



The Psychology of Brands vs. Private Label

Lunch-webinar - Key-insights



UNRAVEL

Webinar Wednesday

Don't wanna miss a webinar?

Want to know when our next webinar is?

Sign up to stay informed!

- ✓ Get **live** answers to your questions
- ✓ Receive the **recording** and slides via email
- ✓ Add the webinar to your **calendar** with 1 click 🤗



You are in good company with 9.165 others!



UNRAVEL

Webinar Wednesday

Rewatch this webinar

You can find the recording of this webinar via the link below

Click here 📌

<https://www.unravelresearch.com/webinars/hoe-je-als-a-merk-tegenwicht-biedt-tegen-private-label>

Want to watch all past webinars?

Visit our overview page to replay all previous webinars, including The Psychology of Supermarkets and The Psychology of Irresistible Brand Assets.

Click here 📌:

<https://www.unravelresearch.com/webinars/>



UNRAVEL

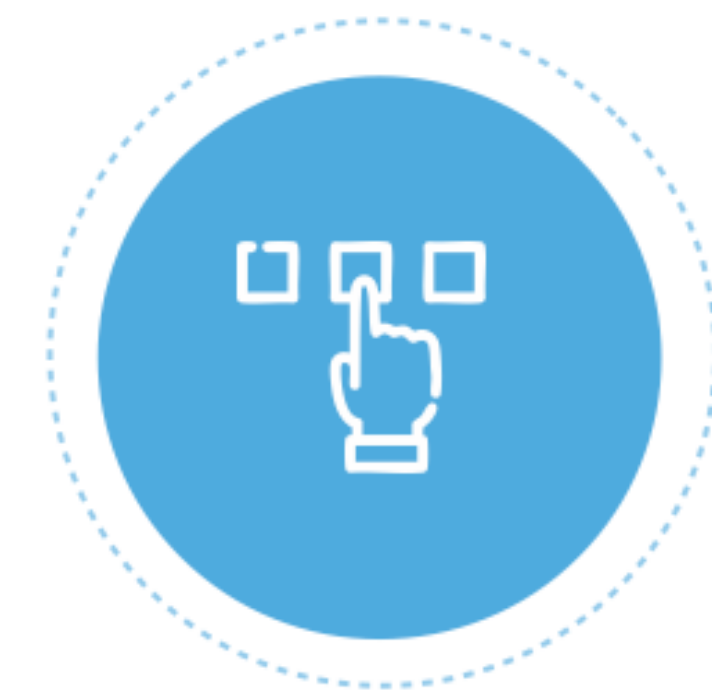
Insight #1. What drives the choice for private label? (1/2)

Research shows that there are no strict A-brand or private-label buyers. There is no clear demographic distinction; age and gender do not reliably predict this buying behavior. In reality, the choice between A-brands and private labels is much more nuanced and largely depends on contextual factors.

Consumers are quite "polygamous" when it comes to brand choices: sometimes they opt for A-brands, sometimes for private labels, depending on the product category and situation.

The only factor that consistently influences brand preference is income. However, this relationship is not straightforward; it follows a U-shaped pattern. A-brands are favored by both high- and low-income consumers, while those in the middle-income range show less pronounced preferences. The exact reason for this remains unclear, but one possible explanation is that lower-income consumers, having fewer choices, tend to opt for the familiar and convenient A-brand.

Understanding the psychology behind purchasing decisions is crucial for effective marketing strategies. It is essential not to categorize consumers into rigid types, such as "the private-label buyer." Almost everyone switches between A-brands and private labels depending on the category and context. By identifying the psychological factors that consistently drive these decisions, marketers can create more targeted and effective strategies.



Private Label Psychology
What drives private label attractiveness?

Insight #1. What drives the choice for private label? (2/2)

When considering the choice between A-brands and private labels, the key lies in understanding the underlying contextual and category-specific factors. Consumer behavior is influenced by variables such as pricing strategies and the perceived value of products.

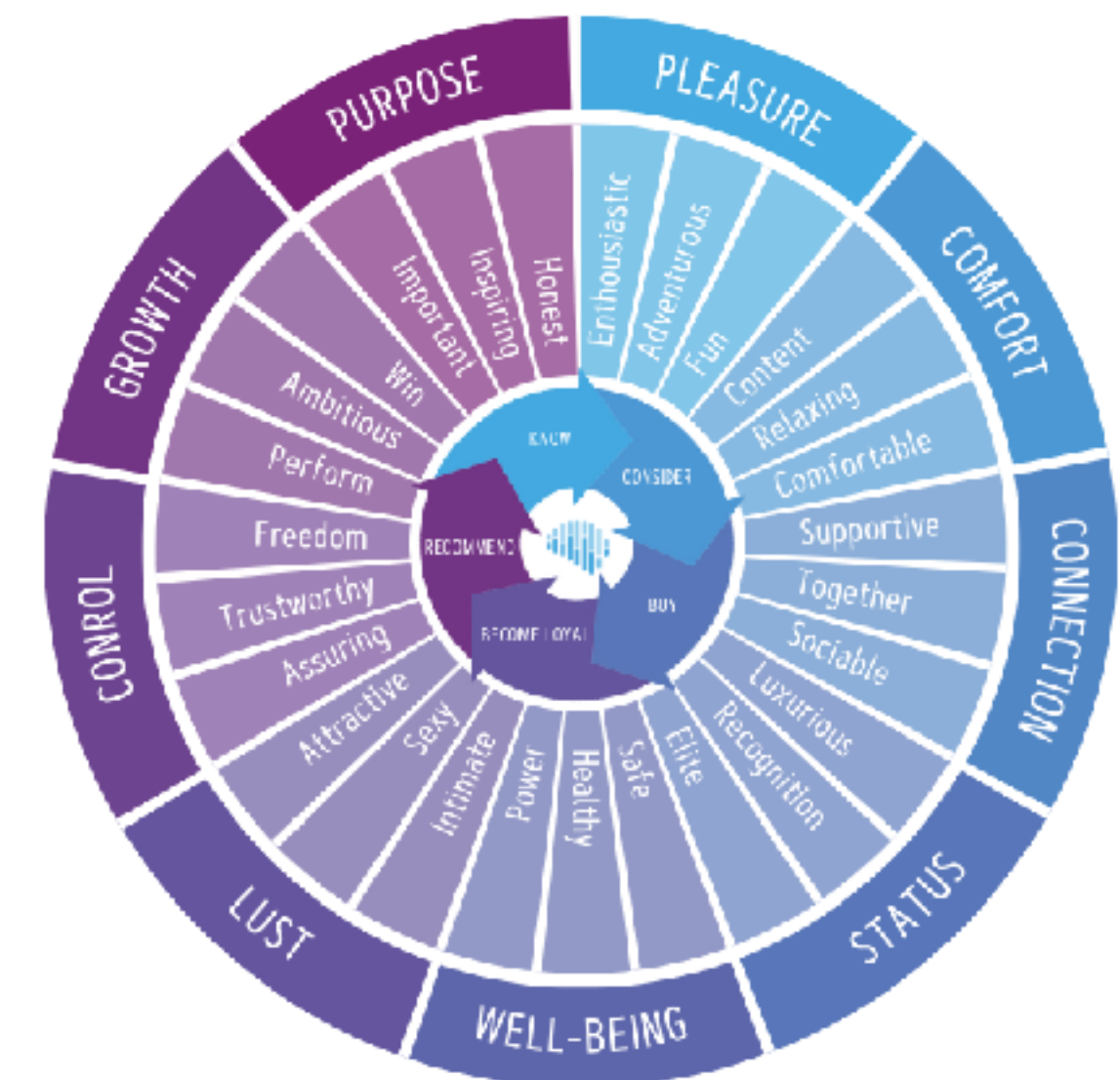
For instance, stores using an "everyday low pricing" strategy tend to drive consumers towards private labels, while stores with "high-low pricing" strategies often keep A-brands at the forefront of consumers' attention. Price differences within categories, like chocolate, also play a major role. If consumers perceive little quality difference between A-brands and private labels, they are more likely to opt for the private label, especially during economic pressures like inflation. Besides that, private labels are particularly susceptible to the influence of the overall shopping experience, which can significantly impact consumer preferences. Finally, understanding the brand itself is essential. Marketers need to grasp why consumers switch or stick with certain brands, as brand choices are often driven by automatic processes based on established brand perceptions and price expectations.

Insight #2 Brand defenses (1/2)

To strengthen your brand, there are two key aspects to focus on. First, it's about the feelings your brand evokes—the brand image that connects with the motivation behind a particular category. This is the emotional connection. Second, it's about ease of recognition. You don't want consumers to overthink; the brand needs to be easily anchored in their minds. A strong brand image combined with quick recall leads to five benefits: increased purchase frequency, quicker attention capture, less comparison with competitors, reduced price sensitivity, and a more positive brand experience. These factors shape the product experience so profoundly that it almost alters how the product is perceived in the mind.

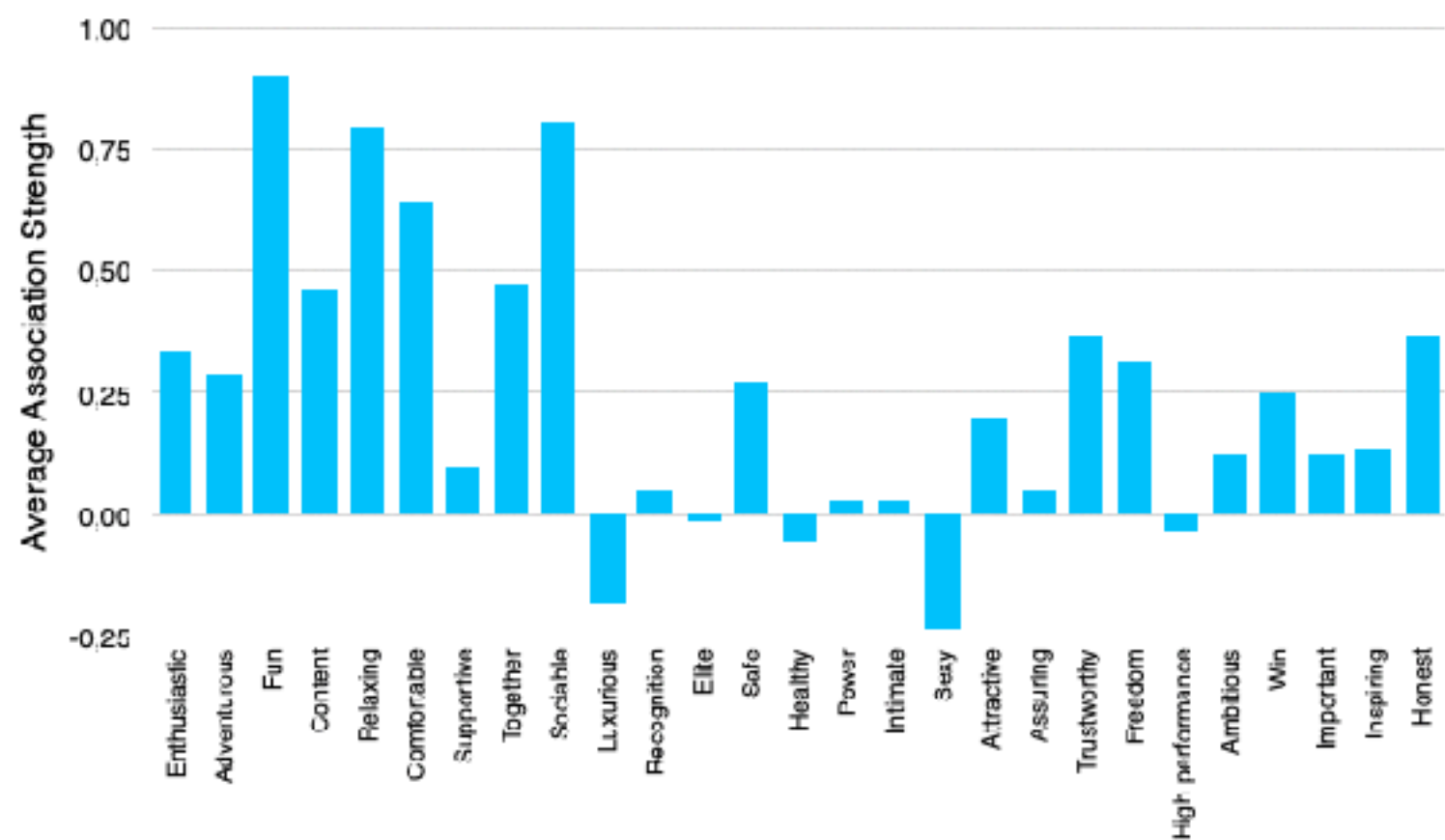
Brand image can be both explicit and implicit. Explicit associations are more functional, like Coca-Cola lessening thirst. Implicit ones are about fundamental human goals and tend to be more related to the brand's overall image, like Coca-Cola being associated with happiness. You can align your brand with one of these human goals—something that people naturally aspire to. To do this effectively, it's important to understand these motivations, which can be measured using Unravel's 9 motivations model, some of which dominate within a category. The more your brand aligns with these motivations, the more often people will think of your brand. For example, if people are motivated by status, certain brands will immediately come to mind. Important to note is that in some cases, emotional connection isn't necessary if a brand's function is purely utilitarian, like a hammer company.

Consumption is always goal-directed



Insight #2 Brand defenses (2/2)

Here's an example of how we measured these motivations: What motivations drive the beer category? 30 motivations were tested to see what they align with. This shows what beer is not: sexy or luxurious. Still, some brands focus on these associations. Motivation drives what we choose, as research has shown that the brand with the highest market share correlates with the strength of its motivational associations from the brand cracker on image. For example, Corona scores highest on image, making consumers less likely to switch to a private label compared to Miller or Budweiser, as it holds a more unstable market share. Brand image protects against that switch. Corona, for instance, scores highly on pleasure and connection, though status plays a lesser role.



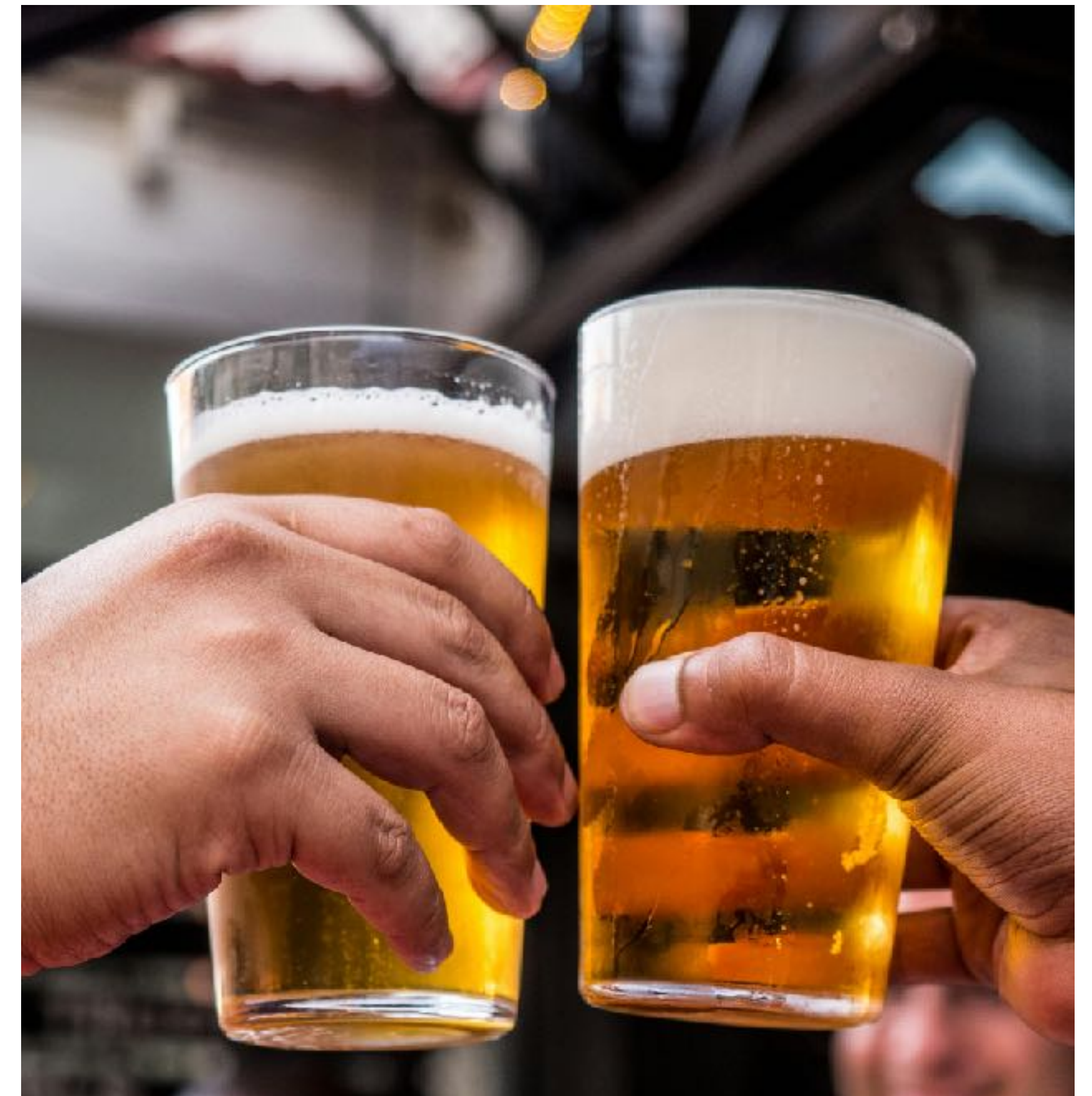
Conclusion. In total, we tested 27 attributes from the nine categories Pleasure, Comfort, Connection, Status, Well-being, Lust, Control, Growth and Purpose. From this, we extracted the Top 5 Category Drivers of the beer category, which are as follows:

Yes!

- 1. Fun
- 2. Sociable
- 3. Relaxing
- 4. Comfortable
- 5. Together

No!

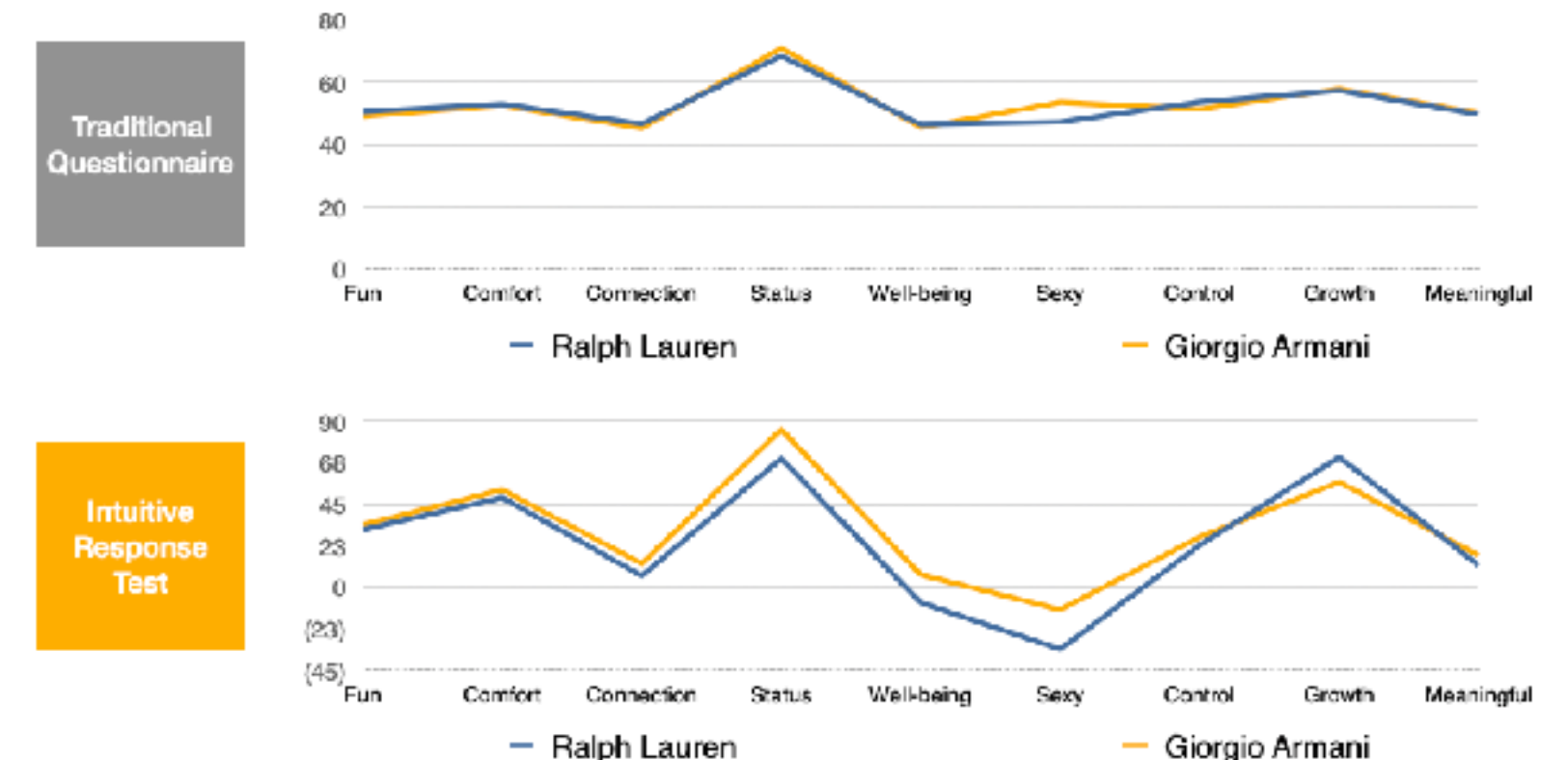
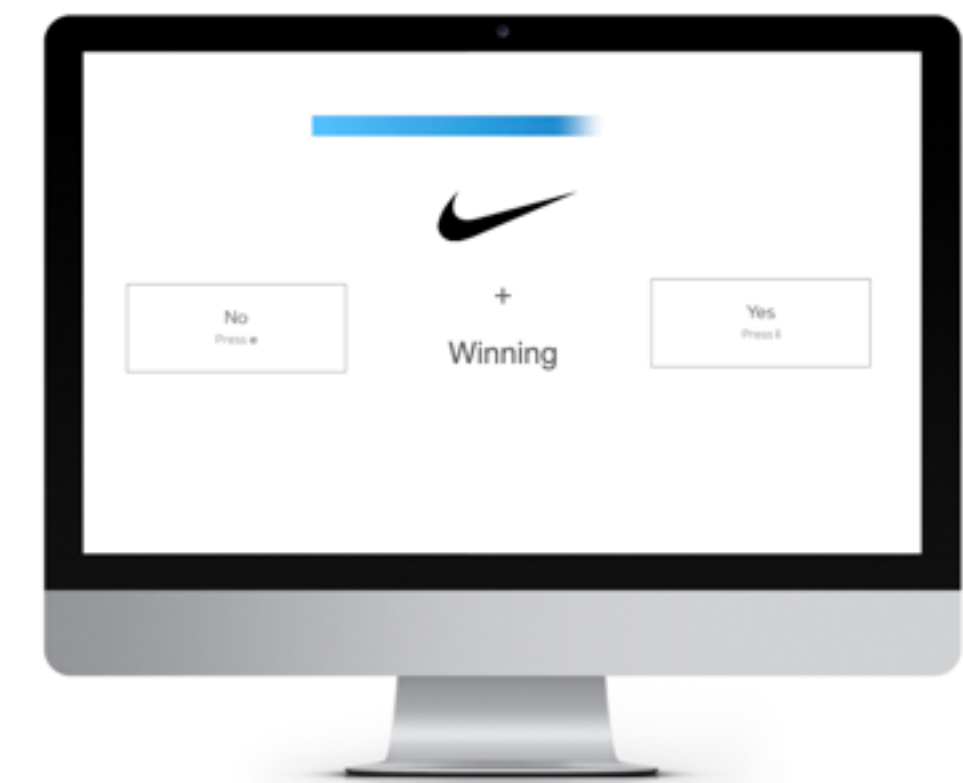
- 1. Sexy
- 2. Luxury
- 3. Healthy
- 4. Performance
- 5. Status



Insight #3 Measuring associations: the feeling (1/2)

Asking directly works only for functional associations (like the convenience of Apple), but implicit motivations (the 9 from the model) are largely unconscious. When a brand just feels right, all the steps leading up to that feeling are implicit. To gain insight into this, measuring unconsciously using IRT can provide insights. This method captures people's implicit responses to specific stimuli, such as a brand and a particular trait, where they must indicate whether they match or not. The response speed in milliseconds reveals the strength of these associations.

The closer these associations are, the faster they can be processed—indicating a lower response time. This can be used to assess the strength of associations both at the category and brand levels. While the difference between explicit and implicit may seem similar at the extremes, the nuanced differences between brands and their associations are much clearer when measured implicitly. This provides far deeper insights because the gap between implicit and explicit reactions differs.

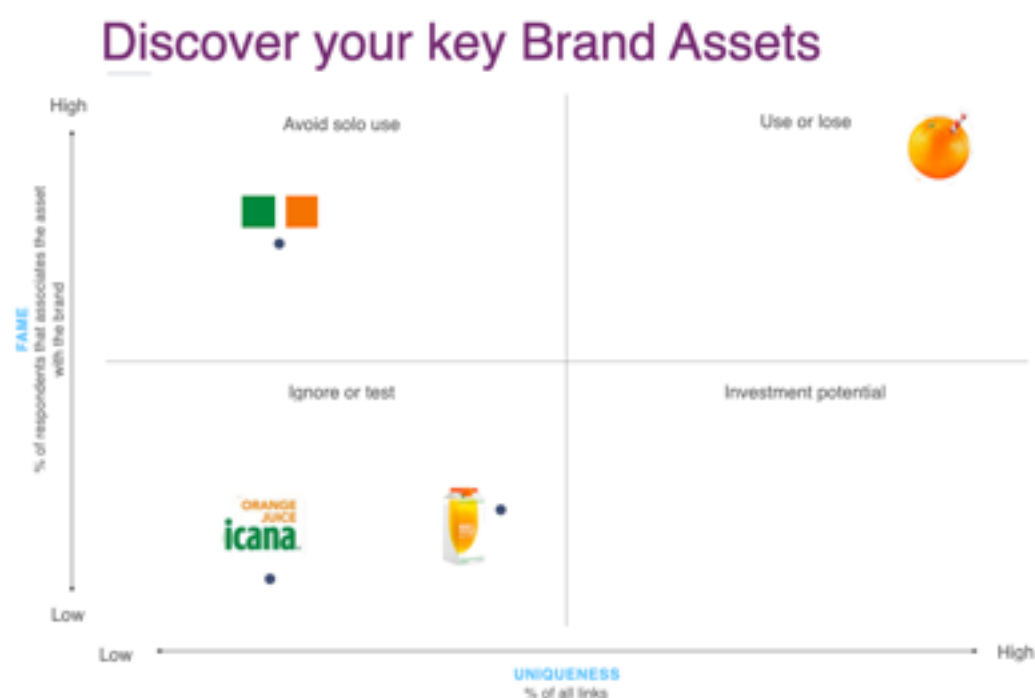


Insight #3 Measuring associations: the ease (2/2)

The less effort consumers need to recognize a brand, the stronger its position. If it's hard for them to identify the brand, they're more likely to switch to a private label. One advantage brands have is their mental availability—they're easier to recognize. For instance, you don't need a logo to identify a bottle of Coca-Cola, the color and the bottle say enough. The more brand assets a company has, the easier it is for consumers to recognize it. Assets like colors, shapes, people, slogans, typography, and audio trigger more neural activity, making the brand easier to recognize.

As with a cotton candy machine, the more it grows, the more it sticks. A well-established logo and strong slogans build recognition, making it easier to introduce new brand assets. Consistency is key—if these assets change, the recognition fades, leading to an increased likelihood of switching to a private label. A prime example is Tropicana, where a complete packaging overhaul led to a direct decline in sales. Testing brand assets beforehand can prevent this. By asking consumers what brands come to mind spontaneously, you can simulate the decision-making process in the store. Unique assets are crucial, but they must still be connected to the brand for effective recognition.

In conclusion, what makes a brand powerful is its image and brand assets, which act as a shield against private labels—something that private labels lack, as they don't invest in marketing.



Thanks for your attention!

Want to know more about how to strengthen your brand against private labels?



Discuss the possibilities with Tim, our co-founder

👉 Schedule an online meeting

← *click here to book a meeting*