

# THE INVESTIGATION OF THE CHARACTERISTICS, DETERMINING THE CHOICE OF PRIVATE LABELS: ACADEMIC AND PRACTICAL ASPECTS

Karina Adomavičiūtė<sup>1</sup>, Petras Vytautas Vengrauskas<sup>2</sup>

<sup>1</sup>Vilnius University, Lithuania, karina.adomaviciute@gmail.com

<sup>2</sup>Vilnius University, Lithuania, vytautas.vengrauskas@ef.vu.lt

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## Abstract

As the popularity of private label is constantly growing, it becomes more important for the retailers to get acquainted with the buyers of those private label marks as well as characteristics describing their behavior. The knowledge about the buyers and meeting with their requirements provide the possibility for the retailers to acquire advance above the competitors as well as to compete with the well known producers' trade marks for the preference of the buyers.

The article seeks to determine the main characteristics of the buyers and the product which influence the choice of private labels as well as to fulfill the empirical investigation, which should help to check the operation of those characteristics in practice. The authors of the article also would like to supplement the theoretical model of the choice of the private labels.

The key words: the private label, the producer's trade mark, the retail chain, retail sale company, consumer demographic and behavior characteristics, characteristics of product.

## The introduction

The private labels, which exclusively belong to one retail sale company lately acquire greater and greater popularity in the market of the consumed goods (and especially in the market of everyday goods). They make about 20 per cent of quickly perishable products all over Europe (Ziliani and others, 2010). In some countries, for example Switzerland, Great Britain, actually every second grocery product is marked by the private labels of private retail sale companies (Private... 2009). Moreover, they can be found in many food (grocery, dairy, frozen food products, etc.) and non-food categories (cosmetics, etc.).

The development and growing sales of private labels was undoubtedly determined by the changing view of buyers towards these labels as well as growing benevolence for them. Previously the buyers acquired the goods marked by private labels mostly due to the economic reasons. Nowadays these private labels are chosen due to the opinion that their level of quality does not concede to the producers' trade mark.

Accordingly the investigated subject and especially the aspect of the analysis is really relevant for the present market conditions, whereas the retailers must seek for the alternative ways of activity in order to preserve their position in the market (Urbanskienė, Vaitkienė, 2006; Žostautienė, 2010). The private labels provide the retail chains with the new possibility to extinguish themselves among the competitors as well as to acquire more power over the producers. Consequently the knowledge of the consumer of private labels is of great importance for every retailer.

**The scientific problem.** In spite of the increasing number of scientific publications (especially on the questions regarding the spread and occupied part of the market of the private labels), the subject of characteristics determining the choice of the private labels by the consumers is not sufficiently investigated. And not to mention the fact that this subject is not discussed in the scientific literature of the Lithuanian scientists at all. Besides, insufficient attention is given to the pointing at characteristics of consumers which determine the choice of different private labels.

Moreover, as the popularity of private labels increases, it becomes more and more important for the retailers to know the consumers of the private labels as well as characteristics which determine their choice to buy goods which are marked by private labels. The knowing of the customers as well as answering their needs provides the retailers with the possibility to acquire the advantage in competing for the customers' preference against the famous producers' trade marks as well as other retailers. What is more, the usage of the private labels enforces the retailers to gain greater profit as well as to increase the loyalty with regards to the certain retail sale company while offering for the customers the assortment of the exclusive goods. (Kumar, Steenkamp, 2007).

**The investigation object** of this article are the goods marked by the private labels.

**The aim** of the article is to prepare the theoretical model as well as to determine practically the main characteristics conditioning the choice of private labels.

*The methods of investigation:* the comparative analysis of scientific literature; systematization and generalization of the empiric investigation which determines the customers' characteristics while choosing the private labels; empiric investigation (the survey).

### **The theoretical and practical level of subject investigation**

#### *The definition of private label, its advantages and types*

The private label notion is discussed by plenty of foreign and Lithuanian authors: G. Baltas, Ogden J. R., Ogden D. T., Varley R., Rafiq M., Pajuodis A., Maikštėnienė K., Auruškevičienė V., Pranulis V., Morris D., Whelan S., Davies G. and others. Often the different authors variously name (store brand, own label, retailer's brand and many others) and interpret the private labels. In many cases the definition of private label is narrowed by stating that the products market by private labels are produced by a retailer, are sold in his name and, moreover, only in the places belonging to the retailer (Morris, 1979; Pajuodis, 2005). The other authors present the definition of the private label more broadly: any trade mark which is used only by one retailer and which is controlled by him" (Whelan, Davies, 2006). Actually the private label must not necessarily coincide with the title of the retailer, he can have a new trade mark. Besides, the products market by the private labels can be sold not only in the private trade companies, but also disposing their sales for other local retail trade companies or promoting their export to other countries (McGoldrick, 2002). In this article the definition of the private label is supplemented also indicating that it is managed by one retailer, but the production of good marked by the private label can be carried out by several producers. That's why the authors of the article offers the following wider definition of the private label: the private label is any trade mark, belonging to the retailer under exclusive rights, the title of which does not necessarily coincide with the title of the retailer, which is sold not only exclusively in own trade companies, but also disposing the trade to other not large local retail sale companies and that the goods marked by this label can be produced by one or several different producers.

One can distinguish the following main reasons due to which retailers benefit from having the private labels:

- They provide the retailers with more power with regards to producers;
- The usage of private labels increases the sales and provides the retailers with the possibility to gain larger profit (Kumar, Steenkamp, 2007);
- The private labels help the retailers to distinguish themselves among the competitors and to offer the exclusive assortment for the customers (Pajuodis, 2005, p. 234);
- The private labels increase the loyalty of the customers in respect for the certain retailer. The quality of the good marked by the private label may be considered as the quality standard of a certain retailer (Ailawadi, 2001; Dick and others, 1997).

Not less important is the benefit of the private labels is given for the customer. First of all, the price of the good marked by the private label is lower compared to the producers' trade marks. (Baltas, 1997). Besides, the retailers (compared to the producers) make significant investments for the quality of the goods marked by private labels in order to offer the more attractive goods for the customers (Baltas, Argouslidis, 2007). The improvement of the quality can be implemented by perfecting the content, package, design, labeling of the goods marked by private labels (Glynn, Chen, 2009). One more advantage is that the goods of different categories are marked by the same private label and this consequently can symbolize a certain quality level for the customer.

On the other hand, the certain disadvantages of private labels should be mentioned. The lower price of the products marked by the private labels can also mean the poorer quality of the product if compared to the producers' trade marks. Nevertheless, a significantly lower price of the private labels can be determined by the other causes as, for example, the fact that lower advertising expenses are allocated for those private labels. This accordingly can be unacceptable for the customers who pay great attention to the acquaintance with the product while choosing the trade mark.

While investigating the private labels it is also important to mention that there are several types (generations) of private labels. Laaksonen, Reynolds (1994) distinguished the evolution of four generations of private labels. Private labels of the good which represent I and II generations of goods marked by the private labels offer significantly lower priced alternative of the product in comparison with the producers' trade marks. The private labels of III generation are of similar quality as the producers' trade marks, only they are of lower price. Whereas the private labels of IV generation compete with the producers' trade marks in the fields of quality and innovation. Undoubtedly such clear change of private labels was determined by the different needs of customers and the reach of retailers to satisfy them.

So in conclusion it can be stated, that in spite of certain disadvantages of private labels their significance is evident – they are useful both for the retailer and the customer himself.

### *Consumer demographic characteristics determining the choice of private labels*

The demographic characteristics of the customers were already investigated in the previous investigations of private labels for explaining the customers' tendency to buy the goods marked by the private labels. Although the scientific literature presents a lot of demographic criteria which influence the choice of private labels, the most significant and mostly discussed characteristics are distinguished in this article. These are age, gender, education level, number of household members, income of household (per month). The results of investigations carried out by different foreign authors in relation with analysis of the influence of the demographic characteristics on the choice of private labels are presented in the 1<sup>st</sup> table.

**Table 1.** The demographic characteristics determining the choice of private labels

| <b>Demographic Characteristics</b>     | <b>Description and level of investigation</b>  |
|--|--|
| <b>Age</b>                             | Foreign authors have different opinions while evaluating the influence of the age on the choice of goods marked by private labels. Cotteril and others (2000), Baltas, Argouslidis (2007) in their works did not notice the relationship between the choice of private labels and age. Dick and others (1995), on the contrary, determined, that the customers under 45 often choose private labels, above 45 the usage of goods marked with private labels decreases and above 65 this usage is the smallest.   |
| <b>Gender</b>                          | Ailawadi and others (2001) determined that women more often than men choose the goods marked with the private labels. This tendency was also confirmed by the results of investigation made by Anchor, Kourilova (2009) which indicate that in Check as well as in Great Britain women more often than men choose private labels of “Tesco Value” and “Tesco”.   |
| <b>Education level</b>                 | The opinion of foreign authors while evaluating the influence of education level on the choice of private labels is ambivalent. Martinez, Montaner (2008) determined, that the higher education level of the customers is, the more seldom they choose the goods marked with the private labels. Baltas, Argouslidis (2007) on the contrary determined, that the customers having higher education level often choose the goods marked with the private labels.  |
| <b>Number of household members</b>     | The results of investigation made by Tifferet, Herstein (2010), Moore, Carpenter (2010) confirmed the idea: while the number of the household members increases, the private labels are chosen more often. Baltas, Argouslidis (2007) did not notice the relation between the volume of the household and the tendency to buy the goods marked with private labels.  |
| <b>Income of household (per month)</b> | The foreign authors evaluate the influence of this demographic criteria differently. Some of them state that household with low income choose the products marked with private labels more often (Glynn, Chen, 2009). The results of investigations of other authors indicate that the households having medium income choose the goods marked by private labels more often (Dick and others, 1995; Herstein, Tifferet, 2007). The investigation made by Baltas, Argouslidis (2007) denied the long-lived stereotype of the customers of private labels and emphasized the rotational image of trade marks. These authors stated the relation that while the household income increases, the customers more often choose the goods marked by private labels. |

Though the influence of demographic characteristics of consumers on the choice of private labels is important, still consumer behavior characteristics are far more appropriate for evaluation of the choice of private labels of goods (Martinez, Montaner, 2008). They are further discussed in the article.

### *1.3 Consumer behavior characteristics determining the choice of private labels of the goods*

Consumer behavior characteristics and their influence on the choice of private labels are analyzed in many investigations done by foreign authors (Baltas, 1997; Dick and others, 1995; Batra, Sinha, 2000; Ailawadi and others, 2001; Baltas, Argouslidis, 2007; Martinez, Montaner, 2008; Glynn, Chen, 2009). Still some behavior characteristics, especially perceived risk associated with PLBs, the price consciousness, price-quality association as well as brand loyalty gained the largest interest of the investigators. These characteristics are investigated in this article are also analyzed due to the fact that in the opinion of the authors of the article are mostly suitable for analysis of the choice of private labels under the circumstances of Lithuania (table 2).

**Table 2.** Consumer behavior characteristics determining the choice of private labels

| Behavior characteristics                   | Description and investigation level   |
|--|---|
| <b>Perceived risk associated with PLBs</b> | <p>It is described as “punishment” for the customer for the choice of inappropriate quality good or trade mark (Narasimhan, Wilcox, 1998). Foreign authors divide the risk related by the customers with the buying of the products marked by the PLBs to the smaller parts (Batra, Sinha, 2000; Glynn, Chen, 2009).</p> <p><b>Consequences of purchase mistake.</b> Baltas (1997) determined by his investigation that in case the purchasers understand that they have acquired inappropriate trade mark in a certain category of goods, they tend to choose the producers’ trade mark in this category of goods. This can be explained by the fact that the producers’ trade marks are safer in many consumption situations. Batra, Sinha (2000) and Glynn, Chen (2009) have also determined, that the customers more often choose the private labels in case the consequences of purchase mistake decrease.</p> <p><b>Quality variability between PLBs and national brands.</b> As soon as the customers understand the possible inadequacy between their anticipation and characteristics of product, the risk realized by the customers, may increase. (Erdem, Swait, 1998). Batra, Sinha (2000) and Glynn, Chen (2009) determined in their investigation that there is a noticeable relation between the change between the choice of private labels and quality variability between PLBs and national brands in a certain category of goods: in case there is smaller change of quality, the private labels are chosen more frequently.</p> <p><b>„Search“ versus „Experience“ nature of product features.</b> Search-type attributes may be checked before buying a product, it is looking at the product before buying or using the sources of information which are available for the purchaser, for example the colour, or any other written information on the package of product or in other means of communication of the project. The non search-type attributes are also described as experience-type attributes may be determined only using the product. The examples of such attributes may be toughness, and reliability (Batra, Sinha, 2000). The investigation made by Glynn, Chen (2009) determined, that presentment of the information useful for the customer on the product package had no influence on the choice of PLBs, meanwhile the investigation of Batra, Sinha (2000) proved that the products marked by the private labels are bought more often in case the number of search type product characteristics increases and the number of non-search type decreases.</p> |
| <b>The price consciousness</b>             | <p>The lower price of the private labels compared with the producers’ trade marks is one of the main advantages of the goods marked by private labels (Baltas, 1997; Kumar, Steenkamp, 2007). So it is not strange that in the investigations made by Batra, Sinha (2000), Ailawadi and others (2001); Baltas, Argouslidis (2007) determined that the customers’ price consciousness directly influences the choice of private labels and has the greatest influence among all the behavior and demographic characteristics investigated by those authors. The investigation of Glynn, Chen (2009) once more confirmed strong direct relation between the customers’ price consciousness and usage of the private labels.</p>   |
| <b>Price-quality association</b>           | <p>Lichtenstein and others (1993) determined the price-quality association as the belief of the customer that in all categories the product price is positively related with the product quality. Taking into consideration this definition it can be stated that the product with the lower price can be valued less. This can happen because the customers can relate the low price with the worse characteristics of the product and that’s why value the product itself as of poor quality in general (Garretson and others, 2002). So there is a threat that the products of private labels having lower price can be valued by the customers as of lower quality. Especially it suites for the I and II generation private labels and the products marked by them. Several investigations on the questions of private labels confirmed the proposition that value of the relation between product price and quality negatively effects the customers’ view to the private labels and their buying (Garretson and others, 2002; Glynn, Chen, 2009). So the retailers’ intention to offer the cheaper products marked by private labels can be less effective as much as they expected because some customers can regard the lower price as the signal of lower quality of the product. Still the results of investigation made by Burt (2000) indicate that the customers regard the private labels as equal to the producers’ trade marks.</p>  |
| <b>Brand loyalty</b>                       | <p>The customers who are brand loyal demonstrate strong tendency to buy the products marked by the same brand name and unlike the customers who look for variety tend not to choose new unknown private labels (Garretson and others, 2002). The customers who are sensible for price are less loyal for a certain brand name and demonstrate the reach for variety (Garretson and others, 2002; Glynn, Chen, 2009). Similarly act the customers who often choose products marked by private labels. Baltas (1997) indicated, that the customers of private labels reach for variety and easily change the private labels. So the conclusion can be made that they are not loyal for a certain trade mark. This can be proved by the results of investigations made by Baltas (1997), Ailawadi and others (2001), Garretson and others (2002); Baltas, Argouslidis (2007), Martinez, Montaner (2008) that the loyalty toward one certain brand name negatively effects the choice of private labels. Still the origin III and IV generation of private labels may be related with the reach of retailers to change the image of PLBs in the eyes of customers.</p>  |

Taking into consideration the broad-brush investigation of the foreign authors it can be stated that consumer behavior characteristics influence the choice of private labels. Still it is worth checking their influence on choice of the private labels under the conditions of Lithuanian market. The results of investigation made by Martinez, Montaner (2008) also confirm the fact that consumer behavior characteristics are more appropriate than the demographic for the evaluation of the choice of private labels.

*The characteristics of the product and their influence on the choice of private labels*

The characteristics of the product are not less important for the choice of private labels. The authors of the article pays attention to the influence of three main characteristics – product packaging, product advertising and the brand image – on the choice of private labels. Though there is a lack of investigations analyzing the importance of package, advertisement and brand image (especially of the separate types of private labels) while investigating the literature on the questions of private labels on the customers' choice of the products marked with private labels, the authors of the article tries to evaluate the influence of these characteristics for the choice of private labels while analyzing the attributes of separate types private labels. The summarized information is given in table 3.

Taking into consideration the information given in table 3 the following main assumptions for further empiric investigation can be made:

- The private labels marked by I – II generation are chosen by the customers for who the product packaging and brand image are not important criteria while choosing a certain product in one of the product categories. These criteria, on the contrary, should be important for the customers who choose private labels of III and IV generations;
- Besides, the advertising should not be the helper for the customers of I and II generation private labels while choosing a certain product in one product category. On the contrary, the advertising should help to those the product for the customers of III and IV generation private labels.

**Table 3.** Product characteristics and their influence on the choice of private labels

| Product characteristics                        | I – II generation private labels   | III generation private labels   | IV generation private labels  |
|--|--|---|---|
| <b>Product packaging</b>                       | Packed into very simple packages of white color with black name of the product or its purpose of usage.  | Presented in the packages the quality and image of which is close to the producers' trade marks.  | Packed into exceptional, unique packages.   |
| <b>Product advertising and the brand image</b> | The advertising was not used for formation of the image of I – II generation private labels, or if it was used, then only for emphasis of their low price (Pajuodis, 2005; Kumar, Steenkamp, 2007; Herstein, Tifferet 2007). | The quality and image are positioned as close to the producers' trade marks, enough attention is given to advertisement and improvement of the image in the eyes of customers of private labels (Kumar, Steenkamp, 2007). | These private labels from the quality point of view are presented in the same level with the producers' trade marks, even their higher quality can be indicated. The product marked by the IV generation private labels in the view of image are positioned as innovative and exclusive products (Laaksonen, Reynolds, 1994; Kumar, Steenkamp, 2007). |

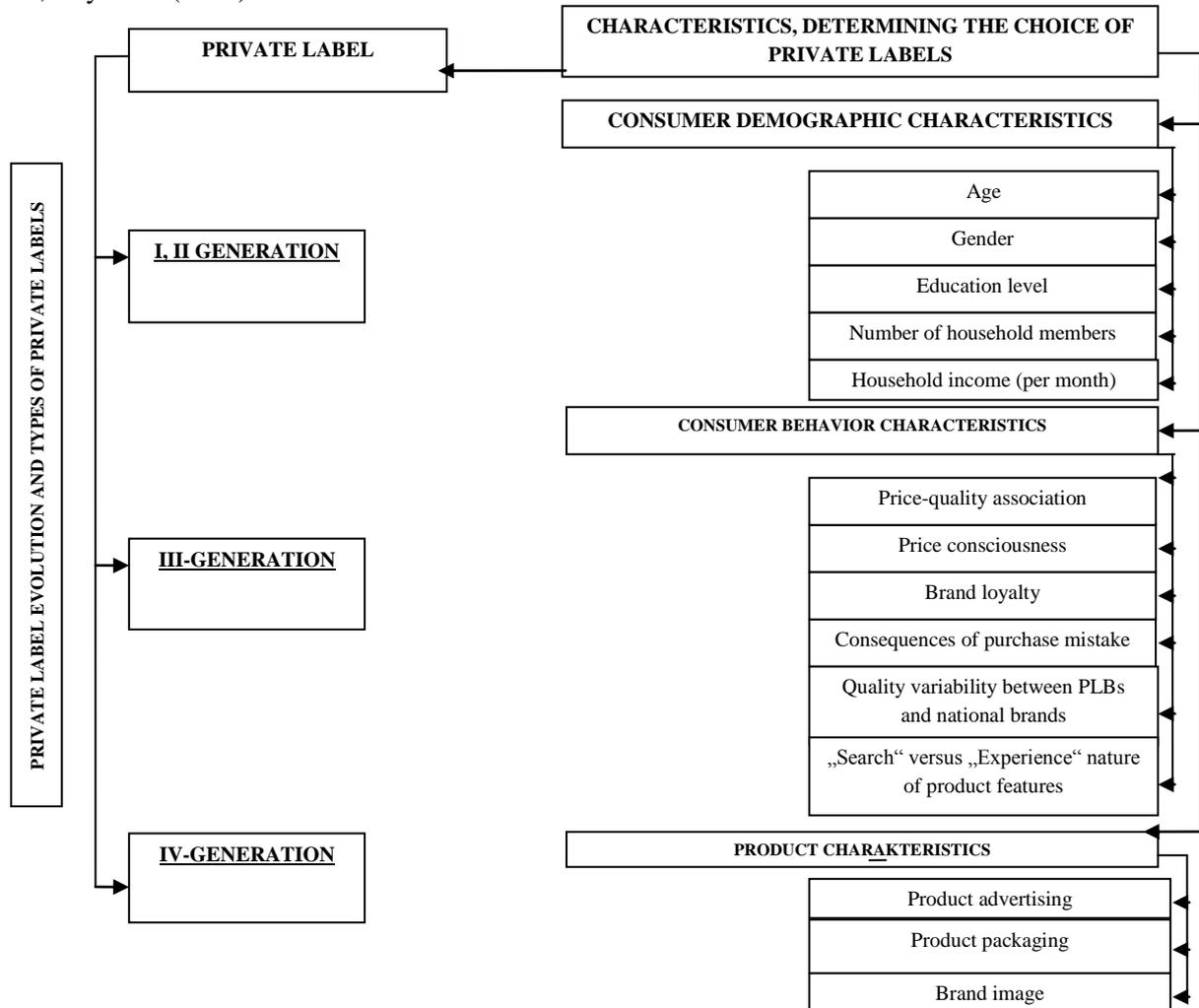
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### The formation of the theoretical model and its reasoning

While investigating the literature on the subject of private labels it was difficult to find a theoretical model combining not only customers’ behavior and demographic characteristics, but also characteristics related with the product while explaining the choice of the private labels. In the most of investigations made by the foreign authors separate characteristics were examined while explaining the choice of the private labels. Batra, Sinha (2000) as well as Baltas, Argouslidis (2007) examines wider the choice of private labels in their investigations. The objective to analyze the choice of private labels systematically, it is combining separate categories of characteristics, is seen in their investigations.

The theoretical model is presented in this article (see figure 1) which is prepared referring to the results of analysis of the foreign authors’ works (see tables 1, 2, 3,) and evolution stages of private labels made by Laaksonen, Reynolds (1994).



**Figure 1.** The theoretical model of characteristics determining the choice of private labels

The essence of the model is to identify the main characteristics determining the choice of private labels and referring by this to do the practical investigation and to determine which of these characteristics are most important for choosing products marked by private labels. The prepared model is useful as it should help the retail sale companies to identify the main characteristics conditioning the choice of private labels and accordingly to guarantee the appropriate security of private labels customers’ needs.

The influence of certain characteristics on the general choice of private labels is indicated in this model without dividing them into separate types of private labels. The theoretical model is furthermore supplemented taking into consideration the results of investigation while indicating the influence of each characteristic for a certain type of the private labels.

## The methodology and results of the investigation

The aim of investigation is to determine the main characteristics related with the product and conditioning the choice of customers of private labels of “Maxima” and “Norfa”.

In order to reach the given aim the representative investigation was made, the population of which are the employable and retirement age Vilnius citizens. The survey method is chosen for the investigation.

The main private labels of “Maxima” and “Norfa” are generally presented in table 4.

**Table 4.** Private labels of “Maxima” and “Norfa”

| Private labels of “Maxima”  | Private labels of “Norfa”  |
|---|--|
| <p>“<b>Optima linija</b>” - by this private label the cheapest and most necessary food and industrial products are marked (I – II generation)</p> <p>“<b>Favorit</b>” - this private label is created as the reaction to the changing needs of the customers. The high quality and average price goods are marked by this private label.</p> <p>“<b>Ekologica</b>” – food products marked by this private label are allocated for the customers who are interested in healthy way of life and nourishment. It is important to emphasize that food products marked by this private label are highly priced due to their high quality. (IV generation)</p> <p>The other private labels of “Maxima”: “<b>Aukselis</b>”, “<b>Ocean</b>”, “<b>Meistro kokybe</b>”, “<b>Pino</b>”, “<b>Saules pienas</b>”, “<b>Sostines</b>”.</p> | <p>“<b>N</b>” – private label marks the most necessary and the cheapest products. This private label can be attributed to the I – II generation of private labels.</p> <p>“<b>Pieno Rojus</b>” and “<b>Piemenelio</b>” are meant for a higher quality dairy products meanwhile the grocery goods of high quality but cheaper (if compared to the producers) are most often marked by the private labels of “<b>Sodziaus</b>” or “<b>Kolumbo</b>”. These can be prescribed to the III generation of private labels.</p> |

SPSS Data Editor program was used for the processing of empiric investigation data. 285 properly filled in questionnaires were used for the survey results.

First of all, while processing the survey data, the reliability of the measure scale was checked. The measure scale is considered to be reliable when the meaning of Cronbach alfa coefficient is larger than 0,6 (Pukėnas, 2005). For the questions of investigation survey Likert measure scales were used. The meanings of Cronbach alfa coefficient are larger than 0,6 and this means, that the used scales are reliable.

In order to determine demographic, behavior and related with the product characteristics which condition the choice of “Maxima” and “Norfa” private labels the Spirmen correlation coefficient was used as the relationship between one ordinal and interval variable was investigated. The variables correlate in case the p meaning is less than the determined importance level  $\alpha=0.05$ . The tables of features frequency and Chi –square criteria was only used to determine the influence of customers’ gender, as the relation between one nominal and ordinal variable was investigated (Pukėnas, 2005).

It was determined that the gender of the customers has no influence on the choice of private labels “Optima linija”, “Favorit”, “Ekologica”, “N”, “Sodziaus”, “Kolumbo” and “Piemenelio”, as the meaning of p in all three cases was more than determined importance level  $\alpha=0.05$ .

The authors of the article notices, that just a small part of respondents indicated that they buy other private labels of “Maxima” and “Norfa”. So the influence of demographic, behavior and product characteristics on these private labels was not investigated due to the difficulties to apply statistic methods to the small number of respondents.

Summarizing the results of empiric investigation it can be stated, that the choice of “Maxima” as well as “Norfa” private labels is influenced by all characteristics except such demographic characteristics as the customers’ gender and education level. Still the demographic, behavior and product characteristics differently affect the choice of different type of private labels. “Maxima” private label “Optima linija” as well as “Norfa” private label “N” were chosen by the customers who give importance to the price of the product meanwhile the package, advertisement and brand image are not important while choosing food products. Such attitude once more confirms the dependence of “Optima linija” and “N” private labels to the I – II generation of private labels when cheap, low quality goods are marked by the private labels.

One more likeness labels is observed while evaluating the characteristics conditioning the choice of “Maxima” private label “Favorit” and “Norfa” private labels “Kolumbo”, “Sodziaus”, “Piemenelio”. It was determined, that in spite the fact that customers who choose the above mentioned private labels are price conscious, still they evaluate the relation of price and quality of the goods while choosing one or another good. The package is also important for them. The investigation proved that the product packaging is more important for the customers of “Favorit” compared with “Kolumbo”, “Sodziaus”, “Piemenelio” private

labels. Still the customers of above mentioned private labels are not loyal for any brand name, they tend to reach for variety while choosing food products. The characteristics determining the choice of these private labels confirm the dependence of "Favorit", "Kolumbo", "Sodziaus", "Piemenelio" to the III generation of private. In this case not only the price but quality of the product is also important for the customers.

The investigation determined that the characteristics defining the choice of "Ekologica" private label are very close to those of producers' trade marks. The customers who choose this private label give priority not for the price of product, but for the package, advertising and image of brand. The customers' choice is also defined by the loyalty towards certain brand. So taking into consideration the investigation results the private label "Ekologica" can be attributed to IV generation private labels, which mark products of high quality, similar or even higher price compared with the producers' trade marks. The products of IV generation private labels can be defined as serious competitors for producers' trade marks.

The results of empiric investigation provided the possibility to confirm the results of investigation made by Martinez, Montaner (2008) according to which the influence of customers' behavior and characteristics related with the product for the choice of private labels is more important than the demographic characteristics of the customers.

Accordingly the results of investigation once more confirmed that the effort of the retailers perfecting the private labels is noticeable. This is proved by the changing view of the customers towards the products marked by the private labels. In the beginning the goods marked by private labels were chosen by the customers who were sensitive for prices and not demanding, furthermore the generations of private labels attracted new segments, for which not only the price but also the quality of the product is important.

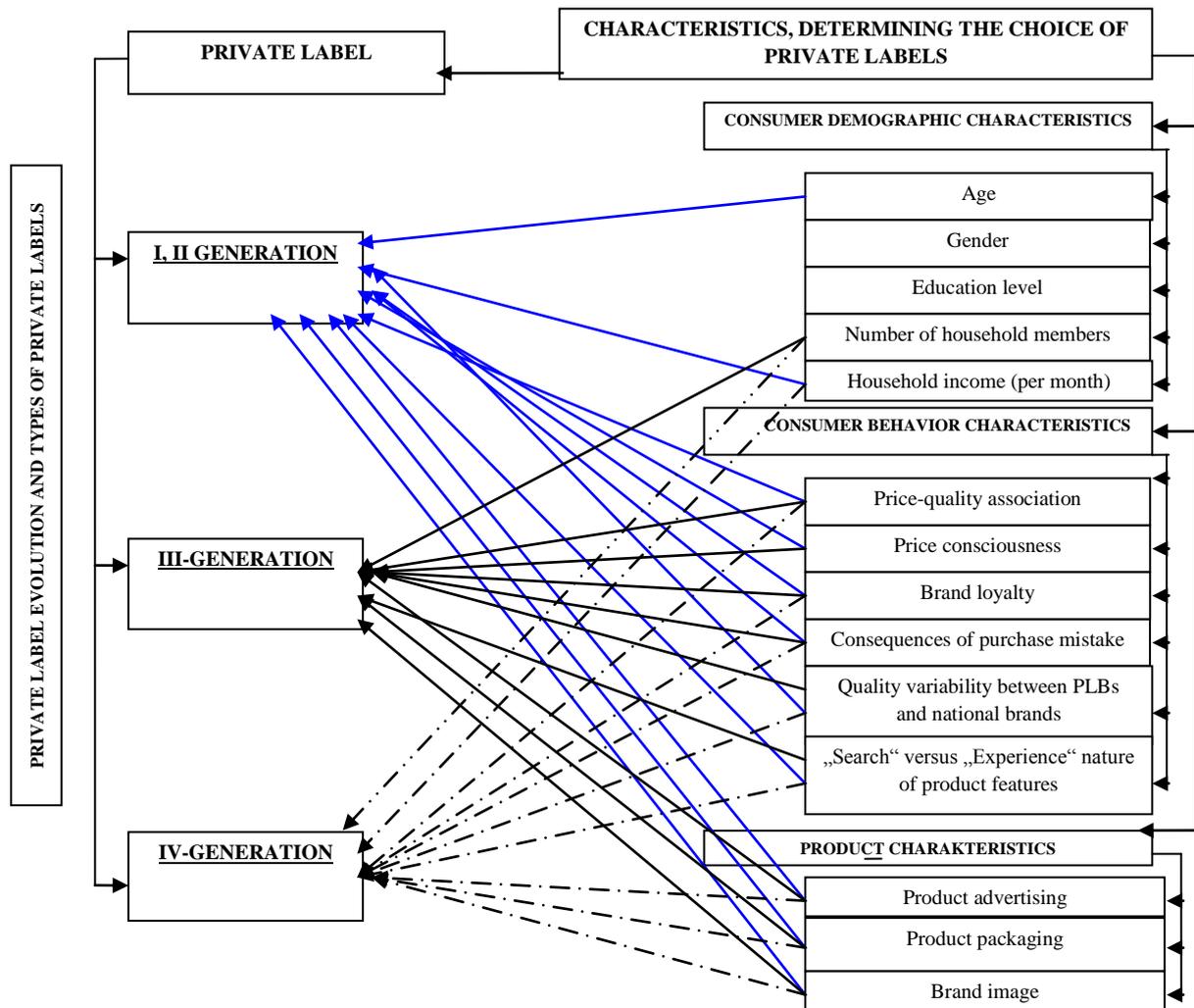
Taking into consideration the results of investigation theoretical model which was mentioned in the beginning of the article can be supplemented (see figure 2). As the "Optima linija" and "N" private labels defined in the empiric investigation according to their qualities belong to I – II generation of private labels, so in the supplemented theoretical model the characteristics determining the choice of I-II generation of the private labels are separated taking into consideration the analysis of "Optima linija" and "N" private labels. Consequently the characteristics determining the choice of the III generation of private labels are separated using the analysis of "Favorit", "Kolumbo", "Sodziaus" and "Piemenelio" private labels and the IV generation – investigating "Ekologica" private label.

As it is seen from the figure 2, all characteristics of customers' behavior influence the choice of I, II generation private labels. Speaking about demographic characteristics of the customers it was determined that the age of the customers as well as monthly income of the household determine the choice of I, II generation of private labels. All the three characteristics which are related with the product are mentioned in the article and they influence the choice of those two generations' private labels. It is also worth mentioning that the influence of customers' age, number of household members, estimation of "search" versus "experience" nature of product features, price-quality association as well as advertising for the choice of I – II generation private labels is done referring on the analysis of only "N" private label, as the influence of "Optima linija" private label is not determined.

All the behavior and related with the product characteristics mentioned in the article influence the choice of III generation private labels. It was defined by the empiric investigation that from the demographic characteristics only the number of household members define the choice of the III generation private labels. The authors of the article also emphasize that the influence of product advertising for the choice of III generation private labels is determined only on the analysis of "Piemenelio" private label. The influence of this characteristics on "Favorit", "Sodziaus" and "Kolumbo" private labels is not determined.

Speaking about characteristics determining the choice of IV generation private labels it is seen from the figure 2 that all the behavior and related with the product characteristics mentioned in the article influence the choice of those private labels as well as for the III generation private labels. From the demographic characteristics the number of the household members and monthly income of the household influence the choice of these private labels.

According to the empiric investigation it can be stated that the gender and educational level of the customers does not influence the choice of any private labels.



**Figure 2.** The supplemented theoretical model of the characteristics influencing the choice of private labels

### Conclusion

In spite of plenty of the definitions for the private labels sparse of them profoundly describe the notion of the private label. In this article while describing the private label it is offered to use the wider definition: *the private label is any trade mark belonging to the retailer by the exceptional rights the name of which not necessarily coincide with the name of retailer, which is sold not exclusively only in the retailer's shops but also passing the sales for the other small local retail shops and the goods marked by this private label can be produced by one or more different producers.*

In the chosen theoretical model (on the contrary to the investigation made by the previous authors) not separate characteristics determining the choice of private labels are analyzed, but, on the contrary, they are joined into three main categories: demographic, behavior and related with the product characteristics.

The received results of investigation prove the positive view of the customers on the spread of private labels in the largest supermarkets of Lithuania according to which even 95% of respondents choose the goods marked by private labels.

The results of empiric investigation permit to confirm the results of previous investigations according to which the demographic characteristics of the customers are not effective to explain the choice of private labels. It was also defined by the article that the behavior, demographic and related with product characteristics influence differently the separate types of private labels.

The theoretical model of characteristics determining the choice of the private labels formed in the beginning of the article was supplemented after the investigation was made. The influence of characteristics related with the demographic, behavior and related with the product was separated to the different types of

private labels. It was defined that only such demographic characteristics of the customers as gender and education level do not influence the choice of different private labels.

Though the investigation results can be used by the retailers as well as the producers while widening the activity of private labels, still this investigation is more useful for the investigated retailers as well as for those which intend to have private labels and due to insufficient financial means cannot make profound investigation of the customers. It is important for the retailers to understand the customers of private labels and the changed view towards these private labels. According to the investigation it can be stated that the customers who are interested in the price of the product are indifferent to its quality or other additional value of the product and vice versa. So the retailers can be offered to position the private labels either emphasizing the low price or paying attention to their higher quality. It is also important for the producers to know customers' and related with the product characteristics which condition the choice of private labels. This could help to find out the unanswered needs of the customers of private labels and accordingly concentrate their strategies to meet these needs.

In this article only demographic, behavior and related with the product characteristics defining the choice of private labels of food products were analyzed. Besides it was restricted with the analysis of only two retail sale companies UAB "Maxima LT" and UAB "Norfos mazmena" private labels, so the received results of investigation cannot be applied for the whole market of Lithuania and for the evaluation of choice of industrial goods private labels. So the suggestion is to investigate the characteristics determining choice of industrial goods' private labels in the further investigations.

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