

The retailer as a brand: awareness, equity and customer loyalty

ELISA MARTINELLI* AND FRANCESCA DE CANIO[♣]
DEPARTMENT OF ECONOMICS MARCO BIAGI
UNIVERSITY OF MODENA AND REGGIO EMILIA,
VIALE BERENGARIO, 51 – 41121 MODENA (MO), ITALY (I)

Abstract

This paper focuses on retail brand awareness (RBA), retail brand equity (RBE) and customer loyalty (CL) to the retailer as a brand. Specifically, a model is proposed aimed at verifying the effect of RBE on the intention-behavior loyalty path and the effects of some RBE antecedents, namely retail brand image (RBI) and retail perceived value (RPV), conceived as a result of retail brand awareness (RBA). The paper contributes to extant literature investigating the RBE role at the retailer level rather than at the store or private label level, as previous literature did so far. A survey was carried out administering a structured questionnaire to a sample of consumers. Structural equation modeling (SEM) was employed to test the suggested model. Results show that all the postulated relationships are verified, supporting the strong role of RBE in developing customer loyalty to the retailer, triggered by RBA. Theoretical and managerial implications are derived.

Keywords: retail brand equity (RBE), customer loyalty, awareness, SEM

* Associate Professor of Management, contact author e-mail: elisa.martinelli@unimore.it

♣ Research Assistant of Management, e-mail: francesca.decanio@unimore.it.

1. Introduction and Objectives

In the last decade, retailers strongly increased the awareness and value of their brands. This has led scholars to pose more attention to retail brand equity (RBE). A number of studies started to focus on this matter (Jara and Cliquet, 2012; Swoboda et al., 2016; Londoño et al., 2017), providing preliminary support to the RBE construct and its antecedents. Although these contributions highlight the growing interest in the topic of RBE, “conceptualization of retail equity is still in want of consensus” (Rashmi and Dangi, 2016, p. 67) and further studies are required. Moreover, extant literature on RBE is mainly aimed at conceptualizing RBE at the store (Gil-Saura et al., 2013) or private label level (Das et al., 2012), but ignoring that it is the corporate brand that should become the key study reference of the retailer-shopper relationship and value (Burt and Davies, 2010; Anselmsson et al., 2017). Additionally, RBE studies often show contradictory results: while some researchers tested models in which store loyalty is the dependent variable and the remaining dimensions (e.g., awareness, image and perceived quality) are predictors (Choi and Huddleston, 2014; Jinfeng and Zhilong, 2009), others proposed the opposite (Yoo et al., 2000) or models in which all the retail store equity dimensions are present, modeling them in parallel, without checking their structural relationships (Das, 2014; Das et al., 2012). The current paper proposes a model meant at exploring the role purposed by RBE on the intention-behavior path bringing to customer loyalty in retailing, together with the effects of some RBE antecedents, namely retail brand image (RBI) and retail perceived value (RPV), conceived as a result of retail brand awareness (RBA). This is fulfilled through a survey, administering a structured questionnaire to a sample of retail customers and then employing structural equation model (SEM) to test hypotheses.

This paper provides the following contributions. First, it offers empirical evidence regarding the antecedents of RBE as a mediator in the formation of customer loyalty in retailing contexts, furthering the most recent debate on the topic, as highlighted above. Second, it develops the scientific knowledge on RBE at the retail company level rather than at the store or private label level, as the literature on the subject has mainly done so far. Third, it tests a structural model where not only conative but also behavioral loyalty is included. Fourth, as RBE studies were concentrated on multiples operating through hypermarkets, supermarkets and/or convenience stores, this work extends current knowledge investigating a discounter as retail brand.

2. Conceptual Framework and Hypotheses

Brand equity (BE) is defined as “a set of assets and liabilities linked to a brand, its name and symbol, that adds to or subtracts from the value provided by a product or service to a firm and/or that firm’s customers” (Aaker, 1991, p. 15). This paper explores consumer-based retail equity (CBRE) at the corporate level (Burt and Davies, 2010).

Brand awareness (BA) is fundamental to trigger consumer behavior and develop sales. BA has been identified as an important factor that positively influences BE (Keller, 1993) and store equity (Yoo et al., 2000; Hartman and Spiro, 2005; Jinfeng and Zhilong, 2009; Anselmsson et al., 2017), as it reflects the level of recognition or recall from a set of alternatives by the consumer. At a retail store level, BA increases the retail brand value through the mediating role of RBI (Jara and Cliquet, 2012). We consider the relationship at a corporate level:

H1: Retail brand awareness (RBA) has a positive effect on RBI.

H2: Retail brand awareness (RBA) has a positive effect on RPV.

Consumers’ perception of a retailer has been traditionally conceived as strongly related to store image (Morschett et al., 2005). The role of store image and its connections with store equity emerged in the conceptual work of Hartman and Spiro (2005). Empirical support to this relationship in a retail context was found by Beristain and Zorrilla (2011) and Gil-Saura et al. (2013). The same link is expected considering the retail company brand.

H3: Retail brand Image (RBI) has a positive effect on RBE

Perceived value is defined as customers' evaluations of the utility and expectations offered by retail stores (Zeithaml 1988). Studies on consumer behavior have thoroughly analyzed the role of perceived value, "but they have seldom analyzed the relationship between perceived value and retail brand equity" (Weindel, 2016, p. 288). Previous research proved the direct influence of perceived value on BE when store equity is considered (e.g., Jinfeng and Zhilong 2009; Yoo et al. 2000; Gil-Saura et al., 2013). Das (2014) provided evidence of the mediating role of perceived value. We intend to verify this impact when the retailer's as a brand is concerned.

H4: Retail Perceived Value (RPV) has a positive effect on RBE

Customer loyalty in retailing has been mainly studied at the store level, defining it as the intention to repeat the purchase at a certain store. Studies have shown a relationship between RBE and store retention (Jara and Cliquet, 2012; Swoboda et al., 2013; Choi and Huddleston, 2014). In this work, a higher-level concept is used: customer loyalty to the retailer.

H5: RBE positively influences conative loyalty towards the retailer (CLOY)

Even if scholars generally agree on the statement that intention to purchase is commonly considered as leading to a real purchase behavior (Fishbein and Ajzen, 1975), the reality is showing us that stated intentions do not always translate into a coherent behavior (Oliver, 1999). Consequently, it is important to assess if conative loyalty translate into a real behavioral loyalty (Chandon et al., 2005). This was found true in grocery retailing (Martinelli and Balboni, 2012), but again when store loyalty is concerned.

H6: CLOY positively influences behavioral loyalty towards the retailer (BLOY)

3. Method

A structured questionnaire was administered to a convenient sample of Italians consumers approached in the city center of a North-Italy town by three trained interviewers. 1 out of 3 of the pedestrians queried agreed to be interviewed. Then, the first question selected only household responsible for grocery shopping. A total of 400 completed and valid questionnaires were collected during two weeks in February 2019. The sample, mainly based on female shoppers (62.5%), shows a good distribution of respondents in terms of age, as follows: 15.5% of the sample is younger than 25 years, 24.5% is aged 25-35 years, 27.3% is aged 36-50 years, and 21.5% aged between 51 and 65 years, and 11.3% older than 65 years. 42% of respondents report an annual income lower than 36.000€, while 49.3% of the interviewees earn 36-70.000€. The items used for the survey were derived from the retailing literature and evaluated on 7-point Likert scales, (1=strongly disagree; 7=strongly agree). Measures are reported in table 1.

Table 1. Measures

Measures	Code	Item
Behavioral Loyalty <i>De Wulf et al. (2001)</i>	BLOY1	In the last years, the frequency of the shopping at the retailer "X" is decreased/ increased
	BLOY2	In the last years, the monthly value (€) of the shopping at the retailer "X" is decreased/ increased
Conative loyalty <i>Chaudhuri and Holbrook (2001)</i>	CLOY1	I will come back to shop in "X" stores
	CLOY2	I will continue to buy in "X" stores
	CLOY3	When I need to shop again, I would go back to buying in "X" stores
Retail Brand Equity (RBE) <i>Yoo et al. (2000)</i>	RBE1	Even if another retailer has the same characteristics as "X", I would prefer to buy from "X"
	RBE2	When I have to buy food, I plan to go to "X" even if there are other equally good retailers
	RBE3	Even if another retailer has the same prices as "X", I would still shop at "X"
	RBE4	If there is another good retailer in the area, I would still prefer to buy from "X"
	RBE5	Although other retailers look similar to "X", I prefer to buy from "X"
	RBE6	It makes more sense to shop at "X" rather than other retailers, even if they are similar
Retail Brand Awareness (RBA) <i>Yoo et al. (2000)</i>	RBA1	I know what "X" looks like
	RBA2	I can quickly recall the symbol or logo of "X"
	RBA3	I am aware of "X"'s brand
	RBA4	I can recognize "X" among other competing brands
Retail Perceived Value (RPV) <i>Adapted by Sweeney and Soutar (2001)</i>	RPV1	I think "X" has a wide variety of different product categories
	RPV2	I think "X" has a wide choice of products within each product category
	RPV3	I think "X" has always on the shelf the products I look for
	RPV4	I think "X" has the brands that I want

Retail Brand Image (RBI)		
RBI1	"X" offers a wide range of products	
RBI2	"X" offers good quality products	
RBI3	"X" has some nice stores	
RBI4	"X" offers good value for money	

Results of the CFA validate the convergence and the discriminant validity of the measurement model. All scales exhibit excellent reliability as items substantially load onto the expected construct (factor loading > .6) at a good significant level (t-values > 10) (Hu and Bentler 1999). Further, all the items reveal a high item-total correlation, indicating their capability to measure the investigated construct. Cronbach's alphas confirm the good reliability of the measures: $\alpha_{BLOY}=.807$; $\alpha_{CLOY}=.955$; $\alpha_{RBE}=.967$; $\alpha_{RBI}=.851$; $\alpha_{RPV}=.864$; $\alpha_{RBA}=.858$.

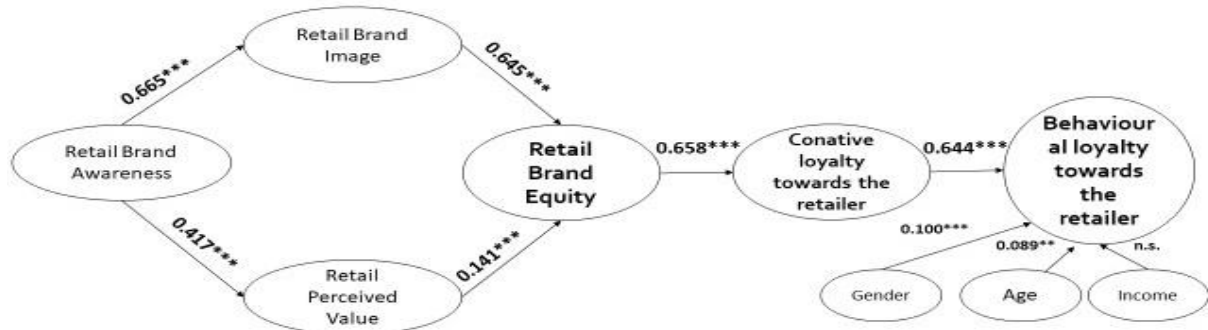
Average Variance Extracted ($AVE_{BLOY}=.637$; $AVE_{CLOY}=.831$; $AVE_{RBE}=.827$; $AVE_{RBI}=.587$; $AVE_{RPV}=.627$; $AVE_{RBA}=.608$) and Composite Reliability ($CR_{BLOY}=.805$; $CR_{CLOY}=.956$; $CR_{RBE}=.966$; $CR_{RBI}=.850$; $CR_{RPV}=.870$; $CR_{RBA}=.860$) values, confirm the convergent validity of the measures. Furthermore, applying the Fornell and Larcker criterion (1981) the discriminant validity of the measurement model was assessed.

The structural model presents a good overall fit. The significant Satorra and Bentler chi-square $\chi^2_{(SB)}(286)= 914.943$, $p < 0.01$, and the significant Close-Fit RMSEA (p-value= 0.000) are compensating by a good value for the chi-square ratio $\chi^2_{(S-B)}/df$ (3.196). Good values for the incremental fit measurements, confirm a good fit for the model (CFI = 0.973; NFI = 0.961).

4. Findings

The structural model shows interesting predictive power: Behavioral loyalty towards the retailer ($R^2_{(BLOY)}=0.431$); Conative loyalty towards the retailer ($R^2_{(CLOY)}=0.435$); Retail brand equity ($R^2_{(RBE)}=0.486$); Retail brand image ($R^2_{(RBI)}=0.426$); Retail perceived value ($R^2_{(RPV)}=0.172$).

Figure 1. Overall path line and results of the theoretical model



Results of the paths between constructs (Figure1) show that the retail brand awareness exerts a positive and significant effect on both the retail brand image and the retail perceived value, confirming the first two hypotheses. Indeed, the more the consumer knows the retailer logo and is able to recognize the retailer's stores among the competitors' ones, the more positive is its relative image and perceived value. Those two aspects together positively influence RBE, supporting our third and fourth hypotheses. Nevertheless, as showed by results, the relevance of the overall image of the offer proposed by the retailer has a higher impact on RBE than the retailer's perceived value. Moreover, results of the empirical analysis confirm recent studies on the positive impact exerted by RBE on the conative brand loyalty, giving support to the fifth hypothesis. Finally, results confirm the strong and positive relationship developed by conative loyalty and behavioral loyalty. Demographic variables show that women display a higher level of loyalty to the retailer, buying more than men from it. As for age, older consumers show higher consumer loyalty levels towards the retailer.

5. Discussion

This research contributes to the retail literature advancing the understanding of the role played by RBE in influencing customer loyalty in its conative and behavioral components. Accordingly, our analysis confirms this role in line with the most recent ongoing debate (Swoboda et al., 2016), with a specific focus on the discount format, but extends the scientific knowledge on the subject. Actually, our results show that RBA is pivotal in defining RBI and RPV first, RBE then and customer loyalty at last, in a processual way. This a new avenue that would contribute to better understand the role purposed by RBE on the intention-behavior path. From a managerial viewpoint, grocery retailers, and in particular discounters that to now have mainly pushed on price competitiveness to be attractive, should be acknowledged that improving their RBE they can achieve highly loyal customers. Indeed, posing their positioning on the market on intangible resources, such as the building of a strong RBE, will provide them with high performance in the long-term (Jinfeng and Zhilong, 2009), and a stronger customer base. To do so, communication strategies aimed at improving the level of awareness of the retailer's brand are strongly suggested in order to structure a much stronger and stable RBE on the market. Thus, for example, discounters should invest in both advertising, traditional as well as viral through social media, and sponsorship of events and public relations activities which then spread widely in the territories where the retail company operates, and be recognizable from consumers. To this aim, retailers should also segment and target their communication policies in terms of gender and age, addressing their communication campaigns to women and older people, those more prone to buy from discounters. Specifically, as RBA is at the very root of the processual displaying of customer loyalty through RBE, leveraging the retail's logo in-store (entrance, shelves, check-outs, etc.) and out-of-store (bags, TV advertising, social media, etc.), in innovative ways too (e.g., contests for identifying the retail's logo with a prize game show), would be fundamental to improve it. Moreover, as RBI strongly mediates the RBA-RBE path, investing in the basics of the retail customer service offer would contribute to generate brand value and, in turn, customer loyalty: discounters are required to enlarge their assortment and improve its qualitative level, rendering nicer their stores while continuing to assuring a good value for money of their offerings. This is a result that should boost and give confirmation to the upgrading strategies that discounters are already implementing: in this sector, this is the right strategy to pursue in order to feed the virtuous cycle to generate value and consolidate the customer base.

6. Conclusions

The present study presents some limitations that should be addressed in future studies. First, the dataset concerns a single retail brand. Although the discounter investigate is popular, other retail brands may present a different construction of their brand loyalty. Moreover, an examination of cross-country differences may lead to a better understanding of how retailers can better build their brand loyalty. Additionally, the study is conducted on a single shopping sector. Further studies should consider other product category domains such as electronic, or DIY retailers, leading to a higher generalizability of results. Finally, the inclusion of moderator variables in the model (e.g., shopping experience, shopping channels) could broaden the research scenario and better explain the investigation context.

Bibliography

- Aaker D. A. (1991). *Managing Brand Equity*. New York: Free Press.
- Anselmsson J. Burt S. & Tunca B. (2017). An integrated retailer image and brand equity framework: Re-examining, extending, and restructuring retailer brand equity. *Journal of Retailing and Consumer Services*, 38, 194-203.
- Burt S. & Davies K. (2010). From the retail brand to the retail-er as a brand: themes and issues in retail branding research. *International Journal of Retail & Distribution Management*, 38(11/12), 865–878.

- Chandon P., Morwitz V.G., & Reinart, W.J. (2005). Do intentions really predict behavior? Self-generated validity effects in survey research. *Journal of Marketing*, 69, 1-14.
- Chaudhuri A., & Holbrook M. B. (2001). The chain of effects from brand trust and brand affect to brand performance: the role of brand loyalty. *Journal of Marketing*, 65(2), 81-93.
- Choi L., & Huddleston P. (2014). The effect of retailer private brands on consumer-based retailer equity: comparison of named private brands and generic private brands. *International Review of Retail, Distribution and Consumer Research*, 24(1), 59-78.
- Das G. (2014). Impacts of retail brand personality and self-congruity on store loyalty: the moderating role of gender. *Journal of Retailing and Consumer Services*, 21(2), 130-138.
- Das G., Datta B., & Guin, K.K. (2012). Impact of retailer personality on consumer-based retailer equity: An empirical study of retail brands. *Asia Pacific Journal of Marketing and Logistics*, 24(4), 619-639.
- De Wulf, K., Odekerken-Schröder, G., & Iacobucci, D. (2001). Investments in consumer relationships: A cross-country and cross-industry exploration. *Journal of Marketing*, 65(4), 33-50.
- Gil-Saura I., Ruiz-Molina M.E., Michel G., & Corraliza-Zapata A. (2013). Retail brand equity: a model based on its dimensions and effects. *The International Review of Retail, Distribution and Consumer Research*, 23(2), 111-136.
- Jara M., & Cliquet G. (2012). Retail brand equity: Conceptualization and measurement. *Journal of Retailing and Consumer Services*, 19(1), 140-149.
- Jinfeng W. & Zhilong T. (2009). The impact of selected store image dimensions on retailer equity: evidence from 10 Chinese hypermarkets. *Journal of Retailing and Consumer Services*, 16(6), 486-494.
- Hartman K.B., & Spiro R.L. (2005). Recapturing store image in customer-based store equity: a construct conceptualization. *Journal of Business Research*, 58(8), 1112-1120.
- Hu L.-T., & Bentler P.M. (1999). Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling: A Multidisciplinary Journal*, 6(1), 1-55.
- Keller K.L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing*, 57(1), 1-22.
- Kremer F., & Viot C. (2012) How Store Brands Build Retailer Brand Image. *International Journal of Retail and Distribution Management*, 40, 528-543.
- Londoño J.C., Elms J., & Davies K. (2017). A commentary on “conceptualising and measuring consumer-based brand-retailer-channel equity”: A review and response. *Journal of Retailing and Consumer Services*, 37, 31-32
- Martinelli E. & Balboni B. (2012). Retail Service Quality as a Key Activator of Grocery Store Loyalty. *The Service Industries Journal*, 32(14), 2233-2247.
- Morschett D., Swoboda B., & Foscht T. (2005). Perception of store attributes and overall attitude towards grocery retailers: The role of shopping motives. *The International Review of Retail, Distribution and Consumer Research*, 15(4), 423-47.
- Oliver R.L. (1999). Whence Consumer Loyalty? *Journal of Marketing*, 63, 33-44.
- Rashmi, & Dangi H. (2016). Act like a retailer, Think like a Brand: An overview of retailer brand equity and agenda for future research in Indian context. *Asia-Pacific Journal of Management Research and Innovation*, 12(1), 67-84.
- Sweeney J.C., & Soutar G.N. (2001). Consumer perceived value: The development of a multiple item scale. *Journal of Retailing*, 77(2), 203-20.
- Swoboda B., Berg B., Schramm-Klein H., & Foscht T. (2013b). The importance of retail brand equity and store accessibility for store loyalty in local competition. *Journal of Retailing and Consumer Services*, 20(3), 251-262.
- Swoboda B., Weindel J., & Hälsig F. (2016). Predictors and effects of retail brand equity—A cross-sectoral analysis. *Journal of Retailing and Consumer Services*, 31, 265-276.
- Weindel J. K. (2016). *Retail Brand Equity and Loyalty: Analysis in the Context of Sector-Specific Antecedents, Perceived Value, and Multichannel Retailing*. Springer.
- Yoo B., Donthu N., & Lee S. (2000). An examination of selected marketing mix elements and brand equity. *Journal of the Academy of Marketing Science*, 28(2), 195-211.