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The relationship between store image and store brand equity: A conceptual framework and evidence from hypermarkets

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ABSTRACT

Retailers are making considerable efforts to improve their brand management. The challenge they face, however, is how best to integrate coherently their stores, as brands, and their various distributor brands (store brands, private labels, etc.), in order to increase their brand equity and offer the market differential value that will stimulate customer loyalty. From this perspective, it is crucial for retailers to investigate the relationship between the store and their own brands. This study proposes two theoretical models showing the mechanism whereby store image helps increase the equity of a specific type of distributor brand (the store brand). The approach used in this analysis is based, on the one hand, on defining brand equity through its components, using the model in Aaker (1991), and on the other, on including (social and strategic) corporate dimensions in measuring store image. The empirical research made in the hypermarket sector in the Basque province of Gipuzkoa backs the majority of the proposed hypotheses. The results show that store image can be used by retailers to influence all components of store brand equity, essentially through its commercial and strategic dimension. This research is intended to address the clear lack of research on store brand equity.

1. Introduction and background

Distributor brands have often been considered as simple products targeted at a price-sensitive public and not as "brands" per se. Part of the reason for this is attributable to the distributor brands themselves, which in the 1970s and 80s chose to disclaim any such identification, presenting themselves in society as the great consumer defenders, that would free customers from the yoke of manufacturers' brands (Chétochine, 1992) by providing generic products at a considerably lower price. Since then, however, their strategic focus has tended to be brand-oriented (careful packaging, higher quality, search for a differentiated identity) (Ollé and Riu, 2009). As a result, they are increasingly seen by consumers as brands (Kapferer, 2008). It is nonetheless important to remember that distributor brands are a broad group and approaches to them vary greatly from one type to another. The way store identity is managed has also become more sophisticated (Floor, 2006), with an enlargement to, and more precise delimitation of, the brand associations to be aroused, and increased attention on projecting that identity. These improvements have enabled the development of a more nuanced image, which goes beyond merely functional brand associations to embrace aspects related to the store's corporate behaviour. All of these factors reflect an increased interest in brand as a competitive weapon in the field of retailing.

At the same time, distributor brand strategies developed over the years show a systematic use of the "store". The name of the store is made to coincide with the distributor brand or it is used as a support for own brands, in order to increase their equity and, consequently, the loyalty they induce. But, moreover, distributor brands form part of the overall assortment offered by the retailer (Grewal et al., 1998; Pettijohn et al., 1990), which is an important component of store image. Store brands therefore provide an opportunity to build store image and retailer equity (McGoldrick, 2002) and, ultimately, to generate store loyalty. This underscores the two-way relationship between the store and its distributor brands (Collins-Dodd and Lindley, 2003), which poses an important challenge for retailers: how to coherently integrate their store brands and their various distributor brands (store brands, private labels, etc.) in order to increase their brand equity.

This study seeks to provide a more in-depth understanding of that relationship (between store image and distributor brand equity) in the specific case of store brands (brands that bear or suggest the name of the store), which are the brands with the closest relationship with the store (Sheinin and Wagner, 2003). The overall purpose is to establish guidelines for getting the most from this relationship with a view to increasing the value the distributor offers the market and encouraging customer loyalty.

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Few studies refer to the equity of the distributor brands, although distributor's brands can enjoy brand equity (De Wulf et al. 2005). With regard to the subject of our study, some authors have approached the relationship between store image and store brand equity by examining the effect of store image on consumer assessment of these brands (Semeijn et al. 2004), perceived quality (Cudmore, 2000), or image (Collins-Dodd and Lindley, 2003; Vahie and Paswan, 2006). We have chosen to analyse that relationship using the components of brand equity in the model given in Aaker (1991), which provides a complete and integrating approach to the concept of brand equity. Moreover, these components include loyalty, thus enabling us to examine the relationship between store image and loyalty to store brands, an aspect that has not previously been studied in other works. The first of the models we propose therefore studies the relationship between the store image and equity components of store brands (based on Aaker's model). The specific purpose of this model is to determine the main components through which store image contributes to increase store brand equity.

Secondly, basing ourselves on the work being carried out by stores to enrich their brand image using corporate aspects and with a view to providing an even closer picture of the object of our study, we propose a second model relating the different dimensions of store image and store brand equity. To achieve this, we define store image from a broader perspective than that often found in the literature, including not only the commercial, but also the corporate side. The specific purpose of this second model is to identify the dimensions of store image that are most relevant for their impact on store brand equity.

The remainder of the paper is structured as follows. The next section develops a conceptual framework based on store brand equity and its antecedents. We then review literature relevant to the relationship among the constructs and propose the research hypotheses. This is followed by a description of the research methodology adopted. The results are discussed subsequently. Next the theoretical implications and implications for managers are provided. The article concludes by suggesting directions for future research.

2. Conceptual framework

Fig. 1 sets out our conceptual framework of store brand equity, which is an extension of Aaker's model (1991). Aaker proposes that (1) brand equity creates value for both the customer and the firm, (2) value for the customers enhances value for the firm and (3) brand equity consists of multiple dimensions. We extend this model in two ways. First, we replace brand equity with store brand equity. Second, we add antecedents of brand equity, specifically store image and store brand's price, assuming they have a significant effect on store brand equity.

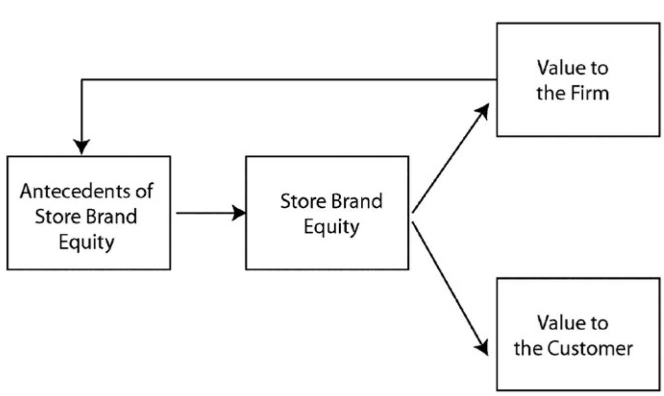

Fig. 1. A conceptual framework of Store Brand Equity.

The extension of Aaker's model is based on the premise that branding can be applied to store brands. For consumers in mature countries, store brands are perceived as genuine brands, with their attributes of awareness and image always combined with an attractive price. This is because many stores currently offer a portfolio of distributor brands with a capacity for customer attraction and a quality comparable to manufacturer's brands (Ollé and Riu, 2009). From a managerial point of view store brands are, broadly speaking, brands like any other (thinking of a particular target, defining an offer and price, setting themselves up with packaging and communication). However, they are subject to two important limitations (Kapferer, 2008): (1) their image positioning is based on that of the store and (2) they generally use price as the driving force behind their own marketing mix, even when, exceptionally they are positioned in a premium segment. This suggests that the store's autonomy in influencing its distributor brand equity is limited, to a large extent, by store image and price, underscoring how important these variables are from the perspective of managing store brand equity.

2.1. Store brand equity and its components

The concept of store brand equity is based on the concept of brand equity, which has been defined from different perspectives in the field of marketing.

Aaker (1991) defines brand equity as "*a set of brand assets and liabilities linked to a brand, its name and symbol, that addto or subtract from the value provided by a product or service to a firm and/or to that firm's customers*". Rust et al. (2000) consider brand equity to be "*the customer's subjective and intangible assessment of the brand, above and beyond its objectively-perceived value*". Keller (1993), finally, defines brand equity as "*the differential effect of brand knowledge* (consisting of awareness and image) *on consumer response to the marketing of the brand*".

Integrating all these perspectives, and in general terms, brand equity can be said to refer to a set of components (assets and liabilities linked to a brand) that flow into a global and subjective value associated with a brand, generating a differential response from consumers.

Many researchers have sought to study and measure the components of brand equity, in order to estimate brand equity (Martin and Brown, 1990; Irmscher, 1993; François and Maclachlan, 1995; Lassar et al., 1995; Agarwal and Rao, 1996; Arnett et al., 2003; Villarejo and Sanchez, 2005; Broyles et al., 2009). In this work, using the same approach, we will define and measure store brand equity using its components, based on a specific model: Aaker's model. These components are as follows: perceived brand quality, brand loyalty, brand awareness and brand associations. We shall define them in the following terms:

The *perceived quality of the brand* can be conceived as a consumer's subjective overall judgement of the excellence or superiority of a product, resulting from a process of evaluating its various attributes (intrinsic and extrinsic), each of which will have greater or less importance depending on situational and personal factors (Zeithaml, 1988).

Brand loyalty represents behaviour of repeated non-random purchase displayed over time by a unit of decision that can choose between different brand alternatives, and, which is the result of psychological processes (cognitive, emotional and connative) and social processes that result in a commitment to a given brand (Dick and Basu, 1994).

Brand awareness comprises the consumer's ability to recognise or recall a brand when s/he is exposed to a given product category (Rossiter and Percy, 1987).