PRIVATE LABEL WINES: A CROSS-CULTURAL ANALYSIS OF SPANISH AND AMERICAN CONSUMERS’ PURCHASING INTENTIONS

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ABSTRACT

The objective of this study is to find the influences of consumers’ perceptions on private label wine purchase intentions. The growth of markets share of private label wine is gaining attention in many Western European countries, while the American markets is lagging behind. There are many variables that influence these differences; however, this study focuses on quality, value, store loyalty, and social risks. The cross-cultural analysis of how these variables influence American and Spanish consumers’ behavior to purchase private label wine will be analyzed by using the mentioned variables in order to see the variances between these countries’ consumer perceptions on store branded wine. A survey was administered and then analyzed to find the significant differences. The main issues derived were that Americans were more likely to purchase private label brands if they were more familiar with the quality and value that these private label wines offer, while Spaniards are more likely to take social risks to consume private label wine with their peers. The findings of the research follow many trends that are now prominent in the consumers’ respective countries in the private label wine industry.
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1. INTRODUCTION

1.1. Justification of the Topic

In the past decade private label brands, which include both food and non-food categories, have been seeing success in markets all over the world. They offer consumers products at a lower price with similar quality to national brands. At times, private label brands can offer 10 to 30 percent lower prices than national brands (Baltas, 1997). The lower price that is passed down to the consumer is aided by lower advertising and promotional costs, more shelf space for the retailers own products, and tighter product specifications demanded by large retailers from manufacturers. The Private Label Manufacturing Association asserts that the quality of private label products is similar to national brands and at times even surpasses the quality of national brands (PLMA, 2011). Large retailers are seeing the benefit of gaining a higher profit margin and are therefore extending their brand names onto products that will give more value to their consumers. This also allows for retailers to gain loyalty from consumers who want more value from the products they purchase.

Consumer’s perception of quality and value that private label brands offer has been changing constantly for the last two decades. In the 90’s store brands were usually seen as low-quality products and most consumers preferred national products over these lower quality brands (Richardson et al, 1994). Since then, research shows that many consumers now perceive the quality of private label brands to be higher and thus are more prone to purchase private label products (Dialoo, 2010). Baltas (1997: pg. 316) even goes as far as to state that “consumers may prefer the guarantee offered by a familiar store name on a cheap product than the uncertainty and risk of an unfamiliar minor national brand.” These changes in perceptions have allowed market shares for private label brands to increase all over the world, especially in Europe. The
penetration of private label brands in Europe has given up to 46 percent of global market share to private label brands (Nielsen, 2011). In the past years, an industry that has also shown growth in private label brand market share is the wine industry.

As the private label wine industry grows, differences in market shares can be seen throughout the world. One big difference noted is Western European countries’ market share compared to the United States market share. Spain is now reaping from a 15 percent market share for private label brands, while the U.S. has a mere .9 percent market share for private label wine (Euromonitor International, 2011). Along with the world economic crisis and cross-cultural values, there are many consumer perceptions of store brands that support the growth in market share of private label brands, while at the same time demonstrating possibilities for differing market shares throughout the world. The world economic crisis caused many consumers to purchase private label brands in order to save money. This allowed for consumers that were skeptical in the past to buy private label brands, because of quality perceptions, to give private label brands a chance. The results were very clear in a study done by AC Nielsen (2011), a global marketing research firm, where more than 90 percent of respondents that purchase private label brands in North America and Europe stated that even if the economy improved they would not go back to purchasing national branded products.

Cultural dimensions can always help explain why consumers in different countries behave differently when it comes to purchase intentions of certain types of products, such as private label brands (Hofstede, 2001). Risk averseness, social interaction preferences, advertising partiality, and communication methods are all cultural differences that influences consumer’s behavioral purchasing intentions. Along with cultural difference, there are many perceptions and factors that can influence the purchase intention of private label brands for consumers all over
the world. The main perceptions and factors that cause purchase intent to vary between consumers include, but are not limited to, quality, value, store loyalty, and risks associated with the purchase of private label products (Burton et al, 1998; Richardson et al, 1994; Bao et al 2011; Baltas, 1997; Grewal et al, 1998; Barta and Sinha, 2000). Risk in buying any type of product can have a negative impact on the purchase intent of the product by the consumer. Social risk is something that is always related to private label products because of the effects that it can have on a consumer’s social lifestyle. For example, if a consumer purchases a product that will be consumed in a social setting by the consumers’ peers, then the brand and price may be more important to the consumer since they may be putting themselves in a social situation where they can be ridiculed by their peers. Price and social-demographics also influence these factors and perceptions and can affect also private brand proneness.

There are ways to improve the image of private label brands in the minds of the consumers. One of the most specific ways is to help the consumer become more familiar with the product and increase their knowledge of the quality and value that these products have to offer (Richardson et al, 1996). The biggest target for retailers is to eliminate risks involved in buying private label, such as quality variances, and can be done using different techniques that do not involve increasing the price (Erdem et al, 2004). If a retailer is able to improve quality and the value that private label brands offer, as well as lower private label brand risks, they will be able to increase store loyalty and brand loyalty. This will build brand equity and will ultimately mean more market share for the retailer while also gaining higher margins on the private labels they sell. This in turn shows how important private label brands have become for retailers, as well as consumers who are looking for value from quality products offered at a lower price.
1.2. Objectives

With the differences in private label wine market share for the American and Spanish markets, there are specific questions that need to be answered in order to understand these variations. Eight hypotheses were set in order to assess answers that will help achieve specific objectives. The first objective sets out to find cultural effects on private label wine purchase intent, specifically consumers in the U.S. and Spain. Secondly, how do consumer’s perceptions of private label wines affect the purchase of private label branded wine. And finally, with these perceptions in mind, more specifically how store loyalty and social risks affect the purchase intention of store branded wine.

Across these objectives, the impact of differences between American and Spanish consumers will also be analyzed to see the effects they have on the results generated from the consumer’s purchasing intentions of private label branded wine. This will allow for global firms that offer private label wine to understand what they need to do to become successful in other markets and also what other markets are doing. This can allow retailers to try new tactics that can be adapted for the consumers in the home country and increase the market share of their store brand wine.

1.3. Methodology

In order to fulfill the set objectives, a survey was developed using previously tested scales that were then adapted specifically to private label branded wines. The scales came from research done on private label brands in general that were used to measure loyalty, risk effects, and quality and value perceptions of these store brands. The survey questions were measured using a five point Likert scale that ranged from ‘strongly disagree’ to ‘strongly agree’. The
survey yielded quantitative results used to answer the research objectives. Two surveys were built, one in English and one in Spanish, and included identical questions to measure specific variables: quality, value, store loyalty, and risks. Each survey introduced a well known supermarket and the supermarkets private label wine offered in the specific country. This was done in order for consumers to be able to reference a specific store and brand for a better understanding of the loyalty and quality perceptions these consumers have about private label wines.

A non-probability sampling technique, snowball sampling, was used to gain as many respondents for the surveys as possible. The Spanish survey was distributed to Spanish respondents, while the English was distributed specifically to American respondents. This was done in order to be able to generate two different databases for the possibility to analyze each group separately. The databases were then combined to generate the results for the cross-cultural analysis. The survey remained open for two weeks, and in the end 80 American respondents and 37 Spanish respondents were gathered. SPSS was then used to analyze correlations between specific variables for each one of the databases. During this time Gamma/Lambda tests were used to measure the association and a Chi-square test was used to measure the significance of each of the variables being measured. After the databases were combined, ANOVA, analysis of variance, test was used to examine the relationships between the American and Spanish respondents to see if there were any significant differences worth noting. This research incorporates two analyzing methods in order to see results for each consumer form the U.S. and Spain on their own, and then to define significant differences between these two countries.
1.4. Framework

This document is structured as follows. First, a literature review is conducted in order to understand some contextual and theoretical background on private label brands. The contextual background specifically looks at what private label brands are and trends that have occurred within store brands in the last few decades. It then moves on to incorporate specific trends and data for the American wine industry, with a more detailed look at the private label wine market in the U.S. This is also done for the Spanish wine industry. The second part of the literature review investigates specialized literature about cross-cultural theories and then moves on to theoretical literature on private label consumer perceptions and purchasing intentions. Specific objectives and hypotheses are then set in order to build an understanding of what the research sets out to answer.

The objectives and hypotheses were built by using gaps between trends and theories in the private label brand industry, specifically the store branded wine industry. An empirical methodology is then provided in order to understand how these hypotheses can be measured in order to fulfill the objectives stated. An analysis section follows, where the specific variables mentioned in the hypotheses section are used to come up with statistical results needed to answer the specific questions set forth by this research. These results are further discussed in detail in order to better understand the correlations found. Finally, a conclusion that includes managerial and research implications, as well as limitations and future research, is presented.
2. LITERATURE REVIEW

2.1. Contextual Background

In order to better understand the terminology and industry backgrounds used for this research, the following sections will define store brands and will highlight their characteristics. The U.S. and Spanish wine industries, and more specifically store branded wine, will be examined to show specific trends in these markets that will further support this research. The contextual background will not introduce theory and will only focus on facts and figures in each of the areas mentioned.

2.1.1. Defining Store Brands

According to the Private Label Manufacturing Association (PLMA) (2011), private label brands are products that retailers put their own names or brands on. They are also called: house brands, store brands, own brands, or retailer brands. For the purpose of this research the terms private label brands and store brands will be used interchangeably. Private label brands can be found on both food and non-food categories. These include frozen and refrigerated food, canned or dry foods, snacks, ethnic specialties, pet food, health and beauty care, over-the-counter drugs, cosmetics, household and laundry product, lawn and garden chemicals, paints, hardware, auto aftercare, stationery and house wares (PLMA, 2011). For the purpose of this research, the private label brand products will pertain to those products found in grocery stores (i.e. off-trade channels); specifically wine.

Often, private label brands are mistaken to be national (name brand) or generic brands. These two other type of product brands are different than private label brands. National brands
are more costly and strive to be in every store. Consequently, they spend more money on advertising, merchandising, promotion, and distribution. Last year alone, national brands spent over $20 billion in advertising. This “marketing tax” is then passed down to consumers in the form of higher prices (PLMA, 2011).

On the other end of the spectrum are generic brands. These brands have non-promotional packaging, as well as “inferior quality” and lower prices than private label brands (Lupton, 2010). In some instances, generic brands can be an additional level of a private brand. Private label brands fall in the middle of these two other brands. They offer consumers the greater value due to the lower prices and excellent quality. Private label brands can be found in many different channels of distribution. Some of these include supermarkets, big box, warehouse clubs, and mass merchandisers, as well as convenience store, drugstores, and health and natural food store (Private label food, 2010). In order to understand where these different channels of distribution acquire the private label brand products, one must understand the four main types of private label manufactures.

After retail stores develop and find new items to put their name or brand on, they turn to store brand manufactures. These private label brand manufacturers borrow capital from banks and produce the products in partnership with the retailers. These manufacturers fall into four main categories: Large national brand manufactures that use expertise and excess plant capacity to supply store brands; Small manufacturers that specialize in producing private label products exclusively and are often owned by corporations that produce national products; Major retailers and wholesalers that own manufacturing facilities in order to produce their own private label products; and Regional brand manufacturers that provide private label products for specific
markets (PLMA, 2011). All four of these types of manufactures offer the highest quality of ingredients, supply chain, packaging, labeling, and of course the final product.

PLMA (2011) states that previously private label brands only signified good value for consumers looking to save money and were perceived negatively due to their quality. To address this problem, retailers have improved the quality of private label brand products, which now matches or surpasses the quality of national brands (Dialoo, 2010). Also, retailers that offer private label brands offer more than just value, for example offering premium products. This allows retail chains to offer customers more choices by offering private label products that meet the same standards and requirements of national brands. Private label brands are now tested and analyzed for quality and safety by independent companies before reaching the end consumer. They also abide by the Nutrition Labeling and Education laws as well as meeting FDA requirements (PLMA, 2011).

Along with the quality of private label brands, there is also value added due to the price they offer. Private label brands are not cheaper to make, they are less expensive because retailers do not have to spend as much money on product development or advertising as they would for national brands. Therefore, private label brand retailers can price these brands 10 to 30 percent lower than national brands (Baltas, 1997; Rossides, 2011). The Private Label Manufacturers Association (PLMA) (2011), states that shoppers can save an average of 35 percent by choosing private label over national label brands. By buying these private label brands, consumers are not only able to buy similar or better quality products than national brands, but they also save.

With a very limited budget to market private label brands, retailers need to create strategic marketing plans that utilize creativity, such as education by use of private label brands. There are many tactics used to market these private label brands. The Private Label
Manufacturers Association (2011) states that retailers can create a line around a particular feature of the product, such as making all the store brand products have the same brand name or by using one single look for the package of all private label brand products offered by that retailer. Good packaging that is pleasantly designed and has good functionalities have also helped private label brands be more successful. This functionality incorporates everything from how the package opens or closes to how it sits or fits in the store or fridge. Multiple tiers of products can also be used to target different consumer segments. By offering many tiers of products, retailers can use word of mouth to spread the quality, performance, and value that their private label product offers (PLMA, 2011).

Sandy Almendarez (2010), a writer for National Products Marketplace magazine, describes the marketing strategy for promoting private label brands to be one that takes patience and says that “it is all about the story and how it is told.” The customer wants to know the tale behind the product, like who makes them, what are their safety and quality procedures, and is there truth in the labeling. There also has to be commitment by the retailer in order to be successful. They need to train staff to know what the product offers, its characteristics, and comparisons to national brands. These differences should be emphasized in the marketing materials and experienced by shoppers via samples. The education of the staff in the grocery stores can be done by providing training programs, in-store demos, and online tutorials. These all help emphasize the brand within the retail center.

Shelf space is also another important piece of marketing private label brands. How the product appears on the shelf and how much of the product is offered (SKU’s) are two important aspects of shelf space (Almendarez, 2010). Retailers need to offer enough of their private label brand product in order to be visible. However, there needs to be a balance between how much of
product will be put on the shelf. This balance will usually be found according to what the store offers and the private label brand’s budget. This visibility, “through facings and proliferation of SKU’s,” gives the consumers a more familiarity with the private label brand (Nielsen, 2011).

Private label brands can also take advantage of using the advertising of national brand to bring attention to their products. The national brand’s advertising brings shoppers into the store, and by offering comparable products at lower prices, private label brands are able to attain new customers. This demonstrates that private label brands need to have clear brand strategies that are built around the value they offer (Rossides, 2011).

With these trends in mind, the importance of the rise of private label brands in off-trade channels (i.e. supermarkets) should not be taken lightly. Private label products are seeing an increase in popularity all around the world and are the biggest threat to those small and medium national brands. In a study done by A.C. Nielsen (2011), a global marketing and advertising research company, global perceptions of private label brand quality was said to “rival that of the most trusted national brands.” On average 91 percent of the 27,000 online survey respondents across 53 countries stated that even if the global economy improves they will continue to purchase private label brands (Nielsen, 2011). This was even higher in North America and Europe, with 94 percent and 92 percent respectively, supporting the same idea.

This increase in interest in private labels is allowing for retailers to gain loyalty and build an image store wide. However, even with the higher amount of consumers buying private label, the percentage in market share for these products still only reaches a global weighted average of 14.9 percent (Nielsen, 2011), and this percentage varies widely depending on the country. Switzerland leads in private label market share with 46 percent, while countries like Thailand, Indonesia, China and the Philippines each have only a 1 percent share. Spain has a 31 percent
private label market share; while the U.S.’s private label market share just surpasses the global weighted average with 17 percent (Nielsen, 2011). The private label market share in Spain has been rising steadily since before the 2008 world economic recession hit. In 2007 the market share for private label products in Spain only reached 25.9 percent, however every year they have an increase of 2 to 3 percent (Nielsen, 2011). Spain has the fourth largest store brand market share in Europe and is the only country in the top four that keeps seeing growth in private label market share. In the U.S., private label market share has also seen an increase in the last few years, but at a slower rate than Spain. In 2007 the U.S. market share for private label reached a mere 15.6 percent, but it has since seen a 1 to 2 percent increase per year (Nielsen, 2011).

More specifically, the United States and Spanish wine industries both show trends that support the growth of store branded wines. The economic downturn, better quality and perceived value has allowed for this to become possible, especially in Spain. However, the alcoholic drink industry has the most difficulty in penetrating the private label market in contrast with other FMCG industries (Euromonitor International, 2009). In spite of this fact, compared to beer and spirits, the wine sector is the best positioned to pierce the store brand market due to the demand for more accessible and casual wines from worldwide consumers, who usually are overwhelmed when shopping for wine (Euromonitor International, 2009).

2.1.2. United States Wine Industry

The United States has always been a beer drinking culture. However, in the last few years, Americans have begun to educate themselves in the wine culture. As America recovers from the recession, more and more Americans are beginning to experiment with premium and complex wines. They often use well known brand names, which are usually linked to quality, in
order to gain knowledge and grow comfortable in their wine consumption. On the economic side of wine purchasing, many well known brand names offer wines that are reasonably priced which makes it harder for store branded wine to become a success by using this lower price strategy (Euromonitor International A, 2012). Despite this drawback, some store branded wines have effectively penetrated the U.S. wine market and others will continue to slowly follow this trend.

One of the larger trends helping the wine industry gain market share in the alcoholic drink market is the growth in Millennials that are opting to drink wine over beer. Millennials make up more than 23 percent of the U.S. drinking population and are the generation born from 1982 through 1997 (Euromonitor International B, 2012). This percentage will only continue to rise as time goes on and more Millennials become old enough to drink; the drinking age in the U.S. is 21. If private label wines want to be successful with this type of segment, they will need to use marketing tactics such as word-of-mouth advertising, especially social media.

Along with changing preferences of alcoholic beverages and marketing strategies, new product development in flavor innovation is another growing trend for U.S. consumers. Even though it is not as easy to innovate the flavors of wine as it is for spirits, there is evidence that consumers are moving from more traditional and old fashioned wines to those that can offer new, sweeter flavors and tastes (Euromonitor International B, 2012). This shows the potential for store brands to innovate with wines that offer sweeter varietals, such as Riesling or Moscato.

Even with the sweeter flavor strategy in mind, private label branded wine will have to surpass the skepticism that U.S. consumers have about products that are offered at lower price points. This skepticism is one of the reasons that private label wines in the U.S. only have a .9 percent market share, which is almost non-existent when compared to private label wines in Western Europe where the market shares range anywhere from 9 percent to 18 percent.
(Euromonitor International, 2011). However, as more retailers begin to push their store branded wines into the market and demonstrate the quality and value they can offer, more U.S. consumers are beginning to take notice allowing for this market to potentially be as lucrative as some of the Western Europe private label wine markets (Euromonitor International, 2011).

2.1.3. Spain Wine Industry

Due to the unfavorable economic situation in Spain, the Spanish consumers are purchasing most of their wine through off-trade channels and limiting their spending in on-trade channels, such as bars and restaurants. The economic downturn is not the only reason this shift is occurring, the stricter ban on smoking in indoor public places has also caused Spaniards to consume more wine at home where they have the freedom to smoke indoors. In Spain, the classification system of wine differs from that in the United States. In the U.S. the classification system is based on the grape variety and vintage year. Spain’s wine classification system differs from the U.S. because the region of origin and how long the wine is aged is what is used by consumers to purchase Spanish wine. The two classifications of wine used in Spain are table wine and VCPRD status, which is a status that shows a high quality and authenticated denomination of origin (Euromonitor International C, 2012).

Spain’s wine market has benefited from another trend which has caused off-trade channels, such as supermarkets, to increase wine sales. Younger generations use table wine to make the popular mixed drinks like sangria and kalimotxo (Euromonitor International C, 2012). This is in turn is further aided by the rise in popularity of the botellon culture, where these younger consumers use off-trade channels to save money while consuming wine with friends at home or outdoors in public parks (Euromonitor International D, 2012). Even with this growing
trend of wine consumption, competition in the Spanish wine market could be a great threat for private label wines.

Competition in the Spanish wine industry is fragmented due to the high number of bodegas, over 5,000, offering an even larger amount of brands, over 15,000 (Euromonitor International C, 2012). However, even with this immense amount of competition in 2011 store branded wines performed the best with increased shares of one percent allowing them to reach 15 percent market share. This can be accredited to the perception that store brands are a more economical option (Euromonitor International C, 2012). This perception is not the only reason that store brands have been able to gain the higher market shares. Retailers also aid this by offering more shelf space to their own store branded wine, as well as promoting them more at the point of sale.

The leading retailer of store branded wine in 2011 was Carrefour, with a 5 percent volume share (Euromonitor International C, 2012). Retailers like Carrefour and Lidl offer Spanish consumers a wide range of wine and are beginning to invest more heavily on ranges that offer even more prices and qualities. Spanish wine retailers use different brands within the store product ranges they offer, which is proving to be a successful strategy in the Spanish market, as seen by the high market share of store branded wine.

2.2. Theoretical Background

Based on the differences in the U.S. and Spanish store brand industries highlighted in the contextual section of this literature review, the following theoretical background will first introduce cross cultural consumer purchasing behavioral differences that can influence these industry variations. After these differences have been highlighted, a more in-depth consumer
behavior and purchasing intentions of private label brands, as well as perceptions towards these store brands, will be introduced. Store loyalty and risks associated with the purchase of store brands will also be touched on in order to introduce some theory on the main variables that will be measured in this research paper.

2.2.1. Cross Cultural Differences

Consumers use products purchased for functional benefits, for social needs, like expressing their personalities or status, and emotional purposes (Kim et al, 2002). A consumer’s decision making purchasing process is also influenced by culture and values. Differences in culture and values between countries bring about different needs for consumers, and ultimately give way to different perceptions about products being offered and their purchasing behavior toward these products. Kocak et al (2007) explains that the way consumers evaluate their purchasing decisions are led by the different cultural conditions that consumers from different countries experience. Therefore, there is a need to develop brands that suit different cultures and can adapt to consumer preference variations in these different cultures. For the purpose of this research, a cross-cultural difference is needed to determine if the differences in cultural dimensions between the United States and Spain affect the market share of private label wines in these countries.

Hofstede (2001) proposed four main clusters of cultural dimensions that show the differences in values for over 70 countries and help researchers understand why consumers behave a certain way depending on their country of origin. These dimensions are as follows: Power Distance (PDI), Individualism versus Collectivism (IDV), Masculinity versus Femininity (MAS), and Uncertainty Avoidance (UAI). Figure 1, below, depicts the differences between the
United States and Spain according to these four dimensions. From Figure 1, one can see that the biggest differences lie in the Individual and Uncertainty Avoidance dimensions. The United States is a highly individualistic culture compared to Spain. This demonstrates that Americans usually look after themselves and their direct family only, while Spaniards will usually belong to groups and take care of others that are not considered to be in their inner most circles. Americans are also less shy about seeking information and approaching others to get more informed about a certain subject.

Figure 1: Geert Hofstede Cultural Dimensions for U.S. vs. Spain

Source: Based on Hofstede (2001)

From Figure 1, the other dimension that shows a large difference between the United States and Spain is Uncertainty Avoidance. It shows that the United States culture is more accepting of uncertainty than the Spanish culture. Americans are more open to try new or different products and do not require many rules, especially when it involves the freedom of
expression. Spaniards on the other hand like to have rules, but will avoid those that cause more stress in their lives. Change causes stress for people in Spain, and they usually want to be employed in a job working for a civil service, which means they will have a job for life and not many concerns for the future. (Hofstede, 2001)

The Power Distance and Masculine dimensions do not show much difference in Figure 1, however, there are still differences that should be noted for these two dimensions. Americans tend to have less power distance in both their social and work lives, meaning that communication is mostly informal and direct and everyone involved can participate. In Spain this changes slightly, as the power distance is higher and Spaniards believe in the notion that more power equals more privileges. In relation to Masculinity versus Femininity, Americans tend to sway more towards a masculine culture, which means they will be driven more by competition and achieving success. This does not occur in Spain, where consensus and the values are rooted more in caring for others and the quality of life than being successful. (Hofstede, 2001)

With these dimensions in mind, Kim et al (2002) demonstrates that low individualistic cultures, such as Spain, value products that will fulfill social and functional needs. The products should also help “reinforce group membership and affiliation or reduce the risk of not being accepted (Kim et al, 2002: pg.487).” Those cultures that exhibit high individualistic characteristics, like the United States, will accept products that fulfill their experiential needs instead of social or functional. A more individualistic culture will also prefer advertisements that are more focused on modernity, while the collective cultures respond better to more traditional advertisements from retailers (Lim et al, 2008).

These differences in advertisement preferences are further explained by Lim et al (2008), where the theory of how a utilitarian (fact based) versus a hedonic (feeling based) type of
products is introduced to see the different perceptions of different cultures. Usually, a culture begins to consume more hedonic type products as the economy in that country progresses. This means that consumers will start consuming more products for emotional arousal, such as gratification or enjoyment, instead of always consuming for rational appeal. The more cultural conditioning a country is exposed to, the more differences between utilitarian and hedonic products that are seen by the consumers in this country (Lim et al, 2008). When there is less cultural conditioning, such as in the United States and Spain, consumers see fewer differences in utilitarian and hedonic products. This can ultimately lead to a product, like store brand wine, being seen as both types of products (hedonic and utilitarian) therefore making consumers more open to private label products that offer both the affective purposes of a hedonic product and the cognitively oriented benefits of a utilitarian product. This however all depends on how the store branded product is advertised, communicated, and positioned by the retailer (Lim et al, 2008).

Erdem et al (2004) describes the situation of differing success of private label brands in the United States and Spain of being one to deal with the consistency of communication strategies used in each of these countries. In Spain, like in most other European countries, the communication strategies of store brands are more consistent leading to less uncertainty in the variation of the store brands quality, therefore linking to the cultural characteristic of Spaniards which try to avoid uncertainty; this variance will be further discussed in the risk section of this research. This study also found that Spanish consumers, compared to U.S. consumers, are more price sensitive while U.S. consumers tend to be more quality sensitive than Spanish consumers. For countries, such as Spain, that have consumers that fall into the more sensitive price category and are quality insensitive, retailers should offer consistent ‘no-frills’ quality instead of trying to ‘imitate’ national brands (Erdem et al, 2004: pg. 99). For U.S. consumers that fall into the quality
sensitive categories, Erdem et al (2004) suggests a consistent positioning as high quality store brands or offer quality that rivals national brands. Even with these cultural differences, there are many other factors that shape consumers’ perception about store brands, regardless of their nationality.

2.2.2. Consumer Perceptions of Store Brands

Consumer interest of store brands can be depicted by three broad domains that are highlighted in Figure 2 below, (Burton et al, 1998). The three broad sets included are consumer price perceptions, marketing constructs, and deal proneness constructs. Each of these categories includes both positive and negative aspects that lead to a consumer’s attitude toward private labels and ultimately their purchase intentions of these products. This model, conversely, is used for assessing the perceptions of consumers in general to grocery store products instead of a certain product category or store brand (Burton et al, 1998). The private label attitude a consumer has for a product can be further explained by measuring the percentage of private label purchases made by the consumer. This helps explain beyond the price perceptions, deal perceptions, and the marketing related constructs introduced in the model. Ultimately, those consumers who spent a larger percentage of their purchase on private label, spent less percentage on national branded items bought with coupons or products on sale because they were already saving by buying the store brands (Burton et al, 1998). The constructs in the model will be further discussed and supported throughout this section.
Richardson et al (1994) used packaging, along with the price and other extrinsic cues, to evaluate how consumers perceived store branded products. National branded and private label branded grocery store items were given to consumers to taste test. When the private label branded item was displayed in a store branded packaging and at the store brand price, the consumers were less likely to rate the product at a higher mark. However, when the same exact product was presented in a national branded packaging and under the national branded price, the consumers rated the product much higher, even though it was the same product. Therefore, extrinsic cues were found to be used more by consumers than intrinsic cues to evaluate the
quality of private label products. Extrinsic cues can also play a large role in how consumers view and perceive a product and should be taken into consideration when designing packaging for store branded products. Richardson et al (1996) found that those households that rely on extrinsic cues when assessing the quality of store brands will perceive these brands as more risky and having more variability in quality.

Bao et al (2011) further expands on the notion of extrinsic cues that consumers use to evaluate private brands by measuring three specific cues: store image, product signatureness, and quality variation of a product category. Store signatureness is introduced as “the extent to which a product category is associated with a retail store (Bao et al, 2011; pg. 222).” If a product offered by a retailer does not fit with the product categories offered by that retailer, consumers tend to perceive the quality of that product to be lower (Bao et al, 2011). Store image and quality variations and their effects on consumers’ perceptions of store brands will be further discussed in the store loyalty and risk sections of this research paper. In Dursun’s et al (2011) study introduced new concepts about how consumers perceive the quality of private label brands. It was found that purchasing intentions of store brands is positively affected by the perceived quality of the private label product and that this perceived quality is further positively affected by the familiarity of the store branded products. Therefore, the more familiar a consumer is with the private label product, the more they will be able to judge the quality of the store brand product and will be more prone to purchase this product.

Quality is one of the most controversial topics when dealing with private label products. In the mind of consumers the association of lower cost equaling lower quality has caused store brands to be seen as lower quality products (Dodds et al, 1991; Richardson et al, 1996; DelVecchio, 2001). DelVecchio (2001) introduces five product category characteristics that
cause consumers to perceive the quality of store branded products as lower than national products: category complexity, category quality variance, interpurchase time, publicness, and the price level of the category. All of these characteristics introduce the subject of risk to the perceptions that consumers have about the quality store branded products. DelVecchio (2001, pg. 240) explains that “when confronted with the risk that accompanies the purchase of a product, consumers may depend on this signal of quality to protect them against potential losses.”

Since a lower priced product is usually perceived as lower quality, price is introduced by Dodds et al (1991) as an important determinant of the perception of value that a consumer has for a product. Therefore, when product is priced lower than other similar products, there is a negative effect in the consumers mind. Once brand or store name is introduced, this negative effect on the price is impacted depending on how the consumer perceives the quality of the store and brand (Dodds et al, 1991). Since store brands are usually priced lower than other national brands, the retailer should try to gain store and brand loyalty so that consumer’s perceptions will be positively influenced. Nenycz-Thiel and Romaniuk (2009) also found that consumers always expect private label products to be priced below national branded products, and that low quality was always associated with this concept of lower prices.

2.2.3. Behavioral and Purchasing Intentions

For private label products, there are a few factors that influence a consumer’s purchasing intention and behaviors. As introduced above, price, brand, and store information are three of the main factors that influence a consumer’s behavioral and purchasing intentions (Dodds et al, 1991; Richardson et al, 1994; Grewal et al, 1998) because of influence of perception on quality and value. The price of product can relay to a consumer the level of quality that the product
offers as well as how much the consumer will have to sacrifice to obtain it. Depending on how
the consumer views a product, either expensive or cheap, Dodds et al (1991) explains that this is
where the perceived value for a product comes into play in consumer’s purchasing intentions.
When moving from a lower price of a product to a higher price of the same product, there is first
a positive effect in the consumers mind, but as the price gets too high, the consumer begins to
perceive something negative (Dodds et al, 1991; Grewal et al, 1998), which will lead the
consumer to not purchase the product.

Value for money is further explained by Richardson et al (1996), where it is introduced as
a quality in relation to the price a particular brand is being offered. In this study, two types of
consumers are introduced: consumers who view store brands as good quality, even though they
are priced lower than national brands; consumers who view store brands as lower quality than
national brands because they are priced lower. In the end, consumers are more likely to buy store
brands if they perceive they are getting a greater value for their money (Richardson et al, 1996;
Bao et al, 2011). Therefore, the perception of what the consumer thinks they are getting is related
to what they know about the product and how they view what the product offers compared to the
price they are paying (Grewal et al, 1998). Most consumers will therefore buy private label
products because of pricing reasons, but Baltas (1997) found that some consumers will buy them
just because they prefer them over national brands.

Grewal et al (1998) introduces the topic of product knowledge which can be affiliated
with a consumer’s intentions to purchase a certain product. ‘High knowledge’ and ‘low
knowledge’ groups of respondents were derived from a part of the study. Each group was
influenced differently by brand names and store loyalty/image. Those consumers that fell into the
group of ‘high knowledge’ where influenced greater by brand names due to consumers knowing
a greater deal about the product they were purchasing and having a different perceived value than those who were in the ‘low knowledge’ groups. However, store image influenced those in the ‘low knowledge’ group greater, which shows that retailers can attract loyal ‘low knowledge’ consumers by offering a better value mixed with “a pleasant store atmosphere and offering superior service (Grewal et al, 1998; p. 347).”

Grewal et al (1998) also found that consumers who had previously owned a certain product had very similar influences than those in the ‘high knowledge’ groups, and those who had not owned the product could also be considered ‘low knowledge’. For both of these results, all groups’ perceptions of value where influenced by price discounts. This shows that even with a ‘high’ or ‘low’ knowledge or previous ownership of the product, the lower prices offered by private label product has an effect on a consumers purchasing intentions of store branded products. This is because a product offered at a lower price can have an effect on the consumer that makes them perceive the brand quality negatively (Richardson et al, 1996; Grewal et al, 1998). However, having a greater knowledge of a store brand will lead to “less reliance on extrinsic cues in quality assessment, greater private brand proneness, less perceived risk, and less perceived quality variation between national and store brand offerings (Richardson et al, 1996; pg. 176; DelVecchio, 2001; Nenycz-Thiel and Romaniuk 2009).”

In conjunction with knowledge, consumers that buy a certain product category more frequently were found to be more store brand prone (Baltas, 2003). This occurs because as buyers buy a product more often they will become more knowledgeable and therefore will have to rely less on heuristic cues, such as brand name, price, or packaging, when they are judging the quality of a product. Consumers are then able to judge the quality of the private label brand they
are purchasing in a more informed way which will lead to a greater purchase intention of the store brand by the consumer (Levy and Guterman, 2012).

Along with these attitudes, demographics and socioeconomic factors also play a role in shaping the consumers’ purchasing intentions of store brands (Richardson et al, 1996; Burton et al, 1998). Education and family income are the variables that are more highly significant, while gender and age show little or no significance (Burton et al, 1998). The greater the household incomes, the less likely the consumers of these households are to buying store brands. However, Richardson et al (1996) introduces that education does not influence the proneness of store brand purchases. Instead, the size of the household influences if consumers buy store branded products. The greater the size of the household, the more prone the household is to purchasing store brands because they have to divide their purchasing budget between larger amounts of people.

Baltas and Argouslidis (2007) dispute the effect that larger families have on private label purchase intentions. They find that larger families do not necessarily purchase store brands, even though they usually have a smaller budget for purchasing products. They even go as far to say that out of the main socio-demographic measures they tested (gender, family size, income, age and education) only income and education had a significant effect on the proneness to buy store brands. All of these studies measured in general the effect of socio-demographic characteristics for all private labels sold in a certain supermarket and not an actual specific product or brand. In this research, the aim is set at one particular product and brand depending on the country (i.e. wine branded as Hacendado or Trader Joe’s). This will be further discussed in the Methodology section of this research. In conclusion, Baltas (2003, pg. 1509) describes the “store brand loyal customer as a consumer with higher social status, who shops more frequently the category, exhibits store loyalty, and tends to spend less on the category.”
2.2.4. Store Loyalty and Image

According to Grewal et al (1998), three main components that shape a consumer’s loyalty towards a store are store image, quality of the brands sold, and price and promotions offered by the store. Retailers should take this into consideration, especially when it comes to producing their own store brands. In order to build a store image, retailers need to let their consumers understand what type of brands will be sold and at what prices these brands can be purchased. This in turn will give consumers the idea of what type of value the store has to offer allowing the consumer to build their perception of the store image, and therefore familiarity with the store brand product will positively affect the purchase intention of these products (Dursun et al, 2011). Store image will also ultimately positively affect a consumers’ quality perception of the store brand that the retailer is offering (Bao et al, 2011). When a store consistently offers these three components and consumers find there is value being generated, they will ultimately become loyal to that store. Grewal’s et al (1998) model (Figure 3 below) supports this statement by showing that these three components affect a consumer’s willingness to buy, and further store loyalty, because they influence the value that the consumer perceive to be getting.
Dodds et al (1991) introduces the positive effect on consumer’s perceptions of value when a store name is added to cues of price and brand name. These effects are further highlighted in Figure 4 below (Dodds et al, 1991). For private label branded products, this model demonstrates that if a store name is combined with the price, there will be a positive value added in the perceptions of the consumer. This is due to the fact that when a store name is given, the consumer is able to view the value of a product based on what price is given since they can see the quality and image associated with the store (Dodds et al, 1991; Grewal et al, 1998). This will be further positively influenced if the customer is loyal to that specific store and the store image will ultimately impact a consumer’s quality perception about store brands (Bao et al, 2011). Therefore, by offering store brands that are not available in other retail centers, the retailer is able
to increase foot traffic and increase the customer loyalty of the store and ultimately the store brand (Richardson et al, 1996).

Figure 4: Conceptual model of the effect of price, brand, name, and store name on product evaluation

CONCEPTUAL MODEL OF THE EFFECT OF PRICE, BRAND NAME, AND STORE NAME ON PRODUCT EVALUATION


Baltas and Argouslidis (2007) present that store loyalty negatively affect on the purchasing of private label products. Value-oriented private label consumers will not be loyal to a store because they will always shop around for better prices. However, it is further explained that this result should be further researched because the study’s findings of these “non-loyal shoppers can be attributed to the remarkably lower concentration of the Greek grocery sector and
the low switching cost in a metropolitan area with a dense network of grocery outlets (Baltas and Argouslidis, 2007: pg. 335).” Wulf et al (2005) finds that store loyalty adds to store brands equity because store loyal customers will be more likely to purchase the store brand of a store they are loyal to, but at the same time store brands can create store loyalty. When a store can achieve this customer loyalty, Pepe et al (2011) found that there is a significant positive relationship with the private label profitability for the retailer.

Ailawadi et al (2008), introduce the most widely used store loyalty measure: share of wallet (SOW). SOW is described as the spending in the chain as a percentage of its total spending on supermarket products. In the study, two other panel-based measurements are also included to help ensure that the results are correctly represented, since store brands are priced lower than national brands. Then the store loyalty was analyzed based on heavy, light, and medium users of private label products (Ailawadi et al, 2008), where it was found that medium private label consumers contribute more than light users, nonusers, and heavy users. This demonstrates that medium users are more likely to be the consumers that build the most store loyalty because of buying the store brand offered by that retailer. The heavier users do not show store loyalty because they are prone to shop for the best deals and therefore are willing to switch stores to find these deals.

2.2.5. Risks Associated with Store Brands

Risk is depicted by Barta and Sinha (2000) in the following equation: Risk = Greater Consequences of Making a Mistake in a Purchase. Barta and Sinha (2000) and Dursun et al (2011) find that when the consequences of purchase mistakes when buying store brands is lower, consumers will purchase more store branded products. There are different types of risks involved
when purchasing private label brands. Barta and Sinha (2000) introduce three main risks in relation to store brand purchases; functional/performance, financial, and social risks. Beneke et al. (2012) further expands on these risks and introduces physical, psychological, and time risks associated with private label purchases. For the purpose of this research attention will be placed on the social risks because the product, wine, is a publicly consumed beverage that can expose a consumer to social ridicule (Barta and Sinha, 2000). Society influences a consumer’s purchasing decision when social risk is involved, and therefore has a negative effect on consumers’ purchase intention of private label brands (Beneke et al, 2012). Social products are also affected by the publicness or symbolic cues they are associated with. Therefore, a private label product is limited in which product categories it will be successful because of the acceptance, or lack thereof, brought about by social considerations (DelVecchio, 2001).

Barta and Sinha (2000) also introduce risk in the following way: Risk = Quality Variability. This risk comes from the greater variability of quality in store brands compared to national brands, and this quality variation will always affect the quality perception that a consumer has about the store brand negatively (Bao et al, 2011). Burton et al (1998) introduces the negative effect that private label products can have on risk averse consumers. When there is a higher risk in the minds of the consumers to purchase private label brands, store brand proneness decreases (Bao et al, 2011). Therefore, the perceived variation in quality of store brands will always increase the risk that consumers have associated with these brands compared to national brands (Richardson et al, 1996; Narasimhan and Wilcox, 1998; Erdem et al, 2004). DelVecchio (2001) further highlights this by stating that perceptions of consumers about private label products will be more positive if the retailer offers store brands that are not complex and have little quality variance.
Risk can also be demonstrated in the subsequent equation: Risk = ‘Search’ versus ‘Experience’ Nature of Product Features (Barta and Sinha, 2000). This risk is further increased depending on what type of product the consumer is purchasing in relation to ‘search’ versus ‘experience’ type of product features. The ‘experience’ type characteristics of a product are those that are only found once the product is used and can include attributes like taste, aroma, and texture while the ‘search’ characteristics deal with the product attributes that can be examined prior to purchasing the product, such as color or ingredients (Nelson, 1974). Barta and Sinha (2000) found that private label products that contain more ‘search’ attributes are more likely to be purchased by consumers than those store brands that have ‘experience’ attributes.

These risks associated with purchasing private labels products can be reduced by putting an emphasis on the quality of the store brand product instead of always using the lower price strategy. This can be done by “conducting in-store taste tests, publicizing the results of independent testing agencies, offering money back guarantees, and conducting image building campaigns to favorably portray the private label buyer as ‘smart’ and ‘quality conscious’” (Richardson et al 1996; pg.179). Consumers use experience to increase their perception about the quality of store brands and if a store offers consistent quality, risks associated with purchasing these private label products, such as the variability in the product quality, is lowered (Erdem et al, 2004; Dursun et al, 2011). Therefore, more information and familiarity with a store brand can help lower the risky alternatives that are associated with purchasing private label brands (Baltas, 1997).

Richardson et al (1996) proposes a model that incorporates all of the factors introduced in this theory section that lead to store brand proneness (Figure 5 below): “The premise of the proposed model is that the perceived value for money offered by store brands, the perceived
quality variation between national and store brand grocery items, the perceived risk associated with store brand purchase, the degree to which consumers rely on extrinsic cues such as price and brand name in quality assessment, consumer familiarity with private label brands, intolerance of ambiguity, and a variety of socioeconomic variables contribute either directly or indirectly in explaining individual differences in private brand proneness” (Richardson et al 1996; pg. 164). In the model, private brand proneness (PBP) is depicted by the degree that a consumer is liable to purchase a private label branded product. Brand familiarity is the most important variable that influences PBP, followed by perceived value for money, family income, family size, and perceived risk (Richardson et al, 1996). Therefore, the familiarity with the retailer and the brands the retailer offers has more importance than the risk the consumer perceives when purchasing the private label brand.

Figure 5: Household Store Brand Proneness

Source: Richardson et al (1996)
3. RESEARCH OBJECTIVES AND HYPOTHESES

Past research on consumer purchasing intentions of private label brands has mainly concentrated on products that are not influenced greatly by social risks and are usually based in one country (Burton et al, 1998; Richardson et al, 1994; Bao et al 2011; Baltas, 1997; Grewal et al, 1998; Barta and Sinha, 2000). In order to find cross cultural differences between Spanish and American consumers in relation to their purchasing intentions of store brand wine and how store loyalty and social risks further affect these purchase intentions, the following hypotheses have been concluded. These hypotheses will help determine if a social product, like wine, which has more social risks associated with it can be accepted by consumers in the same form that other private label products have been in the past. Further, the hypotheses also set out to find if these risks are lowered if consumers are loyal to the store in which they are purchasing the store branded wine. This will help identify the most influencing factors that consumers have toward private label brand wine purchase intentions, while testing to see if there are significant differences in Spanish and American consumers regarding these purchasing intentions. The main questions that these hypotheses set out to answer are as follows:

• Are there significant differences between the perceptions (quality, value, and risk) of consumers in the U.S. and Spain, in relation to private label wines?
• Are U.S. consumers or Spanish consumers more prone to purchase private label wine?
• Does store loyalty help the sale of private label wine for the retailer that offers this wine and possesses the loyalty from the consumer?
• Is a social product, like wine, and the risks associated with the product always going to outweigh the value the product offers the consumer?
• If a consumer buys private label products, will they undoubtedly buy private label wine?
The main objectives that these questions set out to accomplish are: cultural effects on private label wine purchase intent; perception effects of private label branded wine purchase intent; store loyalty effects on purchasing of private label wines; social risks and the effects they have on purchasing intentions of private label wines; impact of differences between American and Spanish consumers on the purchase intentions of private label branded wine. Once these objectives are fulfilled, managerial implications can be set in order to contribute to the private label wine industry’s understandings of consumers purchasing intentions for store branded wine.

3.1. Cultural Effects on Private Label Wine Purchase Intent

From the industry overview of private label wines, one sees the vast difference in market share that store branded wines have in the U.S. (.9 percent) compared to Spain (15 percent) (Euromonitor International, 2011). However, if one is to look at the different dimensions that make up these two cultures, the market share associated with private label branded wine does not correspond correctly to the uncertainty avoidance that relates to each of these cultures. It would seem that Spanish consumers would be less willing to try new brands, especially private label brands, since they are more likely to avoid uncertainty or take risks. On the other hand, it would seem that the U.S. consumers would be more willing to try private label products since they are more open to take risks or try new things. However, the world economic crisis that occurred in 2008 gives indications as to why there is an influx in the previous findings. AC Nielsen’s (2011) study shows during the 2008 recession, more Spanish consumers moved toward private label brands in order to save more money. When asked if these consumers would go back to their national branded products after the recession was over, most of these consumers stated that they would stay with the private label products they had been purchasing for the past three years. This
shows that Spanish consumers’ familiarity with private label branded products increased and therefore their perceptions of quality and value had changed from the exposure to these store brands.

With such a difference in market share and different cultural characteristics, it is safe to propose the first two hypotheses as being the following:

- H1a: Being of American nationality will have a negative effect on purchase intention of private label branded wine
- H1b: Being of Spanish nationality will have a positive effect on purchase intention of private label branded wine

3.2. Perception Effects on Purchase Intent of Private Label Wines

Consumer perceptions about private label brands affect their purchasing intentions of these store brands (Baltas, 1997; Burton et al, 1998; Grewal et al, 1998; DelVecchio, 2001). Some of the most important perceptions that influence the purchase intentions are the perception of quality and the value being derived from the purchase of the private label product. Dodds et al (1991) and Grewal et al (1998), Richardson et al (1996) all support the notion that private label quality perception usually has a negative effect on store brand purchase intentions, but as the consumer gets more informed about the private label product they are more positively influenced to purchase the product. However, this theory has never been measured on a social product such as wine. Therefore the following hypotheses will be tested to see if the type of product being bought has a different effect on the purchasing intentions:

- H2a: Private label wine quality perceptions of Americans will have a negative effect on the purchase of private label wines
• H2b: Private label wine quality perceptions of Spaniards will have a negative effect on the purchase of private label wines

• H3a: American’s perceptions of value that private label branded wine offer will have a positive effect on private label wine purchase intentions

• H3b: Spaniard’s perceptions of value that private label branded wine offer will have a positive effect on private label wine purchase intentions

• H4a: American’s willingness to buy private labels products in general will have a positive effect on purchase intention of private label wine

• H4b: Spaniard’s willingness to buy private labels products in general will have a positive effect on purchase intention of private label wine

3.3. Store Loyalty Effects on Purchase Intent of Private Label Wines

Retailers who offer their own brands can use store loyalty to help gain sales of their store branded products because once the consumer is loyal to that store they are more willing to buy the store’s private label brand and ultimately any type of product category this store offers (Richardson et al, 1996). Familiarity with the store and store brand can also allow for store loyalty to flourish for the retailer, and can therefore equally help loyalty to the brand increase store loyalty (Dursun et al, 2011; Wulf et al, 2005). So if consumers perceive the quality of the product to be good they then become loyal to that store.

• H5a: American’s loyalty toward the store will have a positive effect on the purchase of Private Label Wine

• H5b: Spaniard’s loyalty toward the store will have a positive effect on the purchase of Private Label Wine
• H6a: American private label wine purchasing intentions will have a positive effect on store loyalty
• H6b: Spanish private label wine purchasing intentions will have a positive effect on store loyalty

3.4. Social Risk’s Effects on Purchase Intent of Private Label Wine

Products can either be seen as public or private products. As DelVecchio (2001) explains, the difference between these is that public products are highly visible to others while private products are not visible to others and only immediate family would know one purchases these items. Wine can be either a public or private product, depending on how the consumer decides to consume it. However, if wine is consumed as a public product the social risks will be more prominent because of greater exposure to peers that may evaluate the consumer negatively because of their choice of product (Beneke et al, 2012). This in turn would draw consumers away from purchasing store branded wine because of the risk they face of being criticized by others.

The following two hypotheses can therefore be concluded:

• H7a: Social consumption of wine, by Americans, will have an impact on purchase intention of private label wines
• H7b: Social consumption of wine, by Spaniards, will have an impact on purchase intention of private label wines
• H8a: Consumer risk averseness of Americans will have a negative impact on purchase of private label wines
• H8b: Consumer risk averseness of Spaniards will have a positive impact on purchase of private label wines
4. RESEARCH METHODOLOGY

In order to measure the above hypotheses, a specific hedonic product was selected in order to get more accurate data about the variables that are being measured in this research. Wulf et al (2005) introduces that for hedonic products, such as chocolate or wine, there are other factors in comparison to utilitarian products, such as orange juice or cheese, which may depict the role of the brand and how these roles affect the consumers’ purchase intentions. Therefore, this will allow for the data to show how consumers react to a specific, more social, private label product. This will differ from other research findings that have measured how loyalty and risks affect the perceptions and purchase intentions of consumers for more general grocery store items (Wulf et al, 2005; Baltas and Argouslidis, 2007; DelVecchio, 2001).

4.1. Context

Wine was selected as the product category that will be tested in the research. Due to the variables chosen to be measured, store loyalty and social risk, a more social product was chosen to get a better understanding of social risks involved when purchasing private label products (Barta and Sinha, 2000). Also, the differences in market share for private label wines in the U.S. (.9 percent) and Spain (15 percent) make wine an interesting product to study because these differences in consumer perceptions can give both insights into specific differences between U.S. and Spanish private label consumers, as well as analysis as to why the differences in market share in these countries exist for this specific product category (Euromonitor International, 2011). Furthermore, the specific private label wine product category was selected to obtain adequate variance in the independent variables.
The wines used in this research are both well known supermarkets that offer quality private label brands in both their respective markets. For the U.S. market, Trader Joe’s supermarket was chosen for the research based on the following credentials involving private label brands offered by this supermarket. Trader Joe’s is a domestic, U.S., grocery retailer and is one of the top five domestic grocery retailers in the U.S. In 2011, Trader Joe’s reached 1 percent of total grocery retailer market share in the U.S., where the market share for the first and second grocery retailers are greatly distributed, Wal-Mart (24.4 percent) and Kroger (7.4 percent) respectively (Euromonitor International E, 2012). Trader Joe’s offers the private label Trader Joe’s for its food products. The private label wine offered by Trader Joe’s is branded Trader Joe’s and can be purchased for around $5 a bottle.

For the Spanish market, the supermarket Mercadona was chosen because of the emphasis it puts on its private label products and its presence in 46 provinces and 15 autonomous regions throughout Spain (Euromonitor International F, 2012). Mercadona offers the brand Hacendado for its packaged foods and drinks, and overall, Mercadona’s private label brands generate more than 40 percent of the company’s sales. The private labels that Mercadona offers are priced 20 percent to 30 percent cheaper than the national products that are found in this supermarket. As a retailer, in 2010, Mercadona had the leading market share, 17 percent, for this sector and as a supermarket channel it leads the market with a 35 percent share. It offers a wine branded Hacendado, which is usually priced around €1.25 (Euromonitor International F, 2012).

Mercadona always strives to offer the best prices for the high quality goods they offer to consumers, and are able to do this because of their relationships with manufacturers. Both Trader Joe’s and Mercadona are similar in the types of brands and goods they offer to their consumers and their positioning in their respectable markets. Therefore, since Trader Joe’s and Mercadona
both offer quality private label products, limited shelf space for national brands, and are some of the biggest domestic retailers in their respective countries, these two supermarkets were chosen for this study.

4.2. Research Design and Measures

The research design involved a program called SurveyGizmo.com where two surveys were generated, one in English and one in Spanish. However, the only difference between the two surveys was the language and the product used in the instructions for referencing a product during the survey. The questions were generated from previous studies, and therefore did not need to be pre-tested to see if they were viable to measure the variables in this research. The English questions were translated to Spanish by two Spanish native speakers and then back translated to English by a native English speaker, to assure that the questions were clear and would measure the same data as the original English questions. The English version of the survey introduced the following information for participants to keep in mind while taking the survey in order to simplify the survey: “When answering questions please keep the following in mind: Trader Joe’s Private Label Wine sold at Trader Joe’s supermarkets for around $5.” Also, in order for the participants to understand the difference between private label brands and national brands, the following was also added to the instructions of the survey in order to further inform the respondents and to allow for the least confusion as possible “Private label brands (store brands) = Trader Joe’s or Great Value. National brands = Coca-Cola or Budweiser.” A picture of Trader Joe’s private label wine was also supplied in order to answer some specific questions.
For the Spanish survey a similar method was used in the instruction section of the survey, however, the text read as follows: “Al contestar las preguntas por favor, tenga en cuenta lo siguiente: Vino de marca Hacendado que se vende en el supermercado Mercadona por alrededor de €1,25.” This translates into the following: “When answering questions please keep the following in mind: Hacendado wine sold at Mercadona supermarkets for around €1,25.” For this survey, a picture of Mercadona’s Hacendado wine was used for further reference for some specific product questions in the survey. The two surveys asked the same questions, but in their corresponding languages and with their corresponding private label product, in order to see the differences in the correlations of the variables measured and how the consumers from each country behaved toward these variables.

With the exception of three questions on the subject of likeliness to purchase the product shown, two questions dealing with price and value perceptions, and the questions dealing with demographic specifics, the measures of the variables being tested were taken on a five point Likert scale: 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; 5 = strongly agree. The scale and questions were adapted from previous studies that measured similar variables. The following table (Table 1 below) demonstrates sample questions for each of the variables being measured and the corresponding authors who have successfully used these questions to find data in previous research. The ones depicted by an asterisk (*) are the questions used specifically to measure the certain variable in the analysis section. For the socio-demographic section of the survey, questions based on Burton’s et al (1998) research were used to measure gender, age, nationality, education, and family income. A copy of both the English and Spanish versions of the survey is available in the appendix of this research paper.
Table 1: Survey Constructs with Sources

<table>
<thead>
<tr>
<th>Construct and Source</th>
<th>Questions for Survey</th>
<th>Scales</th>
</tr>
</thead>
</table>
| Quality:             | *This (product) is of low quality (reverse coded)  
                        *For most product categories, the best buy is usually the private label brand.  
                        This (product) is an inferior product  
                        The likelihood that the product would be reliable is: (very low to very high)  
                        In general, private label brands are poor-quality products. (reverse coded)  
| Value:               | *(very poor value for the money to very good value for the money)*  
                        I am very concerned about low prices, but I am equally concerned about product quality  
                        When grocery shopping, I compare the prices of different brands to be sure I get the best value for the money  
                        I always check the prices at the grocery store to be sure I get the best value for the money I spend  
                        At the price shown the product is: (very uneconomical to very economical)  
                        Considering value for the money, I prefer private label brands to national brands.  
| Store Loyalty:       | *(Store name) is close to my *ideal* store  
                        Overall, I have a favorable view on (store name)  
                        (Store name) is a high performing retailer  
                        (Store name) carries high quality merchandise  
                        (Store name) provides attractive shopping experience  
                        Once I choose a brand, I don't like to switch  
                        I prefer the brand I always buy instead of trying another one that I am not sure about  
                        I see myself as a brand loyal person  
                        If my preferred brand is not available in the supermarket, I can easily choose another brand (reverse coded)  
| Risks:               | *(I don't like to take risks)*  
                        *(I consume wine in a social setting)*  
                        Buying private label brands makes me feel good  
                        I love it when private label brands are available for the product categories I purchase.  
                        When I buy a private label brand I always feel that I am getting a good deal.  
                        The purchase of store brand grocery items is risky because the quality of store brands is inferior.  
                        When I choose a brand of (category), it is not a big deal if I make a mistake  
                        I am not sure if (product) will be good enough  
                        I believe that the brands people buy say something about the person  
                        You can tell a lot about a person from the brands that they buy  
| Burton et al (1998); Richardson et al (1999); Barta and Sinha (2000); Nenycz-Thiel and Romanisuk (2009) | | |
| Purchase Intention:  | *(The likelihood of purchasing this product is: (very low to very high)*  
                        At the price shown, I would consider buying the product  
| Dodds et al (1991) | | |

*Indicates specific questions used in the analysis section of this research

Source: Based on Bao et al (2011)
From Table 1 one can see the different variables that can be measured with the chosen questions. For the purpose of this research the main variables will be social risk, store loyalty, and purchase intention. These social risk and store loyalty variables will depend on how the consumers perceive the value and quality of private label branded wine. The purchase intention will ultimately depend on all four (quality, value, loyalty, and risk) involved in the purchase of the private label wine. This is to say, a consumer will measure the perceived social risks associated with the purchase of the private label wine once they have formed the perception of the quality and the value that the certain store branded wine offers.

After this data is generated, store loyalty can be measured to see if store loyalty introduces purchase intention of private label wines or if store loyalty is generated because the consumer is satisfied with their purchase of the private label wine. The prices that were introduced in the questions, $5 or €1.25, were used to further measure the value associated with the purchase of a private label product. However, these were also used in correlation with the social risk questions to see if the lower prices would deter consumers from buying the private label wine because of possible peer ridicule. For all the constructs, a separate analysis will be done for each hypothesis depending on the nationality, American and Spanish, respondents to test significant differences between the two countries.

4.3. Data Collection Procedure

The survey was distributed using Facebook, where a non-probability sampling technique, snowball sampling, was used in order to use the ‘snowball’ effect to get as many respondents as possible. The survey was available to respondents for five days and respondents were informed the time allocated, five minutes, to complete the survey. The link for the English survey was
posted on Facebook asking specifically American participants who consume wine to take the survey, while the Spanish survey was posted on Facebook asking specifically Spanish participants who consume wine to take the survey. Each respondent was then asked to take the survey in the language, either in English or Spanish, which would correspond to their country of origin, either the U.S. or Spain, respectively to further segregate the answers to the corresponding country of origin. After successful completion and submission of the survey, each respondent was asked to pass the survey along to other friends, family, or acquaintances using Facebook or email.

This procedure yielded 83 American respondents and 39 Spanish respondents. From these, three American surveys and two Spanish surveys were eliminated in their entirety due to missing data. Therefore, after eliminating those survey responses that were missing an excessive amount of data, 80 American and 37 Spanish completed surveys remained. The surveys were then exported from surveygizmo.com and imported into SPSS program in order to run cross tabulations to find correlations between the main dependent variables being measured, as well as other variables valuable to the research hypotheses. After the test of significance was done, a measure of association was conducted to show the strength of the relationship of the variables. These correlations and statistical significance measurements are introduced in the next section where the results will show if there is support for the proposed hypotheses.
5. EMPYRICAL ANALYSIS

Multiple regression was used to find effects that store loyalty, risk, and perceptions of quality and value have on the intention of consumers to purchase private label wines. A bivariate analysis was used in order to answer why consumers behave a certain way and how this influences their intentions to purchase private label wine. By using a bivariate analysis, instead of a univariate analysis, an explanation of how these variables are influenced by others can be rendered instead of just providing a description of the hypotheses results. Since there were two surveys, two different databases were used to do these analyses; one for the American participants and one for the Spanish participants. Also, since the answers to analyze the specific hypotheses used only nominal or ordinal variables, the measure of association was tested using Gamma or Lambda tests and the significance was tested using Chi-square tests (Babbie et al, 2011).

By using measures of association, such as lambda or gamma, depending on what type of variable, either nominal or ordinal, is being measured the strength of association and the direction of the association between the variables can be found. Since all the questions, other than the socio-demographic section, use a Likert scale (which are ordinal variables) the logic is to use a gamma measure of association and a chi-square test of significance. The test of significance is needed in order to allow for the estimation of the “likelihood that a relationship between variables in a sample actually exists in the population as opposed to being an illusion due to chance or sampling error” (Babbie et al, 2011: pg. 269). Since this analysis is based on the non-probabilistic samples selected from a population instead of the population as a whole, the results will most probably not reflect the thoughts of everyone in the population.
The test of significance will therefore also allow for any findings that are very unlikely to represent the population as a whole to be disregarded when used to test a certain hypothesis. This will help demonstrate if the sample, 80 Americans and 37 Spanish, and the association between the variables measured from this sample’s responses can be generalized to the larger population. For Gamma tests, the null hypothesis (H0) will be rejected if there is significance. This will then show if there exists a relationship between the two variables. Therefore, when the null hypothesis is rejected, an association between the two variables, dependent and independent, can be seen and can be interpreted as a strong or weak association in the SPSS statistics output viewer.

According to Babbie et al (2011) the following value of measures of association can be used to see the strength of association (all are represented in + or – values): none 0.00; weak .01 to .09; moderate .10 to .29; strong .30 to .99; and perfect/strongest 1.00. The positive or negative association can also be found by looking at the value in the gamma results table.

For the Chi-square tests, the null hypothesis will also state that there is no association between the variables being tested. The P-value (probability value) will then show the probability of being wrong when the null hypothesis is rejected. If the p-value is higher than 5 percent then the null hypothesis is kept, but if the p-value is lower than 5 percent the null hypothesis is rejected and there is an influence found between the two variables being measured. If the strength of association (from the gamma test) is strong and the statistical significance (from the chi-square test) is significant, the hypotheses proposed for this study will be supported.

After each database was looked at on its own, the databases will be combined in order to do a cross cultural analysis using ANOVA. The following sections will describe the analysis technique used to test each hypothesis proposed and will be followed by a section explaining the data results found during the analysis. For the data analysis section, each hypothesis will be
introduced followed by the test used to analyze that specific hypothesis. The data results section will only explain in more detail what the outcomes of the analysis means for this research.

5.1. Data Analysis

A lambda test was introduced to calculate the association of a consumer’s nationality and the influence that it will have on the purchase intention of private label branded wines. The two variables used are the dependent variable, likelihood to purchase the private label wine, and the independent variable, respondent’s nationality. Therefore, the prediction is that the likelihood of consumer purchasing the private label wine depicted in the survey will depend on the consumer’s nationality. For H1a, the null hypothesis is set as the following: Being of American nationality does not influence the intention to purchase private label branded wine. For H1b, the null hypothesis is as follows: Being of Spanish nationality does not influence the intent to purchase private label branded wine.

- H1a: Being of American nationality will have a negative effect on purchase intention of private label branded wine

For H1a the strength of association significance results is a 1.00, therefore keeping the null hypothesis and showing that there is a very weak association between the independent and dependent variables. The association value is actually so weak, 0.00, that it is nonexistent. To test if there is any statistical significance a Chi-square test is used using the same two variables. The significance of the test results is .192, therefore the null hypothesis is kept and there is no statistical significance between the two variables measured. Since there is a weak association and no significance between the two variables measured, H1a is not supported and therefore does not hold.
• H1b: Being of Spanish nationality will have a positive effect on purchase intention of private label branded wine

For H1b, the strength of association significance results in a .818, therefore the null hypothesis is kept. The association value is very weak with a value of .033 and demonstrates an uninteresting association between the two variables. The Chi-square test results for the Spanish survey are .562 meaning that the significance is not significant because the results is above 5%, or .05, and the null hypothesis stating that the dependent variable is not influenced by the independent variable is kept. This shows that H1b is not supported and therefore it also does not hold.

For H2, H3, and H4, the perceptions of quality and value will be used to demonstrate the purchase intentions of private label wine. For these hypotheses measurements, the questions in Table 1 (table in methodology section above) that will be used as the independent variables are those found next to their corresponding construct labeled quality and value, respectively. The dependent variable questions, purchase intent, are found next to the purchase intention construct.

• H2a: Private label wine quality perceptions of Americans will have a negative effect on the purchase of private label wines

For H2a a Gamma tests is used to measure the strength of association between the dependent variable, purchase intent, and the independent variable, quality. The test demonstrates that there is a significance of 0 and therefore the null hypothesis that states that quality does not have influence on purchase intent is rejected. The association value is -.531 and demonstrates evidence of a strong association that is extremely interesting. The negative correlation occurs because as prejudice towards the quality of the wine decreases, purchasing intent increases. The Chi-square test is then used to see if there is any statistical significance from the interaction of
these two variables. The significance is found to be .020, which is less than .05, and demonstrates that there is a statistical significance between the two variables. Therefore, H2a holds and knowledge of the independent variable improves the prediction of dependent variable and a relationship can be generalized from the sample to the population.

- H2b: Private label wine quality perceptions of Spaniards will have a negative effect on the purchase of private label wines

For H2b a Gamma test is used to determine the strength of association between the dependent variable, purchase intent, and the independent variable, quality. This time however, the responses from the Spanish database are used to determine the strength of association. Since the value of Gamma is .081, there is evidence of a weak association between the two variables. The Chi-square test produces a value of .091 for the statistical significance for the interaction of the two variables. Since the p value is greater than .05, there is no statistical significance for this hypothesis. Therefore, for the Spanish population, H2b is not supported.

- H3a: American’s perceptions of value that private label branded wine offer will have a positive effect on private label wine purchase intentions

For H3a, a Gamma test shows the strength of association between the dependent variable, purchase intention, and the independent variable, value. The test found that there is significance between the two variables, since the significance is 0.00 and the null hypothesis, which states that there is no influence between these two variables, is therefore rejected. The Gamma value of .716 gives this association a very strong and positive value. To test the statistical significance, again a Chi-square test was used, which yielded the value of 0.00. This shows that there is in no doubt a statistical significance present and that purchase intent depends on the value perception of the private label wine being tested. H3a, therefore, holds.
• H3b: Spaniard’s perceptions of value that private label branded wine offer will have a positive effect on private label wine purchase intentions

The same procedure of the Gamma test and Chi-square test were used for the same dependent and independent values, but for the Spanish survey respondents. The tests yielded the following results: Gamma value of .634 and chi-square of .008. Therefore, there is a strong association between the two variables for the Spanish participants and there is a statistical significance to support this association. H3b is supported by the analysis.

Please note that for the remainder of the analysis of the hypotheses, if the null hypothesis is not stated for the Gamma test, it is safe to assume that it is rejected and there is an association present between the variables. Also, for the Chi-square test, if there is no statistical significance found, it demonstrates that the null hypothesis is not rejected, or vice versa.

• H4a: American’s willingness to buy private labels products in general will have a positive effect on purchase intention of private label wine

A Gamma test was used to measure the association between these two variables that are represented by American’s purchase intention of the proposed private label wine, Trader Joe’s wine, and the effects that their willingness to buy private label products in general. The purchase intention of Trader Joe’s wine is the dependent variable, while the willingness to buy private label products in general is the independent variable being measured. The Gamma test yielded a Gamma value of .056, which shows that there is a weak association between the variables. In order to see if there is a statistical significance, a Chi-square test was introduced and yielded a value of .229. Therefore, H4a does not hold for either the association or the significance that was tested for the variables.
• H4b: Spaniard’s willingness to buy private labels products in general will have a positive effect on purchase intention of private label wine

The same procedure of the Gamma test and Chi-square test were used for the same dependent and independent values, but for the Spanish database sample. The tests yielded the following results: Gamma value of .572 and chi-square of .001. This demonstrates that for Spaniards, there was a correlation between the dependent variable, purchase intention, and the independent variable willingness to buy private label products. The statistical significance of .001 demonstrates that the knowledge of the independent variable can improve the prediction of the dependent variable and the relationship can be generalized from the sample to the whole population. This in turn shows that H4b, as a hypothesis, holds.

The next main variable that will be measured is store loyalty and how the purchase intention of private label is affected by it, and vice versa. H5 and H6 will be used to measure this variable for both the United States and Spanish consumers.

• H5a: American’s loyalty toward the store will have a positive effect on the purchase of Private Label Wine

For measuring how loyalty to a store affects the purchase intention of the private label wine provided in the survey, a Gamma test was used to measure the strength in association between the independent variable, store loyalty, and the dependent variable, purchase intent. The Gamma test yielded a Gamma value of .500, which is a very strong association between the two variables. The Chi-square test showed a statistical significance by having a statistical significance of .005. Therefore, H5a holds.

• H5b: Spaniard’s loyalty toward the store will have a positive effect on the purchase of Private Label Wine
For the Spanish database, the same variables were used but the answers yielded different results. The Gamma test resulted in a strong association that was yielded by the Gamma value of .561. However, there was no statistical significance, p=.284, to be able to generalize the association to the whole population. H5b is not supported.

- H6a: American private label wine purchasing intentions will have a positive effect on store loyalty
- H6b: Spanish private label wine purchasing intentions will have a positive effect on store loyalty

For both H6a and H6b, the same values that were used in H5a and H5b were used, but this time the independent variable was the store loyalty and the dependent variable was the purchase intention. This was done to see if one variable influences the other, or if they both influence each other. For both H6a and H6b, the results of strength association and statistical significance remained the same as H5a and H5b respectively. Therefore, H6a is supported while H6b is rejected.

The final variable to be calculated in this study is the risk, specifically the social risk, which may come along with the purchase of private label branded wine. Hypotheses H7 and H8 measure how social risk may impact the purchase intention of private label wines for both U.S. and Spanish consumers.

- H7a: Social consumption of wine, by Americans, will have an impact on purchase intention of private label wines

The social risks affiliated with consumption of private label wines and the impact it has on the purchase intentions of American consumers to purchase private label wines can be analyzed by using a Gamma test to see the strength in association between these two variables.
Again, the dependent variable is the purchase intention, while the independent variable is now the social risk associated with the purchase of private label wines. The Gamma test yielded the .433 value which shows that there is a strong association between the two variables. A Chi-square test was used to analyze the statistical significance of these same two variables and a .001 value was derived. Therefore, there is a statistical significance between social risks and the purchase intention of private label wine. With this in mind, H7a is supported.

- H7b: Social consumption of wine, by Spaniards, will have an impact on purchase intention of private label wines

The same values were analyzed for the Spanish database and the same tests were also used. The Gamma test value for this sample resulted in .571, which shows a strong association between the two values. The Chi-square test value introduced a value of .105. This, like for many of the statistical significances for the Spanish sample, shows that there is no statistical significance and therefore the relationship that is found by the strong association of the variables cannot be extended to the whole Spanish population. H7b is not supported.

- H8a: Consumer risk averseness of Americans will have a negative impact on purchase of private label wines

Risk averseness, from a theory standpoint, should differ for the American and Spanish consumers due to the uncertainty avoidance dimension introduced by Hofstede (2001). However, the analysis for a specific private label product with a higher social risk than other fast moving consumer goods found in supermarkets should still be analyzed in order to see if social risk surpasses this uncertainty avoidance dimension introduced. Therefore, risk averseness is the independent variable used in this specific variable analysis, while purchase intention is again the dependent variable. A Gamma test of significance was used in order to test the strength of
association between the two variables. The Gamma value produced was -.155 showing that there is a moderate strength associated within the two variables analyzed. To further test this hypothesis, a Chi-square test was used to yield a value of .806, which demonstrates that there is no statistical significance between the two variables. Therefore, H8a is not supported.

- H8b: Consumer risk averseness of Spaniards will have a positive impact on purchase of private label wines

For H8b, the same variables were measured but this time for the Spanish database. The same tests were done and the Gamma test resulted in a moderate association with a value of .420. When analyzing the statistical significance, a Chi-square test was again used. This test showed a value of .260, which determined that there was not a statistical significance found which could be extended to the whole population. Therefore, H8b is not supported.

The following Table 2 demonstrates all the Lambda/Gamma association test values and Chi-square test statistical values that resulted for all the hypotheses proposed. It also includes which hypotheses held, and of those that held, which can be used to conduct a cross-cultural analysis.
The two databases were then combined to see if there were any American and Spanish comparisons for each of the hypotheses introduced. The following Table (Table 3) demonstrates the ANOVA test results if there was any statistical significance found to support a difference in perceptions and purchase intention between American and Spanish consumers of private label wines.

Source: Developed by author
Table 3: ANOVA Test Results for Hypotheses

<table>
<thead>
<tr>
<th>Construct</th>
<th>Hypothesis</th>
<th>Mean</th>
<th>F-statistic</th>
<th>P-value*</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>H2</td>
<td>US: 2.61</td>
<td>13.86</td>
<td>.000</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Spain: 3.14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>H3</td>
<td>US: 3.68</td>
<td>8.201</td>
<td>.005</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Spain: 3.32</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>H4</td>
<td>US: 3.14</td>
<td>1.650</td>
<td>.202</td>
<td>Not Supported</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Spain: 2.92</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value</td>
<td>H5</td>
<td>US: 3.24</td>
<td>.293</td>
<td>.589</td>
<td>Not Supported</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Spain: 3.14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>H6</td>
<td>US: 3.36</td>
<td>28.689</td>
<td>.000</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Spain: 2.49</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td>H7</td>
<td>US: 4.0</td>
<td>2.959</td>
<td>.088</td>
<td>Not Supported</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Spain: 3.68</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>H8</td>
<td>US: 2.13</td>
<td>8.706</td>
<td>.004</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Spain: 2.73</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*If P>.05, there is no significance

Source: Developed by author

From Table 3, above, H4, H5, and H7 were not supported by the ANOVA test because the p-values for these hypotheses were above .05. For the other hypotheses, H2, H3, H6 and H8 there was a strong enough significance to demonstrate that there are differences between the groups that should be observed. For H2, when consumers were asked “This (product) is of low quality”, the average for the American disagreed, while the average Spaniard was neutral about this question. For H3, when the consumers were asked “This product is a: (very poor value for the money to very good value for the money)” Americans were closer to stating that they thought it was a good value for the money, while the Spaniards seem to feel indifferent about this statement. For H6, the question asked “The likelihood of purchasing this product is: (very low to very high)” and yielded that most Americans had a higher likelihood to purchase the private label wine presented than Spaniards. For H8, “I don’t like to take risks” was asked and from the means shown, Spaniards disagreed more and therefore are like to take more risks than the American respondents. These differences between Spanish and American consumers will be
further highlighted in the next section in order to add more weight to the specific hypothesis that they supported.

5.2. Data Results

H1 tried to measure in general the effect of nationality on consumer purchasing intention of private label wines, but both H1a and H1b were not supported, and therefore they will not be explored any further in the research. However, cross cultural effects can be seen from the differences in results between the American and Spanish consumers and the effects of each construct being measured for the specific hypothesis, and even further from the ANOVA results. For H2, the outcomes for the American consumers was supported and demonstrated that as the prejudice towards the quality of the wine decreases, purchasing intent of private label wines increases. However, for the Spanish sample this hypothesis was not supported and can therefore the differences between the purchasing intentions of private label wines of Americans and Spaniards because of the quality they perceive these store brand wines of having, cannot be observed by using this type of tests. Therefore, the ANOVA test was used to see if there was any statistical difference between the two groups, and showed that Americans did not see the private label wine as low quality, and therefore would be more willing to purchase the private label wine, while the Spaniards were neutral about their position on the quality they rendered the private label wine to have.

H3 demonstrates that both American and Spanish consumers are willing to purchase the private label brand wine they were presented in their respective surveys in relation to how they see the value that the private label wine has to offer. As both American and Spanish consumer’s perceptions of value that the store brand wine offers increases, their likelihood to buy that
specific private label wine also increases. This shows a positive correlation between these two variables for both American and Spanish consumers. This demonstrates that value is a very significant commonality that consumers from these two countries have in regards to purchase intention of private label wine. To specifically see the statistical difference, the ANOVA test demonstrates that Americans thought the value for the money that the private label wine offered was a good value for the money, while the Spaniards did not have a very strong opinion for this statement. This would show that Americans are more likely to buy the private label wine.

H4 measured the willingness of consumers to buy private label wine in relation to their purchasing habits of private label products. For the American sample, H4a did was not supported and therefore cannot be used to analyze American’s purchasing intentions towards private label wine in regards to their behavior towards store brands as a whole. H4b measured this same relationship for Spanish consumers. Since H4b was supported, it is safe to say that if a Spanish consumer generally buys private label products that they will be more inclined to buy the private label wine presented to them in the survey. So, as purchase intention for private label products increases, the willingness to purchase private label wine also increases and shows a positive relationship between these variables. Since H4a was not supported, a cross-cultural look at how American and Spanish consumers differ in their perceptions for this variable cannot be further analyzed using these tests.

H5 and H6 were used to see if store loyalty influenced the purchase of private label wine, or if the purchase of the private label wine would yield loyalty toward the store. H5a and H6a were both supported, therefore showing important relationships for the American consumers of private label brands. H5a demonstrates that if an American consumer is loyal toward a store, they are more willing to buy the private label brand offered by that specific retailer. So as
consumer store loyalty increase, the purchase intent of private label wine also increases, which shows a positive relationship between these variables. At the same time, if a consumer purchases private label wines from a certain store and enjoy the value and quality offered by the wine, they are more likely to become more loyal to that specific store. Since H5b and H6b did not hold, these findings cannot be extended to the Spanish population and furthermore, a cross-cultural analysis for this specific variable cannot be conducted using these tests. Therefore, the ANOVA test was used to see if there was any statistical difference between the two groups. For H6, there was a difference worth noting and it showed that Americans were more likely to purchase private label wine than the Spanish consumers.

For H7, social risk was measured to see if it had a specific impact on the purchase intent of private label brand. Since H7a was supported, Americans who usually consume wine in a social setting are less likely to purchase private label branded wine. This demonstrates that the social risk impact is an important factor for American consumers when purchasing private label wines. H7b was not supported; therefore the same analysis cannot be done for the Spanish consumers. Since H8a and H8b were not supported, the risk averseness of American and Spanish consumers cannot be measured in relation to the purchase of private label wines. However, from the impact that social risk has on the American consumers, the risks involved in purchasing private label wines do exist. To do a cross-cultural analysis, for this hypothesis, the ANOVA test was used to see if there was any statistical difference between the two groups. The results showed that Spaniards were more likely to take risks than Americans. This would support the fact that for H7a, American consumers were less likely to purchase private label wines because of the social risk associated with this purchase.
6. CONCLUSION

From the data results, there are a couple of main points that need to be emphasized. American consumers’ perceptions toward private label branded wine were more clearly defined than those of Spanish consumers’ perceptions. American consumers’ purchase intentions of private label wines increase as the perception of quality for the wine increases. This is to say that if a retailer is able to help the consumer familiarize themselves with the private label wine they offer, and the wine is of good quality, the consumer will be more opt to purchase the wine in the future. The main difference between American and Spanish consumers on the basis of how quality perceptions influence their purchase intention of private label wine is how these consumers view private label wine quality as a whole. The study found that American consumers see the quality of private label wine higher than Spanish consumers did.

On the basis of value offered by the private label wine, both American and Spanish consumers were more willing to purchase the private label wine if they saw an increase in value added to their purchase. Furthermore, Americans demonstrated that they perceived to be getting a higher value when purchasing private label wines than the Spanish consumers. However, Spanish consumers are more willing to purchase private label branded wines if they already purchase other products categories offered by store brands. At the same time, store loyalty had a larger influence on American consumers. The results demonstrate that American consumers were more likely to purchase private label wine if they were loyal to the store that offered them this store brand wine. This shows the difference between the impacts that brand loyalty compared to store loyalty has on consumers.

When it came to risks associated with purchase of private label wines, the findings showed that Spaniards were more willing to take risks. This was further supported by the notion
that American’s were less likely to purchase private label wines when there were more social risks, like consuming wine in a social setting, involved. This demonstrated that Spaniards would purchase private label wine for consumption in a social situation, while Americans would shy away from this type of purchase for the same type circumstance. In the end, American’s are more willing to buy private label wine when better perceptions of quality, more value added, and store loyalty are involved, and less when risks are involved. Spaniards on the other hand are more willing to purchase private label wine for social consumption.

With these main findings in mind, the objectives can be fulfilled because the five questions introduced in the objectives section were answered. The first question asked ‘Are there significant differences between the perceptions (quality, value, and risk) of consumers in the U.S. and Spain, in relation to private label wines?’ Americans are more willing to purchase private label wine when dealing with perceptions of quality and value, while Spanish consumers were more willing to take the social risks associated with purchasing private label brands. With this information, the second question (Are U.S. consumers or Spanish consumers more prone to purchase private label wine?) can be answered. It seems Americans are more willing to buy private label wine once they are more familiar with the product, while Spanish consumers are more willing to buy it even with the social risks involved. The next question (Does store loyalty help the sale of private label wine for the retailer that offers this wine and possesses the loyalty from the consumer?) can be answered by the results found that stated that Americans were more willing to purchase private label wines if they were loyal to the specific supermarket that offered the store branded wine.

The question ‘Is a social product, like wine, and the risks associated with the product always going to outweigh the value the product offers the consumer?’ can be answered by using
the data that demonstrated that Spanish consumers were still willing to purchase private label wine, even with the social risks involved; therefore, are taking the risk in order to gain the value that private label wine offers. The Spanish consumers can also be used to answer the last question, ‘If a consumer buys private label products, will they undoubtedly buy private label wine?’ The research found that Spanish consumers were more prone to buy the private label wine if they were already a regular consumer of other private label products. With these questions answered the objectives this research set out to fulfill are accomplished. The effects that cultural differences, private label quality and value perceptions, store loyalty, and social risks have on the purchase intentions of private label branded wine were all demonstrated and supported by the analysis.

6.1. Managerial Implications

With the findings further discussed, some managerial implications can be set. Managers should take advantage of the fact that private label products are a growing trend in the alcoholic drink industry, especially in for wine (Euromonitor International, 2009). When managers make a decision to introduce the private label brand wine category into their supermarkets, there are a few things they need to keep in mind. For the United States market, they need to make sure they help their consumers get familiar with the private label wine. This will help American consumers understand the quality and value that a private label wine can offer. Managers should therefore realize that for more socially risky products, like wine or beer, the typical trends for promoting private label wines cannot be used. Managers need to understand that more effort, and possibly a small investment is needed to advertise their private label wine. They also need to realize that they have an advantage over national branded products because they can easily make more shelf
space available for their private label wine and have store display possibilities (Richardson et al, 1996). Retailers can also use in-store taste test to promote their private label wine and increase the knowledge the consumer has with their product. This will help American consumers to change their perceptions of private label wines.

Along with helping American consumers become more familiar with private label wine, managers should also take the right measures to improve store loyalty from these American consumers. Managers can do this by offering products, under their store name, that are not available in other stores or by national brands. This can increase the foot traffic, where in the end it will help consumers become more loyal to the private label brands because they are becoming more informed about the quality and value that they can offered. With store loyalty comes, brand loyalty and vice versa. Therefore, American consumers would be more likely to purchase the private label branded wine.

For Spanish consumers, managers need to have other specifications in mind. Since the research found that Spanish consumers were more willing to take the social risks associated with purchasing private label brands, managers should embrace this and try to tie it to the growing botellon trend (Euromonitor International D, 2012). Since younger Spaniards are willing to spend less when drinking socially, by drinking sweet alcoholic drinks such as wine, and they don’t see a high risk of consuming private label wines socially they are more willing to purchase private label wine for botellon purposes. Managers that sell private label wine can position themselves solely as a low priced wine, of good quality, that young Spaniards can use to mix and make sweet alcoholic drinks.
6.2. Research Limitations and Future Research

There are a few limitations involved with this study. A first limitation is the lack of participants for the Spanish survey. Since there were only 37 Spanish respondents, this could have affected the significance testing done by the Chi-square and ANOVA tests. However, the recommended amount of participants in order to achieve statistical results is at least 30 participants. Therefore, the low number of participants should not have affected the results too greatly. Another limitation could be the use of only one social product, wine. For future studies, more than one product can be analyzed at once; for example beer or chocolate. Also, because not all consumers consume wine in the same manner, the social aspect the study can be further analyzed in the future by measuring how often the consumer consumes wine in a social setting.

If a taste test could have also been administered, there could have also been more specific remarks as to what consumers thought about the specific private label wine that was provided for the surveys. For future studies, knowledge of the product could also be incorporated in order to measure if the perceptions of the consumer have been altered because of their familiarity with the private label wine provided. Due to Spain and the United States not being so different, future research can try to do a similar research on countries that differ much more than the two countries analyzed in this study. In conclusion, the findings may not be able to be generalized to other product categories and other courtiers.
7. REFERENCES


Euromonitor International F (2012): “Mercadona SA in Retailing (Spain)”, Passport Database.


Rossides, N. (2011), National brands and private labels: fierce rivals, uncomfortable bed fellows, or enlightened partners?,


8. APPENDIX

English Survey for Private Label Wine

I am an International Masters in Business Administration student at the University of North Carolina Wilmington. I am currently conducting a research study for my master thesis and only need 10 minutes of your time for a short survey. All information will be confidential and anonymous and will help answer some very important research questions based in my field of study about private label brands. Thank you for your time and help.

When answering questions please keep the following in mind: Trader Joe’s Private Label Wine sold at Trader Joe’s supermarkets for around $5.

Private label brands (store brands) = Trader Joe’s or Great Value

National brands = Coca-Cola or Budweiser

Please indicate your response for the following on a scale 1 (strongly disagree) to 5 (strongly agree):

1. I am very concerned about low prices, but I am equally concerned about product quality
2. When grocery shopping, I compare the prices of different brands to be sure I get the best value for the money
3. When purchasing a product, I always try to maximize the quality I get for the money I spend
4. When I buy products, I like to be sure that I am getting my money’s worth
5. I generally shop around for lower prices on products, but they still must meet certain quality requirements before I buy them
6. I always check the prices at the grocery store to be sure I get the best value for the money I spend
7. This Trader Joe’s wine is of low quality
8. This Trader Joe’s wine is an inferior product
9. Buying private label brands makes me feel good
10. I love it when private label brands are available for the product categories I purchase
11. For most product categories, the best buy is usually the private label brand
12. In general, private label brands are poor-quality products
13. Considering value for the money, I prefer private label brands to national brands
14. When I buy a private label brand I always feel that I am getting a good deal
15. At the price shown ($5), I would consider buying Trader Joe’s wine
16. Overall, I have a favorable view on Trader Joe’s
17. Trader Joe’s is a high performing retailer
18. Trader Joe’s is close to my ‘ideal’ store
19. Trader Joe’s carries high quality merchandise
20. Trader Joe’s provides attractive shopping experience
21. Once I choose a wine brand, I don’t like to switch
22. I prefer the brand of wine I always buy instead of trying another one that I am not sure about
23. I see myself as a brand loyal person
24. If my preferred wine brand is not available in the supermarket, I can easily choose another brand
25. I don’t like to take risks
26. The purchase of store brand grocery items is risky because the quality of store brands is inferior
27. I am not sure if Trader Joe’s wine will be good enough
28. When I choose a brand of wine, it is not a big deal if I make a mistake
29. I consume wine in a social setting
30. I believe that the brands people buy say something about the person
31. You can tell a lot about a person from the brands that they buy

Please mark your opinion for the following questions:

32. This product (Trader Joe’s Wine) is a: (1 = very poor value for the money to 5 = very good value for the money)
33. The price shown for the product is: (1 = very unacceptable to 5 = very acceptable)
34. The likelihood that Trader Joe’s wine would be reliable is (1 = very low to 5 = very high)
35. The likelihood of me purchasing this Trader Joe’s wine is (1 = very low to 5 = very high)
36. The probability that I would try this Trader Joe’s wine is (1 = very low to 5 = very high)

To finish the survey, please answer the following demographic questions:

37. Gender:
   a. Male
   b. Female
38. Age:
   a. 18-26
   b. 27-36
c. 37-46  
d. 47-56  
e. 56-67  
f. 68+

39. Nationality:
   a. American  
   b. Spanish  
   c. Other  

40. Education:
   a. Some college or less  
   b. College graduate  
   c. Postgraduate degree  

41. Family Income  
a. <$25,000  
b. $25,000-49,999  
c. $50,000-74,999  
d. $75,000-99,999  
e. >$100,000  

Thank you for your contribution to this study. I greatly appreciate your time. —Catalina Pardo
Estimado señor/a. Soy una estudiante del Master Internacional en Administración de Empresas de la Universidad de Valencia. Estoy llevando a cabo una encuesta sobre las marcas del distribuidor. El cuestionario se cumplimenta en apenas cinco minutos y será anónimo, ya que la información recibida sólo se utilizará para usos académicos y será confidencial. ¡Muchas gracias por su colaboración!

Al contestar las preguntas, por favor, considere el vino de marca Hacendado (marca del distribuidor: Mercadona) que se vende en los supermercados Mercadona por €1.25 aproximadamente.

Marca del distribuidor (marca blanca) = Hacendado o Carrefour
Marcas de fabricante (primeras marcas) = CocaCola

Por favor, indique su opinión en una escala de 1 (muy en desacuerdo) a 5 (muy de acuerdo):
(1 = completamente en desacuerdo; 2 = en desacuerdo; 3 = indiferente; 4 = de acuerdo; 5 = completamente de acuerdo)

1. Estoy muy preocupado por los bajos precios, pero estoy igualmente preocupado por la calidad del producto.
2. Cuando voy a comprar comestibles, comparo los precios de diferentes marcas para asegurarme de obtener lo máximo por mi dinero.
3. Al comprar un producto, siempre busco la máxima calidad por el dinero que gasto.
4. Cuando compre productos, me gustaría estar seguro de que estoy recibiendo valor por mi dinero.
5. Por lo general, voy a diferentes supermercados buscando los precios más bajos de los productos, pero cumpliendo con ciertos requisitos de calidad antes de comprarlos.
6. Siempre compruebo los precios en el supermercado para asegurarme de obtener el mejor valor por el dinero que gasto.
7. Este vino de Mercadona es de baja calidad.
8. Este vino con marca Hacendado es un producto inferior.
9. Comprar marcas del distribuidor (marcas blancas) me hace sentir bien.
10. Me encanta cuando las marcas del distribuidor (marcas blancas) están disponibles para las categorías de productos que compra.
11. Para la mayoría de las categorías de productos, la mejor compra es por lo general la marca del distribuidor (marca blanca).
12. En general, las marcas del distribuidor (marcas blancas) son productos de mala calidad.
13. Teniendo en cuenta el valor que obtengo por mi dinero, prefiero las marcas del distribuidor (marcas blancas) a las marcas de fabricante (primeras marcas).
14. Cuando compro una marca del distribuidor (marca blanca) siempre siento que estoy haciendo una buena compra.
15. Para el precio indicado (£1,25), consideraría comprar el vino de marca Hacendado.
16. En general, tengo una opinión favorable sobre Mercadona.
17. Mercadona es un minorista de primer nivel.
18. Mercadona está cerca de mi tienda “ideal”.
19. Mercadona ofrece productos de alta calidad.
20. Mercadona ofrece una experiencia de compra atractiva.
21. Una vez elijo una marca de vino, no me gusta cambiar.
22. Prefiero la marca de vino que siempre compre en lugar de tratar otra sobre la que no estoy seguro.
23. Me considero una persona leal a una marca.
24. Si mi marca de vino preferida no está disponible en el supermercado, puedo elegir otra marca sin problemas.
25. No me gusta correr riesgos.
26. La compra de productos con marca del distribuidor (marca blanca) es arriesgado porque la calidad de las marcas del distribuidor (marcas blancas) es inferior.
27. No estoy seguro de si el vino con marca Hacendado será lo suficientemente bueno.
28. Al elegir una marca de vino, equivocarme no es un gran problema.
29. Suelo consumir vino cuando estoy en una reunión social.
30. Creo que las marcas que la gente compran dicen algo sobre la persona.
31. Se puede decir mucho sobre una persona por las marcas que compra.

Por favor, indique su opinión acerca de las preguntas siguientes.

32. Este producto (Vino de marca Hacendado): (1 = no vale en absoluto lo que cuesta a 5 = ofrece mucho valor por lo que cuesta).
33. El precio del producto es: (1 = muy inaceptable a 5 = muy aceptable)
34. La probabilidad de que el vino de marca Hacendado sería fiable es (1 = muy baja, 2 = baja, 3 = neutro, 4 = alta, 5 = muy alta).
35. La probabilidad de que compre este vino de marca Hacendado es: (1 = muy baja a 5 = muy alta).
36. La probabilidad de que pruebe este vino de marca Hacendado es: (1 = muy baja a 5 = muy alta).
Para finalizar, le agradecería respondiese estas rápidas preguntas de clasificación:

37. Género:
   a. Hombre
   b. Mujer

38. Edad:
   a. ● 18-26
   b. ● 27-36
   c. ● 37-46
   d. ● 47-56
   e. ● 56-67
   f. ● 68+

39. Nivel de educación:
   a. Educación primaria
   b. Secundaria
   c. Universidad
   d. Estudios de Postgrado
   e. Otro

40. Nacionalidad:
   a. Española
   b. Otra

41. Nivel de Ingresos anuales del hogar:
   a. ● <25,000 euros
   b. ● 25,000-49,999 euros
   c. ● 50,000-74,999 euros
   d. ● 75,000-99,999 euros
   e. ● > 100,000 euros

Le agradezco mucho su feedback y su colaboración en mi estudio. Muchas gracias por su contribución y por su tiempo. Catalina Pardo