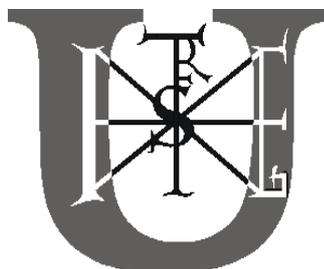


Szent István University, Gödöllő



**ANALYSIS OF FACTORS INFLUENCING CUSTOMER  
BEHAVIOUR OF PRIVATE LABELS ON THE HUNGARIAN  
FAST MOVING CONSUMER GOODS MARKET**

**THESIS OF DOCTORAL (Ph.D.) DISSERTATION**

by

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# 1 INTRODUCTION

Existence of private labels became more and more apparent in Western Europe and the United States as of beginning of the 1970's. Economic crisis of the period and promotional behaviour of producer brands made customers more price sensitive who welcomed products at a more available price level. Private labels gained significant market share in countries with mature retail structure and private brand portfolio (Switzerland 53%, United Kingdom 47%, in volume in 2011). According to researchers' recession, quality improvement of these brands and change in trends of consumer behaviour will increase shares further even in these countries.

Private labels appeared in Hungary some years after international retail chains opened their first shops. Categories like dairy products, long-life groceries, papers and wraps were the first ones where private brands were introduced, followed by other groceries and personal and home care. Demand of these brands encouraged Hungarian retail chains to broaden their variety with own labels. Nowadays private labels colour many product categories such as DIY, fuel stations, games, clothing and home decoration and appeared even between services. Headway of the phenomenon is much more dynamical than it is to observe in countries with long history of own labels thus examination is worth even on the short period. Opportune ness of my research topic is valid further by the fact that current economic downturn whirls new layers of consumers towards brands with more available price level. Structure change of Hungarian retail visible in the last ten years enhances this lively growth from two points of view. First: hard discounters (Aldi, Lidl) open many new units where primarily private labels are offered. Second: increase in concentration (units of Plus were taken over by Spar in spring 2008, Auchan overtook Cora hypermarkets in 2012, Match and Profi units transferred to CBA and Coop the same year) makes appearance of these brands more apparent.

My first step in research was to sum up Hungarian literature. Detailed display of the topic proved to be very incomplete in both research and education. Only few articles deal specifically with private labels besides household panels and reviews of market research companies. International literature offered brighter sources. Several articles deal with growing significance of private brands: in which product category what kind of consumer, retailer and producer behaviour supports them. However only one or two factors of the phenomenon are examined in an article. I did not find any synthesising or model constructing work. Multiple involvements directed me to fill this gap before examination of the Hungarian customer. While my first objective is linked only to literature review the second one connects literature and practice.

**O<sub>1</sub>:** Overview, evaluation and synthesis of literature dealing with factors related to all stakeholders (from consumer, through retail till producer) that influence private label success. As result I want to offer a summary of inland and international literature for research, education and practical professionals.

**O<sub>2</sub>:** Constitute a systematizing model that enables interdisciplinary examination of stakeholders of private labels and reflects interactive effects of the factors.

For the sake of working with a reliable model at reaching my further objectives I planned to control my theoretical setting with interviews with consumers. Finally hypothesis for relationships between factors influencing private label headway in Hungary were set up based on secondary researches and the model. Research was narrowed to customer and product category on the FMCG market.

O<sub>3</sub>: Evaluation of the factors concerning characteristics of the consumer and product category on the Hungarian fast moving consumer goods market.

I adapted quantitative methods to analyse motivations, buying objectives, demographic and psychographic characteristics of private label customers.

My last objective (O<sub>4</sub>) was to work up a segmentation which can separate private brand prone and unloved consumer and enables to unfold distinct motivations of these two groups.

Opinion of the consumer formed from him/her and imposed to the outside world can be examined by questionnaires and deep interviews but shows a unilateral picture. Besides, as my quantitative research was conducted at the beginning of the economical crisis I anyhow felt necessary to display changes since then in the dissertation. Hence I refined and enriched results of my customer research by interviews made with industry professionals of significant players on the FMCG market.

Syllabus of the dissertation follows the track of my objectives. Literature review more detailed than accustomed and the logical model comprehend all influencing factors of private label headway in all product categories considering both customer-consumer and corporate (retail, producer and supplier) projection. My primary research examines private brands narrowed to the FMCG customer.

## 2 MATERIAL AND METHOD

Logical track of my research (Figure 1) is the traditional one. After a qualitative examination I used my theoretical conception to set up hypothesis for the quantitative research. After enrichment with newfound and relevant factors I evaluated it by industry professionals. My final model contains both their opinion and my empirical results.

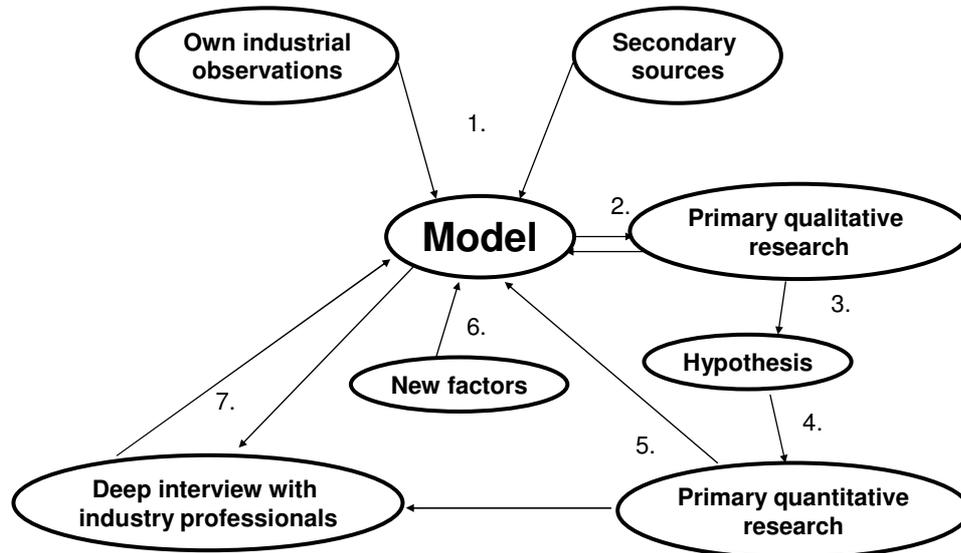


Figure 1

Flow sheet of the research (edited by the author), 2012

### 2.1 Qualitative research

Relevance of my model based on own industrial experience, literature review and reports of market research companies was checked with help of qualitative research. The aim was to control whether all influencing elements are incorporated in the model and whether they are all relevant. I prepared deep interviews to unfold and understand familiarity with private labels, consumer attitude towards them and motivations of purchase.

I set up the following hypothesis at this phase:

**H<sub>q1</sub>: General purchase custom indicates attitude towards private brands.**

**H<sub>q2</sub>: Household-keepers know and identify private brands aright.**

**H<sub>q3</sub>: My research concept for headway of private brands is valid and covers influencing factors completely.**

Interviews were prepared with twelve household-keepers (mainly women) in Q3 2008. Half of the respondents live in a city South-East of Hungary. The other half lives in the western suburbia of Budapest and works in the capital or at residence. Shopping is arranged jointly near workplace or residence. Both groups can choose from wide range of shops regarding FMCG products. Interviews incorporated three areas. Planning of purchase, main shopping locations and approach of the shop were part of *general characteristics of shopping* topic. We detailed persons taking part in purchase, frequency of shopping and average cost of the basket. Second topic of the interview was to assess how *shop environment influences shop selection*. We touched loyalty and reasons behind. Selection from product variety conducted

to the main topic: price, promotion, brand name or other reasons cause that a certain product is chosen from shelf. Regarding *private brands* respondents listed familiar own labels either used or not. They explained their opinion about packaging and quality of these products. I was wondering in case of both users and non-users how they judge private labels. In case of users I also asked if judgement changed after trial.

I evaluated the interviews with content analysis.

## 2.2 Quantitative researches

### 2.2.1 Questionnaire

Overall examination of all influencing factors of private label spread identified in literature was well beyond frames of a dissertation. Hence I restricted my research to customers of FMCG products and set hypothesis regarding demographic and psychographic characteristics of shopping. Corporate side of own labels (retail, producer and supplier) was not analysed quantitatively.

**H<sub>1</sub>: Households with growing income per capita buy less private label.**

**H<sub>2</sub>: Size of household affects private label purchase.**

**H<sub>3</sub>: Higher education level of the household-keeper causes higher private label purchase.**

**H<sub>4</sub>: Age of household-keeper affects private label purchase.**

**H<sub>5</sub>: Women household-keepers are more prone to purchase private label than men.**

**H<sub>6</sub>: Private label purchase grows with price sensitiveness.**

**H<sub>7</sub>: Routine in private labels causes higher purchase willingness.**

**H<sub>8</sub>: Consumer involvement in product category has an impact on private label purchase.**

**H<sub>9</sub>: The more important store accessibility is the more likely one buys private label.**

**H<sub>10</sub>: Store loyalty is connected with private label purchase.**

**H<sub>10a</sub>: Low store loyalty causes low private label purchase.**

**H<sub>10b</sub>: Low chain loyalty increases number of known private label brand names, and number of bought private brands.**

**H<sub>11</sub>: Consumer rely less on extrinsic cues to judge quality of a product with growing private label routine.**

**H<sub>12</sub>: Quality oriented private labels are better accepted by consumer.**

My target group were main shoppers of households who can choose from diverse retail chains to do their shopping. Sample frame setting was high-handed. I chose Budapest as field because shop density is very high here and concentrated territorial conduct of query is solvable. Considerations behind retail chain selection were:

- sample should contain all four shop types offering wide range of private labels (super- and hypermarkets, local chains and discounters),
- local chain should be a significant player of the market,
- the chains should own private label(s),
- the chains should be present in all districts of Budapest.

All chain centres gave permission for my research. Data was collected in the stores, after shopping, behind the cashier desk. The standard questionnaire was asked personally in January 2009. Timing was selected to be there at main shopping period: weekdays 4-7 pm, weekends 9-12 am. Sample size is 588.

Table 1  
Structure of the questionnaire (edited by the author), 2012

Topic	Question	Scale
Screening question	A1	nominal
Shopping frequency, visited shops, approach	A2-4	nominal
General shopping attitude	A5-47	interval
Familiarity and purchase of private labels	B1	nominal
Buyers attitude towards private labels	B2-16	interval
Non-buyers attitude towards private labels	C1-10	interval
Demographics	D1-6	nominal, ordinal, interval

Those who already bought a private label answered all B question after B1. Non-buyers switched to section C. There were statements examining the same behaviour for both groups to enable comparison.

Statistical analysis was made with SPSS for Windows version 15.0. Before analysis I controlled the database for missing values (Neumann-Bódi, 2012). I transformed the necessary interval and ratio scales into categories to enable cross tabulation analysis. I examined frequency distribution for demographics, shopping frequency and shopping location. I analysed mentioning of private label brand names and categories where respondents knew that such brands are available. I compared buyers and non-buyers regarding pricing, quality and trustworthiness of private labels. I applied both single- and multivariable methods. I examined interrelations between demographic characteristics, purchase frequency, shop approach, shop type and private label purchase. General shopping behaviour of private label buyers and non-buyers was analysed with ANOVA. Complex phenomenon of factors influencing private label purchase was tested with factor analyses. To enable absolute study of shopping attitudes and private label proneness, respondents were classified into groups. I chose cluster analyses as method because there is no need to have prior information about the membership of any respondent.

### 2.2.2 Analysis of national culture

I worked with the cultural dimension system of Hofstede because the method is successfully applied in social sciences and it owns a wide database. *Ceteris paribus* analysis of the impact of national culture on market share of private labels is impossible. There is a difference between countries in average income level, retail structure and traditions of own labels. Taking it all into account I collected data of countries which differ much regarding their national culture, but are more similar (in worldwide comparison) in the mentioned characteristics. Therefore sample size is small (23 countries).

I formed two hypothesis regarding influence of national culture:

**H<sub>13</sub>: The more a national culture is characterized with uncertainty avoidance, high power distance, collectivism and masculinity the less private label is purchased in the country.**

**H<sub>14</sub>: The more a national culture is long term oriented the more private label is purchased in the country.**

Source of Hofstede's cultural dimensions was the official website. Market shares are measured in volume to eliminate influence of different price advantage of own labels. I analysed the relationship between own label market share (dependent variable) and cultural dimensions (independent variables) with help of regression analyses. The reason behind

choosing regression instead of correlation analyses was the advantage of forecasting the future value of the dependent variable (Malhotra, 2009). I aimed at predicting the Hungarian private label market share based on cultural dimensions.

### 2.3 Opinion of industry professionals

Results of my primary quantitative research took a picture of customer attitudes at the beginning of the economic crises. Customers got acquainted with private brands since then as decrease in income level directed them to cheaper alternatives, such as own labels. This process was forced by the Hungarian retail structure change. To track the development a new investigation became necessary. I firstly planned to interview significant producers of the Hungarian FMCG market in both food and household and personal care categories (two-two companies). Secondly I planned to interview the retailer side: super- and hypermarkets and discounters (two-two companies). Competition and establishment of industrial secret narrowed my possibilities. Most of the companies I asked for a deep interview gave a negative answer to share any kind of information. Finally I managed to interview three producer brand owners and one retailer with holding their full anonymity.

Two versions of interview outlines were prepared. At retail companies I wondered characteristics of their private brands: since when, in which categories, with help of which resources and with what kind of result do they offer them. Further question groups were the same for producer brand owners, too. Regarding consumer I wanted to know if there is a typical own label buyer in Hungary, do they have any distinguishing feature? Regarding future of private labels I asked about the influence of economic crisis, about a possible change in dynamics of growth and about the long term success criterion. Finally I asked them to look at my model and tell me their opinion about the factors indicated and complete it if necessary. I evaluated the discussions similarly to the consumer interviews with content analysis.

### 3 RESULTS

#### 3.1 Critical summary of Hungarian and international literature

I relied on both academic and market research sources while collecting influencing factors of private label headway. Analysis of academic sources clearly shows a historical development of research: factors included into examination became more complex with time.

First group of factors incorporates characteristics of the consumer or customer. Majority of literature uses *demographics*: besides sex, age and income, education level and current job of the household-keeper and size of the household are analysed. Results are often contradictory.

- Socio-demographic variables were found irrelevant by Myers (1967), Fugate (1986), Mieres et al. (2006), Juhász et al. (2010) and Péntzes - Kis (2011).
- Age, income level household size and education are significant by Mathews (1995) and Hoch (1996).
- Importance of sex is found by Lupton et al. (2010).
- Price sensitiveness as a uniformed index for socio-demographic characteristics was analysed by Hansen, et al. 2006, Batra - Sinha 2000, Lupton et al. 2010 and Péntzes - Kis 2011.
- According to Ailawadi et al. (2001) demographics determine private label purchase only indirectly through psychographic characteristics.
- *Psychographic analysis* on the customer came into the picture with the examination of consumer behaviour. Consumers alternating between brands are searching for value thus private labels are attractive as cheap alternatives. (Richardson et al. 1996/a, Baltas et al. 1997, Putsis - Dhar, 2001, Harcar et al. 2006, Glynn - Chen 2009):
- involvement in product category is first mentioned by Quelch - Harding (1996) and Harcar et al. (2006),
- routine in private brands is researched by Richardson et al. (1996/a) and Veloutsou et al. (2004),
- perceived risk can be found in works of Mieres et al. (2006) and Quelch - Harding (1996),
- reliance on extrinsic cues while judging quality of an unknown product is researched by Mogelonsky (1995), Jin - Suh (2005) and Lehota et al. (2005),
- loyalty to producer brands is found to be important by Hoch - Banerji (1993), Steenkamp - Dekimpe (1997), Harcar et al. (2006) and Beneke et al. (2012),
- store loyalty plays a role by Richardson et al. (1996/a), Cullen - Whelan (1997), Bauer - Agárdi (2000), Cotterill - Putsis (2000), Corstjens - Lal (2000), Kenesei (2002), Ailawadi et al. (2001) and Kumar - Steenkamp (2007).

These factors were analysed either themselves or in combination with demographics. Some researches undertaking also the comparison of countries (Richardson et al. 1996, Ailawadi et al. 2001, Shannon - Mandhachitara 2005, Lupton et al. 2010, Herstein et al. 2012) mention that *cultural differences* definitely play a role in success of private brands.

*Characteristics of product category* are in the second group.

- price or quality orientation of own labels (Quelch - Harding 1996, Duffy - Fearné 2002, Relan 2006, Hansen et al. 2006),
- and seasonality (Nagy, 2005)

are found to be significant.

Third group is built by *characteristics of retail*. Availability of stores and retail structure are found to be important (Quelch - Harding 1996, Steenkamp - Dekimpe 1997, Sethuraman - Cole 1999, Veloutsou et al. 2004, Harcar et al. 2006).

### 3.2 General model of private label headway influencing factors

Relationship between factors found in literature and their interaction required a systematisation in a model which also displays logical connections. My research concept rests on sources summarized in Chapter 3.1. The concept was validated by qualitative consumer research thus it was taken as base of quantitative research hypothesis. My final model (Figure 2) is based on the concept regarding structure and basic relationships but is completed with some new factors whose importance was only shown in the last some years. Besides incorporates results of my quantitative research. Regarding new factors: *legal regulation* mentioned by Parker – Kim 1995, Dedics 2007, Nazzini 2009 and Juhász et al. 2010 affects three players. Suppliers of own labels are defenceless against the retailer. Market position of producer brands are often impaired by copycats of private brands. Consumer is not necessarily a winner of the private brand phenomenon. More and more cases come to surface: artificial decrease in product variety on shelf, copycats and collusion between producer and retailer brands injure well-being. Second new factor in the model is *potential supplier of own labels* (Juhász et al. 2010), whose decision may influence number of producer brands competing with private labels. Third new factor is *behaviour of producer brands* (Steenkamp - Dekimpe 1997, Hoch - Lodish 1998, Dunne - Narasimhan 2000, Kenesei 2002), which plays a role in differentiation in product category and image building. Fourthly, (lurking in foreground in my original concept, and receiving a separate role in the final model) importance of *economic cycles* (Nandan – Dickinson 1994, Quelch – Harding 1996, Ailawadi et al. 2001, Lamey et al. 2007 and Steenkamp – Kumar 2009) was supported by the effects of the current world crisis. Namely, recession not only decreases income of the consumer but also slows dynamics of store openings and influences producer brand actions (innovations, price decrease, and fewer promotions) and opportunities of suppliers.

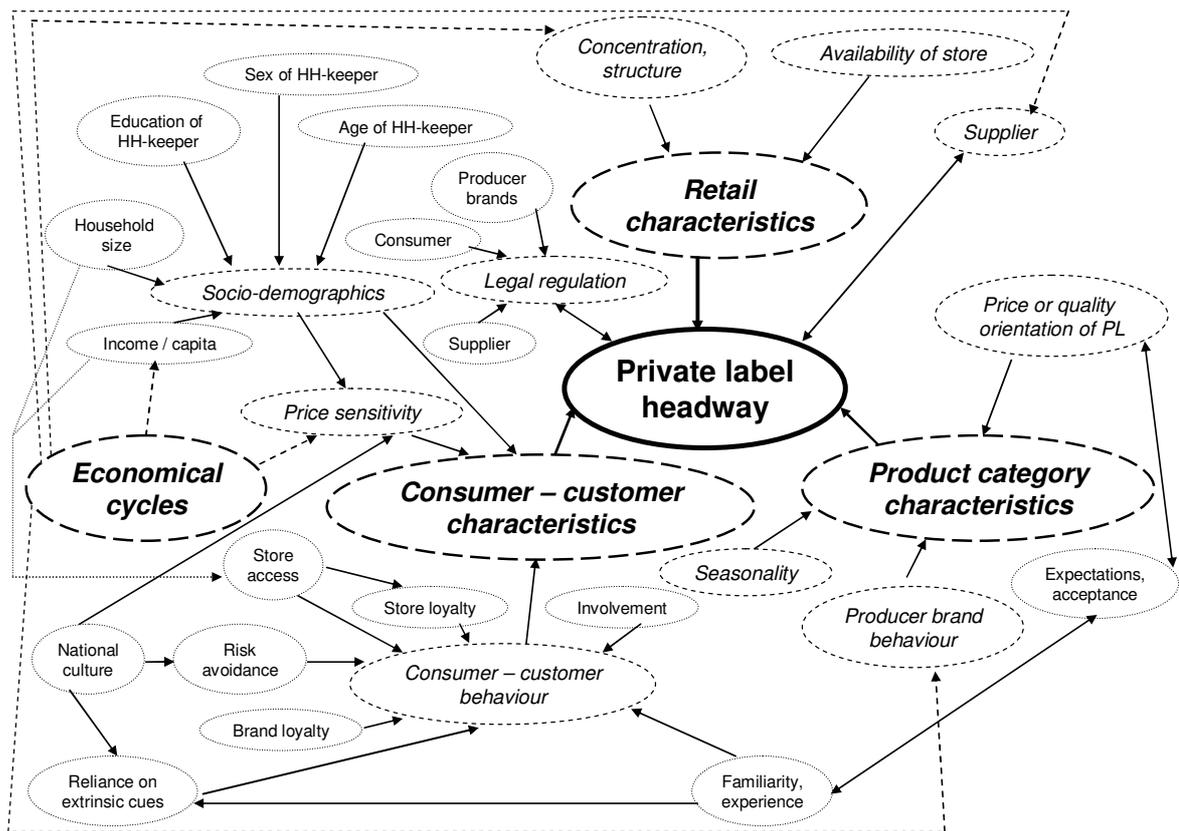


Figure 2  
 General model of influencing factors of private label headway (own research), 2012

### 3.3 Difference of private label headway in product categories

Analysis of product category factors clearly showed that own labels' success differs category-to-category even in countries with mature markets. There are huge variances which can not be interpreted by price advantage of own labels. Analysing this fact I recognised that category consumer involvement influences trial ratio which has a direct effect on market share. To describe the link I created a diagram (Figure 3) which displays on axle 'x' the percentage of consumers who have tried a private label in the given category and on axle 'y' volume market share of private labels in the same category. According to my opinion four quarters can be formed where the one nearest to the intersection includes own label categories which (if not newly launched) do not have big growth potentials. The reason may be the image effect of producer brand consumption. I call this group *Valetudinarians*. Own label categories with low trial ratio but high market share are *Potentials*. A small but loyal consumer base causes success. Significant growth potential resides in increase of trial which is easily solved with promotions, showy packaging and trustworthy image. *Losers* have high trial but low share caused very likely by poor quality which inhibits repurchase. *Winners* have high trial ratio and high market share where the main task is to maintain quality and image. The diagram can display even consumer involvement in the product category. Grouping can work not only with categories but also with single private brands. One must be wise while using it when a brand is active in more categories. Comparison and representation is sensitive: both trial ratio and market share is affected by the fact since when private brands are present in the category, how frequently the category is purchased, how fragmented brand shares are in the category, and the level of chain penetration, visit frequency and retailer market share.

Private label share in category [%]	high	Potentials	Winners
	low	Valetudinarians	Losers
		low	high
		Trial [%]	

Figure 3

Market potential of private labels in different product categories (own research), 2012

Missing data hindered correct compilation of the diagram. Those few categories which have a public data source show that trial ratio is not well-proportioned with market share. Based on market research data (Nielsen) private brands of frozen goods and pet food are Potentials, papers and wraps are Winners, oral care is Valetudinarian and personal care is Loser in Hungary.

### 3.4 Results of qualitative research

Households interviewed showed similarities regarding purchase preparations, number and type of chains visited regardless to income level, age and education of household-keeper or residence. I found big unity between respondents regarding expectations towards store atmosphere. As expected, familiarity with private labels showed a mixed picture. It turned out from the interviews that all respondents already bought such a brand, still two-third stated prior that they do not know private brands. There are households where one or two own labels are on the shopping list, because they had good experience with them, but the family is sceptic to try new ones. Some households try several kinds of private labels hoping that they can evolve a product group which serve them with cheaper every day products. Third group of households buys higher quality private brands which are healthier (organic or with less sugar), contain less preservatives, have a more practical packaging than producer brands besides being cheaper. These families search primarily not for private labels but selected quality. If they find it in a store, they may relinquish visiting more chains.

Recognized and unequivocal advantage of private labels is low price level although according to respondents quality can be questioned if price is too low. Experience influences mainly further approach towards these brands. Repurchase and trial of new own labels are generated by good experience. Those with the latter believe that there is no significant difference in quality over against expensive big name brands. Moreover family members did not notice when extraordinary a more expensive good was purchased. Those households with bad experience avoid private labels despite low price. Everyone felt that quality of producer brands is better and this difference is not worth the low price for the smaller part of the respondents. Oppositely, the bigger part conceived that it is not that much worse as much it is cheaper, or the low quality corresponds low costs. I did not find conformity in the answers for whom private label the most attractive is.

Table 2 summarizes observations of the qualitative research.

Table 2

Summary of the results of the primary qualitative research (own research), 2008

Purchase preparation	Important, they try to stick to their list
Purchase habits	Small and big baskets varying, different frequencies
Shopping location selection	Varying – promotion prone Store loyalty only because routine and comfort Important: neat, spacious, wide variety, selected quality, full shelves, definite price labels, polity staff, no cues
Access of store	By car if it is used every day – or for big basket shopping By bus or on foot – in other cases
Considerations in product selection	PRICE (income dependently) eventual promotion If usual product not available – similar quality (based on packaging, price or ingredients) Hungarian product Aim of consumption (own or guest) Brand name plays a role only if of long standing
Private labels	Considered only if brand names same are similar to chain names, in other cases: good quality product of a German producer Spontaneous mention: Tesco, CBA, Winny Quality judged by packaging and producer before trial Trial: because of low price, mainly products with low perceived risk Mixed experience: consumer are censorious – there are good and poor quality products Repurchase and new private label trial only in case of good experience Own labels do not cause store loyalty – accessibility of the store is more important If selected quality: it may effect store loyalty Packaging is very poor It is difficult to define who is buying it Different motivations: price, adequate quality, selected quality General shopping habits indicate attitude towards private labels well 100% penetration: “Everyone buys it as everyone goes to discounters.”

After analysing deep interviews I concluded that my concept is suitable for quantitative research. No new factors emerged, and I wanted to control the effect or neutrality of demographic factors on a big size sample. Regarding my hypothesis:

H<sub>q1</sub>: General purchase custom indicate attitude towards private brands. - **accepted**

H<sub>q2</sub>: Household-keepers know and identify private brands aright. - **rejected**

H<sub>q3</sub>: My research concept for headway of private brands is valid and covers influencing factors completely. - **accepted**

### 3.5 Results of the quantitative research

#### 3.5.1 Questionnaire

It is visible from analysis of *purchase frequency* that respondents do shopping mainly three-four times a week (44,4%). Third of the respondents (30,4%) visit shops every day. Ratio of those who do shopping only two-three times a month (5,4%) or even more infrequent (1,5%) is very low because it is impossible to keep a household with only big basket shopping. For this reason small and big basket shopping happens by turns. Analysing demographic

characteristics it is to report that income does not have effect on purchase frequency. Both results are in line with my qualitative results.

Examining either of the retail chains none of them is visited every day by respondents. 75% of respondents are frequent buyers (every day or three-four times a week) however there is no chain which could even near this frequency. This can only happen if respondents are varying the shops visited, and they do small and big basket purchases at different locations and are not store loyal even within small or big basket purchases. This result is congruent with my qualitative research and with reports of Nielsen Shopper Trend (2010) and GfK Shopping Monitor (2011).

At the analysis ( $\chi^2$  test) of general shopping habits I found that *visits of a store type* are in significant relationship with income. Households with the lowest and average income per capita visit discounters, while above the lowest income level supermarkets, above average level hypermarkets are visited. In the highest income level supermarkets are the most beloved shopping locations. It may sound illogical for the first time, but discounters can be the cheapest sources (lowest income level) or the location for “smart shopping” (average income level). One can find cheaper (above the lowest income level) and more expensive (highest income level) supermarkets. Another reason why income level does not reflect linear connection to store type is that income level is not linearly proportioned with the amount spent. Households with lower income spend bigger part of their income to fast moving consumer goods. My qualitative result showed the same picture.

*Cognition of private labels* reflected that Tesco brand name is the ‘one and only’. This was the mostly mentioned name (52,2%), primarily with its Economy sub brand. The result shows the success of the retailer’s investment. Tesco was amongst the first chains which launched a private label in Hungary and it was the first with above the line promotion. The reason behind was to enhance the brand which had a very poor quality image and to launch higher level private brands. Nevertheless it had a good effect on cognition. Second group in brand name mentions incorporates Spar (34%) and CBA (24,8%), while Coop (13,3%) receives the third place. Any other ration nears 10%. Interestingly respondents mentioned brand names which do not even exist (Penny 7,7%, Lidl 6,8%), although they had a good intuition as these chains have own labels. 17,9% of respondents could not mention any private brand. The ratio would mean a high proportion if we did not take into consideration experience from my qualitative research. There is no clear picture in consumers mind about private brands. Based on research consumer believe that only those products are own labels which wear name of the chain. They do not consider products with fancy names to be own labels. Therefore many brands are ruled out.

*Order of mentions* is important from the marketing research point of view. It is usual to raise top of mind mention thus this is the brand name which a consumer knows even if woken up. Tesco is a leader also here with 32,5%. (Proportion is calculated without non-respondents.) The same value for Spar is 15,6%, CBA 12,8%. Broad quarter of respondents recalled as second brand name Tesco and Spar while CBA has a similar level than at top of mind. Coop as new chain name appears at third mention (12,3%). Cognition and order of mention of the brand names is not a coincidence, these are the chains which were at first places as visited chains (and these have the highest retail market share).

While analysing *cognition of product categories with private labels* I found that the far most mentioned category is dairy products (48%). This own label category was amongst the first ones launched thus consumer had time to get acquainted with it. Besides this own label category has the highest market share. Soft drinks and mineral water (23,8%), paper and

wraps (19,2%), bread (16,5%) and meat (15,1%) frame the second group of category mention. Long-life grocery (10,5%), personal care (9,2%), household care (8,3%), snacks (7,3%), sweets (7,1%) and frozen food (6,6%) are less known private label categories. Interestingly pet food was mentioned by only 2% of the respondents although it has the highest market share. Compared to market research companies' reports, frozen food and cereals received very low level of mentioning. I believe that the reason behind is branding. These categories have fancy names and as such, consumers do not consider them as private brands. Less than a quarter of respondent was not able to mention any product category which would include own labels.

I applied ANOVA to analyse difference in average of buyers and non-buyers of private label. Two separate statements groups were listed in the questionnaire to evaluate. Some statements were the same for all respondents (regarding price level, quality, packaging, retailer, trust) to enable comparison between the groups. Beyond this some statements were formed specifically for one or the other segment (experience after trial, reason behind no trial). Averages of groups differ significantly in more statements.

*General shopping behaviour* of private brand buyers shows that shopping makes them happy, they like selection from wide variety, and feel less that shopping was annoyance. They search for information from flyers before purchase. They compare prices even in the store and believe less that promotional prices displayed on shelf are really always cheap. Private label buyers check the price of the product even if they are satisfied with it. This group of respondents pays more attention to prices in store, it is important for them to buy products cheap. However they agree less that cheap products are of poor quality. It is important for them how the store can be accessed and go by car less often. They agree less with the statement that foreign products have better quality.

Analysing the *opinion regarding private labels* I found that buyers agree more that these products are cheaper, and believe less that own brands have poor quality. This group of respondents showed more trust before purchase as non-buyers. Their trust is based on the existence of big retail chains. Buyer respondents feel less risk after trial. Packaging was not significantly more attractive for any of the groups. From this fact I conclude that buyers were not persuaded by packaging for trial. The two segments showed similar result in the possibility of judging a private label's quality in advance. I put an open question for non-buyers to list the reasons of aversion. Most of them prefer to buy producer brands, some of them mentioned that price level of private brands is suspiciously low, they simply do not like them or they are satisfied with the brand they use.

I prepared *factor analyses* to examine general purchase habits and to frame consumer segmentation. Based on condition Eigenvalue=1 the software delivered 13 factors which covered 60,8% of variance. I felt the representation of this amount of factors too multiple, additionally grouping of some statements was professionally questionable. Thus I controlled 5 – 6 – 7 factor versions also. Unfortunately total variance explained decreased heavily. Another problem also occurred (which already appeared at the 13 factor solution). Factor weights examined separately showed that absolute value of some statements is less than 0,5. As the statements were the same in all versions I excluded them accordingly to literature (Sajtos – Mitev, 2009, p. 270.). Thirty statements delivered a very clear factor structure with Varimax rotation. At Eigenvalue=1 eight factors were delivered by the software. In order to decrease number of factors I examined solutions of different rotation methods. None of them produced a better solution thus I concluded that variables are not correlated and it is not worth

to use them. As factor area was still wide I examined a version with six factors. Total variance explained became very low (48,6%), and I could not fully agree with statement grouping.

Table 3  
Eight and six factors version with Varimax rotation (total variance explained)

Factor	Varimax 8 factors (56,5%)		Varimax 6 factors (48,6%)
1.	Price sensitiveness, price consciousness	↔	Price sensitiveness, price consciousness
2.	High perceived risk	↔	High perceived risk, <i>planned purchase</i>
3.	Pleasurable shopping experience	↔	Pleasurable shopping experience
4.	Selection of accustomed store and product	↔	Selection of accustomed store and product
5.	Quality depends on price	↔	Quality depends on price and <i>brand name</i>
6.	Quality depends on brand name		
7.	Openness to novelties	↔	Openness to novelties, <i>impulse purchase</i>
8.	Purchase planning		

Source: own research

Table 3 shows that three factors became wider in the six factors version. Judging quality before purchase based on price is amended by brand name which is an extrinsic cue also. Purchase planning is divided: planned purchase joined high perceived risk, while impulse purchase became part of openness towards novelties. The first move is easy to interpret as planning decreases perceived risk. However openness towards novelties is not the same consumer behaviour as impulse purchase. The latter can occur with already used products also not only with novelties. From the view-point of interpretation the six factors version could be a solution with this difficulty. There are more other reasons why I chose the eight factors version for further analysis:

- higher level of total variance explained,
- more statements received quite low factor value at the six factor version whilst only three statements have a value between 0,4-0,5 in the eight factor version,
- two statements have meaningless grouping in the six factor version whilst these have significant value in the eight factor version,
- and the most important to my opinion for setting general purchase behaviour:
  - it is necessary to handle purchase planning separately as statements for perceived risk concerned principally product risks,
  - impulse purchase is not equal with openness towards novelties,
  - since there are own labels (the fancy named ones) which are considered by the customer to be a producer brand but are priced below producer brands, I feel it necessary to distinguish between quality judgement based on price OR brand name. This fact is supported by the database as the two dimensions divide.

I analysed by ANOVA the variables effecting factor scores significantly. I found that the factor *Price sensitiveness and price consciousness* has a significant relation with age of the respondent, visited chain and access of store. This is not surprising, as lower income households go shopping by bus or on foot and price positioning of retail chains is well-known by customers. Two age groups, the youngest and the oldest are characterized by price sensitiveness. The factor *High perceived risk* is affected significantly by age, purchase frequency, store access, visited chain and shop type. It is difficult for older people to get acquainted with very wide variety thus they are the ones who stick to their known brands.

Experience of frequent buyers and selection of a chain or shop type which has a more transparent variety can decrease this risk. Factor of *Pleasurable shopping experience* has a significant relation with age, purchase frequency and number of visited stores. It is quite obvious that women love shopping and they are mostly the household-keepers who go to shop frequently. Subsequently they like to go to more stores to be able to purchase the adequate good. Men, who like shopping less, go to stores only if really necessary. Factor of *Selection of accustomed store and product* has significant relation with sex, age, number of visited chains, store access, store type and income. This factor is a possible solution for decrease of perceived risk. I already mentioned at perceived risk that it has a higher level in the older generations. Men who are not shopping experts know their way around in accustomed locations. As shopping is not their hobby they pick their known product and escape from the store. If someone likes the accustomed store s/he has probably only few of them. Lower income is definitive because a smaller budget does not allow risking a wrong choice with a novelty. Higher income plays a role in store access since car is used mostly by richer families for shopping. Factor of *Quality depends on price* is in connection with purchase frequency and visited chain. Those who do shopping more frequently recognize price level better and can easily set the average market price of a product. Therefore they are more sensible to over pricing and do not refer higher quality to higher price. Frequent buyers know the average price level of retail chains very well thus they can define the anticipatory average price of the products. Factor of *Openness to novelties* depends on retail chain visited. Chains with a wider variety offer more often novelties to customer. Therefore those visiting these chains are more open to novelties. Factor of *Quality depends on brand name* is significantly affected by income, age, store access and retail chain visited. Customers with higher income may concede easier to consume expensive branded goods and to finance image transfer. Caused by different reasons younger and elderly people are more brand loyal. Number and quality of the brands offered by the chains is different thus it is determining. Factor of *Purchase planning* is in connection only with sex of the respondent. As most of the household-keepers are women and they are the ones who collect demands of the household it is unequivocal that purchase planning is mainly their role.

I created customer segments with help of the cluster analyses. Analysing different cluster partitions I felt the four cluster solution to be optimal. Number of respondents in a group is levelled and interpretation of the cluster is adequate.

Regarding demographics: sex, education, age and income are in significant (based on  $\chi^2$  test) relationship with the segments. Women are overrepresented in every segment that is no surprise having the distribution of the sample in mind. Nevertheless household-keepers are mostly women. Comparing the four segments I found that the ratio of men is the highest in the first one (42,8%). In the other three women have 70-80% share. Regarding education the first segment has principally middle and high level, second and third segments middle, and the fourth high level of education. Distribution of age shows that the first two segments are aged mainly between 18-30 years, while in the third segment 50-59 and 60-69 years are the typical age groups. In the fourth segment respondents between 30-39 years are overrepresented. Regarding income more than half of those with an income level between 100 and 160 Euro per capita per month belong to the first segment. One quarter of those having income between 330 and 500 Euro per capita per month belong to the second segment. 40% of the families with a monthly income per capita up to 100 Euro belong to segment three.

Regarding store access of the first three segments public transport is the most important tool. However they differ in the secondary access type: the first segment uses a car or bike while

the second and third segments go on foot. More than half of segment four goes shopping by car or bike.

There is a private label buyer dominance in every segment what is not surprising taking into consideration that 74,4% of the sample buys such products. Comparing the segments it is visible that most respondents belong to segment one (35,2%), while second and third segment possess 24 and 25,6% of the buyers. Cluster four incorporates the least with 15,1%.

Characteristics of the clusters are summarized in Table 4.

Table 4  
Summary of cluster characteristics (own research), 2012

	Risk taking reformer	Price conscious brand lover	Cost cutter by planning	Well-offs sticking to custom
Price sensitiveness, price consciousness	0-	++	+	--
High perceived risk	++	-	++	+
Pleasurable shopping experience	--	+	+	0+
Selection of accustomed store and product	--	+	+	++
Quality depends on price	0-	--	0+	++
Openness to novelties	++	0+	--	+
Quality depends on brand name	0-	++	--	+
Purchase planning	0-	0-	++	-
Sex	the most men	woman	woman	woman
Typical age (year)	18-30	18-30	50-69	30-39
Typical education level	middle and high	middle	middle	high
Typical income level (Euro/capita/month)	100-160	330-500	0-100	330-500
Store access	1. public 2. car/bike	1. public 2. on foot	1. public 2. on foot	car/bike
Private label purchase	YES	yes	yes	rarely

I named the first cluster as “*Risk taking reformer*”. It is characterised significantly by openness to novelties and high perceived risk. Men of the sample are members mostly of this cluster. Shopping is not a good experience for them; they do not even plan purchase in advance. Although they are uncertain in connection with an unknown good because of risk, they do not stick to accustomed stores and products. Although they feel an unknown product to be risky they do not stick to accustomed store or product. As they do not rely on branding or pricing to judge the quality of an unknown product they are open to try retail brands. Good

experiences after trial generated that this group became the most intensive private label buyer. Their proneness is explained by their low income per capita and need for variety. Low income and neutrality towards extrinsic cues lead to the conclusion that they also buy private labels which are sold under the store name. As they use car or bike besides public transport to do shopping they can easier access hypermarkets and discounters placed outside the city.

Second cluster is “*Price conscious brand lover*”. Besides their relatively high income they are extremely price sensitive. They pay attention to store promotions and compare prices even in stores. According to their opinion quality is not depending on price at all. They like their accustomed stores and products. They access store by public transport or on foot. They feel that searching in the shop is a good experience. They enhance variety with consumption of private labels. They do not feel ambiguity while shopping, and do not perceive high risk. This group relies the most on branding while judging product quality in advance. Since they are price conscious, it is important for them that a product is cheap, but they also expect to have a brand name to ensure quality. Members of this group also buy private labels. Based on the terms before they search for fancy named ones.

The third cluster is “*Cost cutter by planning*”. They have the lowest income level among the groups. It is most probably caused by their typical age and education level. They are at the border of becoming a senior citizen, and their middle class education does not allow luxuriating in brands and products. They are planning their purchases to avoid impulse shopping. They buy accustomed products in accustomed stores as they are not open to novelties. This fact may be caused by their age. They perceive extremely high risk while shopping. They try to decrease it by planning and sticking to routine. They do not trust in gloss of brand names. If they must buy something new they try to judge quality by pricing in advance. They access store by public transport or on foot because of their low income. They like private labels. Based on their characteristics they purchase the lowest priced ones, which carry the name of the store and fancy named ones with low price level.

Fourth cluster is “*Well-offs sticking to custom*”. This group has the highest income level. They access stores by car or bike. It is understandable that their price sensitiveness is the lowest. They consider it to be important how a product looks like. In case of an unknown product quality is primarily guaranteed for them by high price. They stick to their accustomed products and stores. Oppositely to the third cluster the reason behind is not age but the need of big brand names. They are in some degree open to novelties besides perceived risk. Their income level and level of search for novelties does not justify private brand purchase. Since they trust in big brand names and have the lowest price sensitiveness and price consciousness they might consider private brands with fancy names which have high price level, and offer a special product promise (organic, fitness, free from, ecological, fair trade etc.). This private brand may even be priced premium to producer brands. Until such type of private brands do not spread this group will not become a significant own label buyer.

### 3.5.2 Results of national culture comparison

I prepared regression analyses based on data collected from Hofstede dimensions (independent variable) and private label market share (dependent variable). It would have been a very good data base to allow multivariate linear regression. Since it is known from Hofstede’s research that Power distance and Individualism are correlated assumption of multicollinearity would not come true. Thus prediction would be unreliable. For this reason I analysed independent variables separately.

The software did not find statistically significant relationship between any of the culture dimensions. Significance of F statistics was 0,748 in case of Power distance, 0,66 in case of Individualism, 0,641 for Masculinity, 0,687 for Uncertainty avoidance and 0,955 for Long term orientation. In case these values were significant, determining coefficients are very low (>1%). Based on the results both hypothesis H<sub>13</sub> and H<sub>14</sub> must have been rejected.

I see possible reasons why statistical significance of direct relationship between national cultures and own brand market share was not provable in the following:

- Effect of national culture on private label purchase willingness is indirect and shows its relationship through price sensitiveness and reliance on extrinsic cues while judging product quality in advance (see H<sub>6</sub> and H<sub>11</sub> accepted hypothesis).
- Since national culture is considered to be constant by Hofstede, his culture dimensions may not be necessarily suitable for examination of such a quickly changing phenomenon as private label and its consumer proneness.
- According to the above assessment date of culture indexes of the sample may differ by even decades.
- Limitation of the analyses (e.g. comparison of culture dimensions of different countries is not doable *ceteris paribus*) impedes to show differences in national culture. According to results we can not set aside how long own labels are present in a country. It can be important how much consumer know own labels, since when they are available and how much consumer trust producer brands. Differences in spending power and price advantage of private brands may also affect comparison.
- Other factors of the model have such a heavy weight that it swerves effect of national culture. I think primarily on the current economic crisis, and its effect on many other factors like retail consolidation.

Results of the analysis of my hypothesis:

*H<sub>1</sub>: Households with growing income per capita buy less private label* – **rejected**. My result is in full concordance with those of international academic researches and market research companies. Private labels are bought by both low and high income per capita households. Two reasons are behind. Firstly own labels are on the market with many different positioning. Secondly shoppers prefer these brands compared to producer brands according to their involvement in the given product category.

*H<sub>2</sub>: Size of household affects private label purchase* – **accepted**. Statistical analyses showed that the two factors are connected although the relationship did not show a tendency. Since the effect of household size would come forward in decreasing income per capita and this factor was rejected in H<sub>1</sub>, result of H<sub>2</sub> is important. Bigger households look for bigger product size (because of lower unit price and because they consume the product before it expires) but this means a higher amount out of pocket. This is the reason why it is important for them to buy a cheaper own label.

*H<sub>3</sub>: Higher education level of the household-keeper causes higher private label purchase* – **rejected**. Education of household-keeper has an effect generally on the income level, and indirectly on own label purchase. This is to reject based on H<sub>1</sub>. Secondly higher education could influence buyer to judge a product rather based on intrinsic cues than extrinsic ones. Interpretation ability of the ingredient list and knowledge about producers is more expected from someone with higher education. All this did not prove to be significant.

*H<sub>4</sub>: Age of household-keeper affects private label purchase* – **accepted**. Ageing goes hand in hand with changing household life cycles. Consumer is first a single household than a couple,

afterwards a family with children and elderly single. The stages are characterised by different income per capita level and different consumption situations which can influence selection between producer or retail brands. According to the result of my research age and own label purchase are in connection. No tendency can be found what is understandable if one takes into account that household size first grows than decreases with ageing.

*H<sub>5</sub>: Women household-keepers are more prone to purchase private label than men – rejected.* I assumed at the beginning of my research that women who are primary household-keepers have bigger practice in purchasing and do more comparison while shopping. Accordingly I expected that they are especially searching for products with good price/value ratio and select easier own labels. Data did not support my expectations.

Household size and age of household-keeper proved to have statistically significant effect on private label purchase from demographic elements. Sex and education of the household-keeper or income per capita does not affect it. Regarding image of own labels I have to mention that I expected demographic factors to be more important. Since product image is more important for youngsters, couples without children and families with lower income (Kumar - Steenkamp, 2007), and brand loyalty is higher in the group of elderly people and amongst those having lower social status (Töröcsik 1995/a), it is surprising that results of the research showed no sign of that.

*H<sub>6</sub>: Private label purchase grows with price sensitiveness - accepted.* Nonetheless either income per capita or education influenced by it proved to be significant price sensitiveness is an important factor in retail brand purchase. This revealed in both searching for price information in advance and taking store promotions into account. I conclude that income (and all factors influencing it) shows its effect indirectly through price sensitiveness.

*H<sub>7</sub>: Routine in private labels causes higher purchase willingness - accepted.* Since firstly launched private labels displayed very poor quality in Hungary it took much time and many very good quality new retail brands to transform image in peoples mind. Negative feelings towards own labels decrease with familiarity and trial improves the opinion about quality. Probability of repurchase increases not only for the given product but also improves the chance of own labels in general.

*H<sub>8</sub>: Consumer involvement in product category has an impact on private label purchase - accepted.* According to my result the connection between these two factors is traceable. There are product categories (divergent by individuals) where consumers assign higher importance to the quality guarantee of producer branding.

*H<sub>9</sub>: The more important store accessibility is, the more likely one buys private label - accepted.* Access of a store is good according to respondents if it can be reached by both public transport and store bus. I conclude that households with lower income, who do not necessarily use a car for shopping and those buying rather smaller quantities but more often, do their shopping in such stores. This thought leads back to the influence of income already mentioned before.

*H<sub>10a</sub>: Low store loyalty causes low private label purchase – rejected.* Store loyalty does not influence appeal of retail brands based on data. Hypothesis *H<sub>10b</sub>* can be **partly accepted**, low chain loyalty increases number of known private label brand names. Second part of the hypothesis: low store loyalty increases the number of bought private brands – must have been **rejected**. Store loyalty shows a high level year-by-year in Hungary according to results of the

big market research companies. Based on my results it can be forecasted that similarly to producer brands where consumer are loyal to a brand repertoire the same will happen with own labels. Consumers select brands at more chains and become loyal to this range.

*H<sub>11</sub>: Consumers rely less on extrinsic cues to judge quality of a product with growing private label routine - **accepted**.* Importance of familiarity was indicated already at the acceptance of H<sub>7</sub>. In H<sub>11</sub> I examined not the direct effect on private label purchase but the effect on judgement of a product based on extrinsic cues. According to the results the more often someone buys own labels (the more familiar s/he becomes with them) the less one believes that looks, nice packaging, promoted and shiny brand name is a guarantee for quality.

*H<sub>12</sub>: Quality oriented private labels are better accepted by consumer - **accepted**.* Private labels had a bad image in the first period because Tesco launched its brand with a very poor quality. Since Tesco had a big market share already at that time, many consumer met these products. Enthusiasm caused by low price decreased quickly because of quality. It is to thank only to much time, many marketing efforts and new own brands that this image changed. Since not simply price but the good price/value ratio is important for consumer hence emphasis has been transferred to quality.

*H<sub>13</sub>: The more a national culture is characterized with uncertainty avoidance, high power distance, collectivism and masculinity the less private label is purchased in the country – **rejected**.*

*H<sub>14</sub>: The more a national culture is long term oriented the more private label is purchased in the country – **rejected**.* None of Hofstede's culture dimensions showed to have effect on private label market share of the countries analysed. Direct effect of national cultures was not supported.

### 3.6 Results of deep interviews with market professionals

To implement a detailed picture of the own label industry I interviewed four professionals of the FMCG market. Three of them work in significant producer companies (food, household care and personal care) and one of them at a retailer. Since none of these companies allowed identification I display the results anonymously and synthesised.

Based on research data of the companies *two typical consumer groups* buy private labels. They have different motivations. The first one prefers low prices (Tesco Value, Spar Budget) and copycats. The second group follows hybrid consumption; they buy very cheap products in certain product categories and even premium in others. Besides these two all households already met FMCG private brands as penetration is 100% in Hungary. Observable *seasonality* in initial times has levelled off from producer point of view. Based on turnover figures of the retail company some of their own brands have a peak compared to total sales in the summer while others before Christmas. The reason behind broadening consumer base is improvement of *observed quality* and *good experience*. This generates further trial of private labels. Based on research data *price* is not almighty, shoppers do not always value low prices at first place. There is a *difference between product categories* regarding *involvement*. The latter is important from the point of view how much a consumer rejects own labels as alternative. Chain image and recommendation of opinion leaders is important in *quality judgement in advance*. *Brand loyalty* that could strengthen positions of producer brands practically disappeared.

According to producer experience *economic cycles* have a rather indirect effect on headway of private brands. The retailer asked reports an increasing own label turnover since the beginning of the crises. Decreasing spending power and *change in retail structure* serve private labels together. All this affect estimations for own brand future: trends show a slow up in dynamics of share growth and the success story of quality oriented, reliable private labels with good price/value ratio.

### 3.7 New scientific result

I collected inducements of private label headway analysing also interactions between the factors. Considering that Hungarian literature does not deal with the phenomenon in detail I felt a profound presentation of international and Hungarian results important. All of them deal with only a slice of private labels and I did not find any synthesising model. Representation of inducements in such a system is missing to my knowledge from literature.

**R<sub>1</sub>: A general model of factors influencing private label spread was configured based on literature examined. The result is decisively a logical model.** Three main factor groups influence headway of private labels in my model: firstly consumer, secondly retail and thirdly product category. The system is supplemented by three other important factors: legal regulation, suppliers of own labels and economic cycles. The model has a general validity. It enables analyses of private brand foreground in any country and any product category. Factor groups of my model can be analysed detailed per se or in total for planning interdisciplinary researches.

**R<sub>2</sub>: Validation of the consumer side of the general model enables to characterise private brands of the Hungarian fast moving consumer goods market.** I analysed buyer behaviour of private labels with single variable statistical methods. I consider as new scientific result that the influencing factor group of demographics is narrowed: only age of household-keeper and household size are significant. I managed to testify influence of price sensitiveness, familiarity with own labels and involvement in product category. According to my results frequent private label buyers differ from non-frequent ones in two aspects. An important result for the future is that consumer look for quality oriented private labels instead of price oriented ones.

**R<sub>3</sub>: Four consumer segments were formed which are well-characterised by their demographics, general shopping behaviour and private label proneness. One reason of separation of the clusters is that consumers rely on price and/or on brand name while judging the quality of an unknown product.** I separated an intensive private label buyer segment, two average prone ones and one non-prone with help of multivariate statistical analyses (factor and cluster analyses). Attitude towards own labels of the clusters rests on totally different motivations that can be well interpreted by their demographic characteristics and purchase habits.

I feel important regarding my three new scientific results that they can be instructive for both academics and professionals in industry. Objectives and results of my dissertation are theoretical on the one part: critical summary and systemizing modelling of international and Hungarian literature will hopefully enrich both academic and education fields. My results have practical significance on the other hand: I hope to give a guideline to marketing activities for actors of the market with consumer segmentation and dimensions of prior quality judgement. Theory and practice must of course be permeable; neither of my results can be closed into the box of science or practice.

#### 4 CONCLUSIONS AND RECOMMENDATIONS

Aim of my research was to examine Hungarian headway of private labels. To enable identification of quantitative research field I had to find out first which factors influence success of the phenomenon. Analyses of Hungarian and international literature showed me that historical track of research evolution is observable. In the 1960' and '70 mainly demographic characteristics were used to define success of own labels. In the 1990' price sensitiveness as cumulative factor for demographics amended research. One can observe in this period the ambition to examine an elusive side of the consumer: psychographics. Increasing concentration of retail, invigoration of hard discounters challenged researchers to investigate retail and behaviour of producer brands also. Economical prosperity had a significant effect on private brands thus many researches analysed upshot of ups and downs since the last decade of the twentieth century. Because of international spread of retail chains own labels appeared in more and more countries. The fact caused a geographic differentiation of researches. To my knowledge Hungarian researchers began to deal with private brands at the century turn. I did not find any panoramic view that characterises Hungarian situation, publications analyse rather one slice of the phenomenon. National culture as influencing factor is mentioned first in international sources from year 2000.

My logical model that is prepared based on literature and is refined with empirical research contains interrelations and dangles professionals to interdisciplinary cooperation. Considering mutual connections of factors, specialties systemized in the model can not examine private brands in their completeness per se. Characteristics of consumer, retail and product category affect success of own labels jointly in gear to economic cycles. Well-being of the actors has to be guaranteed by legal regulations.

My conclusion and recommendation regarding historical evolution of research is two-sided. Since price and quality level of own labels vary on a wide scale, demographics can hardly describe influencing factors of success. Therefore I recommend to **put forward psychographic factors and examine own labels in a wider environment in connection with retail, producer brands and suppliers. Comparison of private brand headway between countries and cultures** delivers results for both theoretical and practical professionals.

I want to underline regarding my results that both own quantitative and qualitative researches support the **obscure picture of own labels in consumers mind**. Nevertheless these brands are available since fifteen years, existence, difference from producer brands and chain identification role is not clear. Consumers identify brands which carry the name of the chain with stores. But brands with fancy names or copycats are not perceived to be private brands. Since consumers meet both producer and own brands in several price and quality levels in stores, prior quality assessment is difficult for them. Respondents rely on price and/or branding in such cases. To my opinion this is the reason behind why the two dimensions are separated in results of factor analysis.

From viewpoint of future development of private labels I keep important that it is not indifferent what kind of own brands are developed. Generics and copycats may help against producer brands but they do not offer differentiation from other retailers because this strategy is easily and quickly copied. If retailers want to use own brands as a differentiating tool, **premium brands must be developed instead of price oriented ones**. This is the one and only area which delivers and maintains differentiation and store loyalty.

I already proved usability of my model at research with the examination of factors connected to consumer. Although the system is very compound I believe that it accomplishes eligibility for future research. One aim of my model is to connect the work of different specialties dealing with own label. Further benefit of the model is that enables easy opening of **research possibilities**. *Legal regulation* is important regarding copycats: consumer delusion and trademark cases. It is worth to examine *strategies of producer brands* in connection with own labels. It is observable worldwide that FMCG companies clean their portfolio and support only their strongest brand heavily. Important part of future research is examination of the *supplier situation*. When and why is it worth to supply retailer brands and how can it be ensured that the producer does not become defenceless. My result regarding *category comparison* displayed in Figure 3 is also worth for further research. If the diagram was filled with consistent data either for categories or for own brands, it could be proved if my thought is valid. Further research field can be *validation of the model on other retail fields*. There are own brands in DIY and electronic stores, at clothing companies, tourist offers, financial services and home design chains.

I consider of importance that **students learn more about private brands**. Those studying business administration will probably have a job where these brands are part of every day life. This fact delivers practical perspective of my results: professionals working at retailers, producer brand owners or market research companies do rarely receive academic research results.

To my opinion Hungarian market situation will mature in the next 5-10 years and strong retailer and producer brands will fight for the favour of the consumer. The main question is at which market share this happens. It is difficult to predict since private labels grow year-by year even in western countries with mature markets. It is unknown how long recession lasts and whether asymmetric movement of restoration which can be observed in western countries will become true in Hungary also. My last research recommendation for the future is to *analyse the phenomenon again two-three years after economic booming* to see attitude of Hungarian consumer towards private brands in a good financial situation.

## MOST IMPORTANT PUBLICATIONS OF THE AUTHOR

### I. Scientific articles

#### Published in Hungarian:

BALLÓ ZS. (2009): A kereskedelmi márkás termékek további növekedésének fogyasztói befolyásoló tényezői a magyarországi napi fogyasztási cikkek piacán. *Marketing&Menedzsment*, 43 (4) 59-68. p.

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#### Published in foreign language:

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### II. Presentation at scientific conferences and publications in proceedings

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