LUND UNIVERSITY
School of Economics and Management

Department of Business Administration
FEKN90, Business Administration
Examensarbete på Civilekonomprogrammet
Spring 2016

Private Labels and Generation Dislo(**Y**)al

The impact of private labels on store loyalty within the Swedish grocery retail industry

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Deadline: 18.05.16

Acknowledgement

This thesis was written as a final degree project for the Master program within Business Administration at Lund University School of Economics and Management. We would like to take this opportunity to thank those individuals who supported us throughout the process and made this project possible to accomplish.

To begin with, we would like to thank our supervisor Annette Cerne for the guidance and valuable inputs throughout the process and for ensuring that the project was headed in the right direction. Furthermore, we would like to express our gratitude to Lars Wahlgren, who was of great guidance and assistance throughout the process of analysing the collected data. In addition, we would like to thank the professors at Lund University who let us hand out our questionnaire during their lecture-led classes. Also, we would like to direct a big thank you to all respondents who took part in our survey, as well as for those who participated in the pilot study. Finally, we would like to thank each other for a truly dedicated and joyful teamwork throughout the whole semester, in addition to standing by each other throughout four years of studying.

Lund, 18th May 2016

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Abstract

Title: Private Labels and Generation Dislo(Y)al –The impact of private labels on store loyalty within the Swedish grocery retail industry

Seminar Date: 25th May 2016

Course: FEKN90, Degree project for Master of Science in Business and Economics (30 ECTS)

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Key words: Generation Y, store loyalty, private labels, grocery retailer

Purpose: The purpose of this thesis is to investigate what impact private labels, in relation to other store loyalty driving factors within the Swedish grocery retail industry, have on consumers within Generation Y's store loyalty.

Methodology: This study has a quantitative research strategy with a deductive research approach. The primary data was collected through a questionnaire based on a convenience sampling. Secondary research consists of relevant academic journal articles and literature. Based on previous research and theory, six hypotheses were formed.

Theoretical Perspective: The theory is founded on theory and previous research within the fields of loyalty, private label and Generation Y. The central modified conceptual framework for this study is based on a conceptual framework by Vale, Matos and Caiado (2016), but has also taken influences by the conceptual frameworks by Porral and Levy-Mangin (2016) and Koschate-Fischer, Cramer and Hoyer (2014).

Empirical Foundation: The collected data, which formed the empirical material, was drawn partly from a conducted pilot study, as well as a questionnaire, which was completed by 476 respondents. A majority of the respondents were students from Lund University, and all respondents were part of the generational cohort, Generation Y.

Conclusions: Our findings show that private labels have a statistically significant impact on consumers within Generation Y's store loyalty. Further, our study has derived in a new consumer orientation, value-oriented behaviour, which is inhabited by consumers within Generation Y. Lastly, our findings indicate that the main thing standing between the generational cohort and private label preference, leading up to store loyalty, is the existing perceived image of private label products, not fully aligning with Generation Y's wanted self-image.

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Terminology

Store Loyalty

In this thesis we have chosen to use the definition for store loyalty by Knox and Denison (2000), where the authors describe store loyalty as the consumer's inclination to patronise a given store or chain of stores over time. In this thesis, we have chosen to focus on loyalty towards a retailer *chain* rather than a specific given retailer store.

Private Labels

When referring to private labels, we have chosen to use the definition by Lincoln and Thomassen (2008). They define private labels as brands, including products, which are owned, distributed and sold exclusively by a retailer.

Generation Y (i.e. Millennials)

In this study we have chosen to use Parment's (2008) definition for Generation Y, where the generational cohort is described as individuals born between 1980's and 2000's, who share similar characteristics and values.

Retailer

According to Goworeck and McGoldrick (2015), a firm that sells a product or provides a service to a final consumer, can be described as performing the retailing function.

1. Introduction

In the following section, we will introduce the reader to the background of this study, followed by the problem statement. This chapter also includes the research purpose, the theoretical contribution, and previous research. Lastly, the introductory section describes relevant research delimitations as well as the outline of this thesis.

1.1 Background

In today's retail landscape, the barriers for new players to enter the market are getting increasingly lowered (Deloitte University Press, 2015). As an outcome of this, the product and service choices offered on the market are proliferating at a rapid pace, all whilst consumers' behaviour is constantly changing. The change and transformation that the retail landscape has undergone is furthermore a direct, as well as an indirect result of technological innovations (Padua, 2012).

"In this rapidly changing environment, where can traditional retailers find a place? Constrained by factors such as shelf space limits and fixed-cost physical assets, how can such businesses offer consumers distinguishing value?" (Deloitte University Press, 2015, p. 19).

Despite the many new opportunities that have been presented as an outcome of the technological introduction, it has also led to several new challenges for retailers (Nielsen, 2015). Nowadays, companies are forced to become more transparent to their customers, and as a result of this, they can easily get compared to their competitors, both when looking to the features and quality of companies' products, as well as the pricing (Deloitte University Press, 2015). This has forced companies to further increase their product and service offering in terms of performance and competitive advantage, all whilst increasing availability and constantly fighting the price battle (Florez & Wendzel, 2016).

As a result of this new retail landscape, today's consumers have more power than ever before, steering the way that companies must act (Labrecque, vor dem Esche, Mathwick, Novak & Hofacker, 2013; Deloitte University Press, 2015). As an outcome of this shift in consumer power, expectations have largely increased on products, brands and retailers, making it harder for

companies to meet and further exceed customers' constantly changing expectations (Labrecque et al., 2013). Nowadays, with companies facing increasing competition, focus has shifted, and is not only on attracting new customers, but moreover finding ways to retaining existing customers (Fornell, 1992). Previous research has shown that building a relationship with customers, further leading up to loyalty, is becoming the most important key to reaching success, not only in the short term, but moreover for the foreseeable future (Padua, 2012; Fornell, 1992; Kotler, Armstrong, Saunders & Wong, 2001; Doyle, 2002; Forbes, 2012). Söderlund (2001) and Gummesson (2002), pinpoint several reasons for why it is more profitable to work with existing customers instead of attracting new ones, and argue that within many businesses, 20% of their existing customer base account for approximately 80% of their business. Adding to this, Forbes (2012) stated that a 5% increase in customer retention could lead to an increase of company profitability by 75%.

"For a substantial period, the retailing industry has provided its customers with goods branded by manufacturers. Nevertheless, manufacturers soon realized the potential benefits of producing and carrying brands of their own – private labels." (Hultman, Opoku & Bui, 2008, p. 126)

Looking to retailers today, a phenomenon, which has grown increasingly more popular in order to promote and engender customer loyalty amongst many other reasons, is through creating and offering a retailer's own brand, further known as a retailer's private label (Martos-Partal & González-Benito, 2009). Offering private label products is seen as a strategic approach to reach differentiation in the highly competitive retail landscape (Ailawadi, Pauwels & Steenkamp, 2008). Over the last decades, private labels have gained an increasing importance worldwide (Sethuraman & Gielens, 2014), with private label products present in almost every product category (Geyskens, Gielens & Gijsbrechts, 2010; Nielsen, 2014).

Internationally, one nation that has come far in the development of private label products, especially within the grocery industry, is the United Kingdom (Anselmsson & Johansson, 2007), where private label products account for 54% of all grocery retailer sales, which is around three times the global average (Nielsen, 2014a). Looking nationally to the Swedish grocery retail industry, the private label share is constantly increasing and private label products are getting a larger amount of shelf space (Anselmsson & Johansson, 2007). Today, consumers can find private labels, such as Ica's "I love Eco", Coop's "Änglamark", and Axfood's "Eldorado", in

more or less every Swedish grocery retailer (Svensk Radio, 2013). The Swedish grocery retail industry represents the fourth largest manufacturing industry in Sweden (Livsmedelsföretagen, 2016), and during 2012, there was an increase with over 8% in private label sales in Sweden (Sveriges Radio, 2013). In 2014, private labels were accounted for 23% of the total grocery retail sales in Sweden (SvD Näringsliv, 2015). Further, Swedish consumers have gained a more positive attitude towards private labels during the last couple of years (Nielsen, 2014b). According to Anselmsson and Johansson (2007), the margin and price level of private label products, compared to manufacturer brand products, are important to consider, both for manufacturers, grocery retailers, as well as for the end consumer.

"Millennials are positioned as a one-of-a-kind, unique age demographic. They display generalised and unique traits, clichés and contradistinctions that are key to understanding their role as creative disruptors (i.e., which brands they like, which companies are meeting their needs, and which are at risk of disruption)" (Bank of America, 2015, p. 12).

According to a journal by Ordun (2015), generational cohort marketing has become a useful tool in segmenting markets. This is because generational cohort members share similar values and experiences, which influence their preferences and shopping behaviour (Ordun, 2015). When looking to different generations as consumer groups, Generation Y, also known as the Millennials, is considered to be a particularly important segment or target group for today's retailers (Parment, 2008). Globally, Generation Y accounts for approximately two billion of the world's population, and is set to soon overtake the currently largest generational cohort, Baby Boomers (Bank of America, 2015), making Generation Y a dominant segment of the future consumption market (Lazarevic, 2012). As a consumer group, Generation Y is significantly important for retailers to consider due to its generational size and substantial purchasing power (Parment, 2008; Lazarevic, 2012). However, as a consumer group, Generation Y is seen as highly critical and unreliable, which furthermore presents a big challenge for today's retailers (Parment, 2008). Further, the generation is resistant to traditional marketing efforts and is difficult to capture, and more importantly, consumers within Generation Y are difficult to retain as loyal customers (Lazarevic, 2012; Valentine & Powers, 2013). In addition, Generation Y is described as a unique and influential consumer group (Valentine & Powers, 2013). Consequently, these consumers play a crucial role in the consumption society, not only as consumers but moreover as influencers of other consumers (Parment, 2008; Ordun 2015).

1.2 Problem Formulation

Working to meet the changing consumer demands, all whilst overseeing and adapting to the competitive environment, has proven very difficult for today's retailers (Deloitte University Press, 2015). This, since meeting expectations does not necessarily translate into a retained customer (Fornell, 1992). As a result of the vast amount of product and service offerings that consumers meet in today's retail industry, Fornell (1992) claims that the loyalty to a specific product, brand or retailer decreases. This is further seen as an issue for today's retailers, as it has been proven that companies can become more profitable by focusing on retaining existing customers rather than constantly fighting for new ones (Doyle, 2002; Forbes, 2012).

There are different ways for retailers to act in order to differentiate themselves from competitors. Amongst these, incorporating a private label to a retailer's assortment is a strategic approach (Hultman et al., 2008), which has been immensely popular over the past decades. Previously, consumers perceived private labels to be of low quality, image and social status (Kotler & Armstrong, 2008). However, the perception of private labels has changed (Kotler & Armstrong, 2008; Nielsen, 2014b). Within the grocery retail industry, the concept of private labels is well integrated and present in almost every product category (Geyskens, Gielens & Gijsbrechts, 2010; Nielsen, 2014). Further, the concept is continuously growing and in recent years, the Swedish grocery retail industry has witnessed a remarkable increase in sales when it comes to private labels (Svensk Radio, 2013). Furthermore, more than 50% of all Swedish consumers believe that the quality of private labels has increased, and close to 50% of Swedish consumers claim that private label products offer a great value for money (Nielsen, 2014b).

However, despite all the previous research mentioned above, the relationship between private labels and loyalty is still quite uncertain and complex. Especially, when breaking it down to specific consumer groups, or in the case of this study, a specific generational cohort, classified as Generation Y. This generational cohort is further known as being highly complex, critical and disloyal towards products, brands and retailers (Parment, 2013; Euromonitor, 2015; Ordun, 2015; Lazarevic, 2012; Bazaarvoice, 2012). Despite the challenges that arise for retailers when targeting this consumer group, we believe that it is critical to find a way to better understand these consumers' purchasing characteristics, in order to capture this dominant segment of the future market. Looking further to the Swedish grocery retail industry, private label products have become increasingly more important as a way to differentiate from competitors, as well as to

retain and build loyal customers (SvD Näringsliv, 2015). For this reason, it is of utmost interest to study what impact private label products within the Swedish grocery retail industry have on Generation Y, and to what extent the phenomenon impacts consumer loyalty towards a given retailer chain, moreover seen as store loyalty.

1.3 Research Purpose

The purpose of this thesis is to investigate what impact private labels, in relation to other store loyalty driving factors within the Swedish grocery retail industry, have on consumers within Generation Y's store loyalty.

1.4 Theoretical Contribution

The findings from this thesis aim to contribute to a better understanding for how store loyalty is influenced by a Swedish grocery retailer's private labels, when putting it in relation to other loyalty driving factors. These other loyalty driving factors will be studied thoroughly, in order to gain a more integrative understanding for what drives store loyalty. Our research focuses on a specific generational consumer group in Sweden, Generation Y, and aims to bring further knowledge to the existing generational research within loyalty, and more precisely, store loyalty.

1.5 Previous Research

There has been a vast amount of research conducted regarding the relationship between private labels and store loyalty. However, the basis of this study is rooted in the research conducted by Vale, Matos & Caiado (2016), regarding private labels and their impact on store loyalty. In addition to the study by Vale, Matos and Caiado (2016), our study has taken influences from the studies by Porral and Levy-Mangin (2016) and Koschate-Fischer, Cramer and Hoyer (2014). Through the mentioned studies, which were conducted in Portugal, Spain and Germany, a modified conceptual framework has been derived, and used as a base for this study. The modified conceptual frameworks has been moderated and adjusted to further fit the empirical framework of this study, and moreover increase the relevance for the studied consumer group, Generation Y. Since our study focuses on the Swedish grocery retail industry and consumers purchasing groceries from Swedish grocery retailers, our study will further contribute to new insights, which can be useful when adding our findings to the existing research.

1.6 Research Delimitations

Store loyalty is a marketing research field, which has been extensively studied. Within our modified conceptual framework, which has been derived for this study, we have limited ourselves to study certain store loyalty driving factors. Thus, there may be other factors, which may have an impact on store loyalty, which have not been included in our study. Further, this thesis aims to further examine how store loyalty is affected within the Swedish grocery retail industry. Within the grocery retail industry, we have focused our research on examining larger retailer chains. Finally, we will primarily reach out to consumers within Generation Y that study at Lund University, and are therefore seen as a segmented consumer group within Generation Y.

1.7 Outline of the Thesis

The following chapter, the theoretical perspective, contains a literature review, explaining previous research and theories regarding the concepts of loyalty, private label and Generation Y. The chapter is summarised with a section containing our modified conceptual framework, and presents the formulated hypotheses. After the theoretical perspective, a chapter overlooking the study's methodology is then introduced. This chapter includes explanations and discussions regarding the study's research strategy and design, review of literature choices and choice of theory. Further, an explanation of the data collection is presented, which refers to the selection, pilot study, and final method of data analysis. Finally, reliability and validity of the thesis will be discussed, as well as limitations and given method criticism. The fourth chapter presents the results of the study, which includes a presentation and analysis of the empirical data, which derived from a statistical data analysis. In the following chapter, chapter five, the presented findings are then discussed. Further, we elaborate on the potential meaning of the results and how these relate to presented literature and previous findings. The discussed findings are then summarised in the sixth and final chapter, the conclusion, tying together the hypotheses and research purpose. In this chapter an explanation of contribution and potential implications of the results will be demonstrated, both when looking to a theoretical as well as managerial point of view. Finally, this chapter ends with the study's limitations and suggestions for future research.

2. Theoretical Perspective

In this chapter, theories within the fields of loyalty, private label and Generation Y will be further described. In order to provide the reader with an understanding of the theories, previous findings within the theoretical fields will also be presented. Having reviewed existing theories and findings from previous research, the chapter ends up with a description of the modified conceptual framework as well as a presentation of the derived hypotheses for the study.

2.1 Loyalty

2.1.1 Concepts and Definitions of Loyalty

According to Jacoby and Chesnut (1978), there are at least 53 different definitions of loyalty, which increase the difficulty of making a clear explanation of the concept. In this section, we aim to map out what loyalty implies and further explain definitions on loyalty, more specifically, store loyalty.

Padua (2012), describes loyalty as based on trust, which requires time. Real trust is about building relationships with the customers that will generate engagement. The author continues to explain loyalty as faithfulness or devotion to a person or a group of people. According to Söderlund (2001), loyalty is described as the individual attitude, based on a relationship to a certain object, both the physical and mental world. Jacoby and Kyner (1973), define loyalty as a biased behavioural response to a certain brand or product expressed over time, during a decision-making process. However, Fornell (1992), stresses that loyal customers are not necessarily satisfied customers, whilst satisfied customers tend to be more loyal. Therefore, the concept of loyalty is closely linked to consumer satisfaction, which, according to Kotler and Keller (2012), is an important key to customer retention. A highly satisfied customer seems to stay loyal longer to a brand, is less sensitive to price, talks favourably about the company and its products, as well as pays less attention to other competing brands (Kotler & Keller, 2012).

According to Söderlund (2001), one of the most used loyalty concepts within the field of marketing is store loyalty, which is also what this study will focus on. According to Kotler and Armstrong (1989), store loyalty is defined as a customer's repurchase intention of a specific company, store, or product/service. Knox and Denison (2000, p. 34) defines store loyalty as "the

consumer's inclination to patronise a given store or chain of stores over time". Anselmsson and Johansson (2007), claim that store loyalty can be built through offering products that cannot be found in another chain's product assortment. The definition of store loyalty, which will be used when referring to store loyalty in this study, is the definition by Knox and Denison (2000), where focus will lie on loyalty to a store *chain* over time, rather than to a specific store.

2.1.2 The Development of Loyalty

Historically, Avourdiadou and Theodorakis (2014) claim that loyalty has been studied from a behavioural perspective, focusing mainly on repeat purchase. However, more recently, researchers have questioned this one-dimensional view of loyalty, in order to fully capture the concept (Avourdiadou & Theodorakis, 2014). Thus, loyalty has, according to the authors, been conceptualised as having two components: attitudinal loyalty and behavioural loyalty. Attitudinal loyalty examines thoughts and feelings that consumers express towards specific service providers, such as positive recommendations of the agency and its services. Behavioural loyalty, on the other hand, comprises indicators related to action behaviour, for instance frequency and duration of participation (Avourdiadou & Theodorakis, 2014).

Söderlund (2001) and Gummesson (2002), argue for several reasons as to why it is more profitable to retain and nurture existing customers, instead of reaching new customers. A selection of the reasons given was that it provides a higher efficiency and cost-effectiveness for the retailer. Moreover, according to McCall and Voorhees (2010), loyal customers offer businesses a steady customer base, more frequent purchase cycles and higher profit margins. McCall and Voorhees (2010), further state that academics have spent decades attempting to explain the mechanisms that affect consumers' loyalty, whilst practitioners have developed and applied numerous strategies focused on developing a loyal customer base, where retailers' offering of loyalty programs have become immensely popular.

2.2 Private Labels

2.2.1 Terms and Definitions of Private Labels

"If you want a simple definition, it is that Private Labels are retailer brands. That retailer brand, can be a major part of a mass FMCG retailer or it can be a standalone specialist retailer like H&M" (Lincoln & Thomassen, 2008, p. 6).

Over the past years, even decades, the importance and relevance of private labels has resulted in the phenomenon becoming extensively researched (Martos-Partal & González-Benito, 2009). As a result of this, a variety of definitions of private labels have been recognised. Schutte (1969), describes a private label brand as products which are owned and, or licensed by a distributor, and aimed for exclusive usage in a market. Moreover, Kotler and Armstrong (2008), define a private label in a similar way, where a private label brand is created and owned by a wholesaler of a product or service. This definition is further strengthened by Lincoln and Thomassen (2008) that define private labels as brands and products, which are owned, distributed and sold by a retailer. The definition by Lincoln and Thomassen (2008), will also be the definition which has been chosen to work as a base and reference in the following study, as it includes the fundamentals about the concept, is of high relevance to the field of the study and in a good way summarises previously mentioned definitions.

Terms, which are commonly used by researchers in order to describe a private label include "store brand" and "own label" (Lincoln & Thomassen, 2008; Goworek & McGoldrick, 2015; Kotler & Armstrong, 2008; Kumar & Steenkamp, 2007) as well as retail brand (Lincoln & Thomassen, 2008) and private brand (Kotler & Armstrong, 2008). However, private label is the most commonly used term when looking to praxis and theory, and will therefore be the term which will be used in this study.

2.2.2 The Development of Private Labels

In the history of brands, the concept of private labels has, according to Fitzell (1982), often been perceived as being of poor quality. This is mainly due to the fact that private label products were offered to a lower price than its competitors, which is something that competitors used to their advantage, by communicating that lower price equals lower quality (Fitzell, 1982). Private labels

originate back to the nineteenth century, where merchants found themselves eliminating the middleman, and ordered directly from a manufacturer, or manufactured products themselves (Fitzell, 1982). This decision, in combination with better conditions, led merchants to being able to cut final prices, whilst keeping the product quality intact.

National brands, also known as manufacturers' brands, from which private label brands originate, have long dominated the retail industry (Hultman et al., 2008). However, during the last decades national brands have, begun to witness competition from retailers and wholesalers who have created their own private label brands (Kotler & Armstrong, 2008). In today's retail industry, private label products are present in over 90% of the consumer packaged goods categories (Cuneo, Milberg, Benavente & Palacios-Fenech, 2015). According to the study conducted by Nielsen (2014), the consumer attitude to private label in Europe today is predominantly positive, which goes in line with the high market shares.

Nielsen (2014), argue that even though private label has seen a large growth in the developed markets over the past years, there are still drivers identified which are likely to influence future growth of private label. Some of the growth drivers identified are continued economic awareness, innovation for differentiation and new channel possibilities (Nielsen, 2014).

2.2.3 The Four Stages of Private Labels

According to Laaksonen and Reynolds (1994), private label can be seen in four generations, where the most developed private label has moved up to the highest generation. Just like Laaksonen and Reynolds (1994), Kumar and Steenkamp (2007) have divided private label in four stages from which the authors have taken it one step further and created a fifth generation called "Value Innovators". Laaksonen and Reynolds (1994), are still seen as the source from which private labels is divided, however, the developments made show that private labels is progressing forward and continuously adapting to today's society and consumption behaviour.

According to Laaksonen and Reynolds (1994), the first generation of private label is called unbranded generics, and typically made out of basic functional products. The goal of unbranded generics is to increase retailers' margins and provide a price alternative when comparing to the brand leader. Unbranded generics are generally of a lower quality and perceived thereafter.

The second generation of private label is, according to the authors, called Quasi brand, where the main goal is to increase margins and compete on price. A quasi brand is of a higher quality compared to the first generation, but is still perceived as lower quality compared to the market leader.

The third generation of private label is called Own Brand, where focus lies on copying the market leader's characteristics, creating similarities in design and packaging, but setting a slightly lower price than the market leader (Laaksonen & Reynolds, 1994).

The fourth and final generational stage is, according to the authors, called the Extended own brand, where the strategy is to provide value added products. Focus lies on delivering products with superior characteristics compared to named brand competitors, such as higher quality or extra benefits such as health or ecological.

2.3 Generation Y

2.3.1 Definition and Characteristics

According to Parment (2008), Generation Y, is a collective name for a generational age cohort who distinguish, themselves through their similar characteristics and mind-sets. There is no exact answer to what years that are covered within this generational cohort, but generally, individuals born between the early 1980's and 2000's, belong to Generation Y (Parment, 2008). Further, Pihl (2011) describes Generation Y as individuals born between the 1980's and 1990's. In this thesis we have chosen to use Parment's (2008) definition of Generation Y, as the author is a well-acknowledged and heavily cited researcher within the field of generational studies (Stockholm Business School, 2016).

Generation Y is often classified as the digital generation (Pihl, 2011), growing up to witness the birth of digital phenomena (Valentine & Powers, 2013). Through continuously adapting their lifestyle and behaviour to the introduction of new technology, individuals within Generation Y often get characterised as individualistic, multi-tasker, responsive and open to change (Euromonitor, 2015). Generation Y are often classed as more homogenous than older generational cohorts (Euromonitor, 2015), which is mainly due to the influence that internet has

had on Generation Y, exposing young people globally to the same lifestyle trends and cultural icons. Finally, Generation Y are more socially connected to their peers than other generations, which is strengthened by a study by Bank of America Merrill Lynch (2015), claiming that individuals within Generation Y are more people-oriented, than others.

2.3.2 Consumption Patterns within Generation Y

According to Williams and Page (n.d.), consumers within Generation Y experience a high degree of shopping enjoyment and continuously demand new products, or services on the market. Urban Land Institute (2013), describe consumers within Generation Y's food purchase decisions as driven by spontaneity and cost-consciousness. These consumers also get easily bored while shopping, resulting in that they constantly try to find new excitement (Urban Land Institute, 2013). In addition, consumers within Generation Y are, according to Nielsen (2015), seen as the most frequent online grocery shoppers, and most willing to order online for home delivery or pick up inside the store.

Parment (2013), has conducted a comparison study between two generational cohorts, Generation Y and Baby Boomers, with respect to purchase involvement and purchase behaviour. Baby Boomers are individuals born between the mid 1940's to the mid 1960's, and can most often be defined as the parent generation of Generation Y (Beauchamp & Barnes, 2015). The study by Parment (2013), shows that Generation Y put less importance in the in-store service experience than Baby Boomers. Compared to Baby Boomers, who choose products based on retailer, Generation Y start with choosing a product and look to the retailer secondly. This goes in line with the lack of loyalty that consumers within Generation Y are shown to have towards retailers, and only become loyal if the retailer can offer a superior customer value (Parment, 2013). However, concerning in-store service, Urban Land Institute (2013) claims that good customer service is very important for Generation Y, which goes against Parment's (2013) research. Finally, consumers within Generation Y often engage with companies in order to get low-priced deals, coupons or more information (Euromonitor, 2015).

Consumers within Generation Y, are highly influenced by others when they are purchasing (Lazarevic, 2012), which is further strengthened by findings from Bazaarvoice (2012). Unlike other generations, the stated authors claim that consumers within Generation Y utilise brands as

an extension of themselves. They are motivated to purchase products from brands that fit well with their own image of themselves and want to develop relationships with brands that consistently match their image, values and personality (Lazarevic, 2012; Bazaarvoice, 2012). Generation Y consumers are more involved with their purchases as a result of the social aspect, where their image is seen to be of great importance (Lazarevic, 2012; DongHee & SooCheong, 2014).

2.3.2.1 Generation Y: Economic Drivers

Consumers within Generation Y, are cost-conscious and put most attention to quality and price when purchasing (Williams & Page, n.d.). According to a study by Advantage Sales and Marketing (n.d.), 55% of the respondents belonging to Generation Y, claim that they would switch brand to save money. However, according to the study, price is not the only factor that matters for consumers within Generation Y. Instead, it is about high value and good investments for their future (Advantage Sales and Marketing, n.d.).

In order to reach and retain consumers within Generation Y, loyalty programs have come to play a crucial role for retailers (Bazaarvoice, 2012), which further strengthen the generational cohorts cost-conscious behaviour. Further, this is strengthened in a study by Bazaarvoice (2012), showing that Generation Y are 31% more likely to utilise discounts and promotions earned through shopper loyalty cards from consumer goods brands, compared to the general population.

2.3.2.2 Generation Y: The Critical Generation

Osipow and Sheehan (2014) describe Generation Y as consumers having a more complex and involved relationship with brands than previous generations, and are more likely to have intense and potentially volatile relations with brands. Therefore, understanding Generation Y and their relationships with brands and how they perceive them, is crucial for retailers targeting this market segment (Lazarevic, 2012).

Parment (2008), Ordun (2015) and Lazarevic (2012) describe individuals within Generation Y as disloyal towards brands, where a continued repeat purchase is difficult to secure. Moreover, Lazarevic (2012) argues that consumers within Generation Y present a big challenge for

companies, due to the fact that they are resistant to traditional marketing efforts and difficult to capture and retain as loyal customers.

2.4 Conceptual Framework and Hypotheses

Having reviewed existing theories and findings from previous research, this following section presents the study's modified conceptual framework, as well as the derived hypotheses. The modified conceptual framework is based on the conceptual framework by Vale, Matos and Caiado (2016), which has been modified to fit the empirical framework, and moreover tested to see how suitable it is for Swedish consumers within Generation Y. The modified framework has also taken influences from the studies by Porral and Levy-Mangin (2016) and Koschate-Fischer, Cramer and Hoyer (2014).

When formulating the hypotheses, we have looked to previous research and theory in order to gain a thorough understanding for the components. In order to understand how private labels, in relation to other store loyalty driving factors, impact store loyalty for consumers within Generation Y, we have used an integrative perspective, where we look closer to each of the concept within the framework to understand how the respective concept, and the sub-concepts, impact final store loyalty.

2.4.1 Previous Research of the Relationship between Private Labels and Loyalty

Looking to previous research that has been done within the field of loyalty, with regards to private labels, we cannot distinguish a particular framework within the field, which has been extensively studied. Instead, most researchers have developed their own frameworks and conceptualised models, focusing on answering their specific research question and purpose. In this section, we will review a number of academic journal articles focusing on the subject of private labels and store loyalty, which will be presented below.

The academic journal articles are all published after 2014, assuring that their research and findings are up-to-date and of high relevance for our study. The main reason for why the academic journal articles have been chosen to work as a base for our modified conceptual framework, is that they focus on a number of different factors, which drive store loyalty, where

focus lies on private labels. Further, all journals have looked to private labels impact on loyalty within the grocery retail industry. In addition, the academic journal articles originate from Germany, Portugal, and Spain, which mean that their empirical foundation will differ from the data collection for this particular study, in terms of respondents' demographics and characteristics, as our study will be made out of Swedish consumers within Generation Y.

2.4.1.1 Conceptual Framework by Porral and Levy-Mangin (2016)

In the academic journal article by Porral and Levy-Mangin (2016), the authors aim to examine the moderating role of trust when it comes to food private label brands' purchase intention and loyalty. The study highlights that the attitude towards private label brands is influenced by perceptual factors, such as trust and perceived risk, meaning that these factors are directly linked to perceived quality, when purchasing private label brands. The study by Porral and Levy-Mangin (2016) focused primarily on loyalty towards private labels, and not to loyalty towards a retailer. However, the degree of loyalty towards a retailers' private labels directly influences the loyalty towards a store. Based on a proposed conceptual model, containing the additional variables of familiarity, store image and price, findings highlighted that trust and loyalty are variables, which are strongly associated with food private label brands.

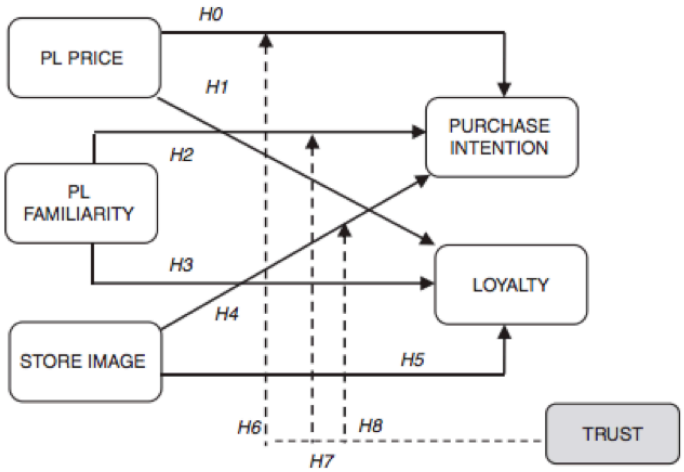

Figure 1: *Proposed Conceptual Framework* (Porral & Levy-Mangin, 2016).

2.4.1.2 Conceptual Framework by Koschate-Fischer, Cramer and Hoyer (2014)

In the academic journal article by Koschate-Fischer, Cramer and Hoyer (2014), the authors looked to potential moderating factors that can affect the relationship between private label share and store loyalty. The moderating factors, which are believed to strengthen the link between private label, and store loyalty, are following: customers' price-oriented behaviour, degree of commoditization of the product category, product category involvement, and the retailer's price positioning. These moderating factors were then placed into one of the following categories: customer characteristics, product category characteristics and retailer characteristics. The authors found that customers with a high price-oriented behaviour had a stronger link between private label brand share and store loyalty.

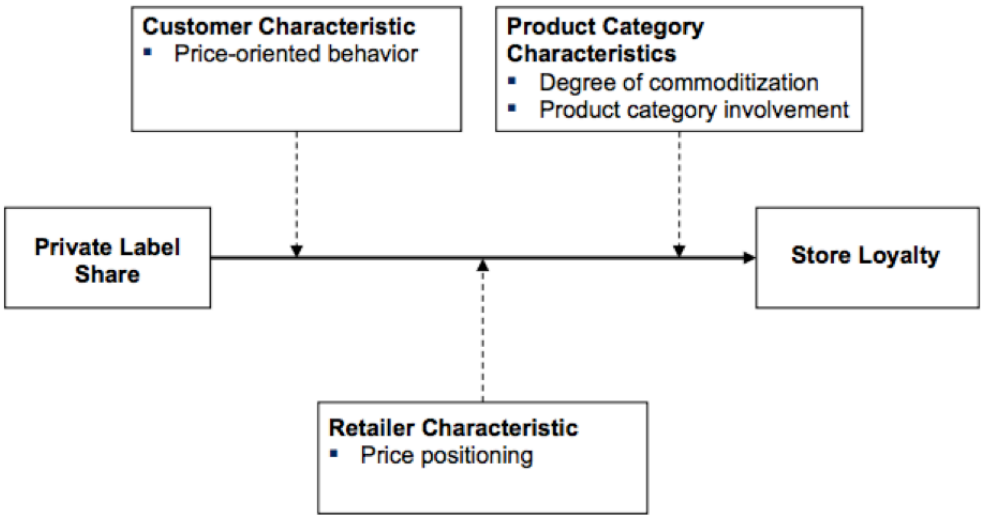

Figure 2: *Proposed Conceptual Framework* (Koschate-Fischer, Cramer & Hoyer, 2014).

2.4.1.3 Conceptual Framework by Vale, Matos and Caiado (2016)

In the academic journal article by Vale, Matos and Caiado (2016), the authors reviewed the impact private labels have on store loyalty, among different types of retailers, using an integrative perspective. The authors came up with a conceptual framework, which included factors that are known to influence store loyalty, including private label characteristics, in-store characteristics and economic drivers. Within these factors, a number of sub-factors have been identified, such as in-store convenience, employees, social groups, promotions, pricing policies and switching costs. Findings were drawn showing that, depending of the market positioning of the retailer, different factors contribute to store loyalty. Among these, store convenience, the level of service offered and pricing policies were found to be critical store loyalty driving factors. Further, findings show that the impact of private labels was mostly significant for medium-cost and premium supermarkets.

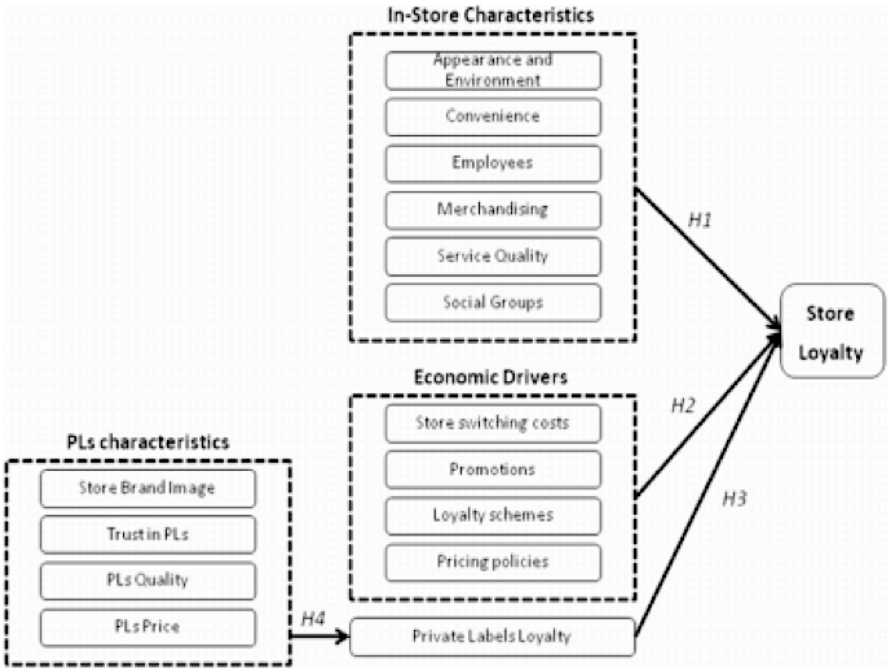

Figure 3: *Proposed Conceptual Framework* (Vale, Matos & Caiado, 2016).

2.4.2 Factors Driving Store Loyalty

The previous research presented above, has given us a wider understanding for factors which drive store loyalty, where focus has lied on determining private label's impact on store loyalty. With a base in the previous research, we will mainly root our modified conceptual framework on the loyalty driving factors, which are described in the conceptual framework by Vale, Matos and Caiado (2016). This is due to the overall perspective that the factors in this framework provide through taking both the retailer, private label and economic factors into consideration. Thus, this will enable us to answer this study's research purpose in the most accurate way. We will however not look closer to the concept of Private Labels Loyalty, which is investigated in the study by Vale, Matos and Caiado (2016), as our purpose is further to study the impact of private labels on store loyalty, and not the specific loyalty towards a private label. Lastly, we will also take influence from the conceptual frameworks by Koschate-Fischer, Cramer and Hoyer (2014) and Porral and Levy-Mangin (2016).

2.4.2.1 In-Store Characteristics

Vale, Matos and Caiado (2016), describe In-Store Characteristics as different factors related to the retail store's physical characteristics, that can drive consumers' store loyalty. The most commonly cited in-store factors are: Appearance and Environment, Convenience, Employees, Merchandising, Service Quality and Social Groups. Further, Koschate-Fischer, Cramer and Hoyer (2014) refer to retailer characteristics as the retail strategy, which is adopted by a retailer. The authors claim that a the market positioning for a retailer has a big impact on the private label share, investigating the effect of a retailer having more price-oriented or service-oriented positioning.

Appearance and Environment

With Appearance and Environment of the retail store, Vale, Matos and Caiado (2016) refer to the store comfort and its physical aspects, such as layout and store atmosphere. Generation Y are, according to Urban Land Institute (2013), easily bored while shopping, and as a result of this, consumers within Generation Y constantly try to find new ways to get stimulated and satisfied. Further, Generation Y is more influenced by product packaging and in-store displays, than the average shopper (Bazaarvoice, 2012).

Convenience

According to Vale, Matos and Caiado (2016), Convenience refers to store characteristics that facilitate consumers' interaction with the retailer, such as delivery services and multi-payment alternatives. Generation Y are seen as the most frequent online grocery shoppers, and most willing to purchase products online for home delivery, or pick up inside the store (Nielsen, 2015). Further, this proves that multiple shopping alternatives are believed to be of high importance for Generation Y.

Employees

According to Vale, Matos and Caiado (2016), employees are often considered as a motivating factor for consumers to visit a retail store and helping strengthen consumers' confidence in the product and supplier. There are different opinions regarding the importance of employees for Generation Y, where Parment (2013) argues that Generation Y put less importance in the in-store service experience than previous generations, whilst Urban Land Institute (2013) claims the opposite.

Merchandising

Merchandising is mainly influenced by a retailer's assortment characteristics, such as number of brands and types of products offered (Vale, Matos & Caiado, 2016). Further, Koschate-Fischer, Cramer and Hoyer (2014), include the moderating variable of product category characteristics in their conceptual framework, which primarily looks to a retailer's product portfolio and specific products, which drive potential loyalty. Consumers within Generation Y are open for change, highly adaptable and continuously looking for new product updates (Williams & Page, n.d.). In addition, Generation Y is primarily loyal to products rather than to a specific retailer (Parment, 2013).

Service Quality

According to Vale, Matos and Caiado (2016), Service Quality includes proactive employee response to consumer's needs and influences customer satisfaction and the overall shopping experience. The impact of service quality is further enhanced for consumers who are service-oriented, rather than price-oriented (Koschate-Fischer, Cramer & Hoyer, 2014). Parment (2013), argues that Generation Y put less importance in the in-store service than previous generations. However, Urban Land Institute (2013) argues that good customer service is very important for

Generation Y. When looking to the characteristics of Generation Y, we can furthermore see that Service Quality in many ways resemble to Employees.

Social Groups

Vale, Matos and Caiado (2016), refer to social groups as consumers' level of empathy and recognition with other consumers that share the store environment. Generation Y is highly aware of what other people may think about them in a purchase situation (Lazarevic, 2012). The generational cohort is also motivated to purchase products from brands that fit well with their self-image, and urge to develop relationships with brands that are believed to match their personal values and ideals (Lazarevic, 2012; Bazaarvoice, 2012).

To sum up, when looking to the factors within In-Store Characteristics, it is clear that some factors are of higher importance compared to others for Generation Y. In-store service in regards to Generation Y is a subject which has been discussed in previous research, and where findings conflict. On the other hand, the generational cohort is highly demanding in a consumer context. Amongst many, consumers within Generation Y are easily bored and constantly look for product updates and new ways to get satisfied. In addition to being highly influenced by others, and aiming to purchase products which go in line with their own self-image, the generation is easily adaptable to new solutions which can optimise their purchase experience. With the base in the discussion considering In-Store Characteristics as a store loyalty driving factor, following hypotheses have been derived;

H1. *Within In-Store Characteristics; Appearance and Environment, Convenience, Merchandising and Social Groups have a higher positive impact on consumers within Generation Y's store loyalty, than Employees and Service Quality.*

H2. *In-Store Characteristics have a positive impact on consumers within Generation Y's store loyalty.*

2.4.2.2 Economic Drivers

According to Vale, Matos and Caiado (2016), there are four economic factors, which are of high relevance when looking to consumers' store loyalty. The Economic Drivers are the following: Switching Costs, Promotions, Loyalty Schemes, and Pricing Policies.

Switching Costs

According to Vale, Matos and Caiado (2016), Switching Costs refers to the inherent cost associated with switching to a different retail store. Moreover, in the study by Koschate-Fischer, Cramer, and Hoyer (2014), Switching Costs refer to the ease of switching between products, brands and categories, where the higher the perceived risk and uncertainty of quality of new brands, the higher the switching cost. Generation Y is seen as responsive, impulsive and open to change (Euromonitor, 2015). These characteristics indicate that the generation is open to new products and ways of consuming, withholding a low switching cost. (Parment, 2008).

Promotions

According to Vale, Matos and Caiado (2016), different store promotional policies are seen as short-term loyalty instruments for driving store loyalty. Generation Y is often engaging with companies in order to get low-priced deals and coupons, and are more likely to utilise discounts and promotions than previous generations (Euromonitor, 2015; Bazaarvoice, 2012).

Loyalty Schemes

Loyalty rewarding programs aim to offer retailers the opportunity to accelerate the consumer's loyalty life cycle, and could possibly lead to repeat purchases (Vale, Matos and Caiado, 2016). Consumers within Generation Y are cost-conscious and want to find the best product offering. This is often found through joining loyalty programs and engaging with companies (Bazaarvoice, 2012).

Pricing Policies

It is, according to Vale, Matos and Caiado (2016), critical that retailers are aligned with the customer's expectations regarding price. Price, as a store loyalty driving factor, is also included in the conceptual framework by Porral and Levy-Mangin (2016), where the authors describe price as what a customer gives up or sacrifices in order to obtain a specific product. In accordance to this, consumers within Generation Y put lot of attention to price as a critical factor when purchasing, and are willing to switch brand to save money (Williams & Page, n.d.).

To summarise, when looking to the factors within Economic Drivers, previous research regarding Generation Y show that this consumer group is highly sensitive to price and constantly tries to find ways to optimise their purchase. In line with this, Generation Y frequently engages with retailers in order to get price-related benefits. Further, another way to gain economical benefits is through joining loyalty programs. However, this consumer group is not afraid to switch retailer to save money. As Generation Y is primarily driven by price in a purchasing situation, following hypotheses have been derived;

H3. *Within Economic Drivers; Pricing Policies and Promotions have a higher positive impact on consumers within Generation Y's store loyalty, than Switching Costs and Loyalty Schemes.*

H4. *Economic Drivers have a positive impact on consumers within Generation Y's store loyalty.*

2.4.2.3 Private Label Characteristics

Since private labels are sold and advertised by a specific retailer, they can play a crucial role in driving store loyalty (Vale, Matos & Caiado, 2016). Koschate-Fischer, Cramer and Hoyer (2014), further discuss the role of private labels when looking to store loyalty, where the private label share is dependent on the retailer's positioning, either being service-oriented or price-oriented. Consequently, it is highly relevant to further study what private label characteristics that drive store loyalty towards a specific grocery retailer. According to Vale, Matos and Caiado (2016), there are four main private label characteristics: store brand image, trust in private labels, perceived private label quality, and price of private label.

Store Brand Image

According to Vale, Matos and Caiado (2016), a strong relationship between the store image and the private label's image is a requirement for successfully differentiating the private label strategy. Porral and Levy-Mangin (2016), describe store image as the retailer's impression in the consumer's mind, which is seen as a multidimensional concept, including several factors that the consumers use when evaluating the retailer. Moreover, the authors state that store image has a positive impact on consumer evaluation of private label brands. Unlike the general population, consumers within Generation Y are more likely to purchase products from brands that fit well with their self-image (Lazarevic, 2012).

Trust in Private Labels

The level of trust towards a retailer and its private labels has a big impact on the overall store loyalty (Vale, Matos & Caiado, 2016). Porral and Levy-Mangin (2016) describe brand trust as the willingness to rely on the ability of the brand to perform its stated function. As a consumer group, Ordun (2015) refer to Generation Y as being highly critical and inhabit a lower level of trust, compared to the general population.

Perceived Quality of Private Labels

The perceived quality of the retailer's private label products can play a critical role for increased store loyalty (Vale, Matos & Caiado, 2016). Further, the impact of private label quality is, according to Koschate-Fischer, Cramer and Hoyer (2014), closely linked to a retailer's price-positioning as well as a consumer's product-involvement, where the higher a consumer's product-involvement, the more sensitive the consumer is towards the private label product's quality. Finally, consumers within Generation Y are found to have a higher acceptance and attitude towards private label groceries and their quality (Millennial Marketing, n.d.).

Price of Private Labels

According to Vale, Matos and Caiado (2016), the pricing positioning of private label products plays a critical role in the relationship between private labels' market share and the overall store loyalty. Furthermore, Porral and Levy-Mangin (2016), describe price as one of the main characteristics of private label brands, where a low and affordable price leads to an increase in the likelihood that consumers will purchase private labels. Strengthening this, Koschate-Fischer, Cramer and Hoyer (2014), discuss consumers either having a more price-oriented or service-oriented behaviour, where consumers who have price-oriented behaviour are more likely to have a positive attitude to private labels. In line with this, price is seen as the most important factor for Generation Y when choosing products (Williams & Page, n.d.).

To conclude, previous research indicates that Generation Y is more likely to purchase products from brands that go in line with their self-image. Further, the generational cohort is more acceptant and inhabit a positive attitude to private labels and argue that private labels withhold a an overall high quality. Despite this, price is still seen as the most important and determinant factor for this generational cohort. In addition, Generation Y withhold a lower level of trust towards brands and retailers, compared to previous generations.

With the base of the discussion considering private label characteristics, following hypotheses have been derived;

H5. *Within Private Label Characteristics; Image and Price have a higher positive impact on consumers within Generation Y's store loyalty, than Trust and Quality.*

H6. *Private Label Characteristics have a positive impact on consumers within Generation Y's store loyalty.*

2.4.2.4 Consumer Characteristics

Aside from the store loyalty driving factors In-Store Characteristics, Economic Drivers and Private Label Characteristics, presented above, Consumer Characteristics is an additional factor, which is brought up by Koschate-Fischer, Cramer and Hoyer (2014). Consumer Characteristics primarily look to consumers' attitudes and behaviours, in order to better understand and furthermore, segment the examined consumer group. In this study, where Generation Y as a consumer group are in focus, it is of high importance that we understand their drivers and characteristics. Compared to the study by Vale, Matos and Caiado (2016), where the authors chose to examine consumers of all ages, our study has a selected target respondent group that are likely to possess distinctive consumer characteristics, which differ from other consumer groups (Ordun, 2015).

Further, in the study by Koschate-Fischer, Cramer and Hoyer (2014), they hypothesise the moderating effect on consumers' price-oriented behaviour, when looking to the relationship between store loyalty and the consumer's share of private label. The authors further argue that consumers tend to either inhabit a more price-oriented behaviour, or a more service-oriented behaviour, which steers their way of consuming. Whilst consumers who are more price-oriented are shown to value factors within economic drivers higher than factors within in-store characteristics, consumers with a service-oriented behaviour value the opposite. Thus, depending on the characteristics of consumers, they are likely to value and put more focus on certain private label characteristics (Koschate-Fischer, Cramer and Hoyer, 2014).

Generation Y as a consumer group are known for being highly cost-conscious, working proactively to decrease prices and increase the final value (Euromonitor, 2015; Bazaarvoice, 2012; Williams & Page, n.d.). Furthermore, previous research regarding the generational cohort has shown that they put great attention to in-store characteristics such as merchandise, convenience and social groups. However, aside from the driving factors presented above, Generation Y are also known for being highly complex, critical and disloyal towards products, brands and retailers (Parment, 2013; Euromonitor, 2015; Ordun, 2015; Lazarevic, 2012; Bazaarvoice, 2012), making it hard to distinguish a constant consumer pattern. Thus, in order to target potential consumers, it is of utmost importance that retailers comprehend how potential consumers are characterised, i.e. what they value and what they believe to be of importance. With this in mind, we argue that Consumer Characteristics, as a fourth factor, should be incorporated in our modified conceptual framework. This will further enable us to determine how the orientational behaviour of our consumer group translates into being more influenced by either Economic Drivers, or In-Store Characteristics (see dotted lines in the modified conceptual framework in figure 4). As a consequence of this, we can further see how this may affect their perception of private label characteristics (see dotted lines in the modified conceptual framework), and consequently, how this may impact their store loyalty.

To conclude, incorporating Consumer Characteristics into the modified conceptual framework, it will enable the framework to be generalised for other consumer groups in future research.

2.4.3 Modified Conceptual Framework and Hypotheses

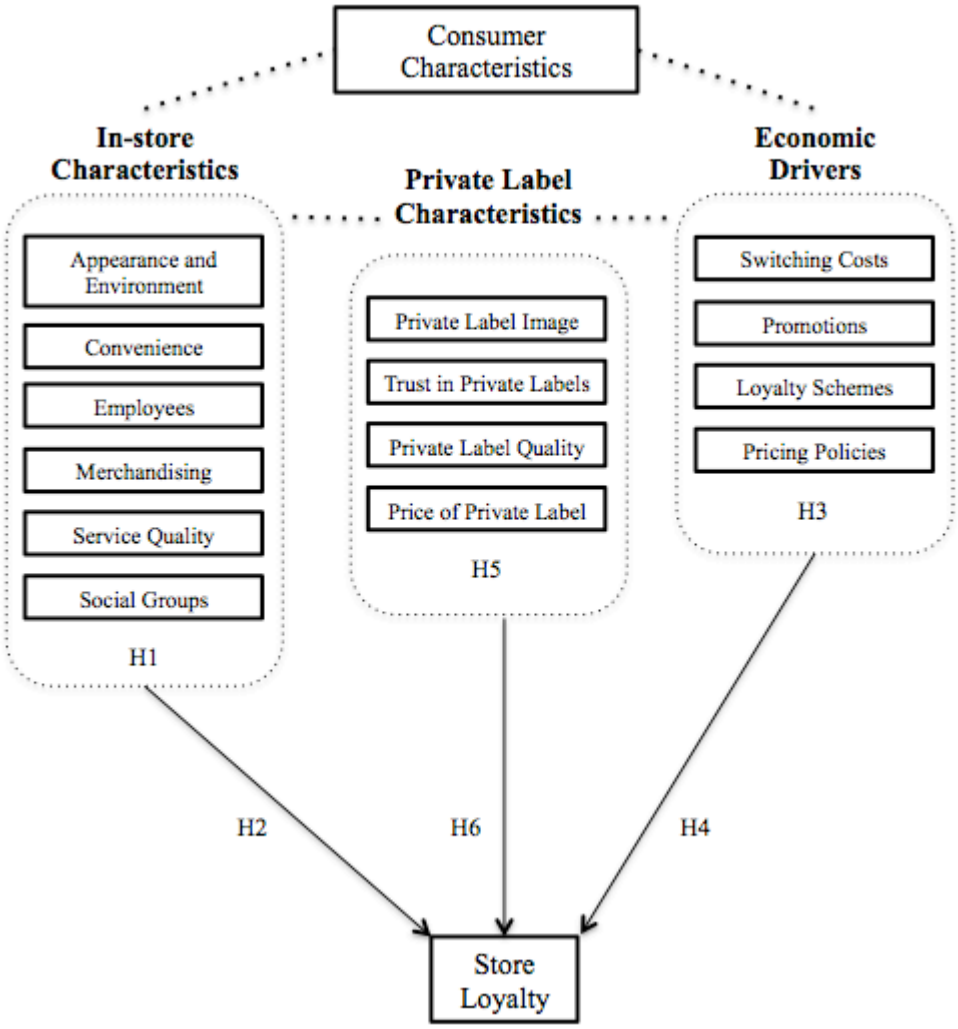

Figure 4: *Modified Conceptual Framework.*

Summary of derived hypotheses:

H1. *Within In-Store Characteristics; Appearance and Environment, Convenience, Merchandising and Social Groups have a higher positive impact on consumers within Generation Y's store loyalty, than Employees and Service Quality.*

H2. *In-Store Characteristics have a positive impact on consumers within Generation Y's store loyalty.*

H3. *Within Economic Drivers; Pricing Policies, Promotions have a higher positive impact on consumers within Generation Y's store loyalty, than Switching Costs and Loyalty Schemes.*

H4. *Economic Drivers have a positive impact on consumers within Generation Y's store loyalty.*

H5. *Within Private Label Characteristics; Image and Price have a higher positive impact on consumers within Generation Y's store loyalty, than Trust and Quality.*

H6. *Private Label Characteristics have a positive impact on consumers within Generation Y's store loyalty.*

3. Methodology

Initially, this chapter describes the chosen strategy and research design for this thesis, which is further followed by a review over the study's chosen literature. The authors then describe the selection, questionnaire design and pilot study. Finally, the methodology chapter provides a description of the data collection and analysis, finishing of with a discussion of the reliability and validity of this thesis, as well as relevant limitations and criticism.

3.1 Strategy and Research Design

3.1.1 Research Strategy: Quantitative

Several writers within the field of methodology, find it helpful to clearly distinguish between quantitative and qualitative research (Bryman & Bell, 2011). According to Bryman and Bell (2011), quantitative research is a research strategy that emphasises the quantification and generalizability of the collection and analysis of data. Further, quantitative research is frequently depicted as presenting a static image of social reality with its emphasis on relationships between different variables (Bryman & Bell, 2011). By contrast, qualitative research usually emphasises words rather than quantification, aiming to investigate areas more in-depth (Hair, Wolfinbarger, Oritinay & Bush, 2013). Ghauri and Grønhaug (2002), state that the decision for which research strategy one should undertake, is dependent on the research question and the purpose of the research. The main purpose of this study is to investigate what impact private labels, in relation to other store loyalty driving factors within the Swedish grocery retail industry, have on consumers within Generation Y's store loyalty. As the focus of the study lies on exploring the relationship between the concept of store loyalty and private label, aiming to draw general conclusions for a generational cohort, also seen as a consumer group, a quantitative research has been chosen.

3.1.2 Research Approach: Deductive, Positivism

Within the social science research, the relationship between theory and research has, according to Johannessen and Tufte (2003), two main directions: deductive and inductive. Deductive theory represents the most common view, where the researcher, on the basis of what is known about a particular domain, formulate hypotheses and then collect data in order to produce the final result (Bryman & Bell, 2011). The opposite direction of the deductive theory, is, according to Bryman and Bell (2011), the inductive theory, from which the researcher infer the implications of their findings for the theory that prompted the whole exercise. The findings are then fed back into the stock of theory and the research findings associated with a certain domain of enquiry. In this thesis, we have chosen to take a starting-point in existing theory conducted in the research field, and thereafter draw general conclusions based on the empirical data, and analyse it in accordance with a deductive approach.

Epistemology concerns the nature, sources and limits of knowledge. According to Bryman and Bell (2011), there are two different epistemological positions: interpretivism and positivism. Interpretivism refers a position where an understanding is the main objective, rather than explanations, and where the focus lies on the social reality, rather than explaining the scientific approach. Positivism, on the other hand, contains of a number of principles advocating the use of scientific theory in order to study the social reality. Through deriving from a positivist epistemology, one can create hypotheses, which will be tested, in order to come up with relevant conclusions. Based on these hypotheses, the researchers can build on existing theory, and further introduce new laws and rules (Bryman & Bell, 2011). In this study, we have chosen to use incorporate a positivist epistemological approach. This is due to the fact that we, through conducting a quantitative questionnaire with a deductive approach, measure different values, which we aim to further understand and explain. Thereafter, we will aim to find consumption patterns, which will be analysed, in order to come up with conclusions that will answer our research purpose.

3.1.3 Research Design: Cross-Sectional

According to Bryman and Bell (2011), a research design provides a framework for the collection and analysis of data. There are, according to the previously mentioned authors, five different types of research designs: experimental design, cross-sectional or social questionnaire design,

longitudinal design, case study design, and comparative design. For this study, we have chosen to use a cross-sectional design, which means that the researchers collect quantifiable data from many different examination units at a given time. The aim with using a cross-sectional design, is to investigate whether there is a connection between certain variables, and whether connection patterns can be detected based on these. On the other hand, we would also have been able to make use of a case study research design, which means that the researchers would focus on reaching in-depth knowledge of a particular group, situation, place, or similar (Bryman & Bell, 2011). However, for this thesis, the research purpose is not to provide in-depth information and knowledge looking to a specific research object, but rather to draw general conclusions. However, the internal validity is often low when conducting a cross-sectional design, as the researchers are not able to draw causal conclusions from the results, but rather retrieve links and co-variations (Bryman & Bell, 2011). In other words, we will not be able to fully understand, nor explain the underlying reasons behind certain attitudes.

When choosing to incorporate a cross-sectional design, structured questionnaires or surveys are commonly used. The main reasons for this is that it is a relatively simple and inexpensive way to efficiently reach and examine a large group of people. According to Bryman and Bell (2011), the questionnaire or survey should contain focused and simply worded questions in order to avoid any kind of misunderstandings. Compared to a structured interview, which can capture additional information such as body language, surveys are strictly limited from retrieving additional information and two way communication, which further increases the importance of minimising any potential misunderstandings (Bryman & Bell, 2011).

3.2 Review of Literature Choices

3.2.1 Primary and Secondary Data

For this study, both secondary and primary data have been collected. Secondary data, can be explained as information, which has been previously collected for some other problem or issue (Hair et al., 2013). The secondary data of this thesis has primarily been gathered from academic journal articles, articles, e-books, reports as well as websites. The secondary data, which has been collected, has worked as a starting point when defining what primary data that needs to be conducted (Hair et al., 2013). The primary data has been collected by a quantitative research method, using a questionnaire. By collecting primary data through a questionnaire, it enable us to accommodate a large group of respondents (Hair et al., 2013), which will give us a better foundation for drawing conclusions regarding consumers within Generation Y, based on our findings.

3.2.2 Literature Search

Initially, our working process began by conducting a literature search via Lund University's search function, LUBsearch. The search was limited towards research areas that were associated, and furthermore, of relevance to our specific study. This action goes in line with what Bryman and Bell (2011), recommend for justifying the research question and research design. In addition to LUBsearch, we used Google Scholar and used keywords such as *store loyalty, private labels* and *Generation Y.* The majority of the academic journal articles were found via Harvard Business Review, Journal of Retailing and Journal of Academic Marketing. In addition to this, when we found sources online, we critically evaluated whether the information were useful or not (Bryman & Bell, 2011). Approximately 30 articles were collected, and the articles of highest relevance, judged by their abstract, were more thoroughly studied. Aside from academic articles, we have also based our study on books, by authors such as Kotler and Armstrong (1989), Parment (2008), as well as Ghauri and Cateora (2014), which were found via Lund University electronic library. In addition, books from relevant business courses throughout our education have been used, such as Goworek and McGoldrick (2015) and Hair et al. (2011). Furthermore, we have focused on using as many up-to-date sources as possible, in order to obtain information with the highest possible relevance. When we have chosen to use information from sources we

claim as “old”, we have thoroughly discussed their research purpose and findings amongst ourselves to ensure that the research still can be classed as relevant and applicable for this specific study.

3.2.3 Source Criticism

When reviewing existing literature, we have developed a critical approach, in which we constantly ask ourselves questions regarding the significance of the chosen work and how it may relate to the purpose of our study. Further, we have discussed potential strengths and deficiencies of the various journals and articles, and what theoretical ideas that may have influenced the examined journals and articles (Bryman & Bell, 2011).

The majority of the textbooks used in this study are relevant course literature from Lund University. In those cases when we have used other literature, well-renowned and well-cited experts within a specific topic have written them. Further, we have tried to use sources that are up-to-date, and paid attention to critically examine the relevance and credibility of secondary material that may be considered as “old”.

Our modified conceptual framework is based on previous research and the previously presented conceptual frameworks. However, we will mainly use the loyalty driving factors, described in the conceptual framework from the academic journal article by Vale, Matos and Caiado (2016). The academic journal article was reviewed and published during 2016, and is yet to be extensively studied and cited. With this in mind, it is important to see that the credibility of the journal still remains high. This can be strengthened by the fact that the journal was published in “Journal of Retailing and Consumer Services”, which is an international and interdisciplinary forum, offered for research and debate, within the fields of retailing and services studies (Elsevier, n.d.).

According to Bryman and Bell (2011), it is always possible to question the subjectivity of certain articles and journals. Whether the authors act from their own perspectives and knowledge, and therefore provide a more personal agenda than asked for (Bryman & Bell, 2011). We believe that the data, which has been selected as a basis for this study, is seen as reliable as it has been published in scientific journals, and therefore have been heavily screened prior to being

published. However, we have still had a critical approach towards these sources with authors who we consider to be subjective in their way to express themselves.

3.3 Selection

3.3.1 Sampling Method: Non-probability and Convenience

According to Bryman and Bell (2011), sampling methods can be divided into probability and non-probability. In probability sampling, the respondents are selected randomly, meaning that each sampling unit i.e. a respondent, in the defined target population, has a known probability of being selected for the sample (Hair et al., 2013). In contrast, Bryman and Bell (2011) describe non-probability sampling as based on the judgement of the researchers, and may or may not be representative for the target population. Further, this implies that some units in the population are more likely to be selected than others (Bryman & Bell). Therefore, the probability of selecting each sampling unit is not known. The degree to which the sample is representative of the defined target population, depends on the sampling approach and how well the researchers execute the selection activities (Hair et al., 2013). In order to collect the primary research for the following study, a convenience sampling was used, which is a non-probability sampling method from which samples are drawn at the convenience of the researcher (Bryman & Bell, 2011).

Further, according to Esaiasson, Gilljam, Oscarsson and Wängnerud (2012), a convenience sample implies that researchers base their study on the respondents that are available in the desired population. Our research has been limited to consumers within Generation Y in the geographical area of Lund, indicating that convenience sampling is of relevance. Convenience sampling is preferred since it enables a collection of data from a large number of respondents in a relatively short time (Hair et al., 2013). However, through a convenience sample, the study's validity can be questioned (Esaiasson et al., 2012), since it is impossible to generalise our findings as we can not determine whether our sample is representative for the whole population. However, Bryman and Bell (2011) still argue that convenience sampling is also commonly used within the field of business and management, allowing for links to be forged with existing findings (Bryman & Bell, 2011).

3.3.2 Selection of Respondents and Place

Since the study examines Generation Y at large, the sampling frame has been based on respondents in the age group of what Parment (2008) defines as Generation Y, which are individuals born 1980's-2000. In other words, individuals that are between 16-36 years old. We have chosen to study individuals within the whole generation in order to get a more representative perspective of Generation Y. As we have chosen to conduct a quantitative study through convenience sampling, aiming to gather a large volume of respondents, it has been of high importance to find a way of effectively reach a vast amount of respondents. This study has further chosen to focus their data collecting by reaching out to consumers within Generation Y through Lund University, as 68% of students attending university are between 18-29 years old (Universitetskanslersämbetet & SCB, 2014). This means that we, in an effective way, can reach out to a large amount of consumers within Generation Y. Further, in order to reach out to consumers in the upper segment of Generation Y, between 30-36 years old, we also allowed consumers to answer the survey online. The online survey was spread through word-of-mouth, where consumers between 30-36 years old who live in Lund, were asked to take part of the questionnaire.

Further, in order to optimise the heterogeneity of the respondents at Lund University, we have chosen to reach out to students within the four largest faculties at Lund University: Faculty of Engineering, Faculty of Medicine, Lund University School of Business and Management as well as Faculty of Social Science. Finally, in order to maximise the possibility to reach out to a large group of respondents within Generation Y, all whilst minimising potential shortfalls, we have chosen to contact the student counsellors of each faculty in order to then be directed to specific professors with large lecture-led classes.

As a result of choosing to collect a majority of the data from consumers who attend university, we are likely to receive a majority of the answers from the younger part of Generation Y (Universitetskanslersämbetet & SCB, 2014). Moreover, we have chosen to not focus on potential differences between genders as we believe this is a separate research question with another purpose and therefore, we have chosen to focus on studying Generation Y as an entity.

As we are examining loyalty, which is based on consumption, we want the respondents to answer the questionnaire based on their personal opinion and experience. This requires the respondents

to actively purchase their own groceries. This leads us to the elimination of the younger segment of Generation Y, aged between 16-18. This is primarily due to the fact that these individuals are most likely yet to complete high school and further to be living with their guardians. As a result of this, they are most likely not in charge of their own grocery shopping. Looking to the upper segment of Generation Y, more specifically, between 30-36, we are aware that individuals within this age group might be more difficult to reach via the online survey. Therefore, the majority of respondents will belong to the age group 18-29. Finally, an important issue to take into consideration, which derives through collecting data from individuals from Lund University, is that these individuals are highly educated and can therefore not fully represent and reflect Generation Y as an entity. This could therefore be reflected in our findings, which we are aware of.

3.3.3 Actions to Minimise Shortfalls

All questionnaire research designs that involve collection of data from a sample, are likely to come across defects, which can reduce the accuracy and quality of data collected (Hair et al., 2013). According to Hair et al. (2013), survey research errors can be classified as being either sampling or non sampling errors. A sampling error is caused by the method of sampling used and the size of the sample, whilst a non sampling error occurs in a survey research design and is not related to sampling such as respondent error, measurement/questionnaire design error or an incorrect problem definition (Hair et al., 2013).

In order to minimise errors in our survey, we have taken several actions. The first action was the distribution of the questionnaire. We chose to distribute the questionnaire during lecture-led classes, where the professors were present, allowing us to have 5-10 minutes at the end of their lectures to ensure that the students would have time to complete the survey. Moreover, in order to further minimise potential errors due to laziness or time limitations, we stated the time (5-10 minutes) it would take to answer the questionnaire, which is recommended by Hair et al. (2013). This contributed to incentives for the respondents to answer the questionnaire. Consequently, the amounts of potential shortfalls were drastically reduced (Bryman & Bell, 2011).

In addition, as we have chosen to exclusively examine consumers within Generation Y, and therefore, only looking for respondents between 16-36 years old, all respondents were asked to

tick the relevant age box in the questionnaire. All respondents over 36 years old have been considered as shortfalls, and have therefore, not been included in the study. In addition, we made the questionnaire anonymous, creating a sense of security and thus, allowing the respondents to answer the questionnaire more honestly (Bryman & Bell, 2011). In order for the respondent to not feel like the questionnaire was too long to answer, the numbers of open questions were minimised. The focus has been on formulating short, clear and relevant questions, that are easy to understand and relate to, which is recommended by Bryman and Bell (2011).

3.3.5 Limitations

The collection of the primary data has been geographically limited to Lund, and students will predominantly represent the object of study, Generation Y, from the four largest faculties at Lund University. By limiting the study to Lund, as well as to primarily examining students from Lund University, the empirical findings will not be able to correctly represent Generation Y in Sweden. The geographical limitation was further enhanced by the age and occupational limitation of the respondents.

3.4 Questionnaire Design

The questionnaire (see appendix 1) aims to help us understand what impact private labels, in relation to other store loyalty driving factors within the Swedish grocery retail industry, have on consumers within Generation Y's store loyalty. Below, we will further describe and explain the different sections of the questionnaire.

The questionnaire has an introductory part, followed by four different sections; Grocery Retailer Characteristics, Economic Factors, Private Label Characteristics, and Grocery Retailer Loyalty. The last section, Grocery Retailer Loyalty, looks to the respondents store loyalty. However, in order to not mislead or confuse the respondent, we have chosen to define store loyalty as Grocery Retailer Loyalty. This, as we refer to store loyalty as a retailer chain rather than to a specific retailer store. The chosen questions were formulated based on relevant theory and with our research purpose and hypotheses in mind, what is recommended by Bryman (2008). When formulating our questions, we focused on the questionnaire design and started from various guidelines, such as avoiding ambiguous terms, long questions, double-barrelled questions, too

general as well as leading questions (Bryman, 2008). Further, we avoided questions including negatives and ensured that all technical terms were clearly described. In general, the respondents needed approximately five to ten minutes to answer all questions in the questionnaire. A Likert scale ranged from 1-7, where the respondent could choose a number between 1-7, primarily answered the questions; from totally disagree to completely agree, enabling the respondent to provide a more precise response.

The initial part of the questionnaire consists of an introduction to our study, followed by two questions regarding the respondent's age and occupation. No other questions were asked to provide personal information, such as education, marital status, and income. This was mainly because our study only concerns the respondents' generational belonging. The reason why we also included the question regarding the respondent's occupation was to get an overview on how many students, versus full-time workers that were included in our survey.

The first section of the questionnaire, *Grocery Retailer Characteristics,* investigates the respondent's opinion regarding the importance of the retailer's characteristics. The questions concern different in-store characteristics and other relevant factors that could be of importance when choosing a grocery retailer.

The second section, *Economic Factors,* investigates the respondent's opinion regarding the economic factors that can play a role when purchasing groceries from a retailer. This section aims to define various economic characteristics, such as switching costs, promotions, loyalty schemes and pricing policies, and how they affect the respondent's choice of grocery retailer.

The third section of the questionnaire, *Private Label Characteristics,* aims to understand the respondent's general attitude towards private label products as well as the importance of various private label characteristics.

The last section*, Grocery Retailer Loyalty,* investigates the respondent's relationship with a specific grocery retailer and the main reasons to why the respondent chooses to shop at this retailer. Those respondents, who do not prefer to buy from a specific grocery retailer, were asked to choose a grocery retailer that they have shopped at most during the last month. The answers regarding what specific grocery retailer that respondents prefer, or most frequently purchase

groceries from, will not be further analysed in the data analysis. However, these questions are still chosen to be included in the questionnaire in order to let the respondent have a grocery retailer to refer back to when answering the remaining questions in the fourth section.

Since our study derives from a deductive approach, with a quantitative research design, the questionnaire has mainly closed questions. Closed questions have fixed alternatives from which the respondent has to choose an appropriate answer (Bryman & Bell, 2011). Bryman and Bell (2011), bring up some of the most relevant advantages and disadvantages of using closed questions. One advantage is that it is easier to process these answers since the respondent will tick the appropriate response. Further, closed questions enhance the comparability of answers and clarify the meaning of a question for respondents since the availability of answers may help to clarify the situation for them. However, closed questions result in a loss of spontaneity in the respondents' answers as well as it is difficult to make forced-choice answers mutually exclusive and exhaustive (Bryman & Bell, 2011).

Although the majority of the questions in the questionnaire are closed, we have chosen to include two open-ended questions. The open-ended questions aim to find out how many stores the respondent has purchased groceries from during the last month, what grocery retailer the respondent prefer to shop at, and what grocery retailer the respondent has visited the most during the last month. We chose to have these questions open, since we wanted the respondents to answer in their own terms and without being influenced by alternatives, which also goes in line with what Bryman and Bell (2011) recommend.

3.4.1 Operationalisation of the Theoretical Concepts

The study's questionnaire includes four sections, which moreover can be seen as the four concepts that are presented in our study's modified conceptual framework: Retailer Characteristics, Economic Drivers, Private Label Characteristics, and Grocery Retailer Loyalty (see figure 5). It is further importance to bare in mind that the questionnaire section Grocery Retailer Loyalty is referred to as Store Loyalty in the modified conceptual framework. Within these four sections, there are questions regarding the various sub-concepts. Further, within the four sections, at least two questions are asked for each concept and sub-concept. This is, according to Bryman and Bell (2011), advantageous as a single question easily can be

misinterpreted and lead to a false classification of a respondent. Figure 5 gives an overview of the items that are included in the questionnaire to measure each concept and sub-concept. The questions, also viewed as items, inhabit individual codes, which are further used in the data analysis.

Concept	Sub-Concept	Question	Code
Retailer Characteristics	In-Store Characteristics	It is of importance that the product sections in the retailer's store are well defined and organised	S1Q1
		It is of importance that the retailer has a pleasant shopping environment	S1Q2
		It is of importance that all the sections in the retailer store are well-stocked	S1Q9
		It is of importance that the retailer offers a high volume of products and a good variety of brands	S1Q10
		It is of importance that the retailer offers innovative and newly launched products	S1Q11
		It is of importance that the retailer offers a selection of my favourite brands	S1Q12
	Convenience	It is of importance that the retailer offers a variety of delivery options (e.g. home delivery, pick-up)	S1Q3
		It is of importance that the retailer has a store situated close to my home or workplace	S1Q4
		It is of importance that the retailer's store has convenient opening hours	S1Q5
		It is of importance that the retailer offers multiple shopping alternatives (e.g. physical store, online store)	S1Q6
	In-Store Service	It is of importance that the employees in the retailer store are knowledgeable and give a prompt service	S1Q7
		When choosing a store, it is of importance that the retailer has a high level of store service	S1Q8
	Social groups	It is of importance that I can relate to the customers who shop at the retailer's stores	S1Q13
		I frequently get influenced by others when choosing products (e.g. friends, family, opinion leaders)	S1Q14
		I frequently share my own thoughts of products and companies to others	S1Q15
Economic Drivers	Store switching costs	I can take time to find and get familiarised to another retailer/product than the one I usually visit/purchase	S2Q2
		If I were to go to another grocery retailer than the one I usually visit, I would find it frustrating to potentially loose or replace points, credits, or services that I have collected in my current retailer	S2Q3
	Price and promotions	It is of importance that the grocery retailer regularly offers discounts/promotions on a large number of products	S2Q4
		It is of importance that the retailer offers special prices/promotions that I can not find in other retailer	S2Q5
		It is of importance that the retailer offers good prices compared to other grocery retailers	S2Q6
		It is of importance that the retailer offers a good value and quality for money	S2Q7
		I frequently switch between brands in order to save money	S2Q8
	Loyalty schemes	I value loyalty programs of a grocery retailer (e.g., discounts, frequency rewards and points cards)	S2Q9
		I frequently benefit from the advantages offered by grocery retailer's stores loyalty programs	S2Q10
		The primary reason to why I join loyalty programs is for the economical benefits	S2Q11

Figure 5: *Overview of the Questionnaire* (continues on the next page)

Private Label Characteristics	Image of Private Label	It is of importance that a private label's image goes in line with the image of the retailer	S3Q1
		It is of importance that a retailer's private label has a good reputation	S3Q2
	Trust in Private Label	It is of importance that a retailer's private label has been recommended to me by others	S3Q3
		It is of importance that I find a retailers' private label to be trustworthy	S3Q4
	Quality of Private Label	It is of importance that the quality of a private label product is equal to the quality of another product brand	S3Q5
		I am generally positive to the quality of private labels	S3Q6
		The higher the quality of a private label product, the more I am willing to pay for it	S3Q9
	Price of Private Label	Price is a determinant factor when choosing a private label product	S3Q7
		It is of importance that private label products are cheaper than products from other brands	S3Q8
	Other Private Label attributes	I frequently purchase private label products	S3Q10
		I frequently purchase a specific retailer's private label products	S3Q11
		If the private label of my liking is sold out/not available I feel annoyed	S3Q12
		I am generally positive to private labels	S3Q13
Grocery Retailer Loyalty		I prefer to shop from one specific grocery retailer to other grocery retailers	S4Q1
		What grocery retailer do you prefer to shop at?	S4Q1a
		What grocery retailer have you visited most times during the last month?	S4Q1b
		Please select the main reasons to why you prefer/chose to shop at the retailer stated in the previous question (please select two boxes)	S4Q1c
		Are you aware if this grocery retailer offers private labels	S4Q2
		I frequently buy private label products from this specific retailer	S4Q3
		In some product categories I only purchase private label products from this specific retailer	S4Q4
		Based on my experiences with this retailer, I am very satisfied	S4Q5
		If this retailer would move location, I would still prefer this retailer compared to other alternatives	S4Q6
		Given my experiences with this retailer, I am likely to recommend the retailer to others	S4Q7
		On an average of every 10 times you go grocery shopping, how many times do you choose this retailer?	S4Q8
		On an average, how much of your monthly grocery budget (in percentage) do you spend in this particular retailer?	S4Q9

Figure 5: *Overview of the Questionnaire* (continued from the previous page)

3.5 Pilot Study

According to Hair et al. (2013), designing a good questionnaire is difficult. Researchers must select the correct type of questions, consider the sequence and format, and pre-test the questionnaire, i.e. conduct a pilot study (Hair et al., 2013). During a pilot study, a group of respondents, that represent the target group, go through the questionnaire, where their main task is to critically examine and question any uncertainties regarding the questionnaire. In addition, they should pay attention to questions that might be irrelevant to the investigation (Bryman & Bell, 2011). Putting extra effort on the pilot study is crucial when conducting a survey since the researchers are not able to explain and clarify the potential issues in the same way that one can during focus groups or face-to-face interviews. As the framework by Vale, Matos and Caiado (2016), Porral Levy-Mangin (2016) and Koschate-Fischer, Cramer and Hoyer (2014), which is chosen to work as a base for our study, is less than two years old, and therefore seen as fairly unstudied, we found it to be of utter importance that we conducted a comprehensive pilot study. In addition, the framework was derived and analysed based on data collected from consumers of all ages in Portugal. As our study differs from the original study, both when looking to the geographical and cultural factors, but also when looking to the generational group targeted, it is crucial to modify the model and questionnaire in order to maximise the relevance of the study.

The aim of the pilot study was therefore not only to correct and restructure questions and the design of the questionnaire, but moreover, be receptive to proposed changes of questions as well as formation of the proposed framework to better fit the target group of our study, Generation Y. In order to do this, we chose to conduct a total of nine interviews for our pilot study. The reason for settling at nine interviews, was that we found this amount to be sufficient and that the discussions derived gave us a good enough understanding for our target group (Bryman & Bell, 2011). The interviewees were chosen based on their age and occupation, where we had a minimum of two interviewees represented in each age box as well as occupation box as per defined in the proposed questionnaire. The reason for this was that we wanted to make sure that we covered the full range of Generation Y, both in terms of age, but also when looking to occupation.

The choice of using respondents in the pilot study that are included in the actual study, go against what Bryman and Bell (2011) recommend, since those respondents could be a part of the actual

study. However, we chose to deviate from this, since we wanted to ensure that the survey questions were well formulated and adapted to consumers within Generation Y in Sweden.

In order to ensure that all interviews were conducted in a similar manner and followed a common thread, we created a pilot study interview guide (see appendix 2), which steered the direction of the interviews in the same path. All the interviews were conducted individually in order to not let the interviewees get influenced by other interviewees, which potentially could reflect in their answers. We chose to be present during the whole length of the interview in order to capture and respond to spontaneous questions and minimise potential misunderstandings (Bryman & Bell, 2011). In order to ensure that important feedback and discussion was documented, we took notes throughout the interviews, which was then compiled into a table summary (see figure 6 in 3.5.1). During the time of the interview, the interviewee was first asked to complete the proposed questionnaire without any further instructions. For every question that they came across as strange they marked with a red cross. This was done to ensure that all spontaneous comments and questions, that might derive throughout the questionnaire were captured, and thus, mitigate the risk of having them forgotten or not prioritised later on (Bryman & Bell, 2011).

Once the interviewee completed the survey, he or she was asked to look through it again and then focus more on grammar, design and relevance of questions as well as overall ease of understanding. Once the interviewee had gathered his or her thoughts, we began to discuss the questionnaire. We started by discussing the overall questionnaire and later discuss each section and potential changes that could be made. Lastly, once the questionnaire and its four sections were discussed, we initiated a discussion on the modified conceptual framework and its components. Prior to showing the modified conceptual framework, we asked the interviewee what factors they believed to be of importance, both when looking to retailer characteristics, economic drivers and private label characteristics. Many of the factors in the model were covered in the answers given prior to seeing the model, whilst other components were added as an reaction to seeing the model. The feedback and discussions from the pilot study resulted in a deeper understanding for how consumers within Generation Y in Sweden value certain factors and to what extent they contribute to their perceived retailer loyalty.

Lastly, before we went out with the final questionnaire, we scheduled a meeting with Lars Wahlgren, director of studies within the Statistical Institution at Lund University, where we

discussed the questionnaire. Valuable feedback was taken into consideration, in particularly regarding the questions relevancy when looking to our formulated hypotheses.

3.5.1 Interviewee Feedback and Changes

After having compiled the feedback we received from the pilot study we could see patterns regarding the interviewee's thoughts and feedback on the questionnaire and proposed conceptual framework. Generally, the respondents found the questionnaire to have a clear design and structure with well formulated questions that were easy to understand. The respondents agreed, that the questionnaire clearly stated the definition of a grocery retailer and a private label. The respondents further commented that examples such as Ica, Coop, Willys as well as ICA basic, Garant and Eldorado gave a further understanding for the concepts.

However, there were some comments and confusions regarding the questionnaire. Many respondents found question S1Q2; "*During the last month I have purchased groceries _____ many different stores*", to be unclear. In order to avoid this confusion, we added "from" to the sentence. We also added "*(please write a number)*" after the question to further specify that it was a number we wanted them to write on the empty line. Further, regarding question S4Q8; "*On an average of every 10 times you go grocery shopping, how frequently do you choose this store?*", one respondent argued that there is a difference between visiting a store, for instance eight out of ten times versus how much of one's monthly budget is spent in this specific grocery retail store. Since there is a clear distinction between these two, the following question was added to the questionnaire; "*Approximately how much of your monthly budget do you shop from a specific store*?".

Aside from the feedback received and demonstrated above, valuable feedback was given on proposed changes to our modified conceptual framework. The initial feedback, which was given prior to viewing the modified conceptual framework, included the importance of good opening hours, good location, good assortment and low prices, when choosing a grocery retailer. Once the interviewees got to view the proposed model and its various concepts, many of them were in agreement that there was too much focus on the in-store characteristics in comparison to the other concepts. The respondents believed that Appearance and Environment, as a factor was highly resembling to the Merchandising factor, and therefore we believed that these should be merged in

order to increase the relevance of the model. Moreover, the Employees and the Service Quality factors were questioned as to why they were not merged as it all came down to service in store. In addition, there were discussions regarding the meaning of the different Economic Factors. Many interviewees believed that Price as a factor was closely linked to Promotions, specifically when looking to the retailer as a whole as supposed to specific brands. Therefore, we believed that Pricing Policies and Promotions are better grouped together rather than individual factors. Other factors, such as Social Groups and Convenience, were often argued to be of higher importance and relevance, which led us to believe that these factors should maintain separated. Finally, when discussing factors for private label, all of the interviewees believed the existing factors within Private Label Characteristics to be of relevance and argued that these should maintain the same. In addition, we replaced the name In-Store Characteristics to Retailer Characteristics, since we believe that Retailer Characteristics better fit the including concepts. This, because Social Groups, for instance, does not need to be an in store characteristic and thus, the concept better fit Retailer Characteristics. Finally, the concept Consumer Characteristics was added to the conceptual framework since we want the model to be applicable to different consumer groups, and not only useful for Generation Y.

Interviewee	Age/ Occupation	Date of interview	Length of interview	Insights and feedback on questionnaire	Proposed changes to conceptual framework
Hilde Schotte	30 y/o Full-time worker	2016-04-05	20 minutes	Opening hours are the most important factor when choosing a retailer.	Focus on convenience. Less focus on employees.
Sarah Johansson	20 y/o Full-time worker	2016-04-06	23 minutes	Never purchased food online. Always compare prices of products.	Economic drivers are more important than other characteristics.
Maria Nehlin	32 y/o Full-time worker	2016-04-05	19 minutes	Want a range of alternatives.	Keep service focus.
Joakim Arvidsson	25 y/o Student and part-time worker	2016-04-07	28 minutes	More focus on % of budget vs. purchase frequency.	Merge service quality and employees as they are very similar.
Axel Åkerlund	24 y/o Student and part-time worker	2016-04-07	23 minutes	Good design and scale Constantly look for good deals and promotions.	Unbalanced focus: More on private label. Focus on deals.
Sara Hellström	23 y/o Student	2016-04-05	17 minutes	Want high quality to a low price → Promotions	Less focus on in-store characteristics. More on promotions.
Camilla Karlsson	36 y/o Full-time worker	2016-04-09	21 minutes	Influenced by magazines and friends when choosing products.	Focus on the influence of others and the importance of promotions.
Magnus Larsson	29 y/o Full-time worker	2016-04-08	25 minutes	In preference to certain brands, but not retailer.	No comment on changes to proposed framework.
Jacob Håkansson	26 y/o Student	2016-04-03	24 minutes	Tend to shop groceries with friends.	Social influence should have more focus.

Figure 6: *Pilot study feedback.*

3.5.2 Modified Conceptual Framework after Pilot Study

With a base in the feedback and discussion given during the intricate pilot study, in addition to the presented theory regarding Generation Y, a modified conceptual framework has been formulated in order to further increase the relevance and understanding of Generation Y.

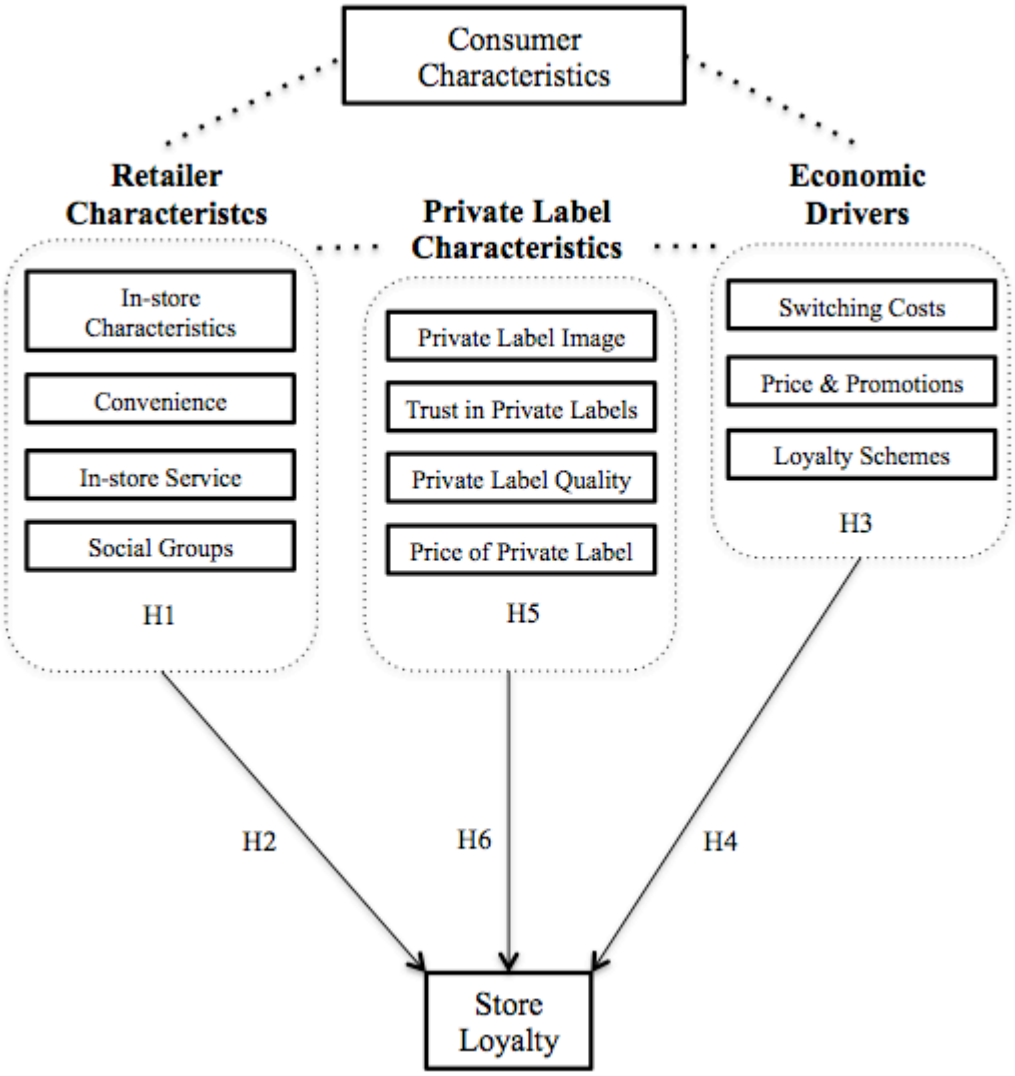

Figure 7: *Modified Conceptual Framework after pilot study.*

After having compiled the feedback, which was received from the pilot study and modified the conceptual model and hypotheses, following hypotheses are presented:

H1. *Within Retailer Characteristics; In-Store Characteristics, Convenience, and Social Groups have a higher positive impact on consumers within Generation Y's store loyalty, than In-Store Service.*

H2. *Retailer Characteristics have a positive impact on consumers within Generation Y's store loyalty.*

H3. *Within Economic Drivers; Price & Promotions have a higher positive impact on consumers within Generation Y's store loyalty, than Switching Costs and Loyalty Schemes.*

H4. *Economic Drivers have a positive impact on consumers within Generation Y's store loyalty.*

H5. *Within Private Label Characteristics; Price and Image have a higher positive impact on consumers within Generation Y's store loyalty, than Trust and Quality.*

H6. *Private Label Characteristics have a positive impact on consumers within Generation Y's store loyalty.*

3.6 Data Collection

3.6.1 Data Collection

The data collection for this study was done via a quantitative research, through a questionnaire, which was primarily handed out to student at Lund University, but was also distributed online to target consumers within the upper segment of Generation Y. In order reach students at Lund University, we contacted several professors within the four largest faculties at Lund University, and asked if we could lend a few minutes of their lecture to hand out our survey. To find the contact information for the different teachers, we used TimeEdit, where we could search different lectures and see what teacher that was responsible for each specific lecture. Focus was on contacting professors who lectured larger classes, so that the collection of data would be as

efficient and well distributed as possible. We received responses from eight professors, allowing us to hand out our survey during their lecture-led classes. In total, we collected 502 responses, out of which 476 were completed correctly and within our target group. Since we could distribute the questionnaires by hand, we were able to give a short presentation of our thesis and questionnaire to the students, prior to handing them out. In addition, by primarily handing out the questionnaires physically, instead of only using a web-questionnaire, we assessed individuals within Generation Y outside our personal acquaintance circle, which we believe further strengthens the outcome of our study.

3.6.2 Questionnaire Answer Frequency and Shortfalls

According to Bryman and Bell (2011), response rates are important because, the lower a response rate, the more questions are likely to be raised concerning the representativeness for the achieved sample. Moreover, if a response rate is low, it is likely that the risk of having a bias result and final outcome will increase. Bryman and Bell (2011), argue that the response rate is less of an issue when using a non-probability sampling as the sample would not be representative of a population. Since this study is based on a non-probability sampling, the response rate will therefore, be less of an issue. Further, surveys by postal questionnaire typically result in lower response rates, than comparable interview based studies (Bryman & Bell, 2011). However, since our research is based on a convenience sample and questionnaires will be handed out physically, this issue will be mitigated (Bryman & Bell, 2011).

All the respondents answered the questionnaire under the same conditions, since it was handed out during lecture-led classes, approved by the professor. The response rate of our questionnaire was above average. Out of the 502 respondents who answered the questionnaire, 476 completed it correctly. 24 respondents out of the 502 respondents did not completed the questionnaire correctly, as they missed to fill out the last page. Further, 2 respondents were 37+ years old, and not included since they are not part of Generation Y, and therefore irrelevant for this study. A contributing factor to the high response rate was that we gave clear instructions when we handed out the questionnaires, where we explained the reasons behind the research and why the respondents were selected, which is recommended by Bryman and Bell (2011). In addition, we tried to keep the questionnaire short enough to keep the respondents interested (Bryman & Bell, 2011).

3.7 Method of Data Analysis

In order to analyse the collected data, we have used the computer program SPSS Statistics. Before we were able to create the different analysis measures in SPSS Statistics, we transferred all the completed questionnaires into Google Forms, in order to easily get an overview of the data and to be able to export it to SPSS Statistics. Once the data had been inserted into SPSS Statistics, we structured the data and coded the texted answers into numeric, which is recommended by Wahlgren (2005). In addition, we classified the data as ordinal, nominal or scale. Before making the different analysis, we chose to not include two respondents that were 37+ since they are not part of Generation Y, and would therefore be irrelevant for this study. Moreover, we did not include the data from the 24 respondents that had missed to fill out the last page of the questionnaire. These 24 respondents were not selected to be a part of the data, since too many answers were missing and therefore seen as uncompleted questionnaires.

To be able to analyse different sections and further cross analyse questions against each other, we transformed different variables and created new variables, both within different sections, as well as for whole sections, such as Sum_convenience and Sum_RetailerCharacteristics. The created variables were crucial in order to be able to answer the hypotheses. Moreover, we created new variables of questions that had a scale from 1-7, where the questions with other answering options were not included. This was due to the fact that it is not possible to compare questions with different answering options against one another (Wahlgren, 2005). In addition, to be able to compare questions with a scale from 1-7, the questions must be formatted to have the same direction when looking to the meanings of the scale. Consequently, one question needed to be redefined, i.e. that 7 represented 1 and that 6 represented 2 in ranking. In order to do this, we created new values under "recode into different variables" and then used these new variables in the analysis.

In order to further analyse the collected data, we chose to divide all respondents into three groups. In the first group, all 476 respondents were included. In the second group "Preference", 284 respondents were included, which had ticked *Yes* on question S4Q1a "*I prefer to shop from one specific grocery retailer to other grocery retailers*". In the third group "No preference", 192 respondents were included, who had answered *No* or *No preference* on the same question, S4Q1a. For all groups, we chose to measure their Cronbach's alpha, in order to determine the internal reliability of the various constructs and sub-constructs. Moreover, we conducted descriptive

statistics, such as frequencies, and cross-tabulations, in order to gain an overview of the data collected, as well as compare questions against each other. Lastly, correlations and multiple regression analysis were conducted, in order to analyse how independent variables were affected by a chosen dependent variable.

3.8 Reliability and Validity

According to Bryman and Bell (2011), reliability is a definition for the collection of historical data used for a study, and should be stable, not fluctuate, over time. Research that has high reliability is research that would be feasible to study again, and from which would result in the same outcome. Validity deals with whether the study examines what is intended to investigate. Reliability and validity are, according to Bryman and Bell (2011), two concepts that relate to each other, since validity presupposes that the study has valid reliability, as the study must be stable over time in order to give reliable results.

Since the empirical data consists of a sample group, primarily of students from Lund University, we can not be sure that a repeat study would result in the same outcome. Further, the reliability of the study can be discussed regarding whether it is representable for all consumers within Generation Y in Sweden. This is because the majority of the samples are students that are currently undergoing an academic education. Consequently, our study excludes consumers within Generation Y having other living situations such as unemployed and uneducated. However, our study has a relatively large sample, with almost 500 respondents primarily from the four largest faculties in Lund, which hopefully somewhat reflect consumers within Generation Y in Sweden, despite the fact that the majority of the respondents are students and well educated.

Due to the thorough pilot study that was conducted, the questionnaire included relevant questions that were easy to understand. In addition, the questionnaire was handed out during controlled circumstances in lecture-led classes, which enabled the respondents to ask us questions if they came across something that was unclear. By being present during the data collection, we were able to minimise possible misunderstandings. Once the data was collected, it was analysed through SPSS Statistics, enabling us to take actions against shortfalls. Consequently, with the previously mentioned arguments, we argue that the reliability for this study is high.

Regarding validity, we believe that the chosen modified conceptual framework based on Vale, Matos and Caiado (2016), but also on the conceptual frameworks by Porral and Levy-Mangin (2016) and Koschate-Fischer, Cramer and Hoyer (2014), will enable us to answer the study's research purpose. Further, we have designed the questionnaire with a strong link to the modified conceptual framework, previous theory and the conducted pilot study, which ensures that the questions asked are relevant for this particular study. However, when answering questionnaires, there is always room for interpretation, where people can interpret questions in different ways. On the other hand, the pre-testing of the questionnaire i.e. the pilot study, as well as the large number of respondents, will neutralise this. With the above-mentioned arguments, we believe that the chosen method is well adapted for the study in order to make generalisations of consumers within Generation Y.

3.9 Method Criticism

Despite the valuable insights we have received from the conducted pilot study, some findings were made regarding the study's method criticism. Firstly, questions could have been formulated clearer. The questions regarding switching costs could also have been formulated in a way which was easier for the respondent to perceive, which might have led to an increased internal reliability of that variable, making it possible to further include in the analysis. Secondly, it should have been clearly stated in the beginning of the questionnaire, preferably on the front page, that the questionnaire consisted of four pages. This method criticism derived from the fact that, after having compiled all questionnaires, we noticed that there were several respondents that had missed to fill out the last page. This is likely a result of respondents lacking knowledge concerning the length of the questionnaire, in combination with having a time restraint and therefore not making the effort to double check. This resulted in an internal shortfall, since we decided to not include these questionnaires in our study, since too many answers were missing, and therefore, seen as uncompleted questionnaires. If we were to know this in advance, we would have been able to remind the respondents and highlight the fact that the questionnaire included questions on the last page as well, and thus, not miss valuable insights. However, it was merely 24 respondents out of 502, which could not be included in the analysis due to this reason, and therefore, we do not consider this as having big influence on the final data.

Regarding our convenience sampling method, Bryman and Bell (2011) claim that a convenience sample most likely will not represent the whole target population. However, since we handed out the questionnaires in lecture-led classes to over 500 respondents, within the four largest faculties at Lund University, instead of only using online channels, such as Facebook, targeting respondents based on friends and acquaintances, we argue that we have mitigated this critique. However, the majority of the respondents were between 18-29 years old, which does not reflect the complete age range of Generation Y. This is, however, something that we have taken into consideration when analysing our collected data.

Moreover, what we need to bare in mind is that the conceptual frameworks by Vale, Matos and Caiado (2016), Porral and Levy-Mangin (2016) and Koschate-Fischer, Cramer and Hoyer (2014), which we have based/taken influences from when conducting our modified conceptual framework, is newly launched. Therefore, these frameworks have not been extensively studied and applied to various studies and research fields. Moreover, the store loyalty driving factors used in the modified conceptual framework might not be fully reliable. This makes it difficult to formulate correct and relevant questions that withhold a high internal, as well as an external, reliability. Finally, through formulating more narrow ended questions, which are of high relevance for each concept and sub-concept in the questionnaire, we believe that we would have been able to answer the hypotheses, formulated for this study, in a more accurate way.

4. Data Analysis

The following chapter describes and analyses the data, which has been collected. Additionally, the chosen statistical methods will further be described, including descriptive statistics, assessment of construct's internal reliability, correlations, and multiple regression analysis. Finally, the hypotheses and the modified conceptual framework will be presented, including results from the data analysis.

4.1 Descriptive Statistics

4.1.1 Age and Occupation

In total, the questionnaire was handed out to 502 respondents, and out of these, 476 respondents completed the survey, giving us a response rate of 94.8%. This also shows that we had an 5.2% shortfall, i.e., 26 respondents did not complete the questionnaire in a sufficient manner. This is, according to Bryman and Bell (2011), classed as low number of shortfalls, however, we believe that this is primarily due to the approach we had when collecting our data. As a majority of the questionnaires were handed out in selected classes at Lund University, we could minimise a large shortfall based on an irrelevant age group, being under 18 years old, or over 36 years old.

		Occupation			**Total**
		Student	Student and part-time worker	Full-time worker	
Age	18-23	214	62	0	**276**
	24-29	76	75	8	**159**
	30-36	9	15	17	**41**
Total		299	152	25	476

Table 1: Age and *Occupation, cross tabulation.*

Overall, the percentage of respondents within Generation Y from different age groups, were estimated as following: 58% between 18-23 years old, 33.4% between 24-29 years old, and finally, 8.6% between 30-36 years old (see table 1). The largest portion of respondents belonged to the age group 18-23 years, since we mainly asked students at various faculties at Lund

University, what makes this group overrepresented. Important to take into consideration is that the representation of respondents from each age bracket is thereby skewed, which may have an impact on the analysis.

Approximately 63% of the respondents who completed the survey were students on a full-time basis, whilst 32% of the respondents were students with a part-time job on the side (see table 1). Only 5% of the respondents were full-time workers. This somewhat uneven distribution seen to the occupation of the respondents can be explained by our approach to collecting data. A potential outcome of this distribution may be that the respondents have different incomes, which can have an impact on their purchasing behaviour compared to students with part-time jobs and full-time workers who may be less sensitive to price when purchasing groceries.

4.1.2 Purchase Behaviour

In the following analysis, we have chosen to refer to the respondents who answered that they prefer a specific grocery retailer, i.e. answered *Yes* on S4Q1a, as "Preference", and the respondents who answered that they did not prefer, or had no preference to a specific grocery retail i.e. answered *No* or *No Preference* on S4Q1a, as "No Preference". The reason to why we have chosen to divide the respondents based on preference, is because we want to further segment and understand how consumers within Generation Y value certain store loyalty driving factors based on their preference, or non-existent preference towards a specific grocery retailer.

Out of the 476 respondents who completed the survey in a correct manner, 60% or 284 respondents, claimed that they preferred one specific grocery retailer. This question also indicate that 40%, or 192 of the respondents claimed that they did not favour or had no preference towards a specific grocery retailer. However, these respondents were then asked to answer what grocery retailer they had visited most times during the last month. Through this question, we were able to distinguish a level of subconscious preference towards a specific grocery retailer.

S4Q1C: Select the main reasons to why you prefer/chose to shop at the chosen grocery retailer				
	Preference (S4Q1B)		No preference (S4Q1B)	
Factor	**N**	**Percent %**	**N**	**Percent %**
Low Price	88	**16.4%**	66	**19.5%**
Frequent Promotions	66	*12.3%*	25	7.4%
Selection & Assortment	118	**21.9%**	63	**18.6%**
Service Quality	11	2.0%	13	3.8%
Reputation/Image	57	*10.6%*	14	4.1%
Retailer's Private Label	28	5.2%	13	3.8%
Convenient Location	156	**29.0%**	137	**40.5%**
Other	14	2.6%	7	2.1%
Total	538	100%	338	100%

Table 2: *Reasons to shop at a specific grocery retailer.*

In table 2, we can see that the reasons for shopping at a certain grocery retailer vary slightly depending on whether respondents have a preference or no preference towards a retailer. Convenient location was the most valued factor for both groups, however, the second and third most valued factor differed amongst the groups. Looking to the distribution of the factors, one can see that the respondents with no preference were more like-minded, whilst the respondents with preference were more widespread. An interesting finding is also that the respondents who prefer a specific grocery retailer find the retailer's private label to be of higher importance, than the respondents who do not prefer a specific grocery retailer.

S4Q8 - Choose to shop at given retailer (out of 10 times) - S4Q9 - Average % of budget purchased from a specific retailer (below)											
	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	
1	0	2	0	0	0	0	0	0	0	0	2
2	0	2	0	0	0	0	0	0	0	0	2
3	1	2	1	3	1	1	0	1	0	0	10
4	0	0	2	1	3	3	1	1	0	0	11
5	0	1	3	5	8	5	3	1	1	0	27
6	0	2	2	9	6	15	12	3	0	0	49
7	3	3	4	1	6	22	**44**	**15**	**3**	2	**103**
8	2	3	4	5	7	12	**29**	**47**	**16**	1	**126**
9	1	3	0	2	1	0	**4**	**25**	**75**	1	**112**
10	1	0	0	0	1	0	1	3	4	24	34
Total	8	18	16	26	33	58	**94**	**96**	**99**	28	476

Table 3: *Cross tabulation between S4Q8 and S4Q9.*

Overall, we can see that the majority of the 284 respondents who most frequently purchase at a specific grocery retailer, choose to shop at the given retailer 7-9 times out of 10, and also claim that 70-90% of their groceries are purchased from this specific retailer (see table 3). This shows a consistency in their responses, where the preferred grocery retailer also is the retailer where they spend a majority of their grocery budget, further increasing the credibility of the answers.

S3 - Existing Attitude and Behaviour towards Private Label		
Items	Mean	Std. Deviation
S3Q6	5.02	1.407
S3Q10	5.11	1.472
S3Q11	4.82	1.568
S3Q12	4.04	1.855
S3Q13	5.11	1.375

Table 4: *Existing attitude and behaviour towards private labels.*

In table 4, we can see that the item questions (see figure 5), concerning a respondent's general attitude and purchase behaviour to a private label, had overall means, which were above average. The questions regarding private label purchase frequency and general attitude to private labels

and private label quality were, on a Likert scale, valued above 5 on a mean average, indicating that consumers within Generation Y are positive to, as well as frequently purchasers of private label products.

S2Q1 - During the last month I have purchased groceries from _____ different retailers						
	"Preference"		**"No preference"**		**All respondents**	
Number of grocery retailers	N= 284	Percent	N= 192	Percent	N= 476	Percent
0	1	.4	1	.5	2	.4
1	26	**9.2**	15	7.8	41	**8.6**
2	90	**31.7**	52	**27.1**	142	**29.8**
3	97	**34.2**	57	**29.7**	154	**32.4**
4	39	**13.7**	32	**16.7**	71	**14.9**
5	16	5.6	20	**10.4**	36	7.6
6	10	3.5	5	2.6	15	3.2
7	3	1.1	4	2.1	7	1.5
8	1	.4	1	.5	2	.4
10	-	-	4	2.1	4	.8
Missing	1	0.4	1	0.5	2	0.4

Table 5: *Grocery retailers visited during the last month.*

Table 5 shows that respondents who do not prefer a specific grocery retailer, purchase groceries from a higher number of different grocery retailers (2-5) compared to the respondents who prefer a specific retailer (1-4). This does further strengthen the belief that a consumer's preference to a given grocery retailer can be translated into a certain loyalty, in which the consumers focus a higher percentage of their grocery purchases on a concentrated number of stores.

4.2 Assessment of Construct's Reliability

In the section concerning the operationalisation of the theoretical concepts (see figure 5), it was demonstrated how each concept in the modified conceptual framework was further broken down into a range of different sub-concepts and individual items. When conducting a quantitative study, and moreover applying a multi-item measurement, such as a Likert scale, it is of high relevance to ensure that the items within each concept correlate with each other (Bryman & Bell, 2011). This correlation can, according to Bryman and Bell (2011), ensure that there is an internal consistency throughout the concept, meaning that all items refer to the same concept. A statistical

measurement that is commonly used in order to estimate a concept's internal consistency, i.e. the internal reliability, is Cronbach's alpha (Bryman & Bell, 2011).

According to Bryman and Bell (2011), Cronbach's alpha is derived through calculating the averages on all possible split-half calculations, which can be found in the scale's measurements. The split-half calculations can be obtained through dividing the scale's items in two parts and then correlating the various half-scores. The outcome of this calculation is an alpha coefficient index, which will vary between 0 and 1. The closer to 1 the calculated alpha is, the higher the internal reliability and consistency of the items within the concept. According to Bryman and Bell (2011), there is no exact rule for what an acceptable alpha is, however, many researchers believe that an index of 0.7 and above can be seen as an acceptable index, meaning that it contains an acceptable internal consistency and reliability.

This study's questionnaire, which has been used for collecting the data, was composed of four sections, here referred to as concepts. These concepts were further broken down into a variety of sub-concepts. These sub-concepts all contain a number of questions, here referred to as items, and can, apart from the sub-concepts for store loyalty, also be found in this study's modified conceptual framework, which derived after our pilot study (see figure 7).

Concept	Sub-Concepts	Number of Items	Mean	Variance	Cronbach's Alpha: Sub-Concept	Cronbach's Alpha: Concept
Retailer Characteristics	In-store Characteristics	6	5.331	.108	.764	.795
	Convenience	4	4.476	3.614	**.395*1**	
	In-store Service	2	5.058	.020	.778	
	Social Groups	3	4.015	.529	.606	
Economic Drivers	**Switching Costs**	2	3.525	.020	**-.163*2**	.776 → .807
	Price & Promotions	5	5.295	.479	.720	
	Loyalty Schemes	3	4.757	.351	.787	
Private Label Characteristics	Private Label Image	2	4.925	.227	.721	.701 → .704
	Trust in Private Labels	2	4.808	1.199	**.497*3**	
	Private Label Quality	**3*4 → 2**	5.311	.069	**.363 → .481*5**	
	Price of Private Label	2	5.600	.106	.662	
Store Loyalty	Private Label Purchase Frequency	2	4.438	.236	.653	.655
	Grocery Retailer Satisfaction	2	5.485	.001	.798	

Table 6: *Summary of the modified conceptual framework's internal reliability.*

The Cronbach's alpha showed that there are some sub-concepts in particular that have issues with their internal reliability (see table 6). However, we can see that the overall majority of the sub-concepts still have an acceptable internal reliability, above 0.7 (Bryman & Bell, 2011). Some of the sub-concepts such as Social Groups, Price of private label and Private label purchase

frequency have a Cronbach's alpha that is just below 0.7. However, we have still chosen to view these as having an acceptable internal reliability, as they are all above 0.6.

*1 = **Convenience (S1)**				
Sub-concept items	Mean	Std. Deviation	Cronbach's Alpha if Item Deleted	Cronbach's Alpha
S1Q3	2.67	1.507	.056	0.395
S1Q4	6.05	1.035	.511	
S1Q5	6.18	.952	.407	
S1Q6	2.99	1.712	.120	

S1Q3. It is of importance that the retailer offers a variety of delivery options (e.g. home delivery. store pick-up)
S1Q4. It is of importance that the retailer has a store situated close to my home or workplace
S1Q5. It is of importance that the retailer's store has convenient opening hours
S1Q6. It is of importance that the retailer offers multiple shopping alternatives (e.g. physical store. online store)

Table 7: *Internal reliability for the sub-concept Convenience.*

Within the sub-concept Convenience, which consisted of four items, the answers differed amongst the questions. As shown in table 7, the mean for the items within Convenience varied significantly. Respondents greatly valued the location and opening hours of a retailer with means between 6,05-6,18, whilst items regarding shopping and delivery options such as online shopping and home delivery had means below average on the Likert scale, ranging between 2,67-2,99. We suspect that this is due to the fact that the respondents are unfamiliar to these ways of shopping groceries, or are yet to experience them. For this reason, they did not see the importance or relevance in the question items, and therefore, did not rank them high on the scale, whilst they arguably found both location and opening hours to be of high relevance and importance.

*2 = **Switching costs (S2)**			
Sub-concept items	Mean	Std. Deviation	Cronbach's Alpha
S2Q2	3.42	1.706	~~-.163~~
S2Q3	3.63	1.484	

S2Q2. I can take time to find and get familiarised to another retailer/product than the one I usually visit/purchase
S2Q3. If I were to go to another grocery retailer than the one I usually visit. I would find it frustrating to potentially loose or replace points. credits. or services that I have collected in my current retailer

Table 8: *Internal reliability for the sub-concept Switching Costs.*

When examining the sub-concept Switching Costs, it shows that the concept has an overall negative covariance amongst the sub-concept's items, where the Cronbach's alpha is -0.163 (see table 8). A reason for the negative alpha could be that item S2Q2 contains an inverted scale, and a consequence of this was that the respondents misunderstood the question's scaling. Due to the

fact that Switching Costs as a sub-concept only contained two items, we have made the decision to completely remove the sub-concept of Switching Costs from the analysis. Through removing the sub-concept of Switching Costs, there was an increase in the overall internal reliability of the concept Economic Drivers ($\alpha > 0.776 \rightarrow 0.807$). However, a result of removing Switching Costs from the analysis is will affect the findings and final discussion regarding the concept, which is something that we need to bare in mind.

*3 = **Trust in Private Labels (S3)**			
Sub-concept items	Mean	Std. Deviation	N
S3Q3	4.03	1.537	.497
S3Q4	5.58	1.175	

S3Q3. It is of importance that a retailer's private label has been recommended to me by others
S3Q4. It is of importance that I find a retailers' private label to be trustworthy

Table 9: *Internal reliability for the sub-concept Trust in private labels.*

Within the sub-concept of Trust in Private Labels (see table 9), the calculated Cronbach's alpha showed that there is a relatively low covariance amongst the items. This is likely due to formulation of the item questions, where item S3Q3 potentially could be misunderstood for being more linked to social groups rather than trust. The aim of the item question was to answer whether a respondent valued the indirect trust of private labels, which derives from secondary recommendations. Bearing in mind that the sub-concept inhabits a low consistency, we still believe that the alpha is close enough to the acceptable level, and therefore have chosen to subsequently include it in the data analysis.

*4 + *5 = **Quality of Private Label (S3)**				
Sub-concept items	Mean	Std. Deviation	Cronbach's Alpha if Item Deleted	Cronbach's Alpha
S3Q5	5.39	1.388	.103	.363 → .481
S3Q6	5.02	1.407	~~.481~~	
S3Q9	5.53	1.428	.194	

S3Q5. It is of importance that the quality of a private label product is equal to the quality of another product brand
S3Q6. I am generally positive to the quality of private labels
S3Q9. The higher the quality of a private label product. the more I am willing to pay for it

Table 10: *Internal reliability for the sub-concept Quality of private labels.*

Looking to the internal consistency of the sub-concept Quality of private label (see table 10), the alpha is 0.363, and moreover, seen as unreliable. The sub-concept consists of three items, of which one item, S3Q6, is shown to significantly lower the alpha when included in the sub-

concept. This is likely due to the fact that the item is posed in a different way compared to the other two items, where item S3Q6 asks for the respondent's general attitude, compared to the other two items, which ask for product-related responses. In order to mitigate the low alpha, we therefore chose to remove S3Q6 from the sub-concept of Quality of private label and include it in the added concept of Existing Attitude and Behaviour towards private label, where the items were more similarly formulated. This change resulted in an increased internal reliability of Quality in private label, going from 0.363 to 0.481, which we believed to a more acceptable alpha.

Item Statistics – **Existing Attitude and Behaviour towards Private Label (S3)**			
Sub-concept items	Mean	Std. Deviation	Cronbach's Alpha
S3Q6	5.02	1.407	.820
S3Q10	5.11	1.472	
S3Q11	4.82	1.568	
S3Q12	4.04	1.855	
S3Q13	5.11	1.375	

Table 11: *Internal reliability for the sub-concept Existing Attitude and Behaviour towards private labels.*

An interesting addition to the concept Private Label Characteristics is the added sub-concept Existing Attitude and Behaviour towards private label (see table 11), which consists of items that are formulated in a similar manner and aim to answer what the existing respondent's' attitude and behavioural patterns look like. Looking to the calculated alpha, it is clear that the questions withhold a high internal reliability. The items provide important insights of the examined Generation, which, in addition to a high internal reliability provides a good basis for including the sub-concept in the upcoming result and discussion.

To summarise, we suspect that there are several reasons for the internal inconsistency displayed in some of the sub-concepts. The primary reason for the inconsistency within the concepts, is that we chose to base our questionnaire on the academic journal article by Vale, Matos and Caiado (2016), Koschate-Fischer, Cramer and Hoyer (2014) and Porral and Levy-Mangin (2016), which have not been extensively studied. If we would have based our study on more well-established models that had already been applied to many different research contexts, it is likely that the reliability would have increased, as the questions would have been tested and refined over time.

Secondly, our sub-concepts aim to answer a wide range of different questions, which aim to contribute to the final subject and research purpose. The width of our items make it hard to build a questionnaire with narrow and like-minded questions, which would have helped to increase the alpha. However, what we do see is that all concepts contain Cronbach's alphas above the 0.7 level, and therefore considered to withhold an acceptable internal reliability. For this reason, we have chosen to still continue with the analysis including all concepts and sub-concepts, aside from Switching Costs. Further, the sub-concepts within Store Loyalty have been grouped together in the data analysis. With this said, we still bare in mind that some sub-concepts have a low internal consistency, which will be taken into consideration when analysing the various hypotheses and findings.

4.3 Correlations between Concepts

In order to investigate the relationship between the chosen concepts and sub-concepts, in regards to store loyalty, correlation analysis have been conducted. According to Wahlgren (2005), there are three different coefficients that are commonly used when measuring the correlation, of the linear relationship between two variables, further adopting values between -1 and +1. The correlation coefficients are Spearman, Pearson and Kendall's tau-b. Pearson's correlation coefficient is used for data measured with an interval scale (Wahlgren, 2005). In this study, the questionnaire items were summated to their respective concept, and thus, formed an index, which may be likened to an interval scale. Thus, we have chosen to use Pearson's correlation coefficient.

The following correlation analysis illustrates whether the various concepts and sub-concepts, which in the following section will be illustrated as variables and sub-variables, are significantly correlated or not. When looking at table 12,13,14 and 15, three numeric values are presented: the Pearson correlation (*r*), the p-value (sig. 2-tailed) and the amount of observations (N), which our calculations are based on.

Concepts		Retailer Characteristics	Economic Drivers	Private Label Characteristics	Store Loyalty
Retailer Characteristics	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	476			
Economic Drivers	Pearson Correlation	.281**	1		
	Sig. (2-tailed)	.000			
	N	476	476		
Private Label Characteristics	Pearson Correlation	.516**	.363**	1	
	Sig. (2-tailed)	.000	.000		
	N	476	476	476	
Store Loyalty	Pearson Correlation	.221**	.362**	.300**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	476	476	476	476

** Correlation is significant at the 0.01 level (2-tailed).

Table 12: *Pearson Correlation Coefficients for concepts.*

In table 12, all 476 respondents are included. Here, all the linear correlations are statistically correlated ($p > 0.01$), meaning that the variables Retailer Characteristics, Economic Drivers, and Private Label Characteristics are statistically correlated with the variable Store Loyalty.

Retailer Characteristics		In-Store Characteristics	Convenience	In-Store Service	Social Groups	Store Loyalty
In-Store Characteristics	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	476				
Convenience	Pearson Correlation	.363**	1			
	Sig. (2-tailed)	.000				
	N	476	476			
In-Store Service	Pearson Correlation	.472**	.431**	1		
	Sig. (2-tailed)	.000	.000			
	N	476	476	476		
Social Groups	Pearson Correlation	.349**	.293**	.219**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	476	476	476	476	
Store Loyalty	Pearson Correlation	.209**	.121**	.035	.218**	1
	Sig. (2-tailed)	.000	.008	.445	.000	
	N	476	476	476	476	476

** Correlation is significant at the 0.01 level (2-tailed).

Table 13: *Pearson Correlation Coefficients for sub-concepts, Retailer Characteristics.*

Economic Drivers		Price & Promotions	Loyalty Schemes	Store Loyalty
Price & Promotions	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	476		
Loyalty Schemes	Pearson Correlation	.522**	1	
	Sig. (2-tailed)	.000		
	N	476	476	
Store Loyalty	Pearson Correlation	.327**	.304**	1
	Sig. (2-tailed)	.000	.000	
	N	476	476	476

** Correlation is significant at the 0.01 level (2-tailed).

Table 14: *Pearson Correlation Coefficients for sub-concepts, Economic Drivers.*

Private Label Characteristics		Private Label Image	Trust in Private Label	Quality of Private Label	Price of Private Label	Store Loyalty
Private Label Image	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	476				
Trust in Private Label	Pearson Correlation	.565**	1			
	Sig. (2-tailed)	.000				
	N	476	476			
Quality of Private Label	Pearson Correlation	.381**	.414**	1		
	Sig. (2-tailed)	.000	.000			
	N	476	476	476		
Private Label Price	Pearson Correlation	.089	.151**	.074	1	
	Sig. (2-tailed)	.053	.001	.105		
	N	476	476	476	476	
Store Loyalty	Pearson Correlation	.192**	.198**	.148**	.272**	1
	Sig. (2-tailed)	.000	.000	.001	.000	
	N	476	476	476	476	476

** Correlation is significant at the 0.01 level (2-tailed).

Table 15: *Pearson Correlation Coefficients for sub-concepts, Private Label Characteristics.*

Further, when studying correlations between the sub-concepts, i.e. the sub-variables, which belong to the concepts Economic Drivers and Private Label Characteristics (see table 14 & 15), are statistically correlated with Store Loyalty ($p < 0.01$). However, when looking to the sub-variables within Retailer Characteristics (see table 13), the results vary slightly. Concerning the sub-variables, all linear correlations with the variable Store Loyalty are statistically significant ($p < 0.05$), except from the correlation between the sub-variable In-Store Service and Store Loyalty. Here, we got the correlation coefficient $r = 0.035$ and $p = 0.445$ ($p > 0.05$), meaning that the linear correlation between this sub-concept and Store Loyalty is not statistically significant. This is something that we need to consider when conducting the multiple regression analysis, paying extra attention to the relationship between the variables In-Store Service and Store Loyalty.

4.4 Multiple Regression Analysis

The following multiple regression analysis are based on the answers from all 476 respondents, and will determine how the different variables and sub-variables impact store loyalty, which is the chosen dependent variable. When looking to what variables that impact store loyalty, the preference towards a specific grocery retailer will be further measured, in order to understand if there are differences between the respondents who do prefer and not prefer a specific grocery retailer. The multiple regression analysis regarding respondents with a "Preference" and "No preference", can be found in appendix 3.

When studying the impact of the variables and sub-variables, the significance level (p-value), the coefficient (β) and the *t*-value are important statistic measures (Wahlgren, 2005). The two elements, confidence and risk, can be determined through tests of statistical significance, where levels of statistical significance are expressed as probability levels. In order words, the significance level describes whether the independent variable has a statistically significant impact on the dependent variable (Wahlgren, 2005). The maximum level of statistical significance is accepted when $p < 0.05$. If our findings are statistically significant at a 0.05 level, we will reject the null hypothesis, which stipulates that two variables are not related in the population (Wahlgren, 2005). By rejecting the null hypothesis, we imply that the results are unlikely to have occurred by chance (Bryman & Bell, 2011). Furthermore, the coefficient value indicates the amount of change in the dependent variable, if the independent variable would increase with one unit, all other variables constant (Wahlgren, 2005). Lastly the *t*-value indicates how important the chosen variable is in the model, and tests the hypothesis that the coefficient is not 0 (Wahlgren, 2005). In order to reject the null hypothesis, the *t*-value has to be larger than 1.96, based on an interval of 95%.

4.4.1 Predicting Variables' Impact on Store Loyalty

Multiple regression analysis 1 (see figure 8) has been conducted in order to test the direct impact of the independent variables Retailer Characteristics, Economic Drivers, and Private Label Characteristics, on the dependent variable Store Loyalty. Hypotheses H2, H4 and H6 state that these independent variables have a positive impact on consumers within Generation Y's store loyalty, within the Swedish grocery retail industry. These hypotheses will be supported or not

supported after observing the results from the multiple regression analysis.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,408[a]	,166	,161	,93894

a. Predictors: (Constant), Private Label Characteristics, Economic Drivers, Retailer Characteristics

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	82,865	3	27,622	31,331	,000[b]
	Residual	416,123	472	,882		
	Total	498,988	475			

a. Dependent Variable: Store Loyalty

b. Predictors: (Constant), Private Label Characteristics, Economic Drivers, Retailer Characteristics

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,962	,356		5,513	,000
	Retailer Characteristics	,081	,075	,054	1,091	,276
	Economic Drivers	,289	,046	,286	6,294	,000
	Private Label Characteristics	,219	,066	,168	3,309	,001

a. Dependent Variable: Store Loyalty

Figure 8: Multiple Regression Model 1: *Predicting variables that impact store loyalty.* Model summary, ANOVA, and Coefficient table.

The ANOVA table in figure 8, shows the significance of the overall regression model 1. Here, the p-value is accounted to be at a 0.000 level ($p < 0.001$), indicating that the overall regression model is statistically significant. Moreover, in the coefficient table in figure 8, we can observe that two out of three variables, Economic Drivers and Private Label Characteristics, have a statistically significant impact on the dependent variable Store Loyalty ($p < 0.001$). The third variable, Retailer Characteristics ($p = 0.276$) is however not statistically significant. Thus, hypotheses H4 and H6 are supported by the presented results, whilst H2 is not supported.

To further study the respondents within Generation Y who do prefer and not prefer a specific grocery retailer, we can observe different results. For respondents who do not prefer a specific grocery retailer, H4 is supported, whilst H2 and H6 are not supported (see Multiple Regression Model 9, appendix 3). Thus, indicating that Economic Drivers are significantly important for all respondents, whilst other characteristics vary in importance depending on grocery retailer preference. Further, when analysing respondents who do prefer a specific grocery retailer, the result show that the factor Retailer Characteristics has a negative impact (β = -0.048) on the variable Store Loyalty (see Multiple Regression Model 5, appendix 3).

Moreover, by observing the coefficient table in figure 8, we can observe to what extent the different independent variables have an impact on the variable Store Loyalty, in comparison to the remaining ones. The result shows that Economic Drivers (β = 0.289) and Private Label Characteristics (β = 0.219) have the highest positive impact on Store Loyalty, whilst the coefficient value for Retailer Characteristics is 0.081, meaning that this factor has a minor role for driving store loyalty towards a Swedish grocery retailer. The results from this multiple regression analysis, regarding the variables Economic Drivers and Private Label Characteristics, align with the proven correlation between these two variables and Store Loyalty, previously mentioned in table 12.

Lastly, the *t*-values (see figure 8) for Economic Drivers (*t*-value 6.294) and for Private Label Characteristics (*t*-value 3.309), exceed 1.96, whilst Retailer Characteristics has a *t*-value below 1.96 (*t*-value 1.091). This derives to the conclusion that we can not reject the null hypothesis for the variable Retailer Characteristics, and thus, not support H2.

Summary of hypotheses findings;

H2. *Retailer Characteristics have a positive impact on consumers within Generation Y's store loyalty.*
→ **Not supported**

H4. *Economic Drivers have a positive impact on consumers within Generation Y's store loyalty.*
→ **Supported**

H6. *Private Label Characteristics have a positive impact on consumers within Generation Y's store loyalty.*

→ **Supported**

4.4.2 Predicting Sub-Variables' Impact on Store Loyalty

The following three multiple regression analysis have been conducted in order to test the direct impact of the independent sub-variables, on the dependent variable, Store Loyalty. In order to answer hypotheses H1, H3 and H5, this section aims to analyse the three previously stated variables, through an analysis of their sub-variables.

4.4.2.1 Sub-Variables: Retailer Characteristics

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,277[a]	,077	,069	,98909

a. Predictors: (Constant), Social Groups, In-store Service, Convenience, In-store Characteristics

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38,208	4	9,552	9,764	,000[b]
	Residual	460,780	471	,978		
	Total	498,988	475			

a. Dependent Variable: Store Loyalty

b. Predictors: (Constant), Social Groups, In-store Service, Convenience, In-store Characteristics

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,311	,340		9,729	,000
	In-store Characteristics	,234	,067	,186	3,505	,000
	Convenience	,069	,065	,054	1,055	,292
	In-store Service	-,094	,045	-,111	-2,099	,036
	Social Groups	,142	,042	,162	3,355	,001

a. Dependent Variable: Store Loyalty

Figure 9: Multiple Regression Model 2: *Predicting sub-variables for Retailer Characteristics and their impact on store loyalty.* Model summary, ANOVA, and Coefficient table.

The ANOVA table in the Multiple Regression Model 2 (see figure 9), indicates that the overall regression model, regarding sub-variables for Retailer Characteristics (In-store Characteristics, Convenience, In-store Service and Social Groups) and their impact on Store Loyalty, is statistically significant ($p < 0.001$). Moreover, the coefficient table in figure 9, shows that three out of four independent sub-variables have a significantly positive impact on the dependent variable Store Loyalty ($p < 0.05$). The fourth variable, Convenience, reached a p-value of 0.292 and is therefore, not statistically significant.

These findings differ when looking to respondents who do prefer a specific grocery retailer, where both In-Store Characteristics and Convenience were not statistically significant (see Multiple Regression Model 6, appendix 3). Moreover, by studying findings from respondents who do not prefer a specific grocery retailer, this coefficient table (see Multiple Regression Model 10, appendix 3) shows that the sub-concepts Convenience, In-Store Service and Social Groups are not statistically significant, in other words, for these respondents, In-Store Characteristics was the only sub-variable that has a significant impact on store loyalty.

Further, by observing the coefficients in the Multiple Regression Model 2 (see figure 9), the result shows that In-Store Characteristics ($\beta = 0.234$) and Social Groups ($\beta = 0.142$) have a higher impact on Store Loyalty, compared to Convenience ($\beta = 0.069$) and In-Store Service ($\beta = -0.094$). Note that the sub-variable In-Store Service is negative, which aligns with the result from the correlation between In-Store Service and Store Loyalty (see table 13), where the correlation was not statistically significant.

Moreover, the *t* Tests in the coefficient table in figure 9, indicates the importance of the different variables In-Store Characteristics (*t*-value 3.505), Convenience (*t*-value 1.055), In-Store Service (*t*-value -2.099), and Social Groups (*t*-value 3.355). This result shows that we can only reject the null hypothesis for In-Store Characteristics and Social Groups since the t-value has to be larger than 1.96.

Consequently, despite that In-Store Characteristics, Convenience, and Social Groups seem to have a higher positive impact on Generation Y consumers' Store Loyalty, than In-Store Service, H1 is not supported by the presented data analysis. This result is due to that the sub-variable Convenience ($p = 0.292$), has a p-value exceeding 0.05, as well as the fact that Convenience and

In-Store Service have *t*-values which are below 1.96, making them not statistically significant. Therefore, we can not conclude that In-Store Characteristics, Convenience, and Social Groups have a higher positive impact on consumers within Generation Y's Store Loyalty than In-Store Service. Thus, we do not support H1.

Therefore,

H1. *Within Retailer Characteristics; In-Store Characteristics, Convenience, and Social Groups have a higher positive impact on consumers within Generation Y's store loyalty, than In-Store Service.*

→ **Not supported**

4.4.2.2 Sub-Variables: Economic Drivers

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,363[a]	,131	,128	,95721

a. Predictors: (Constant), Loyalty Schemes, Price & Promotions

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	65,600	2	32,800	35,798	,000[b]
	Residual	433,388	473	,916		
	Total	498,988	475			

a. Dependent Variable: Store Loyalty

b. Predictors: (Constant), Loyalty Schemes, Price & Promotions

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,061	,245		12,485	,000
	Price & Promotions	,245	,053	,231	4,598	,000
	Loyalty Schemes	,127	,035	,184	3,655	,000

a. Dependent Variable: Store Loyalty

Figure 10: Multiple Regression Model 3: *Predicting sub-variables for Economic Drivers and their impact on store loyalty.* Model summary, ANOVA, and Coefficient table.

The ANOVA table in the Multiple Regression Model 3 (see figure 10), shows that the overall regression model regarding the sub-variables for Economic Drivers (Price & Promotions and Loyalty Schemes) and their impact on store loyalty is statistically significant ($p < 0.001$). Moreover, in the coefficient table in figure 10, we can observe that the two independent sub-variables have a significant impact on Store Loyalty ($p < 0.001$). These results go in line with the result from findings regarding respondents who do prefer a specific grocery retailer (see Multiple Regression Model 7, appendix 3). However, by studying findings from respondents who do not prefer a specific grocery retailer, the sub-variable Loyalty Schemes is not statistically significant ($p = 0.337$) (see Multiple Regression Model 11, appendix 3).

Moreover, the coefficients in the Multiple Regression Model 3 (see figure 10), the result shows that both Price & Promotions ($\beta = 0.245$) and Loyalty Schemes ($\beta = 0.127$) have a relatively high significant impact on Store Loyalty. These results go in line with the result from findings regarding respondents who do prefer a specific grocery retailer (see Multiple Regression Model 7, appendix 3). However, when analysing respondents who do not prefer a specific grocery retailer (see Multiple Regression Model 11, appendix 3), the sub-variable Price & Promotions ($\beta = 0.349$) has a statistic significantly higher impact on Store Loyalty, than Loyalty Schemes ($\beta = 0.047$).

Lastly, the *t*-values for Price & Promotions (*t*-value 4.598) and Loyalty Schemes (*t*-value 3.655) exceed 1.96 (see coefficient table, figure 10). Although the sub-variable Price & Promotions seems to have a higher impact on consumers within Generation Y's Store loyalty, than Loyalty Schemes, H3 can not be supported by the presented findings. This is an outcome of missing data regarding the third sub-variable Switching Costs, which was removed due to a low internal reliability (see table 8).

Therefore,
H3. *Within Economic Drivers; Price & Promotions have a higher positive impact on consumers within Generation Y's Store Loyalty, than Switching Costs and Loyalty Schemes.*
→ **Not supported**

4.4.2.3 Sub-Variables: Private Label Characteristics

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,333[a]	,111	,103	,97059

a. Predictors: (Constant), Price, Quality, Image, Trust

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	55,281	4	13,820	14,670	,000[b]
	Residual	443,706	471	,942		
	Total	498,988	475			

a. Dependent Variable: Store Loyalty

b. Predictors: (Constant), Price, Quality, Trust, Image

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,721	,310		8,779	,000
	Image	,088	,045	,104	1,939	,053
	Trust	,072	,050	,078	1,418	,157
	Quality	,052	,044	,058	1,184	,237
	Price	,211	,038	,246	5,601	,000

a. Dependent Variable: Store Loyalty

Figure 11: Multiple Regression Model 4: *Predicting sub-variables for Private Label Characteristics and their impact on store loyalty.* Model summary, ANOVA, and Coefficient table.

In the ANOVA table in the Multiple Regression Model 4 (see figure 11), regarding the sub-variables for Private Label Characteristics (Image, Trust, Quality and Price), and their impact on the variable Store loyalty, we can see that the overall regression model is statistically significant ($p < 0.001$). However, in the coefficient table (see figure 11), we can observe that only one of the four independent sub-variables, Price, is statistically significant ($p < 0.001$). The remaining three sub-variables Image ($p = 0.053$), Trust ($p = 0.157$) and Quality ($p = 0.237$) have p-values higher than 0.05, and are therefore not statistically significant.

These findings are similar to the answers from respondents who do prefer a specific grocery retailer (see Multiple Regression Model 8, appendix 3). However, by studying findings from respondents who do not prefer a specific grocery retailer, the coefficient table (see Multiple Regression Model 12, appendix 3) shows that two of the sub-variables, Price and Image, are statistically significant ($p < 0.05$), whilst Trust and Quality are not.

Moreover, the coefficient table (see figure 11), shows that Price ($\beta = 0.211$) has a statistically higher significant impact on store loyalty, if all other predictors are constant. Further, the observed *t*-values in the coefficient table, show that Price is the only sub-variable with a *t*-value that exceeds 1.96 (*t*-value 5.601), unlike the three remaining sub-variables. Consequently, Price is shown to have the highest positive impact on consumers within Generation Y's store loyalty, than the remaining sub-variables. However, since neither Image, Trust nor Quality have a statistically significant impact on store loyalty, and with *t*-values below 1.96, H5 can not be supported by the presented result.

Therefore,
H5. *Within Private Label Characteristics; Price and Image have a higher positive impact on consumers within Generation Y's store loyalty, than Trust and Quality.*
→ **Not supported**

4.5 Hypotheses and Conceptual Framework Including Results of Analysis

Below, the study's six hypotheses are presented, and shown to either have been supported, or not supported, based on the conducted correlation and regression analysis. The findings are based on answers from all 476 respondents. Further, the modified conceptual framework will be presented, including the results from the data analysis (see figure 12).

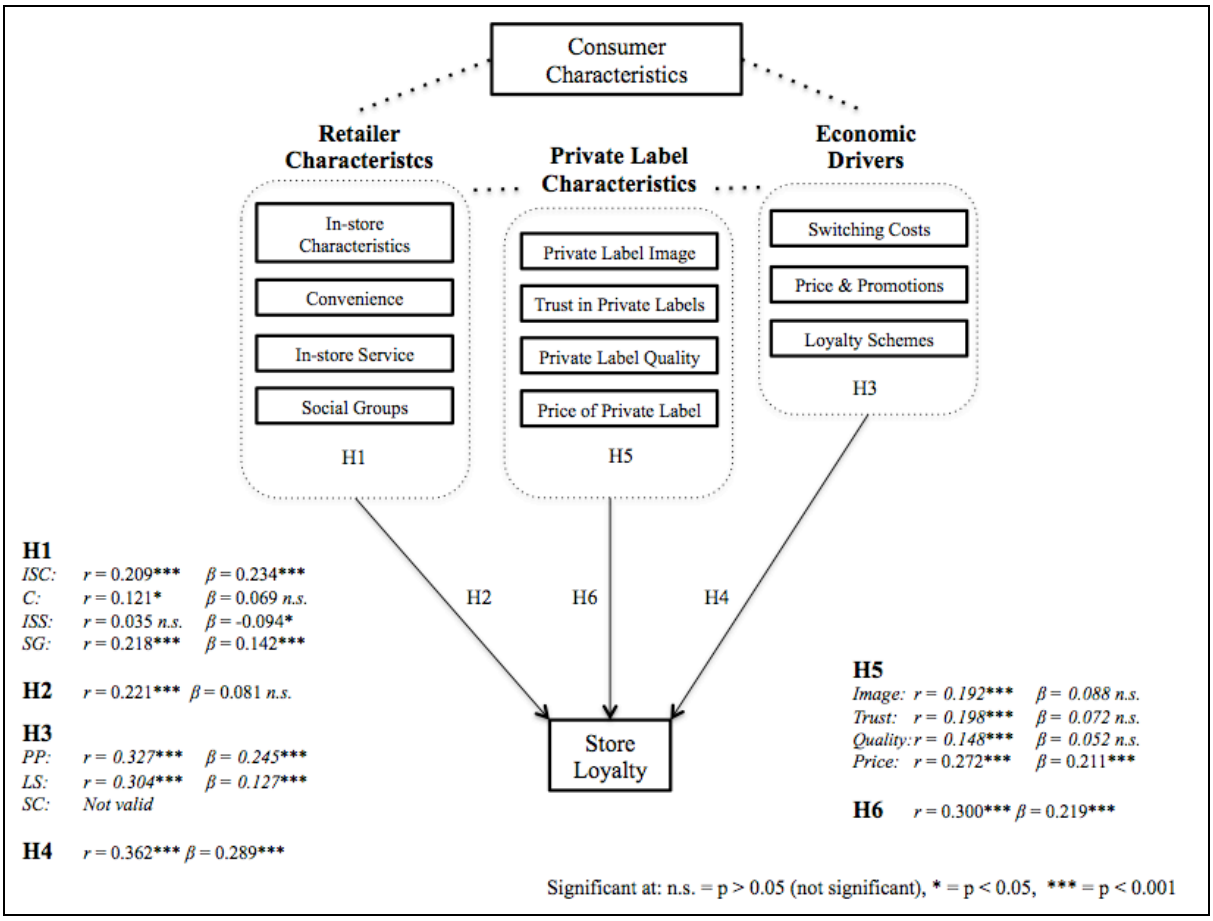

Figure 12: *Modified Conceptual Framework including results of the analysis.*

Summary of hypotheses findings;

H1. *Within Retailer Characteristics; In-Store Characteristics, Convenience, and Social Groups have a higher positive impact on consumers within Generation Y's store loyalty, than In-Store Service.*
→ **Not supported**

H2. *Retailer Characteristics have a positive impact on consumers within Generation Y's store loyalty.*
→ **Not supported**

H3. *Within Economic Drivers; Price & Promotions have a higher positive impact on consumers within Generation Y's store loyalty, than Switching Costs and Loyalty Schemes.*
→ **Not supported**

H4. *Economic Drivers have a positive impact on consumers within Generation Y's store loyalty.*
→ **Supported**

H5. *Within Private Label Characteristics; Price and Image have a higher positive impact on consumers within Generation Y's store loyalty, than Trust and Quality.*
→ **Not supported**

H6. *Private Label Characteristics have a positive impact on consumers within Generation Y's store loyalty.*
→ **Supported**

5. Discussion of Results

In the following section, we will discuss the results from the conducted data analysis with relevant findings from previous research.

5.1 Retailer Characteristics

From our findings, it is shown that the concept Retailer Characteristics does not have a statistically significant positive impact on store loyalty, when looking to consumers within Generation Y. Previous research has shown that consumers within Generation Y experience a high degree of shopping enjoyment and continuously demand newly launched products (Williams & Page, n.d.), and Bazaarvoice (2012) describes Generation Y as more likely to rely on input from others when purchasing. Consequently, whilst previous research indicates that consumers within Generation Y seem to value retailer characteristics, this is not shown in our findings.

Interesting to note, regarding the respondents who do prefer a specific grocery retailer, is that our results show that the concept Retailer Characteristics has a negative impact on store loyalty, compared to the result concerning respondents who do not prefer a specific grocery retailer. These findings may indicate that consumers within Generation Y, who do not prefer a specific grocery retailer, are more influenced by retailer characteristics. This could be due to the fact that these consumers may not have the same relationship to a grocery retailer, and therefore, get highly influenced by other store loyalty driving factors such as a retailer's characteristics. In addition to this, previous findings suggest that consumers within Generation Y are open to change (Euromonitor, 2015). Thus, consumers are more open to trying new products and ways of shopping, which can further explain why respondents who do not prefer a specific grocery retailer, value retailer characteristics higher.

Due to the sub-concept Convenience not being statistically significant, we can not conclude that the sub-concepts, In-Store Characteristics, Convenience, and Social Groups, have a higher positive impact Generation Y's store loyalty, compared to the sub-concept In-Store Service. With this in mind, our findings still indicate that In-Store Service has a lower impact on store loyalty compared to the remaining sub-concepts. When looking to all 476 respondents, as well as the 284 respondents who do prefer a specific retailer, In-Store Service is shown to have a negative impact

on store loyalty, compared to the remaining sub-concepts within Retailer Characteristics. This both strengthens and questions previous research, where Parment (2013) argues that Generation Y put less importance than in-store service than previous generations, whilst Urban Land Institute (2013) claims that good customer service is important for Generation Y. Further, our findings go against the academic journal article by Vale, Matos and Caiado (2016), where their results derived in that the service, offered by each store, positively contributed to consumers' store loyalty. The reason to why our results differ from their study, may be that our findings are based on answers from consumers within Generation Y, as well as being based on data collected in Sweden. Moreover, our descriptive statistics show that only 2% of the respondents who do prefer a specific grocery retailer, and merely 3.8% of the respondents who do not prefer a specific grocery retailer, chose "service quality", as one of the main reasons to why they prefer to shop at a chosen grocery retailer.

As mentioned previously, the sub-concept Convenience is not statistically significant. However, when looking to our descriptive statistics, 29% of the respondents who do prefer a specific grocery retailer, and 40.5% of the respondents who do not prefer a specific grocery retailer, chose "convenient location", as one of the main reasons to why they prefer to purchase from a specific grocery retailer. This supports previous findings, where it is stated that Generation Y highly value convenience when purchasing (Parment, 2013; Nielsen, 2015; Bazaarvoice, 2012). In addition, the importance of convenience is also strengthened by the academic journal article by Vale, Matos and Caiado (2016).

Building on this, Nielsen (2015) argues that Generation Y highly value convenience when purchasing groceries and are seen as the most frequent online grocery shoppers. This is in contrast, and surprising, since our findings show that home delivery, store pick-up and multiple shopping alternatives (physical and online store), have considerably lower mean averages than the remaining convenient factors including opening hours and location. In addition, this was strengthened by the pilot study interviews, where a several interviewees highlighted that they had a lack of experience regarding shopping groceries online. However, Sara Berger, Food Service Director at Findus (Berger, 2015), argues that the Swedish online grocery shopping will have a large penetrating power in the upcoming years. Therefore, it is possible that the level of importance concerning online grocery shopping in regards to Generation Y will increase.

Finally, our findings show that In-Store Characteristics has a significantly higher impact on store loyalty than the remaining sub-concepts, which is strengthened by previous findings, describing Generation Y as are more influenced by product packaging and in-store displays, than the average shopper (Bazaarvoice, 2012). In addition to this, Social Groups was ranked the second most important sub-concept, strengthening the relevance of the social aspect when purchasing (Lazarevic, 2012).

5.2 Economic Drivers

Our findings show that the concept Economic Drivers has a statistically positive impact on store loyalty, when looking to consumers within Generation Y. This finding goes in line with previous research (Williams & Page, n.d.; Bazaarvoice, 2012; Parment, 2013; Euromonitor, 2015), indicating that Generation Y as a consumer group always bare price in mind when purchasing, as well as engage with companies in order to get low-priced deals, and are willing to switch brands in order to save money. Interestingly, our findings show that respondents who prefer a specific grocery retailer are not as price-conscious as respondents who do not prefer a specific grocery retailer. This may indicate that Generation Y as a consumer group, may withhold different levels of price sensitivity that vary depending on a consumer's level of preference towards grocery retailers.

What should be taken into consideration, is that the majority of the respondents are university students and either study full-time, or study with a part-time job. Therefore, we believe that the importance of Economic Drivers as a concept is further enhanced, due to the fact that these respondents are more likely to have a limited income, and therefore, may obtain a higher price sensitivity than consumers within Generation Y who work full-time.

Looking further to the economic aspect of store loyalty, our findings show that sub-concept Price & Promotions, does not have a significantly higher impact on store loyalty, than the sub-concepts Switching Costs and Loyalty Schemes. However, as Switching Costs was removed from Economic Drivers prior to the analysis, due to the low internal reliability, we could not further analyse the relationship between the various sub-concepts within Economic Drivers. However, we can still conclude that Price & Promotions has a higher positive impact on Generation Y's store loyalty than Loyalty Schemes. Further, the sub-concept Loyalty Schemes was highlighted to

be of importance during the pilot study, in which several interviewees pinpointed that they frequently utilised promotions and discounts through various loyalty schemes, which was further strengthened in the questionnaire, as well as in previous research (Bazaarvoice, 2012).

Parment (2013), argues that Generation Y is predominantly loyal to brands rather than to retailers. These findings are in agreement with the findings of our study, where, despite not analysing the results of the Switching Costs further, the average mean of the sub-concept Switching Costs is rated below average. This means that the general agreement for the respondents who participated in our study do not find it hard to switch between products, brands and grocery retailers, which is further strengthened by our descriptive statistics, showing that respondents often purchase from a number of different stores.

5.3 Private Label Characteristics

Initially, from our findings, we can see that the respondents' general attitudes and purchase behaviours to private labels, are relatively high, which indicates that consumers within Generation Y are generally positive to, as well as frequent purchasers of private label products, when it comes to groceries. This goes in line with the concept Private Label Characteristics having a significantly positive effect on store loyalty. This result indicates that consumers who value Private Label Characteristics are more likely to be loyal to a grocery retailer, compared to those consumers who do not value Private Label Characteristics. Further, our findings show that the respondents who do prefer a specific grocery retailer go in line with the statistical significance shown for all 476 respondents, whilst the respondents who do not prefer a grocery retailer have no statistical significance. These findings indicate that consumers who have an existing relationship to a retailer have a higher tendency to also value their private labels.

Viewing the sub-concepts of Private Label Characteristics, respondents who do not prefer a specific grocery retailer, value the Image of a private label higher than respondents who do prefer a specific grocery retailer, indicating that these consumers are less affected by the image of a private label. This can be due to the fact that the consumers who do not prefer a grocery retailer also lack an emotional attachment or relationship to the store, and to a larger extent base their loyalty and purchase preference of private labels on their communicated image. This is strengthened by previous research, showing that consumers within Generation Y highly value

others opinions and are influenced by their peers and other social groups (Lazarevic, 2012), and further strive to purchase products that go in line with their wanted image. Further, according to Collins-Dodd and Lindley (2003) and Liu and Wang (2008), there is a significant relationship between a consumer's perception to a store's image and its private label. This is further supported and emphasized in our study, indicating that this finding can be further generalised to consumers within Generation Y.

Moving on, Millennial Marketing (n.d.) showed findings depicting that consumers within Generation Y are more acceptable to private label groceries and furthermore, the quality of private labels, with 70% of the reports respondents perceiving private labels' to be of high quality. This goes well in line with our study, which showed that the respondents overall attitude towards private label quality, was above average. However, it was interesting to see that the sub-concept Quality was not of significant importance when looking to store loyalty, which goes against previous research, both regarding consumers and private label quality (Vale, Matos & Caiado, 2016) as well as the generational cohorts emphasized importance for quality in general (Williams & Page, n.d.).

Collins-Dodd and Lindley (2003), argue that customers often expect private label products to come in a lower price range, and that pricing of private labels is one of the most important factors for the final purchase. In line with this, Price is the only sub-concept within Private Label Characteristics, which is proven to be statistically significant and positive. This finding indicates that consumers within Generation Y want private label products, which compete primarily in price instead of quality and extra added benefits. Further, this shows that Generation Y are primarily attracted to third generational brand i.e. "Own brands". (Laaksonen & Reynolds, 1994). This finding is further strengthened throughout the study, indicating that our respondents were highly responsive to Price as a determinant. This goes in line with the extensive research that has been conducted displaying the importance of price, both when it comes to private labels (Nielsen, 2014; Kotler & Armstrong, 2008), and more importantly, when putting it in a Generation Y context (Bazaarvoice, 2012; Williams & Page, n.d.; Euromonitor, 2015).

According to Koschate-Fischer, Cramer, and Hoyer (2014), price-oriented consumers are likely to have a stronger link between their private label share and store loyalty. Arguably, our findings indicate that consumers within Generation Y are price-oriented, and furthermore also positive to

private label products, in which Price has the highest impact on store loyalty among the Private Label Characteristics. However, the correlation between private labels and price-orientation, in regards to store loyalty, is also questioned in our findings. This due to the fact that respondents who do not prefer a specific grocery retailer, value the store selecting factor "low price" in the questionnaire higher than respondents who do prefer a specific grocery retailer, whilst respondents who prefer a specific store value "retailer's private label" higher. Rooted in the previous findings by Williams & Page (n.d.), and Koschate-Fischer, Cramer, and Hoyer (2014), our respondents who do not prefer a given grocery retailer are shown to be more price-focused, and should therefore be even more in favour of purchasing private label products for their low price. To summarise our findings regarding Generation Y's price-orientation, we can see that consumers within Generation Y tend to initially be more sensitive to price, however, those consumers with a preference towards a specific grocery retailer, become less price-sensitive. However, this correlation was not shown in the findings by Koschate-Fischer, Cramer and Hoyer (2014), indicating that their findings cannot be fully generalised for Generation Y.

5.4 Consumer Characteristics for Generation Y

With a basis in the answers from the collected data, we can conclude that Generation Y, in line with previous research, inhabit a highly price-oriented behaviour. In line with the research by Koschate-Fischer, Cramer and Hoyer (2014), where price-oriented consumers are more likely to be positive to private labels, the majority of our respondents claimed to be positive to, as well as frequent purchasers of private label products. The price-oriented behaviour was further enhanced by the statistic significances which derived from the data analysis, where Economic Drivers as a concept and Price as a sub-concept were valued highest and were shown to have an impact on the generational cohort's store loyalty.

Whilst we can see that economic factors take up a large part of Generation Y's orientational behaviour, our findings still suggest that they to some extent value other in-store characteristics, such as products and assortment in addition to non tangible factors, such as image, convenience and social groups. From this, we can conclude that Generation Y indeed are a highly complex consumer group, where they truly want it all, both low price and high quality, in other words, they strive to obtain great value for money (Advantage Sales and Marketing, n.d.) As a result of

this, we believe that we have found a third orientational behaviour, *value-oriented behaviour,* combining a price-oriented and service-oriented behaviour.

Finally, we can conclude that our research findings furthermore strengthen and build on the existing research by Koschate-Fischer, Cramer and Hoyer (2014), showing that price-oriented consumers value price as a factor highest in a purchase situation. Further, we open up for the possibility to include a third orientation, for consumers who both value low price in addition to high quality and the reach of optimising their retail experience. With a basis in this, we can conclude that consumers' intentions to purchase private label products differ depending on their orientational behaviour. Thus, this is a highly important part of increasing and optimising the relationship between private label share, as well as consumer involvement and store loyalty.

6. Conclusion

In the last chapter, the discussion of our findings have resulted into valuable theoretical contributions, as well as managerial implications. Lastly, we will further discuss research limitations and provide recommendations for future research.

6.1 Theoretical Contribution

The purpose of this thesis was to investigate what impact private labels, in relation to other store loyalty driving factors within the Swedish grocery retail industry, have on consumers within Generation Y's store loyalty. The concept of store loyalty is referred to a retailer chain, rather than a specific retailer store. The analysis of our study was based on a modified conceptual framework, from which we were able to distinguish a number of interesting findings that are of relevance for researchers within the theoretical field of loyalty, private label and Generation Y.

Initially, to answer the research purpose for this study, our findings show that private labels have a statistically significant impact on consumers within Generation Y's store loyalty. Further, our findings indicate that consumers within Generation Y who have an existing relationship to a specific grocery retailer, have a higher tendency to also value the grocery retailer's private labels, demonstrating on a further enhanced store loyalty. However, in line with previous research regarding Generation Y, our findings also demonstrate that the generational cohort are highly price-conscious, and value the economical aspects of a retailer the highest, both in general as well as for the retailer's private labels. These findings show that it is of importance to initially attract Generation Y as a consumer group through offering low prices and good value for money, in order to gain a grocery retailer preference. Once consumers within Generation Y are in preference to a specific grocery retailer, they are more likely to value the grocery retailers' private label products and the retailer's assortment. Thus, these consumers can be retained and furthermore seen as loyal customers.

Secondly, an interesting finding is that the image of a private label is shown to have an impact on consumers within Generation Y's store loyalty, when looking to those who do not prefer to purchase from a specific grocery retailer. This finding may indicate that consumers who do not see themselves as loyal, or not in preference of a certain grocery retailer, are more affected by the

image of a private label product. This can be due to the fact that consumers who do not prefer a specific grocery retailer also lack an attachment or relationship with a grocery retailer, and to a larger extent base their purchase preference of private labels on the products' image.

Thirdly, for consumers who do not prefer a specific grocery retailer, findings suggest that these consumers are more influenced by a retailer's in-store characteristics such as convenience and social groups, when determining their store loyalty. On the other hand, findings suggest that the higher a consumer's preference towards a specific store, the less the consumer cares about a retailer's service in-store. Furthermore, when looking to the Swedish grocery industry, our findings suggest that convenience as a factor can be further segmented into traditional and modern convenience. This, as consumers within Generation Y highly value factors such as opening hours and location, whilst home delivery and online shopping were not seen to be of importance. This goes against existing theory concerning Generation Y, suggesting that the generation is very "tech-savvy", i.e. quick to adapt on new technological innovations and ways to consume (Euromonitor, 2015; Pihl, 2011). Further, the generation is known to highly value convenience and digital solutions. With this in mind, we suggest that convenience, as a store loyalty driving factor, needs to be better segmented in order to more successfully interpret and capture the expectations of Generation Y.

Lastly, previous research has shown that Generation Y, as a consumer group, are highly price-conscious (Parment, 2008; Ordun, 2015; Lazarevic, 2012). Whilst our findings strengthen previous research, it has also derived in a new consumer orientation that we have chosen to call value-oriented behaviour, which is a merge of a consumer encompassing a price-oriented and a service-oriented behaviour. According to our findings, inhabiting a value-oriented behaviour can be described as consumers who constantly aim to optimise their purchase through seeking low prices and promotions, whilst also expecting an overall high quality. When looking to the consumer characteristics of Generation Y and the characteristics of private label products, they are in many ways the ultimate fit. However, according to our findings, the main thing standing between the generational cohort and store loyalty is the existing perceived image of private label products, not fully aligning with Generation Y's wanted self-image.

6.2 Managerial Implications

Despite the fact that the results of this study are based on a selected group of consumers within Generation Y, the findings of the study indicate valuable insights that can be useful for Swedish grocery retailers. Our findings are primarily useful for grocery retailers with a chain of stores, however, we also believe that the findings may be of use for smaller grocery retailers or independent grocery stores, when creating a customer loyalty strategy.

Firstly, our findings show that consumers within Generation Y are generally very positive to private labels. Within the studied consumer group, we can further see that private labels are seen to be of higher value for consumers who do prefer a specific grocery retailer compared to those who do not.

Unlike the research by Vale, Matos and Caiado (2016), which shows the importance of private label quality, price and promotions were the only factors, which were shown to have an impact on store loyalty. This finding, in addition to the previous research made on Generation Y, strengthens the importance that price has on the consumer group's purchasing process.

Findings also showed that the service in-store is of low importance for Generation Y, whilst convenience, as a factor, is of high importance and should be further segmented into traditional convenience, and modern convenience. This, due to the fact that consumers within Generation Y highly valued a grocery retailer's opening hours and location, whilst delivery options and shopping alternatives, such as physical and online stores, were not considered to be of high importance. Looking to the characteristics of consumers within Generation Y, in addition to the overall retail development, we still believe that it is of importance to ensure that Swedish grocery retailers can meet the traditional demands, in terms of location and opening hours, but also aggressively work to insure that the grocery retailer can meet the potential future demands and expectations of modern convenience, i.e., multiple shopping and delivery options.

Finally, our findings show that price is of utmost importance for Generation, especially when looking to consumers who do not prefer a specific grocery retailer. This means that price is the primary focus in order to gain consumers with a retail preference. Once this preference is attained, optimising the grocery retailer's private labels and assortment offerings can further increase the consumer's willingness to purchase repeatedly from this specific grocery retailer.

Lastly, our findings show that a Swedish grocery retailer can segment consumers within Generation Y according to their characteristics. Unlike most consumer groups, who either inhabit a price-oriented or service-oriented behaviour, we argue that Generation Y can be seen as having value-oriented behaviour, where they primarily focus on purchasing good quality for a low price, moreover seen as achieving great value for money. With this in mind, private label products can be seen as the optimal choice for Generation Y by offering good quality products to a lower price. However, in order for grocery retailers to meet their demands and expectations, our findings indicate that the image of private label products need to better go in line with the image that consumers within Generation Y want to attain.

6.3 Limitations and Future Research

6.3.1 Research Limitations

In this study, there are a number of limitations, which should be considered when assessing the validity and generalizability of our stated conclusions.

Initially, our findings are limited to what factors our modified conceptual framework include. What one needs to consider is that it is likely that there are other factors that could possibly impact store loyalty within the Swedish grocery retail industry, which have not been taken into consideration in this particular study.

Furthermore, some of the studied concepts and sub-concepts, showed to have a lack of internal reliability in the data analysis. Therefore, we have not been able to draw credible conclusions for these concepts and sub-concepts in our modified conceptual framework. Consequently, we had to remove the sub-concept Switching Costs from the data analysis and could therefore, not see a complete understanding for the concept Economic Drivers.

Moreover, in order to collect the primary data that was included in our quantitative study, a non-probability sampling method was used. Therefore, the investigated group of respondents can only be considered as a convenience sample, as we limited the physical collection of data to the geographical area of Lund, and more specifically, predominantly respondents which were students at Lund University. Consequently, our findings can not fully reflect the total

generational cohort, and therefore, not be representative for all individuals within Generation Y in Sweden.

Finally, by looking at the demographic characteristics of the total 476 respondents that participated successfully in our questionnaire, the largest portion of respondents belonged to the age groups 18-23 years (58%) and 24-29 years (33.4%). This was foremost a consequence of the choice of data collection. Therefore, these two age groups were predominantly represented and could possibly lead to bias findings based on our results. Further, the majority of the respondents who completed the survey consisted of university students who either studied full-time, or studied with a part-time job. Due to this, these respondents are more likely to have a limited income and may obtain a higher price sensitivity than full-time workers, which is likely to have had an impact on our study's final results.

6.3.2 Recommendations for Future Research

The findings of this study have opened up for several recommendations when looking to future research within the field of private label, loyalty and Generation Y. The following recommendations are divided into four main areas that are of interest and relevance for future research.

Firstly, we chose to use a non-probability sampling method, where we used a convenience sampling design. Therefore, it would be of interest to further study this phenomenon through using a probability sampling technique. This could for example be done through a simple random sampling, where every sampling unit has a known and equal chance of being selected (Hair et al., 2013). Through using a probability sampling technique, one would be able to further generalise Generation Y in Sweden, with a higher confidence. In addition, future research could also include other generational cohorts, in order to further segment and distinguish specific generational consumer characteristics and purchasing behaviour. It would also be of interest to compare various generations against each other, when looking to factors that drive store loyalty.

Secondly, even though we have conducted several in-depth interviews in our pilot study, a qualitative research design, through observations, focus groups, or comprehensive interviews, would be of interest as it would give a more in-depth perspective on store loyalty when looking to

the Swedish grocery retail industry. Moreover, it could also be of interest for future research to use a case study method, by studying a Swedish grocery retailer chain and its overall business practices, both generally as well as looking to their private label strategy for attaining loyal customers.

Thirdly, some of our findings were conflicting, such as low internal reliability regarding certain concepts and sub-concepts in our modified conceptual framework. Further, some of the chosen sub-constructs were statistically insignificant. We argue that future research is needed to in order to more accurately investigate and clarify how these factors in fact do impact consumers within Generation Y's store loyalty, within the Swedish grocery retail industry.

Finally, our study's modified conceptual framework could be applied to similar studies, in order to enable the researcher to confirm, challenge or extend our stated findings and modified conceptual framework.

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Appendices

Appendix 1: Questionnaire

SWEDISH GROCERY SHOPPING DETERMINANTS

We are three master students at Lund University School of Economics and Management, who are currently writing our master thesis within the field of Marketing. Our study focuses on consumers aged between 18-36, and that is why we need YOUR help! Let us know if you have any questions regarding our subject or questionnaire.

Thank you in advance!

The following questionnaire includes questions regarding a variety of factors, which can be of influence when you choose to shop groceries from a certain retailer in Sweden.

Age: ☐ 18-23 ☐ 24-29 ☐ 30-36 ☐ 37+

Occupation: ☐ Student ☐ Student and part-time worker ☐ Full-time worker ☐ Other

*The following questions are ranked on a 7-point scale where **1** = Completely Disagree, **2** = Disagree, **3** = Somewhat Disagree, **4** = Neutral, **5** = Agree Somewhat, **6** = Agree, **7** = Completely Agree)*

Section 1: Grocery Retailer Characteristics

Grocery retailer = A grocery retail chain that offers food and beverages (e.g. Coop, Ica, Willys, City Gross, Hemköp, Lidl)

When considering to shop at a grocery retailer, I agree with the following statement...
(Please tick **only one** of the boxes)

1. It is of importance that the product sections in the retailer's store are well defined and organised
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

2. It is of importance that the retailer has a pleasant shopping environment
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

3. It is of importance that the retailer offers a variety of delivery options (e.g. home delivery, pick-up)
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

4. It is of importance that the retailer has a store situated close to my home or workplace
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

5. It is of importance that the retailer's store has convenient opening hours
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

6. It is of importance that the retailer offers multiple shopping alternatives (e.g. physical store, online store)
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

7. It is of importance that the employees in the retailer's store are knowledgeable and give a prompt service
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

8. When choosing a store, it is of importance that the retailer has a high level of store service
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

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9. It is of importance that all the sections in the retailer's store are well-stocked
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

10. It is of importance that the retailer offers a high volume of products and a good variety of brands
    1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

11. It is of importance that the retailer offers innovative and newly launched products
    1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

12. It is of importance that the retailer offers a selection of my favourite brands
    1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

13. It is of importance that I can relate to the customers who shop at the retailer's stores
    1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

14. I frequently get influenced by others when choosing products (e.g. friends, family, opinion leaders)
    1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

15. I frequently share my own thoughts of products and companies to others
    1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

Section 2: Economic factors

1. During the last month I have purchased groceries from ____ different retailers *(please write a number)*

I agree with the following statement... *(Please tick **only one** of the boxes)*

2. I can take time to find and get familiarised to another retailer/product than the one I usually visit/purchase
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

3. If I were to go to another grocery retailer than the one I usually visit, I would find it frustrating to potentially loose or replace points, credits, or services that I have collected in my current retailer
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

4. It is of importance that the grocery retailer regularly offers discounts/promotions on a large number of products
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

5. It is of importance that the retailer offers special prices/promotions that I can not find in other retailers
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

6. It is of importance that the retailer offers good prices compared to other grocery retailers
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

7. It is of importance that the retailer offers a good value and quality for money
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

8. I frequently switch between brands in order to save money
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

9. I value loyalty programs of a grocery retailer (e.g., discounts, frequency rewards and points cards)
   1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

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10. I frequently benefit from the advantages offered by grocery retailer's store loyalty programs
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

11. The primary reason to why I join loyalty programs is for the economical benefits
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

Section 3: Private label characteristics

Private label= A retailer's own brand (e.g. ***ICA*** *- ICA Basic, ICA I love Eco /* ***Willys*** *– Garant, Eldorado)*

I agree with the following statement... *(Please tick* ***only one*** *of the boxes)*

1. It is of importance that a private label's image goes in line with the image of the retailer
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

2. It is of importance that a retailer's private label has a good reputation
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

3. It is of importance that a retailer's private label has been recommended to me by others
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

4. It is of importance that I find a retailers' private label to be trustworthy
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

5. It is of importance that the quality of a private label product is equal to the quality of another product brand
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

6. I am generally positive to the quality of private labels
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

7. Price is a determinant factor when choosing a private label product
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

8. It is of importance that private label products are cheaper than products from other brands
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

9. The higher the quality of a private label product, the more I am willing to pay for it
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

10. I frequently purchase private label products
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

11. I frequently purchase a specific retailer's private label products
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

12. If the private label of my liking is sold out/not available I feel annoyed
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

13. I am generally positive to private labels
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

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Section 4: Grocery Retailer Loyalty

1a. I prefer to shop from one specific grocery retailer to other grocery retailers
☐ Yes ☐ No ☐ No preference

→ *If you ticked "**Yes**" above, please answer question **1b** with this retailer in mind*
→ *If you ticked "**No**" or "**No preference**" above, please go to question **1c***

1b. What grocery retailer do you prefer to shop at? _____ (go forward to question **1d**)

1c. What grocery retailer have you visited most times during the last month? _____ (go forward to question **1d**)

1d. Please select the main reasons to why you prefer/choose the grocery retailer stated in **1b/1c** *(please select **2** boxes)*

☐ *Low prices*
☐ *Frequent promotions*
☐ *Selection and assortment*
☐ *Service quality*
☐ *Reputation/Image*
☐ *Retailer's private label*
☐ *Convenient location*
☐ *Other*

I agree with the following statement... *(Please have the retailer stated in **1b/1c** in mind when answering)*

2. Are you aware if this grocery retailer offers private labels?
☐ Yes ☐ No

3. I frequently buy private label products from this specific retailer
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

4. In some product categories I only purchase private label products from this specific retailer
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

5. Based on my experiences with this retailer, I am very satisfied
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

6. If this retailer would move location, I would still prefer this retailer compared to other alternatives
☐ Yes ☐ No ☐ I don't know

7. Given my experiences with this retailer, I am likely to recommend the retailer to someone else
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

8. On an average of every 10 times you go grocery shopping, how frequently do you choose this retailer?
1 2 3 4 5 6 7 8 9 10 *...out of **10 times***

9. On an average, how much of your monthly grocery budget (in percentage) do you spend in this particular retailer?

10% ☐ 20% ☐ 30% ☐ 40% ☐ 50% ☐ 60% ☐ 70% ☐ 80% ☐ 90% ☐ 100% ☐

Thank you for your participation!

Kind Regards,
Lina, Nicole & Petrea

Appendix 2: Pilot Study - Interview Guide

Pilot study – Interview guide

Step 1. Hand out the questionnaire and give the respondents time to read through and answer. Time it. It should take 5-10 minutes.

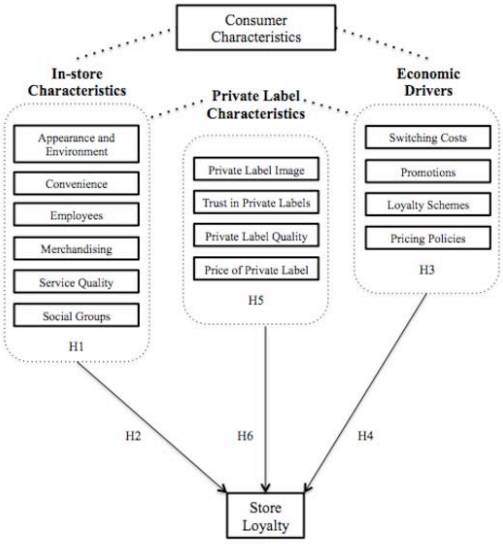
Step 2. Let the respondents keep the questionnaire and give them an additional 3 minutes to look closer to the formulation of questions and overall structure.

Step 3. Let the respondent discuss their overall view of the questionnaire.
- Design, grammar, perceived ease of understanding, relevancy, time, length of questions

Step 4. Go through each section together with the respondents and reflect over following:
- Potential difficulties found, ease of understanding questions, relevance of questions, other difficulties, correct dividing of the sections?

- Consumer Characteristics
- Retailer Characteristics
- Economic Drivers
- Private Label Characteristics
- (Grocery Retailer Loyalty)

Step 5. Explain the purpose of the study and the main goal and outcome of the questionnaire



- Are the factors used of relevance and importance according to the respondents?
- Can the Swedish Generation Y agree with the characteristics, which are incorporated?
- Potential changes and additional factors/characteristics/drivers that should be made?

Step 6. Overall criticism and feedback regarding the questionnaire and conceptual framework

Appendix 3: Multiple Regression Analysis

Answers from respondents who do prefer a specific grocery retailer

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,348[a]	,121	,112	,93745

a. Predictors: (Constant), Private Label Characteristics, Economic Drivers, Retailer Characteristics

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34,005	3	11,335	12,898	,000[b]
	Residual	246,067	280	,879		
	Total	280,072	283			

a. Dependent Variable: Store Loyalty

b. Predictors: (Constant), Private Label Characteristics, Economic Drivers, Retailer Characteristics

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,659	,523		5,085	,000
	Retailer Characteristics	-,048	,102	-,030	-,471	,638
	Economic Drivers	,258	,061	,247	4,208	,000
	Private Label Characteristics	,261	,085	,200	3,086	,002

a. Dependent Variable: Store Loyalty

Multiple Regression Model 5: *Predicting variables and Store Loyalty.* Model summary, ANOVA, and Coefficient table

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,237[a]	,056	,042	,97349

a. Predictors: (Constant), Social Groups, In-store Service, Convenience, In-store Characteristics

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15,671	4	3,918	4,134	,003[b]
	Residual	264,401	279	,948		
	Total	280,072	283			

a. Dependent Variable: Store Loyalty

b. Predictors: (Constant), Social Groups, In-store Service, Convenience, In-store Characteristics

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,282	,489		8,750	,000
	In-store Characteristics	,101	,090	,076	1,121	,263
	Convenience	,080	,084	,061	,950	,343
	In-store Service	-,135	,058	-,160	-2,349	,019
	Social Groups	,160	,054	,184	2,953	,003

a. Dependent Variable: Store Loyalty

Multiple Regression Model 6: *Predicting sub-variables for Retailer Characteristics and Store Loyalty.* Model summary, ANOVA, and Coefficient table.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,298[a]	,089	,083	,95287

a. Predictors: (Constant), Loyalty Schemes, Price & Promotions

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24,936	2	12,468	13,732	,000[b]
	Residual	255,136	281	,908		
	Total	280,072	283			

a. Dependent Variable: Store Loyalty

b. Predictors: (Constant), Loyalty Schemes, Price & Promotions

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,572	,332		10,756	,000
	Price & Promotions	,172	,069	,164	2,490	,013
	Loyalty Schemes	,134	,049	,180	2,722	,007

a. Dependent Variable: Store Loyalty

Multiple Regression Model 7: *Predicting sub-variables for Economic Drivers and Store Loyalty.* Model summary, ANOVA, and Coefficient table.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,305[a]	,093	,080	,95432

a. Predictors: (Constant), Price, Quality, Trust, Image

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25,981	4	6,495	7,132	,000[b]
	Residual	254,091	279	,911		
	Total	280,072	283			

a. Dependent Variable: Store Loyalty

b. Predictors: (Constant), Price, Quality, Trust, Image

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,207	,406		7,895	,000
	Image	-,001	,061	-,002	-,024	,981
	Trust	,065	,066	,069	,977	,330
	Quality	,092	,057	,102	1,607	,109
	Price	,202	,048	,243	4,171	,000

a. Dependent Variable: Store Loyalty

Multiple Regression Model 8: *Predicting sub-variables for Private Label Characteristics and Store Loyalty.* Model summary, ANOVA, and Coefficient table.

Answers from respondents who do not prefer a specific grocery retailer

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,408[a]	,167	,153	,90929

a. Predictors: (Constant), Private Label Characteristics, Economic Drivers, Retailer Characteristics

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31,113	3	10,371	12,543	,000[b]
	Residual	155,439	188	,827		
	Total	186,552	191			

a. Dependent Variable: Store Loyalty

b. Predictors: (Constant), Private Label Characteristics, Economic Drivers, Retailer Characteristics

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,940	,496		3,915	,000
	Retailer Characteristics	,187	,108	,138	1,734	,084
	Economic Drivers	,274	,069	,291	3,973	,000
	Private Label Characteristics	,102	,103	,082	,989	,324

a. Dependent Variable: Store Loyalty

Multiple Regression Model 9: *Predicting variables and Store Loyalty.* Model summary, ANOVA, and Coefficient table

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,296[a]	,088	,068	,95392

a. Predictors: (Constant), Social Groups, In-store Service, Convenience, In-store Characteristics

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16,388	4	4,097	4,502	,002[b]
	Residual	170,164	187	,910		
	Total	186,552	191			

a. Dependent Variable: Store Loyalty

b. Predictors: (Constant), Social Groups, In-store Service, Convenience, In-store Characteristics

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,829	,460		6,146	,000
	In-store Characteristics	,294	,097	,258	3,020	,003
	Convenience	,019	,099	,017	,195	,846
	In-store Service	,005	,067	,006	,075	,940
	Social Groups	,053	,065	,061	,807	,420

a. Dependent Variable: Store Loyalty

Multiple Regression Model 10: *Predicting sub-variables for Retailer Characteristics and Store Loyalty.* Model summary, ANOVA, and Coefficient table.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,389[a]	,151	,142	,91521

a. Predictors: (Constant), Loyalty Schemes, Price & Promotions

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28,243	2	14,121	16,859	,000[b]
	Residual	158,309	189	,838		
	Total	186,552	191			

a. Dependent Variable: Store Loyalty

b. Predictors: (Constant), Loyalty Schemes, Price & Promotions

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,644	,356		7,426	,000
	Price & Promotions	,349	,080	,344	4,385	,000
	Loyalty Schemes	,047	,049	,076	,963	,337

a. Dependent Variable: Store Loyalty

Multiple Regression Model 11: *Predicting sub-variables for Economic Drivers and Store Loyalty.* Model summary, ANOVA, and Coefficient table.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,332[a]	,110	,091	,94216

a. Predictors: (Constant), Price, Quality, Trust, Image

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20,557	4	5,139	5,789	,000[b]
	Residual	165,995	187	,888		
	Total	186,552	191			

a. Dependent Variable: Store Loyalty

b. Predictors: (Constant), Price, Quality, Trust, Image

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,654	,477		5,563	,000
	Image	,144	,066	,188	2,202	,029
	Trust	,026	,076	,030	,345	,730
	Quality	,006	,065	,008	,096	,924
	Price	,212	,058	,256	3,634	,000

a. Dependent Variable: Store Loyalty

Multiple Regression Model 12: *Predicting sub-variables for Private Label Characteristics and Store Loyalty.* Model summary, ANOVA, and Coefficient table.

*Appendix 4: Article based on the study "Private Labels and Generation Dislo(**Y**)al"*

Private Labels – The Way to Retain Generation Dislo(Y)al?

Published: 2016-05-18 15:40

Photo: ICA Group

LUND

The Swedish grocery retail industry has witnessed a remarkable increase in sales of private label products. Offering private labels is seen as a strategic approach for grocery retailers to retain existing customers. However, are private label products the key to retain the critical and disloyal consumer group – Generation Y?

It has been proven that companies can become more profitable by focusing on retaining existing customers rather than constantly fighting to gain new ones. There are different ways for retailers to differentiate themselves from other competitors, where the development of private labels has been immensely popular as a strategic approach.

In Sweden, private labels are present in nearly every grocery retailer's assortment and can be found in every product category. In 2014, private labels were accounted for 23% of the total grocery retail sales in Sweden, including sales from private labels such as Ica's "I love Eco", Coop's "Änglamark" and Willys "Garant".

A crucial consumer group for retailers to consider, due to its generational size and substantial purchasing power, is Generation Y, moreover, individuals born between the early 1980's and 2000's. Generation Y is described as critical and disloyal and are therefore a big challenge for today's grocery retailers. Especially as Generation Y is the seen as the dominant segment of the future consumption market.

The acknowledged researchers Godderidge, Johansson and Larsson, have studied relation between private labels and its impact on loyalty towards a grocery retailer chain, i.e. store loyalty. This is further put it in relation to other store loyalty driving factors, such as economic factors and retailer characteristics.

Findings show that private labels have a significant impact on Generation Y's store loyalty. Further, consumers within Generation Y who consciously prefer a specific grocery retailer are shown to value the retailer's private labels higher. Most significantly, Generation Y truly want it all: Low prices and high quality. *"Unlike most consumer groups, who are either price-oriented or service-oriented, our study indicates that Generation Y inhabit a value-oriented behaviour",* says Larsson.

Consequently, Godderidge, Johansson and Larsson found that private label products and Generation Y are the ultimate match due to private labels low price and perceived high quality. However, the existing perceived image of private label products, do not fully align with Generation Y's wanted self-image.

FACTS

About the survey

- Conducted through a questionnaire in Lund
- 502 respondents
- Age of respondents: 18-36 years old

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