 1996 for NB, who said that if price gap is small, national brands sales are favored over private label.

**Packaging**

We have choice product with similar packaging in terms of color, design etc...Even if consumers think that packaging are quite similar between NB and PLB as shows the result of the focus group, in a real context, consumer estimate that packaging of NB are a little bit more attractive than PLB. This is consistent with the claims of Dick and al, 1997 who find that PLB packaging are cheaper, less elaborate. While packaging is supposed to be one of the strengths of NB, we can see that the gap between PLB and NB packaging is not that so important. That show that PLB try to improve their products presentations, as noted Suarez in 2005 who said that because of PLB packaging improvement, it’s more difficult to differentiate products. Participants were stunned by the similarity between PLB and NB packaging. For them, PLB simply trying to imitate NB and show a lack of creativity and inventiveness. This hurt a little bit the brand image of PLB.
Image and confidence

Table 10 shows that there is a close link between brand image and confidence given to the product. These findings supported the claims of Aaker 1996, Davis 2000 and Keller 1998. Branding helps to create clarity in consumers’ minds about product quality and decreasing perceive risks. So a positive brand image increases the feelings of trust and security in the product. As shown table 10, PLB have difficulties to create a brand environment and consequently decrease perceives risks. Even if retailer have developed their branding strategies over the time, as shows Laaksonen & Reynolds (2002), in terms of brand image and confidence they still are inferior. So, NB are more efficient in create brand equity and an confidence environment. This is due to higher investment in marketing.

The most relevant example is yoghurt category’s score. For fresh products such as yoghurt, which are perceived as more risky consumers have highest confidence in NB than PLB. The gap between the 2 yoghurt brands is more important than the two other products. So this show that for risky products its very important to create an image of trust.

To conclude this part, both private labels scored relatively low on quality but highest on value, a result which is supported by other studies that found private labels continue to suffer from poor quality perceptions (eg. Richardson et al., 1996a) but offer value for money (Guerrero et al., 2000). The lower quality score of Budget is likely to indicate that perceived consumer risk is higher than for the Pams brand, since risk plays an important role in consumer evaluation of the quality of private labels (e.g. DelVecchio, 2001; Dick et al., 1995; Zielke & Dobbelstein, 2007). In addition, the fact that both private labels in the study scored lowest on packaging among the attitude variables, supports the notion that private labels rate poorly on extrinsic cues (Mieres et al., 2006; Richardson et al., 1994).

Survey data analysis

In this section, the data of the survey are analyzed and explained. This survey had been conducted to have a real view of consumer’s perception of PLB and NB. This will also highlight the relevant criterion which comes into account in the choice of food products. This
study allows us to understand the mechanism of consumers' purchasing behavior toward NB and PLB. The complete results of the survey is available in appendix 6.

To known the level of loyalty of consumers to retailers we ask them if they always go shopping in the same retailer store. 58% of respondents aren't loyal to only one retailer (Table 11). Moreover, 57% of respondents by more than 5 products when they do their daily food purchase (Table 12). Table 12 shows us importance of PLB. Even if consumers perceived PLB lower than NB, there are integral parts of the shopping list.

It’s also important to link the results of these two charts. Quelch & Harding, 1996, supported than PLB are a good means to attract consumers in retailer store in offering unique products. For Richards, Hamilton, Patterson, & Portland (2007) PLB play an important role in attracting customers from other retailers, and Anselmsson & Johansson (2007) found that the more private labels consumers buy, the more loyal they are to the store. But our findings put this claims into perspective. Even if 57% of consumers purchase more than 5 PLB during the daily shopping, more than an half aren’t loyal to just one retailers. So consumers do not differentiate between the private labels of different retailers (Richardson, 1997). For consumers PLB are PLB, regardless of what retailers they come. So if consumers aren’t loyal to PLB, retailers need to meet consumer expectations by offering national brands. Because loyalty to NB is more important. So retailers to distinguished themselves, need to offer a wide range of NB to satisfy consumers’ expectations.

Table 11: Do you always go shopping in the same retailer store?

Table 12: buy on average...PLB:

Just to better understand consumers’ food habits. We have asked them which type of PLB products they buy. Dairy products, basics products such as pasta, rice and biscuit, cakes are the three types of products the most consume in PL products. Dairy products are fresh foods,
which can provide some perceived risk. So even if confidence into PL is less important according to focus group findings, this doesn’t prevent them to consume mainly dairy products from store brands. This show that consumers have confidence into PLB but less than into NB.

**Table 13** What type of food private labels do you buy?

The two next graphs will highlight the criterion which come into account when consumers buy food products.

Without speaking about PLB and NB, Table 14 allows us, in a first time, to understand on which element consumers’ guide generally their purchases.

Taste/ quality (76%), Value for money (60%) and brand confidence (41%) are the three principal indicators which guides consumers purchase. Table 16 we show through which products consumers quench their needs. For 76% of respondents, advertising is the less important criteria in their products choice. 3 others element appears such as important for respondents. Consumers highlight that habits guide at 65% their purchase. 62% said that innovations and promotions also are important criteria which guide their food products choice. The rest of our analysis allows us to see what types of products can meet these criteria.
Table 14  What indicators motivated your purchases in general?

According to the findings of table 14, which have highlight the indicators which guide consumers’ food products purchase in general, table 15, clearly showed the criteria which come into account PLB and NB purchasing. Taste/ quality / value for money and brand confidence appear as the major criteria guiding consumers’ choices. So for what type of products this criterion comes into account? Table 15, allows us to better understand why consumers prefer choose PLB or NB.

Table 15  Why do you buy NB and PLB

Multiple answer possible

Multiple answer were possible that why the statistics exceed 100%. Good value for money is the
principal criteria which push consumers to buy private label. No other criteria stand out whereas 3 relevant criteria guide NB purchases. As focus group as highlight higher, quality of NB products is the primary criteria which come into account. Consequently, taste is also an important criterion which pushes consumers to purchase NB as well as confidence which they provide.

As we have previously seen quality and brand confidence are link. Table 15 confirms again that perceived quality confer to consumer higher security and confidence into the products. As NB is seen as higher in terms of quality, it goes without saying that the confidence accorded to such products is more important.

Another significant element is apparent in this graph. According to the study of Hoch, 1996, even if NB can't differentiate their products through the price, particularly because consumers link price and quality (according to focus group findings), they used novelty and innovation. Table 16 shows that novelty and innovation is an important criterion but not major in their NB choice. But the most interesting is the gap between NB and PLB. Table 15 show that PLB are not seen as innovative products. They do not provide novelty compared to NB. This confirms Hoch, 1996, which said that manufacturers need to used novelty and innovation to differentiate their products from retailers. And as this graph shows, the effort made by the manufacturers are firmly fixed in consumers’ minds.

After have analyzed criterions which come into account in consumers’ choice, table 16 show us the perception that have consumers of NB and PLB. Table 16 allowed us to compare the actual perceptions that have consumers toward NB and PLB.

Consumers evaluated manufacturer brands to be of better quality, have a better taste and a superior reliability, whereas private label products were evaluated as having a poor packaging, were not advertised which lead to a poor brand recognition but bring greater economic solution than NB and consequently offer a good value for money. All this findings reinforce what we have finding after the focus but also confirm past studies of Bellizzi et al.1981.

All this element can be link, each attributes affect on the others. Because of a superior quality and a positive brand image NB appears to offer more guarantee and security to consumers.

Even if researchers such as Mendez et al. 2008, have try to show that quality there is no difference in objective quality between private labels and manufacturer brands in most
categories our finding put this claims into perspective. It’s sure that quality of private labels has evolved over time but has not yet reach NB level.

Due to the perception of an economical solution PLB are seen as lower in term of quality and consequently consumers perceived them to lower in term of guarantee they can provide.

Manufacturers to differentiate their products engaged more investment in marketing. That allows NB to have this good brand perception but also to largely be perceived as innovative. This allows also to NB to provide a large range of products to catch consumers needs. Respondents largely agree than PLB doesn’t show creativity and provide a good range of products.
So manufacturers come to create a real brand universe that impact positively consumers’ perceptions of them. But because of this effort in terms of research and development its seems more difficult to reduce their price. But according to their brand image and quality, consumers are willing to pay more for NB over PLB according to Sethuraman, 2003, findings. Conversely, PLB compete ate price level. Table 16 show that price and value for money are the only attributes which provide a significant advantage to PLB. At all others levels NB are perceived as higher and reliable.

So in this competitive market it’s very important to create brand equity. Bayus in 1992, say that strong branding which impact on brand perception is becoming a critical component in the development of competitive strategy. Many researchers recommend that national brands should increase their distance from private labels (Hoch, 1996; Verhoef, Nijssen, & Sloot, 2002) and differentiate through quality and continuous innovation to increase quality or value for consumers and brand awareness. According to our findings NB follow this strategy and succeed for the moment in positively differentiate themselves from PLB.

Even if PL have involved over the time both in term of image, packaging than quality (Laaksonen & Reynolds (2002), consumer’s prefers show PLB only like an opportunity to have good value for money. Table 17 show us that for 59% of the respondents’, the word that define PLB is good value for money and at 34% good deal, low price whereas at 51% NB is define such as good quality products. So even if some researchas (Laaksonen & Reynolds,2002 and De Wulf et al, 2005) show that consumer become aware that quality of PLB increase, their perception of them haven’t involve. For them price is unique advantages of PLB whereas MN differentiate them self through quality, confidence and a wide range of products available.

Table 17  What is the word that seems most appropriate?
This last chart, table 18, briefly and clearly summarized the perception of consumers toward NB and PL. This result also reinforces what focus group and gustative group have showed.

Gustative test clearly showed that NB are widely better in term of quality but also in term of image, packaging. PLB only performed at price level in offering good deal and good value for money. So consumers clearly disagree that quality between PLB and NB are equivalent contrary to the findings of Fitzell 1992. So 59% of the respondents answered that NB and PLB can’t be compared. This also support that relation between consumers and quality have evolved and quality have today a greater role in food products choice.

Table 18 quality between private labels and national brands is equivalent?

This section reports on the results of the data analysis used to test the hypotheses of the study, as set out in Chapter 3. So, we will see if our findings supported or reject our hypothesis.

<table>
<thead>
<tr>
<th>HYPOTHESIS</th>
<th>Supported</th>
<th>Not Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Branding increase consumer positive perception about products</td>
<td>YES</td>
<td></td>
</tr>
<tr>
<td>H2 Perceived quality of PLB and NB is similar for consumers</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td>H3 Consumer chose the brand with a better image to reduce perceive risk</td>
<td>YES</td>
<td></td>
</tr>
<tr>
<td>H4 Quality is becoming a more important criteria in consumers mind than price</td>
<td>YES</td>
<td></td>
</tr>
<tr>
<td>H5 Personal values behind PL and NB impact purchase behavior</td>
<td>YES</td>
<td></td>
</tr>
<tr>
<td>H6 Intrinsic affect directly consumers perceptions of PL and NB whereas extrinsic factors affect more unconsciously consumers’ perception</td>
<td>YES</td>
<td></td>
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</tbody>
</table>
**H1: Branding increase consumer positive perception about products**

Our finding confirms that branding increased positive perception of products. Branding is a key element in food marketing (Baker, 2006). Due to high branding strategies, for consumers manufacturer brands are set of promises according to Keller, 1993. Our studies suggest that national brands have higher brand equity than private labels (Keller, 2003). So, branding create positive image of a product and explain why consumers are prepared to pay a premium for national brands over private labels (Sethuraman, 2003). It's through branding that NB differentiates themselves (Grace and O'Cass, 2005). The brand is a justification of quality and conduct consumers to buy NB (Bhat and Reddy, 1998). Moreover, perceived quality through branding help to create confidence. Consumers associated brand and perceived risk. More the product received a god evaluation by consumers more the perceived risk decrease. That why consumers tends to buy NB more than PLB. Our studies show that there is a close link between brand image and confidence. PLB have difficulties to create a brand environment and consequently decrease perceives risks. This is also due because consumers seen this products as lower in term of quality. Moreover, PLBs are still often associated first price products and based their strategy on low price and do not communicate to justify the quality of their products. This point negatively affects PLB in terms of image.

Packaging is part of branding strategy. NB packaging stay more innovative and attractive than NB. According to our findings packaging doesn’t influence directly their purchase but the gustative test doesn’t confirm this claims. Gustative test show that packaging influence their purchase and their perception of quality and trust for the products. Packaging plays an unconscious role in purchase process. But participated at reinforce brand image and convey perception of quality. Packaging helps to create a positive perception of the products and also gives confidence because it allows the consumer to clearly identify brand.

**H2: Perceived quality of PLB and NB is similar for consumers**

Initially, national brands were slightly higher in terms of the consistency of product quality over time. Traditionally, PLB have been seen as inferior quality alternatives at values prices. However, increasingly, manufacturers of store brands can match or exceed the quality of national brands and products ensure consistent quality throughout their range.
Our studies reject this past studies and consequently this second hypothesis. After a period of hard recession, consumers now will no more cut on quality. Even if prices are still important, they want now qualitative products. Our findings show clearly that consumers do not perceived PLB and NB similar in terms of quality. NB products offer more qualitative products. Evidently perception of higher quality is also in link with a more efficient brand strategy put in place by manufacturers as H1 as show. The most relevant findings about this point is the gustative test. This show that globally quality and taste of NB are still perceived as higher than PLB. Even if consumers don’t neglect the fact that retailers have made efforts at quality level, the perception of lower quality is still register in consumers’ minds.

**H3: Consumer chose the brand with a better image to reduce perceive risk**

This third hypothesis resumes the findings which allow us to answers to H1 and H2. Our findings have showed that perceived risk have an important role in consumers’ behaviors in their food products purchase and become one of the most important criteria. The combination of all the attributes of a product forms a virtuous circle. Each attributes influence each other and consequently affect the overall perception from the consumer about a product. For consumers, a good brand image is a sign of security and reduces perceived risk. Brand image convey some value, that why consumers are more confidence. Consequently, our findings had showed that NB are perceived as better in term of image, so with NB perceive risks are reduce. Consumers are less confident with PLB because of a poorer perception of this kind of products Moreover, price gap between NB and PLB as decreased as shown ours findings. This element directly impact on consumers perceptions of NB toward PLB. More the price gap between NB and PLB is little, more consumers tends to choice NB because. This allows us to have higher qualitative products. This element impact on consumers perceptions of brands.

So our findings completely confirm this hypothesis.
**H4: Quality is becoming a more important criteria in consumers mind than price**

All buyers perceive quality as important factor, which therefore emphasizes the perceived quality theory.

It is the combination of price and quality that makes the difference between PLB and NB. Consumers have first sought quality without have a regard of the price or, on the contrary, low prices at the without regards on quality. So this outline allowed to NB to focus themselves on the quality and PLB to focus them on price. This situation highlight, amongst others, by Hoch, is justified by the findings. But now consumers seem to really have changed their way of thinking. They seem to now want high quality products but at affordable prices. These consumers have sufficient resources to buy national brands but require prices generally correspond to PLB. A real headache for manufacturers and retailers but also for consumers which wants to find the best opportunity. Our study has shown that the price is an important criterion but not a determining factor. Quality appears such the most important attributes in products choice nowadays. This finding is very important for our research because it show that consumers' perceptions of products have involved and showed that their needs had also changed.

**H5: Value for money guide purchase of PLB**

Resolution of previous hypothesis allows us to clearly state this hypothesis. The results of our studies clearly show that the only attraction of PLB is the price and therefore value for money that offers this kinds of products to consumers. if consumers head towards PLB is not for reasons of quality, loyalty or attachment to the brand, but only because PLB provides the feeling of having done a good deal. But also to have save money, even if is not a significant economy. Nowadays, it's still value for money which guide consumers to buy PLB. NB doesn't compete at this level according to consumers mind.
H6: Intrinsic affect directly consumers perceptions of PL and NB whereas extrinsic factors affect more unconsciously consumers’ perception

Our findings as shown that nowadays, perceived quality and perceived risk becomes the most important criteria in consumers choice. Quality and taste are the major attributes which impact consumers perceptions of PLB and NB and as we have seen quality impact on perceived risk. So according to our findings hypothesis 6 is confirms. Intrinsic factors are nowadays more important for consumers.

Ours finding show that packaging, advertising or brand image are less important criteria for consumers; But gustative test as show the importance of this elements. Implicitly they impact on consumers perceptions. Price is a sign of quality as so as packaging. Advertising affect brand image, and brand image play on perceive quality and risk of the products. So even if consumers based their final judgment on quality, extrinsic factors guide on an unconscious way consumer choices. This process is valid for both PLB and NB. PLB satisfy consumers at price level and NB at quality and security level because of a better used of extrinsic attributes such as brand image, packaging, advertising.

Summarize

In conclusion, the present study revealed that perceived value is the most important criteria in consumers’ purchasing private label brand products and quality for NB. Moreover our studies had shown that even if consumers a looking for good price, they are less influenced by price in their products choice. Now they prefers buy quality products. Other factors involved are store image, perceived risk, perceived quality, perceived price, packaging and advertisement This study adds new knowledge regarding public purchasing behavior towards private label and national brands product. In addition, retailers are anticipated to better understand the influencing factors on private label product, identify consumers’ demand, and improve the standard of private label food product.
PART 5: Conclusion and recommendations

The introduction and development of private label products has been an unprecedented history of success in Europe.

The brand is a means of differentiation between competing offers, and as such are a key success factor for manufacturers and distributors. Private label has changed over time. Although the success of private labels is limited to certain products categories, retailers continue to expand their offers of PLB. The objective of this exploratory research was twofold: first evaluate the perception of consumers toward PLB and NB and then study the similarities and differences in perception between NB and PLB. All our findings allowed us to respond to the research question which was to understand what is the actual perception of consumers toward NB and PLB and on what relevant criteria they based their judgment and brands choice.

Significance of findings

The research problem investigated in this study was: “What is the actual perception of consumers’ toward NB and PLB and on what relevant criteria they based their judgment and brands choice?

Based on the comprehensive literature review of the previous studies, this thesis offered more insights to understand consumers’ motivations and structures of the national brands and private labels.

NB scored more favorably than PLB almost on all attributes including image, quality, variety and packaging. Private labels are perceived relatively low on quality but perceived than offer more value for money and lower prices than NB. This findings are supported by past studies that which showed that PL continue to suffer from poor quality perceptions (Richardson et al., 1996a) but offer good value for money (Guerrero et al., 2000). That why it’s price which guide PLB purchase (according to Baltas in 1997 ) and quality which guide NB purchase indirectly influence by extrinsic factors which create a favorable perception of the products. Moreover the two most relevant findings of these studies are: first NB and PLB aren’t seen as similar particularly in terms of quality opposite to the past studies such as Fitzell 1992 and De Wulf et al., 2005; secondly that quality gets in front of price in consumers’ food products choice. So
intrinsic factors become really important in consumers choice. But favorable perception of this intrinsic is influence by extrinsic factors.

The lower quality PLB is likely to indicate that perceived consumer risk is higher than for NB, since risk plays an important role in consumer evaluation of the quality of private labels (e.g; Dick et al., 1995). For consumers price is an indicator of quality (eg Aaker). Lower price of PLB suggest for consumers than PLB are lower in terms of quality and than risk are higher, for NB the situation is reverse. Moreover, the fact that PLB in the study scored lowest on packaging and image, supports the notion that private labels rate poorly on extrinsic cues (Richardson et al., 1994). NB controlled very well extrinsic factors such as image, packaging but offer also a large choice of products and innovative products. All this extrinsic, well master by NB, impact on quality and favorable perception.

So The comparison within the two brands has delivered similarities as well as crucial differences of private label brand and manufacturer brand with regard to consumers attribute preferences. It was investigated that all consumers perceive quality related attributes as most important. Nevertheless, private label brand buyers tend to use the price as an extrinsic cue whereas to buy manufacturer brand consumers tend to use the brand and quality as such a cue

**Managerial implications**

Based on these findings useful implications for the retail industry as well as for the manufacturing industry could be derived. Regarding this actual situation retailers and manufacturers both try to establish the best possible positioning strategies for their products. The main findings which can be important for managerial implications are:

- The good price quality ratio is an important attribute for PL buyers
- Quality and perceived risk are the main attributes which guide consumers in their choice
- Quality between NB and PLB are no similar
- For private label brand users price is the most important extrinsic cue and for manufacturer brand buyers the brand is the most important extrinsic cue.
The results of this study clearly indicate that product quality is important for all brand buyers of both product categories. Perceived quality impact on perceived risk for consumers in evaluating private labels (Hoch, 1996; Mieres et al., 2006). We also had seen that extrinsic factors impact on perceived quality. For NB, brands as well as the corporate image are more important than for PLB. So, a strong built brand is assumed to function well as an extrinsic cue for the quality perception for NB. Manufacturers should continue to work on their image, however, for example through brand name and packaging, because studies show image impact on intrinsic quality in comparisons of national brands and private labels (Richardson et al., 1994).

PLB are victim of their past. Low prices however are not able to function as quality indicators. The persistent image of lower quality products made that consumers focus on extrinsic attributes to evaluate PL image of the MDD. That why marketers of PLB have to work on others extrinsic factors than price, to provide a better brand image and consequently increase the perceived quality of their products. Show as inferior in term of quality retailers need to work on reducing consumer perceived risk that is commonly associated with private labels (DelVecchio, 2001; Dick et al., 1995). One way of achieving this would be to adopt consistent positioning about the quality of private labels and ensure consumer experience of private label quality is consistent over time (Hoch & Banerji, 1993).

According to Hoch, 1996, study on strategic options, we can approve option 1. Manufacturers need to continue to increase distance with retailers though innovation. Innovation allows NB to maintain a good quality and justify higher prices. Our study as show that innovation is appreciates by buyers and pushes them to consume NB more than PL. In this perspective, to stop the rise of private label brands means for strengthening their capacity for innovation: industrial must assert an ability to renew regularly and deeply their offers to 1) restore permanently their competitive advantage threatened by PLB imitation, 2) regain the strategic interest they represent for distributors through their ability to stimulate and revitalize the market. NB pulls up food market.

PLB dynamism can be compared to the macroeconomic context. Depressed conditions of the early 2000s, combined with wage moderation that accompanied the introduction of 35 hours led to a very slight increase in purchasing power for the average French household, (Moati, Ranvier and Ruiz , 2007). Strengthening price sensitivity of consumers in these markets has certainly benefited to PLB.
If we accept this interpretation of the change in market share between PLB and MB, it is likely to stabilize or return to the benefit of NB. Firstly, the Galland law reform has reduced the price gap between PLB and MN, which should restore the competitiveness NB. Finally, retailers seem become aware of the risk they incur to reduce NB assortment in favor of their PLB: major brands and the extent of the choices they offer to consumers constitute a key variable of retailers attractiveness and one of their main distinctive advantages. Fear that excessive highlighting of PLB can affect the performance of stores has recently been confirmed by the study of Dietsch and Willard [2006], which shows that if there is too much PLB in shelves, attractiveness of retailers decrease. But market share of PLB of mass consumption products in France is still relatively low,

This probably explains that PLB sales volume has become very dependent on the promotional effort, as illustrated by a Nielsen study (April 2006 and April 2007). 143% of the market growth in brands national is due to promotions (which mean that the volume of sales of products not qualifying promotional support - the "bottom radius" - is down).

So NB are perceived as higher in terms of quality. Extrinsic factors impacts on this quality perception. To continue their differentiation manufacturer needs to continue their effort in term of innovation to create special link with consumers. Retailers have more work. They absolutely need to work on their extrinsic factors to improve perceived quality of their products.

**Limitation of the research**

As the previous discussed findings proved, this study has provided useful insights on all raised research questions. Like many other empirical studies, this research might also have some limitations in reference to sampling, data collection and generalization of the findings. Samples drawn for the study might have been insufficient to generalize the study results. This study show just consumer habits and perception in a little part of France. These thoughts and habits can vary widely from one French region to another depending on incomes. Alsace is designed to be a French region which has high income. It is therefore difficult to generalize these results to the whole France. So even if the result appears to confirm and support some earlier studies such as Hoch or Richardson on consumers orientation toward NB and PLB it’s really difficult to generalized our findings.
Moreover, just one focus group had been organized, so for futures researcher it can be interesting to do more than just one gustative test to have more insight of consumers’ perception.

**Further research**

Nevertheless, in terms of future research this study represents a good basis as it has explored new ways of learning about different behaviors toward PLB and NB. Our findings give new insights in consumers’ actual perception of PLB and NB but on criteria on which consumers based their judgment and choice. According to the previously limitations it appears interesting to extend the sample of more diverse consumer types, to have an overall return of consumers perceptions.

But to well understand how consumers react toward NB and PLB, it seems interesting to analyze the different PL products which are offer on the French market. Depending on retailers, PL products qualities are not the same. Some retailers are more demanding in terms of quality than others. If we takes into account quality variation in quality between the different retailers PL products, consumer perception may change. This perception can impact PLB but also perception of NB quality. So to have a real vision of actual consumer perception toward PL and NB it’s important to show if customers have different attitudes to the different PLB.
PART 6: Self reflection on own learning and performance

First of all, conduct this research was extremely rewarding. Consumers become more and more demanding in terms of innovation, quality, and prices. Company had to be aware of the consumers’ motivations. Better understand the market and expectations of Consumers, to better understand the perception of the food market in French is very important for me. So I think that this research has helped me to be more aware of the reality of the market and consumers expectations.

Consumers’ expectations and needs involved constantly, that why it’s very important to regularly make a point on it. Marketing skills and more especially skills on consumers’ behavior were learned during this course. My objective is to work as brand manager in food sector. So conduct this research opened my eyes to new horizons. My findings can help me to make concrete thoughts in my work. I’m actually saleswoman for a company which sales fresh vegetables in supermarkets. Since I work on my dissertation, I can better understand customers and gives them appropriate solutions. Drive a survey, a focus group and a gustative test was a very exiting experience even if organize this kind of project is not easy and demand a very good organization to collect strategic information. I was face to the reality of the market. So manage 3 different projects in a short time are positive value for my future occupation in food marketing. The different findings allow me to have an overall and actual vision of consumers’ needs and expectations. But also of their perception of food products in the French market. This allows me to well understand actual consumers and try to offer them appropriate products.

Beyond professional contributions this exercise also gives me some personal insight such as research skills, time management’s skills.

This course allowed me to develop research and investigation skills. This exercise taught me to better manage my time to be efficient and to well conduct a research about a particular subject. Researcher carried out different studies such as focus group, gustative test and survey. This brings me some knowledge that I can easily used in the future. Si it taught me to drive a tangible project from A to Z with a time constraint. I understand now the different methods that can be followed to well conduct a research. It was not an easy task because in France we haven’t the same framework. So it was difficult to adapt myself to this new method. Moreover it was not easy to found relevant information about this specific area of research. I become also aware of the importance of critical analysis but also the importance of past
studies and what different authors say about the same topic to build a relevant research. This exercise also shows me that we should not only rely on our own thoughts, but in the result of the studies to convey a realistic view. I could realize that my ideas and thoughts are not universal. Respect short deadlines helped me to improved management skills.

So this dissertation helped me in developing some skills that lacking before. Research skills will help me in the future, to well conduct project and have efficient results. Time management skills will help me to do things on time. But for me the most important element, is the specific knowledge that gave me this thesis and that I can used that develop my professional competence in the food industry.
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INSEE
LSA, n°2007, du 5 juillet 2007
APPENDICES

APPENDIX 1 : SURVEY

Consumers' perceptions and attitudes toward Nationale brands (NB) and Private label brands (PLB)

This survey is conducted as part of a research paper on the perception of consumers and their consumption habits toward national brands and private labels. Your answers will be used to measure the position of brands in the act of purchase.

It only takes a few minutes.

Thank you very much for your participation.

Gender *
- Female
- Male

Age *
- under 18 ans
- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65+

Occupation *
- Student
- Employe
- Chief executive / senior executive
- Retired person
- Unemployed

Average income *

- less than 1000 euros
- between 1000 and 2000 euros
- between 2000 and 3000 euros
- between 3000 and 4000 euros
- between 4000 and 5000 euros
- between 5000 and 6000 euros
- more than 6000 euros

Do you always go shopping in the same retailer store? *
- oui
- non

What is the first word that comes to mind when we talk about private label brands? *

What is the first word that comes to mind when we talk about national brands?*

Buying habits *
When you go shopping, you buy on average:

<table>
<thead>
<tr>
<th></th>
<th>1 product</th>
<th>2-5 products</th>
<th>More than 5 products</th>
<th>Never</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private label average purchase</td>
<td>o</td>
<td>o</td>
<td>o</td>
<td>o</td>
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</tbody>
</table>

What type of food private labels do you buy? *

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<thead>
<tr>
<th></th>
<th>Always</th>
<th>Regularly</th>
<th>Sometimes</th>
<th>Never</th>
</tr>
</thead>
<tbody>
<tr>
<td>frozen food</td>
<td>o</td>
<td>o</td>
<td>o</td>
<td>o</td>
</tr>
<tr>
<td>meat, fish cooked meats</td>
<td>o</td>
<td>o</td>
<td>o</td>
<td>o</td>
</tr>
<tr>
<td>beverage with alcohol</td>
<td>o</td>
<td>o</td>
<td>o</td>
<td>o</td>
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<tr>
<td>beverage without alcohol</td>
<td>o</td>
<td>o</td>
<td>o</td>
<td>o</td>
</tr>
<tr>
<td>Dairy products</td>
<td>o</td>
<td>o</td>
<td>o</td>
<td>o</td>
</tr>
<tr>
<td>Basic products (such as pasta, rice, tin, cereal)</td>
<td>o</td>
<td>o</td>
<td>o</td>
<td>o</td>
</tr>
<tr>
<td>Biscuits, cake, candy</td>
<td>o</td>
<td>o</td>
<td>o</td>
<td>o</td>
</tr>
</tbody>
</table>
**Position of products attributes** * 
**What indicators motivated your purchases in general?**

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<thead>
<tr>
<th>Very important</th>
<th>Important</th>
<th>unimportance</th>
</tr>
</thead>
<tbody>
<tr>
<td>taste</td>
<td></td>
<td></td>
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<tr>
<td>Packaging</td>
<td></td>
<td></td>
</tr>
<tr>
<td>innovation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value for money</td>
<td></td>
<td></td>
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<tr>
<td>promotions</td>
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<td></td>
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<tr>
<td>Brand image</td>
<td></td>
<td></td>
</tr>
<tr>
<td>advertising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand confidence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>position in shelves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>habits</td>
<td></td>
<td></td>
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</tbody>
</table>

During your shopping, if you buy a private labels is because? 
Multiple answer possible

- [ ] good value for money
- [ ] Product quality
- [ ] promotions
- [ ] brand confidence
- [ ] innovative products
- [ ] products taste
- [ ] i never buy national brands

During your shopping, if you buy a national brands is because? 
Multiple answer possible

- [ ] good value for money
- [ ] Product quality
- [ ] promotions
- [ ] brand confidence
- [ ] innovative products
- [ ] products taste
- [ ] i never buy national brands
What is your opinion about private labels brands *
1= strongly disagree // 5= strongly agree

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<tr>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wide variety of products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Hight quality products</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Good value for money</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Attractive packaging confidence</td>
<td></td>
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<td></td>
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<tr>
<td>safety</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Good taste</td>
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<tr>
<td>economic</td>
<td></td>
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<tr>
<td>innovative</td>
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<tr>
<td>warranty</td>
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<tr>
<td>luxuru</td>
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<tr>
<td>Branding rewarding</td>
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</tr>
</tbody>
</table>

Do you think that quality between private labels and national brands is equivalent? *
In your opinion, what is the word that seems most appropriate? *

<table>
<thead>
<tr>
<th>Trust / safety</th>
<th>Quality</th>
<th>Price, good deal</th>
<th>Good value for money</th>
<th>Choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>National brands</td>
<td>![National brands]</td>
<td>![National brands]</td>
<td>![National brands]</td>
<td>![National brands]</td>
</tr>
<tr>
<td>Private labels</td>
<td>![Private labels]</td>
<td>![Private labels]</td>
<td>![Private labels]</td>
<td>![Private labels]</td>
</tr>
</tbody>
</table>

THANK YOU FOR YOUR PARTICIPATION!!!
## APPENDIX 2: focus group interviewing

1 = completely agree / 5 = completely disagree

### PRICE

Price is important when I buy a product
I compare price of others products with the price of PLB
Price is a pledge of quality and trust
PLB's prices are less important than NB for an equivalent quality
I can save a lot of money in buying only PLB
I buy PLB because it's an economical solution

### PACKAGING

I buy product with attractive packaging
The packaging have an influence on my choice of products
I think that PLB' packaging is equivalent to NB packaging
National brands packaging is more attractive and innovative

### ADVERTISING

Advertising has an influence on my purchasing act
Advertising influence PLB purchasing
Advertising influence NB purchasing

### QUALITE

I think that quality is a key element in the choice of products I buy
It’s important to buy high quality products
PLB seems to be good quality products
NB are better in terms of quality (higher ingredients quality)
NB taste is higher than PLB
The quality is equivalent between NB and PLB

### RISK / CONFIANCE

When I buy a product, I remains vigilant about my choice
PLB lower prices suggest than there is some risk (in terms of quality, nutrition)
Buy NB gives me greater confidence in the product

### PROMOTION

Promotions influence my products choice
Promotion influence my PLB purchase
Promotion influence my NB purchase
APPENDIX 3 : BLIND TEST EVALUATION

Test 1 : Orange juice

Mark the products in terms of taste quality

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<th>5</th>
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</thead>
<tbody>
<tr>
<td>JUICE N°1</td>
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<tr>
<td>JUICE N°2</td>
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</table>

Test 1 : Fruits Yogourt

Mark the products in terms of taste quality

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<tbody>
<tr>
<td>YOGOURT N°1</td>
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<tr>
<td>YOGOURT N°2</td>
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Test 1 : Chocolat cake

Mark the products in terms of taste quality

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<tbody>
<tr>
<td>CAKE N°1</td>
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<tr>
<td>CAKE N°2</td>
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</table>
APPENDIX 4: NON BLIND TEST EVALUATION

Test 2: Orange Juice

Mark the product

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<tbody>
<tr>
<td>Tropicana juice</td>
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<tr>
<td>Cora juice</td>
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Marks the following products attributes:

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<th>CORA</th>
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<tr>
<td>Taste</td>
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<td>Packaging</td>
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<td>4</td>
<td>5</td>
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<td>Value for money</td>
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<td>brand image / equity</td>
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<td>Product confidence</td>
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<td>Product confidence</td>
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</table>

Test 2: Creamy yoghurt

Mark the following products

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<td>Danone</td>
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<tr>
<td>Creamy yoghurt Cora</td>
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Test 2 : Cake marbré

Mark the following products

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<tbody>
<tr>
<td>Cake marbré Savane</td>
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<tr>
<td>Cake marbré Cora</td>
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Marks the following products attributes:

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</tbody>
</table>
APPENDIX 5 : PRODUCTS USED FOR THE GUSTATIVE TEST AND THEIR PRICE

<table>
<thead>
<tr>
<th>Item</th>
<th>Price</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2,06 Euros</td>
</tr>
<tr>
<td></td>
<td>6,87 Euros / KG</td>
</tr>
<tr>
<td></td>
<td>300 GR</td>
</tr>
<tr>
<td>CHOCOLATE FLAVOUR</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,95 Euros</td>
</tr>
<tr>
<td></td>
<td>1,5 L</td>
</tr>
<tr>
<td>100% PUR JUICE</td>
<td></td>
</tr>
<tr>
<td>NO PULP</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,69 Euros</td>
</tr>
<tr>
<td></td>
<td>12 x 125 gr</td>
</tr>
<tr>
<td>Creamy fruits</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,3% fat</td>
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</table>
APPENDIX 6: SURVEY RESULTS

GENDER

![Gender Pie Chart]

AGES

![Ages Pie Chart]
What is the first word that comes to mind when we talk about private label brands?

➔ Price / low price / good value for money / good deal

What is the first word that comes to mind when we talk about national brands?

➔ Expensive / Quality / notoriety / confidence / security / good image/
What type of food private labels do you buy?

<table>
<thead>
<tr>
<th></th>
<th>Frozen food</th>
<th>Meat, fish, cooked meat</th>
<th>Alcool</th>
<th>beverage without alcool</th>
<th>Dairy products</th>
<th>Basic products</th>
<th>Biscuits, cake, candy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>28</td>
<td>39</td>
<td>76</td>
<td>21</td>
<td>14</td>
<td>13</td>
<td>23</td>
</tr>
<tr>
<td>Sometimes</td>
<td>48</td>
<td>37</td>
<td>17</td>
<td>33</td>
<td>18</td>
<td>22</td>
<td>28</td>
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<tr>
<td>Regularly</td>
<td>20</td>
<td>20</td>
<td>7</td>
<td>35</td>
<td>49</td>
<td>44</td>
<td>37</td>
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<tr>
<td>Always</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>11</td>
<td>19</td>
<td>21</td>
<td>12</td>
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</tbody>
</table>
Do you always go shopping in the same retailer store?

- YES: 42%
- NO: 58%

buy on average...PLB:

- 1-2 products: 12%
- 3-5 products: 31%
- 57%
- More than 5
What indicators motivated your purchases in general?

- Taste
- Packaging
- Innovation
- Value for money
- Promotions
- Brand image
- Advertising
- Brand confidence
- Habits

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Taste</th>
<th>Packaging</th>
<th>Innovation</th>
<th>Value for money</th>
<th>Promotions</th>
<th>Brand image</th>
<th>Advertising</th>
<th>Brand confidence</th>
<th>Habits</th>
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</thead>
<tbody>
<tr>
<td>unimportant</td>
<td>1</td>
<td>55</td>
<td>30</td>
<td>5</td>
<td>11</td>
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<td>27</td>
<td>52</td>
<td>65</td>
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<tr>
<td>very Important</td>
<td>76</td>
<td>3</td>
<td>8</td>
<td>60</td>
<td>27</td>
<td>17</td>
<td>2</td>
<td>41</td>
<td>19</td>
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</tbody>
</table>
Why do you buy NB and PLB

Multiple answer possible

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<tr>
<th></th>
<th>NB</th>
<th>PLB</th>
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<tbody>
<tr>
<td>Good value for money</td>
<td>24</td>
<td>93</td>
</tr>
<tr>
<td>Quality</td>
<td>73</td>
<td>43</td>
</tr>
<tr>
<td>Promotions</td>
<td>43</td>
<td>40</td>
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<tr>
<td>Brand confidence</td>
<td>66</td>
<td>40</td>
</tr>
<tr>
<td>Novelty / innovation</td>
<td>48</td>
<td>5</td>
</tr>
<tr>
<td>Taste</td>
<td>69</td>
<td>34</td>
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Private labels are a good alternative to others products

<table>
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<th>Série 1</th>
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</thead>
<tbody>
<tr>
<td>Strongly agree</td>
</tr>
<tr>
<td>Agree</td>
</tr>
<tr>
<td>Neutral</td>
</tr>
<tr>
<td>Disagree</td>
</tr>
<tr>
<td>Strongly disagree</td>
</tr>
</tbody>
</table>
What is your opinion about PLB and NB
1 = strongly disagree // 5 = strongly agree

- Brand image
- Guarantee
- Innovative
- Economic
- Good taste
- Safety
- Confidence
- Attractive packaging
- Value for money
- High quality
- Wide variety of products

= PLB
Do you think that quality between private labels and national brands is equivalent?

- 41% YES
- 59% NO

What word seems most appropriate?

- PLB
- NB
**APPENDIX 7: SCHEDULE**

<table>
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<th></th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
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<td>literature review</td>
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<tr>
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