THE GENERIC USER/NONUSER AND THE PROCESS OF ADOPTION

Nessim Hanna, Northern Illinois University
Bob Ahuja, University of Wisconsin
Dee Kumar, Northern Illinois University

Abstract

This study attempted to reveal significant differences between users and non-users of generic products on three important dimensions: demographic, psychographic, and behavioristic. A general profile in each case resulted. Such profiles can be valuable to the marketing strategist as an aid in market segmentation and targeting.

Introduction

Generic grocery products have made impressive sales and growth inroads, despite a lack of promotional support. Generics past growth has largely exceeded most predictions (Bishop 1982) and their share of the total grocery bill is still growing, now estimated to constitute approximately five percent of this country's multi-billion dollar grocery industry (Business Week 1981).

First introduced in France in 1976, and later in the United States in 1977 by the Jewel Tea Co., these "no-name" or "unbranded" products are firmly entrenched as a part of many shoppers' regular grocery purchases. In addition, new developments such as "neo-generics" promise to complicate future competitive analyses.

As industry executives demonstrate continued confidence in generics' ability to attract and keep the price-sensitive consumer, the study of the consumer acceptance of this new "brand" deserves continued academic attention.

This paper attempts, first, to investigate the perceptions of generic users versus the non-users on several dimensions namely demographic, psychographic, and behavioral. Secondly, the paper seeks to uncover potential explanations for user versus non-user differences in the adoption process of generics. It is felt that the study of generic users' adoption process will aid in the segmentation process so important in the highly competitive grocery industry today.

Adoption/Diffusion Theory

Engel, Kollat, and Blackwell, in their classic article "Diffusion of Innovations" pointed out that the decision to adopt a new product is a process rather than an event. This process is not considered complete until post purchase evaluation is generated and the consumer has made the decision to continue full use of an innovation. In addition, the individual's acceptance of a product and his relation to others in a group is so important, one cannot be considered without the other (Engel, Kollat and Blackwell 1981). The importance of this "relational analysis" in the diffusion process has been enunciated by Kotler and Zaltman (1976) and conceptualized as a stage process by Rogers and Shoemaker (1971).

A separate consideration must be given to the magnitude and persistence of adoption. As noted by Kotler and Zaltman (1976) consumers, when trying to satisfy a need or desire, vary from infrequent use of a product, to using it often, to using it all the time. It is important to recognize this consideration, since the definition of adoption is so closely related to an individual's degree to commitment to that product or service.

Finally, marketers seek to determine which variables are associated with innovativeness. It is believed innovators and early adopters are sufficiently different from late adopters. The study of innovativeness concerns itself with three primary variables - consumer characteristics, product characteristics, and social relations within a market (Engel, Kollat and Blackwell 1981).

Literature Review

Researchers studying the adoption and diffusion process of generics have usually concentrated their efforts on developing a better understanding of one or two of the three primary variables affecting innovativeness - consumer characteristics, product characteristics or social relations within a market. Kono and Bernacchi (1980) applied the Kelly diffusion model, but were mainly concerned with product characteristics. Cagley, Neidell, and Boone (1980) investigated consumer awareness, trial and repeat purchase rates, and product characteristics such as the creative merchandising strategies employed by innovative stores carrying the generic alternative. In a similar vein, Bellizzi, Krueckberg, Hamilton and Martin (1981) pointed out generics' rapid adoption may be interpreted as a consumer reaction to a greater choice of grocery alternatives; therefore, consumers are better able to match desired brand selection with satisfactions desired in their grocery shopping behavior. Finally, Granzin (1981) has revealed that the generic adoption process may be enhanced by the fact that generic products appear to be more acceptable to innovative and venturesome shoppers. These studies focused their attention on the consumer and product characteristics affecting innovativeness.

The above literature review reveals evidence to support the contention that generic users demonstrate behavioristic and psychographic differences when compared to non-users. There appears to be more unanimity amongst researchers regarding differences in these two dimensions in contrast with demographics. Many earlier studies have investigated demographic characteristics of the likely generic user. These studies have presented some conflicting results.

Generics appear to do equally well in low, middle, and upper income groups (Burck 1979, Heller 1978, Strong, Harris and Hernandez 1979, Zbytniewski 1979). Age was not a significant factor in generic use in some studies (Murphy and Laczniak 1979, Strong, Harris and Hernandez 1979), however, other studies indicate generics may appeal more to younger shoppers (Coyle 1978, Granzin 1981), while other studies suggest generics' appeal may be to those in the middle-aged categories (Heller 1978, Sullivan 1979). The generic user is more likely to be married than the non-user (Nevils and Sundel 1979), however, another study found no significant relationship between generic use and marital status (Murphy and Laczniak 1979). Generics use appears to be greater

amongst the better-educated populace (Cagley, Neidell and Boone 1980, Murphy and Laczniak 1979, Sarel and Sewall 1980), although other studies indicate educational level is either not important or not significant (Heller 1978, Strong, Harris and Hernandez 1979). Still other studies proposed a significant relationship existing between generic use and household size (Coyle 1978, Granzin 1981, Murphy and Laczniak 1979, Nevils and Sundel 1979, Sullivan 1979).

Research Methodology

A convenience sample of 200 respondents from Illinois and Wisconsin was obtained. Eight locations of employment, each representing distribution of the survey instrument in different geographic areas resulted in 197 responses. The survey was conducted in November and December of 1981, with nearly 99% rate of return.

The research instrument was a four page survey, containing a demographic information sheet, and three pages of 5 point Likert scale questions concerning consumer psychographic characteristics, product related characteristics and questions on sources of information used by consumers to learn about generics.

Results

Cross classification analysis with Chi-square tests were performed to examine characteristics of generic users and non-users with regard to demographics, psychographics, and behavioristic profiles.

Demographic Profile of Users/Non-Users

The list of demographic variables tested in this study included age, sex, marital status, residence, occupation, household size, income, and education. As Table 1 reveals, however, marital status and occupation were

TABLE 1
DEMOGRAPHIC PROFILE VS. USER/NON-USER

Demographic Profile	Users %	n	Non-Users %	n	Total %	Level of Significance
Status n = 182						
Single	68.57[a]	24	31.43	11	100	p = .0036[b]
Married	89.87	142	10.13	16	100	
Occupation n = 193						
White collar	55.00	11	45.00	9	100	
Professional	90.00	90	10.00	10	100	p = .0035
Blue collar	87.09	54	12.91	8	100	

[a] Read 68.57 of those who are single are generic users.
[b] The differences were statistically significant at this reported level based on X^2 analysis.

the only significant demographic variables that differentiated users and non-users. Data indicate that married people show a greater tendency to use generic products compared to singles. The data also show that even though generics appear to appeal to all occupational categories (white collar, professional, and blue collar), professionals rank first in user status followed by blue collar occupational categories. White collar category seems to rank at the bottom of the user list.

Psychographic Profile of Users/Non-Users

Table 2 indicates that only four of the eleven psychographic dimensions differentiated generic users at the .05 level of significance or better. Compared to non-users, generic users perceive themselves as wise,

TABLE 2
PSYCHOGRAPHIC PROFILE VS. USER/NON-USER

Psychographic Profile	Users %	n	Non-Users %	n	Total %	Level of Significance
Wise n = 168						
Somewhat Wise	92.92[a]	105	7.08	8	100	p = .001[b]
Neutral	70.91	39	29.09	16	100	
Social Class n = 169						
Neutral	88.81	127	11.19	16	100	p = .0445
Somewhat Low	69.23	18	30.77	8	100	
Education n = 173						
Somewhat Educated	93.33	70	6.67	5	100	p = .001
Neutral	78.57	77	21.43	21	100	
Leader n = 174						
Neutral	87.73	143	12.27	20	100	p = .001
Somewhat Follower	45.45	5	54.45	6	100	

[a] Read 92.92 of those who view themselves as somewhat wise are generic users.
[b] The differences were statistically significant at this reported level based on X^2 analysis.

somewhat upper class, better educated, and leader-oriented. Non-users perceive users to be somewhat (foolish), lower in social class, more likely to be uneducated, and follower-oriented.

Results also indicate that generic users have a slight tendency to view themselves and other users as somewhat upper class. The non-users, on the other hand, were more sure that generic users tended to be in the lower social classes. This is interesting in view of the fact that since generics' introduction in the United States in 1977, it was assumed generics' greatest appeal would be to lower-income people, or those who might also be categorized in a lower social class standing.

Similar to the observation made on the significance of the findings regarding perceived social class, users exhibit a tendency to view themselves and other users as somewhat educated, while non-users demonstrate a biased belief unfounded in actual purchase data regarding educational level of observed generic users.

Generic users also have a tendency to view themselves and other users as leader-oriented. On all these psychographic dimensions it appears that a distinct tendency exists for respondents to perceive themselves either to be in a neutral position regarding the specific dimension and its relationship to leadership, or m more importantly, to be toward the positive end of the scale. As respondents tended to perceive themselves and others as neutral on the leadership continuum, a tendency also existed to perceive themselves and others as neutral on the psychographic continuums. However, once leadership perceptions moved away from the neutral position, perceptions on the psychographic dimension (e.g. wise, educated, etc.) followed suit. These observations reveal a leader-oriented sub-population in this study that has very distinct perceptual differences from those who do not perceive the typical generic user as leader oriented.

Behavioristic Analysis

Table 3 indicates that quality perceptions of generics vary between users and non-users. Users are more inclined to remain neutral on generic quality perception versus national and store brands compared to the non-users. Non-users, on the other hand, were more likely to view generics as possessing lower quality when contrasted with national and store brands.

69

TABLE 3
BEHAVIORAL PROFILE VS. USER/NON-USER

Behavioral Profile	Users %	n	Non-Users %	n	Total %	Level of Significance
Quality Perception n = 189						
Lower	58.82[a]	10	41.18	7	100	
Somewhat Lower	79.03	49	20.97	13	100	p = .0005[b]
Neutral	93.58	102	6.42	7	100	
General Evaluation n = 191						
Somewhat Lower	69.86	51	30.14	22	100	p = .0001
Neutral	95.76	113	4.24	5	100	

[a]Read 58.82 of those who view generics as lower quality are users.
[b]The differences were statistically significant at this reported level based on X^2 analysis.

As to the general evaluation of generic products compared to national and store brands, a similar tendency for users to evaluate generics in a more positive vein than non-users was observed. Non-users tended to have a lower evaluation of generics relative to national and store brands.

Table 4 reveals potential sources of knowledge generic users and non-users may use to aid in their decision process. For many respondents, it appears that most

TABLE 4
SOURCES OF INFORMATION ON GENERICS (N=197)

Most of What I Know or Feel About Generic Products was Learned From: Response	Percent of
1. Actual Trial of Generic Products	32.2
2. Listening to Others Talk About Generics (Others Who Have Tried Them)	26.3
3. Reading About Generics	16.5
4. Store Advertisements	16.0
5. Subjective Impressions, Opinions That I Hold Without Factual Evidence	7.9
6. Store Personnel	.1
Total	100.0[a]

[a]Sum may not exactly equal 100 on account of rounding procedures.

generic knowledge was gained from trial experience. However, a large percentage of respondents (26.3%) reported most of what they feel or know about generics was learned from listening to others who have tried generics. Respondents also gain information on generics through reading about them (16.5%), or seeing store advertisements (16%). Only a small percentage (7.9%) indicated that they used subjective impressions to build their knowledge base regarding generics. Table 4, however, does not give an indication of whether or not the gained knowledge from these sources would be used to actually try or purchase generics.

Table 5, indicating sources of influence in purchasing generics, shows that "a friend recommending a generic" appears to be the most important input in a consumer's decision to try or purchase a generic product. 80.9% of consumer incentives to try generics are based on friends' evaluations, reading literature on generics, and actual home consumption experience. Since part of generics' low price appeal is that price does not normally include advertising cost, it was expected that advertising would be a low incentive device to get consumers to try a generic product. It is interesting to observe that consumers appear to have decided on whether or not to purchase generics before they enter a store. In other words, the fact that a store carries generics does not seem to be a sufficient incentive to get consumers to try or use generics.

TABLE 5
SOURCES OF INFLUENCE IN BUYING GENERICS

Which of the Following Would be Most Likely to Get You to Try a Generic Product? Response	Percent of
1. A Friend Recommending It	28.1
2. If Served at a Friend's House	22.7
3. Reading Literature on Generics	16.4
4. If Served to You at Home	13.7
5. In-Store Display	7.7
6. Advertisements Seen or Heard	6.5
7. Other	3.9
8. The Influence of Store Personnel	.1
Total	100.0[a]

[a]Sum may not exactly equal 100 on account of rounding procedures.

Discussion

The study reveals that demographic characteristics, except for marital status and occupational categories, were not sufficiently significant to differentiate between users and non-users of generics. However, the tendency for married people to be predisposed toward generic use, as well as the tendency for professional and blue-collar categories to be more inclined to use generics has connotations for marketing strategists.

The psychographic profile reveals four dimensions that differentiate the generic user from the non-user. Users tend to view themselves as wise, educated, higher in social class, and leader-oriented in their purchase behavior. Non-users, on the other hand, do not view users as wise, but perceive them as lower in social class, in educational status, and follower-oriented in their purchase behavior. The behavioristic profile also indicates differences in quality perception and general evaluation of generic products between users and non-users. In the case of quality perception, for instance, users tended to perceive generics as having higher quality than non-users. Users' general evaluation of generics also tended to be higher than non-users. This suggests that the mere trial or use of generics may be sufficient to enhance quality perceptions of these products.

Finally, it appears that users are highly dependent upon interpersonal means of communication for information on generics. While trial of a generic product is still important in formulating an opinion toward generics, it appears that "friends'" discussions or recommendations can have a significant influence in getting the consumer to try generics in the first place.

Implications

It appears that users and non-users of generics are arriving at sufficiently different conclusions as to what type of person purchases or uses generics. In this study, users were found to be more likely married, from the professional or blue collar categories, and are satisfied with their generic purchase/use behavior. Such information can be valuable to the retailers' target marketing strategy.

The non-users may be maintaining their current non-use of generics and their corresponding negative psychographic impressions of users as a defensive mechanism to help reduce the uncertainty regarding the value of the generic purchase, or because of status or social class considerations, or simply because they have tried generics and were sufficiently dissatisfied to continue

sampling.

Since friends' evaluations have been shown to be important influences in the decision to try and adopt generics, the non-users may be exposed to conflicting information. On the one hand they observe users as satisfied but perceive themselves as followers. On the other hand, they may have talked to their non-user friends, they may have been exposed to publicity pro or con regarding generics, or have tried a generic that dissatisfied them - all of which only add to their confusion.

To the retailer this information implies that an informational, education-oriented campaign is needed to persuade the non-users as to the benefits and value of the generic alternative, and to satisfy the informational needs of users since it is the non-user market that holds most negative beliefs about generics. These beliefs by non-users are most likely manifested in evaluating the retailer too. As a non-user learns more about generics through discussion with other non-users, he is likely to remain a non-user. The reason for this tendency is that generics do not use image creation advertising or sales promotional techniques found in the marketing of national and store brands. As a result, if the non-user currently possesses a negative attitude toward generics and generic users, this attitude is likely to persist.

Both users and non-users seek more information, the user group probably to gain economic advantage in times of rising food costs, uncertain employment picture, depleted savings, and volatile prices; the non-user to relieve their apparent confusion and to gain economic advantage. However, adoption is a process, and retailers' tactics used to move non-users as well as "seldom" and "occasional" users toward the regular user category will certainly benefit both the consumer as well as the retailer.

References

Joseph A. Bellizzi, Harry F. Krueckberg, John R. Hamilton, and Warren S. Martin, "Consumer Perceptions of National, Private, and Generic Brands," Journal of Retailing, 57(Winter, 1981) 57-70.

Willard R. Bishop, "Generics: The Evolution of the Species," Progressive Grocer, (March, 1982) 27.

Charles G. Burck, "Plain Labels Challenge the Supermarket Establishment," Fortune, 99 (March, 1979) 70-76.

James W. Cagley, Lester A. Neidell, and Louis E. Boone, "The Wheel of Retailing Squeaks but Turns: Generic Labeling in Supermarkets," in Marketing in the 80's, Changes and Challenges, Richard P. Bagozzi et al., eds., (Chicago: American Marketing Association, 1980) 184-187.

J.S. Coyle, "How to Cut Your Food Bill by 20% A Week," Money, (September, 1978) 36-38.

James F. Engel, David T. Kollat, and Roger D. Blackwell, "Diffusion of Innovations," in Corporate Strategy and Product Innovation, Robert Rothberg, ed., 2nd edition, (New York: The Free Press, 1981) 472-481.

Kent L. Granzin, "An Investigation of the Market for Generic Products," Journal of Retailing, 57 (Winter, 1981) 39-55.

Ken Kono and Michael D. Bernacchi, "Are Generic Products a Fad or a Long-Lasting Market Phenomenon?: The

Future of Generic Products," in Marketing in the 80's, Changes and Challenges, Richard P. Bagozzi et al. eds., (Chicago: American Marketing Association, 1980) 191-193.

Philip Kotler and Gerald Zaltman, "Targeting Prospects for a New Product," Journal of Advertising Research, 16 (February, 1976) 7-18.

Randall Nevils and Harvey Sundel, "The Emergence of the Generic Product and a Profile Analysis of Its User: Next Turn of the Retailing Wheel of Retailing?" Southwestern Marketing Association Proceedings, Robert C. Haring et al., eds., (Charleston, S.C.: The Citadel, 1979) 84-85.

"No-Frills Food: New Power for Supermarkets," Business Week, 23 (March, 1981) 70-80.

Jim Parks, Generics in Supermarkets: Myth or Magic, (Northbrook, IL: A.C. Nielsen Company, 1981).

Everett M. Rogers, and F. Floyd Shoemaker, Communication of Innovation, 2nd ed. (New York: The Free Press, 1971).

Dan Sarel and Murphy A. Sewall, "An Exploratory Investigation of the Managerial Implications of 'Generic' Brands," in Marketing in the 80's, Changes and Challenges, Richard P. Bagozzi et al., eds., (Chicago: American Marketing Association, 1980) 188-190.

William P. Smolka, "Marketing Tools No Longer Adequate," Progressive Grocer, (May, 1982) 33.

R.A. Strong, B.F. Harris, and A.C. Hernandez, "Consumer Trial of Generic Products in Supermarkets: An Exploratory Study," AMA Proceedings: 1979, (Chicago: American Marketing Association, 1979) 386-388.

"Tactics in Supermarket Wars," Progressive Grocer, (April, 1982) 72.

Peter C. Wilton and Edgar A. Pessemier, "Forcasting the Ultimate Acceptance of an Innovation: The Effects of Information," The Journal of Consumer Research, 8 (September, 1981) 170.

JoAnn Zbytniewski, "Lower Store and Brand Loyalty and More Splintering in Wants," Progressive Grocer, (October, 1979) 118.