

**YOUNG CONSUMERS' PERCEPTION OF PRIVATE LABEL BRANDS**  
**IN D.I. YOGYAKARTA**

**A Thesis**

**Presented as Partial Fulfillment of the Requirement for the Degree of**  
**Sarjana Ekonomi (S1) in International Business Management Program**  
**Faculty of Economics Atma Jaya Yogyakarta University**



**Compiled by:**

**Ikarini Handayani**

**Student ID Number: 08 12 17090**

**FACULTY OF ECONOMICS**  
**ATMA JAYA YOGYAKARTA UNIVERSITY**

**2013**

**A Thesis**

**Faculty of Economics**

**Universitas Atma Jaya Yogyakarta**

**I hereby recommended that the thesis prepared under my supervision by**

**Name: Ikarini Handayani**

**Student ID Number: 08 12 17090**

**Thesis Entitled**

**YOUNG CONSUMERS' PERCEPTION OF PRIVATE LABEL BRANDS  
IN D.I. YOGYAKARTA**

**Be accepted in partial fulfillment of the requirements for the Degree of  
Sarjana Ekonomi (S1) in International Business Management Program**

**Faculty of Economics**

**Universitas of Atma Jaya Yogyakarta**

**Advisor**



**Fandy Tjiptono, M. Com, Ph. D.**

**Yogyakarta, May 14, 2013**



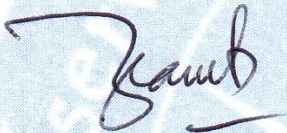
**Faculty of Economics**  
**Universitas Atma Jaya Yogyakarta**  
This is to certify that the thesis entitled  
**YOUNG CONSUMERS' PERCEPTION OF PRIVATE LABEL BRANDS**  
**IN D.I. YOGYAKARTA**

Presented by  
Ikarini Handayani  
08 12 17090

Has been defended and accepted on June 13, 2013 toward fulfillment of the requirements for the Degree of Sarjana Ekonomi (S1) in International Business Management Program Faculty of Economics, Universitas Atma Jaya Yogyakarta

**EXAMINATION COMMITTEE**

**Chairman**



**(EF. Slamet S. Sarwono, MBA, Ph.D)**

**Member**



**(Fandy Tjiptono, M.Com, Ph. D)**



**(W. Mahestu Noviandra K., M.Sc.IB, Ph.D)**

**Yogyakarta, June 13, 2013**

**Dean**



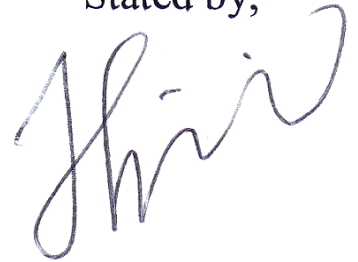
**(Dr. Dorothea Wahyu Ariani, S.E, MT.)**

## **AUTHENTICITY ACKNOWLEDGEMENT**

Me, here by the writer of YOUNG CONSUMERS' PERCEPTION OF PRIVATE LABEL BRANDS IN D. I. YOGYAKARTA thesis research, state that I gathered this thesis by myself. I fully understand that my works do not contain others or parts of other's writings, except for those that have been cited and mentioned in the references.

Yogyakarta, May 14, 2013

Stated by,

A handwritten signature in dark ink, appearing to read 'Ikarini', with a large, sweeping flourish at the end.

Ikarini Handayani

## TABLE OF CONTENTS

<b>TITLE PAGE .....</b>	<b>i</b>
<b>APPROVAL PAGE .....</b>	<b>ii</b>
<b>AUTHENTICITY ACKNOWLEDGMENT .....</b>	<b>iii</b>
<b>TABLE OF CONTENTS .....</b>	<b>iv</b>
<b>TABLE OF EXHIBITS .....</b>	<b>vii</b>
 <b>CHAPTER 1 – INTRODUCTION</b>	
1.1 Background .....	1
1.2 Problem Formulation .....	5
1.3 Research Objectives .....	6
1.4 Research Scopes .....	7
1.5 Potential Academic Contribution .....	7
1.6 Research Structure .....	8
 <b>CHAPTER 2 – LITERATURE REVIEW</b>	
2.1 Introduction .....	10
2.2 Defining Private Label Brand .....	10
2.3 The Importance of Private Label Brands to Retailer .....	19
2.4 The Importance of Private Label Brands to Manufacturers .....	22
2.5 Types of Private Label Brand .....	23
2.6 The Measurement Factors of Private Label Brands .....	24
2.6.1 Demographic Factors .....	25
2.6.2 Product Attributes .....	25
2.6.3 Price Loyalty .....	29
2.6.4 Belief and Perceptions on Private Label Brands .....	30

2.6.5 Private Label Brand Names Recognition .....	30
2.7 Previous Studies on Private Label Brand .....	31

### **CHAPTER 3 – RESEARCH METHODOLOGY**

3.1 Introduction .....	35
3.2 Research Context .....	35
3.3 Population, Sample and Sampling Method .....	36
3.4 Research Method .....	37
3.5 Data Collection .....	39
3.6 Questionnaire Pretest .....	41
3.7 Data Measurement Method .....	43
3.8 Research Variables .....	44
3.9 Descriptive Study .....	50

### **CHAPTER 4 – ANALYSIS AND FINDINGS**

4.1 Introduction .....	53
4.2 Response Rate .....	53
4.3 Profiles of Respondents .....	55
4.4 Important Product Attributes .....	58
4.5 Perceptions on Private Label Brands .....	61
4.6 Identification Accuracy of Private Label Brands .....	66
4.7 Frequencies of Private Label Brand Name Recognition .....	69

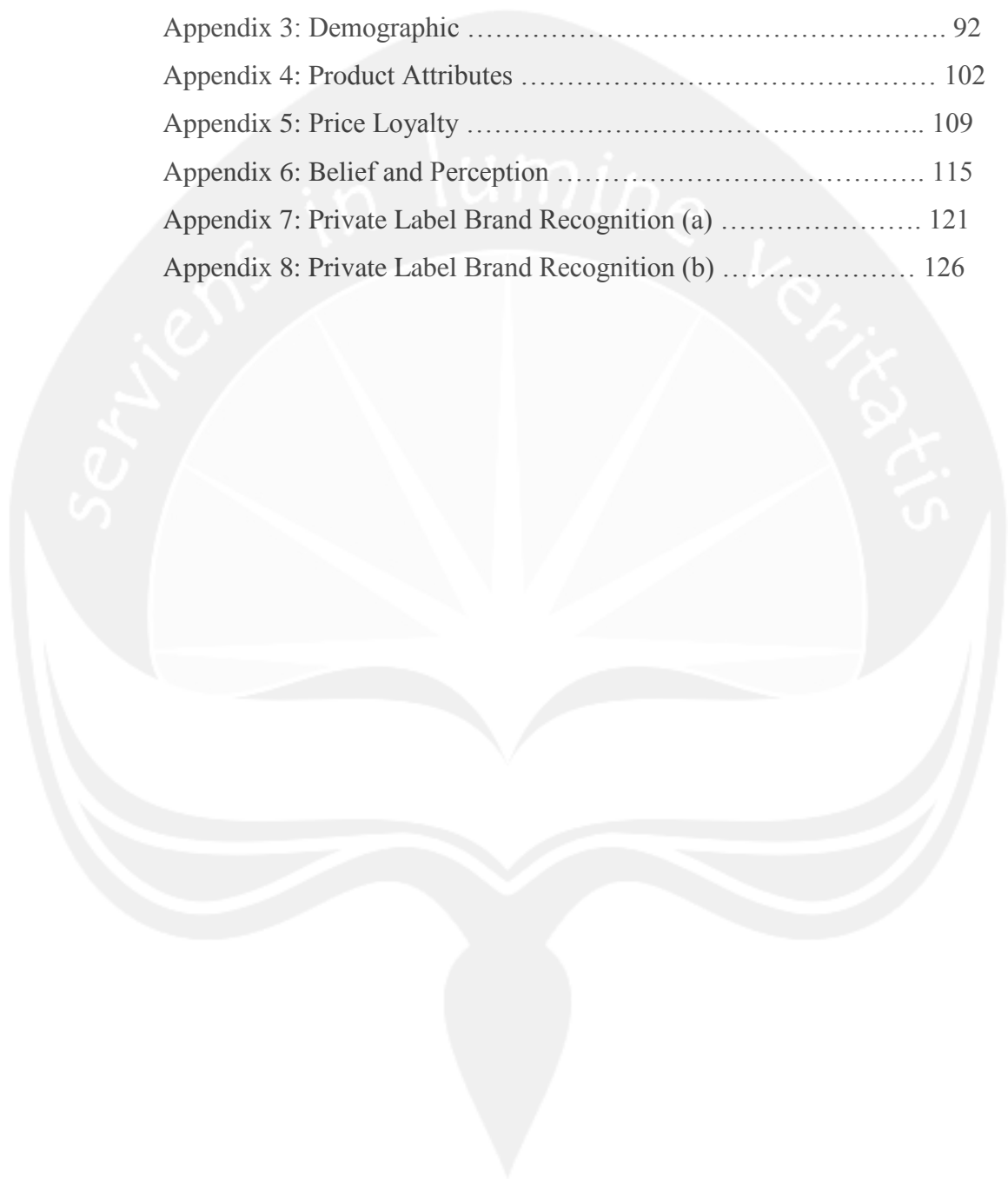
### **CHAPTER 5 – CONCLUSIONS AND SUGGESTIONS**

5.1 Introduction .....	72
5.2 Conclusions .....	72
5.3 Research Limitations .....	77
5.4 Suggestion for Future Research .....	78
5.5 Managerial Implication .....	79

<b>REFERENCES .....</b>	<b>80</b>
-------------------------	-----------

## APPENDICES

Appendix 1: Questionnaire (English Version) .....	86
Appendix 2: Questionnaire (Bahasa Version) .....	89
Appendix 3: Demographic .....	92
Appendix 4: Product Attributes .....	102
Appendix 5: Price Loyalty .....	109
Appendix 6: Belief and Perception .....	115
Appendix 7: Private Label Brand Recognition (a) .....	121
Appendix 8: Private Label Brand Recognition (b) .....	126



## **YOUNG CONSUMERS' PERCEPTION OF PRIVATE LABEL BRANDS IN D.I. YOGYAKARTA**

*Ikarini Handayani-08 12 17090*

### **Abstract**

**Purpose**—This paper aims to examine the beliefs and perceptions of private label brands among young consumers in D. I. Yogyakarta.

**Research Design** - This study replicated a previous study by Lupton, Rawlinson and Braunstein (2010) who investigated a research paper of “Private Label Branding in China: what do U. S. and Chinese students think?”. The survey forms were distributed to 230 student samples. Even though the questionnaires were administered in Bahasa Indonesia, 19 samples cannot be used and 8 more samples were never returned. Data analysis was used SPSS version 20.

**Findings** – This paper examines the student samples in D. I. Yogyakarta in three ranges: the important attributes for young consumers when they purchase food-related product (in terms of private label brands); the beliefs and perceptions of private label brands among younger consumers and how accurate young consumers recognize private label brand names. The most remarkable is that the student samples in D. I. Yogyakarta indicated that quality is playing a big role in their buying decision. If brand name attached to a product compares to store brand, the respondent would prefer the branded product more. Moreover, the samples show that they have a bad score regarding private label names recognized either they do not understand what is private label brand or the private label brand is not recognized as it should.

**Research Implications** - Limitations of the samples, the samples are college students and did not represent all students who studies in D. I. Yogyakarta, because the samples were only from some universities in D. I. Yogyakarta. Some suggestions were listed to support the coming research. In a very different situation, it will be nice if the seven characteristics of demographic (Aliawadi, 2001) like income, employment status, and children in the household, and type of residence, age, gender, and education being incorporated into the questions to analyze private label brand customer demographic characteristics deeper.

**Keywords** Private Label Brand, Store Brand, Indonesia



## Introduction

This study replicated a previous study by Lupton, Rawlinson and Braunstein (2010) who investigated a research paper of “Private Label Branding in China: what do U. S. and Chinese students think?” in a university located in the western part of U. S. and a large university in Hefei, China. As private label brands are well recognized in developing countries, big retailers from industrialized countries have entered global markets for a number of reasons, including: mission to search a better economic scale and scope, a need to diversify risk, and a need to find new market when a retailer becomes too big for its home market (Corstjens and Lal, 2010). It is not surprising that retailers from more advanced countries bring their private label brands to Indonesia just about recently. The power of choice caused by numerous retailers’ stores operating in Indonesia makes Indonesian consumers have more choices of products with low prices on a daily basis. Market expansion, economic crisis and inflation in some ways have encouraged Indonesian shoppers to be actively searching for values for money and Every Day Low Price (EDLP) promotions for private label brands.

Despite private label brands are perceived as a poor relative to manufacturer brands with a small share of the overall market, European main retailers are starting to identify the benefits of using private label brand to differentiate themselves and drive store traffic. In his study AC Nielsen report (2012) found that private label brands grow bigger but at a steady pace in Asia. Growth of private label brands was highest in Taiwan, Korea and Indonesia, with sales increasing by over 20 percent. But yet, consumer’s from Asia remains strong not to buy private label brands even though the promotion activity gets pretty heated. In Yogyakarta the number of minimarts and supermarkets has been increasing many retailers compete to get more profit and drag a customer to shop even more by giving them more brand portfolio to choose.

Indonesia has been chosen because it is one of the Asian countries which private label brands share grows bigger (AC Nielsen, 2011). The Indonesian Retailers Association (Aprindo) considers that private label brand had been a common practice among big retailers in Indonesia since it was introduced 10 years ago (Sipahutar, 2013). The researchers examine the student samples in D. I. Yogyakarta in three ranges:

1. What are the important attributes for young consumers when they purchase food-related product (in terms of private label brands)?
2. What are the beliefs and perceptions of private label brands among the young consumers?
3. How accurate do young consumers recognize private label brand names?

The survey forms were distributed to 230 student samples. Even though the questionnaires were administered in Bahasa Indonesia, 19 samples cannot be used and 8 more samples were never returned. The general sample used was 203 (91 male, 112 female and the age range is 20-21 years old).

## Literature Review

Private label brand products existed in Indonesia as the result of the market expansion by the European, Asian and American retailer. Marketing expert Kotler and Armstrong (2012) define private label brand as brands which made and owned by retailers. Usually these brands are only available at the specified chain store only (for instance, brand labeled as Carrefour Discount only for sale at Carrefour chain store). Private label brands have characteristics which noted by Lupton et. al. (2010) with no packaging promotion such as advertising and the quality of the products are mostly perceived as inferior quality compare to manufacturer's brand. Hyman et. al. (2009) has found that private label brand appeared more than a century ago and more popular in countries with high retailer concentration (Hyman et. al., 2009; Nenycz-Thiel, 2011).

*Private label brands are brand* (Kumar and Steenkamp, 2007). Brands give meaning. In societies, brand in some way defines individuals whether they are seeing as 'the have' or just ordinary people from the brand they use or wearing. Any product that is not considered as brand will make persons reluctant to buy. For the reason mentioned before to be considered, brand is not always manufacturer brands. *Pricing policy of private label brand*. A traditional view on private label brands is that it has been priced 20%-30% below national brands (Hyman et. al., 2009). The price difference caused by the retailer savings including: not spending money on advertising, tiny amount of investment in product innovation and the use of plain packaging (Nenycz-Thiel, 2010). *Private label purchase as smart shopping* (Kumar and Steenkamp, 2007). The past few years private label brands were produced directed to people who are coming from low income households. But today, even though people who are reflected as poor still buy the private label brand, however, more individuals who are considered as the 'the have' become more and more eager to buy a private label brand. It happens because private label brand products offer value for money. As a result, buying private label brand or "smart-shopping" is for the reason that the comparable quality in a much lower price rather than high-priced manufacturer price. *Perceived risk and familiarity*. Perceived risk according to Stone et. al. (1993, cited in Sheau-Fen et. al., 2012) is a theory used by consumer behavior academics to describe consumer perceptions of uncertainty and costs that should be considered for buying a product or service. In other hands, familiarity reveals consumers' understanding of a product and the information available to the consumer (Baltas, 1997).

## Methodology and Sample

This study employed a survey method using self-administered questionnaires. The advantage of self-administered questionnaire (Sekaran and Bougie, 2009) is the researcher can collect the complete response data in a short period of time. The questionnaire distribution was used convenience sampling which is asked a person that can be accessed easily to fill the questionnaire. Self-administered questionnaire is happening everywhere in today's world, for instance service evaluation at the mall and restaurant.

Research form was circulated in five different universities located in D. I. Yogyakarta. The survey forms were distributed to 230 student samples. Even though the questionnaires were administered in Bahasa Indonesia, 19 samples cannot be used and 8 more samples were never returned. The general sample used was 203 (91 male, 112 female and the age range is 20-21 years old). The student samples were approached at the university's cafeteria and public areas like the main hall. A reward (colored pens) was given to each of the participants who were completed the survey form.

### Survey Instrument

Modified questionnaires from the original journal of Lupton et. al. (2010) was used with adjustments to fit the situation of D. I. Yogyakarta student samples. However, the developed survey form and instrument have the same consistency as the main journal, including dichotomous and scalar questions. Furthermore, descriptive study is used to explain the individual selections of private label brands. *The first pretest* was directed to 25 student samples. The respondents were asked to write down or told the examiner verbally of the difficulties to fill in the questionnaire. *The second pretest* was more like a final draft inspection. The same amount of people which is 25 people were requested to participate. And lessen people complained of the problems to fill a questionnaire; the researcher's supervisor noted that as a good sign to distribute the questionnaire to plentiful student samples.

### Findings

#### a. Important Product Attributes

A five-Likert scale questions measured factors of product attributes (in terms of food) that influenced decision making by individuals. The student samples at Yogyakarta as the table I show in the gray area concerning the quality of the product indicates that product quality has amazing effect (resulted 4.60, from 1 = does not affect and 5 = definitely affect) on purchasing decision of a product. The question for the table I above required the student samples to rate on the factor mentioned in the table I on how these six factors influenced their purchase decision. Traditional view as point out by Sayman, Hoch, and Raju (2002) they explain if prices are the same, all consumers prefer the brand with higher quality. And here the question did not mention whether the price is high or low and as a result brand with a better quality standard is chose far beyond price.

**Table I Food Purchase Decision Based on Product Attributes**

Product Attributes	Mean	Standard Deviation
Appearance/ Packaging	3.94	.963
Quality of the product	4.60	.600
Pricing of the product	4.21	.854
Loyalty of the product	3.32	1.053
Name of Brand	3.65	1.016
Purchase Incentives	3.56	1.044

**Note:** Items in the table are mean ratings using five-Likert scales  
1 = does not affect until 5 = definitely affects

In the other hand, the main journal of Lupton et. al. (2010) the result is price make the most influence on the decision to purchase a product. As the result is respondents in D. I. Yogyakarta has a very different way to choose a product which is *quality* first and the price will follow. People who are well-educated will somehow choose a product based on its quality not only the price alone. According to Aliawadi (2001), education links not only to the thinking costs but also product quality.

*Appearance or packaging* got more female attention by 85 females chose “affect and definitely affect”. The perceptions and associations can define the brand. Meaning the brand packaging can create imaginary for the consumers, whether it is sophisticated or value for money. *The name of brand* in other way gets the fourth place after appearance or packaging. According to Dawson (2006, cited in Nenycz-Thiel, 2011) relating the private label brand name using the store name (e.g.: Carrefour and Carrefour Discount at Carrefour). Furthermore, when the participants were asked “*If you discovered that the two products were exactly the same except for the packaging and price, which would you choose?*” 58.6 percent of the student samples choose manufacturer’s brand over private label brand as shows in table II this question links price loyalty of individuals toward a product. It is obvious that the respondents would choose manufacturer brands because the answer provided was private label brand chocolate sprinkle or Ceres.

**Table II Private Label Brand Price Loyalty**

Statements	Answer	Perception on Private Label Price(%)
When purchasing a product do prefer private label	Yes	16.7
	No	28.1
	Depends	55.2
In general, shop on price or brand loyalty	Price	64
	Brand	36
Two products exactly the same except for the packaging and price	Manufacturer’s Brand	58.6
	Private Label Brand	41.4

*n* = 203

Ceres is a chocolate sprinkle brand that very close to any Indonesian family. It has been produced since way back when Indonesia was colonized by the Dutch. In this case it shows that the quality of the Ceres product has been so familiar over the generation. Therefore, familiarity tells the understanding of the customers toward the product that later on the quality of the product will be looked over whether it is important or not (Baltas, 1997). Nevertheless, quality and brand were not always used as the indicators to purchase a product. As the student samples choose price (64%) over brand (36%) on the question of “*In general, do you shop on price or brand loyalty?*” it express that there is inconsistency of the student samples to answer the question or if they face two options merely brand or price, price will came to mind first.

### b. Perceptions of Private Label Brands

Descriptive statistics and five-Likert scale question used to measure the perception of student samples towards private label brands. The first statement about an *individual who buys private label considers as a smarter shopper* and the respondents show a bit disagree (2.77, from 1 = strongly disagree and 5 = strongly agree and without reversed code). Moreover, for the *“people who buy private label would not want their friends to know”* the participants mean score 3.39 and consider it as a reversed item which means that the samples have no problem if their friends knew they used private label brand product. Kumar and Steenkamp (2007) on their book clearly stated that many people from various social classes are now accepting private label brand as a product with value for money rather than manufacturer brand. *“Private label products are just as good as other brands”* the statement got a neutral answer (3.16). It means that the respondents did not take the statement as really important to their perceptions. It shows that the respondent answered neutral because they do not want to gamble on the quality of the product.

**Table III Perceptions on Private Label Brands**

Statement	Mean	Standard Deviation
Someone who buys private label is a smarter shopper	2.77	1.052
People who buy private label would not want their friends to know *	3.39	1.082
Private label products are just as good as other brands	3.16	.953
Private label products cannot be trusted to be as good as other products*	3.20	.987
It is worth paying more for a product with a national brand name on it, * E.g. kecap Bango	2.33	1.083
Private label products are for those with no money*	3.78	1.032
I would serve private label food products to my friends	2.98	.985
Private label products are made from cheap ingredients*	3.46	.971
Private label products are made by retailers only to get you into the store*	3.05	1.023

**Note:** \*reversed items

*“Private label brand cannot be trusted to be as good as other products”* the student samples score 3.20 on reverse item. Meaning the statement is not taken seriously by the samples. Private label brand products tend to have a problem on its quality standard (Sipahutar, 2013). No wonder because the store brand occurs in many ranges of product categories. And just the same as the statement mentioned before this *“Private label products are just as good as other brands”*. In Indonesia there is a National Standardization Agency of Indonesia or in Bahasa is Badan Standardisasi Nasional (<http://www.bsn.go.id>) to maintain eligible product to be in sales. This agency maintains a qualified product by labeled the product using SNI marked on the packaging.

With the statement of *“it is worth paying more for a product with a national brand name on it”* respondents to some extent agreed (2.33, a reversed item so the meaning is another way around). It related to the qualities that stick to manufacturer brands and from many sides seems appealing. The packaging creates brand imaginary. The samples disagreed with *“private label products are for those with no money”* (3.78, and a reversed item so it means that the



respondents disagree with the statement). Kumar and Steenkamp (2007) pointed out that in societies brand in some way defines individuals whether they are considered as ‘the have’ or just ordinary people from the brand they use or wearing and any product that is not considered as brand will make persons reluctant to buy. Meaning the product is less announced and as the result people are not aware of the private label brand product.

“*I would serve private label food products to my friends*” the student samples on some degree became neutral (2.98) to the idea of offered their friends a private label product. In Indonesia people tend to buy snacks (in thought of food that most commonly bought by Indonesian) in a bulk size of the traditional market of food stall that sells snacks using kilograms or grams per pack. The idea of serving people private label brand is not considered rude in Indonesia. “*Private label products are made from cheap ingredients*” the respondents seem to disagree (3.46, a reversed item) with the perception. Since private label brands are usually priced lower than national brands, are not as heavily advertised, and have less attractive packaging. But the student samples somehow disagree with such statement. The respondents show a high score in this reversed item that means they thought that private label brand is not necessarily made from cheap ingredients. The participants choose neutral (3.05) to the “*private label products are made by retailers only to get you into the store*”. Meaning the store brands are intended to drag consumer to the stores. But, the answers from the respondent shows that they do not think this statement important.

### c. Identification Accuracy of Private Label Brands

Private label brand names used in the current study were different from Lupton et. al. (2010) the original study of the current research. Private label brands that are available and marketed in Indonesia were used for the present research. Seventy eight point three percent (78.3%) of respondents had no trouble in recognizing ‘Indomaret’ as private label brands, the brand carries the store name so it comes up easily (see table IV).

**Table IV Private Label Name Recognition**

Brand name	Status	Misrecognize as PLB (%)	Recognize as PLB (%)	Abstain (%)
ABC	MB	21.2	-	78.8
A	PLB	-	22.2	77.8
Bimoli	MB	13.8	-	86.2
Carrefour	PLB	-	71.4	28.6
Ceres	MB	12.8	-	87.2
Cimory	MB	15.8	-	84.2
Finna	MB	10.3 (lo)	-	89.7 (hi)
Giant	PLB	-	68.0	32.0
Gloria	MB	16.7	-	83.3
Indomaret	PLB	-	78.3 (hi)	21.7
Indomie	MB	21.2	-	78.8
Lottmart	PLB	-	60.1	39.9
Sari Roti	MB	26.1 (hi)	-	73.9 (lo)
Save	PLB	-	21.7 (lo)	78.3
Superindo 365	PLB	-	69.5	30.5
Superindo Care	PLB	-	62.6	37.4
Qtela	MB	17.2	-	82.8
Value Plus	PLB	-	28.6	71.4

\*PLB = Private Label Brand and MB = Manufacturer Brand

It is not surprising that people are more familiar with Indomaret because of their widely spread store throughout Indonesia. Indomaret has growing number of outlets of its store to strengthen their existence in big cities. Also, second highest score was 'Carrefour' brand (71.4%). Carrefour is a retail chain from France that has been operating in Indonesia since 1998 that has been naturalized into an Indonesian owned company by Chairul Tanjung (Prayogi, 2012). And followed by 'Superindo' (69.5%) and the lowest point scored by 'Save' brand, which is the private label brand sold by Lottemart.

Lottemart was once was called Makro, Indonesian Company established in October 1991. But at October 2008, Makro sold 100% of the stock to Lottemart, South Korea hypermart that sold numerous groceries. ([www.lottemart.co.id](http://www.lottemart.co.id)). For the reason of name changing brand the respondent felt that they have never heard about the brand. Besides, the location of Lottemart in D. I. Yogyakarta is quite far from many universities (logically university students' lives near their campuses, which is why it the samples might feel reluctant to come over to Lottemart). Furthermore, manufacturer brand names that listed were some misidentified as private label brands by the student samples. The participants admitted 'Sari Roti' (bakery product) brand as a private label brand of fifty three people (26.1%). Many student samples misrecognized it as a private label brand. Only a few people (10.3%) identify 'Finna' brand (fish and prawn chips product) as a private label brand. This is manufacturer brand that least recognized as a private label brand.

**Table V Overall Private Label Brand Recognition Accuracy Rate**

Calculation	$\frac{\% \text{ of accuracy of Private Label Brands}}{\Sigma \text{ of Private or Manufacturer Brands}} \times 100\%$
Private Label Brand Recognition Accuracy	$\frac{482.4\%}{9} \times 100\% = 53.60\%$
Misidentification of Private Label Brands (chose MB as PLB)	$\frac{155.1\%}{9} \times 100\% = 17.23\%$
Inability to Recognize Private Label Brands	$\frac{417.6\%}{9} \times 100\% = 46.40\%$
Manufacturer Brands Identification (identified by not choosing any PLB)	$\frac{744.9\%}{9} \times 100\% = 82.76\%$

The question carried by the survey is marked the product that the samples recognized as private label brands. Table V shows that only a half (53.6%) of the samples was good at recognizing private label brands. It suggests that the rest of the respondents (46.40%) were having a bad private label brand name recognition either they did not know which one was the private label brand so they just skip the private label brand name or they just randomly marked the brand name without considering the requirement of the question (bias answers). Seventeen point twenty-three percent (17.23%) of student samples selected manufacturer brands as private label brand. For the reason of that, private label brand that looks

small and unattractive can deceive the brand imaginary created by manufacturer brands. The incoming of private label brand can be threatening. Because private label brands are brands owned by the store, the store can locate the private label brands in the best shelf they want. Going to offer value-for-money to the consumers, manufacturers' brand can be easily defeated.

#### *d. Private Label Name Recognition Among Indonesian Students*

The student samples found difficulties to recognize private label brand names. It is shown in the table V as shown above. There are nine private label brands and manufacturer brands that being listed on the questionnaire just the same as the main journal "Private Label Branding in China: what do U.S. and Chinese Student think?" by Lupton et. al. (2010). But, the brand name adjustment for both manufacturers' brand and private label brands were made.

Nine manufacturer brands listed on the questionnaire and placed alphabetically and all of them recognized as a private label brand. The least noted as a private label brand is Finna. Moreover, the highest misrecognized brand as a private label brand was Sari Roti. The way Sari Roti being distributed is using mobile sale which is a person riding a pedicab-kind-of-vehicle to sell the product and some are put in a store but located in front of the main entrance of the store.

The most recognized private label brand is Indomaret and followed by Carrefour. The ease to recognize the brands as private label brand is because these two brands carried the store name and logo on the packaging of the product. Indomaret is so popular because student samples in Indonesia tend to buy almost anything from retail. Supported by many Indomaret stores scattered all over D. I. Yogyakarta obviously that is why the student sample gets so familiar with the brand. And the least recognize product is Save, private label brand from Lottemart. In D.I. Yogyakarta Lottemart (used to be Makro) is not student friendly, the customers required to buy the product in bulk size.

In addition the results show a remarkable result female is having a better understanding of recognizing private label brands. More female can recognize private label brands compare to male. It shows males have difficulties to recognize private label brands. Moreover, there can be a bias answer from the respondents when they did not know which one is right (meaning which one is manufacturer brand or private label brand), they might choose which every way it is. And as a result all of the manufacturer brands were also marked as private label brand.

### **Implications and Recommendations**

#### *a. Important Product Attributes*

The student samples indicated that *quality as the most important product attributes that influence their buying decision* when there is no private label brand things added to the question. The assumption is if the prices are the same, all consumers would prefer the brand that has better quality. And as the result brand with a better quality standard is chose far beyond price. The student samples

indicated that *price as the second product attributes that influence their buying decision* when there is no private label brand things added to the question. On the other hand, the main journal of Lupton et. al. (2010) 'Private label branding in China: what do U.S. and Chinese students think?' the result is price make the most influence on the decision to buy a product. The result of respondents in D. I. Yogyakarta is very different when choosing a product which is quality first and the price will follow. According to Aliawadi (2001), education links not only to the thinking costs but also product quality. *The student samples indicated that the appearance or packaging as the third product attributes that influence their buying decision* when there is no private label brand things added to the question. Appearance or packaging got more female attention meaning that the brand packaging can create brand imaginary to the consumers, whether it is sophisticated or value for money.

#### ***b. Beliefs and Perceptions of Private Label Brands among Young Consumers***

The student samples marked their opinion in line with *"people who buy private label would not want their friends to know"* statement, meaning they have no problem if their friends knew they used private label brand product. Many people from various social classes are now accepting private label brand as a product with value for money. The student samples marked their opinion in line with *"it is worth paying more for a product with a national brand name on it"* statement, meaning they agree with people that tend to choose a product or brand because of the symbol of quality that represented from the price, the packaging or simply by the familiarity of the brand. The student samples marked their opinion unmatched with *"private label products are for those with no money"* statement, meaning they disagreed. Societies in some way define individuals whether they are considering as 'the have' or just ordinary people from the brand they and any product that is not considered as brand will make persons reluctant to buy because they would not be perceived as 'the have' or rich people.

#### ***c. Private Label Brand Names Recognition Accuracy***

The student samples as much seventy eight point three percent (78.3%) has no trouble to recognized 'Indomaret' as private label brands, the brand carries the store name so it come up easily. It is not surprising that people are more familiar with Indomaret because of their widely spread store throughout Indonesia ( $\pm 7,200$  outlets in Indonesia). The student samples as much twenty one point seven percent scored 'Save' brand as private label brand, and by far it is the lowest private label brand name recognition. Save is the private label brand produced by Lottemart and a few years ago Makro change its name into Lottemart. It is possibly because of this name changing brand the respondent felt that they have never heard about the brand. Besides, the location of Lottemart in D. I. Yogyakarta is quite far from many universities (logically university students' lives near their campuses, that is why it the samples might feel reluctant to come over to Lottemart). The student samples as much fifty three people (26.1%) admitted 'Sari Roti' (bakery product) brand as a private label brand. Even though the Sari Roti brand has been around since 1995, it does not mean that the brand gains recognition as manufacturer brand. Many student samples misrecognized it as a

private label brand. The student samples as much ten point three percent (10.3%) identify 'Finna' brand (fish and prawn chips product) as a private label brand. This is manufacturer brand has the least recognized as a private label brand. Finna brand has been around for decades in Indonesia that is why this brand is so popular among Indonesian consumer. The recognition accuracy of student sample in identifying private label brand names was 53.6% is considered as low. And about half of the respondents (46.40%) were not able to identify private label brands correctly. Seventeen point twenty-three percent (17.23%) of student samples selected manufacturer brands as private label brand. The incoming of private label brand can be threatening. Because private label brands are brands owned by the store, the store can locate the private label brands in the best shelf they want. Going to offer value-for-money to the consumers, manufacturers' brand can be easily defeated. This paper is replicated the study of Lupton et. al. (2010) work and demographic essay was used to replicate the journal but in the same time simplify the questionnaire to match the situation. The result hopefully can be used for the upcoming survey. Besides, the private label brand concept is still in early development stage in Indonesia then it is hoped that the findings could be a versatile source to appreciate private label brand.

### **Suggestions for Future Research**

Some suggestions were listed to support the coming research. In a very different situation, it will be nice if the seven characteristics of demographic (Aliawadi, 2001) like income, employment status, and children in the household, and type of residence, age, sex, and education being incorporated into the questions to analyze private label brand customer demographic characteristics deeper. An article by *Detik Finance* (Prayogi, 2012) showed that now Carrefour is an Indonesian owned company, Chairul Tanjung had all the stock. Based on that thought, we can examine that with this Indonesian owned company will influence private label brand issue or not. It relates to people from abroad (any layer of social class) tend to purchase private label brand in their repertoire what about here in Indonesia, would it be the same?

In the case of age and education to the respondents, it would be so much well-organized to circulate the questionnaire during the end of class. For the duration of this time people are not yet scattered around to do their business. But the most important thing, please ask permission to the lecture first if you want to conduct a research at the end of the session. Moreover, wider range of age (senior high school students to employees) might give the research new perception on how well-educated people see the private label brand and provide a more diverse answer from many layers of society. As in original work of Lupton et. al. (2010), they suggested that to investigate perceptions that held by individuals. As a result there might be a chance for qualitative research as well.

### **Managerial Implication**

Considering store brand is a retailer owned brand please be aggressive in positioning the product in the best shelf. Promote the brand next to the manufacturer brands so if it is competing on price let the consumer see the difference directly in front of their eyes. Retailers have some difficulties to set a





Nenycz-Thiel, M., Romaniuk, J., (2011), 'The nature and incidence of private label rejection', <i>Australasian Marketing Journal</i> , 19,2, pp. 93-99	Prayogi, W. E., (2012), 'Chairul Tanjung Kuasai 100% Saham Carrefour Indonesia', <i>Detik Finance</i> , 20 November, viewed 9 May 2013, < <a href="http://finance.detik.com/read/2012/11/20/142451/2095793/4/chairul-tanjung-kuasai-100-saham-carrefour-indonesia">http://finance.detik.com/read/2012/11/20/142451/2095793/4/chairul-tanjung-kuasai-100-saham-carrefour-indonesia</a> >
Nenycz-Thiel, M., Romaniuk, J., (2012), 'Value-for-money perceptions of supermarket and private labels', <i>Australasian Marketing Journal</i> , 20,2, pp. 171-177	Ranu, S., (2013), 'Jumlah Penduduk Indonesia Mengalami Sedikit Kenaikan Di Tahun 2013', <i>Merdeka Online</i> , 25 February, viewed 9 May 2013, < <a href="http://www.merdekaonline.com/kategori/berita-2753-jumlah-penduduk-indonesia-mengalami-sedikit-kenaikan-di-tahun-2013.html">http://www.merdekaonline.com/kategori/berita-2753-jumlah-penduduk-indonesia-mengalami-sedikit-kenaikan-di-tahun-2013.html</a> >
Nielsen, AC., (2012), 'Report: 2012 Asia Pasific Retail and Shopper Trends', <a href="http://blog.nielsen.com/nielsenwire/consumer/report-2012-asia-pacific-retail-and-shopper-trends/">http://blog.nielsen.com/nielsenwire/consumer/report-2012-asia-pacific-retail-and-shopper-trends/</a> , accessed on 19 November 2012	Richardson, P.S., et. al., (1994), 'Extrinsic and Intrinsic Cue Effects on Perception of Store Brand Quality', <i>Journal of Marketing</i> , Vol. 58, pp. 28-36
Pepe, M. S., Abratt, R., Dion, P., (2011), 'The impact of private label brands on customer loyalty and product category profitability', <i>Journal of Product and Brand Management</i> , 20/1, pp. 27-36	Qtela, Indonesia, viewed 21 April 2013, < <a href="http://www.qtelasnack.com/">http://www.qtelasnack.com/</a> >
Prayogi, W. E., (2012), 'CT: Saya Beli Perusahaan Asing Dengan Duit ASing, Kini Jadi Punya Indonesia', <i>Detik Finance</i> , 20 November, viewed 9 May 2013, < <a href="http://finance.detik.com/read/2012/11/20/161550/2095977/4/ct-saya-beli-perusahaan-asing-dengan-duit-asing-kini-jadi-punya-indonesia">http://finance.detik.com/read/2012/11/20/161550/2095977/4/ct-saya-beli-perusahaan-asing-dengan-duit-asing-kini-jadi-punya-indonesia</a> >	Sari Roti, Indonesia, viewed 21 April 2013, < <a href="http://www.sariroti.com/">http://www.sariroti.com/</a> >
	Sayman, S., Hoch, S. J., Raju, S. J., (2002), 'Positioning of Store Brands', <i>Marketing Science</i> , 21,4, pp. 378-397
	Sekaran, U. & Bougie, R., (2009), 'Research Methods for Business', 5 <sup>th</sup> edition, Wiley,