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THE FUTURE OF THE PRIVATE LABEL IN LATVIAN GROCERY RETAIL MARKET- CONSUMER PERSPECTIVE

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Abstract

This consumer study tries to identify the consumption drivers and future perspectives of private label products in Latvia market. Quantitative research was done in Riga and other cities and towns in Latvia, briefly covering also villages and rural areas. Study is limited to private label grocery product categories in food retail chains in Latvia with no focus on particular retail chain, brands or product categories.

The purpose of the study was to determine factors that drive consumption of food and non-food products, economical, psychological and cognitive implications on purchasing behaviour and also to measure the attitudes and previous experience with private label products. By combining these aspects the main research question was to identify if private label currently is strong enough concept to continue its growth when the economy recovers.

The results show that the overall recognition of private label products is high, though private label currently is perceived as low price alternative to industry brands and its consumption is mostly driven by economic assumptions and directly related to the disposable income.

Quality proved to be the most important factor for choosing products and most significant driver of purchase in both- food and non-food categories. Quality perception of private label products however, is being associated with brand awareness and price-quality preposition, which results in lower trust to these products.

Study shows the polarization of the consumers of Latvia with typical values and behaviours for high income and low income consumers. Part of consumers, mostly lower income group, who have discovered the benefits of private label products are likely to remain loyal to this concept. The challenge is to attract more consumers to buy private label products by using price discrimination and other strategies to cover the needs of different consumer types.

Currently, the concept of private label is not strong enough in the consumer minds to be sustainable in the long term since it is mostly based on financial gains. It is likely that consumers will switch back to industry brands when the economic situation changes. Improved quality of the products and marketing efforts in creating awareness of private label would help to create a sustainable development and growth of this product category in the long term.

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1 Introduction

1.1. Private Label Definition and Development

Private label or own brand 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. In some cases, a retailer may belong to a wholesale group that owns the brands that are available to only the members of the group. Private label nowadays cover full lines of fresh, canned, frozen, and dry foods; snacks, ethnic specialties, pet foods, health and beauty, cosmetics, household and laundry products, DIY, lawn and garden, paints, hardware and auto aftercare (PLMA, 2010).

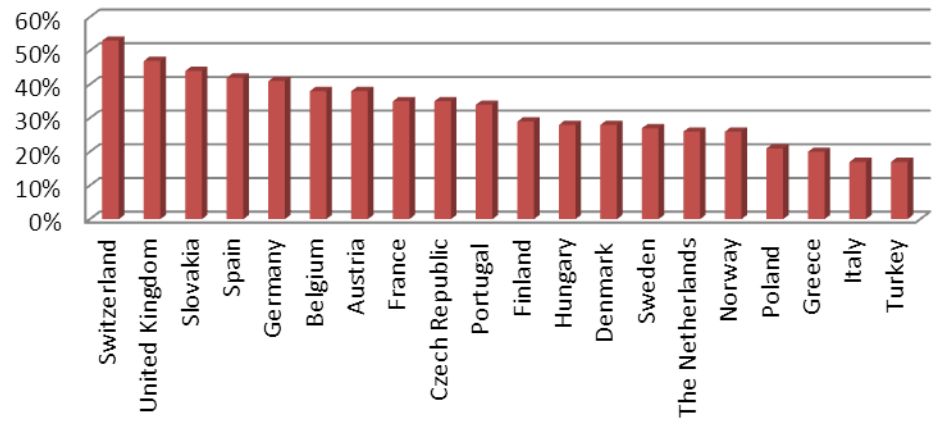
Development of the private labels is often called a phenomenon of the retail industry. The history of the private labels started back in 1930's when some chain retailers started to use it in their stores and experiencing rapid growth starting from 1970's. Over the time, private labels have shifted in their strategic positioning. The era of own labels being positioned primarily as a cheap alternative to manufacturer's brands lasted up until the mid-1970s. As retailers became more professional in managing their stores, they began to realize the value of private labels in reinforcing their positioning. Many retailers shifted away from competing against each other just on price and instead began to emphasize quality and service. With a change in retailer positioning came a change in own label emphasis (Chernatony, McDonald, 1998). Nowadays, private label focus mostly on high quality, good pricing and assortment, often offering even premium products.

By the end of 2009 private label industry was approaching 1 trillion USD sales annually, with North America and Europe being the biggest and most developed private label markets. European Union spending on private label reached over 356 billion USD in 2009[1].

Private label is becoming even more popular for Europe's shoppers. Over the 2005-2009 Europe showed the highest level of private label introductions as a percentage of all product introductions. Retailers are responding with bigger own brand programs featuring innovative new products and greater value. For the first time, private label accounts for at least 40% of all products sold in a total of five countries (PLMA, 2010).

[1] Global Private Label Trends, Market Analysis Report, 2010

Figure 1: Private Label Share by Country (volume) 2010



Source: PLMA, 2010

The biggest private label markets are still the western national markets such as Switzerland, Germany, Spain, United Kingdom, but the most significant growth of private labels is still taking place in emerging markets. This growth is creating a solid foundation for more growth as retailing matures in these countries.

Retailers increasingly rely on private label for margin expansion and product differentiation. At the same time, social stigma remains a barrier to private label growth in developing markets. Consumers here are more attracted to the brand- name products, if they are affordable[2].

Previous work by marketing scholars in the field of private label research can be organized around two themes. One strand focuses on the specific nature on consumer demand for these products, analysing factors like quality consciousness and price sensitivity. The other strand has focused on modelling inter-firm interactions within a channel and market strategies (Chen et al., 2006).

Earlier studies and industry analysts pose different and sometimes contradictory assumptions about the development of private labels. One says, the consumption of private label is directly related to the disposable income of the households- people tend to choose private label product due to their lower income. The recent economic recession proved this theory and showed significant private label sales growth in grocery markets, since consumer's disposable income was shrinking and people were looking for the low price alternatives.

[2] A Private Lesson on Private Label, 2005

Another assumption that drives private label growth is that consumption of the private label products is directly related to the presence of the concept itself in the market- the longer the market and consumers are familiar with the private label, the more people recognize quality and price combination and see it as “smart shopping” advantage. Canada and United Kingdom shows the largest private label sales in the world, because consumer surveys proved, people here put relatively low importance on brand image, have acknowledged the good quality and price combination of private labels and prefer that.

Despite the fact that in many industries private labels represent formidable competition to manufacturer brands, most researches still focus predominantly on manufacturer brands (Kumar, Steenkamp, 2007). Private label research has received relatively little attention by marketing scholars. In Latvia market where the concept has no long history, there are almost no studies on the topic, especially with the consumer focus.

The success of private label in the market is directly related to the consumer attitude towards the products and intentions to buy. If consumers find the value of the private labels in financial consequences only, it is more likely, they will switch back to branded products as soon as they financial situation improves.

1.2. Private Label in Latvia

Whereas the world is well familiar with the concept and private label has experienced enormous growth during the last two decades, it is relatively new concept for retailers and consumers in Latvia. The private label market in Latvia is still underdeveloped in comparison to other countries, possibly, due to two main reasons- relatively short history of modern trade and its strategies in the market, and secondly- due to differences in consumer attitudes towards it.

The first private label products were introduced in the market in 2001. The private label has experienced a transformation from low quality and cheap price generic products to high quality, also premium store brands. As the experience from the developed markets show, it takes time to change consumer’s perception on private labels. Latvia market has had only 10 years history and rapid way through private label product introduction, change to high quality brand and at the same time- only ten years to shape consumers attitude.

After the economic crisis peaked in Latvia in 2009, in 2010 the Latvian economy showed the first signs of stabilisation, but this still did not prevent retailing from recording a considerable decline. As a result of the vague economic situation and unstable legislative environment, total retail value sales in 2009 and 2010 in Latvia dropped by -24% and -10% respectively. In 2010, the market showed a less significant drop, but consumers still reviewed their spending patterns, with some of them also changing retail channels, choosing the ones which could offer lower price levels or better discounts such as discounters, supermarkets and convenience stores. This scenario caused retailers to apply different advertising and marketing techniques in order to attract more clients and to maintain their share (Euromonitor, 2011).

In order to maintain their sales and meet consumer needs in 2009 and 2010 market leaders expanded their offering of private label products. The main jump in this field was by Rimi Latvia SIA which introduced a significant number of new private label products, especially in food and non-alcoholic drinks. In 2010, Rimi offers more than 30 different private label lines (Euromonitor, 2011). In modern trade of Latvia the total value of private label in food and non-food categories has increased from 3,8% in 2008 to 7,4% in Q3, 2010 (ACNielsen, 2011).

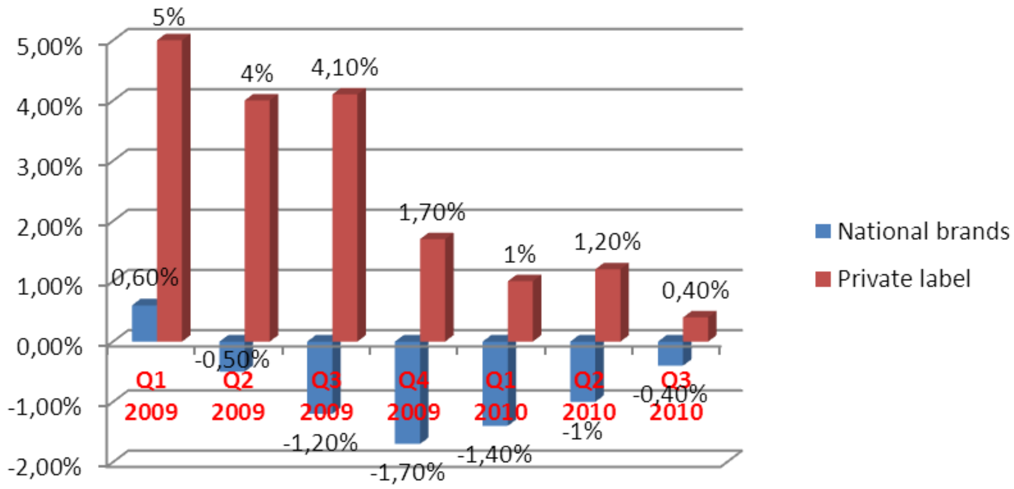
Consumer survey done in Latvia in 2010 by ACNielsen shows that although 49% of the consumers said that they have started to buy more private label brands, this number has reduced compared with 55% in the Q1, 2010. Majority of the consumers (57%) said that they buy private label brands in only less than 5 grocery categories, compared with only 4% who buy private labels from 11-20 categories. 14% of the consumers responded that they never buy private labels, compared with only 7% of total EU. In average, consumers in Latvia show lower level of trust towards private labels compared with total EU in almost all categories- private label being close alternative to name brands, quality of the products compared with name brands, packaging. 43% of total EU respondents think that private label brands have good price- value relationship, while just 24% of Latvian respondents agree. 27% of Latvians also agree that private labels are meant for those on tight budgets who cannot afford the best brand.

In 2011 retail sales are expected to stabilise and then post moderate annual growth by 2015, as the purchasing power of consumers will take some time to recover after the 2009 hit. In the longer term, consumers are expected to restore their pre-crisis purchasing patterns. However, the economic crisis led to even more distinct polarisation of the Latvian population - middle-income layer suffered the most and started to seek ways to economise, while the richest consumers preserved their purchasing habits and did not cut their spending on luxury goods (Euromonitor, 2011).

During 2009 and 2010 when total retail sales were decreasing, comparison of the development between private labels and branded products shows that private label brands in terms of sales value were still growing while value of branded products decreased. However, another trend shows that if by the end of 2009 there was the biggest decrease in branded products sales value (-1.7%), it reduced quarter by quarter by being only -0,4% in Q3, 2010. This might be a sign of economic recovery and consumers slowly switching back to their pre-crisis consumption habits.

At the same time, the growth of private label products in Latvia shows slowdown. In the beginning of 2009 the growth of sales value was 5.1% but in the third quarter of 2010- only 0.4% versus previous year (ACNielsen, 2011).

Figure 2: Modern Trade Latvia- Private Label and National Brands sales value share (CHG % LY)



Source: ACNielsen, 2011

1.3. Research Purpose

Economic situation in the market has proven to have an impact on private label growth. While many factors can have an impact on purchasing decisions, often the success or failure of private label comes down to consumer's perception of quality, brand loyalty and price-value preposition.

While some analysts and market researchers predict that private label sales growth after the economic recovery will continue to grow based on the fact that consumers have had positive experience with the private label products (Rouan, 2010), others suggest that private label growth will slow down as brand consumption comes back with economic growth (Scott-Thomas, 2010).

The purpose of this study therefore was to determine consumption drivers and future perspectives of private label products in Latvia market, based on consumer value conception, psychological, economical and cognitive implications on purchasing decisions. This is especially important for the retailers in the times when economy is starting to recover from the recession to be able to build their future strategies and continue private label sales share growth. The main question to be answered – is private label in Latvia strong enough concept in terms of consumer value to continue its growth when economic environment changes.

This study is limited to private label grocery product categories in food retail chains in Latvia with no focus on particular retail chain, brands or product categories. Such, the results from the survey show the general purchasing behaviour and attitudes towards private labels and is easier attributable to the whole population and private label products in general.

1.4. Overview of the Research

This research was done by using qualitative data analysis in order to identify consumer behaviour toward private label. The data were analysed to see the attributes that drive groceries purchasing decisions, attitudes towards private labels and some attitude change during last three years.

There are many multi-attribute models used by consumer researchers for many years. The Extended Fishbein's model or theory of reasoned action was used as basis for this study- to measure not only the attitude towards the product itself, but to measure attitude towards the process of buying, social pressure and intentions.

The study shows the main attributes that create consumer behaviour and impact the purchase decisions what regards to consumption of private label products. Therefore, it will be useful for retailers who are private label owners to see the future perspectives of the private label development. It helps to identify the product attributes that retailers should be focusing on to make successful private label products and increase sales, show product categories, where private label would be the most successful and give insights on how to build private label strategies in this particular market with changing economic circumstances.

The results of this study are later on compared with similar study done by the author in 2007, which also focused on consumer purchasing behaviour and attitudes towards private label buying in Latvia market. These three years have been particularly interesting period of time in the field of private labels development because of the two main reasons:

1) The penetration of the private label products in grocery categories has increased by nearly 15%;

2) The first research was done in the time of the economic prosperity, whereas now Latvia's economy is experiencing economic downturn, and, although the economic indicators show the end of the recession, consumers have changed their consumption habits and are still on budget constraints.

Since these two factors directly impact the consumption of private label products, it is interesting to compare the changes in the consumer behaviour during this period of time and different market circumstances.

Although, the two researches are not identical studies and there is no directly comparable trend analysis, some data and trends will be compared.

1.5. Project Outline

The project consists of 5 chapters. First part of the project describes the development trends of the private label globally and in Europe. Further, it gives an insight in private label market in Latvia. Theoretical model describes theory of reasoned action as background for questionnaire construction and data collection, as well as theory of attitude and value perception, mainly focusing on brand loyalty, price sensitivity and quality importance as main drivers for consumer purchase decisions with respect to private labels.

The last part of this project consists of detailed analysis of the Latvian consumers based on collected data. It discovers attributes that drive consumers purchasing decisions, attitudes and experiences towards private label products in Latvian grocery market. Analysis is followed by conclusions and suggestions for industry practitioners Latvia on expansion of private label products and their strategies, based on consumer perception and behaviour.

2 Literature Review

2.1. Previous Research on Private Label

Most of the academic literature on private labels is rather new literature and primarily empirical studies trying to explain the variation in private labels penetration across product categories (e.g., Sethuraman, 1992; Hoch & Banerji, 1993). Others are focusing on measuring market power changes between retailers and manufactures of national brands (Chintagunta et al., 2000; Massinger & Narasimhan, 1995) or studying the effects in the market triggered by private label penetration - price level, product quality and brand loyalty (Ward et al., 2002;

Gabrielsen et al. (2001), impacts on competitive situation in the market (Call, 1967). Some researches study private label strategies in terms of product categories and pricing (Gabrielsen & Sorgard, 2006; Kumar & Steenkamp, 2007; Chan Choi & Coughlan, 2004)

Despite the substantial increase in private label activity and markets, there have been only few academic studies that address consumer's attitudes toward private label products and purchasing intentions. Burton et al. (1998) suggests the scale of measuring consumer's attitudes towards private label products, by measuring the importance of price perceptions, brand loyalty, risk averseness and advertising. It confirms the hypothesis that attitude towards private labels is positively related to value consciousness, deal proneness, and smart- shopper self- perceptions, and negatively related to the propensity to be brand loyal and hold price-quality perceptions (Burton et al., 1998).

Kuhar and Tič (2007) have studied consumer's perception of private label food products in Slovenia, examining the effect of brand information on hedonic judgement. The study was done in focus groups and interviews. Results showed that consumers in Slovenia perceive private labels as a lower price alternative of comparable quality to industry brands. Disposable income and family size proved to have significant effect on propensity to buy private label food.

The research done in Latvia market in 2007 affirmed the hypothesis that private label consumption in groceries in developing country depends on the disposable income, creating the adversely proportional connection. The assumption was based on the fact that disposable income in the way forms consumer value perception, priorities and choice which further impacts consumer behaviours in the market. The study showed a strong correlation between disposable income and purchasing of private label products- 46% of the respondents used to buy private label just because of the lower price. Although, more than half (53%) of the respondents used to buy groceries several times a week, buying frequency of private label products showed that majority of the respondents (47,5%) bought private label products only within last 4 weeks. Biggest part of the respondents (63%) posed either strong loyalty to particular brands or preference of variety of brands they are familiar with. 66% of the respondents associated product price with its quality. Quality was mentioned as the most important attribute for the product, followed by price.

2.2 Consumer Behaviour Theory

Consumer behaviour is a complex, multidimensional process. It is impacted by many factors, including consumer personal characteristics, product features, consumption situation and obstacles around it. To understand consumers, it is necessary to understand their needs and wishes, brand perception, attitudes towards them and buying intentions. Concepts as needs, perception, attitudes and intention impact what and why consumer will buy.

Individual socio- demographic and economic characteristics are commonly included when consumers are making a purchasing decision and they have to form quality expectations based on quality cues. Consumers form their quality expectation on extrinsic cues, such as price, brand name, brand familiarity, advertisements, etc.(Kuhar, 2007).

When market becomes more and more saturated with different goods, modelling of the consumer behaviour becomes very important part of the market analysis and investigation of this behaviour- an important tool in competing for customers. Consumers differ from each other in age, disposable income, education, mobility, taste and many other factors. All these factors impact the way how consumer reacts to many different purchase triggers provided by the market and changing their choice towards one or other product available in the market (Bruvere, 2002).

While some theories say that attitudinal research is important because it helps to predict behaviour with some accuracy (Zikmund, 2010), others argue that it has been proven, that in many cases knowledge of a person's attitude only is not a very good predictor of the behaviour. Many studies have obtained a very low correlation between a person's reported attitude towards something and his or her actual behaviours towards it (Solomon, Bamossy, Askegaard 2002).

The original Fishbein model, which focused on measuring a consumer attitude towards a product, has been extended in a number of ways to improve its predictive ability. The revised version is called *the theory of reasoned action*, where the model measures attitude towards the act of buying, rather than only the attitude towards the product itself (Solomon, Bamossy, Askegaard 2002). Extended Fishbein model considers attitude towards buying, social pressure and intentions versus behaviour.

Based on these assumptions was developed the questionnaire- first, trying to identify consumers attitude towards buying and factors that drive buying decisions, social aspects, such as value concepts based on price and brand attitudes, and intentions and behaviours towards private label production.

The theory of reasoned action is used as a framework for this study, combining the attitude measure towards the buying itself, focusing on attributes that drive grocery purchase decisions, evaluation of consumer attitudes towards private label available products in Latvia market and involving socio-economic background for finding relations between demographics and purchasing decisions.

Value is the sum of consequences consumer receives from the product or service. Consequences are psychological, physiological, financial, functional, and temporal. Value drives the consumption. Consumers remain focused on getting the most out of products in terms of price, communication and benefits (Rouan, 2010). Knowing the value consumers find in the private label products, there is a possibility to increase perceived value and trigger private label sales growth.

If private label consumers have switched to this product category because of financial assumptions and have not realized any other added value from private label products compared to industry brands, they are most likely to switch back to industry products after their financial situation improves. The challenge of the private label therefore is to figure out what creates the value for the consumer and try to maximize this value in order to maintain the private label sales after the economy improves.

3 Methodology

3.1. Data Collection Procedures

With previously defined problem and research questions, the qualitative research using questionnaire appeared to be the most suitable method of collecting the data.

The population of Latvia is the target and entire population of this research. In order to get the most representative part of a population, probability sampling by simple random sampling was used for the purpose of determining the characteristics and trends of the whole population. In such way any member of the population has a chance to be in a sample. The survey was done in the way it covers not only Riga but all biggest cities, towns and possibly also villages in Latvia, represented by a modern trade.

The initially planned sample was 150 respondents as representative selection of the population. During the study 131 questionnaires were gathered for the purpose of statistical analysis.

Before the final data collection started, pre- testing and pilot study was done with 15 respondents to test the questionnaire and find the need for adjustments.

The questionnaire was translated in two languages- English mostly for academic purposes and Latvian for data collection. Adjustments for best possible translation in each of the languages were done in order to get the most precise answers. There are some language issues that impact the way the questionnaire is constructed and questions asked.

Data collection was done between February 10– March 10, 2011. For the distribution of the questionnaire different means were used in order to get the best possible representative sample and to avoid excluding some potential consumer groups due to their accessibility:

1) Questionnaire was published on the website for research purposes (www.visidati.lv);
2) Distributed via direct e-mails;
3) Distributed in printed form to reach consumers who are not Internet users.

3.2. Questionnaire Design

The questionnaire was developed in the way it separates food and non-food items. It is rather important to see those categories separately, because based on other studies there is an evidence that purchasing habits, importance of different product attributes and attitudes towards act of buying differs in those two categories. The questionnaire was built on mixed type of scales in order to measure the attitudes and behaviours in the most precise way and avoid biases. Scales used in the questionnaire represent: ordinal and interval scales, Likert-type scales to measure attitudes or importance of different attributes, behavioural frequency reports. Net promoter score (NPS) was also used in the questionnaire and is aimed at forecasting the future based on the strength of someone's current attitude. If the customers are willing to promote the product to others, their attitude is both positive and strong. It represents intent to spread positive word of mouth (Zikmund, 2010).

Close- ended questions with pre-defined forms of answers were used in the questionnaire to get the data easy to answer and analyse. Close- ended questions can be more specific and more likely to communicate similar meanings.

The questionnaire consists of three sets of questions. The first part helps to find out the in- store behaviour and measuring purchase planning versus impulse buying, such helping to distinguish the potential consumer of private label products or potential consumers to be switched to private label consumption due to their habits. It gives an insight into the attitudes towards the act of buying. Next set of questions contain the information about attributes that drive consumption and play role in the purchase decision making and attributes that customers find important when buying groceries, with particular emphasis on price and brand name as assumed value perception creators of private label products. It is followed by block of questions about private label products in Latvia market, first trying to identify if consumers do recognize the private label products within the assortment of retail chains, and then to figure out consumer's experience with these products by asking to evaluate specific attributes. The last set of questions is demographic block.

The main assumptions for construction of the questionnaire in such way lies in the fact that it is rather important to construct a consumer profile and understand what are the forces that drive private label consumption and what can be changed in retailer strategy to boost the consumption, than to measure the attitude itself. The main reason for that is wide range of different private label products offered in market of Latvia in terms of price, packaging, quality, brand names etc. When answering the questions in the questionnaire, respondents would have associations with some particular product or retailer and since products differ quite substantially, the results might become difficult to apply to the market in general. The most precise way to measure only the attitude would be through focus groups or interviews. Attitudinal measurement was not used due to reasons described in the previous sections- the positive attitude itself towards the product does not necessarily mean the same probability of buying it.

4 Results

4.1. Description of the Selected Sample

Total amount of respondents participated in the research is 131. The selected sample represents inhabitants of cities (50.4%), small towns (32.8%), with smaller representation of villages and rural areas, 13.7% and 3.1% respectively.

78.6% of the respondents are women, 21.4% men. The biggest representation in terms of the age of the respondents is in the group from 25-49, forming 71% of all respondents. Younger respondents in the age group from 16-24 are 20.6%, and 8.4% are older than 50 years.

Majority of the respondents (68.7%) are having higher education, 26.7% have secondary education and only 4.6% of the respondents have primary education.

In terms of household size the selection is equally represented by 2-3 people house households (29% each), 19.8% of 4-people households, 13.7% of 5 and more people households and 8.4% of those who live alone.

The biggest represented group of disposable income is between 201- 300 LVL per household member (22.9%), second biggest group represent lower income level- 101-200LVL (20.6%). Equally represented groups are from 301-500 LVL (16% each) and 10.7% represent the highest income group- above 600LVL per household member.

Among socio- demographic data of the selected sample the most statistically significant correlations were observed between the level of average income, education and age showing positive correlation. Income level is strongly negatively correlated with household size and place of living, showing that people living in cities and towns have relatively higher level of disposable income per household member than those living in villages and rural areas. Since family income is proportionally distributed among household members, the obvious correlation show that the biggest the household, the less average disposable income per person.

Interesting socio- demographic correlation appeared between place of living and the household size, showing that people living in cities and small towns have relatively smaller families and are more likely to live alone than those, residing in rural areas and villages.

The level of education is also positively correlated with age- the older the respondents, the more they are likely to have higher education. Female are more often having higher education than men, which is shown by correlation between gender and education. The level of education also is related to the size of the household showing negative correlation- the biggest the household, the less likely they are having higher education. The table of correlations are displayed in table below.

Figure 3: Correlation analysis of socio- demographic data

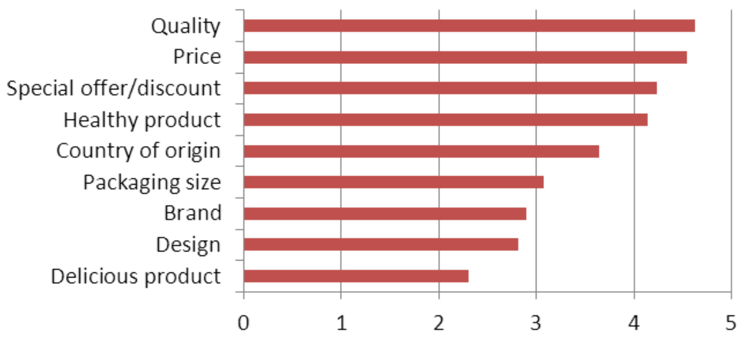
Spearman's rho		place	household size	Education	gender	Age
Income	Correlation Coefficient	-.237**	-.311**	.406**	-.036	.245**
	Sig. (2-tailed)	.006	.000	0	.687	.005
Place	Correlation Coefficient		.292**	-.141	-.061	.137
	Sig. (2-tailed)		.001	.108	.491	.118
Education	Correlation Coefficient	-.141	-.190*		.220*	.292**
	Sig. (2-tailed)	.108	.030		.011	.001

4.2. Factors that Drive Consumption

From factors that drive consumption and are the most important when buying food products, quality is the most important and highly valuated attribute. 65.6% of all respondents say that quality of the product is very important, for 33.6% it is somewhat important. The second most important factor when choosing food products is price, which for 60.3% respondents is very important, for 35.9% somewhat important. Only 2.3% of the respondents say that price does not matter.

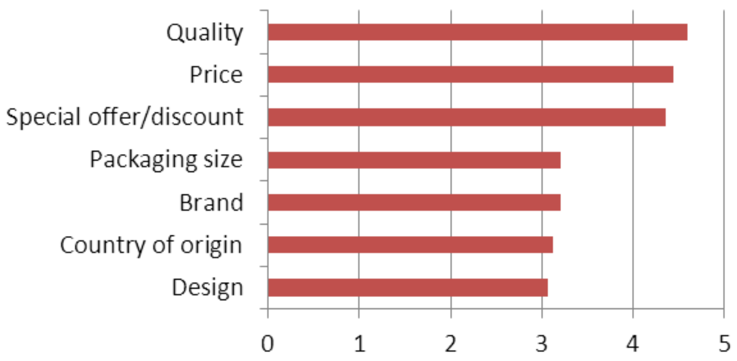
The least important factors for food products are delicious product, packaging design and brand name. Table below shows the average calculated evaluation of different attributes (statistical mean).

Figure 4: Calculated average importance of different attributes when buying food



The situation is quite similar when choosing non- food products. The top rated values here are the same- quality, followed by price and special offers or discounts. In comparison with factors important for food choice, for non- food products more importance is given to packaging design, brand name and packaging size.

Figure 5: Calculated average importance of different attributes when buying no-food products



4.3. Purchasing Behaviour and Attitudes Towards the Buying

Apart from product features which are important when choosing products in food and non-food categories, respondents were also asked to answer questions about their purchasing behaviour to see if they have changed their purchasing habits and what are the most typical in-store behaviours and such identify those potential consumers who could be switching to private label products based on their in-store behaviour.

From the selected sample, the most popular store concept for doing daily purchases of food and non- food groceries are supermarkets, which were mentioned by 56.5% or 74 of all respondents. It is followed by hypermarkets where 32.1% of respondents shop the most often, and convenience stores mentioned by 30.5% of the respondents. The least popular places for daily shopping are small food stores and open market, both representing only 7.6% and 8.4% respectively.

What regards to purchase planning when doing daily shopping for food and non- food products, biggest part of the respondents are planning their purchases but still being opened to some impulse and buying extra products. 42.7% of the respondents say they always buy something extra apart from what is planned, 37.4% say that only sometimes they buy unplanned things. Relatively high percentage- 16% do not plan their purchases at all, and only 3.8% are very strictly planning their daily shopping and stick only to shopping list prepared in advance.

Consumers are quite opened to impulse buying. Almost half or 49.6% of all respondents buy on impulse sometimes, whereas 26% are those who buy impulse things often or very often. 22.9% are rarely doing impulse buying but only 1.5% says they never buy on impulse.

To evaluate price cautiousness, respondents where first asked how well are they informed about the prices and if they are noticing price changes. 44.3% of the respondents are mostly aware of the prices for the products they consume regularly and notice all price changes, out of which 6.9% are very price sensitive consumers, who know all the prices and notice all changes. Majority of the respondents do not know all prices but still notice price changes. Quite high amount- 15.3% of total sample do not pay any attention to prices- they do not know prices and do not notice price changes. If compared with attitude and behavioural change towards prices over the last three years, only 3.1% admit that nothing has changed in their behaviour and they still do not pay attention to prices. The biggest majority (74%) of all respondents have started to pay more attention to prices and are looking for the ways to save.

Brand loyalty and attitudes towards brand buying is another important feature to be measured to identify how strong this loyalty is and if the consumer might be potential private label shopper at some point in time. Apparently, there are quite different attitudes among respondents what regards brand consumption. 22.1% say they are not brand loyal and buying brands does not matter for them, whereas almost same number of respondents (21.4%) admits strong brand loyalty and the fact that nothing has changed in their loyalty towards brands over the last three years. Half of all respondents acknowledge they have switched brands and are trying to find cheapest alternatives but still prefer branded goods.

Consumers are quite careful towards buying new and innovative products. More than two thirds (74.5%) say they are ready to try out new products only sometimes or very rarely, whereas smallest part are those who gladly try and buy products that are new in the market.

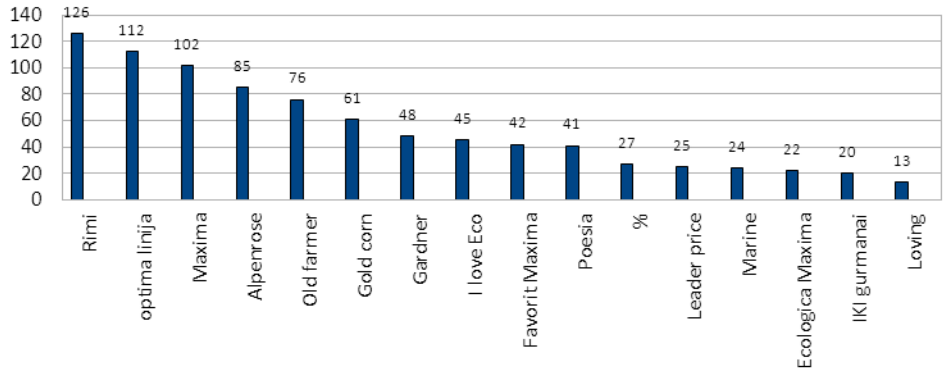
Price– quality preposition often impacts purchasing decisions, therefore respondents were asked if they associate price as the quality measure of the product. Answers here were quite similarly distributed between all options. Slightly higher number of respondents think that mostly higher price means higher quality (32.1%), whereas 29% think it is neither one or the other and 25.2% mostly do not associate price with quality. 13.7% think that higher price do not mean higher quality of the product.

4.4. Recognition and Buying of Private Label Products

In order to find out how well consumers recognise private label products among the whole assortment of food retail chains, respondents were given examples of private label products and asked if they recognize a particular label. They were also asked to name some examples of the products or product categories for those store brands to make sure, respondents really know private label products.

The table below shows the recognition of the private label products from the given examples showing how many times each of the store brands were named as known.

Figure 6: Recognition of Private label products (times mentioned)



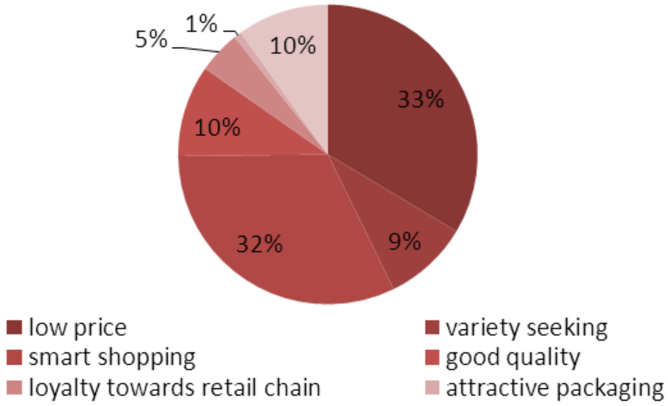
Private label sold under Rimi brand is the most recognized private label in the market, which was mentioned by 96.2% or 126 out of 131 respondents. Each of the given brand names was mentioned several times; there was none of the private label brands that respondents would not know at all.

Frequency analysis of buying of the private label products show that majority of the respondents has bought these products at least sometimes. 33.6% of the respondents used to buy some of private label products sometimes, 46.5% have bought private label products either often or very often. The most often mentioned answer to the question was “often”. 15.3% have bought private label products rarely. Only 6 respondents (or 4.6%) said they have never bought private label products. As reasons for not buying were mentioned: quality is not convincing, no trust to the label which associates with low quality, taste was not good.

In relation to private label purchasing frequency, 56.6% are frequent buyers of private label, whose last purchase was either within one week or even within last three days. For almost half (43.5%) of the respondents the last time when they bought any of private label products was either one or two months ago, slightly dominated by respondents who bought private label products last time within two months. Since consumers were not asked to indicate their shopping frequency, there might be relationship between the number of purchasing times a week and frequency of purchasing of private label products

The most popular reason for buying private label goods is low price, which is the main reason for 33.6% of respondents. Equally, 32.1% recognize smart shopping or ability to obtain acceptable quality for good price as the main reason for buying private labels, almost 10% of respondents cannot name the reason for buying private label products. Good quality, variety seeking and loyalty towards particular store chain are only seldom mentioned answers, representing 23.7% all together.

Figure 7: Reason for choosing private label products

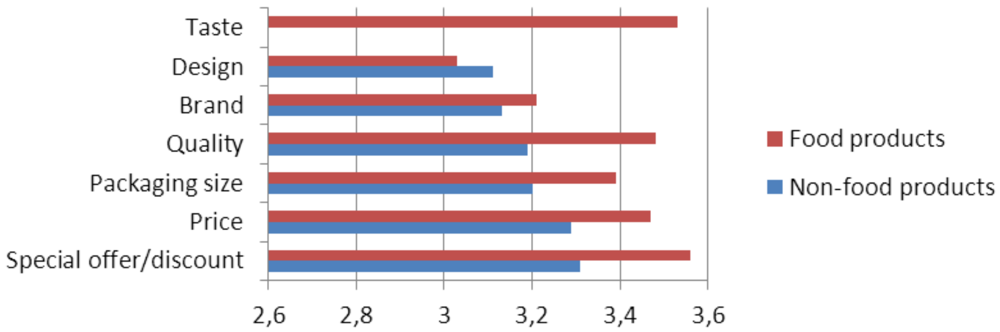


4.5. Experience with Private Label Products

Respondents were also asked to evaluate different qualities of the private label products, based on their previous experience. Evaluation was done separately for food and non- food products.

General experience of private label food products is quite positive for selected sample. Features as price, special offer, taste and packaging size are evaluated above average. The best rated factor for private label food products is special offer which 60.3% of respondents evaluate as good or even excellent. Taste is second best rated value (aggregate good and excellent rating 54.2%), followed by price and packaging size. Private label food quality is being evaluated partly as good and fair. Only some respondents have evaluated all the mentioned qualities as poor or somewhat poor. Statistical mean and mode analysis show that the average best rated value for private label food products is special offer or discount, followed by price, taste and quality of products.

Figure 8: Calculated average evaluation of private label product attributes



For non- food private label goods although the overall evaluation is either fair or better than that, average values are lower than for food products. The highest average score show features like special offer and price, followed by size of the packaging and quality of the product. Of total number of respondents 42% evaluate special offer as good or even excellent and 37.4% evaluate price in the same categories. 60.3% think that quality of the non- food private label products is rather fair, compared to those evaluating it good or excellent (cumulative percentage 29.8%). The lowest average value is related with packaging design of the non- food products and brand name being just slightly above that.

In order to see further implications on buying private label products, net promoter score was used, asking respondents how likely it is that they would purchase some of private label products in their next shopping and how likely it is, they would suggest buying of these products also to other people. Results show that almost half of the respondents (48.9%) are likely to buy private label products, their answer stands to 50/50, but 43.5% would rather buy private label products and 13.7% out of that say, it is very likely, they will buy private label products on their next shopping. Only 10 respondents (or 7.6% cumulative) said it is rather unlikely or very unlikely they would choose private label products.

Statistical mean, however, is slightly lower when respondents refer to suggesting private label products to others. Although, there is strong positive correlation between people who would buy private label again and who would suggest ($r=0.740$, $p<0.01$), 13% of total sample would rather not suggest these products to others, which is more than consumers which just are not likely to buy private label products themselves. 42.7% might be suggesting private label products, and 44.3% express readiness to definitely suggest products to others as well. It is rather interesting that also maximum value is higher what regards to suggesting products to others- 15.3% of respondents answered “very likely” to suggesting private label products to their friends and family compared to slightly lower 13.7% who are very likely to buy private label products themselves.

5 Discussion of Results

5.1. Implications for Research

The purpose of this study was to determine consumption drivers and future perspectives of the private label products in the Latvian market of modern trade, based on consumer value conception, psychological, economical and cognitive implications on purchasing decisions and such try to identify what creates the value in the eyes of the consumer and if private label in Latvia is strong enough concept in terms of consumer value to continue its growth when economic environment changes.

Data analysis show that quality is the most important attribute for choosing both, food and non- food products. Price is also important but has only secondary importance after quality. This result complies with the recent ACNielsen consumer study which also showed quality and price as the most important attributes for choosing stores and choosing products to buy.

To determine whether there are strong economic assumptions that drive private label consumption, the average level of income was first compared to previous buying of private label products, reason for buying and buying frequency. Although there is quite good recognition of private label products and no statistically significant relation between level of disposable income and recognition or private label brands, situation is different when it comes to buying of these products. Analysis showed that there is statistically significant negative correlation between level of income and previous buying of private label products ($r=-0.177$, $p<0.05$). The highest the average disposable income per household member, the less they have bought private label products before. This result complies with similar studies in other countries where private label concept is still under development, for instance, study in Slovenia by Kuhar and Tič Slovenia, mentioned here earlier, which showed that disposable income and family size proved to have significant effect on propensity to buy private label products.

The attitude toward private label buying among high income group is also closely related with other psychological and cognitive implications of buying behaviour. As this study showed, consumers with higher average income level are having strong price- quality perception and believe that higher price indicates higher quality of the product; they are more brand loyal and has not changed their purchasing behaviour in relation to brand buying. Higher income consumers are not price conscious and overall economic recession has not made them to change their shopping habits.

The lower the income level, the more consumers seek for value for money when buying food and non-food products.

There is no direct relation between the average level of disposable income per household member and reason for buying private label products. Low price has been the main reason for buying private label products for both low income and high income groups. Reason for buying private labels will be related to the attributes that impact grocery buying as such later on.

Net promoter score analysis, however, show no relation between level of disposable income and intentions to buy private label or willingness to suggest private label products to others. That is another indication that quality of the products is the most important attribute that triggers buying of private label products. Consumers who indicated good quality of the private label products as reason for buying them show strong intention to buy them again ($r= 0.229$, $p<0.01$) and to suggest products to other people ($r= 0.245$, $p<0.01$). There is no other relation among given reasons between readiness to buy again and suggest and previous reason for buying private label products.

From all socio- demographic measures- place of residence is not related to private label buying frequency or readiness to buy again or suggest. Household size is not directly related to the buying of private label products, but since there was strong relation between household size and average disposable income, and further on- between disposable income and buying of private label, there is a collateral linkage between household size and possible consumption of private label products. The level of education is related only to average purchase. Female are buying private label more often than men($r=0.192$, $p<0.05$). Interesting that none of the variables related to private label (buying, frequency of buying, intentions to buy) were connected to age, except likeability to suggest private label to other people ($r=0.175$, $p<0.05$), which means, the older the people, the more likely they would suggest private label products to their friends and family.

From respondents who are doing their daily shopping in different store formats, the only relation to private label consumption is between consumers of hard discounters and buying of private label products. Pearsons correlation show statistically significant relation between those two variables ($r=0.215$, $p<0.05$), which indicates the trend- the more people use hard discounter store as the preferred store format for their daily shopping, the more often they are buying private label products. Hard discounter store, however, is strongly related to average disposable income ($r=0.211$, $p<0.05$). The lower the disposable income, the more consumers choose hard discounter stores as their daily shopping places and the more likely they are buying private label products.

15.3% consumers who can be qualified as frequent buyers of private label products is confirmed by strong correlation between previous buying and last time when any of the products was bought ($r=0.536$, $p<0.01$). Frequent buyers also show strong intention to buy private label products again and suggest them to other people ($r= 0.528$, $p<0.01$ and $r=0.481$, $p<0.01$ respectively). People who have recognized the quality of food and non-food private label products are very likely to buy them again (food r=0.412, p<0.01, non-food r=0.302, p<0.01) and suggest to others (food r=0.461, p<0.01; non-food r=0.354, p<0.01).

5.1.1 Time Trends

Comparison of similar data between year 2007 and study made in 2011, shows difference in the data, mostly indicating the higher level of acceptance and recognition of private label in 2011. That conforms with the previous studies in different countries that popularity and consumption of the private label products develops along with the time private label has been in the market. Since the history of private label in the market of Latvia is relatively short, this trend indicates positive growth of private label acceptance in the future and opportunity for retailers to expand this business sector.

In 2007 15% of the respondents said they never bought any private label product. In 2011 this number is only 4.6%. 41% who were buying private label in 2007 have turned to 46.5% of consumers who buy private label often or very often.

Situation has changed in relation to reasons why people are buying private label products. Analysis show, that from those who have ever bought any private label product in 2007, 46.3% did it because of low price, 32.5% because of good quality and only 2.5% showed loyalty towards store chain. In 2011 33.6% buys private label purely because of low price and 32.1% recognize the combination of low price and acceptable quality. Roughly 10% are buying private label because of its good quality. These data, however, gives just a generic overview and are not directly comparable due to rating scales given to respondents. The recent data gives more precise insight into shopping reasons and it was covering more detailed options.

The frequency of buying private label products has also increased in 2011 compared to 2007. The amount of consumers who bought any private label within last three days has increased from 16.9% in 2007 to 25.2% in 2011. For almost half of consumers in 2007 (47.5%) the last time when they bought private label products were within last four weeks, in 2011 the average frequency has increased, and 43.5% have bought private label either within last four weeks (21.4%) or last two months (22.1%).

In 2007 only 5% showed strong brand loyalty in food categories and 34% for non-food products compared to 21.4% in 2011.

Price quality perception has strong impact on consumer’s probability to buy private label products, as mentioned earlier (Burton et.al). This preposition seems to be stronger in 2007 when 18% of the respondents were strictly agreeing that higher price associates with higher quality of the product and 48% were saying it mostly associates, which gives the cumulative of 66%. In 2011 there are 32% of consumers who say highest price mostly associates with higher quality and no one was strong believer in this perception.

Price sensitivity has slightly increased in 2011, when 44.3% of respondents know majority of prices for the products they buy regularly and notice all price changes, whereas in 2007 14% said they are aware of almost all prices. 21% of all consumers in 2007 did not know prices at all compared to smaller number in 2011- 15%.

5.2. Implications for Managers

The entrance of private label in the Latvian market started with generic private label brands and fancy brands. Implementation of the store brands started later on. That might be one of the reasons why consumers in Latvia still perceive private labels as low cost and comparably low quality alternative to manufacturer's brands. As discussed in literature review, consumers form their quality expectations on things like price, brand name, and brand familiarity. This research shows that the most important attribute that drives the consumption of food and daily non- food goods is product quality and also confirms that consumers do not show trust in private label products what regards quality. Consumers are well familiar with private label products and recognize them among the assortment of retail chains. There is also part of consumers, who show loyalty towards the private label, are frequent buyers and show intentions to buy again. That is mainly because those consumers have discovered the quality of the products and not so much are seeking the value in the low price.

There are some crucial actions to be taken by industry practitioners for private label products to be competitive in the market, gain sustainability in the consumption and create value for the consumers.

1) Main focus in the development of the private label should be on product quality. Consumers seek not so much low price alternative as quality product. Therefore, efforts should be concentrated on producing best quality products which are able to create sustainable value for consumer and create trust. Only 4.6% of all respondents are the ones who never bought private label. Still, from all the consumers who have tried private label products, relatively small part has become loyal to these products. There is a great opportunity to make consumers switch to private label consumption, if offering high quality products and fulfil their expectations.

2) The study confirmed that buyers of private label products more likely are people with rather low level of income. The challenge of the store brands therefore is to be attractive enough to be valued by higher income consumers to become a first choice for them. During the recent economic recession in Latvia consumer groups have become even more polarized, as mentioned before (Euromonitor). The middle income group has become smaller, which was also confirmed in this study- comparatively big part of all respondents 15.3% have average disposable income above 500LVL per person of which 10.7% has more than 600LVL per person. Almost 30% in turn represent the lowest income level up to 200LVL per person.

   Price discrimination strategy would be advisable for private label developers to create sustainable growth of this product category in long term. Focusing on more layered offer would help to create value for both- price sensitive consumers by offering price fighting private label brands, and higher income consumers by offering premium high quality store brands. Loblaw's in Canada is a great example of private label success as a premium brand by creating the brand President's Choice *(Le choix du président).* Brand includes a wide variety of food, drinks and consumer products. While many store brands provide low-cost versions of brand-name products, many Presidents' Choice products are marketed as being on the same level as brand name products. Under the slogan *"Worth switching supermarkets for"* President's Choice has become a unique private label brand with success in many product categories[3].

   Research showed that there are many private label brands people recognize only randomly. Probably wide choice of different generic brands creates confusion in the mind of consumer and adds no value to the private label brands and intentions for consumers to buy them.

3) Another effort should be concentrated on marketing activities in creating awareness of the private label products- showing quality as the main attribute. Consumers often are either conservative in changing their purchasing habits and trying new products or loyal to the products they know. If there is no enough information that would trigger the change of the habits or creating the interest to particular product, it is rather difficult to expect consumers to switch to private label products they are not familiar with. Currently, there is very limited advertising and marketing devoted to promotion of private label products. All marketing is more focused on in-store activities and

[3] http://www.loblaw.com/en/abt_corprof.html

merchandising. That is valid for those consumers who buy on impulse, are not planning their purchases and are opened to try new products. As this study show, majority (74%) still are conservative in trying innovations. More information given by marketing activities would help consumers to gain information, develop their opinion and increase sales of private label products with long term perspective.

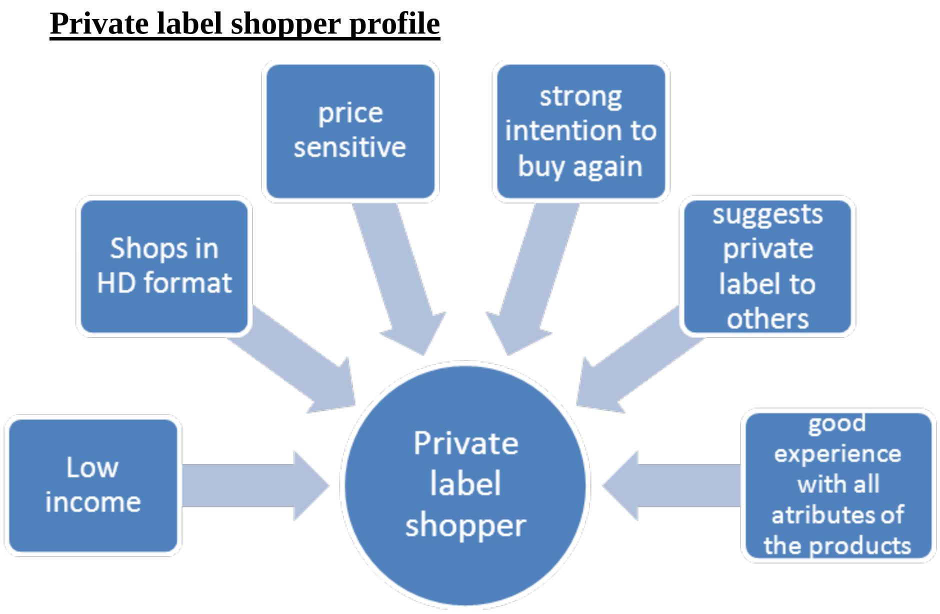
4) Evaluation of the categories were private label products should be represented with a special focus on non-food products should be done. Consumer centric approach and consumer surveys have to be used to identify the most brand-loyal, most price-sensitive etc. categories where private label products may give its return on investment. This study showed the difference in attitudes towards buying food products and non-food groceries. Typically, consumers pay more attention to brand familiarity, packaging design and size when choosing non-food products. The evaluation of product categories where private label products would not be able to compete with industry brands would allow to avoid investments with no returns and instead invest in quality and assortment of those categories which are more flexible for private label consumption. The concept of private and public products should also be taken into consideration when doing such evaluation. This is directly related to self- affirmation, importance of existing or wanted social status and relation to buying behaviour.

*5.2.1. **Shopper Profiles***

The study indicated some typical shopper types in terms of behaviours and socio-demographic characteristics. Based on the data analysis it is possible to describe the typical private label shopper as it is now and other typical shopper profiles.

Some interesting characteristics related to buying private label products were observed by analysing and combining the most common answers to all questions. The profile of the private label shopper was constructed based on typical characteristics.

Figure 9: Private Label Shopper profile



15.3% of all respondents can be qualified as frequent and typical private label shoppers. Consumers who evaluate brand name as important attribute when buying food products were less likely to buy private label products due to their low price (r=-0.175, p<0.05). This group of consumers show brand loyalty to industry brands and if trying private label, it might be either variety seeking, loyalty to store or other reasons.

Consumers who finds delicious products important in their daily food shopping, have chosen private label because of its quality (r=0.178, p<0.05).

The more important is discount or special offer for choosing food products, the more consumers have bought private label products due to its packaging size (r= 0.173, p<0.05).

Strong relation was discovered between consumers who evaluate the quality as most important factor for choosing food products and buying of private label products (r= -0.311, p<0.01), which means, consumers do not really trust the quality of private label products.

For non- food products: consumers who evaluate product quality as the most important factor for buying it, were less likely to buy private label products because of their packaging size (r=-0.241, p<0.01).

Respondents who recognized the change of attitude towards prices and brands within the last three years, are choosing private label products because of the low price (r=0.182, p<0.05; r=0.188, p<0.05).

This study confirmed previous economic analysis (Euromonitor, ACNielsen) showing polarization of the consumers. Data analysis revealed two most typical types of shoppers- the one who is potential or existing consumer of private label products and the one, who is named here as “Quality shopper”. There were almost no statistically important connections in between.

Figure 10: Quality Shopper

Quality Shopper profile

People, who highly evaluate healthy product choice, are also paying big attention to the brand and country of origin. Country of origin is not being associated with product quality.

The higher the average income, the more people perceive high price as guarantee of higher quality (r=0.245, p<0.01)

The higher the disposable income the less people are planning their purchases (r=0.262, p<0.01), the more they are buying impulse goods (r=0.237, p<0.01), the less they are informed about the prices and do not notice price changes (r=0.263, p<0.01).

5.3. Research Limitations

Technically all the questionnaires were valid for data processing. There might be some limitations on quality of the data concerning some personal response bias of the respondents which might be involved answering some types of questions.

1) Social desirability bias may occur when person wishes to create a favourable impression. These are less likely to appear in questionnaires filled in on Internet site where the survey was published (around 75% of total). Although,

the questionnaire was anonymous, respondents who filled them in paper format or were handling them in by e-mail, might have been showing some data more desirably than it is in reality. This may concern some questions about shopping behaviour and income level. Some respondents might consider socially undesirable to show they are buying private label products, however, this is more likely for respondents with rather high social status and income level and those respondents might be more likely to fill in Internet questionnaires.

2) Deliberate falsification may occur when people misrepresent answers to appear intelligent, conceal personal information or try to appear well informed by providing the answers they think are expected from them (Zikmund, 2010). These biases might be involved in evaluating different attributes for private label products. There were several questionnaires were all the attributes of private label products were valued as “fair”, which really may be the true evaluation of the attribute, however, there is a risk, that person who was not having a strong opinion or just did not want to spend more time on answering, evaluated all attributes as average. Another possibly involved obstacle is average- person hypothesis- individuals may prefer to be viewed as average person, so they responses conform more closely to their perception of the average person.

3) Unconscious misrepresentation can arise from question format, question content or some other stimulus. Respondents may unconsciously provide biased answers because they have forgotten some details, if respondent has not thought about unexpected question (Zikmund, 2010). This may concern some questions about shopping behaviour, shopping frequency of private label products, also recognition of private label brands.

   Since the market of Latvia currently is penetrated with different private label brands, both store brands and fancy brands, there might be a risk that people, when answering questions were associating their answers with some particular product or brand. Especially, it is valid for shoppers who are not well familiar with private label products and are not regular buyers. Such, the overall answer includes attitude towards one or several particular products

4) Although, net promoter score is considered to be one of the best scales in forecasting the future based on the strength of someone’s current attitude and

showing attitude both, positive and strong, sometimes intention scales might not be the most precise way in measuring buying intentions. The intentions of respondents who have little knowledge of the private label brand, or intentions of respondents who have not yet made any purchase plans may not predict purchase behaviour accurately. Net promoter score data analysis showed comparatively strong intention to buy private label products and also suggest them to other people. The fact that slightly more respondents were ready to suggest private label to others than to buy themselves in the next shopping, gives a hint on probably involved unconscious bias or deliberate falsification. It is more likely that data being on both ends of the scale are more reliable and respondents were expressing their attitude outright. 50/50 likeability in both, future buying and suggesting to others, might be subject to response biases.

5.4. Suggestions for Future Research

This study has shown a very diversified picture of consumers in Latvia and their shopping behaviour. There are some typical attitudes towards the buying of private label products and still there are many research fields to discover in-depth attitude towards these products and help the retailers to develop tailored strategies. Some suggestions for further research would be:

1) Store chain specific analysis to determine attitudes towards different private label brands, measure the attributes of specific brands. This is absolutely necessary for retail chains developing private label products and relying on their success, since the market is saturated with different quality, different design and price products. Overall perception in this case might be misleading and more in-depth analysis would be helpful to take specific actions on private label development;
2) Focus group analysis or experiments would be interesting research methods to carry out in the market on Latvia, mainly due to the same previously mentioned reason. Products are different quality and different in terms of their visual attractiveness. Focus groups and experiments would allow to measure really the attitude towards product quality without knowing its brand, such eliminating bias and stereotypic perceptions on price- quality, bran- quality and others;
3) Market studies in Latvia show differences in shopping behaviour between

nationalities. AC Nielsen report shows[4], there are differences in terms of preferred places for daily shopping, price sensitivity, brand loyalty and many others. Therefore, measurements of private label attitude and buying of private label products based on nationality would be very interesting and useful. This study was not focusing on dividing attitudes by belonging to particular nationality, but future research based on this separation could show different results.

4) Experimental study by measuring consumer attitudes towards private label products within the concept of public and private products is another interesting future research which was not included in the scope of this study. Traditionally, retailers found private label programs in categories of staple items, such as milk, eggs, bread which are also considered to be private products in terms of their consumption, further expanding into food and non-food categories which are typically more brand buying type of products. It would be an interesting research to try to identify and measure whether and to what extent consumers might be cautious in buying private label products in categories for public consumption (e.g, clothes, alcoholic beverages and other goods which are normally visible in the public). In Latvia, where the history of Soviet times has created the generations where brand affordability is a sign of social status and wellness, consumers might be less likely to buy private label products in even partly public product categories.

5.5. Concluding Thoughts

The market of Latvia has proven to be an interesting research field in terms of private label development. Political and economic circumstances in the past have developed purchasing habits and shopping behaviour which are not so typical elsewhere. Adoption of the new type of product as private label therefore is related not only to financial affordability but also to many other socio- demographic factors. Currently, private label is perceived as low price alternative to industry brand and its consumption directly related to the disposable income. Although the overall recognition of private label products is high and also buying of these products is rather high, it is driven mostly by unsustainable values- price, smart shopping. As quality proved to be the most significant driver of consumption, there is a risk of consumers rather staying with industry brands and not switching to private label

[4] ACNielsen: Shopper's Satisfaction Study, 2010

consumption after some period of time.

This study conforms with those researchers and industry analysts (e.g., Scott-Thomas) who suggest that consumption of the private label products will slow down after the economic situation improves, if the perceived value of the private label products is based on financial gains only.

The challenge for private label developers still remains on developing the strategies that would help private label to gain sustainability in long term and create the value for consumers in terms of the best possible combination of quality and price.

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APPENDIX 1

QUESTIONNAIRE

The purpose of this questionnaire is to discover your grocery shopping habits and your attitudes towards private label products in grocery stores.
“Private Label”, also called retailer’s own brands or house brands, refers to products, which are sold under the retailer’s name or other brand name which is created by the retailer and sold exclusively by that retailer. These products include both- food and non- food (e.g., home cleaning products, toilet paper, kitchen towels etc.) products.

1. Where do you buy groceries most often? (several answers may be provided)

□ hypermarket
□ supermarket
□ hard discounter
□ specialty store
□ convenience store
□ open market
□ small food store

2. Do you plan your grocery shopping?

Please, provide one answer!

□ usually I do plan, prepare shopping list beforehand and never buy extra products;
□ usually I plan, but sometimes I buy something extra;
□ usually I plan but always buy also something extra;
□ usually I do not plan my daily shopping.

3. When shopping, do you ever buy groceries on impulse?

Please, provide one answer!

□ never
□ rarely
□ sometimes
□ often
□ very often

4. How well are you informed about the prices and price changes when doing your shopping?

Please, provide one answer!

□ I do know all the prices for products I buy on a regular basis;
□ I do know prices for most of the products and always notice if they change;
□ I do not know all prices, but notice if the prices change;
□ usually I do not know and do not notice prices.

5. In last 3 years, have your shopping habits changed with respect to price?
   Please, provide one answer!

   □ Nothing has changed- I do not pay attention to price;
   □ I have started to notice prices but do not have a need to save;
   □ I pay more attention to prices and look for the ways to save;
   □ I choose only the cheapest alternatives.

6. In your opinion, does a higher price mean higher product quality?

No	Mostly no	Neither yes or no	Mostly yes	Yes

7. Evaluate the importance of these factors when buying ***food products***, by putting a cross in the respective field:

	Not important	Somewhat unimportant	Neutral/ does not matter	Somewhat important	Very important
Quality					
Country of origin					
Price					
Healthy product					
Brand name					
Delicious products					
Packaging design					
Size of the packaging					
Discount/special offer					
Other					

8. Evaluate the importance of these factors when buying ***non food goods*,** by putting a cross in the respective field:

	Not important	Somewhat unimportant	Neutral/ does not matter	Somewhat important	Very important
Quality					
Country of origin					
Price					
Packaging design					
Brand name					
Size of the packaging					
Discount/special offer					
Other					

9. How has your attitude towards brands changed over the last 3 years:
   Please, provide one answer!

□ I am still loyal to the same brands;
□ I have switched to some cheaper alternatives but still prefer branded goods;
□ I do not buy branded goods.

10. Do you often try new products and innovations:
    □ never
    □ rarely
    □ sometimes
    □ often
    □ very often

11. Do you recognize any of the following brand names? What products do you know with the brand name?

	NO	**YES**
Optima linija		
Poesia		
RIMI		
Gardner		
Leader Price		
%		
Loving		
Marina		
I love ECO		
Favorit Maxima		
Alpenrose		
Maxima		
Old Farmer		
Ecologica Maxima		
Gold Corn		
IKI Gurmanai		

12. Have you ever bought products with these brand names?
    □ never
    □ rarely
    □ sometimes
    □ often
    □ very often

13. If your answer to the previous question was affirmative, please answer the following questions! If you answered “never” to the previous question, please, state the reason why and go to the question 20 and following!

Reason ....

14. What is the reason you buy private label products?
    - □ low price;
    - □ good quality;
    - □ variety seeking;
    - □ loyalty towards particular retail chain;
    - □ "smart shopping" – acceptable quality for good price;
    - □ attractive packaging;
    - □ I don't know

15. When was the last time you bought any private label product?
    - □ within last three days;
    - □ within a week;
    - □ within last 4 weeks;
    - □ within last 2 months.

16. Evaluate the average attributes of the private label ***food products*** from your experience, by putting a cross in the respective field:

	Poor	Somewhat poor	Fair	Good	Excellent
Quality					
Price					
Brand name					
Packaging design					
Taste					
Size of the packaging					
Discount/special offer					
Other					

17. Evaluate the average attributes of the private label ***non- food products*** from your experience, by putting a cross in the respective field:

	Poor	Somewhat poor	Fair	Good	Excellent
Quality					
Price					
Brand name					
Packaging design					
Size of the packaging					
Discount/special offer					
Other					

18. How likely it is that you would buy a private label again in your next shopping?

Very unlikely	Somewhat Unlikely	Likely (about 50-50)	Somewhat likely	Very likely

19. How likely it is that you would suggest buying private label products to your friends and family?

Very unlikely	Somewhat Unlikely	Likely (about 50-50)	Somewhat likely	Very likely

20. What is the average size of your basket when buying groceries?

□ up to 5 LVL
□ 6- 10 LVL
□ 11- 15 LVL
□ 16- 20 LVL
□ above 20 LVL

21. Your age:
   - □ 16-24
   - □ 25- 34
   - □ 35- 49
   - □ 50- 65
   - □ older than 65

22. Gender: □ male
   □ female

23. Your education:
   - □ primary education;
   - □ secondary education;
   - □ higher education.

24. What is the size of your household?
   - □ live alone
   - □ 2 people
   - □ 3 people
   - □ 4 people
   - □ 5 people and more

25. Your place of living:
   - □ city;
   - □ small town;
   - □ village;
   - □ rural area;

26. Approximate income per person in household a month:
   - □ up to 100 LVL
   - □ 101- 200 LVL
   - □ 201-300 LVL
   - □ 301- 400 LVL
   - □ 401- 500 LVL
   - □ 501- 600 LVL
   - □ more than 600 LVL

Thank you!