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# Premium generic brand (PGB) choice vis-à-vis generic and national brands: A scenario comparison for self-use, family consumption and gift giving in a food versus non-food and cross-cultural context

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## ABSTRACT

**Purpose:** The study models factors affecting brand category choice for generic as well as national brands, and next contrasts them to a new brand category: premium generic brands (PGB). PGB are a new occurrence in brand and product management, and consumer reactions to PGB are not yet well understood.

**Design/methodology/approach:** Three purchase motivation scenarios were presented to 553 consumers to test for their purchase intentions for self-consumption, family use or gift giving. A quasi-experiment was chosen where respondents were exposed to store-like presentations of actual real life products and asked for their likelihood to choose the national or generic brand over the new PGB. The study applied multivariate testing such as MANOVA.

**Findings:** Separate models were developed for food and non-food choice through backward deletion regression analyses, and the most parsimonious models revealed strong similarities for self as well as family consumption choices, but distinct drivers for gifts. Value for money, image and satisfaction are key factors in brand choice overall, but for gifts, 'image' overpowers all other predictors.

**Originality/value:** The study identified the Chinese as a distinct consumer segment for brand choice since they are more open to potentially consider PGB as gifts, whereas Caucasians only buy national brands for gift giving.

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## 1. Introduction

This study is grounded on the up-to-date research area on the importance of generic brands and focuses on specific factors affecting customers' intention to purchase different types of brands. Generic brands (or store/retailer brands; private labels) were first introduced a century ago (Raju et al., 1995), but experienced their real 'break through' in the 1970s and 1980s in the North American and some European markets (UK, Germany and Switzerland) with evidence to suggest that approximately half of grocery shoppers buy generic food products. The strong penetration of generic brands was demonstrated, for example in 35 grocery categories in a Swedish study (Anselmsson et al., 2008), but also in the UK where retail brands have a market share of 28% and in the American market with 16% retail brands. Generic brand positioning is a 'value for money' proposition, where the average

price difference between retail brands and national brands, for example in the UK, is 35% (Anselmsson et al., 2008).

The evolution of brand names such as the emergence of generic brands and their role in creating brand equity has been studied (e.g. Jon and Crittenden, 1984; Kohli et al., 2005), and researchers have also investigated retailing communication and promotion strategies and the associated roles of generic and national brands (Ailawadi et al., 2009). A new emergence, however, perhaps as a result of the Global Financial Crisis (GFC), is a new sub-category of generic brands, the 'premium generic brands' (PGB) as introduced by Baumann and Valentine (2010, p. 52). This brand category "still offers a touch of luxury, but at a much more affordable price". In Australia, premium generic brands such as Woolworth Select were only recently introduced, and consumer reaction is not yet well understood.

We contribute to the literature by exploring consumer reaction to PGB and contrast such to choosing generic and national brands. Three scenarios were presented to our respondents in a quasi-experiment to probe the degree the tested three brand categories were attractive for (a) self use (Scenario 1), (b) for family use (Scenario 2), and (c) for gift giving (Scenario 3). Our approach is

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based on seminal work on gift-giving and personal brand and product use (Belk, 1982), ranging from a diverse spectrum of disciplines beyond marketing such as anthropology (Mauss, 1954; Sherry, 1983), economics (Belshaw, 1965; Kerton, 1971), psychology (Kimel et al., 2012; Shen et al., 2011) and sociology (Caplow, 1984; Hyland, 2014), indicating that brand choice driven by distinct purchase motivation such as gift giving ‘touches’ upon many areas of human life.

The branding literature has given only little attention to purchase motivation with the exception of a recent study that investigated the effects of store image, product signatureness and quality variation in relation to private brands (Bao et al., 2011). Our study picks up from this by investigating purchase motivation for gift-giving with a focus on differences across ethnic groups and adding the new dimension of the PGB. Research on gift giving itself dates back to the 1960s (namely Bussey, 1967). Bussey's study was the springboard for research on gift-giving involvement (Belk, 1982), product involvement (Clarke and Belk, 1979) and souvenir buying intentions (Kim and Littrell, 2001), but also for cultural behaviour (Qian et al., 2007). We picked up from that stream and included cultural differences in our study since for gift-giving, purchase motivation has been found to be associated with culture (Arunthanes et al., 1994; Beatty et al., 1991).

To sum up our approach, this study links the following four research dimensions:

- *Premium generic brands (PGB) versus Generic and National brands:* The study compares three different types of brand categories, one of which is the latest edition to brand portfolios, the PGB. We contrast the choice of these brands in two different product categories: food (chocolate biscuits) to non-food (liquid hand wash soap).
- *Motives for gift giving:* Our study focuses on purchase motivation for the three brand categories as gifts, and we compare that to the choice for self- and family-use.
- *Gift giving and culture:* We focus on gift giving and cultural differences and probe the notion that culture drives consumers' view on the importance of money and as such influences brand choice. Consequently, we asked respondents about their ethnic background.
- *Gift giving and brand choice:* The study compares three ethnic groups: Caucasians, ethnic Chinese and other Asians (mostly South Asian) in what type of brands they choose when they purchase food or non-food as a gift.

## 2. Generic brands in context of the literature

The marketing literature provides deep insights into a variety of branding issues, including generic brands. Given the emergence of generic brands in the 1980s, a thorough taxonomy of retailing strategies was presented at the time (Jon and Crittenden, 1984); the strategic role of retail brands (Burt, 2000) and brand association mapping (Till et al., 2011) have also been established. Generic brands have also been investigated along the classic marketing constructs of profiling customers (Whelan and Davies, 2006), promotion (Manzur et al., 2011), pricing (Kurata et al., 2007), and product quality (Allenby and Rossi, 1991; Rao and Ruekert, 1994).

The role of generic brands has been explored across a number of different product categories, including industrial markets (Low and Blois, 2002), beverages (Olsen et al., 2011), meat products (Banovic et al., 2010) and fashion (McColl and Moore, 2011). Given that PGBs are a relatively new occurrence, however, the literature has not yet established how consumers react to that mid-range

brand positioning strategy, and our study is designed to contribute to closing this gap in the literature.

In contrast, while the field of PGB is new, the literature has in fact established, at least to a certain degree, how branding preferences vary across cultural groups. For example Sanyal and Datta (2011) demonstrated a significant and positive association between country of origin and brand equity. Brand preferences and brand choice have also been researched for urban Chinese consumers (Kwok et al., 2006) and it has been established that the Chinese are a distinct segment. However, how Chinese consumers in particular respond to generic brands and PGB has not been investigated to our knowledge, and this study adds to the literature on the topic of cultural/ethnic groups and brand choice. In our subsequent review of the literature we concentrate our focus on the area of gift giving and cultural differences, both the foci of our study.

In the final analysis, our study hypothesises that consumer reaction depends on the purchase driver, i.e. whether a product is bought for one-self, for one's family or as a gift, and in the latter case, as outlined in our introduction, gift giving depends on ethnicity and we control for this factor in our study.

## 3. Motives for gift-giving

The motivations for gift-giving are well established in the literature, dating back to 1979 (Banks, 1979). Gift-giving occasions such as birthdays, Christmas or weddings have been studied in relation to money spent on the present, but also different types of recipients such as friends, parents and children (Banks, 1979). That early work also looked at the types of gifts given such as clothing, jewellery and sporting goods that top the list. While these tests were more descriptive in nature, it fast became clear that the more complex area to investigate is the actual reason for gift-giving, and that ranged from obtaining pleasure, showing friendship/love, expecting something in return and finally to giving pleasure.

Motivations for gift-giving have been linked to symbolism and three types emerged: altruism or pro-social behaviour, compliance with social norms, and self-interest or indebtedness engineering (Finley Wolfenbarger, 1990; Wolfenbarger and Yale, 1993). In such a framework consumers are “creative directors” in managing the relationship between those motivations and the symbolism of the gift. As such the gift can be symbolic of the self (i.e. the giver) and the giver's perception of the receiver. In essence then, a gift symbolises the self-image of the giver, their perception of the receiver, and also their perception of the relationship such as the level of friendship or the importance of a business contact.

In one way or another, the reasons for gift-giving evolve along the altruistic, i.e. targeting the pleasure for the recipient, and agonistic, i.e. targeting the satisfaction of the giver, motivations (Kim and Littrell, 2001). Ultimately motivation boils down to whether the gift-giving act is driven by unselfish or then agapic love<sup>2</sup> where more pleasure is derived from giving rather than receiving. Kim and Littrell did not find a strong influence, however, for the effect of buying for oneself or for others when it comes to souvenirs, but other categories may differ on this dimension.

There is a strong emergence of research on gift-giving. Consumers are expected to behave differently when choosing products as gifts rather than for personal use. Not only the amount spent on the product may differ, but indeed overall ‘effort expenditures’ have been found to be higher for gifts in contrast to expenditures for personal use products (Clarke and Belk, 1979). At the same time, Heeler et al. (1979) found no significant

<sup>2</sup> Agapic love: A secondary type of brotherly love that is altruistic and selfless and is a combination of erotic love and storgic love. (Source: <http://www.oxfordreference.com/view/10.1093/oi/authority.20110803095355293>).

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