

# Grocery Retailer Exploratory

Sample Report



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# Background & Objectives

## The Situation

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A Grocery Retailer wants to understand attitudes and perceptions surrounding branding to help identify what impact product labeling has on purchase decisions. The Grocer has its own generic brand, so they are interested in this research specifically as it relates to generic brands compared to branded products (name-brands) of the same category. The Grocer believes that by understanding consumers' perceptions of generic brands and how that impacts purchase behavior, they will be able to refine and optimize their brand and strategy to increase sales of their private label brand. As an example, the Grocer wants to understand how a loyalty program in which consumers would receive benefits for purchasing products from the Grocer's generic brand would impact brand perception and overall sales.

This research will focus on evaluating consumer perceptions of generic label products compared to branded products so that the Grocer can begin to develop a new strategy to improve the image of its generic label and increase the likelihood that consumers will buy the generic brands over the branded products.

### Hypotheses / Assumptions

- Overall, generic brands are thought to be of lesser quality than equivalent "name-brand" products
- Loyalty programs may diminish the perception of generic brands, but would likely increase overall sales because consumers would be more incentivized to purchase the generic brand

# Objectives

## Key Question

How do consumers view private label products in comparison to branded products, and how can the Grocer change that perception to increase sales of the private label products?

## Research Objectives

- Understand shoppers' perceptions of generic brands in terms of Quality, Value, Purchase Intent, Packaging Appeal, and Brand Equity in comparison to traditionally branded products
- Evaluate usage scenarios to understand for which categories shoppers would consider buying generic branded products versus when they would not consider purchasing generic products
- Uncover optimization opportunities to identify what product innovations/ attributes would make a consumer more likely to purchase generic products
- Gauge consumers' general opinions surrounding loyalty programs to understand specifically if a loyalty program would improve brand perception and increase the likelihood of purchasing a private label brand over a "name-brand" product (when the customer normally would not have considered it)

# Methodology

## Methodology

This study was conducted via an online Instant Research Group where respondents answered open-ended questions and follow-ups posted by a trained moderator.

This technology fosters a dynamic qualitative discussion where respondents are easily able to interact with others in the group.

*Qualitative research is based on a small number of individuals and provides a rich source of information useful in understanding a given subject matter or population, in confirming existing knowledge or suppositions, and in providing direction for planning and strategy. Caution should be used in generalizing the findings to a larger population.*

# of Groups	Total Respondents	Days in Field	Recruit to Report (in days)
1	37	3	7

### Audience

Gender	Male/Female
Age	18-85
HHI	Capture
Grocery Shopping Responsibility	At least equal responsibility
Primary Grocery Store	Capture
Category Non-Rejector	Neutral or better to the idea of purchasing generics

# Executive Summary



## Key Findings

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01

### **Generics are seen as a smart alternative to brand-name products**

- Generics are seen as similar or slightly lower quality than brand-names, but with much better pricing, making them an overall better value
- Customers try generics easily and then repurchase proven generic store brands and varieties
- People appreciate “upscale” generics that offer flavors or benefits not common in brand-names

02

### **Category and occasion both influence the choice between generic vs. brand-name**

- Many customers rely on generics for simple staples with few ingredients and other day-to-day items
- They prefer brand-name products when the packaging will be visible to others or when they're trying to make a good impression with the foods they're serving, like at a dinner party or holiday gathering

03

### **Customers suggest new logos and packaging for generics that are brighter and more informative, but still simple**

- People want packaging and logos that are more eye-catching and present a more polished image
- They also want more information on generic grocery store brand packages about benefits and ingredients of the products, as well as explicit allergen labeling to help in making informed choices

04

### **Loyalty programs focused on generic brands seem worth doing, if done right.**

- Current loyalty programs are often seen as too complicated and restrictive, both in earning rewards and redeeming them
- Customers want to see generic-brand-focused loyalty programs that have straightforward rewards for every generic brand purchase made and automatic application of rewards

## Implications

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01

**Customers are drawn to bright packaging with a clean and simple modern design.**

Grocery retailers may help build confidence in the quality of their own generic grocery store brand by incorporating colorful images on the packaging, as well as more vibrant and recognizable logos.

02

**Customers seek out more information on generic brand packages, including ingredients, clear allergen labeling, and nutritional claims like “low sugar” or “non-GMO.”**

Adding this kind of information may help customers more easily compare generic brands to brand-names and reassure them that they are making smart choices by purchasing generics.

03

**People appreciate the unique varieties offered by more upscale grocery store brands like Trader Joe's, Target's Archer Farms, and Whole Foods market's 365 Everyday Value.**

Expanding a generic brand's offerings into original flavors and special-diet options not offered by brand-names may carve out a niche for the grocery retailer and help build loyalty.

04

**Customers like the idea of loyalty programs that are either in part or wholly focused on generic brands.**

Implementing a program with simple rules and automatic rewards for these purchases may increase their likelihood to buy generic grocery store brands. It could also encourage them to buy into the generic brand's equity and come to rely on both the brand and the store as part of their everyday lives.

# Detailed Findings

## Generic Brands were general perceived as offering a better value than brand-names.

- Generic brands were believed to offer the same (or slightly lower) quality as brand-name products, but with far better pricing
  - Where quality differences were noted, they were most often either in ingredient or nutritional quality, such as a higher sodium content than brand-name, or in not quite duplicating a specific recipe or formula from a brand-name
- Most consumers were willing to try generic brands in just about any category due to the lower pricing, but a negative experience with one variety (e.g., a can of chicken and noodle soup) would influence their opinion of that generic product in the entire category (all soups) or potentially across the entire brand
- Many mentioned that generic brands save money by using simpler packaging and labeling, so customers are only paying for the product and not for the look of it, but some added that the packaging can be too outdated or boring to entice purchase

“

*Through past experience I have found that typically store brands taste the same (and sometimes even better) as name brands and are much cheaper.*

- Female, Age 21, Iowa, Walmart Supercenter

“

*I am always willing to purchase and try a store brand, and if it is satisfactory, I will become loyal to the store brand over the name brand. However, if I have a bad experience, I will tend to avoid the store brand for that product going forward.*

- Male, Age 31, Kentucky, Kroger

“

*Usually, it's very close to the same, but in some cases, there truly is a reason (beyond branding) that the name brand is on top. Be it taste, ingredient, quality, or otherwise there are some examples where the generic brand can't quite match up.*

- Male, Age 23, Minnesota, Other store

## Customers identified different tiers among generic brands and appreciated the more unique ones

- Trader Joe's and Whole Foods Market's 365 Everyday Value brands were viewed as more unique and upscale generic brands
  - Cohesive, unique and ownable packaging helped communicate this
  - Offering exclusive flavors and varieties not available in comparable brand-name products also gave off this impression
- O Organics was another generic brand mentioned as standing out due to its attractive packaging and its focus on providing organic products, a category not often served by generic brands
- Some stores like Target and Kroger were mentioned as having multiple tiers of generic grocery store brands on their shelves, giving customers the choice to go for the absolute best price (Market Pantry or Psst!) or pick the most interesting varieties (Archer Farms or Private Selection) while still being cost-conscious to entice purchase

“ I think Trader Joe's brand is unique because they have almost exact product duplicates of some things, but also new and innovative items.

- Female, Age 31, Missouri, Sam's Club

“ Store brands need to make themselves appear to be a more premium brand (by using premium sounding names and offering products that exceed the quality of the name brand), while also offering a better value. A can of “Private Selection” kidney beans sounds better than a generic brand that's just a store's name, and it doesn't even necessarily need to come with a price hike (though I fear it would), it just needs that prettier name slapped on it.

-Male, Age 31, Kentucky, Kroger

“ I like the O-Organics Safeway brand. The items are high quality and are usually as good as their name brand counterparts. It stands out to me because it is an organic generic.

- Male, Age 47, Texas, Other store

## Item category and usage occasion both influenced the choice of generic brand or brand-name

### PREFER GENERIC BRANDS

- Single-, or few-ingredient **staples**, like flour, sugar, pasta, and oatmeal
- General **ready-to-eat foods** like granola bars, fruit snacks, cereal, and chips
- **Disposable plastic or paper** items for home or get-togethers like picnics or parties, or sending in to school with their children
- Simple ingredients and snacks for **their own households**
- Supplies for **everyday** use

### PREFER BRAND-NAME PRODUCTS

- **Favorite recipes** that just can't be reproduced, like Oreo cookies, Heinz ketchup, Coke, and Dr. Pepper
- **Frozen meals**, where past experience says brand-names offer more consistent quality
- **Packaged foods** like chips or drinks for get-togethers, where the **package and brand will be visible** to other guests or children at school
- When cooking for **extended family or friends**
- Special occasions like dinner parties or holidays

- Customers were split on categories like **dairy** and **canned or frozen vegetables**: some who chose generic brands on the basis that short ingredient lists meant there would be little difference in quality, but others who cited large differences in quality from previous experience
- Customers were similarly split on household items like **hygiene items** and **cleaning products**, where some felt generic brands were good enough for these basic items, but other relied on familiar brand-names for ideal experiences.

## Simple packaging for generic brands appealed to most, but sometimes went too far

Participants appreciated the simplicity and straightforward approach of generic brand packaging, as long as it was still colorful and fresh enough to be eye-catching and didn't slip into bland and boring or overly cheap-looking territory.



“ I like the Great Value name in white inside the dark blue background. I like the picture of cheese crackers inside the baggie. I like how the amount of baggies is in red to stand out.

-Female, Age 57, Kansas, Walmart Supercenter



“ Sometimes the store brand packages are too simple and do not contain enough information. For example, in the attached, it does not show any extra benefits.

-Male, Age 33, Texas, Costco



“ I like the O Organics store brand... Sometimes, the plainer store brand package doesn't stand out. For example, white, plainer brand labels say basic... It doesn't get me excited about purchasing something that is going to say I bought the cheapest one.

-Female, Age 46, California, Albertson's

## Simple packaging for generic brands appealed to most, but sometimes went too far

- Customers said they wanted to see generic grocery store brands with packaging that stayed simple and clear, but was more colorful, more modern looking, and remained consistent (but not necessarily identical) across items and categories
- Participants also wanted the messaging on generic brand products to highlight nutritional benefits (e.g., high fiber or low sugar) or other advantages (e.g., organic or non-GMO ingredients), and be explicit about allergen information
- Some people would like to see more use of brand-name comparisons on packages (“Compare to Brand X!”) and/or product guarantees to encourage customers to try generic grocery store brands that are new to them
- A few mentioned wanting to see low-calorie frozen meals or fresh meal kits from generic brands

“

*I would have an interesting brand name that incorporates an eye-catching logo. I feel that the logo and name is everything when it comes to packaging. I'd make sure to have a sensible hierarchy with the font. As far as the information, I would make sure to keep it simple and noticeable.*

-Female, Age 28, Minnesota, Walmart Supercenter

“

*I like when the package colors are different but the logos are the same. It catches the eye better but you still know it is a store brand. I also like when there is info on the package such as a guarantee, what is in the products or a description of the product. These little phrases make the generic sound as if they are as good as the name brand. It makes me more likely to buy the generic.*

-Male, Age 55, Illinois, Walmart Supercenter

“

*I dislike plain and boring packaging that doesn't offer anything other than a name and picture of the product. If there is no message or anything on the packaging and a stock picture then it is pretty unappealing to me.*

-Male, Age 25, Kansas, Walmart Supercenter



## Customers preferred bright, recognizable logos that were consistent across categories and items



“ I would try to make the store's logo prominent. If I trust the store where I'm shopping, I'm more likely to trust the store brand. For example, Stop and Shop's products have a colorful logo right on top of the product name. It's easy to see because the rest of the packaging is fairly simple, and it's familiar to shoppers at the store.

-Female, Age 32, Connecticut, Other Store



“ I like the logo for the 365 brand. The 4 colors stand out nicely and seem to make the products more appealing. Plus, they added "Everyday Value" so you know it's supposed to be a less expensive alternative to the brand names.

-Female, Age 43, Nevada, Walmart Supercenter



“ I like to see designs that are modern, elegant, professional, and clean. It is hard to really describe what I'm looking for in words, but I don't want something that looks dated and/ or cheap. A logo can either be simple or more complicated. It doesn't really matter. I just want to see something that is elegant and consistent throughout the store.

-Male, Age 31, Kentucky, Kroger

## Generic brand loyalty programs were appealing if reward earning, and redemption were hassle-free

- While most participants liked loyalty programs overall, they agreed that many are too complicated or restrictive
  - Complaints included it takes too long to earn rewards and those rewards can expire too quickly
  - Carrying physical cards was a pain point for them and were described as “annoying”
- Their ideas for loyalty programs featuring generic brands centered around simplicity by way of having all generic brand products earn rewards all the time, and those rewards being automatic, either through discounts, cash back / further discounts redeemable on future purchases, or free products after accumulating a set number of purchases
- A few people balked at the idea of a loyalty program specifically for generic grocery store brands on the grounds that it would make the store seem desperate, but most liked the idea of being rewarded for making smart choices with their shopping dollars

“My loyalty program would consist of for every \$1 spent you earn 1 point, and you earn 3 times the points per every \$1 when you buy generic store brand items. In turn you can redeem those dollars towards your next grocery visit at checkout and the points never expire. Even if you have \$1 you can redeem it. -Female, 35, Texas, Albertson's

-Female, Age 25, Texas, Albertson's

“I would want it tailored to the customer; the less time they have to spend handling points, cards, etc. the better. Make the rewards for it simple; cash back or a % discount on all generic products purchased. The more savings the better.

-Male, Age 23 Minnesota, Other store

“I would design the program to earn points for buying generics. You can then redeem those points toward other generic products. For example, Spend \$25 on generic products and receive 25 points. You can then accumulate those points and redeem them for generic products on a future shopping trip.

-Female, Age 33, Wisconsin, Walmart Supercenter

# Appendix

## Appendix

### Appendix A: Respondent Profile

#### Household Income

\$0 to \$19,999	2
\$20,000 to \$29,000	5
\$30,000 to \$39,000	3
\$40,000 to \$49,000	4
\$50,000 to \$59,000	5
\$60,000 to \$69,000	1
\$70,000 to \$79,000	3
\$80,000 to \$89,000	3
\$90,000 to \$99,000	3
\$100,000 to \$109,000	5
\$110,000 to \$119,000	0
\$120,000 to \$129,000	0
\$130,000 to \$139,000	1
\$140,000 to \$149,000	0
\$150,000 to \$249,000	2

#### Gender

Female	27
Male	10

#### Age

18 – 24	6
25 – 29	8
30 – 34	10
35 – 39	6
40 – 44	3
45 – 49	2
50 – 54	0
55+	2

#### Ethnicity

Caucasian	34
Hispanic / Latino	3
Asian	2
African American	1

#### Education

High School graduate	3
Some college	5
Associate degree	4
Bachelor degree	21
Advanced degree	4

## Appendix

### Appendix A: Respondent Profile, Cont.

#### Education

High School graduate	3
Some college	5
Associate degree	4
Bachelor degree	21
Advanced degree	4

#### Marital Status

Never Married	8
Married	20
Divorced	1
Living with Partner	8

#### Children in Household

Yes	23
No	14

#### Would Consider Generic

Strongly agree	28
Somewhat agree	9
Neither agree or disagree	0
Somewhat disagree	--
Strongly disagree	--

#### Primary Shopper

I am fully responsible	27
I am mostly responsible	5
I share responsibility about half of the time	5
Someone else is mostly responsible	--
Someone else is fully responsible	--

#### Primary Grocery Store

Walmart Supercenter	12
Kroger/King Sooopers/Citymarket	3
Safeway/Vons/Pavilions	2
Albertson's	2
Meijer	2
Costco	2
Trader Joe's	1
Ralph's Grocery	1
Sam's Club	1
Whole foods	0
Sprouts Farmers market	0
Quality Food Center (QFC)	0
H-E-B	0
Another grocery store not listed here	10

## Appendix

### Appendix B: Uploaded Images – Q11 Packaging Likes



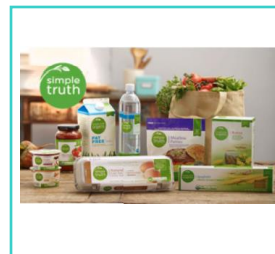
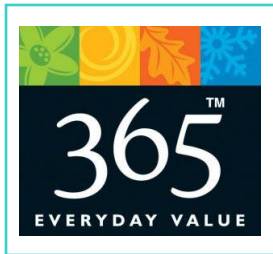
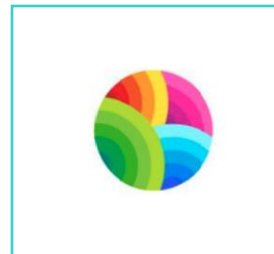
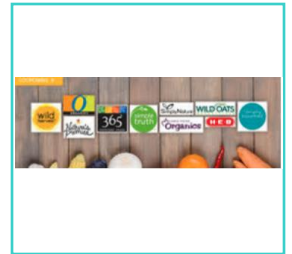
## Appendix B: Uploaded Images – Q25 Package Optimization





## Appendix

### Appendix B: Uploaded Images – Q27 Logo Optimization





## Appendix C: Polling Questions

### (Q3) Purchase intent

*How likely or unlikely would you be to purchase a product from a grocery store's generic brand?*

Very likely to purchase 21

Somewhat likely to purchase 16

Neither likely nor unlikely to purchase 0

Somewhat unlikely to purchase 0

Somewhat unlikely to purchase 0

Very unlikely to purchase 0

### (Q7) Quality Perception

*How do you think the quality of generic grocery store brand products compares to that of brand-name products?*

Much better quality than brand-name products 1

Somewhat better quality than brand-name products 7

Same quality 21

Somewhat worse quality than brand-name products 8

Much worse quality than brand-name products 0

### (Q8) Value Perception

*How do you think the value of generic grocery store brand products compares to that of brand-name products?*

Much better value than brand-name products 12

Somewhat better value than brand-name products 17

Same value 5

Somewhat worse value than brand-name products 3

Much worse value than brand-name products 0

## Appendix C: Polling Questions, Cont.

### (Q33) Loyalty Program – Brand Impact

*How, if at all, would a loyalty program for your grocery store's generic brand change your opinion of the brand?*

Much better opinion	8
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Somewhat better opinion	15
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Same opinion	11
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Somewhat worse opinion	3
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Much worse opinion	0
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### (Q34) Loyalty Program – Purchase Intent Impact

*How much more likely or less likely would you be to purchase your grocery store's generic brand if it had a loyalty program?*

Much more likely to purchase	13
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Somewhat more likely to purchase	12
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Neither more likely no less likely to purchase	12
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Somewhat less likely to purchase	0
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Much less likely to purchase	0
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