



Brand morphing across Wal-Mart customer segments

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ARTICLE INFO

Article history:

Received 1 March 2009

Received in revised form 1 June 2009

Accepted 1 September 2009

Keywords:

Brand morphing

Brand polysemy

Segments

Retailer as a brand

Multiple corporate brand meanings

ABSTRACT

The premise of segmentation theory is that different segments each have a discrete customer profile and behavioral characteristics. At a conceptual level, the recent branding literature recognizes that different sub-cultures or segments could experience different meanings of an organization's brand. However, few quantitative studies address the issue. The current paper combines branding and segmentation theory and offers a new perspective on whether all segments have the same brand meaning. A leading discount retailer, Wal-Mart, is the focus of this Canadian-based investigation. Two segments of Wal-Mart customers are the basis of the study – one segment preferring Wal-Mart and one less attached. The research quantifies the two networks of brand meaning that the two segments associate with the Wal-Mart (corporate) brand. Empirically, brand morphing of the corporate brand occurs, with different brand meanings across the two segments.

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1. Introduction

Theories and studies on branding are emerging in many contexts. The two major contributions of this study are to progress the notion of “retailer as a brand” and assess the possibility that different market segments may perceive a different brand meaning from the same retailer (brand).

The research develops the “retailer as a brand” through a quantitative assessment of the link between two of the key dimensions of brand knowledge of Keller (1993), namely brand attitudes and brand attributes. Brand attitudes are a higher (more abstract) level of a consumer's brand knowledge, representing a summary judgment or overall evaluation of a brand. Brand attributes operate at a more concrete, operational level in terms of the retailer–consumer interaction. The study selects one specific retailer (Wal-Mart), representing a specific retail category (discount department store) in a specific country (Canada). Wal-Mart is a suitable choice to start a new research program because of its high awareness among potential respondents, and its status as the world's largest retailer.

Brand morphing refers to the notion that different consumers may associate different meaning to the same corporate brand. That is, multiple brand meanings can co-exist. Kates and Goh (2003) are the leading proponents of brand morphing, using qualitative cases. Berthon et al. (2009) provide a theoretical frame for brand morphing, emphasizing the theory of mutual knowledge. de Chernatony et al. (2009) recognize the paucity of studies of brand morphing. While

conceptual studies of brand morphing are rare, quantitative tests of brand morphing seem to be non-existent. The current study fills this void.

2. Literature review

Three literatures are critical for the current study. Firstly, the retailer as a brand literature forms the basis of the conceptual model. Such a literature connects to the corporate branding and brand association theories that support the model. Secondly, segmentation literature facilitates the testing for brand morphing. Thirdly, the brand morphing literature is relevant. One of the research objectives is to be the first study to demonstrate quantitatively, brand morphing.

Davies (1992), in his pioneering work, enunciates two meanings of retailer as a brand, which include the use of private (retailer-labeled) product brands and a more holistic or organizational conception of the retailer brand. Subsequently, researchers actively apply the brand concept to retailing (Ailawadi and Keller, 2004; Birtwistle and Freathy, 1998; Burt and Sparks, 2002; Davies and Chun, 2002; Merrilees and Fry, 2002). Most of the subsequent research, including most of the 2004 special issue in the Journal of Retailing (Grewal et al., 2004), focuses more on the retailer (product) labels component. Less research applies to the retailer as a brand in the corporate branding sense. Burt and Sparks (2002) illustrate the concept with four UK supermarkets. Davies and Chun (2002) show that there may be a gap in the retailer brand image between the external (consumer) and internal (employee) perspective.

A small number of studies assess which retailer brand attributes form the strongest brand associations. Selnes (1993) links a single attribute, product performance quality, to brand reputation. Merrilees and Fry (2002) find two brand attributes (interactivity and

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navigability) influence brand attitudes in an e-retail context of corporate branding. Few if any corporate retailer empirical studies seem to include more than two brand attributes as a determinant of brand attitudes. An apparent exception, [Martenson \(2007\)](#), includes four attributes linked to the store as a brand, but these are reflective rather than formative relationships.

Researchers show the possibility of different market segments having different needs. Indeed, such a possibility forms the rationale for segmentation studies. Wedel is associated with sophisticated segmentation research, for example, [Wedel and Desarbo \(2002\)](#) profile market segments using finite mixture models. Their commercial application to a financial service provider reveals two segments. In segment one, three service-attributes, namely convenience, design and counter service, influence profit, while only two of these attributes apply to segment two. [Lewis \(2004\)](#) models the influence of a reward program and other marketing instruments on customer retention. Using a sample of Internet grocery users, Lewis derives two segments with different behavioral characteristics. Segment one customers purchase less frequently, favor larger orders and are more likely to earn loyalty rewards. Identification of market segments through latent-class models is common ([Bodapati and Gupta, 2004](#)). Other studies segment customers in terms of how deal-prone they are ([Garretson and Burton, 2003](#)).

The review of segmentation studies is necessarily selective. The review here shows that different segments respond to different attributes, assisting model development in the current study. The review also shows that different segments may have different spending patterns. Such a characteristic supports the identification of the two Wal-Mart segments and one of the aspects of the [Table 3](#) propositions developed later. However, segmentation studies fall short of considering whether different needs might translate into different brand meanings for the same firm.

Conceptually, brand polysemy embraces the idea that brands may create several different meanings to segments ([Brown, 2006](#); [Gottdiener, 1995](#)). Brand morphing is another way of looking at the same phenomenon ([Kates and Goh, 2003](#)). [Kates and Goh \(2003\)](#) explore the brand morphing concept in depth. Their paper discusses the perceptions of certain segments (e.g., gays) holding different meanings to other segments, though the interviews in their study emphasize how different brand meaning may apply to foreign markets versus domestic markets. Brand morphing *within* a domestic market was a minor part of their discussion. Moreover, the emphasis was on how the advertising agencies (top-down) can recognize brand morphing to help shape brands for their clients.

Recent developments focus on how consumers can co-create the brand ([Beverland and Ewing, 2005](#); [Boyle, 2007](#); [Brown et al., 2003](#)). The co-creation literature combines a top-down and a bottom-up way of building brands. The potential exists to create more than one interpretation of the same brand, that is, brand morphing.

Brand community is a special case of consumer sub-groups. Brand communities represent the potential for consumers to capture brands and instill their own meaning ([Muniz and O'Guinn, 2001](#)). Multiple sub-groups may imbue different brand meaning to the same corporate brand, leading to brand morphing. Relationships seem very important for brand communities ([Veloutsou and Moutinho, 2009](#)). Harley-Davidson sub-cultures are a favorite research context ([Schouten and McAlexander, 1995](#); [Schembri, 2009](#)). Despite the potential, previous studies of brand communities do not quantitatively test for brand morphing.

The literature on brand relationships is relevant because the implication is that different consumers might relate differently to the same brand ([Fournier, 1998](#); [Muniz and O'Guinn, 2001](#)). However, this literature does not empirically demonstrate that different sub-cultures attach different brand meaning to the same corporate brand.

[Berthon et al. \(2009\)](#) provide a theoretical foundation for brand morphing. The theory of mutual knowledge underpins their concep-

tual model. Mutual knowledge through marketing communications and experience can form common meaning. Conversely, different marketing communications and experiences can create multiple brand meanings. Various propositions in their paper seem orientated towards the (apparent ideal) creation of common meaning. For example, one of their propositions, strongly influenced by [Kates and Goh \(2003\)](#), indicates that different groups may hold divergent knowledge about the brand. If this is the case, different communications will be necessary to produce consistent brand meaning across groups.

In the internal context of organizations, [de Chernatony \(2009\)](#) proposes an evolutionary spectrum that suggests why the meaning of brand might vary among managers in the same organization. Potentially, managers who are more sophisticated have more emotionally oriented brand values.

The current study combines the empirical emphasis of segmentation studies, which quantitatively profile different customer segments, with the conceptual emphasis of the brand morphing and brand relationship literatures. That is, one research objective is to test quantitatively whether customer segments of a given retailer (Wal-Mart) form different brand meanings. Later sections discuss both the theoretical and the managerial implications of the results, and the contributions of the study.

3. Research design

The current study uses the [Keller \(1993\)](#) brand knowledge paper as a starting position to research retailers as corporate brands. Two major dimensions of brand knowledge in the [Keller \(1993\)](#) schema are brand attitudes and brand attributes. Brand attitudes are a higher (more abstract) level of a consumer's brand knowledge, representing a summary judgment or overall evaluation of a brand. Brand attributes operate at a more concrete, operational level in terms of the retailer–consumer interaction. Several studies in the literature ([Merrilees and Fry, 2002](#); [Selnes, 1993](#)) have linked the two dimensions of brand knowledge, usually with just one or two brand attributes. The current study goes further by specifying a greater number (four) of brand attributes in the brand association model.

Formally, the study specifies the retailer brand association as follows, $BA = f(M, SD, S, LP)$ where BA denotes brand attitudes of customers towards the retailer, M denotes customer perceptions of merchandise quality, SD denotes customer perceptions of store design, S denotes customer perceptions of staff service and LP denotes customer perceptions of low prices.

Including four brand attribute variables in the model enables a more elaborate understanding of brand knowledge relevant for a particular retailer. The relative importance of each brand attribute is inferable, and critical to managing real and powerful retailer brands such as Wal-Mart.

The BA model is tested for Wal-Mart as a whole and also for the two separate segments (customers with a first-preference or second-preference attachment to Wal-Mart). Segments with different levels of attachment or loyalty to a retailer may form different brand meanings. Consistent with [Berthon et al. \(2009\)](#), more loyal customers may have greater familiarity and experience of the same retailer brand and on that basis form a more intense meaning than that of a less-loyal segment. For example, [Low and Lamb \(2000\)](#), based on an inter-brand rather than an inter-segment contrast, suggest more familiar brands have more elaborate and complex brand associations. The current study tests this theoretical expectation empirically in terms of two Wal-Mart segments.

The dependent variable is a multi-item, summative measure of brand attitudes towards the retailer. [Table 1](#) specifies the three items that measure brand attitude. The three items are in terms of Wal-Mart as a corporate retailer. Summative means that the scale refers to the respondent's overall evaluation or assessment of a corporate brand.

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