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**RETAIL BRAND EQUITY:  
A CONCEPTUAL AND DIFFERENTIATED APPROACH**

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## **RETAIL BRAND EQUITY**

### **A CONCEPTUAL AND DIFFERENTIATED APPROACH**

#### **Abstract:**

This research focuses on retail branding in France. A qualitative study aims at identifying which are the specific dimensions of brand equity to be adapted to retail brands and which feedback effects of brand extension can occur on the image of retailer when a retail brand (which is the extended brand) dissatisfies consumers. Results show that there are two policies of retail brands: service retail brands (store brands and “composite” private labels) and private labels. This separation between the various categories of retail brands leads to consider two different models of brand equity. Whereas private labels seem to be only related to product dimensions, service retail brand equity is composed of three dimensions related to: 1) the product, 2) the services delivered in the store, and 3) the retail company, which displays this product under its own store brand. Finally, results of an exploratory research seem to underscore the superiority of the service brand strategies on private label policy.

**Keywords:** France, brand equity, private label, retail brand, service brand, store brand, feedback effects.

## **Introduction**

A fierce competition characterizes the French retail market. This is due to a relatively small number of big retailers and the saturation and even the decline of several retail concepts such as variety stores, supermarkets and hypermarkets (Cliquet, 2000). This situation raises questions, which affect both marketing and management of the French retailers. One of these questions deals with branding. It seems that qualitative innovation<sup>1</sup>, sophisticated packaging and a wide range of retail brands (from generic products to high value retail brands) can create consumer value. These retail brands appear to be henceforth among the most effective tools for retailers regarding sales development<sup>2</sup> and adjustment to the legal context. There is a tendency towards an increasing perceived quality level of retail brands in many European countries such as Belgium, the Netherlands, Switzerland, the United Kingdom or Canada (Quelch and Harding, 1996; Johansson and Burt, 2004; Oubina *et al.* 2006). The perceived quality<sup>3</sup> is one of the sources of retail brand success leading to store differentiation, and to store loyalty (Halstead and Ward, 1995; Richardson, 1997; Corstjens and Lal, 2000; Burt and Sparks, 2002; Rondan Cataluna *et al.* 2006). However, the definition of retail brands and the policies developed by European retailers seem to be different from one country to another and from one retailer to another within the same country. This is the reason why a research on retail brand equity can be valuable to understand better, where this retail brand value stems from and how to measure it. The retailing literature does not answer this question so far.

In the first section, the Keller's conceptual framework of brand equity is adapted to a variety of retail brand policies. Hence, several research questions emerge from that: What is the best conceptual framework to measure retail brand equity? Do different retail brand policies lead to different retail brand equity models? Why do some retail brands<sup>4</sup> get higher brand equity than others? What are feedback effects of brand extension on the retailer's image specifically in the case of consumers' dissatisfaction?

In the second section, an exploratory research strives to underscore the main dimensions of brand equity for each category of retail brands and to solve some of the research questions exposed in the first section.

## **1. Brand equity and retail brands**

Keller (1993) built a brand equity conceptual framework composed of dimensions, which a precise examination should lead to an eventual adaptation to retail brands. After a quick description of the Keller's model, an adapted framework to retail brands differentiates various marketing policies.

### **1.1. Keller's brand equity model**

Keller (1993) defines brand equity as «The differential effect of brand knowledge on consumer response to the marketing of the brand ». He suggests comparing the assessments by a consumer of a product with a brand name on the one hand and an unnamed product (without brand) on the other hand. The result of this comparison can explain the preference, or intention to buy, or even the final consumer choice. Keller considers two general components: brand awareness and brand image.

#### *Brand awareness*

“Brand awareness relates to the likelihood that a brand name will come to mind and the ease with it does so”. Brand awareness is composed by brand recognition (which requires that the brand is well known by consumers to come spontaneously in his mind) and by brand recall (which tests consumers' ability to retrieve the brand when given the product category for example).

#### *Brand image*

“Brand image is defined here as perceptions about a brand as reflected by the brand associations held in consumer memory”. Brand associations form the meaning of the brand

for consumers. Associations are not homogeneous. Actually, three categories of brand associations emerge (according to the level of abstraction of the association):

- Attributes: correspond to “descriptive features that characterize the product”. Their differentiation stems from the way they relate directly to product performance. For example, price information, packaging appearance and brand personality<sup>5</sup> are non product-related attributes contrary to ingredients.
- Benefits: correspond to “the personal value consumers attach to the product attributes that is, what consumers think the product can do for them”. Three categories can be distinguished: functional benefits (correspond to the product-related attributes); experiential benefits (correspond to the product-related attributes that are for example sensory pleasure, variety and cognitive stimulation) and symbolic benefits (correspond to the non product-related that are for example personal expression and social approval).
- Brand attitudes: correspond to “consumers’ overall evaluations of a brand”. Brand attitudes are important because they can explain consumer behavior (e.g., brand choice). They are also in relationship with both product (attributes, functional and experiential benefits) and symbolic benefits. Because it is difficult to specify correctly which components, attributes or benefits, capture the attitude concept, researchers suggest to separating attitude from other components. They built then multi-attribute models of consumer preference including a general component of attitude toward the brand.

Finally, three dimensions can summarize the Keller’s approach: 1) brand awareness; 2) dimensions related to the product (product effect); 3) non product-related dimensions (brand effect).

**Insert Figure 1**

Keller (1993) views brand equity as a process whereby brand equity (or the differential response that makes up brand equity) occurs “when the consumer is familiar with the brand and holds some favorable<sup>6</sup>, strong<sup>7</sup> and unique brand associations in memory”.

#### *Critical views*

Keller’s model is known as a basic conceptualization of brand equity even though its primary components of brand equity are subject to critics in recent works (Yoo, Donthu and Lee, 2000; Netemeyer *et al.* 2004). These last researches are questionable. For instance, brand loyalty seems to be more a consequence or a goal to be reached than an antecedent of the brand equity construct (Taylor *et al.* 2004). Another example concerns brand awareness considered as a secondary facet of brand equity whereas it is a core facet in Pappu *et al.* (2005). Moreover, Yoo, Donthu and Lee (2000) and Netemeyer *et al.* (2004) treat perceived quality as a sub-dimension of the image construct, which is questionable as well. One cannot split these two constructs off because perceived quality is a core facet of brand positioning which should be studied through the brand image. Many research works measure perceived quality as a component of positioning (Bellizzi *et al.* 1981; Gordon, 1994; Granzin, 1981; Collins-Dodd and Lindley, 2003; Kapferer, 2002, 2003). Hence, perceived quality is part of the image construct. The dimensions considered as primary facets of brand equity by Yoo, Donthu and Lee (2000) and Netemeyer *et al.* (2004) are actually revealed after collecting data. Thus, brand equity dimensions seem to depend more on data and objects (especially for brands of manufactured products).

Finally, the Keller’s model (1993) defines each brand equity component as an antecedent or a consequence, and so appears to be a more relevant approach than this of Aaker (1991). And because the Keller’ model is synthetic with clearly defined antecedents and consequences, brand equity components can be easily adapted to any object of study. That is the reason why this model is used here to study retail brand equity.

## 1.2. Various retail brand equity for various retail-marketing policies

Retailing appears as an idiosyncratic activity and comparing retail markets is often a difficult task. In France, the article #62 of Act called “Nouvelles régulations économiques” (May 15, 2001) defines a retail brand as follows:

“A product is considered sold under a retail brand when its characteristics are defined by the retail company which owns the brand.”<sup>8</sup>.

In the French retail market, three categories of retail branding policies can be seen: 1) private label (or “brands owned by the retailer”<sup>9</sup> i.e., a brand name for each category of products as *Intermarché* is used to do); 2) “composite” private label (a brand name is specified for each category of products but the retailer adds a generic brand name for every category of products). *E.Leclerc* offers for example a “composite” private label for shower gel named *Manava Marque Repère* where *Marque Repère* is the brand name for every category of products; 3) store brand (or “retailer brand” with the trade name of the retailer: *Carrefour*, *Cora* or *Auchan*). Thus, in an external point of view, these three retail-branding policies differ only on the kind of brand name labeled on products (and what it means to customers). This question is not specific to the French context (Dhar and Hoch<sup>10</sup>, 1997 on the American market; Burt, 2000 on the British market).

In an internal point of view, organizational considerations can explain partially some of these strategic choices. In France, three different organizational structures do exist:

- Company-owned systems: *Auchan*, *Cora*, *Casino*, *Carrefour* hypermarkets (for most of them)
- Plural form systems: *Champion* supermarkets from the *Carrefour* group
- Association of retailers: *E. Leclerc*, *Intermarché* and *Système U*

In a company-owned system, power is top-down whereas a retailers’ association is a bottom-up system. In a franchised arrangement power is theoretically and contractually horizontal



even though the franchisor's position is advantageous compared to the franchisees' one. In a plural form system, the presence of company-owned units within the network reinforces the power. Therefore, the franchisor's power is a more or less oblique top-down line.

### **Insert Figure 2**

Unlike *Système U*<sup>11</sup> store brand strategies tend to be more closely related to company-owned systems whereas private labels or “composite” private labels strategies are implemented by retailers' associations, hence the following assumption: a centralized retail company has a store brand oriented policy. In other words, a company-owned retail system with a top-down power line has more chance to select a store brand policy. On the contrary, a retailers' association is more inclined to use private labels. There is a link between store brand and the franchising system in any case because of the definition of a franchise network. A franchise system is founded on a concept composed of a know how (variable elements) and a format (fixed elements among which brand is the most important), which should be developed through a network of units (stores, hotels, restaurants ...). Maintaining the uniformity of this concept is often difficult in a strictly franchised system (Bradach, 1998). This is one of the main strengths of plural form organizations. That means the introduction of company-owned units in a franchise system is useful most of the time to maintain the quality of the brand often deteriorated by franchisees' free riding actions (Manolis *et al.* 1995).

Given this typology of power within retail companies, testing the above assumption is clearly impossible in the French context because of a too weak number of retailers. The concentration degree in the French retail industry is much too high to do it.

Strategic and organizational reasons can explain differences between retail brands. But the point of view of consumers is determinant to identify what sources can build retail brand equity because they actively participate at the process of value creation and in the long-term success of brands (Blackston, 1992; Cobb-Walgren and Donthu, 1995; Dyson *et al.* 1996).

### 1.3. Store brands and private labels

Before developing the explanatory research two propositions emerge from the literature. First of all, through a semantic generalization effect, associations between retailers and their brand are reinforced when there is a unique brand name for the retail company, the stores and the products: the retailer's name is both a private label and a store brand. Hence, a transfer from the retailer's name to the store fascia and to the branded product becomes possible and can lead to a generalization of consumer preferences. In other words, if a consumer is used to buying a product of a given brand, he may buy a product of another category under the same brand just because he likes the brand (Fry, 1967). In the case of a store brand, there is a larger share of associations between the retailer's image, the stores and the branded product than in the case of private labels (which are not signed by a single name) (Tinard and Tinard, 2003: 61; Filser *et al.* 2001: 172). Therefore, the first proposition concerns the existence of a halo effect between the store and the store brand, which is not assumed for private labels.

Moreover, cognitive psychology views brand as a semantic network composed of many categories in consumer's mind. According to Mervis and Rosch (1981) "*a category exists whenever two or more distinguishable objects or events are treated equivalently*". Within each cognitive category, hierarchical levels do exist. Three levels identify store brands (Burt and Sparks, 2002<sup>12</sup>):

- 1) An abstract level related to the corporate dimension: managerial values (sense of ethical or social responsibility),
- 2) An intermediate level related to stores: competent and polite employees<sup>13</sup>,
- 3) A concrete level related to product associations: extrinsic cues of packaging.

There is then a continuum from a basic and concrete image to an abstract image as far as a store brand is concerned. Le Hegarat's results (2000) show that beliefs linked to a store brand stem from beliefs on the retail company (corporate level) and from beliefs on stores. This

result is not confirmed in the case of private labels. The store brand needs three levels of abstraction to form its image and its positioning unlike private labels, which the concrete level related to product associations, is the principal component of their image. Therefore, a second proposition deals with a more differentiated and stronger positioning of the store brand than the positioning of private labels because of a larger and more dense “space of associations” for store brands than for private labels.

#### **1.4. Toward a retail brand equity model**

Once the distinction between store brands and private labels is clearly stated, the problem is on the one hand to know how to adapt the Keller’s model to retail brand equity. In other words, one can wonder what the differences are between retail brand and manufacturer brand characteristics. On the other hand, studying brand equity leads to raise another question: what are the feedback effects of the retail brand on the retailer’s image? In other words, this research aims at identifying what are the impacts on retailer’s image when a retail brand dissatisfies consumers.

Retail brands differ from manufacturer brands because retailing is a service business (Berry, 1986). So retail brands are service brands related to a real store and hence associations with the store image should be included in the brand image of these retail brands (Burt, 2000; Burt and Sparks, 2002; Burt and Mavrommatis, 2006).

As a service brand, nothing links a retail brand with a product like in manufacturer brand cases (packaged goods) but with a retail company and its stores. According to Berry (2000), a service brand is composed of tangible attributes (product-related) on the one hand and associations related to the experience with the company on the other hand (intangible attributes). In retailing, the company is viewed through its stores and the store is considered as the product of the retail company (Dicke, 1992). As many research articles tend to show it, store image impacts retail brand image (Richardson *et al.* 1996; Grewal *et al.* 1998; Burt,

2000; Burt and Sparks, 2002; Collins-Dodd and Lindley, 2003; Semeijn *et al.* 2004; San Martin Gutierrez, 2006). Unlike retail brands, the image of stores or the experience within the stores do not influence manufacturer brands (Richardson *et al.* 1996). Four dimensions of store services (both physical and psychological dimensions) can influence the image of service brands (Eiglier and Langeard, 1987): 1) The physical elements; 2) The employees in touch with customers; 3) The other clients (they take a part in the atmosphere of store); 4) The service itself stemming from interactions between the three previous dimensions.

Based on this definition of store services, retail brand equity are composed of similar elements like any other brand (manufacturer brand) with an associated service component. One can then propose an adapted model for retail brands.

### **Insert Figure 3**

This model enables the measure of the equity of each retail brand used in three different kinds of retail brand policies. However, this assumption is questionable: Does brand equity exist for each retail brand policy? This question leads to the third proposition of the research.

Before answering this important question, one can wonder what the consequences on core brand image are when the extended brand is unsuccessful. Studying retail brand equity means also identifying an eventual feedback effect of the retail brand on the retailer's image when this brand dissatisfies consumers. A retail brand can be considered as an extension to the products sold by the retailer of his name and of his fascia (Lambrey and Filser, 1992). For instance, *Carrefour* is the name of a retailer, the hypermarket fascia and a store brand. In other words, in this case, the name of the retailer is extended to stores through the fascia which is in turn extended to product through a store brand based on the retailer's name. These extensions are more attractive to retailers in the case of store brands because they provide a way to take advantage of retailer's brand name recognition. Generally impacts of the image of retailer on consumer's evaluation of retail brand are studied (Richardson *et al.* 1996; Grewal

*et al.* 1998; Burt, 2000; Burt and Sparks, 2002; Collins-Dodd and Lindley, 2003; Semeijn *et al.* 2004; San Martin Gutierrez, 2006). More precisely, San Martin Gutierrez (2006) shows that consumers' satisfaction of retail brands lead to their trust in them and in the store. However, there is no research in the retailing literature on the feedback effect of retail brand on the retailer's image<sup>14</sup>. The question is then to identify the four main feedback effects of brand extension in the case of the retailer's image (here from fascia to products):

- Dilution (Tauber, 1981; Ries and Trout, 1987; Farquhar, 1989; Aaker and Keller, 1990; Cegarra and Merunka, 1992, 1993; Loken and Rodder-John, 1993; Jap, 1993; Milberg, 1993; Broniarczyk and Gershoff, 2003; Meyvis and Janiszewski, 2004)
- Fortification (Cegarra and Merunka, 1992, 1993; Milberg, 1993)
- Confusion / creation of a diffuse image (Cegarra and Merunka, 1992, 1993; Meyvis and Janiszewski, 2004)
- Expansion (Cegarra and Merunka, 1992; 1993; Milberg, 1993).

From this literature, two feedback effects concern the case of consumer dissatisfaction due to a retail brand: confusion/creation of a diffuse image of retailer and dilution of retailer's image, hence a fourth proposition: a dissatisfaction of a consumer by a retail brand leads to a negative impact on the retailer image. Here is a summary of the four propositions:

- Proposition 1 (P1): There is a halo effect between stores and store brands but not between stores and private labels
- Proposition 2 (P2): Store brands can build a more differentiated and stronger positioning than private labels
- Proposition 3 (P3): There a difference in brand equity between private labels and store brands
- Proposition 4 (P4): There is a negative feedback effect of the retail brand on the retailer's image especially when consumers are dissatisfied by this retail brand

A specific exploratory research deals now with these propositions.

## **2. Retail brand equity: An exploratory research**

Most of researches on branding deal with manufacturers' brands. The former theoretical part of this paper tried to underscore several features specific to retail brands. An exploratory research strives to compensate for the lack of theoretical work link to retail brands and proposes a specific methodology before displaying results.

### **2.1 The methodology**

This exploratory research aimed at identifying specific dimensions of brand equity for each category of retail brands, at choosing adapted measurement instruments for the concept of brand equity in retailing, and at defining a set of products, a questioning procedure, a sample, and a data analysis method, which are now detailed.

The selection of three products (grated cheese, shower gel, foie gras) corresponds to three levels of consumers' implication to take into account the level of the perceived risk when making a wrong decision. Four categories of brands illustrate each marketing policy:

- a national brand leader: a different one for each category of products
- a store brand: *Carrefour* is selected for it is the most well known
- a private label: the French retail group *Intermarché* is chosen with *Pâturages de France* as a private label of grated cheese, *Via* as a private label of shower gel, *Comte de Quéric* as a private label of foie gras)
- a "composite" private label: *Marque Repère* from *E.Leclerc* group.

A careful literature review leads to identify store image items (Martineau, 1958; Kunkel and Berry, 1968; Lindquist, 1974; Oxenfeldt, 1974; Schiffman, Dash and Dillon, 1977; Nickel and Wertheimer, 1979; Pessemier, 1980; Mazursky and Jacoby, 1986; Eiglier and Langeard, 1987; Zimmer and Golden, 1988; Pontier, 1988; Parasuraman *et al.* 1991; Jallais *et al.* 1994; Semeijn *et al.* 2004). A marketing expert<sup>15</sup> interview helped to generate managerial values and

symbols (reflecting the abstraction level of the brand). Indeed managerial values are important and are determinant in the long-term success of the brand because they construct and preserve the identity of the brand (Kapferer, 2002; Burt and Sparks, 2002). A survey enables to capture items related to the product and other items through interviews with a specific procedure.

Fifty-four in-depth interviews are conducted in Rennes, Brittany (West part of France) in places close to each store considered for this research. Open-ended questions helps to collect data. Each interview begins with free association tasks where consumers have to tell everything which comes immediately to his/her mind when s/he is thinking about (brand name). This method is usual for researchers who seek to collect general associations about brands (Keller, 1993; Changeur and Dano, 1996, 1998; Roedder *et al.* 2006). Each interview is processed through the repertory grid method (Kelly, 1955). Then consumers have to talk about differences they perceive between manufacturer brands and retail brands. This technique provides differentiating associations. The Laddering technique (Reynolds and Gutman, 1988) enables to obtain different level of associations through a question “Why?” asked to any interviewee systematically. The following step consists in interviewing consumers about their motivations to buy or not a retail brand instead of a manufacturer brand. Then consumers talk about their experience in store. In other words, they indicate the most important service attributes, which make them appreciate or depreciate the retail company, its brands and its store. The analogical method is used to gather data about the personality of brands and the personality of retailers. This method consists in asking consumers to imagine the brand, the store and the retail company as a person. Hence, the collected metaphorical vocabulary defines an abstract level of image completed by managerial values of the retailer.

Consumers must be familiar with retail brands, sensitive, and attentive to signals send by retailers (Chebat, 2002; Broniarczyk and Gershoff, 2003), hence a selection of specific

consumer profiles. Consumers can then provide stronger associations (Aaker, 1991; Yoo, Donthu and Lee, 2000) and reveal more differences between brands (Alba and Hutchinson, 1987: 415).

A traditional content analysis method helps to benchmark main topics, to classify consumers' responses through a pre-coding process, and to generate items until no other dimension of retail brand equity can be found. Finally, data reveal ten topics:

- General associations about each retail brand<sup>16</sup>
- Internal and external attributes (e.g., items related to the attractiveness of the packaging, recognition of the brand name...)
- Motivations to buy or not retail brands
- Benefits retired by the consumption of retail brands
- Consumer's behavior and beliefs about the retail brand, the retailer and the store when dissatisfied by the retail brand
- Consumer's behavior in the case of suppression of retail brand
- Managerial values and symbols of retailer (see Appendix)
- Personality of the retailer<sup>17</sup> (see Appendix)
- Personality of the brand (see Appendix)
- Store services dimensions perceived important by consumers all the more as attitude and purchase of retail brands depend on them.

## **2.2. Towards a differentiated retail brand equity**

Content analysis findings indicate that retail brands have common image attributes.

Consumers perceive retail brands as:

- a mid-range brand or mid-scale brand
- good and quality products
- attractive price



- good quality/price ratio

According to these results, retailers must provide branded products with an attractive price, an acceptable quality level and a good quality/price ratio to be coherent with consumers' perception. However, a differentiated positioning is based on specific attributes<sup>18</sup> in order to build high brand equity. The following findings show globally that retail brands can build their own brand equity. In other words, results do confirm the three propositions exposed above about 1) the halo effect, 2) the strength and the differentiation of positioning and 3) the difference in brand equity between store brands and private labels.

The exploratory research brings two main results. First, it confirms the existence of a halo effect between store and retail brand as already stated in previous research (Richardson *et al.* 1996; Grewal *et al.* 1998; Burt, 2000; Burt and Sparks, 2002; Collins-Dodd and Lindley, 2003; Semeijn *et al.* 2004; San Martin Gutierrez, 2006). Indeed consumers' interviews reveal that personalities of the store brand *Carrefour* and the "composite" private label *Marque Repère* are cordial, sociable, accessible, hard working, structured, modern. According to customers' explanations, these adjectives refer to store services with physical elements and employees in touch with customers (for example, "hard working" and "sociable" are linked to employees). However, this is not confirmed for private labels because associations of branded products refer only to the product (for example shower gel May evoke the softness because of the name May and because of the nature of product). Even if these results are included in a preliminary research, it seems that P1, which is "there is a halo effect between stores and store brands but not between stores and private labels" is supported and is extended to the "composite" private labels.

Store brand and "composite" private label are finally real service brands because of the important role of the store in the image building process unlike private label. Hence, the

service component is a primary source of building a differentiated positioning for only service brands. The next section justifies this consideration and solves the second proposition.

The exploratory research reveals that in the case of store brands three levels of abstraction do exist for brand image building even though it is not confirmed for private labels. Store brands have three sources of image: the product, the store and the retailer as stated above. For example *Carrefour* as a store brand is perceived sociable (related to the store employees), serious (related to the grated cheese), accessible (related to the store location) and trustable (related to the retail company). Thus, three sources of image construct the store brand image. In other words, product associations (concrete level), store associations (intermediate level) and retailer associations (abstract level) build the image of store brand unlike private labels. Indeed in the case of private labels, associations dealing with branded products work exclusively at the concrete level. There is no association between a private label and the retail company or the stores. Brand name and stores/retailer name have no relationship. Results show also that for “composite” private labels, branded product, stores and retail company belong to the same category in consumer’s mind (defined by Mervis and Rosch<sup>19</sup> in 1981). In other words whereas branded products, stores and retail company are three distinguishable objects they are related to the same brand concept in the only cases of store brand and “composite” private label. For example *Marque Repère* is perceived as open-minded (related to store and more precisely to competent employees), independent (related to retail company) and intelligent (related to product and in a stronger way to the shower gel). At this stage of the research P2 is not totally supported: store brands and “composite” private labels can build a more differentiated positioning than private labels. To support totally P2, the strength of positioning needs to be measured as well.

According to Keller (1993), the number of associations defines the strength of a brand. Krishnan (1996) states: “as the number of brand associations increases, the memory structure

for that brand becomes richer.... Typically, increasing the number of associations makes it easier to access the particular brand node from memory”. From the calculation of the number of associations for each retail brand, results show that the number of associations for service brands (e.g. store brand and “composite” private label) is stronger than for private labels. For example the store brand *Carrefour* present 22 specific associations<sup>20</sup> to build its positioning contrary to private labels with 15 specific associations. Because service brands can build their image on three dimensions (product, stores and retail company), it can be said that service brands can help in building a more differentiated and stronger positioning because of better image synergies. Finally, P2 (“store brands can build a more differentiated and stronger positioning than private labels”) is supported.

Results show mostly that service brands and private labels are different in their image building process. Store image and retailer image play an important role in service brand image. Conceptualizing retail brand equity leads then to build two different models: one for service brand equity and one for private label equity. Directions for defining these two models are given further.

Therefore, P3, which is “there a difference in brand equity between private labels and store brands” is supported and it can be summarized like this: “there is a difference in brand equity between service brands and private labels”.

Before concluding this research on the retail brand equity a last proposition concerns the feedback effect of retail brand on the retailer’s image in the case of consumer’s dissatisfaction.

#### *No negative feedback effect on the retailer’s image*

During interviews consumers talk about what can happen with a dissatisfying retail brand and the consequences on the brand, the stores and the retail company itself. The store image and the retail company image are unanimously preserved. So it seems that there is no negative

feedback effect on the brand (neither on the product with the same brand name), on the stores (frequentation is the same) and on the retail company (still perceived trustable as far as *Carrefour* and *E. Leclerc* are concerned) when a critical incident occurs dealing with a retail brand. This result is valid for every retail brands (private labels, store brands and “composite” private labels). Therefore, results confirm those of Keller and Aaker (1992) on manufacturer brands. Indeed authors explain that an unsuccessful extension do not decrease the core brand evaluation. Consumers seem thus to make a difference between the performance of the extended brand which is here the retail brand and the image of retailer.

So P4 which is “there is a negative feedback effect of the retail brand on the retailer’s image especially when consumers are dissatisfied by this retail brand” is not supported. There is no negative feedback effect of the retail brand on the retailer’s image when consumers are dissatisfied by the retail brand.

Through this exploratory research, the following questions about the retail brand equity are solved: What is the best framework to be built in order to measure retail brand equity? Do different retail brand policies lead to different retail brand equity models? Why do some retail brands get higher brand equity than others? What are feedback effects of brand extension on the retailer’s image specifically in the case of consumers’ dissatisfaction?

### **2.3. Limitations, contributions and research perspectives**

This work is an exploratory research based on a limited sample of fifty-four consumers and entails some limitations. A quantitative study should test the previous assumptions. The sample is very localized (in Rennes, France) and that constitutes another limitation and prevents from any generalization.

However, some contributions stem from this work. This is the first attempt in conceptualizing retail brand equity (in grocery retailing) when these retail brands are gaining larger and larger market shares and are essential in many product categories (for example in the United

Kingdom, Germany, Belgium and Switzerland market share of retail brands has exceeded 40% according to Private Label Manufacturer Association in 2007). This research shows that French retail brands cannot be considered homogeneous anymore because of the various role played by the store and the retail company in their image building process and consequently in their equity building process. Finally, it seems that there is no feedback effect of retail brands on the retailer's image when this brand dissatisfies consumers.

This study can stimulate future research. From these previous results, two models may arise: on the one hand, the model of retail brand equity (figure 4) including both a store brand policy like *Carrefour* and a "composite" private label policy like *Marque Repère* of *E. Leclerc*.

#### **Insert Figure 4**

On the other hand, figure 5 presents a model of private label equity.

#### **Insert Figure 5**

The next objective is to test each model and to compare the equity of each retail brand, where it stems from in consumers' mind, and why one policy can succeed better than others can.

### **Conclusion**

Adapting brand equity to retail marketing is a real managerial and strategic challenge. Because retail brands can be considered as service brands, a model of retail brand equity founded on Keller's work (1993) is proposed with some dimensions related to stores added to the original Keller's model. The exploratory research described in this paper aims at identifying dimensions and associations of retail brand image. A survey on fifty-four customers helps to collect data in order to better understand three different policies of retail branding: a store brand policy, a "composite" private label policy, and a private label policy.

Results show primarily two policies could result from the three original ones: a service retail branding policy (store brands and "composite" private label branding policies) and a private label branding policy. This distinction leads to consider two different models of brand equity.

Whereas private label equity depends only on product dimensions, retail brand equity (as a service brand) is composed of three dimensions related to: 1) the product, 2) the services delivered in the store, and 3) the retail company, which displays this product under its own store brand.

These results confirm previous works about retail branding showing that a halo effect exists between stores and retail brands (Richardson *et al.* 1996; Grewal *et al.* 1998; Burt, 2000; Burt and Sparks, 2002; Collins-Dodd and Lindley, 2003; Semeijn *et al.* 2004; San Martin Gutierrez, 2006).

Moreover, results show the superiority of service branding policies on private label policies because of the possible extension of associations in consumer's mind and of the number of associations, which is higher than for private labels. Marketers can found retail brands as service brands on a larger set of associations to build their positioning. That enables them to better differentiate and define a unique position in consumers' mind. That also entails a stronger level of memorization because of the higher number of associations compared to private labels). Finally, results show that no negative feedback effect exists on the retailer's image when consumers are dissatisfied by a retail brand.

Store brands and "composite" private labels seem to be superior to private labels because of the synergies of image and the absence of impact on the organization in the case of incident.

So retail brands can be split in two categories: store brands and "composite" private labels in the one hand and strictly private labels on the other hand. The first category corresponds to a strategic branding policy whereas the second is more a tactical branding strategy.

The next step of the research is to test the models of either strategic or tactical branding policies.

## FOOTNOTES

1. Many retailers' innovations indicate the will to build strong positioning for their brands. For examples Sainsbury's proposes pizza pie with the curry; Carrefour proposes of the wash liquid in doses; Boots (health and beauty products) launches giant effervescent pastilles for the bath... (Kapferer, 2002).
2. For example 54% of Sainsbury's sales come from its retail brands and 41% for Tesco (Quelch and Harding, 1996). In 2005, retail brands in Europe had a 23% share across 17 markets (Lybeck, Holmlund-Rytkönen and Sääksjarvi, 2006). And the growth rate of retail brands (+5%) is double than this of manufacturer brands, which is 2% (Lybeck, Holmlund-Rytkönen and Sääksjarvi, 2006). So retail brands continue their penetration and represent a dynamic perspective of development for retailers (Corstjens and Lal, 2000).
3. Lybeck and Holmlund-Rytkönen and Sääksjarvi (2006) show that retail brands' quality does not enable to consider retail brands as cheap alternatives of national brands any longer.
4. In this research, retail brands include all brands owned by retailers (like no name products, unbranded products, generic products, private labels, store brands...). A more detailed terminology is proposed further for each retail brand.
5. Brand personality is an important factor to differentiate product-branded because "metaphorical and symbolic vocabularies available are much richer" (Biel, 1992). And brand personality enables to capture levels of abstraction of a brand.
6. Dacin and Smith (1994) argue that "the favorability of consumers' predispositions toward a brand is perhaps the most basic of all brand associations and is the core of many conceptualizations of brand strength/equity".
7. Strength of brand associations depends of the quantity of associations evoked by consumer.
8. Nouvelles Régulations Economiques, article 62: « *Est considéré comme produit vendu sous marque de distributeur le produit dont les caractéristiques ont été définies par l'entreprise ou le groupe d'entreprises qui en assure la vente au détail et qui est le propriétaire de la marque sous laquelle il est vendu.* » 15 mai 2001.
9. Lybeck, Holmlund-Rytkönen and Sääksjarvi (2006) propose a different vocabulary for retail brands: they employ "brands owned by the retailer" instead of private labels here and "retailer brands" instead of store brands here.
10. Dhar and Hoch (1997) show that the use of the same name between products and the retailer is a key factor to raise the retail brand performance.
11. *Système U* has store brand named the « U brand ».

12. Burt and Sparks (2002) do not precise that the three levels concerns only store brands. But the authors work only on corporate branding which are store brands in their case examples (Tesco, Safeway, Sainsbury and Asda).
13. According to Burt and Sparks (2002) and San Martin Gutierrez (2006), employees are an essential contributor to the overall image of brand because they engender trust and satisfaction developed in customer relationships what leads to build differentiated positioning.
14. Results of San Martin Gutierrez (2006) focus on the store level, which corresponds to the intermediate level not to the corporate level. Then the author analyses only positive feedbacks of the retail brand on the trust in store.
15. The interview of Alain Thieffry (Directeur du Marketing et de la Communication Carrefour Europe) took place in 2005.
16. Associations are generally positive which shows a global satisfaction of consumers toward retail brands.
17. Consumers easily employ metaphorical vocabulary, and then reveal the personality of retailer and the personality of retail brand. So retail brands seem to show possibilities of abstraction.
18. Attributes can modify consumers' beliefs about brands. So they must be meaning for consumers in order to build strong brand equity (Broniarczyk and Gershoff, 2003).
19. "A category exists whenever two or more distinguishable objects or events are treated equivalently" (Mervis and Rosch, 1981).
20. 22 associations correspond to the total number of specific associations for the three products. Only specific associations are taken into account because the research focuses on differentiated positioning.



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## APPENDIX

**Table of specific associations: brand personality, retailer personality and managerial values**

	<i>Carrefour</i> (Store brand)	<i>Marque Repère E.Leclerc</i> ("Composite" private labels)	<i>Intermarché</i> (Private labels)
Specific associations related to product-branded « if the retail brand was a person it would be... »	person in charge of quality P trustable R/P attractive P loyal P stable P rigorous S/P serious P sociable S accessible S friendly	intelligent P modern S innovating R economical functional independent R structured S/R nice happy R sure P	soft P authentic P refined P simple P large P sincere P sophisticated P
Specific associations related to retailer « if the retail company was a person it would be... »	trustable P/R friendly S happy S attractive S large S omnipresent positive P carefully done P well organized S	independent R "political" R = socially aware attractive R/S open-minded S	Close to consumer S small S cordial S disciplined S convivial S modern S
Specific managerial values/symbols	Citizenship S Freedom R	Well-being S Innovation P Simplicity P Accessibility	Solidarity R Genuineness
Total number of associations	22	18	15

Where:

- P relates to products;
- R: relates to retailer;
- S: relates to store.

Figure 1:

Synthesis of Keller's framework

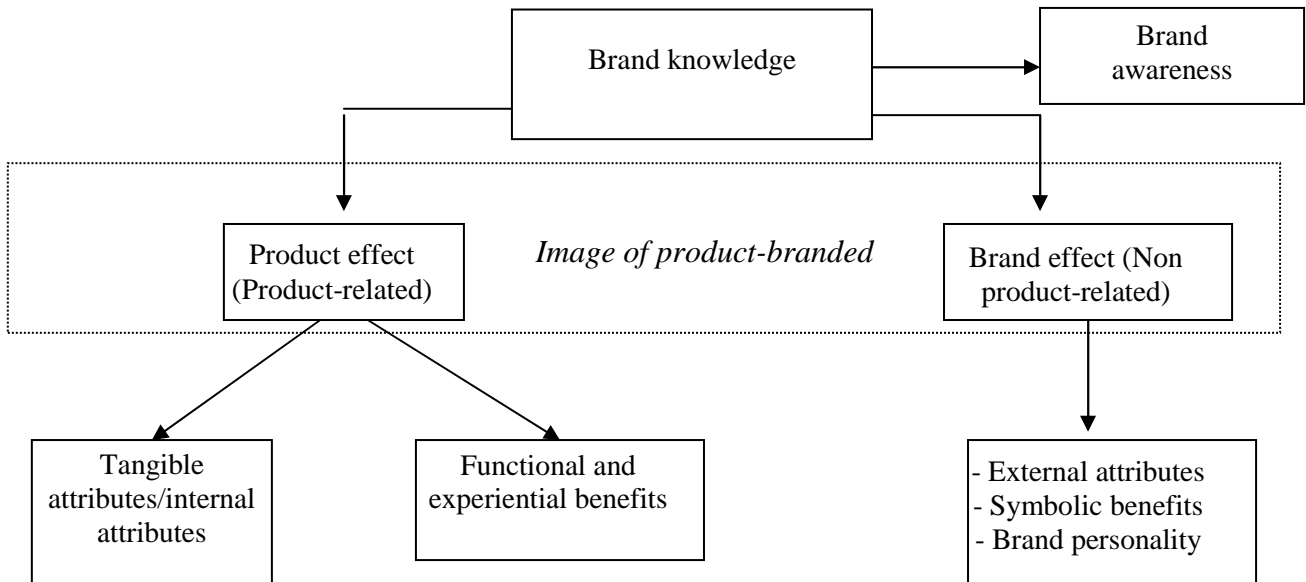


Figure 2:

Organizational structures and power inside

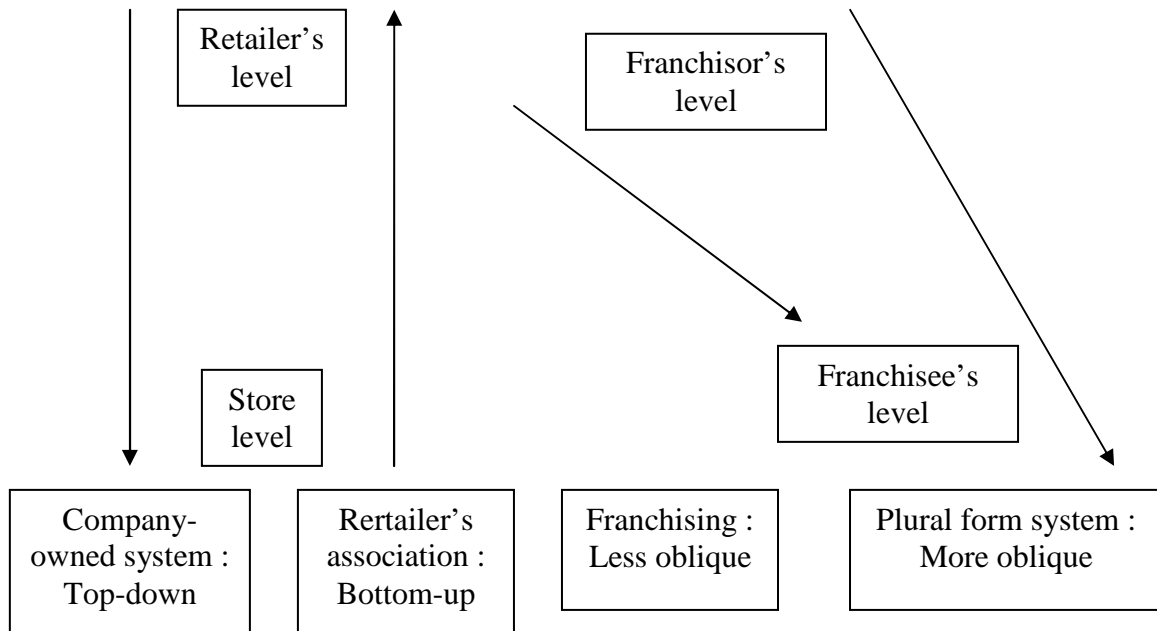


Figure 3:

Retail brand equity's framework

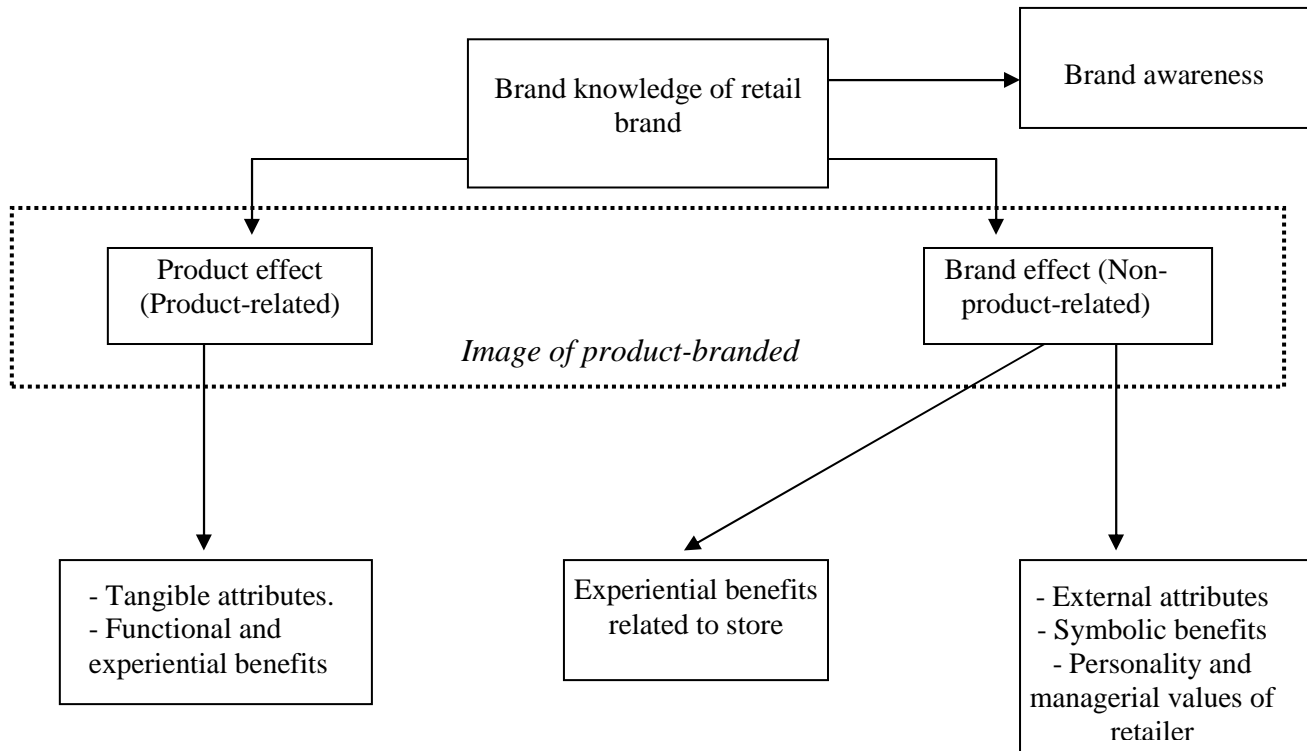


Figure 4

Service retail brand equity's model

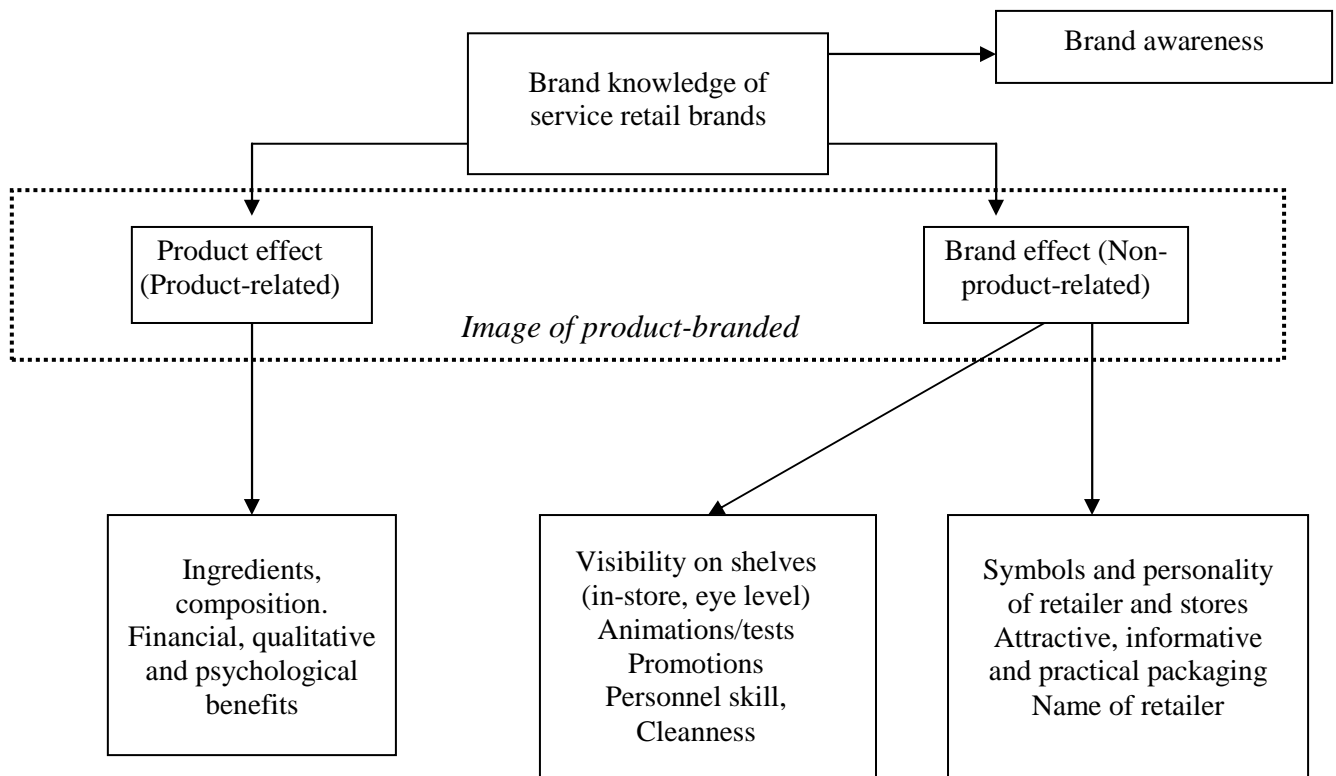




Figure 5

Private label brand equity's model

