

Copyright is owned by the Author of the thesis. Permission is given for a copy to be downloaded by an individual for the purpose of research and private study only. The thesis may not be reproduced elsewhere without the permission of the Author.

The Positioning of Premium Private Label Brands

A thesis in partial fulfilment of the requirements for the degree of Master of Business Studies
in Marketing at Massey University, Palmerston North, New Zealand

Pam Feetham

2011

ABSTRACT

Premium Private Label brands are commanding eye-level shelving space in New Zealand's supermarkets. With eye-catching packaging and labelling they are attempting to position themselves against established National brands. The question of whether consumers perceive premium Private Label brands as occupying the same perceptual space as these established National brands was the focus of this research. In four FMCG product categories, the positioning of the premium Private Label brand, Select, was compared to that of two National brands and a budget Private Label brand, using on-line surveys. In none of the categories was Select perceived as occupying the same perceptual space as the established National brands, though it was clearly differentiated from its budget counterpart.

These findings suggest that, while premium Private Label brands such as Select may never threaten the market position of a dominant National brand, they could compete for the position currently held by weaker National brands in some product categories. This research also confirmed that, generally, New Zealand consumers have positive attitudes towards Private Label brands, but there is some doubt that they fully trust the quality of Private Label brands. Consumers are also more likely to purchase Private Label brands in particular categories, and more likely to do so if they are locally sourced.

To avoid any cannibalisation between the premium and budget Private Label brands it is vital retailers maintain the perceptions of quality separation. Communication messages, therefore, need to convey premium Private Label brands' quality, value for money, and that the ingredients are locally sourced. Retailers could build further premium Private Label brand trust and familiarity by in-store taste trials and free samples.

ACKNOWLEDGEMENTS

I would like to sincerely thank my supervisor, Professor Phil Gendall, for his never-ending patience, guidance, and faith that I could complete this thesis. His critical evaluations have taught me much, and I am indebted to him for challenging me to attain high standards.

To my beautiful daughters – thank you for motivating me. This work is dedicated to them. Sadly, my eldest daughter Riana is not here to celebrate this achievement. She left our world suddenly during this process. It knocked me over. When I remembered her big smile and plans for our future, I stood up and carried on. I know she watches over me.

To my youngest daughter Te Rina - your boundless energy, passion for life, and loving heart inspire us all. May you never lose these qualities, and continue to reach for your dreams.

Thank you also to my colleagues and friends in the School of Communication Journalism and Marketing, who have stood by my side throughout my grieving process, and encouraged my every step.

TABLE OF CONTENTS

ABSTRACT.....	ii
ACKNOWLEDGEMENTS.....	iii
TABLE OF CONTENTS.....	iv
LIST OF TABLES.....	ix
LIST OF FIGURES.....	xi
1.0 INTRODUCTION.....	1
1.1 Background.....	2
1.2 Private Label Brand Key Trends.....	3
1.2.1 Private Label Brand Growth.....	3
1.2.2 Private Label Brand Rates of Global Adoption.....	4
1.2.3 Private Label Brand Category Expansion.....	5
1.2.4 Private Label Brand Tier Expansion.....	5
1.2.5 Private Label Brand Market Share in New Zealand.....	6
1.2.6 Private Label Brand Buyer Profiles.....	6
1.2.7 Other Private Label Brand Trends.....	8
1.3 Reports on Private Label Brand Beliefs.....	8
1.4 Summary of Private Label Brand Impacts.....	8
1.5 Research Relevance and Purpose.....	9
2.0 PRIVATE LABEL BRANDS AND POSITIONING.....	12
2.1 Introduction to Literature Review.....	12
2.2 Private Label Brands.....	12
2.2.1 Introduction.....	12

2.3.2	Private Label Brand Effects on Market Structures.....	13
2.3.3	Consumers' Perceptions of Private Label Brands.....	19
2.2.4	Private Label Brand Summary.....	29
2.3	Brand Positioning.....	30
2.3.1	Introduction.....	30
2.3.2	Brand Positioning Limitations.....	31
2.3.3	Brand Position Defined.....	31
2.3.4	Optimal Private Label Brand Positioning Strategies.....	32
2.3.5	Private Label Brand Positioning.....	35
2.3.6	Brand Positioning Summary.....	40
3.0	METHODOLOGY.....	41
3.1	Phase 1: Identification of Brand Attributes.....	41
3.2	Phase 2: Positioning Measurement Methods.....	43
3.3	Survey Design and Implementation.....	45
4.0	RESULTS.....	47
4.1	Introduction.....	47
4.2	Canned Apricots.....	48
4.2.1	The Canned Apricot Market.....	48
4.2.2	Canned Apricot Brand Perceptions.....	49
4.2.3	Apricot Brand Perceptions Amongst Progressive Enterprise Shoppers.....	50
4.2.4	Apricot Discriminant Analysis.....	51
4.3	Canned Salmon.....	52
4.3.1	The Canned Salmon Market.....	52
4.3.2	Canned Salmon Brand Perceptions.....	52
4.3.3	Canned Salmon Brand Perceptions Amongst Progressive Enterprise Shoppers.....	53

4.3.4	Canned Salmon Discriminant Analysis.....	55
4.4	Frozen Beans.....	56
4.4.1	The Frozen Beans Market.....	55
4.4.2	Frozen Beans Brand Perceptions.....	56
4.4.3	Frozen Beans Brand Perceptions Amongst Progressive Enterprise Shoppers.....	56
4.4.4	Frozen Beans Discriminant Analysis.....	58
4.5	Teabags.....	61
4.5.1	The Teabags Beans Market.....	61
4.5.2	Teabags Brand Perceptions.....	61
4.5.3	Teabags Brand Perceptions Amongst Progressive Enterprise Shoppers.....	62
4.5.4	Teabags Discriminant Analysis.....	63
4.6	Store Brand Attitudes.....	64
4.7	Store Brand Attitudes: Demographic and Behavioural Influences.....	66
4.7.1	Age.....	66
4.7.2	Gender.....	67
4.7.3	Education.....	69
4.7.4	Personal Annual Income.....	70
4.7.5	Weekly Grocery Spend.....	72
4.7.6	Age Group and Personal Income.....	73
4.7.7	Age Group and Weekly Grocery Spend.....	74
5.0	DISCUSSION AND CONCLUSIONS.....	76
5.1	Discussion and Competitive Implications.....	76
5.2	Conclusions.....	80
5.3	Limitations and Future Research.....	81
6.0	REFERENCES.....	84
7.0	BIBLIOGRAPHY.....	90

8.0 APPENDICES.....	94
Appendix A: Convenience Sample Questionnaire.....	95
Appendix B: Survey Information Sheet.....	98
Appendix C: On-line Survey.....	100
Appendix D: Demographic Tables.....	112
Appendix E: Post Hoc Tests.....	116
Appendix F: Significant Cross-tabulation Tables.....	117

LIST OF TABLES

Table 1: Canned Apricot Brand Shares.....	49
Table 2: Overall Quality Rating of Brands.....	49
Table 3: Quality Ratings by Store Group.....	50
Table 4: Comparisons of Brand Constructs: Progressive Enterprises' Shoppers.....	51
Table 5: Canned Salmon Brand Shares.....	52
Table 6: Overall Quality Rating of Brands.....	53
Table 7: Quality Ratings by Store Group.....	54
Table 8: Comparisons of Brand Constructs: Progressive Enterprises Shoppers.....	54
Table 9: Frozen Beans Brand Shares.....	56
Table 10: Overall Quality Rating of Brands.....	56
Table 11: Quality Ratings by Store Group.....	57
Table 12: Comparisons of Brand Constructs: Progressive Enterprises Shoppers.....	58
Table 13: Frozen Beans Discriminant Functions.....	58
Table 14: Frozen Beans Canonical Discriminant Function Coefficients.....	59
Table 15: Frozen Beans Functions at Group Centroids.....	59
Table 16: Teabag Brand Shares.....	61
Table 17: Overall Quality Rating of Brands.....	62
Table 18: Quality Ratings by Store Group.....	63
Table 19: Comparisons of Brand Constructs Progressive Enterprises Shoppers.....	63
Table 20: Store Brand Attittudes.....	65
Table 21: Age and How Often Store Brands are Bought.....	66
Table 22: Age and Store Brand Value for Money.....	67
Table 23: Gender and How Often Store Brands are Bought.....	68
Table 24: Gender and Store Brands are Good Value for Money.....	68
Table 25: Education and How Often Store Brands are Bought.....	69

Table 24: Education and Store Brand Value for Money.....70

Table 27: Personal Annual Income and How Often Store Brands are Bought.....71

Table 28: Personal Annual Income and Store Brand Value for Money.....71

Table 29: Weekly Grocery Spend and How Often Store Brands are Bought.....72

Table 30: Age Group and Personal Income – Store Brand Value for Money.....74

Table 31: Age Group and Weekly Grocery Spend – Store Brand Value for Money.....75

LIST OF FIGURES

Figure 1: Canned Apricot Function with Brands at Group Centroids.....51

Figure 1: Canned Salmon Function with Brands at Group Centroids.....55

Figure 1: Perceptual Map Frozen Beans.....60

Figure 1: Teabags Function with Brands at Group Centroids.....64