



Brand awareness–Brand quality inference and consumer's risk perception in store brands of food products



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ABSTRACT

Store brands (SBs) have currently become consolidated in the food market, have achieved an objective quality similar to that of manufacturer brands and a competitive price. However, food retailers have invested little in communication about these brands, considering it enough to use proximity to the consumer and economies of scope derived from the presence of their own brands throughout the establishment. This paper explores the consequences of this communication strategy about SBs on the functional risk perceived by consumers for these brands and the consumer's identification with them. We propose a theoretical model, contrast it empirically for food products, and perform a multigroup analysis of quality conscious and non-quality conscious consumers. The results obtained reveal a negative effect of the inference brand awareness–brand quality on the consumer's identification with the SB as a result of the greater functional risk perceived for these brands. This effect is substantially greater in quality conscious consumers, a key segment for retailers since it constitutes the target of their premium SBs. The results show retailers that investment in communication of SBs is absolutely necessary to dismiss SB functional risk and expand customer base by appealing to quality conscious consumers. The investigation has significant implications for the retailer's strategy for marketing SBs in food products.

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1. Introduction

Brand identification is a fundamental antecedent of brand loyalty and thus plays a crucial role in the consumer's brand choice and buying behavior (Ahearne, Bhattacharya, & Gruen, 2005). The study of brand identification has focused predominantly on manufacturer brands (Marin, Ruiz, & Rubio, 2009), and we find no research that focuses on the consumer's identification with store brands (SBs).

Although SBs were initially introduced in food markets as low-quality, low-price brands, distributors are attempting to improve the quality of SBs and position them as the best choice on the shelves in terms of price/quality ratio. Currently, consumers perceive SBs as value brands, and manufacturers and distributors consider them as real brands that are beginning to have their own identity. In fact, the academic literature has produced some recent studies praising their brand equity (Cuneo, López, & Yagüe, 2012a,b).

SBs possess a set of characteristics that differentiate them from manufacturer brands and make it necessary to rethink study of the consumer's identification with the brand in the specific context of SBs. Perceived value and low investment in advertising communication are common features distinctive to SBs. Taking advantage of their closer position to the consumer as members of the channel, food retailers have communicated their brands fundamentally through the establishment. Retailers have also benefitted from economies of scope in communication deriving from commercialization of their brand in a large number of product categories.

Different studies stress the importance of advertising in brand awareness (Aaker, 1996; Buil, de Chernatony, & Martínez, 2013; Kirmani & Wright, 1989), as well as the importance of brand awareness in the perception of brand quality (Aaker, 1996; Buil et al., 2013; Keller & Lehmann, 2003). While consumers draw conclusions about the quality of a brand based on their evaluation of its intrinsic attributes (Shaharudin, Mansor, & Elias, 2011; Sule Alonso, Paquin, & Levy Mangin, 2002), its packaging (Lavenka, 1991; Rigaux-Bricmont, 1982) or its price (Cronley, Posavac, Meyer, Kardes, & Kellaris, 2005; Kardes, Cronley, Kellaris, & Posavac, 2004; Lim & Olshavsky, 1988), one of the elements that most strongly conditions perception of a product's quality is the brand name (Dawar & Parker, 1994). We will call the causal association that many consumers make between recognized brand and high quality *the brand awareness–quality inference*. This paper

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analyzes the importance of this inference in the consumer's identification with the SB in food markets, and proposes its negative indirect effect on identification through the functional risk the consumer perceives for these brands.

Although the perceived quality of SBs has improved due to favorable evolution of their intrinsic and extrinsic attributes, there is still a significant difference between the perceived risk of manufacturer and SBs to the disadvantage of SBs. The risk entailed in buying a brand conditions significantly the entire process of the consumer's evaluation and comparison of manufacturer and SBs (Erdem, Zhao, & Valenzuela, 2004; Glynn & Chen, 2009; Richardson, Jain, & Dick, 1996). This risk affects the perceived value and the consumer's satisfaction with these brands and is thus also very likely to affect the consumer's identification with the SB.

On the other hand, consumers differ considerably in their quality consciousness (Sproles & Kendall, 1986), and analysis of the effect of brand awareness–quality on the consumer's identification with the SB should control for this issue. In this study, we therefore perform a multi-group analysis based on the consumer's quality consciousness and compare the results obtained. We find that quality consciousness moderates the effect of brand awareness–quality on perceived functional risk for SBs. Quality conscious consumers are more brand conscious and place more trust in the performance of recognized and advertised brands. They perceive more functional risk for SBs and thus tend to dismiss their satisfaction and identification with these brands. The study results have interesting implications for retail management of these brands.

2. Literature review

SBs have greater penetration in the European market than in the U.S. One of the reasons the academic literature gives for this difference is the greater perceived value of SBs in Europe than in the U.S. (Erdem et al., 2004). The perceived value of a brand involves considering brand quality not in absolute terms but relative to its price (Richardson et al., 1996). Perceived value forms as a result of the consumer's experiences purchasing and consuming a brand (Cronin, Brady, & Hult, 2000). Sethuraman (1992) finds that, although most consumers choose SBs primarily for their advantage in price, quality plays a more significant role than price in the success of SBs, especially if we understand this success from the long-term strategic perspective. Since the perceived quality of SBs affects their perceived risk, their perceived value, consumer satisfaction, and consumer brand identification, it is important to understand the aspects of the brand that determine perceived quality and how perceived quality affects and is related to these key elements in the success of any brand.

2.1. Perceived functional risk of SBs

One of the issues most strongly influencing the perceived quality of a brand is its brand awareness (Aaker, 1991, 1996; Buil et al., 2013; Dawar & Parker, 1994; Keller and Lehman, 2003). Consumers assign high quality to prestigious brands. Such brands therefore enjoy greater credibility for the consumer and ultimately greater value (Erdem & Swait, 1998; Erdem, Swait, & Louviere, 2002). Awareness encourages the perceived quality of the brand and thus also its credibility due to lower perceived functional risk for the brand.

This investigation defines perceived risk as the expectation of certain results or events that may occur and that are negative or suspect. The consumer faces four main kinds of risk in the process of deciding to buy a product: functional, financial, psychological, and social (Dowling & Staelin, 1994; Kaplan, Szybillo, & Jacoby, 1974). Functional risk indicates the performance or utility

conceived for the product, financial risk the potential loss of money that can occur in any transaction, psychological risk the possible consequences of mental uneasiness connected with a transaction, and social risk the bad image that consuming a product may give an individual in the eyes of others. This study analyzes the effect of the brand awareness–quality inference on perception of the functional risk of SBs. Functional risk is directly linked to perceived quality, an issue that constitutes the main point of resistance to acquiring SBs in products of mass consumption (DelVecchio, 2001; Liljander, Polsa, & Van Riel, 2009; Méndez, Oubiña, & Rubio, 2011; Richardson et al., 1996).

In choosing a brand, the consumer faces uncertainties that make it difficult to evaluate the functional risks involved in the purchase. To reduce these uncertainties the consumer uses risk-reduction strategies such as (1) information gathering from personal (friends, family) and commercial (packaging, salespersons) sources, (2) well-known brands, (3) reassurance (e.g., through private testing, free samples), (4) brand loyalty, (5) price, and (6) store image (Mitchell & McGoldrick, 1996; Schiffman & Kanuk, 2006). Knowing the main risk reduction strategies that the consumer uses in choosing a manufacturer brand vs. an SB is vital to retailers in managing their service and in providing a risk-reduction marketing mix for consumers (Johnson & Bruwer, 2004; Lacey, Bruwer, & Li, 2009).

Based on a review of over 100 articles, Mitchell and McGoldrick (1996) highlight the search for information and well-known brands as the main risk-reduction strategies used by consumers. However, the use and hierarchy of risk-reduction strategies vary by product, individual profile, and type of purchasing establishment (among other issues), making it advisable to limit study of these strategies to specific contexts. Bruwer, Fong, and Saliba (2013) find that the main risk reduction strategy for purchasing wine in specialty wine stores is information gathering, for which they obtain significant differences between low and high perceived risk individuals, followed by seeking reassurance through tasting and price. For wine acquired in restaurants, however, Lacey et al. (2009) identify tangible product attributes as the most significant risk-reduction strategy, followed by advice from staff and the restaurant's reputation.

To evaluate store and manufacturer brands comparatively for products of mass consumption, consumers seek and use information from the extrinsic attributes (e.g., brand name, price) and the intrinsic attributes of the product (e.g., ingredients, texture). These attributes help the consumer to make his or her own evaluation of quality (Wernerfelt, 1988; Zeithaml, 1988). Extrinsic attributes have been traditionally valued more highly in manufacturer brands than in SBs. It is thus reasonable to think that consumers who are guided more strongly by extrinsic attributes as indicators of perceived quality perceive lower functional risks in manufacturer brands than in SBs. Erdem et al. (2004) find that the buyer's initial uncertainty is usually greater for SBs than for manufacturer brands; and Erdem and Swait (1998), Erdem et al. (2002), Schiffman and Kanuk (2006) argue that consumers use a risk-reduction strategy when they buy prestigious manufacturer brands, to which they assign high perceived quality.

Consumer reliance on extrinsic attributes of a product is likely to be the main explanation for the lower perceived quality of SBs. In fact, González, Díaz, and Trespalacios (2006) find that consumer reliance on extrinsic attributes of the product is negatively related to the perceived quality in SBs vs. manufacturer brands and positively related to the difference in risk between SBs and manufacturer brands.

Based on the aforementioned, we propose the following hypothesis:

H1: The greater the inference brand awareness–brand quality, the greater the functional risk perceived in the SB.

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