



Private label brand image: its relationship with store image and national brand

Private label
brand image

Archna Vahie and Audhesh Paswan

*Department of Marketing and Logistics, University of North Texas,
Denton, Texas, USA*

67

Abstract

Purpose – The purpose of empirical study is to focus on the relationship between perceived private label brand (PLB) image, and perceived store image (SI) and feeling associated with the presence of national brand (NB).

Design/methodology/approach – The data are collected using a self administered questionnaire from respondents belonging to generation Y in their 20s. The focal product was apparels sold at department stores.

Findings – The results indicate that the store atmosphere and store quality positively influence the perception of PLB's quality, whereas, the congruence between national brand and store image (NBSI) has a negative influence on PLB's quality. In comparison, the store quality, store convenience, store price/value, and the congruence between NB and PLB have a positive influence on the affective dimension of the PLB image, whereas, the congruence between NBSI has a negative influence.

Research limitations/implications – A key limitation of this study is the sampling frame. Future studies should replicate this study in different contexts and with different target population.

Practical implications – To boost the image of their PLBs, stores need to focus on the store quality dimension, since it affects both quality and affective dimensions of PLB. Other SI dimensions that have a significant effect on either PLB-quality or PLB-affective dimensions are store atmosphere, convenience, and price/value dimensions. Regarding the presence of NBs in a store, even if it is in congruence with the SI, it has a detrimental effect on both the quality and affective dimension of PLB, unless the PLB image and NB image are seen as congruent. Managers should ensure that the NBs carried by their store harmonize with their own PLB image.

Originality/value – This study provides answers to a crucial question – “How to improve the consumer perception of private label brand?”

Keywords Brand image, Brands, Department stores

Paper type Research paper

Most department stores in a mall vie for the same customers, and the merchandise being offered is relatively homogenous (Reda, 2002). It is common to find competing department stores located as anchor stores within the same shopping mall, albeit within sauntering distance from one another. In addition, these malls also include other stores located in between the so-called anchor department stores. In terms of merchandise, the quality, style and texture of national brands (NBs) are similar across different department stores in a particular region (Reda, 2002). As a result, a customer has a lot of choices in terms of stores, especially in the clothing area. Hoping to draw a larger share of this pool of customers, department stores attempt to differentiate themselves from their competitors' by introducing combinations of private label brands (PLBs) and NBs (Collins-Dodd and Lindley, 2003). Most department stores sell



International Journal of Retail &
Distribution Management
Vol. 34 No. 1, 2006
pp. 67-84

© Emerald Group Publishing Limited
0959-0552

DOI 10.1108/09590550610642828

some combination of NBs, as well as, PLBs of clothing. PLBs are of particular interest, because these help the department stores in differentiating their merchandize, increase the potential for sales by attracting more customers (Corstjens and Lal, 2000; Reda, 2002), and they may help control costs and build store loyalty (Corstjens and Lal, 2000; Collins-Dodd and Lindley, 2003). However, PLBs could also increase the cost because typically PLBs become the responsibility of retailers who have to fund its promotion and brand building expenses.

From the consumer's perspective, cues that are an inherent part of the core of product (i.e. intrinsic) such as texture, style, fitting and stitching (Olson, 1972; Olson and Jacoby, 1973; Richardson and Dick, 1994) as well as cues that are somewhat external to the core of, although not completely detached to, the product (i.e. extrinsic) such as the price, product's brand name and packaging (Olson, 1972; Olson and Jacoby, 1973; Richardson and Dick, 1994), play a big part in influencing the PLB purchase decision. Extant studies have demonstrated that extrinsic cues, in particular brand name and price play a bigger role in influencing the consumer than the intrinsic cues (Dawar and Parker, 1994; Allison and Uhl, 1964). This study focuses on two such factors namely "store image" and "private label brand image" and investigates the interdependencies amongst these factors. A strong relationship between a retail SI and the image of its PLB is considered to be a "fundamental requirement for a successful differentiation strategy." (Collins-Dodd and Lindley, 2003, p. 2). We postulate that the PLB image and the SI will be positively associated to one another. In addition, this study also investigates the impact of the presence of NBs on the PLB image.

A compelling reason for department stores' management to comprehend the PLB image is the direct link between brand image and the brand equity as suggested by Aaker (1991) and Keller (1993) and empirically supported by Faircloth *et al.* (2001). Definitions of brand equity vary somewhat depending upon the perspective taken by the researcher. One definition is the difference between attributions made towards a brand with the brand name versus a product without that brand name and the resultant cash flow difference. Others include consumer perspective of utility, consumer loyalty, or image differentiation. These definitions underscore the importance of brand equity to the firms in terms of consumer loyalty, revenue and cash flow (Faircloth *et al.*, 2001; Aaker, 1991; Ailawadi *et al.*, 2003; Keller, 1993). Research has also demonstrated that brands with a better image are preferred than those with a less positive image (Kwon, 1990). Pitta and Kutsanis (1995) have shown that a positive image of a brand differentiates the brand in the consumer's mind, and in turn helps enhance the brand equity. While the management of a department store focuses on ways to increase their PLB equity, a possible solution is to focus on factors that enhance the PLB image.

This study focuses on the factors that are under the control of the department store management, and have an impact on the PLB image. These are SI dimensions and the presence of NBs. The SI dimensions, to a large extent are controllable by the store management. However, the consumer feeling associated with the presence of NBs may not be completely under the control of the store management. Whether the presence of NBs enhances the consumers' perceptions of the PLBs is important for the management of department stores to know since they can change the product mix depending on the synergy the two types of products can provide. Towards this endeavor, first the context of the study is outlined, followed by the literature review, related hypotheses, method, results, discussion, limitations, and implications.

Study context

This study is conducted in the context of apparels. According to a study published in *Apparel Merchandizing* (issue dated October 2002), 58 percent of men's apparel shoppers, 56 percent of women's apparel shoppers, 51.1 percent of women's intimate apparel shoppers, and 54 percent of children's apparel shoppers are willing to buy PLBs (Shapiro, 2002). A considerable part of sales revenues for department stores come from PLBs. For example, according to Sears' financial reports, Sears made \$1 billion from their Land's End line in the year 2002. In addition, in their Annual Reports for 2004 Sears describes Covington, which is a casual apparel store brand as a "hit" that exceeded the expectations. For another department store, Dillard, although still expanding its PLBs, approximately 18 percent of their total sales for 2002 came from their PLBs, as published in their financial reports. Other department stores such as the ones operated by May Department Stores Company, namely Kaufmann, Robinson-May and Foley's are also expanding their private label presence. Federated department store's private labels such as I.N.C., Charter Club/Clubroom, Alfani, Style & Co contributed to 17.4 percent of total sales in the year 2004 as published in their Annual Report. Given the size of the potential market, department stores are investing a lot of time and money into their PLBs. Stores such as Macy's operated by Federated Department Stores target markets its store brands. For example, the Tasso Elba brand is targeted at urbane male clients and American Rag at intensely free-spirited 15-24 year olds. Also, Federated sells contemporary clothes under the Alfani label, sportswear under the Style & Co label, casual and career fashions under I.N.C. considering the amount of resource and effort the department stores are devoting to manufacturing, procuring their PLBs, it becomes all the more essential that their particular PLBs be attractive to their customers. Another important reason for devoting attention to private label is because it could help the retail stores differentiate itself in the consumer's mind (Pitta and Kutsanis, 1995).

While, several studies have investigated the PLBs and the determinants of their success and failure, the focus has been primarily on the food category in grocery stores (Garretson *et al.*, 2002; Burton and Lichtenstein, 1998; Putsis and Dhar, 2001; Sethuraman, 1992; Narsimhan and Wilcox, 1998; Sinha and Batra, 1999; Richardson *et al.*, 1997). Although these investigations have led to a rich literature base, the knowledge gained from these studies on grocery stores and its merchandize may not be easily applicable to department stores and clothing sold therein because the meaning and relevance of clothes is different from the meaning and relevance of grocery items. In other words, because clothes and grocery items play different roles in the consumers' life, how a consumer determines the image of these products and subsequently behaves toward them may also vary.

Clothes are generally a higher involvement and higher ticket product than grocery items. There are also social risks attached to clothes. Besides, clothes are considered to have more "experience" characteristics (Erdem and Swait, 1998) because consumers rely on how the clothes fit, how it feels, how it looks on them when worn, and expectation of how it would withstand the wear and tear of use. This makes the decision making process more experiential. In addition, the pleasure dimension, and symbolic and social meaning plays a significant role in clothes purchase. Finally, typically, clothes are not purchased in a routine manner. In contrast, grocery items are considered to have more "search" characteristics (Erdem and Swait, 1998) because

grocery items typically belong to the convenience goods category with the purchase decisions often based on past experience and functionality, and features play a major role grocery purchase. In addition, grocery purchases are more mundane in nature and some might even consider it a chore. In fact, Batra and Sinha (2000, p. 175) found that:

... private label brand purchases in a category increase when consumers perceive reduced consequences of making a mistake in brand choice in that category, and when that category has more 'search' than 'experience' characteristics.

Given that clothes are associated with "experience" characteristics, Batra and Sinha (2000) suggest that some of the dimensions of purchase behavior of clothes are different from that of purchase behavior of groceries. Hence, results from research on purchase behavior of groceries cannot be generalized to purchase behavior of clothing sold in department stores, without some contingencies.

Literature review and hypotheses

Consumers make selection of products based on anticipated satisfaction with that product, i.e. a subjective expectation or likelihood of liking the product (Weiner, 2000). The attribution theory addresses how consumers make these subjective inferences and anticipations from limited available evidence (Burnkrant, 1975). However, if the product has never been bought or used before by the consumer, this subjective anticipation may not be attributed to prior experience, but to other factors that the consumer can associate with the product or the service. In the context of a PLB that a consumer has never bought and used, the retail store which owns the PLB can be a potential cue for the consumer to make inferences about the PLB. In the same way, other known brands carried by the store can also act as cues. A fundamental principle of the attribution theory states that the more consistent the meaning of cues associated with the object, the stronger the attribution (Burnkrant, 1978). A PLB is often found exclusively in the store that owns it, there is likely to be consistency in the cues within the store owning the PLB such as store atmosphere, services, convenience, and presence of other brands. Hence, these cues are likely to strongly influence the perceptions about the quality of the product (Burnkrant, 1978), i.e. the PLB image.

A brand-image is defined as the sum total of brand associations held in consumer memory that lead to perceptions about the brand (Keller, 1993). These associations of brand image are multidimensional and consist of the *affective dimension* or the attitudes towards the brand and the perceived *quality dimension* (Keller, 1993). Faircloth *et al.* (2001) used structural equation modeling to show that brand attitude is directly related to brand image. Similar arguments could be used to define a related concept of SI, "the way in which the store is defined in the shopper's mind partly by its functional qualities and partly by an aura of psychological attribute" (Martineau, 1958, p. 47). In this study, we rely on Keller's (1993) conceptualization of brand image and use the term *PLB-affective* and *PLB-quality* for the affective and quality dimensions of PLB image.

Starting with the early works of Martineau (1958) SI has attracted its fair share of research attention that has resulted in a rich body of knowledge. Lindquist (1974) conceptualized SI as a common running theme or structure across nine dimensions – merchandise, service, clientele, physical facilities, convenience, promotion, store ambience, institutional factors, and post transaction satisfaction. Doyle and Fenwick (1974) consider five dimensions of SI – product, price, assortment, styling and location.

Bearden (1977) conceptualized shopping center image as consisting of seven dimensions – price, quality of the merchandise, assortment, atmosphere, location, parking facilities and friendly personnel. Nevin and Houston (1980) focus on only three dimensions of retail image – assortment, facilities, and market posture. Ghosh (1990) argues that retail image consists of eight elements of retail marketing mix – location, merchandise, store atmosphere, customer service, price, advertising, personal selling and sales incentive programs. More recently, Kim and Jin (2001) used six dimensions – merchandise, service convenience, facility convenience, congestion, clean and spacious atmosphere, and price competitiveness. Chang and Tu (2005) used only four dimensions – facilities, store service, store activities, and convenience. In summary, the conceptualization of SI is diverse and multi-dimensional. Chowdhury *et al.* (1998) conducted an extensive review of extant literature on SI and identified six dimensions that seem to capture the common elements across these varied conceptualizations of SI. They then tested its reliability and validities in the context of grocery stores. The six dimensions are employee service, product quality, product selection, atmosphere, convenience and prices/value. This study will rely on the dimensions identified by Chowdhury *et al.* (1998) because they provide a more parsimonious yet comprehensive set of dimensions for SI.

Studies done in the context of grocery store have shown that consumers have a more positive attitude towards grocery PLBs if they have a high image of that particular store (Collins-Dodd and Lindley, 2003). Also, Richardson *et al.* (1996) showed through field experiments that store aesthetics aided in the formation of perception of PLB-quality. Other studies have shown that promotional support of its PLB by the grocery store positively impacts the perception of PLB performance (Dhar and Hoch, 1997).

Relying on the existing evidence, we argue that the perceived image of a department store, on various dimensions, will be positively associated with the PLB image – both *affective* and *quality* aspects. Since the PLBs are exclusively found in the chain of one department store, the image of the store and the PLB will be closely linked. In other words, if a customer considers a department store to be an upscale department store, there will be a rub-off (similar to the halo effect) of that image on its PLB too and the customer is likely to believe that the PLBs are also upscale. Thus, we hypothesize that the quality and affective dimension of the PLB image (Keller, 1993) will be positively associated with the dimensions of the SI – store service, convenience, quality, selection (variety), prices/value, and atmosphere (Chowdhury *et al.*, 1998).

- H1a. PLB-quality perception will be positively associated with SI-service.
- H2a. PLB-quality perception will be positively associated with SI-convenience.
- H3a. PLB-quality perception will be positively associated with SI-quality.
- H4a. PLB-quality perception will be positively associated with SI-selection (variety).
- H5a. PLB-quality perception will be positively associated with SI-prices/value.
- H6a. PLB-quality perception will be positively associated with SI-atmosphere.
- H1b. PLB-affective perception will be positively associated with SI-service.
- H2b. PLB-affective perception will be positively associated with SI-convenience.
- H3b. PLB-affective perception will be positively associated with SI-quality.

H4b. PLB-affective perception will be positively associated with SI-selection (variety).

H5b. PLB-affective perception will be positively associated with SI-prices/value.

H6b. PLB-affective perception will be positively associated with SI-atmosphere.

Extant studies have established that the image of the store is positively related to (Pettijohn *et al.*, 1992) and impacted by Porter and Claycomb (1997) the brands carried by the store. In particular, Pettijohn *et al.* (1992) found that having a low-image brand (in the case of clothing) does not negatively impact the SI significantly but having a high-image brand has a significant positive impact on the SI. These studies suggest that in general, brands carried by the store are significantly associated with the SI. Corstjens and Lal (2000) have demonstrated that national and PLBs have complementary roles in the low-involvement packaged goods industry. Porter and Claycomb (1997) found that the presence of an anchor brand (often the NB) in clothes exerts a positive influence on the image of the store.

Based on these evidences we speculate that the presence of NB will impact the PLB image, especially when considered in conjunction with the SI. However, the relationship between these constructs will not be uniform across different dimensions of PLB image, and feelings associated with the presence of a NB. For example, to start with, it could attract people who are NB conscious to the store. It could also enhance the image of the store (Porter and Claycomb, 1997). However, this image transfer may not carry over to the PLB, and consumers who are NB conscious may attribute negative quality to the PLB. Even if they perceive congruency between the presence of the NB and SI, i.e. they perceive the SI and the NB to be in harmony, they may see the presence of PLB as a negative influence. The only time the presence of NB is likely to have positive influence on PLB is when the consumers perceive the PLB to be as good as the NB – high congruence between NB and PLB. This is possible when department stores try to build the brand equity of PLB (not necessarily linked to the store name) in the consumer's mind. Thus, we hypothesize that the perceived congruence between NB and PLB (NBPLB-congruency) will have a positive influence on the affective and quality dimensions of PLB image (PLB-quality and PLB-affective). In contrast, NB-consciousness and the congruence between NB and SI (NBSI-congruency) are likely to have a negative influence on the affective and quality dimensions of PLB image (PLB-quality and PLB-affective).

H7a. PLB-quality perception will be negatively associated with NB-consciousness.

H8a. PLB-quality perception will be positively associated with NBPLB-congruence.

H9a. PLB-quality perception will be negatively associated with NBSI-congruence.

H7b. PLB-affective perception will be negatively associated with NB-consciousness.

H8b. PLB-affective perception will be positively associated with NBPLB-congruence.

H9b. PLB-affective perception will be negatively associated with NBSI-congruence.

Method and analyses

The sampling frame consists of Gen Y (said to be born between 1977 and 1995) consumers who are in their twenties. "Today's 21-year-olds serve as the nation's key trendsetters . . ." (Weiss, 2003, p. 30). Estimates in trade and popular press vary a lot (Green, 1993; Morton,

2002; Stanley, 1995; Weiss, 2003), but this group is supposed to be about 70 million strong, more than three times the size of generation X, and almost as big as baby boomers. Gen Y has lots of disposable income and money to spend, e.g. 70 percent have jobs and more than one third work an average of 20 hours per week (Stanley, 1995; Weiss, 2003). Of the \$6.5 trillion dollars spent annually by US consumers, over \$500 billion is spent by the members of generation Y. In addition, this segment also has influence over another enormous market, their parents. This group is very consumption-oriented and has grown up accustomed to abundance (Anonymous, 2003). After being raised and pampered by their baby boomer parents, they see no reason not to continue having things their way in the marketplace (Weiss, 2003). Their buying power only increases as they get older. The respondents were seniors at a major southwestern university campus located in a major metropolitan city. This sample is deemed appropriate for this study because students spend a lot of money shopping (Roberts and Jones, 2001), and "they're much less brand-loyal than previous generations and are more accepting of generic labels" (Weiss, 2003, p. 31). A more recent study suggests that "teens spend a lot, about \$100 a week each and \$141 billion a year all together, on fast food, clothing, movies and CDs" (www.pbs.org/newshour/extra/features/jan-june01/credit_debt.html). The arguments presented here suggest that the target respondents are likely to be open to PLBs, have lots of disposable income, act as trend setters, and influence their parents as well.

Data was collected using a self-administered survey instrument and 811 questionnaires were distributed. The respondents were asked to complete the questionnaire in their own time and bring it back within two weeks. Filling out the survey was voluntary. A total of 549 completed questionnaires were returned (response rate of 67.7 percent). In terms of sample profile, the average age of the respondents was 23 (median 22 and mode 21 years) and 58 percent of the respondents were women (42 percent men). The median self reported household income was between \$20,000 and \$40,000 per year (mode was "less than \$ 20,000"). Although, it is not possible to discern whether this HH income pertains to the student's HH income or his/her parent's HH income, in either case, it gives the students their buying power and according to both academic and trade literatures the students do use this buying power and spend a lot on clothes (Hayhoe *et al.*, 2001; Roberts and Jones, 2001). These respondents visited their department store of choice thrice a month (both median and mode) and their expenditure on clothes per month was between \$26 and \$50 (median and mode). They bought 9-11 clothing items (median) from their chosen department store in the last one year and the number of PLBs bought were between 3 and 5 items (median and mode). These descriptive statistics mirror the information obtained from the secondary sources and reaffirm our belief that our sample is an appropriate sample for investigating the proposed relationships between SI, PLB image, and NB related feelings.

The respondents were asked to select a department store they visited most often and answer the questions on the questionnaire based on their experiences at that store. The questionnaire included a list of department stores as examples – Foley's, J.C. Penney, Dillard's, Sears, Macy's, Nordstrom, Saks Fifth Avenue, Lord & Taylor, and Neiman Marcus. This list was compiled after a brain storming session in one of the classes to ensure that the list is relevant for our target respondents. The instructions in the questionnaire specifically explained and gave examples of "private label brands" and "national brands". Examples of PLBs were as follows: Foleys's store brands – Amanda Smith, John Ashford, Brandini, Valerie Stevens, Marsh Landing; J.C. Penney's store brands – St John's Bay, Arizona Jean Company, Hunt Club; Dillard's store brand –

Clarity, Béchamel, Murano, Copperkey; Sears' store brands: Covington, Land's End; Macy's store brands – I.N.C., Alfani, American Rag, Charter Club, First Impressions, Greendog, Tasso Elba, Style & Co; and Nordstrom's store brands – Nordstrom Burgundy Label, Pure Stuff, Caslon, Halogen, Norsport, The Nordstrom Brand. Examples of NBs were follows: Tommy Hilfiger, Polo, Calvin Klein, and Levi's. Once again the choice of PLBs, their respective stores, and NBs listed were based on our discussions with student groups to ensure relevancy. We also made sure that these stores existed within the geographic region, i.e. the metroplex area, where our respondents shop for clothes, and made sure that the PLBs match the department stores.

In addition, the respondents were also asked to list (this was an open ended question) the department stores they visit more frequently. The results indicated that the respondents understand the difference between a department store and other stores. For example, 97.6 percent of respondents listed Dillard's, Foleys, J. C. Penney, Kohls, Sears, Macy's, Neiman Marcus, Nordstrom, Lords & Taylor, and Saks Fifth Avenue as their first choice for the most frequently visited store (97.4 percent listed these as their second choice). Respondents were also asked to indicate the number of stores brand clothes and clothes bought during the previous year, and the median of the number of PLB clothes was 3-5 and for the number of clothing items bought the corresponding figure was 9-11 units (mode for the number of clothes bought was over 11 items). Finally, in order to ensure that the result is not muddled by responses from respondents who are not cognizant of what a department store is, we removed the data obtained from respondents who did not list a department store as their frequently visited store. This reduced the effective sample size to 530, but it completely eliminates any confound due to confusion about lack of knowledge and awareness of a department store.

The responses to scale items measuring SI, PLB image, and orientation towards NB were measured on a five-point Likert-type scale anchored between "strongly agree" (1) to "strongly disagree" (5). The scale items for measuring SI were adapted, with non-substantive modification to suite the department store context, from Chowdhury *et al.* (1998). Please see Appendix for the modified scale items. Measures for PLB-quality were adapted from Gaski and Etzel (1986) and for attitude towards PLB from Raju and Hastak (1983). Please see Table I for the scale items retained. We ensured that the items truly captured the quality and affective dimensions. In order to measure consumer's feeling towards presence of NB (and whether the presence of NB is congruent or discordant with SI and PLB image) we relied on the extant literature on SI as well in-depth discussion with a small group of target respondents, and developed a 14 item scale (please see Table II for the scale items retained).

After the data collection, non-response error was tested by comparing early respondents with late respondents on key sample characteristics, and no significant difference was found between these two groups on household income, age, frequency of visit to their favorite department store, number of PLB clothes bought the previous year, number of clothing items bought the previous year, money spent on clothes per month, and the most frequently visited department stores.

Factor analysis was conducted next using the scale items for measuring the PLB image and consumer attitude towards the presence of NB in Table II. Since the scale items for measuring the PLB image were borrowed from two different sources, i.e. Gaski and Etzel (1986) and Raju and Hastak (1983), and modified to fit the context of this study; and scale items for measuring the consumer attitude towards the presence of NB was specifically

	Factor-1	Factor-2	Private label brand image
Too many of the "private label brands" I buy at "my most frequented store" are defective in some way	0.876		PLB-quality
Most "private label brands" I buy at "my most frequented store" wear out too quickly	0.851		
"My most frequented store" does not care enough about the quality of its "private label brands"	0.847		
I like the "private label brands" of "my most frequented store" very much		0.878	PLB-affective
I am satisfied with most of the "private label brands" I buy at "my most frequented store"		0.855	
Percentage of variance explained (77.42 percent total)	45.35	32.07	
Cronbach α	0.845	0.711	
Factor mean	3.5	2.55	
Factor SD	0.9	0.85	

75

Notes: Scale range: 1 = strongly agree and 5 = strongly disagree; PLB-quality scale was adapted from Gaski and Etzel (1986) and the α score for the source study was 0.826-0.96; PLB Like scale was adapted from Raju and Hastak (1983) and the α score for the source study was 0.9. Instruction to the respondents: "While answering the following questions please keep your 'most frequented department store', that is the department store you visit most often, in mind. Examples of the department store are as follows: Foleys, J C Penny, Dillard's, Sears, Macy's, Nordstrom's, Saks Fifth Avenue, Lord & Taylor, and Neiman Marcus."

Table I.
Measurement scale for
PLB image

developed for this study; we felt the need to ensure that the scale items do in fact capture the constructs suggested earlier in this study. Factor analysis of the scale items measuring PLB image yielded two factors – PLB-quality and PLB-affective (see Table I for rotated factor structure matrix, descriptive statistics, and reliability scores). The factor analysis using the scale items developed for measuring respondents' feelings associated with presence of NBs resulted in suggested three factors namely national brand (NB)-consciousness, national brand and private label brand (NBPLB)-congruence, and national brand and store image (NBSI)-congruence (see Table II for factor structure matrix, descriptive statistics, and reliability scores). Internal consistency of the factors was assessed using Cronbach α s and all the reliability scores were above 0.71. Only national brand store image (NBSI)-congruence had an α score of 0.69.

The scale items measuring six SI dimensions (adapted from Chowdhury *et al.*, 1998), namely SI-service, SI-convenience, SI-quality, SI-selection (variety), *SI-prices/value*, and *SI-atmosphere* are presented in the Appendix, along with their α scores from source and current study. The Cronbach α scores (an assessment of internal consistency) for all the factors were within acceptable limits (above 0.68) except for SI-selection/variety (α score of 0.63). The factor items were next averaged and the composite scores were used for testing our hypotheses.

We next looked at the inter-item correlations and found that the correlation estimates were generally higher within factors than across factors, thus establishing the convergent and discriminant validity of the factors (Churchill, 1979). Next, we looked at the correlations between composite (averaged) factor scores (see Appendix for the inter-factor correlations). The α scores for all the factors were generally higher than the inter-factor correlations. These further suggest acceptable levels of convergent and discriminant validity.

Scale items	Rotated factor loadings			Factor labels
I am more inclined towards shopping at department stores that carry NBs too	0.796			NB-consciousness
I feel good shopping at department stores that carry not only their "private label brands" but NBs too	0.757			
I would rather shop at a department store that carries NBs than at one that does not carry NBs	0.751		0.311	
Most of the department stores I buy clothes from carry NBs	0.751			
I like to shop for clothes at department stores that carry NBs too	0.743			
NB owners do not prefer to sell their renowned brands alongside poor quality and bad "private label brands"		0.721		NBPLB-congruence
A "private label brand" would have to be of good enough quality to be placed in department stores amongst reputed NBs		0.719		
"Private label brands" that are low in quality will be a misfit amongst reputed NBs		0.629		
Department store managers would not display a "private label brand" alongside a NB unless the two brands were about comparable (quality)		0.619		
Department stores that carry prominent NBs make sure that their "private label brands" are at least good in quality (if not better) as the NBs		0.609		
How many NBs a department store carries reflects on the store's reputation			0.733	NBSI-congruence
NBs are sold only at quality department stores			0.706	
I am not sure of the quality of a store unless I see some well-known NBs being sold there too			0.638	
All good and upscale department stores carry NBs	0.423		0.531	
Percent of variance explained (after rotation)	23.82	17.18	14.87	
Cronbach's α	0.855	0.717	0.688	
Factor mean	2.377	2.642	2.733	
Factor standard deviation	0.780	0.645	0.785	

Table II.
Principal component analysis – consumer feeling associated with the presence of NB

Notes: scale range: 1 = strongly agree and 5 = strongly disagree; Instruction to the respondents: "While answering the following questions please keep your 'most frequented department store', that is the department store you visit most often, in mind. Examples of the department store are as follows: Foleys, J C Penny, Dillard's, Sears, Macy's, Nordstrom's, Saks Fifth Avenue, Lord & Taylor, and Neiman Marcus"

The averaged factor scores were used for testing our hypotheses, using two multivariate regression tests. The first regression model was tested using the composite score of private label brand quality (PLB-quality) as the dependent variable, and the six store image factors and the three factors capturing consumer feeling associated with the presence of NB as the independent variables. The overall model fit indices are reasonably good, i.e. $R = 0.52$; $R^2 = 0.27$; Adjusted $R^2 = 0.26$ (Table III). The β weights indicate that the SI-quality and the SI-atmosphere have a significant positive impact on the PLB-quality. As regards feelings associated with the presence of NB, only NBSI congruence has a significant negative influence on PLB-quality. These provide support for $H3a$, $H6a$, and $H9a$ ($H1a$, $H2a$, $H4a$, $H5a$, $H7a$, and $H8a$ were not supported).

	Unstd. B	Std. error	Std. β	<i>t</i> -stats	Sig.	Collinearity statistics	
						Tolerance	VIF
(Constant)	4.19	0.20		21.46	0.00		
<i>H1a</i> : SI-service	0.00	0.05	0.00	0.01	0.99	0.66	1.52
<i>H2a</i> : SI-convenience	-0.06	0.05	-0.06	-1.25	0.21	0.63	1.58
<i>H3a</i> : SI-quality	-0.20	0.06	-0.18	-3.68	0.00	0.63	1.58
<i>H4a</i> : SI-selection/variety	-0.02	0.05	-0.02	-0.38	0.70	0.64	1.57
<i>H5a</i> : SI-price/value	0.04	0.05	0.04	0.94	0.35	0.77	1.29
<i>H6a</i> : SI-atmosphere	-0.40	0.05	-0.39	-8.62	0.00	0.71	1.40
<i>H7a</i> : NB-consciousness	0.00	0.05	0.00	0.05	0.96	0.67	1.49
<i>H8a</i> : NBPLB-congruence	0.03	0.06	0.02	0.55	0.58	0.77	1.30
<i>H9a</i> : NBSI-congruence	0.21	0.05	0.19	4.21	0.00	0.72	1.38

Notes: Dependent variable: PLB-quality; $R=0.52$; $R^2=0.27$; adjusted $R^2=0.26$

Table III.
Regression –
PLB-quality, and SI
dimensions and
consumer feelings
towards presence of NBs

The second regression model was tested using the composite score of the liking towards PLB (PLB-affective) as the dependent variable and the six SI and the three NB related factors as the independent variables. The overall model fit indices are reasonably good, i.e. $R = 0.59$; $R^2 = 0.34$; Adjusted $R^2 = 0.33$ (Table IV). The β weights indicate that SI-convenience, SI-quality, and SI-price/value have a significant positive impact on PLB-affective dimension. As regards feelings associated with the presence of NB, the NBPLB-congruence has a positive effect on PLB-affective dimension, whereas, the NBSI-congruence have significant negative influence on the PLB-affective dimension. These provide support for *H2b*, *H3b*, *H5b*, *H8b*, and *H9b* (*H1b*, *H4b*, and *H6b* were not supported). Support for *H7b* (NB-consciousness) was at best marginal (p -value = 0.09).

For both the regression models (Tables III and IV) we checked for multicollinearity amongst independent variables using VIF and tolerance estimates. These (the VIF estimate was between 1.30 and 1.58, and the tolerance estimate was between 0.63 and 0.77) indicate no significant concern for multicollinearity (Hair *et al.*, 1998). These results (both supported and unsupported hypothesized relations) are presented in Figure 1.

	Unstd. B	Std. error	Std. β	<i>t</i> -stats	Sig.	Collinearity statistics	
						Tolerance	VIF
(Constant)	0.73	0.18		4.14	0.00		
<i>H1b</i> : SI-service	0.03	0.05	0.03	0.66	0.51	0.66	1.51
<i>H2b</i> : SI-convenience	0.10	0.05	0.10	2.16	0.03	0.63	1.58
<i>H3b</i> : SI-quality	0.46	0.05	0.42	9.23	0.00	0.63	1.58
<i>H4b</i> : SI-selection/variety	0.01	0.05	0.01	0.26	0.80	0.64	1.57
<i>H5b</i> : SI-price/value	0.18	0.04	0.17	4.16	0.00	0.77	1.30
<i>H6b</i> : SI-atmosphere	0.00	0.04	0.00	-0.01	1.00	0.72	1.40
<i>H7b</i> : NB-consciousness	-0.08	0.05	-0.07	-1.67	0.09	0.67	1.49
<i>H8b</i> : NBPLB-congruence	0.21	0.05	0.16	3.93	0.00	0.77	1.31
<i>H9b</i> : NBSI-congruence	-0.16	0.05	-0.15	-3.42	0.00	0.72	1.39

Notes: Dependent variable: PLB-affective; $R=0.59$; $R^2=0.34$; adjusted $R^2=0.33$

Table IV.
Regression –
PLB-affective dimension,
and SI and consumer
feelings towards presence
of NBs

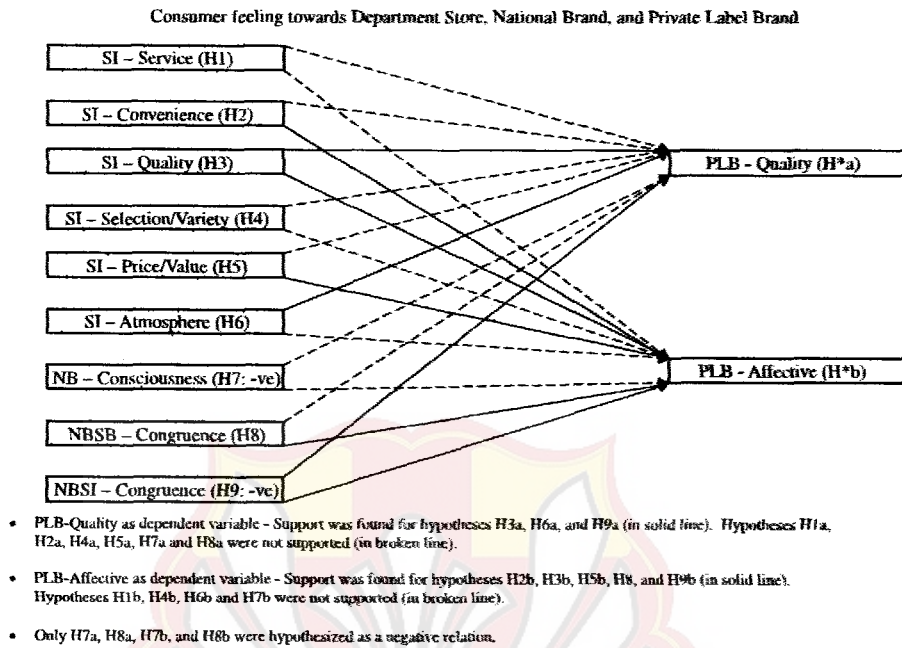


Figure 1.

Discussion and managerial implications

The findings indicate that the dimensions of store image and the consumer feelings associated with the presence of NBs are associated with the consumer perception of the PLB (both quality and affective dimensions). However, the relationship is not consistent across all the dimensions. Two factors (SI-quality and NBSI-congruence) influence both the quality and affective dimensions of consumer perception of PLB. As hypothesized, the dimension of store quality influences both the quality and affective dimensions of PLB image in a positive manner. If the management can improve one thing, then they should concentrate on the store quality. It can potentially lead to better PLB image. When a department store carries high quality clothes, it is likely to positively influence the consumer's perception of PLB – both quality and liking. The second dimension – perceived congruence between NB and SI – however, has a negative influence on both quality and affective dimensions of PLB image. This means that even if consumers perceive the presence of NB to be in harmony with the SI, it is not likely to help the PLB. In fact, this harmony is likely to harm the consumer's perception of PLB. This does not mean that stores should not carry NB or that the PLBs carried should be very different from SI in terms of brand image.

In comparison, store atmosphere only influences perceived PLB-quality, and not the affective dimension of PLB image. This implies that the management of a department store must put a lot of emphasis not only on the quality of the merchandize but also on its presentation and the upkeep of the store. If consumers find the appearance of a store appealing, the overall ambience of the store clean, contemporary, and the employees dressed appropriately and neatly, they are likely to attribute high quality to the PLB. Other elements of store atmosphere not captured directly in our measurement may

include displays, music, lighting, air-conditioning, flooring, the décor, and the furniture to name a few.

Finally, the convenience and price/value dimension of store image only influence (positively) the affective dimension of PLB, and not PLB-quality. This suggests that when consumers find shopping at a store very convenient and get good value for money, the good feeling is likely to enhance their liking towards the PLBs as well. Finally, as regards consumer attitude associated with the presence of NB is concerned, apart from the *NBSI-congruence* which has a significant negative influence on both PLB-quality and -affective dimensions, the perceived *NBPLB-congruence* influences *PLB-affective* in a positive manner. When consumers consider PLBs to be worthy of getting sold along side NBs, it significantly improves the image of the PLB. This implies that the presence of a NB is not only good for the image of the store (Porter and Claycomb, 1997), but is also positive for the image of the PLB in terms of consumer liking the PLB. However, NB conscious consumers are less likely to like PLB (p -value = 0.09), even if there is a congruence between NB and SI. For consumers to like the PLB, the consumers must see the PLB to be on par (in congruence) with, by itself, NB merchandise.

In summary, the dimensions of SI that impact the perceived quality of PLB are "quality" and "store-atmosphere". These relationships are positive. In comparison, SI dimensions that impact the affective dimension of PLB include "convenience", "quality", and "price value" perception. These dimensions of SI positively influence consumer liking towards PLB.

As regards the influence of NBs, the findings suggest that it has a somewhat mixed influence on the PLB image. Unless, the department store management invests resources to build and maintain PLB equity and bring it to a level where consumers see it as a strong brand in its own right, the presence of NBs in a department store may be detrimental for the image of the PLB. Hence only the NB-PLB congruence has a positive influence on consumer liking towards the PLB. NB-SI congruence seems to negatively influence the perception of PLB on both quality and affective dimensions.

The findings (Figure 1) have some interesting implications for the department store managers. While PLBs are important for department stores, getting consumers to accept it as a good quality product and like it requires some strategic planning and investment. The most important SI dimension seems to be the store quality (it affects both quality and affective dimensions of PLB). Clearly, store managers should invest resources in establishing the quality dimensions of the store. Other SI dimensions that have a significant effect on either PLB-quality or PLB-affective dimensions are store atmosphere, convenience, and price/value dimensions. Literature on SI and retailing has amply established the importance of these dimensions and managers should incorporate these dimensions into their strategic planning framework. Regards the presence of NBs in a store, the results indicate that the presence of NB, even if it is in congruence with the SI, has a detrimental effect on both the quality and affective dimension of PLB, unless the PLB image and NB image are seen as congruent. While managers of a store may not be able to do much about the image of the NB, they should ensure that the NBs carried by their store harmonize with their own PLB image. Otherwise, the presence of NB would harm their PLB image. The dimensions listed here not only influence the consumer perception of PLB, they also influence other aspects of the store. While we did not hypothesize it we tested the relationship between the image

dimensions of PLBs and private label purchase behavior and found that PLB-quality was not associated with the purchase behavior, but the affective dimension of PLB image was significantly and positively associated with the PLB purchase behavior.

Limitations and research implications

One of the limitations of this study is the sampling frame. However, we feel that this is not a very serious drawback since most students work part-time and make their shopping decisions independently (Roberts and Jones, 2001). This is particularly true of our sample. In addition, Gen Y or students are seen as trend setters and do account for a significant part of retail expenditure (Green, 1993; Morton, 2002; Stanley, 1995; Weiss, 2003). Nevertheless, a key future research implication would be to replicate this study in a different context. Future studies should also investigate other factors that influence the PLB image, i.e. characteristics of the consumers who buy PLBs, their socio-economic status, amongst other traits. It would also be interesting to investigate which factors influence consumer choice between store and NBs, and the notion of brand loyalty towards the store and PLB. Finally, while we have used multiple regression analyses for testing the relationship between PLB image and its antecedents (SI feelings associated with the presence of NBs), future studies should investigate these relationships using structural equation modeling technique. Such an analysis might also include a behavioral dimension, i.e. PLB purchased, as the final outcome variable.

References

- Aaker, D.A. (1991), *Managing Brand Equity*, The Free Press, New York, NY.
- Ailawadi, K.L., Lehman, D.R. and Neslin, S.A. (2003), "Revenue premium as an outcome measure of brand equity", *Journal of Marketing*, Vol. 67 No. 4, pp. 1-17.
- Allison, R.I. and Uhl, K.P. (1964), "Influence of beer brand identification on taste perception", *Journal of Marketing Research*, Vol. 1 No. 3, pp. 36-40.
- Anonymous (2003), "Gen Y and the future of mall retailing", *American Demographics Ithaca*, Vol. 24 No. 11, pp. J1-J4.
- Batra, R. and Sinha, I. (2000), "Consumer-level factors moderating the success of private label brands", *Journal of Retailing*, Vol. 76 No. 2, pp. 175-91.
- Bearden, W.O. (1977), "Determinant attributes of store patronage: down-town versus outlying shopping areas", *Journal of Retailing*, Vol. 53 No. 2, pp. 15-22.
- Burnkrant, R.E. (1975), "Attribution theory in marketing research: problems and prospects", *Advances in Consumer Research*, Vol. 2 No. 1, pp. 465-70.
- Burnkrant, R.E. (1978), "Cue utilization in product perception", *Advances in Consumer Research*, Vol. 5 No. 1, pp. 724-30.
- Burton, S. and Lichtenstein, D.R. (1998), "A scale for measuring attitude toward private label products and an examination of its psychological and behavioral correlates", *Journal of the Academy of Marketing Science*, Vol. 26 No. 4, pp. 293-307.
- Chang, C. and Tu, C. (2005), "Exploring store image, customer satisfaction and customer loyalty relationship: evidence from Taiwanese hypermarket industry", *Journal of American Academy of Business*, Vol. 7 No. 2, pp. 197-202.
- Chowdhury, J., Reardon, J. and Srivastava, R. (1998), "Alternative modes of measuring store image: an empirical assessment of structured versus unstructured measures", *Journal of Marketing Theory and Practice*, Vol. 6 No. 2, pp. 72-87.

- Churchill, G.A. (1979), "A paradigm for developing better measures of marketing constructs", *Journal of Marketing Research*, Vol. 16, pp. 64-73.
- Collins-Dodd, C. and Lindley, T. (2003), "Store brands and retail differentiation: the influence of store image and store brand attitude on store own brand perceptions", *Journal of Retailing and Consumer Services*, Vol. 10 No. 6, pp. 345-53.
- Corstjens, M. and Lal, R. (2000), "Building store loyalty through store brands", *Journal of Marketing Research*, Vol. 37 No. 3, pp. 281-92.
- Dawar, N. and Parker, P. (1994), "Marketing universals: consumers' use of brand name, price, physical appearance, and retailer reputation as signals of product quality", *Journal of Marketing*, Vol. 58 No. 2, pp. 81-96.
- Dhar, S.K. and Hoch, S.J. (1997), "Why store brand penetration varies by retailer", *Marketing Science*, Vol. 16 No. 3, pp. 208-27.
- Doyle, P. and Fenwick, I. (1974), "Shopping habit in grocery chains", *Journal of Retailing*, Vol. 50 No. 4, pp. 39-52.
- Erdem, T. and Swait, J. (1998), "Brand equity as a signaling phenomenon", *Journal of Consumer Psychology*, Vol. 7 No. 2, pp. 131-57.
- Faircloth, J.B., Capella, L.M. and Alford, B.L. (2001), "The effect of brand attitude and brand image on brand equity", *Journal of Marketing Theory and Practice*, Vol. 9 No. 3, pp. 61-76.
- Garretson, J.A., Fisher, D. and Burton, S. (2002), "Antecedents of private label attitude and national brand promotion attitude: similarities and differences", *Journal of Retailing*, Vol. 78 No. 2, pp. 91-9.
- Gaski, J.F. and Etzel, M.J. (1986), "The index of consumer sentiment towards marketing", *Journal of Marketing*, Vol. 50 No. 3, pp. 71-81.
- Ghosh, A. (1990), *Retail Management*, 2nd ed., The Dryden Press, Chicago, IL.
- Green, J. (1993), "Changing consumer demographics", *Discount Merchandiser*, Vol. 33 No. 1, pp. 68-70.
- Hair, J.F., Anderson, R.E., Tatham, R.L. and Black, W.C. (1998), *Multivariate Data Analysis*, 5th ed., The Prentice-Hall, Englewood Cliffs, NJ.
- Hayhoe, C.R., Leach, L.J., Turner, P.R., Bruin, M.J. and Lawrence, F.C. (2001), "Money attitudes, credit card use, and compulsive buying among American college students", *Journal of Consumer Affairs*, Vol. 35 No. 2, pp. 213-41.
- Keller, K.L. (1993), "Conceptualizing, measuring, and managing customer-based brand equity", *Journal of Marketing*, Vol. 57 No. 1, pp. 1-22.
- Kim, J.O. and Jin, B.Y. (2001), "Korean consumers' patronage of discount stores: domestic vs multinational discount store shoppers", *Journal of Consumer Marketing*, Vol. 18 No. 3, pp. 236-55.
- Kwon, Y. (1990), "Brand name awareness and image perception of women's daytime apparel", *Perceptual and Motor Skills*, Vol. 71, pp. 743-52.
- Lindquist, J.D. (1974), "Meaning of image – a survey of empirical and hypothetical evidence", *Journal of Retailing*, Vol. 50 No. 4, pp. 29-38.
- Martineau, P. (1958), "The personality of the retail store", *Harvard Business Review*, Vol. 36 No. 1, pp. 47-55.
- Morton, L. (2002), "Targeting generation Y", *Public Relations Quarterly*, Vol. 47 No. 2, pp. 46-8.
- Narsimhan, C. and Wilcox, R.T. (1998), "Private-labels and the channel relationship: a cross category analysis", *Journal of Business*, Vol. 71 No. 4, pp. 573-600.
- Nevin, J.R. and Houston, M.J. (1980), "Image as a component of attraction to intra-urban shopping area", *Journal of Retailing*, Vol. 56 No. 1, pp. 77-93.

- Olson, J. (1972), "Cue utilization in the quality perception process: a cognitive model and an empirical test", doctoral dissertation, Purdue University, West Lafayette, IN.
- Olson, J.C. and Jacoby, J. (1973), "Cue utilization in the quality perception process", in Venkatesan, M. (Ed.), *Proceedings 3rd Annual Conference, Chicago: Association for Consumer Research*, pp. 167-79.
- Pettijohn, L.S., Mellott, D.W. and Pettijohn, C.E. (1992), "The relationship between retailer image and brand image", *Psychology and Marketing*, Vol. 9 No. 4, pp. 311-29.
- Pitta, D.A. and Kutsanis, L.P. (1995), "Understanding brand equity for successful brand extension", *Journal of Consumer Marketing*, Vol. 12 No. 4, pp. 51-64.
- Porter, S.S. and Claycomb, C. (1997), "The influence of brand recognition on retail store image", *Journal of Product & Brand Management*, Vol. 6 No. 6, pp. 373-88.
- Putsis, W.P. Jr and Dhar, R. (2001), "An empirical analysis of the determinants of category expenditure", *Journal of Business Research*, Vol. 52, pp. 277-91.
- Raju, P.S. and Hastak, M. (1983), "Pre-trial cognitive effects of cents-off coupons", *Journal of Advertising*, Vol. 12 No. 2, pp. 24-34.
- Reda, S. (2002), "Department stores struggle to reinvent troubled model", *Stores*, Vol. 84 No. 7, p. 22.
- Richardson, P.S. and Dick, A.S. (1994), "Extrinsic and intrinsic cue effects on perceptions of store brand quality", *Journal of Marketing*, Vol. 58 No. 4, pp. 28-37.
- Richardson, P., Jain, A.K. and Dick, A. (1996), "The influence of store aesthetics on evaluation of private label brands", *Journal of Product & Brand Management*, Vol. 5 Nos 1/3, pp. 9-28.
- Richardson, P.S., Jain, A.K. and Dick, A. (1997), "Household store brand proneness: a framework", *Journal of Retailing*, Vol. 72 No. 2, pp. 159-85.
- Roberts, J.A. and Jones, E. (2001), "Money attitudes, credit card use, and compulsive buying among American college students", *Journal of Consumer Affairs*, Vol. 35 No. 2, pp. 213-41.
- Sethuraman, R. (1992), "The effect of marketplace factors on private label penetration in grocery products", *Marketing Science Institute*, Vol. 9, pp. 305-27.
- Shapiro, L.J. (2002), "Top brands", *DSN Retailing Today*, Vol. 41 No. 20 (A8), pp. 3-5.
- Sinha, I. and Batra, R. (1999), "The effect of consumer price consciousness on private label purchase", *International Journal of Research in Marketing*, Vol. 16 No. 3, pp. 237-52.
- Stanley, T.P. (1995), "Get ready for gen Y", *Brandweek*, Vol. 36/20, pp. 36-7.
- Weiner, B. (2000), "Attributional thoughts about consumer behavior", *Journal of Consumer Research*, Vol. 27 No. 3, pp. 382-7.
- Weiss, M.J. (2003), "To be about to be", *American Demographics Ithaca*, Vol. 25 No. 7, pp. 28-36.

Further reading

- Gronback, K. (2000), "Marketing to generation Y", *DSN Retailing Today*, Vol. 39 No. 14, p. 14.
- Kawabata, H. and Rabolt, N. (1999), "Comparison of clothing purchase behavior between US and Japanese female university students", *International Journal of Consumer Studies*, Vol. 23 No. 4, pp. 213-24.
- Sethuraman, R. and Cole, C. (1999), "Factors influencing the price premiums that consumers pay for national brands over store brands", *Journal of Product & Brand Management*, Vol. 8 No. 4, pp. 340-52.

	Private label brand (PLB)				Store image (SI)				National brand (NB)		
	PLB-qty	PLB-affect	SI-svc	SI-conv.	SI-qty.	SI-var.	SI-price	SI-atms.	NB-consc.	NBPLB-congr.	NBSI-congr.
PLB-quality	(0.845)	-0.27	-0.18	-0.18	-0.22	-0.14	-0.05	-0.36	0.00	0.01	0.09
PLB-affective	-0.35	(0.711)	0.22	0.22	0.33	0.21	0.22	0.18	0.04	0.13	-0.01
SI-service	-0.24	0.32	(0.895)	0.25	0.31	0.23	0.18	0.30	0.10	0.11	0.09
SI-convenience	-0.24	0.32	0.37	(0.867)	0.21	0.27	0.29	0.29	0.13	0.10	0.08
SI-quality	-0.31	0.50	0.49	0.33	(0.676)	0.30	0.13	0.26	0.14	0.12	0.10
SI-variety	-0.18	0.30	0.35	0.40	0.47	(0.627)	0.19	0.22	0.23	0.14	0.15
SI-price/value	-0.07	0.32	0.27	0.44	0.20	0.29	(0.778)	0.12	0.08	0.11	0.06
SI-atmosphere	-0.46	0.24	0.42	0.41	0.39	0.31	0.17	(0.705)	0.09	0.05	0.06
NB-consciousness	0.00	0.06	0.16	0.20	0.23	0.36	0.12	0.14	(0.855)	0.19	0.30
NBPLB-congruence	0.01	0.24	0.20	0.19	0.23	0.26	0.20	0.08	0.38	(0.717)	0.19
NBSI-congruence	0.13	-0.02	0.13	0.13	0.16	0.24	0.09	0.09	0.48	0.38	(0.688)
Mean	3.50	2.57	2.36	2.04	2.44	2.41	2.61	2.04	2.37	2.64	2.73
SD	0.90	0.86	0.82	0.82	0.78	0.82	0.82	0.87	0.78	0.65	0.79
N	513	525	530	530	530	530	530	530	516	515	519

Notes: Lower diagonal figures are correlations between factor composite scores; upper diagonal figures are covariances, and diagonal figures (in parentheses) are α scores; the figures in italics are not significant at p -value < 0.05

Table A1.
Inter-factor correlation,
covariance, and reliability
estimates

Construct	Items	α in source study	α in current study
SI-service	The employees at "my most frequented store" are very friendly The service at "my most frequented store" is excellent I am pleased with the service I receive at "my most frequented store"	0.92	0.895
SI-convenience	"My most frequented store" is easily accessible "My most frequented store" is easy to shop in I can easily go into "my most frequented store"	0.84	0.867
SI-quality	"My most frequented store" sells only high quality clothes I like the "private label brand" clothes of "my most frequented store" I can count on the clothes I buy at "my most frequented store" being excellent	0.76	0.676
SI-variety/selection	"My most frequented store" has a large variety of clothes Every type of clothing I need is at "my most frequented store" "My most frequented store" carries many NBs	0.84	0.627
SI-price/value	The prices at "my most frequented store" are fair I obtain value for my money at "my most frequented store" I can purchase clothes for less at "my most frequented store"	0.88	0.778
SI-atmosphere	The appearance of "my most frequented store" is appealing "My most frequented store" is dirty (R) "My most frequented store" is old-fashioned (R) The employees at "my most frequented store" are appropriately dressed and neat	0.9	0.705

Note: 1 = strongly agree and 5 = strongly disagree; The scales adapted from Chowdhury *et al* (1998). Instruction to the respondents: "While answering the following questions please keep your 'most frequented department store', that is the department store you visit most often, in mind. Examples of the department store are as follows: Foleys, J C Penny, Dillard's, Sears, Macy's, Nordstrom's, Saks Fifth Avenue, Lord & Taylor, and Neiman Marcus"

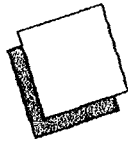
Table AII.
Measurement scale for SI

Corresponding author

Audhesh Paswan can be contacted at: paswana@unt.edu

To purchase reprints of this article please e-mail: reprints@emeraldinsight.com
Or visit our web site for further details: www.emeraldinsight.com/reprints

An executive summary
for practitioner readers
can be found at the end
of this article



Pengantar

ilmu keindahaan

The influence of store aesthetics on evaluation of private label brands

Paul Richardson, Arun K. Jain and Alan Dick

Introduction

Marketing studies have consistently shown in blind taste tests that consumers have difficulty distinguishing between private label and national brand grocery products (see for example Richardson *et al.*, 1994). Yet consumers still prefer national brands by a large margin. According to Information Resources, Inc., despite recent and sometimes dramatic improvements in store brand performance, store brands continue to languish with a paltry 14.9 percent market share.

From the retailers' perspective, consumer preference for national brands hurts the bottom line. Own labels have helped UK retailers to achieve average profit margins of 8 percent of sales, while a typical figure in the USA is 1-2 percent (*The Economist*, 1995).

There are clear strategic advantages for retailers to promote private brands. The margins on private brands are substantial (*The Economist*, 1995). Higher sales of higher margin private label brands increase profits and may enable supermarkets with unionized labor to compete with low cost operators like Walmart. For example, sales, general and administrative expenses are estimated to be 20.5 percent for Krogers and only 15.5 percent for Walmart (*The Economist*, 1995). The higher margins on private label brands can also help stores defend themselves against supercenters. Furthermore, preference for private brands contributes to store loyalty, resulting in higher sales of both national and private label brands. This buffers the store from margin-killing price promotions and an ever-escalating need to respond to competitive price pressures.

A factor in the success of private brand penetration is likely to be merchandizing. According to an industry analyst, "Consumers' perception ... is very different when it is bought from a shabby, smelly ... store than from a cosmopolitan gourmet temple" (Dowdell, 1994).

There is a rich body of literature in environmental psychology (Mehrabian 1980; Mehrabian and Russell, 1974; Russell and Pratt, 1980) which supports such an assertion. These models posit that the environment within which decisions are made produces emotional states which in turn influence consumer response. Examples of environmental factors in a retailing context include interior design, store layout, lighting, color, music, overall cleanliness of the store, etc. (Donovan and Rossiter, 1982). Although some retailers have claimed large effects from manipulating store atmosphere (Stevens, 1980; Wysocki, 1979) this evidence is purely anecdotal.

The objective of our investigation is to examine experimentally the effect of store atmosphere on consumer evaluations of private brand grocery products. Toward this, we first propose specific research hypotheses based on the literature in environmental psychology, retailing and consumer

Strategic advantages
for retailers

The stimulus-organism response process

The effect of merchandising

behavior. Next we describe the experimental design used to test these hypotheses. Then, the results, based on analysis of data collected at a major supermarket chain in the northeast, are presented. Finally, we conclude with a discussion of the managerial implications, limitations of the study and directions for future research.

Environmental psychology theory

The environmental psychology model of Mehrabian (1980); Mehrabian and Russell (1974); and Russell and Pratt (1980), provides an attractive framework to view the impact of merchandising on perceptions of store brand quality. It postulates a stimulus-organism response (SOR) process (see Figure 1). The environment within which the decision is made serves as a stimulus to the decision maker. Mehrabian and Russell propose that the environment could be positively loaded (i.e. novel, surprising) or negatively loaded (uninspiring, usual, dull). The environment has the potential to create arousal on the part of the individual. A positive load would result in pleasurable arousal. This would manifest itself through feeling good, joyful or happy. On the other hand, a negatively loaded environment would lead to feelings of disappointment, lack of fulfilment or a sense of loss. These states of arousal are then hypothesized to influence consumers' decision-making processes.

The SOR model provides us with valuable insights for examining the effect of merchandising on household perceptions of store brands. In the retailing context, the aesthetics of the store could represent the environmental stimuli. In this context, an example of a positively "loaded" store would be one that was modern, with good lighting, intelligently laid out, and visually appealing. A negatively "loaded" store might be poorly maintained and haphazardly laid out; it may have narrow, poorly lit aisles, old fixtures, peeling paint, etc. The clean, modern (positively loaded) store may yield positive halo effects toward the store's own brands. The shopper may believe that the private brands of such a store may have good ingredients, be carefully manufactured, and be generally free of defects. However, for stores which are negatively loaded, the shopper may have less favourable thoughts about their products' ingredients, manufacturing methods and quality control. Consequently, shoppers may judge the overall quality of private brands offered by clean, attractive stores to be significantly better than those of less attractive stores. Therefore, it is hypothesized that when consumers taste store brand grocery products:

H1: Store brand products sold at aesthetically pleasing stores will be judged to be of superior quality to those sold at less attractive stores.

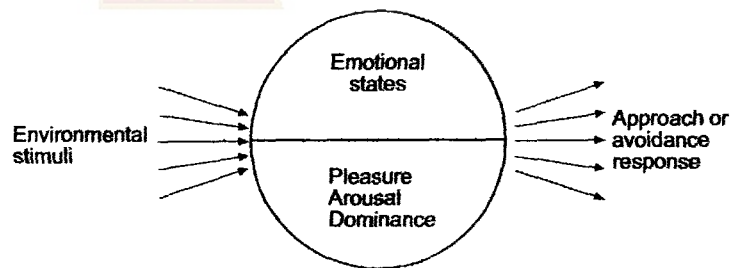


Figure 1. The Mehrabian-Russell model of environmental influence

The spatial aesthetics of a store are unlikely, however, to influence the evaluation of national brand products. National brands benefit from the image of their sponsors and the equity created through unique strategies implemented by their marketers. The brand equity manifests itself through favorable brand associations linking it to superior overall quality and the presence of desirable product benefits (Aaker, 1991). These help consumers to differentiate the sponsor's brand from the competition and provide them with reasons to buy their brand. There is little that a retail outlet can offer to an established brand other than place and time utility. As one manager stated, "A national brand is a national brand everywhere" (Liesse, 1993). It is, therefore, hypothesized that when tasting national brand products:

H2: National brand products sold at an aesthetically pleasing store will be judged similar in quality to those sold at less attractive stores.

Methodology

Since it is unlikely that consumers would be able to report directly the influence of store aesthetics on their perceptions of national and private label brands, an experiment methodology was utilized. The experiment was sponsored by the management of a large grocery chain in the northeast who provided information and guidelines for the study. The objective of the experiment was to assess how store aesthetics influence attitudes toward the store brands sponsored by this chain. A description of the experimental methodology follows.

Store aesthetics

Prior to initiation of the experiment, key managers from the chain participated in a focus group. In the focus group, managers discussed dimensions of store aesthetics. Managers felt that their chain had aesthetically pleasing as well as unattractive stores. Aesthetically pleasing stores, according to the managers, were newer stores with wider aisles, creative layouts, brighter colors, newer more modern fixtures, and a cleaner retail environment. Less attractive stores, on the other hand, were those identified as having cluttered configurations of narrow aisles, darker interiors, older fixtures (some in need of replacement) and, in general, being less well maintained than their more attractive sister stores. In short, the managers had well-defined dimensions which they used to differentiate among the various locations of the chain.

After the focus group was finished, the experimenters asked the managers to select prototypical examples of aesthetically pleasing and unpleasing stores. Management complied by choosing an older store, located in a dilapidated section of a large northeastern city as the unattractive store, and a newer store located in an affluent suburb of the same city as the aesthetically pleasing store. A visit to the two stores confirmed that they differed significantly with respect to the previously identified dimensions of aesthetics.

Branch selection

We tested our hypotheses by comparing consumers' attitudes toward specific brands of one product at both an aesthetically pleasing and an aesthetically unattractive store. The study's sponsors selected grape jelly as the test product. The national brand of grape jelly tested – Welch's – possesses a strong brand image and is the leading brand in the market. The store brand used in the study was the sponsor's brand.

Study participants

Subjects in the study were shoppers intercepted at the two grocery stores selected by management in the focus groups. The experiment was conducted

Store selection by
managers' focus group

The test product

Participant selection

over a period of two weeks during morning, afternoon and evening hours. One of the four cells in the study was randomly selected during each day of the experiment until at least 25 responses were obtained in each cell (see Table I). Any given shopper sampled a given brand in a given condition only once. Usable data from 99 subjects were gathered.

Study procedure

Shoppers were randomly intercepted inside the store for participation in the experiment. Only primary grocery shoppers who resided in the region and who were not affiliated with any grocery chain were invited to participate. As an incentive for participation, potential subjects were told that they would be included in a draw for several cash prizes totalling \$600.

If the shopper agreed to participate, he or she was guided to a taste test table and invited to sit down. On the table were several jars of the relevant jelly along with a display board on which the brand name, size (32oz across brands), and price were shown. Drawing the subject's attention to the jars and the display board, the experimenter stated:

We would like you to sample [brand name] grape jelly. Please feel free to pick up and observe the jar as much as you wish. As you can see from the display board, the price of [brand name] for the 32 oz jar is [price]. To save you time, we have already prepared a sample for you to taste. After you are done sampling the product please complete this taste test survey. Thank you very much for your participation.

The jelly samples were presented in individual one ounce containers and subjects were invited either to dip or spread the jelly on crackers provided for sampling.

Dependent variable

Participating subjects sampled the test brand of grape jelly and then provided quality evaluations on a seven-point Likert-type scale anchored by "poor overall quality" to "excellent overall quality".

ANOVA data analysis

Analysis and results

The data were analyzed using standard ANOVA procedures. Table II presents the ANOVA source table for the brand and store aesthetics effects. As expected, a significant brand by store image interaction is found from the analysis ($F(1,95) = 4.75, p < 0.05$). This suggests that the effect of store attractiveness on brand evaluation varies as a function of the type of brand (store or national). Consequently, an analysis must be done separately for the national and store brands. The pattern of means forming the basis of that

Aesthetics of the store	Test brand	
	Welch's grape jelly	Private label grape jelly
Attractive store	I*	II
Unattractive store	III	IV

Note:

*The numbers indicate the particular combination of test brand and store aesthetics. Thus, one such combination was the evaluation of Welch's grape jelly by shoppers at the aesthetically pleasing store

Table I. Grocery store test combinations

Source	SS	ANOVA		
		df	MS	F
Brand	20.02	1	20.02	15.26*
Store aesthetics	5.85	1	5.85	4.05*
Brand × store aesthetics	6.85	1	6.85	4.75*
Error	137.08	95	1.44	
Total	173.17	98		

Note:
* $p < 0.05$

Table II. ANOVA source table for the brand and store aesthetics effects

analysis is shown in Figure 2. The analysis of the various paired comparisons is provided in Table III.

Hypothesis *H1* predicted that a given store brand sold at an aesthetically unattractive branch of a chain would be judged to be of lower quality than when sold at an aesthetically attractive branch. To test this hypothesis a paired comparison was made between the mean ratings for store brand quality at the attractive and the unattractive stores. Consistent with the hypothesis, study participants rated the overall quality of the sampled private label product (i.e. grape jelly) to be much lower at the aesthetically unattractive branch than at the aesthetically attractive branch of the chain ($F(1,95) = 8.69, p < 0.01$).

Store aesthetics

Hypothesis *H2* predicted that the store aesthetics would have no effect on the quality judgment of the national brand. Our results support this hypothesis. No significant difference in evaluation of the national brand was found between the aesthetically attractive and unattractive branches of the supermarket ($F(1,95) = 0.02, p = n.s.$).

In addition, we also examined the quality judgments of national and store brands at each store aesthetic type. Interestingly, when consumers evaluated the products at the aesthetically attractive store, there was no significant difference between their ratings of the quality of Welch's grape jelly and the store brand ($F(1,95) = 1.45, p = n.s.$). However, at the aesthetically



Figure 2. Mean brand evaluations

Comparison	Paired comparisons		
	Sum of squares	Mean square	F
Store brands at attractive vs unattractive stores	12.532	12.532	8.69*
National brands at attractive vs unattractive stores	0.020	0.020	0.01
Store brand vs national brand at unattractive stores	27.569	27.569	19.11*
Store brand vs national brand at attractive stores	2.087	2.087	1.45

Note:
* $p < 0.01$

Table III. Analysis of paired comparisons

unattractive store, the national brand was judged to offer significantly better quality than the store brand ($F(1,95) = 19.11, p < 0.01$). These results suggest that store aesthetics serve as a strong moderator of consumers' evaluations of store brands.

Discussion and managerial implications

It is commonly accepted by retailers that their own brands are good for overall corporate profitability. The real challenge is to discover how best to improve consumers' perceptions of store brand quality.

Using a between-subjects experimental design, we have been able to demonstrate the role of store aesthetics in the formation of perceptions of store brand quality. Our results suggest that store aesthetics can increase the evaluation of the quality of store brands. As predicted by Mehrabian and Russell's (1974) SOR model, inducement of positive arousal works to retailers' advantage.

Implications for marketing store brands

Some practical implications follow from our findings. If consumers find the store to be unattractive and poorly kept, they may transfer these same qualities to the store brand products sold by the store. This, combined with the potential for pre-existing negative bias against store brands, makes it all the more difficult for retailers to succeed when competing against national brands. An investment in the aesthetics of the store (i.e. upgrading the quality of fixtures, making the aisles easy to navigate, making the store bright and cheerful, keeping the store clean, and making immediate repairs when needed, etc.) can indeed help in enhancing the overall quality perceptions of store brands.

How much can store aesthetics help? Usually when a marketer makes an investment in the aesthetics of a retail location, it is difficult to quantify the impact of that investment on sales or other dependent variables. This is because they do not know how these dependent variables would have changed over time in the absence of the improvements. Since this study constitutes a field experiment, we can acquire some insight into the amount of gain realized due to the attractiveness of the store aesthetics. As indicated in Figure 3, evaluations of store brand quality improved from a mean of 4.75 at the unattractive store to a mean of 5.78 at the attractive store. This 1.03 increase corresponds to a 21 percent increase in perceived quality.

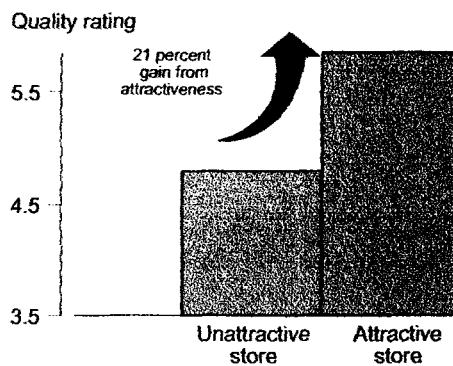


Figure 3. The effect of store attractiveness on perceived store brand quality

This underscores the point that these differences are real and are managerially meaningful.

Making an investment in store aesthetics provides a big “bang for the buck” because the effect is not product specific! Unlike national brands which must advertise each product individually in order for them to remain competitive, an improvement in store aesthetics should increase the attractiveness of each and every store brand offered by the chain. If retailers can convince consumers that their store brands are better than those of the competition then these store brands may be used as a hook to lure consumers into the store. Once in the store, consumers buy not only more store brands (increasing store profitability), but also their entire grocery basket. This greater attractiveness of store brands gives retailers a weapon with which to combat price competition by their retail competitors.

Implications for marketing national brands

Manufacturers of national brands may take comfort in the knowledge that the negative aesthetics of the retail establishments at which their brands are sold have probably not had a negative impact on judgments about their brands. The success of individual national brands will continue to depend on the marketer’s ability to gain shelf space successfully. Unless the brand is available in the store it cannot be sold. However, for the success to be accrued, the brand must pre-sell itself. This would require building brand image and developing positive associations which would encourage consumers to attribute higher quality to national brands *vis-à-vis* store brands. These effects are not automatic but require aggressive effort by the marketer to develop a strong brand equity in the market. This is what has enabled brands like Pepsi, Coke and Colgate to achieve dominant market positions around the globe irrespective of the atmosphere of the store where the brand is sold. After all, a bottle of Pepsi is a bottle of Pepsi, no matter where you buy it.

Generalizability of our findings must be tempered with the realization that we employed a single product in this experiment. Although no comparable studies exist in the literature, it is quite possible that different results may be found using other products and/or brands. Hence, we recommend repetition of our findings using other product categories and brands.

**Store brand may
establish an equity**

Although we used a national brand in our experiment, it must be recognized that the brand used had the dominant position in the market. Another, potentially less well known, national brand may not enjoy the same privileges. It is quite possible that an unknown national brand sold at an aesthetically unappealing store may suffer the same fate as the store brand. Shoppers may rationalize that an unattractive store will stock unattractive, poor quality brands.

Although substantial care was taken in the selection of the contrasting sites of the supermarket chain, it is quite possible that another chain or pair of stores might yield different results. Furthermore, the possibility exists that the store brand may establish an equity in the market which is independent of the chain. This might buffer the store brand from the negative consequences of poor store aesthetics. A replication employing store brands with differing degrees of market equity and contrasts in store aesthetics would further strengthen our findings. Resource limitations precluded us from any such effort.

Finally, in addition to differing on store aesthetics, the two stores also differed on the demographic make-up of their customers. Consequently, it is possible that these differences may at least partially account for the differences reported in this study. However, it should be recognized that these were "real stores" with "real customers" in a "real marketplace". Consequently, these are the conditions likely to be encountered by marketers in the environment. Nonetheless, future research could tease apart these confounding explanations of the results of this study by using a blocking design in which two blocks each of high and low socioeconomic status consumers were randomly assigned to two stores differing in store aesthetics.

References

- Aaker, D.A. (1991), *Managing Brand Equity: Capitalizing on the Value of a Brand Name*, Free Press, New York, NY.
- Donovan, R.J. and Rossiter, J.R. (1982), "Store atmosphere: an environmental psychology approach", *Journal of Retailing*, Vol. 58, Spring, pp. 35-57.
- Dowdell, S. (1994), "Private label called key to survival", *Supermarket News*, October 24, p. 63.
- Liesse, J. (1993), "Private label nightmare", *Advertising Age*, Vol. 64 No. 15, April 12, pp. 1,4.
- Mehrabian, A. (1980), *Basic Dimensions for a General Psychological Theory*, MIT Press, Cambridge, MA.
- Mehrabian, A. and Russell, J.A. (1974), *An Approach to Environmental Psychology*, MIT Press, Cambridge, MA.
- Richardson, P., Dick, A. and Jain, A. (1994), "Extrinsic and intrinsic cue effects on perceptions of store brand quality", *Journal of Marketing*, Vol. 58, October, pp. 28-36.
- Russell, J.A. and Pratt, G. (1980), "A description of the affective quality attributed to environments", *Journal of Personality and Social Psychology*, Vol. 38, August, pp. 311-22.
- Stevens, C.W. (1980), "K-Mart stores try new look to invite more spending", *The Wall Street Journal*, November 26, pp. 29-35.
- The Economist* (1995), "Changes at the checkout: a survey of retailing", March 4-10, pp. 1-18.
- Wysocki, B. (1979), "Sight, smell, sound: they're all arms in retailer's arsenal", *The Wall Street Journal*, November 17, pp. 1, 35.

(Paul Richardson is Assistant Professor, Marketing Department, School of Business Administration, Loyola University of Chicago, 820 North Michigan Avenue, Chicago, Illinois. Arun Jain is Samuel P. Capen Professor of Marketing Research, School of Management, University at Buffalo, Amherst, New York. Alan Dick is Assistant Professor of Marketing, School of Management, University at Buffalo, Amherst, New York.)

This summary has been provided to allow practitioners a rapid appreciation of the content of this article. Those with a particular interest in the topic covered may then read the article in toto to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present

Executive summary and implications for the practitioner

(Supplied by Marketing Consultants for MCB University Press)

Hey, good looking

First impressions matter and, for retailers of any kind, the aesthetics of their shop make an enormous difference to the view held by customers and non-customers. Richardson, Jain and Dick demonstrate this by examining customer perceptions of private label brands in an aesthetically attractive store and in one which is less appealing. For most observers the findings confirm the opinion that what a store looks like matters and the right aesthetic impression brings considerable benefits in terms of sales per square foot and margins as well as creating a halo around the store's own-branded goods.

The article limits itself to one study involving a particular product category and, as a result, we should act with caution in extrapolating the findings to a more general assessment of own-brand goods and aesthetics. However, since the findings confirm what most store operators intuitively believe about all brands, the issue of store environment needs some consideration. Issues such as cleanliness, a feeling of space, lighting, display and even background music (JCM 13/1) need attention. To help appreciate this it is worth commenting on the transformation of UK supermarkets over the past 20 years or so. Most observers note that UK supermarket groups such as Sainsbury enjoy much higher margins than comparable groups in Europe and the USA. The market they operate in is no less competitive and tight planning rules put additional pressures on retail development not necessarily experienced elsewhere. Many factors contribute to the success – superior logistics management, effective marketing and merchandising being among them – but aesthetics are undoubtedly a significant factor.

The major switch (along with the development of larger sites) was the emphasis placed by UK supermarket operators on fresh produce. They had always provided a variety of own-brand packaged goods mostly seen as cheaper, lower quality products compared with leading brands, but the market for fresh produce – meat, fish, fruit and vegetables – was largely unbranded and dominated by small, mostly owner-run, outlets. Supermarkets realized that providing a good range of these products and promoting freshness provided a superb branding opportunity. With fluctuating prices and no nationally branded providers the stores were also able to secure superior margins as there was little need to compete on price with existing retailers.

For perhaps ten years from the late 1970s Sainsbury and others promoted themselves as providing high quality fresh produce. Advertising showed this produce rather than packaged goods and the word "fresh" littered promotions. The upshot, I suspect, was to secure a stronger branding for the supermarket itself. Moreover, presenting such produce in attractive surroundings, less crowded or confusing than the traditional high street butcher or greengrocer, gave the supermarkets an opportunity to get higher margins, improve the overall impression of their stores and enable the higher quality perception to filter through to packaged own-brands. Today, many of these brands are not viewed as of lower quality by customers and in some markets private label goods dominate.

This development reinforces the limited findings from Richardson, Jain and Dick by showing how an impression of freshness supplements the aesthetics of a store. Moreover, by giving attention to an area uninhabited by major national brands supermarket operators can reduce their reliance on such brands and lift margins.

However, fresh produce needs more specialized staff (butchers, bakers and so on), who cost more to employ, and it generally requires more space than packaged goods. These problems present difficulties for those operating mostly smaller stores and especially those in town centers and secondary shopping areas. For a small store space is a problem and most small stores, because they have less space, have lower volumes and less experienced management. Since such outlets will continue in their importance (in the UK a presumption against new out of town developments also contributes to keeping smaller stores) but they should not simply become smaller versions of massive hypermarkets. UK operators, Tesco and Marks & Spencer, are developing distinct "city stores" with a very different range than main supermarkets. Prepared meals, sandwiches, drinks and impulse purchases are combined with regularly bought staples such as bread, milk and butter to create a different style. Packaged goods tend to be smaller sizes – the enormous family-sized packs of cornflakes or washing powder are not stocked for example – and the emphasis throughout is on quality rather than price. Whether this new format will work remains open to question but it is worth noting that 30 years ago almost all of Sainsbury's stores were like this – they called them grocers!

So, store aesthetics matter and, by combining this with an emphasis on freshness and powerful, persistent advertising supermarkets can break through the problems of low margins and continuous pressure from major national brand owners. Retailers must pay attention to the look of their store, to its facilities and to the way in which merchandise is selected and displayed.

PERPUSTAKAAN
Universitas Katolik Widya Mandala
SURABAYA