

BRANDS TEMPTATION: WHO PURCHASES WHAT

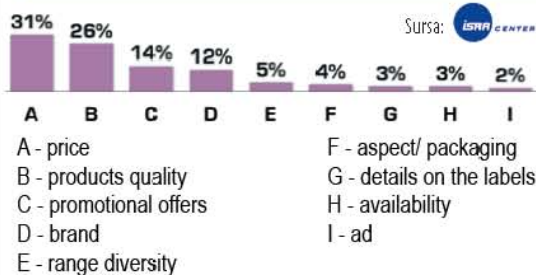
ISRA Center Marketing Research conducted an Omnibus survey – consumer research – on the awareness and purchase of brands for some product categories, producer brands as well as private labels at the request of Piata magazine.

Maria Vaschi

The survey aimed to identify the determinants of the purchasing process, the brands purchased in the last 3 months and, respectively, most often purchased, as well as to assess future purchasing intentions. The sample comprised of 1,101 respondents from urban areas, cities with over 50,000 inhabitants. Data were collected by means of the face-to-face interview method, on the basis of a questionnaire in February 2010. The questionnaire was designed by ISRA Center Marketing Research, in accordance with Piata magazine's requirements and requests, and the answers were prompted, brands being nominated from a given list. According to the survey, in full financial crisis, the brand the product is sold under is the fourth criterion taken into account when purchasing decision is made, whereas price becomes the decisive factor, followed by quality and promotional offers. This didn't happen four months ago when another survey conducted by ISRA

Center concluded that what was a priority was the quality of the consumer goods purchased, followed by value for money and price.

MOST IMPORTANT ASPECTS INFLUENCING THE PURCHASING PROCESS



Price is a sensitive aspect especially in the case of households with low incomes – over 2,000 Euros – of elder persons – aged between 50 and 60 – and of cities of medium size. Products quality is brought into discussion immediately after price, and these two criteria have the same level of importance for Bucharest inhabitants and households with high incomes. At national level, only 10% of the respondents have ranked the brand first as importance in consumer goods purchasing process, 14.8% ranked it second and 14.7% third. Young persons value promotional offers and the brand equally.

Regarding the purchasing behavior, 45% of the respondents state they equally choose between private labels and producer brands, while only 7% mention they are unfamiliar with the concept of private label. However, 41% purchase especially producer brands and only 6% rather choose private labels. On the other hand, it can be noticed that for the 9 product categories mentioned the incidence of private labels in the shopping basket in the last 3 months does not exceed, on average, 18%. These brands seem to be more successful in the meat and meat products category, followed by the group of grocery products. In the case of these 2 categories, most consumers have low incomes, under 200 Euros per family.

“We cannot speak of a successful private label for any of the 9 consumer goods categories”, concludes Alice Mihai, Business Development Director, ISRA Center Marketing Research, mentioning as main cause the fact that the respective labels have not been promoted as a category, each retailer rather trying to suggest their own label(s) in an individual manner. So, even when provided with a generic definition of private labels, most of those responsible with consumer goods purchase did not seem to understand what it was all about.

BRANDS OF THE MOMENT

“The future purchasing intention seems to continue to favor producer brands. But, given that for consumers the term «private labels» does not have a clear correspondent or a generally accepted definition, this intention cannot be interpreted as reflecting a potential real behavior”, highlights Alice Mihai.

If we were to take a bird's-eye-view on the purchasing behavior, we can notice some trends. For example, in Bucharest respondents' shopping basket there is a higher incidence of a wide diversity of brands for most of the categories analyzed – except for deodorants. This can be explained either through a higher level of consumption, in the capital city, which allows consumption fragmentation between several brands or through a lower level of loyalty to the brands.

In the households with high incomes we can notice as well higher incidence of a wide diversity of brands for some product categories purchased in the last 3 months: meat and meat products, dairy products, cheese, groceries, beer, sweets and soft drinks. Young and elder respondents are polarized especially in 3 categories: dairy products, sweets and soft drinks. This difference has as possible motivation the different levels of consumption for these products among the different age categories.

In the following pages, we invite you to discover other trends recorded in the purchasing behavior from the exclusive perspective of the brands purchased.

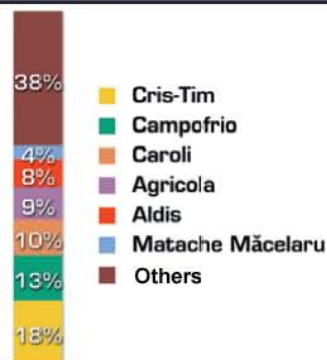
PRODUCER BRANDS vs. PRIVATE LABELS – MEAT AND MEAT PRODUCTS

Producer brands	Private labels
Brands purchased in the last 3 months	
82%	18%
Most often purchased brand	
89%	11%

Sursa: ISMA CENTER

Private labels seem to have the greatest success in the meat and meat products category. These are purchased especially in the households with low incomes – under 200 Euros -, where their incidence related to the most often purchased brands (28%) exceeds by much the national mean (11%). Private labels are rare in households with incomes over 1,000 Euros or in Bucharest respondent's homes (5%).

MOST OFTEN PURCHASED BRAND – MEAT AND MEAT PRODUCTS

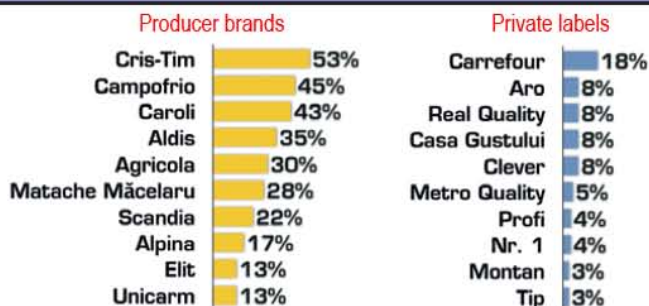


Sursa: ISMA CENTER

Most often purchased brands, which have not been included in the chart because they gathered less than 3% of the total mentions, are: Elit, Unicarm, Alpina, Scandia, Angst, Meda, Reinert, Ferma Vrânceană, Zimbo, Carrefour, Real Quality, Aro, Clever, Casa Gustului, Metro Quality, Le Boucher, Profi, Nr. 1. The first two brands, Cris-Tim and Campofrio, are very much present in Bucharest and in households with incomes over 1,000 Euros. Aldis is preferred especially by those from large cities, with over 250,000 inhabitants (16%) and by people with incomes between 750 and 1,000 Euros (17%). 1 in 10 Bucharest inhabitants prefer Angst brand.

Private labels are well represented in the meat and meat products category. In the households of respondents with low incomes and of elder respondents, Carrefour label is present in a proportion exceeding 20%.

BRANDS PURCHASED IN THE LAST 3 MONTHS – MEAT AND MEAT PRODUCTS



Sursa: ISMA CENTER

In the category of meat and meat products, in addition to the producer brands mentioned in the chart, respondents mentioned the brands Angst (9%), Meda (7%), Ferma Vrânceană (5%) and Zimbo (2%). Cris-Tim is the brand with the highest awareness in Bucharest (76% of the mentions), among persons aged between 40 and 49 (56%) and among private persons with incomes over 1,000 Euros. Carrefour is the first private label indicated by the interviewees and it is more often present in the households of respondents aged over 50 (21%). Other private labels purchased in the last three months, at national level, are: Le Boucher (2%), Lindenhof (1%) and 365 (1%). Approximately 1 in 3 persons with incomes under 200 Euros purchased Carrefour brand during the period mentioned.

PRODUCER BRANDS vs. PRIVATE LABELS – DAIRY PRODUCTS

Producer brands Private labels

Brands purchased in the last 3 months

94% **6%**

Most often purchased brand

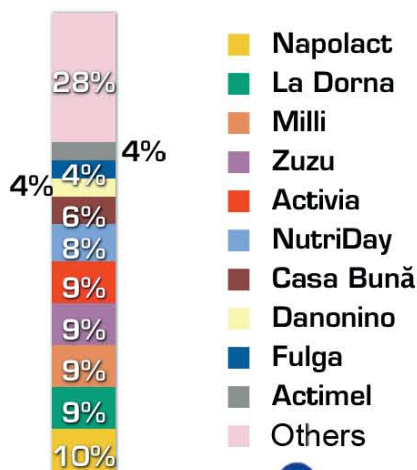
98% **2%**

Sursa: ISRA CENTER

Producer brands dominate the top of consumers' preferences for the dairy products category as well. The private labels purchased in the last 3 months are a bit more visible in small cities, with less than 100.000 inhabitants (12%) and in the case of persons aged over 50 (8%). Moreover, when it comes to the "most often purchase brand", private labels gather a maximum of 5% of the options of respondents with medium incomes.

Private label for dairy products gather 6% of consumers' choices, but in small cities, their percentage doubles.

MOST OFTEN PURCHASED BRAND – DAIRY PRODUCTS



- Napolact
- La Dorna
- Milli
- Zuzu
- Activia
- NutriDay
- Casa Bună
- Danonino
- Fulga
- Actimel
- Others

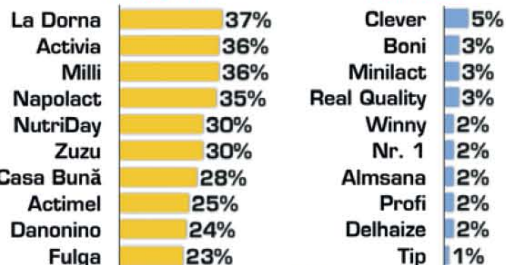
Sursa: ISRA CENTER

The most often purchased dairies brand is Napolact, closely followed by La Dorna. Other brands mentioned by respondents are: Natura, Muller, Campina, Covalact de țară, Sanlacta, Panda, Clever, Real Quality, Boni, Profi, Nr. 1, Winny. For La Dorna, consumption incidence exceeds the mean, in Bucharest (15%) and in the case of households with high incomes (18%). NutriDay also has, in Bucharest (12%), a presence exceeding the national mean (8%). Persons aged up to 30 most often opt for Activia (12%), and elder respondents as well as those with low incomes prefer Napolact (11%, respectively 13%).

BRANDS PURCHASED IN THE LAST 3 MONTHS – DAIRY PRODUCTS

Producer brands

Private labels



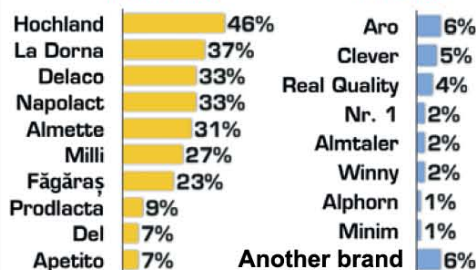
Sursa: ISRA CENTER

Less than 17% of respondents' mentions made reference to brands such as: Tnuva, De Albalact, Muller, Campina, Natura, Prodlacta, Covalact de țară, Panda, Sanlacta. La Dorna is the most often purchased brand in the last 3 months by Bucharest inhabitants (57%) and by persons aged up to 30 (45%). Respondents aged between 30 and 40 prefer Danonino (37%) – option justified probably by children's presence in the family -, while respondents from medium size cities purchased Activia most often (42%). 365 private label gathered 1% of the mentions, while "other private labels" have 6% of Romanians' purchasing preference in the rural area. Clever is the most present brand in small cities (8%) and in households with incomes under 200 Euros (8%) and it is less present in the shopping basket of Bucharest inhabitants (1%) and of persons with incomes over 1,000 Euros (2%). Boni is another private label with a higher percentage of mentions in small cities (7%), by comparison to the national mean (3%).

BRANDS PURCHASED IN THE LAST 3 MONTHS – CHEESE

Producer brands

Private labels



Sursa: ISRA CENTER

President, Gordon, Akadia and Milram are brands which gathered less than 7% of the mentions. Hochland is best represented in cities with 100k – 249k inhabitants (48%), while in Bucharest respondents prefer La Dorna (58%). Those with high incomes opt for La Dorna (61%), Delaco (53%) and Hochland (51%). Elder respondents purchase especially Napolact (31%). Out of the private labels, Aro stands out with 10% among persons with low incomes, but gathers 7% in Bucharest, a higher percentage than the national mean. Even those with high incomes purchase this brand quite frequently (6%). For Minim, purchasing frequency increases from 1%, at national level, to 5%, in small cities of up to 100k inhabitants, while Real Quality is purchased especially in the medium size cities (6%). Young as well as elder people prefer Aro and Clever.

The most often purchased cheese brand, Hochland, is found especially in households with incomes between 401 and 750 Euros and in households from medium size cities. It is also the first brand purchased by young respondents

BRANDS OF THE MOMENT

PRODUCER BRANDS vs. PRIVATE LABELS – CHEESE

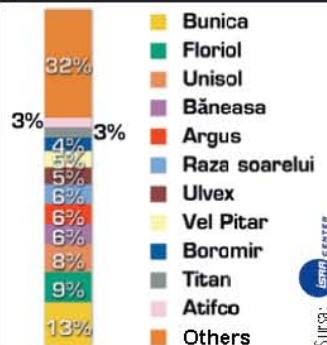
Producer brands	Private labels
Brands purchased in the last 3 months	
92%	8%
Most often purchased brand	
96%	4%

Sursa: ISRA CENTER

Private labels are quite well represented in the cheese category, gathering 8% of the total number of brands purchased in the last 3 months. Their percentage increases in small cities (14%) and among elder persons (12%). However, 96% of the Romanians most often purchase producer brands. Their consumption frequency reaches 100% in households with high incomes and drops to 93% in those with low incomes, of up to 400 Euros.

Aro grocery products – **Metro** private label – are purchased mainly by Bucharest inhabitants, people over 50 years old and respondents with incomes between 750 and 1,000 Euros. Another private label Vita D'Oro olive oil (Kaufland), is often encountered in households with budgets over 1,000 Euros.

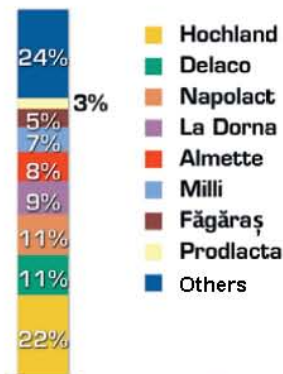
MOST OFTEN PURCHASED BRAND – GROCERIES



Sursa: ISRA CENTER

There is a wide variety of brands on the segments of grocery products. Out of the most often purchased brands, but with less than 3% of the preferences, we mention: Monte Banato, Pambac, Deroni, Barilla, Spomic, Roll-ton, Spicul, Arpis, Soreanca, Profi, Prutul, Riso Scotti, Aro, Vita D'Oro, Nr. 1, Clever, Filia, Real Quality, Winny, Cora, Select, Arno. Bunica, Băneasa and Floriol are the favorite brands of Bucharest inhabitants and of respondents with high incomes as well as of persons aged between 30 and 39.

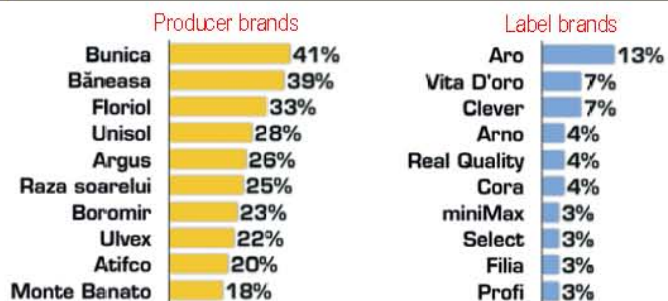
MOST OFTEN PURCHASED BRAND – CHEESE



Sursa: ISRA CENTER

The most often purchased brand is Hochland (22%), its purchasing frequency increasing among persons with incomes between 400 and 750 Euros (28%). Delaco is best represented in Bucharest (18%), where it exceeds the national mean (11%). Almette is also frequently found in the shopping basket of Bucharest inhabitants (12%), of young persons (10%) and of respondents with high incomes (13%). Elder people purchase especially Hochland (16%) and Napolact (15%). Other brands mentioned by respondents, but which gathers less than 3% as purchasing frequency, are: Del, Gordon, Akadia, Apetito, President, Aro, Real Quality, Clever, Almtaler, Winny, Nr. 1, Minim.

BRANDS PURCHASED IN THE LAST 3 MONTHS - GROCERIES



Sursa: ISRA CENTER

We mention that cooking oil, flour, corn flour, rice, sugar, pasta were included in the category of grocery products. Producer brands mentioned but not included in the top 10 represented in the chart are: Vel Pitar, Pambac, Titan, Deroni, Spomic, Spicul, Soreanca, Riso Scotti, Barilla, Rollton, Arpis and Prutul. Each of these brands obtained between 17% and 3% of the purchasing options in the last 3 months. As far as private labels are concerned, the following have been mentioned: Top Apetit, Maxim, Nr. 1, Winny, Delhaize and 365. Elder respondents (19%) and persons with low incomes (18%) express their preference for Aro brand to a greater extent than the mean.

PRODUCER BRANDS vs. PRIVATE LABELS - GROCERIES

Producer brands	Private labels
Brands purchased in the last 3 months	
87%	13%
Most often purchased brand	
92%	8%

Sursa: ISRA CENTER

In the category of grocery products, private labels purchased in the last 3 months gather 13% of the market, being the best represented category, from this point of view, immediately after the group of meat products. This percentage quickly increases to 16% in the case of elder persons and respondents with low incomes. Respondents aged between 30 and 39 purchased private label groceries to a smaller extent (11%).

BRANDS OF THE MOMENT

18% of the respondents do not purchase frequently a specific coffee brand. Casablanca private label coffee is found in a 5% proportion in households with incomes under 200 Euros.

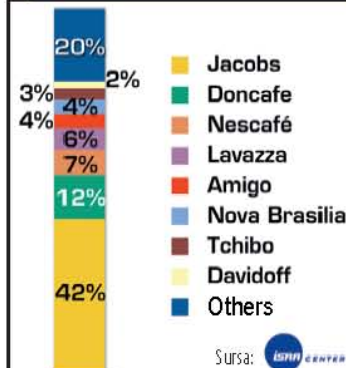
PRODUCER BRANDS VS. PRIVATE LABELS – COFFEE

Producer brands	Private labels
Brands purchased in the last 3 months	
97%	3%
Most often purchased brand	
99%	1%

Sursa: ISM CENTER

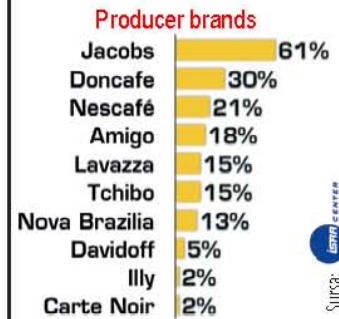
Private labels are poorly represented in the coffee category: only 3% is their percentage out of the total number of purchases for this type of products in the last 3 months, and 1% out of the total number of brands most often purchased.

MOST OFTEN PURCHASED BRAND – COFFEE



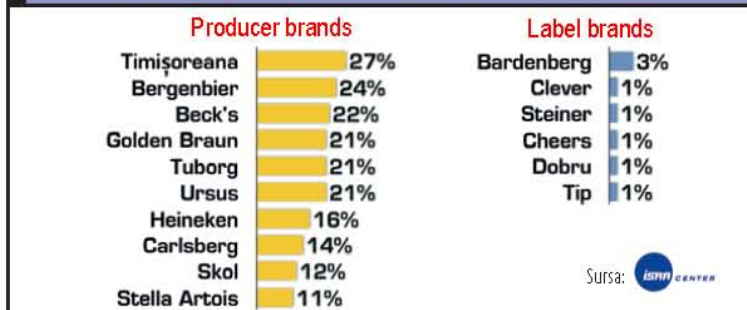
The frequently purchased coffee brand is Jacobs. In large cities, it is more frequently encountered (48%) than the national mean (42%). In addition, it is more frequently found in households of respondents with incomes over 1,000 Euros (48%), and of persons aged between 30 and 39 (47%).

BRANDS PURCHASED IN THE LAST 3 MONTHS – COFFEE



Private labels are not too visible on the general coffee market. However, out of the brands purchased in the last 3 months, Casablanca, Real Quality, Clever, Metro Quality, Cafet and Profi stood out but with very small percentages, only 1% each. The option "others" was checked by 7% of the respondents.

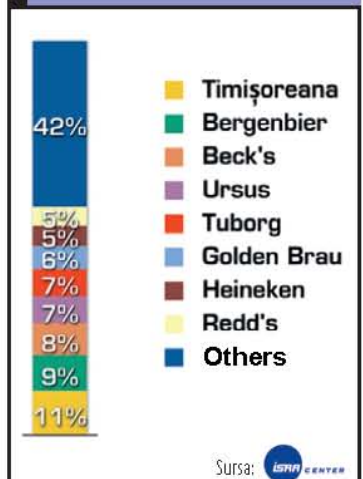
BRANDS PURCHASED IN THE LAST 3 MONTHS – BEER



The chart above did not include the following producer brands: Ciuc (9%), Redd's (9%), Ciucas (8%), Silva (7%), Albacher (7%), Holsten (6%), Noroc (6%), Neumarkt (5%), Gosser (4%), Azuga (4%). Timișoreana, which recently turned from a regional into a national brand, has the greatest spread in Bucharest (34%). Out of the private labels purchased in the last 3 months, respondents have also mentioned Aro, 365 and Nr. 1, but each with less than 1% of the purchasing options.

In the last three months, Bucharest respondents purchased Beck's beer two times the national average.

MOST OFTEN PURCHASED BRAND – BEER



Respondents with high incomes most often purchase Tuborg (17%), those with low incomes - Timișoreana (15%), and young people aged up to 30 - Beck's. Elder respondents prefer Timișoreana (12%) and Bergenbier (11%). In Bucharest, the brands frequently purchased are Timișoreana, Tuborg and Beck's (11% each), followed by Bergenbier and Ursus (8% each).

PRODUCER BRANDS VS. PRIVATE LABELS – BEER

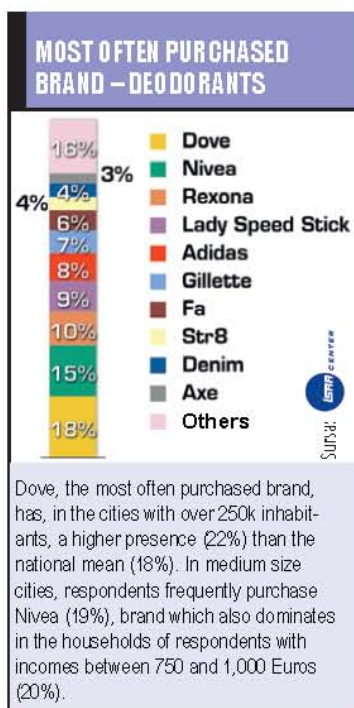
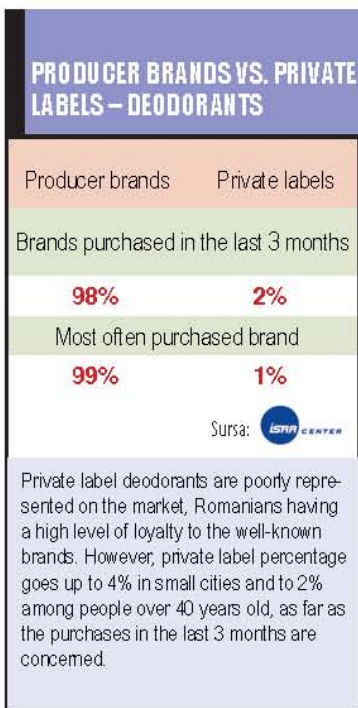
Producer brands	Private labels
Brands purchased in the last 3 months	
97%	3%
Most often purchased brand	
99%	1%

Sursa: ISM CENTER

Private label deodorants are poorly represented on the market, Romanians having a high level of loyalty to the well-known brands. However, private label percentage goes up to 4% in small cities and to 2% among people over 40 years old, as far as the purchases in the last 3 months are concerned.

[BRANDS OF THE MOMENT]

Bucharest respondents prefer Dove, Rexona and Fa deodorants, while in small cities options turn towards Dove, Lady Speed Stick and Gillette.



15% of the respondents aged over 50 do not frequently purchase a specific brand of soft drinks. The same behavior is registered in the case of small cities inhabitants and of persons with incomes under 200 Euros.

BRANDS PURCHASED IN THE LAST 3 MONTHS – SOFT DRINKS

