
Executive summary and implications for managers and executives

Executive summary of “Understanding brand loyalty of the store brand’s customer base”

This summary has been provided to allow managers and executives a rapid appreciation of the content of the article. Those with a particular interest in the topic covered may then read the article in toto to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present.

Recent years have witnessed significant growth in demand for store brands (SBs). This explosion has been especially strong in various European nations, with Spain the most striking example. Market penetration of SBs has reached 51 per cent, a figure second only to Switzerland and ahead of countries in the EU traditionally enjoying high penetration rates. Statistics show that 92 per cent of consumer in Spain purchase retailer brands.

Rising demand for SBs has prompted retailers to increase the number of their SB offerings and extend into new product categories. Positioning the brands as low-priced yet with quality similar to that of manufacture brands is a major factor in their success.

At the outset, SBs were widely perceived as cheap, inferior alternatives to national brands. But competing on price helped establish these offerings in the market. Their appeal proved to be especially strong to price-conscious shoppers. Low price has since remained a positive factor for those purchasing SBs, whereas many other consumers associate low price with poor quality. Those skeptical towards SBs typically regard manufacturer brands as superior in terms of quality and thus a less risky proposition. Such perceptions are often based on both exterior and intrinsic features. Brand name and packaging are examples of the former, while the latter might include sensory attributes, ingredients and nutritional value.

Perceived value is sometimes regarded as being determined by the relationship between price paid and perceived quality obtained. Given the acknowledged quality improvements of SBs, retailers claim that these offerings provide a better price/quality ratio than manufacturer brands. Value for money claims are consequently key in efforts to secure a competitive edge.

Few of the numerous studies exploring brand loyalty have focused on SBs. Doubts surrounding their capacity to provide value to consumers and inspire loyalty are cited as reasons for this void. A concentration on behavioral loyalty has

characterized the limited research to be carried out. Attitudinal loyalty is widely seen as more important because it reflects deeper emotional and psychological commitment to a brand which extends over the longer term.

When consumers perceive that a brand offers value they develop favorable associations to that particular brand. This is important given that these associations precede brand loyalty. Key among brand associations is consumer belief that buying SBs reflects “smart shopping” because of the value for money obtained.

Previous work has implied that perceptions of value and loyalty towards a brand or establishment can vary depending on the level of SB consumption. Research has also determined that tendency to purchase SBs is greater among those regarded to possess “shopping expertise”. Such consumers rely more on intrinsic cues and are confident in the quality of retailer brands. It is therefore mooted that the knowledge possessed by heavy users of SBs identifies them as expert consumers. Belief in the value of SBs to these shoppers is based on perceptions of an attractive price combined with qualities regarded as comparable to that offered by manufacturer brands.

Rubio *et al.* conduct a study involving customers of five leading hypermarket and supermarket chains operating in Spain. Those selected had main responsibility for household shopping and experience of buying SB food products. Subjects completed a self-administered questionnaire regarding their perceptions of and loyalty to SBs and how they identify with these brands. Participants were aged from below 34 to over 64 and women accounted for 74.53 per cent of the 804 usable responses obtained.

Results indicate that:

- value for money has a greater impact on loyalty to SBs as usage of SBs increases;
- greater SB usage decreases the indirect effect on loyalty of smart shopping associations;
- perceived value for money is the main loyalty driver for heavy buyers of SBs;
- loyalty among medium and light SB buyers is less but grows as their perception that retailer brands offer value for money increases;
- price consciousness has a greater impact on heavy SB users than quality consciousness;
- for medium SB users, price and quality have a comparable impact on value for money perceptions; and
- perception of the value of SBs among light users SB is greater among those who are more price conscious. These shoppers view retailer brands as an “economic alternative”. Those identified as being more quality conscious have lower belief that SBs offer value for money and retailer brands thus appeal less to such consumers.

Based on this evidence, the authors advise retailers targeting heavy SB users against increasing the prices of their own brands. The appeal to such users is the opportunity to obtain quality similar to manufacturer brands at a substantially more appealing price. Perceived decrease in value of SBs is likely in the event of higher prices.

On the other hand, a marginal increase in price is likely to be accepted by medium SB users. But this should be mirrored by an equivalent rise in quality to maintain the balance this segment attaches to these characteristics. Rubio *et al.* believe

that better communication might help to increase use of premium SBs among these consumers.

Where light SB users are concerned, the recommendation is to engage in efforts to reduce the perceived quality gap between retailer brands and manufacturer brands. Price will then become a more influential attribute and increase the appeal of SBs. In the authors' view, this group of consumers is likelier to restrict purchase of SBs to categories where they have established a firm presence.

Retailers might in addition invest in advertising which emphasizes both extrinsic and intrinsic attributes of SBs. Another suggestion is to ensure that important details such as nutritional information are included on packaging so that shoppers can make point-of-sale comparisons. Buyer positivity

towards SBs could also be enhanced through such as free samples and blind tests which compare different products. Promotional activities can help inform consumers that lower marketing costs rather than inferior quality are why prices of SBs are cheaper compared to manufacturer brand alternatives.

Future work might investigate behavioral loyalty and examine different product categories, retailers and national contexts.

To read the full article, enter 10.1108/JPBM-03-2015-0822 into your search engine.

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