CHAPTER 6. DISCUSSION AND IMPLICATIONS

6.1. Overview

The first section of this chapter presents the discussion of the results reported in the chapter 5. In the next section we discuss the managerial implications of this research. The third section in this chapter will outline the contributions made by this study. The concluding section presents the limitation of this study and suggestions for future research.

6.2. Discussion of the Results

There have been numerous researches in Europe and America showing correlation between store brand proneness and number of consumer related factors, such as demographics, psychographics, perceptual differences, personality traits, shopping behaviour, etc. Though most of the researches in this area were disparate, there were only few attempts where researchers tried to integrate these disparate findings into a unified and cohesive framework to understand the interrelationships between the variables supposed to influence store brand consumption. Studies by Richardson et al. (1996) and Baltas (1997, 2003) have been notable research on store brand proneness using a cohesive framework. This study has also taken the unified approach of understanding
store brand proneness at household level for consumer-packaged goods in order to generate insights for management of store brands. The principal question focused on examining consumer related factors affecting the consumer's propensity to purchase store brands and thereby explaining the heterogeneity in consumers' preference for store brands over manufacturer's brands. The research questions in the study addressed following issues:

1) Does consumer's propensity to purchase store brands vary due to difference in consumers’ perception about store brands versus manufacturer’s brands with respect to various product characteristics?

2) How does consumers’ knowledge affect the store brand purchase?

3) How does consumers’ perceived risk associated with brand usage affects their store brand consumption?

4) How do consumers' socio- demographic characteristics influence their store brand proneness?

5) Can heterogeneity in store brand proneness be explained by the consumers’ psychographics that indicates their decision-making styles?

6) Does consumer's propensity to purchase private brands associate with their shopping behavior?

Richardson et al. (1996) had examined the role of familiarity in their study on store brand proneness. They found consumer’s familiarity with store brands to be the most important factor influencing store brand proneness. In line with their finding, familiarity had the maximum effect on store brand proneness of the
household. Familiarity refers to brand comprehension, product knowledge or skill in judging the criteria required to evaluate products (Howard, 1977). Consumer's familiarity positively affected the household's propensity to consume store brands directly and indirectly as well mediating through perceived variation in product attributes that are used as surrogate measures (extrinsic cues) by consumers in assessing the quality of products. Consumer's greater familiarity with store brands will reduce the consumer's risk perception and enhance the quality perception of store brands, which would further result in an augmented value for money image of the store brands.

Frequency of shopping to modern retail stores was assumed an important determinant of store brand proneness because of the dominance of traditional retail in India. In India, more than ninety percent of retail is classified under traditional retail format. Baltas (2003) has reported positive influence of shopping trips to organised retail outlets on store brand purchase in context of Greece, which is considered as emerging country for organised retailing. Shopping frequency emerged as the next important variable in our study. Number of shopping trips to modern format store would enhance consumer's familiarity with the private labels available in the store and thus increase the probability of store brand purchase.

The value for money image of store brands relative to that of manufacturer's brands available in marketplace emerged as a variable of significant importance in determining consumer's propensity to consumer store brands. This finding was in accord with the findings from previous research (Richardson, et al., 1996).
According to their study, perceived value for money image was the second most important factor in influencing private brand proneness. The value for money image is built on two perceptual factors; quality perception of store brands vis-à-vis manufacturer's brands and risk perception that consumers associate with usage of store brands relative to usage of manufacturer's brands.

The other two perceptual factors in the model; perceived variation in quality and perceived variation in extrinsic cues had positive indirect effect on store brands. While perceived variation in quality influenced store brand proneness through affecting the value for money image of store brands, perceived variation in extrinsic cues influenced the store brand proneness by significantly influencing the quality perception and risk perception associated with store brands.

The variation in risk perception associated with store brand and manufacturer's brand usage had a negative influence on store brand proneness, though the structural coefficient of this path was not statistically significant. Richardson et al. (1996) had found the structural relationship between perceived risk and private brand proneness to be negative and statistically significant. However, the direct effect of perceived risk on private brand proneness was substantially lesser than key factors like familiarity and perceived value for money image.

The other two shopping behaviour characteristics included in the model; share of modern format in monthly expenses on F&G and other non-food household items and store loyalty were empirically found to significantly influence the store brand purchase. The empirical findings suggest that store brand proneness is likely to increase with increase in the share of modern formats in monthly expenses.
Relationship between private label use and store loyalty has been an important area of store brand research. As per the conventional wisdom, store loyalty should improve store brand patronage by consumers, however, the empirical findings on relationship between store loyalty and store brand usage is sparse and mixed. There have been some studies that attested the positive relationship between store loyalty and store brand usage (Ailawadi & Keller, 2004; Ailawadi, et al., 2001; Baltas, 2003; Corstjens & Lal, 2000). In this study, too, the store loyalty was found positively influencing store brand proneness.

Three demographic characteristics; age of the housewife, socio-economic classes of the household and family size were included in the model. The socio-economic class though found to have positive structural coefficients indicating socio-economic class 'B' being associated with higher level of store brand proneness, the path displaying this relationships was statistically significant at 0.07 levels of significance in the model. Family size as found in previous studies (Baltas, 2003; Richardson, et al., 1996) did have a significant positive impact on store brand proneness and it appeared among the top five factors that have direct impact on store brand proneness in our model.

Consumer psychographics related to their shopping style, such as brand consciousness, price sensitivity, variety seeking, value consciousness, etc. have been studied in context of store brand usage. Consumers' decision-making styles are known as the consumer's mental, cognitive orientations that consistently dominate a consumer's approach to making choices towards shopping and purchasing CDMS (G. B. Sproles & Kendall, 1986). CDMS has been considered
as the basic consumer personality, similar to the concept of personality in psychology (G. B. Sproles & Kendall, 1986). Only three consumer personality as judged by their decision-making style; brand driven style, price driven style and habit/loyalty driven decision-making style had significant effect on store brand proneness. As found in many previous studies (Ailawadi, et al., 2001; Baltas, 2003; Garretson, et al., 2002), value consciousness of consumers was positively associated with store brand proneness. Store brands are not so old phenomenon in India, hence trying out store brands and repeating them indicates a shift from the previously patronized manufacturer's brands. Brand loyalty had a negative impact on store brand proneness. Consumers with low brand consciousness and low habitual buying and lesser attachment to a favorite brand indicated higher level of store brand proneness. In some previous studies on store brand research, brand loyalty has been studied in context of store brand attitude (Burton, et al., 1998; Garretson, et al., 2002) and in context of store brand usage (Ailawadi, et al., 2001; Cataluna, et al., 2006). Brand loyalty was found to be negatively related with store brand attitude or store brand usage. The price driven decision-making style, which is characterized by high concern for value for money and price discounts was found to have positive significant impact on store brand proneness. The finding of ours is in accord with previous researches that examined for value for money consciousness of store brand buyers (Ailawadi, et al., 2001; Richardson, et al., 1996)
6.3. Managerial Implications

Store brands are strategically important to organised retailers as well as marketers of the manufacturer's brands. Store brand creation and maintenance is considered as strategically important activity of retailers. On the other hand, store brands are seen as the key competition by the marketers of manufacturer's brands.

Keeping aside the store atmosphere, ambience and other store related factors, modern format retailers essentially serve as distribution centers from where products of different manufacturers are distributed directly to consumers. We hardly find any perceptible difference among various retail chains with respect to the width and depth of product choices available to the shoppers. In such a scenario, if store brands are suitably designed, created and effectively marketed; can create a loyal customer base and make the retail chain less vulnerable to the attack strategies of competing retail chains and manufacturer's brands.

Consumer understanding is at the core of marketing concept. This study has developed a cohesive understanding of consumers in context of store brand consumption and therefore has managerial implications for retailers as well as manufacturers.

The study findings suggest the foremost important step in developing wider market acceptance of store brands is to make consumers familiar with the store brands. Familiarity begins with awareness about the brand; builds with the trial of the brand and it strengthens up with more experiences with the brand. With overabundance of brands in the market, store brands that do not carry the store
name might have lesser recognition as store brands and therefore consumers might be treating them as some local/regional brands. Various marketing tools could be used to increase the familiarity with store brands depending upon the stage at which consumer is currently in; improved in-store displays, inclusion of store brands in the store advertising strategy, free trials of store brands by distributing free samples, cross-category promotional schemes for store brands, linking of store loyalty rewards program with store brand patronage.

Consumers' perception about store brands vis-à-vis manufacturer's brands play significant role in consumer off take of store brands. There is a wide range of manufacturer's brands available in the marketplace from premium to popular to cheap products across consumer packaged goods categories. The popular national or regional brands available in the marketplace are more in number in a category. They have a past record of performance and hence an established equity in consumer's minds. Store brands, which currently operate on price advantage proposition, face competition from a large number of 'value for money' manufacturer's brands. As per the study findings, the key perceptual factors affecting the store brand proneness were perceived variation in quality, product attributes like pricing, packaging and promotion used as surrogate measures to assess quality and value for money image. Perception about extrinsic cues also affect the perceived risk associated with store brand usage, which in turn affect the consumer's propensity to consume store brands. When, information about intrinsic quality is not available to consumers, they use surrogate measures like brand name, packaging, pricing, promotion, advertising, etc. to assess the
quality. The study also found that perception about extrinsic cues of store brands strongly affected their quality assessment. Majority of the private labels available in the retail chains do not have packaging comparable with available manufacturer's brands in the stores. There is hardly any advertising of the store brands outside the store environment, which can help position the brand in consumer's mind. Hence simple improvements in these product characteristics would help augment the consumer off take of store brands through an enhanced perception.

Perceived image is another very important factor in determining store brand proneness emerged from the study. Since there are numerous manufacturers's brands being positioned as 'value for money' brands, it is very important for retailers to build a strong 'value for money' image of the store brands. Since value for money image gets strongly affected by consumer's perception of quality, image building strategy has to be congruent with retailer's strategies that improve store brands' competitive position in terms of quality and risk perception vis-à-vis manufacturer's brands. In consumer's market, more than quality in absolute terms, quality in comparative terms influence consumer's choices. Quality in comparative terms means that either quality of store brands is at par with the manufacturer's brands or it exceeds that of competing manufacturer's brands. Quality of the store brands can be improved only if the retailers know the consumer's requirements and the benchmark manufacturer's brand in terms of quality. As far as food products are concerned, quality parameters like taste, flavor vary across the geo-cultural regions in any country,
Therefore, retailers need to customize their store brands especially in case of food products to suit the regional requirements. Once retailers improve the quality of the store brands to the extent that is comparable with the leading manufacturer’s brand in the category, a necessary following step is to invest in making consumers aware of the quality enhancement. This can be achieved through in-store taste tests, blind comparison of store brands and manufacturer’s brands, quality rating of store brands by a recognized authority. Another strategy could be to arrange for in-store displays at the right location that contain comparative information about store brands vis-à-vis manufacturer’s brands on quality parameters, results of blind comparison. In addition to improving quality perception, these information displays would also help reducing the risk perception associated with store brand usage. A promotional strategy that bundles the category leader and the store brand may serve multiple purposes in achieving higher level of store brand proneness. Bundling a store brand with category leader would increase the familiarity by generating the trial; second enhancing the quality perception, reducing the risk perception and enhancing the value for money image of store brands by facilitating consumption of store brands either after or before the consumption of manufacturer’s brands in a natural setting like home environment.

Our findings are in concurrence with Baltas (1997, 2003) that shopping trips, share of spends at modern format stores are important determinants of store brand proneness in context of emerging countries. In addition to these, we also store loyalty to be positively associated with store brand proneness. In countries
like India, where still majority of monthly food and non-food household items are purchased from traditional stores, it becomes very important for retailers to invest resources in increasing footfall in the stores and achieving a high conversion of these footfalls into actual purchase. Retailers should focus on promotional strategy that increases the consumer traffic in the stores and at the same time it rewards the consumers equitably based on their patronage through customer loyalty points, discount coupons for next shopping trip, etc.

The study has found store brand proneness to be associated with value conscious consumers, who make an integrative assessment of quality and price of products and based on this they make a choice. Image building advertisement campaigns showing store brand buyers as the intelligent and smart buyers would influence consumers favorably towards store brands.

6.4. Contributions and Limitations

There have been very few attempts of developing a cohesive framework for understanding store brand proneness The model is primarily guided by the analytical empirical studies on store brand proneness (Baltas, 2003; Richardson, et al., 1996) and the multidisciplinary perspective of consumer decision-making theory. This study provides a more comprehensive model to explore store brand proneness. First, this is a more cohesive and unified framework to understand structural relationship between consumer-related factors and store brand proneness. The model integrates disparate findings on correlates of store brand
proneness by examining the role of socio-demographic characteristics, consumer personality, perceptual factors, consumer knowledge and behavioral characteristics in relation to modern format shopping in explaining the heterogeneity in store brand proneness.

Second, this is the first attempt in which role of consumer decision-making styles in determining the level of store brand proneness is measured. Consumer decision-making styles are referred as consumer personality, similar to the concept of personality in psychology. Although Richardson et al. (1996) in their store brand proneness framework included a personality variable – intolerance to ambiguity, but this is more of an indicator of personality of an individual at a broad level. However, in context of brand choice decisions, we are more interested in understanding individual as a consumer and hence it is more meaningful to incorporate consumer personality as variable as a general personality variable. CDMS measures the mental orientation of an individual as a consumer. Hence, inclusion of CDMS in the model brings in more insight for the management of store brands.

Third, the study shows how behavioral characteristics of consumers specific to modern retail shopping affects consumer choice decisions in an organised retail environment. This finding is very important in context of management of store brands in emerging economies where still traditional retail dominates the retail landscape.

Extrinsic cues are one of the commonly used choice heuristics in consumer decision-making processes. Consumers rely on extrinsic cues to assess the
intrinsic quality of store brands (Richardson, et al., 1994). In their subsequent study on store brand purchase, they included consumer reliance on extrinsic cues as an important factor determining store brand proneness. Since store brand proneness refers to consumer’s propensity to buy store brands in presence of manufacturer’s brands, it would be more pertinent to understand comparative assessment of store brands and manufacturer’s brands on extrinsic cues that consumers use to assess the quality of products. In our model, we introduced the perceived variation in product characteristics being used as extrinsic cues of store brands and manufacturer’s brands and not the consumer’s reliance on extrinsic cues. The variable emerged as a stronger determinant of store brand proneness based on relative importance of factors when compared to the related measure of extrinsic cue reliance used in the model developed by Richardson et al (1996).

Next, the empirical testing of the model is done using data on both food and non-food categories, leading to larger external validity of this study than previous modeling exercise in which either single product category was used (Baltas, 2003) or only food categories were used (Richardson, et al., 1996). Finally, this study is the first empirical attempt in Indian context to understand store brand buying behaviour.

In conclusion, our results contribute to the study of store brands conceptually, substantively and managerially. Conceptually, this thesis proposed a comprehensive structural model, which enables academician, practitioners and retailers to better understand the factors that influence consumer’s alternate
choice between store brands and manufacturer's brands. Substantively, we found that store brands attract consumers with distinct consumer personality, demographic and behavioral characteristics; perceived positive variation in product attributes, benefits and image between store brands and between manufacturer's brands affect the consumer's choice in favor of store brands.

Managerially, we suggested marketing strategies based on the insights generated from the study in order to improve the market performance of store brands.

The study has relied on self-report measures of store brand proneness for the twenty-four product categories across food and non-food segments. The study measured the store brand proneness by asking consumers to provide the frequency at which they bought store brands in a category. Though, this is an improvement over previous survey based studies where store brand proneness is either measured on single category or on multiple categories from either of the food and non-food segments, it could be useful to use panel data information to measure store brand proneness. Respondents could have interpreted the terms 'rarely', 'sometimes', and 'very often' differently. To avoid such random noises, panel data can be used and share of store brands in household category purchases can be used as the measure of store brand proneness. The panel-based measure would be definitely a more robust measure than a self-report measure, which completely relies on respondent's memory. Lack of such data availability for the study and resource constraints prevented us from taking up such an approach.
The study has finally ignored cultural differences, which might partially account for heterogeneity in store brand preferences over manufacturer's brands.

6.5. Future Research

Though, our study provided remarkable insights into factors influencing consumer store brand proneness and the overall fit of the model is good, the external validity of this model can only be further reinforced replicating the research using a new sample.

The generalization of findings is also limited due to non-inclusion of cultural factors affecting the consumer's choice regarding store brands vis-à-vis manufacturer's brands. Studies (Baltas, 1999; Baltas & Argouslidis, 2007; Quelch & Harding, 1996) reveal that cultural differences between Europe and North America are primary causes for substantial difference in market share of store brands despite equally developed organised retail in these regions. In case of India, the country is generally classified into different socio-cultural regions. The four regions of India i.e. north, east, west and south; are culturally quite different from each other (Gupta, Patwardhan, & Khan, 2004; Jayasurya & Deshpande, 2004) and hence future research, thus, must attempt to integrate cultural factor in the model.

Our study conceptualized store brand proneness as a consumer-level rather than a category-level construct. We analyzed store brand proneness at an aggregate level across the twenty-four categories. The predictor variables, particularly the
perceptual factors were taken at an overall level; however, these may assume different values for different categories. Literature on store brand suggests that there are differences in the perception and preference for store brands across categories (Ailawadi & Keller, 2004; Batra & Sinha, 2000; Hansen, et al., 2006). With an objective to reveal on category differences, further research might examine the store brand proneness using this model separately for product categories.