

Private label milk and Greek consumers' behaviour

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1. Introduction

Milk consumption represents the third product category of importance of domestic food consumption after meat and fruit and vegetables (ICAP, 1997, p.51-52). One of the main milk products is evaporated milk, which is widely used, in the Greek household both for cooking, as well as added in coffee or tea.

The market share of evaporated milk in the year 1999 is estimated to 43% (compared to 40% in 1998)

of the milk market share, with 51% being the market share of pasteurized milk and 6% the other milk categories (Koutras, 2000). This market share includes sales of both manufacturers and private label milk brands, which entered dynamically in the Greek retailing status, especially after the mid 1990s when the hard discount stores became a reality in Greek retailing.

It is a fact that today the structure of the food-retailing sector in Europe is experiencing rapid changes, due to intense competition, new technologies and changes in consumers' attitudes and preferences (Bell et al., 1997; Tordjman, 1994). Retailers have developed their private label brands for both food and non-food products (Bell et al., 1997; Richardson et al., 1996) in their attempt to obtain a share of price profitability and to increase their power in the market (Krishnan and Soni, 1997). Historically, pri-

Abstract

This paper provides the outcome of a preliminary research, which investigates the consumers' behaviour and attitudes towards private-label evaporated milk. Research methodology is twofold, including qualitative and quantitative research. Results indicate that few respondents purchase private label milk. The main reasons for not purchasing are the perception that it is inferior in quality compared to the manufacturers' brand, routine purchase, and consumers' reluctance to "risk" changing brands, while price is the main reason for purchase. Results are discussed for retailing stores selling private label evaporated milk, as well as marketing strategies in order to increase the consumers' response towards the product.

Résumé

Dans ce travail, on parcourt les résultats d'une recherche préliminaire sur le comportement du consommateur et son attitude à l'égard du lait condensé portant la marque du détaillant. La méthodologie employée a permis d'évaluer aussi bien les aspects qualitatifs que les aspects quantitatifs. Les résultats indiquent qu'un nombre limité d'interviewés achètent du lait portant la marque du détaillant. La raison principale en est la perception de la qualité inférieure de ce produit par rapport aux grandes marques, les choix habituels et la réticence de la part du consommateur à prendre un "risque" en changeant de marque; en revanche, le prix est la raison principale qui incite les consommateurs à acheter ce produit. Les résultats sont discutés en considérant la vente au détail du lait portant la marque du détaillant et les stratégies de commercialisation visant à accroître l'acceptation de ce produit par le consommateur.

vate -label brands appeared for the first time in Europe in the last part of the 19th century, but it was not until the 1970s, that they achieved significant penetration (Samways, 1995: 11-18), which varied among the countries (Bell et al., 1997; Steenkamp and Dekimpe, 1997).

Private label brands penetrated the Greek market in the early 1980s, with the products of the retailing chain Prisunic Marinopoulos; but it was not until the mid

1990s that private-label market share increased significantly. In 1995, private-label brands in the Greek market held 5-7% of the market share (Naftemporiki, 1995), while in the year 2000 they held about 10-12% (Self Service Review, 2000). The main causes that opened the floor to private label brands were the economic deflation observed in the 1990s, which resulted in the decrease of consumers' purchasing power, and the appearance of foreign retailers (i.e. Continent). Another cause, almost equal in importance, was the retailer's aim to increase profits and become independent of their suppliers.

The previous literature is rich in studies regarding private label brands. Several researchers explained the reasons of their success (e.g. Quelch and Harding, 1996; Tordjman, 1994). Others referred to product quality, retailers price or market power (Krishnan and Soni, 1997; Steenkamp and Dekimpe, 1997; Corstjens et al. 1995; Nandan and Dickenson, 1994). Some stated the factor of price or consumer's price consciousness (Sethuraman and Cole, 1999; Sihna and Batra, 1999; Ashley, 1998), or focused on the role/impact of promotion or advertising for both na-

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tional and private label brands (Parker and Kim 1997). Lastly, several researchers studied the role of consumers' characteristics in purchasing, proneness and attitudes towards private label brands (e.g. Baltas, 1997; Dick et al., 1997; Omar 1996). Although previous research is undoubtedly crucial in explaining private label success and consumers purchasing behaviour, no research has focused upon private label milk as the product under consideration, a product widely used in almost every household.

This paper focuses on consumers' behavior and attitudes towards private-label concentrated milk. This preliminary research, exploratory in nature, has the following specific objectives to investigate:

1. If Greek consumers purchase private-label concentrated milk, frequency of purchase, quantities and packages of purchase;
2. Factors that led to the first purchase, if continuous purchase has taken place and factors that led to it;
3. Evaluation of quality compared to manufacturers brands, and;
4. Consumer's attitudes towards concentrated private-label milk.

To address the above issues, a twofold research approach was undertaken as presented in the next section.

2. Research methodology

2.1. Qualitative research

In view of the exploratory nature of this study, qualitative research was undertaken, as marketing literature on consumer's behavior suggests (Hyde, 2000; Goodman, 1999), offering an insight into questions that address the way people think about a certain subject (de Ruyter and Scholl, 1998). In order to achieve this, discussions were carried out in Greater Thessaloniki in three focus groups with fifteen adult consumers, employing a simple questionnaire; the same for all sessions, and all discussions were tape-recorded. The sample participating in the consumers' focus groups was selected employing the judgmental sampling method. The main findings of the focus group discussions were the following.

All consumers use evaporated milk in their household and are aware that private label milk is distributed in the Greek market, but they do not purchase. The majority of consumers in the focus group discussions have not purchased it. The main reason for non-purchasing it is the perception that private label brands are inferior in quality compared to manufacturer's brands. Other reasons for not purchasing is the consumer's unwillingness to risk changing a brand, which already satisfies their needs. Some participants answered that up to date they have not considered it, because they are motivated by routine purchase. As for those who bought the product, the motivation for first time purchase was its price and the super-market's credibility. Many consumers purchasing private

label milk continued their purchase because of its price and quality. Preferred packages depend on frequency of usage and purchase. Frequency of purchase varies from one time per week to less than once per month according to the household. Consumers, who continue to purchase, believe that private label evaporated milk is inexpensive, has all the appropriate standards, can be consumed by all ages, and is tasty. In addition, these consumers believe that it can be equally used as the manufacturers' brand, and can compete successfully with well-known brands in the marketplace.

The above findings were important and used for the design of the field research questionnaire.

2.2. Field research

In order to accomplish the research objectives, a structured questionnaire was prepared specifically for this purpose, based on the results of qualitative research. The questionnaire included twenty questions; twelve questions referred to private-label concentrated milk and eight to consumer's demographic characteristics.

The survey approach was then adopted, where area under consideration was Greater Thessalonica, comprising twelve municipalities. The questionnaire was pre-tested on a sample of 14 respondents selected by convenience. After making the necessary modifications, field research was undertaken over a ten-week period starting on 1 October 1999 to 20 January 2000. Data were collected employing personal interviews by the researchers. The only sampling frame available was the population of each of the twelve municipalities (NSSG: Census1991) and a map with the streets and building blocks for each municipality. Sampling method employed was the multistage random sampling method, as employed by Kamenidou (1999, pp.69-71) for the same area, with sample unit made up of one adult per family. Two hundred and sixty-two valid questionnaires were collected with this method. This sample size is considered efficient for generalizations from the sample to the correspondent population with 6% error, 95% level of confidence (Stathakopoulos, 1997, pp.224-227). Statistical analysis of the survey data includes descriptive statistics (frequencies, percentages and means).

3. Findings

3.1. Sample Profile

From the 262 respondents participating in the survey, 30% were males and 70% females, with the majority of the respondents (52%) 25-44 years of age. Most of the respondents were married (66%) and 45% held a bachelor degree. Also, the majority of the respondents were employees (37%) and dependent (40%), i.e. housewives, students, etc. Lastly, 68% of the respondents had family monthly net income between 300,000 and 500,000 drachmas.

3.2. Consumer's behavior and attitudes towards private –label milk

All respondents, who participated in the research, use evaporated milk for their households, with frequency varying from every day for "heavy users" (39.7%) to less than once per month for "occasional users" (1.9%). As to purchasing private label evaporated milk, only 100 (38.5%) of the 262 respondents answered in the affirmative. Reasons for non-purchase was the consumer's perception that private label evaporated milk is inferior in quality compared to manufacturers' brands (35.2%),

while the main reason that led to purchase private label evaporated milk was its price for 60% of the respondents (Table 1).

As for those who have purchased private label evaporated milk at least once, 2% consider it of higher quality, 28% of lower quality and 70% with a quality equal to that of manufacturers' brands.

Sixty-six respondents out of one hundred who tried the product continued to purchase it. The main reason for non-purchase is the taste and quality of the product (47.1%) and the unwillingness to risk using an "unknown" product (35.2%). Reasons for continuous purchasing are price (49%), quality (25%), credibility of supermarket (23%), and package (3%) (Table 2).

Most consumers purchase private label evaporated milk more than once or once per week (70%), while the others purchase it about once in two weeks (17%) or once a month (13%). Quantities of purchase are up to one can of 410ml per week for 62% of the sample (Table 3), while the majority of the sample prefers the 410ml package.

All participants in the research were asked to answer to six statements regarding the consumers' attitudes towards private label evaporated milk (Table 4). The most favorable consumer's attitude was that they consider it as inexpensive (mean=3.94). Consumers neither agree nor disagree that private label evaporated milk is for all uses (mean=3.36) and is tasty (mean=3.32). They disagree with a tendency to neither agree nor disagree that private label evaporated milk has the appropriate standards (mean=2.99), can be consumed by all ages (mean=2.89) and can compete in the marketplace with other manufacturer's brands (mean=2.74).

Table 1. *Reasons for non-purchase and motivation to first time purchase of private label evaporated milk (%)*.

Reasons for non purchase N= 162		Motivation for first purchase N= 100	
Statements	%	Statements	%
Habit/routine purchase	21.0	Price	60.0
Consider it inferior	35.2	Perceived quality	1.0
Haven't occurred to me/ Never thought about it	17.9	Others' opinion	9.0
Not risky/ Don't like changing when used to something	22.8	Credibility of supermarket	19.0
Don't know	3.1	Package/ appearance	2.0
		Curiosity	9.0
Total	100.0	Total	100.0

Table 2. *Reasons for non- continuous purchase and for continuous purchase of private label evaporated milk (%)*.

Reasons for non continuous purchase N= 34		Reasons for continuous purchase N= 66	
Statements	%	Statements	%
Do not like taste/ quality	47.1	Price	49.0
Consider it risky to use a product not known	35.3	Quality	25.0
Do not like its package/ appearance	5.8	Credibility of supermarket	23.0
Not sure about the credibility of supermarket	11.8	Package/ appearance	3.0
Total	100.0	Total	100.0

Table 3. *Frequency and package of purchase*

Frequency of purchase of private label evaporated milk		Average quantity of purchase per week (cans of 410 ml)	
Statements	%	Statements	%
More than once per week	36.0	Up to one can	62.0
Once per week	34.0	2-3 cans	28.0
Once per two weeks	17.0	4 and more cans	10.0
Once per month	13.0	Total	100.0
Total	100.0		

Sample: 66

4. Discussions, Conclusion, Implementations

Evidence of this study suggests that a few consumers, only 38.5% of the sample, purchased private-label evaporated milk at least once and only 66% of them continue to purchase it. Consumers who do not purchase the product perceive it –even if they do not have their own

experience- as inferior in quality. There is also a considerable percentage which purchases manufacturers' brands routinely or has not thought of changing brands, meaning that this percentage is not reluctant to change, but just has not considered it at all.

These consumers can be approached by appropriate marketing techniques with a probability to become future buyers of the product. In shopping situations, promotional techniques could be applied. In this case, Word of Mouth Communication (WOM) could prove to be effective. Literature indicates that WOM communication is one of the most widely accepted concepts in consumer's behavior, having a significant effect in consumers' attitudes and behavior in the purchasing process of products and services (Mangold et al., 1999; Bone, 1995).

Price is considered the main reason for consumers who continue to purchase private-label evaporated milk, followed by quality and credibility of the supermarket.

Low price combined with good quality is the key to purchasing private label evaporated milk. This deserves special attention, so that every effort of quality improvement and promotion does not result in a perceptible increase of price.

Furthermore, it is very important for retailers selling private label concentrated milk and private label brands in general, to maintain their good image, since the retailers' credibility is also a very important factor which drives consumers to purchase private label brands. These findings agree with the findings of Obermiller (1988), who found that the perceived quality of a brand is affected by the point of purchase, where consumers purchase the brand.

Consumers that have tried private label evaporated milk, but have not repurchased it, need special consideration. Thus, detailed and thorough research is needed to ascertain if rejection is really because of taste/quality or derives from underlying psychological factors. This can be verified with blind sensory tests.

The last objective of this study was to define consumer's attitudes towards private label evaporated milk. Results indicate that attitudes are in general indifferent and not negative. This outcome is very important to brand managers, meaning that appropriate marketing manipulations

Table 4. *Consumer's attitudes towards private label evaporated milk (%)*

Statements	Strongly agree	Agree	Neither agree/disagree	Disagree	Strongly disagree	Mean (SD)
Private label evaporated milk is economical	15.9	65.9	15.9	0.8	1.6	3.94 (0.70)
Private label evaporated milk has the appropriate standards	0.8	23.0	52.4	22.2	1.6	2.99 (0.74)
Private label evaporated milk is for all uses	4.8	45.2	31.0	19.0	0.0	3.36 (0.84)
Private label evaporated milk is tasty	2.4	36.5	52.4	7.9	0.8	3.32 (0.69)
Private label evaporated milk is for all ages	4.0	28.6	44.4	28.6	4.0	2.89 (0.86)
Private label evaporated milk can compete with well-known brands	2.4	22.2	32.5	32.5	10.3	2.74 (1.00)
Sample: 252						

may result in the consumers' change of attitudes. Such marketing techniques could be in store promotions and WOM communication, which both have lower costs than advertising.

Taking into account the fact that prior research in Greece has not been conducted regarding consumers' behavior towards private-label milk, and specifically private-label evaporated milk, these results will help retailers and their marketing staff to concentrate on an effective marketing approach regarding consumers

5. Limitations of the study

It is important to recognize several limitations of this study, which offer opportunities for further research. Firstly, this study was conducted before the Hypermarket CARREFOUR appeared in Thessalonica retailing status. Second, this research encompassed only respondents from Greater Thessalonica due to time and resource constraints, and therefore results cannot be generalized to the whole country. Finally, this research addresses only one private label product. Other categories examined might give different results.

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