



CSR: Consumer responses to the social quality of private labels



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ABSTRACT

This paper investigates the responses of French consumers to the communication of the “social quality” of private labels (PL) in terms of perceived quality of the PL and intentional loyalty to the brand and the retailer. It also treats the role of some individual variables in these responses. Using experimentation with two independent groups, we show that communicating the “social quality” of the PL improves his perceived quality and the consumer’s intentional loyalty to the brand and the retailer. We also suggest through some individual variables a profile of the most sensitive consumers to the socially responsible PL.

Few papers treat the relational potential of the socially responsible private label (PL) in the retailer’s strategy. This paper, through experimentation (N1=N2=400), studies this aspect on three levels: (a) consumers’ response to PL’s social quality in terms of perceived quality, (b) loyalty towards the socially responsible PL and the retailer, (c) and the role of individual variables in these responses. The findings reveal that (a) the communication of the PL’s social quality improves the perceived quality of the PL, (b) it also improves consumers’ intention of loyalty towards the PL and the retailer. It studies also (c) individual characteristics of consumers sensitive towards PL’s social quality.

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1. Introduction

The current context in which large retailers operate is characterized by a need for legitimacy, competitiveness, and differentiation (Dia-Mart agency¹). In this regard, earlier studies outline two independent phenomena: first an upsurge amidst retail players for the socially responsible argument (Aouina-Mejri and Bhatli, 2011) and second, an increasingly important role given to the private labels by retailers in their strategies of differentiation. In the same vein, some earlier studies shed light on the relational potential of private label (PL) (Lal and Corstjens 2000; Steenkamp and Dekimpe, 1997).

These studies highlight the potential of customer loyalty to the retailers by improving the perceived quality of their private labels. Hence, the PL are no longer “Mee-too” brands but begin to acquire more a status in themselves. The marketing of private labels from organic and fair trade by retailers tells us about their willingness to give the role of “ambassador of environment and social values” for their own brands. That said, despite the multiplication of their socially responsible practices, retailers continue to suffer from a negative image among French consumers (Lavorata and Aouina-Mejri, 2008).

Given the importance accorded to PL’s role and being socially responsible, retailers have augmented interest in understanding consumer responses towards these social efforts. However, in the absence of studies dealing with the same in the current literature, this paper hence fills this gap and clarifies the consumer responses towards social efforts of retailers, especially the role of private labels in this context. Hence, this study examines (a) the consumer response to the communication of the social² quality of PL, and (b) the role of individual variables in consumer responses to the retailers’ social efforts dealing with their private labels. To this end, this research paper is divided into three parts. It initially outlines the theoretical framework of this study through a literature review, followed by an explanation of the employed methodology, before finally presenting the main findings of this study. Towards the end, the conclusion section draws up the main contributions of this study and provides future directions for research.

2. Theoretical framework and research hypothesis

According to Ducroq (2002), “the retailer embodies a social dimension much stronger and more binding than that of the industrial brand. The retailer now must justify its ongoing contribution to society

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¹ Dia Mart agency is a member of Ebelto ft, international retail experts.

² Social quality is defined as, the respect for human rights and workers throughout the production and commercial process of the brand.

and commit to improving purchasing power while ensuring food security, environmental protection, working conditions in developing countries”.

2.1. The social quality of the private label (PL)

“The identity of a private label is not separable from the identity of the retailer. It often carries the same name and has the same genetic inheritance at birth. However, the means of expression of the PL are complementary and different from those of the stores and the retailer” (Breton, 2004, p. 127). Beyond the physical characteristics of the brand, private label, to fulfill its role as the ambassador of retailers’ values, must reflect its culture, philosophy and type of customers it serves. Indeed, the PL ideally serves to realize the position of the retailer like Leclerc on reducing pollution from plastic bags, or bending towards regional values like Cora and system U.

In addition, retail chains have expressed environmental and social commitment through the introduction of organic labels and fair trade offers in PL. In the food sector, the organic private labels had long been on the shelves of major stores: Monoprix in 1993, Crossroad in 1997, Casino, Leclerc and Système U in 1999, while Danone launched the organic yogurt in 2006 (LSA, March 2007). Indeed, awareness of the importance of organic range of products by the PL has developed from since 2004 even in the non food sector, an example being Monoprix, which has a range of organic textile products from its own brands (Bout'chou, CFK, Derby...). That said, and from a social point of view, the image of retail chains is regularly tarnished with scandals relating to the manufacturing and commercialization conditions relative to their activities.

Originally, social quality was defined as “the degree to which people are able to participate in the economic, social and cultural life of their communities under the conditions that enhance their well-being and individual potential” (Beck et al., 2001). Moreover, Van Der Maesen and Walker, 2005 explain that “a key aim of social quality is to overcome the present fragmentation of policy between social policies, economic policies and employment policies”. The concept or theory of social quality as largely treated by European sociologists and especially in the work of the European Foundation on Social Quality seems to be multifaceted and interrelated treating the individual in his various roles: citizen, employee, consumer. As part of our work, we are interested in the social quality of the PL as defined by the NGO “éthique sur l'étiquette” as related to the production process of a product or a service. It is the consideration of social conditions of people who contribute to the production of a product. Social quality differs from the technical quality in that it is not detectable on the final product; cannot be measured by product analysis.

The notion of social quality in the production of private label becomes more important in light of the numerous scandals implicating distributors of their non-compliance with minimum social conditions. Indeed, in february 2009, the association, Clean Clothes Campaign (CCC), with support from the NGO “éthique sur l'étiquette” (Ethics on the label), released a report on the practices in the textile industry and supply stores. In this report, the two associations pointed their finger at the deplorable working conditions of garment manufacturers in East Asian countries, ranging from miserable wages, unpaid overtime, unfair dismissal to prohibition to form unions (Novethic, 2009).

In the retail sector, the voluntary approach to ensure the social quality of the offer has materialized by a commitment from a number of retailers on the Social Clause Initiative, including Auchan, Camif, Carrefour Casino, Cora, E. Leclerc, Système U, 3 Swiss among others. It looks like an approach which is “pragmatic and progressive, and designed to encourage their suppliers to meet the main conventions and recommendations of the International Labor

Organization (ILO) and the local social regulations in emerging markets.”³

2.2. Social quality and perceived quality of the private label

Perceived quality, also known as “excellence” (De Lanauze and Aurier, 2006) is defined as a fundamental benefit sought by the consumer (Zeithaml, 1988; Cronin, Brady and Hult, 2000; Grewal, Monroe and Krishnan, 1998; Aurier et al., 2001). Researchers dealing with PL showed that from the time consumers have more confidence in the quality of private label, their products will increase in their popularity (Salmon and Cmar, 1987; Dévény, 1992; Wilensky, 1994; Baltas, 1997).

Subsequent studies have recommended distributors to develop the qualitative dimension of PL and no longer just lower prices as a selling point for this category of products (Stambbough, 2003). In addition, Hoch and Banerji (2000) show empirically that the evolution of the market share of PL was related to their perceived quality. Furthermore, other authors (Brown and Dacin, 1997; Creyer and Ross, 1997; Ellen, Mohr and Webb, 2000; Murry and Vogel, 1997; Sen and Bhattacharya, 2001) demonstrate the existence of significant links between corporate social initiatives and positive emotional, cognitive and behavioral responses from consumers.

Specifically, significant and positive relationships were reported between the social practices of companies and the perceived quality of their products (Folkes and Kamins, 1999; Maignan and Ferrel, 2001; Swaen and Chumpitaz, 2008). Respect for human rights thus seems an extrinsic component of the perceived quality of the brand and guarantees that “social quality” seems to improve the perceived quality as a whole, hence the following hypothesis:

H1. *The social quality has a positive effect on perceived quality of the private label.*

Significant relationships were also demonstrated between the social practices of companies and purchase intentions vis-à-vis their products (Brown and Dacin, 1997; Maignan et al. 1999). On the other hand, research on relational skills of the PL state that by improving its actual and perceived quality, private label develops loyalty for itself and for the brand (Corstjens and Lal 2000; Steenkamp and Dekimpe, 1997). We then assume the following hypothesis:

H2. *The social quality of the PL improves the intention of loyalty towards the brand.*

H3. *The social quality of the PL improves the intention of loyalty towards the retailer.*

Earlier studies in relationship marketing shows the importance of elements in the relational chain, such as the perceived quality of products or services, and how they assist in building a quality relationship with customer, translated into behavioral loyalty (Gronroos 1990; Hunt and Morgan, 1994; Garbarino and Johnson, 1999; Cronin, Brady and Hunt, 2000, De Lanauze and Aurier, 2006). The ability for the PL to generate consumer loyalty to the brand and the retailer is under researched in the literature (Binninger, 2007).

Indeed, it is more common to consider that loyalty to the store positively influences the perception and potential purchase of the PL (McEnally and De Chernatony, 1999; McEnally and Hawes, 1984). However, the content of this relationship made in the opposite direction (the label and its impact on retailer's loyalty) still remains controversial (Corstjens and Lal, 2000). In addition, positive relationships were demonstrated between the perceived quality of PL and purchase intentions of PL (Sethuraman, 2003). In

³ http://www.ics-asso.org/doc4/presse/2007_rapport.pdf

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