Private brands on special display

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Abstract

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Keywords: Retail, Private brands, In-store marketing, Special display, In-store decisions.

Purpose: As the existing literature and research of special displays focuses on manufacturer’s brands, the overall purpose of our thesis is to extend the existing research about special display to include private brands. We will investigate whether the results regarding manufacturer’s brands on special display apply to private brands as well. Furthermore, we will observe which of our two special display set-ups that will generate the largest sales and receive the most customer attention. Lastly, we aim to contribute to existing research within in-store marketing and private brands.

Methodology: In this study we have used quantitative methods, including triangulation. The Latin square design was then employed to further strengthen the validity of our findings.

Theoretical perspective: This study was built upon previous theory regarding in-store decision making, special display and comparisons between private brands and manufacturers brands.

Empirical data: We have employed an experimental design and collected our data through questionnaires, sales data and observations. Our experiment was conducted in two ICA Kvantum stores in Skåne, Sweden.

Conclusion: Our research indicates that private brands on special display generate results similar to manufacturer’s brands on special display. Furthermore, a special display with four randomly chosen products was proven to attract more attention and increase sales.
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1. Introduction

In this chapter we present the introduction to our research area. We will provide our readers with background information and explain our procedures to the point where our research has taken us so far. Following this, a problem discussion will lead on to our problem formulation. In the end, our purpose and the aim of this thesis will be presented.

1.1 Introduction to the research area

During the last 30 years there has been a change in the retail industry, especially within food retail (Dobson et al. 2001). These changes have led to a significant power shift between manufacturers and retailers (Melin 1997). Traditionally, the retailer has been a link between manufacturers and consumers. The manufacturer’s brands have long dominated the retail scene. In recent times, however, retailers have created their own private brands (Kotler and Armstrong 2006). A private brand is a brand that is owned by the product’s reseller rather than by its manufacturer. Furthermore, the term is often associated with advertised brands versus unadvertised brands. The private brand is often recognised as the brand that is unadvertised (AMA 2008). Private brands are becoming more and more successful and retailers are gaining more power (Talking Retail, 2007). This has led to the situation where private brands, are giving the manufacturers’ brands a real run for their money (Kotler and Armstrong 2006). In the so called battle-of-the brands between manufacturers’ and private brands, retailers have several advantages. They control what products they stock, where they are placed on the shelf, what prices they charge and which products will be featured in local advertisements (Kotler and Armstrong 2006). However, manufacturers also have advantages such as well-established brands, loyalty and recommendations as a result of consumer experiences (Bettman 1973 and Dowling 1986).

As a result of the abovementioned power shift, retailers are able to make use of their advantages and control the various elements of the marketing mix, a position previously held solely by manufacturers. The competition of attracting consumers has become more intense between retailers and manufacturers and they have both realized the importance of adapting to consumers’ preferences and needs. Consumers have become more affluent, discerning and mobile, which are important factors to acknowledge when attempting to reach them (Fernie 1997). Today’s consumers are looking for a total experience. Therefore, retailers have to offer a solution to consumers’ needs and connect with consumers on an emotional level. Furthermore, they have to have fair prices and make it easy for consumers to find the products and most importantly, they have to have a satisfying assortment (Berry 2001).
To be able to satisfy consumers and offer them a broader assortment of products in all price ranges, retailers are now offering their own private brands in almost every product category. However, when promoting private brands, retailers face certain hindrances which need to be addressed in order to reach their customers. One of them is the issue of the reputation regarding private brands. Prior to 1990, the reputation of private brands was synonymous with low quality and low prices and this is something retailers have had to erase. By differentiating and developing their brands, the retailers have been able to change consumer perception of private brands (Murphy 1990 and Burt 2000). However, to many consumers, private brands still involve a higher risk than manufacturer brands (De Chernatony and McDonald 1998, Jacoby et al. 1971 and Broadbridge and Morgan 2001). Furthermore, by focusing on specific consumer segments, retailers have been able to broaden their customer base, increase margins, create a stronger image and differentiate themselves (Laaksonen and Reynolds 1994).

As retailers do not have the same marketing opportunities as manufacturers, retailers are now turning to the in-store environment as a means of communication with their customers. There are several in-store marketing tools that facilitate retailer’s communication with customers, these include layout, putting products on special display and making use of atmospheric elements such as smell, signs, colours and music (Milliman 1982, Yalch and Spangenberg 2000, Underhill 2000). Special display has, in previous research, proven to generate positive results in sales as an outcome of attracting more attention to the products. The definition of a special display is generally a set-up of products at the end-of-aisle, were the products are displayed in addition to their regular place on the shelf. Consumers often view the products on special display as special deals, and the products are often purchased without any prior intentions of buying (Chevalier 1975). This makes the consumer decision-making process and the possibilities of marketing within the store, even more crucial to study and learn more about. Special display as a marketing tool has not been studied thoroughly, especially not when using private brands which makes it a most interesting field of study.

The private brand used in this study will be ICA’s private brand ICA Gott Liv!, a differentiated private brand with a health image. ICA’s purpose of offering this private brand is to provide their customers with a well-tasting and healthy alternative. ICA Gott Liv! is promoted in the store, although traditional marketing channels such as TV campaigns were used when the product line was launched in 2005 (ICA 2008).

1.2 Problem discussion

Manufacturers use advertising outside and inside the stores and can get the customers attention and interest before they enter the store. Meanwhile, retailers mainly work with catching the customers’ attention in the store. Retailers are therefore using their private brands to gain more loyal customers and create more awareness of the stores. However, little research has been conducted regarding how to best promote private brands in-store.

According to Nordfält (2007) as much as 70 percent of all consumer decisions are made in the store, therefore the use of in-store marketing is crucial for retailers. Furthermore, in a store with 50 000 products, the consumers are only aware of 40-50 products. This also indicates that in-store marketing and catching customer attention is an important task for both retailers and manufacturers. So how can retailers catch customer attention? According to Chevalier (1975) and Nordfält (2007), the retailer can make the consumers more aware of products and influence their purchase behaviour by presenting products on a special display. Previous
research shows that special displays generate positive results, although this has generally been focused upon manufacturer brands (Lange et al. 2005 and Nordfält 2007). Therefore, it is still unknown whether a special display for private brands would generate the same positive results as a manufacturer’s brand on special display. To be able to determine this, we will compare results of previous studies made of manufacturer’s brands with our own experiments with private brands.

Since there is a lack of research involving private brands on special display, consequently, little investigation has been carried out regarding the display set-up and how it should be designed. It is therefore interesting to research this area and test various display set-ups. Furthermore, there is also a gap in research regarding just how many product categories from within the same brand, should be put on special display to gain the best results. When doing this, it would also be interesting to see which one of the two special display set-ups that is the most successful in communicating the health image of ICA Gott Liv!

With this problem discussion as a background we have formulated the following questions.

1.3 Problem formulation

1. Does a special display of a private brand generate similar results as a special display displaying a manufacture brand?

2. Which one of the two special display set-ups generates the highest sales and receives the most attention from customers when displaying private brands?

1.4 Purpose

As the existing literature and research of special displays focuses on manufacturer’s brands, the overall purpose of our thesis is to extend the existing research about special display to include private brands. We will investigate whether the results regarding manufacturer’s brands on special display apply to private brands as well. Furthermore, we will observe which of our two special display set-ups that will generate the largest sales and receive the most customer attention. Lastly, we aim to contribute to existing research within in-store marketing and private brands.
1.5 Readers guide

Introduction

In this chapter we will present an introduction to our research area. We will provide our readers with background information that will lead up to where our research has taken us so far. Furthermore, a problem discussion will lead on to our problem formulation. Finally, our purpose and the aim of this thesis will be presented.

Methodology

The purpose of this chapter is to clarify our standpoint and approach to the methods we have chosen. We have divided the chapter into two parts, an overall method and a practical method. At the end of the chapter the issue of validity and reliability will be discussed. Our choice of primary and secondary data will be presented and our methods will be critically reviewed.

Theory

The purpose of the theory chapter is to present a review of the previous research that led us to our research question. In addition, theories that we consider applicable to our research area will also be presented.

Empirical findings

In this chapter we will present the results that our methodological research choices led to. A brief presentation of ICA and the products on special display will also be presented.

Analysis

This chapter brings together the theory and our empirical findings. The analysis will be done in two parts; initially by analysing the results from our three independent data gathering methods, and then continuing with a summarizing discussion where we analyse our findings.

Conclusion

This chapter serves both as a summary and a conclusion and it also "touches base" with our purpose and the research questions presented in the introduction. Here our research questions will also be presented and responded to.
2. Methodology

The purpose of this chapter is to clarify our standpoint and approach to the methods we have chosen. We have divided the chapter into two parts, an overall method and a practical method. At the end of the chapter the issue of validity and reliability will be discussed. Our choice of primary and secondary data will be presented and our methods will be critically reviewed.

2.1 Overall method

2.1.1 Research area- an overview

In this study, two ICA Kvantum stores were used for collection of empirical data. The stores that were used are ICA Kvantum Toppen in Höllviken and ICA Kvantum Anderssons ICA in Södra Sandby. The two ICA Kvantum stores are similar in product assortment and size, and they are both located in rural areas. ICA’s private brand ICA Gott Liv!, a brand with a health focus, was the subject of investigation. The in-store marketing tool used was a special display at the end of an aisle. Moreover, we conducted our experiments with two different special displays; one displaying four randomly chosen ICA Gott Liv! products, and another displaying the best selling ICA Gott Liv! product.

The purpose of using two different special display set-ups was to test which one of the two set-ups that would be the most beneficial in attracting consumer attention and promoting higher sales. However, using two different display set-ups also helped us in eliminating disturbances, such as the possibility of our product choice having an impact on the results. Our choices of display set-ups will be further discussed in the section of 2.2.1.1 Latin square design.

2.1.2 Research proceedings

The relationship between data and theory is a well debated issue. According to Easterby-Smith et al. (2006), failure to not thoroughly consider philosophical issues can seriously affect the quality of management research. There are several suggestions to what kind of research approach to use, however, in this thesis, we began by studying existing theory in our area of interest; in-store marketing and private brands, and then collected data to apply to the theory. This is the typical working process when applying a deductive method.
The theory studied before deciding upon a research question was mainly in the area of in-store decision, special display and private brands. We started out by researching previous studies within the field of in-store marketing. As we proceeded we discovered that there was plenty of research of private brands, but that in-store marketing of private brands had not been thoroughly researched. We continued our research and found that special display could be a potentially efficient in-store marketing tool to help enhance private brands in the store. Prominent researchers such as Chevalier (1975) argued that the purpose of special display is to increase sales and the average amount purchased, as well as to create in-store excitement. Lam and Mukherjee (2005) also argued that a well coordinated display can enhance the store image, attract consumer attention and influence their in-store behaviour. Finally, it was arguments like these that convinced us that special display could be a useful tool to work with when marketing private brands.

2.1.3 Quantitative method

A quantitative research strategy focuses on measurements when collecting and analysing data. It should involve some kind of numerical data which is only useful if it can be interpreted and analysed (Saunders et al. 2003). The quantitative approach allows us to build a relationship between existing theory and the data collected (Bryman and Bell 2007). When using this approach our research process was divided into three stages. First, the data was collected, secondly, the statistical data was compiled and analysed and lastly, our findings were duly noted.

The quantitative research approach was the most suitable for this research as we gathered sales data, observations and questionnaires; all of which are quantitative methods which we wanted to compare with previous studies conducted on manufacturers’ brands on display. We used the SPSS computer program when analysing the collected data. This program helped us to establish whether our results were statistically significant or not. We used a Chi-Square Test to determine the significance. The methods of gathering the data will be explained thoroughly in the section of triangulation.
2.2 Practical method

2.2.1 The experiment

Bryman and Bell (2007) discuss a few different design alternatives, such as experimental design, quasi-experiment, cross-sectional design and longitudinal design. However, when conducting this study, an experimental design was the most appropriate; a research design is experimental when the researcher interferes with objects that could have a possible impact on the experiment’s results (Bryman and Bell 2007). In order to capture the essence of experimental design, observations are also needed (Bryman and Bell 2007). Information regarding our observations will follow in the section of triangulation.

2.2.1.1 Latin square design

In line with the experimental design, a Latin square design was employed in this study. A Latin square design is recommended for store experiments and involves dividing the stores and times of the experiment into at least two parts each (Nordfält 2007). By employing a Latin square design we reduced the risk of the experiment being affected by our choice of store, time period and the design of the product display.

In this experiment, we used two stores A (ICA Kvantum Anderssons ICA) and B (ICA Kvantum Toppen) and two time periods 1 (17th April) and 2 (24th April). We used two separate displays; one displaying four randomly chosen ICA Gott Liv! products, and the other displaying a single best selling ICA Gott Liv! product (See figure 2).
We also used two control days when nothing was changed in the store. These two days were the 10th April and the 8th May. We chose to do the experiment on Thursdays mainly because Thursdays are popular shopping days. Fridays would be another alternative; however, people are more stressed on Fridays (Theander, M 2008) which we believed could have an impact on customers noticing our displays.

In order to further clarify the schedule of our experiment:

<table>
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<th>Activity</th>
</tr>
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<tbody>
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<td>Control day (sales data)</td>
</tr>
<tr>
<td>April 17th</td>
<td>Sales data and observations</td>
</tr>
<tr>
<td>April 24th</td>
<td>Sales data, observations and questionnaires</td>
</tr>
<tr>
<td>May 8th</td>
<td>Control day (sales data)</td>
</tr>
</tbody>
</table>

*Figure 3 Experiment schedule*

The first day of the experiment, the best selling ICA Gott Liv! product was put on special display in ICA Kvantum Toppen in Höllviken. This product was ICA Gott Liv! muesli and was placed on a display with three shelves. The display was placed at the end-of-aisle (see figure 4), close to the store entrance, however not on the landing strip, which will be explained below.

Furthermore, on the same day, in ICA Kvantum Anderssons ICA in Södra Sandby, four randomly chosen ICA Gott Liv! products were put on a similar display, in the same location in the store. These products were the ICA Gott Liv! tagliatelle, ketchup, muesli and jam. The size of the display was the same regardless of there being four or one product on display.

Every store has a transition zone where customers adjust to the store’s light, smells and temperature. This is often referred to as a landing strip and it is situated right after the entrance to the store. Almost all customers use the first meters in the store to adjust to the environment, therefore, they are not aware of the products that are displayed in that area. This is important to be aware of since a special display in this area could be less effective (Underhill 2000).
On the second day of the experiment, which was the following Thursday, the product assortments in the displays were reversed. Therefore, the best selling product, which was oatmeal, was placed on the same display in ICA Kvantum Anderssons ICA and four randomly chosen products were placed on display in ICA Kvantum Toppen. These four products were also tagliatelle, ketchup, muesli and jam.

In order to see which object had an impact on the results, disturbing elements needed to be eliminated. By controlling the various elements it was possible to eliminate them and by doing this the internal validity was strengthened.

Control can be done in various ways and is a core component of the Latin square design; in this experiment, disturbing factors were reduced by using balance groups. When using balance groups, one attempts to balance out the possible effects of other elements (Denscombe 2000). Several actions were taken to balance out possibly disturbing elements; as the two experiments were conducted in two different ICA Kvantum stores, the effects of the stores’ external and internal factors, such as personnel, location etc. were diminished. Two different sets of product combinations (the best selling product and four randomly chosen products) were displayed and the displays were located at a similar location in the stores, more precisely in the main entrance aisle. By displaying the best selling product one day and four randomly chosen products another day, we reduced the impact of our choice and combination of products. The experiments were conducted on Thursdays, starting with the display with the best selling product in one store, and the four randomly chosen products in the other store. The following week the stimuli were reversed. The purpose of this was to reduce the impact of what week it was. Finally, the sales data was also used as a control factor. Sales data was gathered from the Thursday prior to, and two weeks after the last experiment, at this time nothing was changed in the stores. By comparing sales data from the days of the experiments with the days when nothing was changed, we were able to see if the special displays had an effect on sales.
2.2.2 Triangulation

We gathered information according to the theory of triangulation, which is a multi-method research design. Triangulation means using an approach with several theoretical perspectives, data sources and methodologies (Bryman and Bell 2007). This design can be connected with a quantitative strategy, and because of its various approaches, strengthens confidence in the findings (Bryman and Bell 2007). According to Easterby-Smith (2006), triangulation involves independent measures, which means that the methods used have no relation to one another. When using multiple methods it is possible to see things from different perspectives, which enhances our overall understanding of this research and its results. Another positive feature with triangulation is that is also makes it possible to question or confirm the findings (Denscombe 2000). In addition, Alvesson and Sköldberg (1994) argue that by using triangulation, it is easier to establish specific phenomena.

One of the many triangulation methods is data triangulation, which refers to research data collected from different sources or different time frames (Easterby-Smith et al. 2006). In this study, data triangulation was employed; the three data collecting methods were observations, collection of sales data and questionnaires. By using different methods and thereby being able to confirm results, the validity of our research will be strengthened. In the next section, the method of data gathering during our experiment will be explained.

2.2.2.1 Questionnaires

Questionnaires are easily accessed and the outcome is standardized answers which are easy to compare. It gives researchers a chance to collect a larger sample of data and enables them to be in control of the process. However, it can be time-consuming and the amount of questions which can be used are limited (Saunders et al. 2003). The purpose of our questionnaires was to establish whether customers noticed the display at all and to find out whether one of the two displays created a clearer message of ICA Gott Liv! as a healthy brand. This was conducted with the assumption that if one of the display set-ups created a clearer message, this display would be the better alternative to use in a store.

We handed out 50 questionnaires in each store when the customers had already passed the display and were on their way out. The respondents were chosen at random with the assumption that the sample would be representative of the population. They were also anonymous. According to Bryman and Bell (2007), the validity of a research project is strengthened if the sample is randomly selected.

When designing the questionnaire we had to decide upon what kind of questions to include in order to obtain valid results. There were several aspects to be taken into consideration, for example, whether or not we should divide the questions into both facts and opinions. Furthermore, we needed to decide whether to use open or closed questions. Open questions allow the respondent to elaborate and closed questions limit the respondent by making them choose from predetermined alternatives. A common construction is when the researcher lets the respondent react to a statement and indicate their results on a scale from one to five, instead of the classic yes and no answers. The closed questions are quick to complete and analyse, but there is a risk that the data collected may well be superficial. (Easterby-Smith et al. 2006). The questions we conducted were combinations of closed questions regarding
consumers’ buying behaviour and reactions to a statement. There were also combinations of yes and no answers and reactions indicated on a scale. See enclosed questionnaire in Appendix 1. Due to the combination, we could easily recode the answers to numbers. When the answers had been recoded, we could use the SPSS program for help with analysis of the results.

The layout of the questionnaire was carefully considered as it is important to use clear and well stated questions (Easterby-Smith 2002). We avoided leading questions as well as negative ones. The questionnaires started out with some basic information, such as sex and age, and then the questions regarding the display followed. At the end of the questionnaire was a statement regarding ICA Gott Liv!’s perceived health image. The questionnaires were easy for the participants to complete as they only had to circle their answer.

2.2.2.2 Observations

In this study we decided to use observations because we were interested in learning about peoples’ actions and whether they had an approach or avoidance response to the display set-up. There are two forms of observations and one of them, structured observations, was employed in this study. The structured observation is a quantitative method, which allowed us to focus on the frequency of peoples’ actions and enabled us to conduct direct observations of peoples’ behaviour (Saunders et al. 2003). The advantage with observations is that behaviour can be studied directly (Bryman and Bell 2007). Furthermore, observations can be conducted in several places at once, which enables comparisons (Saunders et al. 2003). In this particular study, the experiment can be seen as field stimulation. A feature of field stimulation is that we, as the researchers, directly intervene in a manipulated environment in order to evaluate the experiment (Bryman and Bell 2007).

In this study, the observations took place when the products were on special display. We conducted the observations during the same time period and for the same length of time in both stores. The purpose of the observations was to get an indication of the number of consumers who were passing, looking and stopping by the ICA Gott Liv! products on display. A short explanation of each step follows:

- **Passing:** This option means the customer just passed the display without noticing it.
- **Looking:** This means that the customer noticed the display, or glanced at it.
- **Stopping:** When the customer actually stopped by the display, if only for a few seconds.

When preparing for the observation, we developed an observation chart that was used to record each consumer’s behaviour according to his or her action. This allowed us to record these actions as efficiently as possible. When a consumer passed our display a line was drawn in the chart according to the coding system.

When the observations were over we started out by dividing the observations from the two stores into two piles, one from the observations conducted when four randomly chosen products were on display, and one with observations from when the best selling product was on display. We then developed a coding system with the above mentioned options. We started off by coding the “looking” and “stopping” alternatives into a group called “Noticed the display” and let the “passing” alternative be in a group of its own. We then compared the two
piles of observations to be able to see whether one of the different display set-ups received more attention than the other.

2.2.2.3 Sales data

In order to see if the special display experiments had any effect on sales, we analysed sales data given to us by the store managers from ICA Kvantum Toppen in Höllviken and ICA Kvantum Anderssons ICA in Södra Sandby. The ability to access the sales data enabled us to measure the potential outcomes of the special display very conclusively. Therefore we did not have to solely rely on observations and questionnaires.

We received sales data from the days when the products were on special display, yet, we also asked for the sales data from the Thursday before and the Thursday two weeks after the experiment took place. As a result of this, we could compare the sales data from the days of our experiments with the data from the days when nothing was changed in the stores.

The benefit of using sales data was that we could rule out any uncertainty regarding sales and simultaneously use information from an independent source, which is not influenced by people’s behaviour, actions and statements. This enabled us to gain a different perspective and increase our understanding of the other empirical data and their results.

The importance of sales data for this thesis can not be underestimated, as it has a significant influence on the outcome of the research. This study is a comparative analysis of manufacturers’ brands vs. private brands. It is therefore vital that we can see the true effect that the special display has on private brands, as in fact, no research has previously been carried out on private brands. In order to for us to compare the two, we need valid information about both of them.

2.3 Validity

When conducting research, one is concerned with two different types of validity. Firstly, external validity involves defining the areas in which the results of the study may be generalized (Easterby-Smith et al. 2006). As the data was balanced with neutral settings to improve generalization, the external validity can be regarded as relatively strong in this research. Secondly, internal validity deals with the issue of causality. Moreover, if one can be sure that it is the relation between two variables causing a variation, or if there could be something else interfering with the results (Bryman and Bell 2007). In this experiment we used balance groups to strengthen the internal validity. By using balance groups we tried to exclude external factors which could affect our experiment. Balance groups were previously discussed in 2.2.1.1.

When choosing a sample, it is important to be aware of the possibility that the results may not apply in the same way everywhere. Furthermore, it is important to be able to explain why the results vary in different circumstances. (Easterby-Smith et al. 2006) In the case of this thesis, research was carried out in Sweden, in two different ICA Kvantum stores situated in rural areas. There is a possibility that the consumer segments might differ in these two areas, which
would affect the results. Finally, we distributed 100 questionnaires in total; it is understandably difficult to gauge whether this is a large enough sample to reflect the whole population.

The validity of our research is strengthened by the possibility of confirming results by using multiple research methods. If the data collected from the various methods concur with one another, it is possible to deduce from our findings that the results do not depend on the choice of method (Denscombe 2000). This is the main reason why we chose to gather independent data using three methods.

2.4 Reliability

Reliability is concerned with issues of consistency of measures, such as time (Bryman and Bell 2007). In other words, would other researchers get the same result and will it be possible to generalize? We have attempted to strengthen the reliability of our findings by using balance groups and eliminating external factors. However, we are aware that reliability could be weakened due to several unexpected limitations, which are discussed in the last part of this chapter, and therefore other researchers could get different results. In this research it will be somewhat difficult to establish if the results will be consistent with time, due to the limited time frame of the thesis. However, we took these issues into consideration when conducting our research in order to get a result that would be as reliable as possible.

2.5 Primary and secondary data

In research, secondary data is data collected and processed by persons other than the researcher. It includes raw data; collected with no processing (Saunders 2003). It is possible to use secondary data in combination with the collection of primary data. This can enable a comparative element to be incorporated into the research design. Secondary data is beneficial since analysis of a broader perspective can be obtained and possible conclusions can be drawn from a variety of sources. The gathering methods are also less invasive than when conducting interviews or focus groups (Bryman and Bell 2007). A negative aspect of secondary data is that it was originally gathered for a different purpose other than ours, and it is possible that the original purpose could have influenced the outcome (Easterby- Smith et al. 2006). The secondary data in this study mainly consists of information from websites and reports.

Primary data is the new material collected specifically for the purpose of the research project (Bryman and Bell 2007). Our primary data has been collected from the ICA Kvantum stores where we have conducted the observations, the questionnaires and collected sales data.
2.6 Critical review of our chosen methods

Since we are not using any qualitative data, such as interviews or focus groups, we do not have the advantage of viewing the social world through the eyes of the people we study (Bryman and Bell 2007). We will therefore not be able to fully understand the customer’s intentions, opinions and ideas which would undoubtedly have been an advantage when researching how customers respond to the displays. We came to the conclusion that a quantitative approach and the methods we had chosen would be sufficient for our purpose.

When the observations of people and people’s behaviour took place, it was crucial for us to be aware of the sensitivity of the people being observed. This sensitivity often influences the observed person to act in a different way than he or she would act if they were not being observed (Denscombe 2000). Therefore, by interacting as little as possible with the customers and keeping our distance, we attempted to make our presence felt as little as possible. However, the effect of external factors are hard to exclude.

The 1st of May is a public holiday in Sweden, which means that the sales data from this day may differ, as sales are similar to that of a Sunday (Marcus Theander, 2008). Therefore, to keep the validity, we decided to use the sales from Thursday May 8th, which is two weeks after the previous experiment.

Regarding the questionnaires, the respondents did not have the opportunity to elaborate on their answers, as they would have had if time had permitted and other methods had been utilized such as qualitative data gathering in the form of interviews or focus groups. This limits our interpretation of the respondents’ attitudes and their opinion of why they act the way they do.
3. Theory

The purpose of the theory chapter is to present a review of the previous research that led us to our research question. Furthermore, we will review the area of in-store decisions, private brands and the differences between them and manufacturer’s brands. We will also include theory concerning special displays. In addition, theories that we consider being applicable to our research area will be presented.

3.1 In-store decisions

In the 20th and 21st century there has been significant time and effort devoted to understanding the process of how consumers reach certain decisions. Researchers have been inclined to apply borrowed decision models from other areas of inquiry such as psychology, economics and cognitive psychology (Hoyer 1984). However, Hoyer (1984) argues that the problem with these models is that they were developed in order to understand the processes in situations which evoke cognitive effort and commitment. As a result of this criticism, the Fishbein model was created, the purpose of which is to comprehend social attitudes. The model has an appeal in marketing as it links behaviour to underlying causes. It promises the forecast and justification of behaviour; therefore, it becomes an important variable in the market place (Ryan 1980). However, a weakness of the Fishbein model is the unrealistic implication it suggests; i.e. that consumers make almost synchronized evaluations of the many characteristics or features that an object might, or might not, have. (McGoldrick 2002).

Some researchers have supported the notion that several common product decisions may not be important to consumers or involve them in any way as previous researchers have indicated (Kassarjian 1978, cited in Hoyer 1984, Hupfer and Gardner 1971). The notion Hoyer (1984) actually assumes is if these models are correct representations of how decisions are made. Yet, when studying decision making, Wright (1975) opposes Hoyer’s (1984) proposal and states that certain decision strategies require a considerable degree of cognitive effort. However, the consumer might not be willing to participate. The concern, therefore is just how much consumers are willing to engage in the cognitive process that the traditional models of consumer choice require (Hoyer 1984).

Previous research has emphasised cognitive processing that occurs instantly and prior to purchase. However, many purchase decisions occur repeatedly or frequently over time and engage continuous processing (Hogarh 1981). In these instances consumers are not only dependent upon previous acquired knowledge, but also upon their judgement of brand satisfaction/dissatisfaction. The latter occurs in the evaluation stage of the Consumer Decision Making Process (Hoyer 1984).
One model that is often mentioned in the literature regarding in-store decisions, is the Mehrabian and Russell model, the M-R model. This model is based upon the Stimulus-Organism-Response paradigm. It suggests that a stimulus in the store environment creates an emotional state in the mind of the consumer, which results in an approach or avoidance response. If the environment is positively loaded, it can create a pleasurable arousal for the individual and influence the consumer’s decision making process (Mehrabian and Russell 1976). An example of a positively loaded store environment is a store which is modern, has good lighting and well planned layout that is visually appealing (Groeppel-Klein 2005, Babin et al. 2003, Donovan et al. 1994, Darden et al. 1994 and Spies et al. 1997).

In our research, the special display can be seen as the stimuli which have been changed in the store. If the stimulus leads to an approach response, the customers will look, stop or purchase the products that we have on display.

3.1.1 The Consumer Decision Making Process

The Consumer Decision Making Process is used by various researchers to explain consumer decision making. The model is a five step, problem solving model, developed by John Dewey in 1910 (Nordfält 2005). He defined the steps in problem solving that a person goes through when reaching a certain decision (Engel and Blackwell 1982). The steps involve (1) need/problem recognition (2) information search (3) pre-purchase alternative evaluation (4) purchase (5) outcome (see figure 5).

![Figure 5 The consumer decision process, Nordfält 2007](image)

The first stage, need/problem recognition, is when the consumer realizes a need. Reactions to the problem recognition stage are either top-down or bottom-up processes. The top-down process is a conscious reaction to how a problem can be solved (Nedungadi 1990), whereas the bottom up process is when the decision process actually occurs due to the situation the person is in (Lynch and Srull 1982). A third possibility, to react to the problem recognition, is a combination of the two. The next step is information search. Once the consumer has realized a need/problem she/he searches for information that will help solve the need. The next step is to evaluate the alternatives which leads to the purchase and the final step, outcome; a step of consumption and post-purchase evaluation. Furthermore, it is assumed that each step involves some kind of cognitive activity, and that the last three steps also involve behaviour (Nordfält 2005).

Although this five step problem solving model is widely used, some researchers do not think it is applicable within Fast Moving Consumer Goods (FMCG’s) (Nordfält 2005, Nedungadi 1990 and Hoyer 1984). The argument is, that the model is too extensive when it comes to FMCG’s, and that consumers do not go through all five steps in daily-life situations. However,
the model is more applicable when it comes to complex products, which are not bought frequently.

3.2 Alternative approaches

Rohit et al. (1983) ventured a new attempt to describe consumer decision making in situations involving repeated purchases. These repeated purchases could be considered as low importance or low involvement purchases. Furthermore, Hoyer (1984) stated that consumers prefer to save time and effort and are therefore more willing to take the risk of a negative consequence; this is based on the notion:

“... The major goal in repetitive and relatively unimportant decisions is not to make an “optimal” choice but rather to make a satisfactory choice while minimizing cognitive effort...” (Hoyer 1984 p. 823)

Hoyer also proposed that this view is a result of three major factors:

1. The decisions being taken in a low involvement situation are not important enough to individuals, and the risk of a mistake purchase is not high enough to engage in a decision making process.

2. Consumers have made these decisions numerous times in the past and do not need to use a great deal of decision making effort.

3. A typical shopping trip involves numerous decisions, and it is likely that the consumer will not put time and effort into every single decision.

There are a few choice tactics a consumer can employ in order to simplify the choice of product, or to make a repeat purchase, these are: price- buying the cheapest brand, performance- buying the brand that works the best, affect- buying the most pleasing brand or normative factors- buy the most familiar brand (Hoyer 1984). These choice tactics, according to Bettman (1979), require even less effort than the models that have been previously suggested in this thesis. In this process, the first choice can be arbitrarily based on the above mentioned choice tactics. However, over time, consumers will refine these tactics until they make a satisfactory decision with as little effort as possible. As opposed to the traditional view that assumes that the evaluation of brands takes place at the moment of choice, the choice tactic view suggests that the evaluation of brands takes place in the post evaluation stage of The Decision Making Process (Hoyer 1984).

Some researchers have concentrated their studies on habitual purchase and brand loyalty (Jacoby 1977 and Kyner 1973). Habitual purchase is built on the tactic choice, however, habitual purchase is not necessarily the result of a strong positive brand evaluation; it is rather a habit of convenience, which reduces the cognitive effort. In contrast, brand loyalty purchase is an outcome of brand preference and is most likely a result of the post-purchase evaluation stage which is the fifth step in The Consumer Decision Making Process model (Hoyer 1984). It should be stressed that habitual purchase and brand loyalty have different driving forces for the same behaviour, and any attempt to change this behaviour would demand different strategies (Hoyer 1984).
3.3 Recent findings

More than 70 percent of all purchase decisions of FMCGs are made within the store, (POPAI 1996) and 85 percent of consumers make purchases without having searched for alternative products. 90 percent make purchases only by scanning the front of the package and without picking up the product (Clement 2007). Clement (2007) conducted an eye-track experiment on how visual stimuli influence the in-store decision process. He found that visual stimuli at POS (Point of Sales) will influence the consumers’ intention to purchase. Furthermore, he argues, that little attention is paid to packaging in marketing textbooks by authors such as Kotler, Keller, Pickton and Broderick. The aforesaid treat packaging in a very general way and understate the importance of the visual clues that packaging offers (Clement 2007).

Researchers such as Clement (2007), Vanhuele and Dréze (2002) argue that consumers spend little effort on cognitive processes, such as reading and comparing prices. Yet consumers base their judgement upon what they see, therefore packaging that receives more attention is also assumed to contain more value for money.

Findings of Pieter and Warlop’s study from 1999 reveal that consumers gaze longer at preferred products and that time pressure alters the search focus. Time pressure changes the search focus from visual elements, with low information value, to elements with high information value. Although significant elements have an influence on brand evaluation, the key role of in-store marketing is still the catching of the consumers’ attention. Gaining new customers can happen solely due to attractive packaging, as attractive packaging draws attention. Furthermore, according to Olsen (1994, cited in Clement 2007), consumers who have difficulties in separating the brand’s quality in the store, choose products or packages that are able to break through the clutter of visual information.

In order for our experiment to be successful, consumers must make decisions in the store, therefore, theory regarding in-store decision making was particularly interesting and important to us and was used as theory to support the relevance of our study.

3.4 Private brands

To clarify the following chapter, the definitions of a private brand and a manufacturer’s brand will be presented:

A private brand is one that is owned by the product's reseller rather than by its manufacturer. In rare instances, the reseller may be the manufacturer as well. The term is often associated with advertised brands versus unadvertised brands (a private brand is most often unadvertised). These distinctions have become clouded since large retail organisations advertise their private brands and market them nationally. The retailing definition of a private brand is a brand name or label name attached to, or used in, the marketing of a product by the retailer (AMA 2008).

A manufacturer’s brand is a brand owned by a manufacturer, as distinguished from a brand owned by a reseller (AMA 2008).
3.4.1 The power of private brands

Even though private brands are not a new phenomenon, the field of private brands is continuously expanding. As retailers do not use middlemen when developing their private brands, the raw materials needed for the private brands can be bought in larger volumes at lower prices. This means higher margins for the retailers and they can therefore offer their customers lower prices (Norgren 2005 and Richardson et al. 1996). Furthermore, by creating private brands, retailers can influence the product assortment and development. Private brands can also enable retailers to secure a potentially better position for negotiating with the manufacturers, with a reduction in purchase costs as a result. The private brand can also be used as a means to differentiate the retailer from other retailer chains (Konkurrensverket 2002). If the retailer manages to create customer preference for the private brand, store loyalty will increase, which will ultimately lead to higher sales (Richardson et al. 1996, Burt 2000 and Håkansson 2000).

Research carried out in the UK and the US reveals that the average customer is preoccupied with the perceived risk when purchasing unknown products in relation to quality and value for money. Private brands’ largest customer segments are the young and prosperous, as they are more willing to take risks when purchasing new or unknown products (Livesey and Lennon 1978). Since private brands are often sold at a lower price, consumers perceive them as being of a lower quality in comparison with manufacturer’s brands (Burt 2000, Richardson et al. 1996 and Dick et al. 1995). Improvement in external cues of product quality can increase consumer acceptance and decrease the perceived risk of private brands (Richardson et al. 1996 and Clement 2007). European retailers have, in contrast to US retailers, understood the importance of marketing private brands properly, in order to gain the competitive edge. They have made remarkable changes in package design, labelling, advertising and brand strategies (Richardson et al. 1996 and Dick et al. 1995).

Furthermore, Anselmsson and Johansson (2005) argue that retailers have a unique opportunity to exploit their resources in marketing when promoting their private brands. As retailers control the shelf space, they can also control how manufacturer’s brands are displayed.

3.4.2 The evolvement of private brands

Laaksonen and Reynolds (1994) developed a scheme with four generations of private brands (see figure 6 below), each with different characteristics. Furthermore, they argued that the generations overlap, and that not all countries, or companies, necessarily go through the same cycle.
<table>
<thead>
<tr>
<th>Type of brand</th>
<th>1st generation</th>
<th>2nd generation</th>
<th>3rd generation</th>
<th>4th generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of brand</td>
<td>Generic/no name brand</td>
<td>“Quasi-brand” own brand</td>
<td>Private brand</td>
<td>Extended private brand e.g. segmented own brand</td>
</tr>
<tr>
<td>Strategy</td>
<td>Generics</td>
<td>Cheapest price</td>
<td>Me-too</td>
<td>Value added</td>
</tr>
<tr>
<td>Objective</td>
<td>Increase margin Provide choice in pricing</td>
<td>Increase margin Reduce manufacturers’ power by setting the entry price Provide better-value product (quality/price)</td>
<td>Enhance category margins Expand product assortment, e.g. customers’ choice Build retailers’ image among consumers</td>
<td>Increase and retain the client base Enhance category margins Improve image further Differentiation</td>
</tr>
<tr>
<td>Product</td>
<td>Basic and fundamental</td>
<td>One-off staple lines with a large volume</td>
<td>Big category products</td>
<td>Image-forming product groups Large number of products with small volume</td>
</tr>
<tr>
<td>Technology</td>
<td>Simple production process and basic technology lagging behind market leader</td>
<td>Technology still lagging behind market leaders</td>
<td>Close to the brand leader</td>
<td>Innovative technology</td>
</tr>
<tr>
<td>Quality/image</td>
<td>Lower quality and inferior image compared to manufacturers’ brands</td>
<td>Medium quality but still perceived as lower than leading manufacturers’ brands Secondary brand along side the leading manufacturer’s brand</td>
<td>Comparable to the brand leaders</td>
<td>Same or better than brand leader Innovative and different product from brand leader</td>
</tr>
<tr>
<td>Approx. pricing</td>
<td>20 percent or more below brand leader</td>
<td>10-20 percent below</td>
<td>5-10 percent below</td>
<td>Equal or higher than known brand</td>
</tr>
<tr>
<td>Consumers’ motivation to buy</td>
<td>Price is the main criterion for buying</td>
<td>Price is still important</td>
<td>Both quality and price i.e. value for money</td>
<td>Better and unique products</td>
</tr>
<tr>
<td>Supplier</td>
<td>National, not specialized</td>
<td>National, partly specializing in own brand manufacturing</td>
<td>National, mostly specializing in own brand manufacturing</td>
<td>International manufacturing mostly own brands</td>
</tr>
</tbody>
</table>

Figure 6 A typology of private brands adapted from Laaksonen and Reynolds 1994
The first generation private brand is a no-name brand where the prices are about 20 percent lower than manufacturer’s brands. The second generation is concerned with own brands that have medium quality and a “cheapest price” strategy. The third is also an own brand; however, it adapts a me-too strategy in relation to the manufacturer’s brand; in other words, it adapts the same strategy as manufacturer’s brands. However, the prices of the 3rd generation private brand are considerably lower than manufacturer’s brands. The fourth and last generation deals with differentiating and developing the brand. The characteristic of this generation is that it focuses on specific segments, rather than primarily price-sensitive consumers. The purpose of doing this, is to broaden the customer base, increase margins, create an image and differentiate them. According to Anselmsson (2005) ICA’s private brand ICA Gott Liv! belongs to the 4th generation, mainly since they differentiate the brand as a healthy brand.

According to Burt (2000), the future of private brands depends on attitudinal and behavioural changes in the use of market power, the management of image and a greater understanding of the core beliefs of brand management. The core concept he proposes, determines how far the private brand and the attributes attached to the brand’s name can be pushed (Burt 2000).

### 3.4.3 Private brands versus manufacturer’s brands

There are several differences besides the ownership that set private brands and manufacturer brands apart, and they are illustrated below in figure 7.

<table>
<thead>
<tr>
<th></th>
<th>Manufacturer’s brand</th>
<th>Private brand</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Marketer’s role</strong></td>
<td>Brand owner/manager</td>
<td>Brand broker/manager</td>
</tr>
<tr>
<td></td>
<td>Product specialist</td>
<td>Category solutions</td>
</tr>
<tr>
<td><strong>Marketing focus</strong></td>
<td>Product/production focus</td>
<td>Consumer focus</td>
</tr>
<tr>
<td><strong>Brand culture</strong></td>
<td>Centralized</td>
<td>Embedded in whole retail chain</td>
</tr>
<tr>
<td><strong>Differentiation</strong></td>
<td>Unique products</td>
<td>Competitive assortment/category</td>
</tr>
<tr>
<td><strong>Key source of differentiation</strong></td>
<td>Mass marketing</td>
<td>Mass marketing/direct customer relationships in the stores</td>
</tr>
<tr>
<td><strong>Assortment</strong></td>
<td>Narrow</td>
<td>Broad</td>
</tr>
<tr>
<td><strong>Targeting</strong></td>
<td>Segment/target groups</td>
<td>All customers/proposition segments</td>
</tr>
<tr>
<td><strong>Positioning</strong></td>
<td>Long term/consistent</td>
<td>Flexibles/creative or imitating</td>
</tr>
</tbody>
</table>

*Figure 7 Main differences between manufacturer brands and private brands. – adapted from Ossiansson 2004*

According to Ossiansson (2004), manufacturers try to keep the product assortment as narrow as possible in order to build a unique product. Retailers do the opposite, they broaden the assortment - in order to meet customer needs and create a competitive assortment. There are also differences between private and manufacturer brands when it comes to their marketing and differentiation endeavours, however, this will be treated later on in this chapter.
Håkansson (2000), stressed that private brands have developed from low price and low quality, to high quality and sophisticated products. Today, many private brands have well defined and communicated brand personalities and some even have quality that is superior to that of manufacturer brands. Since retailers act as both customers and competitors, they can not be seen as average competitors to the manufacturers. The manufacturers are not only competing for the same customers with the same products, but they are sometimes acting as suppliers to the retailers private brands (Anselmsson and Johansson 2005).

Retailers have recognized that the brand image must be embedded in the whole retail chain, where the manufacturers maintain a specific image for each brand. Lastly, in connection with positioning, private brands have a flexible approach in order to be able to adapt to consumer needs, as opposed to manufacturers keeping a long term/consistent strategy (Ossiansson 2004). To summarize, a SWOT analysis of manufacturer’s and private brands will be presented below.

<table>
<thead>
<tr>
<th>Manufacturer’s brands</th>
<th>Private brands</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strength</strong></td>
<td><strong>Strength</strong></td>
</tr>
<tr>
<td>Well-established and well-known by consumers</td>
<td>Strong product development</td>
</tr>
<tr>
<td><strong>Weakness</strong></td>
<td><strong>Weakness</strong></td>
</tr>
<tr>
<td>Non- differentiated assortment</td>
<td>Non- differentiated assortment and easy to copy</td>
</tr>
<tr>
<td><strong>Opportunity</strong></td>
<td><strong>Opportunity</strong></td>
</tr>
<tr>
<td>Refinement of products (to improve and refine existing products)</td>
<td>Possibilities to grow with the customer:</td>
</tr>
<tr>
<td>- Decreased volume</td>
<td>- In current and new markets</td>
</tr>
<tr>
<td>- Decreased profit</td>
<td>- To challenge their own product range</td>
</tr>
<tr>
<td><strong>Threat</strong></td>
<td><strong>Threat</strong></td>
</tr>
<tr>
<td>Private brands</td>
<td>Not being consumers’ first choice</td>
</tr>
</tbody>
</table>

*Figure 8 Difference in manufacturer’s brand vs. private brands – adapted from Kungl. Skogs- och Lantbruksakademien 2005*

### 3.4.4 Consumer view on private and manufacturer’s brands

Since the beginning, development of private brands has evolved continuously and come a long way since the 1st generation (see figure 6). Various studies have consistently proven that consumers detect little difference in blind tests concerning private brands versus manufacturer’s brands. However, consumers still prefer manufacturer brands when name and package is revealed (Richardson et al. 1996, McGoldrick 2002, Anselmsson and Johansson 2006). Private brands often have a lower price than manufacturer brands, which makes the customers question the quality (McGoldrick 2002). Furthermore, a reason why private brands do not have the same strong position as manufacturer’s brands could be that consumers still perceive them as a 1st generation brand. If consumers perceive one private brand as low price, they easily perceive all the private brands in the same way (Alm in Anselmsson and Johansson 2006). Perception of quality is therefore a key element when positioning private brands (McGoldrick 2002).
Private brands must compete on the same terms as manufacturer brands, creating positive associations of the brand in the mind of the consumer (Håkansson 2000). However, private brands have a greater challenge to face, i.e. the consumers’ perception of risk. The definition of risk is:

“...The consumer’s perception of the uncertainty and adverse consequences of buying a product or service.” (Dowling and Staelin 1994 p.119)

Well-known brands traditionally offer consumers a reduced perception of risk because they are well-established and are often, to consumers, synonymous with quality (Jacoby et al. 1971, De Chernatony and McDonald 1998). Since the manufacturer’s brands are frequently well-established, prior to purchase, consumers are able to rely on criteria such as the brand's previous success, their own experience of the brand and the recommendations of family and friends (Bettman 1973, Dowling 1986, Broadbridge and Morgan 2001). Purchasing private brands, on the other hand, is often perceived as being risky, as there are no personal or reliable references to recommend the brand (De Chernatony and McDonald 1998, Jacoby et al. 1971, Broadbridge and Morgan 2001).

As mentioned in section 3.4.1, external cues such as brand name and price, play an important role in influencing the consumer (Dawar and Parker 1994). According to Anselmsson and Johansson (2006), consumers view products differently depending on whether it is a manufacturer brand or a private brand. Consumers perceive manufacturer brands as superior when it comes to quality, packaging and image, however, in respect of value for money, private brands are perceived as better alternatives.

In a global investigation of private brands and consumers perceptions, conducted by ACNielsen (2005), it was revealed that 40 percent of Swedish consumers believed that private brands were a good complement to the regular assortment; however, 8 percent thought that private brands limited their freedom of choice in the store. 18 percent of the respondents did not think that the choice of food was greater now than before, and 10 percent of the consumers thought that the private brand was preferable to other brands. Yet, the majority of consumers thought that it had become much easier to compare prices between products since the introduction of private brands (Kungl. Skogs- och Lantbruksakademien 2005).

A study in 2005, conducted by Movement in Sweden, showed that despite retailers’ efforts to enhance private brands and using traditional marketing methods such as discounts and information regarding high quality, only 25 percent of consumers regarded private brands as being “as good as” manufacturer brands. Furthermore, the study also showed that 34 percent of respondents regard private brands as giving value for money (Kungl. Skogs- och Lantbruksakademien 2008). According to McGoldrick (2002) however, this belief is not likely to be supported by older customers. As previously ascertained in this thesis, the largest consumer segment for private brands are the young and prosperous.

We will apply the theory regarding private brands and manufacturer’s brands in order to strengthen our analysis and to be able to answer the first research question. Furthermore, theory regarding private and manufacturer’s brands is important in order to have full understanding of our study.
3.4.5 Marketing of private brands versus manufacturer’s brands

The marketing of manufacturer brands vs. private brands differs. When manufacturers market each product individually, retailers market private brands as the complete product range e.g. ICA Gott Liv!. Both manufacturers and retailers communicate via mass marketing (see figure 7); however, the retailers have the advantage of building direct customer relationships in the stores when communicating the message of private brands (Ossiansson 2004). Moreover, as mentioned in section 3.4.3 manufacturer’s brand marketing focus is on product/production costs whereas the retailers marketing focus is on the consumer, giving the retailers the opportunity to adapt and adjust to consumers’ needs and desires faster than the manufacturers can. Furthermore, retailers also have advantages over manufacturers in creating customer loyalty, gaining consumer information, being able to offer inspiration to their customers, adapting the store layout and deciding on prices and promotion (Richardson et al. 1996, Burt 2000 and Håkansson 2000).

3.4.5.1 The AIDAS model

The AIDAS is an effective communication tool in marketing, used by many retailers and manufacturers in order to create Attention, Interest, Desire, Action and Satisfaction for either product, store, or both. The model is based on the different stages a customer goes through when making a purchase, however, it is the company that needs to address these stages in order to attract consumers (Fill 2002, see figure 9). S for Satisfaction has been added, which enhances the need for the store to have satisfied customers who will return to the store.

The first step is Attention. The retailer and manufacturer must be able to create attention and curiosity in order to gain the interest of the potential customers (Pelsmacker et al. 2001). Manufacturers mostly use TV advertising and prints in order to register their product in the mind of the consumers (Ailawadi et al. 2001). Interest is the second step in the model; here the purchase intention increases if the retailers make their products interesting and attractive (Lynge 1991). Next step is to create desire for the brand, for both manufacturer and private brands this takes place in-store. They need to create a desire that meets consumer needs (Lynge 1991). Private brands have a greater advantage here as they hold the power of the shelf space (Anselmsson and Johansson 2005). The fourth step in the model is concentrated around action, which is the actual purchase. The last step is Satisfaction, and in order to create retention, the retailer must meet consumer needs and desires in order to keep the customer satisfied. It should be noted, that, the first three steps are crucial for the last two steps, i.e. Action and Satisfaction, to be successful (Pelsmacker et al. 2001).
The AIDAS model is relevant for any retailer; however, there is a large difference between the marketing of manufacturer’s brands and private brands when applying the model. Manufacturer’s brands use promotion activities both inside and outside the store, whereas private brands are mainly promoted in the store (AMA 2008). This means that manufacturer’s brands have two options when trying to gain customer attention; interest and desire. In contrast, retailers mainly use in-store marketing to catch the consumer’s attention; therefore, in-store marketing activities are important tools when promoting private brands (Ailawadi et al. 2001). Another difference in promotion between private brands and manufacturer’s brands, is that manufacturer brands need to promote each product individually. For a retailer, an investment in the in-store environment can be sufficient, as good store aesthetics can increase the attractiveness of all the products offered within the private brand. An investment in the store environment is not product specific (Richardson et al. 1996).

Marketing of manufacturer’s versus private brands and the AIDAS model was in this thesis primarily used as a tool to compare the differences in marketing approaches between retailers and manufacturers.

3.5 Special display

The definition of special display is generally a set up at the end-of-aisle, where products are displayed in addition to their regular place on the shelf. In previous studies, where manufacturers’ brands have been on display, it has often been in combination with out-of-store advertising and at a discount price. Consumers often view products on special display as special deals, and the products are often purchased without any prior intentions of buying (Chevalier 1975). The purpose of a special display is to increase sales and create in-store excitement. Retailers often use special displays in order to promote high appeal products.

According to Chevalier (1975) the selection, planning, and set-up of in-store displays is an important activity for merchandising managers. Furthermore, it has been found that the impact of temporary promotional activities, such as a special display, depends on which product category is displayed. However, if products in the same category are displayed with a price reduction, the sales have been proved to increase (Chevalier 1975). Rossiter and Percy (1997, cited in Nordfält 2007) conducted a study on special displays combined with price reduction and advertising. Their most remarkable contribution was that when they used a
special display in combination with discount and advertising, the advertising alone increased sales with an additional 40 percent. East et al. (Nordfält 2007) also conducted a study combining special display and advertising. They concluded that it is more effective to combine advertising and special display, and that it is more effective to have one large display instead of two smaller ones. However, Chevalier (1975) showed no increase in sales when special displays were combined with advertising. Furthermore, he also concluded, that special displays of mature products in the store, are more effective than advertising, due to the increased product awareness of the customers. Advertising has no impact on how effective the special display will be (Chevalier 1975).

Special display is an area that has not been widely researched. However, there are a few researchers and studies that still have a major influence on the subject. One such study that still has an influence on marketing research today, is the Dillon Study - conducted in the USA in the 1960’s by Progressive Grocer. This study showed that sales increased by 473 percent due to special display, without price reduction. These findings have also been supported by another study called the A and P study, where sales increased by more than 400 percent due to special displays. However, these studies do not specify how the displays were set up, which or how many products were displayed, or whether the products were price reduced (Chevalier 1975).

Chevalier (1975) conducted further research on in-store displays. He found the increase in sales, as a result of in-store displays, to be remarkable and encouraging. The findings showed an average increase of 572 percent. Chevalier (1975) further developed these studies and demonstrated that special displays do not affect the sales of the shelf where the product is normally displayed. He also concluded that if a product sold twice as much on the shelf, it also sold twice as much on the display. Furthermore, he claimed that the products on special display can increase the overall sales for the relevant category it belongs to (Nordfält 2007).

The sales effect of private brands depends on how the retailers market the brand. By using in-store marketing, retailers can influence the perceived risk, the experienced quality, and familiarity of the private brand.

The theory regarding special displays in our thesis, was used to compare our results in the analysis.

3.6 Critical review of the literature

As the research of this thesis progressed, we came to take a critical stand towards the literature. It soon became clear that there was little research conducted regarding special displays, and the studies that had been conducted were established back in the 1970’s, however they are still pertinent. Furthermore, within the in-store decision theory, there are several old sources which are still being used, however, some of these researchers have updated their investigations and therefore have contributed to contemporary research.

Our research was also concentrated on private brands; an area of research which, in contrast, has been thoroughly researched by many different scholars and from various view points. However, we have discovered that the literature still indicates that private brands are only marketed in-store. We realised that retailers promote some of their brands outside the store.
Our interpretation of this was that a lot of research in that area is not staying abreast with the changes in the retail environment. The research we have used is often based on empirical findings in Europe and the U.S. We have, however, despite this, chosen to use the criteria and apply this to our experiment in Sweden.
4. Empirical findings

In this chapter we will present the results that our methodological research choices led to. A brief presentation of ICA and the products on special display will also be presented.

4.1 ICA AB

ICA AB was founded in 1917 by Hakon Swenson under the name Hakonbolaget. In 2000, Royal Ahold, a Dutch retailer bought part of ICA AB. Today they share ownership with Hakon Invest AB. ICA AB is one of the strongest retailer companies in the Nordic region with approximately 2250 stores in Norway, Sweden and the Baltic region. ICA AB’s revenue in 2007 was 82 326 MSEK.

ICA Sweden AB has 1382 stores and these are divided up into four categories that are specifically adapted to the market where they are located. One category, ICA Nära, focuses on local easy access and availability. The ICA Supermarket category is a larger store where the customer should be able to purchase most groceries and sundries. ICA Kvantum should be the leading grocery retailer in the area and maintains a greater assortment of products compared to ICA Supermarket. Maxi ICA Stormarknad is the most wide-ranging category of supermarket. In addition to the large assortment of groceries, they also sell books, clothing, garden supplies and sports equipment. ICA AB’s mission is to make every day a little easier and their goal is to be the leading retailer within food and meal solutions. In recent years, ICA has started to develop their own private brands and one of them is ICA Gott Liv! (ICA 2008).

4.1.1 ICA Gott Liv!

ICA’s healthier option ICA Gott Liv! contains 65 products in every food category except perishables. According to Lisbeth Kohl, ICA’s Head of Customer Relations and Quality, price, although important, is not the most important issue for their private brands. ICA have elected to have their own retailer brand on selected products, consequently, quality, taste and product safety are of the utmost importance. The ICA Gott Liv! products have an easily recognizable, ingredients content description, in the shape of five coloured circles where customers are able to see what the specific product contains. The various colours of the circles represent the amount of salt, fibres, fat, calories and sugar. In addition, the daily nutritional requirement for men and women is stated on the products (ICA 2008).
4.2 Questionnaires

The empirical findings of this study were gathered in ICA Kvantum Toppen in Höllviken and in ICA Kvantum Anderssons ICA in Södra Sandby during April and May 2008. When we evaluated the questionnaire data, we compiled the data from both stores with the purpose of balancing out our choice of stores.

We handed out questionnaires in both stores on the 24th April. The display in Höllviken was a special display of four randomly chosen products and the display in Södra Sandby was a special display with one product, i.e. the best selling product. By handing out questionnaires the same day, when both types of display set-ups were on special display, we were able to draw conclusions regarding whether the ICA Gott Liv! brand was perceived differently depending on the display-set up. See figure 10.

The public’s perception of ICA Gott Liv! was investigated by asking the respondents to react to the following statement regarding the ICA Gott Liv! brand “Products from ICA Gott Liv! are healthy”. The answers the respondents could choose from ranged from “Strongly disagree” to “Strongly agree” on a 1-5 scale.

Figure 10, illustrates the perception of ICA Gott Liv! as a healthy brand when shown in different display set-ups. The result revealed that when the best selling ICA Gott Liv! product was on display, 75 percent of the respondents chose the answer “I agree” as opposed to only 50 percent of the respondents that chose to answer “I agree” when the four products were displayed. However, when the best selling product was displayed only 2.8 percent answered “I strongly agree” as opposed to 11.4 percent of the respondents who chose “I strongly agree” when four randomly chosen products were displayed.

As our results in figure 11 show, women tend to perceive ICA Gott Liv! as more healthy than men. 72.2 percent of the women either answered the alternative “I agree” or “I strongly agree” to the statement that ICA Gott Liv! products are healthy compared to 62.1 percent of the men. However, our results were insignificant, as the results are only significant if Pearson Chi-Square, Asymp. Sig. (2-slided) = 0,00-0,05, see figure 12.
Crosstab

<table>
<thead>
<tr>
<th>Sex</th>
<th>Man</th>
<th>Count</th>
<th>Disagree</th>
<th>Either disagree or agree</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% within Sex</td>
<td>10,3%</td>
<td>27,6%</td>
<td>55,2%</td>
<td>6,9%</td>
<td>100,0%</td>
<td></td>
</tr>
<tr>
<td>Woman</td>
<td>Count</td>
<td>1</td>
<td>12</td>
<td>30</td>
<td>4</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>% within Sex</td>
<td>2,1%</td>
<td>25,6%</td>
<td>63,8%</td>
<td>8,5%</td>
<td>100,0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>4</td>
<td>20</td>
<td>46</td>
<td>6</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>% within Sex</td>
<td>5,3%</td>
<td>26,3%</td>
<td>60,5%</td>
<td>7,9%</td>
<td>100,0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 11 Difference between men and women

Chi-Square Tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>2.611a</td>
<td>3</td>
<td>.456</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>2.557</td>
<td>3</td>
<td>.485</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>1.526</td>
<td>1</td>
<td>.217</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>76</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 4 cells (50,0%) have expected count less than 5. The minimum expected count is 1,53.

Figure 12 Chi-Square Test 1 Questionnaires

Furthermore, we also asked the question whether the customers noticed if any of the ICA Gott Liv! products were extra enhanced in the store. It turned out that when four randomly chosen products were on display, more customers said that they had noticed the display. In total, 24 percent of the respondents claimed they had noticed the four product display. In contrast, only 12 percent claimed they had noticed the display when the best selling product was displayed (see figure 13 and 14). However, the results from our question “Did you see if any of the ICA Gott Liv! products were extra enhanced in the store?” were insignificant. The results are significant if Pearson Chi-Square, Asymp. Sig. (2-slided) = 0.00-0.05, see figure 15.
Crosstab

<table>
<thead>
<tr>
<th></th>
<th>Did you see if any of the ICA Gott Liv! products were extra enhanced in the store?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>1 or 4 Products</td>
<td></td>
</tr>
<tr>
<td>1 Product</td>
<td>6</td>
</tr>
<tr>
<td>Count</td>
<td></td>
</tr>
<tr>
<td>% within Store and date</td>
<td>12,0%</td>
</tr>
<tr>
<td>4 Products</td>
<td>12</td>
</tr>
<tr>
<td>Count</td>
<td></td>
</tr>
<tr>
<td>% within Store and date</td>
<td>24,0%</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
</tr>
<tr>
<td>Count</td>
<td></td>
</tr>
<tr>
<td>% within Store and date</td>
<td>18,0%</td>
</tr>
</tbody>
</table>

Figure 14 Explanation to figure 13

Chi-Square Tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
<th>Exact Sig. (2-sided)</th>
<th>Exact Sig. (1-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>2.439</td>
<td>1</td>
<td>.118</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuity Correction</td>
<td>1.694</td>
<td>1</td>
<td>.193</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>2.478</td>
<td>1</td>
<td>.115</td>
<td>.192</td>
<td>.096</td>
</tr>
<tr>
<td>Fisher’s Exact Test</td>
<td>2.415</td>
<td>1</td>
<td>.120</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.00.
b. Computed only for a 2x2 table

Figure 15 Chi-Square Test21 Questionnaires

35.7 percent of the customers that claimed they had noticed the display with four random products stopped by the display.

50 percent of the customers that claimed that they had noticed the display with the best selling product, stopped by it, see figure 16. On the other hand, there were not many customers in total who claimed that they noticed any of the displays, they are therefore not of statistical significance, see figure 17. When we used SPSS, we were able to see if the results were significant or not. The results are significant if Pearson Chi-Square, Asymp. Sig. (2-slided) = 0.00-0.05.
Figure 16 Did you stop at the end-of-aisle where ICA Gott Liv! products were displayed?

### Chi-Square Tests

<table>
<thead>
<tr>
<th>Test</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
<th>Exact Sig. (2-sided)</th>
<th>Exact Sig. (1-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>0.357a</td>
<td>1</td>
<td>0.550</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuity Correction</td>
<td>0.010</td>
<td>1</td>
<td>0.931</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>0.354</td>
<td>1</td>
<td>0.552</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fisher's Exact Test</td>
<td>0.642</td>
<td>1</td>
<td>0.455</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>0.339</td>
<td>1</td>
<td>0.560</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| N of Valid Cases              | 20     |    |                       |                      |                      |

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 2.40.
b. Computed only for a 2x2 table

Figure 17 Chi-Square Test 3 Questionnaires

### 4.3 Observations

During the experiment, we registered statistics of how many customers that were passing, looking and stopping by the displays. These observations were conducted to be able to compare the actual behaviour of the customers in relation to the answers in the questionnaires. The number of customers that looked or stopped by the special display respectively was not sufficiently high for separate statistics. We therefore decided to group them together and call the category “Noticing the display”. We then compared them with the observations of people who just passed the display. In figure 18 the results of the observations are presented.
According to our observations, 61.5 percent of the customers noticed the special display where four randomly chosen products were presented. Only 38.5 percent noticed the special display when the best selling product was presented (see figure 18). This indicates that more customers noticed the special display where four randomly chosen products were presented.

When we used SPSS, we were able to see if the results were significant or not, and as figure 19 indicates, our results are significant. The results are significant if Pearson Chi-Square, Asymp. Sig. (2-slided) = 0,00-0,05.

In summary, the data from the observations shows that the majority of consumers are more likely to notice a special display that contains four random products, compared to a special display containing the best selling product.
4.4 Sales data

Our sales data will be presented in two ways. Firstly, the sales data from the stores will be presented together, and secondly, sales data from each store will be presented separately. We chose to present our material in two ways due to the unforeseen differences in display set-ups.

4.4.1 Sales data for both stores

In order to have data to compare with, we used sales data from two days when nothing was changed in the store. These days were the Thursday prior to our experiment, i.e. April 10th and the Thursday two weeks after the completion of our experiment, May 8th. We compiled the sales data from the two stores. The aforementioned Thursdays were used as comparisons and control days; The results were then divided by 2 to get an average sales data, see figure 20.

![No Display](image)

<table>
<thead>
<tr>
<th>No Display</th>
<th>Average Södra Sandby and Höllviken April 10th and May 8th</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oatmeal</td>
<td>6.5</td>
</tr>
<tr>
<td>Muesli</td>
<td>6</td>
</tr>
<tr>
<td>Jam</td>
<td>0.5</td>
</tr>
<tr>
<td>Ketchup</td>
<td>2</td>
</tr>
<tr>
<td>Tagliatelle</td>
<td>4</td>
</tr>
</tbody>
</table>

*Figure 20 Average sales data both stores*

We compared our sales data gathered from the time of our experiments, the 17th and 24th April, with the data from the days when nothing was changed in the stores, April 10th and May 8th, we also compiled all our results from the two stores together. We grouped all of the sales data, from the 17th and 24th April together according to display set-up, i.e. the best selling products were gathered in one group and the four randomly chosen products were gathered in a separate group, see figure 21.

![Both stores](image)

<table>
<thead>
<tr>
<th>Both stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oatmeal</td>
</tr>
<tr>
<td>Muesli</td>
</tr>
<tr>
<td>Jam</td>
</tr>
<tr>
<td>Ketchup</td>
</tr>
<tr>
<td>Tagliatelle</td>
</tr>
</tbody>
</table>

*Figure 21 Sales data both stores combined*

When combining the two stores and comparing the sales results when nothing was changed, the data showed overall positive results, see figure 21. When displaying four randomly chosen products, jam showed the largest increase in sales. In fact sales went up 500 percent. The sales
for ketchup increased by 250 percent and tagliatelle increased by 100 percent in sales. Lastly, muesli was not affected by the display and did not increase, nor decrease, in sales.

<table>
<thead>
<tr>
<th>How much have sales increased?</th>
<th>Both stores</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4 products %</td>
</tr>
<tr>
<td>Oatmeal</td>
<td></td>
</tr>
<tr>
<td>Muesli</td>
<td>0.0</td>
</tr>
<tr>
<td>Jam</td>
<td>500.0</td>
</tr>
<tr>
<td>Ketchup</td>
<td>250.0</td>
</tr>
<tr>
<td>Tagliatelle</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Figure 22 Sales increase in both stores*

When the best selling product was on display, sales of both muesli and oatmeal increased. Muesli’s sales increase was 100 percent, compared to 88.9 percent for oatmeal, see figure 22.

### 4.4.2 Sales data from the stores separately

In addition to presenting the sales data of the two stores together, we also chose to present the sales results for each store separately. We used the two days when nothing was changed in the store, i.e. April 10th and May 8th, to compare with our data from the days when our experiments were carried out.

The sales data gathered during our experiments is presented in figure 23.

<table>
<thead>
<tr>
<th></th>
<th>Södra Sandby</th>
<th>(amount)</th>
<th>Höllviken</th>
<th>(amount)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4 products</td>
<td>1 product</td>
<td>4 products</td>
<td>1 product</td>
</tr>
<tr>
<td>Oatmeal</td>
<td>7</td>
<td>12</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Muesli</td>
<td>5</td>
<td>4</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>Jam</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Ketchup</td>
<td>7</td>
<td>4</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Tagliatelle</td>
<td>6</td>
<td>6</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

*Figure 23 Sales data for the stores separately*

In Södra Sandby, sales increased regardless of whether we had displayed the best selling product or the four randomly chosen products (figure 24). On Thursday 17th April, when four randomly chosen products were displayed, ketchup was the product that had the highest increase in sales. It sold almost 367 percent more than it normally does on a regular shelf. Tagliatelle and jam, each increased in sales by 200 percent. Lastly, sales of muesli increased by 67 percent.

The following Thursday, April 24th, in Södra Sandby, when the best selling product, oatmeal was displayed, sales increased by 100 percent.
How much have sales increased?

<table>
<thead>
<tr>
<th></th>
<th>Södra Sandby</th>
<th>Höllviken</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4 products %</td>
<td>Best Selling product %</td>
</tr>
<tr>
<td>Oatmeal</td>
<td></td>
<td>100.0</td>
</tr>
<tr>
<td>Muesli</td>
<td>66.7</td>
<td>-66.7</td>
</tr>
<tr>
<td>Jam</td>
<td>200.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Ketchup</td>
<td>366.7</td>
<td>-100.0</td>
</tr>
<tr>
<td>Tagliatelle</td>
<td>200.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

*Figure 24 How much have sales increased in each of the two stores?*

In Höllviken the situation was somewhat different. April 17\(^{th}\), when the best selling product, in this case, muesli, was on display, sales went up by 367 percent, see figure 24.

On the other hand, when displaying four randomly chosen products on April 24\(^{th}\), sales only increased for jam, and then by 100 percent. There were no difference in sales for tagliatelle. However, for muesli and ketchup, the sales decreased with 67 percent and 100 percent respectively.
5. Analysis

We will start out by analysing the results from our empirical findings. The analysis will be done in two parts; initially an analysis of the results from our three independent data gathering methods, continuing with a summarizing discussion where we analyse our findings and present how and why, they can be applicable to in-store marketing today.

5.1 Analysis of the experiment

5.1.1 Questionnaires

As we used two stores and two display set-ups (see figure 2); we were able to study if the answers from the questionnaires differed depending on which display set-up we used, i.e. if the answers differed depending on if the display presented four randomly chosen products or if it presented the best selling product.

Håkansson (2000) argues that many private brands have well defined and well-communicated brand personalities. Our results show that ICA Gott Liv! is one of these private brands. Communicating a private brand can actually be a difficult task for the retailers. Although, it is becoming increasingly popular to market private brands in traditional marketing channels such as TV and prints, most private brands are not advertised outside the store (AMA 2008). This is why being able to communicate using in-store marketing tools is becoming increasingly important.

The results from the questionnaires regarding the perceived health image of ICA Gott Liv! were generally positive, see figure 10. When the best selling product was displayed, 75 percent of respondents answered “I agree” to the statement “products from ICA Gott Liv! are healthy”, compared to 50 percent that answered “I agree” when four randomly chosen products were displayed. However, 11.4 percent of the respondents to our questionnaires answered “I strongly agree” when four randomly chosen products were displayed in the store compared to 2.8 percent who answered “I strongly agree” when the best selling product was presented. It has been proven that when customers respond to a scale, there is a significant difference between when a respondent answers “I agree” and “I strongly agree” and the latter is a sign of stronger customer loyalty (Reichheld 1993). Our results could therefore indicate that it is the most loyal customers who perceive ICA Gott Liv! products as more healthy when four randomly chosen products are on special display. The contradiction between which of the
two display set-ups is a better tool for communicating a brand image, is interesting. However, our results are not significant in this instance and we will therefore not hazard any conclusions.

The answers from our questionnaires indicate that ICA Gott Liv! have managed to communicate the health image to the customers and therefore, have lowered the perceived risk that might occur when consumers purchase private brands (De Chernatony and McDonald 1998 and Jacoby et al. 1971).

Furthermore, we asked the respondents if they had noticed the special displays (see figure 13). It turned out that the customers had noticed the displays, and that the special display with four randomly chosen products received a greater number of respondents who had noticed it. We also asked whether the customer stopped by the displays or not. It became apparent, that more customers stopped by the display where the best selling product was presented. However, the amount of people who stopped by any of the displays was very few which necessitates that we disregard these results.

The answers in the questionnaires indicate that both sets of displays caused so-called approach response behaviour. The authors of the M-R model also argued that this was a reaction to in-store environmental stimuli (Mehrabian and Russell 1976). The fact that the customers did notice the special display, to some extent, supports the notion that retailers can create attention and interest in a product in the store, just as the AIDAS model suggests (Pelsmacker et al. 2001).

Both men and women answered our questionnaires, however, for the most part, women perceived products from ICA Gott Liv! as more healthy. Albeit a most interesting finding for ICA to pursue when adapting their marketing to different segments, it is not a research area that we will analyse in this thesis.

5.1.2 Observations

Conducting observations allowed us to measure the awareness regarding the special displays. Furthermore, these observations gave us an indication of which of the two special displays that attracted the most consumer attention.

Figure 18 shows that 61.5 percent of the customers noticed the special display with four random products, whereas the display with the best selling product was only noticed by 38.5 percent of the customers. These results indicate that the special display with four random products is the most successful display in attracting consumers’ attention, which is the first step in the AIDAS model (Pelsmacker et al. 2001). This model will be analysed later in this chapter. Furthermore, the fact that a relatively large amount of customers noticed the displays is evidence of approach behaviour among the customers. When comparing the observations with the questionnaires, we noticed that people do not seem to act according to their statements. According to the questionnaires, more customers claim that they noticed the display with the best selling product, although our observations showed that more customers noticed the special display with four randomly chosen products. However, since the results of our observations were significant, we chose to rely on them instead of the questionnaires.
5.1.3 Sales data

The results from our sales data resulted in support for the argument of Chevalier (1975) and Nordfält (2007) regarding an increase of sales when products are on special display. When we compared our sales data from the days when our experiments were conducted, with the sales data from when nothing was changed in the store, we noticed that the overall sales had in fact increased.

Our results from the sales data show, that when displaying four products, the overall sales increase is more than when displaying one product, i.e. the best selling product. When we examined the stores sales data separately, they revealed different results; the sales in Södra Sandby increased regardless of whether we had displayed the best selling product or the four randomly chosen products. Although, the display of four randomly chosen products proved to better increase sales.

In both Höllviken and Södra Sandby, sales went up when the best selling product was displayed. However, when displaying four randomly chosen products in Höllviken, sales decreased for two of the products and only increased for one of them. This could indicate that the special display set-up of four randomly chosen products is not the most preferable display set-up for private brands. This contradicts that the special display with four randomly chosen products is the most preferable when displaying private brands, however, it could be a result of unforeseen differences in display set-ups. This will be discussed later in the section of limitation.

We are aware of the fact that the analyses of the data gathering methods are similar to one another. However, for us, this is a positive thing; if the results from three independent data gathering methods resemble one other, it does not necessarily mean that our findings are correct, but it is further proof that we are headed in the right direction (Denscombe 2000).

5.2 Concluding analysis

According to Håkansson (2000), a new type of competition has emerged between retailers and manufacturers due to private brands. It is therefore important that retailers make use of their competitive advantages.

Private brands are often only marketed in-store (AMA 2008), which may not be considered a competitive advantage, since they need to create the same attention in the store as manufacturers do outside the store with wide-spread promotion methods such as TV advertising and prints. However, since as much as 70 percent of purchase decisions are actually made in the store (POPAI 1996 and Nordfält 2007), retailers, with their in-store marketing of private brands, are most definitely a strong competitor to manufacturers.

By exploiting the use of an in-store marketing tool, such as special display, retailers are able to communicate with their customers. The existing literature mainly focuses on manufacturer’s brands when special displays have been studied. Therefore, we presented a private brand on special display in order to test whether or not a special display can be applied for private brands. Given the fact that private brands are not promoted outside the store as
much as manufacturer brands, the great challenge is to attract consumer attention, interest, desire, action and satisfaction during the time they are inside the store, all of which are components of the AIDAS model (Pelsmacker et al. 2001). We believe that the AIDAS model is applicable to both in-store marketing and special display as it could influence the first two steps of the AIDAS model.

Moreover special display can be regarded as an invaluable tool for retailers considering the theory of the consumers’ decision process. More recent literature, which is also more relevant to FMCG’s, reaffirms that the majority of decisions are known to be taken in the store, which is also mentioned above (Nordfält 2007 and Clement 2007). Once again, the crucial importance of gaining consumer attention and interest whilst they are in the store, should be stressed. Since retailers mainly use in-store marketing to promote their private brands, it is vital that the special display gets as much attention and interest as is possible. Another reason to get the maximum attention out of a display, is that the display takes up display space from other brands and it can also be time-consuming to design and create.

The results of our observations, questionnaires and sales data indicate that presenting private brands on special display can be a successful tool for attracting customer attention, influencing their actions and thereby increasing sales.

When comparing our four randomly chosen product displays with the display containing the best selling product, we were able to conclude that ICA Gott Liv! was perceived as a healthier brand when four randomly products were presented.

In summary, our research strongly indicates that sales increased when we presented ICA Gott Liv! products on a special display and even more so when we presented four randomly chosen products. Our observations and questionnaires have also given us the indication that customers noticed the display with four randomly chosen products more than they noticed the special display with the best selling product.

Finally, our study reaffirms what previous researchers have concluded; that it is possible to influence customers’ purchase intentions by using in-store marketing, in this case, using a special display (Nordfält 2007 and Chevalier 1975).

5.3 Limitations

It was unfortunate that all our intentions for the experiment did not materialize. First of all, the special displays were not located at the same distance from the main entrance. In ICA Kvantum Anderssons ICA the display was located closer to the landing strip. Secondly, problems such as misinterpretations of e-mails occurred when corresponding with ICA Kvantum Toppen. This ultimately led to the display at ICA Kvantum Toppen not being as well presented as the display at ICA Kvantum Anderssons ICA. In ICA Kvantum Anderssons ICA, the display was larger than in ICA Toppen and covered an entire end-of-aisle. As mentioned earlier, the special display in ICA Kvantum Toppen covered three shelves on the end-of-aisle. The display in ICA Kvantum Anderssons ICA also had additional signs displaying the price of the products, which has a proven positive effect on sales since it signals a price reduction (Nordfält 2007). Additionally, ICA Kvantum Toppen was under a large reconstruction of the store, which may have led to the customers being distracted and
not paying as much attention to the display as they normally might have. Furthermore, in ICA Kvantum Toppen in Höllviken, there was another display, opposite our display of four randomly chosen products, where a lady was handing out free samples of cookies. This could most definitely have been a disturbing element, as customer attention could have been drawn from our display to the free cookies on the display opposite.

Our experiments took place in two rural stores. The number of questionnaires answered was restricted to 100, due to the time element involved. Therefore, it must be concluded that a more extensive research could have showed other results. However, we believe that the material we have collected is sufficiently strong to give us an indication of how special displays are being perceived.

As the process of our thesis progressed, owing to unforeseen external circumstances, the questionnaires that we originally printed had a different purpose and a slightly different content than the final version had. As our research proceeded we chose to take another direction, which led to the purpose evolving. Therefore, some of the questions in the questionnaire were considered irrelevant, which is why we deleted them.

Our results from the sales data show that when displaying four products, the overall sales increased more than when displaying one product, i.e. the best selling product. However, in Södra Sandby the display was bigger and more advertised than the display in Höllviken. But since we displayed both four randomly chosen products and the best selling product on the bigger display, the result should not have been affected by the unforeseen differences in display set-ups. Therefore, the possibly of misleading results owing to the bigger display, were balanced out, which is one of the positive features of the Latin square design.
6. Conclusions
This chapter serves both as a summary and a conclusion and it also "touches base" with our purpose and the research questions presented in the introduction. Here our research questions will also be presented and responded to.

6.1 Conclusions of our problem formulation

Does a special display of a private brand generate similar results as when displaying a manufacture brand?

Our research has revealed that special display is a very successful marketing tool to use when advertising in the store. Both the special display with four randomly chosen products and the special display with the best selling product generate positive results. Both set-ups caused a sales increase and they both received attention from customers. However, sales data revealed, that the private brand products on special display did not increase sales to the same extent as when manufacturers’ brands were on display.

Even though the overall sales increase of our private brands on special displays, was not as large as what the displays of manufacturer brands has shown in previous studies, it can still be an efficient tool for retailers to apply to private brands.

In summation our conclusion is, that sales of private brands, just as manufacturer’s brands, benefit from a special display. Moreover, in our experiment, sales do increase regardless of which of the two display set-ups is being used. Therefore, it can be concluded that private brands on special display can generate similar results to manufacturer’s brands on special display.

Which one of the two special display set-ups generates the highest sales and receives the most attention from customers when displaying private brands?

Our questionnaires indicated that more customers noticed the display with four randomly chosen products. This was verified by the observations which revealed that the special display with four randomly chosen products received more attention from the customers.

The analysis of the experiment showed that there was a strong tendency of shown interest towards the special display set-up with four random products This set-up was also the most successful when communicating the health image of ICA Gott Liv!
All the data collecting methods in this thesis, such as questionnaires, observations and sales data, indicated that a special display with four randomly chosen products generates the best results regarding increased sales and attention.

6.2 Further research

According to Burt (2000), the future of private brands depends on attitudinal and behavioural changes in the use of market power, the management of image and a greater understanding of the core beliefs of brand management. The core concept he proposes is the question of just how far the private brand, and the attributes attached to the brand’s name, can be pushed.

In other markets manufacturer’s brands remain strong; for example, Nike within sports, BMW within cars, however, in the food industry, the power of manufacturer’s brands seem to gradually be diminishing. This could be a result of foods not being so-called high involvement products, such as cars or clothes and the fact that brands are no longer as important as what the actual product offers. It could also be because retailers are now offering such good substitutes for the manufacturer’s brands. Differentiated products, such as health products, ecological products and fair trade products, seem to have an increasingly stronger appeal to consumers. Retailers are the forerunners in this kind of product development, they seem to be able to differentiate their products and adapt faster to consumer needs. So what will happen to the food industry in the future? Could the strong competition retailers offer, make the manufacturer’s brands disappear from grocery retailing altogether? It is an interesting thought.

Furthermore, special display and in-store decisions are still areas that have not been fully explored, especially in relation to gender. Are special displays more attractive to women or men, or the other way around?

Manufacturers often develop brands within one product category; meanwhile, retailers develop large assortments of products in almost every product category. This could cause a difference in the appearance of a special display showing manufacturer’s brands, in comparison to a special display showing private brands. When presenting a display with four randomly chosen products, a special display with manufacturer’s brands would most likely contain products from various brands, and the display would therefore market more than one brand. A special display with private brands however, can market several product categories within the same brand.

Therefore, it would be interesting to compare a special display with four manufacturer’s brands with a special display with four randomly chosen products from a retailer private brand, and then, compare which of the two displays increases sales the most and receives the most attention.
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www.talkingretail.com

Other

Marcus Theander, ICA Kvantum AnderssonsICA, Södra Sandby 2008-05-22
Appendix 1

Questionnaire in English

1. Age:
   18-29  30-39  40-49  50-64  65+

2. Sex:
   M     F

3. Did you see if any of the any of the ICA Gott Liv! products was extra enhanced in the store?
   Y/N

4. Did you stop at the end-of-an-aisle where the ICA Gott Liv! was displayed?
   Y/N

5. Products from ICA Gott Liv! are healthy
   1 2 3 4 5
   Strongly disagree  Disagree  Neither disagree or agree  Agree  Strongly agree

6. I do not know