

Package Cues and Their Influence on the Perception of Premium Quality of Premium Private Label Products

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Objective of the study

In this study, a topic which has received little attention in the package and consumer good research: the packages of premium private label products, was studied. For this purpose two of the few products suiting the definition of premium private label products in the Finnish grocery sector were selected. These products belonged to the ground coffee category and were produced on behalf of a known Finnish retailer. The aim of the study was to find out what package attributes influence consumers' quality assessment of premium private label coffee products. This was answered through studying which package attributes imply a coffee product is of good/bad quality, which package attributes communicate, a product fulfills the consumer needs of a premium product purchaser, and finally which package attributes signal good value for money.

Research method

This study is qualitative in nature. The qualitative method chosen was focus group interviews, due to its potential to reveal attitudes and affective responses to elusive topics, such as perceptions of premium quality. Three focus group discussions were conducted, each with five to six participants representing a population of young, educated consumers. The discussions followed a semi-structured interview guide allowing the emergence of topics of discussion by respondent initiative.

Findings

The main findings from this study are fourfold. First, on the topic of package attributes that imply a coffee product is of good (or conversely bad) quality, some specific visual and informational cues could be found. The strongest high-quality associations were spurred by (1) the small size of the package, (2) the soft pouch-like shape of the package, (3) the perceived attractiveness of the package, (4) a degree of uncommonness of the package differentiating the product from other products, and (5) favorable brand associations. Second, when assessing which packaging attributes communicate, a product fulfills the consumer needs of a premium product purchaser, the findings suggest, the use of the high-quality implying cues communicate a premium product identity.

On account of the higher levels of consumer needs in buying premium products, self enhancement seems to be connected to the activity. Third, it seems like in the coffee category, private label brands do not signal a good value for money in any clear way. This seems to be a factor of coffee not being viewed as a commodity and thus the lower price of these products does not quite seem to compensate for their perceived poor intrinsic quality. The poor perception of quality seems to be a factor of (1) unattractive packaging and (2) the stigma of private label products in general. Fourth, it seems like a premium private label product is primarily perceived as a premium product. Thus, high-quality signaling cues seem to be more important for a premium private label product, than any cues signaling a good value for money.

Keywords

Cue utilization theory, package communication, premium products, private label products

Markkinointi Pro gradu -tutkielma
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PAKKAUSELEMENTIT JA NIIDEN VAIKUTUS KAUPAN OMAN PREMIUM TUOTEMERKIN PREMIUM MIELIKUVAN MUODOSTUMISEEN

Tutkimuksen tavoitteet

Tässä tutkimuksessa tutkittiin aihetta, joka on jäänyt vähemmälle huomiolle tuotepakkaus- ja kuluttajatuotetutkimuksessa: kaupan omien premium tuotemerkkien pakkauksia. Tähän tarkoitukseen valittiin kaksi niistä harvoista tuotteista, jotka voidaan mieltää kuuluvan kaupan omiin premium tuotteisiin suomalaisen vähittäiskaupan kentässä. Valitut tuotteet ovat suodatinkahveja, jotka ovat tuotettu erään tunnetun suomalaisen vähittäistavaraketjun toimesta. Tutkimuksen tavoite oli saada selville ne tuotepakkauselementit, jotka vaikuttavat kuluttajan arvioon kaupan omien premium tuotemerkkien laadusta. Tähän pyrittiin vastaamaan tutkimalla pakkausten laatuviestejä, pakkauselementtien kykyä viestiä premium tuotteiden mahdollistamien korkeampien tarpeitten tyydyttämistä sekä pakkausten kykyä viestiä tuotteen tarjoamaa hyvää vastinetta rahalle.

Tutkimusmenetelmä

Tämä on kvalitatiivinen tutkimus. Fokusryhmäkeskustelu -metodi valittiin tutkimuksen toteutukseen, sillä tämä metodi mahdollistaa vaikeasti määriteltävien asioiden, kuten asenteiden, tunteiden ja mielikuvien tutkimisen. Nämä asiat ovat tärkeitä, kun tutkitaan tuotepakkauksen välittämiä laatumielikuvia. Fokusryhmäkeskusteluja järjestettiin kolme, joissa kussakin oli viisi tai kuusi osallistujaa. Osallistujat olivat nuoria korkeakoulutettuja aikuisia. Keskusteluja ohjattiin haastattelurungon avulla, mutta keskustelijoiden annettiin johdatella keskustelua siihen suuntaan, joka kyseisessä tilaisuudessa muodostui.

Keskeiset tulokset

Tässä tutkimuksessa kävi ilmi neljä päälöydystä. Ensiksi, tiettyjen tuotepakkauselementtien löydettiin vaikuttavan kahvituotteen laadun viestimiseen. Nämä elementit ovat: (1) pakkauksen pieni koko, (2) pehmeä pussimainen pakkausmuoto, (3) pakkauksen viehättävyys, (4) pakkauksen erikoisuus ja (5) myönteiset brändiassosiaatiot. Toiseksi, näiden korkeaa laatua viestivien pakkauselementtien löydettiin viestittävän premium mielikuvaa. Tutkimuksesta kävi myös ilmi, että kuluttajat toteuttavat itseään ja rakentavat minäkuvaansa kuluttamalla premium tuotteita. Kolmanneksi, tutkimuksesta huomattiin, että kahvituotekategoriassa kaupan omien tuotteiden ei koeta tarjoavan hyvää vastinetta rahalle, sillä laatu koetaan niin huonoksi, ettei halpa hinta korvaa sen puutteita. Kaupan omien tuotemerkkien huono laatu kuva näytti johtuvan (1) epämiellyttävistä pakkauksista ja (2) kaupan omien tuotemerkkien huonosta maineesta. Neljänneksi, kaupan omat premium tuotteet koettiin ensisijaisesti olevan premium tuotteita. Tästä syystä korkeaa laatua viestivät pakkauselementit näyttävät olevan tärkeämpiä näille tuotteille, kuin hyvää vastinetta rahalle viestivät elementit.

Avainsanat

Viestiteoria, tuotepakkausviestintä, premium tuotteet, kaupan omat tuotemerkit

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1. INTRODUCTION

The increasing demand for high quality in grocery products is setting new, vigorous requirements for product manufacturers and retailers in providing and communicating good quality (Huang & Huddleston, 2009). The health conscious, nutritional value informed consumers of today are experienced shoppers and use consumption, not only to satisfy their needs, but also to build their self-image and communicate their personality through purchased items (Grubb & Grathwohl, 1967). The challenge of manufacturers and retailers is thus to produce and sell products that fulfill the various needs of consumers and more importantly communicate the ability of the products to do so. In a grocery store setting where the actual products are shielded inside their packaging, consumers have to have other kinds of strategies to make product quality judgments (Richarsson et al., 1994).

I focus on examining the messages products send of their quality attributes through one medium, which seems to be among the most central ones, the packaging (see for example Anselmsson et al., 2007 and Fitzgerald Bone & Russo France, 2001). Three important areas of extant literature are reviewed in the course of this paper. Firstly the way consumers draw judgments on product attributes in the grocery store environment is examined. Secondly the ways packaging can be used in the communication of product attributes is looked into. Thirdly existing perceptions of private label and premium private label products are studied.

1.1 *The sector studied: the grocery retail market*

I find the grocery retail market to be exceedingly interesting for a number of reasons. Firstly, because of the intense competition, among the fiercest in the consumer goods sector (Phillips & Bradshaw, 1993), typical for the sector. The nature of the market sets vigorous requirements for any brand that wishes to get noticed over its competitors and ultimately survive in the market. Thousands of national brands compete against each other and against an increasing number of private store brands, referred to in this paper as private label products, and generic brands. Grocery stores in the Great-Britain alone display a range of over 40 000 product lines (Vazquez et al., 2003). This, according to Vazquez et al., is more than you could say for any other sector in the country. Therefore, getting a product noticed poses a great challenge for producers. The package plays an important role in differentiating a product from the mass of competitors in the grocery market environment (Vazquez et al., 2003) and ultimately selling the product (Pilditch, 1969). For

example in Great Britain, accounting for 30-50 percent of all retail spending, grocery is also the largest sector in retailing (Collins-Dodd & Lindley, 2003).

Secondly, a good reason for investigating the grocery retail market is the interesting way products are chosen and purchased by the consumer. Even as some shoppers may strive to plan purchases beforehand, the amount of unplanned purchases, decided upon no earlier than at the grocery store, can be as high as 51 percent (Phillips & Bradshaw, 1993). According to Schoormans and Robben (1996) the accurate amount is as high as two thirds of all purchases. It is reported (Nancarrow et al., 1998) that nine consumers out of ten sometimes buy grocery goods on impulse. According to Nancarrow et al. (1998), when time pressure increases or when a consumer is in an unfamiliar store setting, he or she will more often resort to impulse buying. It is thus safe to say that the real test of product performance is a product's ability to get noticed and chosen by the consumer.

Thirdly, consumers are faced with very interesting requirements and limitations when entering a grocery store. On average a shopper passes by 300 products per minute (Rundh, 2005) while shopping for groceries. This means that a consumer is constantly bombarded with brand messages and product information while inside a store. When choosing a product, a typical consumer spends 8, 5 seconds per product choice and only one of those seconds actually making a final decision (Schoormans & Robben, 1997). Therefore whatever information the consumer wishes to extract before making his or her choice, he or she must be able to extract quickly.

A consumer will have to use certain strategies in order to reduce anxiety and speed up information processing. It is reported (Anselmsson et al., 2007) that many shoppers tend choose the same product over and over again in response to the immense supply of choices, whether or not they feel like it is the optimal choice for their need. Thus a consumer's choices in the grocery retail environment cannot be expected to be based only on rational decisions in the search for optimal product utility, but more complex constructs must be considered.

1.2 Private label products: definition and importance

In this study, the case product is a premium private label product. Thus the definition of a private label product is important to clarify, for the topic is discussed later in the paper on a more abstract level. Private label products, also known as store brands, own brands, house brands and private label brands (Collins-Dodd & Lindley, 2003) are grocery products owned and branded by organizations whose primary economic

commitment is distribution rather than production (Richardsson et al., 1994). The grocery sector has been the focus of much of the recent attention concerning the growth of private label products and the possible decline in power and value of leading national brands due to its size and significance (Collins-Dodd & Lindley, 2003). In Finnish grocery retail, well known private label products are, for example, Pirkka, Euroshopper and X-tra. Private label products differ from national brands in two significant ways. First, their role in company strategy is not the same as for a manufacturer brand, and second, the private label purchase prone consumers possess distinctive traits differing from national brand purchasers (Richardsson et al., 1996).

In a retailer company's strategy private label products offer higher margins, increase control over shelf space, and give retailers greater bargaining power in the channel of distribution (Richardsson et al., 1996). In order to serve their customers, retailers often develop their portfolios and provide proprietary products in product categories where national brand manufacturers' offerings do not suffice (Liu & Wang, 2008), providing a more satisfying range of products. Private label products also help retailers increase store traffic and customer loyalty by offering exclusive lines under labels not found in competing stores (Richardsson et al., 1996). Therefore, a strong private label product can be a decisive factor in a consumer's store choice and thus contribute to the success of the retailer (Huang & Huddleston, 2009).

Much of the research conducted on private label products concentrates on the private label consumer. Numerous studies have attempted to discover whether the propensity to buy private label products is associated with demographic or socio-economic characteristics (Livesey & Lennon, 2007). Livesey and Lennon (2007) claim that private label products are consumed by households with virtually the same socio-economic and total consumption characteristics. In a more recent study, the only demographic variable that Liu and Wang (2008) found to impact consumers' private label attitudes was income. Indeed, private label researchers traditionally claim that private label consumers seek mainly cost savings when purchasing private labels. For example Livesey and Lennon (2007) state that buyers of own labels are mainly concerned to obtain a product of a satisfactory quality standard at a low price and would switch to manufacturer brands if the price differential disappeared.

Another view of private label purchasers highlights the general attitude towards private label products (Collins-Dodd & Lindley, 2003). In an extensive examination of the relative importance of the factors influencing private brand proneness Richardsson et al. (1996) found that that familiarity with retailer's private label brands was critical. The large relative importance of familiarity in the study suggested that consumers who were familiar with private label products were likely to view them as high quality, low risk products, producing good value for the money. According to Richardsson et al. (1996) consumers who lack experience with such brands are likely to view them with skepticism and consider them to be risky choices.

The complexity of consumers' decision making processes makes it very difficult to construct a theory that can adequately explain or predict consumers' choice as between manufacturer brands and own labels in general (Livesey & Lennon, 2007). Invariably, all studies seem to indicate that private label brands suffer from a low-quality image compared with national brands (Richardsson et al., 1994). The Private Label Manufacturers' Association, however, is keen on providing evidence for the fact that private label products have to comply with the same quality standards for their ingredients and are thus not inferior to manufacturer brands in terms of product quality (The Private Label Manufacturers' Association 2010).

One could therefore suspect that what is important in influencing private label purchasing is not so much striving to further enhance ingredient quality, but rather deal with the issue raised by Richardsson (1994): the poor private label product image. This, in the grocery retail environment, could be done by altering the packages of private label products (Schoormans & Robben, 1997). In the course of this paper I will further introduce packaging as a means of communication for grocery products and ultimately look into the image packages generate for certain products.

1.3 Premium products: definition and importance

Premium products are in the focus of this study as the goal is ultimately to analyze the higher end of private label products and their packages. Here I will shortly define what premium consumer goods are, how consumers evaluate the "premiumness" of products and what consumers are actually looking for when purchasing these products at the high end of the price range. The emergence and growth in importance of the premium product sector was recognized as early as in the late eighties (Quelch, 1987). Premium brands have been said to threaten the mass-market of national brands from the above much like private labels have been said to threaten it from below, as many customers are looking to trade up from their usual purchases (Quelch, 1987).

Premium brands are typically products of excellent quality, high prices, selective distribution through the highest quality channels and parsimonious advertizing (Quelch, 1987). They are also said to evoke exclusivity, have a well known brand identity, enjoy high brand awareness, and retain sales levels and customer loyalty (Phau & Prendergast, 2000). They can exist in almost any product category from food products to cars. According to Quelch (1987) premium products are typically viewed as one or more of the following: affordable indulgences (for example Haagen Dazs ice cream), tasteful gifts (for example Coach handbags), smart investments (for example Maytag laundry appliances), or status symbols (for example Mercedes Benz cars). As we can see, the premium sector can thus contain a large range of products with

prices varying from a few Euros (ice cream) to tens of thousands of Euros (luxury cars). Furthermore, within for example “luxury cars”, there can be big differences between premium brands. The Mercedes Benz 250 CGI BE Coupé at 61 577,34€ (Veho 2009) is without a doubt a premium product, while the Bentley Continental GT Speed Coupé is priced more than five times higher with 349 000€ (Oikotie 2009). Therefore the premium segment may be perceived as delivering different levels of “premiumness”, a distinction frequently being drawn between premium (here Mercedes Benz) and *superpremium* (here Bentley) products (Quelch, 1987).

What is most evident in premium products is that they command high prices. Higher quality products, fancy packaging, exclusive store locations, higher retail margins, expensive promotions, advertising campaigns, and brand names all contribute to the higher prices of luxury (or premium) goods (Husic & Cicic, 2009). High prices, however, can have different meanings to different customers. Vigneron and Johnson (1999) have identified five different ways consumers treat price when evaluating premium products. The first is the *Veblen effect* of perceived conspicuous value. Here consumers attach greater importance to price as an indicator of prestige, because their primary objective is to impress others (Vigneron & Johnson, 1999). In the *snob effect* of perceived unique value, consumers perceive price as an indicator of exclusivity (Vigneron & Johnson, 1999). The *bandwagon effect* of perceived social value have consumers attach less importance to price as an indicator of prestige, but place greater emphasis on the effect they make on others while consuming prestige brands (Vigneron & Johnson, 1999). In the fourth, *hedonic effect* of perceived emotional value, consumers are more interested in their own thoughts and feelings and place less emphasis on price as an indicator of prestige (Vigneron & Johnson, 1999). Last, the *perfectionism effect* of perceived quality value means that consumers rely on their own perception of the product’s quality, and may use price as further evidence of quality (Vigneron & Johnson, 1999). What is interesting about these five effects is that clearly consuming a premium product is not mere need satisfaction, but has higher levels of meaning to the consumer.

Hauck and Stanforth (2007) studied perceptions of luxury products of different age cohorts. What they found was that the older as well as the younger cohort groups bought luxury goods in the hopes of improving their quality of life and get pleasure (Hauck & Stanforth, 2007). The younger respondents were also looking for entertainment as the older ones wanted to get relaxation from their overall premium purchases. I will further address the issue of what makes consumers pay higher prices for certain products in Chapter 2.

Hence, in categories where psychic benefits dominate decision making, the cultivation of prestige image will often be the basis of a product’s leadership (Quelch, 1987). Image leadership is derived partly from the relative exclusivity that a premium price and distribution channel give to the item, but it can be reinforced

by a well-selected brand name, logo and packaging, and by communicating the products heritage, place of origin, or the personality behind it (Quelch, 1987). In this study, I will concentrate, as previously mentioned, on what packaging can do to the image of a product. Now, however, I will introduce packages in the grocery goods sector.

1.4 Grocery good packages: definition and importance

As mentioned in Section 1.1 the grocery retail environment imposes great challenges for a product to be noticed and ultimately chosen by a consumer. In this study I hope to reveal the role of packages in aiding the advent of choosing one product over another. In chapters that follow packages will be discussed as a means of communicating product meanings. Now, however, I will shortly introduce the package more in a more general manner.

A product's package can be seen as one component of the entire product offering or as an element related to the product, but not viewed as an integral part of it (Olson & Jacoby,). Some researchers go as far as stating that the package is the product, while others stress the role of the product as a tool for the product to communicate its identity (Schoormans & Robben, 1997). In the grocery good sector, packages are generally divided into three main groups: primary packages, secondary packages and tertiary packages (Vidales Giovannetti, 1995). A primary package is in direct contact with the product (Vidales Giovannetti, 1995). For instance a coffee package encloses ground coffee, which then is in direct contact with its inner surface, and is thus a primary package. A secondary package contains one or more primary packages (Vidales Giovannetti, 1995). For example a package containing several sachets (primary packages) of instant coffee portions is a secondary package. Either secondary or primary packages are usually visible to the consumer at the point of purchase, thus they are in a position to fulfill the role of communicating product values to the consumer. A tertiary package can contain both primary and secondary packages. Its purpose is to protect the product (and its packages) in all stages of the journey from the factory to the point of sale (Vidales Giovannetti, 1995). Thus, a package can be said to have both functional and marketing implications. Rundh (2005) strived to link these two facets of packaging in his study, illustrated in Table 1.

Functions of packaging	Functions of marketing
<p>Packaging protects Packaging must be able to withstand robust physical handling during distribution so that the goods are received by consumers in the same function they left the factory</p>	<p>Physical distribution and storage Product quality</p>
<p>Packaging preserves There is a form of packaging that will preserve each product from deterioration</p>	<p>Physical distribution and storage Product quality</p>
<p>Packaging facilitates distribution Well designed packaging and effective packaging methods are key elements in ensuring that goods reach their destination in optimum condition</p>	<p>Physical distribution and storage Supply chain management</p>
<p>Packaging promotes customer choice Packaging enables and promotes brand identification and competition</p>	<p>Promotion and selling Marketing communication</p>
<p>Packaging sells Packaging is industry's silent salesman. It displays and describes the product it contains; leaving the consumer to choose which product is best suited his or her taste. This, together with the visual appeal of the package, is often a decisive feature in the purchasing situation</p>	<p>Promotion and selling Marketing communication. Design</p>
<p>Packaging informs and instructs Packaging communicates additional messages to the consumer</p>	<p>Marketing communication</p>
<p>Packaging provides consumer convenience Changing lifestyles have created a demand for packages that offer time-saving features and easy efficient handling</p>	<p>Standardization/differentiation and distribution. Customization</p>
<p>Packaging help contain prices Consumer goods would be more expensive if it were not for cost-effective packaging. The packaging of products in packs of various sizes allows the consumer to purchase the most convenient quantity</p>	<p>Pricing</p>
<p>Packaging promotes hygiene and safety Improvements in standards of hygiene and medical care in hospitals are in large a measure due to the use of pre-packed medical products for usage and disposal. The same goes for food products</p>	<p>Physical distribution and storage. Promotion</p>
<p>Packaging is innovative In many cases, the packaging industry responds to new demands which arise for specifically packaged foodstuff products</p>	<p>Packaging/package development Customization Package design in relation to relevant market demand/need</p>

Table 1: Functions of packaging and functions of marketing (Rundh, 2005)

According to Rundh (2005) packaging is a way of protecting and preserving product content. For the purpose of this study, this aspect, though not high in communication value, has a great impact on product quality and thus is important. The most relevant aspects of packaging derived from Rundh's (2005) table in terms of marketing communications seem to be the packages potential to enable brand identification, influence the consumer in his or her product choice and finally inform and instruct the consumer on the usage of the product. Packages also provide user convenience in the sense that they can be used to provide multiple quantities of the product, easy and efficient product handling and more hygienic and safe products (Rundh, 2005). Furthermore the packages ability to be innovative, according to Rundh (2005), results in the product manufacturer or retailer to be able to fully respond to changing trends and consumer preferences. Product innovativeness can also effect the perception consumers have of the innovation capability of the company (Anselmsson et al., 2007), and thus an innovative package can have an impact on the overall perception of the product as well as the company.

As we can see, packages are constantly required to play two fields. They must be easily and cheaply transported and give the best possible protection for their contents, all the while being part of a products communicative media at the point of sale and expected to perform there as well. Later in this paper I concentrate on the marketing communications aspects of packaging.

1.5 *Research problem*

As discussed in this chapter, a fair amount of research conducted on the ways packaging communicates brand meanings to grocery shoppers exists (for example in Bloch, 1995; Fitzgerald Bone & Russo France, 2001; Silayoi & Speece, 2007). Equally so, private label products have been studied, as have consumer responses to their packaging to a smaller extent (see for example Richardsson et al., 1994 and Welss et al., 2007). Premium products and luxury products have also been the topic of some interesting research (for example in Hauck & Stanforth, 2007; Husic & Cicic, 2009). Premium private label products, store brands that target the high-end; quality driven segment, however, have attracted the attention of few researchers (e.g. Huang & Huddleston, 2009) as of yet. The phenomenon is fairly new as retailers have only recently understood the potential benefits this different type of private label products offers (Huang & Huddleston, 2009).

The use of packages in altering the unfavorable product images private label products seem to have (Richardsson et al., 1994) is particularly interesting in the scope of this study. If the overall attitude toward

private label products indeed is that of bad quality, promoting a private label product made especially to exude superior quality to other products, private and national, poses a challenge to package design. Research on premium private label packaging is restricted to studies on, for example, store selection (Collins-Dodd & Lindley, 2003) and customer loyalty (Huang & Huddleston, 2009) thus far. Therefore there is room for studies on what is communicated by private label premium products solely through the means of packages.

In this study, I focus on studying two Finnish premium private label coffee products' packages. Coffee is a non-durable grocery good widely consumed in Finland. In fact, Finland is the country with the highest coffee consumption per person in the world (International Coffee Organization 2008). The product is put into the context of other private label products as well as other premium products. As discussed previously premium products seem to fulfill a more complex set of needs in consumers than do lower-priced products, while private label products are traditionally seen as a way to save money. Thus, it could be expected a premium private label product sends signals from both of these worlds, offering a product satisfying such needs as self-enhancement, all the while supporting a perception of a good value for money. Central to this study are the quality assessments consumers draw from the packaging of these products. The research question thus is:

What package attributes influence consumers' quality assessment of premium private label coffee products?

I seek to answer this by examining the following sub questions:

- (1) Which package attributes imply a coffee product is of a good/bad quality?
- (2) Which package attributes communicate, a product fulfills the consumer needs of a premium product purchaser?
- (3) Which package attributes signal good value for money?

1.6 *Structure of the study*

This study has three chapters introducing the relevant extant research on extrinsic cues and premium creation, package communications, and private label products. In Chapter 2, I examine the cue utilization theory and premium creation. I strive to explain how product quality is assessed in circumstances where access to the actual product is denied. Moreover I explore the antecedents of premium creation and the

creation of consumer self-enhancement through extrinsic cues. In Chapter 3, I examine package cues and their ability to communicate product properties and perform marketing functions. In Chapter 4, I focus deeper on consumer perceptions of private label products and premium private label products and on the perceptions of their quality in the mind of the consumer. Chapter 5 brings the theories together in a theoretical framework.

In Chapter 6 I discuss the method used in this study: focus group discussions, and introduce the sample and composition of focus group participants studied. In Chapter 7 the findings from the study are introduced. In Chapter 8 I analyze the findings in the light of previous research introduced in Chapters 1 through 5. In Chapter 9, I provide conclusions, managerial implications, limitations and suggestions for future research.

2. EXTRINSIC CUE RELIANCE AND PREMIUM CREATION

In this chapter I look more closely into how consumers derive information from product communications at the point of sale. As we will now learn, in the absence of the possibility to fully examine the actual product, a consumer must rely on other indicators, referred to as cues in this chapter, in order to evaluate product attributes. First, I will briefly explain the cue utilization theory, and then go on to examining how extrinsic cues may be used to communicate intrinsic qualities. In the last two sections I will link extrinsic cue utilization and premium creation through examining brand equity formation and more specifically product quality assessment on the basis of extrinsic cue reliance.

2.1 Consumer reliance on extrinsic cues in intrinsic attribute assessment

At the heart of the cue utilization theory is the idea that products consist of an array of cues that serve as surrogate indicators of quality to shoppers (Richardsson et al., 1994). The need for using these kinds of cues, comes from the inability of consumers to see, touch, smell or taste the actual product prior to purchasing. The particular cues, according to Richardsson et al. (1994), are evoked according to their predictive and confidence value. The predictive value (PV) of a cue is the degree to which consumers associate a given cue with product quality (Richardsson et al., 1994). The confidence value (CV) of a cue is the degree to which consumers are confident in their ability to use and judge that cue accurately (Richardsson et al., 1994).

There are two kinds of cues, according to the theory. The first cue type is intrinsic cues. These cues are product related attributes, such as ingredients, that cannot be manipulated without also altering the physical properties of the product (Richarsson et al., 1994). For example the smell and texture of ground coffee are intrinsic cues of that product. The second type of cues is extrinsic cues. These cues are product related attributes, such as price, brand name and the package, which are not part of the physical product (Richarsson et al., 1994). The relative salience of extrinsic versus intrinsic cues in quality assessment depends on their PVs and CVs (Richarsson et al., 1994), that is to say, the level to which a consumer associates a product attribute to product quality, and the level of confidence the consumer has on his or her ability to accurately judge that attribute. More specifically the salience of a cue refers to the classificatory relevance which it has with regard to a stimulus. That is, how useful or relevant is the attribute in helping the consumer to characterize and interpret the product (Hirschman, 1980a). In the grocery store environment, intrinsic cues are not readily available for tasting, smelling or touching. Consumers must, therefore, rely on other strategies in order to choose between wide ranges of similar products. This, I will address next.

There is evidence that extrinsic cues, such as price and brand name, are more easily recognized, integrated and interpreted than are harder to process intrinsic cues (Richarsson et al., 1994). While intrinsic attributes are close to inaccessible in the grocery store environment, extrinsic attributes for most products are made to stand out. However, for food products it is likely that consumers believe that intrinsic cues, such as actual product ingredients, taste, texture or aroma, are more important in determining the real quality of grocery products than are extrinsic cues such as advertising, labeling or packaging (Richarsson et al., 1994). That is to say, consumers have been found to believe that the real measure of product quality is the quality of its ingredients, not so much the quality of the package, for example. Interestingly, many researchers (for example, Anselmsson et al., 2007; Nancarrow et al., 1998) report a very straightforward perceptual link between these two factors, as I will further discuss in Section 2.4. Note that a package could be considered an intrinsic or an extrinsic cue, depending on whether the package is part of the physical composition of the product or a tool for protection or promotion for the product. For example a dripless spout in detergent or a squeezable ketchup container would be an intrinsic cue due to their functional characteristics, while a card board container for a computer, a promotional tool for the brand, would be an extrinsic cue (Zeithaml, 1988).

According to Zeithaml (1988) the salience of intrinsic attributes at the point of purchase depends on whether they can be sensed and evaluated at that time. Extrinsic cues are posited to be used as quality indicators when the consumer is operating without adequate information about intrinsic quality attributes. This situation may occur when a consumer has little or no experience with the product, has insufficient time or interest to evaluate the intrinsic attributes, or cannot readily evaluate the intrinsic attributes

(Zeithaml, 1988). By definition the grocery retail market covers all these situations. Therefore it could be said that the grocery shopper relies on mainly extrinsic attributes in product assessment.

In their study, Richardsson et al. (1994) found that the confidence value (CV) assigned to extrinsic cues was higher than that assigned to intrinsic cues (Richardsson et al., 1994), meaning that shoppers feel more confident in their ability to judge product quality using the package and other extrinsic cues, than they do judging the quality of the intrinsic attributes of packaged products. The predictive value (PV) assigned to intrinsic cues was found to be greater than that for extrinsic cues (Richardsson et al., 1994) meaning that consumers believe that intrinsic attributes have a more direct impact on product quality than do extrinsic cues. Furthermore, extrinsic cues in general were most likely characterized by high CVs but low PVs, while intrinsic cues were most likely typified by low CVs but high PVs (Richardsson et al., 1994).

When buying groceries, there is always the risk of choosing a product that does not fulfill consumer expectations when consumed later, making the cost of acquiring the product, be it price or effort (Zeithaml, 1988), disproportionately high. Judging product quality when cues are characterized by either high CV/low PV or high PV/low CV entails the risk of selecting a poor quality brand (Richardsson et al., 1994). Consumers may attempt to alleviate this risk by placing relatively greater reliance on high CV/low PV cues because consumers first must select those cues that they can utilize with at least some degree of confidence (Richardsson et al., 1994).

To clarify further, even though consumers may feel like they have a better chance at getting the right quality product by judging ingredient quality, they are very unsure of their ability to do so in the grocery store environment. However, having a degree of experience in shopping and interpreting extrinsic cues, such as product packages, gives the shopper enough confidence in his or her ability to guess what product quality is offered by observing the package. Not all consumers are equal in the effort they are willing to put in comparing different products and aspects of their packaging, however. While for some consumers, choosing the right coffee product is a matter of careful cue examination, others grab the brand they always do, without giving their choice much thought (Silayoi & Speece, 2004). This seems to be influenced by a consumer's involvement level. The level of consumer involvement in relation to extrinsic cue utilization is the topic of the next section.

2.2 *Extrinsic cues and consumer involvement*

The level of time and effort shoppers spare for examining product packages and taking in product information depends on a variety of matters. In this section I will examine the way consumer involvement level affects extrinsic cue utilization. Products are generally divided into low and high involvement products (for example in Grossman & Wisenblit, 1999; Silayoi & Speece, 2004). Nancarrow et al. (1998) make a further distinction stating that the way information is processed by individuals, ranges from a continuum of “low” cognition, and consumer involvement at one end, to the extensive elaboration of each argument where there is “high” cognition, motivation, and thoroughness in processing information. Similarly, Hughes et al. (1998) indicate that involvement level reflects the extent of personal relevance of the decision to the individual in terms of basic values, goals and self-concept. Thus when the level of an individual’s involvement is low, information processing motivation and thoroughness are thought to be limited. Conversely, highly involved individuals are likely to spend much time on weighing the different aspects of product information (Hughes et al., 1998). Furthermore, as Hughes et al. (1998) suggest, highly involved individuals relate the product to their self-concept and value systems and thus place a great amount of importance in choosing the right product.

Most fast moving consumer goods are thought to be low involvement products (Silayoi & Speece, 2004), ground coffee not being an exception. In general, consumer acquisition of low involvement products is often done without carefully examining brand and product information (Silayoi & Speece, 2007). One reason for this is low risk (Chaudhuri, 2000): that is to say, that these products are simply not very important to the consumer making the choice. The low absolute and relative prices of most grocery store goods can also contribute to the level of involvement of consumers to these products. Also if the product does not stimulate much interest, consumers simply do not give much attention to it (Silayoi & Speece, 2007) lowering the level of involvement.

The lack of substantial evaluation often results in the inability to distinguish much difference among leading brands (McWilliam, 1997). As a result of this, low involvement decision making may be done in a relatively automatic manner (Grossman & Wisenblit, 1999). Commonly this is thought to result in relatively weak “habit brand loyalty”, meaning that when consumers find a brand which meets their standards, they tend to stay satisfied with it. Silayoi and Speece (2004) state that these kinds of consumers are not very committed, and substitute their habitual brand easily when it is not available.

In low involvement decision making, simple factors may influence a decision in the absence of more important criteria and consumers form attitudes based on very little information (Kardes, 1988). Thus,

consumer use of package elements is quite an important issue for low involvement products, as, generally, informational elements require more mental effort to process than do visual elements, which evoke more of an emotional response (Silayoi & Speece, 2004). One could assume that low involvement products, then, benefit from having distinctive visual elements instead of much information in their package. Indeed, Grossman and Wisenblit (1999) found that, for example, color, a relatively unimportant product attribute, may actually play an important role in low versus high involvement decision making, particularly when competing products are not seen as vastly different, which is often the case in food retail. I will address the notion of package elements in detail in Chapter 3.

Another view of low involvement extrinsic cue assessment, suggests that consumers might judge the product on the basis of its fit in the product category. According to Alba and Hutchinson (1987), consumers will choose a typical product in situations where they are insufficiently motivated to compare brands. They rely on their existing product knowledge and choose the typical brand (Alba & Hutchinson, 1987). Silayoi and Speece (2004) also found that some consumers make decisions based on their liking of a package. Some participants in their study suggested that the appearance of packaging reflected the characteristics of the buyers and therefore, they intended to buy products with the distinctive package design based on their images (Silayoi & Speece, 2004).

If consumers evaluate low involvement products superficially and rely on their first impressions, high involvement products are thought to be evaluated in quite the opposite manner. As mentioned before, Nancarrow et al. (1998) state that high involvement products evoke a high level of cognitive processing and extensive elaboration of product information in consumers. A reason for this, according to Silayoi and Speece (2004), could be that consumer evaluation of package elements changes as the perceived risk of the consumption situation increases. Risk in this case could be, for instance, high price or it could depend on a consumer's personal interests. For example, consumers who are aware of the relationship between cholesterol and heart disease or who are generally health conscious are likely to consider such product information to be of high relevance to them (Nancarrow et al., 1998) and will spend more time comparing products in terms of cholesterol consistency. Also, for them the risk attached to buying an unhealthy product seems high.

In a study by Silayoi and Speece (2004), many participants were more likely to judge higher involvement products at least partly by information provided on the package, in contrast to less involved consumers who seemed to rely on visual information. Thus, that whatever be the reasons, more highly involved consumers seem to evaluate message information, relying on message argument quality to form their attitudes and purchase intentions (Vakratsas & Ambler, 1999). Fitzgerald Bone and Russo France (2001) studied this phenomenon through test subjects' usage of color in product choice for both high and low

involvement products. Interestingly, they found no interaction between involvement level and the usage of color and concluded that highly motivated to process and less motivated to process individuals were equally influenced by graphical elements. One could then think that in high involvement products, all aspects, graphical and informational, are considered more in detail than is the case for low involvement products. What then makes a consumer be willing to pay different prices for different products if they are not capable of assessing veritable product quality in the point of purchase? I will discuss this in the next section.

2.3 Premium creation and brand equity

The notion of price is relevant for the study because one of the inherent characteristics of premium products is relatively high price (see Section 1.3). As we will now see, when it comes to premium-priced products, not merely price paid over quality received matters, one must take into consideration, that premium products satisfy needs and quality perceptions on a higher level of abstraction (Zeithaml, 1988). I shall first talk about the constituents of product equity, then, in Sections 2.5 and 2.6, further focus on perceived quality and self enhancement through consuming premium products.

Price premium is defined as the sum consumers are willing to pay for a brand, compared to other relevant brands, and can be either negative or positive (Aaker, 1996). The price premium does not necessarily correlate with actual consumer prices (Anselmsson et al., 2007) but can be just a perceived price or “pricyness” in itself or relative to other products in the same category. Customer based brand equity has often been defined as synonymous with price premium, that is to say, consumers’ willingness to pay for different brands (Anselmsson et al., 2007). In a study by Anselmsson et al. (2007), consumers were found to use similar criteria in evaluating brand equity in terms of price premium regardless of product category. These criteria and statements seem to fall into four key categories, which are here labeled brand equity dimensions: (1) awareness, (2) perceived quality, (3) associations and (4) loyalty (Anselmsson et al., 2007). A fifth dimension – (5) uniqueness – was added by Anselmsson et al. (2007). Uniqueness relates to the performance of the other four dimensions relative to competing brands and indicates that customer based brand equity is the result of the fact that customers compare the brand to other brands within the same category (Anselmsson et al., 2007). Furthermore, a brand’s degree of uniqueness appears to be the most important factor in order to achieve price premium (Anselmsson et al., 2007). Figure 1 illustrates the five brand equity dimensions.

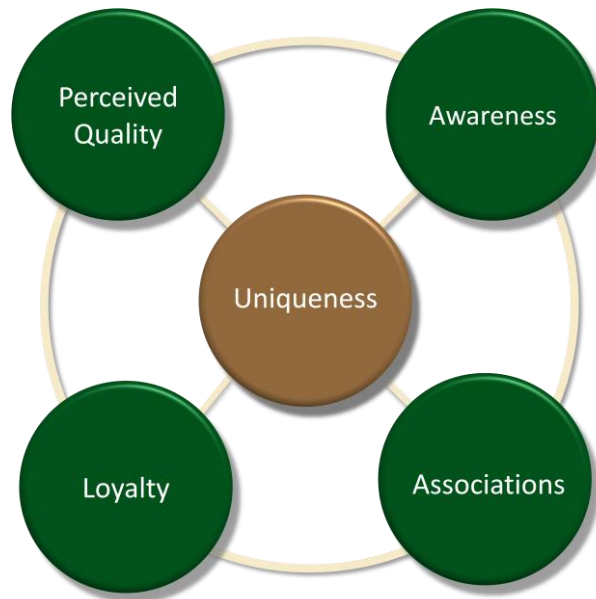


Figure 1: A brand equity model for understanding price premium for grocery products (Anselmsson et al. 2007)

The first dimension, awareness, relates evidently to consumers knowledgeability about the brand. In Anselmsson et al.'s (2007) study, well-known brands stood for security and trust while consumers were skeptical about unknown brands. The second dimension, perceived quality, in Anselmsson et al.'s (2007) study measured the quality of for instance ingredients and taste. Packages, they state, can have a direct impact on quality, both on intrinsic quality (if it for example has a special construction or a functional benefit) and extrinsic quality (the information on the package and visual identity) as will be discussed in the next section.

The principal difference between brand associations, the third dimension, and quality attributes is that consumers can not actually judge how a brand performs on a specific association, due to the apparent lack of relation between consumption and effect (Anselmsson et al., 2007). The brand associations are a matter of credible communication in the case when you cannot actually say, whether for example product ingredients are nutritious as communicated through different media (Anselmsson et al., 2007). In Anselmsson et al.'s (2007) paper the criteria sorted under this dimension could have further been categorized according to the following structure; origin, health, organizational associations, environmental/animal friendliness and social image - frequently mentioned brand associations. Quotes regarding the organization behind the brand included aspects like innovation, promotion ("They profile themselves and are positive in the communication with others") and success ("They are doing well"). The fourth dimension, consumer loyalty, was manifested by many respondents saying that they always search for a specific brand and purchase certain product almost habitually or by tradition.

Anselmsson et al. (2007) put the fifth dimension, product uniqueness, to the core of brand equity creation. It seems like only a brand that is unique can therefore command a price premium. To them, it is apparent that uniqueness plays a central role when building and controlling brand equity in a business currently characterized by price competition, copy-cat activities and increasingly successful me-too brands gaining higher and higher market share. Also Ward and Loken (1987) found that consumers seeking variety, prestige or scarcity negatively valued typicality. In such cases, product uniqueness instead of product typicality would drive consumer preference (Ward & Loken, 1988) as discussed in Section 2.4.

In Anselmsson et al.'s (2007) research, uniqueness was implicitly present in all quotes where respondents had expressed that the brand is "healthiest", "most tasty", and "most environmentally friendly". Something perceived to be the best or most regarding a certain attribute should, by definition, be considered unique in some sense, as opposed to quotes like "healthy" or "tasty" (Anselmsson et al., 2007). The uniqueness of a brand might be rooted in one single attribute or a certain combination of attributes that together makes the brand unique, and it can be of tangible or intangible character (Anselmsson et al., 2007). The highest level of uniqueness "one of a kind", can mean that the unique attribute cannot be traced or expressed in terms of general quality attributes or brand associations (Anselmsson et al., 2007). For instance it is very hard to tell, what it is, that makes Coca-Cola a unique, "one of a kind" brand. What is suggested is that the package's overall features can underline the uniqueness and originality of the product (Silayoi & Speece, 2004).

It is important to emphasize that the different brand equity dimensions are interdependent of each other. A high degree of awareness is not enough, the brand must also be known for something valued by the consumer, and the associations must be consistent with the quality attributes (Anselmsson et al., 2007). The brand equity halo effect, that is to say, how an improvement in one dimension can reinforce and leverage the customer perceived performance of other dimensions, is a very important advantage of having a strong and consistent brand (Anselmsson et al., 2007). Similarly, as will be seen in Section 4.2, a national brand with strong extrinsic cues can get away with a bad quality product without damaging its quality perceptions in the minds of consumers, while a premium private label seems to be sanctioned for its poor packaging, even when the ingredient quality is high.

How a single brand is perceived is however not interesting, as it must be related to competing brands (Anselmsson et al., 2007). As discussed in Section 1.3, premium products can exist in any category. Thus an ice cream product able to retrieve much higher prices than its rivals is as much a premium product as a luxury car, even when the price differential between these two categories can be hundreds of thousands (see Section 1.3 for examples). In this comparative perspective lies the central argument behind the operationalization of brand equity as price premium: the aim to offer something that motivates consumers

to pay more for the brand than for other competing brands (Anselmsson et al., 2007). Thus, high price may not be an indicator of premium products, rather the consumers' willingness to pay the price in order to infer all the associations related to that product to himself or herself. Now, however, a closer look at one of the brand equity dimensions – perceived quality – is in order.

2.4 *Extrinsic cues and perceived quality*

Because consumers cannot make complete and correct judgments of quality (for example judge the true ingredient quality of a food product, as discussed in Section 2.1), they use quality attributes that they associate with quality instead (Olson & Jacoby, (1972), Richarsson et al., 1994 and Zeithaml, 1988). These attributes are most often extrinsic, as we saw in the previous section. For consumers, product quality is not objective, but rather subjective perceived quality, only existing in consumers' minds (Zeitehaml, 1988). Perceived quality can be said to capture an attitude towards the brand, and differ from objective quality by having a higher degree of abstraction (Zeithaml, 1988). Putting Zeithaml's (1988) statement to the same context with Hirschman's (1980a) findings, we could say that product quality, is an affective response, an image of quality in the mind of the consumer, derived from product attributes in the grocery store setting contoured by the social environment of the individual, as we will see in the next section.

The quality dimension of product equity is particularly interesting, since consumer perceptions of quality have been proved to be affected by extrinsic cues, mainly packages (see for example Richarsson et al., 1994). Furthermore, what characterizes a premium product is the perception of high quality. Quality can be defined broadly as superiority or excellence (Anselmsson et al., 2007). By extension, perceived quality can be defined as the consumer's judgment about a product's overall excellence or superiority (Zeithaml, 1988). Perceived quality is thus, (1) different from objective or actual quality, (2) a higher level abstraction rather than a specific attribute of a product, (3) a global assessment that in some cases resembles an attitude, and (4) a judgment usually made within a consumer's evoked set (Zeithaml, 1988). As it has been used in the literature, the term "objective quality" refers to measurable and verifiable superiority on some predetermined ideal standard or standards (Zeithaml, 1988). Yet, perceived quality is defined as the consumer's judgment about the superiority and excellence of a product (Zeithaml, 1988). This is interesting because objective quality arguably may not exist because all quality is perceived by someone (Zeithaml, 1988).

Specific or concrete intrinsic attributes differ widely across products, as do the attributes consumers use to infer quality (Nancarrow et al., 1998; Zeithaml, 1988). Though the concrete attributes that signal quality

differ across products, higher level abstract dimensions of quality could be generalized to categories of products. As attributes become more abstract, they become common to more alternatives (Zeithaml, 1988). Zeithaml (1988) studied various cold beverages and perceptions of their quality. Her findings suggest that specific intrinsic attributes used to infer quality could not be generalized across beverages, but that higher level abstract dimensions could capture the meaning of perceived quality in whole categories or classes of beverages. Purity, freshness, flavor, and appearance were the higher level abstract dimensions subjects discussed in defining quality in the (cold) beverage category (Zeithaml, 1988). These dimensions in turn are reflected on the packages of the product (Silayoi & Speece, 2004). In this study, I will try and find those higher level abstract dimension associated with good quality coffee. From Zeithaml's (1988) results one could suspect flavor is one dimension which may be consistent also in the warm beverage category.

Anselmsson et al. (2007) found that important intrinsic grocery quality attributes, which consumers consider being equivalent to quality are taste, appearance, consistency, and texture, odor, ingredients, function and packaging. Relevant extrinsic attributes, which signal quality and influence perceived quality, were packaging, ingredients and nutrition information, price, promotion, and brand name. Packages, according to them, can be intrinsic attributes if they have a functional benefit or help significantly preserve ingredient quality. Packages influence the extrinsic product quality by providing information and creating a visual identity for the product (Zeithaml, 1988).

In the study by Anselmsson et al. (2007) on brand equity and food quality, respondents reported that extrinsic attributes were relevant to them as respondents stated that they were using price ("lower quality is often cheaper") as well as promotion ("I've seen advertising for the brand") and brand name ("I judge by the brand") to infer the quality of products they had not tried before. According to Anselmsson et al. (2007), packages should be more important for creating brand equity for convenience goods, like groceries, than for shopping goods sold in combination with personal selling and displayed without their packages. This is in line with what we now know about cue utilization theory: when intrinsic attributes are unavailable, consumers feel more confident in their skills of judging the product quality by using the attributes they do have access to: the extrinsic cues, and in this case, the package.

Packages were found to be important for how the respondents perceived the quality of different brands in the Anselmsson et al. (2007) study. Respondents said, for example, that they: "look at the box, that it looks professional and not as boring as Blåvitt (a private label brand)". What can be seen from these results is that, clearly, in the minds' of consumers, a good quality package is a sign of a good quality product just as a boring package seems to mean the product is boring as well (also in Silayoi & Speece, 2004; Underwood et al., 2001). Silayoi and Speece (2007) have found similar results. In an earlier study (Silayoi & Speece, 2004), they state that, as graphics and shape may affect consumers' attention at the beginning, consumers often

tend to read the message and information on the label to ensure quality. They thus place more importance on the informational aspects of packaging rather than on the visual elements when assessing quality. From these results, a conclusion could be drawn that when seeking high quality in products, consumers tend to be more highly involved in their brand choice than what they would be if quality was not an issue (see Section 2.2).

As already discussed, brand equity results in consumers paying a price premium for a product over its rivals. From the consumer's point of view, price is what is given up or sacrificed to obtain a product (Zeithaml, 1988). Objective monetary price, however, is frequently not the price encoded by consumers. Some consumers may encode and remember the price only as "expensive" or "cheap". Still others may not encode price at all (Zeithaml, 1988). According to Zeithaml (1988) the use of price as an indicator of quality depends on: (1) availability of other cues of quality, (2) price variation within a class of products, (3) product quality variation within a category or products, (4) level of price awareness of consumers and (5) consumers ability to detect quality variation in a group of products. Therefore, in a product category where it is hard to assess other qualities of a product than the price, price differences between products are notable, one knows the quality of goods varies much, consumers know how the prices in the category are in general, and they cannot really tell which product is of good quality, price is likely to be used as an indicator of quality. A beauty spa treatment could be one such product.

In packaged goods categories, however, where products differ little in price, the consumer may not attribute higher quality to products that cost only a few cents more than those of competitors (Zeithaml, 1988). Interestingly Silayoi and Speece (2004) found that customers were prepared to pay slightly more for enhanced product value, which the researchers interpreted as an indication of consumers' desire for better quality. One explanatory variable (of variation of the use of price as an indicator of quality) could be consumers' price awareness: consumers unaware of product prices obviously cannot use price to infer quality (Zeithaml, 1988). It could then be that coffee shoppers cannot remember actual prices of products, much due to the fact that different retailers might be charging different prices. Yet, consumers might be able to give a rough estimation, judging from product packages, on whether a coffee product is cheap or expensive, and also be able to rank products according to price. In this sense it could be, price does indicate quality, but only as a relative notion of superiority over competing products if the price differential is big enough and supported by other product extrinsic cues, such as the package. It could also be that there is a product in the coffee category, which is seen as the basic product, and other brands are seen as either cheaper or more expensive than that brand. Thus the "premiumness" of a product could be derived from how it is perceived when compared to the basic product or products. The drivers behind a consumer's desire for quality and "premiumness", however, remain unexplored. In the next section, I will shed light on this issue, through examining the interrelation of consumption and the self.

2.5 Premium products and self enhancement

In this section, the existence of a deeper meaning of products to consumers in terms of building their self image is examined. As discussed in earlier chapters (for example Sections 1.3 and 2.3), products cannot be thought to only fulfill a utility which the consumer obtains by making a monetary sacrifice. Hirschmann (1980a) states that consumers evaluate different product attributes, whether they exist in reality or only in the minds of the individuals, and attach meaning to these attributes from socialization processes. According to Anselmsson et al. (2007), consumer associations along with brand loyalty, awareness and quality perceptions, contribute to the creation of product uniqueness, which in turn enables the product to be sold at a premium price. Therefore, one could say, that consuming a product, a premium product in particular, has a higher level of significance to a consumer. According to Grubb and Grathwohl (1967) the significance is manifested through using products as symbols of the self.

If a product is to serve as a symbolic communicative device it must achieve social recognition, and the meaning associated with the product must be clearly established and understood by related segments of society (Grubb & Grathwohl, 1967). This process is in reality a classification process where one object is placed in relation to other objects basic to society (Grubb & Grathwohl, 1967). Anselmsson et al. (2007) suggest that a product with strong brand equity is able to claim a position of uniqueness and price premium much in the same way. Therefore, it could be that a product which is used to communicate a symbolic meaning is a product with high brand equity – a premium product.

The act of consumption as symbolic behavior may be more important to the individual than the benefits provided by the functioning of the product purchased (Grubb & Grathwohl, 1967). For instance in a study by Silayoi and Speece (2007) apart from reflecting the ease of cooking and consumption, consumers were more likely to pick a packaged food from the shelf if the technology of its packaging represented their self-image well. Thus if the product looked innovative, it was thought to bring a contemporary image to the buyer too (Silayoi & Speece, 2007). Therefore, a more meaningful way of understanding the role of goods as social tools could be to regard them as symbols serving as a means of communication between the individual and his or her significant references (Grubb & Grathwohl, 1967). If a symbol is to convey meaning it must be identified by a group with which the individual is associated, whether the group consists of two people or an entire society, and the symbol must communicate similar meaning to all within the group (Grubb & Grathwohl, 1967).

Further the symbolic social classification of a good allows the consumer to relate him or herself directly to it, matching his or her self-concept with the meaning of the good. In this way, self support and self

enhancement can take place through association with goods which have a desirable social meaning and from the favorable reaction of significant references in the social interaction process (Grubb & Grathwohl, 1967). The self concept of an individual will be sustained and buoyed if he or she believes the good he or she has purchased is recognized publicly and classified in a manner that supports and matches his or her self concept (Grubb & Grathwohl, 1967). Figure 2 is an illustration of the process of symbolic communication as described by Grubb and Grathwohl (1967).

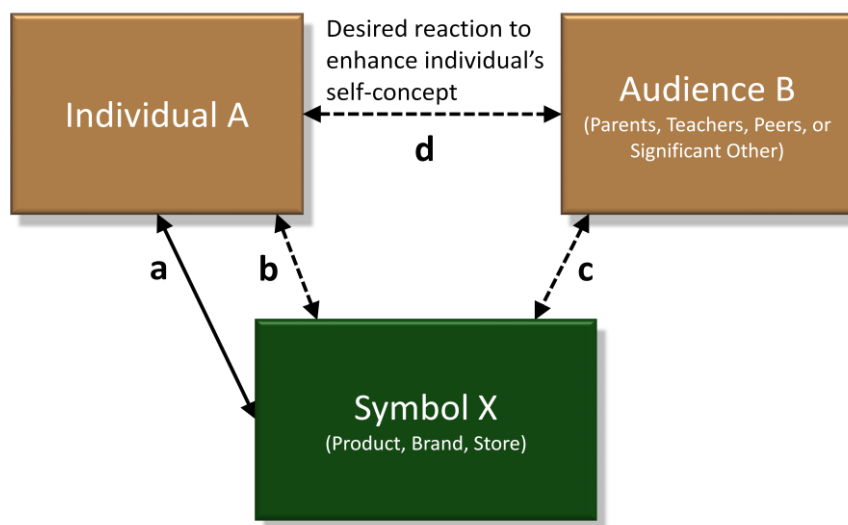


Figure 2: Relationship of the consumption of goods as symbols for the self-concept (Grubb & Grathwohl, 1967)

Here individual A purchases and uses symbol X which has extrinsic and intrinsic value as a means of self-enhancement. The letter "a" stands for intrinsic value while "b", "c" and "d" represent extrinsic value. Intrinsic value here is the value the consumer derives from the product him or herself and extrinsic value is what the consumer gets from outside. By the use of symbol X, an individual is communicating with him or herself; he or she is transferring the socially attributed meanings of symbol X to him or herself. This internal, personal communication process with symbol X becomes a means of enhancing his or her valued self-concept. By presenting symbol X to Audience B the individual is communicating with them. "b" and "c" indicate that in presenting Symbol X to Audience B, individual A is attributing meaning to it and that in interpreting Symbol X, the relevant references in Audience B are also attributing meaning to the symbol. If Symbol X has a commonly understood meaning between Individual A and the references in Audience B, then the desired communication can take place and the interaction process will develop as desired by A. This means the behavior of the significant references will be the desired reactions to Individual A (as shown by arrow "d") and, therefore, self-enhancement will take place.

It is vital that a company identify those specific products where the symbolic meaning of the product and its relation to the self-concept of the purchaser are active influences in the consumer decision making process (Grubb & Grathwohl, 1967). Through product design, pricing, promotion and distribution the firm must communicate to the market the desired clues for consumer interpretation and therefore develop the desired symbolic meaning of the brand (Grubb & Grathwohl, 1967). For coffee products the difficulty is that purchasing the product does not often have a direct connection to its consumption. Also as coffee is consumed in the presence of the relevant audience it is almost always processed and thus possibly altered by the consumer. Differences of consumption and resulting symbolic potential of coffee and beer, as suggested by Quelch (1987), is illustrated below in Figure 3.

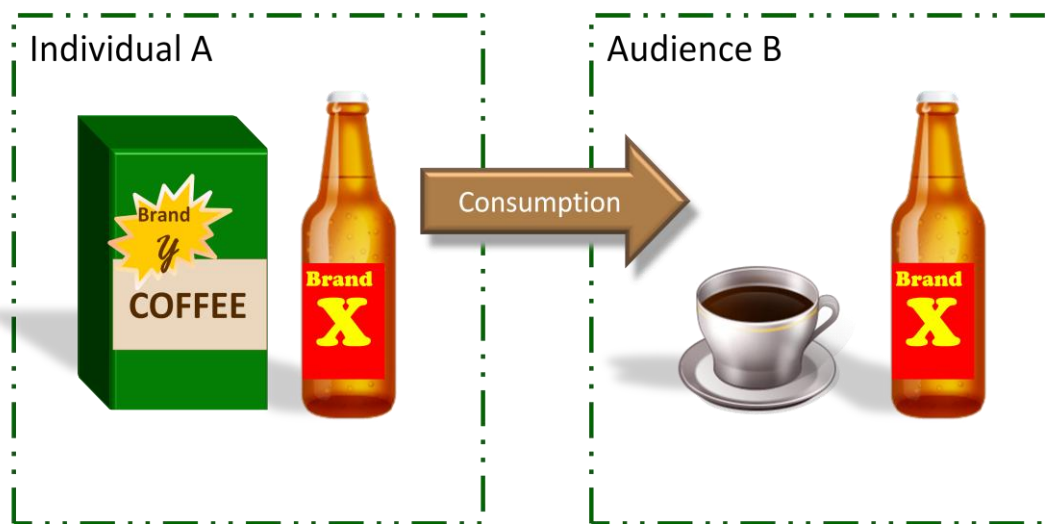


Figure 3: Differences of consumption and resulting symbolic potential of coffee and beer

Quelch (1987) compared the possibility of using premium strategies for coffee and for beer. According to him, although coffee and beer are both beverages, premium marketing strategies have been more successful for beer than for coffee, which is a result of coffee being a mundane item - more a commodity than an indulgence. In a social situation, the brand of beer the consumer chooses is often clearly visible, while coffee is usually served anonymously from a pot or cup. When, however, coffee is served in social situations, there is higher risk and therefore, a consumer is more likely to use a premium brand (Quelch, 1987). What Quelch (1987) means by higher risk, could be that, as a person alters a product during preparation, the product gets more personal, because as a result the quality of coffee offered also depends on the coffee making abilities of that person.

Even though Quelch (1987) raises a valid point, it could still be suggested that coffee can be symbolic, precisely due to its commonly mundane character. A person serving (or purchasing in the presence of a member of the audience) a particularly prestigious brand of coffee could potentially enhance his or her image as a person, who, for example, “does not settle for anything less than the best quality” or “can afford to not cut back on the little things”. Also, even if coffee is served with no clear indication of its brand, the consumer could raise the topic in a conversation and consequently enhance his or her self image. Furthermore, much has happened since the late 80’s, and a new generation of coffee drinkers could attach more meaning to coffee than what consumers have done in the past.

3. PACKAGE CUES AND THEIR IMPORTANCE IN MARKETING

In this chapter I will examine packages on a more detailed level discussing the different packaging elements, or cues, and their importance for a product and brand. I will start by introducing the role packages currently have in marketing communications. Then, I will discuss the two types of packaging elements: visual and informational elements, examine the role of packages in marketing and finally explore the responses, cognitive and affective, that packages can create in consumers. Now, however, I will briefly introduce packages in marketing on a more general level.

The product constitutes one of the classic four P’s of the marketing mix, and the most fundamental characteristics of a product is its exterior form or design (Bloch, 1995). In the case of many fast-moving consumer goods, the product is shielded inside a package in the grocery store setting (Schoormans & Robben, 1997). Thus the appearance of fast-moving consumer goods is in many cases strongly dictated by their package (Schoormans & Robben, 1997). In marketing literature, packages are considered to form part of the product and the brand. For example, for some (Ampuero & Vila, 2006) packaging is a product property or characteristic, whereas for others, (Olson & Jacoby 1972) packages are extrinsic elements of the product, that is to say, they are attributes that are related to the product but that do not form part of the physical product itself. Packages are, therefore, presented as part of the buying and consuming process, but often they are not directly related to the ingredients that are essential for the product to function (Underwood et al., 2003; Ampuero & Vila, 2006). These views go in line with what was stated by Zeithaml (1988) in Chapter 2: a package is considered an intrinsic cue if it provides a functional benefit for the product. In other cases it is an extrinsic cue: an attribute related to the product but not part of the product itself.

In cases where design is seen as an important part of the product offering a product's form represents a number of elements chosen and blended into a whole by the design team to achieve a particular sensory effect (Bloch, 1995). Food products' brands use a range of package attributes, combining colors, designs, shapes, symbols, and messages (Nancarrow et al., 1998; Silayoi & Speece, 2007) in order to convey the intended message and achieve the sensory effect. Furthermore, according to Bloch (1995) the physical form or design of a product is an unquestioned determinant of its marketplace success. This has not gone unnoticed in companies, as, in a survey of senior marketing managers, design was mentioned the most important determinant of new product performance by 60% of respondents in a study conducted by Bruce and Whitehead (1988). 17% considered price most important (Bruce & Whitehead, 1988). Indeed, firms spend more money on packaging than on advertising and packages are often the most distinguished marketing effort (Schoormans & Robben, 1997).

There are some challenges that package design needs to address continuously, however. Innovation is on center stage and managers need to constantly develop new products that are more efficiently produced, packaged for a longer shelf life, environmentally friendly, nutritionally responsive to each of the emerging segments of society, and meet maximum food safety requirements (McIlveen, 1994). Furthermore, these aspects need to be effectively communicated in store. In the next section I will address the communicative purpose of packaging.

3.1 The role of packaging in marketing communications

The importance of package design and the use of packages as vehicles of communication and branding is growing (Rettie & Brewer, 2000), as packaging takes on a role similar to other marketing communications elements (Silayoi & Speece, 2007). According to Schoormans and Robben (1997), packaging performs several communication functions. These are, according to them, for instance, communicating brand and product identification, price information, and information on ingredients and product use. Also Bloch (1995) describes the form or exterior appearance of a product as an important means of communicating information to consumers. Moreover, according to Silayoi and Speece (2007) a package is the symbol that communicates favorable or unfavorable implied meaning about the packaged product. Thus, the important communication functions seem to be (1) brand identification, (2) price, ingredient and usage information, and (3) meaning presentation.

In the discussion of the importance of packages relative to other means of communication, Peters (1994) goes a step further. He considers packaging to possibly be the most important communication medium.

The reason for these claims is threefold: (1) packaging reaches almost all buyers in the category, (2) it is present at the crucial moment when the decision to buy is made, (3) and buyers are actively involved with packaging as they examine it to obtain the information they need (Peters, 1994). Indeed, one of the core strengths of packaging as a marketing communication vehicle is its inherent accessibility at point of purchase (Underwood et al., 2001). The grocery store environment, however, could possess a threat to the success of packaging as a communication medium. As discussed in Section 1.1, consumers spend a very short time contemplating on their product choice. Also, the number of product messages in an average grocery store is so high, that a consumer cannot possibly take all intended information in as he or she is choosing a product. Thus, in order for the package to communicate to consumers, it has to get their attention first. Underwood et al. (2001) are also of the opinion that, as with all point-of-purchase communication vehicles, the primary role for product packages at the self is to generate consumer attention by breaking through the competitive clutter and gain consumer notice (Bloch, 1995). Therefore gaining consumer notice can be thought to be the prerequisite for the completion of the communicative functions of packaging. I will discuss the ways packaging can attract attention in a grocery store setting in Section 3.3.

In sum, packaging provides manufacturers with the last opportunity to persuade possible buyers before brand selection (Ampuero & Vila, 2006). Therefore, all the packaging elements, including texts, colors, structure, images and people personalities have to be combined to provide the consumer with “visual sales negotiation” when purchasing and using the product (McNeal & Ji, 2003). A good design attracts consumers to a product, communicates to them and adds value to the product by increasing the quality of the usage experiences associated with it (Bloch, 1995). According to Bloch (1995), in addition to managerial considerations, product form is also significant in a larger sense because it affects the quality of our lives: the perception of usage of beautifully designed products may provide sensory pleasure and stimulation, as objects with unattractive forms may evoke distaste. The elements, or cues, that construct the product form, or package in this case, are discussed in the next section.

3.2 *Package design elements*

The concept of package design is inherently multidimensional, incorporating multiple elements such as text, shape, graphic design, logo, size, colors, illustrations, material, construction, texture, and so on (Underwood et al., 2001). In this section I will take a closer look at the different components that enable a package to perform its task in marketing.

With regard to the main components of packaging, many different points of view have been expressed (for example Ampuero & Vila, 2006, Underwood et al., 2001 and Vidales Giovannetti, 1995). According to Ampuero and Vila (2006), a distinction is made between two blocks of components: (1) graphic components, which include color, typography, the graphical shapes used and the images introduced; and (2) structural components, which include the shape and size of the packages and the materials used to manufacture them. Silayoi and Speece (2004) also divide packaging elements into two categories, which are, in part, different from Ampuero and Vila's (2006) view. According to Silayoi and Speece (2004) four main packaging elements potentially affect consumer purchase decisions, and they can be separated into two categories: (1) visual and (2) informational elements. The visual elements consist of graphics, and size and shape of packaging, and relate more to the affective side of decision-making (Silayoi & Speece, 2004), as we will see later in this chapter. Informational elements relate to information provided, and technologies used in the package, and are more likely to address the cognitive side of decisions (Silayoi & Speece, 2004). As visual and informational elements seem to be an issue in research concerning consumer involvement (see for example Silayoi and Speece, 2004 and Section 2.2), which is also of relevance for this study, this latter distinction illustrated in Figure 4, should be followed.

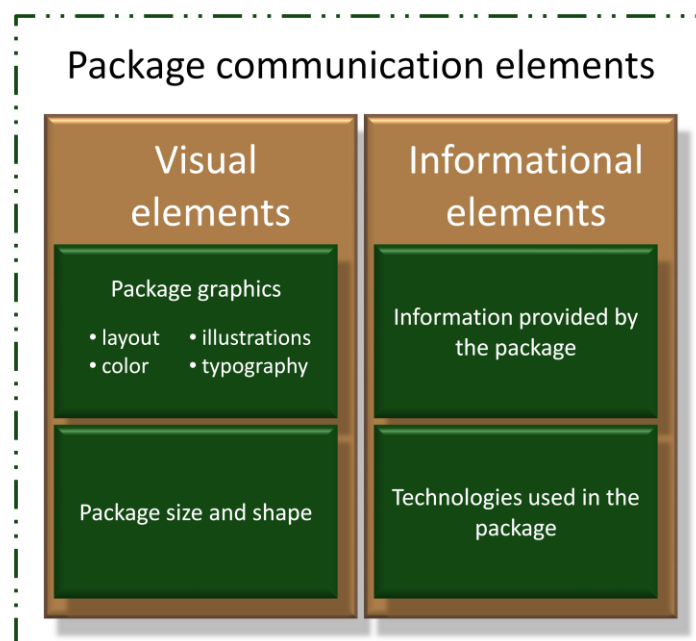


Figure 4: Package communication elements

Figure 4 shows the two types of communication elements of packaging: visual and informational elements. Visual elements are divided into two parts: package graphics, and package size and shape, and package

graphics are further divided into four parts: layout, illustrations, color, and typography. Informational elements are also divided into two parts: packaging information and packaging technologies. First, the visual components, and then, the informational components of packaging should be looked more closely into.

Package graphics

According to Silayoi and Speece (2004) the visual components of packaging are the different graphical elements of the package and the size and shape of the package. Furthermore, as mentioned, the graphical elements include layout, color combinations, typography, and product illustrations, and they all contribute to creating an image for the product or brand (Silayoi & Speece, 2004). Simply put, Silayoi and Speece (2004) state that poor graphics can lose the sale for many consumers, while attractive graphics gains it for many. First, a look at one of the most attention attracting graphical elements: color is taken.

Color

Meyers-Levy and Peracchio (1995) suggested that color, which is assumed to be more vivid than black and white, attracts attention and can provide information, as we will see shortly. As already discussed, a product must be able to stand out from the clutter of competing brands in order to succeed and color has a great capacity to attract the needed attention (Fitzgerald Bone & Russo France, 2001; Meyers-Levy & Peracchio, 1995). However, color can also attract attention to irrelevant data at the expense of more important and diagnostic information in a situation when colorful graphics use consumers' resources that might better be used in examining the verbal component of the package label, leading to an incorrect conclusion on the product (Fitzgerald Bone & Russo France, 2001). Especially in the grocery store environment, consumers may rely on cues that they can quickly assess (Richarsson et al., 1994) and therefore if the product's color evokes associations that conflict with actual product attributes, the risk of making a bad product choice is possible.

The notion of color associations is quite the complex matter. On the one hand consumers seem to have personal and cultural preferences for some colors over others (Grossman & Wisenblit, 1999). On the other hand, entire product classes seem to have sets of "acceptable" colors (Schoormans & Robben, 1997) and these sets seem to be independent of personal color preferences. Indeed, according to Grossman and Wisenblit (1999), favorite color does not adequately explain consumer color choices for products. Consumers have likely developed a wide range of color associations for various product contexts, which makes the task of understanding color responses more complicated (Grossman & Wisenblit, 1999). Rather than examine general color preferences among consumers, it may be preferable to learn consumers' color associations as a basis for understanding the emotional aspects of color (Grossman & Wisenblit, 1999). For

example, Pentel, a company that makes school supplies, found that red and green were not preferred colors in school supplies, because teachers grade in these colors and they may have negative associations for students (Rouland, 1993). Similarly, in a study by Schoormans and Robben (1997), respondents did not react favorably to blue coffee packages, because they associated the color with coldness. For them, coffee was principally a hot beverage, and therefore respondents were put off by a package which reminded them of cold coffee.

An interesting point made by Grossman and Wisenblit (1999) is that color preferences and meanings are learned and can be changed. They state that marketers may have contributed to the development of color preferences by creating associations over time. For example, Lee and Barnes (1990), in a content analysis of print advertisements, found that product category and color were significantly correlated, suggesting that advertisers tend to depict products in the same colors in certain product categories (Lee & Barnes, 1989). This could be extended to actual product package colors. I will discuss product category characteristics more in detail in Section 3.3.

Color associations seem to be influenced by numerous aspects. Interestingly, Ampuero and Vila (2006) discovered some color associations they stated could cross category boundaries. In their study, the authors found that packaging in cold and dark colors were usually associated with high-prices and refined aesthetics. In contrast, accessible products that are directed to price sensitive consumers required light, mainly white, colored packaging (Ampuero & Vila, 2006). Safe and guaranteed products were associated with red packaging (Ampuero & Vila, 2006). Whether these results demonstrate an inherent meaning of color to consumers or only a set of color associations learned from existing product categories, however, remains unclear.

Layout

Ampuero and Vila (2006) found, in the same way, some common associations in the second type of graphical elements: package layout. They found that non-selective, middle class products were associated with horizontal and oblique straight lines, circles, curves, wavy outlines, asymmetrical compositions and the use of several elements. In contrast, high price products appeared to be associated with vertical straight lines, squares, straight outlines, and symmetrical composition with one single element (Ampuero & Vila, 2006). Also Rettie and Brewer (2000) touched upon layout issues as they studied the recall of packaging elements. They found that elements were recalled differently according to their placement on the package. The results indicate that verbal stimuli is recalled better when they are on the right side of the visual field, and non-verbal stimuli recall would be better when on the left hand side of the visual field (Rettie & Brewer, 2000). Hence, the composition of visual elements could be thought to influence both the product associations and product recall.

Pictures

The third graphical packaging element, packaging pictures, have been found to fulfill multiple tasks. MacInnis and Price (1987), for instance, state that a consumer viewing a product picture on a package is more likely to spontaneously imagine aspects of how a product looks, tastes, feels, smells, or sounds like than they would with a pictureless package. The imaging of the individual brand, according to them, then leads to fewer brands being evaluated, improving the brand's likelihood of purchase (MacInnis & Price, 1987). Underwood et al. (2001), on the other hand, say that the positive impact of package pictures is primarily to increase attention to a brand, rather than increase the likelihood of the brand to be chosen. According to them, pictures are extremely vivid stimuli and incorporating visual imagery on a package may enhance the product's accessibility to consumers (Underwood et al., 2001), which does not seem to be synonymous to brand choice.

Alternatively, Fitzgerald Bone and Russo France (2001) highlight a picture's capacity to serve as a framework for interpreting a package's informational components, since pictures, according to them, are likely to be processed prior to other components of a package (Fitzgerald Bone & Russo France, 2001). Therefore, on one hand, a picture could reinforce the informational, for example verbal, stimuli. On the other hand, if a package is carelessly designed, the two components could contradict and in that case, Fitzgerald Bone and Russo France's (2001) statement would imply the intended informational stimuli would be hampered.

The picture can also be a source of information to a consumer (Underwood et al., 2001). Pictorial content represents concrete information that tends to be more influential in the decision making process than more abstract verbal information (Underwood et al., 2001). A picture could actually show how the product looks like or how it could be served, while verbal information can only describe it. For consumers wishing to save money, for example, a picture may validate the quality of a more inexpensive private label product when compared to a national brand (Underwood et al., 2001). Moreover, in categories where product knowledge is low, the product picture may prove to be highly diagnostic (Underwood et al., 2001), as it again reveals the unknown product in a way that stimulates consumers' imagination. Also if little variance exists in price and perceived quality among brands, a product picture could be exceedingly important (Underwood et al., 2001).

Typography

When it comes to the third graphical packaging element, package typography, some interesting findings have come up in previous research. Ampuero and Vila (2006) found that packaging for elegant products usually presented bold, large, roman, upper case letters with expanded characters (Ampuero & Vila, 2006).

In contrast, accessible products of reasonable price were associated with both serif and sans serif typographies (Ampuero & Vila, 2006). It is hard to confirm this kind of findings comprehensively, but at least it seems very easy to find examples that concur with the view of the researchers. Picture 1 is an example of an elegant product with bold, large, upper case letters with expanded characters.



Picture 1: Elegant product with bold, large, upper case letters with expanded characters (Kozak and Wiedermann 2008, p.94)

Size and shape

The second type of visual packaging elements is package size and shape. According to Silayoi and Speece (2004), package size, shape, and elongation affect consumer assessment and decisions, much like graphical elements, but not always in easily uncovered ways. In their study, Silayoi and Speece (2004) found that size and shape were much related to usability. While consumers thought of product pictures and graphics as a means of communication, discussion about size and shape focused more on packages being convenient to use and carry (Silayoi & Speece, 2004). Consumers appeared to use package size and shape also as simplifying visual heuristics to make volume judgments (Silayoi & Speece, 2004). Participants agreed that packaging size and shape helped them judge product volume and value for money (Silayoi & Speece, 2007). Without their familiar brands, bigger packages of very low involvement items such as commodity food products tended to be chosen (Silayoi & Speece, 2004). Interestingly, consumers perceived more elongated packages to be larger, even if there was no difference in size with the less elongated packages, and even when they frequently purchased these packages and had experience using them (Silayoi & Speece, 2007).

Thus, elongating the shape, within acceptable bounds, should result in consumers thinking of the package as a better value for money and result in larger sales generally (Silayoi & Speece, 2007).

Informational elements

The second type of packaging elements, are the informational elements: information provided by the package and technologies used in the package. I will not be as thorough in my exploration of the informational elements as I have been with the graphical elements, due to the visual focus of this paper and the fact, that graphics may affect beliefs more even when accurate verbal information is provided to the consumer (Fitzgerald Bone & Russo France, 2001). This revelation makes the role of informational elements smaller in marketing communications.

Product information

As mentioned, one of packages' functions is to communicate product information, which can assist consumers in making their decisions carefully (Silayoi & Speece, 2007), and it seems evident that written, verbal information has a great capacity to do this. However, written information on a package can also create confusion by conveying either too much information or misleading and inaccurate information (Silayoi & Speece, 2007) in some cases. Furthermore, in a study by Silayoi and Speece (2007), consumers were found to use explicit product information to assess healthiness, and also many other aspects of quality. Yet, consumers were more likely to read the label to check that the product information was consistent with their needs if the package made it seem that the product was worth investigating more carefully (Silayoi & Speece, 2007). This suggests the informational elements are relevant only if the graphical elements have performed well enough.

Technology

When it comes to the second type of informational elements: packaging technology, Silayoi and Speece (2007) found that the impression of the level of technology used in packaging reflected the contemporary image of the product itself. Also, as convenience has become increasingly important for food products, consumers who are worried about time saving could pay more attention to claims of new technology, because of technology's association with convenience (Silayoi & Speece, 2007). Now we have an idea of what the tools, with which packaging can communicate the desired brand messages in order to, ultimately, affect consumers' product choice, are. In the next section I will discuss packaging as a part of marketing communications. There are some marketing functions that packaging is in a unique position performing. This is the topic of the next section.

3.3 *The functions of packaging in marketing*

Packages, as mentioned throughout this paper, can perform specific marketing functions due to their presence at the point of sale, as well as during storage and consumption. As discussed before, one of the most important tasks of a package in a grocery store environment is to grab a consumer's attention (Underwood et al., 2001; Silayoi & Speece, 2007). Furthermore, it should enable product differentiation and positioning (Ampuero & Vila, 2006). In this section I will first discuss the attention created by packaging and then go on to product differentiation and product positioning by the means of packaging.

Attention

Attention refers to the momentary focusing of information processing capacity on a particular stimulus (Schoormans & Robben, 1997). The ability of stimuli to attract attention is a prerequisite for information processing (Schoormans & Robben, 1997). Stimulus characteristics that can induce attention are color, size, motion, the use of complex stimuli and the degree of novelty of the stimulus (Schoormans & Robben, 1997). Although certain characteristics of stimuli have a significant absolute impact on individuals, for example the attention given to a loud noise, the effect of stimuli is often moderated by the context in which the stimuli appear (Schoormans & Robben, 1997). Stimuli with characteristics that contrast with those of other stimuli in the environment are more likely to attract consumers' attention (Schoormans & Robben, 1997). Perceptually novel stimuli, such as the form of packaged goods or in-store communications, succeed in distracting consumer shopping routines and interrupting existing patterns of behavior, in particular (Garber, 1995).

Obtaining consumers' attention is important to marketers because of the large number of stimuli within a retail setting, most of which, are ignored by shoppers who often purchase habitually or have low levels of involvement with the decision process (Underwood et al., 2001), as discussed in Section 2.2. Underwood et al. (2001) state, that attention can have an important effect on consumers, due to its impact on the formation of the consumers' consideration set. The underlying assumption, here, seems to be that a product which attracts no attention cannot be considered. One drawback of the attention arousing capacity of certain stimuli, however, is that they may complicate fast and successful information processing (Schoormans & Robben, 1997). Especially, if we consider many low involvement products, consumers are not motivated to carefully examine the product (Silayoi & Speece, 2004) and therefore a complex packaging message could be ignored by the consumer.

The attention attracting capacity of the package elements can depend on the vividness of the information. For example pictures are said to be extremely vivid, while verbal information is less so (Underwood et al.,

2001). Vivid information provokes imagery (McGill & Anand, 1989) and so maintains consumer attention. This stimulation of imagery is thought to be related to the way, in which, information enhances imagination and visualization processes in the consumer (Schoormans & Robben, 1997).

The appearance of a product can be, and often is, used as a means to induce novelty and many marketing stimuli can perform an attention arousing function if they contain specific characteristics that turn them into novel stimuli (Schoormans & Robben, 1997). Often, this is a result of a change in a package. There may be occasions when a change to a package is designed to affect consumer perceptions but the marketer may not wish the change to be noticed (Nancarrow et al., 1998). For instance, the need is to keep the product looking up-to-date without losing the benefit of the look in which so much marketing spend has been invested to make the brand familiar and build a specific image (Nancarrow et al., 1998). Psychologists describe the minimal difference between two stimuli that can be detected as the differential threshold or the just noticeable difference (JND) (Nancarrow et al., 1998). Marketers have adopted the concept in several areas - pricing, pack design and size in particular (Nancarrow et al., 1998).

Schoormans and Robben (1997) found that when redesigning stimuli in marketing practice a trade-off has to be made between (1) the high attention getting value of discrepant stimuli and (2) their ability to transfer existing positive affects to new stimuli that resemble the existing products or packages in the product category (Schoormans & Robben, 1997). They concluded that moderate package deviations of modified packages appeared to give the best trade-off with regard to drawing attention and creating favorable consumer evaluations of a well-established brand (Schoormans & Robben, 1997).

Differentiation

Underwood et al. (2003) state that the proliferation of brands in the market and the varied range that a purchaser finds at the point of sale, force efforts to achieve effective differentiation to be increased. This is also why traditional mass media communication is being redirected to point of sale promotions and communication (Ampuero & Vila, 2006). There seems to be a growing managerial recognition of the ability of packaging to create differentiation and identity, above all in the case of relatively homogenous perishable consumer goods (Ampuero & Vila, 2006), such as coffee.

According to Silayoi and Speece (2007), a package's overall features can underline the uniqueness and originality of the product and thus enhance effective differentiation. They state that in order to be noticed at the point of sale, for example pictures on the package can be a strategic method of differentiation, as they will enhance access to consumer consciousness. As discussed in the previous section, pictures are extremely vivid stimuli compared to words (Underwood et al., 2001) and also are quicker and easier for

consumers to process in a low involvement situation (Silayoi & Speece, 2007). Therefore, they could be a very useful way to influence differentiation in coffee products.

Grossman and Wisenblit (1999) name also color as a single key differentiator. They give the example of Pepsi, a soft drink manufacturer, who chooses to develop its strategy around the color blue, even though red is generally associated with soft drinks (Grossman & Wisenblit, 1999). Similarly, color has been described as one of the easiest ways to differentiate a new car model (Heath, 1997). Thus, whether or not there is a general color association, for example in the coffee category, a product could choose to, both gain attention and differentiate itself, by using a distinctive color strategy.

Positioning

According to Ampuero and Vila (2006), positioning actually has its origins in product packaging. The concept was called product positioning, which literally meant the shape of the product, the size of the package and its price in comparison to the competition (Ampuero & Vila, 2006). The term positioning is a subjective and relative concept; because product positioning is defined in the minds of consumers taking into consideration the rest of the market offers (Ampuero & Vila, 2006). Positioning starts with a product, but it does not refer to the product; rather it refers to what can be done to the mind of the probable clients or persons that are to be influenced, that is to say, how to position the product in their minds (Ampuero & Vila, 2006). Underwood (2003) points out that unlike the transmission of positioning through advertising, packages allow positioning to be transferred live. As it accompanies products, a package lives in the home and potentially becomes an intimate part of the consumer's life, constituting a type of live experience between the consumer and the brand (Lindsay, 1997). This could thus reinforce the intended product identity, as the product is consumed "live".

Ampuero and Vila (2006) studied some common positioning strategies (such as, for example, positioning based on economic price or superiority) and found that consumers did agree on some common features that, to them, characterize a typical product for each strategy. For example, they found that products positioned based on excellence or high price were characterized by dark, cold colors or black, they could have any kind of typography, straight, vertical, symmetrical or single element graphics and no image. This seems problematic though, because by definition products are positioned relative to competition in the minds of the consumer. If that is true, positioning strategies should differ depending on the product category, overall features of products in a given market and so on. It is possible, some consistencies could be found between categories and markets, as discussed in the previous section, but making generalized arguments seems hasty. Now, as we have taken a look at what elements a package is constructed from and how it is used in brand communications and marketing, I wish to focus more on the effect a package can

have on consumers. In Section 3.4, I will take a closer look at the cognitive and affective responses to packaging that lead to behavioral responses.

3.4 Consumer responses to packaging

In this section I will further explore consumer responses resulting from exposure to package messages. As discussed in the previous sections, the success of a product's package is relative to its target market and its desired performance specifications, such as evoking a particular meaning that supports, for instance, brand positioning, company reputation or anticipated promotional themes (Bloch, 1995). According to Bloch (1995), for a product to be successful, its sensory characteristics must strike a responsive chord in target consumers. Thus, a package, according to him, evokes a certain level of psychological responses in consumers. These responses can be cognitive, affective or both at the same time (Bitner, 1992). The psychological responses, in turn, lead to a number of behavioral responses. I will start by addressing the psychological responses to packaging, first the cognitive responses and then the affective ones. Then, later in this section I will look into the behavior these psychological responses lead to. Figure 5 illustrates the relationship between the different responses.

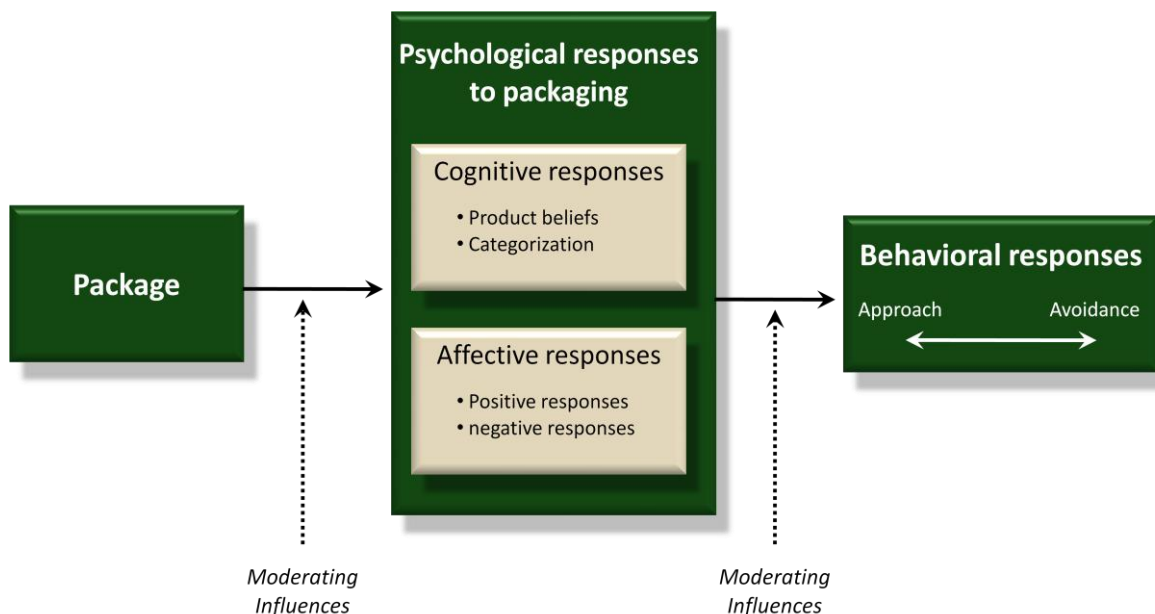


Figure 5: Consumer responses to packaging (Adapted from Bloch, 1995)

The way a product's package affects a consumer is dependent of a number of variables. In Figure 5, they are called moderating influences. These moderating influences can be divided into a consumer's individual tastes and preferences, and situational factors (Bloch, 1995). An individual's preferences can, according to Bloch (1995), stem from cultural backgrounds or even from an individual's innate sensitivity to design and experience in interpreting design cues. Situational factors affect not only the psychological responses, but also the behavioral ones (Bloch 1995). As discussed in Chapter 2, Section 3, the persons who are present during an encounter with a product, its purchase or display may help shape a consumer's reactions to that object (Grubb & Grathwohl, 1967; Quelch, 1987). This could be true for both, how a consumer reacts to a product, and what the resulting behavioral response will be. Such moderators as surrounding products and contrast between different package designs present could also be a factor in psychological and behavioral responses (Bloch, 1995). Next, a closer look at psychological consumer responses to packages is taken. First, I will discuss the different kinds of cognitive responses and then go on to the affective side of responses.

Cognitive responses to packages

According to Bloch (1995), cognitive responses can be divided into two phenomena: (1) the formulation of product related beliefs, and (2) categorization. Product related beliefs refers to the ability of packaging to create or influence beliefs pertaining to such characteristics as durability, dollar value, technical sophistication, ease of use, sex role appropriateness and prestige (Bloch, 1995). Marketers often choose particular packaging elements to proactively encourage the creation of product beliefs (Berkowitz, 1987), as we have seen in Section 2 of this chapter. For example, product size and shape was found, by Silayoi and Speece (2004), to influence consumers' value judgments, much like Ampuero and Vila (2006) found dark colors to signal prestige. The second cognitive consumer response: categorization, however, remains unaddressed in this study as of yet.

Categorization

According to Bloch (1995), consumers try to understand a product by placing it within an existing category. This process is called categorization (See also Hirschman, 1980a; Schoormans & Robben, 1997). Schoormans and Robben (1997) describe categorization as the process by which individuals respond to the variety and newness of information in their environment. According to them, individuals group objects and events on the basis of perceived similarity and resemblance. The outcome of this process is the storage of information into categories (Schoormans & Robben, 1997). A newly formed category then functions as a framework of knowledge by which individuals analyze new information (Schoormans & Robben, 1997). Simply put, it is suggested that consumers assess a package through its resemblance to other products in a grocery store environment. Therefore, rather than interpreting the product messages of an individual package, consumers may look for cues that suggest it belongs to a certain category already known to the consumer.

Family resemblance, then, is defined as the possession of attributes which overlap with other members of that category (Hirschman, 1980a). Hirschman (1980a) presents a mathematical model for assessing the validity of certain attributes for determining a category. According to her, cue validity is mathematically defined as a conditional probability; it is the frequency with which a cue (that is to say, a package attribute) is associated with a product category divided by the total frequency of that cue over all categories. The higher the cue validity of a given attribute, the more effectively it serves as a classificatory device for the stimulus (Hirschman, 1980a). Yet, according to Hirschman (1980a), consumers will vary in the strength with which they associate a particular attribute with a product and thus it seems hard to assess cue validity in any accurate mathematical manner.

It seems like categorization could be, above all, a consumer coping strategy in a cluttered environment. For example, Schoormans and Robben (1997) state that categorization enhances information processing efficiency, as well as, cognitive stability in consumers. The categorization of knowledge allows consumers to identify novel items or events, respond to them in terms of class membership rather than their uniqueness, draw inferences about features, and make causal or evaluative judgments (Schoormans & Robben, 1997). A benefit of categorization, thus, seems to be the efficiency and speed with which consumers can assess product qualities.

In practice, when a new product is introduced, a consumer can use different strategies to categorize the new information. First, they can try to assimilate the new stimulus into an existing category (Schoormans & Robben, 1997). Assimilation can occur only when a stimulus is perceived to be more or less consistent with expectations and contains only mildly discrepant information (Schoormans & Robben, 1997). Other strategies are (1) subtyping, the process of creating a subcategory, and (2) the strategy of forming a new category (Schoormans & Robben, 1997). These two strategies occur when the level of discrepancy in the stimulus is high (Schoormans & Robben, 1997). Mervis and Rosch (1981) show that in those cases where new information is mildly discrepant and so can be assimilated within an existing category, speed of processing, and experienced certainty are high, relative to those instances where new information is very discrepant. Mervis and Rosch (1981) also argue that individuals categorize less representative members of a category less accurately. Research shows that the more typical a stimulus is, the more quickly people respond to the question of whether it belongs to a certain category (Mervis & Rosch, 1981 and Snelders et al., 1992). This time effect is explained by the idea that more typical stimuli elucidate the strongest associations with a category, and therefore are retrieved from memory most quickly (Mervis and Rosch 1981).

Interestingly, consumers are said to prefer those products that are most typical for a product category (Loken & Ward, 1990). According to Alba and Hutchinson (1987), consumers will choose a typical product in

situations where they are insufficiently motivated to compare brands. They rely on their product knowledge and choose the typical brand, which is easier to them. Other explanations for the typicality or preference effect reside in the idea that a more typical product is also better known (Loken and Ward, 1990). A second idea is that the best product will become the prototype in the market (Schoormans & Robben, 1997), like Coca-Cola in the beverage market, and will thus be both, typical, as other products wish to imitate certain package attributes, and most often chosen, as it is perceived as the “best” product. However, Ward and Loken (1987) found that consumers seeking variety, prestige or scarcity negatively valued typicality. In such cases, product uniqueness instead of product typicality would drive consumer preference (Ward & Loken, 1988). This is in line with what I discussed in Section 2.4. In the case of premium products, it seemed like being perceived as unique was the ultimate driver for price premium. It could be suggested then, that such products as private label products might benefit from a package typical to its category, while premium products might benefit from a perceived uniqueness. What then is the right balance between typicality and uniqueness for a premium private label product, however, remains unknown.

What then is the level of incongruence that is accepted, given consumers value typicality? According to Schoormans and Robben (1997), highly incongruent product information deviates so strongly from existing category expectations that the stimulus can be disregarded quickly and with high certainty as a member of the product category. New information that has medium incongruence, however, has to be processed in detail and longer to determine whether the new product belongs to the category (Schoormans & Robben, 1997). According to Schoormans and Robben (1997), schema congruity, which is the amount of congruity that exists between a stimulus and consumers' category expectations, leads to a favorable response because individuals like objects that conform to expectations. However, stimuli with a high schema congruity are well known but are inconsequential in the sense of stimulating information processing. Hence, they will prompt limited cognitive elaboration at best (Schoormans & Robben, 1997). According to Schoormans and Robben (1997), it is the novelty of the incongruent information that increases arousal and greater cognitive elaboration.

Schoormans and Robben (1997) studied novelty and incongruent information on packages in the Dutch coffee market. What they found, was that consumers indicated that package deviations can, in some cases, be too strong and, in their perception, even lead to an unacceptable package. In their study the deviations to packaging were quite moderate, which is interesting. Changing the shape of the package from rectangular (the standard coffee package shape) to cube, and the color from red (the standard coffee package color) to blue, led to unacceptability. Unacceptability, then, led to the exclusion of the package as a representative of the product category of coffee (Schoormans & Robben, 1997).

The results from Schoormans and Robben's (1997) study indicate that a trade-off has to be made by manufacturers and package designers between the ability of modified packages to draw attention and to avoid negative package evaluations of such packages (Schoormans & Robben, 1997). As mentioned in section 3.3, moderate package deviations of modified packages appeared to give the best trade-off with regard to drawing attention and creating favorable consumer evaluations of a well-established brand (Schoormans & Robben, 1997). Thus, in considering design and categorization, marketers should adopt a proactive approach and consider how they want consumers to categorize a new product (Bloch, 1995).

It could be that this is not always quite so straightforward, however. Nancarrow et al. (1998) give a good example of this in the form of a whisky brand, which made an effort to find out the category language in order to better meet consumer expectations. They found that the use of various animals, vegetation, Scottish emblems, colors, words and phrases and so on was common in the category, and thus marketers incorporated all the relevant symbols on the assumption that this would reinforce the product's positioning. Interestingly the strategy did not create the desired results, as it gave the impression of a brand "trying too hard", which led to perceptions of the brand character being superficial and aroused some consumer suspicion. Therefore, it seems, a product package should be similar enough to other products in the category to efficiently communicate with the target market as, all symbols, colors and words have a distinctive meaning to the consumer, yet it should be different enough to have a distinctive position and a credible identity.

Affective responses to packaging

Hirschman (1980a) studied the antecedents of affective response. For the purpose of this study, it is important to realize that the method used by consumers in order to make the difference between products is highly complex. The way consumers process product signals is not, as already mentioned, solely neither rational nor objective. The result of the growth in diversity of situational characters during acts of consumption in both the common and unique subjective meaning, relative to the objective core of tangible product attributes, is that the meaning of a product is becoming increasingly intangible and subjective (Hirschman, 1980a). That is to say, that consumers make their product assessment more and more intuitively, placing greater importance on product attributes of which the superiority over competing products cannot be measured by any objective means. The proportion of meaning contributed by the tangible properties of a product is diminishing relative to the proportion of meanings generated by subjective associations (Hirschman, 1980a).

The relevant aspects of a product stimulus and their role in creating meaning appear to revolve around at least two dimensions: tangibility and evaluation (Hirschman, 1980a). First, according to Hirschman (1980a), a product attribute is tangible if it is accessible through the senses - if it is palpable. Therefore a tangible

attribute is one which arises directly from the product and may be detected by the individual through one or more of the five senses. Such attributes are objective characteristics of a product because they exist independent of the mind and are derived from sensory perceptions (Hirschman, 1980a), such as package color, smell or texture. Intangible attributes, on the other hand, exist only within the mind of the individual and are mentally rather than physically related with the product (Hirschman, 1980a). They are subjective in nature and may be used by consumers to comprehend and classify the product. Consumers draw commonly-held intangible attributes largely from socialization processes, for example, reference groups, the family and social institutions, such as the media (Hirschman, 1980a). In other words, what emotions or responses a cue evokes in a consumer is strongly related to the social environment the individual lives in. Both extrinsic and intrinsic cues can be tangible or intangible. The difference here is more related to consumer responses to these cues, and not so much, whether the cue is defined to be a part of the actual product or a product related attribute.

Second, when it comes to cue evaluation, Hirschman (1980a) makes a division between factual and evaluative content. Furthermore, factual content may be defined as “logical, objectively verifiable descriptions of tangible product features”; in contrast, evaluative content might consist of “emotional, subjective impressions of intangible aspects of the product” (Hirschman, 1980a). Here factual content is related to tangible cues, such as product package shape, which can be confirmed by any individual, where as evaluative content is related to intangible cues, such as brand image and it evokes an emotional response which surely is different for each consumer. Hirschman (1980a) finds this approach to be limited in the sense that it may group together alternative types of meaning which are not necessarily correlated and treat as separate some types of meaning that may be related. According to her it has been found that consumers may attach intangible meanings to tangible, objective product features as well as, associate no emotional responses to certain intangible features a product may have. Thus it may be an important conceptual misnomer to term only intangible product attributes as evaluative and tangible product attributes as factual (Hirschman, 1980a).

That an attribute is factual, that is an objectively verifiable property of the stimulus, does not preclude it from being evaluated. Indeed, consumer preferences and value judgments for some products may center around tangible product attributes such as color, size, leather versus plastic, and so forth (Hirschman, 1980a). It can thus be derived that product packaging, with both intangible qualities (for example color associations) and tangible qualities (for example product shape) may have the ability to evoke affective response from consumers and contribute to the creation of the meaning of a product. Hence the way a package, including all its extrinsic attributes, makes a consumer feel might be a better predictor of product quality assessment than would be actual ingredient quality. The way a package can create affective response is illustrated in Figure 6.

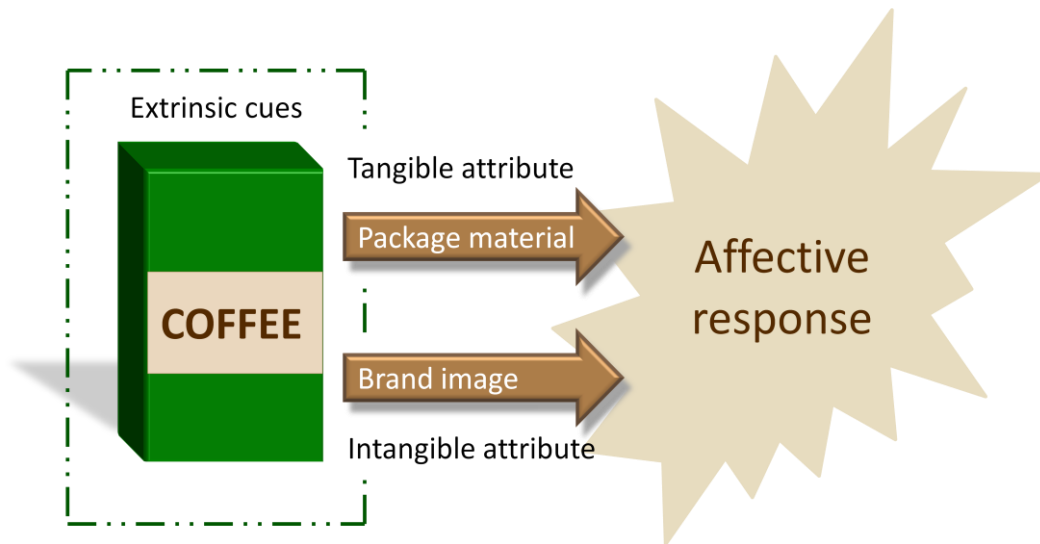


Figure 6: Packaging generating affective consumer responses

In Figure 6, the extrinsic cues of a product, namely the package, send messages through its tangible attributes, in this case the material used in the package, and its intangible attributes, in this case the brand image. As a result, these messages create affective responses. According to Hirschman (1980a), affective response is how a consumer feels about the product and what meaning he or she attaches to the product. Bloch (1995) makes further distinctions on what these responses could be. According to him, a package can evoke both positive and negative affective responses. In some cases, package perceptions can lead to a moderately positive response, such as simple liking, or they can evoke stronger aesthetic responses similar to those for works of art (Bloch, 1995). These aesthetic responses are the responses that derive from the design and sensory properties of the product, rather than its performance or functional attributes (Bloch, 1995), namely the extrinsic product attributes. Bloch (1995) suggests that it is possible that products can elicit at least a moderate level of aesthetic responses in consumers, including an engagement of attention and strong positive emotions (Bloch, 1995). Negative affect, according to Bloch (1995), includes such things as finding the product unattractive, of poor taste and so forth.

Behavioral responses to packaging

Psychological responses to product design lead to behavioral responses (Bloch, 1995). Behavioral responses to product design can be described as either approach or avoidance (Bloch, 1995). Approach behaviors reflect an attraction to a design and include spending time in a site and exploring it, while avoidance behaviors represent the opposite of approach responses (Bloch, 1995). When a package elicits positive psychological responses, the consumer will tend to engage in approach activities, such as extended viewing, listening or touching of the product (Bloch, 1995). Approach behaviors also include seeking information

about the product and willingness to visit retailers selling the product (Bloch, 1995). Similarly, Silayoi and Speece (2007) found that a well-produced product image is likely to evoke memorable and positive association with the product. When a package elicits negative beliefs and affect, the consumer may distance him- or herself from the object. Such products are unlikely to be extensively viewed or perused. Of most concern to managers is the avoidance manifested by a low willingness to purchase (Bloch, 1995).

These points have two interesting implications. Firstly, in a grocery retail setting, consumers tend to spend very little time examining products. Therefore, increasing the likelihood of consumers touching and viewing the product can be quite decisive. Conversely, a package creating avoidance behavior would then get very limited attention and, thus, have a diminishing chance of being selected. Secondly, Silayoi and Speece (2004) state that when consumers feel no need to carefully consider product characteristics, graphics drives their choice (Silayoi & Speece, 2004). Thus one could assume that for a product creating avoidance in consumers must rely more strongly on its graphical elements, while approach inducing products could have also their informational elements considered. However, if we consider Hirschman's (1980a) view, packaging graphics play an integral part in the creation of consumer response. Also, as Underwood et al. (2001) state, pictures are vivid information compared to words, and therefore more likely to enhance imagery and meaning creation in consumers, which further reinforces the role graphics seem to have in initial product assessment. Thus, having appealing and approach inducing graphics seems to be a prerequisite for a product to be chosen, as it enables the package to be examined thoroughly as a whole, taking into consideration also its informational elements.

Silayoi and Speece (2007) found the four main packaging attributes that influence a consumer's packaged food brand choice were color and graphic design (combined), shape, product information, and technology image (essentially convenience). While in the study the role of product information and technology image, both informational elements, was significant, one must not forget the role of graphics in inducing approach activities and thus enabling product viewing. Now that I have discussed extrinsic cues, price premium creation and the different sides of packages, I will take a look at private label products. In Chapter 4, I will review research on private label products, premium private label products and their implications for retailer strategy and image.

4. VALUE AND QUALITY ASSESSMENT OF PRIVATE LABEL AND PREMIUM PRIVATE LABEL PRODUCTS

In this chapter I will focus on private label products. Private label products' packages communicate in the same way than national brands' packages. The main difference in consumer perceptions between these different types of consumer products comes from product image, which according to Richardsson et al. (1994) is worse for private labels than for national brands. The traditional way retailers have developed their private brands is through providing consumers with a low cost option close to the offering of national manufacturers (see chapter 1.2). They have strived to offer consumers a product with less emphasis on image and more on value and low cost. Next, I will discuss what kind of consumer responses this kind of approach has been found to stir up in previous research. Then I will introduce a viable alternative to these low cost strategies: the premium private label product.

4.1 *Private label value perceptions*

In this section I will talk about value, price and value for money and their implications in the context of private label products. Value is relevant to studies of private label products, as the argument of good value for money has been the selling point in private label retailing. For private labels, a value for money approach can have the advantage of avoiding direct competition with national brands (Richardsson et al., 1994). By taking a value for money orientation in the marketing of their store brands, retailers hope to instill the purchase of these products not only from those consumers who perceive that store brands are lower priced but of relatively good quality but also from those who perceive that store brands are lower priced and of relatively bad quality, as long as savings associated with the price differential provide adequate compensation for purchase (Richardsson et al., 1994). Thus consumer perceptions of product quality are moved to the background, since consumers are thought to be after price savings and nothing more.

Zeithaml (1988) studied consumer definitions of value and found that consumers seemed to understand value in four different ways: value is low price, value is whatever I want in a product, value is the quality I get for the price I pay, and value is what I get for what I give. Value was thus not only the benefit a consumer would get from a product but it had to be put in the context of the sacrifice made for acquiring it.

Furthermore, perceived value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given (Zeithaml, 1988). In this definition Zeithaml (1988) emphasizes the fact that the magnitude of the benefit and the sacrifice depend on subjective perceptions in the mind of the consumer.

Rather than carefully considering prices and benefits, most consumers depend on cues – often on extrinsic cues – in forming impressions of value (Zeithaml, 1988), making value assessment no exception when it comes to evaluating product attributes according to the cue utilization theory. Here extrinsic attributes serve as “value signals” and can substitute for active weighing of benefits and costs (Zeithaml, 1988). In a study by Bellizzi *et al.* (1981), it was found that private brands were viewed as better in value than national brands and generic brands. Perhaps consumers believe the middle-of-the-road position of private brands which offer the consumer a middle of the road quality, prestige, taste, uniformity, and so forth, at a middle of the road price to be a particularly good value (Bellizzi *et al.*, 1981).

One must consider, however, that the perception of quality is a more important determinant of purchasing behavior than price (Livesey & Lennon, 2007). Some consumers may make quality judgments on the basis of price rather than physical product attributes (Bellizzi *et al.*, 1981). Price is one of the extrinsic cues Zeithaml (1988) discusses, and it speaks volumes to the consumer, to the extent that some consumers may feel less satisfied with low priced products (Bellizzi *et al.*, 1981), most likely associating low price to low quality. Only 17% of consumers buy exclusively on the basis of price, and the cheapest brands are seldom the most popular (Collins-Dodd & Lindley, 2003). I will discuss the role of price as a quality indicator more in section 4.2.

The battle between national brands and private labels can take a turn to the advantage of the national brands if the price difference changes, making the perceived value for money differential to diminish. Livesey and Lennon (2007) found that an appreciable proportion of consumers would continue to buy a national brand even if the existing market price differential were widened by 5p (6 cents). (Livesey & Lennon, 2007). For some, private labels so fail to meet the needs, probably in terms of quality, of some consumers that no price differential could provide sufficient compensation (Livesey & Lennon, 2007). Buyers of private labels seem to be mainly concerned to obtain a product of a satisfactory quality standard at a low price, and would switch to manufacturer brands if the price differential disappeared, with some consumers likely to switch brands in response to quite modest price changes (Livesey & Lennon, 2007).

Invariably, most studies indicate that private label brands suffer from a low-quality image compared with national brands (Richarsson *et al.*, 1994). Respondents have reported clear differences in their perceptions of national brands and private label products (Bellizzi *et al.*, 1981). In a study by Bellizzi *et al.* (1994), respondents saw national brands as superior to private labels in reliability, prestige, quality, color, texture,

uniformity, appeal, confidence, package, attraction and package persuasion. Furthermore, national brands were perceived as superior to private labels, on the basis of satisfaction, taste, aroma, nutrition, purity, freshness, desirability, ability to tempt, general superiority, familiarity, providing a sense of brand loyalty, variety, package understandability, and packaging information. It appears that the poor perceived quality of store brands partially offsets the otherwise favorable reactions to their lower prices (Richarsson et al., 1994).

While the price battle forming a large part of private label and national brand war remains fierce, there has been a palpable shift in strategy from cheap private labels to premium private labels catering to specific market segments (Liu & Wang, 2008). As I will discuss in Chapter 4, Section 4, the benefits of this include consumer loyalty and store differentiation, among others, making high quality private label products less vulnerable to price changes and more relevant strategically. However, the multiplicity of product offerings for retailers greatly complicates the branding problems with hundreds of categories compared to brand extensions across two to 20 categories at most for manufacturers' brands (Collins-Dodd & Lindley, 2003). Packages play a central role in positioning a product in the grocery goods sector (Ampuero & Vila, 2006) and thus in order to reposition a private label product and alter its low-quality image, a retailer must make considerable efforts to improve the packaging communications of their products. In the next section I will concentrate on previous research on private label products before committing to price premium creation strategies in the following chapter.

4.2 *Consumer Perceptions of private label packaging*

As we now know, consumers' evaluations of store brand grocery items are driven primarily by extrinsic cues (Richarsson et al., 1994). I have discussed the fact that in the absence of intrinsic cues, consumers rely on extrinsic cues to make quality judgments (Zeithaml, 1988). In this section, however, I will review a study, which is central to the research of private label packages, stating that even when intrinsic cues are supplied for evaluation, the extrinsic cues paired with them have a significant impact on quality assessment of product ingredients. This further underscores the importance of private label package design.

Thus, as said, extrinsically, store brands suffer from deficiencies relative to national brands (Richarsson et al., 1994). Store brands are lower priced, they are frequently poorly packaged, lack strong brand recognition and are generally not advertized on the national level (Richarsson et al., 1994). Unfavorable perceptions may also be fostered by the widespread use of inexpensive looking packaging and the absence

of an attractive brand image due to poor communication and positioning strategies (Richardsson et al., 1994).

Richardsson et al. (1994) studied the effect of extrinsic versus intrinsic cues in determining perceptions of private label quality in an experiment using a sample of 1564 shoppers for five products categories. For each category they had three extrinsic cues (three product packages, one national brand and two private label products, coupled with the respective price, size and brand name of the product) and three intrinsic cues (taste samples). The product ingredients tested, were rotated to be either of (1) national brand or (2) each of the two private labels examined, regardless of the package showed. Each test subject evaluated just one product, picking up a specific package, examining it, and reading all information on the package and the shelf, and tasting the sample paired with that product.

The results of this study were intriguing. Regardless of the actual ingredients sampled, ingredients coupled with national brand extrinsic cues received significantly more favorable quality assessment than the same ingredients coupled with private label extrinsic cues. Furthermore, subjects were much more likely to indicate differences between national and store brand ingredients, when these ingredients were coupled with national, rather than store brand extrinsic cues. The results clearly suggest that expectations created by the extrinsic cues influenced consumers' judgment of a product's ingredient quality (Richardsson et al., 1994). Better packages and brand image (as well as a higher price) gave the manufacturer brands a free pass, in the sense that they were not as likely to be unfavorably assessed in terms of ingredient quality, even when the quality was relatively poor. Private labels, on the other hand, were sanctioned for their extrinsic cues, even when the ingredient quality was relatively good. Yet, the underlying assumption in the study seemed to be, that private label ingredients are inferior to national brand ingredients in measures of quality. Interestingly, the private label manufacturer's association (2010) asserts that private label ingredients are as good if not better than those of national brands, while in the study by Richardsson et al. (1994) private label ingredients scored lower on average, when coupled with national brand extrinsic cues, than did actual national brand ingredients with their own extrinsic cues. This would support the reigning belief that private labels are not only extrinsically worse off than national brands, but that there actually are differences in ingredient quality, that are not in the favor of private label products. Conversely, private label ingredients were rated higher coupled with national brand extrinsic cues than were national brand ingredients paired with private label extrinsic cues, which again underscores the importance of the package in consumer quality assessment. According to Richardsson et al. (1994), purchase willingness was also substantially higher under the national brand than either of the store brand extrinsic conditions (Richardsson et al., 1994), which is not surprising in the light of the previous findings.

The results from Richardsson et al. (1996) suggest that perceived quality variation is derived in large part from extrinsic cue driven inferences. The reliance on extrinsic cues exerts strong negative effects on consumers' attitudes towards store brands. Furthermore, extrinsic cue reliance greatly heightens perceptions of quality variation between national and store brands and increases perceptions of risk associated with using these products (Richardsson et al., 1994). Packaging visuals are usually more elaborate in the national brand category than the private label group (Bellizzi et al., 1981), which then puts private label products in an unfavorable position. The results further suggest that simple improvements in the extrinsic cues associated with store brands, may go a long way towards increasing consumer acceptance of private label brands.

Retailers may draw a larger private label franchise by improving the packaging, labeling, and promotional support associated with private label brands (Richardsson et al., 1996). Active marketing of retailers' private labels may provide a viable alternative to the passive approach of the past. Active marketing of private labels implies investment in creating a high quality image for these products and a commitment to offering a level of real quality (Richardsson et al., 1994). This strategy entails the use of imaginative and aesthetically pleasing package designs that differentiate store brands from the competition and prompt impulse purchase (Richardsson et al., 1994). Furthermore, it may not be enough to have good quality. What may be needed is comparable quality - quality which matches or even exceeds that of leading national brands (Richardsson et al., 1996): the premium private label product.

4.3 Factors affecting premium private label quality perceptions

In this section, I take a closer look at premium private labels, and how a premium strategy differs from the traditional take on private labels. While low-price, low-quality retailer private label products still exist, the general trend has been to move from low price, low-quality, to high-price, high-quality products (Huang & Huddleston, 2009). As discussed in the previous section, private label products traditionally take a value-for-money approach. Therefore, they are low-priced products with reasonably acceptable quality and similar packaging to national brands, targeted to offer alternatives to higher priced national brands (Huang & Huddleston, 2009). Research confirms that this is, indeed, the image consumers have of private label products. For example in a study by Silayoi and Speece (2004), most participants had experienced the mistake of purchasing a product look-alike when they were in hurry. For copycat brands, this might seem useful, but one common emotional response on discovering the mistake was disappointment, and frequently some desire to be more careful next time (Silayoi & Speece, 2004). The market positioning of a

premium private label, in contrast, is to provide consumers with a high value-added product with an innovative design and sometimes even higher quality than national brands (Huang & Huddleston, 2009). This is illustrated in Figure 7.

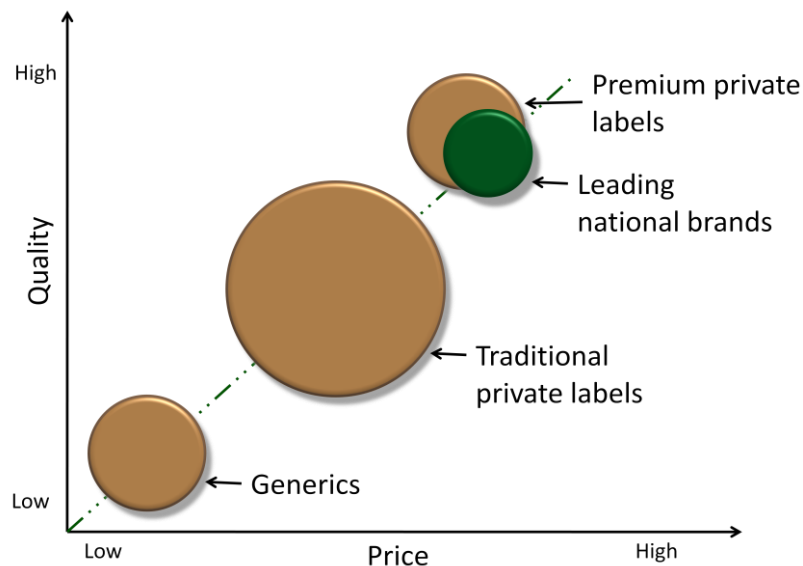


Figure 7: Premium private labels compared to leading national brands and traditional private labels (adapted from Huang and Huddleston 2009)

In Figure 7, quality is on the y-axis and price is on the x-axis. Huang and Huddleston (2009) make the distinction between the three types of private products: generic products, traditional private labels (or as the authors call them, mimic-brands), and premium private labels. In the figure, premium private label products are set in the same area of price and quality as the leading national brands, with overlapping and even exceeding quality compared to their counterparts, as was also suggested by Richardsson et al. (1994).

Huang and Huddleston (2009) define a private premium label product as the consumer products, produced by or on behalf of retailers, with high quality, and priced close to national brands that contribute to differentiating the retailer from its competitors. Gaining widespread acceptance, especially in the UK, these premium private labels are designed to compete with leading national brands and differentiate their retailers from competitors, therefore, providing consumers with a real brand choice (Laaksonen & Reynolds, 1994). Thus, premium private labels have two distinctive characters: they are of an excellent quality and they contribute to the retailer's differentiation strategy.

The European Union sets tight quality standards for foods sold by retailers within the EU (Committee on Agriculture and Rural Development 2009). A strategy used by certain retailers is going beyond the minimum quality standard (MQS), with a premium private label, moving away from the products merely meeting the

public standard, and thus differentiating from the generic products found in competing chains (Codron et al., 2005). This allows the retailer to target the consumer segment demanding a level of quality above that implied by the public standard (Codron et al., 2005). The retailer can thus make a case to the consumer that their products are safer, and depending on the case, that they are also better tasting, and more environmentally friendly than the norm (Codron et al., 2005).

Huang and Huddleston (2009) argue that only premium private labels fulfill the strategic role of differentiation and thus can be considered a true private label brand (Huang & Huddleston, 2009). In many cases private labels possess only a price advantage. As already discussed, earlier types of private labels, such as generics and mimic products, involved little design or development (Huang & Huddleston, 2009), resulting in a poor product image (Richarsson et al., 1996), and thus failing to foster any kind of brand loyalty. With innovative features or superior quality, premium private labels are clearly distinguished from the two other types of private labels, and therefore can be said to possess a degree of product advantage that creates a competitive advantage for retailers (Huang & Huddleston, 2009). Also, due to their direct in store contact, retailers are in a better position to discover new consumer values and therefore develop high value added private labels to meet consumer needs (Huang & Huddleston, 2009), than are many national brands.

Recently, retailers have realized the importance of creating a retail image by developing high quality and unique private label products (Huang & Huddleston, 2009). Investment in high quality means investment in image (Burt & Davis, 1999), and while, to consumers, high quality is more important than low price (Hoch & Banerji, 1993), the risk of losing private label prone consumers looking for value for money is small, since the ability of traditional private labels to retain loyal customers seems to be minimal (Huang & Huddleston, 2009). The differentials in requirements for producers in quality, and in price, are determined by the degree of competition among chains and the targeted customer segment (Codron et al., 2005). This implies that the best private label strategy for different stores might not be the same one. This is something I will discuss next.

4.4 The effect of store image on premium private label image

Before going into fitting the image of the private label to that of the store, I will briefly discuss what drives private label performance. Figure 8 is a conceptual framework by Huang and Huddleston (2009) illustrating the antecedents of competitive advantage and resulting company performance. The authors have also included some contingency factors moderating the success of private labels.

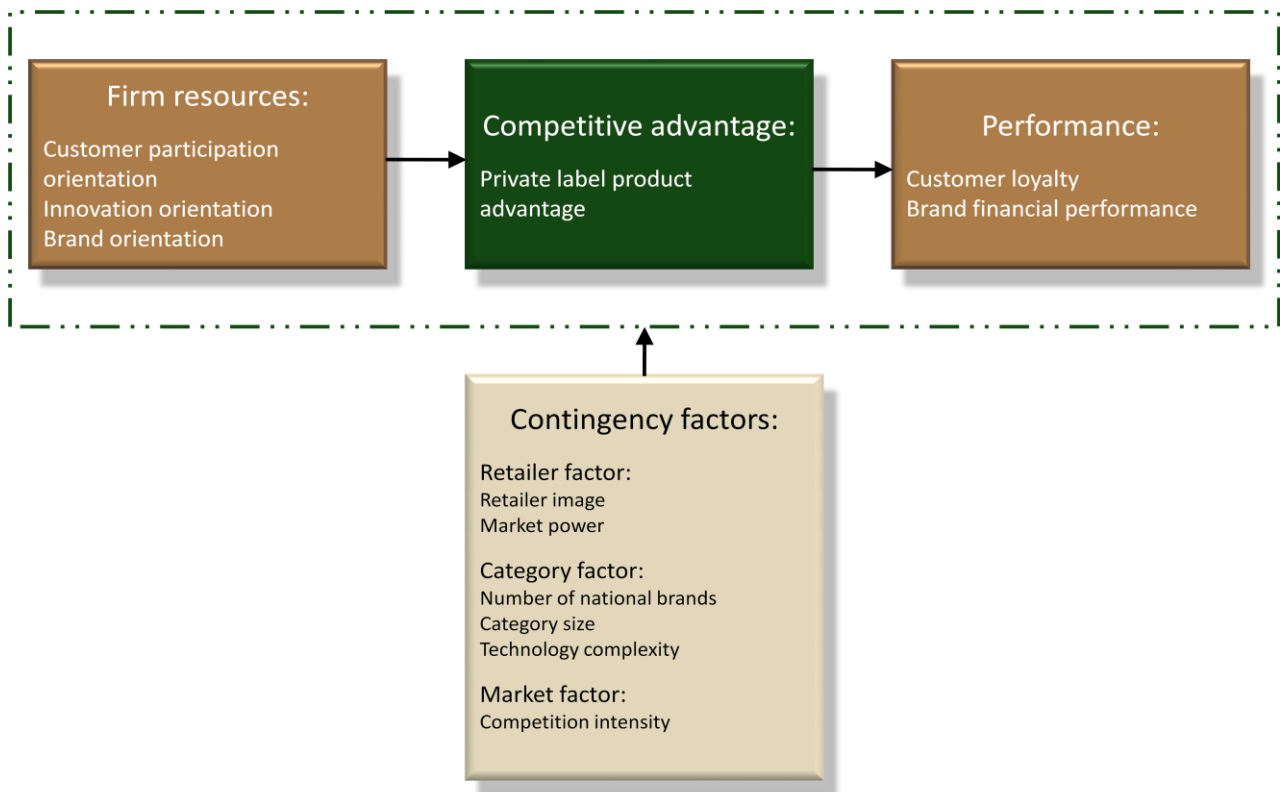


Figure 8: Drivers of private label performance (Huang & Huddleston, 2009)

On a store level, Huang and Huddleston (2009) identify three resources— customer participation orientation, innovation orientation and brand orientation – as the antecedents of private label product advantage. Competitive advantage, is then thought to lead to enhanced financial performance of the product and customer loyalty for the retailer, as, by definition, private labels can only be bought in specific retailer chains. Huang and Huddleston (2009) indentify some contingency factors as well. Retailer image, market power, category size, technology complexity and competition intensity, for example, are mentioned. Factors, such as technology complexity and competition intensity, seem to refer to the fact, that, unlike product manufacturers, retailers are specialized in retail, and thus cannot be considered as experts in some technically complex areas, or in competition, driven by intense product renewal cycles. Other contingency factors seem to address more the retailer’s image and capability to impact the market.

The first firm resource in Figure 8, customer participation orientation, is defined as the systematic involvement of the consumer into processes that identify and operationalize consumer needs (Huang & Huddleston, 2009). With consumer participation in the development of a private label, a retailer can

confidently identify consumer needs correctly, and therefore make sure that the attributes of the new private label are what the consumer really wants (Huang & Huddleston, 2009).

The second resource is retailer innovation orientation. Huang and Huddleston (2009) define innovation orientation as an organizational culture of being open to, generating, and developing a capability to implement new ideas, processes, products, or services (Huang & Huddleston, 2009). For a retailer to develop an own brand product with product advantage, being innovative – simply being open to new ideas – is not enough: a retailer's capacity to innovate – the capability to adopt and implement new ideas – is equally important (Huang & Huddleston, 2009).

The third driver of competitive advantage is said to be brand orientation. Brand orientation emphasizes the formulation of a firm's strategy around brands and brand development to sustain strong customer relationships and maintain a distinctive identity. A retailer who focuses on brand orientation, benefits from using branding as a means of identification, differentiation, and guarantee of consistency for consumers (Huang & Huddleston, 2009).

The result of these three firm resources, in the framework, is competitive advantage. This in turn results to two positive outcomes: customer loyalty and brand financial performance (Huang & Huddleston, 2009). First, it has been proven that a high-quality premium private label is capable of commanding high brand loyalty (Huang & Huddleston, 2009). This is a result of consumers' increased switching costs between stores, when the store has successfully differentiated itself from competing stores (Corstjens & Lal, 2000). Second, empirical studies in new product development show that product advantage leads to a new product superior financial performance (Huang & Huddleston, 2009). The gross margin of private labels can be 20-50 percent higher than national brands (Keller, 1993). Higher sales of higher margin private labels then increase profits (Huang & Huddleston, 2009; Richarsson et al., 1996).

As mentioned, stores may have to lead different strategies in their private label development. It is possible that not all retailers benefit from the premium private label strategy, however. A high-price retailer (usually implying high-quality merchandise) may not want to carry a low price private label because the price-quality association (low quality with low price) is found to adversely affect a retailer with a more favorable image (Jacoby & Mazursky, 1984) and, thus, a premium private label strategy could be favorable. A low-price retailer on the other hand may find the investment in developing a premium private label not worthwhile because the retailer's less favorable image may transfer to its private label (Huang & Huddleston, 2009). Thus according to Huang and Huddleston (2009) a store should only carry a private label that matches the existing image. Other studies (Jacoby & Mazursky, 1984) propose the model of having multiple private label products with different identities. Others (Laaksonen & Reynolds, 1994) have discussed the opportunity of altering a store's image through a high-quality private label. It could be

suggested, a store with a prestigious image should not provide low-quality private labels carrying their own name. However, having a different range with an identity less obviously related to the store in question and with the purpose of enhancing the total range of products offered to the customer, could be viable.

Jacoby and Mazursky (1984) studied the effect of product image on store image and vice versa. Their results suggest that when brand and retailer images become associated, an averaging process is activated, such that the party with the more favorable image, will be adversely affected, while the party with the less favorably image may have that image enhanced. Furthermore, in all studied cases where a very positive store image was linked with a less positive brand image, the resultant linked image was generally as low as, and often lower than, the low brand image component rated separately (Jacoby & Mazursky, 1984). Clearly, there seems to be a great potential for a retailer's image to suffer if that retailer becomes linked with low brands (Jacoby & Mazursky, 1984). Thus, while a retailer with a relatively low image might be able to improve this image by associating it with a more favorably evaluated brand or manufacturer image, a very favorable retailer image is likely to be damaged, if it somehow becomes connected with brands having less positive images (Jacoby & Mazursky, 1984). Similarly, a manufacturer or brand having a very positive image is likely to have the positive image damaged if it becomes associated with retailers who have less positive images (Jacoby & Mazursky, 1984). However, associations with retailers having more favorable images than the product image will do little or nothing to improve the manufacturer's brand's relatively low image (Jacoby & Mazursky, 1984). On the one hand, one cannot help but wonder whether the effect of private label products could actually be even stronger, as their identities are often more closely tied to the identity of the retailer, than manufacturers' brands studied by Jacoby and Mazursky (1984). On the other hand, the products they studied were clothing items: jeans, sneakers and pantyhose. In grocery retail, it is more common to have both the high and the low end of many product categories present in the store in order to offer a vast range of products to choose from. Thus results from a similar study conducted for grocery products could then be milder.

The number of national brands in a product category and the size of category represent barriers for a retailer to introduce a premium private label (Huang & Huddleston, 2009). According to Huang and Huddleston (2009), private labels are more likely to be successful in a category with few national brands in a relatively large volume. As a private label strategy seems to entail having brands in many different categories, highly complex products and intense competition could present a problem for a retailer. Manufacturers are, in any case, the experts, as they often specialize in a category of products. However, in most cases private label goods are processed by an established manufacturer (Collins-Dodd & Lindley, 2003). Also having one consistent branding strategy, could save efforts in developing and monitoring multiple brand identities.

To conclude this chapter, I will present some examples of existing premium private label products. As mentioned in Section 1.2, in Great-Britain stores have adopted quite advanced private label strategies (Livesey & Lennon, 2007). In Picture 2, some private label vin products of a British retailer chain, Selfridges&Co, are displayed.



Picture 2: Selfridges&Co private label products (Kozak & Wiedermann, 2008, p.163)

In Picture 2, one can notice, first the striking similarity of packaging, and second, the fact that the displayed products are from such different product categories, ranging from honey to champagne. Kozak and

Weidermann (2008, p.162) explain: “R Design (a design agency) was briefed to design a range of products to reflect the shop’s (Selfridges&Co) brand values, rather than be product specific. Color coding everything in black was not only corporate and stylish but made an incredible statement on shelf. Using only color to indicate product flavor, all typography was set in the same face and, wherever possible, the same point across the range. This ensured clarity uniformity and stunning good looks.” Picture 3 shows the coffee products belonging to the same range.



Picture 3: Premium private label coffee packaging (Kozak & Wiedermann, 2008, p.162)

Here the consistency of the product range can clearly be seen. Yet, it is easy to interpret the package as a coffee product. What R Design is playing with, it seems, is the shape of the package, leaving other

elements, apart from font color, constant. Coffee packages are commonly in the shape of a vacuumed rectangle or a soft elongated package, such as seen in Picture 3. Therefore, it could be that a consumer does not need more cues in order to easily categorize the product into the category of coffee, even premium coffee. Furthermore, if we think about the grocery store setting, this product would most likely be displayed among other coffee products, which again, could make categorization easier. Picture 4 presents Waitrose private label soups.



Picture 4: Waitrose standard and premium soups (Kozak & Wiedermann 2008, p.164)

Waitrose is also a British retailer. The store is known for its high level of service, but also from its high-quality private label products (John Lewis Partnership 2010). In Picture 4, we have Waitrose soups. Kozak and Wiedermann (2008, p.164) explain package design decisions of these products as follows: “The design takes the hero ingredient of each of these soups and presents it as an icon, in a minimalistic photographic style. The ranges are made distinct from each other by using a colored background for standard soups and

a black background for premium. The simplicity of design differentiates the range in a category filled with color and illustration, and has exceptional shelf standout. It's single minded, witty and beautiful – design that doesn't need to shout." The designers, here, seem to have opted for a product that can be read as a standard or premium product with no difficulty and also a product that can draw attention from using slightly atypical packaging elements.

Now, that private label products have been discussed, both as a device to provide value for consumer money, but also as a means of building store differentiation and quality products for consumers, It is time to see how private label products fit in the context of package cues. In the next chapter I will combine all discussed theories in a framework.

5. THEORETICAL FRAMEWORK

In this chapter, I will discuss the way all previously discussed theories interact in a theoretical framework.

Figure 9 illustrates the framework visually.

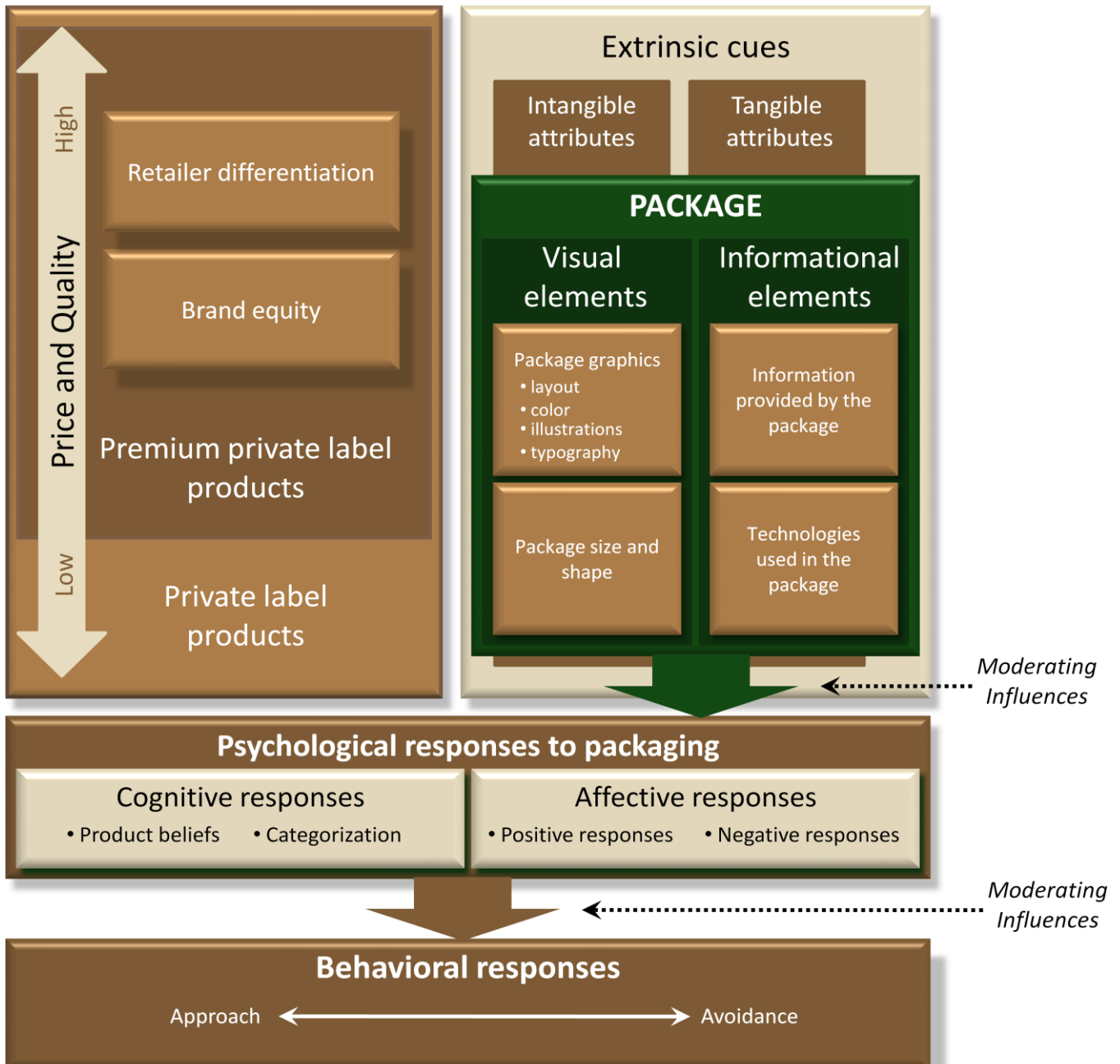


Figure 9: Theoretical framework

In this framework, we can see the main areas of interest of this study: private label products, extrinsic cues, namely the package, and the consumer responses that create product quality perceptions, and finally the behavior these perceptions evoke.

Starting with private label products, as can be seen in Figure 9, two types of private label products exist. These are (1) the traditional private label products, also called mimic brands by some researchers and sometimes used synonymous to generic brands, and (2) premium private label products. Premium private label brands represent the high-end of private label products, and therefore, they are expected to have some features superior to the lower end of these private label products. The main difference between the traditional and the emerging, premium, private label products is quality, both intrinsic and extrinsic quality. As a result of this higher quality, as well as, the creation of a high-quality image, the price of the premium private label products is set higher: to the level of the prices of leading manufacturer brands, or even above them. In the meanwhile, the price and, with some differing statements, the quality, of traditional private label products remains low.

While traditional private label products can settle for communicating low price and relatively good value for money, premium private label products need to fulfill other tasks as well. They need to be able to create a unique brand identity in order to obtain brand equity, which is a prerequisite for commanding a price premium. Furthermore, brand equity is needed in order for the premium private label to perform in the role it is created for: as a retailer differentiator. The reason for the creation of a premium private label range, most often is the hope of establishing a strong competitive advantage over competing retailers with the help of the product range. Moreover, competitive advantage cannot be obtained if the premium private label fails to command brand equity and a unique identity.

The way a premium private label brand can, then, communicate these features in a grocery store setting, is through its extrinsic cues. The role of extrinsic cues in the grocery store environment is exceedingly important, as the actual ingredient quality is hardly measurable, because of the products being shielded inside their packages. There are two types of extrinsic cues, which can be used in the benefit of the premium private label product: (1) intangible cues and (2) tangible cues. A premium private label product can communicate its desired messages through both types of extrinsic cues. It can use intangible cues, for example its brand image and brand identity, to infer the kind of meanings to consumers that support the desired premium identity. Furthermore, a bundle of tangible cues, the package, can be used to communicate the desired meaning to the target consumer.

A premium private label product's package, then, includes a number of different cues that help form the premium identity of the product. These cues can also be used to position the product, differentiate it and bring attention to it in the retail setting. The package cues can be divided into two groups. First, there are

visual cues, or elements, that include package graphics and package size and shape. Second, there are informational elements that include the information provided on the package and technologies used in the package. In the grocery good sector, it seems like the visual elements of the package have a central role in creating the premium identity for a premium private label product, while the informational elements serve as confirmatory devices for the visual cues. These visual elements include, as said, package graphics, which further include (1) layout, (2) color, (3) illustrations and (4) typography. All of these cues seem to communicate many meanings about a product and brand. These meanings, however, seem to be quite category specific, as, for example, through advertising and strong leading brands, some layout, color, illustrations and typography languages have formed throughout the existence of the specific category. Also a certain acceptable size and shape of a category appropriate product has often formed in time.

When a consumer sees the package, the transfer of messages into the mind of the consumer evokes two types of psychological responses. First, there are cognitive responses that may occur. These cognitive responses relate to the analytical side of the consumer and involve such activities, as the formation of product beliefs and the act of product categorization. Product related beliefs influence the way a consumer sees such things, as, sex-role appropriateness and the prestige of the product. Product categorization refers to the way a consumer manages the vast amount of information in the grocery store environment. The act of assigning each product to a pre-existent category of similar products in the mind of the consumer helps to process new information and make the product choice quicker. Second, affective responses could take place. These responses are emotional in nature, and they can be manifested through being drawn to the package and liking the product and its package. Negative affective responses can be manifested by the consumer finding the product tacky and unattractive.

These psychological responses ultimately lead to certain behavioral responses. Behavioral responses include avoidance and approach behavior by the consumer. Avoidance could be marked by a consumer not paying attention to the product, and, therefore, not examining the product enough to conceptualize the intended meaning, such as the high-quality premium identity of a premium private label product. Approach activities, on the other hand, include phenomena, such as prolonged viewing of the product and desire to visit the retailer of the product. These activities have a good possibility of resulting in product purchase, and even brand loyalty.

There are some moderating factors, however, that have an impact on the way the package cues are interpreted and on the way psychological consumer responses translate to behavioral responses. The moderating effects influencing the way consumers are able and willing to retrieve information, and interpret the messages and their meaning, from packages, and other extrinsic cues depend on such things, as individual tastes and preferences. These could, in turn, be result of cultural aspects, the consumer's

personality and experience, and innate design preferences. Also situational factors may come into play, much in the same way they can influence the consumer's psychological responses leading to certain behavioral responses. These situational factors may include, for example, the social setting and marketing program.

6. METHODOLOGY

In this chapter, I will briefly discuss the method used in this study. I found a qualitative approach to be most suitable for a subject that entails much associations and perceptions of quite an abstract nature. Furthermore, in order to get a large amount of rich data, I chose the focus group approach. I will now introduce some common features of qualitative studies in general and then shed light on the advantages and disadvantages of focus groups, in general, and compared to individual interviews.

According to Chrzanowska (2002 p.x), common to all qualitative methods is the aim of getting beyond public, conspicuous factors – those things that people can and will say in response to simple questions. Furthermore, qualitative market research provides effective ways of exploring such issues as private thoughts and feelings, pre-conscious factors (such as intuitive associations, the taken-for-granted, habitual and culturally derived attitudes and behaviors), and the important issue of emotions (Chrzanowska, 2002 p.x). In the present study I strive to reveal intuitive associations towards package cues in order to assess package cue meanings to consumers. Thus, a qualitative approach seems well suited for my purposes. Other features useful for the present study and offered by a qualitative approach, according to Chrzanowska (2002 p.xi), are (1) its aim to reveal deep and specific understanding of activities, choices and attitudes relevant to client concerns, (2) the generated insights, including an understanding of the interrelationships of issues, as well as the detail of individual issues and (3) the fact that conceptual and not just descriptive views are offered of these issues.

As said, out of the qualitative field of market research, the focus group method was used in the present study. According to Stewart and Shamdasani (1990 p.16-17), the focus group method has many advantages. First, according to the authors, focus groups allow the researcher to interact directly with respondents. This provides opportunities for the clarification of responses, for follow-up questions, and for the probing of responses. Furthermore, Respondents can qualify responses or give contingent answers to questions (Stewart & Shamdasani, 1990 p.17). This seems to be valuable for the present study, as it is important to gain deep insight on matters that come up during discussion. Indeed, second, Stewart and

Shamdasani (1990 p.16-17) identify the opportunity provided by the open response format of a focus group to obtain deeper, large, and rich amounts of data in respondents' own words. As a result, the researcher can obtain deeper levels of meaning, make important connections, and identify subtle nuances in expression and meaning (Stewart & Shamdasani, 1990). Third, focus groups are stated questions (Stewart & Shamdasani, 1990) to allow respondents to react and to build upon the responses of other group members. This synergistic effect of the group setting may result in the production of data or ideas that might not have been uncovered in individual interviews (Stewart & Shamdasani, 1990 p.17).

Steward and Shamdasani (1990 p.19), also identify some advantages of focus group discussion compared to individual interviews. First, snowballing is mentioned. This is said to be a bandwagon effect which often operates in a group interview situation, in that a comment by one respondent often triggers a chain of responses from the other respondents (Stewart & Shamdasani, 1990 p.19). In this way, respondents can help discover deeper thought on subjects than they might with only one interviewer. Second, stimulation is mentioned. According to Steward and Shamdasani (1990 p.19), usually after a brief introductory period, the respondents get "turned on", in that they want to express their ideas and expose their feelings as the general level of excitement over the topic increases in the group. This animation in discussion could be thought to contribute to the amount and richness of obtained data.

Third, Steward and Shamdasani (1990 p.19), identify the notion of security. What they mean by security is that in a focus group discussion, an individual can usually find some comfort in the fact that his or her feelings are not greatly different from those of his peers and that he or she can expose an idea without necessarily being forced to defend, follow through or elaborate on it. As a result, he or she can be more candid as the focus is on the group rather than on the individual; the respondent soon realizes that the things he or she says are not necessarily being identified with him or her personally (Stewart & Shamdasani, 1990 p.19). It could then be that respondents are more confident in their statements and make stricter quality assessments on the subject, than they would dare in an individual interview context. Last, Steward and Shamdasani (1990 p.19), mention spontaneity. According to them, since no individual is required to answer to any given question in a group interview, the individual's response can be more spontaneous, less conventional and should provide a more accurate picture of the person's position on some issue. In a group interview, people speak only when they have definite feelings about a subject and not because a question requires an answer (Stewart & Shamdasani, 1990 p.19). Spontaneous responses are preferred also in the present study, as they potentially reveal unbiased and original responses not enforced by the interviewer.

Focus groups, as all research methods, are prone to have some limitations. Firstly, the small numbers of respondents that participate in several different focus groups and the convenience nature of most focus group recruiting practices might significantly limit the generalizability of results (Stewart & Shamdasani,

1990 p.17). Secondly, the results obtained in a focus group may be biased by a very dominant or opinionated member in the group as some more reserved group members may be hesitant to talk (Stewart & Shamdasani, 1990 p.17). Thirdly, the open ended nature of the responses obtained in focus groups could make summarization and interpretation of results difficult for the researcher (Stewart & Shamdasani, 1990 p.17). Lastly, the moderator may bias results by knowingly or unknowingly providing cues about what type of responses and answers are desirable (Stewart & Shamdasani, 1990 p.17). It is thus important to recognize these limitations when planning the focus group discussion as well as making statements based on the results from such a study.

As introduced by Steward and Shamdasani (1990 p.19), a convenience sample was used also in the present study. All 16 respondents in this study were Helsinki University students, Aalto University students, or recent graduates from the faculties of design, economics and medicine. The respondents were 20 to 27 years of age and 15 of the respondents were female while one was male. A rather homogeneous group is recommended in focus group studies in order to ensure a smooth flow of conversation (Steward and Shamdasani 1990 p.43). Furthermore, as the result of a focus group, as discussed, is to provide rich and deep insight in a subject without intent to make large generalizations, a heterogeneous group does not seem to offer any additional value. All in all, in the present study, three focus group discussions were organized with five respondents in two groups and six respondents in one group. The focus group interview guide can be found in appendix 2. The guide was used as an outline for discussion, but because the nature of the method is open ended, elaboration on some topics was larger than for others. Furthermore, in some cases the respondents could introduce new relevant topics of discussion in the course of the focus group interview. Next, I will provide a description of main findings from the focus groups.

7. FINDINGS

In this chapter I will dissect the discussions held in the focus groups. The reporting of the findings follows mostly the order in which topics arose during the gatherings. The interview guide can be found in appendix 2. The analysis of the results is spared to Chapter 8. First, the ways in which the focus group respondents consume coffee is reported.

Respondent's coffee consumption habits

Among the respondents were coffee enthusiasts, some of which had either worked in cafés or learned to enjoy coffee in countries famous for the social importance of drinking coffee, such as Brazil and Italy, as

well as people who rarely drink coffee or do not particularly like it. Most respondents had only one package of coffee in their cupboards at a time, with the exception of a few respondents, who claimed they liked to mix different coffees in order to get the blend they liked. Most focus group participants purchased the same brand of coffee each time, without much consideration over their choices. For some, this was result of habits learned from the respondents' parents, or a simple matter of convenient price. Some participants used purchasing strategies, such as, buying the least expensive brand or simply the first one to catch their eye. Also price promotions were mentioned as a possible reason for product choice. Breaking away from a pattern of buying the same brand each time was described by one respondent as follows:

"I wanted to try that Brasil coffee because I actually wanted to buy something different... I mean nothing traditional or conventional. And then the package, or the way it looked, was perky. It was nice to try it!"

The reason for consuming coffee seemed to be twofold. On the one hand respondents valued the energy boost obtained from a cup of coffee, but on the other hand they found coffee to provide pleasure. These two functions were surprisingly not linked together according to the respondents. Consumption aimed at raising energy levels was characterized by quickly sipping coffee in the morning at home or, more often, at the university or the work place. One respondent explains:

R: "Almost all the coffee I buy, I buy from Rafla (a university cafeteria). You get so tired at school... You need to buoy yourself up."

Consuming coffee in order to get pleasure was tightly linked to having enough time to spare. Respondents agreed that in order to truly enjoy coffee, one needs to have time to sit down, for example on a Saturday or Sunday morning, and savor the product.

7.1 *Intrinsic and extrinsic attributes*

I also examined the way respondents addressed the taste, smell or texture of coffee and how it was different from how they described the products in their entirety, that is to say, including their extrinsic attributes, such as packaging and brand. Two interesting implications arose. First, the adjectives used to describe the intrinsic attributes of products presented were quite plain. The most commonly used positive adjective was simply "good", followed by "dark" and "smooth". However, the use of "good" was highly more frequent than the use of the following two adjectives. In fact, coffee was described to be "good" 25 times in the three focus group discussions, while both "dark" and "smooth" were mentioned only six times. All in all respondents used 14 different positive adjectives to describe the intrinsic attributes of the

products, most of which were mentioned only once or twice. Negative adjectives used in describing the intrinsic aspects of coffee products followed a similar pattern. Here 17 different words were used and, as in the case of positive adjectives, most of them were mentioned only once or twice. The most commonly used negative descriptor was “bitter”, which was brought up nine times during the discussions. The second most commonly used adjective was simply “bad tasting”, which was mentioned five times.

Second, the adjective used in discussing the extrinsic attributes of the products were very elaborate. Words like “exotic”, “safe”, “extreme”, “classy” and “disgusting” were used, just to name a few. Also the quantity of words addressing the extrinsic attributes when talking about the products highly exceeded the quantity of adjectives describing their intrinsic attributes, the number of times being 91 and 265 respectively. Furthermore, it was more complicated to group the adjectives used for extrinsic attributes into similar categories than the adjectives used for intrinsic attributes, as the language used was more intricate. For example, to express a product is ordinary, respondents used over 20 different words including, for example, “classic”, “banal”, “norm” and “average”. All in all, words used to describe the extrinsic attributes could be roughly grouped into 12 categories. The largest categories were words used to describe the color of a product (for example “the kind of purple that gives you the shivers and an ugly yellow” and “nacre, creamy white”), words to describe the fanciness of a product (for example “looks sophisticated” and “very luxurious”) and words to describe the commonness of a product, as mentioned above.

Intrinsic goodness of coffee

The focus group participants evaluated the “goodness” of eight different products from many price points. Goodness here means that a product tastes good and has the qualities the respondents associate with good coffee. This is not synonymous with good quality coffee, however, as the quality of the product seems to be a more abstract construct, as further discussed later, in Section 7.3. See Appendix 4 for a more thorough description of what attributes the respondents associated with good coffee. The only information they were provided with, here, was what they could retrieve from each product’s package and discussion with other members in the group. The result that emerged was that the respondents seemed to assess the “goodness” of the product by at least six product features. First, the package shape caught the attention of respondents in all groups. There were two products that were packaged in soft packages as opposed to the more common hard brick-shaped packages. These products generated immediate spontaneous responses of the product being “good coffee”. It seemed like the respondents could not quite explain why they thought these products were better than the others, as we can see in the example that follows:

R1: “I would trust these bags”

R2: “I think so too... I cannot back this up in any way, but somehow these kind of soft bags are in a way...”

R1: "More rare obviously. I mean they are not this ordinary...this standard!"

R2: "Especially when it's small like that. It looks expensive."

Second, as could be seen from the example above, the respondents noticed the size of the package. A smaller package seemed to mean better coffee. Third, the respondents were able to retrieve information from written messages on the packages. Simply stating that the coffee was particularly tasty or good on the package seemed to help form the opinion of many respondents. Also the fact that a part of the message was in a foreign language, especially if in French, implied the coffee was good. Also explicit statements of the origin of the coffee had an effect on the evaluation of the product. Especially coffee beans originating from South America seemed to ensure the intrinsic "goodness" of the coffee. The following example illustrates the way respondents used the verbal attributes of packages:

"It says 'Gold Label' on it, so I first thought that it's something really dark and really 'premium', but it actually is a light blend... So, I'm kind of like, it's not cool after all!"

In the example above, the respondent forms her initial evaluation of the product by examining the more noticeable cues, such as the large "Gold Label" stamp on the package. Interestingly, when she takes a closer look at the messages provided, she notices information that contradicts her original reaction, which then makes her change her evaluation of the product's "goodness".

Fourth, a product's brand affected the evaluation of "goodness" in some cases. This seemed to be especially true for brands that were valued higher than average. The brand was thought to reflect the overall high-quality image of the product and it seemed like respondents thought that in order to protect their prestigious image, these companies could not sell bad coffee. Hence, such a brand could mean the coffee is intrinsically good. Below an example which demonstrates this attitude.

R1: "Probably that Stockmann's (a high-end retailer) is good, just because it's Stockmann's. I kind of make the connection of..."

R2: "I mean, besides that, this is a very basic package. So, without the logo this could taste just as bad..."

Fifth, respondents associated many visual aspect of the package with the coffee being good or bad. Here, the importance seemed to be on the respondents liking the way the product looked like. This manifested itself by some respondents stating that they found a particular color or other visual element to be suiting for a product of a certain kind. For example, a product in one case "looked like a specialist coffee", hence it had to be good intrinsically. The respondents could identify some features, such as using "golden colored text" or "simple visuals", which made them believe a product was good, but generally the respondents could only say they "just thought the product looked fancy" without further specification.

Sixth, some respondents had tasted one or more of the products and thus based the argument of intrinsic “goodness” on their previous experiences. However, this argument was used surprisingly little and, if challenged by other respondents, it was in some cases even withdrawn. This kind of uncertainty is illustrated in the example below, as one respondent, who had worked in a coffee shop and served a particular brand of coffee for several years and had also consumed the product regularly, states her opinion.

“I think that one is really good coffee. And it is not the cheapest either. I am not completely wrong here, am I?”

In this particular case, the package was quite different from what the respondents seem to consider a “basic looking package”. Thus, as the discussion continued, the respondent with previous knowledge of the product pushed her opinion no further and joined the other participants in judging the product based on its appearance. Later in the focus group, however, when ranking the products independently, this respondent expressed her initial thoughts of the product being good, expensive and of very high quality.

Recalling intrinsic attributes

In the course of the discussions it was brought up that many respondents could not remember how different products they had tried tasted like. This stirred up two kinds of discussions. Firstly, some participants stated that they could not bring themselves to remember the different nuances of tastes, but they were able to recall whether the coffee was good or bad. This could explain their inability to describe what good or bad coffee is like with more elaborate vocabulary. Secondly, some participants began doubting whether there really was a difference in taste between the products what so ever. These skeptics included respondents, who consumed coffee quite habitually, yet not enthusiastically, as well as respondents who were not keen on coffee but occasionally consumed the product for its effects. These respondents thought that in case they wanted to buy really good coffee, they wanted to conduct a blind tasting test, to assess the veritable difference in taste. Interestingly, these skeptics, although not believing in the existence of real intrinsic difference, perceived the actual products very differently. This highlights the fact that the quality of the product and the intrinsic “goodness” of the product do not necessarily correlate.

7.2 Product groups formed by participants

The focus group participants were presented with 13 different coffee products (see Appendix 1 for more information) and asked to form groups based on perceived similarities or differences among the products. The participants were also asked to name each group. As a result all products were allocated as illustrated in Figure 10.

PRODUCT GROUPS		
Focus group 1	Focus group 2	Focus group 3
1. Rubbish <ul style="list-style-type: none"> • Euroshopper • X-tra • Pirkka 	1. Cheapie coffee <ul style="list-style-type: none"> • Euroshopper • X-tra • Pirkka 	1. Cheapie products <ul style="list-style-type: none"> • Euroshopper • X-tra • Pirkka
2. Dark oddballs <ul style="list-style-type: none"> • Tumma Mocca • Löfbergs Lila • Bellarome 	2. Wild cards <ul style="list-style-type: none"> • Tumma Mocca • Löfbergs Lila • Bellarome 	2. Foreign coffee <ul style="list-style-type: none"> • Löfbergs Lila • Bellarome
3. Everyday coffee <ul style="list-style-type: none"> • Stockmann Original • Juhla Mokka 	3. Fairtrade <ul style="list-style-type: none"> • Arvid Nordquist 	3. Fairtrade <ul style="list-style-type: none"> • Arvid Nordquist
4. Everyday luxury <ul style="list-style-type: none"> • Stockmann luxury • Paulig Gold Label 	4. Basic coffee <ul style="list-style-type: none"> • Juhla Mokka 	4. Basic Finnish coffee <ul style="list-style-type: none"> • Juhla Mokka • Paulig Gold Label
5. Luxury coffee <ul style="list-style-type: none"> • Arvid Nordquist • Café des Chefs • Café Arome Hieno 	5. Casual luxury <ul style="list-style-type: none"> • Stockmann Original • Paulig Gold Label 	5. Coffee in a bag <ul style="list-style-type: none"> • Tumma Mocca • Café des Chefs
	6. Luxury coffee <ul style="list-style-type: none"> • Café des Chefs • Stockmann luxury • Café Arome Hieno 	6. Luxury products <ul style="list-style-type: none"> • Stockmann luxury • Stockmann Original • Café Arome Hieno

Figure 10: Product groups formed by respondents

Five to six groups were formed in each case. Many interesting implications arose. As can be seen in the table, one set of products is the same in all three focus groups: “cheapie products”, or “rubbish” as one group named them. In this group the most common private label brands are represented. The respondents even referred to the set of products as “private label products” interchangeably with the group name they chose. The set was formed in all three cases quickly and without much debate. Interestingly, there are four other private label brands among the products, which are grouped into very different sets. Bellarome, a Lidl brand and Tumma Mocca, a Tuko brand, are constantly classified in a group of “oddballs”, strange, foreign

products that the respondents seem not to know of, while the Stockmann products were perceived to belong to the classes of “luxury” or at least “casual luxury”. The group of “dark oddballs” or “wild cards” consisted of products the respondents found hard to classify as can be seen in the example below.

R1: Doesn't ring a bell! Bellarome...no. Shall we put that into the wild card group?

R2: Yeah, the wild card group. The ones I wouldn't dare to buy!

In Focus group 3, the respondents had a slightly different approach to this same matter. There, Bellarom and Löfberg's Lila were relatively unknown to the respondents and thus they were grouped into a set of “foreign coffees”. What is interesting here is that these were by no means the only foreign coffees among the products. For Café des chefs, a French coffee brand, the factor the respondents found to be defining to the product was the package form. This product was seen as similar to the Tumma Mocca product, also packaged in a soft bag. Furthermore, Arvid Nordqvist is a foreign brand, yet what was decisive in its grouping was that the product is Fairtrade certified. Participants in two out of three focus groups emphasized this feature over others in the case of Arvid Nordqvist. The participants in the third focus group did recognize the Fairtrade feature but found that the fact that the package “looked fancy”, was more decisive for where the product belongs, which in this case was the “luxury coffee” group.

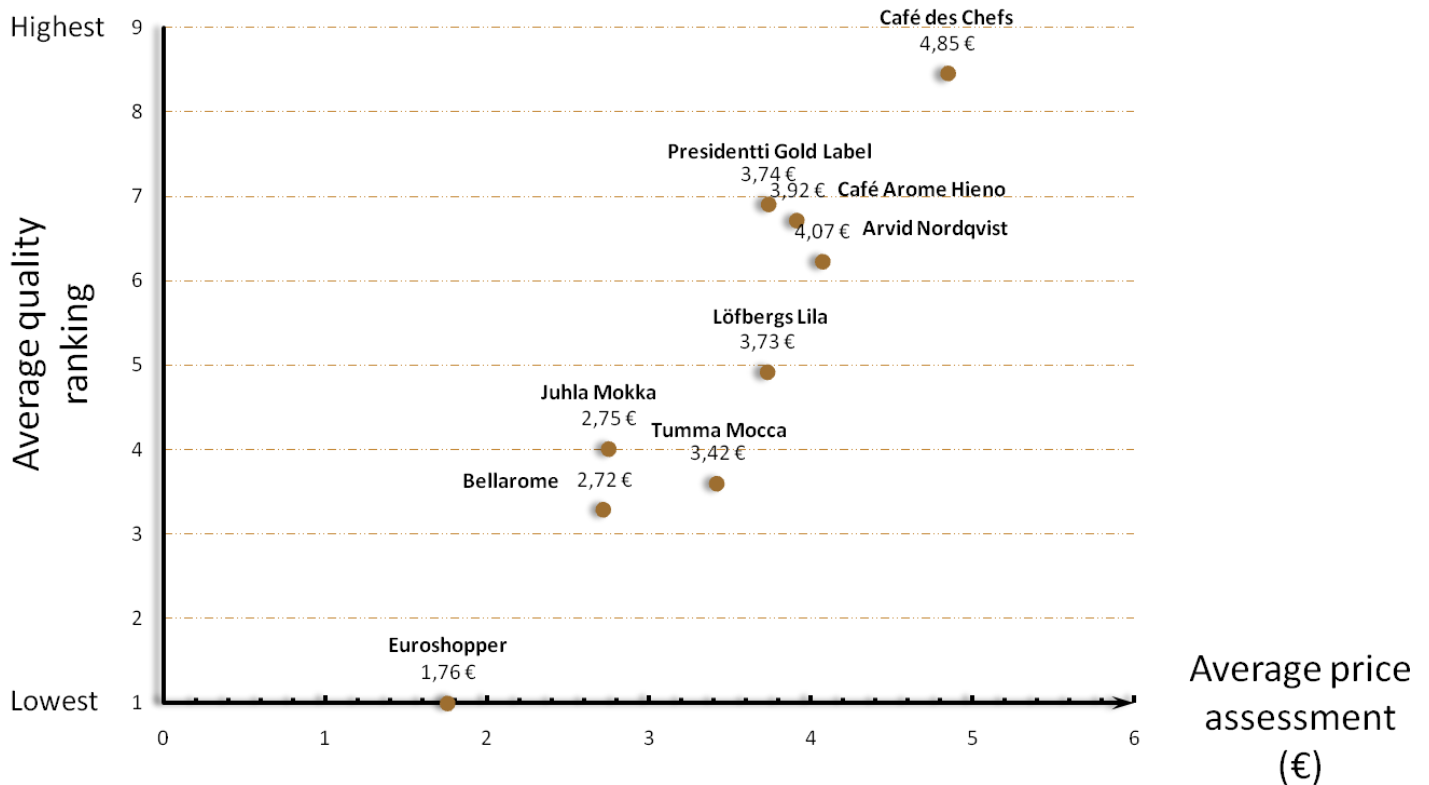
In all three focus groups participants formed a group of basic everyday products, such that were seen to be ordinary and rather trustworthy. In all cases Paulig Juhla Mokka was placed in this set of products with no debate. This was to be expected as Juhla Mokka is the leader in the Finnish coffee market with a persistent 40 to 50 percent market share (Marmai 2008). The products respondents associated with this product varied in the focus groups. In Focus group 1, Stockmann Original was placed in this set, due to the statement of it being “original”, according to the respondents. In Focus group 3, Presidentti Gold Label accompanied Juhla Mokka in the “basic Finnish coffee” category, due to the fact that the respondents in this group did not recognize a difference between the Gold Label product and the conventional Presidentti brand, a product in the medium price range in the grocery stores, only a bit above Juhla Mokka.

The following coffees were associated with some degree of “luxury”: Presidentti Gold Label, Stockmann Original, Stockmann Luxury, Café Arome Hieno, Arvid Nordqvist and Café des chefs. There seemed to be a need to make a difference between products which “just feel luxurious” and others that “put a stamp stating luxury on the package”, hence the division of products into “casual luxury” and “real luxury”. Factors that also affected the decision of forming two “luxury” groups were the associations of Presidentti Gold Label with the standard Presidentti product, and the existence of two Stockmann products, one “luxury” and one “original”. In the case of Stockmann, respondents felt like the brand signified the product was a premium product. However, there being two different Stockmann products to place, respondents got

confused and resolved the problem by creating an additional group below the “luxury” set of products. In one focus group, however, both Stockmann products were placed in the same “luxury” category. Interestingly, the only product which was consistently present in the “luxury products” category was Café Arome Hieno. This is a new product in the market and is sold in the medium price range in non selective supermarkets. The appearance of this product was liked by most respondents and as the brand was unknown to most participants, the package played a central role in the evaluation of the product.

7.3 *Price and quality*

Another task for the focus group participants involved evaluating product quality and prices. From the set of 13 products used in the grouping exercise, four were taken out in order to simplify the task. The premium private label products were exempt, due to the fact that their quality ranking was to be examined more in detail by placing them in the set only after the other products had been analyzed. Furthermore, two of the well known private labels were put aside as it seemed like consumers did not recognize much difference among them. In this task the participants were given a form (see Appendix 3) and asked to individually rank the products displayed on the table according to their quality. After this phase was completed, the participants were to estimate the price of each product. Then, the moderator arranged the products based on the prices of the products on the day of the purchase. All the products that could be purchased in the same store were purchased in the same store on the same day. That is to say, all products but two of the private label products (Euroshopper and Bellarome), from different retail chains, were acquired in the same location making the price ranking more accurate. Below, is an illustration of how the respondents evaluated the products.



Graph 1: Average quality assessment and average price assessment

The highest ranking products in quality were Café des Chefs, Presidentti Gold Label and Café Arome Hieno, while the lowest products in the average quality ranking scale were Euroshopper, Bellarome and Tumma Mocca. The products estimated the most expensive were Café des chefs, Arvid Nordqvist and Café Arome Hieno. The products estimated the cheapest were Euroshopper, Bellarome and Juhla Mokka.

Revealing the price arrangement of the products stirred up much discussion on the quality and price of the products. Discussion on price and quality was simultaneous for the most part. However, all respondents agreed that the correlation between the price and the quality of a product is less than perfect. A good example of this is Juhla Mokka. Many participants estimated the price to be among the cheapest of all products, yet they ranked the product slightly higher in quality than what the price could indicate. Furthermore, in individual cases Juhla Mokka was ranked as high as among the four best quality products yet on one of the lowest prices. These participants were often frequent users of the product and demonstrated a great deal of trust towards the brand. Juhla Mokka seemed to be also used as an indicator of average quality to which other products could be compared, as can be seen in the example below.

R: "I also put that Gold Label there around the middle part, like a little bit more expensive than Juhla Mokka. And then that Löffbergs, I thought it was cheaper than Juhla Mokka."

Quality seemed to be assessed in a number of ways. First, there were vague claims of the products "simply looking like they were good quality products". Café Arome Hieno was one of the products often addressed

in this way. When the relatively low price of this product was revealed, many consumers were surprised and even disappointed. In fact, it was quite common for the respondents reacting to the actual price ranking of the products differing from their own estimates as though they had failed in some way. Second, the size and material of the package was a factor. Café des Chefs was consistently ranked the best quality and most expensive product. The justification for this, most often, was that the package was so small. Also the fact that the product has a pouch-like form instead of the brick-shape, seemed to be a factor. Interestingly, also a large package meant a product was expensive to some respondents. However, the quality, in this case, was seen as low. The product in question (Tumma Mocca) was packaged in a large soft bag, yet the quantity of the product inside was the same as in all the brick-shaped products. Below is an example of the kind of discussion this product caused.

R1: "Well, this one looks bigger, or actually it is the same size, but it looks bigger, so I thought right away it must be more expensive."

R2: "I think those bags are more expensive, so I put them to be pricier. So that, that one (Tumma Mocca) was like fifth or fourth in quality, but still it had the highest...no, the second highest price."

Third, the country of origin influenced, both, price and quality assessment. A product being Finnish seemed to mean the product was cheaper as well as of lower quality. Below, one respondent explains:

R: "I don't know if you guys think so, but often when a product is Finnish you think it is higher in quality. But coffee is not what I think of, because it comes from Brasil, or wherever, and if I would buy anything else Brazilian, I would think it's not as good. Here, actually, when they say "high quality coffee roasted in Finland", it makes me think it's worse..."

A product being French, or having French text on it seemed to imply good quality and higher prices. The justification for the perceived higher prices of foreign products was that they "are just so special and different that they have to be expensive". Also Swedish products were seen as more expensive, yet the quality perception of these products was not as straightforward. Löfberg's Lila was one of the two Swedish brands assessed (Arvid Nordqvist was the other one) and it was the product with the most variation in the quality ranking. The product was ranked as low as second to worst in quality and as high as second best in quality and everywhere in between. The only two spots on the ranking the respondents did not award this product were the very best and the very worst. The two examples below illustrate the kind of thoughts the respondents had.

R: "I had put Löfberg's Lila as bad and expensive as well. I mean, somehow more expensive than the average, but still in my list of bad coffees I put it as second to worst. Or just somehow as a disgusting

product. I mean, I wouldn't buy it. This one is clearly the kind of thing I would leave on the shelf as a bad and expensive product."

R1: "I wouldn't get that Löffbergs Lila either."

R2: "I've never heard of it!"

R3: "I have, and it is quite good coffee. But still, to me, that package just doesn't look that way. It could be that violet color of it..."

R2: "I just find it disgusting."

R4: "I would see it in a setting of Swedish speaking ladies having coffee. I mean it could be quite good, but still, it is not something I would buy."

It seemed that the product was (1) not pleasing visually, (2) did not feel personally suitable for the respondents, yet (3) it exerted an image of intrinsic quality. This image seemed to be a factor of the product (1) being Swedish, (2) having a seemingly boastful identity despite the odd colors, (3) displaying informational elements, such as "specialist" or "since 1906" and finally (4) being very uncommon.

Last, evaluating quality seemed to depend on the respondents' own value systems. They often made judgments on product quality and ended their argument by stating "this is just as I see quality". What quality actually was for the respondents was not clearly expressed. One respondent tried to explain:

R: "The thing is that now when we talk about quality as a synonym for taste, that Fairtrade coffee could be placed lower (on the quality continuum). But then... To me a product being organic is one criterion of quality. It is something I value, so that even if those (Fairtrade products) would be lousy, the fact that they are organic makes them of better quality to me. Yeah, and more valuable."

One product which the respondents found did not correspond to their initial thoughts was Presidentti Gold Label. It was the product with the largest gap between perceived quality and real quality (see Appendix 5). Also, when the actual price continuum was revealed, some protestations arose. Many respondents felt like the product was "over priced" and the product was "really not all that fancy".

The role price played in the determination of quality was clearer in cases, where the brand or product was relatively unknown to the respondents, as illustrated below.

R: "For me, if I had known the price of this Tumma Mocca product, then I would have... You know, since this package is so unusual that I cannot say whether this is good or not! So, had I known the price, I would have then based my decision on that."

When it comes to recalling or estimating products' prices, all respondents found the task to be ludicrous. They were very unsure of their capabilities to make any estimation and in each focus group some reference price was asked. The highest price assigned to a product was 8 euros (Café des chefs) and the lowest was 1 euro (Euroshopper).

When asked which product they would buy to be sure to get good quality, the respondents relied on products they felt were basic and well known, such as Presidentti. This is interesting, as these basic products were constantly evaluated lower in quality compared to, for instance Café des Chefs in previous exercises. Although, all well known traditional private label products were disregarded, some respondents relied on the Stockmann brand to ensure good quality.

Some respondents remained skeptic about the differences in the products' intrinsic attributes. They stated that if they had the time and opportunity, they would like to conduct blind tests in order to assess what the products actually taste like. The respondents seemed interested in buying premium coffee mainly for special events, such as graduation parties or birthdays. Some wished to serve premium coffee to guests, they knew were coffee experts or were known to be very demanding in their choice of coffee. Also, according to some, if buying premium coffee, the package should be clearly visible to guests. This opinion was often a result of not really trusting the intrinsic excellence of the product and thus, if vast amounts of money were to be spent, some benefit was required, in this case, the favorable associations derived from the product's package.

Bad tasting and bad quality coffee

When talking about bad coffee, both in taste or other intrinsic attributes, and in the quality of the entire product offering, most respondents found it to be tightly linked to the traditional private label products. The example below demonstrates this association.

Moderator: "What is bad in a coffee? I know you mentioned stale and..."

R1: "X-tra!"

R2: "X-tra."

As some premium brands seemed to guarantee good taste and quality (see Section 7.3), traditional private label products appeared to guarantee bad taste and quality. Interestingly, while these products were

constantly referred to as looking “terrible” or “cheap”, conversation was more often directed to their actual intrinsic attributes than when discussing most other products, and words describing the actual coffee inside, like “bitter” and “stale”, were used.

Color and material of the package were brought up in discussions on bad coffee, much like when talking about good quality products. Light and cool colors, such as light blue and white were found to signal bad coffee. Also odd colors, such as the purple color on the package of Löfberg’s Lila, were associated with bad coffee. Most respondents agreed that coffee products should be packaged in dark colored packages, with the exception of Café Arome Hieno and Café des Chefs, which, in spite of being white, were constantly set among the top quality products.

The shape of the package was a source of confusion for some. A bigger-than-average package was found to be potentially “disturbing”. The respondents seemed to think a big package could mean the product was cheaper, but as the product in question (Tumma Mocca, see Appendix 1) was in a soft, high quality signaling package, the respondents did not know how to react. Knowing the price, they state, could have helped them to determine the quality level of the product.

One signal of bad quality was also the quite obvious picture of a coffee cup on a package. On products the respondents found cheap and uninviting, an inelegant mug was displayed instead of the more festive cups on some other products. Another factor which seemed to encourage negative perceptions of products was some packages’ seeming resemblance with non coffee product packages, such as cookie, milk, dry bread or cocoa powder packages. Also, the respondents found some products simply so puzzling that they automatically believed the coffee was bad. A common argument was that the product “could be anything”, and thus it was hard to trust the product.

7.4 Private label products

Discussions on private label products revealed quite interesting opinions among the respondents. First, when discussing private label products, the most common spontaneous arguments were that of the products being cheap and bad. Often in these kinds of arguments, private label products were seen as a homogeneous group of products with not much difference in intrinsic attributes between them. This opinion was strongly supported by the packaging visuals and materials, according to the respondents as can be seen in the example below.

R1: “I must say I would never buy Euroshopper. That’s where I draw the line. I mean, this one is so terrible.”

R2: "It does look terrible."

R3: "Somehow to me the package of X-tra looks even more awful."

Second, the fact that a product was a private label product seemed to put a stigma on a brand. This can be seen in the case of Bellarome. Most respondents did not recognize the Lidl brand and, initially, many believed, based on the information they could gather from the package, the product was of relatively good quality. However, upon learning the origin of the product, attitudes were quickly changed, as illustrated below.

R1: "Yeah, it does look like a Lidl brand."

R2: "Now that you say so I see it too. I would never have thought of it otherwise!"

R3: "Now that I know it's a Lidl brand I totally discriminate against it! Outrageous! And I was so sure it is something really fancy!"

Here the effect seems to be further reinforced by the overall image of the parent retailer Lidl. A discount retailer could not possibly carry other than cheap, low quality brands, according to the respondents.

Third, some respondents agreed on the low quality image of private label products, yet they believed the private label product's intrinsic attributes did not differ from manufacturer brands. These opinions were backed by stating the private label products were usually produced on the same production lines with the leading brands in the market. Some said the products were "the same, just with a different wrapping" or that manufacturers were "forced to make these products for cheaper or else retailers would not give shelf space to their brands" and that the coffee was "basically the same". Some respondents were open to trying private label products in order to assess the real difference between them and the leading brands. Interestingly, while the respondents might possibly consume this product themselves, they had some reservations in serving it to others:

R: "I feel like, if I had to serve any of these two brands (Euroshopper and X-tra), I would slip it into one of those tin containers. Then I would serve it and be like 'yes, this is Juhla Mokka we are drinking'."

Last, the premium private label products were evaluated in quite a different way. The respondents were puzzled by these products, as they could not quite put them into the category of private label products or that of manufacturer brands. Here, the retailer image had the opposite effect on the assessment of the product than in the case of the Lidl brand, Bellarome. The respondents believed the product was of higher quality than many manufacturer products. Furthermore, as the manufacturer was disclosed on the package, the focus group participants thought it was the retailer brand that added to the price tag and if

the same product was sold under solely the manufacturer brand, it would be cheaper. I will further discuss premium private label products in next.

7.5 Premium private label products

As seen in previously, many respondents had some difficulties in categorizing premium private label products. The main issues respondents had, seemed to be the conflicting idea of cheap private labels and premium products and the manufacturer – retailer relationship. In the examples below, respondents talk about their apprehensions.

R: “Maybe that luxury part is strange... I mean at least to me, a luxury product does not really go with the idea of the product belonging to some retail chain...”

R: “Why would Paulig (the manufacturer) develop any specialty coffees for Stockmann (the retailer)? Why wouldn’t they sell it themselves? Or do they just sell the same stuff to Stockmann? An also, does Stockmann then sell it for cheaper or more expensive? I mean, that would affect if I would buy it or not!”

The premium private label retailer’s image seemed to be the main cause for the high quality judgments of these products. What was discussed the most was the fact that the company name (Stockmann) on the package was a “guarantee of a certain level of quality” or a kind of a “standard”. The brand appeared to be trusted, and words like “traditional” and “safe” were used in all focus groups. However, respondents also made a connection between the retailer brand and prices that exceeded what they would find suitable for the perceived quality of that product. Many concluded that what actually is paid for, here, is not so much the intrinsic product, but the “logo” or “brand image” as one respondent suspects, below.

R: “The thing could also be that you just put a stamp (the Stockmann logo) on it and then raise the price a euro or two.”

The products in question are presented in Picture 5.



Picture 5: Premium private label products

The two premium private label products inspired both positive and negative responses. The respondents found many elements of the package to signal prestige. These were the dark green color, which the respondents also associated with the retailer brand in general, the use of gold, the use of shiny and smooth materials and the pictures used on the package. The coffee cup portrayed on the Luxury package was associated with “having a cup of tea in the spring time on Bulevardi (a Helsinki high-street)”, but most often the cup was pointed out as the kind you would only use in formal events. The coffee cup on Original’s package was simply said to be “traditional”. The exclusivity of the product was also discussed, as seen below.

R: “It makes it special that you can only buy it at Stockmann.”

Most negative responses related to the products were linked to a perceived lack of authenticity. Respondents felt like the use of packaging visuals was too obviously designed to create a premium feel to the products. For example the use of gold on the package was seen as trying too hard. Also naming one of the products “Luxury” was seen as boastful. Two respondents discuss:

R1: “The word ‘luxury’ doesn’t cut it!”

R2: "Yeah, it doesn't make it a luxury product if you write 'luxury' on it!"

Overall the respondent did not find the products to fully correspond to what they would expect premium products to look like. In general, the products were seen as rather stylish and acceptable, yet the unoriginality of the products made most respondents feel like they could not bring themselves to buy the product. Moreover, respondent constantly referred to "grannies" or "old ladies" when discussing the users of the products in question, and could not identify themselves with the product. Words such as "boring" and "bland" were also often used to describe the products.

Furthermore, the perceived similarity between the premium private label products and the market leader Paulig's products seemed to be very strong. With Paulig being the manufacturer behind these private label products and the Paulig logo being displayed on the side of the products in large letters, these associations were further reinforced. This was manifested by respondents' repeatedly mistaking the premium private label products to some Paulig brand and continuously making quality judgments on the Stockmann products based on their perceptions of Paulig brands. The example below illustrates this phenomenon.

R1: "There is no other difference (between the two premium private label products) than the other being 'luxury' and the other 'original'."

R2: "It's like Juhla Mokka and Presidentti. It's the same: Original and Luxury."

The example above also brings another authenticity hindering factor to our attention. The respondent felt like the two premium private label products were confusingly similar. The respondents took time to even realize there were actually two distinctive products, as, visually, the packages do not differ much. Also more careful examination of textual elements on both packages revealed little difference. The consequence of this fact seemed to be the depreciation of the image of quality of the Luxury product. One respondent explains:

R: "I feel like, when you can find these products in the lower quality categories, like you can find the Stockmann Original here, then how much better can the premium coffee be? It still belongs to the same range of products!"

This fact also seemed to unfavorably affect the perceived authenticity of both products. According to the respondents it was clear that "the gold ribbon was just added to Luxury in order to make it more prestigious than Original". Also the difference between the pictures on the packages was seen as too straightforward, as Luxury had a "fancier cup" while Original's coffee cup was "more basic". Furthermore, the formal coffee cup on Luxury's package received some criticism as being too artificial. According to the respondents, "no one really has that kind of cups at home" and "it is horrible to drink from such cups". One

respondent stated that seeing a picture of that kind on a package “makes it hard to imagine your own coffee moment” and thus a pictureless package would be preferred.

One more interesting finding was that the respondents, although judging the quality of the products to be better than average, did not believe a coffee expert would buy the premium private label products in question. That is the topic of conversation below.

R1: “You know, it’s a safe bet. But on the other hand, I don’t know if a real coffee connoisseur would buy this Stockmann coffee. Probably someone who doesn’t know much about coffee would be more likely to buy it.”

R2: “You are probably right...”

R1: “It’s like, you choose it, like: ‘ok, I’ll take Stockmann’s’. It’s, like, a safe choice because of the brand.”

R2: “I agree. I don’t think anyone who really knows good coffee would buy this.”

R3: “Yeah, like an expert.”

R2: “Right. They wouldn’t buy it. They would buy something they know is really great!”

R1: “Right. Or they would get something from Italy or France or something like that. But these are from Paulig!”

This implies the respondents see the main benefit of the product to be the “status enhancing” image provided by the brand. At the same time they seem to be convinced that the quality of the intrinsic attributes meets a certain acceptable level, yet does not quite reach the quality of “real” premium products. Thus the extrinsic attributes are underscored when discussing buying the product. In fact, respondents state that they would “keep the coffee visible in its package” or bring the brand up in a conversation, if served to guests.

While most respondents did not believe they would buy the products for their own consumption (if not “on sale”), they agreed this type of product would be a good gift. The main argument for this seemed to be the fact that the products were seen as “neutral” and “good enough” and that the recipient could not easily find how much the product cost, as he or she would have to go to a Stockmann department store to find out.

8. ANALYSIS AND DISCUSSION

In this chapter I will further analyze the findings in the light of extant theory. Much previous research is supported by the findings from the present study. Some conflicting information also arose. The structure of this chapter follows the topics discussed in Chapters 1 through 5 beginning from extrinsic cue reliance.

8.1 *The usage of extrinsic cues in product assessment*

There is evidence that extrinsic cues, such as price and brand name, are more easily recognized, integrated and interpreted than are harder to process intrinsic cues (Richardsson et al., 1994). This view is supported in the present study by the fact that respondents made more elaborate assessments on product quality by judging the extrinsic attributes of the studied products than they did talking about their intrinsic qualities. The respondents were noticeably less able to describe the intrinsic attributes of any products with much animation.

According to Richardsson et al. (1994), however, for food products it is likely that consumers believe that intrinsic cues, such as actual product ingredients, taste, texture or aroma, are more important in determining the real quality of grocery products than are extrinsic cues such as advertising, labeling or packaging (Richardsson et al., 1994). In the study at hand, some skepticism did arise among respondents on the actual intrinsic differences between the products. Some packages seemed to be perceived weaker in their ability to convey a credible proof of quality. For example the premium private label products were not believed to intrinsically meet the expectations that were created by their extrinsic communication, which then unfavorably affected respondents' intent to purchase. These shortcomings, however, were a result of less than credible extrinsic cues and discussion on the actual intrinsic characteristics of any products was limited. It thus seems like, for coffee products, intrinsic cues may be even harder to assess than for many other food products, and thus the importance of extrinsic cues in product assessment is increased.

Brand familiarity driving product assessment if risk is increased

Interestingly, while the high quality identity of some products was not questioned, in a situation, where the respondents had to pick a product they would choose to be sure the quality of the product was high, these affirmed high-end, high quality products were not chosen. Instead, Respondents picked the better know, everyday products. This could imply consumers do not quite trust the extrinsic cues to be diagnostic of

quality in a situation where risk is increased. An explanation for this could be found in Richardsson et al. (1994). They found that the confidence value (CV) assigned to extrinsic cues was higher than that assigned to intrinsic cues (Richardsson et al., 1994), meaning that shoppers feel more confident in their ability to judge product quality using the packaging and other extrinsic cues, than they do judging the quality of the intrinsic attributes of packaged products. However, as consumers have more experience on the more common coffee brands, and they might subsequently feel like they are able to better judge the intrinsic quality of those products. Therefore, the CV and PV (predictive value, see Chapter 2, Section 1) might tilt in favor of the better known, yet lower quality communicating brands.

This is in line with Zeithaml's (1988) view. According to her, extrinsic cues are used as quality indicators when the consumer is operating without adequate information about intrinsic quality attributes. This situation may occur when the consumer has little or no experience with the product, has insufficient time or interest to evaluate the intrinsic attributes, and cannot readily evaluate the intrinsic attributes (Zeithaml, 1988). Thus, if the level of previous experience were the same for all brands, consumers would be more likely to make their choice solely based on the extrinsic cues. However, as the level of brand experience is in favor of the more common brands, less emphasis is put on their, often quite simple, extrinsic cues. Here, as risk is assumed to be high, intrinsic evaluation motivation could also increase, thus putting more emphasis on the intrinsic qualities of the brands, and while the consumer is unable to assess the intrinsic quality of the unknown brand, the known brand is preferred.

8.2 *Brand loyalty and consumer involvement*

In this study, it was found that many consumers buy coffee in a relatively automatic manner, which is in line with Grossman's (1999) findings. The habitual brand is chosen based on learned habits from a consumer's parents or a convenient price point, for example. If consumers do not perceive much intrinsic difference between a set of brands, they tend to buy a product routinely or based on their appearance. Silayoi and Speece (2004) state that these kinds of consumers are not very committed, and substitute their habitual brand easily when it is not available, which is also confirmed in this study. Many respondents were interested in trying a new brand if it was on promotion, for example. Some had been in the habit of buying a certain brand for years, but upon trying another brand on impulse, the respondent begun habitually buying the new brand.

What seem to be shaping the way consumers choose their coffee in the grocery store environment, are the distinctive characteristics of Finnish coffee consumption. Three types of consumers were present in this

study. First, there were consumers, who drink coffee on an everyday basis. They look for, both, an energy boost and sensory pleasure, yet they are relatively uninterested in trying many different coffee brands and do not generally believe there is much intrinsic difference among products. Second, there were consumers, who do not usually purchase and prepare coffee. These consumers were likely to carefully examine their options if encountered with the inevitable task of purchasing coffee, as for them the event of drinking coffee was rare and, as such, special. Also the accumulative cost of coffee for these consumers was low, which gave them the opportunity to spend more on an individual product. Third, there were the coffee enthusiasts. These consumers were interested in different coffee brands and often purchased less common and more expensive products. Some even made their own mixes from different products to ensure a pleasurable experience. The first group of consumers seems to be the largest, at least in this study, which means most consumers in the Finnish coffee market could be relatively uninvolved habitual brand loyalists skeptical of intrinsic differences between most brands.

Silayoi and Speece (2004) state that consumer use of visual packaging elements is quite an important issue for low involvement products, as generally, informational elements require more mental effort to process than do visual elements, which evoke more of an emotional response. This view is supported in this study, as consumers were found to change their habitual brand due to graphical elements on another product's package. Here the issue could be that the uncommon brand catches the attention of the consumer with some graphical package element, which evokes an emotional response, which then leads to product choice, as suggested by Silayoi and Speece (2004).

Typicality and liking in product extrinsic cue assessment

Another view of low involvement extrinsic cue assessment suggests that consumers might judge the product on the basis of its fit in the product category (Schoormans & Robben, 1997). This was also noted in this study at hand, as some products were seen as uncharacteristic of the coffee category and thus were ignored by the respondents. Products that spur associations with non-coffee products, for example cocoa powder, were least likely to be purchased. According to Alba and Hutchinson (1987), consumers will choose a typical product in situations where they are insufficiently motivated to compare brands. They rely on their existing product knowledge and choose the typical brand (Schoormans & Robben, 1997). A certain archetype of a coffee product seems to exist also in the Finnish coffee market. Some brands have the majority of the entire market covered (Marmai 2010) and this seems to have influenced consumers' perceptions of coffee in terms of acceptable colors, shapes and other visual cues. I will discuss these cues more in detail later in this chapter. For now, the existence of certain cues is recognized.

Silayoi and Speece (2004) found that some consumers made decisions based on their liking of a package. Some participants in their study suggested that the appearance of a package reflected the characteristics of

the buyers and therefore, they intended to buy products with the distinctive package design based on their images (Silayoi & Speece, 2004). Some support for this finding could also be found in this study. Some respondents stated that their liking of the way a product looked increased their willingness to try the product. Statements of identifying with the package cues were not frequent, however. This could be a result of the evaluated packages being mainly high-end and private label products. Most private label products were unappealing and generally not liked while most high-end products were not easily relatable for the respondent demographic. Younger, more dynamic packaging could have spurred different results.

8.3 Price premium and product uniqueness

Anselmsson et al. (2007) state that a brand's degree of uniqueness is the most important factor in achieving price premium: the prime indicator of a premium brand. According to them, only a brand that is unique can command a price premium. Factors affecting the uniqueness of a brand, according to them are: awareness, perceived quality, associations and consumer loyalty. All of these factors were found to affect consumer behavior in this study. Their relevance in creating price premium, though, was not as straightforward. In the present study, brand awareness, had a similar meaning than in the Anselmsson et al. (2007) study: well-known brands stood for security and trust while consumers were skeptical about unknown brands. At the same time, this had an adverse effect on the perceived uniqueness of the brand, contrary to what Anselmsson et al. (2007) suggest. The known brands, which, indeed, signaled trust and security, also stood for commonness and being boring. In this respect, the findings are more in line with Ward and Loken's (1987) study. According to them, consumers seeking variety, prestige or scarcity negatively valued typicality. Respondents in the present study thought premium products were special and uncommon more than they were trusted or secure. Therefore product uniqueness and price premium was more a result of low brand awareness.

Perceived quality, in Anselmsson et al.'s (2007) study measured the quality of for instance ingredients and taste. Packaging, they state, can have a direct impact on quality, both on intrinsic quality (if it for example has a special construction or a functional benefit) and extrinsic quality (the information on the package and visual identity). Discussion on packaging material in terms of their ability to preserve the product inside was present, yet quite marginal compared to discussion on extrinsic cues and their implications to product high-quality image determination. Ingredient quality was touched upon to a very small extent all in all, as respondents were unable to describe or recall most intrinsic attributes. Brand associations in Anselmsson et al.'s (2007) study were a matter of credible communication through different media. The brands with

most presence in other than the packaging medium in the Finnish coffee market seem to be the big non-exclusive brands and as media exposure increased brand awareness, it negatively affected price premium. A product with very strong packaging communications was able to create favorable brand associations in the present study. These associations were supported, rather than hampered by the respondents' lack of previous knowledge of the brand. Some other routes than mass-media, could be thought to reinforce the unusual specialist image of a product, however.

Brand loyalty, according to Anselmsson et al. (2007), was manifested by many respondents saying that they always search for a specific brand and purchase certain product almost habitually or by tradition. Similar findings have come up in the present study, as already discussed, yet they did not hold implications for premium products. Habitual brand purchase was more related to non-exclusive, common brands and brand loyalty was weak and based on a consumers' low level of involvement rather than preference.

Coffee consumption and self enhancement

Zeithaml (1988) states that when it comes to premium priced products, not merely price paid over quality received matters, one must take into consideration, that premium products satisfy needs and quality perceptions on a higher level of abstraction. Hirschmann (1980a) agrees, stating that consumers evaluate different product attributes, whether they exist in reality or only in the minds of the individuals, and attach meaning to these attributes from socialization processes. Furthermore, if a product is to serve as a symbolic communicative device it must achieve social recognition, and the meaning associated with the product must be clearly established and understood by related segments of society (Grubb & Grathwohl, 1967). Such needs identified in this study were (1) communicating one's status and (2) impressing or serving one's reference group. First, a particularly strong brand, signaling premium values, was seen as a possibility for a consumer to enhance his status and self image among his or her reference group. In order for a product to be used in this way, the brand needed to be socially recognized by society, as acknowledged by (Grubb & Grathwohl, 1967). Interestingly, Grubb and Grathwohl (1967) argue that the act of consumption as symbolic behavior may be more important to the individual than the benefits provided by the functioning of the product purchased (Grubb & Grathwohl, 1967). Similar results were achieved in the present study, as consumers, who argued in favor of status enhancement by consumption of a particular brand believed the same brand did not possess the level of intrinsic quality that would quite justify its high-price, high-quality image. Second, both brand recognition and intrinsic quality were underscored in a situation, where a consumer is serving a product to a reference group noted for their expertise in coffee products and were seen as demanding and knowledgeable coffee consumers. Here, the self support and self enhancement can take place from the favorable reaction of significant references in the social interaction process (Grubb &

Grathwohl, 1967). The effect of these favorable reactions is further enhanced by the reference group's specialist status.

Price as an indicator of quality

The price premium of premium products does not necessarily correlate with actual consumer prices (Anselmsson et al., 2007) but can be just a perceived price or "pricyness" in itself or relative to other products in the same category. In the coffee category the price difference between non-exclusive and premium brands is only some Euros and therefore this notion seems to be supported. There are also differences in consumers' abilities to recall prices as some consumers may encode and remember the price only as "expensive" or "cheap". Still others may not encode price at all (Zeithaml, 1988). In the present study, this view was supported as respondents were very unsure of their capability to remember the prices of even the most well known products. As Zeithaml (1988) suggests, many consumers seem to only be able to remember whether the price of the product is high or low compared to his or her perceptions of the prices of other products.

Consumers could also be inferring meaning, such as cues of quality, from the price of a product. According to Zeithaml (1988) the use of price as an indicator of quality depends on: (1) availability of other cues of quality, (2) price variation within a class of products, (3) product quality variation within a category or products, (4) level of price awareness of consumers and (5) consumers ability to detect quality variation in a group of products. In the present study respondents agreed that there was some level of correlation between prices and quality. Looking at Zeithaml's (1988) statements, we can see that (1) in the coffee category product packages represent the other quality indicators apart from price. Also, (2) the price variation within the class of products is relatively low. Furthermore, (3) quality variation of intrinsic attributes seems to be evaluated low in the coffee category, while extrinsic attributes appear to be driving the quality associations of these products. (4) Consumers seem to be somewhat aware of the price level, yet their price estimations of individual products seem to be inaccurate. Finally, (5) consumers cannot judge products' intrinsic quality in a grocery store environment. What they can evaluate is the use of packaging communication and branding. Thus one could assume the use of price as an indicator of quality in the Finnish packaged coffee category ranges from medium to low. In the present study it was found that price is used to infer quality in situations, where other communications are seen as confusing or contradictory. In this kind of situation, price could be used to reaffirm the consumer's evaluation or give additional information.

Product quality as a higher level of abstraction

Quality can be defined broadly as superiority or excellence. By extension, perceived quality can be defined as the consumer's judgment about a product's overall excellence or superiority (Zeithaml, 1988). Perceived quality is (1) different from objective or actual quality, (2) a higher level abstraction rather than a specific attribute of a product, (3) a global assessment that in some cases resembles attitude, and (4) a judgment usually made within a consumer's evoked set (Zeithaml, 1988). In the present study, quality was seen as (1) different from objective quality, which in this case could be thought to be the quality of intrinsic product ingredients. As mentioned before, these attributes cannot readily be assessed in the grocery store environment. Furthermore, respondents found it hard to describe why they thought the quality of some products was higher than that of other products. The quality judgments were based on feelings and intuition, and only few specific extrinsic attributes were identified as quality indicators. Thus (2) perceived quality could be a higher level abstraction. Also (3) in some cases attitudes were an integral part of the quality judgments of products. For example, a Fairtrade certification on a product was either seen as a quality hindering factor, since some consumers found the notion of fair trade to be a bad practice disturbing free markets, or as a quality enhancing factor by respondents who valued the fair trade movement and its social implications. (4) The concept of evoked set was not fully applicable in this study because respondents were asked to judge the products presented without the intent to purchase.

Quality inferring attributes

Specific or concrete intrinsic attributes differ widely across products, as do the attributes consumers use to infer quality (Nancarrow et al., 1998 and Zeithaml, 1988). Though the concrete attributes that signal quality differ across products, higher level abstract dimensions of quality could be generalized to categories of products. As attributes become more abstract, they become common to more alternatives (Zeithaml, 1988). Zeithaml (1988) studied various cold beverages and perceptions of their quality. Her findings suggested that specific intrinsic attributes used to infer quality could not be generalized across beverages, but that higher level abstract dimensions could capture the meaning of perceived quality in whole categories or classes of beverages. Purity, freshness, flavor, and appearance were the higher level abstract dimensions subjects discussed in defining quality in the (cold) beverage category (Zeithaml, 1988). Anselmsson et al. (2007) found that important intrinsic grocery quality attributes, which consumers consider being equivalent to quality are taste, appearance, consistency, and texture, odor, ingredients, function and packaging. In the present study, the respondents' ability to describe any intrinsic quality attributes of coffee was limited. From Zeithaml's (1988) higher level abstract dimensions only flavor was mentioned. From Anselmsson's (2007) intrinsic attributes, odor was mentioned. Some other intrinsic quality attributes discussed were darkness of roast, smoothness, strength and richness. It seems like the

coffee category is quite distinct from many other grocery products' category in terms of measures of intrinsic quality.

According to Silayoi and Speece (2004), the quality dimensions are reflected on the packaging of the product. Packaging was found to be important for how the respondents perceived the quality of different brands in the Anselmsson et al. (2007) study as well. Respondents in their study said, for example, that they: "look at the box, that it looks professional and not as boring as Blåvitt (a private label brand)". What can be seen from these results is that, clearly, in the minds' of consumers, a good quality package is a sign of a good quality product just as a boring package seems to mean the product is boring as well (also in Underwood et al., 2001 and Silayoi & Speece, 2004). Similar results came up in the present study as well. Products were judged solely on their package in the case where the brand was unknown. In cases where the brand was familiar to the respondents, both packaging and brand associations were used to infer product quality. Thus a fancy package seems to mean a fancy product to the consumers to the same extent an unappealing package seems to mean an unappealing product to many. What then means fancy or unappealing in packaging attributes? I will discuss this topic next.

8.4 *The visual and informational elements of packages*

According to Silayoi and Speece (2007), a package is the symbol that communicates favorable or unfavorable implied meaning about the packaged product and the important communication functions of a package are brand identification, price, ingredient and usage information, and meaning presentation. Silayoi and Speece (2004) divide packages into visual and informational components. The visual components of packaging are different graphical elements of the package and the size and shape of the package. The graphical elements include layout, color combinations, typography, and product illustrations and they all contribute to creating an image for the product or brand (Silayoi & Speece, 2004). The informational elements include displayed product information along with the package's technology image. In the present study, many visual and some informational components were discussed. What is noteworthy is that the use of informational elements always seems to follow the study of visual elements, if examined at all. Written product information appears to be used to confirm beliefs created by the visual elements or to provide guidance in cases of ambiguous visual messages. This finding is in line with Silayoi and Speece's (2007) view. In their study, consumers were found to use explicit product information to assess healthiness, and also many other aspects of quality, yet, consumers were more likely to read the label to check that the product information was consistent with their needs if the package made it seem that the product was

worth investigating more carefully (Silayoi & Speece, 2007). Thus the importance of visual elements is underscored also in the present study.

Color was one of the most talked about graphical elements in the present study (see Appendix 4). Some colors were either liked or disliked while some colors were found to be particularly suitable for the product category. Schoormans and Robben (1997) had similar results in their research. According to them, entire product classes have sets of “acceptable” colors and these sets are independent of personal color preferences. Indeed, in the present study, some products’ colors were found to suit the coffee category badly, to the extent that the quality evaluation of those products was considerably hampered. Some respondents seemed to see the products first and foremost as representatives of the category and thus an unacceptable color was described as “disgusting”, for example, even if in any other context the color could have been preferred over other colors often used in the coffee category.

In the Finnish ground coffee category, dark colors seem to be preferred especially in shades of green and red. This could be result of the coloring of the market leaders (Marmai 2010) in the coffee category, which are packaged in these colors. Oddly enough, some of the products evaluated highest in quality were light, almost white in color. What seemed essential in these packages was that the used light color shifted more toward brown than blue, which made the difference in the colors being perceived as warm. Cool colors were not liked, which was the case also in the study by Schoormans and Robben (1997). In their study, respondents did not react favorably to blue coffee packages, because they associated the color with coldness. For them, coffee was principally a hot beverage, and therefore respondents were put off by a package which reminded them of cold coffee as the findings from the present study confirm. The use of gold and shimmering materials was also accepted and used as a cue for quality.

Ampuero and Vila (2006) argue that some general meanings of graphical elements, namely color, exist. In their study, the authors found that packaging in cold and dark colors were usually associated with high-prices and refined aesthetics. In contrast, accessible products that are directed to price sensitive consumers required light, mainly white, packaging and safe and guaranteed products were associated with red packaging (Ampuero & Vila, 2006). Some consistencies with these claims and the Finnish coffee market seem to exist, yet, all in all, they are not very accurate. Among the studied products, high-priced products were in some cases partly dark and in others very light. Some very dark packages were associated more with the lower end of the quality continuum than the higher end. Accessible products did include a light, cold colored package (highly disliked by the respondents), as suggested by Ampuero and Vila (2006) but also packages in bright red and dark colors. The most common brand in the Finnish coffee market is indeed dark red, which is consistent with Ampuero and Vila’s (2006) suggestions. However, the importance of

category specific color associations seems to be more important in determining color meanings than more general color associations.

The shape and size of products were also noted among the very first things when observing the products in the present study. Most packages used in this research were rectangular, brick-shaped hard packages while two products were packaged in soft pouch-like packages, one larger than average, one smaller than average. The soft packages were singled out as something special and possibly signaling high quality. The respondents agreed that the small soft package was definitely a premium product, while the larger one was harder to interpret due to its size and other extrinsic cues. The packaging communication elements of this product seemed to be contradictory in size, shape, visual and informational elements. See Appendix 1, Number 3 for a picture of this product. Here the shape and graphics of the package seemed to signal prestige while the size and written information signaled lower quality. The graphics on the package were believed to imply high-quality due to their uncommon nature. Written information, on the other hand was believed to imply relatively bad quality because the product was explicitly stated to have been produced in Finland, which was not appreciated by the respondents. Furthermore, careful examination of the written information revealed the amount of coffee in this package was the same as in the brick-shaped, smaller looking packages, contrary to initial beliefs. Also Silayoi and Speece (2007) found that consumers perceived more elongated packages to be larger, even if there was no difference in size with the less elongated packages, and even when they frequently purchase these packages and had experience using them (Silayoi & Speece, 2007). Thus, elongating the shape, within acceptable bounds, should result in consumers thinking of the package as a better value for money and result in larger sales generally according to them. In the present study, the package looked larger, which seemed to make respondents wonder whether the product could be better value for money or not. The ambiguity of other packaging elements made this distinction harder, however, as the respondents could not determine the product's true identity. Thus, it is hard to say, whether a larger package could increase the sales of the product, as suggested by Silayoi and Speece (2007).

When it comes to graphical illustrations on packages, Ampuero and Vila (2006) argue, some consistencies could be found among all packages. According to them, non-selective, middle class products were associated with horizontal and oblique straight lines, circles, curves, wavy outlines, asymmetrical compositions and the use of several elements. In contrast, high price products appeared to be associated with vertical straight lines, squares, straight outlines, and symmetrical composition with one single element according to them. Analysis of the chosen coffee products reveals striking similarity of packages across the category. The packages have mostly straight outlines, squares and straight lines regardless of the products being high price products or middle class products. One notable difference between the high-price products and cheaper products is the products' increasing simplicity towards the high-end.

The more expensive the product, the less likely it is to have a picture of a coffee cup on the package. Interestingly, when respondents judged the relative quality of the products, they did not choose the, in reality, most expensive products and therefore, among their top selections, there are many products with pictures of coffee cups on their packages. In favor of using pictures on packages are MacInnis and Price (1987), who state that a consumer viewing a product picture on a package is more likely to spontaneously imagine aspects of how a product looks, tastes, feels, smells, or sounds like than they would with a pictureless package. Alternatively, Fitzgerald Bone and Russo France (2001) highlight a picture's capacity to serve as a framework for interpreting a package's informational components, since pictures, according to them, are likely to be processed prior to other components of a package (Fitzgerald Bone & Russo France, 2001). The respondents in the present study did not pay much attention to having a picture on the package, other than noticing their similarity. It seems like the coffee cup could be an established symbol of the category, and thus it is not questioned. Some associations were made based on these pictures, however. The respondents imagined the type of consumer who would use the products in question based on the pictures, whether they were blue collar workers or elderly ladies, which often affected the way these products were interpreted. It seems like a picture can have the power to include or exclude a consumer from its scope. Some respondents also found the picture to be trying to dictate the way the product should be used, which in this case unfavorably affected the respondent's perception of the product. It appears the "ideal" way to consume coffee is quite personal and therefore a picture of a coffee cup may be more disturbing than descriptive.

Psychological responses

According to Bloch (1995), for a product to be successful, its sensory characteristics must strike a responsive chord in target consumers. Thus, a package, according to him, evokes a certain level of psychological responses in consumers. These responses can be cognitive, affective or both at the same time (Bitner, 1992). The psychological responses, in turn, lead to a number of behavioral responses. According to Bloch (1995), cognitive responses can be divided into two phenomena: (1) the formulation of product related beliefs, and (2) categorization. In the present study the formulation of product related beliefs was very present as respondents expressed quite elaborate product evaluations based on packages. These beliefs included who would use these products, where the products are produced and whether they are suitable for gift giving, for example.

Categorization was also done by respondents as they were asked to group the presented products together according to their perceived similarity or resemblance, a process by which in the real grocery store environment, individuals respond to the variety and newness of information in their environment, according to Schoormans and Robben (1997). Conducting this exercise, we can detect the factors, which to

the respondents, drove perceived similarity, and conversely perceived difference. In the set of products evaluated, there were private label products, high-priced products and the brand with the biggest share of the market. Therefore, the formed product groups could be expected to reflect this division. Indeed, the respondents grouped together the products they recognized as private label products and declared the cheapness and bad quality of these products as the unifying factor. Similarly, a group for high-end products was formed in all cases. Interestingly, it is harder to identify what brings these products together. Sources of high-end perceptions of these products seemed to be (1) a strong brand with a premium image, (2) liked, well designed package graphics possibly including golden, glossy colors, and (3) the small soft shaped package. If we extend the high end group to include also products the respondents associated with “casual” or “everyday” luxury, the findings do not change much. The additional brands in these cases are brands the respondents seem to find less unusual or seemingly possessing a lower level of manufacturer expertise.

Brand familiarity seems to be a factor in respondent category formation as well. The brands the respondents find to be most common were grouped together as well as brands the respondents did not recognize and found foreign or hard to interpret. Subtyping, meaning the process of creating a subcategory, or the strategy of forming a new category (Schoormans & Robben, 1997) seem to be the ways the Fairtrade product is handled. The benefits and value of this kind of a product, according to the respondents, are different from what the other products offer to the extent that a different category must be created for it. Research shows that the more typical a stimulus is, the more quickly people respond to the question whether it belongs to a certain category (Snelders et al., 1992). The respondents were quickest in grouping the acknowledged private label products together, implying their category typicality is the strongest.

Affective responses

Hirschman (1980a) states that the meaning of a product is becoming increasingly intangible and subjective. That is to say, consumers make their product assessment more and more intuitively, placing greater importance on product attributes of which the superiority over competing products cannot be measured by any objective means. Hence the way a package, including all its extrinsic attributes, makes a consumer feel might be a better predictor of product quality assessment than would be actual ingredient quality. In the present study it was found that consumers were very confident in making quality judgments and expressing product associations based on the products' packages alone. However, it was harder for respondents to explain why they made such assessments. Furthermore, a product with a package that seemed to please all respondents and yet, was in reality not among the highest priced products in the market, spurred a high-quality image the respondents could not quite elucidate.

8.5 Private label products

Traditional, low-priced private labels were examined in the course of this study, in order to assess consumer perceptions of these brands. According to Richardsson et al. (1996), extrinsically, store brands suffer from deficiencies relative to national brands. Private label brands are lower priced, they are frequently poorly packaged, lack strong brand recognition and are generally not advertized on the national level (Richardsson et al., 1994). These views are supported in part by the findings in this study. However, some differences also arose. In addition to private label products all respondents were familiar with, also other private label products were present. There were two products (in addition to the studied premium private label products) the respondents did not recognize as private label products, as they were sold in less widespread stores. These products, it must be noted, were not as poorly packaged as the common private label products, which gave them an upper hand in quality assessment. Also, contrary to what Richardsson et al. (1996) gather, these more favorably assessed private label products had a weaker brand image than the more recognized products. Furthermore, the fact that the respondents did not know, the products were private label products seemed to enhance their quality assessment. In fact, the revelation of the true identity of one of these less known private label products had a big impact on the way they were evaluated. The private labels respondents knew of had quite a distinctive brand image.

The problem seemed to be that the coffee category was not seen as suitable for including these products, even if other products in the same private label range could easily be chosen by the respondents. In general, the respondents were not opposed to using private label products and they felt like, in the most part, the low price compensated for the lower quality image of the products, unlike what was suggested by Livesey and Lennon (2007). In fact, many believed, not much intrinsic difference existed among some commodity products, like salt or sugar, which is also communicated by the Private Label Manufacturer's Association (2010). However, the risk of the private label product being intrinsically bad seemed to be larger when it came to coffee for whatever reason. The unappealing or even, as a respondent put it, "horrific" packaging seemed to increase this risk. This is consistent with Richardsson et al. (1996), who state that extrinsic cue reliance greatly heightens perceptions of quality variation between national and store brands and increases perceptions of risk associated with using these products. Results further suggest that simple improvements in the extrinsic cues associated with store brands may go a long way towards increasing consumer acceptance of private label brands (Bellizzi et al., 1981), which in light of the findings of the present study could well be true.

8.6 Premium private label products

Huang and Huddleston (2009) define premium private label products as the consumer products, produced by or on behalf of retailers with high quality and priced close to national brands that contribute to differentiating the retailer from its competitors. These premium private label products are designed to compete with leading national brands and differentiate their retailers from competitors, therefore, providing consumers with a real brand choice (Laaksonen and Reynolds, 1994). Thus premium private labels have two distinctive characters: (1) they are of an excellent quality and (2) they contribute to the retailer's differentiation strategy. The premium private label products studied in this research seem to follow this definition to the point. They are produced on behalf of a retailer, they communicate high intrinsic quality and they are priced in the upper segment of the product category. Retailer differentiation, however, seems not to be quite as strong as Huang and Huddleston (2009) suggest.

The findings reveal positive associations are transferred from the retailer image to the product, but not many associations seem to be transferred from the product to the retailer. Consumers appear to be willing to try the product as an alternative to their usual brand if they happen to visit the retailer in question, yet they are not prepared to go to the store especially to buy the private label product. Even some concern was raised about getting "hooked on" the product and therefore having to make an additional effort going to that specific store. Here the result could be a factor of the retailer being rather exclusive in the sense that their stores can be found only in very few locations, and thus, the decision to go to these stores requires more effort and cannot be evaluated in the same way as making a choice between the competing supermarkets around the corner. Thus, the studied product's role in differentiating the store from competing stores seems to be limited.

According to Huang and Huddleston (2009) the market positioning of a premium private label product is to provide consumers with a high value-added product with an innovative design and sometimes even higher quality than national brands. This argument should be affirmed by the present study, as the retailer in question possesses a high-quality image, which is then also transferred to the premium private label products it carries. However, the design of the products, that is to say the products' package was not found innovative. In fact, the packages of these products were found traditional and even boring, which affected the evaluation made by respondents. Consequently evaluation of the products' quality was also affected and the retailer's prestigious brand image was not enhanced, but merely supported.

What seemed to be the issue in the poor or average evaluations of the premium private label products in question was the pertaining perception of lack of authenticity. Nancarrow et al. (1998) give a good example

of a similar problem in the form of a whisky brand, which made an effort to find out the specific category language in order to better meet consumer expectations. They found that the use of various animals, vegetation, Scottish emblems, colors, words and phrases and so on was common in the category, and thus marketers incorporated all the relevant symbols with the assumption that this would reinforce the product's positioning. Interestingly the strategy did not create the desired results, as it gave the impression of a brand "trying too hard", which led to perceptions of the brand character being superficial and aroused some consumer suspicion (Nancarrow et al., 1998). The findings from the present study are close to identical. The premium private label products had most of the package elements the respondents found to signal good quality: the dark green color, the gold (or beige in the case of Original) ribbon like illustrations, a prestigious brand logo, the pictures of fancy coffee cups, and written information expressing "premium" and "luxury". Yet, the products were not generally seen as "true" premium products. The reason why many respondents associated the products with other premium products was due to the characteristics of the retailer brand. Otherwise, respondents stated, the product would have been evaluated lower. Reasons for this seem to stem from the fact that the products did not seem to have a distinctive identity in the minds of the consumer. The manufacturer logo on the products' packages was a source of confusion to many and further hindered the identity of the product. Furthermore, the packages were clearly communicating a mainstream view of "premiumness" in the Finnish coffee category, and no uniqueness, apart from the retailer brand was perceived by respondents. Thus, as predicted based on Anselmsson et al.'s (2007) study, in the lack of brand uniqueness, credible brand equity seemed not be formed.

9. CONCLUSIONS

The purpose of this study was to research a topic, which has, as of yet, received little attention in the package and consumer good research: the packaging of premium private label products. For this purpose I chose two of the few products suiting the definition of premium private label products in the Finnish grocery sector. These products belonged to the ground coffee category and were produced on behalf of a known Finnish retailer. The research question I strived to answer was:

What package attributes influence consumers' quality assessment of premium private label coffee products?

In order to answer this question I formed three sub questions: (1) *which package attributes imply a coffee product is of a good/bad quality*, (2) *which package attributes communicate, a product fulfills the consumer*

needs of a premium product purchaser, and finally (3) which package attributes signal good value for money?

To answer these questions I organized focus group discussions, using a qualitative method, which could potentially provide deep insight into how the studied premium private label products were viewed. In the focus groups discussions in addition to the two case products, also other products were used in order to assess (1) consumers' perceptions on private label products in general, (2) consumers' perceptions of premium products and (3) the premium private labels' fit in these product groups.

The main findings from this study are fourfold. First, on the topic of package attributes that imply a coffee product is of good (or conversely bad) quality, some specific visual and informational cues could be found. The strongest high-quality associations were spurred by (1) the small size of the package, (2) the soft pouch-like shape of the package, (3) the perceived attractiveness of the package, (4) a degree of uncommonness of the package differentiating the product from other products, and (5) favorable brand associations. By extension, the use of gold was identified as a quality enhancing cue. Also the fact that written package statements supported the visual cues reinforced consumers' perceptions of high quality, as did the use of foreign languages, namely French, English and Swedish. The findings, however, seem to be quite specific to the Finnish ground coffee category and are, in part, a reflection of the established category visual language. Therefore, these results may not be directly transferrable to other product categories or other market areas.

Second, when assessing which packaging attributes communicate, a product fulfills the consumer needs of a premium product purchaser, the findings suggest, the use of the high-quality implying cues communicate a premium product identity. Some interesting restrictions were found, however. It seems that, the before mentioned high-quality cues should be used only to the degree that ensures category appropriateness. For a premium product, a distinctive identity and perception of uniqueness should be created through an exceptional package. The degree of "premiumness" of a product seemed to be adversely affected by a package being too common in the category as well as a package being too foreign to the category.

On account of the higher levels of consumer needs in buying premium products, self enhancement seems to be connected to the activity. However, in order to fulfill the need of self enhancement of a consumer, the individual's reference group should be able to recognize the premium identity of the product through its package or through its brand.

Third, on the topic of the packaging attributes that signal good value for money, the findings are not straightforward. Discussion on value for money was minimal and concentrated mainly on the size of a package. Thus weak support was found to a large package signaling good value for money. Yet, even in

these discussions, consensus was not reached and the large package in question was evaluated expensive and lower than average in quality. Furthermore, it seems like in the coffee category, private label brands do not signal a good value for money in any clear way. This seems to be a factor of coffee not being viewed as a commodity and thus the lower price of these products does not quite seem to compensate for their perceived poor intrinsic quality. The poor perception of quality seems to be a factor of (1) unattractive packaging and (2) the stigma of private label products in general. Unattractive package attributes found in this study were the unattractive or non category appropriate colors and mundane pictures. Unfavorable brand associations also seemed to have an effect on private label product evaluation, as those private label products, which were not recognized by respondents as private label products, were more favorably judged.

Finally, based on the findings from this study the question of which packaging attributes influence consumers' quality assessment of premium private label coffee products, can be answered. The initial assumption about a premium private label product signaling both, a premium image, and a good value for money, was not supported by the findings. It seems like a premium private label product is primarily perceived as a premium product. Thus, high-quality signaling cues seem to be more important for a premium private label product, than any cues signaling a good value for money. Furthermore, the price of a premium private label product may not be lower than other premium products in its category and thus a consumer might not get comparable quality for lower price, as would be expected from a product offering a good value for money. Furthermore, in this particular case, the main source of a premium image seemed to be the positive brand associations formed by the retailer brand. Packaging attributes, on the other hand, failed to generate a unique positioning for the brand and thus authenticity was not created, which unfavorably affected the perceived quality of the product. This is similar to what could possibly be expected from any other premium product as well.

These results support findings from previous research to some extent. Richardsson et al. (1994), for example, argue that consumers tend to use extrinsic cues in their assessment of intrinsic product attributes. This was largely supported in the present study, as respondents were quite confident in their product evaluations, even though they had no access to the intrinsic product attributes. Furthermore, Anselmsson et al.'s (2007) view on product uniqueness driving price premium generation was supported. Only products that were seen as special in some way or another were perceived to be authentic in their premium identity. However, contrary to what Anselmsson et al.'s (2007) state, brand awareness seemed to adversely affect product uniqueness as, in general, more unknown brands were seen as more prestigious. This could be due to the fact that in the Finnish ground coffee category the best known brands dominate multiple price points, and this could create an averaging effect decreasing the perceived quality of the products in the higher price points. Also Grubb and Grathwohl's (1967) view on the social process of self-

enhancement was supported in the present study, as respondents expressed concern for how they would be perceived by their significant reference group if their choice of coffee would be revealed in their presence.

Silayoi and Speece (2004) argue that the size and shape of a package was a factor in value for money assessment. This was not supported in the present study, as the larger package, that could have been assumed to signal better value for money, was seen as lower in quality and as higher in price than average. In the same way Richardsson et al.'s (1994) view of the better value for money of private label products was not supported in the present study. These findings, however, reflect only the assessment of the specific products presented to the respondents in question. In order to more fully understand the antecedents of good value for money, another type of product selection should probably be chosen. Finally, support, was found to the argument made by Richardsson et al. (1994), stating that the unattractive extrinsic cues of private label products reinforce the low-quality image of these products.

9.1 *Managerial implications*

The findings from this study have some interesting implications to a retailer wishing to pursue an effective premium private label strategy. From a broader retailer point of view, the choice of private label strategy should be carefully considered. Jacoby and Mazursky (1984) suggest that when brand and retailer images become associated, an averaging process is activated so that the party with the more favorable image will be adversely affected, while the party with the less favorably image may have that image enhanced. Furthermore, in all studied cases where a very positive store image was linked with a less positive brand image, the resultant linked image was generally as low as, and often lower than, the low brand image component rated separately (Jacoby & Mazursky, 1984). This implies that a high quality retailer should probably not carry a low-quality brand, especially if the brand is closely linked to the retailer brand through, for example brand name. In this study, however, the packaging attributes seemed to be acceptable enough for a good quality image, so that the retailer image was not unfavorably affected by the private label product. However, the respondents saw the premium private label product as somewhat superficial and unauthentic, which then led to statements on the retailer also being slightly prone to pulling hoaxes. It could be then, that the retailer image, in fact is, indirectly affected by these associations. It was also found that choosing the right kind of store for a premium product could make a difference, as an unfavorable image or perceived commonness of a store, was found to decrease the perceived prestige of a premium product.

Some managerial implications can be drawn for the specific premium private label products used in this study. The main concern in this case seems to be the perception of superficiality of the products in the minds of the consumers and as a result, some measures could be taken to improve their authenticity. Three factors seem to be causing these unfavorable perceptions. First, the uniqueness of the packages was seen as low. This could be improved by adding visual cues that differentiate the product from competing products rather than strive to strengthen category resemblance. Furthermore, packaging decisions could be bolder for communicating high-quality, further moving away from the expected, and boring, image.

Second, manufacturer disclosure seemed to bring no value to this particular product as the main communicator of premium image was the retailer brand. The inclusion of the manufacturer brand on the package seems to be a source of confusion to consumers and act as a catalyst for product suspicion and superficiality. In addition, this appears to create associations between the premium private label products and the well known manufacturer brands with lower price points and less prestigious image. The retailer might find it beneficial to rely more on its own brand image and be stronger in communicating those values in the products' packages.

Third, the similarity between the two products seems to lead to an averaging effect, where the perceived quality of the higher priced product is lowered while the cheaper product stays unaffected. This appears to be a result of too similar visual cues, as well as, close to identical product information. Consumers seem to be led to believe the products are intrinsically almost the same, which increases consumer suspicion of actual product quality of the higher priced product. Creating more tangible difference between the two products, in terms of visual and informational elements, and price, could erase this problem.

9.2 *Limitations*

This study was subjected to many risks of bias. First, the selection of products was based on the product selection in the case retailer's flagship store and on the subjective opinion of the researcher. While the selected premium products were the most expensive products in that store at that one time, the same products may be priced differently in other stores. Furthermore, as discussed, price is not the only measure of premium products. Also, a small number of private label products existing in the Finnish ground coffee category were not selected.

Second, the chosen product category sets limitations to the generalisability of the findings from this study. As the visual category language seems to be reflected in the evaluation of product attributes, the visual

cues found to communicate a specific meaning in this category, most likely are not valid in many other product categories.

Last, the focus group method can produce good insight to topics that are quite intangible in nature, such as the topic of package cue assessment. However, the opinions of the participants merely represent the view of these individuals and extensions of these findings to a large population in general should be done with caution. Also, as the focus group participants were a student sample, although representing a knowledgeable group of people constituting the future of coffee drinkers, the views of other consumer segments could be considerably different.

9.3 *Suggestions for future research*

Based on the findings of this study quantitative research could be conducted in order to find more generalisable results. Also, with a sample of all products in the Finnish ground coffee category, combined with accurate analysis of positioning and differentiation strategies of those products, Hirschman's (1980a) mathematical cue validity model could be applied in order to comprehensively assess the existence of a specific category language.

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Appendices

Appendix 1: The products used in the study



1. X-tra

A private label product sold in S-Group stores



2. Euroshopper

A private label product sold in Kesko stores



3. Pirkka Costa Rica

A private label product sold in Kesko stores



3. Tumma Mocca

A private label product sold in Tuko stores: Stockmann, Suomen Lähikauppa stores, Heinon Tukku and Wihuri stores.



4. Bellarome

A private label product sold in Lidl stores



5. Juhla Mokka

A Paulig brand

The most commonly consumed coffee product in Finland



6. Café Arome Hieno

A Meira brand



7. Löfbergs Lila Stark

A Löfbergs Lila brand



8. Classic Reko

An Arvid Nordqvist brand



9. Presidentti Gold Label

A Paulig brand



10. Café des Chefs

A Legal le goût brand



11. Original

A private label product sold in Stockmann Herkku stores



12. **Luxury**

A private label product sold in Stockmann Herkku stores

Appendix 2: Focus group interview guide

Packages used:

1. *Euroshopper*
2. *X-tra*
3. *Bellarom Hieno Kahvi*
4. *Tumma mocca*
5. *Pirkka Costa Rica*
6. *Paulig Juhla Mokka*
7. *Stockmann Original*
8. *Löfbergs lila*
9. *Stockmann Luxury*
10. *Café arome Hieno*
11. *Paulig Gold Label*
12. *Arvid Nordqvist Classic Reko*
13. *Legal le Goût Café des chefs*

Warm-up questions

1. Mitä kahvia teillä on kotonanne juuri nyt?
 - Mitä kahvia yleensä ostate/ juotte?
 - Ostateko vain jotain tiettyä?
 - Onko teillä useampia eri kahveja yhtä aikaa?
 - Missä säilytätte kahvia kotonanne?

2. Minkälaista teidän mielestänne on hyvä kahvi?

Extrinsic cues as surrogates for intrinsic attributes

3. Mikä/mitkä näistä kahveista voisivat olla hyviä kahveja?
 - Miksi päättelet niin?

Example packages:

1. *X-tra*
2. *Tumma mocca*
3. *Pirkka Costa Rica*
4. *Stocka Original*
5. *Löfbergs*
6. *Café arome, Hieno*
7. *Paulig Gold Label*
8. *Café des chefs*

4. Minkälaista on huono kahvi?
 - Voisiko joku näistä tuotteista olla sellainen?

BREAK

Categorization

→ Take forth all products

5. Järjestäkää yhdessä nämä tuotteet eri ryhmiin
 - Nimetkää ryhmä
6. Miksi nämä tuotteet kuuluvat yhteen? Miten ne eroavat muista ryhmistä?

(Are PLs seen as a distinctive category? Is there a category of "luxurious" products?)

Price-Quality

→ Take forth:

1. *Euroshopper*
2. *Bellarom Hieno Kahvi*
3. *Tumma mocca*
4. *Paulig Juhla Mokka*
5. *Löfbergs*
6. *Café arome, Hieno*
7. *Paulig Gold Label*
8. *Arvin Nordqvist*
9. *Café des chefs*

7. Järjestä tuotteet huonolaatuisimmasta kahvista parhaimmanlaatuiseen kahviin.
8. Arvioi tuotteen hinta ja kirjoita se ylös

→ Arrange the products based on their quality

- Mitä eroavaisuuksia teidän suorissanne oli?
- Arvioitko hinnan menevän samassa järjestyksessä laadun kanssa?
- Osaitteko arvioida hintoja?
- Miksi tämä on laadukain tuote?

→ Place the premium private label products to the continuum

- Miksi asettaisitte kahvit tähän väliin?

(Can respondents evaluate price differences? How well do they recall prices?)

Wrap up

9. Ostaisitteko Stockan kahveja?

Appendix 3: Price and quality continuum form

Nimi : _____

HUONOLAATUISIN KAHVI



LAADUKKAIN KAHVI

Appendix 4: Descriptions used for Intrinsic and extrinsic qualities

Positive expressions used for intrinsic quality:

Hyvää (good/ good taste):

1. ... ihan hyvää kahvia...
2. ... on ihan hyvää.
3. ... varmaan hyvää
4. ... mahtavan hyvää.
5. ... hyvää...
6. ... tosi hyvää kahvii
7. ... ihan hyvää...
8. ... hyvää...
9. ... ne on hyviä ne semmoset makukahvit...
10. ... oikeesti hyvää.
11. ... tosi hyvää...
12. ... hyvää.
13. ... muistaa et se on ollu hyvää.
14. ... ekokahvi on yleensä hyvää.
15. ... hyvää.
16. ... sairaan hyvää...
17. ... hyviä...
18. ... hyviä...
19. ... hyvää...
20. ... ihan hyvää.

21. ... kuinka paljon parempi voi sit olla...
22. ... parempi.
23. ... parempia...
24. ... parasta.
25. ... parempaa.

Tumma (dark):

1. ...brasiliaa ja se on tummempaa, se on paljon parempaa.
2. ...tummempi, se on must kans parempaa.
3. ... tykkäätte siitä sen takia, että se on tummempi.
4. ...menossa tummempaan suuntaan.
5. Tumma.
6. ... tummempaa.

Pehmeä (smooth):

1. ...pehmeen makunen.
2. Pehmeä.
3. Sama (pehmeä).
4. Pehmeä.

5. Joo pehmee.
6. Pehmee on hyvä sana.

Vahva (strong):

1. Mmm...vahva. Sopivan vahva.
2. Ei liian vahva.
3. Voi olla vahva jos sen juo pitkänä.
4. Vahva muttei kitkerä

Ei kitkerä (not bitter):

1. Epäkitkerä
2. Ei kitkerä.
3. Ei kitkerä. Sitä se on usein.
4. Ei kitkerää...

Täyteläinen (rich):

1. Täyteläinen.
2. ... täyteläistä...

Aromikas (full of aroma):

1. Aromikas.
2. Rikasarominen.

Laadukasta (good quality):

1. Laadukas mixi pitäis kyllä olla.
2. ... ihan hyvälaatuisia.

Piristävä (refreshing):

1. ...se piristää, ku sä juot sitä...
2. Kofeiinipitoinen.

Ei laiha (not stale):

1. Ei laiha.

Upeaa (wonderful):

1. ... onpas tää nyt upeaa.

Hieno makuelämys (great culinary experience):

1. ... et olis mitenkään järjettömän hienoja makuelämyksiä

Välttävää (tolerable):

1. ... ihan välttävää...

Erikoista (special):

1. ... erikoisen makusia...
2. ...erikoista...

Negative expressions used for intrinsic quality:

Kitkerää (bitter):

1. ... vähän kitkerääki...
2. ... suomalaiset kahvit oo kaikki kitkerii
3. ...erityisen kitkerä...
4. ... kitkerä.
5. ... kitkeriä...
6. ... kitkerää...
7. ... kitkerää.
8. ... kitkerä...
9. ... megakitkerää...

Pahaa (bad/bad tasting):

1. ... se kahvi on kyl oikeestaan aika pahaa.
2. Jos on pahaa kahvii, nii sit tulee semmone niinku mmm, vihanen olo
3. ... pahan makusta.
4. ... pahempaa...
5. ... pahaa...

Hirveä (terrible):

1. ... reilun kaupan on nii hirveen makusta
2. Mut, kyl mä sitä ostaisin, mut se on ihan hirveen makusta.

Laihaa (stale):

1. Laihast tulee niinku vaan vihaseks.
2. ...ei tavallaan niinku ees huomaa, et on juonu sen kahvin. Jos se on semmost laihaa.

Kamalaa (horrible):

1. Joo, se on ihan kamalaa.
2. ... kamalaa...

Ei parasta (not the best):

1. ...et ei tää ny ainakaan [mitään parasta]...
2. ...ei oo parasta...

Huonoa (lousy):

1. Se on huonoa.
2. ... huonoo kahvii.

Vaaleaa (light):

1. ...vaaleeta ja laadukasta, niin se ei välttämättä...
2. ... mummot tykkää perinteisestä vaaleesta kahvista...

Makeaa (sweet):

1. ... makeaa...
2. ... älyttömän makeeta.

Halpaa (cheap):

1. ... halpa kahvi...

Valjua (pallid):

1. ... jotenki niin semmonen valju

Kuraa (mud):

1. ... ettei ne mitään kuraakaan voi kalliilla myydä.

Vahvaa (strong):

1. ... vahvaan...

Ei pehmeä (not smooth):

1. ...ei näytä niinku pehmeelt kahvilta.

Järkyttävää (shocking):

1. ... aivan järkyttävää.

Seissyttä (flat):

1. ... pahinta on ne kahvit jotka on seissy...

Vetistä (watery):

1. ... vetisen...

... join ensimmäisen suomalaisen kahvin. Mä sylkäsin sen pois. Se tuli vaan ulos saman tien.

Total: 91

Expressions used to describe the extrinsic attributes of products:

Värit (color):

2. punamusta
3. se punanen on joku Mokka
4. ihanan värinen
5. aika samannäköisiä pakkauksia... Samoja värimaailmoja
6. se punanen paketti
7. punanen
8. reilukahvia. Sitä mikä on siin vaalensinisessä pakkauksessa
9. käytetään kultasta teksiä. Se tekee siit vähän hienomman

10. tää on vaalee...
11. outo väriyhdistelmä. Tota vaaleeta ja kultanen(?), en pidä täst yhtään
12. kahvii ei yhdistä johonki siniseen ja vaaleeseen
13. vaaleensininen s
14. hassu beige sävy
15. laitettu kullalla kuitenkin tää teksti. Et ”totta kai laitetaan kultaa, se näyttää kalliilta”. Mut sit se jotenki vaan näyttää musta ihan naurettavalta
16. tumman vihree
17. kokonaan vihree
18. on ihanan värinen
19. Lilaa ja sit oranssii tekstii
20. vaaleensinistä
21. , et ne on vaan erivärisessä paketissa.
22. enemmän kultaa
23. tumma vihree on hyvä valinta, et se on semmonen laadukkaan näkönen
24. vaalee väri
25. en jotenki tykkää tosta väristä, täs on niinku liikaa jotenki kultaa. (Presidentti) Mä tykkään tästä tummasta tässä.
26. valkoses
27. liilaakaan
28. lila väri
29. Ei ainakaan lila
30. valkonen on tylsä
31. niinku helmiäiset vähän nää, kerman värisii
32. Tää, niinku tää (X-tra) tää on niinku sinertävän...
33. kylmä valkonen
34. kylmä valkonen
35. punanen
36. tummia
37. Tummat
38. Perustummat
39. vihreet paperii ja kultanauha ympärillä
40. puistattava lila, se on ruma keltanen ja tavallaan ylpeilee sillä ”Löfbergs Lila”, se on niiden juttu se ruma väri. Se on kuitenkin se juttu siinä.
41. kulta ja sit vihree
42. on kiiltäviä värejä, kultaa
43. on keltanen, värikäs. Niinku nuorekas selvästi paketiltaan.
44. vihreetä ja kultaa
45. vihree väri,
46. punanen
47. arvokas väri
48. sinisessäkin
49. kultaan
50. vihree
51. villi kortti tietys mieles, värinki puolesta

52. tykkään tämmösistä tummista paketeista
53. kuuluu olla tumma

Materiaali (material):

1. mä aina luottaisin näihin pusseihin
2. tällaset pehmeet pussit ois jotenki... F: Tietenki harvinaisempia,
3. se on pienempi, nii se näyttää kalliilta
4. Luxury jutut, pehmpussit vai sit tämmöset luxury kahvit
5. toinen kiiltää ja se on se kalliimpi...
6. Kiiltävä ja luksuksen oloinen
7. Koska se on tollases pussissa
8. laatukahvit on vähän pienemmissä
9. niinku isompi koko tota parempaa
10. pussit
11. pussikahvit jotka tavallaan on vähän erikoisempii kahvei ja vähän sellasii hienompia.
12. kiiltää
13. Kimmeltää
14. silees pakkaukses joka on vähän irrallaan tuolta, nii siit tulee mieleen vähän tollanen fiinimpi
15. e ei oo kiiltävä, vaan vähän semmonen... Ku tässä (Luxury) se on enemmän tommonen shiny.
16. tässä pehmees pussissa
17. tää on paperii
18. kiiltävää ja tämmöst hienompaa
19. röpeliäinen pinta tässä, ni ehkä, jotenki tekee sen sit myös vähän.
20. se et se on isompi, nii se ei häiritse mua.
21. ehkä se on toi pakkauksen muoto
22. materiaali on jotenki halvempaa
23. Toisessa kiiltää ja toisessa ei kiillä
24. Kiiltää ja kaikkee...

Laatu (quality):

1. Eikä näytä jotenki sellaselta laadukkaalta mitenkään toi paketti
2. huippulaatuinen premiumkahvi kuulostaa aina hienolta
3. on jotain laadukasta ja on varmaan suhteessa kallista tähän
4. laatuvaikutelma ei yleensä oo kauheen kummonen
5. mitkä oli suomalaisia, niin ne mä luokittelin vähemmän laadukkaiks sen takia, et ne on suomalaisia
6. mulle yks laatukriteeri on se luomuus
7. Eikä myöskään hirveen huonoo laatu
8. korkeelaatusempi
9. ei oo välttämättä laadukkaampia, mut varmaan ihan hyvälaatuisia
10. varmasti laadukas, uskoisin, et sinänsä ovat laadukkaita tuotteita,
11. laadukkain ja kallein
12. näyttää ihan hyvälaatuiselta
13. pakkaus on aika laadukkaan näkönen

14. Se sana, luxury ei riitä...pitäis sit tuntua kanssa ja näyttää laadukkaalta, eikä vaan että siinä lukee et se on laadukas

Hienous, luksus (fancyness, luxuriousness):

1. Luxury pakkaus tää valkonen
2. premium
3. Huippulaatuinen premium kahvi
4. fancympi versio
5. vähän fancympi. Se on kultaa ja kaikkee
6. luxuryluokka. Semiluxury
7. Casual luxury
8. hyvin luxury
9. luksusta
10. kuppi on vähän fiinimpi
11. hienempi
12. fancympää
13. näyttää joltain erikoiskahvilt! (Cafe des Chefs) Hienon näkönen
14. näyttää hienolta
15. näyttää hienolta
16. Näyttää hienostuneelta
17. yhtä hienoi
18. luxury tuotteet
19. hieno paketti. Näyttää laadukkaalta
20. hienempi
21. vähän paremmat
22. Jotain vähän parempaa
23. hienempi
24. hienon näkönen eko
25. Hieno
26. Yrittää olla hienoja
27. hienompaa
28. arkipäivän luksusta
29. arkipäivän luksusta
30. Premium
31. luksus kahvit
32. hieno
33. tuntuu hienommalta
34. luxury
35. fiinimmät
36. tosi hieno
37. tosi tummaa ja tosi premiumia
38. se on parempi
39. luxury
40. arvokkuutta

41. arvokkaampi
42. arvokkaan näkönen
43. hienot
44. vaikuttaa aika proltta
45. pakkaus ei mikään juhlallinenkaan
46. tulee siit semmonen puhdas mieleen

Erikoisuus (being special):

1. näyttää villiltä kortilta
2. on jotenkin ii erilainen paketti
3. typografisesti hirveen monipuolinen
4. ei niin perus
5. Eksoottinen
6. ei oo mitenkään ykdinkertasella tavalla tyylytelty. Se on vähän jotenki jännittävä
7. aika jännittävä joo
8. Se on wildiin...
9. J: Se voi olla mitä sattuu
10. erilainen
11. erikoinen
12. eksoottisempia
13. jännä
14. erikoisia, niinku specialijuttuja
15. erikoista
16. Extreme
17. spessumpaa
18. epäilyttävää
19. ei oo mikään perus
20. spessua
21. spessuu
22. en uskaltaisi ostaa
23. Odd ones
24. Oudot
25. epä kahvipaketin näkönen

Tavallisuus (being ordinary):

1. The kahvi. Peruskahvi
2. Ylempää keskiluokkaa
3. Konventionaalisia
4. turvallinen
5. turvallinen
6. perus

7. Suomalaisii peruskahveja
8. perinteiset
9. perussuomalaiset
10. peruskahvit
11. keskivertokahvit
12. peruskahvit
13. tuttuun ja turvalliseen
14. arkinen ja vähän tyylitön.
15. en niinku mitään sellast perinteist tai tavallista
16. normikahvii
17. klassisemmalt
18. neutraali
19. tavallisen näkönen
20. perinteikäs
21. tuttu ja turvallinen
22. ei herätä myöskään mitään pahaä ajatusta
23. neutraali
24. mukiinmenevä
25. mitäänsanomaton
26. on ihan kiva paketti
27. neutraali
28. ihan normi
29. bulkki
30. arkinen
31. arkiselta
32. konttorikahvi
33. Arkiset
34. aika ok. Sen laatu
35. tylsä
36. on arvokkaampi
37. näyttää mun mielest kans siltä et se vois olla hyvää
38. basic
39. jotenki perus
40. ihan ok
41. perus
42. Traditional
43. Mummokahvit
44. mummokahveihin

Halpaa ja huonoa (cheap and bad):

1. halvimman, joka ei ollut jotain Pirkkakahvia
2. räkäsempi
3. Näyttää niin halvalta
4. kamalin tää X-tra

5. järkyttävä!
6. näyttää halvalta
7. tyylikkäämpi ku tää, joka on myös yksinkertanen. Mut tosi halvan näkönen
8. näyttää niin halvalta
9. suomeks se on jotenki halvempi
10. halpikset
11. halpistuotteet
12. näyttää halvalta
13. halpiksia
14. halpiskahvit
15. luotaantyöntävimmät
16. Kämäset
17. tää on niin hirvee
18. hirveen näkönen
19. vielä kamalampi
20. kämäsen näkönen
21. ankeempi
22. negatiivinen
23. ei näytä niinku pehmeelt kahvilta
24. ilman tätä logoon nii tää ois kyl ihan huonoo
25. ällö
26. halvat
27. Halpikset
28. Ei halpis

Brändit (brands):

1. toi reilukauppa, sekin on vähän kalliimpi.
2. Nordqvist on kuitenkin semmonen ihan hyvä merkki.
3. Pirkka on silti paljon parempi
4. on ihan hyvä mun mielest toi merkki

Kansallisuus (nationality):

1. ruotsalaiset
2. ulkomaalaset kahvit
3. suomalaista
4. tää tulee niinku kaukaa.
5. suomalainen

Eettisyys (ethicality):

1. tää on eettinen
2. ekologinen

Kummalliset mielikuvat (strange associations):

1. paketti on mun mielest hämäävä
2. Näyttää näkkileivälle
3. tulee niinku talvikahvi mieleen
4. vois hyvin olla jotain nice(?) cafeta
5. suomenruotsalaisten mummojen semmonen kahvittellu
6. Semmonen vastaantyöntävä, mut vähän "parempi".

Tykkääminen ja esteettisyys (liking and aesthetics):

1. sirompi kuva
2. yksinkertainen
3. sekava
4. paketti näyttää siltä et se on varmaan vähän kalliimpi, mut en tiiä sit kuinka hyvää se ois.
5. Tyylikäs
6. tyylikkäämpi
7. tyylikkäämpi
8. pirtee
9. erilaisessa vaan pakkauksessa
10. ranskaks
11. kiva
12. houkuttelevammat
13. fonttiki
14. kallista

Total: 265

Appendix 5: Average and actual quality rankings

