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S-GROUP PRIVATE LABEL BRAND VERSUS INTERNATIONALLY KNOWN  
STRONG BRAND – CASE: RAINBOW BANANA

Kansainvälisen kaupan koulutusohjelma  
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Tutkimuksen tarkoituksena oli selvittää valitseeke päivittäistavara-kaupan asiakas päivittäisessä ostotilanteessa oman kaupan merkin tuotteen vai kansainvälisesti tunnetun vahvan brändin tuotteen. Tuotteen laatu on hyvin tärkeässä osassa asiakkaan ostopäätöstä ja siksi tutkimuksessa käytettiin tarkempaa tutkimuksen kohteena laadultaan helposti haavoittuvaa hedelmää, banaania.

Tutkimuskohteeksi valittiin S-ryhmän omistamaan Rainbow-tuoteperheeseen kuuluva Rainbow-banaani ja vertailukohteeksi otettiin kansainvälisesti tunnetun Chiquitan vastaava tuote. Teoreettisen osuuden tarkoitus oli selvittää asiakaslähtöisen brändin ominaisuuksia Kevin Lane Kellerin luoman asiakaslähtöisen brändin pääoma -käsitteen pohjalta. Lisäksi opinnäytetyön teoreettisena pohjana käytettiin asiakkaiden ostopäätösprosesseihin liittyviä tutkimuksia. Aineisto tähän kerättiin kirjallisuudesta ja Internetistä. Tutkimuksen empiirinen osa suoritettiin käyttämällä kvantitatiivista tutkimusta asiakkaan tekemästä valintaprosessista päivittäisessä ostotilanteessa. Lisäksi tutkimuksessa käytettiin hyödyksi S-ryhmän asiantuntijoiden haastattelua oman kaupan merkkien strategiasta asiakaslähtöisyyden pohjalta.

Asiakkaan ostopäätöstä ohjaavat monet eri tekijät. Tämän tutkimuksen tarkoituksena oli selvittää valitseeke päivittäistavara-kaupan asiakas ostoskoriinsa mieluummin Rainbow-banaanin vai vahvan kansainvälisen brändin Chiquitan banaanin. Kvantitatiivisen tutkimuksen tulokset antoivat vahvaa näyttöä brändin voimasta ja siitä kuinka erilaisiin tekijöihin asiakkaan ostopäätös perustuu. Tutkimuksen tuloksia tullaan hyödyntämään myynnin ja katehallinnan kehittämisessä S-ryhmässä.

Tutkimuksen tuloksena voidaan todeta, että menestyksekkään brändin rakentamiseen on tullut viimeisten vuosien aikana täysin uusia elementtejä. Kuluttajien hinta- ja laatutietoisuus ovat kasvaneet selvästi ja asiakkaalla on paremmat mahdollisuudet saada tarkkaakin informaatiota tuotteiden alkuperästä ja tuotantotavoista. Suurimmat yksittäiset huomiot olivat ne, että kuluttajan ennakkoluulot kaupan omien merkkien laatutekijöitä kohtaan ovat edelleen verrattain suuria ja se, että samankaltaisten tuotteiden hinnalla on suuri merkitys ostopäätöksiin.

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The purpose of this thesis was to find out which product customer chooses between two different strong brands: a private label product or an internationally known strong brand product. The quality of the product has an important role in the customer's decision making process and that is why a qualitatively fragile product, banana, was used in this thesis.

As a detailed topic of this thesis I used Rainbow banana which belongs to S-group's Rainbow – product assortment and as a comparative product I used internationally well-known Chiquita banana. The purpose of the theoretical part was to research the features of customer-based brand using Kevin Lane Keller's customer based brand equity model as a base of the study. In addition the studies about customer decision making processes were a significant part of the theoretical background. The material for this was collected from books and Internet. The empirical part of the study was made by using a quantitative research about customer's everyday decision making process in a grocery store. In addition I used qualitative research methods by interviewing S-group's experts about private label branding strategies from a customer-based point of view.

There are many different features which guide the decision making process of a customer and the main goal of this study was to find out which one of these products customer chooses to buy: Rainbow banana or strong international brand Chiquita banana. The results gotten from the quantitative research showed the power of a brand and the different features guiding customer's choice making process. The results will be used for improving the sales and cost efficiency in S-group.

As a result of this study we can note that during past few years there have come new features in building a successful brand. The customer's price and quality awareness has risen and consumers have better possibilities to get even specific information about the origin and the manufacturing methods of the products. The biggest individual notes of this study were that the prejudices towards private label products' quality factors are still relatively high and that price has a significant role in choosing between similar alternatives.

## TABLE OF CONTENTS

1	INTRODUCTION.....	6
2	BACKGROUND OF THE THESIS.....	7
2.1	Purpose and outcome.....	7
2.2	Research questions .....	7
2.3	Conceptual framework .....	8
3	BRAND .....	8
3.1	What is a brand?.....	8
3.2	Building a brand .....	9
3.2.1	Analysis of the brand.....	10
3.2.2	Creating the popularity .....	10
3.2.3	Adding the desired values to the consumer’s image of the product.....	10
3.2.4	Achieving purchasing .....	12
3.2.5	Achieving the state of brand loyalty – renewal of the victory .....	14
4	CUSTOMER BASED BRAND EQUITY.....	15
4.1	Keller’s Customer Based Brand Equity (CBBE) model .....	16
4.1.1	Step 1: Brand identity – Who are you?.....	17
4.1.2	Step 2: Brand meaning – What are you? .....	18
4.1.3	Step 3: Brand responses – What about you?.....	20
4.1.4	Step 4: Brand relationship – What about you and me? .....	22
5	CONSUMER DECISION MAKING PROCESS .....	23
5.1	The Engel-Blackwell-Miniard model.....	23
6	CASE STUDY BACKGROUND .....	26
6.1	S-group .....	26
6.1.1	Private labelling in S-group .....	26
6.2	Rainbow brand .....	27
6.3	Chiquita brand.....	27
7	RESEARCH METHODS AND FINDINGS .....	27
7.1	Quantitative survey.....	28
7.2	Quantitative survey – Which banana customer chooses?.....	28
7.2.1	The path of the research.....	29
7.2.2	The results .....	30
7.2.3	Validity of the survey .....	30
7.2.4	Conclusions on the survey .....	31
7.2.5	Reliability of the survey .....	32

8 CONCLUSIONS ..... 33  
LIST OF REFERENCES ..... 34  
APPENDICES ..... 37

## 1 INTRODUCTION

This thesis researches the consumer's decision making process between a private label brand product and an internationally well-known brand product. The main purpose of this thesis is to find out which product customer chooses in a daily grocery shopping situation: a private label product or an international strong brand product. The gathered information will be used for growing sales and cost efficiency in S-group.

As a case product will be used S-group's Rainbow banana and as a competitive product will be used Chiquita banana. Both of these brands have gained a strong position in their own market but their ways of getting there have been drastically different.

Rainbow has not gained its popularity in Finnish retail market by only bananas, but instead it has built its brand image through over 1000 private label products. Chiquita however has built its brand by consistent work all around the world since the 1870's. Rainbow has challenged not only Chiquita but also many other internationally strong brands with its budget pricing and broad range of different products.

The writer of this thesis has worked for a few years as a market manager in S-group and has a strong background in retail shop work. That is why it felt natural to combine his work at the retail shop business with the topic of this thesis. The fact that customer's decision making process is a massive combination of different features from personal background to economic environment it is still important to understand that there are some noticeable factors guiding the decision making process of all of us consumers.

## 2 BACKGROUND OF THE THESIS

### 2.1 Purpose and outcome

The main purpose of this thesis is to find out which product customer chooses to buy: Rainbow banana or Chiquita banana. The retail shop business has changed during the past few decades and private label brands have become more and more serious competitors for traditional strong brands. The goal was to find out what kind of features guide the customer's decision making process and how the customer sees the products which have a totally different brand background. The gathered information will be used for improving sales and cost efficiency in S-group.

### 2.2 Research questions

The research questions are targeted to narrow down the main outcome. I am trying to answer the following questions in this thesis:

1. What is the position of private label brands at the moment compared to the strong international brands?
2. How has the customer's decision making process changed while the amount of private label products has been increased?
3. What kind of decision making processes guide the customer in choosing between brands?

## 2.3 Conceptual framework

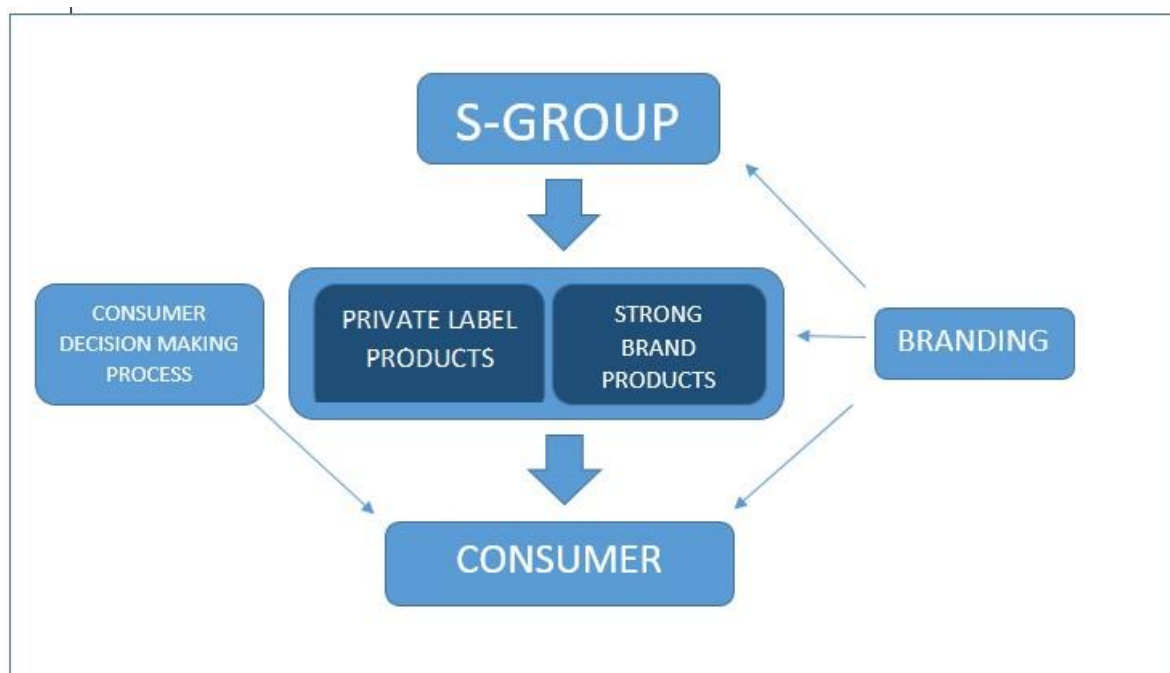


Figure 1. Conceptual Framework

The figure describes how the theoretical background together with the company's own processes support the outcome. S-group is selling its own private label products alongside with strong brand products to consumers. The theory part on consumer decision making processes affects straight to consumer. On the other side branding theory is affecting all three main entities of this thesis: S-group, both private label and strong brand products and finally the consumer.

## 3 BRAND

### 3.1 What is a brand?

A brand is an intangible but critical component of what a company stands for. Usually customer does not have a relationship with a product or a service but he or she might have a relationship with a brand. The most successful brands in the world



have their own place in consumer's mind. When mentioning some world's strongest brands, almost everyone thinks of same things. Apple stands for innovation, Volkswagen means reliability and FedEx is all about guaranteed delivery. When it comes to business, brands are the reason why a company exists, not the other way around. (Davis, 2000).

### 3.2 Building a brand

*"The builder of a brand first has to have something to say and then the capability of saying it".*

*[H. Laakso, 2003]*

Building a brand is a process. It can start as soon as there is some kind of feature which differentiates the product from all others. The feature can mean in this context in addition to the physical product itself also price, distribution or marketing. Brand is not created before the consumer in his or her mind thinks that the product has some kind of extra value compared to other similar products (Laakso, 2003).

Analysis of the brand	Creating the popularity	Adding the desired values to the consumer's image of the product	Achieving purchasing	Achieving the state of brand loyalty
Phase 1. "Getting ready for the race"	Phase 2. "The qualification round"	Phase 3. "The semi-finals"	Phase 4. "The finals"	Phase 5. "Repeating the concept of winning"

*Figure 2. The phases of building a brand described with sports terms. (Laakso, 2003)*

### 3.2.1 Analysis of the brand

The first phase in creating a brand is analyzing all factors concerning the environment where the brand lives. According to David A. Aaker the most significant analyses are customer analysis, competitor analysis and the analysis of your own brand. However the purpose of the different analyses is not to wash away the most important strategic tool – instinct. (Laakso, 2003)

The base of success lies in the customer segment. For who is the product made for and what kind of image does a company want to create with the brand. Building up a brand requires a lot of preliminary work from the management of the company. A company needs a large amount of work, money, enthusiasm and knowledge to be able to create a successful brand. Company should not think the brand too much from their own point of view. (Laakso, 2003)

### 3.2.2 Creating the popularity

After the analyses have been done, it is time to gain the popularity for the brand. It is important that the customer can remember the name of the brand. There are multiple ways to attain popularity among people. Product campaigns, advertising on TV and magazines and Internet advertising just to name a few. Brand can be recognizable for example through logo, theme song or different marketing slogans. (Keller, 2009)

However creating the popularity of a brand is a long process. The product has to have that special feature that separates it from all others. With effective marketing it is possible to make people have an opinion of the product. No one can force anyone to like the brand image created but it is important to get some kind of reaction. All consumers are different and the reactions might vary a lot. The customer's decision cannot be forced but it can be strongly influenced. (Keller, 2009)

### 3.2.3 Adding the desired values to the consumer's image of the product

*“A strong brand position means that the brand has a unique, credible, sustainable and valued place in customers' minds.”*

*(Scott M. Davis, 2000)*

When the product is being positioned the actions aim to the consumer's mind not to the product itself. The main goal is to set some kind of special feature to consumers' minds that separates the product from all others. Brand is always an entity which consists of many different elements. Customers are not convinced if the company just makes up a good sounding name to the product. A successful brand is a package full of different images. (Aaker, 2010)

If the consumer can determine what feature makes the product different from all others when hearing the products name, the goal of positioning has been accomplished. Some companies have a well made brand positioning which can be articulated by almost anyone, such as following:

Disney = Family, fun, entertainment

Nike = Performance

Rolex = Durability

McDonald's = Food and fun

Volkswagen = Endurance with reasonable cost

(Aaker, 2010)

The goal of positioning is not create something totally new feature about the product but instead to strengthen the image which already exists. This of course requires that the existing image is positive and has a good base for further marketing. The strengthening of an existing image has proven to be the best investment because the consumer can connect the marketing to something that has already been there. (Aaker, 2010)

Human mind wants to understand the connections between things because it creates harmony of mind. Human mind tends to push away the information that is in conflict with the data already in the mind. Especially then when it comes to commercial information. (Upshaw, 1995, Aaker, 2010)

Positioning has become more and more difficult process during the past decades. There are four reasons which have made it more difficult to succeed in positioning a brand:

- Fast developing of technology
- Fast and unpredictable changes in consumers' opinions
- Tightened competition caused by the globalization of the economic life
- Brand builders have become more skillful and sharp because of the tight competition

*“Positioning is not only one decision which is followed by actions from the marketer. It is a thought process which usually is started by the marketer and fulfilled by the consumer.”*

*(L.B. Upshaw, 1995)*

#### 3.2.4 Achieving purchasing

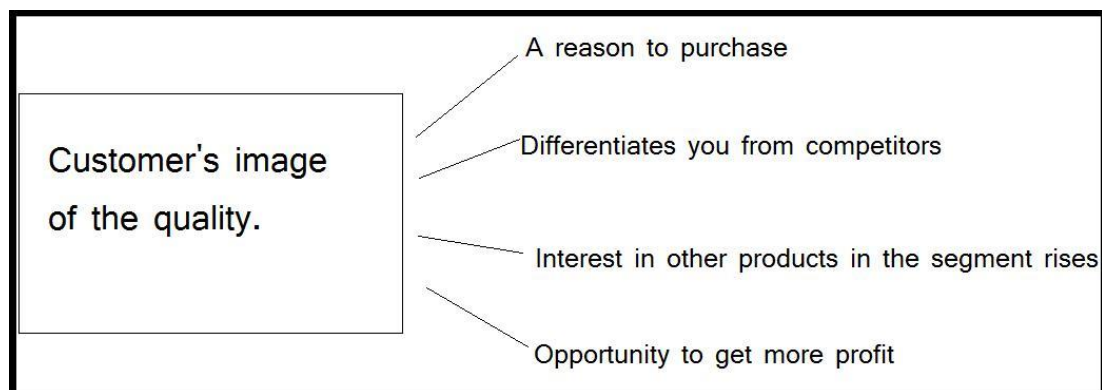
When the work of positioning the product has been done and the product has gained popularity, an important goal has been reached. Now the customer and the product have finally a chance to get to know each other. For the future of the brand the consumers' first experiences with the product are vital. (Aaker, 2010)

Quality of the product is one of the most important factors of the image that is created to consumers' heads. The Swedish furniture giant Ikea talks about satisfactory quality which guarantees that their products are sufficient and functional. Then again the Swiss clock manufacturer Tag Heuer aims to be the best producer in the whole product range. No matter what is the desirable level of quality, ensuring the quality requires consistent work from the company. (McKinsey and Company, 2012)

The companies which are producing high quality products have at least following features:

- understanding the expectations of the customers
- committing themselves to quality
- quality culture in the company
- beneficial use of customer feedback
- concrete goals and measurement

The most important element of building a consistent quality image is the understanding of customers' expectations. (When the quality level of the product meets the expectations of the customers, company can get benefits which can be seen in figure 3.)



*Figure 3: The benefits gotten from the customer's image of the quality of the product.  
(David Aaker, 2002)*

### 3.2.5 Achieving the state of brand loyalty – renewal of the victory

Major brands in the world are created just like deserving athletes. Everyone can remember how they have renewed their victories time and time again. Most of the successful brands in the world have maintained their base of positioning quite similar throughout the years. (Rope, Mether, 2001) Although a brand management needs some fine adjustments from time to time. (Aaker, 2010)

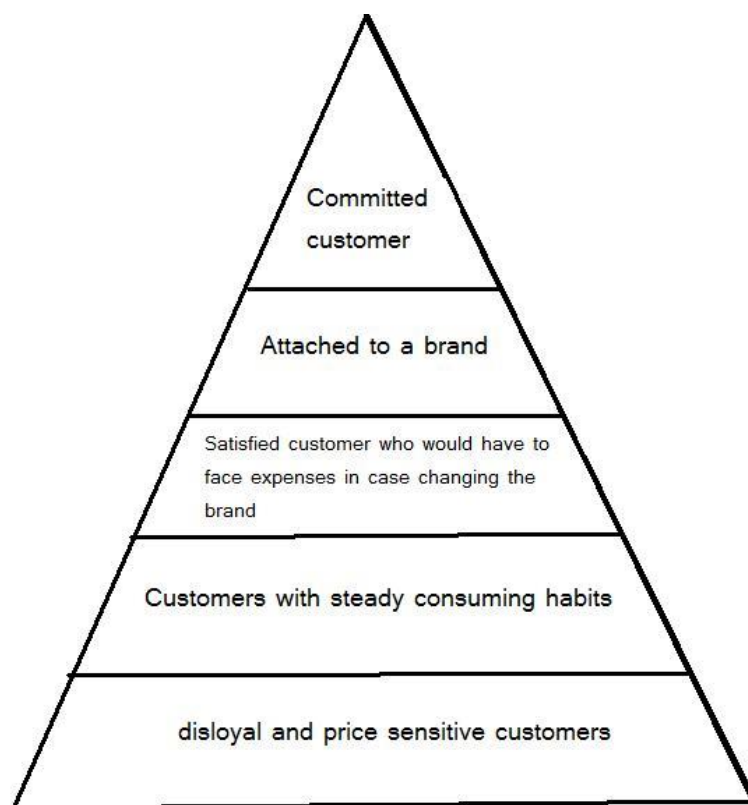
A brand as its best comes to the everyday purchase customs of customers. We can for example hear people talk about products like this:

- “Please bring coke (cola drink) from the shop”
- “Hey, we are out of Pampers (diapers)”
- “Mom, when can I get an Ipad (tablet computer) of my own?”

In these cases the brand has become already a symbol of the whole product range. Everyone knows what we mean by just saying the brand name. The german automobile manufacturer Mercedes-Benz has been around so long that it has been described to have “*an ego of its own with sharp edges*” (McKinsey and Company, 2012).

When looking at the brand loyalty we need to be sure that the loyalty specifically targets to the single brand and not the product segment where the brand works in. If the customer is only loyal to the physical product, it is not then brand loyalty.

In figure 4 David Aaker describes the levels of brand loyalty:



*Figure 4: The levels of brand loyalty (David Aaker, 2002)*

#### 4 CUSTOMER BASED BRAND EQUITY

*"If all Coca Cola's assets were destroyed overnight , whoever owned the Coca Cola name would walk into a bank the next morning and get a loan to rebuild everything."*

*(Carlton Curtis, VP Corporate Communications, Coca Cola company, 2008)*

Building a strong brand is the goal of many companies all around the world. When a brand holds a significant equity, it is giving several benefits to the company: greater customer loyalty, less vulnerability to competitive marketing actions and market crisis and better brand extension possibilities just to name a few. When thinking

about the strongest brands in the world, there comes two main questions about brand equity: (1) What makes a brand strong? and (2) How do you build a strong brand? (Keller, 2003)



Figure 5: The world's strongest brands Top 100-list (Interbrand.com, 2013)

In the center of all brand equity models is the same single factor: customer. The main focus of all brand studies is to always understand the significance of the customer's mind-set in building a brand.

#### 4.1 Keller's Customer Based Brand Equity (CBBE) model

Kevin Lane Keller has created one of the most approved customer based brand equity models (CBBE-model) and its basic premise is that the brand's power lies in



what the customers have learned, felt, seen and heard about the brand over time. In other words: The power of a brand lives in the minds of customers.

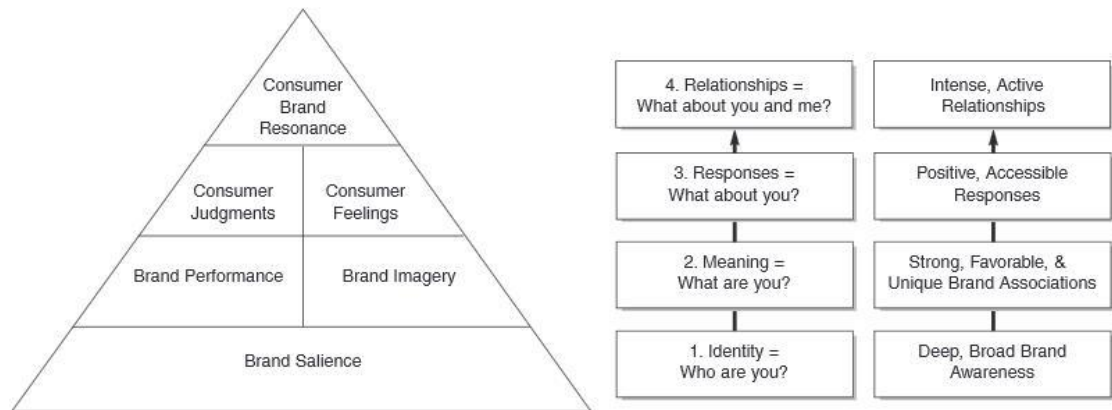


Figure 6: The customer based brand equity model (K.L. Keller, 2003)

Keller's CBBE-model divides the journey towards successful brand equity into four steps. The four steps include six blocks which are the most significant building material for a successful brand. (Keller, 2003)

#### 4.1.1 Step 1: Brand identity – Who are you?

Achieving a brand identity involves creating brand salience. In other words brand salience means the customer awareness of the brand. Salience describes what customers think about when they hear the name of the product and how often they might think of it. Essentially brand salience represents the depth and breadth of brand awareness. (Laakso, 2002, Keller, 2003)

When a company is creating a brand or just examining their brand power within the customers it is essential to have a strong brand identity. It can be much more than just customer knowing the name of the brand. Brand awareness also involves linking the brand – name, logo, symbol etc. – to certain associations in memory. It is also extremely important that the customer knows what kind of product segment the specific brand is competing in. A successful brand salience also influences the

likelihood that the brand will be a member of a consideration set when customer is making buying decisions. (Laakso, 2002, Keller, 2003)

### *Depth and breadth of brand awareness*

The depth of brand awareness means how well customers can identify and recognize the brand. However, in order to gain a really deep level of brand salience, the brand needs to have breadth also. Breadth of brand awareness means that the brand is not only “top-minded” but also comes up in the right time and right place. For example when people are discussing about extreme sports it is right away related to energy drink Red Bull. It repeats also through the famous characters that Red Bull is connected to (Picture 1). If we think about the amount of different energy drinks in the world with quite similar taste factors, Red Bull is anyway undisputed market leader because of effective positioning (mentioned earlier in chapter 3.2.3) and successful breadth of brand awareness. (Keller, 2003)



*Picture 1: Golf professional Rickie Fowler representing in a Red Bull advertisement.*

*Connection path: golf -> pro golf -> Rickie Fowler -> Red Bull (2013)*

#### 4.1.2 Step 2: Brand meaning – What are you?

Brand salience is really important part of any successful brand but by itself it is not enough. For customers it comes important to also recognize the features and benefits of the product. That is why brand meaning is divided to two categories: performance and imagery. These two parts of brand meaning can be formed directly through the

customer's actual experiences and contact with the brand or then indirectly from for example the depiction of the brand in advertisements. (Keller, 2003)

### *Brand performance*

No matter how good marketing skills a company has the product itself is always in the center of attention. It is the primary influence that the customers are in contact with. According to K.L. Keller, Brand performance holds five significant features inside:

1. *Primary characteristics and secondary features*
2. *Product reliability, durability and serviceability*
3. *Service effectiveness, efficiency and empathy*
4. *Style and design*
5. *Price*

Brand performance thus creates the core of the product itself and how it is experienced by the customers. It is important to notice that depending on the business area, any of these five factors can alone be the leading characteristic feature of brand performance. (Keller, 2003)

### *Brand imagery*

Brand imagery is more how people experience the brand abstractly than what the brand actually is or does. There are many intangibles that can be attached to a brand but Keller has highlighted four major ones:

1. *User profiles.* There can be separated a specific customer profile subject to the segment. This kind of customer profile details can be for example age, gender, career, race, income and marital status. Also, customer might have an assumption that certain type of people uses the product a lot and that is why they might call a brand "market leader" or "popular".

2. *Purchase and usage situation.* A second of associations is the usage situation of the brand. For example, if customer wants to buy shoes from the internet, all shoe manufacturers or retailers are not available.
3. *Personality and features.* Thirdly a person can have certain type of characteristics which leads him or her to one brand. This kind of characteristics can be for example sincerity and ruggedness.
4. *History, heritage and experiences.* Fourth dimension is the common history the consumer has with the brand. Person can for example recall positive memories from the past about the brand and thus purchase more.

(Laakso, 2002, Keller, 2003)

#### 4.1.3 Step 3: Brand responses – What about you?

When a customer has understood that the brand actually exists and has some kind of image of it, there will be a response. Brand response means how customers respond to the brand, its marketing activity or anything that relates to it. The response itself can be categorized in two different areas. The customers can response to the brand image with his head or with his heart. Keller has divided these two to brand judgments and brand feelings. (Keller, 2003)

##### *Brand judgments*

Brand judgments focus on customer's personal opinions and evaluation with regard to the brand. It basically means how the customers put together all the different performance and imagery associations related to the brand. According to the Keller's model, brand judgments consist of 4 different categories:

1. *Brand quality.* The quality of the brand is considered one of the most significant factor when it comes to the attitudes customers hold.
2. *Brand credibility.* Customers have an attitude towards everything that is behind the actual brand; the company, manufacturing methods etc. Customers

may form judgments for example towards the company or organization behind the brand.

3. *Brand consideration.* Customers judgement decides that is a brand even an option. If the brand doesn't come up even when considering purchase, it has not reached the wanted level.
4. *Brand superiority.* A successful brand needs to be somehow unique or offer some exceptional benefit to the customer. Superiority is a critical element when building a strong relationship between a customer and a brand.

### *Brand feeling*

Brand feelings are emotional responses and reactions to the brand. How does the customer feel when choosing between brands and what kind of feeling purchasing a specific brand brings? These feelings can be anything – mild, positive, negative, calm or excited. Keller has listed 6 important types of brand-building feelings:

1. *Warmth.* Warmth refers to calm and peaceful feelings that the brand brings. Consumers may feel sentimental, warmhearted or affectionate about the brand.
2. *Fun.* Fun is something people need in their life. A brand can bring amusement, joyous or playful feelings to the customer.
3. *Excitement.* A brand can give the customer a feeling of “being alive”. It makes customers feel cool, sexy, handsome, cute and so forth.
4. *Security.* A brand can bring safe or comfort feelings. It can be about the trust to the brand which means that the customer does not need to worry or concern about anything when purchasing a product.
5. *Social approval.* Social approval occurs when the brand results in consumers' feeling positively about the reactions of others. A customer wants sometimes other people to get a certain image of him/her and that is why a specific certain brand is selected.

6. *Self-respect.* A human being naturally wants to feel good about himself/herself. Buying or using a certain brand can bring feelings of accomplishment, pride or fulfillment.

(Laakso, 2002, Keller, 2003)

#### 4.1.4 Step 4: Brand relationship – What about you and me?

The final step of the model focuses on the ultimate relationship and high level of identification that the customer has with the brand. It is about brand resonance and it makes the customer feel like being “in sync” with the brand. Brand relationship can mean for example continuous purchasing and delivering positive feedback about the brand to other people. Brand resonance is characterized in terms of intensity or the depth of the psychological bond that customers have with the brand. Keller has broken brand resonance down to four categories:

1. *Behavioral loyalty.* The first dimension of brand resonance is behavioral loyalty which means repeated purchases and the amount or share of category volume attributed to the brand. In other words, how often customers purchase a brand and how much. A successful brand needs to create purchase frequency and volume.
2. *Attitudinal attachment.* Behavioral loyalty is something necessary but not sufficient for resonance to occur. Some customers might buy a product because they need to – for example because the brand is the only product stocked, or the only one they can afford to buy. However, to be able to create resonance, a strong personal attachment is needed. In this level, customer has a certain bond with the brand and goes beyond by having a highly positive attitude towards it.
3. *Sense of community.* The brand might take customer to emotionally different level by making the customer feel connection with other brand users. A human being wants biologically to belong to a group of people and can get

support from other fellow companions. The connection can also be with the employees or representatives of the company involved with the brand.

4. *Active engagement.* When customers are willing to invest time, energy and money into the brand beyond those expended during purchase of the brand we are talking about exceptionally strong bond with the brand. For example, customers can belong to the fan club of the brand or share updates about the brand on Internet social media. In this level, customers become actually the ambassadors of the brand without getting any direct benefit. (Laakso, 2002, Keller, 2003, Aaker, 2010)

*"When it comes to buying decisions, word of mouth is the best form of media. People are saturated with marketing—they don't believe it anymore. Customers are much more influential."* (Colyer, E., 2007)

## 5 CONSUMER DECISION MAKING PROCESS

When we are examining the power of a brand in customer's decision making process we need to understand also the process itself. Many parts of the customer's decision making process are actually guided by the same features as it is in recognizing a brand and reacting to it. (Jones, 2014)

### 5.1 The Engel-Blackwell-Miniard model

The Consumer Decision Model (also known as the Engel-Blackwell-Miniard model) was originally developed in 1968 and it divides decision making process to five main points: need recognition followed by a search of information both internally and externally, the evaluation of alternatives, purchase, post-purchase reflection and finally, divestment. (Engel, Blackwell, Miniard, 2001, Jones, 2014).

### 1. *Need recognition.*

The most important part of customer's decision making process is to have a need to purchase. No need, no purchase. However the need does not always lead straight to purchase because there might be some obstacles that do not lead you to finding the right solution. (Kotler, Armstrong, 2009)

Example 1. You have a pool and you would like someone to clean it up for you but it just doesn't come to your mind to find out who could do that. One day your neighbor mentions about a company that does pool cleaning with a reasonable price. You receive a push from outside that leads probably to purchase. In this case, ordering the company to clean up your pool. (Jones, 2014)

The recognition of a need can be divided to two different types: internal and external need. Internal need can be for example physiological needs such as hunger, thirst or need or a need for a car to be able to get to your workplace. External need is coming from outside and makes you feel you are in need of something. For example hearing good music in a bar makes you feel like buying that artist's music or walking by a bakery which has a delicious smell coming to your nose makes you want to purchase some treats. (Schiffman, Bednall, O'Cass, Paladino, & Kanuk, 2005, Engel, Blackwell, Miniard, 2001)

### 2. *Information search*

When the need has been identified, the customer will start finding information in order to solve the problem. Depending on the complexity of the purchase the customer will search more or less information. (Perreau, 2014)

Then the customer will make the decision depending on internal and external information.

*Internal information.* This information is already installed in to the customer's memory. It is for example memories of a brand of the image in the customer's mind of a product.

*External information.* External information comes from outside. It can be for example received information from family, friends or other people around the



customer. It can be also information obtained from books or customer reviews. (Engel, Blackwell, Miniard, 2001, Perreau, 2014, Jones, 2014)

### 3. *Alternative evaluation*

When there is a need and the required information is gathered, there comes the alternative evaluation process. The customer will evaluate all available alternatives and choose the most suitable one to meet his needs. The consumer will use the information previously collected and his perception or features, classify the different products available and evaluate which alternative has the most chance to satisfy him. (Schiffman, Bednall, O’Cass, Paladino, & Kanuk, 2005, Engel, Blackwell, Miniard, 2001)

The time used for alternative evaluation depends on how important the customer thinks the purchase is. When the object of purchase is less important in the consumer’s mind, there is no need to look into specific features of the product or service. Then again, when the object of purchase is highly important and holds a great value to the customer, it also requires more intensive alternative evaluation. (Jones, 2014)

### 4. *Purchase decision*

After considering all available alternatives, the customer proceeds to the actual purchase. The decision will be dependent on the information and the selection made in the previous step based on the perceived value, product’s features and capabilities that are important to him. (Engel, Blackwell, Miniard, 2001, Jones, 2014)

### 5. *Post-purchase behavior*

After the purchase the customer will evaluate the adequacy with the original need (which caused the purchase and decision making process). He will feel either satisfaction of making the correct choice or then disappointment for the unfulfilled expectations. Many companies don’t pay much attention to

succeeding in post-purchase zone, although it is the most important phase for achieving consumer loyalty. (Schiffman, Bednall, O’Cass, Paladino, & Kanuk, 2005, Engel, Blackwell, Miniard, 2001, Jones, 2014)

## 6 CASE STUDY BACKGROUND

### 6.1 S-group

S-group is a Finnish retail cooperative organization based on customer ownership system. The S-group consists of 20 regional co-operative enterprises and 8 local co-operative enterprises. The main goal of S-group is to produce services and benefits for its client owners.

The company employes over 43,000 people and the yearly revenue climbed up to 12,1 billion euros in 2012. With these numbers being listed, S-group is clearly the leading company in retail shop business. During the past decade it has achieved also a considerable status in petrol and restaurant businesses as well. (S-group, 2015, Interview, Jukka Ojapelto, 2014)

#### 6.1.1 Private labelling in S-group

While seeking for lower consumer prices, also S-group has invested a large amount of money for building their own private label product chain. The most considerable ones are Rainbow and X-tra –product families. Like most of private label brands, also Rainbow and X-tra are based on extremely low marketing expenses and efficient quantity-based purchasing process. (Interview, Jukka Laurén, S-group, 2017, Rainbow website, [www.rainbow.fi](http://www.rainbow.fi), 2017)

## 6.2 Rainbow brand

Rainbow is a private label brand which started in 1967 and it is owned by S-group in Finland. Originally Rainbow products were part of Scandinavian co-operation in retail shop business but later it has been used only in Finland. The main purpose of Rainbow products is to answer the qualitative demands of customers but at the same time keep the prices low as possible. (Solla, 2013) This is mainly achieved by cutting marketing costs and applying big purchasing volume. (Inex partners, 2013)

Rainbow products are statistically measured 20-40% cheaper than average brand products. According to latest research made by Ryyppö & Pajunen in 2010, 79% of all Finnish consumers are using constantly Rainbow products. (Ryyppö & Pajunen, 2010)

## 6.3 Chiquita brand

Chiquita is a globally leading banana brand which was established in 1947. The history of Chiquita goes all the way to the year 1863 where Captain Lorenzo Dow Baker purchased 160 boxes of bananas and sold them forward with profit.

Chiquita has over 25,000 employees in 27 countries all around the world. It is no doubt one of the most recognized brands in the world. Chiquita Brands International Inc. made a revenue worth 3 billion USD in 2012. Chiquita made a historically significant move by merging with another big banana producer Fyffes in March 2014. Through this merge Chiquita became the biggest banana producer in the world. (Chiquita brand international, 2018)

# 7 RESEARCH METHODS AND FINDINGS

The purpose of this research was to find out what guides the customer in the buying decision process when it comes to private label product versus strong brand product. In order to narrow down the outcome of the research the topic was clarified to regard

the customer's decision making process between S-group's Rainbow banana and Chiquita banana. In this research quantitative survey about customer decision making process was used as the main research method. In addition an interview with SOK group manager was used to fill out the qualitative part.

### 7.1 Quantitative survey

The purpose of quantitative survey is to find answers which are based on research questions. In a quantitative survey the topic under research is examined by numbers. The needed information will be received in numbers and the numbers will be used as a support material when explaining the results in written form. (Creswell J., 2002)

Typically in quantitative research a survey is used as a main method. In a survey research the information is usually gathered by using a questionnaire or well-structured interview. It is highly important to collect the information on the survey exactly the same way from each participant. (Vilkka, 2007, Creswell J., 2002, Hirsjärvi, Remes, Sajavaara, 2006)

For this thesis, a quantitative research was chosen as a main research method because it could offer a realistic perspective of the decision making processes happening in an everyday situation.

As a target of this survey was Prisma Itäharju, one of the busiest grocery shops in Turku area. The quantitative survey consisted from choosing between two different alternatives and ended in filling up a questionnaire. The survey was held twice to gain comparable and valid information about the customer's decision making processes in an everyday situation.

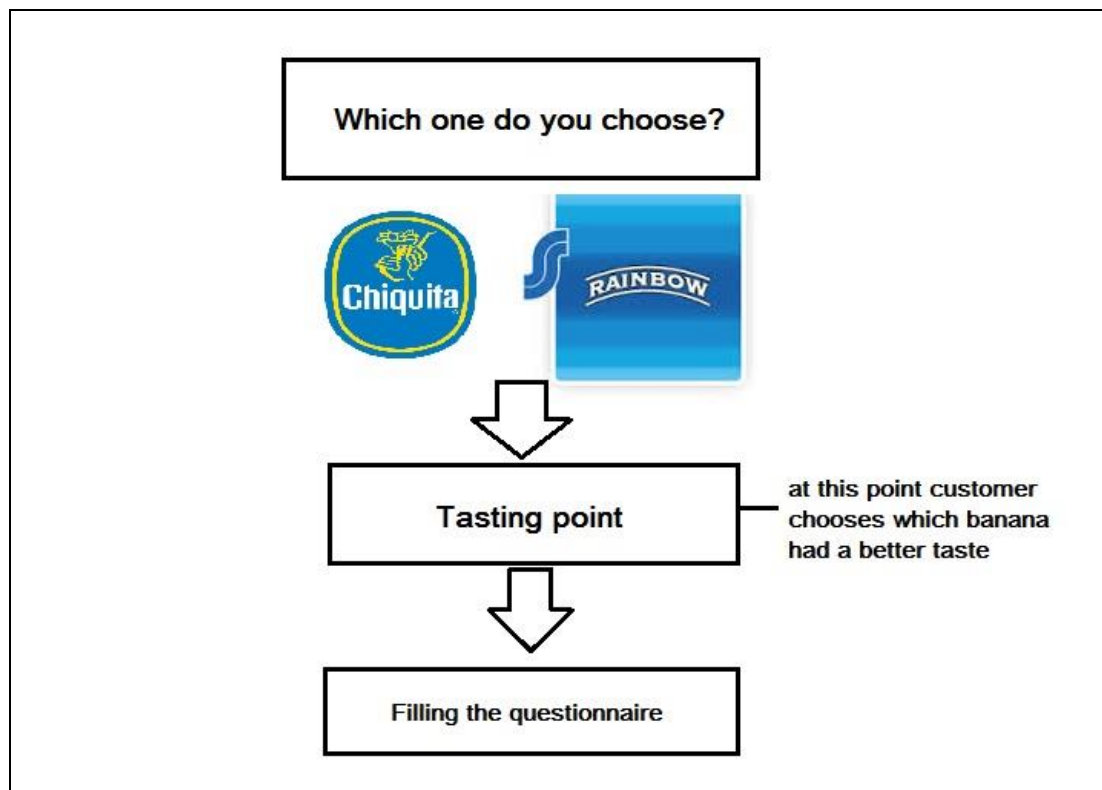
### 7.2 Quantitative survey – Which banana customer chooses?

The purpose of the quantitative survey was to find out which factors guide customers when it comes to decision process between fresh grocery store products. The main focus was in two different banana brands. The other one was global brand Chiquita

and the other one was Finnish private label brand Rainbow one. The goal was to find out if the customer chooses the familiar internationally well-known brand product or can a private label product compete with it. The survey was executed in a local S-group grocery store Prisma Itäharju, Turku.

### 7.2.1 The path of the research

When the customer reaches the vegetable and fruit section, he sees a sign which says: “Which one would you choose?”. There are two doors, other one of doors says “Chiquita” while the other one says “Rainbow”. When the customer has chosen the door to pass through he will arrive to a room with a tasting table. The customer tastes two different kind of banana qualities and chooses which one has a better taste. The customer does not know at this point that which banana is which. When the decision has been made, the result is written down and the customer moves on to the last phase. In the last part customer fills out a form which has 4 questions: 1. Age?, 2. Which banana brand would you buy by taste?, 3. Which banana brand would you buy by the price?, 4. Which banana would you buy?



The purpose was to find out what kind of images customers have about these two brands and how it affects to the outcome.

### 7.2.2 The results

The research was taken place on Friday, 18<sup>th</sup> of March 2016 in Prisma Itäharju, Turku. The purpose was to get as many people participating to the survey as possible. The aim was also to get as broad age scale as possible and in that way the survey succeeded well. From all the 304 participants, 23% were 12-25 years old, 26% were 25-40 years old, 31% were 40-60 years old and 20% were 60 or over.

From phase number one where customer was asked to choose one door the results were quite clear. 244 from 304 chose “Chiquita” while only 60 people went from “Rainbow” door. The second step where customers did not know which brand banana they are tasting, Chiquita’s banana got 171 votes while Rainbow achieved 133 votes.

In the third part of the research people answered to the questions as following. In the first question people were asked which banana they prefer when it comes purely to taste. 249 voted for Chiquita when only 55 went for Rainbow. Then again when asked which one they would choose if it was only about the price, 117 said Chiquita and 187 were sure that Rainbow was correct choice for them. In the last question needed to answer clearly which one would you choose? 138 people went for Chiquita and 166 people would choose Rainbow.

### 7.2.3 Validity of the survey

The original idea of the survey was to put pressure on the customer without him actually noticing it. The aim was to create circumstances where people choose intuitively – just like when doing real shopping. This survey consisted of 304 participants which is fairly large amount of people and it is clearly enough to make this survey valid. Banana was chosen as an object of this survey because of its high volume in retail shop although amount of different brands are low. Chiquita is also

very well-known brand so it was natural to compare its market power against a private label brand.

The goal was also to keep the survey quite short and compact so that the participants do not start thinking their decisions too much. The questions given were simple and there were only two options to answer from. All parts of survey wanted to find out that what kind of images people have of these two brands and also which things are important for customer to know or feel when choosing between two alternatives.

The test was held on Friday in the area's most attractive grocery shop market on a fairly busy shopping day. Validity of the test is high because this test was in fact executed twice inside 3 months in similar circumstances (15<sup>th</sup> of January, 2016). The only difference was that in the first survey participants' age was not asked. The numbers of both surveys were remarkably similar which raises this surveys validity level.

#### 7.2.4 Conclusions on the survey

Chiquita is a strong brand which practically everyone knows. When we think about banana as a product it is very likely to hear Chiquita mentioned at some point. Some people even use the name "Chiquita" when meaning banana in common. "Should we buy Chiquita?" is a question which does not make many people question which product is the asker talking about.

80% of people chose the "Chiquita" door when there were only two options. It shows that people have a big trust on the brand and expect something good coming up behind that door. Chiquita has always invested a lot of money and effort for being there were healthy lifestyle is. Chiquita has made sponsorship deals with big international events such as Soccer World Cup and Summer Olympics, just to name a few. As a brand Chiquita is described healthy, reliable and fun. (Brand Directory, 2012)

The survey showed that majority of the people choose Chiquita when they have no further information about what is going to come up next. However, on the tasting table we could see then again that the actual products do not have a significant difference. In the first survey made the votes went 202-159 for Chiquita and in the

second one 171-133 for Chiquita. Even though Chiquita got better results on taste test as well, the difference is statistically small. During the taste test, people freely commented that they cannot find any difference between tastes and they needed to almost toss a coin for which they will choose. When we add people's comments about taste differences to the actual numeric results we can call it a tie.

In the third and last phase people were asked to choose a product by taste. In this part of the survey majority of people again went for Chiquita which proves hands down how strong Chiquita's brand is. To sum up, many people admitted in the taste test that they cannot find any difference between two products but however anyway they think that Chiquita banana somehow mystically has a better taste than Rainbow banana. With this result gotten we can only give big applause to Chiquita's marketing team and their way of showing their product in a positive light.

In the second question of the last phase people were asked which one you would choose if it came up about price. Finnish private label brand Rainbow did really well in this section so they have succeeded in creating a low cost image for all of its products, including fresh ones. It is what all private label brands are aiming for, the only difference is that the quality part actually isn't supposed to be considered any lower than strong brand products.

In the last question of the survey people were then asked that which one of these two they would choose to buy. The votes went fairly even because in the first survey Chiquita won 192-169 but in the other one the votes went 166-138 for Rainbow. This means that when clearly people acknowledge Chiquita as a better quality product, at the same time price is anyway a significant factor when choosing a product. (Ranta E. 2013) In fact most of the Rainbow bananas come from the same plantations in Costa Rica, South America that Chiquita bananas come from. (Group Manager, Turun Osuuskauppa, 2017, Chiquita Brand International Inc. 2016)

#### 7.2.5 Reliability of the survey

The survey's results showed us many significant factors about brand acknowledgment and customer's decision making process. However there are a few factors that need to be regarded when analyzing the results of this survey. First of all,



even though the test was made twice, it was made in the same grocery shop and the same grocery shop chain. To be able to discover even more precisely what are people's attitudes towards private label products in common the test should be done also in other grocery shop chains. This test was executed in S-group's shop and there is a chance that most of the participants are basically content with Rainbow products which might twist the results a bit.

## 8 CONCLUSIONS

The original purpose of this thesis was to find out which product of two strong but different alternatives customer chooses: private label product Rainbow banana or international strong product Chiquita banana. Supported by the theory part and with the detailed information gathered from the quantitative survey it was found that these two fresh products are evenly strong at the moment although Rainbow is growing its sales figures constantly.

The survey showed that even customers still have a quite strong prejudice about the quality factors of the private label products it doesn't affect the final purchase decision that much anymore. People are more aware of the background of products and this causes them to question also the strong international brands. Customer seems to acknowledge that for example in this case bananas might even come from the same plantations and that's why they are at least similar from the quality point of view.

Rainbow-brand has already gained high popularity in Finland and the sales figures are going up all the time. It helps the private label –brand to enter the fresh product segment strongly in the future also. People already can trust the brand and that makes it easier for the brand to develop and enhance its arrangement of products. With the results gotten from this thesis, S-group will continue to expand the selection of fresh products in all grocery shops around Finland.

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## APPENDICES

## APPENDIX 1

**Kysymyslomake**

Mika Lindroos

Haastattelu, Jukka Ojapelto

S-ryhmä, 2014

S-group private label brand versus internationally known strong brand – Case:  
Rainbow banana

S-ryhmän oman kaupan merkkituote vastaan kansainvälisesti hyvin tunnettu vahva  
brändi – Case: Rainbow banaani

1. Millaisessa asemassa private label –tuotteet tällä hetkellä ovat S-ryhmässä?
2. Kuinka paljon private-label tuotteita on tällä hetkellä valikoimissa?
3. Mikä taho käytännössä hoitaa private label-tuotteiden hankintaa, pakkausta yms.
4. Minkälaiset tekijät mahdollisesti estävät private label-tuotteiden laajempaa esilletuontia S-ryhmän valikoimissa?
5. Onko tuoretuotteita tulossa lisää Rainbow:n tai Xtra-tuotemerkin alle?
6. Kuinka usein kilpailutuksia käydään private label –tuotteiden valmistajien kanssa?

7. Millaisista katetuotoista puhutaan private label- tuotteiden kohdalla jos verrataan ns. normaaleihin brändituotteisiin?
8. Millaisia suunnitelmia S-ryhmällä on Kotimaista-tuotemerkin lisäksi private label-tuotteiden lisäämisen suhteen?
9. Miten S-ryhmä kehittää nyt ja jatkossa private label- tuotteiden laatumielikuvaa asiakkaiden keskuudessa?
10. Millaisen vaikutuksen Rainbow –banaani on onnistunut tekemään Chiquita-brändille Suomessa?
11. Millaista palautetta Rainbow-tuoretuotteista olette saaneet asiakkailta?
12. Millaisia brändi-suunnitelmia S-ryhmällä on private label tuotteiden varalle jatkossa?
13. Mitkä ovat myydyimmät private label –tuotteet tällä hetkellä S-ryhmässä?
14. Millaisia eettisiä kysymyksiä kovan kilpailutus aiheuttaa ja miten näitä asioita tutkitaan?
15. Asiakkaiden laatu-tietoisuus on kasvanut vuosien varrella tutkimusten mukaan. Näkökö tämä myös S-ryhmän tuotteissa etenkin private label-tuotteiden kohdalla?
16. Millaista palautetta noin yleisellä tasolla private label –tuotteista tulee kuluttajilta?
17. Tuleeko private label-tuotteista keskimäärin enemmän reklamaatioita kuin ns. normaaleista brändituotteista?
18. Onko Rainbow onnistunut mielestäsi luomaan jo oman vahvan brändin ilman varsinaisia markkinointikuluja?

19. Miten kansainväliset vahvat brändit ovat joutuneet reagoimaan private label-brändien vahvaan esiinmarsiin?

## APPENDIX 2

**KYSYMYSLOMAKE:**

**IKÄSI:**      12-25          25-40          40-60          60+

**Kumman banaanin valitsisit maun perusteella?**

Chiquita      Rainbow

**Kumman banaanin valitsisit hinnan perusteella?**

Chiquita      Rainbow

**Kumpaa banaania ostaisit?**

Chiquita      Rainbow