Mark Scheme

BUS040X631Y	BUSINESS DISSERTATION	MARK	Excellent 70% +	Good 60-69%	Satisfactory 50-	Weak 40-49%	Very poor – 39%
Student Name and number Title of dissertation	 Why customers buy own label						
INTRODUCTION & OBJECTIVES (10%) *is the topic clearly stated and defined with a clear purpose? *are the aims and objectives (or research questions) clear, relevant and coherent? *if a hypothesis is identified, is it a proper testable hypothesis? *are the aims and objectives achievable?	COMMENTS Satisfactory Yes - good NA Yes	60%					
LITERATURE REVIEW (20%) *has a comprehensive range of relevant literature been used? *are the sources up to date and of sufficient academic weight? *does the dissertation give evidence of a critical attitude towards source material? *have the sources been acknowledged and referenced properly? Is the bibliography complete and in the Harvard style?	COMMENTS Yes – some rather dated Davis and Pellegrini, some missed e.g. Pepe et al (2011) JBM No Yes	55%					
METHODOLOGY (15%) *is there a clear rationale for methodology? *have the advantages and disadvantages of the chosen methods been discussed? *is the research methodology described fully? Could it be replicated? *are relevant research instruments e.g. blank and completed questionnaires *are the sampling methods described in detail i.e. *who are the respondents, how many and how selected? *are data analysis methods discussed egg content analysis, descriptive statistics, correlation, tests of significance	COMMENTS Yes, more could have been done e.g. mixed methods. Few questions 10 and no obvious link to loyalty/brand lit. No explanation of qual questions in quan survey. No questions about loyalty. Yes Sampling was convenience not probability e.g. time of day, stratified would have been best. No	55%					
RESULTS, ANALYSIS AND DISCUSSION (25%) *is the analysis appropriate to the data collected? *FOR QUESTIONNAIRES *how clearly presented are the data? Are details of the statistical analyses provided? Does the chosen statistical analysis make the most of the data? *FOR DEPTH INTERVIEWS *are the interview transcripts included in	COMMENTS Introduces gender correlation – this was not a research question/hypothesis No stats Matches results back to literature. Quite basic piece of research on shopping habits. No links	46%					

the appendices? Is there evidence that the data have been systematically analysed? Is there a summary of key points? *are the key themes and issues discussed *are links drawn with both the research objectives and the literature review	to original research objectives.							
CONCLUSIONS AND RECOMMENDATIONS (10%) *do the conclusions follow on from the findings? *are the conclusions well grounded in the evidence? *are the recommendations plausible given the research findings?	COMMENTS* Reasonable conclusions in view of the findings. Yes Yes Relates to title	65%						
OVERALL STRUCTURE AND PRESENTATION (10%) *is the overall style and presentation in accordance with that specified in the Module Handbook e.g. word count, spacing, section headings, Harvard style of references, font size *is the abstract a concise summary of the main aims, methodology, findings and conclusions? *does the dissertation read as an academic piece of work?	COMMENTS* Well presented.	70%						
VIVA (10%) Did the student authenticate and substantiate the submitted work? Was the student on top of the material presented?	COMMENTS* Spoke fluently about the research project strengths and weaknesses.	75%						

1st MARKERS MARK: 56%

2nd MARKERS MARK: 55%

28/5/14

FINAL MARK: 56 %

2nd marker comments.

BUS040X631Y	BUSINESS DISSERTATION	MARK	Excellent 70%+	Good 60-69%	Satisfactory 50-59%	Weak 40-49%	Very poor — 39%
Student Name and number --- **Title of dissertation** Why do customers but own brand label products							
INTRODUCTION & OBJECTIVES (10%) *is the topic clearly stated and defined with a clear purpose? *are the aims and objectives (or research questions) clear, relevant and coherent? *if a hypothesis is identified, is it a proper testable hypothesis? *are the aims and objectives achievable?	COMMENTS Issue of broadness of objectives here. Need to perhaps look at narrowing this.					45	
LITERATURE REVIEW (20%) *has a comprehensive range of relevant literature been used? *are the sources up to date and of sufficient academic weight? *does the dissertation give evidence of a critical attitude towards source material? *have the sources been acknowledged and referenced properly? Is the bibliography complete and in the Harvard style?	COMMENTS A need to become more specific about the topics are discussed in the review. Tendency to simply list ideas and no real effort to highlight gaps in the literature. Also a lot of the resources used are quite old.				50		

METHODOLOGY (15%)	COMMENTS			60			
*is there a clear rationale for methodology? *have the advantages and disadvantages of the chosen methods been discussed? *is the research methodology described fully? Could it be replicated? *are relevant research instruments eg blank and completed questionnaires *are the sampling methods described in detail i.e. *who are the respondents, how many and how selected? *are data analysis methods discussed egg content analysis, descriptive statistics, correlation, tests of significance	A good attempt here showing some good understanding of the research method process. All key elements have been touched on questionnaire has been provided						
RESULTS, ANALYSIS AND DISCUSSION (25%) *is the analysis appropriate to the data collected? *FOR QUESTIONNAIRES *how clearly presented are the data? Are details of the statistical analyses provided? Does the chosen statistical analysis make the most of the data? *FOR DEPTH INTERVIEWS *are the interview transcripts included in the appendices? Is there evidence that the data have been systematically analysed? Is there a summary of key points? *are the key themes and issues discussed *are links drawn with both the research objectives and the literature review	COMMENTS This is a solid element of the piece . Some very good illustrations but importantly these are well explained also. Some solid details of the statistical details are also provided.						
CONCLUSIONS AND RECOMMENDATIONS (10%) *do the conclusions follow on from the findings? *are the conclusions well grounded in the evidence? *are the recommendations plausible given the research findings?	COMMENTS* Recommendations are interesting. But again A little broad. Try to back these up more evidence. You do show a clear understand the issues of selling own brand products						

OVERALL STRUCTURE AND PRESENTATION (10%)	COMMENTS*						
*is the overall style and presentation in accordance with that specified in the Module Handbook e.g. word count, spacing, section headings, Harvard style of references, font size *is the abstract a concise summary of the main aims, methodology, findings and conclusions? *does the dissertation read as an academic piece of work?	Very good clear and easy to follow piece of work.						
VIVA (10%) Did the student authenticate and substantiate the submitted work? Was the student on top of the material presented?	COMMENTS* Confident student app I was willing to talk about what he has learned throughout the process of research he has taken on.						

1st MARKERS MARK:

2nd MARKERS MARK: 55

Agreed

2nd marke.

FINAL MARK:

Why do customers buy own label products and how effective it is at driving loyalty?

Acknowledgements

First and foremost, I would like to thank god for giving me the strength and ability to do this business research. I have encountered several obstacles that I feel without the prayer of my family and friends this may not have been achieved.

I would also like to remember; this could not have happened without Susan Layton who will always be remembered. Her support and courage to help me take bigger steps is something I shall not forget. I am so shocked that she has passed away and will always be in our hearts.

I would also like to thank Stephan Oregan who stepped up to support me, even though it must have been difficult for him to put me on his timetable with such short notice. I am very grateful that I had the opportunity to engage with him.

And finally I would like to take this opportunity to thank my mum and dad who have supported me from the first day I started university. Also my grandfather who passed away this year, he was everything I lived for, I wish he could of seen me graduate.

This has been such an amazing experience I cannot explain how much of ups and downs I faced.

In memory of Susan Layton 2014

Abstract

Purpose
The purpose of this project is to explore why customers buy own label products and how effective it is at driving loyalty. Also to investigate what power own-branding provides grocery retailers, and what does loyalty scheme cards provide the grocery retailer.

The report will investigate whether there is a link between customer loyalty and branding factors outlined by previous research and current respondent's views.

Literature Review
Equally this research area has been looked into in past research. The author will identify and explore opinions from past research to understand these issues. Furthermore some of these topics debated include branding, customer loyalty and brand equity.

Research methodology
Primary research was conducted via surveys in local grocery stores. The researcher has evaluated a pilot questionnaire and developed a final questionnaire to produce the final research. This survey was taken outside Tesco Extra Wembley, Tesco were not involved in the research other than to provide approval at a store level for the research to take place outside of their premises.

Furthermore the researcher will discuss data collection process, some specific background on customers and ethical reflections.

Research findings

This research has identified that customers believe that Tesco own-brand quality is the same as branded products and when it comes to purchasing, consumers do not look at labeling and packaging as the most important aspect. Rather, customers look into price and quality as the most important.

Research findings conclude that consumers earning £16k or less are more likely to visit Tesco more often than consumers earning £35k and above. Also customers aged 16-24 are more likely to purchase own-brand products than consumers aged 35+.

Conclusion

It would be reasonable to conclude that, consumers are happy to purchase own-brand products for price and quality and not visual labeling or reputation. Equally loyalty scheme cards influence customers to return to Tesco, although loyalty has no attachment to own-brand products.

Content

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Chapter one: Introduction

1.1 Research Area

Contained in this research is an investigation and examination on the consumers influence in buying own label products at Tesco. The author will investigate why consumers choose unbranded products over branded products and why Tesco have a wide range of home branded products. Also an examination on local consumers and why they choose home branded products, and to what extend this has affected them.

Consumers have rapidly been growing in supplying the household with cheaper products from supermarkets; therefore this has given this research the chance to investigate the consumer's purchasing decisions and what influences them when it comes to supermarket shopping.

Tesco are a successful supermarket in the UK and now operate in 14 different countries. Tesco started from the London's east end in 1919 by Jack Cohen, now Tesco employ over 500,000 staff and aim to serve tens of millions of customers each week (Tesco,2013).

The slogan 'Every little helps' was launched in 1992, following that year in 1993 Tesco launched the value range. In 1995 Tesco launched the club card scheme helping Tesco strive and overtake the rival Sainsbury's as the UK's largest supermarket.

Retail supermarket Tesco's vision reflects their slogan 'every little helps', Tesco's main aim is to provide everything they can offer to their loyal customers. Using incentive schemes such as the club cards enables Tesco to compete with the high-end supermarkets such as Waitrose and the average priced supermarkets like Asda. Also by providing anything from loans to mobile phones, helps Tesco stay closer to their

customers, therefore holding to their customers relates to their vision 'every little helps'.

1.2 Research Problem

At the beginning stage of the research proposal there is to be expected many problems with regards to collecting quantitative and qualitative data. These problems will be encountered while gathering consumer's information and their honest feedback, also some consumers will not want to take part. Tesco may not allow the researcher to take this research outside their branch. Nonetheless, if the research went forward and data was collected it will allow the research to be an achievement for the researcher and for the supermarket. The author may also encounter a problem with the correspondence of the local manager and staff. Also time management will be crucial a component to allow the researcher to analyze the final data.

1.3 Research Aim

The main level of the research question in this research is 'Why do customers buy own label products and how affective it is at driving loyalty?'' this research question can be broken down to smaller parts and will develop into Specific Research Questions (SRQ), which in turn will help develop the main question.

1.4 Research Objectives

SRQ 1: what is consumer's opinion on branding?

Companies use a brand name to represent their image and quality to their consumers or possible customers. In this question the view of consumers will be analysed on how consumers feel about branded products.

SRQ 2: What is the consumer opinion towards Tesco's own branded products over other brands?

Consumers opinion towards on own label products at Tesco can be the specific role of high profits at Tesco's supermarkets. Therefore they can be saving more money from

suppliers on their own label products over the branded products. This SRQ will examine how consumers recognise the difference in own label products.

SRQ 3: What are the factors that affect consumer's loyalty on branded products?

Tesco's home branded products or other branded products will be looked at when consumers keep brand loyalty. In this SRQ, research will take place to analyse what the key factors are such as price, promotion, quality and advertising have on consumer's loyalty.

SRQ 4: What are the reasons that affect consumer's choice on buying own label products at Tesco?

Does Tesco use specific store layouts to gain more consumers buying own label products? This SRQ will analyse consumers decisions on why they buy own label products, if consumers look at quality and price.

Chapter two: Literature Review

2.1 Introduction

The most successful corporate branding today is retail branding. Retail branding invests a large amount of money to build a brand image and brand equity (Martenson, A. 2007). Tesco is one of the leading grocery retailers and has developed a reputation and impression for its own-brand products that reflect its brand standards rather than the standards of the well-known brands in each category (Wolff Olins, 2013). In the past Tesco branding did not reflect the consumer's values whereas now 'Tesco's values of the corporate brand are assumed to have a positive impact on the store brands carrying the corporate name' (Martenson, A. 2007). Past research as well as academic studies indicates that the store image may influence customer's opinions on store brands (Gle´met et al., 1995).

European retail own brands products are estimated to be worth 100 billion euros, research shows in 2005 Great Britain comes third at 28%. Nielsen (2005) suggests that the growth rate of store brands is twice as high as other branded products at 2%. This research also showed the most important own brand products that retailers sell are: dairy products, ready to eat food and homeware essentials. These products are not the market shares highest, frozen foods and animal food comes in at an average of 23% of the market. In contrast, the lowest own brand products to be sold are cosmetics, hygiene products and baby food with an average of 3%.

In Nielsen (2005) research also shows that retailers own-brand products sells an average of 30% less than branded products, in spite of this, branded products still try to make a discount of 25% to compete with own branded products. Also it is important to clarify that retailers produce different types of products for their own-

brands including premium products with high quality and budget quality products. Tesco use this as their marketing strategy to compete with big branded products and try to control the market share. Additionally, Tesco make 'smart price' products and 'Tesco finest products', this is seen throughout a wide range of their produce across the store (Tesco, 2013).

Retailers have introduced loyalty scheme cards in the past few years; these loyalty schemes attract customers by inviting them to fill in application forms. Customers are also provided with a plastic card upon which points and offers are added to when the customer uses it to make purchases. These forms include details such as names and addresses, subsequently this information is added to a database; this database is used to record customers shopping habits and monitors how often they shop. This database is used for marketing and segmentation to customers. Retailers use this information to stay in direct contact with their customers by providing them with offers on products and Tesco's promise of loyalty points. Retailers are able to keep their promise to the customers by supplying their specific needs because they are substantially well informed about their customers knowing their demographic on a more personal and specific level. Customers willingly submit their details in a symbiotic exchange for rewards and services in the spirit of supply and demand helping the retailer to fulfill their promise.

Consumers have had considerable debate weather loyalty scheme cards have value to them. Customers criticize weather loyalty scheme cards are just another way that retailers can get hold of their information and can offer discounts without offering loyalty points.

2.2 Branding

Branding is used by organisations to create an image in the consumer's mind that is associated with quality and trust. A brand is defined as a logo or name; it serves the customer to define a service or idea in order to notify the market of their uniqueness to other competing products (Stancec, 2003).

The brand is a power to separate other competitive options and to help motivate the customer in purchasing the product. Keller (1998) states branding gives the following roles to consumers when defining what a brand is, defining the responsibility of the manufacturer, identifying the origin, weakening the cost/risk of searching for other products, a promise and a guarantee or contract with the manufacturer.

Also branding is created through the social media and celebrities. For example Pepsi uses football athletes to expand their brand that in effect attracts consumers to follow them. Branding is widely used with advertisement and social media and has created a new global phenomenon. Also other big companies have used this tactic to gain customer loyalty.

Companies use branding to gain power, for example Tesco are seen to influence the retail market by using their brand for quality and uniqueness. Tesco advertise throughout the UK for awareness; visually Tesco is seen to be everywhere. Tesco express and Tesco extra have been seen to open in rural areas and cities.

2.3 Retail branding

Tesco branding follows the definition of De Chernatony (2009) *"Retail branding is a systematic process in order to create a cluster of values that promise a unique and welcomed experience for the buyer or user of retailer brands"*.

Branding is also another way to gain customer loyalty; Tesco has promoted loyalty through loyalty card schemes and branding schemes. Retailers invest a large amount in order to build brand image and equity (Turner, J. and Wilson, K. 2006). Also retailers are using quality and standards to build their own-brand image to emphasise that their products are as good as the branded products.

In the recent years retailers have seen a rapid change in positioning of their own-brands, in the beginning own-brands were introduced as cheap low price alternatives to branded products. However in recent years many retailers' own-brand products are now moving into premium products that reflect the personality of the stores. Also retailers are now seen to have their own in-house product development; this is seen growing in clothing and office retailers such as Zara and Staples. Furthermore retailer's advantage from using in-house productions, this is seen as very influential to customer loyalty, in affect this creates a unique production of products that sway consumers to come back (Choi and Coughlan, 2006).

Furthermore retailers have seen a changing position of own-brands; Burt and Davis (1999) explain the results in current years from the fact that retailers now take a dynamic role in developing and marketing their main own-brands rather than being a branded distributor of national brands. Also research suggests and acknowledges the development of own-brands from low quality, low price products to high quality, high price. This change is seen throughout retailers today. (Burt and Davis, 1999; Burt, 2000).

2.4 Brand Equity

Aaker (1991:15) defines Brand equity as "a set of assets and liabilities linked to a brand, its name and symbol, that add or subtract from the value provided by a product or service to a firm and/or that firm's customers." The diagram below (Figure 2c) shows Aakers brand equity measurement on five aspects including Brand loyalty, Brand awareness, and Brand association, Perceived quality and Market measure.

Also Keller (1993:2) states there is "the differential effect of brand knowledge on customer response to marketing of the brand" 'Reactions to the marketing mix compared with the mix for a generic product'.
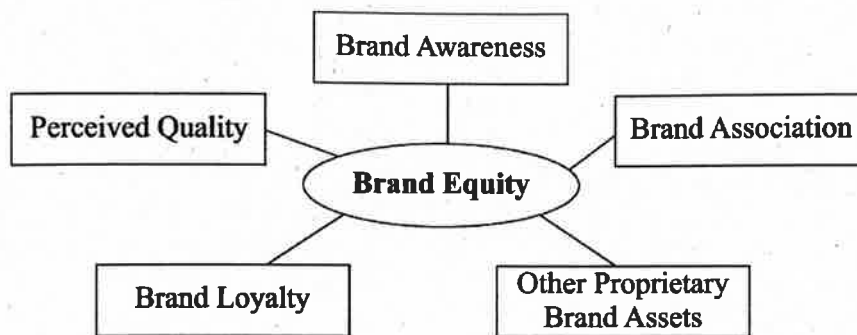
Source: Aaker (1991)

Figure (2c) A conceptual framework for brand equity

(Aaker (1996) and Tong (2009)

Retail own brand is a highly influential profit maker, retailers are able to "control an increasing proportion of the floor space, shelf space and ultimately sales'' (Burt, 2000). In the long run retailers are able to take advantage of their size and control excess capacity in manufacturing (Burt, 2000). Also branded suppliers; in particular smaller brands are willing to produce their products on behalf of the retailer's name.

Furthermore aggressive pricing strategies in retail have become well known in the UK consumer market. Retailers use multi-buy offers and buy one get one free offers to control the consumers purchasing behavior (Clarke, 2000).

Also retailers allocate an excessive amount of shelf space to keep their own brand products in comparison to branded products with less visible space (Martenson, 2007). With this taken to account retailers own brand products are still seen to be less profitable than branded products. Martenson (2007) suggests that even though retail own brand product are cheaper and more visible branded products are more profitable when almost half the products were analysed.

2.5 Brand loyalty

Brand loyalty is when a consumer regularly buys the same brand over a long period (Brassington & Pettitt, 2003). Consumer's loyalty relates to attachment, often consumers are attached to a brand and stay loyal to this brand for a long time. There are three retailers that are known to be at the top of their market, according to research Tesco, Asda and Sainsbury's are the leading three (Wells and Farley, 2007). In addition, these three retailers account for 51 per cent of their sales on own label products (Wells and Farley, 2007). In Tesco's five sub-brands they have achieved 20 per cent of their overall sales. "The top two are bought by a third of all main shoppers", also Tesco are the leaders in own label brands, they are the first retailer in the UK to offer a "premium range of prepared food and drink products under their own-label 'finest' brand" (Wells and Farley, 2007).

Previous research shows that retailers have used own label products as a benefit to gain loyalty with their consumers, also to capture the vast market growth (Huang, 2009). However there is no research yet to be found in positioning of goods and how it affects customer loyalty and performance.

Whether research can prove customers are loyal to own brand products or not, what is clear is that there is an increase in demand and that retailers are capitalizing on this. Retailers are competing with each other to keep consumers coming back. In addition creating services within their retail brand, at Tesco Extra Wembley they have achieved this by opening a Post Office, Nandos and dry cleaning service. Also Tesco have other services they offer within their retail sector, some services include Tesco Money, Tesco Mobile and Tesco delivery.

These aspects in retail may be the advantage in keeping customers; also advertising is important factor towards loyalty schemes. Tesco may use the information collected

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from the Club Card to benchmark and advertise to individual consumers on the products they personally buy.

Customer loyalty is when customers decide to return and do business with a particular retailer by purchasing their products and services. Also loyalty is when the customer identifies that these products or services can also benefit friends and family by recommending the retailer to them (McIlroy and Barnett, 2000, p. 348). However loyalty is neither easy to gain nor maintain, rather it is defenseless. Weather a customer is satisfied with the product or service, customers are always looking for better value, quality or convenience (McIlroy and Barnett, 2000, p. 348).

Dick and Basu (1994) have created a framework to investigate the concept of loyalty that uses four different factors based on behavior and attitude. However Sopanen (1996) reveals that there must be two more factors that conclude the investigation as shown below.

(1) Monopoly loyalty, where the consumer has no other available choice.

(2) Inertia loyalty, where the consumer does not look for other choices available.

(3) Convenience loyalty, where the consumer only decides, based on location.

(4) Price loyalty, where the consumer is only swayed by the best price.

(5) Incentivised loyalty, where the consumer is benefiting by loyalty scheme cards and other loyalty services.

(6) Emotional loyalty, where the consumer is emotionally attached to a branded product.

From these six loyalty factors we detect that loyalty schemes such as Tesco club card has influenced consumers with incentives schemes that are influential but still questionable.

Furthermore these factors prove that consumers are affected by convenience, quality, price and location. On the other hand, Wright and Sparks (1999) mention that loyalty scheme cards are nothing but a promotional trick.

According to Uncles (1994) customer loyalty can be achieved but only in the short term. However emotional attachment is hard to identify in the long term, whether or not consumers' behavior changes makes it more difficult to adjust as a retailer.

Noordhoff et al. (2004) states loyalty has had a positive impact and is increasing the number of consumers retuning from these incentives. Also loyalty schemes are aimed to have long term relationship with the consumer, eventually leading to an increase in sales and profits. Uncles (1994) suggests that a sense of belonging is what attracts consumer's loyalty. To some extent retailers are willing to listen to consumers including retailers whom are willing to transform and care for their customers' voice.

However consumers acknowledge that what they give in return to loyalty schemes is their personal shopping information. To some extent consumers are paying for these loyalty schemes, which in affect helps retailers develop marketing strategies. For this reason loyalty schemes are becoming gradually popular. Byrom (2001) suggests that there are more than 150 loyalty schemes and 40 million loyalty cards in the UK.

2.6 Own brand products

Own brand products are the retailers traditional reference to own label products, it is "often used interchangeably with private labels, own labels, retail brands or store brands" (Huang, 2009). The definition of own brand is "consumers products produced or on behalf of the distributors and sold under the distributors own name or trademark through the distributors own outlets" (Huang, 2009).

Past Research shows that own label products serve the same purpose as other branded products. However, own label products can be related to cheap price and bad quality (Anchor, 2009). According to Anchor (2009) these assumptions no longer exist, "they are no longer seen as just cheap imitations of poor quality bought only by less affluent customers". Therefore this shows that retailers have worked hard to show off their own label products by making them up to standard/quality with branded products. Moreover, Tesco have been very active by developing premium products and specialized ranges to meet the discerning consumers. The outcome is to allow consumers to think that Tesco's own label products are just another brand and is as good quality as other shelf brands (Anchor, 2009).

Whether own label products have contradictions against quality and value for money, it is still the most selling brand. It is commonly seen that younger consumers have the highest purchasing of retail own label brands. Research has argued that these individuals were more willing to take risk in unbranded produce when buying own label products. Also the research shows that the income-controlled customers preferred to buy tried and trusted brands (Burt, 2000).

However in recent research it has been proven that products are bought on crucial factors, these factors come from attractive packaging, labeling, brand image, quality and the overall image of the retailer brand success (Burt, 2000).

In addition weather retailers are able to control what consumers purchasing behaviour, there is an increase in demand for own label products. "An estimate that the market growth for UK own-label food increased by 18 per cent between 1999 and 2004" (Wells and Farley, 2007). Also between 2000-2005 there has been an increase from 34 per cent to 45 per cent. Even though there has been a high increase in purchasing own-brands, retailers still know there is increase for demand on own label products still to be made (Wells and Farley, 2007). The craving for quality and choice in products has allowed retailers to pursue premium priced and finest food products, therefore allowing retailers to offer even more premium priced and higher quality products. Although retailers are able to control the supermarket space, it is important that they are able to produce such high amount of variety in one name/brand (Clarke, 2000).

"Retailers own brand products are now ranked as top brand categories"(Huang, 2009), furthermore leading retailers have been competing, developing and marketing their own brand even though they are the big distributors of other branded products (Huang, 2009). In addition retailers have hit back on consumers assumptions of their own label products in being bad quality and low price. The introduction of high price and high quality own label products has been very successful.

Keller (2004) suggests market growth and own-branding has created an advantage for retailer to create customer loyalty, however there has not been any research on to how the position of own-branding is creating customer loyalty. Also Keller states in the past low quality, low price was the main disadvantage to gaining customer loyalty. However, today retailers are seen to move to high quality, high price products to attract loyalty. Shown in figure one the retailers response to own-brand products.
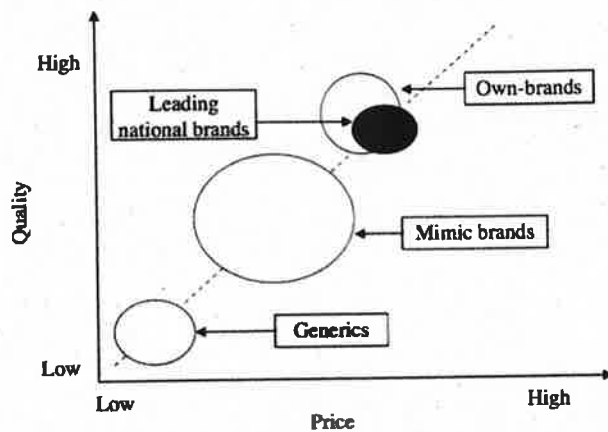
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Figure 1

Davies (1992) explains four significant tests that research own brand penetration. The following test based pricing, psychic value, separate existence and differentiation.

(1) Pricing: Does the image of the product/service control the price in the retail sector because of reliability/quality?

(2) Psychic value: does the brand offer a benefit, sensory or symbolic value to the customer?

(3) Separate existence: can this product be sold, valued, used or licensed independently from the company that owns the brand or name.

(4) Differentiation: does the consumer think positively different about the product or service in regards to similar offers in the retail sector?

Furthermore, Davies (1992) describes these four tests simply to be convenient labels if the retailer's range of products cannot pass these tests.

However a further four test determine the development of own brands as suggested by Pellegrini (1993). The following four tests as proposed.

(1) Between the name used to identify the retailer and the name used for its brand.

(2) Positioning of the retailers brand and their manufacturing standards.

(3) The range of products that the retailer sells.

(4) The performance of the manufacturer and how integrated the marketing functions are.

Therefore the retailers own brand strategy is largely dependent on how it can offer unique competition from leading grocery retailers. If all retailers have the same branded products, they will only be able to compete on price, promotion and offers. Whereas if the retailer has more own label products they can offer a wider variety of corporate strategy's including quality, price and arability.

Chapter three: Research Methodology

3.1 Introduction

Chapter three consists of the following research and methods used to meet the objectives of this research project. Also in this chapter the author will address how the research approach, data collection and data analysis will be tackled. Furthermore the author will evaluate ethical considerations and limitations to this project. Outlined in (model 1) the approach the researcher will be using to help evaluate in depth for methods that are used in this research.

3.2 Research philosophies and approaches

Key influential research attitudes indicate positivism and phenomenology are very likely to give better results (Gray, 2009). Phenomenological research is built on social science, which claims that our environments have no crucial objective reality or fact, however it is determined by our shared experiences and understandings (Huczynski and Buchanan, 2007). Consequently it is near to impossible to measure the physical science towards phenomenology. As the perspective of an individual phenomenology is more concerned with the study of experience. This method is usually used to gather information through qualitative approaches such as discussions, observations and interviews. Furthermore these methods enable an understanding to a subjective experience, also identify key aspects in peoples actions and motivations. Qualitative methods usually only require small samples for research (Gray, 2009).

In contrast the study of objective scientific methods, also known as positivism is viewed as the 'belonging to the social world' (Huzcynski and Buchanan, 2007). Positivism is the approach that pursues factual data rather than beliefs and implies actual result that looks to identify movements and trends, so that simplification can be built. However this method is accumulated through quantitative methods and requires larger data samples (Saunders et al., 2009).

Qualitative versus quantitative: Qualitative research focuses on the human behaviour and identifies differences in aspects that define characteristics, creativity and emotions (Calder, 1977). However qualitative research is also known not to have numerical depth and cannot be statistically analysed (Calder, 1977).

Quantitative research is the method used to collect data and sampling approach to identify and calculate research. Usually quantitative methods are used through questionnaires and surveys to incorporate a large amount of numbers and data collection. The researcher has focused on quantitative methods and considers it as the most effective approach (Ponterotto and Grieger, 1999).

3.3 Research process

This research is built around on a positivist approach by using quantitative methods to describe and explain, and provide information that can be used for professionals seeking retail guidance. Specifically this approach examines brand loyalty and consumer behavior and to what extend does this relationship have on consumer choice. Furthermore, research that calibrates practices and generates numerical data that will be analyzed using mathematical techniques.

Quantitative research follows a rational approach that directs towards theory rather than practical methods. However the benefit of this method can simplify imitation, as a result this method is measurable and can lead to a numerical analysis (Saunders et

al, 2009). The disadvantage to the qualitative methods is that the results cannot be measured to a greater audience with the exact preciseness that a quantitative approach can. This is because the result is not measured whether they are significantly different or unintended.

3.4 Research methods

The research will be realistic and quantitative description. Although there has been research in the past, to identify the relation between customer loyalty and own-brand products has failed to highlight key relevant aspects to what consumer's decisions are. In addition, past research has been primarily limited within the range of the retail sector. Therefore it is important to analysis and spread this research quantitatively so that it gives us awareness on weather own-brand products accumulate consumer loyalty.

The second stage of this research is to underline weather the statistical results will determine how consumers decide on weather they choose own-brand for loyalty, price or quality. Also to look at weather this relationship consumers built with the UKs retail industry (As emphasized in the first stage). Figure 2 shows three-research contrast relating to customer loyalty. The main data collected from this stage of research, jointly with the literature review and the second stage will be crucial in developing the conclusion of this research.

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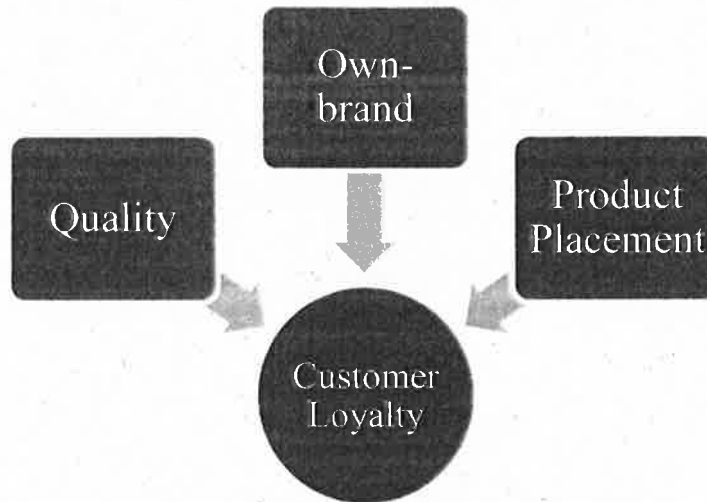
3.5 The first phase of research: Identifying key factors on Why do customers buy own label products?

In the first phase, the researcher looked at two major principles to identify key foundations that affect consumer's choice on own-branded products. The first principle was to see the rate of appearance with which this research was available or existing in the past. This regularity was assumed as an indication of how often past research was mentioned. Consequently the more the research was cited, the more important it was. The second principle was to look at the different retail sectors that are also interested in this research, and how important it was for other industries.

In order to implement this analysis, existing research regarding branding and loyalty was examined. Furthermore the analysis focused on publications from 1993 to date, and mainly included retail journals, marketing journals and published books. Numerous studies identified key aspects of branding and customer loyalty, however some had little interest to whom may conduct specific own-brand research. These methods of research were mainly through online publications that the university had access to, some include, Emerald, J-Store and Science Direct.

Branding, loyalty and own-brand were the areas that most research databases frequently cited in past research, within Tesco branding and retail loyalty. In addition to the high volume of results, only key phases was used to support the researcher. Also it was decided that not to use all this information but the ones of importance and rating it had received. Furthermore a list of unwanted information that appeared more often was subject to further analysis. As a result some information that may have not helped the researchers theory, but in further analysis the researcher has decided that some theories may come in helpful for the research and have been used in the literature review.

result

3.6 Questionnaire Development

The questionnaire opens with several short questions, these questions ask for gender, age and household income. These questions are aimed at acquiring demographic data that the researcher will use. Following these questions, the researcher asks how often customers use Tesco services. Also the following question asks what do customers buy more, branded products or own-brand products. Thereafter, the researcher uses previous studies for the remaining questions. Key aspects of the research rely on customer loyalty, Bloemer et al. (1999) suggests that customer loyalty needs to be identified at this stage, using a measurement on a five-point agreement system. This system works by the customer numbering 1-6 on each question, 1= very likely and 6= very unlikely. The final 10 questions are shown below.

Demographic questions include,

1. Age? (16-24, 25-34, 35-49, 50-64, 65+)

2. Gender? (Male, Female)

3. Household income? (£16k or less, £16k-£25k, £25k-£35k, £35+)

Data analysis questions include,

1. How often do you shop at Tesco? (Once a week, once a fortnight, once a month, more than once a month, other)

2. What is your general food shopping? (Only Tesco brand, mainly Tesco brand, half and half, mainly branded goods, only branded goods)

3. How do you see Tesco's own brand goods compared to their branded equivalents? (Extremely worse quality, worse quality, the same quality, better quality, extremely better quality)

Bloemer et al. (1999) five stage measurement questions include,

1. Number the following factors in demand of importance to you when buying food products from Tesco's? (1=very important 6=least important) (Price, advertising reputation, packaging and quality)

2. Number the following, food products that your more likely to buy from Tesco's own label range? (1=very likely 6=very unlikely) (Fruits and vegetables, bakery and cakes, meats, health products, water and drinks)

3.7 Pilot test

The Questionnaire development had to go through several tests for it to be right, in addition the researcher conducted a pilot survey to test how customers react to the questions and how quick it took them to reply. One example of the pilot question shown in (1a):

Q3.How often do you shop at Tesco Extra Wembley?

Every week

Once a fortnight

Every month

More than once a month

(1a) Pilot Question

However the researcher faced several problems in this question, the first issue related to the set of answers available. Also customers recommended there should be more options to be selected. In addition there was no choice of 'other option', for that reason the question was changed and tested again. Here is the revised question that was also tested and was successful in (1b).

Q3.How often do you shop at Tesco Extra Wembley?

Once a week

Once a fortnight

Once a month

More than once a month

Other

If other please specify

(1b) Revised Question

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The researcher also took several steps to gain accesses to Tesco to conduct the survey. Firstly a letter was written asking for consent from Tesco to confirm that the research may be able to take place (shown in appendix as 1c). Secondly the researcher had notified managers and staff at the store that they will be conducting a survey on a particular time and date. Finally the researcher had completed the revised questionnaire and has created 10 different questions that are easy to understand and quick to respond to (shown in appendix as 1d).

3.8 Data collection

The data was collected through the questionnaire; the questionnaire consisted of 10 questions and used to survey 100 consumers that shop at Tesco. Once the pilot questionnaire was tested the researcher set out to conduct the survey. The researcher stood outside Tesco extra Wembley store during the day to survey 25 customers and during the evening to survey 25 customers. Once that data was collected the researcher went back to Tesco in busier hours and conducted another 50 surveys, this was done over the course of several days. Also the researcher visited Tesco before and after the Christmas period to see if this would make a difference to customer results. The researcher studied Tesco PLC (2013) website to determine busy hours and non-busy hours. Once all the data was collected the researcher put the data into a spreadsheet on Excel (figure 3a) and analysed for any correlation.

3.9 Sampling

The sampling method used in this research is a mixture of non-probability and probability methods, although the difficulties imposed by time and a lack of resources made this combined method less precise. Moreover, probability methods are seen to be equally selective, Zikmund (2002) suggests, "Each member of the population has an equal probability of being selected". Conversely non-probability sampling illustrates that; samples are selected on the base of accessibility.

Probability sampling was used as the primary method in this research, also known as SRS. Simple random sampling was used to approach a wider audience; this was used so the researcher had a larger number of respondents. Simple random sampling is a division of individuals chosen from a broader population, with each participant chosen at random. Although the researcher chose to use this method by not being biased to the larger population and it was the vital approach that would represent the UK population. Although non-probability sampling was looked into, it would have been bias by using this method. Non-probability sampling is when the researcher has easier access to demonstrate his research; by using family and friends, however this is not an approach that will validate truthful data.

3.1.1 Ethical consideration

Ethical issues are very important factors in creating research; the researcher has looked at key principles such as honesty and rights of participants. Churchill (1995) describes ethics as an activity that is conducted by group or an individual, which has moral principles and values. The researcher has taken ethical consent to advise the participants; this includes the consent of every individual and the retailer. Also all of the data collected will not be used or given to any third party, it is only used for educational purposes.

3.1.2 Validity

According to Zikmund (2002) validity is "the extent to which data collection method or methods accurately measure what they were intended to measure" also Saunders (2009) refers to validity as the "extent to which research findings are really about what they profess to be about". In order to acquire the highest level of validity, the researcher used quantitative research to gain primary data, although pilot testing was exploited to edit and change the final questionnaire. As broken down and defined in each subheading to understand brand loyalty in this research.

3.1.3 Reliability

According to Saunders (2009) reliability is "the extent to which data collection technique or techniques will yield consistent findings, similar observations would be made or conclusions reached by other researchers or there is transparency in how sense was made from the raw data". Reliability is key in this research; it will determine whether the researcher is able to generate research objectives, independent and analysis results. Within the next chapters the researcher will discuss reliability to ensure whether the hypothesis tests and statistics were reliable for this research.

Chapter Four: Research Findings

This chapter will present the researchers analysis and findings of primary research into why consumers choose own-brands and what age group it is aimed at. This chapter also focuses on to what extent decisions are made by consumers to buy own-brand products are related to household income, plus customer loyalty on own-brand products at Tesco.

This chapter will also focus on the extent of decision making from customers based on household income as well of own-brand products and loyalty at Tesco.

The researcher has presented each question with tables, charts and graphs. Also highlighting key facts of analysis in each individual question.

The questionnaire consisted of ten questions and has been answered by 100 people outside Tesco store.

4.1 Q1. Age:

16-24   25-34   35-49   50-64   65+

In question one the researcher identifies the age group, also this is an important factor that will demonstrate key aspects of question 8.

Q1	16-24	25-34	35-49	50-64	65+
	15	31	23	19	12

Here is the data collected for question one. Of which the average is 25-49 and the majority is from 25-34.