



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Session Chairman:

Robert Degner  
University of Florida  
"Understanding the Consumer Through Applied Research"

## CONSUMER PERCEPTIONS OF NATIONAL, GENERIC, AND PRIVATE BRAND GROCERY PRODUCTS

by:

Harry F. Krueckeberg  
and  
John R. Hamilton  
Colorado State University  
Fort Collins, Colorado

### Introduction

The United States has left the stormy decade which brought an end to cheap food, plentiful energy, easy credit, and steady market growth. Retail food store sales increased 11 percent in 1979, reaching a total of \$199.4 billion.<sup>1</sup> Although many stores experienced higher sales, approximately 40 percent of the stores experienced a lower net profit.<sup>2</sup> Increases in the amount of leisure time, the number of working women, and the number of fast food chains have gradually combined to hamper the growth rate of the food retailing industry. The impact of these circumstances--plus changing consumption patterns, cost pressures, insufficient sales volume, diminishing productivity gains, and the rapid food price increases--have necessitated new marketing strategies.<sup>3</sup> Grocers are seeking to improve internal efficiency and understanding of emerging customer needs.

### Problem Statement

The grocery industry has successfully developed a multi-brand portfolio which now includes a generic line. As a result of this success, new questions have arisen concerning the perceptions

of national, generic, and private brand grocery products. Factors such as quality, taste, consistency, and desirability may influence consumer purchasing decisions. With the advent of generic branded grocery products, additional understanding of consumer preferences is needed.

### Areas of Investigation

The study reported on in this paper addressed the following objectives:

1. The comparative perceptions of national, generic, and private brands in terms of product attributes.
2. The present consumer grocery brand purchasing behavior.
3. The socioeconomic and brand-shopping characteristics associated with brand perceptions.
4. The implications of the findings for more effective grocery product brand marketing management.

## Methodology

In order to determine consumer perception of the three brand categories, the 33 brand and label attributes listed in Table 5 were analyzed for perceived value. Individual and small group personal interviews were conducted among 391 individuals. The respondents were asked to agree or disagree with each of 33 statements using the Likert summated five point scale. Each response was scored; the scores were totaled to measure the respondent's aggregate attitude; and the total of all response values was calculated to determine an overall aggregate attitude score for each brand category.

Color photographs or slides of the three brand categories were presented to each respondent. Each picture contained the same group of products but with either a national, private or generic label.

## Sampling Technique

The survey area was Fort Collins, Colorado which contains several supermarkets selling generic products. The survey was administered to three distinct samples (Table 1). The 200 college student sample was a convenience, non-probability sample involving seven classes at Colorado State University.

The second sample of 56 Fort Collins women members of several ladies' organizations was also a convenience, non-probability sample. The third sample was a random probability cluster sample of 125 Fort Collins households. The pre-tested questionnaire was administered by a five person crew during the period of November 1979 to February 1980.

Table 1. The Frequency and Percentage Distribution of the Three Different Sample Segments Which Made up the Total 381 Respondents

Type of Sample	No.	%
Students	200	52.5
Random sample	125	32.8
Ladies' organizations	56	14.7
TOTAL	381	100.0

## Survey Results

### Comparisons Between Brand Categories

The significant differences perceived between the brand categories were price and quality (Table 2). The 1978 SAMI study reported that price was the main appeal of generic products,<sup>4</sup> but the Bergmann study reported nutrition as the primary consumer appeal of generic products.

Table 2. The Frequency and Percentage for the Question: What is the most significant difference between the three brand categories?

Difference Between Brand Categories	No.	%
Price	152	41.0
Quality	85	22.9
Label	57	15.4
Amount of advertising	54	14.6
Package	16	4.3
Other	3	1.1
No difference	3	.8
TOTAL	371	100.0

Generic brands were selected for their potential economic savings (Table 3), with the average consumer perceiving a savings of about 11 percent (Table 4). This perceived savings was at least 20 percent below the actual savings offered by generic products at one of the major supermarkets.

Table 3. The Frequency and Percentage Distribution for the Question: Which of the three brand categories offers the greatest economic savings?

Brand Category	No.	%
Generic	321	84.7
Private	41	10.8
National	9	2.4
No Difference	8	2.1
TOTAL	379	100.0

Table 4. The Frequency and Percentage Distribution for the Question: If there were a difference in economic savings between the brands, how much would this savings be?

Percent Savings	No.	%
Less than 6%	63	17.0
6 - 15%	246	66.0
6 - 50%	64	17.0
TOTAL	373	100.0

#### Shopper Perceptions of Comparative Brand Attributes

Perceptual consensus was achieved when 50 percent or more of the respondents expressed agreement or disagreement about an attribute. Respondents achieved consensus on most of the at-

tributes of national brands (Table 5). National brands were perceived as higher in price but were not perceived as offering more value for the money nor being popular among friends.

The lack of consensus on a number of generic brand attributes suggested some inconsistency in opinions. This reflected the inability of consumers to comfortably decide and uncertainty about characteristics of generic products. The respondents perceived generics as lower in price. Generics were also perceived as providing more value for the money and as popular among their friends. Forty-five percent of the shoppers were not frequent generic brand shoppers, which could explain some of the lack of consensus.

There was less consensus on private label attributes than the national brands. The respondents did not perceive private label brands as having a high degree of prestige. The national brand was the only brand perceived to project prestige to the shoppers. The private label brand was perceived as being lower in price.

National brand labels were perceived as displaying a positive sense of loyalty, persuasiveness, quality, and purity. The consensus of perception regarding the national brand label was one of being "inviting" and offering a large number of container size selections.

There was a higher degree of uncertainty concerning the attributes of generic products and a high level of "unfavorable" attitude. This result could have been due to the large number of respondents who either were not exposed to or did not purchase generic items. In contrast to national label brands, respondents perceived generics as providing more value for the money and as being popular among their friends.

Table 5. The Proportions of all Respondents Agreeing (or Disagreeing) on Expressing a Lack of Consensus (NC) with the 33 Brand and Label Attributes Asked of the 381 Fort Collins Respondents, Fall, 1979

Brand or Label Attribute	Brand		
	National	Private	Generic
- Percent -			
<b>BRAND REPRESENTS:</b>			
1. value for money	NC	69	67
2. reliability (trust, dependability)	90	64	NC
3. satisfaction	86	69	NC
4. convenience	64	67	54
5. prestige	71	(54)	(77)
6. quality	82	NC	NC
7. taste or flavor	91	75	NC
8. aroma	84	68	NC
9. color	89	71	NC
10. texture	85	67	NC
11. nutritional level	60	66	57
12. purity	67	NC	NC
13. fresh (stale)	72	59	NC
14. consistent or uniform	90	62	(52)
<b>BRAND IS:</b>			
15. desirable	85	73	NC
16. appealing	88	60	NC
17. tempting	78	57	NC
18. inferior	84	64	NC
19. familiar (more than other types, etc.)	97	88	77
20. popular among my friends	NC	NC	52
21. confidence	83	60	NC
22. price--low or high	(83)	83	88
23. repurchase rate	54	67	52
24. loyalty	54	NC	(55)
25. variety offered in selection	68	57	(52)
26. container size selection	52	NC	(57)
<b>THE LABEL IS:</b>			
27. attractive	95	68	(79)
28. understandable	93	94	78
29. eye-catching	91	52	(61)
30. misleading	73	77	68
31. informative	68	70	54
32. persuasive	69	NC	(66)
33. inviting	80	NC	(66)

### Aggregate Attitude Scores

Aggregate attitude scores were calculated for each of the brand categories. Higher aggregate scores indicate more positive perceptions. The mean aggregate attitude score was 3.77 for the national brand category, 3.52 for the private brand category, and 3.04 for the generic brand category (Figure 1). National label products were rated significantly more positive than private and generic brands. The average respondent was uncertain about the attributes of generic products.

Analysis of variance (repeated measures) was utilized to test for significance among the three brand aggregate attitude scores. The F-statistic was significant at the .0001 level. The difference between each of the mean aggregate attitude scores was significant. The paired sample t-test revealed that the national label brand was rated significantly higher than the private label and generic brand and the private label was rated significantly higher than the generic brand.

### Disaggregate Analysis

#### Differences Among Sub-samples

The average aggregate attribute scores for each of the sub-samples paralleled the scores for the total sample.

Each of the subsamples rated national brands highest, private labels second and generics last. Each of the differences was statistically significant with one exception. The ladies' organization sub-sample perceived national and private as equal in the aggregate--the higher national rating given to national brands was not significantly greater.

#### Income

Respondents in the \$15,000 to \$24,000 annual household income bracket rated the national label more favorably than those in the \$10,000 to \$14,999 and the \$9,999-and-less income groups. Respondents with an annual income greater than \$25,000 rated national labels less favorably than the other income groups. The income groups that did not purchase generics regularly reported income of \$5,000-or-less and \$15,000 to \$20,000. Respondents with an annual income of \$15,000 or greater perceived private brands more favorably than did those respondents with an annual income below \$15,000. The perceptions of national and private labels were not significantly different for \$10,000 to \$14,999 and the \$25,000-and higher income groups.

#### Age

Respondents 18 to 24 years old perceived national label products more

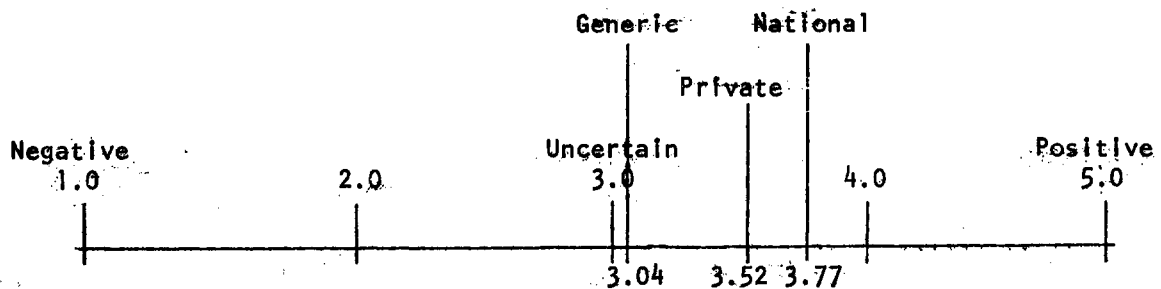


Figure 1. Mean aggregate attitude scores for national, generic, and private brands displayed on a 5-point Likert Scale.

favorably than generic and private label. They perceived generics label items as being equal. The differences in mean aggregate attitude scores of national, generic, and private brands were statistically significant for both of the two age groups of 18 to 24 and 24 and older.

#### Grocery Expenditures

The respondents spending \$200 or less per month for groceries rated national label brands more favorably. Generics were perceived more favorably by the group spending more than \$200 per month. Both groups rated private labels similarly.

#### Comparison Between Shopping Behavior Brand Perception

It was hypothesized that shoppers who looked for "sales" or "specials" were more price conscious and likewise had a higher positive attitude toward generic products. However, it was found that "sales" or "specials" conscious respondents rated national labels higher than the generic labels.

Shoppers who reported buying name brand products gave national label brands more favorable ratings than did the entire sample. The same shoppers gave generic labels a lower rating than the whole sample.

#### Summary and Implications

The overall attitude toward national brands was positive. The respondents perceived national labeled products as being satisfying, prestigious, high in quality, flavorful, nutritious, appealing, and superior, with attractive and informative labels. The national brand projected confidence and a sense of brand loyalty. A typical comment was: "I will pay a little extra for national brands to get the added quality and consistency that I want."

Overall attitude toward generics was different. The respondents perceived generics as being nutritious, encouraging repurchase, and labelled with understandable, not misleading, and informative labels. The respondents perceived generics as having a low price and providing more value for the money. Generics were perceived as being popular among friends. Price was an important differentiating characteristic between generics and national labels. The respondents did not perceive generic products as being prestigious, nor the label as attractive, persuasive, or inviting. A majority of respondents did not report a loyalty toward generics nor did they report that the generic line offered an adequate variety or container size offerings. Generic products were not perceived as being uniform in quality, but the respondents gave high consensus ratings to their nutrition content. A typical comment was, "Generics are inconsistent in quality. Some products are good while others aren't and I won't buy them again."

The private brands, like national brands, received high ratings. The respondents rated private label products high in value for the money, reliability, satisfaction, flavor, nutrition, appeal, superiority and confidence and the label as attractive and informative. The respondents did not perceive private brands as prestigious and were uncertain whether these products exhibited quality and purity. They were unsure of container size selection and their sense of brand loyalty.

National label products were the only products perceived to create a sense of brand loyalty, persuasiveness, quality, and purity. National brands were the only products perceived to be inviting and offering a large number of container size selections. Generics was the only product line that was perceived as being popular among the respondents' friends.

The primary brand selection criteria for the respondents was price. Generic brands were selected as the brand category providing the greatest economic savings but they grossly under-estimate this savings.

The results of this project reflect a distinct consensus of national and private label brands and a lesser consensus of generic products.

The image of National Brands was that of:

- Quality consistency and uniformity,
- Quality reliability,
- Tasteful and flavorful, and
- Familiarity.

The image of Private Label Brands was that of:

- Lower priced, and
- Familiarity.

The image of generic brands was that of:

- Lower priced, and
- Lacking prestige.

Should retailers sell generics? The risk is that of store image. Should retailers avoid generics? The risk is that of lost volume. However, this does not really represent a dilemma. Retailers should promote and merchandise the image they want but offer price variety through generics as long as customers purchase the items at a profitable level and are offered the variety they desire.

The survival of generics appears to hinge on an ability to reinforce a perceived price difference which offsets quality differences. The protection of national and private labels will depend on a perceived quality and value advantage and an implicit advantage of nutrient content per unit cost.

## Theoretical Conclusions

Before concluding this paper, a word should be offered about some theoretical explanations of the results of this research. Two perspectives are offered: one from the psychological perspective of buying behavior theory and another from sociology.

### Buying Behavior

The theory of cognitive dissonance has been useful in understanding consumer brand purchasing behavior. The basic concept of the theory says that when two relevant pieces of information (perceptions of several alternatives) are inconsistent, a psychological tension is created which results in discomfort. The individual will strive to eliminate or minimize this discomfort. The perceptions of the three brand categories suggest the psychological justification factors used by consumers to minimize the discomfort resulting from generic and national brand purchases.

"Most buying behavior is a repetitive decision process. In any repetitive situation, there exists a tendency on the part of the individual decision-maker to routinize the decision process in order to minimize unnecessary duplication of search effort.

Furthermore, the process of routinization is a dynamic, over-time phenomenon which entails the learning of relevant cognitions and structuring them. Howard and Sheth call it a psychology of simplification.

Given the fact that buying behavior is a repetitive decision process and that the consumer adapts to the situation by routinization, it follows that dissonance (discord) is reduced over-time. Such reduction may then result in no dissonance



at all after the buyer has purchased a product several times and probably has a strong brand preference.

Repetitive buying also creates greater familiarity with the buying situation. The greater the familiarity, the less the dissonance since the cognitions are more structured and consistent with greater experience.<sup>16</sup>

The extent that "familiarity" was a perceived characteristic of national and private labels does not preclude the possibility that, in time, this will become a factor with generics also. Consumers may base their familiarity on the economic advantage of generics or on the quality disadvantage. Thus, the purchase implications of familiarity with generics is uncertain.

The shopping behaviors and perceptions of the sub-samples have resulted from both experiences (as in the random and homemaker samples) and inexperience (student sample).

In simplifying the shopping process, familiarity and reduced shopping effort have apparently resulted. The expressed perceptions presumably reflect the means used for reducing the discord and the problems in choosing between the three labels.

#### Sociological Perspectives<sup>7</sup>

Human beings, according to Hertzler, construct a social world with conventional, socially acceptable categories and demarcated boundaries for their everyday existence.<sup>8</sup> Human beings, according to Berger and Luckman, create an environment that is ordered, patterned, and conceived as "out there."<sup>9</sup> Human beings, once they have constructed their order, have a tendency to protect and maintain that consistency. Numerous perspectives have noted the tendency

toward the preservation of the status quo. Even at the individual level, there is vested interest in having "the world" remain "the same," providing a sense of security. Human beings have been called "creatures of habit," "similarity seekers" where order is a necessity. There is a fear of meaninglessness.

The consumer in the United States certainly does not find him/herself in the most secure of environments. Like any other group, he/she attempts to carve up a predictable secure world. Once an adaptation is made to a problem, such as finding a satisfactory brand, a certain order is established. One may even reject a solution to a problem, such as a cheap product in times of economic stress, once an adaptation to the problem has been institutionalized.

Most consumers presumably would like to have more disposable income and lower food prices. However, the results of this study suggest that the respondents will rely on national brands and private labels for the consistency of quality and the security of preparing a fine meal for family and guests. Although price is important, perceived order and consistency frequently become the over-riding considerations in brand choice.

#### FOOTNOTES

<sup>1</sup>Ed Walzer, "46th Annual Report of the Grocery Industry," Progressive Grocer, Vol. 58, April 1979, p. 4.

<sup>2</sup>William J. Stanton, Fundamentals of Marketing, New York, New York: McGraw Hill and Company, 1967, p. 217.

<sup>3</sup>Ed Walzer, "National Brands, Private Labels, and How They Compete," Progressive Grocer, Vol. 55, October 1976, p. 4.

<sup>4</sup>SAMI Report, "Generics at Age One Analyzed by SAMI Report," Progressive Grocer, Vol. 58, March 1979, pp. 109-110.

<sup>5</sup>Carl M. Bergemann, "Generic Foods: Developing Attitudes and Consumption Patterns of a New Line Extension," Colorado State University, Spring 1979, pp. 61-71.

<sup>6</sup>Jagdish Sheth, "Cognitive Dissonance, Brand Preference, and Product Familiarity," in Insights Into Consumer Behavior, edited by Johan Arndt, Boston: Allyn and Bacon, Inc., 1968, pp. 40-42.

<sup>7</sup>Contributed by Dr. Ronny E. Turner, Associate Professor of Sociology, Colorado State University.

<sup>8</sup>Joyce Hertzler, A Sociology of Language. New York: Random House, 1965.

<sup>9</sup>Peter Berger and Thomas Luckman, The Social Construction of Reality, Garden City: Anchor, 1967.

\* \* \* \* \*

## ECONOMIC IMPLICATIONS OF THE NEW FOOD STAMP PROGRAM ON SELECTED FOOD COMMODITIES

by:

Chung L. Huang  
and  
Stanley M. Fletcher  
University of Georgia  
Experiment, Georgia

The present legal authority for the Food Stamp Program (FSP) is the Food and Agriculture Act of 1977. The legislation includes a thorough overhaul of the FSP which was enacted into law in 1964. The most significant impact on both participation and the food industry is the elimination of the purchase requirement that participants pay for food stamps. Under the new legislation, participants receive food stamps free of charge such that the benefits received are roughly equivalent to the value of bonus stamps under the old program (7).

Previous studies generally concur that participation in the FSP increases

household food purchases (4, 5). However, there is some consensus in research evidence that suggests the food stamp purchase requirement has been a significant barrier to program participation for many eligible households (1, 6). Since the new legislation took effect January 1, 1979, the enrollment of food stamp participation has swelled from 15.9 million people in December 1978 to over 19 million in May 1979. Consequently, the administration had to ask Congress to appropriate 650 million dollars in supplemental funds over and above the 6.2 billion dollars already earmarked for the fiscal year to keep benefits flowing to FSP recipients.