ABSTRACTING EMPIRICAL GENERALIZATIONS FROM PRIVATE LABEL BRAND RESEARCH

Richard A. Gooner and S. Scott Nadler

Private label brand research is characterized by both increasing quantity and quality. While recent work provides a very useful high-level overview (e.g., Kumar and Steenkamp 2007) and several sophisticated studies persuasively address specific aspects, managers and academics will benefit from "good" (Barwise 1995) empirical generalizations that guide practice as well as stimulate consolidation of otherwise segregated hypotheses and empirical observations into mid-range theories (Merton 1968). This paper reports the aggregation and assessment of 142 sources and the development of empirical generalizations for this important domain.

Private label branding, which accounted for 22 percent of 2010 U.S. supermarket unit sales and 46 percent, 43 percent, and 32 percent, respectively, in Switzerland, the United Kingdom, and Germany in 2009 (Bustillo 2009; Nielsenwire 2010; Zimmerman 2009), generates substantial and growing interest in scholarly, practitioner, consulting, and trade publications in Europe, Asia, and the United States (Baltas and Argouslidis 2007; Kesmodel 2008; Martin 2008; "Store Brand Growth: The Trend Continues" 2011; Reyes 2006; Schlossberg 1992; Thomas 1993; Zbar 1995). A key word search of ABI/Inform ("private label" or "store brands" as citation/abstract or subject) yields over 21,500 articles, with over 68 percent of all articles and 59 percent of articles published in scholarly journals appearing in the past decade (see Table 1).

Despite this interest and the recent publication of a very useful overview (Kumar and Steenkamp 2007), differences in private label brand strategies, tactics, and outcomes frequently lack for consensus regarding empirically based explanations and generalizable managerial guidelines. There is a particular dearth of more integrative private label brand research directed toward the development of middle range theories, broader constructs, and measures ("Food Marketing Industry Speaks" 1997; Hawes 1981; Hoch 1996; Hoch and Banerji 1993; Kumar and Steenkamp 2007; Lamey et al. 2007; McEnally 1980; Thomas 1993; Verhoef, Nijssen, and Sloot 2002).

Middle range theory (Boudon 1991; Merton 1968; Saren and Pels 2008) is an approach to theory development aimed at integrating theory and empirical research. This approach starts with empirical phenomena (as opposed to the examination of broad, abstract entities such as "the private label market") and extracts from the phenomena to create general statements that can be verified by data (Merton 1968). The pursuit of middle range theory is a commitment to two ideas: (1) theories should attempt to consolidate otherwise segregated hypotheses and empirical observations, and (2) it is impossible to determine overarching constructs, much less theories, that encompass all empirical observations of interest for any domain of any real complexity. The second of these two ideas suggests that meta-analytic or Bayesian approaches toward integrating private label empirical phenomena and theory may face inherent limitations, and while some excellent meta-analyses dealing with aspects of private label branding have been published (e.g., Leeflang and van Raaij 1995; Rao and Monroe 1989; Sethuraman 1995; Szymanski and Busch 1987), the range and scope of private label issues and research and the frequent incommensurability of approaches and measures makes a classic, quantitative meta-analysis covering multiple private label branding topics illusive (Cooper and Hedges 1994; Glass 1976; Sultan, Farley, and Lehmann 1990). The development of useful and integrating middle range private label branding theory, therefore, seems a worthy objective.

An initial step toward the generation of middle range theory and the development of constructs and measures spanning product classes, categories, and cultures is often

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The authors thank the three anonymous *JMTP* reviewers for their substantial contributions to the paper.

Journal of Marketing Theory and Practice, vol. 20, no. 1 (winter 2012), pp. 87–104.
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ISSN 1069-6679/2012 $9.50 + 0.00.
DOI 10.2753/MTP1069-6679200106

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Table 1
Private Label Article Publication Over Time (ABI/Inform Search of "Private Label" or "Store Brands" as "Subject" or "Citation/Abstract")

Outlet Type	Time Period						Total (All Periods)
	Before 1986	1986–1990	1991–1995	1996–2000	2001–2005	2006–2010	
Scholarly	31	18	40	75	83	153	400
Percent of Total Scholarly	7.8 (31/400)	4.5 (18/400)	10.0 (40/400)	18.8 (75/400)	20.8 (83/400)	38.3 (153/400)	100 (400/400)
All Outlets	300	366	1,709	4,475	8,004	6,671	21,525
Percent of All Outlets Total	1.4	1.7	7.9	20.8	37.2	31.0	100

Notes: To be read: 83 articles with either "private label" or "store brands" in the article subject line or abstract or citation appeared in scholarly journals between January 1, 2001, and December 31, 2005, representing 20.8 percent of the 400 such recorded scholarly articles listed in ABI/Inform. A total of 8,004 articles with either "private label" or "store brands" as the search criteria, to include the 83 scholarly articles, appeared in all ABI/Inform tracked outlets between the same dates, accounting for 37.2 percent of all "private label" or "store brands" articles listed in ABI/Inform.

the compilation of a comprehensive and integrated review of a research domain (Farley, Lehmann, and Sawyer 1995; Gatignon and Robertson 1985; Glass 1976) leading to empirical generalizations (EGs) or patterns that repeat over different circumstances and which are amenable to useful description and classification (Bass 1993, 1995).

Barwise (1995) offers substantial guidance and insight regarding both the nature of EGs and characteristics of "good" EGs. A starting definition is that an EG is one based on repeated empirical evidence (Barwise 1995). He suggests that the reality, particularly extant with regard to private label research, is that while much research is empirical, generalizations, particularly to levels offering specific guidance to managers, are rare ("the overwhelming emphasis is on developing and testing new theory, not on establishing EGs" [Barwise 1995, p. G30]).

The first test of a "good" EG lies in the extent to which the phenomena can be assessed in multiple and rigorous tests by different researchers using different methods. As input to this initial step, we survey and assess 142 private label brand sources aggregated from several years of meta-analytic search methods designed to retrieve as high a percentage of research offering potential insights as possible (Cooper and Hedges 1994). While we offer more detail in the next section, we draw on work, published and unpublished, quantitative and qualitative, empirical and theoretical, from the United States, Europe, and Asia, in particular Japan. The literature includes work dealing with private label consumer purchasing behavior, private label share and profit growth, environmental factors, and manufacturer and retailer characteristics.

Our assessments of the constituent papers and research, development of the EGs and their classification into subdomains, and even our choices as to which of the hundreds of papers to assess and consider as most instructive in the development of our EGs are, of course, subjective. A goal of developing "good" EGs (see Barwise 1995) provided useful guidelines as we chose and weighed constituent research as possible inputs.

Characteristics of good EGs include *scope* (while not universal, a good EG seems to hold under a range of conditions), *precision* (while there are no generally accepted means of assessing EGs quantitatively, the phenomenon has been observed several times), *parsimony* (balancing the many variables that might impact a phenomenon with the need to develop useful generalizations based in the key variables that drive particular outcomes), *usefulness* (helpful to practitioners' and academics' thinking about practical issues), and *linked to theory* (theory or theories' predictions are consistent with the EG and preferably also explain boundary conditions). The criterion that "good" EGs be "linked to theory" is the most value laden, limiting, and that to which we assigned the least weight in this process. Emphasis on scope, precision, and most of all, managerial usefulness underlie both our approach/methodology and the product of this effort.

METHODOLOGY

Collection of a comprehensive and representative sample of individual papers, dissertations, books, and articles is among the most difficult steps in the process of generating a range of useful EGs for any research domain. Particular effort is required to minimize threats to validity from publication bias (Cooper and Hedges 1994; Glass 1976; Szymanski and Busch 1987).

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Given our goal of generating a range of EGs useful to managers making marketing decisions and interesting to academics, many of whom are especially familiar with ranges of private label practice and theory, we pursued a search strategy best described as "high recall" (Cooper and Hedges 1994). Our objective was to obtain and assess as many papers related to private label issues as possible to capture the greatest possible breadth of approach and findings. We were also interested in accessing unpublished papers and work from non-U.S. research frames.

Our search followed guidelines suggested by White (1994). Our goals were to balance a "high recall of documents," a (largely theoretical) percentage of documents retrieved from a universe of all papers that might potentially add value or insight, with "high precision," the (again largely theoretical) percentage of research actually relevant of all that retrieved. The practical objective was to consider as many papers as possible that might add real insight, offering either unique framing, variance in findings, or a particularly rigorous methodological approach. We especially sought to avoid missing potentially useful work that might fall outside our (or other marketing academics') mainstream purview. This led us to consider as many dissertations and working papers as possible as well as journals that we might not normally read or see cited.

Our search included, but was not limited to, manual searches of reference lists from papers, dissertations, and books; computer searches of the Social Science Citation Index and abstract databases such as Dissertation Abstracts and ABI/Inform; requested papers, reference lists, and working papers on listservs such as ELMAR, GINLIST (from CIBER at Michigan State University) and the MKT-PHD doctoral listserv. A series of research assistants assisted in our search and aggregation of research sources; however, all assessments were conducted independently by the authors, who periodically shared findings and opinions as to relevance and generalizability.

In essence, our "sample" or subset of papers that we chose to cite and share by inclusion in our references is that which we have come to call an "inconvenient convenience sample." White (1994) suggests that the process of actually judging candidate documents' and papers' relevance becomes less of an issue as the searchers (for him, "meta-analytic," but for us, merely "as comprehensive as possible") become more and more familiar with the literature and comfortable with variation in approaches and findings. The best counter to possible bias lies in the searchers' inherent desire for variance in papers, findings, approaches, frames, and so forth (quest for robustness or *precision*) from which to draw EGs offering *scope* and *usefulness*. Reviewing the papers independently, we either agreed on findings and merit or excluded papers on which we could simply not concur.

Our generalizations would hold no interest if there was consensus regarding most of the strategies, tactics, and outcomes associated with private label branding as currently practiced. Many of the EGs have at least one, and in some cases several studies and findings that counter our EG or at the least offer alternative explanation. Some of these instances are temporal: a weight of subsequent research and/or advances in data sources or research methods supersedes earlier work. Alternatively, we sometimes considered one paper or study to simply be more persuasive due to scale, scope, frame, or method.

To offer some initial structure to our EGs, we subjectively divide the constituent research and the abstracted EGs into classes or domains based on common themes or characteristics (Gatignon and Robertson 1985). We shared this thinking with seven academics and six managers/consultants actively engaged in the field as a rough test of this typology. We stipulate that while this feedback provides a modicum of face validity, we recognize the limitations of this subjective process and the overlapping nature of several of our EGs.

The six domains include:

1. competitive environment,
2. private label product characteristics,
3. consumer purchase behaviors,
4. retailer characteristics,
5. product category characteristics, and
6. strategic/normative issues and choices.

The six classes contain a total of 25 EGs. A summary of constituent papers, dissertations, books, and articles aggregated by proposed domain and divided as to support or nonsupport for the EGs is provided in the Appendix.

While this search for relevant articles is comprehensive by most standards (Cooper and Hedges 1994) and provides a broad sample, it is not an inventory of the total population. The resulting research propositions and citations are a base from which to generate additions, clarifications, and extensions.

EMPIRICAL GENERALIZATIONS

Competitive Environment

Several studies suggest firms' competitive environments as a primary determinant of private label brand development (share and profit growth) and success (Amin 1986; Anwar 1988; Batra and Sinha 1997, 2000; Burt 1992; Collins and

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Burt 2006; Dunne 1996; Hoch and Banerji 1993; Lamey et al. 2007; Livesey and Lennon 1978; Miranda and Joshi 2003; Parker and Kim 1997; Shannon and Mandhachitara 2005; Soberman and Parker 2006). Factors cited include economic or business cycles (i.e., expansion or recession) and disposable income, the degree of retailer concentration with accompanying implications for market power, and the extent to which advertising and media are limited or controlled by government (theoretically limiting manufacturer brand advertisers' direct access to consumers).

The intuitively appealing presumption that private label product development fluctuates with economic contraction and expansion has predominated since the late 1970s; however, Hoch and Banerji (1993) provided the strongest empirical support until Lamey et al. (2007), who persuasively argue that private label brands grow market share during economic downturns and that these increases tend to "stick," with private label share only partially receding with the return of economic prosperity.

Abe (1995) argues for more specificity in stating that plateaus in private label development reflect fundamental shifts, from "good quality" private label products selling at significant discounts relative to manufacturer brands to private label brands approaching equivalency and selling at smaller discounts: high-quality private label brand share would not recede pro rata when good times return. Batra and Sinha (2000) further suggest that this "stickiness" is largely due to consumers, once motivated by economic downturns to experiment with private label alternatives, having positive experiences with higher-quality private label options that they are unmotivated to abandon even when their economic fortunes improve.

Lamey et al. (2007) persuasively extends this line of thinking, concluding that these periods of growth and retrenchment are asymmetric: private label brands do not surrender all of their share gains when economic conditions improve. On balance, we propose:

EG1: Private label market share is countercyclical and expands and contracts asymmetrically with periods of economic growth and recession, growing more rapidly during recessions and only partially receding during subsequent periods of economic expansion. This is particularly true for higher-quality private label brands.

Several studies suggest that consolidation of the grocery industry paves the way for continued growth of retailers' private label offerings (Abe 1995; Coleman 1998; Cotterill, Putsis, and Dhar 1998; de Chernatony 1987; Dhar and Hoch 1997; Parker and Kim 1997; Tarzijan 2004). Only Silverstein and Hirschohn (1994) directly counter this premise, and they focus on chains' total U.S. market share (then less than 35 percent for the top 4 chains versus over 60 percent for the top 4 chains in the United Kingdom) instead of U.S. market-level/SMSA concentration (then almost 70 percent for the top 4 chains in the top 20 U.S. cities). This leads to:

EG2: Grocery industry consolidation leads to higher private label share of market.

Blattberg and Wisniewski (1989) demonstrated a bimodal distribution of consumers' preference for manufacturers' brands relative to private label alternatives, with the point of indifference asymmetrically favoring manufacturers' brands. Manufacturers' brands or "higher-tier" brands asymmetrically benefit from price discounts, taking proportionately more share from private label or "lower-tier" brands than vice versa. They further suggest that retailers might maximize profits by moving the point of indifference to a more symmetrical state by (1) increasing the interchain reference price for the manufacturers' brand(s) or manufacturers' brands product categories through market consolidation, (2) thereby allowing a more profitable manufacturers' brands/private label price gap with reduced discounting at either level, and (3) improving private label quality to a level supporting a higher private label price and profit margin.

Cotterill, Dhar, and Putsis (1998), Parker and Kim (1997), Pauwels and Srinivasan (2004), and Soberman and Parker (2006) further consider how concentration and retailer market power might lead to both higher manufacturers' brand and private label pricing and profitability. Corstjens and Lal (2000) and Pauwels and Srinivasan (2004) further emphasize the disproportionate benefits accruing to higher-quality private label brands and the relative disadvantages facing midprice/midrange quality manufacturers' brands. On balance, this leads to:

EG3: Increased grocery industry concentration reduces interchain price competition, which (a) increases the interchain reference price for a given manufacturer's brand/category, (b) maximizes the manufacturer's brand/private label price gap, (c) minimizes intracategory manufacturer's brand/private label price competition, and (d) maximizes category profit.

Private Label Product Characteristics

The impact of product characteristics on private label development and consumer acceptance has been dominated by a focus on the importance of extrinsic cues (package,

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price, brand name) versus intrinsic cues (ingredients, perceived quality, etc.), and the pursuit of generalizable price/quality elasticity relationships (e.g., Vahie and Paswan 2006). Richardson's dissertation (1993) and subsequent publications (Richardson, Dick, and Jain 1994; Richardson, Jain, and Dick 1996) explore cue-utilization theory's role in consumers' preference for manufacturer brands. This preference for or bias toward manufacturers' brands, based on the superiority of manufacturer brands' extrinsic cues relative to those of private labels, suggests:

EG4: Store brand prone consumers rely less on extrinsic cues than do manufacturer brand prone consumers.

U.S. retailers have often positioned private label offerings as "good quality at a good price," operating under the belief that consumers weigh the quality and price gaps between the private label offerings and their manufacturer brand analogs equally (Mieres, Martin, and Gutierrez 2006). Excepting Bello and Holbrook's (1995) study finding a minimal price premium associated with the quality assumed to accompany manufacturer brands, several studies (e.g., Rao and Monroe 1989; Richardson, Dick, and Jain 1994; Richardson, Jain, and Dick 1996) suggest that consumers do *not* trade off products' perceived quality and price symmetrically. Rao and Monroe's (1989) synthesis finds a significantly stronger association between price and quality than between brand name and quality. Richardson and his colleagues (1994, 1996) consistently found price to be the strongest extrinsic cue utilized in formulating perceptions of a product offering's quality or value. They proposed that "value for the money" promotional efforts might exacerbate lower perceptions of quality for store brands (due to inferior intrinsic cues). Additional evidence is offered by firms' repositioning private label lines via reduced price gaps between their private labels and manufacturers' brands (Jin and Suh 2005; Kim 1996).

EG5: Consumers' associations of price with perceived quality are stronger than their associations between brand name and quality.

Differentiation via both real and perceived product quality differences is a cornerstone of branding practice and theory. Manufacturers' brands are assumed to differ significantly from private label brands in terms of their quality, as delivered and assessed by both intrinsic and extrinsic cues. European managers and a growing number of U.S. practitioners accept as fact the growth of "premium private label products," created as equivalent to the leading manufacturers' brands in terms of both product performance and extrinsic cues; however, little research has specifically addressed such higher-end private label segments. Halstead and Ward (1995), Reda (1995), and Abe (1995) in the United States, Europe, and Japan, respectively, address the breadth and expanding range of private label quality. This leads to:

EG6: Private label brands/offerings are no more homogeneous than are manufacturers' brands.

Private Label Consumer Purchasing Behavior

Beginning in the early 1960s, consumer research sought to identify and measure predictors of consumers' private label proneness. Such predictors would support differentiated private label and manufacturers' brand offerings to segments that retailers might target. Manufacturer brands would also benefit, by virtue of their ability to reinforce existing benefits to their "manufacturer brand prone" shoppers, while devising alternative messages to targeted private label prone shoppers or creating flanker and fighter brands to compete against retailer brand options (Boyd 1965; Cunningham, Hardy, and Imperia 1982; Halstead and Ward 1995).

These efforts have produced few ex ante reliable or managerially useful segmentation tools. Several well-conceived and executed studies (Baltas 1997a, 1997b, 2003; Boyd 1965; Burger and Schott 1972; Cunningham, Hardy, and Imperia 1982; Gabor and Granger 1961; Myers 1967; Richardson, Dick, and Jain 1994; Sethuraman and Cole 1999; Szymanski and Busch 1987) have shown demographics' limitations predicting private label proneness ex ante. Several strong studies have demonstrated post hoc differences in purchasing behavior demonstrated by some segments; however, they have been of limited use to managers (Ailawadi and Keller 2004; Baltas 1998; Frank, Massy, and Boyd 1967; Omar 1996; Sethuraman 2000). On balance, this suggests:

EG7: Demographics offer limited ex ante value in predicting private label brand proneness.

Consumer behavior and information processing theory suggest that consumers' perceptions of risk are mitigated by positive extrinsic and intrinsic cues (Bettman 1979). Perceived risk increases the product's cost, either financial or social. Richardson, Jain, and Dick (1996) offer evidence that consumers' perceived risk exerts a direct causal effect on perceived value for the money, which moderates other variables' impact on consumers' private brand proneness.

Dunn, Murphy, and Skelly (1986) find that consumers associate higher levels of risk with private brands versus

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manufacturers' brands. They conclude that manufacturers' brands (assumed to be homogeneous in their higher quality and price relative to private label products) suffer primarily from financial risk, whereas private labels suffer from perceptions of performance or social risk. Salmon and Cmar (1987), Sparks (1995), and Symonds (1994) suggest that private label fashion goods and badge products such as soft drinks, cigarettes, and beer fare best when positioned as high-quality private labels, overcoming social risks and reducing perceptions of possible performance risk. Erdem, Zhao, and Valenzuela (2004) are particularly persuasive regarding this phenomenon in their review of store brands' performance relative to risk across four countries.

EG8: Private labels' higher perceived social and performance risks relative to manufacturer/manufacturers' brands inhibit private label share growth.

Brand equity research by Keller (1993) holds that switching behavior is inversely associated with brand loyalty and suggests that private label buyers are willing to forgo the historically superior brand image and associations provided by manufacturers' brands. It follows that private label proneness should be associated with consumers' increased willingness to switch across tiers of products (Burger and Schott 1972; Livesey and Lennon 1978).

EG9: Private label buyers are less brand loyal than manufacturers' brand buyers.

The purported ability of private labels to create loyalty to a given retailer is fundamental to retailers' choices with regard to (1) higher- versus lower-quality private label offerings and (2) store-branded private label offerings versus less-retailer-specific "exclusive" private label brands (i.e., between Sam's Choice cola at Walmart and President's Choice cola made available to only a single retailer in a given market). Rao (1969) has addressed this issue; however, he suggests that his attempts to demonstrate this link were confounded by individual store's pricing policies and positioning choices. Sparks (1995) suggests that J Sainsbury's (United Kingdom) proprietary research shows this link for several of their private label brands.

EG10: Private label prone consumers demonstrate higher (retailer/chain) store brand loyalty than less private label prone consumers.

Revisiting Blattberg and Wisniewski (1989) with regard to price-tier asymmetries suggests that higher-priced tiers (historically, manufacturers' brands) take volume disproportionately from private label alternatives when manufacturers' brand prices are reduced. Conversely, private labels have to discount aggressively to take share and volume from the manufacturers' brands. Cotterill, Dhar, and Putsis (1998), Gupta and Cooper (1992), Hoch (1996), and Sethuraman (1995) provide empirical support. With regard to cross-category price elasticities, only Narasimhan, Neslin, and Sen (1996) fail to find support for this relationship, perhaps due to incommensurability in the way that they operationalize the different brand pricing tiers.

EG11: Customers respond asymmetrically to price discounts from manufacturers' brands.

Manufacturers' brand and private label promotional asymmetries, with theoretical bases and strategic implications similar to those for pricing asymmetries, would likely act consistently with those for the pricing asymmetries discussed above. Cotterill, Dhar, and Putsis (1998), Gupta and Cooper (1992), Sethuraman and Mittlelstaedt (1992), and Tourtoulou (1997) find empirical support for this phenomenon in both the United States and Europe. A study by Raju, Srinivasan, and Lal (1990) finds no such promotional asymmetry; however, this may be due to a segmenting of brand tiers into "strong brands" and "weaker brands," where "weaker brands" included both lower-price/lower-share manufacturers' brands as well as private labels.

EG12: Manufacturers' brands enjoy an asymmetric promotional advantages versus private label brands.

Private label discounts sufficient to motivate consumers to switch from manufacturers' brands have been assumed to range from roughly 10 percent to 30 percent (Rao and Monroe 1989). Better quantification becomes critical as retailers use higher-quality/more competitively priced private label offerings to enhance store image and brand equity.

Alpert (1993) and Richardson, Dick, and Jain (1994) experimentally demonstrate that private labels require discounts to take share from manufacturer brand alternatives. Rao and Monroe (1989) manipulated discount levels, holding quality constant, and found that discounts of approximately 15 percent had the maximum effect on consumers' manufacturer brand/private label switching behavior. Equally interesting is their finding that discounts beyond 30 percent yielded rapidly diminishing effects. Further study, perhaps manipulating levels of private label quality and discount levels, would be useful in the current retail environment where private label offerings span a wider range of price/quality alternatives.

EG13: Lower (outside a range hypothesized as 10 percent to 15 percent below manufacturer brand prices) private

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label pricing decreases consumers' private labels' value for the money perception, decreasing consumers' store brand proneness and private label sales.

Kapferer (1995) and Loken, Ross, and Hinkle (1986) experimentally demonstrate that consumer confusion is maximized when private label packaging is as nearly identical to the manufacturer's brand as possible. Zaichkowsky (1995) describes the legal and practical issues facing manufacturer brands dealing with such "knockoffs." Cotterill, Dhar, and Putsis (1998) further conclude that private label category development and profit are maximized when retailers package and position their own store name and private label offerings to look like a leading manufacturer's brand. Pullig, Simmons, and Netemeyer (2006) offer an alternative perspective, suggesting that dilution is greatest when a new "junior" brand actually positions itself within the senior brand's product category on attributes *dissimilar* to those of the "senior" brand, blurring the senior brand's carefully developed and marketed brand associations. While interesting and provocative, on balance we suggest that potential private label buyers are more confused and/or motivated to buy private label alternatives to the national brand by look-alike knockoffs than by private label offerings that package and position themselves more distinctively:

EG14: Consumers are more motivated to purchase private label brand options by "knockoff" packaging designed to be similar to that of a manufacturers' brand.

Retailer Characteristics

Livesey and Lennon (1978) and McGoldrick (1984) studied the effects of store image and loyalty on UK shoppers' proneness to purchase private labels. Both studies found that store image is related to private label proneness, but that there were confounding effects due to the participating chain's positioning and price image (i.e., did the chain's relative quality image affect store brand proneness or were store brand prone shoppers simply attracted to particular chains because of their reputation for a given price positioning?). Rao and Monroe (1989) found no such relationship in their meta-analysis covering U.S. shoppers in the 1970s and 1980s.

Burt (1992) and Sparks (1995) have theorized that UK consumers see products backed by major chain grocers/multiples as inherently less risky/higher quality than offerings from secondary manufacturer or manufacturers' brands. Reda (1995) found that the Walmart Sam's Choice name created a substantial quality endorsement for cola supplied by Cott Corporation (where Sam's Choice represents over 60 percent of Walmart's cola sales) that even extended to the Cott cola brands supplied to other chains such as Safeway and Sainsbury. More recent work finds similarly strong links between retailers' store image and consumers' proneness or willingness to purchase private label products (Lee and Hyman 2008; Vahie and Paswan 2006).

EG15: A higher-quality retail store image increases shoppers' proneness to purchase private label products.

Many managers assume that higher-quality, store image–enhancing private label products are inherently attractive to retailers. Managers and consultants frequently relate that a retailer's commitment to a private label program is the single most important determinant of a program's success. Provocative, but anecdotal, evidence (Biernbaum 1996; Burt 1992; Ody 1987; Salmon and Cmar 1987; Symonds 1994) supports this premise. Dhar and Hoch (1996) offer empirical evidence that retailers' private label commitment accounts for the majority of variance in private label development across retailers.

EG16: Retailers with greater commitment to their private label programs enjoy (a) greater chainwide private label share, (b) greater private label profitability, and (c) greater chain-level profitability.

Product Category Characteristics

Conventional wisdom suggests that performance variance between product categories is largely a function of retailers focusing resources on categories offering the greatest likelihood of success. Abe (1995), Burt (1992), de Chernatony and McDonald (1992), and Sparks (1995) argue that all categories are amenable to private label development by committed retailers.

Managers differ among themselves when they argue that (1) private label brands suffer in categories populated by large numbers of manufacturers' brands due to the private labels' difficulties in attracting consumer interest among an already fragmented set or alternatively that (2) private label brands suffer in categories populated by few (and supposedly larger) manufacturers' brands due to the larger brands' market power. Raju, Sethuraman, and Dhar (1995) hold that private label brands fare better in more fragmented categories populated by larger numbers of manufacturer brands; however, two other studies (Cotterill, Putsis, and Dhar 2000; Hoch and Banerji 1993) find the opposite relationship. On balance, we suggest:

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EG17: Categories with fewer manufacturers' brands will have higher private label share/development.

This offers interesting implications for strategic questions regarding optimal manufacturer/retailer category management practices (i.e., cooperation or even collusion as opposed to combat). Blattberg and Wisniewski (1989) theorize that reducing intrachain price competition between manufacturer/manufacturers' brands will lead to higher private label development (and to higher retailer category profits). However, only Raju, Sethuraman, and Dhar (1995) examine intrabrand competition among the manufacturers' brands in a given category. They find that higher private label development is associated with lower levels of manufacturers' brand intracategory price competition. This is logically appealing as higher levels of competition between manufacturers' brands within a given category would subject private labels to the manufacturers' brands' asymmetric pricing advantages proposed earlier (Blattberg and Wisniewski 1989). This asymmetric disadvantage would be unacceptable to the retailer exercising final say over pricing management for the product category.

EG18: Categories with less price competition among manufacturers' brands will have higher percentages of private label sales.

Given manufacturers' option of combating private labels' inroads into their categories via higher levels of advertising and/or product innovation and quality (Hoch and Banerji 1993; Lamey et al. 2007), manufacturer brand advertising's efficacy at retarding private label development is of particular interest to both managers and academics. Hoch and Banerji (1993) and Sethuraman (1992) propose that advertising creates a barrier to private label brand entry as well as additional differentiation. They argue for the "advertising as market power" model (Tirole 1990) versus the "advertising as information" model (Nelson 1974), which would increase price elasticities and reduce the effects of brand names and other extrinsic cues on consumer purchase decisions. Conversely, Parker and Kim (1997) suggest that manufacturer brands' advertising operates as a market power mechanism, but also as a cover for cartel-like collusive behaviors between the category's larger, resource-rich manufacturers' brands and retailers' lucrative private label offerings. On balance, we suggest:

EG19: Categories with higher levels of manufacturers' brand advertising will have lower private label brand development.

Many retailers prefer to price their private label products closer to those of their manufacturers' brand suppliers due to the potential for improved profitability and enhanced store brand image. This perspective is supported by Mogelonsky (1995) who cites retailer and ACNielsen/IRI (Information Resources) opinion that improving private label quality facilitates smaller price gaps. Sethuraman and Cole (1999) offer empirical support for this important relationship. Their model is based on respondents' perceptions of relative quality and on the respondents' self-reports of purchase intent.

EG20: Categories where consumers perceive smaller quality differentials between manufacturers' brands and private label brands will also show smaller pricing differentials.

Blattberg and Wisniewski's (1989) findings of asymmetric pricing elasticities between manufacturers' brands (more elastic) and private labels (less elastic) suggest that categories demonstrating higher private label development demonstrate less price elasticity relative to categories selling a lower percentage of private label. This would appear to enhance category profitability if the retailer and manufacturer eschew aggressive promotion/share-grabbing activities. Indeed, lower category price elasticity would seem to dissuade both retailers and manufacturers from deep discounting and could encourage collaboration between top manufacturers' brands and the retailers' private label products. "Second-tier" manufacturer brands would be forced to promote more heavily to compete. Narisimhan, Neslin, and Sen (1996) alone hypothesize that higher percentages of private label products, possibly sold to more-price-sensitive shoppers, increase a category's overall price elasticity.

EG21: Intraproduct category price elasticity decreases with increased category private label brand development.

Several academics (Abe 1995; Boyd 1965; Hoch 1996; Lamey et al. 2007; Parker and Kim 1997; Quelch and Harding 1996) and managers (Boyer 1996; Southgate 1992) suggest that equity-building measures such as investments in advertising and product innovation allow manufacturers' brands to differentiate themselves from both retailers' private label offerings and less aggressively marketed "second-tier" manufacturers' brands. Boyd (1965), Kumar and Steenkamp (2007), and Parker and Kim (1997) expand on this premise to suggest that "secondary" and resource-poor manufacturers' brands suffer and exit categories as retailers expand and upgrade private label options concurrent with resource-rich

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manufacturers' investments in differentiation and an overall trend toward product category deproliferation.

EG22: Large share/resource-rich manufacturers' brands will increase market share at the expense of smaller/secondary manufacturers' brands in stores and categories with higher private label brand development.

Strategic/Normative Issues and Choices

Retailers' and manufacturers' strategic and normative choices constitute the final grouping for this set of EGs. Earlier EGs undoubtedly involve strategic choices and outcomes; however, manufacturers or retailers may be forced to choose between mutually exclusive alternatives in their decisions (or in their responses to the others' choices):

- for manufacturers to either supply their retailer-customers with private label products or allow competitors to provide the products in their stead;
- for retailers to develop and deliver to consumers either a single tier of quality-equivalent private label products, a single tier of lesser-quality private label brands, multiple tiers, or no private label products whatsoever;
- for both manufacturers and retailers to choose to either coexist and collaborate as peacefully as possible with their channel customers, suppliers (and private label–owning competitors where retailers offer private label alternatives to the manufacturers' brands), or follow a more combative and adversarial approach.

Abe (1995, 1997), De Santa (1997), Richards (1995), and Symonds (1994) suggest that manufacturers should consider supplying retailers with private label products (1) if they can do so within their existing production capacity and management, (2) if they can provide the desired quality level without compromising their primary branded product franchise, (3) if allowing a competitor to supply the product enhances that competitor's financial or market position, or (4) if supplying the product creates a more durable relationship with the retailer. Major manufacturer brand suppliers face constant pressure to provide such products; therefore, finding such prescriptions in the trade press is not surprising.

Dunne (1996) models two dominant manufacturer brand manufacturers and a third fringe manufacturer, concluding that either of the two dominant manufacturer brand manufacturers should provide private label products to the retailer to preclude interaction between the fringe manufacturer and the retailer. He suggests that the most profitable approach is, ceteris paribus, to supply premium (quality-equivalent) private label products rather than lower-quality private labels. As premium private labels paradoxically seem likely to be the biggest potential competitors to either of the dominant manufacturer's brands, the dominant manufacturers are presumed to be better off supplying the premium private labels themselves in the interest of "controlling the threat." On balance, we offer:

EG23: Manufacturer brand suppliers should provide private label products to retailers if (a) they can provide "high-quality" private label products and (b) a "fringe" manufacturer/competitor is an alternative source.

Biernbaum (1996), Kiviniemi (2009), Radice (1998), Reda (1995), Rohwedder (2009), Southgate (1992), and Zimmerman (2009) recommend greater emphasis on higher-quality or quality-equivalent private label products to improve retailers' margins and build retailer/store brand equity. Abe (1997), Burt (1992), and Parker and Kim (1997) write persuasively that a single tier of quality-equivalent private label product maximizes category profits for both retailers and manufacturers. We propose:

EG24: Focusing on the development and delivery of higher-quality or quality-equivalent private label products will (a) yield superior profits relative to alternative strategies of offering either multiple tiers of private label products, a single grade of lesser-quality private label products, or no private label products and improve consumers' perceptions of retailer/store quality, and (b) improve store/retailer loyalty relative to chains offering either multiple quality tiers of private label products, a single tier of lesser quality, or no private label products.

Given the potentially fine distinctions between collaboration involving manufacturer and retailer channel partners and collusive conduct effectively limiting or even removing lesser manufacturers' brands to the benefit of larger manufacturers and more concentrated retailers, the question of how to effectively and legally collaborate versus pursuing more adversarial strategies is difficult. Quelch and Harding (1996) and Silverstein and Hirschohn (1994) propose that manufacturers seek to actively retard the development of private labels within their categories via investments in advertising, product innovation, and aggressive sales promotions. Neither of those articles offers quantitative evidence that this approach maximizes manufacturers' brand share or profit.

Conversely, Parker and Kim (1997) suggest that manufacturers should support retailers through coexistence, recognizing a retailer's need to sell both private label brands *and* manufacturer brands. They argue that it is nonsensical to

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compete aggressively on price. The retailer's and the manufacturer's brands collectively maximize profit with a larger price gap. The major manufacturers' brands are relatively price inelastic and suffer smaller volume losses at this level while the retailers' private label brands avoid unnecessary volume losses due to pricing asymmetries.

EG25: Manufacturers of major manufacturers' brands and retailers will maximize profits by collaborating to the greatest extent feasible in their management of product categories in which their brands compete.

The Appendix summarizes our EGs and lists sources supporting and contrary to each EG.

DISCUSSION AND CONCLUSIONS

The ubiquity, importance to managers, scope, and complexity of private label–branding issues call out for the integration of strategies and tactics into both more highly integrated managerial practice and middle range theory explaining more than the observations in a particular study. Managers and academics both largely deal with small, discrete pieces of the puzzle, eschewing deeper understanding and more actionable managerial prescriptions in the face of complexity exceeding that of almost any other individual research domain. Private label strategies and tactics hinge on theory and marketing tactics originating in literally every marketing special interest: consumer behavior, strategy, relationship marketing, empirical modeling, game theory, and so forth. Individual studies appear in every journal and use every methodology; however, we believe that the current study represents the first attempt to generate actionable EGs based in a survey of a truly broad range of private label research as a first step in the development of integrative middle range theory.

Managers and researchers will accept and reject/amend these EGs based on their individual experiences with private label branding as well as on their training and research philosophies. The EGs offered are not meant to convince, but to stimulate.

That said, instead of simply recapping these generalizations, we offer some thoughts on themes and opportunities for expanding what we think we know.

Several of these generalizations cumulatively suggest that private label brands are no longer either homogeneous or inferior to high-quality manufacturers' brands intrinsically or extrinsically. Retailers have the market power, resources, and marketing savvy to access store brands that are equal to or better than their manufacturer counterparts. It seems clear that these types of store brands fundamentally change the dynamic from one in which the retailer is merely a conduit for suppliers' brands to one in which retailers differentiate themselves on more than just price and service.

Accepting that, at least for the foreseeable future, private label purchasing consumers will continue to place value on national brands and anchor private label brands relative to national brands, retailers' awareness of the effects of pricing and promotional asymmetries on different "types" or tiers of brands has important implications for who you are and how you choose to, or even can, compete. The generalizations combine to suggest that sophisticated retailers and higher-quality national brand manufacturers can leverage asymmetries to improve their individual shares of a product category's business while also improving margin at the expense of "second-tier" national brands or regional brand suppliers. Such a strategy, consistent with retailers' desire to deproliferate product categories and streamline operations might be considered predatory and collusive; however, the outcome will be the same for many midlevel manufacturers' brands regardless of the intent.

Even the biggest national brands would seem foolish to pursue strategies seeking to retard or disadvantage retailers' brands. Such actions are transparent to the retailer, and our generalizations suggest that for such "have" brands and retailers, collaboration is a clearly dominant strategy while "have not" brands may be limited to dwindling share and profits absent some pretty adroit marketing.

LIMITATIONS AND NEXT STEPS

No research allows complete confidence in its findings and any initial aggregation of a field's literature and generation of EGs is inherently subjective. Our EGs, while the product of a particularly comprehensive review of the literature, are still the product of our qualitative review of the studies and results that we were able to find. While we have no agendas or predispositions regarding how private label "works," our assessments may reflect some unknown biases. We have no illusions that these generalizations are exhaustive and eagerly anticipate clarification, modification, and improvement on these EGs and their successors.

We suggest that the opportunities to aggregate what we know into integrated marketing strategies and combinations of theory are limited only by managers' and researchers' imaginations. We look forward to work seeking the boundaries of the trends that we touch on in the Discussion and Conclusions; for example, "What are the effective limits to which retailers can mimic national brand suppliers in

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their development of truly equivalent store brands?" "If collaboration is a dominant strategy, what constitutes too much collaboration?" "What might secondary or regional brand suppliers do to compete given what seem daunting structural changes?"

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APPENDIX
Summary of Empirical Generalizations by Topic with Supporting/Opposing Literature

Topic/Issue	Empirical Generalizations	Supporting Literature	Opposing Literature
Environment	EG1: Private label market share is countercyclical and expands and contracts asymmetrically with periods of economic growth and recession, growing more rapidly during recessions and only partially receding during subsequent periods of economic expansion. This is particularly true for higher-quality private label brands.	Abe (1997), Batra and Sinha (2000); Hoch and Banerji (1993); Lamey et al. (2007); Quelch and Harding (1996)	Biernbaum (1996)
	EG2: Grocery industry consolidation leads to higher private label share of market.	Abe (1997); Coleman (1998); Cotterill, Dhar, and Putsis (1998); Dhar and Hoch (1997); Parker and Kim (1997); Tarzijan (2004)	Silverstein and Hirschohn (1994)
	EG3: Increased grocery industry concentration reduces interchain price competition, which (a) increases the interchain reference price for a given manufacturer's brand/category, (b) maximizes the manufacturer's brand/private label price gap, (c) minimizes intracategory manufacturer's brand/private label price competition, and (d) maximizes category profit.	Blattberg and Wisniewski (1989); Corstjens and Lal (2000); Cotterill, Dhar, and Putsis (1998); Huang, Jones, and Hahn (2007); Parker and Kim (1997); Pauwels and Srinivasan (2004); Soberman and Parker (2006); Tarzijan (2004, 2007)	
Product Characteristics	EG4: Store brand prone consumers rely less on extrinsic cues than do manufacturer brand prone consumers.	Amrouche and Zaccour (2007); Hoch and Banerji (1993); Mieres, Martin, and Gutierrez (2006); Richardson (1993); Richardson, Dick, and Jain (1994); Richardson, Jain, and Dick (1996); Vahie and Paswan (2006)	
	EG5: Consumers' associations of price with perceived quality are stronger than their associations between brand name and quality.	Jin and Suh (2005); Kim (1996); Mieres, Martin, and Gutierrez (2006); Rao and Monroe (1989)	
	EG6: Private label brands/offerings are no more homogeneous than are manufacturers' brands.	Batra and Sinha (2000); Corstjens and Lal (2000); Erdem, Zhao, and Valenzuela (2004); Pauwels and Srinivasan (2004); Reda (1995)	
Consumer Purchasing Behavior	EG7: Demographics offer limited ex ante value in predicting private label brand proneness.	Ailawadi, Neslin, and Gedenk (2001); Bellizzi et al. (1981); Boyd (1965); Burger and Schott (1972); Cunningham, Hardy, and Imperia (1982); Fugate (1979); Livesey and Lennon (1978); Myers (1967); Omar (1994); Richardson, Dick, and Jain (1994); Sethuraman and Cole (1999); Szymanski and Busch (1987)	
	EG8: Private labels' higher perceived social and performance risks relative to manufacturer/manufacturers' brands inhibit private label share growth.	De Chernatony (1989); Dunn, Murphy, and Skelly (1986); Erdem and Swait (1998); Erdem, Zhao, and Valenzuela (2004); Fitzmaurice and Comegys (2006); Harcar, Kara, and Kucukemiroglu (2006); Mieres, Martin, and Gutierrez (2006); Narasimhan and Wilcox (1998); Reda (1995); Richardson, Jain, and Dick (1996); Symonds (1994)	Salmon and Cmar (1987); Sparks (1995)
	EG9: Private label buyers are less brand loyal than manufacturers' brand buyers.	Burger and Schott (1972); Keller (1993); Livesey and Lennon (1978)	Jonas and Roosen (2005)

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Topic/Issue	Empirical Generalizations	Supporting Literature	Opposing Literature
	EG10: Private label prone consumers demonstrate higher (retailer/chain) store brand loyalty than less private label prone consumers.	Ailawadi, Neslin, and Gedenk (2001); Bonfrer and Chintagunta (2004); Corstjens and Lal (2000); Harvey, Rothe, and Lucas (1998); Rao (1969); Steenkamp and Dekimpe (1997); Wulf et al. (2005)	
	EG11: Customers respond asymmetrically to price discounts from manufacturers' brands.	Apelbaum, Gerstner, and Naik (2003); Blattberg and Wisniewski (1989); Cotterill, Dhar, and Putsis (1998); Gupta and Cooper (1992); Hoch (1996); Miranda (2001); Miranda and Joshi (2003); Sethuraman (1989, 1995); Sivakumar (1995); Steiner (2004)	Narasimhan, Neslin, and Sen (1996)
	EG12: Manufacturers' brands enjoy an asymmetric promotional advantages versus private label brands.	Apelbaum, Gerstner, and Naik (2003); Blattberg and Wisniewski (1989); Cotterill, Dhar, and Putsis (1998); Gupta and Cooper (1992); Hoch (1996); Sethuraman (1995); Sivakumar (1995); Steiner (2004)	Raju, Srinivasan, and Lal (1990)
	EG13: Lower (outside of a range hypothesized as 10 percent to 15 percent below manufacturer brand prices) private label pricing decreases consumers' private labels' value for the money perception, decreasing consumers' store brand proneness and private label sales.	Alpert (1993); Rao and Monroe (1989); Richardson, Jain, and Dick (1996)	
	EG14: Consumers are more motivated to purchase private label brand options by "knock-off" packaging designed to be similar to that of a manufacturers' brand.	Choi and Coughlan (2006); Kapferer (1995); Loken, Ross, and Hinkle (1986); Sayman, Hoch, and Jagmohan (2002); Tarzijan (2004); Zaichkowsky (1995)	Pullig, Simmons, and Netemeyer (2006)
Retailer Characteristics	EG15: A higher-quality retail store image increases shoppers' proneness to purchase private label products.	Collins-Dodd and Lindley (2003); Kara et al. (2006); Lee and Hyman (2008); Livesey and Lennon (1978); McGoldrick (1984); Richardson (1993); Richardson, Jain, and Dick (1996); Shannon and Mandhachitara (2005); Steenkamp and Dekimpe (1997); Vahie and Paswan (2006)	Rao and Monroe (1989)
	EG16: Retailers with greater commitment to their private label programs enjoy (a) greater chain-wide private label share, (b) greater private label profitability, and (c) greater chain-level profitability.	Ailawadi and Harlam (2004); Biernbaum (1996); Burt (1992); Dhar and Hoch (1997); Hawes and Crittenden (1984); Jonas and Roosen (2005); Ody (1987); Pauwels and Srinivasan (2004); Salmon and Cmar (1987); Symonds (1994); Tarzijan (2004); Vahie and Paswan (2006)	Noble, Sinha, and Kumar (2002)
Category Characteristics	EG17: Categories with fewer manufacturers' brands will have higher private label share/development.	Cotterill, Dhar, and Putsis (1998); Hoch and Banerji (1993); Mogelonsky (1995); Sethuraman (1992)	Raju, Sethuraman, and Dhar (1995)
	EG18: Categories with less price competition among manufacturers' brands will have higher percentages of private label sales.	Cotterill, Putsis, and Dhar (2000); Raju, Sethuraman, and Dhar (1995)	Wedel and Zhang (2004)
	EG19: Categories with higher levels of manufacturers' brand advertising will have lower private label brand development.	Hoch and Banerji (1993); Sethuraman (1992)	Parker and Kim (1997)
	EG20: Categories where consumers perceive smaller quality differentials between manufacturers' brands and private label brands will also show smaller pricing differentials.	Apelbaum, Gerstner, and Naik (2003); Hassan and Monier-Dilhan (2006); Mogelonsky (1995); Sethuraman and Cole (1999)	

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APPENDIX (*Continued*)

Topic/Issue	Empirical Generalizations	Supporting Literature	Opposing Literature
	EG21: Intraproduct-category price elasticity decreases with increased category private label brand development.	Apelbaum, Gerstner, and Naik (2003); Hoch (1996)	Narasimhan, Neslin, and Sen (1996)
	EG22: Large share/resource-rich manufacturers' brands will increase market share at the expense of smaller/secondary manufacturers' brands in stores and categories with higher private label brand development.	Boyd (1965); Boyer (1996); Parker and Kim (1997); Quelch and Harding (1996); Soberman and Parker (2006); Southgate (1992)	
Strategic/Normative	EG23: Manufacturer brand suppliers should provide private label products to retailers if (a) they can provide "high-quality" private label products and (b) a "fringe" manufacturer/competitor is an alternative source.	Dunne (1996); *Mitsubishi Bank Bulletin* (1993); Tarzijan (2007)	
	EG24: Focusing on the development and delivery of higher-quality or quality-equivalent private label products will (a) yield superior profits relative to alternative strategies of offering either multiple tiers of private label products, a single grade of lesser-quality private label products, or no private label products and improve consumers' perceptions of retailer/store quality, and (b) improve store/retailer loyalty relative to chains offering either multiple quality tiers of private label products, a single tier of lesser quality, or no private label products.	Abe (1997); Biernbaum (1996); Burt (1992); Jin and Suh (2005); Mieres, Martin, and Gutierrez (2006); Parker and Kim (1997); Reda (1995); Shannon and Mandhachitara (2005); Soberman and Parker (2002, 2006); Southgate (1992)	
	EG25: Manufacturers of major manufacturers' brands and retailers will maximize profits by collaborating to the greatest extent feasible in their management of product categories in which their brands compete.	Doel (1996); Draganska and Klapper (2007); Gabrielsen and Sørgard (2007); Hoch (1996); Parker and Kim (1997); Pauwels and Srinivasan (2004); Soberman and Parker (2002, 2006); Wu and Wang (2005)	Collins and Burt (2006); Quelch and Harding (1996); Silverstein and Hirschohn (1994)

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