

RESEARCH

64pc US shoppers reluctant to return to old buying habits: study

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By TRICIA CARR

Two-thirds of U.S. consumers surveyed reported that they were more inclined to purchase store-brand packaged goods versus higher-end counterparts, but brands that achieve true consumer loyalty are most likely to bridge the gap, according to a new study from Accenture.

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The company's survey that studied consumer spending habits on packaged goods also found that 39 percent of consumers in the United States have increased their purchases of store brands in the past few years as a direct result of the economy. Producers of high-end goods that want to keep and attract a consumer base must gain brand loyalty via marketing and advertising efforts that highlight the unique qualities of a product.

"For any branded manufacturer, the key takeaway [of the report] is about understanding the unique attributes that drive customer loyalty, and clearly differentiating the distinctive value to the customer of your product versus the competition," said Bob Berkey, senior manager at [Accenture](#), New York.

"Brand loyalty exists, but the dynamic is changing," he said. "Our survey showed that more than a third of shoppers see the store brands as just another brand on the shelf."

Accenture conducted its online survey using a representative sample of 500 U.S. consumers in May and June 2012.

Down the aisle

Two-thirds of those surveyed said that they buy store brands because they are cheaper, making price the key factor in these purchases.

The majority – 87 percent – of consumers said that they would purchase brand-name products if they were offered at the same price as the comparable store brand.

Fifty-one percent said that a permanent price reduction of the brand-name product is needed for them to return to purchasing the brand-name product.

Furthermore, 77 percent of shoppers said that they would not decrease the amount of store brand products they purchased if their disposable income were to return to the same level as it was before the economic downturn. This shows that trust and preference are driving sales of store brands along with price.

The study also found that 48 percent of consumers believe that stores have improved the variety and appeal of their range of store brands.

More than one-third, or 36 percent, see store brand products as simply another brand on the shelf.

“I was surprised by the degree that the economy still appears to be impacting purchasing behavior,” Mr. Berkey said. “The level of trust and preference was a surprise, such that one-third actually prefer it over the national brand alternative.

“What the results show is that an uncertain economy continues to have a direct impact on consumer purchasing behavior and, in particular, the growth of private label,” he said.

“It provides the impetus for consumers to try out private label, and in many cases it turns out that they like it and might not go back regardless of the state of the economy.”

Trust me

The Accenture study concluded that the growing perception of trust, quality and preference for brands is driving sales.

Half of consumers surveyed buy store-brand products because they think that the quality is the same as the brand-name counterpart.

Trust is the reasoning of 42 percent of consumers who buy a private-label product.

Twenty-eight percent reportedly prefer the store-brand product to the brand-name product.

In fact, 9 percent of those surveyed said that they did not buy store brands because the quality or taste was inferior to the brand-name product.

Luxury consumers are assumedly less sensitive to private-label cost preference.

However, the growing sense of quality and trust that consumers have for private label and a shift in perception from cheap to smart could also impact the luxury market, per Mr.

Berkey.

The key takeaway from the study for luxury marketers is that brand loyalty must be achieved to create a steady flow of transactions. This can be done best by concentrating on what sets an item apart from its counterparts.

Luxury brands often focus on craftsmanship in their efforts and should continue to do so to show consumers the reasoning behind a purchase.

In fact, the president of specialty brands such as La Mer and Jo Malone at Estée Lauder said that marketers need to remain authentic and true to the brand DNA to harness power ([see story](#)).

“Companies must assess whether their brand equity is sufficiently strong and if their product has unique attributes and is truly differentiated from the store brand alternative, since there is a growing trust that consumers are developing with retailers’ own brands,” Mr. Berkey said.

Final Take

Tricia Carr, editorial assistant on Luxury Daily, New York