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Profiling consumers of own brands and national brands using human personality

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Abstract

Traditional methods of market segmentation based on demographic variables have shown mixed results in differentiating between those who are more likely to buy own brand products and those who prefer national brands. Taking advantage of the emerging convergence in human personality research on the Big Five dimensions, we focus on the potential of human personality as a method of identifying different customer segments. Two types of own brands are considered, those labelled with the retailer's corporate name and those labelled with a name independent of the retailer. Two product categories are included, cola as an example of a low-involvement product and cosmetics as an example of a high-involvement product. The personality profiles of buyers of these and the leading national brands in each category are compared. Stepwise regression is used to identify those aspects of shopper personality that predict purchase rates of all products. Individuals who are more 'open to experience' report higher purchases of corporately named products, while individuals who are more 'extrovert' report higher purchases of national brands. Those reporting higher rates of purchase for own brands with independent names tend to be more 'agreeable' and 'extrovert'. The positioning of the three types of brands against the 5 dimensions of human personality is illustrated using correspondence analysis. The clear potential to use human personality to segment and profile markets for own brands and national brands is discussed.

Keywords: Segmentation; Consumer profiles; Own brands; Personality; Correspondence analysis

1. Introduction

Products branded by the retailer now comprise more than half of the transactions in most leading supermarkets in developed retail markets such as the UK (Ritson, 2003). Such 'own brand' products can provide a retailer with higher gross margins than national brands (Davies and Brito, 2003). Consequently, there has been considerable academic and managerial interest in retailer's own brand products (Omar, 1996). Our purpose here is to add to our understanding of the purchasing of own brands and in particular to the literature on the profiling of own brand purchasers.

There are many types of retailer branded products, ranging from basic, 'generic' lines, simply packaged and presented, to products that are presented as if they were national brands (Bhasin et al., 1995). What constitutes an own brand is open to debate. One definition limits own brands to products sold exclusively through the retailer's own outlets (Rousell and White, 1970). Here we extend that definition to include '*any brand name used exclusively by a retail business and controlled by that business*'. This encompasses those products that are labelled by the retailer but, because their names are not the same as the store name, can be sold more widely.

A choice of different brand names is among the most popular of positioning strategies pursued by some retailers (Blankson, 2004). The choice of the retailer's name to label a product will seek to benefit from any transfer or spillover of image from the corporate brand (Kapferer, 2000). Many retailers employ two approaches, labelling what may be entry level products with the store name and labelling products positioned closer to national brands with different names. The use of such 'independent' own

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branding is then not a random choice by retailers, but an apparent attempt to position certain own brands in different ways. The examples we use in our empirical work are St. Bernard, the name used by Dunnes Stores, a food and clothing multiple store based in Ireland. The St Bernard name is used across all of its own brands. By way of contrast, Boots, the chemist chain based in England, use their corporate name on certain products but a range of independent brand names on other own brands, such as No. 7, a range of cosmetics. Such naming strategies are especially apparent among British retailers where own brand marketing practices are more advanced than elsewhere (Ritson, 2003).

The traditional assumption in the literature to date is that the consumer group that buy own brands are different from the group that do not buy them (and who probably prefer national brands) i.e. that there are separate segments of own brand purchasers and national brand purchasers. While this perspective has been criticised (Gordon, 1994) as placing consumers into rigid boxes, rather than recognising that the same individual may buy own brands on one shopping occasion, but not on another, market research evidence suggests that only about half of all shoppers *regularly* buy own brands. The issue is then to understand why some do and others do not purchase so that retailers and suppliers can better segment and understand their markets. This paper goes further than differentiating between national and own brand buyers to examine whether different segments exist for two different types of own brand.

While previous studies have focused on profiling own brand consumers on the basis of demographic (Granzin, 1981), socioeconomic (Frank, 1967) and behavioural dimensions (Baltas and Doyle, 1998), no work to date has investigated the influence of personality as a basis to profile purchasers, despite the recent renewal of interest in personality in the consumer research literature (Baumgartner, 2002) and the acceptance of the "Big Five" taxonomy. Our purpose in this article therefore is to investigate the personality profiles of consumers who regularly purchase different types of own brands and national brands in order to find what types of personalities such brands appeal to and then to discuss the implications our results may have for retail marketing practice. A key issue for retailers is to understand which types of customer they should focus on in their marketing of their own brands. For example, if their naming strategies differ, does this affect the potential core customer?

Our paper is structured as follows: the second section examines previous branding studies for own brands while the third section examines consumer personality profiling. The fourth section develops this further by examining the "Big Five" taxonomy measure of human personality. Results and discussion are reported in the sixth section. The paper concludes with a discussion of the implications of the findings for theory and for practice, together with possible avenues for further research.

2. Own brand research

Today own brands constitute a brand category in their own right with a wide range of positioning options open to retailers (Johansson and Burt, 2003). However, relatively few studies have investigated own brands; most were conducted in the 1960s and 1970s and examined the relevance of demographic and socio-economic variables to purchase behaviour. According to Baltas and George (1998), four main streams of research can be identified.

The first stream focuses on consumer perceptions of own brands. Traditionally, studies indicated that consumers generally perceive private label brands to be of lower quality than national brands (Strang et al., 1979; Granzin, 1981; Bellezi et al., 1981; Cunningham et al., 1982; McEnally and Hawes, 1984; Mogelonsky, 1985). This reduced quality would be traded off by shoppers against a lower purchase price. However, more recently there is evidence that the popularity of private labels has grown because consumers now place trust in the (improved) quality of these products (Richardson et al., 1994; Raju et al., 1995). A second stream examines the relationship between market factors and own brand success (Sethuraman, 1992; Sethuraman and Mittelstaedt, 1992; Hoch and Banerji, 1993). Correlates of own brand proneness are investigated in the third stream. Factors including familiarity with own brands, use of extrinsic cues in product evaluations, perceived quality variations (Bellezi et al., 1981), perceived risk and value for money, income levels and family size (Richardson et al., 1996) are found to correlate with own brand proneness. Other factors included the level of information to be associated with the own brand (Bettman, 1973), the degree of experience with the own brand, differential responses to marketing activities, differences in needs, perceived risk and product importance (Livesey and Lennon, 1978). A common theme in this research stream is perceived risk, an issue that we will return to later; own brands can lack the assurance of a national brand, which is likely to be more trusted by buyers.

The last stream focused on developing profiles for consumers who prefer own brands. This provides the primary focus for our current study. Studies in this last mentioned literature stream tend to concentrate on developing profiles of shoppers of own and national brands on the basis of demographic, socio-economic, and attitudinal or behavioural characteristics. Earlier studies of the market for own brands focused primarily on demographics (Granzin, 1981), but more recent studies maintain an ongoing interest in profiling the market for own brand customers using consumer characteristics (Baltas and Papastathopoulou, 2003). A number of studies in the 1960s found the impact of socio-economic variables to be unclear (Coe, 1971; Frank and Boyd, 1965; Murphy, 1978). Consumers who purchased own brands were virtually identical in terms of their socio-economic background (Frank, 1967) and these could influence brand perception