



**SWP 12/89 BRANDING IN AN ERA OF RETAIL
DOMINANCE**

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Branding in an Era of Retailer Dominance

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ABSTRACT

In an era of increasing multiple grocery retailer dominance, weaker manufacturers cut brand investment, while stronger manufacturers maintained brand support. Questions were raised about the way consumers perceive competing items under varying conditions of manufacturer brand activity. Consumer research, across six product fields, showed that regardless of long term changes in manufacturer brand advertising, consumers always perceived manufacturer brands as one category with own labels and generics as an alternative category. This is thought to be due to the way that generics were so strongly associated with particular retailers. Problems in branding terminology are highlighted by this research and it is proposed that marketers should adopt the terms manufacturers brand and distributors brand when analysing the competitive structure of product fields. Clarification of these terms are advanced.

BIOGRAPHY

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Leslie de Chernatony is a Lecturer in Marketing at the Cranfield School of Management. His first degree is from the University of Kent and he has a doctorate in Marketing from the City University Business School. Building on his experience in the marketing departments of several major consumer goods manufacturers, his research interest focus on consumers' use information.

INTRODUCTION

Conventional marketing wisdom has it that one means of identifying the competing offerings in a product field is through classifying items as being either brands, own labels or even generics (Hawes, 1982). Such a taxonomy enables strategies to be developed and resources subsequently allocated. However, effective planning is based around the assumption that this taxonomy is valid. In an era of increasing retailer power, some have questioned whether the differences between brands and own labels have narrowed, to the extent that in some product fields own labels are an adjunct to brands (McGoldrick, 1984). Clearly, were this to be so, both suppliers and distributors need to consider the marketing planning implications. Surprisingly, in today's more marketing aware business environment (e.g. McBurnie and Clutterbuck, 1987), no one in the UK has gone back to the basic marketing tenet and investigated how consumers perceive the competitive structure of product fields. In view of the strategic importance of understanding consumers' perceptions, this paper reports the findings of such an investigation.

For "brands" to succeed they need to be positioned in consumers' minds and their unique personality must be reinforced, i.e. advertising is a pre-requisite to establish a "compact" with the consumer (Staveley, 1987). While the role of advertising varies according to the degree of involvement consumers perceive (Arora, 1985), it is a necessary ingredient for brand benefits to be communicated. The importance of consistent advertising to develop successful brands is acknowledged by many (e.g. King, 1978; Ramsay, 1983) since while packaging and merchandising aid in reinforcing a specific positioning, advertising overcomes the problem of the pack being inanimate and unable to clarify its brand personality. Yet, while empirical work (Whitaker, 1983) has shown that successful brands have a share of advertising expenditure in excess of their share of sales, with

increasing retailer dominance some brand manufacturers cut advertising support during the 1970's and 1980's (Mintel, 1984). Such short sighted activity would appear to be devaluing the brand as an asset and with consumers no longer able to appreciate why they should pay a premium for a brand would lead long term to falling brand sales. To better appreciate this issue, a consumer research programme was designed in such a way that consumers' perceptions of the competitive tiers could be compared between product fields where advertising expenditure had been either supported or subjected to long term cuts.

For what would appear to be historical reasons (e.g. Jefferys, 1954), marketing terminology had been steeped in the idea of product fields being characterised by brands and retailers' labels. One of the problems with relying on historical precedents is that terminology and definitions become dated and can eventually lead to confusion (e.g. Martell, 1986). In view of the considerable resources invested in own labels (Relph-Knight, 1988) one can question whether it is correct to continue talking about "own labels", since retailers appear to have developed "brands". Furthermore the doubts raised by McGoldrick's (1984) hypothesis about brand-own label similarity make it imperative that branding terminology be clarified and made more applicable for the 1990s. Within the context of the knowledge gained from understanding consumers' perceptions of the competitive tiers, this paper makes such recommendations.

The content of this paper focuses upon the packaged grocery sector, since besides significant historical advertising spends, this is a good example of increasing retailer concentration. To put grocery retailer concentration in perspective, van Mesdag (1985) reported that by 1983, virtually 60% of the packaged grocery market could be accessed through 10 buying points.

This paper opens by briefly reviewing the increasing grocery retailer dominance and, as a consequence, considers how the changing allocation of marketing resources may lead to increasing brand - own label similarity. Within an information processing paradigm it discusses how consumers seek and process information, and hence postulates how consumers might perceive the competitive tiers and how this may be affected by advertising activity. The research methodology is described and the resulting perceptions considered. From the results, showing the perceived dissimilarity of brands and own labels, it is argued that branding terminology is imprecise and recommendations for alternative terminology proposed.

THE EVIDENCE OF INCREASING MULTIPLE RETAILER CONCENTRATION

Events can be traced back to the 1950's which swung the balance of power from the branded groceries manufacturer to the multiple retailer. During the 1950's building controls were relaxed, and the early self-service concept proved successful (Fulop, 1964). The profit opportunities presented through economies of scale were quickly grasped by the multiple retailers and during the 1960's the balance of power began to swing more towards the multiple retailer (King, 1970). With the abolition of Resale Price Maintenance in 1964, independent retailers faced increasing challenges from the multiple sector which, while accounting for 25% of grocery sales in 1959, increased its share to 41% by 1969 (O'Reilly, 1972).

The trend towards a more dominant multiple retailer presence increased during the 1970's and 1980's. With the move to fewer stores of increasingly larger selling areas, retailers were able to increase their range, offer consumers a one stop shopping concept at attractive prices and maintain profitability in a static market faced with rising costs (Davies et al, 1985). The Monopolies and Mergers Commission (1981) showed that

between 1971 and 1979 the number of multiples' stores roughly halved, while this sector's selling area increased from 21.9 to 27.6 million square feet. As evidence of the concentration of retailer power, trade research by the Institute of Grocery Distribution shows that by 1985 multiple retailers (with 8.5% of the total number of grocery outlets in the UK) accounted for 70% of packaged grocery sales. Conforming to the Pareto rule, the declining independents, with 83% of the total number of grocery outlets accounted for only 19% of packaged grocery sales.

It is now accepted that in the packaged grocery sector, the balance of power rests with retailers, rather than manufacturers (Mazur, 1986). Branded goods manufacturers had to devise new marketing strategies in this changed environment particularly since, as one major retailer stated, "We now see ourselves as the customer's manufacturing agent rather than the manufacturer's selling agent" (p305, Henley Centre for Forecasting, 1982). But while some manufacturers (e.g. Heinz, United Biscuits) realised the dangers of increasing discounts to retailers to buy shelf space and responded by investing in their brands (Rapoport, 1985), others acquiesced to retailers demands for larger discounts. As a consequence, it could be argued that the weaker manufacturers may have allowed their brands to slip to such an extent that consumers may perceive them as being similar to own labels. This issue will be explored in the next section.

THE INCREASING SIMILARITY OF BRANDS AND OWN LABELS?

Own labels have been a major strategic tool for multiple retailers over the past 25 years, both in their expansion programme and in an attempt to increase store allegiance (Martell, 1986). They enable the retailers to have greater control over their product range, are a considerable force in the store image-building process and represent a profit opportunity (Simmons and Meredith, 1983). Increasing retailer investment in



own labels has resulted in their share of packaged groceries growing from 20% in 1971 to 26% in 1985 (Euromonitor, 1986). They no longer have the image of being "cheap and nasty" (King, 1985) and present a major challenge to branded goods. As evidence of this, Hurst (1985) noted that:

"The pressure comes not so much from a low price, low quality, own-brand product, as from an own-brand product formulated to be the equal of the brand, packaged in a distinctive house style, given equal or superior in-store positioning, and still despite all this, at a price advantage." (p396).

To appreciate how some brands and own labels may have become similar, an analysis of the changing elements of the marketing mix is illuminating.

Changing use of advertising

With multiple retailers demanding bigger discounts from brands' manufacturers, some weaker suppliers conceded and cut advertising support in an attempt to maintain brand contributions. While King (1970) pointed out the fallacy of regarding special discounts as marketing expenditure, it became increasingly common during the 1970's and early 1980's for manufacturers to cut back on brand advertising while funding retailers growing advertising (Risley, 1979). Mintel (1984) analysis showed that between 1970 and 1982 retailer advertising rose in real terms by 105%, while manufacturers' consumer advertising increased by only 20%. As a proportion of total advertising, retailers' advertising grew from 10% in 1970 to 17% in 1982, while manufacturers' consumer advertising fell from 45% to 42%. King (1978) and Thompson-Noel (1981) further reinforces these findings.

Besides increasing its share of voice, retailer advertising moved from the 1970's platform of informing people of low prices (Wolfe, 1981) to one of promoting a clear identity for themselves (Bond, 1985). Thus while the personality of some brands would have weakened, retailers were striving to establish a personality for their stores and their own label.

Quality similarities between brands and own labels

Increasing concern with profitability and growing retailer concentration led some branded goods manufacturers to relax their brand quality during the 1970's (Monopolies and Mergers Commission, 1981). Curtailing R & D investments and cost reduction exercises on product ingredients enabled some manufacturers to respond to financial pressures (O'Reilly, 1980). No quantification of the extent of this exists, but King (1980) alludes to it as being relatively common.

Retailers concern with the quality of own labels has led them to become more quality conscious, reducing the quality difference that once existed in certain product fields between brands and own labels (Thermistocli & Associates, 1984). Major multiple retailers (e.g. Sainsbury and Tesco) now have quality control laboratories and test kitchens.

The narrowing price gap between brands and own labels

There are instances where brands have been priced at a level unusually close to own labels, deliberately to match the competitive edge of own labels (Risely, 1981). McGoldrick, (1984) believes that the price differential between brands and own labels

has narrowed in the 12 years since 1970 due to frequent promotions, cost reductions and retail discounts on brands, while own labels have traded-up from their position.

The pressure for distribution

With the expansion programme of the multiple grocery retailers effectively ensuring a wider presence of multiples throughout Britain, and with the multiples accounting for two-thirds of packaged grocery sales, it could be argued that own labels now have as wide a geographical distribution as do branded goods. Furthermore there is also evidence of own labels having good in-store shelf positioning, at the expense of brands. In-store observations by Thermistocli & Associates (1984) showed that, on average, own labels were given double the shelf space allocation of the equivalent branded items.

PREDICTING CONSUMERS' PERCEPTIONS

The changing emphasis of marketing resources behind brands and own labels could have had an impact upon consumers' perceptions of the competing offerings. The marketing mix analysis of weaker brands and own labels suggests that consumers may perceive increasing similarity between brands and own labels. The presence though, of generic groceries between 1977 and 1986 complicates matters. A true generic would be one for which the packaging would solely ensure product protection and any on-pack information would be the legal minimum requirement. There would be no promotional support and without diligent attention it should be difficult to differentiate the generics of one retailer from another. In reality the generic concept did not appear to have been enacted in the UK. Eye-catching multicolour packaging was used, corporate pack designs appeared and one retailer even branded their generics as "BASICS" (Argyll). Promotional packs emerged and advertising support was given (McGoldrick, 1984). Thus

while it could be argued that consumers might perceive weaker brands and own labels as similar, an alternatively perspective may be that due to the association of "generics" with specific retailers, some consumers might regard generics and own labels as being similar.

Further support for consumers not perceiving the structure of product fields as brands vs own labels vs generics comes from a consideration of the perceptual process. Consumers frequently group similar items to reduce the complexity of interpreting different situations. When faced with competing items in the same product field, information both from the items and from memory is cognitively organised, interpreted and a meaning derived. However, due to perceptual selectivity and perceptual distortion (Foxall, 1980), only a proportion of the information provided by marketers and retailers will be processed and some of this may be twisted to make it consistent with consumers' prior beliefs (e.g. Hastorf and Cantril, 1954). Some of the information used to evaluate similarity will have greater emphasis placed upon it (Reed, 1972) since consumers believe these informational cues are more important indicators of similarity. The difference between alternative packs, when being considered on specific attributes, may be below the just noticeable threshold (Britt, 1975) and consequently these differences will not be noticed.

Thus, both from a marketing mix analysis of the competitive items, and by considering the process by which people group items, the following hypothesis is advanced:

H1: People do not perceive the structure of product fields in the same way as marketers (i.e. pure brands vs pure own labels vs pure generics).

THE CONSUMER INFORMATION SEARCH PROCESS - ADVERTISING IMPLICATIONS

To appreciate the role that information search, and in particular advertising, has on consumers' perceptions, it is important to consider the relevant consumer behaviour literature. One way of clarifying the consumer decision process is by means of a cognitive information processing model (Engel et al, 1986). Within this context it is believed that consumers develop a rational decision based upon limited cognitive capabilities which process only a small amount of the available information. Surrogate variables are used to overcome the problem of imperfect information, e.g. price as an indicator of quality.

Information search commences with an examination of memory (Bettman, 1979) and having resolved what is not known, external search follows. External search is a relatively limited activity (e.g. Katona and Mueller, 1955; Olshavsky and Granbois, 1979), albeit there are variations in the extent of search activity between different groups of consumers (Newman; 1977). While there are a variety of reasons that could explain this limited search activity (e.g. information acquisition being a continual, rather than discrete process), of significance to this research is the fact that consumers have limited cognitive capacities (e.g. Jacoby et al 1974a, 1974b) which are protected from information overload by perceptual selectivity (Bruner, 1958). This is embodied in the Principle of Information Processing Parsimony (Haines, 1974) which states that "consumer seek to process as little data as is necessary in order to make a rational decision" (p96).

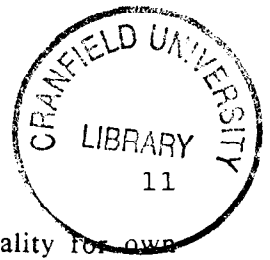
To process the minimum of information the consumer must develop a strategy to cope with the extensive information available. Miller (1956) provides guidance here by stressing the idea of the mind recoding "bits" of information into larger groups ("chunks") which contain more information. By continuing to increase the size of these

chunks, the consumer can process information more effectively (e.g. Buschke, 1974). The presence of a brand name on a pack is indicative of several attributes (e.g. high quality, consistency, guarantee, etc) and Jacoby et al (1977) have shown how a brand name is synonymous with an informational chunk.

As an informational source, there is evidence of advertising being less frequently sought than brand name information. Bucklin (1965) reported that across a wide range of products, consumers consulted advertisements for only 34% of the products. Katona and Mueller (1955) found that amongst durable goods purchasers, advertisements were infrequently consulted, with only a third of purchasers claiming to have consulted advertisements. Other evidence of the limited use of advertising is provided by Thorelli (1971), Arndt (1972), Newman and Staelin (1973) and Kiel and Layton (1981).

The reason for the greater apparent reliance upon brand name rather than advertising information, could be due to the "chunking" vs "bit" argument which is related to Cox's (1967) conceptualisation of people interpreting products as arrays of cues (e.g. brand name, price, packaging, etc). Cox believes that consumers assign information values to the available cues and use those with the highest information value. A cue's information value is a function of its predictive value (the accuracy with which it predicts the attribute under consideration) and its confidence value (the consumer's confidence in the predictive value they have ascribed to the cue).

Thus, in the case of packaged groceries, people would be likely to place greater effort on searching the packs for any "brand" name information. Through the "brand" name as a cue, a chunk of information would then be interrogated in memory. Where manufacturers' brand advertising had been maintained or increased, a strong brand personality would be stored in memory. Further memory search, accessing another



chunk through the own label name, is likely to reveal a distinct personality for own labels, particularly following retailers commitment to advertising a personality rather than a price. Consequently, it could be argued that consumers would be likely to perceive brands and own labels as dissimilar when manufacturer brand advertising has been maintained.

Falling advertising support for manufacturers' brands in some product fields and increasing retailer advertising would have weakened the personality of some manufacturers' brands at the expense of a strengthening personality for own labels. Thus when faced with competing items, in a product field subjected to long term manufacturer advertising reduction, memory search, via brand name, would conjure a less distinct brand personality and it is though more likely that people will perceive brands and own labels as similar.

Just as the presence of a "brand" name on brands and own labels would enable an inference to be drawn about "brand" personalities, so the much more detailed search to find any form of branding on the generic packs would imply how dissimilar generics are to own labels and brands. This would be reinforced by recall of low levels of advertising activity for generics.

The proposition therefore tested by this research is:

H2: Where actual advertising support for branded packaged groceries has been maintained or increased, people are likely to perceive manufacturers' brands as being dissimilar from own labels or generics. Where actual advertising support for branded packaged groceries has fallen, people will be more likely to perceive manufacturers brands as similar to own labels.

RESEARCH DESIGN

To provide a good test for the hypotheses, six product fields were sought. Each had to have a minimum of three branded, three own label and at least two (preferably three) generic versions on sale in Hertford where fieldwork was undertaken during 1985. For each of these product fields the three dominant brands were used along with own labels and generics from Sainsbury, Tesco, International, Fine Fare (not part of Gateway at the time of fieldwork) and Presto.

Three product fields had to show long term reductions in advertising spend and three to have shown long term evidence of either constant or increasing advertising spend. Deflated MEAL data was used from 1972 to 1984 inclusive. It was decided to use bleach, toilet paper and washing up liquid products to represent increased manufacturer advertising support products, while aluminium foil, household disinfectant and kitchen towels were chosen to represent long term reduced advertising products. It is interesting to note that the three increased support product fields all had media spends in 1985 in excess of £1.0m (at 1970 prices), while in the same period the reduced advertising products received no more than £0.14m (at 1970 prices).

OPERATIONALISING PERCEPTION OF MARKET STRUCTURE

Marketers' perceptions of market structure were taken from Hawes (1982) as being brands versus own labels versus generics. To evaluate consumers' perceptions, brand-attribute batteries were developed specifically for each product field and respondents were asked how much they agreed or disagreed with each statement describing each of the items on display in their product field. To obtain consumer relevant attributes Kelly

Grid tests were used in conjunction with other statements derived from advertisement claims. For each product field, a series of convenience samples, each of 15 householders who had shopped in a multiple grocery retailer selling brands, own labels and generics, were interviewed.

Depending on the product field, between 43 to 84 different statements resulted. These mainly described the packaging (e.g. colour, attractiveness, impact, information), branding, quality, price, availability, previous experience and promotions. By inspecting these statements, the more trivial, descriptive statements were omitted (e.g. "this pack has computer coding on it"). Also where several statements appeared to be describing the same dimension, (e.g. "this is a thicker washing up liquid", "this looks more concentrated"), only one was selected. According to the product field, between 19 to 29 statements resulted. These were viewed as being important evaluative attributes, but it was thought that there might still be some repetition between statements. Inspection of the correlations between attributes, in conjunction with principal component analysis is an ideal way of reducing the number of attributes. Consequently six brand-attribute batteries were produced and for each product field a convenience sample of 15 further householders were asked to state how much they agreed or disagreed (5 point scale) with each statement describing each of the items on display. Undertaking this analysis for each product field resulted in 8 to 10 statements adequately portraying the majority of the information. Thus brand-attribute batteries of a size unlikely to cause respondent fatigue and yet incorporating those attributes important to respondents had been developed to measure perception of market structure.

DATA COLLECTION

Questionnaires containing brand-attribute batteries were designed and piloted for the six product fields. Using a systematic sampling procedure 2,196 householders in Hertford were selected using the Electoral Register. To reflect buying behaviour, preference was given to selecting the female in the household. One of the six questionnaires was sent to each person along with a 6 inch x 4 inch colour photograph showing the eight or nine competitive offerings relevant to the specific questionnaire. A covering letter explaining the purpose of the study was enclosed, as was a Business Reply Paid envelope.

Questionnaires were received during August and September 1985. With the use of a reminder letter 1,065 questionnaires were returned, a response rate of 48%. An analysis of the replies indicated similar response rates across the six product fields. Of the two demographic variables recorded (age and terminal age of education), no significant difference between respondents in the six product fields were noted at the 0.05 significance level on these two variables. As the six product field questionnaires had been equally divided between each polling ward in Hertford, it was felt that there was no bias in terms of the response achieved between the six product fields. Respondents addresses were not recorded and while no direct evaluation of non-response bias could be made, the similar sample profiles in each product field indicated that this was not a problem.

DATA ANALYSIS

Attention focused on those 829 respondents who had correctly completed the appropriate brand-attribute battery. Cluster analysis appeared to be most suited for this research,

since it shows how competing items are allocated to previously undefined groups, such that items in the same group are in some sense similar to each other (Everitt, 1986). To observe the order in which the cluster evolved, a hierarchical agglomerative method was selected. Recognising that the clustering algorithm selected defines what is meant by a cluster (Cormack, 1971) it was decided to use the single link algorithm.

Respondents' agreement-disagreement scores from the brand-attribute batteries within each product field were first standardised and each converted to a squared Euclidean distance matrix. For each product field the mean standardised squared Euclidean distance matrix was calculated which was then subjected to single link cluster analysis using the CLUSTAN computer package (Wishart, 1978). The results of the cluster analysis were displayed on a dendrogram. This is a hierarchical clustering tree which shows, for example, at the bottom of the tree there are 9 unclustered items, at the next level moving up the tree there are 7 unclustered items with 2 items forming a shared cluster, etc. By examining each level of the dendrogram the way that clusters evolved could be seen. The results were interpreted by inspecting the composition of the clusters at different levels on the dendrograms, following the practice of other researcher (e.g. Doyle and Saunders, 1985). Since this research is concerned with the composition of clusters and, as earlier noted, there is managerial relevance in talking about the three and two cluster levels, the composition of the clusters at the three and two tier levels on the dendrograms were inspected.

PEOPLE'S PERCEPTIONS OF MARKET STRUCTURE

Inspection of Table I shows how respondents perceived the competitive structure of each product field at the three cluster level. Only in the washing-up liquid results were marketers' and consumers' perceptions the same, i.e. pure branded, pure own label and

pure generic clusters. Across all six product fields brands were always seen as being different to own labels and generics. A clear branded cluster virtually always appeared except in the kitchen towels market, but even here two of the clusters are different branded versions and again none of the brands merged with the own labels. Thus the survey results support H1.

<u>Product Field</u>	<u>Sample Size</u>	<u>3 Cluster Composition</u>			
Aluminium Foil	135	(3B)	(20L)	(10L+3G)] Reduced Advertising
Disinfectant	143	(3B)	(30L+1G)	(1G)	
Kitchen Towels	130	(2B)	(1B)	(30L+3G)	
			↓	↓	
Bleach	148	(3B)	(30L+1G)	(1G)] Increased Advertising
Toilet Paper	129	(3B)	(20L+3G)	(10L)	
Washing up Liquid	144	(3B)	(30L)	(3G)	

B = Brand; OL = Own Label; G = Generic

Table I: Perceived market structure at the 3 tier level

Confirmation of brands being perceived as a category distinct from own labels and generics is seen when examining perception of market structure at the two cluster level. As can be seen from Table II, in each of the six product fields respondents always grouped the branded items together as one cluster which was distinct from the second cluster consisting of own labels and generics.

<u>Product Field</u>	<u>Sample</u>	<u>2 Cluster</u>	
	<u>Size</u>	<u>Composition</u>	
Aluminium Foil	135	(3B) (30L+3G)] Reduced
Disinfectant	143	(3B) (30L+2G)	
Kitchen Towels	130	(3B) (30L+3G)	
Bleach	148	(3B) (30L+2G)] Increased
Toilet Paper	129	(3B) (30L+3G)	
Washing up Liquid	144	(3B) (30L+3G)	

B = Brand; OL = Own Label, G = Generic

Table II: Perceived market structure at the 2 tier level

The findings at the two tier level are similar to those in the USA as reported by Hawes and McEnally (1983). It is my belief that because of American retailers' "branding" of generics (eg Harris and Strang, 1985), consumers in the USA saw considerable similarities between own labels and generics. Similarly, in the UK, it is my view that because the generic concept was not strictly enacted (eg multi-coloured packs, use of brand names (eg BASICS) and promotional support), consumers categorised own labels and generics as members of the same tier. This research clearly shows that "generics" represented an extension of retailers' own labels, rather than a novel third tier.

When assessing the competing items in a product field, consumers' external information search would have been compared against memory and certain informational cues would have more reliance placed upon them due to their high information value. Through consumers placing more emphasis upon seeking presence of brand name/retailer name,

they would have acquired information which would have been processed and interpreted to give the perceptual structures recorded.

INFLUENCE OF ADVERTISING CHANGES ON PERCEPTIONS

More detailed analysis of the results in tables I and II show that regardless of changes in media spend, consumers always perceived brands as being dissimilar from own labels. Thus hypothesis 2 is rejected. It is my belief that respondents primarily sought "brand" name cues from the packs, which were then processed by accessing "chunks" from memory. This would be a more efficient processing strategy than accessing information "bits" through, for example, advertising recall. The fact that brands were seen as being a distinct category from own labels, even when there had been long term advertising cuts, could be due to a combination of three factors. First, the far greater branding similarity between own labels and generics caused by the strong store association portrayed on the packs. Second, the impact of perceptual selectivity and perceptual distortion may have masked any possible effect of presence of brand name being used to recall via chunking, any awareness (if there was any) of long term reductions in branding activity and increasing own label support. Third, the six product fields may have engendered a low level of consumer involvement (Engel et al, 1986) and their information search process may have been superficial, with a cursory recall of advertising from memory.

It would be dangerous to infer from these results that advertising support for manufacturers' brands can be cut without any consequential change in the way consumers categorise competing items. With the demise of "generics", own labels are less likely to be tarred with the down market image once portrayed by generics and could now conceivably be approaching the manufacturers' brand domain. It is now probably more important for manufacturers to invest in brand support to counter the own label

threat. Secondly, from considering the just noticeable difference threshold (Britt, 1975) a point will be reached beyond which a further small cut in the continual reduction of advertising activity will become apparent to consumers. By the time this point is reached consumers will be vague about the personality of some manufacturers' brands and will no longer be prepared to pay a premium.

IMPLICATIONS OF RESULTS FOR BRANDING TERMINOLOGY

As the early part of this paper has shown, grocery retailers have been investing considerable resources in their own labels, and to refer to them as "own labels" is to ignore the increasingly powerful challenge to manufacturers' brands. Retailers have identified a long term objective for their own labels and through a well devised combination of marketing resources are striving to achieve a positioning in consumers' minds, which is being reinforced through a coherent advertising strategy.

The problem with current day terminology is not just the inappropriate term "own label", but also the superficial thought people give to the term "brand" (Bullmore, 1984). A particularly poignant paper by Schutte (1969) identified several criteria that branding terminology should satisfy to be of value. His first point was that any terminology should be descriptive of the marketing process. Terms such as own label or private label or retailer label would suggest that retailers' marketing emphasis is being placed primarily upon packaging, which as Liebling (1985) has shown, is erroneous. Another criteria suggested was that branding terminology should enable all parties involved in the decision making process to use the same terminology with the same definitions, regardless of their functional specialism. Schutte further argued that correct branding terminology should enable the marketer to conceptualise the various stages of the

marketing process and that any terminology should be applicable in all product categories and industries.

The marketing of brands is undertaken by both manufacturers and distributors (Randall, 1985) and, as this research has shown, consumers are aware of different "brand" alternatives. To therefore use the term "brand" is not specific and introduces uncertainty in communication. Building upon Schutte's (1969) recommendations, more information would be conveyed by the terms "manufacturer's brand" and "distributor's brand", which clarifies who instigated the branding activity and better describes the marketing process. A further strength of these terms is that they tie in with the way consumers perceive the competitive structure of product fields and thus are relevant when considering the allocation of marketing resources. The term "distributor" is used in recognition of the activity being undertaken by wholesalers (e.g. Nurdin and Peacock's Happy Shopper), symbols (e.g. Spar) and retailers (e.g. Tesco).

Both manufacturers' and distributors' brands are those entities which are targeted at specific groups of consumers. Clearly defined positioning objectives would have been formulated and through the coherent use of all the marketing components, part of which would be distinctive advertising to establish and reinforce personalities, both manufacturers' and distributors' brands would be perceived as being added value items. While the branding process is instigated either by the manufacturer or the distributor, it is important to appreciate that the final form of the appropriate brand is the consumer's idea, rather than the manufacturer's or distributor's tangible offering (Pitcher, 1985). Sight should not be lost of the fact that while marketers are able to talk about the way they have formulated marketing resources to sustain either a manufacturer's or distributor's brand, consumers are active rather than passive participants in the branding process (Meadows, 1983) and it is the consumer who is best equipped to play back to

marketers, via qualitative research, what characteristics they perceive a particular brand to possess. Thus, while guidelines as to what constitutes a manufacturer's or distributor's brand can be stated in terms of what has been put into the branding process, marketers need to identify what consumers take out of the branding process.

In terms of the six product fields examined in this research, as a consequence of differing marketing strategies, consumers took out of the branding process a grouping that could be termed manufacturers' brands and an alternative grouping called distributors' brands. It would not be unreasonable to assume that this use of branding terminology should apply to all other grocery product fields, however, to satisfy Schuttes (1969) criteria, researcher are encouraged to undertake similar research across other product fields. Particularly in view of the widening market opportunities envisaged after 1992, it is crucial for this research to be extended across other countries.

CONCLUSIONS

Across six packaged grocery markets, consumers perceived the competing items to be manufacturers' brands and distributors' brands ("own labels" and "generics"). Even though some manufacturers had cut their brand investment to buy shelf space, while at the same time multiple retailers used some of the extra discounts to invest in their offering, the point had not been reached, in 1985, where consumers perceived manufacturers' brands as being similar to distributors' brands. If manufacturers continue cutting back on advertising though, it is my belief that consumers will become aware of more diffuse brand personalities, with the consequential decline of the weaker manufacturers' brands.

In view of the way retailers have been investing in their own ranges and with the almost superficial thought given to the term "brand", I am of the opinion that current day branding terminology has become imprecise. Schutte's (1969) criteria for effective branding terminology were highlighted and within his recommendations, as well as accepted that branding needs to be understood in terms of what consumers take out of the branding process, it has been argued that marketers should adopt the terms manufacturers brands and distributors brands. Guidelines were briefly discussed to better clarify these terms, but as brands are impressions unique to consumers, marketers need to devote more attention to documenting consumers' views about the characteristics of either manufacturer or distributor brands. Furthermore with the opportunities (and threats) presented by widening markets after 1992, it is important that this research be extended not just to other product fields but across other European countries.

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