Australasian Marketing Journal 20 (2012) 171–177

Contents lists available at SciVerse ScienceDirect

Australasian Marketing Journal

journal homepage: www.elsevier.com/locate/amj

Value-for-money perceptions of supermarket and private labels

Magda Nenycz-Thiel *, Jenni Romaniuk [1]

University of South Australia, School of Marketing, GPO Box 2471, Adelaide SA 5001, Australia

ARTICLE INFO

Article history:
Received 27 May 2011
Revised 3 November 2011
Accepted 15 December 2011
Available online 20 February 2012

Keywords:
Private label
Supermarket
Image
Value-for-money

ABSTRACT

Private labels are becoming more sophisticated, spanning many price-quality tiers and categories. As such, private label branding is evolving and retailers have to pay greater attention to factors that affect private label perceptions. One of such factors is the value-for-money perception of the supermarket, which is important both in terms of its competitiveness and the private labels it carries. The aim of this paper is to examine the relationship between value-for-money perceptions of a supermarket and perceptions that the private labels it offers are also value-for-money. We find a positive relationship between value-for-money perceptions of a supermarket and value-for-money perceptions of its private labels, which is stronger for private label non-users. Given that most private labels are not advertised, knowing that non-users of private labels form associations based on the store image is important for private label managers who want to grow the customer base of their private labels. For premium private labels we find that if a premium private label is the only private label in a category, it is perceived just like the traditional private label, suggesting a benefit in offering at least two tiers of private labels. Our findings provide implications for retailers in regards to their private label branding strategies.

© 2012 Australian and New Zealand Marketing Academy. Published by Elsevier Ltd. All rights reserved.

1. Introduction

Private labels (aka, "store brands" or "home brands") are brands that the retailer owns and distributes selectively (Schutte, 1969). Private labels are important to retailers as they have the potential to drive store loyalty and earn higher profitability than national brands (Collins-Dodd and Lindley, 2003; Sethuraman, 2006). Indeed, all around the world, retailers continue to invest in private labels, introducing new lines and several price quality tiers. As such private labels are becoming more sophisticated. One important consideration for retailers when introducing private labels are the factors that can affect the perceptions of the private label brand. One of such factors is the image of the retailer (Bao et al., 2011). This is because of private label restricted distribution and frequent use of retailer branding in the private label name (e.g., Woolworths Select) (Dongdae and Hyman, 2008). Therefore, the image of the retailer is likely to transfer to the image of its private label. This link between the two images is particularly important for brand equity attributes that are relevant to a retailer and a private label brand, such as value-for-money. The investigation of this link between value-for-money perception of the retailer and private labels of different tiers it offers is the focus of the paper.

The perception that private labels offer value-for-money is one of the strongest links in consumer memory about private labels (Baltas et al., 1997; Putsis and Dhar, 2001). This positioning is a major point of their competitiveness against national brands (Sethuraman, 2000). Consumers have come to expect that private labels should offer value-for-money (Dick et al., 1995; Bellizzi et al., 1981; Cunningham et al., 1982). Indeed, the link is so strong that seeing a private label can prime a consumer to think of value-for-money as an attribute (Zeithaml, 1988).

The perception that a supermarket is offering value-for-money is important for a supermarket's success, as evidenced by the common Every Day Low Pricing (EDLP) policies, popularized by retailers such as Wal-Mart (Ellickson and Misra, 2008). This argument gains further reinforcement by ACNielsen research showing that value-for-money was the most important influencer of grocery store choice in 2008 globally (Nielsen, 2008). The importance of value-for-money positioning will most likely continue in the future; as noted by Sweeney and Soutar (2001, p. 201) 'perceived value, a strategic imperative for producers and retailers [...] will be of continuing importance into the twenty-first century.'

The possible transfer of value-for-money associations is likely to influence the choices managers make in relation to the branding and positioning of private labels within a supermarket's portfolio. This issue is especially important as private labels continue evolving to include a new class, referred to as premium private labels. Premium private labels are different from traditional private labels, as the investment in packaging, branding and advertising for premium private label products is far greater than that for traditional

* Corresponding author. Tel.: +61 8 830 29172; fax: +61 8 830 20442.
E-mail addresses: Magdalena.Nenycz-Thiel@unisa.edu.au (M. Nenycz-Thiel), Jennifer.Romaniuk@unisa.edu.au (J. Romaniuk).
[1] Tel.: +61 8 830 20706; fax: +61 8 830 20442.

1441-3582/$ - see front matter © 2012 Australian and New Zealand Marketing Academy. Published by Elsevier Ltd. All rights reserved.
doi:10.1016/j.ausmj.2011.12.002

private labels (Kumar and Steenkamp, 2007a). Often these premium private labels do not compete based on price, but seek to differentiate themselves on other attributes such as quality (e.g., Tesco Finest) or being organic/healthy (e.g., Sainsbury's Healthy Living) (Kumar and Steenkamp, 2007b). For example, in the UK, Tesco Finest chocolate is the same cost, £1.09, as Lindt; a premium national brand. This higher pricing weakens the dependence on value-for-money perception for this sub-class of private labels, which might mean that the relationship between perceived supermarket value-for-money and private label value-for-money is weaker for this class of private labels.

The increased sophistication of private label brands implies that retailers must pay greater attention to understanding factors that may affect perceptions of different tiers of private label brands. Therefore, the aim of this research is to examine the relationship between the consumer's perceptions of the supermarket offering value-for-money, and the private labels of different tiers within the supermarket offering value-for-money. Additionally, this paper examines the impact of direct/non direct experience with the brand on the supermarket-private label value image relationship.

The organization of this paper is as follows. The paper opens with the relevant literature, which forms the basis for the hypotheses. A description of the data sets and analysis approach follow. The next section presents the results, followed by the conclusions, implications and avenues for future research.

2. Conceptual background and hypotheses

Retailers, wholesalers, or distributors sponsor and selectively distribute private labels (Schutte, 1969). As the fastest growing group of brands around the world (Steenkamp et al., 2010), private labels are important to retailers to maintain profitability and competitiveness (Corstjens and Lal, 2000).

The vast majority of private labels cost less than manufacturer brands (Kumar and Steenkamp, 2007b). A large body of literature provides evidence that private labels attract price conscious consumers (see Sethuraman, 2006, for a review of 23 studies). However, those who buy private labels are equally quality conscious (e.g., Batra and Sinha, 2000; Corstjens and Lal, 2000; Morton and Zettelmeyer, 2004), which suggests that consumers do not shop for private labels just because they are cheap. Rather, successful private labels have an adequate quality level, while at the same time attractive prices. This trade-off between product quality (positive linkage) and monetary sacrifice (negative linkage) forms the basis for consumers' perceptions of value-for-money (Teas and Agarwal, 2000).

The perception that a private label is a value-for-money offering is crucial for private labels to attract customers. Value-for-money is a quality that defines the schema of private labels in consumer memory (Nenycz-Thiel and Romaniuk, 2009), making value-for-money a key attribute to facilitate retrieval of private label brands from a consumer's memory.

2.1. The supermarket-private label image relationship

Similar to brand image, supermarket or retailer image is 'the complexity of consumer perceptions of a supermarket on different attributes' (Bloemer and Odekerken-Schröder, 2001, p. 1). The literature uses a range of attributes to describe supermarket image. For example, Doyle (1975) suggest product, price, assortment, styling and location; Collins-Dodd and Lindley (2003) recommend variety, product quality, low prices, value-for-money and packaging, Bearden (1977) focuses on price, quality, assortment, atmosphere, location, parking facilities and friendly personnel, while Merrilees and Miller (2010) name merchandise quality, store design, staff service, low prices and retailer brand attitudes.

There are three reasons why the relationship between supermarket and brand image is more relevant for private labels than for national brands. The first reason is selective distribution; where one can encounter a particular private label only in conjunction with one supermarket. The second reason is that the majority of private labels include the supermarket name or logo in the brand or on the packaging (endorsed umbrella branding) (Collins-Dodd and Lindley, 2003). Examples in the UK include Sainsbury's Basics and Tesco's Finest. Thus, private labels are similar to a brand extension (Laforet, 2008) and the associations with the retailer brand should also spread to the extension brand which, in this case, are private labels (Dongdae and Hyman, 2008). The third reason is that private labels rarely receive supermarket-independent advertising that would allow these brands to develop their own identity independent of the supermarket. Therefore, consumers learn about private labels predominantly within the context of the supermarket environment or the supermarket image. Therefore, the supermarket image may act as a facilitator or inhibitor for private labels developing a particular image.

Indeed, past studies show that store image positively relates to private label quality perceptions (Dick et al., 1995; Semeijn et al., 2004; Bao et al., 2010). More specifically, findings show that perceiving a supermarket to be value-for-money positively relates to the overall image of private label products (Collins-Dodd and Lindley, 2003) and to their perceived quality (Vahie and Paswan, 2006). However, none of these studies investigate the individual link between value-for-money perceptions held by a consumer for a specific supermarket, and that same consumer's value-for-money perceptions of the individual private labels within that supermarket.

Based on the strong link between the supermarket and the context of how consumers learn about private labels, the first hypothesis considers the examination of specific supermarket-private label brand relationships. Therefore, the first hypothesis is that:

H1. Supermarket perceptions of value-for-money relate positively to private label brand perceptions of value-for-money.

2.2. Premium private labels: a special case?

Traditionally, private labels' prices have been lower than national brands'. The price differential can happen if retailers avoid spending on advertising for these brands, invest very little in product innovation, and use plain, inexpensive packaging. However, today, in line with the price structure within categories, retailers often offer several tiers of private labels (Kumar and Steenkamp, 2007b). A three-tier system usually comprises a value, mid-tier and a premium offering (e.g., Tesco Value, Tesco and Tesco Finest brands). The most recent innovation in the private label landscape is the introduction of the last tier, premium private labels. According to Aaker and Keller (1990), one of the conditions for a successful transfer of associations, is the fit between the core brand (in this case the supermarket) and the parent brand (here a private label) (Laforet, 2008).

However, premium private labels differ from other private labels in the core elements of the marketing mix (Kumar and Steenkamp, 2007b). These private labels engage in more advertising, have higher prices and more attractive packaging than value private labels. This additional investment in the marketing mix means that premium private labels, almost as a necessity due to higher costs, also compete less on price differentials, and more on other attributes, such as quality. These private labels rely less on value-for-money perception, and more on other qualities, coming from advertising and the sub-brand name. Therefore, when encountering premium private labels, consumers would be more likely to think of product qualities other than value-for-money.

متن کامل مقاله
دریافت فوری

ISIArticles
مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات