Single-brand retailers: Building brand loyalty in the off-line environment

Robert Jones *, Youn-Kyung Kim [1]

Department of Retail, Hospitality and Tourism Management, University of Tennessee, 1215W. Cumberland Avenue, Knoxville, TN 37996-1911, USA

A B S T R A C T

This article examines retail branding in the single-brand retail environment. Single-brand retailers sell only private label brands, which are generally the name of the store. The foundation of this research is based on prior calls in the literature to examine private label and retail branding. This article examines the role of self- and social-identification and affiliation with a brand community and the effect of brand community on loyalty. The results indicate that self-identification positively impacts social-identification, which positively impacts brand community, which is found to have a positive impact on brand loyalty.

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1. Introduction

Retail in the past few decades has witnessed intensifying competition and experienced arguably as much change as any major industry in the world. This change first arose from the growth of warehouse clubs in the 1970s and "category killer" retailers in the 1980s, followed by the introduction of the internet in the 1990s, which has led to the continuous growth of e-commerce. These changes created increased pressure from both intra- and inter-format competitors (Ailawadi and Keller, 2004). Retailers responded with a variety of strategies to address these increased competitive pressures, some of which incorporated branding. Specifically, retail has seen an accelerated trend in two strategies: private label (Ailawadi et al., 2008) and single-brand retailing. Of these two, private label has received far more attention in the literature (e.g., Ailawadi and Harlam, 2004; Srinivasan et al., 2004). However, the uniqueness of the single-brand retailing, with its reliance on one brand, highlights a distinct gap in the branding and retailing literature.

Brands are assets and sources of competitive advantage for both manufacturers and retailers (Barney, 1991; Keller and Lehman, 2006; Runyan and Droge, 2008). Brands offer customers a tangible example of their brand statement through their products and/or experiences, which they provide to the marketplace for consumers. The branding elements help establish preference for particular products and/or retailers in the consumer's mind. The most common retail practice is to sell an assortment of manufacturers' brands within a single store, which is the major driver of sales revenue (Ailawadi and Keller, 2004). Competition

between retailers increases when each carries the same brand names. Thus, multi-brand retailers (e.g., Macy's, Home Depot) build "own brands" by linking their name with unique service, product assortments, atmospherics, etc. as a differentiation strategy (Ailawadi and Keller, 2004). Retailers have engaged in private label differentiation strategies (e.g., Arizona Jeans at Penney's), as well as utilizing exclusive co-brand agreements with other national brands (e.g., Isaac Mizrahi at Target) in an attempt to reduce intra-format competition. The strategy in both cases is to increase profit through decreased competition caused by reduced ability of the customer to form comparisons.

Single-brand retailers extend private label to its ultimate expression. They utilize an "own brand" strategy for virtually all of the products sold in their stores and on their websites. Examples of these retailers in the marketplace include Gap®, American Eagle®, and Bath and Body Works®. These retailers utilize the single-brand strategy to effectively eliminate price and product comparisons, which are inherent in a multi-brand offering. This strategy, however, is not without risk. Single-brand retailers predicate success entirely based on the customers' loyalty to their brands.

Single-brand retailers, similar to any retail brand, differ slightly from branding as applied by manufacturers (Ailawadi and Keller, 2004). Manufacturer brand perceptions are set in the customers' mind when manufacturers generate marketing messages (e.g., advertising, packaging, styling) tailored specifically to the product itself (Keller and Lehman, 2006). Single-brand retailers, however, must incorporate more than just the product in their brand messaging; they often introduce multiple brand cues beyond the advertising, styling, and packaging of the product, which may also include store atmospherics (lighting, music, color). Additionally, they may also include sales personnel to convey and reinforce the brand message. These brand messages help establish unique bonding points between brand and consumer, through which

* Corresponding author. Tel.: +865 974 1848.
  E-mail addresses: rjones86@utk.edu (R. Jones), ykim13@utk.edu (Y.-K. Kim).
  [1] Tel.: +865 974 1025.

the single-brand retailer hopes to increase consumers' propensity to shop and spend (Turley and Milliman, 2000). Successful brands create tight bonds with their consumers insulating them from competition, encouraging growth even during periods of negative economic change (Ailawadi and Keller, 2004). While manufacturers are often in control of only the initial marketing message for the brand, single-brand retailers remain in control of the entire brand message.

Attention to brand message details can be maintained in-store; however, the external environment has become increasingly difficult to manage. Consumers' access to a variety of communication channels and community complicates single-brand retailers' ability to maintain consistency in their brand message. The inability to control consistency of the brand message puts single-brand retailers at high risk for weakening their overall brand image (Kwon and Lennon, 2009). As Elliott and Wattanasuwan (1998) note, brand message consistency adds comfort and value to consumers facing a rapidly changing social environment.

The recent literature offers a variety of viewpoints regarding gaps in the brand literature and the need for additional research in particular as it relates to retailers. The call for new insight includes examining the retailer as a brand, brand experience, brand relationships with the consumer, brands and the internet, brand elements, and private label (Ailawadi and Keller, 2004; Ailawadi et al., 2008; Keller and Lehman, 2006). Ailawadi et al. (2008) focus, in particular, on the goal of retailers to build loyalty through the use of private label. Additional calls for research on retail brands can be found in the literature; unfortunately these calls do not include the single-brand retailer (Grewal and Levy, 2009). The need for further research into both retail brands and private label are foundational to the study of single-brand retailers.

Further specific calls to fill gaps in the extant literature address brand community as it relates to brand identification (Keller and Lehman, 2006) and the integration of brand elements, community, and social networking (Keller and Lehman, 2006). All of these are crucial for the success of today's retailer. Each tool can enhance the brand when used correctly or dilute it when used poorly. The current focus is on brand identification and community as they relate to brand loyalty (Ailawadi and Keller, 2004; Ailawadi et al., 2008; Keller and Lehman, 2006).

2. Single-brand retailers

The literature is virtually silent on single-brand retailers. Single-brand retailers hold a unique position in the retail marketplace as their "brand" is synonymous with their store. Single-brand retailers are the quintessential private label marketers, which creates a unique opportunity to examine private label performance in the extreme. Ailawadi et al. (2008) have noted that the consumer and her attachment to the brand apply at a heightened level when the setting is a single-brand retailer.

Single-brand retail as a targeted marketing strategy is relatively new. While there are examples of retailers going back decades, which grew into single-brand retailers (e.g., McDonald's®, Brooks Brothers®), these examples tended to be purveyors of limited products, and product was the driving component to the retail strategy. Today, single-brand retail is a market strategy designed to market to consumers through a highly specialized niche consisting of a common brand, which may have a broad number of categories.

Single-brand retailers almost uniformly exploit a dense composite of brand message cues in their stores. Single-brand retailers such as Abercrombie and Fitch®, Victoria Secret®, Banana Republic®, and Starbucks® use layers of defined brand message cues (e.g., task and ambient lighting, customized fixturing) to differentiate themselves from their competitors while simultaneously enhancing the definition of the brand for their consumers. The result is a stronger brand association and higher consumer interaction with the single-brand retailer (Turley and Milliman, 2000).

Successful brands incorporate messaging designed to connect consumers to the brand platform. The use of these brand elements helps to reinforce the consumers' self-perception as well as aspiration as they identify with the brand message (Levy, 1959). Single-brand retailers adopt brand images and messages, which are prototypical representations of their brands. When congruent with the consumers' self-concept or self-aspiration, these brand representations help to develop a relationship with consumers and reinforce the consumers' self-concept (Dolich, 1969). These brand representations through their connection with the consumers' self-concept are designed by the retailer to elicit an identification response and increase association with the brand (Chaudhuri and Holbrook, 2001).

3. Brand identification

3.1. Self-identification with the brand

A consumer's perception of a brand consists of the accumulation of her prior experiences with and messages received from the brand or retailer. The consumer's positive experiences with the brand increase her interaction with the brand, which over time leads to her "persistent expectation" of the brand (Oliver, 1980). The "persistent expectation" resulting from this brand interaction harkens back to Levy's (1959) discussion of products as psychological goods, which represent the individual's personal attributes, social status, and goals. As the persistence intensifies, the consumer adopts those symbols as an indication of self. Further, when the consumer develops a relationship with the brand with which she shares common characteristics, virtues, and even flaws, she builds an emotional connection with the brand (Mael and Tetrick, 1992).

Several other researchers also discussed self-identification in association with brands. According to Belk (1988), self-identification is defined by possessions, which are used to establish a sense of self in the environment as well as to distinguish individuals from others. These self-identified possessions can be united under a common representative factor, brand, serving as an external identifier of who the consumer believes she is (Belk, 1988). Brand messages and symbols have been shown to be essential in the establishment of brand identification by consumers and as a vehicle for consumers to represent themselves through the selection of particular brands (Bhat and Reddy, 1998; Escalas and Bettman, 2005). Escalas and Bettman (2005) further argue that brands that support a consumer's aspirational-image as well as her self-image becomes the brands the consumer perceives as important to possess.

Self-identification in today's society has shifted from a stable platform model to a platform model that is constantly re-evaluating identity (Elliott and Wattanasuwan, 1998). This constant reassessment inserts uncertainty and instability into the self-concept, which can be, to some degree, mitigated by the stable platform inherent in the brand. Brands, in order to be enduring, must represent consistent values and messages. Through repeated interactions between the brand and the consumer, these messages can enhance the consumer's perception of the brand. These interactions must occur in various media as well as in stores in order to stabilize and reinforce the consumer's self- and social-identification with the single-brand retailer.