Consumer Behaviour and Factors Affecting the Selection of Green Private Label Products in Greek Retail Market

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Abstract: Green private label products are products that have the name of the store or the name of the company owned. Made on behalf of a commercial enterprise, usually by third parties and placed on the same branch network. During the last few years, due to the strong presence of discount stores, retail chains continually expand the range of private label products. Green private label products, except of being a defensive mechanism towards discount chains, they contribute to the diversification of the commercial chain, greatly expanding the range of products in the store and the customer's choice, ensure higher margins and increase the bargaining power of the chain towards suppliers. Therefore, the intense competition between retail operators in order to gain greater market share in relation to the increasing consumers' awareness regarding price and quality issues, contributed to the production of green private label products. In the early years of presence of private label products, they were characterized as products with low price and low quality. The factors associated with the store and affect the acceptance of private label products are the image, the atmosphere and loyalty in the store. The private label products are an extension of the image of the store. A primary quantitative research has been conducted in order to answer on specific research hypothesis that have been stated in the methodology chapter. The main findings of the research illustrate that there are positive relationships between the intention to buy green private label products, the factors of perceived value (quality, emotional, price and social), the brand consciousness of customers and consumers’ attitude toward green private label products, and with some of the demographic variables.

Keywords: Consumer behaviour, green products, private label products, digital marketing, webpage.

JEL classification: M3
Introduction

Even today, the loyalty of consumers to specific products weakens the position of private label products. If the price is attractive, the consumer will prefer the branded product. Perloff et al. (2012) examine consumer perceptions regarding to branded and green private label products and found that respondents ranked private label products lower than branded with the criterion of quality, appearance / image and attractiveness. Furthermore, in the same study, the green private label products generally considered to have good value. The differences between the two product groups in terms of how they perceived by consumers and confirmed by Richards, Yonezawa and Winter (2015) who found that private label products are a separate category of products. In contrast to the above findings, Bhatt and Bhatt (2014) found that consumers perceive the quality of private label products, equal to that of branded products. Based on statistics of the Private Label Manufacturing Association in collaboration 86% of the respondents in a survey claimed that private label products are equal or better to branded products. Anderson, and Simester (2014) in their research found that private label products are not the first preference for the consumers as well as that there are the products that immediately withdraw by the consumers. Compared with established branded products, the authors highlight the existence of basic differences between these two product categories in terms of recall level.

1. Factors affecting the acceptance of green private label products

A lot of research has been done in an international level in order to identify the factors that influence the success of private label products. These factors can be grouped as factors associated with the product category, with the store, the economy and the demographic characteristics of consumers (Beneke, Flynn, Greig & Mukaiwa, 2013)

1.1. Factors related to product category

The category of products is considered as a very important factor for the acceptance or the rejection of private label products by the consumers. Research from Nielsen, in 2005, showed that 40% of global consumers consider that the private label products are not suitable with product categories where the main selection factor is the quality. However, several of them are satisfied with the purchase of private label products in categories of products for which they are not interested too much for their quality. According to Martinelli et al. (2015), the willingness of consumers to buy private label products is negative associated with the importance of their purchase. Finally, Pepe, Abratt and Dion (2012) report that when consumers feel that the product they tend to buy offers high satisfaction, they are willing to buy the product even it has a high price. The purchase frequency of the product category is also an important criterion regarding the decision of consumers to buy private label products. According to Walsh and Mitchell (2010), consumers who buy large quantities of a product category are more likely to switch to a more economical solution, which leads to significant economic benefits. Instead, according to Anderson and Simester (2014), consumers are willing to pay more in product categories that they do not buy too often.
1.2. Perceptual factors related to the product

According to Martinelli et al. (2015), the increase in the perceived difference in quality between branded products and private label products, the consumers increasingly turning to branded products and they are negatively evaluating the private label category products. Beneke, et al., (2013) found that consumers intention to buy private label products are significantly lower if they believe that these products have low quality, they contain less reliable components and are of lower nutritional value than the branded products. Finally, according to Walsh and Mitchell (2010), the name of the product is one of the most important criteria for evaluating their quality. Another product-related factor is the perceived price and quality levels. According to the study of Pepe et al. (2011), the brand that is sold at a high price and with the desired characteristics attaches greater value to the consumer than a brand with lowest price and with less desirable characteristics. Finally, the perceived risk is another perceptual factor associated with the product choice. Based on several studies, there is a negative relationship between the perceived risk of the use of private label products and their success. For this reason, there is a higher probability for a private label product to be considered as successful and gain market share when it belongs in a specific product category that is associated with low operational and financial risk. According to Olbrich and Jansen (2014), the share of private label products is 56% higher in low innovation categories than in highly innovative categories. Moreover, Bhatt and Bhatt (2012) states that private label products should be easy to be produced and do not require special expertise, which the manufacturers would not be willing to use them to manufacture private label products, but only to produce their own brands.

1.3. Factors related to the store

The factors associated with the store and affect the acceptance of private label products are the image, the atmosphere and loyalty in the store. The private label products are an extension of the image of the store (Beneke, et al., 2013). Therefore, the store’s image can be considered a major predictor of consumer attitude toward private label products. As a result, if a consumer perceived a shop as repulsive and poor, it is likely to form the same concept for the store’s private label products, resulting in negative behaviour to them (Walsh & Mitchell, 2010). Conversely, if the consumer thinks that a store has high quality, then it is very likely to purchase the private label products of this shop. The atmosphere of the shop is also an important factor when assessing the quality of the store’s private label products. Therefore, a clean store, with the appropriate scents and temperature and pleasant colours, is more likely for the customers to have a positive attitude toward private label products in this store. According to Chen, Gilbert and Xia (2011), the store loyalty is positively associated with a preference of store’s private label products. Also, Walsh and Mitchell (2010), argue that loyalty to the store positively influences the perceived value of private brand. Therefore, the more loyal the consumer is to the store, the greater the perceived value of the establishment’s private label products.

1.4. Factors related to economy

Research has led to the conclusion that consumption of private label products is affected by economic conditions prevailing in the market. When the economy is in recession and economic conditions are unfavourable, there is an increase in the consumption of private label products, and when economic conditions are favourable, then their consumption is
reduced. Therefore, it can be concluded that there is an inverse relationship between the economic conditions of the market and the consumption of private label products.

2. Research Methodology

2.1. Purpose and aim of the primary research

The interest on this specific topic has been aroused by the dearth of a systematic research regarding the factors that affect consumer behaviour regarding private label products in Greek market. Despite the plethora of such studies regarding consumer behaviour, which attempted to identify the major predictors of consumer behaviour in retail industry in countries such as United Kingdom and United States of America, for the Greek marketplace there are only few specific academic attempts. Similarly, a lot of research have been done regarding private label products and their effectiveness but only few studies have address private label products with consumer behaviour in Greek market. Under this scope, the objective of this research is to conduct an exploratory research to provide a contribution to knowledge in consumer behaviour regarding private label products in Greek market. A further objective of the research is to illustrate the attitude of Greek customers, their brand consciousness and the perceived value of private label products and make correlations between demographic variables such as gender, household income, age, level of education, and identify and contribute to the existing literature regarding demographic variables and consumer behaviour. A quantitative research is going to be contacted in order to fulfil the objectives of the research project and the research outcomes will lead to conclusions regarding the Greek private label products market and in combination with the existing literature, it will offer a panoramic view of consumer behaviour and private label retail products for the Greek market.

2.2. Research Hypotheses

Taking into careful consideration the findings from the literature review and in accordance with the research objectives, the following research hypothesis were formed.

- **Hypothesis 1:** The most important factors during the shopping process are quality and price.
- **Hypothesis 2:** There is a statistically significant relationship between the intention to buy private label products and the factors of perceived value (quality, emotional, price and social).
- **Hypothesis 3:** There is a statistically significant relationship between the intention to buy private label products and brand consciousness of customers.
- **Hypothesis 4:** There is a statistically significant relationship between the factors of perceived value of private label products and consumers’ attitude toward private label products.
- **Hypothesis 5:** There is a statistically significant relationship between the factors of perceived value of private label products and consumers’ brand consciousness.
- **Hypothesis 6:** There is a statistically significant relationship between brand consciousness and consumers’ attitude toward private label products.
2.3. Research Process

All questionnaire items were extracted from well-established scales with high validity that were used in previous studies. Particularly, the different sections of the questionnaire were formed based on the academic articles of Walsh and Mitchell (2010), and Burton, Lichtenstein, Netemeyer and Garretson (1998). However, necessary changes have been made and some extra questions have been added in order to fulfil the purpose of the research. The questionnaires were completed by the respondents, hand by hand and an additional information sheet and consent form were available in order to let them know the purpose of the research and assure them about the confidentiality of the data, their anonymity and the use of the research outcomes only for academic purposes. Moreover, the respondents were informed that the researcher would be willing to help them with any difficulty in completing the questionnaire, by answering any possible questions. The analysis of the data was made by with the statistical software for data analysis SPSS. Descriptive statistics were used to illustrate the answers of the respondents on every question while inferential statistics and more specifically ANOVA one-way test and Pearson correlation test were used to identify any relationship between the different variables and answer on the research hypothesis. The survey population was consisted of individuals, customers of traditional Greek retail stores in Thessaloniki from which the researches asked and took permission to hand out questionnaires inside the stores. A non-probability and convenience sampling method was used for the recruitment of the participants on the research. The sample size consists of 122 respondents. Based on similar previous studies, the sample size can give reliable information and have a positive impact on external validity. Furthermore, the choice of the respondents was made based on specific criteria and specifically the respondents should have been over 18 years old Greek or English speakers (the questionnaire was available in both languages).

3. Results

3.1. Descriptive statistics

The research sample consists of males by 61.7% and females by 38.3%. The biggest percentage (32.5%) of the respondents were from 30 to 39 years old, following by those between 18 and 29 years (27.5%). Moreover, 49.2% of the respondents have a university degree, 58.3% have a household income lower than 1000 euros, and regarding their marital status 72.5% are singles. Additionally, 55.8% they visit Retailers' supermarkets often, 60.8% spends less than 10 minutes in there and 46.1% on their household income for food and other products offered by a retail store.

The most important factor during the shopping process is the price (M=4.64) following by the quality of the product (M= 4.46), advertising and promotion (M= 4.22) and package (M= 4.19). On the contrary the less important factors are the country of origin (M= 3.01) and reputation (M= 3.25). As a result, the first hypothesis is accepted.
Figure 1: Degree of importance in shopping process

Attitude toward private labels

The overall attitude toward private label products is positive (M= 3.31). Moreover, the highest percentage of the respondents positively answer that buying private label brands makes them feel good (M= 3.90) following by those who state that when they buy a private label brand, they always feel that they are getting a good deal (M= 3.59).

Brand consciousness

The overall brand consciousness is positive (M= 3.14). Moreover, the highest percentage of the respondents positively answer that they are conscious of getting good value (M= 3.83) following by those who answer that they tend to choose the more expensive brands (M= 3.60).

Consumer Perceived Value Factor 1: Quality

The overall assessment of quality as a value factor was the lowest among the factors of perceived value followed by price. On the other hand, social factors and emotions present higher levels.

<table>
<thead>
<tr>
<th>Table 1: Consumer Perceived Value Factor 1: Quality</th>
<th>Mean</th>
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<tbody>
<tr>
<td>Consumer Perceived Value Factor 1: Quality</td>
<td>3.36</td>
</tr>
<tr>
<td>Consumer Perceived Value Factor 2: Emotions</td>
<td>3.66</td>
</tr>
<tr>
<td>Consumer Perceived Value Factor 3: Price</td>
<td>3.65</td>
</tr>
<tr>
<td>Consumer Perceived Value Factor 4: Social</td>
<td>3.83</td>
</tr>
</tbody>
</table>

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Inferential Statistics

- Relationship assessment between intention to buy private label products and the factors of perceived value (quality, emotional, price and social).

The correlation coefficient is very high for all correlations and the associated p is lower than the level of significance. Given that it can be concluded that there are positive correlations between intention to buy private label products and factors of perceived value (Hypothesis 2 is accepted) (Table 2).

| Consumer Perceived Value Factor 1: Quality   | .678** |
| Consumer Perceived Value Factor 2: Emotions  | .764** |
| Consumer Perceived Value Factor 3: Price    | .838** |
| Consumer Perceived Value Factor 4: Social   | .679** |

**Correlation is significant at .001

- Relationship assessment between intention to buy private label products and brand consciousness of customers.

The findings show that there is positive correlation between intention to buy private label products and brand consciousness of customers (The third hypothesis is accepted) (Table 3).

| Intention to buy private label products   | .560** |

**Correlation is significant at .001

- Relationship assessment between the factors of perceived value of private label products and consumers’ attitude toward private label products.

The findings suggest that there are positive correlations between consumers’ attitude toward private label products and factors of perceived value (the fourth hypothesis is accepted) (Table 4).

<table>
<thead>
<tr>
<th>Consumers’ attitude toward green private label products</th>
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<tbody>
<tr>
<td>Consumer Perceived Value Factor 1: Quality</td>
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<tr>
<td>Consumer Perceived Value Factor 2: Emotions</td>
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<tr>
<td>Consumer Perceived Value Factor 3: Price</td>
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<tr>
<td>Consumer Perceived Value Factor 4: Social</td>
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</tbody>
</table>

*Correlation is significant at .05
- Relationship assessment between brand consciousness and consumers’ attitude toward private label products.

It can be concluded that there is a positive correlation between consumers’ brand consciousness and consumers’ attitude toward private label products (the sixth hypothesis is accepted) (Table 5).

Table 5: Relationship assessment between brand consciousness and consumers’ attitude toward private label products

<table>
<thead>
<tr>
<th>Brand consciousness</th>
<th>Consumers’ attitude toward green private label products</th>
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</thead>
<tbody>
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<td></td>
<td>.566**</td>
</tr>
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</table>

**Correlation is significant at .001

4. Discussion

In conclusion, the findings of the research are in line with the academic literature, however, the fact that the research does not reveal relationships between the variables and other demographic characteristics is coming against the findings from other studies. The combination of price and quality is the most common predictor of the value of a product (Lee & Min, 2014). Having in mind the fact that the general economic conditions affect the purchase intention of private label products (Chen et al., 2011) and that these conditions have dramatically affect the household income for a big part of the Greek population (Athanassiou, 2009) which also is one of the predictors for private label products’ purchase intention and preference, it can be stated that the price of private label products can be considered as the main factor that affect the choice of the Greek consumers. In other words, Greek consumers have been affected by those factors (economic climate, recession, lower income) and as a result they have become more price sensitive. According to Gonzalez-Benito and Martos-Partal (2014) price sensitivity and perceived quality relate positive to private label products consumption. Thus, the higher the price sensitivity the more space in the market for the private label products. Additionally, the quality of private label products is also important. It is not enough for the consumers to purchase a product in a low price but they are looking for the best combination of price and quality even than the price of the products is the first factor that affects their purchase under the specific market conditions. Moreover, retailing stores of the retailer have a long presence in the Greek market and they are associated with high quality products and high image of the stores. Based on the fact that store image is positively related to perceived value and quality of private label products (Boutsouki, Zotos & Masouti, 2008) gives the opportunity to retailers’ marketing managers to form and implement a strategy for private label products they can potentially increase their profits. Additionally, the higher the perceived quality of private label products, the higher their demand (Baltas & Argouslidis, 2007) as well as the existence of positive perceptions regarding the quality of private label products increase the credibility of the company, which in turn decreases perceived risk (Gonzalez-Mieres, Diaz, & Trespalacios, 2006). Considering all the above comments and facts it can be stated that the retailer has an opportunity under the specific market circumstances to increase its profits from private label products based on their low price and perceived quality.
Furthermore, the fact that the relationship between store loyalty and the share of private label products is stronger for price-oriented customers (Koschate-Fischer, Cramer & Hoyer, 2014; Wu & Wang, 2005) can also add another factor on the targeting decisions since store loyalty is one of the main targets for retailing companies (Sun & Lin, 2010). Regarding the positioning of the products, private label products of the retailer can be placed in the market as products with low price but on the other hand high quality (the image of the company can reduce the risk that is associated with the quality of private label products).

In conclusion, the current research provides a contribution on the knowledge regarding private label products in the Greek market place as well as it makes valuable suggestions to the retailer’s marketing managers but also to other retailers regarding the strategic choices that can made in order to improve the market share of their private label products. Finally, future research improvements can be suggested. The investigation of price and quality levels for private label products and the more effective balance between them can be a future research topic along with the extensive investigation of the relationship between store loyalty and the factors that affect consumers decisions regarding private label products.

References


