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# Consumers' Perceptions of Variety

- the Impact of Private Brands

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## Abstract

- Title:** Consumers' Perceptions of Variety – the Impact of Private Brands
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- Key words:** Variety, Assortment, Private brands, Grocery stores, Consumer perceptions
- Purpose:** This study aims to investigate how consumers perceive variety in grocery stores and further how private brands have affected consumers' perceptions of variety in grocery stores.
- Method:** The study focuses on the perceptions and attitudes towards variety and the impact of private brands on perceived variety. Hence, a qualitative rather than quantitative study has been used. Photo elicitation has been used in both focus groups and in-depth interviews, which have been the empirical data collection of the study. Scientific articles and books have also been used in the process. The connection of new empirical data with previous research has been analyzed through the whole thesis and is presented in detail in the analysis and the conclusions.
- Theories:** Previous theories in form of books and scientific articles have been used to describe the research area, to support the selection of key factors in the conceptual framework and to increase understandings of previous research of these factors.
- Empirical foundations:** Focus groups have been used in order to find the key aspects of how consumers perceive variety. In combination with previous studies on these aspects focus groups have created the propositions that have been tested in the in-depth interviews. The interviews were built on the key aspects and gave us the foundation for the analysis and conclusions.
- Conclusions:** During the research process it has become clear that consumers perceive the variety in grocery stores differently in distinct product categories. Product involvement, taste and price are some of the factors that strongly influence their perceptions of variety. The results from this study indicate that consumers think that private brands have increased their options in various product categories, mainly due to the extension of price options.

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# 1. Introduction

*In this part an introduction and background to the research area will be presented, followed by a concise discussion of the research area, where the interest and relevancy of the study will be presented. In addition, this chapter will include the purpose of the study and further give a disposition of the coming chapters of the thesis.*

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## 1.1. Background

In today's post-modern society, individualism and differentiation of your self is becoming more important, the supply of goods and services are significantly increasing. Consumers are overloaded with options in various categories. (Corrigan, 1999) This study will focus on the grocery sector which is a good example of where consumers everyday are confronted with various options and forced to make different choices. Is this a situation created by competition or is it the manufacturers' answer to the needs and wants of consumers?

Hoch et al, (1999) point out that next to price and location, variety of an assortment is the most important factor in choosing a favorite store. Due to the fact that people are more likely to find an alternative that correspond with their needs and wants, they choose stores with diverse assortment. According to Kahn (1995) consumers' motivating factors for variety seeking depends on satiation; external situation and future preference uncertainty. The value of variety in stores makes retailers interested in variety. However, retailers face the dilemma of the fact that wider assortment means higher costs. Thus, perception of an assortment is even more powerful than the assortment per se (Hoch et al, 1999).

The retailers' task is to expand the perception of the variety and to offer a variety of an assortment as wide as possible to a minimum cost. One way that retailers have decreased the costs is through their own brands. The development of retailer brands has created a shift in power from the manufacturer to the retailer. Among other advantages retailers use their brands to differentiate their assortment/stores from other stores and increase store loyalty. (Burt, 2000)

There is a constant debate between retailers and manufacturers how the impact of the retailer brands has affected the variety for the consumers. Manufacturers mean that innovation and options for the consumer decreases with retailer brands, due to the fact that retailer brands are following the manufacturer brands and their competitive prices will force many brands out of the market. Retailers mean that they are offering consumers products as good as the manufacturers', but to a lower price. By offering various price options the variety increases for the consumer. In some markets they are also driving innovation and offer differentiated products. Nevertheless, they are forcing the manufacturer brands to perform better which also leads to more variation for the consumer. (McGoldrick, 2002) The struggle between manufacturers and retailers continue, however they will probably not reach a solution without concerning the consumers' perception. Limited research has been done in the area of private brands and their impact on perceived variety of assortment.

## 1.2. Research area

The constant development of retailer brands has created an interesting aspect of variation in stores. The consequences of private brands' impact on the Swedish retail industry, has been the most debated question in the sector during the last years. However it is hard to say how and to what extent retailer brands will and have affected the retail industry.

During the last decade the development of private brands in Sweden has been enormous. The number of articles and the market share has increased dramatically. The number of products from private brands has increased by ten percent yearly during the last years (AC Nielsen, 2005). However, it is debatable whether the development has led to a positive or a negative affect of the variety. Few studies have included the negative aspects but the competition from retailer brands has forced some manufacturer brands out of the market. However, there is no evidence that the consumer face less variation due to the development of retailer brands. Quite the opposite, some studies indicate the positive affect for the consumer variation. Burt (2000) means that the retailer brands drive manufacturer brands to further develop their products which lead to innovation and more variety for the consumer. A study by Anselmsson et al (2005a) also show how prices have been influenced by private brands and has led to more options of products with high value for the money. However, there are more important factors that have influenced the prices, such as competition and prices for raw materials.

Value for money is still how the three major Swedish grocery retailers refer to their private brands on their homepages. This indicates that the Swedish retailer brands have not reached the fourth and last generation of retailer brands. Laaksonen & Reinholts, (1994) describes the retailer brands in generation where the last generation is characterized by a retailer brand which is as strong as the manufacturers' market leader and competes with the same attribute and quality. Even though the Swedish retailers have not reached the fourth generation, retailer brands forces the manufacturers' brands to continuously differentiate from their imitation and constant improvement in both actual and perceived quality.

Previous research made on the relationship between the increased number of private brands and variety in stores, show diverse results. In a study by Pauwels and Srinivasan (2004) they indicate a positive relation. They claim that the most consistent consumer benefits are an enlarged product assortment by both private and national brands and intensified price promotional activity. On the other hand Ward et al (2002) showed tendencies that there was a negative relation between the two concepts. They see the risk that private brands will drive manufacturer brands out of the market which will lead to a decreased number of options and a stagnation of the differentiation of products. On the Swedish market studies have shown similar results. Ulver (2005) and studies done by the Swedish Competition Authority (2004) indicate that there exist a risk of lower options with the increasing number of private brands. These previous studies and indications have been built on the actual number of items or actual brand variety in stores. The consumers' attitudes and perceptions are neglected. This aspect is of special interest due to the fact that several studies illustrate that the actual assortment does not always correspond with the perceived assortment. (Morales et al, 2005, Kahn and Wansink, 2004, Hoch et al, 1999) Further research indicates that even a reduction of the actual number of articles can lead to an increased perception of variety, as long as consumers' favorite alternative is available and the shelf space is kept constant. (Boatwright, 2001, Broniarczyk et al, 1998)

The authors of this paper mean that studies made on the use of actual numbers of products and brands will not give the whole truth of variety in grocery stores. There is a gap in research of

how consumers perceive variety in stores and how consumers feel that the increasing number of private brands has influenced their freedom of choice. The interest and importance of knowing about the factors that influence consumers' perceptions of variety can help retailers to have lower actual number of products but still be perceived as giving the consumers more options. This can save enormous resources for the retail industry. However, manufacturers will also gain from knowing more about the factors that influence consumers' perception of variety. They can use the knowledge in order to differentiate their products and create added value to their products.

Hence, this study will focus on how consumers perceive variety in grocery stores and take a closer look at which factors that influence their perceptions. Furthermore, the study will show how the increasing number of private brands has affected consumers' perception of variety in different product categories.

### **1.3. Purpose**

The main objective of the study is to investigate of how consumers perceive variety in grocery stores and how private brands have affected their perceptions of variety. In order to fulfill the main objective, the first goal is to construct a conceptual framework of various factors that influence consumers' perception of variety. In addition the study aims to show how the perceptions of private brands vary in different product categories.

### **1.4 Thesis disposition**

This thesis is organized into seven chapters. The following paragraphs present the outline of the remaining chapters.

## **2. Methodology**

The different methods which helped to solve the purpose of the thesis are presented and discussed in a critical way in this chapter. Furthermore, it will provide incitements to establish the credibility of the investigation.

## **3. Theoretical background**

In this chapter the theory behind the research area will be described. The chapter will start with an introduction of private brands in order to give an understanding of the development of the retail industry during the last decade. Further a brief presentation of previous studies of consumers' perceptions of variety is given.

## **4. Conceptual framework**

In this chapter the key factors that influence consumers' perceptions of variety found from the results of the focus group and the theoretical background are presented. In addition the chapter provides the reader with a literature review of the five factors.

## **5. Empirical data**

In this chapter a presentation of the results from the interviews will be given. The qualitative results will be illustrated based on the key factors, of how consumers perceive variety, presented in the conceptual framework.

## **6. Analysis**

In this chapter a presentation of the findings from the empirical data will be connected with previous studies in an analytical discussion. A brief introduction of the five factors will be given in order to make the reader understand why these factors were chosen.

## **7. Conclusions**

In this chapter the first part will present the mayor findings of this study followed by managerial implications, where the authors will comment on findings that can help retailers and manufacturers in the constant struggle to win the consumers over. The chapter also gives suggestions of future research areas connected to this study.

## **Appendix**

In appendix the mayor questions from focus groups and interviews are presented. Furthermore, examples of photographs shown during focus groups and interviews are given. This give the reader an understanding of the process of the data aims to collection.

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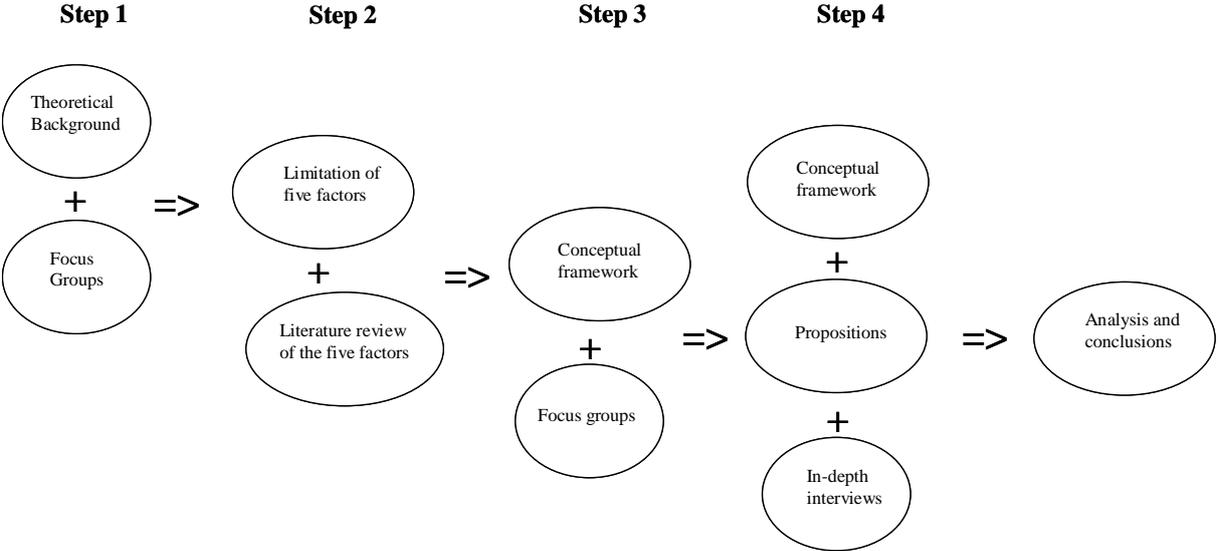
## 2. Methodology

*This part will provide an understanding of the research process. It will give an indication of the authors' own perception of, as well as approach to, the research problem. Furthermore, it will provide incitements to establish the truthfulness of the investigation. This part will present the traditional aspects of research approaches and methods combined with a reflection of the data collection. Furthermore it will explain the research process and the development of the relevant problem formulation and problem area.*

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### 2.1 Research design

The research project began with studying the theoretical background of variety and private brands. Due to the fact that the research area is an undeveloped area, a combination of previous studies with primary data needed to be done in order to find the main factors that influence consumers' perceptions of variety in grocery stores. The choice of focus groups was made in order to encourage discussions among consumers and to create a good starting point with the intention of finding the main issues among consumers. When the main factors were found the next step was to make a further literature review behind these factors with the aim of finding how previous studies have connected the factors with variety and private brands. The factors and the literature review formed the conceptual framework. In the third step, the results from focus groups and the literature review created propositions for each factor and these were further tested in the interviews. The conceptual framework and the propositions were the foundation of the themes that the semi-structured interviews were built on. Furthermore, in the last step, the results from the interviews were combined with the conceptual framework and formed the base of the analysis and the conclusions. The analysis and the conclusions have been made out of the broad patterns in the data collection and include the common thoughts and feelings of the consumers. Below follows a picture of the research process:



**Figure 1. Research design**

The study is focused on one specific store and the participants are all customers that normally do their shopping in this store. The choice for using one store was made due to the fact that photo elicitation has been used and consumers shall recognize the store on the photographs which easier create an in-store experience. Furthermore, the study will focus on the perceptions and attitudes towards variety and how private brands have affected consumers' perceptions of variety. Hence, the authors of this paper believe that a qualitative method with in-depth interviews will give more subjective, soft and profound results than a quantitative approach.

## 2.2. Research Method

According to Bryman and Bell (2003), a research method can be described as a technique to collect data. There are mainly two kinds of methods to choose from; qualitative and quantitative method. Van Maanen (1983) defines qualitative techniques as 'an array of interpretative techniques which seeks to describe, decode, translate or otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world'. A quantitative method transforms data into numbers and this in turn results in a statistical analysis (Easterby-Smith et al, 2002). A qualitative method is best suited when reaching a total perspective is the goal as well as the complete understanding of a specific situation; it also applies to the researcher's try to understand different social processes. In this thesis, the aim is to take a closer look at the consumers' perceptions of variety in grocery stores and how private brands have affected their perceptions of variety. Limited research has been done in the area and the research that has been done is based on objective measures in other words by using quantitative methods. In order to include consumers' attitudes and perceptions, the authors of this thesis claim that a qualitative research gives highest contribution to fulfill the purpose of the thesis. Another reason for choosing qualitative method is that the most fundamental of all qualitative methods is in-depth interview (Easterby-Smith, et al, 2002). The empirical data of this study is mainly depending on interviews and focus group, hence qualitative measurement seem to be most appropriate for the study. Due to this statement the choice of a qualitative method seems clear when conducting the research. In this research it is essential to get close to the interviewed person due to the fact that the analysis of consumer attitudes towards variety and private brands requires a deeper understanding of a wider context than only answers of different questions.

## 2.2. Methodological approach

The research process has been a mixture of the deductive and the inductive method: an abductive method. The authors started with studying previous research; academic articles, books, former thesis and papers on knowledge work, its ambiguity. Thus the authors started with the *deductive method* which takes theory as a starting point and then observes the reality in order to see whether the theory works in these cases (Bryman and Bell, 2003). However, the research area is an undeveloped area, hence the authors needed to combine these previous studies with empirical data from focus groups in order to build up the conceptual framework and the propositions. This can be seen as a more *inductive method*, where theory is developed from research (Bryman and Bell, 2003) Further, the propositions where tested in the interviews and can be related to the deductive method. Nevertheless, a combination of the two methods has been used, thus the abductive approach is the closest to our research approach.

## 2.4. Case study

During the last couple of years there have been a number of developments in organizational research which have led to a wide range of fieldwork methods which provide intermediate positions between the two extremes, qualitative and quantitative methods. One of these methods that occupy an intermediate position is the *case study*. Basically it can be said that the case study looks in depth at one or a smaller number of organizations generally over a period of time (Easterby-Smith et al, 2002). Further it can be said that case studies should be used when the researcher is trying to answer “how”, “what” and “why” questions, when the researcher has little control over events and when the focus is on a contemporary phenomenon within some real-life context (Yin, 2003). Since, the purpose of this thesis is to investigate consumers’ perception of variety and how private brands have affected their perceptions of variety, the thesis can be said to be built on “what” and “how” questions, thus the case study approach seemed to be the most appropriate choice to follow, based on the above mentioned facts. The ICA supermarket store outside Malmö was chosen due to the access of the store through a friend of one of the authors. However, the choice of ICA supermarket was also made as a particular case due to the large consumer base, the fact that ICA is one of the largest grocery chains in Sweden and further because ICA has a broad range of private brands. Another aspect of the choice is that ICA supermarket is a good example of a middle sized grocery store in Sweden. They offer a wide assortment of goods but it is not one of the biggest stores in Sweden either.

One feature of the case study that has witnessed criticism is the fact that it provide very little basis for scientific generalization. The popular question is how one can generalize from a single experiment? The short but clear answer to this question is that case studies are generalizable to theoretical propositions and not to populations or universes. The goal with the case study will instead be to expand and generalize theories and not to count frequencies (Yin, 2003). The theory that is ultimately formulated must then become the vehicle for generalization to other cases that have not been studied, according to Yin, 2003, it is called analytical generalization. The authors of this paper do not aim to generalize to all consumers’ perceptions of variety nor to all grocery stores. Instead the study aims to give an aspect of important factors for how consumers perceive variety and how private brands have affected their perceptions of variety from our empirical data. Further the study aims to both test existing theories but also to create new theories around the undeveloped research area and from what the study shows the theoretical foundation might be enhanced and extended.

## 2.5. Data collection

The empirical data for this study has been collected through different methods and has given the authors a better understanding for how consumers perceive variety and how consumers view the impact of private brands in the assortment. In order to build up the conceptual framework and to find the factors that most consumers think about in the perceived assortment the authors of this paper chose to start with focus groups. After the focus groups we could identify the factors presented in the conceptual framework, but there was a need for a more profound understanding of the consumers’ perception in accordance to these factors. Thus, in-depth interviews with consumers were held and the discussion themes for those were built on the factors discovered in the focus groups. Consumers, for both in-depth interviews and focus groups, were customers from the specific ICA supermarket store outside Malmö. The reason for collecting customers from that store is because photos from that store were used in both interviews and focus groups.

### **2.5.1. Photo elicitation**

Photo elicitation is based on the simple idea of inserting a photograph into a research interview (Harper, 2002). The main reason for choosing this method was to make it possible for the participants to get the atmosphere of being in a store and have the photographs to refer to. However, the advantages of using pictures in interviews are much broader. Images evoke deeper elements of human consciousness than words do. The brain capacity is increased by a picture, due to the fact that the brain processes both images and words at the same time. Photo elicitation might give more information to the research, but it rather evokes a different kind of information (Harper, 2002). In both focus groups and interviews photographs from the chosen ICA supermarket store was shown, but also photographs from AGs was shown. AGs is a store that does not have private brands and is much bigger with a wider assortment than an ICA supermarket store has. However, they did not have more options in all product categories; hence a test could be done if more shelf space actually was perceived as more variety. Harper (2002) also means that photo elicitation inspires collaboration and that people together will try to figure out the meaning of a photo. Many of the respondents actually commented on the fact that they really appreciated the photographs and that they helped them to get a store atmosphere and when they saw the different products they also started thinking and analyzing themselves to a larger extent than before showing the photographs. The photographs from the ICA supermarket store were put together in big cardboard signs in order to show the whole product category in a summarized picture and still be clear. The photographs from ICA supermarket were shown first and after that some photographs were shown from the AGs store in order to compare the assortment and the freedom of choice in an unfamiliar store. This needs to be mentioned here since the respondents were more likely to appreciate the freedom of choice in their own store, even though they admitted that the assortment was bigger in the other store.

### **2.5.2. Focus groups**

A focus group is a form of group interview in which a certain topic is being examined. The aim of a focus group is to get a discussion as members of a group rather than as individuals. The researcher is interested in how people react to each other's views. Hopefully the group builds up a view out of the interaction. The interviewees are more likely to qualify and modify their views, since they get other people's view and see things more openly. In a normal interview, the interviewee never gets questioned, but in a focus group other members can question their statements. Thus, the researcher gets a more profound reasoning on the topic. A focus group is often perceived as less formal and more natural by the participant, thus they are more likely to open up and give more personal answers than in an individual interview. (Bryman and Bell, 2003)

In this study focus groups have been used in order to find the key aspects of how consumers perceive variety in grocery stores. Together with the third chapter the results from the focus groups has created the foundation of the main factors of the conceptual framework. Furthermore the empirical data from the focus groups combined with previous research of the main factors have formed the propositions made in the conceptual framework.

### **2.5.3. The Proceeding of the focus groups**

Four focus groups were sufficient to find the key aspects of how consumers perceive variety. The last one was a confirmation that the aspects chosen were the ones that were repeated and highlighted among the consumers. The size of the focus groups were decided in accordance

with Bryman and Bell (2003) that too many participants will lead to a discussion between few of the participants but the fact that there is a risk that some participants never show up made it hard to make an exact number. The authors thought that eight would not be too many if all showed up but that it could be a good discussion even if not all of them showed up. The participants were asked to participate inside and outside the store and they could choose between two different days and two different times. The fact that some times were more attractive for the customers, the number of participants varied between four and seven. Another reason for not having eight in each was that all participants did not show up. One day was spent in order to find the participants and during the following days the focus groups were held. Further, the authors tried to get a combination of age and gender. However, more women are doing the grocery shopping, hence, a dominance of women were participating. Young people were more interested in participating; hence many of the respondents were younger people around 30. Nevertheless, it is complicated to know about the age when you ask people in the store, hence respondent were subjectively chosen of age and gender and the participants varied from around twenty to eighty years old. The focus groups were held in a small group room beside the store. During the focus groups the participants were served coffee and something lighter to eat. All focus groups were longer than we had expected, between one and a half hour and two hours, people were very eager to discuss the assortment in different stores and distinct product categories, the impact of private brands and much more about their shopping behavior. Due to the fact that all the participants lived in the village and some people knew each other from before, the focus groups were rather informal and the most difficult part was to get them focused on the variety and the perceptions of assortment. This is mentioned in order to understand the length of the focus groups. The aim as earlier mentioned was to get some ideas to build up a conceptual framework. Hence, very broad and general themes were discussed (See appendix). The participants discussed a lot and explained how they were thinking when buying different products, how they reason around variety and how private brands have given them more options etc.

The focus groups were recorded and after each focus group they were listened to and the major aspects were written down. This was done in order to facilitate for the analysis and in order to get the nuances and really focus on what they said rather than what was expected from them to say which is a common mistake for many unaccustomed researchers. Nonetheless, a certain degree of misinterpretations and expected answers are hard to avoid in a qualitative study and when the first interpretations are done by only one person. However, due to language problems that was the only choice the authors of the paper had. Before the decision of making the focus groups and interviews in Swedish the none native Swedish speaker tried to make some interviews in English. Nonetheless the authors saw that the interviewees did not have the capability of expressing themselves in order to find the in depth knowledge that was aimed for. Hence, a decision of making all the interviews and focus groups in Swedish was done.

During the focus groups photographs of the store and product samples were shown in order to facilitate the discussions of variety and the options available in distinct product categories. Both photographs and product samples made the participants talk deeper about different product categories and give better examples of how they perceive the assortment and their freedom of choice in different categories. The photographs used in the focus groups were from different product categories, such as pasta, coffee, bread, shampoo and many other categories. The photographs were chosen from statistical information regarding the penetration of the product and statistical information about the private brand's market share (STAK-Lunds Universitet Alla vg). The choices were made in order to show pictures of

products that most people buy and in order to get examples of product categories where private brands are strong and where they are weak. The use of photographs was mainly to create a store atmosphere and further to see in which product categories consumers appreciate to have many options. The information about the product categories with more or less importance of variety was further used to choose the photographs for the interviews. In two of the focus groups the participants were also asked to draw their perception of good versus bad variation. These drawings also helped the authors to some extent to get a better understanding of how the participants view variety and the factors that influence the perception. However many of the participants found it was hard to draw good and bad variety and the use of the drawing did not have the effect that was aimed for.

#### **2.5.4. In-depth interviews**

After completing the focus groups, the empirical data was combined with the theoretical background and the main factors influencing consumers' perception of variety was building the conceptual framework. With previous research on the main factor and the focus groups propositions of how consumers perceive variety in relation to the factors was made. The propositions needed to be further tested and a more profound understanding on how the factors actually affected the attitudes among consumers was required. Furthermore a development of the impact of private brands was needed in order to fulfill the purpose of the paper. Focus groups were a good starting point but to accomplish the next step, the authors of this paper thought it was necessary to listen to a number of consumers alone and let them talk more deeply about their own views. Hence in-depth interviews were chosen.

#### **2.5.5. The proceeding of the interviews**

After having twelve in-depth interviews the same aspects were highlighted and the discussions ended in similar manners. Hence saturation was reached and further interviews would require more time than quality to the study.

In accordance with the focus groups the aim was to find respondents with different background, age and gender. The interviewees were chosen from the ones participating in the focus groups. The choice was made in order to save time and also due to the fact that some participants showed a great interest and we found that they had more to say about variety. Most of the interviews were held in the homes of the interviewees, only two were held in a cafeteria, because the interviewees wanted that. The fact that most of them were at home, was positive in many ways, the respondents felt more relaxed but also due to the fact that they were checking out in the refrigerator what they had brought and then started thinking. The interviews varied in time from 30 minutes to 90 minutes. The interviews were also recorded and listened to various times and the key points were written down and used in the analysis.

During an interview it is important to make the interviewee as relaxed and comfortable as possible. It is important to create a balance between obtrusive and unobtrusive questioning. The interviewee will feel uncomfortable if he is the only one talking. Thus, the interviewer in these interviews reassured and confirmed the interviewee's answers with nods and further questions. Since, it is the interviewees' answers and opinions that are the empirical data the interviewer tried to be as quiet as possible and still make the interviewees comfortable. During the interviews in this study the interviewer tried their best to make the interviewee talk freely and show its interest and gratefulness for their answers and the atmosphere was very positive in all of the interviews.

The interviews were semi-structured in order to be able to focus the interview around the key factors in the conceptual framework but still let the interviewee talk rather freely about their perceptions of variety and assortment (see appendix). In addition, the impact of private brands was included to a larger extent than in focus groups in the themes in order to get empirical data that matches with the purpose of the paper. In the interviews the interviewees were shown a choice of photographs and product samples in order to easier relate to variety and the number of options in a store. The photographs chosen for the interviews were connected to the conceptual framework in the way that products connected to the different factors were chosen. The results from the focus groups helped us to choose the photographs of the appropriate product categories. As examples of high involvement products photographs of ice cream (See appendix, Figure 1) and shampoos (See appendix, Figure 2) were used. Photographs of sugar and flour were used as examples of low involvement product categories and also as examples of product categories where variation of flavors is of no importance (See appendix, Figure 3). Furthermore, photographs of yoghurt and bread were used to cover product categories where variation of flavors are important for the customer See appendix, Figure 4 and 5). The photographs taken from the AGs store were used in order to compare sections and test how the category space and the number of options affected the consumers. A good example of this was the oil section, where more alternatives were available at the ICA store but the category space was larger at the AGs store. (See appendix, Figure 6 and 7). However, the oil section was just an example of a section that was compared; more photographs were used in this part of the research. In the photo elicitation the fact that AGs do not have any private brands is mentioned, however that was nothing that the consumers reflected on and therefore did not turn out as a comparison in the study. It is important to point out that the photographs were shown after the interviewer had gone through the mayor themes and questions. The choice of not showing them before was made due to the fact that the interviewer did not want to influence the interviewee's choice of product groups where they wanted more or less variety or draw conclusions that high or low involvement product groups were the same for all consumers. Marketing material for private brands (connected to variety) was also used in the interviews in order to see how consumers feel about that kind of advertising.

### **2.5.6. The use of the empirical data**

The material from both focus groups and interviews were as earlier mentioned recorded in tapes and were listened to again afterwards. The material were first summarized by the Swedish native speaking author and then discussed with the other author. Together they combined the answers with previous research. Further, they were able to find repeating attitudes from the consumers and these attitudes were the ground for the common patterns described in the analysis and in the conclusions.

### **2.5.7. Reflection of empirical data**

There is no perfect research design and the choices depend on various factors. It is every researcher's responsibility to be critical to their choices and see their results with a skeptical and humble attitude. Hence, in the following part there will be a critical aspect of the collection of empirical data in this study.

Time restrictions made us to look more specifically into one store and its customers. However, the main focus has been to compare product categories rather than different stores.

Nevertheless, more stores might have given other interesting aspect and factors. A limitation to the number of interviews has also been done. However, after the twelve interviews the same aspects were repeating and new information was exceptional.

One aspect of the validity in a qualitative study is that the interviews actually are built on what the study was aimed to do research on. In order to make sure that the respondents was talking about their perceptions' of variety in grocery stores, semi-structured interviews were chosen. The certain themes to build the discussions on were based on the five key factors in the conceptual framework and the propositions made from each factor.

The fact that all the participants in the study were customers that made most of their shopping in this specific store might have had an influence on the validity. The authors of this paper believe that there exist a risk that loyal customers are more positive to the assortment than other customers and also that they are more likely to appreciate private brands from that retailer. However, the authors of this paper still think that the aspects of judging an assortment will be the same and the main findings would have been similar with other consumers.

The fact that this store is situated in the countryside might also have had an impact of the results; however it is hard to say what kind of impact. Nevertheless, it is more likely to believe that they were also more eager to participate since people on the countryside normally are less stressed than people in the cities.

Another aspect of the validity of the study is related to the involvement factor in the conceptual framework, when a discussion is based on grocery shopping, consumers might feel an exaggerated involvement because they are getting involved in the discussion. Nevertheless, the involvement in grocery shopping seems to be high in some product categories (later discussed) among many respondents.

This study focuses on attitudes; the aim is to take a deeper look at consumers' perceptions of variety. Nevertheless, both in focus groups and interviews people start talking about their behaviour which in turn has to some extent been interpreted into attitudes, which increases the risk for misunderstandings.

The fact that all interviews were recorded might have had an effect on the participants; it is possible that they felt stressed. It also might have made them think more about what they said and a certain degree of spontaneity could have been reduced. However, the discussions were not connected to any uncomfortable or sensitive matters which reduce the risk of improving the truth.

Before the interviews and focus groups a small presentation was given to the respondents and even though the interviewer tried to be as objective as possible the presentation might have influenced the respondents to a certain extent. However, the authors of this study are very positive towards private brands and that affect both the respondents and the interpretations of the answers.

Due to the fact that the research was made in Sweden, all interviews and focus groups were held in Swedish. A trial of doing the interviews in English was done, but the authors realized that the in-depth material that was aimed for was impossible to get in English by Swedish consumers. The mayor complication of the fact that all interviews had to be held in Swedish is that only one of the authors speaks Swedish. Therefore, one of the authors had to do all the

interviews and focus groups which complicated the collaboration. However, the authors discussed the outcome of the data collection and analyzed it together in the best way possible. Nevertheless, there exists a risk when translating material that the words used do not attain the same meaning as was meant by the participant. Further, there is a risk that the Swedish speaking person made her own interpretations when reflecting the material to the other author. The fact that the interviews and focus groups were held by one person increased subjectivity for the study and the risk of misinterpretations increased as well. In order to reduce the risk of misinterpretations the interviewer presented and discussed the material with the other author and also with friends and relatives.

A qualitative study unable generalization to a population, however the method enables analytical generalizations from result to theory (Yin, 2003). Generalisability in a qualitative study refers to whether the findings can have meaning to other settings (Easterbye and Smith, 2002). This study aims to give a better understanding of how consumers perceive variety in stores and which factors influence how they perceive the assortment in grocery stores. However, these findings might also be useful for other settings where assortment and freedom of choice is of great importance.

The main goal in a research situation is to understand reality; however this is an unattainable task. In order to gain access to reality different methods can be used; interviews and focus groups in this study. The data collected from these sources are then being further analyzed into empirical data which is an interpretation of what the authors of this paper has heard, seen or experienced in the study. Hence, there are many occasions for misunderstandings or misinterpretations. Unfortunately, these misunderstandings are impossible to avoid, but are essential to be aware of and communicate to the reader.

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### 3. Theoretical background

*In this chapter the theory behind the research area will be described. The chapter will start with an introduction of private brands in order to give an understanding of the development of the retail industry during the last decade. Furthermore, there will be an explanation of variety, which aims to give a broader understanding of what variety means for consumers and how they perceive it. To end the chapter a brief summary of the mayor findings will be given and the use of these findings will be further explained.*

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#### 3.1 Private Brands

Private branding is an old phenomenon with new aspect and increasing interest. The definitions are as many as the names. Morris (1979) gives a basic definition which is often cited due to its uncomplicated and concise form: “...consumer products produced by or on behalf of, distributors and sold under the distributors’ own or trademark through the distributors’ own outlet.”

The development of private brands has been incredible over the last decade. However, the development differs enormously from one market to another and also by product categories. In some markets private brands means offering a lower quality alternative for a much lower price while in other markets private brands are leading the market and stands for innovation and high quality alternatives. (Burt, 2002) Laaksonen and Reynolds (1995) discuss the development of private brands in terms of generation. In the Swedish market the private labels have reached the third generation. (Anselmsson et al, 2005b) This means that private labels exist in almost all product categories, they have a me-too attitude plus both quality and price are important factors which represent a high value for money. (Laksoonen and Reynolds, 1995) Nevertheless there also exist private labels that has not reached that level and probably these brands do not aim for that either. Retailers often have different “levels” of brands in order to offer more options to distinct consumer groups. (McGoldrick, 2002)

The main goal retailers have with private brands is to differentiate their offerings from other retailers, in other words to achieve a competitive edge. Store image and customer loyalty have also proved to be advantages that retailers can gain from private brands. Furthermore, the profit margins of private brands are often higher and obviously another important factor for the fast development and success of private brands. A successful development of private brands will have parts from all these advantages. (McGoldrick, 2002)

Retailers have grown in size and control which has led to a shift in the power balance between manufacturer and retailers. As the retailers are closer to the market and are able to collect information directly from customers into their databases, they have increased their understanding for customers’ needs and opinions. This understanding has partly been used to create private labels. With centralized buying systems retailers have gained buying power and can take advantage of economy of scale. Hence, private brands are able to have lower prices and higher margins. The retailers also have the power to decide how the stores are built up; floor space, shelf space and displays. In other words, their own brands are more likely to be displayed and placed in the most attractive places in the store. (McGoldrick, 2002; Burt 2000)

However, retailers must find the balance, since they are dependent on the manufacturer both in terms of availability of manufacturer products but also due to the fact that many manufacturers produce private label goods for the retailer. With the rise of private labels there is a debate on how long the development can continue to grow. In the end the consumers are the ones who decide the development of private labels and for that reason both manufacturers and retailers fight to gain their trust and loyalty. (Simms, 2005) Studies by Ailawadi and Keller (2004) indicate that retailers use manufacturer brands to generate consumer interest, patronage and loyalty in a store. Jacoby and Mazursky (1984) also demonstrate how consumers' perception of the store is positively influenced by manufacturer brands. Furthermore, they show that a positive image of the store has an affirmative impact of private brands. Thus, a combination and balance of manufacturer and private brands is needed in order to create a store image of a wide assortment with various options.

As earlier mentioned private labels exist in diverse forms or generations as Laaksonen and Reynolds (1994) describe it. However, various studies confirm how manufacturer brands still are perceived as higher quality than private brands. (Ailawadi and Keller, 2004; Bellizzi, 1981; Richardsson, 1994; Anselmsson et al, 2005c) Private brands are still perceived as a high value for money alternative and therefore have difficulties to succeed in certain product categories. Bellizzi et al (1981) point out how consumers perceive manufacturer brands as superior, but that it is not equal to the best alternative. Further they confirm how more distinct alternatives provide the consumer with more choices and are more likely to match with their desires. Richardson and Dick (1994) indicate in their study that the reason behind this is that retailers often focus on price in their advertising of private brands and that the packages has been rather poor. They believe that market communication with focus on quality and more attractive packages can lead to an increased quality perception of private brands among consumers. These two factors have been further developed in many markets and the perceptions are slightly being reduced but still exist in certain product categories. However, the re-packaging of private brands has also lead to accusations of copycatting from manufacturer brands which misleads the consumer. (Burt, 2000)

Many studies indicate that the constant struggle between retailers and manufacturers have had a positive affect of the variety in stores both in terms of innovation and price. This is especially true in markets where private brands have existed longer and development has moved to the forth generation as in the UK. Private brands normally have lower prices than manufacturer brands. Hence, the manufacturer brands are forced to develop their products and differentiate their options in other factors such as taste, health or other forms of innovation. (Burt, 2000)

### 3.2. Variety

Consumers rank variety of assortment right behind location and price when naming reasons why they patronize their favorite stores (Stephen J. Hoch et al, 1999). Consumers care about variety because they are more likely to find what they want when going to a store that offers more varied assortments (Stephen J. Hoch et al, 1999). Variety perception matters when the variety-seeking motive operates, it is important to understand how people perceive the variety contained in an assortment and how these perceptions influence satisfaction and store choice.

In a research by Stephen J. Hoch et al. (1999) they have studied various factors that influence consumers' perceptions of variety. They have been able to provide a basic framework for how consumers are thinking about variety. This is an important issue for retailers in order to

understand the factors that increase consumers' perceptions of variety. Below follows some important findings of factors that influence the perception of an assortment:

- 1) Information structure has a big impact on variety perceptions, though diminishing returns accompany increases in the number of attributes on which objects pairs differ.
- 2) People are more influenced by local information structure (adjacent objects) than nonlocal information structure. Proximity matters.
- 3) Organization of the display can either increase or decrease variety perceptions. When people engage in analytic processing, organized displays appear to offer more variety. When processing is holistic, random displays are seen more varied.
- 4) Both variety perception and organization drive stated satisfaction and store choice.

People are more satisfied with and more likely to choose stores which carry assortments that are perceived as offering more variety and that are displayed in an organized rather than random manner.

There are different definitions of variety used by different researchers. The definition used by Khan et al. (2004) is concrete and applicable. They define actual variety of an assortment as having two components. The first component is the number of distinct options or the number of conceptually distinct subcategories. The second component of actual variety is the number of category replicates. (Khan et al, 2004). Previous research has shown that when a product category is given more physical space (has more shelf facings) in a retail store, consumers feel that there is more variety than if it is assigned to a smaller space (Broniarczyk, Hoyer, and McAlister 1998). In many years retailers have resisted this principle of "efficient assortment" on the basis of a fear that eliminating items would lower consumer assortment perceptions and decrease the likelihood of store choice. A study by Broniarczyk et al. (1998) mean that retailers are able to make substantive reductions in the number of items carried in a store without negatively affecting assortment perceptions and store choice, as long as only low-preference items are eliminated and category space is held constant.

The consumer perspective of variety-seeking in purchase behavior is defined as the tendency of individuals to seek diversity in their choices of services or goods (Khan, 1995). In Kahn's (1995) research, there are three main motivating factors for variety-seeking behavior. They correspond to different researchers who have done similar research before such as McAlister et al 1982, Simonson and Winer 1992 etc. The motivating factors collected by Kahn (1995) both derived from external and internally constraints; below follows the three main motivating factors for variety-seeking behavior:

- The first satiation/stimulation which means consumers seeks variety because of some internal or personal motivation
- The second is external situations; consumers seek variety due to external constraints rather than to an immediate internally derived need for variety
- The third motivation is future preference uncertainty where consumers seek variety so that they will have a portfolio of options as a hedge against future uncertainties or as a means to protect their continued interest in favorite options. (Kahn, 1995)

Further research on perceptions of assortment variety has been done by Morales et al (2005). They conclude that the amount of variety that consumers perceive and satisfaction consumers derive from assortment offering and their final choices are largely dependent on whether the internal organization inside the consumer's head is congruent with the external organization

provided by store. Furthermore, the literature by Broniarczyk et al 1998 suggests consumer perceptions of variety are dependent on more than just the actual number of individual items in the assortment.

The brand in variety-seeking market has caught attention by researchers, especially the competition between private brands and manufacturer's brands. In the Kahn's research 1995, it states that large-preference brands, or brands for which consumer preferences are high, tend to lose market share in variety-seeking markets. Private brands have been growing substantially (Steiner, 2004). In Steiner's research, he mentioned five areas that private brands and manufacturer's brands are in competition. These are pricing, shelf space, quality, innovation and brand advertising. Price competition is heavily involved between them, but it is worth knowing that cutting private brands price too low is likely to imply that the private brand's quality is inferior (Steiner, 2004). Shelf space is more concerned when the retailer locating different brands. The retailer can have considerable power to put private brands in more favorable spaces than manufacturer brands. Further more quality and innovation is simply about the private brands usually is a follower. The quality perceived is lower and just follow the innovation of the manufacturer's brands, this brings the negative aspects of the private brands. In terms of brand advertising, private brands has difficult time obtaining market share in categories dominated by leading brands and the advertising expenditure is lower than manufacturer's brands in most categories (Steiner, 2004).

This chapter aimed to give the reader an increased understanding of variety and the influence of the increasing number of private brands in the retail industry. This chapter indicates how competition has increased between retailers and manufacturers with the growth of private brands. As described above many studies show that the competition leads to more options, lower prices and higher profit especially for retailers. Furthermore, this chapter has described the importance of various options and the freedom of choice among consumers. An important factor of choosing a favorite store is not connected with the actual offered assortment but rather the perceived variety of the assortment. The theoretical background has been connected with the focus groups and together formulated the five mayor factors that influence consumers 'perceptions of variety. These factors will be presented in the following chapter.

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## 4. Conceptual framework

*The theoretical background presented in the previous chapter has been combined with the empirical data from the focus groups. This combination led to the finding of five key factors that influence consumers' perception of variety in grocery stores. These five factors will be presented in this chapter together with previous research done on these factors in relation with variety in the grocery sector. The propositions made in the end of each part are based on previous research from the factors together with the empirical data from the focus groups.*

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### 4.1. The impact of product involvement

Different product groups create different emotions in the minds of the consumers. The term used to describe this phenomenon in previous research is involvement (Assael, 1987; Kotler; 2003 etc). High involvement products do usually refer to products like computers while low involvement products rather refer to product like salt. However, the results from focus groups indicate that the level of the consumers' involvement differ in distinct product categories in the grocery sector. It is not the same to buy chocolate or sugar etc.

The conclusion in much literature, for example McWilliam (1992), is that grocery shopping and fast moving consumer goods in general are low involvement products. The explanation of this conclusion according to Smith and Carsky (1996) is that grocery products mean that low risks are involved in trying new brands and that the financial risk also is low. Further they claim that the general relationship of grocery products, as tangible goods, has little relevance to self-image or to the expression of one's status. However, Smith and Carsky (1996) show in their study that involvement differs both within product categories and between consumers. In addition, Beharrell and Denison (1997) indicate that routine grocery shopping can be highly involving for consumers.

Quester and Lin (2003) define product involvement as an ongoing commitment on the part of the consumer with regard to thoughts, feelings and behavioral response to a product category. In their description of product involvement, they develop Kapferer and Laurent's (1993) elements of involvement to include:

- How much interest the product has and its meaning
- How much pleasure the product brings
- How much the product symbolize the self-concept
- How much of a disaster a wrong choice would be
- How likely it is to make the wrong choice

Kapferer and Laurent (1993) develop the importance of interest and pleasure. The example of chocolate and how consumers normally buy a chocolate bar for a moment of pleasure show that consumers are emotionally engaged even when they shop in grocery stores. Further, Kapferer and Laurent (1993) claim that there are three main segments that derive pleasure; health, taste/flavor and price. Nevertheless, it is important to keep in mind that interest, pleasure and the other factors that derive emotional aspects to a product group is personal and vary from consumer to consumer.

Quester and Lin (2003) further point out that product involvement differ from purchase involvement. Tsuen-Ho and Monle (2003) describe how purchase involvement includes other aspects; previous experience, interest, perceived risk, situation, and social visibility. All these aspects affect how consumers will make their choices and the authors of this paper also think it influences how they perceive their options and the assortment per se.

High level of involvement has often been associated with strong brand loyalty. Warrington and Shim (2000) show in their study that the two concepts are not related. They motivate this result with a quadrate model that describe four similar sized segments, which indicate that the relation is very weak or non-existing. However, there exist previous studies that indicate that involvement and loyalty are connected. (Traylor, 1981; Robertson, 1976)

In low involvement product groups there are typically three different behaviors. Most low-cost frequently bought products are low involvement products and the purchase will either by habit, randomly or to seek for variety. Many consumers keep reaching for the same brand without thinking about it. This behavior is often referred to as false loyalty. (Assael, 1987)

The emotional involvement in a product group will influence how consumers make their choice as is proven from above mentioned studies. No evidence is found that this also influence how we perceive an assortment and our freedom of choice. However, the authors of this paper believe that there is a strong relation between behavior and attitudes in this aspect.

According to the supporting theories and the discussions from focus groups the connection between loyalty and high involvement is less valid in the grocery sector. Hence, consumers seek for variety in high involvement products; the avoidance of satiation, the ambition to find the best alternative and curiosity of testing new things are some of the aspects for the appreciation of a wide assortment in high involvement product categories. The proposition is that consumers want more options in high involvement product categories than in low involvement product categories.

## 4.2. The Impact of Flavor

Flavor is one of the main factors that influence the perception of an assortment in grocery stores (Broniarczyk et al, 1998). Consumers want a variety in their consumption in order to feel stimulated and enjoy both the shopping and the product per se. As mentioned in the theory chapter satiation is one of the three motivating factors for variety-seeking behavior, according to Kahn (1995). Consumers seek for alternatives in order to avoid the feeling of satiation and due to the fact that consumers are stimulated by testing new things. Frequency and intensity of the product use are aspects that influence how fast consumers feel satiated. In addition, two different aspects of the use of the product will have an influence of the satiation level. The first aspect refers to the product as food itself and the other as an attribute to other products. Variation is obviously more important in the first case. (Kahn, 1995)

Rolls et al (1981) analyze how consumers' perception of variety influences the consumption. They give an example of how yoghurt, which confirms that if consumers are offered three different flavors, consumption will increase with 23% comparing to if only one flavor were available. Herrington et al (2006) further show that different taste options not only increase consumption but also delays satiation. They further develop that the increased consumption is a result of how variety increases both pleasure and interest in food which in turn leads to a desire of eating.

The importance of different flavors is further analyzed by Inman (2001). The study shows that consumers are more likely to switch between sensory attributes than non-sensory attributes. The examples used in his study are flavor for the former and brand for the latter. The results from this study indicate that an assortment of various flavors will be perceived as broader than an assortment with various brands. It also points out that a manufacturer that lacks a full range of flavor risk to lose customers who switch to flavors not offered by the manufacturer. Thus, a manufacturer that focuses on various flavors will have a competitive edge towards the ones who focus on the most popular flavors.

A combination of the study of Inman (2001) and the study of reduced assortment, earlier discussed by Broniarczyk et al (1998) suggest that retailers might consider dropping poor selling SKUs (Stock Keeping Unit) that duplicate better selling SKUs with the same flavors and replacing them with new flavors. This could lead to higher perceived variation by the customer, even though the number of SKUs will be kept constant.

Van Trijp (1995) suggests that emotional products increase the level of satiation. Extending this notion to the attribute theory of Inman (2001), consumers will be more likely to need more options on attributes such as taste and smell than on attributes such as product form or package size. An example would be that consumers want more options when buying ice cream than when buying detergents. The authors of this paper believe that this also will influence how they perceive the assortment.

In product groups with variation of taste options, product involvement is often higher. Thus, consumers want variation in tastes in order to avoid satiation. As mentioned above high involvement products are products that amongst other factors derive pleasure (Kapferer and Laurent (1995). Taste is an important factor of pleasure (Rolls and Hammer, 1995) and most consumers find for example chocolate to create a moment of pleasure. Hence, consumers want more than one option. The same could be said for products such as yoghurt or bread. Even though they are considered to create less emotional feelings, consumers probably would feel satiated if they consumed the same flavor of yoghurt everyday. (Kapferer and Laurent (1995)

As mentioned above taste is an important factor for how the assortment will be perceived. However, when taste is defined and purchase is routine, in other words, when consumers know what product they want and where to find it, the perception of variety will be differently and not important to the same extent. In this case lots of variety can even have a negative impact on the consumer due to increased confusion and troubles finding their option, which can lead to irritation. However, in most product groups people do not have a well-defined taste and seek for variation and in these cases perception of the assortment is essential. (Hoch et al, 1999)

After the theoretical foundations and the focus groups, two propositions could be generated in accordance with taste and flavors. First, in product categories where consumers seek for variation of taste, a wide range of flavors will be perceived as more variety by the consumer. Secondly, if consumers want the same taste, the assortment will be perceived as good as long as the favorite of the consumer is available.

### 4.3. The impact of price

Next to location, price is the most important factor for consumers' choice of grocery store. Consumers want a wide range of price and quality options, depending on their special needs. One objective with private brands is to create a competitive edge; the most common approach is to do that through lower-price alternatives. Many retailers offer different types of private brands in order to give their consumers even more price options. (McGoldrick, 2002)

As earlier mentioned, in the Swedish market private brands have reached the third generation of private labels (Anselmsson, 2005a). Thus, providing the customer with good value for money is one of the main goals (Laaksonen and Reynolds, 1994). Research show that private brands suffer from lower perceived quality image compared with national brands. Richardson (1998) suggests that one of the factors that influence is the price. The Private Label Manufacturer Association declares that private brands ingredients are as good as or better than those of manufacturer brands. However, retailers often communicate private brands as high value for money and a good price alternative. Retailers are very focused on the price and than consumers assume that quality also is lower. (Richardson, 1998)

Bellizzi et al (1995) confirm how manufacturer brands are perceived as superior in many ways but that does not necessarily mean that they are perceived as the best value or lower in price. They mean that private and generic brands provide the consumer with more choices and more distinct alternatives. Hence, the consumer is more likely to match brand assortment with the satisfaction they desire.

In a study by Anselmsson et al (2005c), they claim that Swedish consumers are not ready to pay the same price for private brands as for manufacturer brands. The quality issue is an important aspect but also the feelings and perceptions of the manufacturer; trust is one of the most essential decision factors. They show that consumers are more likely to pay a premium price for private brands that are trying to differentiate themselves such as ICA Gott liv! or Änglamark. This indicates that private brands need to differentiate their products in order to fully compete with the market leading brands.

With the previous research above and the empirical data from the focus groups, there is a clear tendency that price is a significant factor in grocery shopping. Especially the focus groups show how price is to a large extent influencing consumers' perception of variety. Hence, the proposition, that the more price options a product category has the more variety is perceived by the consumer, is made.

### 4.4. The impact of store image

Store image is a composition of various factors; price, location and assortment are just some examples of the whole image (Hoch, 1999). There exist a wide range of definitions, here follows one of the earliest by Martineau (1958) "*The way in which the store is defined in the shoppers mind, partly by its functional qualities and partly by an aura of physical attributes.*" This definition is still valid and point out the importance of less tangible factors such as the "personality" of the store. (McGoldrick, 2002)

Ailawadi and Keller (2004) further analyze the importance of image in five dimensions; access, in-store atmosphere, price and promotion, cross-category product/service assortment and within-category brand/item assortment. In this paper focus will be on the two latter.

However, two of five factors are related to the assortment which strongly indicates that it has a great impact on how the consumers perceive the store image.

Consumers highly appreciate a breadth assortment of different products; hence they can find everything under one roof and therefore save time and effort to visit various stores. The greater the breadth of assortment, the greater the range of different situations in which the retailer is recalled and considered by the consumer, and therefore stronger its salience. (Ailawadi and Keller, 2004)

Ailawadi and Keller (2004) further demonstrate how the depth of an assortment within a product category also influences the store image. Studies by Kahn and Wansink (2004) indicate that as the perceived assortment of flavor, brands and sizes increases, consumers will perceive the greater utility and will believe that they have more flexibility in their choices (Kahn and Lehmann, 1991). In other words, the consumer will be more likely to find the item they want.

Breadth and depth of an assortment will influence the overall image of the store, according to Ailawadi and Keller (2004). However, the authors of this paper also believe that consumers will perceive the assortment differently due to their opinions and attitudes towards the store. Hence, the authors of this paper assume that the store image, the feelings and perceptions of the retailer per se, will have an impact on how they perceive the assortment.

Burt (2000) emphasizes the importance of the perceptions of the retailer in relation to how consumers perceive private brands. Nevertheless it is the retailers' trademark which is placed on the product and obviously the consumers' value of the retailer will transfer these feelings towards the product.

As is shown above and the focus groups clearly indicate store image has a great impact of the perceived variety. Hence, the proposition for store image is that if the store has a good reputation and is appreciated by consumers, more variety is perceived. Furthermore, an assumption that private brands will be perceived and appreciated to a larger extent if the retailer has good image is made.

#### 4.5. The impact of the actual assortment

As earlier mentioned consumers rank assortment right behind location and price when deciding favorite stores. According to Kahn and Wansink (2004) the actual assortment is defined by two components. First, by the number of options in distinct subcategories and secondly by the number of category replicates. Consumers care about assortment because they are more likely to find what they want if the assortment is more varied. As long as consumers want new experiences, most retailers desire to be perceived as offering a broad range of variety. (Hoch, 1999) However, retailers face the cost of keeping many SKUs in stores. Hence, many studies in recent years focus on the perception of an assortment rather than the actual assortment. These studies focus on space- and category management in form of store lay-out. (Hoch, 1998; Broniarczyk et al, 1998; Kahn and Wansink, 2004 etc)

Broniarczyk et al (1998) has shown that when a product category is given more shelf space, consumers perceive more variety. Further, van Herpen and Pieters (2002) show how a doubling of replicated items increased the perceived variety by 42%. Thus, consumers

perceive more variety if there for example exist 10 packages of five different items, than five packages of five different items.

Kahn and Wansink (2004) confirm and develop Hoch et al (1999) study on how the organization in the store can influence how consumers perceive variation. Kahn and Wansink (2004) mean that when a product category has a large range of options an organized assortment will simplify for consumers to recognize and appreciate the full extent of the variety. By contrast, they mean that if a product group with few options use an organized assortment it will be too obvious for consumers that the options are limited. Thus, a disorganized assortment can conceal the number of option and actually increase the perception of the assortment.

Broniarczyk et al (1998) show in their study how retailers can reduce their actual SKUs and still create a higher perceived assortment. This is possible if the retailers keep the most attractive SKUs and the product category space is kept constant. However, there will always be a limit where the perception of the variety will decrease instead of increase, but to a certain extent it can be very useful.

From inspiration of previous research and the focus groups, the last proposition is formulated as; the more space the product category has, the more variety is perceived by the consumer. In addition more variety will be perceived if there are more packages of a product in the shelf.

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## 5. Empirical Data

*In this chapter a presentation of the results from the interviews will be given. The qualitative results will be illustrated based on the key factors, of how consumers perceive variety, presented in the conceptual framework. Here the connection with private brands will have a more important role than in the focus groups where the focus was on consumers' perceptions of variety.*

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### 5.1. The impact of product involvement

In the interviews a further support for the fact that consumers are involved in grocery shopping was found. However, the involvement varies between product categories and from consumer to consumer. The involvement in product categories is connected to interest and pleasure in accordance with Kapferer and Laurent (1993).

*When I buy cheese, not like normal cheese but French cheese, I want more than one option and I really like to test new ones every once in a while. However in a product like that, I do not look for price variety, I look for different quality options. It would feel strange to buy a Swedish brand in a product like that. (Male 60)*

*Ice-cream is a good example of a product where variation is important; I really love ice-cream. If I feel like dessert I just love a good ice-cream. I only buy quality brands such as Mövenpick or Hägen Dazz. I have bought cheaper variants, I mean there is a huge assortment of ice-creams, but I think there is a huge difference in quality. I prefer the most leading brands than cheaper alternatives, since that is what I want. (Male, 38)*

As will be proved from the following comments involvement is not only an influencing factor due to interest and pleasure but also to self-esteem. The cheaper alternatives were mainly not seen as an increased variety of the assortment for consumers in high involvement product categories connected with self-esteem.

*When it comes to products for my body and hair, I want to buy brands that I feel safe with and that I know work with my skin and hair. For example I could not buy Euro Shopper Shampoo. Well actually I did once, in my poorest student days, but half my hair fell off and I will never buy a non quality brand again. The variation in stores is normally huge and sometimes I just feel confused. I want a number of quality brands and that is enough for me. (Female, 25)*

*I always buy Herbal Essences shampoo; I would not buy another brand. I know that it is good for me and makes my hair look shiny and with more volume. And it smells so good. I mean if I know it is good, I do not see a reason to try another one. If it would disappear I would be devastated and I would have to try another brand, than it would be good with a broad range of options, in order to test until I got a new favorite, but until then I will for sure buy my Herbal Essences. (Female, 32)*

In fact, there was a clear tendency of a negative attitude towards private brands in the beauty and health section. Nevertheless, male respondents were more likely to at least consider to buy a private brand alternative and actually appreciated the price alternatives available.

*I have never tried Euro Shopper and probably I will not try it either, but if ICA came up with a shampoo I would certainly consider trying it. They always do good products to a fairly good price. (Male, 32)*

*I mostly buy Euro Shopper shampoo, I use a lot and I want a combination of shampoo and soap. I do not notice any difference to other brands; accept for the price (smile). I do not care about the smell; it disappears in a second in all brands anyhow. (Male, 29)*

However, according to previous research there are many categories in grocery stores that are facing low product involvement. In these sections two main alternative answers has been given; appreciate price options or buy of habit and does not even look at the other products.

*In most product groups I strongly appreciate a variation of price. I mean in product groups where I do not care too much for the product, I search for the best prices. It can be for example detergents, canned goods, flour, porridge oats, frozen food etc. If the product does not live up to my expectations I will not buy it again, but I really like the development of alternatives even in these sections, where I feel that the options for the consumer has increased very much. (Female, 55)*

*When I am not interested in a product I just buy the one I always have bought, obviously it works fine for me. I do not have the effort or time to look and compare prices in every product they have, and options increases all the time. No, it is better not to take the risk. (female, 45)*

## 5.2. The impact of flavor and taste

The satiation level of always having the same taste or product discussed by Kahn (1995) is clearly mentioned by the respondents.

*I have yoghurt for breakfast everyday; if only one flavor was available in the store I would be very bored. For me it is important to have some options, and when the different brands come up with new flavors I am more likely to test a new version than buy one that I have already tested. Then off course, I have my favorites but I only buy them when no new ones are available. The variation of price or brands is not important for me in this sector, I just want new flavors and I think that if there are more brands there will also be more flavors. However, when it comes to private brands they usually only have the most common flavors and therefore I do not see them as much as giving me more options. But if they do, I would consider it as an increased option for me and that it would widen the assortment. (Male, 25)*

*We eat quite much yoghurt in our family, we are four persons with four different tastes, so a variation in everything from taste, fat, sugar and brand preferences are available in our home. Obviously, it is important for us with many options, but I think the main importance is the variation of taste. My husband is very loyal to Falköpings mejerier and thinks they do the best yoghurt, since that brand is not as common here in Skåne, a good assortment is needed in order to find it. (Female, 45)*

*I eat a lot of bread almost for every meal. Since I consume that much I want many options, I easily get bored with the same bread. A variation of healthy bread is something that has increased incredibly during the last years, which I find have increased my options favorably. For me the brand variation is not important, although I switch between the brands in order to get more taste variation. I know the ICA brand have some alternatives which I have tried and I still buy one of them sometimes, their ICA Gott Liv! alternative. (Male, 60)*

*Like pasta, I consume a lot of pasta and therefore I like that there are many options, not that taste really matter but I would get bored if I only consumed macaronis. It is nice to vary between the different forms. I also vary between the quality and brands for different occasions. On the other hand, when I buy rice it is not as important with many options, might be that rice is rice no different forms, however I want to be able to buy a whole-wheat option. It might also be that I consume more pasta than rice or simple that they do not have more options and therefore I do not think about it. (Female, 25)*

In accordance with previous studies, the results of this study show tendencies, that there is a relation between product involvement, satiation level and the sensory attributes such as taste and smell.

*When I feel like having a chocolate bar, I want to have various options. It would be very boring and take away the pleasure feeling if I always had milk chocolate. For me the selection of the product is one part of the pleasure. I like to just look at and fantasize in front of the shelf. Hence, the more options there are the better; however I do not even look at the cheap, bad quality options. (Female, 32)*

*It is more important to have many options in product categories where taste is important, that is quite a lot of different products. Like bread, sausages, cheese and many more products that I can not think of at the moment. (Female, 55)*

Continuing the discussion on ice-cream from above:

*I really like when new tastes of ice-creams are presented in the store, I can not help trying them, searching for variation but also to find the absolute favorite. As long as it is a quality brand and it is a taste I like I will try it. (Male, 38)*

However, just because consumers are involved in the product and taste is important it does not mean that they need variety. Loyalty to certain brands because they have the best product is quite usual both among products with high involvement and lower involvement.

*There are some products that I always buy, where I am very loyal to a certain brand. For example in coffee; I always buy Zoegas Skånerost, it is the best taste for the water in Skåne. I want the same taste everyday; I will never consider another alternative. Because of this, I am not aware of the options I have and I do not search for them. Sometimes when the products change place; I notice that there are a lot of other coffees, which might be good for others but not for me. (Female, 48)*

*Heinz Ketchup is the best there is, I would never buy another ketchup brand. There are many alternatives today, both in form of sugar or no sugar added; hotter variants, cheaper alternatives and I do not know what more they have come up with. Well, I have noticed them and the section has increased, but it does not influence my choice. (Male, 25)*

Another aspect of taste is in product groups where taste is the same or at least very small differences between products and brands can be identified.

*When I buy products where taste is not that important; the most important variation for me is price. In these product categories price is the determinant factor. Here I especially search for private brands; otherwise they are more like an option to vary between. (Male, 60)*

*In some product groups like flour, milk, sugar there is no difference in taste, and then price will decide. Private brands have increased the price option in all products but I mostly appreciate them here. But also products like olive oil, here the ICA brand is outstanding, I mean even the bottle is beautiful. There are actually many product groups where I like private brands. Rice, (the ICA-brand) the package is great and the quality of the rice is as good as Uncle Ben's or whatever brand. Meat, I feel very safe buying ICA, I know it is Swedish good quality meat they use. Like base products, do you know what I mean? You know products that will be used together with other things, in all these products private brands (refers to the ICA brand) are my favorite options and they certainly have increased my options. (Male, 38)*

### 5.3. The impact of price

Respondents were very positive towards private brands and thought that they had increased their options in stores. Comments on the fact that more price options are available today than before were common.

*When I shop, in most product groups, price is the most important factor for me. I want a variety of price options and if a store does not offer me that, I will simply choose another store. I truly appreciate the private labels such as ICA and Euro Shopper because they have given me more options. For me it is stupid to pay extra for a certain brand. Both ICA and Euro Shopper give me high value for money. The products are as good as the others but I do not pay the same price, I mean why should I? (Female, 84)*

*I think that private labels have increased the price-variation in stores. I mean maybe there existed low-price alternatives before private labels, but I feel safer to buy private brands than these other cheaper alternatives. In this way it has increased my options. (Male, 25)*

*Private brands have increased the assortment, at least I think so. Well I suppose there were brands before that now do not exist but thanks to the good and valuable products ICA have today, I do not miss them. Actually I can not think of one single brand that no longer exists. (Male, 38)*

*Euro Shopper pasta for example is good enough for me during the week, but in the weekend when I make a nice dinner for myself or invite friends over, I would not buy Euro Shopper. Then I prefer a more high quality brand such as Barilla (makes me feel more Italian, wow what amazing things brands can do..). So, yes I think it is good to have broad range of price and quality options, for various occasions. I mean sometimes you feel like a little luxury, but on a everyday basis that is not as important and it is the price that decide what I buy. (Female, 25)*

However, respondents commented differently on Euro Shopper (the generic brand) and ICA (the retailer name brand).

*I would not consider Euro Shopper as an increased option for me. Actually, I think it is cheap crap. However, I think that ICA has a lot of good quality products. They might have taken away other options, but generally I would say that there are more options, especially in price, than before. (Male, 38)*

*I trust that all ICA products are good while Euro Shopper is more of a test and trial thing. Sometimes they are really good and sometimes I have actually had to through them away. But when they are good I buy them again. (Male, 32)*

#### 5.4. The impact of store image

Stores are very different and consumers are aware of that and expect distinct variation and alternatives.

*If I stop by a ICA nära on my way back home, I do not expect to find ten different breads, but if they do not have any healthy varieties I would be irritated. The same goes for all product groups. However, if I go to ICA supermarket as I normally do, I know what they have and what I want, and then there is no problem. You know what I mean, you kind of know what you expect and judge your choices on that. (Female, 55 and various related versions)*

The reputation of private brands is often compared with the retailers' image. A strong commitment to the ICA store is shown by consumers to lead to higher perceived quality in their private brand products.

*When you see the ICA brand you know that it is a good, trustworthy product to a good price. I absolutely trust all their products and I am sure they have the same quality as other brands. However in some product groups I just do not buy them, it is just a feeling I do not know why. You know like in shampoo, chocolate or other products with a certain feeling. (Female, 25)*

*ICA makes the best products, the brand is already famous and we (consumers) know what they stand for, the fact that they are able to have lower prices show me that I pay for the quality of the product rather than the brand per se, something that increases my trust in ICA. (Male, 32)*

*I do not think I would buy the Willys brand but I really trust ICA, they are old in the business and they would not risk putting their brand on bad products. (Male 38)*

#### 5.5. The impact of the actual assortment

In this more psychological aspect of how consumers perceive the assortment, most information came from comments on photos where a comparison between two different stores were shown, but also from pictures that they drew themselves of what they perceive as a good versus bad assortment.

What was found out from the pictures was that when a product category is given more space, the consumer perceived more options. In a comparison between the same product categories, the picture with more space was mostly the one perceived as more options. However, in some product categories the actual number of different options were more in the smaller shop.

From the drawings of good variety versus bad variety, all the good variety pictures were organized in accordance to brands. There were many options but actually in most of the drawings the options were not as many as in the real store.

However, some comments were also associated with space management and worth to mention in this section.

*When there are many products I get a better feeling and want to buy more. I kind of get impressed by all the goods and think; yes I probably also need this and that. While when the assortment is more limited I just buy what I need and do not get the feeling of wanting to buy more products than necessary. (Female, 32)*

*If I can not overview the product category I think it is a bad organization I need to see all the options and be able to compare them. (Female, 55)*

*I think it is really good when they organize the options due to health for example, than I can easily compare the options of whole-wheat pasta for example. There are so many different brands and pasta types so it would be easier to just have the whole-wheat section gathered in one section. (Male, 60)*

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## 6. Analysis

*In this part a presentation of the findings from the empirical data will be connected with previous research in an analytical discussion. First, a brief introduction of the five factors will be given in order to make the reader understand why these factors were chosen. The introduction will be followed by a discussion of how consumers perceive variety in grocery stores and how private brands have affected their freedom of choice in grocery stores. The analysis will focus on the common patterns found in the interviews rather than single comments and attitudes.*

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### 6.1. Introduction

When the results from the focus groups were combined with the theoretical background, five main factors that influence how consumers perceive variety was found and built up the conceptual framework. In this part the literature review of these factors in chapter four will be combined with the empirical data presented in chapter five. The discussion in this chapter will be based on the broad patterns of how consumers' perceive variety and how private brands have affected their perceptions of variety. The discussion will be divided in accordance with the main factors found in the conceptual framework.

The first aspect that will be discussed is the fact that consumers are much more involved in various product categories than previous literature (McWilliam, 1992) has shown and that this factor actually has a great impact on consumers' perception of variety. Involvement is to a large extent connected to both flavors and price. These three factors are all related to the consumer itself. While store image and actual assortment are more psychological factors which are more related to how the retailer can act in order to be perceived as having more options. However, these factors have also been discussed by the consumers and have given interesting aspects on their perceptions of variety. Hence, these factors should also be a part of the conceptual framework. Obviously, other aspects have been discussed but not to the same extent. Thus, the following discussion will be based on the factors in the conceptual framework and the common patterns that were found rather than single opinions and comments.

### 6.2. The impact of involvement

Previous literature (McWilliam, 1992) tends to denote that grocery shopping in general consist of low involvement products. Nevertheless, later studies by Smith and Carsky (1996) and Beharrell and Denison (1995) show that involvement even in routine grocery shopping can be high. This study confirm the latter studies and show clear tendencies that consumers in some product categories are very much involved and seek for new options, either to seek for variety or to seek for the option that provide them with the highest value for money. However, it is important to keep in mind that the product categories vary from consumer to consumer as well as the level of involvement which is also discussed by Smith and Carsky (1996).

In this study it has been noted that when consumers are more involved with a product they tend to want more variation in their consumption, in relation with the proposition. The identification of three kinds of involvement has been done according to Kapferer and Laurent

(1993); interest, pleasure or self-esteem. These are the involvement characteristics that the results of this study have been able to identify within grocery products. The perceptions of variety differ to some extent between these characteristics, but there are also some common aspects.

The interest in a product category which in turn leads to higher involvement is often connected to health. Healthier varieties are discussed in many product groups and have led to higher interest and involvement in many product categories. Hence, the perception of variety has also changed and healthier varieties are a must for consumers to perceive the assortment as good. Bread is an excellent example of a product group where people are interested in a great variety. The health aspect of bread is very important for many of the consumers and they spend time on examining the content of fat, sugar and roughage. Private brands are perceived as given consumers more options in product categories where interest is high, due to the fact that people want variation in their consumption in these products. However, consumers tend to think that manufacturer brands are giving more options of healthier varieties. Hence, private brands are only seen as increased variety if the products provide the consumer with the same attributes.

In addition, the need and want for variation is immense in product categories connected with pleasure. In accordance with Inman (2001) the results from this study show that sensory attributes are more important than non-sensory attributes. This is especially clear in product categories connected with pleasure. Hence, variation in flavors is significant for the consumers. Chocolate and ice cream are the two most given examples from consumers in this study. Consumers buy these products only for special moments of pleasure. Hence, the choice is important. In addition consumers show that they actually enjoy the seeking for the right choice in these product categories. Thus, variation is a must in order to satisfy the consumers. This study also indicates that consumers appreciate new flavors more in these product categories than others. Private brands are seldom appreciated in product categories where pleasure is high, due to the fact that the quality is not perceived as being as high as in manufacturer brands. Here consumers seek for variety of what they call "quality brands". Hence, this study indicates that the ideal assortment in these product categories are a number of quality brands that offer a wide range of different flavors.

In product categories with relation to self esteem, the perception of variety is closely related to product categories of pleasure. However, self esteem is typically connected with products in the beauty section, such as shampoo, soap and body lotion. The perception of variety differs a lot between consumers in these product groups. Those who see these products as high involvement products of self esteem are either loyal to one certain brand or vary between what consumers call "quality brands". These consumers do not consider private brands to increase their options; they prefer more quality brands instead. Nevertheless there are consumers that do not regard these products as important and they would like to have more private brands in these areas and consider them as increasing their options of more high value for money alternatives. In product categories connected with self esteem the results show differences between gender and age groups. Young females are the ones mostly concerned with products from which self esteem can derive and old men are the ones less concerned. In a study by AC Nielsen (2005) private brands have low market share and number of articles in the beauty and health section, the study also indicates that the market share decreases. In conflict with that study, the results from this study show that there actually existed an interest of increased number of private brands in the beauty section among certain consumers. The

results indicate that a wide range of options is needed in order to satisfy the various needs of consumers.

In accordance with the proposition many options is perceived as a better variety in high involvement products. However the results indicate that consumers' perception of variety will be even higher if there are more quality based options. The need for more price options are not pointed out to the same extent as in low involvement products. Consumers' perceptions of variety in high involvement products are more related to flavors, smells, healthier varieties and higher quality options.

In low involvement products private brands are very attractive and seen as a high value for money alternative that have increased their choices. In low involvement products it seems like price is the determinant factor and as long as the private brand offer a high value for money product, consumers tend to choose those products. Hence, a variation in price options will be perceived as a better assortment in product categories with low involvement. According to the proposition made variation would not be as important in low involvement products as in high involvement products. Nevertheless variation is perceived positively in these product categories as well, but variation is based mainly on price in opposition with high involvement products. Thus, more price options are perceived as a better assortment. However, as previous studies show (Assael, 1987, Kotler, 2003 etc) false loyalty is also a common behavior when it comes to low involvement products which mean that consumers tend to take the one they always do a kind of false loyalty. This has also been noticed in this study, consumers buy many products of habit and then they are not really aware of the variation that they are being offered. When this occurs consumers will perceive the assortment as good as long as the favorite is available. The drawings made by consumers indicate that consumers who act in this way are seldom aware of the number of options or concerned about variety in those product categories.

There are also product categories which can neither be seen as high nor low involvement products. These product categories are categorized as products where consumers seek for variety but no clear interest, pleasure or self esteem are derived from the products. There are many examples of such product categories. One example could be pasta where consumers show a great tendency to appreciate variation mainly in price and healthier varieties. Variation is wanted both because of frequent consumption but also for various occasions. Private brands are a good price alternative for everyday meals but is often not the main alternative for festive occasions. Hence, consumers value the offered variety in the product category. However, many consumers are now more interested in the healthier varieties and would welcome whole-wheat pasta options from the private brands as well.

The connection between involvement and loyalty has been studied by many researchers, but their results are not always connected. Traylor (1981) and Robertson (1976) show a relation between these concepts, while a latter study by Warrington and Shim (2002) found that there is no relation between these two concepts. The results from this study indicate that high involvement can lead to loyalty to a certain brand, due to the fact that the risk of testing another brand is too high or simply that they are too involved in the brand and are positive that no other brand could do a better product. Examples of this kind of loyalty in high involvement product have been noticed in coffee and shampoo for instance. This is most common in high involvement products connected to self esteem. However, in product categories connected with pleasure or interest the variation of flavors are more important than the brand per se.

### 6.3. The impact of flavor and taste

The results from this study show that a variety of different flavors is very important for the consumers. The impact of different flavors and variation of taste is indeed connected with the involvement factor. In high involvement product categories consumers tend to want more variation in taste. The example of the ice-cream from the empirical data indicates how consumers seek new flavors and how it is rather the flavor that makes the decision than the brand or price. The motivation of trying new flavors in order to avoid satiation (Kahn, 1995) can be confirmed in the results from this study.

The seeking for more variety in flavors or taste is also apparent in products that are frequently consumed. The example of yoghurt from the empirical data shows how consumers easily feel satiated if they do not get something new and aspiring, which also is a confirmation from a previous study by Kahn (1995). Hence, all consumers with frequent consumption of yoghurt are very satisfied with the constant development of new flavors. While the consumers that buy yoghurt seldom are more confused by all the options, but still they are fascinated by the giant supply. In agreement with the proposition consumers perceive the assortment as better and giving them more options when many flavors are being offered.

When variation of flavors is discussed, consumers tend to see private brands as another option in some product categories. Nevertheless consumers tend to think that private brands are somewhat boring due to the fact that they usually only offer the traditional flavors. This can be connected with studies by Inman (2001) who points out how brands that do not offer a full range of flavors risk to lose customers who switch between flavors rather than brands. Hence, there is a risk for private brands to be a less appreciated option if they continue with the same offering of flavors.

Furthermore, the results from this study illustrate that there is a difference between flavor and taste variation. Taste variation is connected with product categories where taste is more similar but where consumers still want variation. Examples of such product categories can be bread, cheese, ham and sausages. In these product categories consumers perceive a higher variety with the introduction of private brands. The main advantage of private brands in these product categories is the variation of taste rather than the price advantage which is normally the first advantage consumers relate to private brands.

In many product categories there is no variation in taste and consumers can not think of a variation in those product categories either. Examples of such product categories can be milk, salt or sugar. This study indicates that these product groups are connected with involvement and are concerned as low involvement products. Hence, private brands are very strong here and price is normally the determinant factor. Variation is not seen as important in these product categories. However the introduction of private brands as high value for money alternatives has had a positive impact on consumers' perception of variety, due to the fact that more price options are available today.

Another aspect of taste is that the consumer actually wants the same taste, which has been shown from this study can lead to strong loyalty. Even these products categories can be connected to involvement, due to the fact that consumers have strong feelings both for the product, the brand and the taste. Examples of these types of product categories can be coffee or ketchup. This study indicates that private brands have not become a part of consumers'

lives to the same extent as traditional manufacturer brands have. Hence, no evidence of strong loyalty has been found. However, there are product categories where consumers have found that they repeat buying a private brand product but nobody has used the term loyalty. In relatively new product categories or in product groups with no strong traditional manufacturer brand; private brands are more likely to be the favorite option.

#### 6.4. The impact of price

In accordance with previous research (for example McGoldrick, 2001) the results from this study indicate that consumers value price as one of the most important factor in grocery stores and further the results show that the same is valid for variety. Consumers want to have many price options; in most product categories it is price that is the determinant factor. The increasing number of private brands in various product categories has shown to have a positive impact of consumers' perception of variety. The most commented advantage of private brands and its impact on variation is the increased option of economical alternatives with reasonable quality. The high value for money concept is used both among consumers and retailers themselves as the most attractive aspect of private brands.

Even the price impact is strongly connected to the involvement of the product category. When consumers are involved in the product, price tend to have less importance, while in product categories where involvement is low, price is mostly the determinant factor. Even though involvement can be high in grocery shopping; many of the products in are considered low involvement products by consumers. Hence, price is and will always be an important factor and obviously private brands with high value for money are an appreciated alternative in many product categories. Nevertheless, manufacturer brands fight to increase the level of involvement in many product categories in order to gain advantages over the private brands, it is one of their tools in the strong competition of today's' retail industry. The fact that they do also increases the number of options which is also commented among consumers.

As mentioned above, price is also connected with taste, when taste and flavor is important variety of flavors is more important than price. While in product categories with no taste difference, price is the determinant factor. The results of this study indicate that consumers vary between different brands in order to find the alternative with the highest value for money, especially in product categories where taste does not matter and involvement is low. However, new alternatives are constantly being introduced to the market and consumers keep on seeking for the best alternative.

The proposition that consumers' perceive a better assortment if many price options are available is true for most product categories. However, the majority of consumers are not seeking for the highest value for money option in high involvement product categories. The same can be pointed out in product categories where taste is important. Hence, in these two types of product categories consumers' perception of variety will not be judged by the number of price options as where suggested in the proposition.

#### 6.5. The impact of store image

The results from this study show that consumers perceive the variety differently due to the image of the specific store. The respondents in this study are all somewhat loyal to the specific store chosen for the study. They are very familiar with the store and therefore know what they can expect which in turn affect how they perceive the variety of the assortment. The respondents are positive towards the supply of goods and they perceive a great freedom of

choice. This seem to be connected with the expectations of the consumers, if a store has what consumers expect them to have they are pleased. If consumers' favorite store is out of stock, it is more accepted from the consumers than if they go to another store. When the consumers in the study speak about other stores they easier get irritated when they can not find a certain product. Hence, the study indicates that a good image of the store will increase the likelihood that consumers will perceive the variety more positively, in agreement with the proposition made in the conceptual framework.

In the case of the appreciation of private brands, store image or rather retail image is even more important, which also corresponds with the earlier presented proposition. The study shows that consumers have an extremely affirmative attitude towards the ICA-brand. Further the study shows how consumers perceive private brands as the same quality in most product categories. Comments on the connection between the private trademark brand and the retailer was commonly made which indicates that consumers are aware of that ICA would not risk their reputation by having bad quality products. The trust and reliability towards their products were surprisingly strong. In 2001, Alm made a study that showed an opposite attitude towards the ICA brands and private brands in general. Thus, it can be assumed that consumers' attitudes towards private brands are changing over time. Due to the fact that all the respondents are somewhat loyal to ICA and highly appreciate and trust their brand the study support the previous findings that there exist a relation between retailer reputation and private brands (Burt, 2000). To connect it with variety consumers perceive more price options than before due to the fact that private brands are more trustworthy than the cheaper alternatives that were available before.

## 6.6. The impact of the actual assortment

The results from showing the pictures and talking about them show that consumers feel more satisfied and willing to buy when more options are available, in accordance with Rolls (1981) and the earlier presented proposition. Furthermore, in agreement with Broniarczyk (1998) consumers perceive their options as better if the product category has larger space, even though the number of option in some cases actually were more than in the comparative picture, which also correspond to the proposition.

The respondents were asked to make their own drawings of examples of good versus bad assortment. An interesting aspect of those drawings was that nobody drew more options than was available in the store. In the good examples their favorite was available and had the best shelf space. Then there were some other options in different price categories. The market leader was always present, even though it was not the consumer's favorite. This can also be connected with the Broniarczyk (1998) study and confirms that a reduction of SKUs can be done without affecting consumers perceptions of variety as long as the category space is kept constant and consumers' favorite is available.

In all the drawings of good assortments the products were organized by brands and when commented on it consumers thought it was easier to compare and have an overview with the organization. Nonetheless it is impossible to say that this is always the best option. It needs to be commented that consumers are used to have it like this and maybe that is why they draw it and appreciate it more.

Private brands such as ICA and Euro Shopper were drawn in most pictures of good variation, which strengthen the argument that consumers actually think that private brands have

increased their options. It shall be noted here that the drawings were made before the discussion started and pictures were shown. However the drawings of the market leading brand usually had more space and more options in flavors and healthier varieties. After discussion of that the results indicate that more private brand options in certain product categories are demanded.

The results from this study confirm Kahn and Wansink's (2004) show that consumers recognize assortment by the number of options in different subcategories and by the number of category replicates. The consumers in this study demonstrate that even though they know what they want they want more than one option. The freedom of choice is an important aspect for them. They all agree that private brands have increased their options, some say that maybe there were as many brands before but the price option has increased. Nevertheless consumers think that private brands have a narrow product portfolio in each product category. However, they appreciate that private brands are available in almost all categories but would like to see more options of private brands in each category.

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## 7. Conclusions

*In this chapter the first part will present the mayor findings of this study followed by managerial implications, where the authors will comment on findings that can help retailers and manufacturers in the constant struggle to win the consumers over. The last part of this chapter will give suggestions for possible areas of future research connected to this study.*

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### 7.1. Theoretical implications

Not surprisingly the results show that consumers perceive variety differently within distinct product categories. When consumers are involved through interest, pleasure or self esteem in a product category they are more eager to search for the right option. Hence, they will perceive the assortment as better if they have many options. However, consumers are less price sensitive in these product categories and are more likely to appreciate what they call quality brands. Thus, various quality options are better appraised than a variety of price options. Consequently, the study indicates that private brands are seldom seen as an option in these product categories. Hence, the existence of private brands in these categories is not perceived as an increased variety for the consumer.

Further the study indicates that consumers value a variety of flavors, due to the fact that they easily get satiated with the same flavor. This is especially true in products they consume frequently and in product categories where taste variation is important. In product categories that are consumed frequently and taste variation is of importance private brands are seen as an option in order to test new alternatives rather than as a price option. However, consumers tend to think that private brands are boring due to the fact that they seldom introduce new flavors and mainly have the most common flavors. On the other hand manufacturer brands are seen as more innovative both in flavor and health aspects. This study indicates that consumers' perception of variety would increase and the attitude towards private brands would be improved with more options of private brands within product categories where consumers seek for a variation of flavors. Here is a potential for private brands to take a step further and maybe reach the fourth generation of private brands.

Further, the study shows that price is often the determinant factor in many product categories. This is also confirmed by the results in this study and especially in product categories with low involvement or in product categories where there is no or little difference in taste. The empirical data also indicate that private brands are more appreciated in these product categories. Furthermore, the results show that the approval of private brands in this sector is related to the increased price option that private brands provide the consumers with. Thus, variety in product categories with low involvement and where taste is of no or little importance is perceived as better when more price options are available. However, a variety of price option is highly appreciated by consumers in most product categories. Price sensitive consumers have a more positive attitude towards private brands and perceive them as giving them more price options. However, all consumers in the study are positive even though some buy more and some buy less private brands.

The consumers interviewed in this study seem to be aware that the quality of private brands is as good as the market leader or any other manufacturer brand. However, they also tend to say that the market leader gives them something intangible but can not say what that is. Nevertheless it seems like they believe that quality is better in product categories with high involvement or can it be that the intangible feeling is more important in product categories with high involvement. Hence variety is perceived as better with more quality options rather than price options.

Furthermore, the results give apparent indications that the retailers' image has a great impact on both the perceived assortment but especially on the private brands. There is a great trust towards the ICA branded products and consumers often comment on the high quality and good price offered by the ICA's trademark private brand. However Euro Shopper is not as highly appreciated. Nevertheless consumers tend to trust these products more than cheaper alternatives that existed before. In addition, they perceive more variety since they trust the products more than the former unfamiliar brands. Due to the fact that they trust private brands more than previous unfamiliar brands make them an alternative for the consumer and a higher perceived variety.

Another aspect of the image is the specific store's image. The consumers in this study show a great understanding for different formats of stores and expect different amount of options due to the store. The consumers are all somewhat loyal to the specific store and have a very positive attitude towards the store. Thus, they also value the assortment better and are more likely to give examples of bad variation from other stores. Hence, consumers perceive more variety when they are familiar with the options and have a positive attitude towards the store in general.

In previous research the difference between actual and perceived variety has been noted, which is also observed in this study. With the help of photographs from two different stores the consumers saw more options in the bigger store. However, the number of options was the same or even more in the smaller shop where they normally shop. Even though the bigger store was perceived as having more options, the appreciation of variety was perceived as better in their own store due to the fact that consumers were familiar with all the options.

An interesting aspect of the drawings of good variation is that no consumers had more options than in the real store, which indicates that consumers do not need nor use all the options in a normal store. The fact that consumers not need as many options as the ones available in the stores confirm the study of Broniarczyk et al (1998) which indicate that a reduction of SKUs do not need to be perceived as less variety. Many of the pictures included private brands and the products were placed with market leaders on the top, followed by the ICA brand and on the bottom the Euro Shopper brand was placed. This is also how products to some extent are placed in the store but another feature of the placement can be the ranking of the products. In all pictures the shelves were organized in accordance with brands which seem to be the organization that consumers perceive as giving them more options.

## 7.2. Managerial implications

Due to the fact that consumers have a positive attitude towards private brands and further means that private brands increase their perceptions of variety, retailers have a great opportunity to further develop their own brands. In some product categories consumers do not see private brands as an option; due to the fact that the variety is limited to the most common

flavors or the absence of healthier alternatives. Many consumers would appreciate more options of private brands in both flavors and healthier varieties. This might be an indication that the Swedish consumers are being prepared to the fourth generation of private brands. What also could be noteworthy from this study is to compare its results with the perceptions of private brands a few years ago (Alm, 2001). The increased appreciation might be a sign that even in product categories where private brands are weak today, they might be strong in a couple of years. With the increased perception of quality it is not unlikely that private brands can have a future even in high involvement products. Then consumers will perceive private brands as an alternative and their perceptions of variety and freedom of choice are most likely to increase.

Manufacturer brands are still perceived as the ones giving something more to the consumers, the ones leading the product development and the ones offering a better variety. According to the results of this study the appreciation of quality and a broader range of variety by manufacturer brands are especially true in product categories where involvement is high in terms of pleasure, interest and self esteem. In order to keep up with the competition of private brands, manufacturers needs to constantly develop new products and show the consumers innovative solutions to their needs and wants. Manufacturer brands need to offer consumers a broad range of options in accordance with flavors and healthier varieties in order to be perceived as the brand that offers more variety. The results from this study indicate that this is one of the most important competitive edges they have towards private brands. Another suggestion for manufacturers is that they should try to create a higher involvement in low involvement product categories. It can be achieved through advertising and innovative development of new products.

This study confirms previous research (Morales et al, 2005, Kahn and Wansink, 2004, Hoch et al, 1999) that shows how the actual and perceived variety is not always corresponding; this is something that retailers can learn from. Retailers can save enormous amount of resources by reducing the number of SKUs and still be perceived as having the same or even more options. Furthermore, the results of this study confirm that the number of brands is not as important as the number of flavors which indicate that some brands can be reduced and replaced by new flavors instead.

### 7.3. Future Research

During this study many interesting areas for future research has been discovered. In the area of private brands and their development the interesting part is how far they can go. This study shows tendencies of a very positive attitude towards private brands and how they are available in almost all product categories today. It also indicates that people search for more alternatives within private brands in flavors and healthier varieties. ICA Gott liv! is a good example of a healthier variety option in private brands and is also very appreciated by the consumers. Can private brands be developed into the fourth generation and have the same success as in UK for example? If so will that lead to higher perceived variety or will it be too many private brands and the risk of a perception of less other alternatives?

Previous research shows that groceries normally are characterized as low involvement products. However this study points towards a varied involvement level in different product categories even in grocery stores. In some product categories consumers both enjoy and put effort into the seeking process of the right alternative which is part of the characteristics for high involvement products. It would be interesting to read more about the differences of

involvement and how involvement can be increased in product categories with less involvement.

Another interesting area for future research is loyalty towards private brands. After focus groups and interviews with consumers it seems like real loyalty towards private brands is hard to find. However, comments from consumers show tendencies of loyalty behaviour towards private brands but there is no recognition from the consumers themselves as in examples like Zoegas coffee or Heinz ketchup. One of the reasons is probably the time aspect, private brands at least as they appear today is a relatively new concept for consumers. Hence, tradition is not as strong and is therefore not referred to as loyalty.

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## Appendix

### Questions used in focus groups

What does variety mean to you?

How do you perceive your freedom of choice in grocery stores today?

Can you think of anything that influences your perceptions of variety?

Are there some product categories where variety is more important for you?

Can you explain why it is more important here?

Are there some product categories where variety is less important for you?

Can you explain why it is less important here?

How do you think private brands have affected your freedom of choice?

### Questions used in interviews

How do you perceive the supply of goods in the store where you normally shop? Do you think that you can get the variation you need? Do you think your options are enough?

Are there product categories where variation is especially important for you?

Can you describe why it is more important with many options here?

How do you perceive your options in that category today?

Do you buy and consume that product frequently?

How do you perceive that private brands have affected your choices in that product category?

Are there product categories where variation is less or not at all important for you?

Can you describe why it is less important with many options here?

How do you perceive your options in that category today?

Do you buy and consume that product frequently?

How do you perceive that private brands have affected your choices in that product category?

Are there any product categories where you often or always buy the same brand/product (both discussed)?

To what extent do you notice new products or brands in this category? Did you know they have private brands?

Are there product categories where you normally buy private brands? If so do you go to that specific store to buy it?

Are there product categories where you seldom or never buy private brands?

How do you think that private brands have affected your freedom of choice in grocery stores? Positive aspects? Negative aspects?

**Pictures used in photo elicitation**



**Figure 2. Ice cream ICA**



**Figure 3. Shampoo ICA**



Figure 4. Flour ICA



Figure 5. Yogurt ICA



Figure 6. Bread ICA



**Figure 7. Oil ICA**



**Figure 8. Oil AG's**