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CONSUMER PERCEPTIONS OF TESCO OWN BRANDS: THE CZECH REPUBLIC AND THE UNITED KINGDOM

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1. Consumer Perceptions Of Tesco Own Brands: The Czech Republic And The United Kingdom

This paper has two main objectives. Firstly, it aims to provide an analysis of the situation of private labels and particularly Tesco own brands in the Czech Republic and to contrast it with their established position in the British market. Secondly, it focuses on the attitudes towards Tesco grocery products held by Czech and British shoppers, and on how the structure of their opinions differ in terms of gender, age and income. It should be emphasized here that this work is focused mainly on the situation in the Czech Republic where this issue has not been investigated in depth previously and the British data are given principally for comparison purposes.

2. Own Brands and National Characteristics

Branding is one of the most documented parts of the academic literature on marketing. The literature on own brands is growing rapidly as the significance of the phenomenon becomes increasingly recognised. This literature includes reference to consumer perceptions of own brands versus national brands [8], [48], [12], [14] and store image [65], [1].

National culture is also of significance in this context with different nations at different stages of development in terms of how own brands are perceived. British grocery retailers have for instance created a retail brand which is now regarded by consumers as being equivalent to and sometimes better than established manufacturer brands [36], [12], [5]. In other European countries, however, consumers may perceive differences between stores in terms of their formats [52], [21], [64]. Moreover consumers' purchase of own labels is affected by the general national familiarity with own labels. One recent study, which compared the factors influencing willingness to buy in Greece and Scotland, found that because Greeks are less familiar with own label products they tended to assess them somewhat differently from the Scots [79].

Generally speaking the penetration of own labels into the emerging markets of Central and Eastern Europe is quite low, compared to the situation in many, although not all, Western countries. In the Czech Republic, Hungary and Poland, for instance, the penetration is less than 10 per cent in each case. However the rate of growth of the sale of own brands is very rapid – at 44 per cent per annum in both the Czech Republic and Hungary and 115 per cent per annum in Poland [22]. In these countries, the growth of own labels is being driven by the expansion of Western multinational retailers. Indeed the internationalisation strategies of these retailers in Central and Eastern Europe includes a significant emphasis upon the role of own brands [49].

3. Brands

The concept of brands has been investigated in many studies and brands have been defined in different ways. For instance, were able to categorize brands into twelve “most important” themes. For instance, brands can be perceived as a legal instrument, a logo, a company, a shorthand, a risk reducer, an identity system, an image in consumers’ minds, a value system, a personality, a relationship, an added value and an evolving entity[13]. All of those categories are derived from different studies and reflect different points of view. However, for the purpose of a consumer behaviour study, perception of a brand as complex information about attributes of the product, such as producer, price, shape or performance [47] suits best.

Private label brands serve the same purpose; however, they also posses certain assumptions about their price or quality. Unlike in the past, however [35], private label brands no longer carry a

negative message – they are no longer just cheap imitations of poor quality bought only by less affluent customers ([67], [27], [26], [45]. The quality of these products is constantly rising and huge retail chains are very active in innovating and developing new ‘premium’ and specialized ranges to meet the expectations of trendy and discriminating customers [67], [5], [48], [38]. Nowadays, retailer brands are thus to be found next to national brands in virtually every food category [67], [27], [5] and some of them, including Tesco, have been developed to a form of standard brand in their own right [55].

Private branded products are simply described as “all merchandise sold under a retail store’s private label” [44]. This vague definition is then adopted by many other authors [2], [5], [38] who characterize it as the “products retailers sell under their own names”. Terminology, in addition, is not stable and various terms, such as own brand, own label, private label, private brand and retailer’s brand, are currently used to refer to this phenomenon [67], [45].

Due to the broad definition, private brands can be classified into four basic groups: generics, standard, premium, and specialized ranges [53], [38]. However, other authors have classified own labels using different criteria [44], [2], [45]:

1. ‘store name brands’: which use directly the name of particular store as a brand name;
2. ‘retailer-controlled name brands’: which use a special brand name not identical with the store name;
3. ‘licensed names’: which identify the brand with a popular personality;
4. ‘generics’: very basic commodity products sold at the lowest price possible;
5. ‘controlled labels’: brands owned by wholesalers which are sold only in chains belonging to the wholesaler’s group.

As the first two types are the most frequent ones it is important to mention the huge difference between these two in terms of brand management. While ‘store name brands’ are strictly bound up with the store itself and reflect its success or failure [45], ‘retailer-controlled name brands’ provide a far broader opportunities and may be developed as standard brands [54], [45].

Generally speaking, private brands or own labels can involve a broad scope of quite different products. Nonetheless, whatever they are called, these brands have experienced significant image revolution and are no longer a synonym for cheap and poor quality imitations [67], [27], [26], [45]. The products sold under store name are now being constantly developed and innovated, since they have become a crucial tool to build customer loyalty and to differentiate the store from competitors [67], [51], [27], [26], [38].

4. The Role of Branding in Czech Grocery Retailing

Because of the relatively short period of existence of the market economy in the Czech Republic, private brands are a relatively new phenomenon which have been introduced by the expanding supermarket and hypermarket chains [52], [66], [30], [20]. Until recently these products were synonyms for poor quality. This may be still true for some products but for the majority of them this is no longer the case [41], [66], [52]. There seem to be two main reasons for this shift. Firstly, with an increasing standard of living, customers are now not only highly price sensitive but they also demand better quality [11], [42], [66], [30]. Secondly, in a more and more competitive environment, where customer loyalty has become crucial for success, retailers are not willing to associate their names with inferior products [46], [28], [9], [66] [52], [30].

Thus, most chains have currently at least two private labels; one which targets very price conscious customers and another which provides guaranteed quality from established producers for

lower prices [10], [9], [66]. Private brands are to be found now in all big stores and discount stores, but the number of products included varies significantly and ranges from a few hundred to several thousand [46], [10], [66], [8].

Moreover, production under retailer brand names involves about 18 per cent of the total Czech market, whereas in the United Kingdom it is over 40 per cent [41]. The broadest offer of own labelled goods is to be found in Tesco [24]. Despite the rapid development and expansion of this kind of branding, Tesco's own label range is still of a smaller scale than the British one [33], [24], [56], [9], [66], [8].

Tesco has launched four of its private brands in the Czech Republic so far: Tesco Výhodný nákup (the Czech equivalent of Tesco Value), Tesco, Tesco Finest and Tesco Healthy Living [33], [24]. The latter one was introduced more recently and there are slightly less than one hundred products offered, which are mainly food and sports equipment [59]. Even the longer established brands, i.e. Tesco Výhodný nákup and Tesco, introduced in 2002 [62], consisted of only 1,600 and 3,000 lines respectively, and comprised only nine per cent of total company sales in 2006 [11]. However, this was a significant increase on the figure of two per cent in 2002 [69]. As the popularity of these brands increases, Tesco has expanded the number of ranges available and intends to introduce new premium and specialized brands [11], [46], [9], [53], [25], [3], [15]. It was proposing to launch its Organic label in summer 2007 and to announce a major extension of its Finest range before Christmas 2007 [24].

The Tesco Výhodný nákup brand includes basic product ranges priced at the lowest possible level and aims to meet just the basic purpose for which they were designed. These items are packaged in a very simple way; using only white, blue and red colours and a large Tesco logo; to be easily recognised. Moreover, they are to be found always at the front of the shelves for the particular product category to further facilitate customer orientation. On the contrary, products under the Tesco standard brand provide quality equivalent to any traditional branded goods from established manufacturers. Moreover they are sold at affordable prices, which are 10 to 20 per cent lower than in the case of other comparable products. The packaging is designed according to the British model, and contains information in the form of various pictograms or tables. Tesco also aims to guarantee a constant level of quality by regular checks and audits of manufacturers, who have to meet strict requirements and product specifications. Tesco Finest's offer consists of luxury goods, especially wines, recognizable for its silver and elegant wrapping [58], [25].

5. Attitudes

Generally speaking, attitudes can be perceived as a "tendency to act or behave in some predictable way" [17]. More specifically, attitude can be described as "an individual's favourable or unfavourable inclination towards an attribute of an object" [17] or "a mental and neural state of readiness to respond, organized through experience exerting a dynamic and/or directive influence on behavio[u]r" [32].

It is suggested, that attitudes represent a 'crucial link' between customers' view of a product and what they decide to buy [17]. Additionally, this connection is described as "strong relations between purchase and attitudes" [43], [68], [16], [32]. Therefore attitudes are of particular importance for marketers. This is because they not only partly clarify consumer behaviour, but they are also modifiable by marketing activity [17]. For this purpose many 'strategies of persuasion' have been developed, most of which are based on influencing elements of 'attitudes' or 'subjective

'norms' described in the Theory of Reasoned Action [17], [4]. For instance, it can be done by showing customers that the brand is somehow connected with their goals, shift their attitudes towards competing brands, persuading consumers that 'important others' buy this brand or suggest that strong attributes of the brand are more important for customers than they believed previously[17].

Attitudes towards brand shifting have probably been changing too. It is believed, that food consumers in developed countries tend to be less brand loyal i.e. the importance of the brands is reduced [23]. According to this study, introduction of private label brands might be one of the reasons. Nonetheless it is claimed that the influence of brand depends on the product and the customers' cultural backgrounds [23], hence there is a reason to believe that Czech and British consumers' attitudes would diverge to some extent.

6. Methodology

Attitudes towards a particular object may be shown in many different ways [68], therefore many methods of data collections are available. The techniques range from simple observation to measurement by means of sophisticated electronic devices, such as 'eye cameras' or 'psycho galvanometers' [68]. Nevertheless, in this study only the basic quantitative methods, i.e. questionnaires, were employed because the numerical results are relatively easy to analyse and compare internationally

In the questionnaires, a 7-point *semantic differential scale* was used. The scale ranged between two opposite adjectives or statements which symbolize the extreme views [68]. Its advantages include simple application, 'reasonable reliability' and various techniques available for the acquired data analysis [68]. Finally, this scale is probably the most widely employed in studies of brand image since it provides broad range of possible answers with graduating intensity, which would be very difficult to describe by words [68], [17], [16], [43]. So, it is possible to conclude that this scale perfectly suits this study since its bipolarity facilitates the comparison between traditional and private brands and enables respondents to indicate the neutral view, which means 'the same'.

The data for this research were collected by questionnaires for Tesco customers in Prost?jov (Czech Republic) between 3rd and 5th January 2005 and Huddersfield (United Kingdom) between 20th and 21st February 2005. In each store 100 people were interviewed. Thus, all the respondents were asked to fill in the questionnaire directly while they were shopping. Answering the questionnaire was voluntary and completely anonymous.

There were no written instructions provided in the main questionnaire as it was self administrated and any lack of understanding of a question was immediately explained by the interviewer. During the pilot testing, which was implemented by asking ten people in each country to complete the questionnaire, explanation had proven to be necessary, especially in the Czech Republic where some customers were not aware of the difference between Tesco Value and the Tesco standard brand. The Czech and the British versions of this questionnaire were absolutely identical and differed only in the financial limits stated for individual income groups.

To ensure that all possible demographic groups were included, non-probability quota sampling was used and the sample was stratified according to gender, income and age. According to Tesco's internal statistics [66] 70 per cent of its grocery shoppers are female. Each sample consisted therefore of 69 women and 31 men.

The income groups were constructed on the basis of monthly (Czech Republic) or weekly (United Kingdom) net income per capita as follows. Low income group 30 per cent of population (i.e. under

CZK 7,600 or £244), middle income group 40 per cent (i.e. CZK 7,600-11,300 or £245-644) and high income group 30 per cent (i.e. over CZK 11,300 or £645).

Four age groups were distinguished: 15–30; 31–45; 46–65 and over 65. The age composition of the population is not the same in the Czech Republic [7] as in the United Kingdom [39]; therefore the structure of the samples differed accordingly.

The following hypotheses were tested in an attempt to satisfy the research objectives:

H1: In both countries Tesco brands are purchased with the same frequency.

H2: In both countries the perceived quality of Tesco brands is of the same level.

H3: In both countries the perceived price of the Tesco brands is of the same level.

H4: In both countries the confidence in the Tesco brands is of the same level.

H5: In both countries a significant relationship exists between gender and the perception of measured characteristics.

H6: In both countries a significant relationship exists between age and the perception of measured characteristics.

H7: In both countries a significant relationship exists between income and the perception of measured characteristics.

H8: In both countries a significant relationship exists between the purchase frequency and the perception of measured characteristics.

To analyse the data for the purposes of this study the SPSS package was used. Therefore, all the data were transformed from questionnaires into electronic form and coded. The Osgood semantic differential scale was employed since the data are classified as ordinal. This is the same for the socio-demographic characteristics, of which only gender is labelled as nominal. To demonstrate the general characteristics of the data, the means and standard deviations were calculated. The Mann-Whitney test was performed to assess the significance of the differences between the overall responses obtained in the two countries. To investigate the correlations between individual product features and various socio-demographic characteristics, the Chi-square test was used. Nevertheless, in this study it was possible to employ this method only for examining the relationship between brand perception and gender. In all other cases the sample size was inadequate and several cells in the contingency tables have expected values less than five. Therefore, the Spearman (non-parametric) test was employed instead.

7. General Results

Generally speaking, the overall perception of Tesco own brands was less positive in the Czech Republic than in the United Kingdom. However there was only one significant difference in the mean values of the responses in the two countries. This was the case of the purchase frequency of Tesco Value products. Hence, only the hypothesis H1, in the case of the Tesco Value brand, can be rejected at the 95 per cent level of confidence whereas the hypotheses H2 – H4 can be neither rejected nor supported for both the brands examined.

A more detailed analysis of the responses shows how the answers for individual characteristics of Tesco Value and Tesco standard brands are distributed in the Czech and British samples. The average values of the purchase frequency of Tesco Value and Tesco standard are lower in the Czech Republic than in the United Kingdom. These data may also indicate that Czechs buy more Standard products whereas the British slightly prefer the Value brand.

In terms of perceived quality, the situation is similar. The attitudes of Czech consumers are again

less favourable. Nevertheless, in both countries the scores may indicate that the quality of Tesco products was perceived as superior to that of other brands.

In the case of perceived price a less favourable view was again held by the Czech shoppers. However, in both countries the price was evaluated as being significantly lower than that of other brands.

Finally, in terms of confidence in Tesco brands the results show a less favourable situation in the Czech Republic than in the United Kingdom. But in both countries the average scores were relatively high which may indicate that Tesco private brands enjoy a higher level of trust than other established brands in both countries.

The patterns which emerge when various socio-demographic characteristics are taken into account are shown in the following sections.

8. Data Analysis by Gender

When the analysis is carried out by gender, it can be concluded overall that both Tesco Value and Tesco standard brands were perceived slightly more positively by women than by men. Nevertheless no strong correlation exists between gender and any of the characteristics under investigation. None of them indicates a correlation at the 95 per cent level of confidence. The hypothesis H5 cannot be supported, therefore, for any of the Tesco brand characteristics.

In both countries the female part of the sample tended to buy Tesco brands more frequently than the male one. When quality is analysed, the perception is again more positive among women than among men. In the case of Tesco Value, the average scores differ only very slightly whereas for Tesco standard the gap is wider.

In the case of perceived price the situation is not so explicit. While for the Tesco Value brand, price is perceived as slightly lower by women than men, for Tesco standard the perception is vice versa and therefore more positive among men. This occurs in both the Czech and the British sample. Finally, for confidence in the Tesco brands the scores given by women are again relatively higher than those of men. This difference is clearer for the Tesco standard brand.

9. Data Analysis by Age

In the Czech Republic the Tesco brands were perceived most favourably by people aged from 31 to 45 and over 65, whereas the 16 – 30 age group was less positive. In the United Kingdom, the most positive opinion about both Tesco Value and Tesco standard was held by those aged between 31 and 45. The youngest and oldest participants were the least favourable to these brands. However, no strong correlations between age and any of the measured features are shown since only one value of the Spearman coefficient is significant at the 95 per cent level of confidence. Therefore hypothesis H6 can be supported only for the relationship between the perceived price of Tesco standard products and age in the United Kingdom. It is not possible to support the hypothesis in the case of any other Tesco brand characteristics examined by age.

The purchase frequency, when examined on the basis of age, exactly follows the trend described above. In the Czech Republic the highest mean occurred among the 65 and above age group. In the

United Kingdom the highest average scores were obtained by the 31–45 age group.

In the case of perceived quality, the tendency is very similar. In the Czech sample the most favourable group was also that aged from 31 to 45, closely followed by the oldest respondents. Again, in the United Kingdom the most positive rating was among the 31-45 age group.

In the case of perceived price, there is no clear pattern except in the case of the one correlation mentioned above.

Finally, when confidence in the Tesco brands is taken into account, the situation in the Czech Republic, as well as the United Kingdom, resembles the general trend described above. In both countries the highest level of trust was among the population aged between 31 and 45. In the Czech Republic the 65 plus age group was the most positive, whereas in the British case it had the lowest level of confidence.

10. Data Analysis by Income

In the Czech Republic the higher the income the less positive was the perception of Tesco own brands. In the United Kingdom the relationship is in the opposite direction. The performance of the Spearman non-parametric test revealed strong correlations between many product characteristics under investigation. On the basis of these coefficients hypothesis H7 can be supported for the relationship between income, purchase frequency, perceived price and confidence in the Tesco Value brand in both countries at the 99 per cent level of confidence. In terms of Tesco standard, the hypothesis is supported for purchase frequency and perceived quality in the United Kingdom at the 95 per cent level of confidence. In all other cases the hypothesis cannot be supported.

Tables 1 and 2 here

But even if for the Tesco standard brand there are only two significant correlations, the situation is similar and all the characteristics except price are perceived more positively with falling income in the Czech population and rising income in the British one. In terms of price no clear pattern emerges apart from the fact that the average scores are slightly lower among the middle income group for both brands in the Czech Republic as well as in the United Kingdom. Overall, it is possible to state that income is the single most important socio-demographic characteristic influencing the attitudes towards Tesco own brands. Moreover the differences between Czech and British customers in this particular area are substantial since all the observed relationships are inverted.

11. Data Analysis by Purchase Frequency and by the Importance of Individual Product Features

Finally, the scores for individual product features were examined according to the purchase frequency of the particular brand.

In this case, the Spearman non-parametric test revealed very significant correlations and therefore the relationship between purchase frequency, perceived quality and confidence in the Tesco private brands in both countries can be characterized as directly proportional. This means that the more frequently these products are bought the more favourable is the view of them held by customers. So hypothesis H8 is supported at the 99 per cent level of confidence for the perceived quality and

confidence in the Tesco Value as well as the Tesco standard products in both countries. In terms of the perceived price, the hypothesis can be neither supported nor rejected.

When the individual scores for the assessed features were multiplied by the importance of these features for the respondent, the differences were even more significant.

In both countries the scores obtained by Tesco Value and Tesco standard in terms of perceived price and quality are clustered together closely. The only exception is the answers provided by the oldest group of respondents whose position differs significantly. When the confidence in the brand is taken into account, its relationship with perceived quality may be more or less described as directly proportional in both countries.

12. Limitations

This research has a number of drawbacks which make it difficult to generalize the results. Firstly, the sample was of limited size and the fieldwork was restricted to only one locality in each country. Secondly, the customers involved in this work cannot be considered as a representative sample with any certainty, since it is impossible to avoid a certain degree of personal involvement when selecting the respondents. Moreover, the survey was not carried out during the typical busy periods when possibly the widest range of shoppers would be present in the supermarkets. In order to achieve more precise outcomes, it would be necessary to employ in-depth interviews and other qualitative techniques since the use of a questionnaire is limited. Additionally, some of the most relevant sources of secondary data were not accessible, since they were either Tesco internal information or private surveys available only for a very high price.

13. Discussion

In spite of its limitations it is possible to say that the results of this research correspond closely with what has been generally assumed about the attitudes towards Tesco private brands on the basis of previous surveys. The analysis of the data shows overall very favourable attitudes towards these brands in both countries, with the perception of all measured attributes being slightly less positive in the Czech Republic. However, a closer examination reveals major differences in terms of how the view of these Tesco own labels depends on income. This may have significant consequences for Tesco's product portfolio development since the most affluent Czech consumers seem not to feel so positively about Tesco brands, whereas in the United Kingdom, the popularity of Tesco labels increases with income.

The results outlined above can now be compared with the results of what was found about the attitudes towards Tesco own brands in the Czech Republic and the United Kingdom by earlier [40], [20], [36], [37] surveys. It must be noted that the Gfk and OMD Snapshot reports relate to an overall awareness and view held on private brands in the Czech Republic and does not concentrate on any specific brand names, whereas Mintel's studies are focused on individual companies and their own labels. On the other hand, the main subject of the Gfk and OMD Snapshot reports is the level of private label penetration in the Czech grocery market. Indeed it measures the overall usage rate rather than the perception of any individual attributes of Tesco brands. However it may be presumed that if people buy these brands they have positive attitudes at least towards the key features, which then influence their purchasing decisions. For these reasons, the hypotheses formulated on the basis of these surveys are only of a very general nature.

It was hypothesised in this study that those who buy Tesco products more often hold accordingly a

more positive view of them. In this case the data analysis revealed very strong correlations in both countries. Therefore this hypothesis can be supported fully.

Czech customers purchased Tesco own labels less frequently and viewed them less positively than British ones. However, the outcomes of this research do not indicate any large differences, with the British average scores being only slightly more favourable than those obtained in the Czech Republic. The only statistically significant divergence seems to be in the purchase frequency of Tesco Value products which was markedly higher among the British shoppers. According to the [36] Tesco Value actually reaches the highest penetration of all private brands existing in the British grocery market.

The perception of Tesco own brands, based on own experience, may be characterized as very positive in both countries. It has been shown by many studies that satisfied and loyal customers present very valuable assets since their spontaneous recommendations are frequently more efficient than expensive advertising [36], [40], [19]. When the attitudes towards similar objects are taken into account, it is possible to presume that the view of Tesco private brands in the Czech Republic is still influenced by the enduring ‘cheap imitation’ image of some other own labels. This view is supported by the fact that these products are sometimes priced at an “unreasonably” low level which may evoke suspicion and mistrust [42].

Although the results of this research show quite a high level of confidence and overall a very positive opinion about Tesco labelled products, their sales are several times lower in the Czech Republic than in the United Kingdom in real terms [60], [11], [66]. Several explanations may exist for this. First of all, it should be said that the purchase frequency of Tesco brands will vary between individual product categories. Many surveys reveal that customers in the Czech Republic still tend to buy the own label version of basic and ‘safe’ products, such as milk or bread. However in the case of more expensive items or luxury goods they may prefer traditional brands [41], [65]. But this is not the case in the United Kingdom where Tesco Finest and other advanced ranges are very popular [36]. By contrast the offer of Tesco products is still quite narrow in the Czech Republic.

The strong position of Tesco in the British market appears to be based partly on its introduction of its Clubcard in 1995 which provides the company with detailed information and enables it to create a segmented and sophisticated product portfolio of own labels [61], [63], [50], [31]. Moreover, the company guarantees not only low prices but also top quality for all the products sold under its brand. In the Czech Republic, where private brands present a quite new phenomenon, Tesco has launched, in fact, only four of its ranges so far: Tesco Value, Tesco, Tesco Finest and Tesco Healthy Living . Moreover in the latter case, there are less than hundred products offered [33], [24]. This contrasts with the situation in the United Kingdom where the basic offering of every major chain consists of ‘budget’, ‘standard’ and ‘premium’ ranges and the focus is now on an even more segmented offer. In fact, Tesco may be considered to be the leader in this field since its Organics, Healthy Living and Free From are the most popular brands in their categories [37], [36].

14. Conclusions

The discussion above could provide at least a partial explanation for the fact that, even if this research reports a high level of confidence and overall positive attitudes towards Tesco own brands, their sales are notably lower in the Czech Republic than in the United Kingdom. In any case, it would require further and deeper investigation to enable the company to adapt its brand building strategies and to facilitate the full penetration of its brands to all product categories. Nevertheless, as the evolution of attitudes is a long term process, it may take some time for Tesco own labels to develop a strong position in the Czech Republic. This conclusion is in line with that arising from the results of

a recent comparative study carried out in relation to Greece and Scotland [79].

Table 1 Perceived Characteristics according to Income

	Czech Republic	United Kingdom
Tesco Value	Low	Middle
purchase frequency	-0.268**	0.297**
Perceived quality	-0.210**	0.333**
Perceived price	-0.062	-0.091
confidence	-0.261**	0.313**
Tesco Standard		
purchase frequency	-0.174	0.244*
Perceived quality	-0.159	0.215*
Perceived price	0.022	-0.133
confidence	-0.080	0.129

• correlation significant at the 95 per cent level of confidence

• ** correlation significant at the 99 per cent level of confidence

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Abstract

1. Purpose

Relatively little is known about the consumer perceptions of own brands in the newly

emerging markets of central and eastern Europe. This paper attempts to fill a gap in knowledge by investigating various aspects of consumer perceptions of Tesco own brands in the Czech Republic.

2. Methodology/Approach

The key data for this research was collected by structured questionnaires from Tesco supermarket customers in the Czech Republic and the UK. Non probability quota sampling was used and the sample was stratified according to gender, age and income.

3. Findings

The results of the research indicate that the general view of Tesco own brands is slightly less positive among Czech than British customers. However, significant differences emerge when these are examined in terms of income. Increases in income lead to a decrease in the favourability with which own brands are viewed in the Czech Republic – the opposite to the position in the UK. The age of consumers was also found to be significant, although there is not a linear trend. No strong correlation was found to exist between gender and any of the characteristics under investigation.

4. Research limitations/implications

The sample was limited in size (n=100 in each country). In depth interviewing would be necessary to assess consumer attitudes further.

5. Practical Implications

The results of this research may help Tesco in relation to its general expansion in central and eastern Europe and its brand building in particular.

6. Originality/value of paper

The originality of the paper relates to its study of consumer behaviour in one of the emerging markets of central and eastern Europe.

Keywords: own brands; retailing; TESCO; Czech Republic; United Kingdom

JEL Classification Code: M31

Attitude