Who Are Store Brands Buyers? Demographic Profile of Store Brand Buyers in Bosnia and Herzegovina

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Abstract: Store brands, also known as private labels, own brands or retail brands, are experiencing a remarkable growth in various product categories and their acceptance by consumers seems to be unquestionable. The key drivers of the store brands' success are the increased concentration in retailing, consumers' much more positive attitudes towards the quality of store brands and critically, in the current economic downturn, their price, which is significantly lower than that of manufacturer brands. Sales of store brands in the Southeast European markets have not picked up yet, making these markets a compelling space to study, analyze and predict the future of store brand growth and success. Thus, this study focuses on consumer's attitudes towards store brands in the Federation of Bosnia and Herzegovina - an emerging market, which is highly attractive for international retailers. The main objective of this study is to analyze and validate the profile of a consumer of store brands in the Federation of Bosnia and Herzegovina in the context of personal care products. For the purposes of this study, the mall-intercept survey was carried out at selected hypermarket locations. Based on the extent to which consumers perceive themselves to be consumers of store brands, three consumer segments have been identified: heavy buyers, sometimes buyers and seldom buyers. These segments were then described in terms of perceived quality and price of store brands as well as demographic characteristics of respondents. The findings allow drawing some useful reflection about who are the buyers of store brands in the Federation of Bosnia and Herzegovina and what drives their preferences towards store brands. Thus, this study provides valuable information for both retailers and manufacturers.

Key words: Store Brand, Retailing, Consumer Attitudes, Store Brands

1. Introduction

There has been a remarkable growth in numerous product categories such as store brands, private labels, own brands or retail brands, which has had a significant influence on the consumers' acceptance, which has especially been evident in the case of non-durable goods, accompanied by a steady increase of the store brands share in the global market. According to the latest Private Label Manufacturers Association (PLMA) yearbook, store brands account for at least 40% of fast-moving consumer goods sold in Switzerland, Spain, United Kingdom, Germany, Portugal and Belgium (PLMA, 2013). The increased concentration in retailing, the consumers' overall positive attitude toward the quality of store brands and critically, in the current economic downturn, their price, significantly lower than that of manufacturer brands, have all been crucial key drivers of the store brands' success (Diallo, Chandon, Cliquet & Philippe, 2013).

Despite the overwhelming evidence in favor of the development of store brands - greater profitability, store differentiation and store loyalty (Corstjens & Lal, 2000), store brand penetration in Southeast European markets is still much lower than it is in Western markets (Horvat & Ozretić-Došen, 2013). However, markets within Southeastern European region are showing high store brand growth rates, providing the opportunity for further development of such brands. Therefore, this study focuses on consumer attitudes towards store brands in Federation of Bosnia and Herzegovina - an emerging market with a significant growth potential for store brand development.

Research on store brands has grown exponentially over the last four decades, with a plethora of empirical studies conducted on this subject. According to Baltas & Argouslidis (2007), four research streams have emerged among store brand scholars. The first research stream focuses on the strategic role and importance of store brands for retailers and manufacturers (e.g. Makoto, 1995; Burt, 2000; Gomez & Benito, 2008). The second stream examines the market performance of store brands (e.g. Ailawadi, 2001; Hoch & Banerji, 1993), while the differences and competition between manufacturer brands and store brands are foci for the third group of scholars (e.g. Richardson, Dick & Jain, 1994; Ailawadi, Neslin & Gedenk, 2001). The fourth research stream studies extensively factors that drive consumers' propensity towards store brands and strives to identify common characteristics shared by store brand buyers (e.g. Diallo et al., 2013; Martinez & Montaner, 2008). A considerable body of research suggests that majority of consumer factors associated with the store brand purchase behavior can be classified into three categories: personality factors/psychographic traits (e.g. Burton et al., 1998; Ailawadi et al., 2001), perceptual factors (Garretson, Fisher & Burton, 2002; Manzur et al., 2011) and socioeconomic factors (Baltas & Argouslidis, 2007; Martinez & Montaner, 2008). Previous studies have revealed that consumer perceptual factors such as perceived quality, price-quality perception, price consciousness, value consciousness, and smart - shopper self-perception are the best predictors of store brand purchasing behavior (Diallo et al., 2013). In addition, several scholars (e.g. Lybeck, Holmlund-Rytkönen & Sääksjärvi, 2006; Martinez & Montaner, 2008) have highlighted the importance of demographic characteristics (e.g. age, education, household income, and family size) in explaining the consumers' propensity towards store brands. Although, significant research attention has been given to the factors that trigger store brand purchase behavior, empirical studies focusing on identifying the profile of store-brand-prone consumers are rather limited (Martinez & Montaner, 2008). Furthermore, previous studies examined

general influences such as perceptual factors and personality factors affecting store brand purchases without considering the product-category differences. Therefore, this study focuses on store brand purchases at the product-category – level. This study posits the following research questions:

- Who are the consumers who prefer store brands?
- How consumers perceive store branded shampoo in terms of its price and quality?
- Do heavy buyers of store branded shampoo exist and, if they do, how do they differ from sometimes and seldom buyers?
- What managerial implications arise from the findings?

The remainder of this paper is structured as follows: first, the definition and store brand classification will be provided followed by the review of consumer factors related to the store brand purchase behavior. Next, the methodological details of the current study and results will be presented answering aforementioned questions. Final section concludes with implications both for academic researchers and practitioners.

2. Theoretical background

This section provides a description of store brand types and reviews the literature on perceptual factors of store brand purchases such as perceived quality, perceived price and price-quality association. Also, this review explores the role of demographics in profiling store-brand-prone consumer.

2.1. Definition and store brand classification

Store brands are often defined as “brands that are owned by retailer or distributor and are sold only in its own outlets”(Kumar & Steenkamp, 2007:20). According to Brassington & Pettit (2003), store brands refer to the “branding applied to goods that are produced by manufacturer on behalf of a retailer or wholesaler, who owns the rights to the brand” (Ho & Temperley, 2012:102). One of the most important characteristics of these brands is that retailer must take full responsibility on activities like developing the store branded product, sourcing and warehousing as well as merchandising and marketing the product (Dhar & Hoch, 1997). Thus, retailers play a major role in the success or failure of their store brands.

The development of store brands dates back to the beginning of the 20th century, when retailers such as A&P, Safeway and Kroger (Hoch & Banerji, 1993) began offering lower quality product alternatives for a lower price (Burt, 2000). Through the late 1970s and early 1980s, store brands have made major inroads into retail sector (De Wulf et al., 2005) and they have become a serious threat for national (manufacturer) brands. Many retailers have recognized that successful store brands have to offer more than a price reduction; thus, they created a high quality/value-for-money brands. Mid 1990s marked a major turning point for store brands (Baltas & Argouslidis, 2007). At this stage, mature retailers, such as Tesco, Mercadona and Brooks Brothers took an active role in developing and marketing their store brands, moving away from their traditional role of merchants i.e. the passive distributors of national brands (Huang & Huddleston, 2009).

Over years store brands have evolved from cheap, low-quality unbranded alternatives, targeting specific segments of price sensitive consumers, to the “real brands” i.e. brands with equity (Cuneo, López & Yagüe 2012), competing head-to-head with national (manufacturer) brands (Huang & Huddleston, 2009). Depending on the objectives and outcomes pursued by retailers through the introduction and development of store brands, several typologies of store brands have been suggested.

	Generics	Copycat brands	Premium store brands	Value innovators
Strategy	Cheapest – undifferentiated	Me-too at a cheaper price	Value added	Best performance-price ratio
Objectives	Provide customer with a low-price option Expand customer base	Increase negotiating power against manufacturer Increase retailer share of category profits	Provide added-value products Differentiate store Increase category sales Enhance margins	Provide the best value Build customer loyalty to store Generate word of mouth
Branding	No brand name, or identified as first price brand	Umbrella store brand or category specific own brands	Store brand with sub-brand or own brand	Meaningless own brands to demonstrate variety
Pricing	Large discount, 20%-50% below brand leader	Moderate discount, 5%-25% below brand leader	Close to or higher than brand leader	Large discount, 20%-50% below brand leader
Category coverage	Basic functional product categories	Originates in large categories with strong brand leader	Image-forming categories often fresh products	All categories
Quality to brand leader	Poor quality	Quality close to branded manufacturers	Quality on par or better, advertised as better	Functional quality on par with brand leader but with removal of “non-value-adding” product features and imagery

Product development	None, product put up for contracts to manufacturers with lagging technology	Reverse engineered, using manufacturers with similar technologies	Considerable effort to develop best products with similar or better technology	Considerable effort and innovation in terms of cost benefit analysis
Packaging	Cheap and minimal	As close to brand leader as possible	Unique and source of differentiation	Unique but cost-efficient
Shelf placement	Poor, less visible shelves	Next to brand leader	Top eye-catching positions	Normal as all over store
Advertising/promotion	None	Regular price promotions	Top eye-catching positions	Store not own-brand advertising, normal promotion schedule
Customer proposition	Sold as cheapest-priced product	Sold as same quality but lower price	Sold as best product on the market	Sold as best value-price of generics but objective quality on par with brand leaders

Table 2-1 Typology of store brands

(Source: Kumar, N. & Steenkamp, J-B. E.M. (2007), *Private Label Strategy: How to Meet Store Brand Challenge*, Harvard Business Review Press, p. 27 -28.)

Wileman and Jary (1997), for instance, propose five stages or generations of store brands moving from generics to cheap to re-engineered cheap to par quality to leadership. In similar vein, Kumar & Steenkamp (2007) identified four types of store brands ranging from generics, copycats, premium store brands to value innovators while Levy & Weitz (2004) classified store brands into four broad groups, namely – bargain, copy cat, premium and parallel. Despite these different terms, it appears that there is a general agreement among researchers about the “evolutionary sequence” of the development of store brands (Burt, 2000). Although these types of classification schemas are useful for describing different forms of store brand that exist in the marketplace (Burt, 2000), these evolution stages should not be viewed as a stepwise spectrum of store brand development. Put simply, these stages do not exclude one another, in the sense that same retailer might have store branded products that belong to the different store brand generations (Castadlo, Grosso & Permezz, 2013). In this paper, we will follow the typology of store brands suggested by Kumar and Steenkamp (2007), given that it provides clear distinction between low-price and high-quality strategies that might be relevant for the present study (see Table 2-1). Generics are basic, functional products that are mainly positioned as the lowest possible price options. They are also known as no-name, brand-free, unbranded or no-frill products since they do not carry the brand name of manufacturer or retailer. Generics are usually packaged in white packages with black lettering, they are placed on the less visible shelves and they are rarely promoted (Kumar & Steenkamp, 2007). The considerable savings on packaging, advertising and marketing as

well as cuts in quality (Zielke & Dobbelsstein, 2007) have positioned generics as a cheap product alternatives characterized by lower quality and inferior image compared to national brands (Huang & Huddleston, 2009). Copy cat brands, also referred as mimic brands, me-too products or quazi-brands are lower-priced products with a comparable level of quality to manufacturer brands. Copy cat brands, also referred as mimic brands, me-too products or quazi-brands are lower-priced products with a comparable level of quality to

manufacturer brands. Very often retailers imitate the package design (or “trade-dress”) of a leading manufacturer brand to free-ride on manufacturers’ brand equity (Kumar & Steenkamp, 2007). Premium store brands are high value-added products with an innovative design; quality equal to that of premium-quality manufacturer brands (De Wulf et al., 2005; Geyskens, Gielens & Gijsbrechts, 2010). Generics are positioned as low priced, no-name alternatives at the bottom-of the market of store brands whereas the premium store brands are at the top of the market (Kumar & Steenkamp, 2007). It has been suggested that comparing to “cheap and nasty” store brands (i.e. generics), premium store brands can lead to the store differentiation and store loyalty by decreasing the switching costs (Corstjens & Lal, 2000). Huang & Huddleston (2009) argue that premium store brands hold a product advantage which might be used as a competitive advantage that differentiates the retailer from its competitors. Value innovators are store branded products that offer the best quality/performance and price ratio. The quality of these brands is aligned with the quality of manufacturer (national) brands, but some characteristics of the product and image are modified in order to maximize value delivered to consumers (Kumar & Steenkamp, 2007).

2.2. Consumer perceptual factors and store brand purchase behavior

An overview of literature reveals that there are a number of consumer-level antecedents of store brand purchase behavior. Most recent research examines the psychological perceptions of store brands, arguing that store brand purchases are driven by economic and hedonic benefits and costs (Martinez & Montaner, 2008). Thus, several studies reported that store brand proneness is positively related to price consciousness, variety seeking and store loyalty indicating that store-brand-prone consumers are variety-seekers who are price sensitive and loyal. However, other studies have highlighted the importance of perceptual factors in explaining store brand purchase behavior such as perceived quality, price and price-quality association.

Perceived quality of store brands lies at the heart of battle between store brands and manufacturer (national) brands in terms of the consumers’ desire for quality as well as the retailers’ ability to deliver quality well-matching with the quality of national (manufacturer) brands. This view is supported by Baltas & Argouslidis (2007) who found that the quality has the most significant role in store brand preferences. Moreover, it has been suggested that quality plays a significant role in explaining store brand purchase behavior (Bao, Bao & Sheng, 2011; Richardson et al., 1994; Wu, Yeh & Hsiao, 2011; Sheau-Fen, Sun-May & Yu-Ghee, 2012), consumer satisfaction with store brands (Carpenter & Fairhurst, 2005) and market share of store brands (Hoch & Benrji, 1993; Sethuraman, 2000). For instance, using a sample of 1564 shoppers for five products (regular potato chips, French onion chips, chocolate chip cookies, cheese slices and grape jelly)

Richardson et al. (1994) found that perceived quality has greater impact on consumers' willingness to buy store brands than price related factors such as perceived-value-for money. Sheau- Fen et al. (2012) found that higher perceived quality is associated with higher consumers' likelihood of purchasing store brands, implying that the store brand with the better position in terms of quality is more likely to be purchased than low-quality brand (Alliawadi & Keller, 2004). Perceived quality of store brands is often examined within the context of quality variation which refers to the "degree to which consumers perceive that qualities of different brands in a product category will vary" (Bao et al., 2011: 221). According to Batra & Sinha (2010), quality is an important indicator of the perceived risk associated with the store brand purchases. Several empirical studies (Batra & Sinha, 2010; Bao et al., 2011; Sheau- Fen et al. 2012; Zielke & Dobbelsstein, 2007) reported that store brand purchase intention is higher when quality variation across brands in a product category is lower. These findings suggest that retailer is more likely to introduce store brand in product categories characterized by low quality variation (Bao et al., 2011).

Although the retailers have considerably improved the quality of store brands over recent years, the idea that store brands have lower quality than their national brand counterparts seems to prevail in some instances. This view is supported by Lumpton, Rawlinson & Braustein (2010) who found that Chinese consumers perceive store brands as products of inferior or poor quality that are characterized by high social risks (i.e. the "fear of losing face"). These findings are consistent with the results of study conducted by Sanjoy and Oded (2001) among urban Israeli consumers. They found that store brand is perceived to be worse in quality than national and international brand, indicating that cultural differences might also affect the consumers' perception of store brand quality. Even though studies from the West suggest that consumers tend to perceive store brands as products with the same or even higher quality than their national brand counterparts, this assumption might not be applicable to non-Western markets. Thus, this study seeks to examine perceived quality of store brands within the market where development of such brands have not yet reached its peak.

In the marketing literature, it is well established that store brand purchase intentions are strongly affected by the price of store branded products compared to national (manufacturer) brands (Diallo et al., 2013). It has been suggested that the lower price of store brands, relative to national brands, is one of the main drivers of consumers' willingness to buy store brands. However, empirical studies about the effect of "price gap" between store and national brands on consumer attitude towards store brands and their purchase intentions have provided mixed results. Hoch (1996) confirmed that a large price differential between national and store brands fosters store brands sales, whilst a small price gap increases the likelihood that consumers would trade up store branded product for a national brand. However, Hoch & Lodish (1998) reported that price gap does not affect consumers' decision to choose store brand because consumers are not particularly sensitive to store brand prices. More recent research findings have revealed that a greater price differential between store and manufacturer brands generally encourages store brand purchases in most product categories (Mendez, Oubina & Rubio, 2008). Nevertheless, it was found that an increase in price differential between manufacturer and store brands does not motivate store brand purchases in product categories with high functional risk (e.g. laundry detergent, toothpaste), emotional risk (e.g. shower gel, ready-to serve meals) or

social risk (e.g. whiskeys), indicating that consumers' response to price of store brand varies across product categories. In addition to price levels and price differential between store and national brands, it has been found that price-quality relationship also has a significant influence on consumers' propensity towards store brands. Batra & Sinha (2010) pointed out that consumers tend to rely on price cue to make judgments about the quality of store branded products. Considering that store brands are usually sold at lower prices, some scholars argue that consumers who tend to judge the quality on the basis of its price are less prone to store brands (Burton *et al.*, 1998; Garretson, Fisher, & Burton, 2002). Despite the widespread idea that consumers sometimes believe in the old-saying "You get what you pay for" and use price as extrinsic cue of product quality, it should be noted that consumers' reliance on price to judge quality is not a general rule. More precisely, the degree to which consumers use price-quality association depends on various individual and situational factors. Previous studies have shown that consumers who do not have extensive knowledge about given store brand or general product category tend to rely more on extrinsic cues when evaluating the store brand (Rao & Monroe 1988). This proposition might be particularly applicable on markets where store brand growth is still in the start-up phase. As retailers in the marketplace of Bosnia and Herzegovina are developing their store brands across different product groups and categories (e.g. canned fruit and vegetables, packed cereals, household chemicals, cosmetics, etc.), it is very important to analyze how consumers perceive price of store brands compared to national brands and whether they use price-quality association to make judgments about the quality of store branded products.

2.3. Socio-demographic variables and store brand purchase behavior

Since 1960, researchers have been attempting to identify store-brand-prone consumers on the basis of demographic variables, however, research efforts have not produced conclusive findings (Martinez & Montaner, 2008). Gender-related findings suggest that male consumers are slightly more store-brand-prone than female consumers (Sethuraman & Cole, 1999; Sethuraman, 2003). Albeit, some studies suggest that gender is not a significant indicator of store brand preferences (Baltas & Argouslidis, 2007; Zielke & Dobbelsstein, 2007; Kuhar & Tič, 2008). For instance, as regards age, some studies reported that younger and middle-aged consumers are more prone to store brands (Dick *et al.*, 1995; Lybeck *et al.*, 2006) while other have found no effect of age on store brand purchase behavior (Richardson *et al.*, 1996; Kuhar & Tič, 2008; Martinez & Montanez, 2008; Diallo *et al.*, 2013). Research findings are also inconsistent regarding the extent to which store brand purchase behavior is affected by the household income. Glynn & Chen (2009) observed that households with higher income are less prone to store brands because such households have fewer financial constraints and show less price concern. Dick *et al.* (1995) and Sethuraman & Cole (1999) reported a curvilinear relationship between household income and store brand proneness, where middle-income household are found to be more store brand prone. In an apparent contradiction to these findings, Baltas & Argouslidis (2007) found that people with greater income are more store brand prone. These results suggest that store brands are becoming popular among the different consumer segments (Diallo *et al.*, 2013), thus, questioning the long-held stereotypes of store brands as low-quality goods designed only for low-income consumers (Baltas & Argouslidis, 2007). However, a few studies found no significant relationship between

household income and store brand purchase behavior (Lybeck et al., 2006; Baltas & Argouslidis, 2007; Diallo et al., 2013). Regarding the effect of educational achievement on store brand purchase behavior, some studies showed that consumers with higher educational qualifications are less prone to choose store brands (Martinez & Montaner, 2008; Glynn & Chen, 2009). On the other hand, Lybeck et al. (2006) and Baltas & Argouslidis (2007) found a positive relationship between education and store brand proneness, indicating that better educated consumers are more prone to store brands. Regarding the family (household) size, previous studies reported that household size is a strong determinant of store brand proneness. Most findings support a preposition that households with more members are more inclined to store brands (Dick et al., 1995; Richardson et al., 1996; Glynn & Chen, 2009). These rather inconclusive findings about the effect of demographic variables on store brand purchase behavior have encouraged researchers to consider some other factors that might be useful for profiling store-brand-prone consumers (Martinez & Montaner, 2008; Ailawadi et al., 2011; Diallo et al., 2013). Thus, in the present study both demographic variables and consumer perceptual factors would be used with the aim to identify characteristics of those consumers who are more inclined to store brands.

3. Methodology

3.1. Research context

The concept of retailing in Bosnia and Herzegovina (hereafter BH) has been significantly redefined and innovated following the introduction of free trade, globalization, technological advances and changes in consumer needs related to the improvements in their lifestyles. Apart from local retail chains, numerous regional and multinational retail chains have contributed to the emergence of a contemporary retail scene in BH. However, retail landscape in BH remains still fragmented since the market share of small interdependent retailers account for approximately 50% of total market. Nevertheless, due to recent expansion of retailing network, i.e. investments into new retail facilities or taking over the existing ones, the number of small retail stores has shown a significant decrease. Thus, the increasing consolidation and concentration in retailing, as well as the growth of large retail chains can be considered as two main pillars of retail scene in BH. From a quantitative standpoint, leading retail chains (Konzum, Bingo, Mercator, Interex, Delta Maxi, Tuš Trade and Amko Komerc) accounts for approximately 45% market share.

The common characteristic of leading retail chains is reflected in the fact that their own store brands prevail in a few product categories, although the number of categories has been steadily increasing since the initial introduction. This trend is in the line with the global trends of store brand development whereas, at the first stage of the development, store branded products are prevailing in product categories such as food and beverage as well as products intended for personal hygiene, household maintenance, dairy products, canned food, textiles, candies, etc.

The store brand market share in BH within individual categories varies significantly depending on the actual retail chain. The store brand market share of five leading retail chains (Konzum, Bingo, Mercator, Interex, Delta Max) is in the range from 2% to 10% of total market. In addition, store brand market share varies across

product categories. For instance, the average store brand market share in the category of personal hygiene products is approximately 7%.

For the purpose of this study, the product category of personal hygiene products, more precisely, shampoo was chosen. This product was chosen for several reasons: (1) the product is purchased and used by consumers of both genders and all ages; (2) the product is commonly seen in major hypermarkets/supermarkets carrying the store's brand name; (3) the product is frequently purchased, and thereby, consumers are able to easily evaluate their purchase. For the purpose of this study two store brands, Olea – a store brand owned by the Konzum retail chain, and Balea - owned by the DM retail chain were selected. The research was conducted in the retail chains' stores of five cities in the Federation of Bosnia and Herzegovina. Both retail chains have their store brand strategy, and they are using different names for store brand products compared to the retailer's name.

3.2. Research methodology

In this study, quantitative approach was employed. Data were collected from self-administrated questionnaires from residents of five selected cities in the Federation of Bosnia and Herzegovina by using the mall-intercept method. At the exit of stores belonging to two selected retail chains (Konzum and DM), researcher assistants recruited buyers who agreed to participate in the survey. Researcher assistants were trained students at the final year of undergraduate courses in marketing who were instructed to provide his or her identity briefly explaining the purpose of the survey to the prospective respondents. The survey was carried out during weekdays and weekends at selected store location to capture different shopping patterns of buyers. A total of 204 valid questionnaires were obtained, which is comparable to other similar studies (Burt and Davis, 1999; Yelkur, 2000; Semeijn et al., 2004; Yin and Suh, 2005; Lybeck, et al., 2006). The questionnaire had three parts and it comprised 12 questions, mostly derived from the existing literature (Lybeck et al., 2006). Questions included in the first part of the questionnaire, were used to classify respondents into three broad groups, namely: heavy buyers, sometimes buyers and seldom buyers. The second part of the questionnaire included items for measuring different consumers' attitudes towards the perceived quality of store brands and perceived price of store brands. Finally, the third part of the questionnaire included questions related to respondents' demographic characteristics, such as gender, age, education level and average household income.

Data were analyzed using parametric and nonparametric statistical tests depending on the number of groups (two or more) and the type of dependent variable (metric or ordinal). To assess differences between the different types of store brand buyers, the analysis of variance (ANOVA) was used. In doing so, the independent variables refer to customer attitudes toward different aspects of the perceived price and quality. These attitudes were measured using the seven-degree Likert scale.

Statistical significance of the impact of consumers' demographic characteristics on the store brand purchase frequency was tested using nonparametric tests. Mann-Whitney U test was used for demographic variables with two categories: gender and type of store brand. Kruskal-Wallis test combined with Jonckheere-Terpstra

test was used for demographic variables with more than two categories: age, education and income. The use of Jonckheere-Terpstra test is recommended in the situation when groups within independent variables have a meaningful order, i.e. when the independent variable is of ordinal type. The analysis was conducted using the SPSS statistical package, version 21.

4. Research findings and analysis

4.1. Empirical Findings

	%		%
Shampoo		Income	
Brand			
Olea (Konzum)	50,5	Less than 1.000 KM	26,0
Balea (DM)	49,5	1.001 – 1.500 KM	30,4
		1.501 – 2.000 KM	21,6
Usage frequency		More than 2.000 KM	13,2
Seldom	18,6	No information	8,8
Sometimes	39,2		
Often	49,2	Education	
		Primary/secondary	36,8
Gender		education	
Female	46,1	College degree	20,6
Male	53,9	University degree	28,4
		Master's and Doctoral	14,2
		Degree	
Age			
15- 30	15,7		
31-35	15,2		
36-40	13,2		
41-45	16,7		
46-50	21,6		
50 +	17,6		

Table 4-1 describes the profile of respondents, in terms of demographic characteristics and provides information about the frequency of store brand purchases and store brand type.

(Source: Analysis of data obtained through primary research)

First, respondents were divided into three groups on the basis of how frequently they purchased store-branded shampoo, namely heavy buyers who purchased store -branded shampoo always or often, sometimes buyers who purchased them regularly, and seldom buyers who never or seldom purchased those brands. These three categories have been derived from previous studies (Blattberg et al., 1980; Ailawadi et al., 2001; Lybeck et al., 2006) and they reflect three different buyer types: buyers who are loyal to store brands (heavy buyers), buyers who buy both the store brands and other brands (sometimes buyers), and buyers who are more prone to manufacturers' brands (Lybeck et al., 2006).

	Mean
Price	
Statement 1: The price of a shampoo is usually a good indicator of its quality.	5.68
Statement 2: The lower price of the store branded shampoo is not indicator of poor quality.	5.83
Statement 3: When I buy a store branded shampoo I think that I get the most for my money.	5.74
Quality	
Statement 4: There is not a great difference in reliability of ingredients between manufacturers' and retailers' shampoos.	5.99
Statement 5: There is not a great difference in usefulness between manufacturers' and retailers' shampoos.	6.00
Statement 6: There is a great risk in buying a store branded shampoo because of the inferior quality (reversibly coded in analysis).	5.93
Statement 7: If I buy a shampoo for someone else I would not buy a store brand (reversibly coded in analysis).	5.98

Table 4-2 Means for attitude statements (scale from 1= strongly disagree to 5= strongly agree)

(Source: Analysis of data obtained through primary research)

Differences among three groups of store brand buyers were tested on the basis of consumers' perceptions of store-branded shampoo in terms of its price and quality (see Table 4-2). More precisely, the following characteristics were assessed: the price of store brand, the quality of store brand, value and differences of store brand in comparison to manufacturer brand, and the extent to which store brand is suitable as a gift.

Results of ANOVA analysis suggest that there are significant differences between heavy buyers and those who are buying store branded shampoo sometimes and seldom buyers. Table 4-3 shows that heavy buyers as well as sometimes buyers have more positive attitudes towards the store brands than seldom buyers.

	Buyer type			F	p
	Seldom	Sometimes	Heavy user		
S1	5.24	5.70	5.86	5.69	0.004
S2	5.50	5.86	5.95	5.31	0.006
S3	5.21	5.74	5.97	10.01	0.000
S4	5.21	6.03	6.29	22.55	0.000
S5	5.21	6.06	6.30	25.58	0.000
S6	5.13	5.94	6.28	23.20	0.000
S7	5.11	6.06	6.29	28.02	0.000

Table 4-3 Analysis of variance (ANOVA) for three groups of store brand consumers by views related to the perceived quality and price

(Source: Analysis of data obtained through primary research)

In the second step of our analysis, three groups of store brand buyers were analyzed in terms of demographic characteristics. The frequency of store brand purchases is significantly influenced by income level ($H(3) = 14.07, p < 0.05$), level of education ($H(3) = 12.34, p < 0.05$) and age ($H(5) = 18.78, p < 0.05$). Jonckheere's test revealed a significant trend in the data: as income level increases, median of frequency of store brand purchases also increases, $J = 7720.5, z = 3.72, p < 0.01$. The similar results were reported for level of education: higher level of education is related with higher median of frequency of store brand purchases, $J = 8826, z = 3.06, p < 0.05$. Although Jonckheere's test indicates relation between age and frequency of store brand purchases ($J = 10122, z = 3.36, p < 0.05$), the trend is not straightforward as in the case of income and education. Namely, median of frequency of store brand purchases increases with age until the age of 40 years, then suddenly declines and starts to increase again.

Mann-Whitney U test reveals that frequency of store brand purchases do not differ amongst the first store brand, Olea shampoo and second store brand, Balea shampoo ($U = 4963, z = -0.61, p = 0.542$). Also, there is no statistically significant difference in frequency of store brand purchases between males and females, $U = 4508, z = -1.70, p = 0.089$.

4.2. Discussion of the Findings

Findings of this study suggest that store brand buyers are heterogeneous group. It seems that different segments of store brand buyers can be identified on the basis of demographic characteristics and loyalty to store brands.

The main finding of this study is that heavy-buyers of store branded shampoo, in comparison to sometimes buyers and seldom buyers, have more favorable attitudes towards the store brands and they are more price-sensitive. However, results suggest that heavy-buyers of store branded shampoo do not tend to use low price of store brands as a cue for poor or inferior quality of those brands. For heavy buyers, store brand is just a "good deal" i.e. a product that offers good value for money. These findings support the argument that

consumers, who perceive themselves as “smart shoppers” are more inclined to store brands (Burton et al., 1998; Garretson, Fisher, & Burton, 2002). Actually, it is a psychological variable that arises from consumers’ need for inner (psychological) reward for saving money owing to the store brand purchase at lower prices (Schindler, 1992; Mano & Elliot, 1997).

Except price, research findings suggest that the increase in the frequency of store brand purchases enhances consumers’ trust in the quality of store branded products. Thus, e.g., heavy buyers did not consider store brands to be of inferior quality compared to manufacturer brands, nor do they believe that there is a risk in buying these brands. These findings suggest that consumers tend to perceive store brands as “true” brands, which are capable to compete with manufacturers’ brand head-to-head both in terms of more reasonable price and quality. Moreover, results indicate that many consumers believe that store brands are suitable as gifts. Thus, it seems that heavy buyers are aware of the quality of the store brands, so, they feel comfortable in buying them for themselves, and therefore do not avoid buying them as gifts. This is not in the line with the findings reported by Lybeck et al. (2006), who argue that heavy buyers of store brands tend to avoid buying store brands for other as gifts, even though they do not perceive any significant differences between store brands and manufacturer brands in term of quality and risk of purchasing. Furthermore, findings of this study showed that consumers do not tend to judge the quality of the store brand on the basis of its price. This supports the findings of previous studies who argue that consumers’ reliance on the price to judge quality is not a general rule with respect to store brands (e.g. Burton et al., 1998; Garretson, Fisher, & Burton, 2002).

The findings of this study revealed that significant differences in the frequency of store brand purchases may exist depending on certain demographic characteristics of consumers. Age, education and income level have a significant impact. The older and more educated consumers have tendency to buy more retailers’ own products than others do. This contradicts findings by Dick et al. (1995) and Omar (1996), and supports those of Frank & Boyd (1965), Prendergast & Marr (1997) and Lybeck et al. (2006). The study also revealed that income level has an effect on store brand proneness. That also supports findings of earlier studies (e.g. Dick et al., 1995; Sethuraman & Cole, 1999; Baltas & Argouslidis, 2007). The income effect is positive in the sense that consumers with a higher income level are more prone to store brand purchases. This insight contradicts the stereotype that store brands are appealing only to those consumers who, due to limited income, cannot afford manufacturer brands (Baltas and Argouslidis, 2007). The results obtained in this study support the past studies (e.g. Baltas & Argouslidis, 2007; Kuhar & Tič, 2008; Zielke & Dobbstein, 2007) who argue that gender is not a significant indicator of store brand preferences.

5. Conclusion

The main objective of this study was to analyze and validate the profile of a consumer of store brands in Bosnia and Herzegovina in the context of personal care product category. In line with past studies (Blattberg et al, 1980; Ailawadi et al., 2001; Omar1996; Martinez & Montaner, 2008), we verified that psychographic traits (perceived price and perceived quality) as well as demographic characteristics can be used as variables

in explaining consumer store brand proneness. Findings suggest that store-brand-prone consumers (heavy store brand buyers) are price-sensitive, they believe in the good quality of store brands, and they are loyal to store brands.

The contribution of this study is two-fold. First, this study seeks to expand the understanding of consumer store brand proneness by providing the characterization of store brand buyers on the basis of their perceptual and demographic characteristics in the context of Bosnia and Herzegovina, an emerging market with intensive growth and development of the store brands. Second, the findings of this study provide answers on two important questions: (1) Who are the buyers of store brands in Bosnia and Herzegovina? and (2) What are the main drivers of consumer propensity towards the store brands?

This study provides valuable information for both retailers and manufacturers. From the retailers' perspective, three approaches could be recommended. First, it is necessary that retailers sustain the price advantages of their own brands, since consumers tend to consider store brands as lower-priced alternative to manufacturer brands. Secondly, price is not the only factor of store brand success. Findings indicate that consumer store brand proneness is greatly affected by the perceived quality. Thus, retailers should overcome the stereotype that store brands are inferior in quality only because they are priced lower than manufacturer brands. One way of achieving this is to follow the quality pattern. More precisely, retailers should focus on maintaining and improving the quality of ingredients, design, labeling, packaging, etc. (Gylnn & Chen, 2009). Finally, consumer segments identified in this study can have a crucial significance in designing and implementing the marketing strategy of retailers as store brand owners. Different strategies focused on different segments can significantly contribute to the improvements in store brand management.

On the other hand, manufacturers must accept the fact that store brands are no longer a cheap alternative of inferior quality, but are rather equal brands, able to compete both by the lower price and by quality. In this respect, manufacturers, whose market position is threatened by store brands, need to know the segments of consumers that are not prone towards store brands and thus develop specific strategies to retain them.

This study has several limitations that need to be highlighted. First, this study focuses only on one product category (i.e. shampoo) and the supermarket industry. Thus, the findings may not be generalisable across different product categories and other retailers such as fashion or durable-goods retailers. Therefore, future studies should examine whether perceptual factors and demographic variables used in this study may apply to other area such as apparel or home appliances retailing. Second, the data were collected only from five stores of two retail chains located in the Federation of Bosnia and Herzegovina. Since the store brand performance varies across different retail chains and depends on the retailers' overall marketing strategy, consumers perceptions about price and quality of store brands may differ. Thus, further research could include the greater number of stores and retail chains across different regions and cities in Bosnia and Herzegovina.

Despite these limitations, this study enriches the current knowledge about store brand consumer proneness in the context of newest emerging store brand markets and offers several avenues for future research.

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