Does brand equity vary between department stores and clothing stores? Results of an empirical investigation

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Abstract

Purpose – The purpose of this paper is to examine whether retailer brand equity levels vary between department store and specialty clothing store categories.

Design/methodology/approach – Retailer brand equity is conceptualized in this paper as a four-dimensional construct comprising retailer awareness, retailer associations, retailer perceived quality and retailer loyalty. Categorization theory is used to explain the differences in retailer equity across the two different store categories. A doubly multivariate design is incorporated in a structured questionnaire used to collect data via mall-intercepts in an Australian state capital city.

Findings – Results suggest that retailer brand equity varies significantly between department store and specialty store categories. Department store brands yielded significantly higher ratings for all the retailer brand equity dimensions than specialty store brands.

Originality/value – Researchers have argued that retailers possess brand equity. However, extant research does not provide any specific guidance in relation to the question of whether retailer brand equity levels vary from one store category to another. The present research fills an important gap by demonstrating that retailer brand equity levels vary significantly between department store and specialty clothing store categories.

Keywords Retailers, Brand equity, Trade associations, Quality, Australia

Paper type Research paper

An executive summary for managers and executive readers can be found at the end of this article.

Introduction

Much like the value added by a brand name to a product is called brand equity (Farquhar, 1989), researchers have suggested that retailer brands also possess equity (Keller, 1998). Some researchers have conceptualized retailer brand equity as a multi-dimensional construct, and measured it (Arnett *et al.*, 2003). The relationships between customer satisfaction and retailer brand equity have also been examined (Pappu and Quester, 2006b).

Present research suggests that certain components of retailer brand equity (e.g. consumers' retailer associations) vary by store category (Grace and O'Cass, 2005; Sinha and Uniyal, 2004). Big retailers operate more than one type of store. For example, the Coles Group in Australia operates several types of store chains (Liquorland – Alcoholic beverages; Coles – Supermarkets; Katies – Women's clothing; K-Mart – Department stores). It would be useful for managers therefore to understand whether the retail brand equity levels are different in different store categories. However, extant literature does not provide any specific guidance in relation to the question of whether retailer brand equity levels vary from one store category to another. This paper fills an important gap by reporting the results of an empirical study, conducted in Australia, which examined retailer brand equity differences between retailers in the department stores category and specialty clothing retailers.

At a time when retailing faces a challenging environment (Schoenbachler and Gordon, 2002), a better understanding of retailer brand equity is strategically important for marketing managers. For example, retailer brand equity could be used as a key performance indicator. Measuring and tracking the equity associated with a retail brand, in different store categories, might enable managers to gauge consumer perceptions in the market place. Further, retailing continues to change with "unprecedented number of mergers and consolidations" (William, 1997, p. 1). Hence, it would be helpful for the acquiring firm, to look at the equity levels of the target retailer brand, as such intangible assets could serve as surrogate indicators of a target firm's performance. Some evidence suggests that the equity consumers associate with a firm is related to its financial performance (Kim *et al.*, 2003). In this context, the present research makes a substantive contribution to our knowledge of retail branding by empirically demonstrating that retailer brand equity and its dimensions systematically vary between department store

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retailers and retailers in the specialty clothing category. This is also one of the few studies to empirically examine retail brand equity levels, and to do so using a sample of actual (non-student) consumers.

Department stores and clothing stores in Australia

Significant differences can be observed between the department store retailers and specialty clothing retailers in Australia. For example, growth has varied between department stores and clothing stores in the industry. Between 1999 and 2003, department stores enjoyed rapid growth (increase in floor space 24 percent; employment growth 29 percent) whereas such gains were comparatively modest (increase in floor space 8.6 percent), and in some cases negative (employment growth − 1.6 percent), in the clothing sector (Euromonitor, 2004).

The department store category is characterised by larger sales revenues, compared to the clothing stores category. For example, Myer grossed A$3,096 million in sales in 2005, whereas Target enjoyed sales of A$3,102 million during the same year (Coles Myer, 2005). David Jones, the smallest of the three department store brands in terms of sales volume, recorded sales of A$1,799 million in 2005 (David Jones, 2005). The sales revenues for the clothing stores tend to be much lower in comparison to those enjoyed by the department stores. For example, clothing retailer Country Road had annual sales of approximately A$231 million in 2005 (Country Road, 2005) whereas Jeanswest's annual sales were approximately A$116 million for the same period (Gloria Sun Enterprises, 2005).

Retailers in the department store category have larger marketing expenditure compared to those in the clothing store category. For example, in the 2005 financial year alone the Coles Myer group spent approximately A$474 million on marketing. All three department store brands, David Jones, Myer and Target invest significant amounts in television and print advertising. Furthermore, David Jones and Myer operated loyalty schemes (e.g. store cards) successfully during the early 2000 percents.

In comparison, the marketing expenditures by the clothing retailers look meagre. For example, Country Road spent only around A$9.2 million on marketing in the 2005 financial year (Country Road, 2005). The Country Road brand commands high equity, attributed to its continued investments in promotion, including fashion show sponsorships, print media advertising and billboard promotions (Euromonitor, 2004). Jeanswest continues its brand building through several cause related marketing activities as well as its newly launched web site. We estimate, based on the company annual reports, that Jeanswest's marketing expenditure has increased from approximately A$36 million in 2005 to approximately A$41 million in 2006 (Gloria Sun Enterprises, 2005, 2006).

Conceptual foundations

Retailer equity

Extant research provides different conceptualizations of retailer brand equity, based on the consumer-perspective. Researchers have used different terms to refer to retailer brand equity. For example, Hartman and Spiro(2005) have used the term 'customer-based store equity' drawing mainly from Keller's (1993) conceptualization of customer-based brand equity. However, Hartman and Spiro's conceptualization does not account for important consumer-based dimensions such as perceived quality and retailer loyalty. Arnett *et al.* (2003) used the term 'retailer equity' and drew from the services marketing, branding and retailing literatures to conceptualize retailer brand equity. However, the number and nature of the retailer brand equity dimensions and sub-dimensions proposed in these studies have certain limitations. Overcoming these limitations, Pappu and Quester (2006a) proposed four dimensions of retailer brand equity, and coined the term 'consumer-based retailer equity' to refer to a retailer's brand equity. Subsequent conceptualization of retailer brand equity offered by Decarlo *et al.* (2007) is similar to that of Hartman and Spiro. Hence, we adopt Pappu and Quester's (2006a, p. 319) definition of retailer brand equity as "the value associated by the consumer with the name of a retailer, as reflected in the dimensions of retailer awareness, retailer associations, retailer perceived quality and retailer loyalty".

Categorization of retailer brands

The theory of categorization provides a useful framework for understanding retailer brand equity differences across different store categories. According to categorization theory, people simplify the world of objects in the environment into categories (Rosch *et al.*, 1976). The categorization framework has been widely applied to study marketing phenomena. For example, researchers have established that consumers have schematic representations of product and brand categories in memory (Dube and Schmitt, 1999; Sujan, 1985; Sujan and Bettman, 1989). For instance, consumers might group automobiles into categories such as "cars" or at a finer level of differentiation into "sports cars" (Sujan and Dekleva, 1987).

The schematic representations in consumer memory are known to vary from one product category to another (Basu, 1993), based on factors such as consumer familiarity with the category (Coupey *et al.*, 1998). In fact, memory representations become more finely differentiated as consumer familiarity with a product increases (Johnson and Russo, 1984). For example, Punj and Moon (2002, p. 280) argue that "increased familiarity results in a better ability to categorize products". We believe these arguments could be extended to retailers to understand brand equity differences across different store categories.

Retailers are known to evoke consumer cognitive structures (Basu, 1993). Previous research has shown that consumers categorize retailers, such as restaurants, relying on physical environmental cues (Ward *et al.*, 1992). Extending this logic, it could be argued that consumers group retailers into categories, such as department stores and specialty stores, based on attributes such as the type and variety of product lines carried by these retailers.

Consumers use category information in making judgments about members of the category. For example, "objects within a category", compared to "objects from different categories", are considered more equivalent to each other (Rosch *et al.*, 1976).That is, consumers are likely to believe that members within a category are more alike than members between categories. Extending this logic to retailers, consumers are likely to consider a department store retailer more similar to another department store retailer rather than to a specialty clothing store retailer. However, members within a given category often try to differentiate from other members in the category. For example, some department store retailers pursue the strategy of differentiation (e.g. David Jones) and others cost leadership (e.g. K-Mart). Furthermore, consumers make similarity-based category inferences about new members of the category (Loken, 2006).

The categorization framework suggests that consumers would have finely differentiated memory-based associations towards

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retailers in different store categories. Retailer brand equity has been conceptualized in this paper based on consumer perceptions and memory-based associations. Hence, we argue that categorization reflects in differences in consumer perceptions of retailers in terms of important dimensions of retailer brand equity, namely retailer awareness, retailer associations, retailer perceived quality and retailer loyalty.

Brand equity differences between department stores and specialty stores

According to the categorization approach, objects could be grouped into varying levels of specificity (Sujan and Dekleva, 1987). For example, retailers within the department stores could be categorized as "classy department stores" or "bargain department stores" based on store features such as sales signs, support staff and cash registers (Basu, 1993). Sujan and Dekleva (1987, p. 373) argue that more attributes can be inferred about an object by categorizing at more specific levels. Applying this logic to the present context, consumers would draw more inferences as they move from "retailers" to "departmental stores" and from "departmental stores" to "department store brands". This discussion also suggests that consumers draw inferences (e.g. about customer service, product lines carried) of varying levels of intensity from different types of retailers. For example, consumers expect more product lines to be carried by department stores than by clothing stores. We argue that these variations in the categorization of retailers would manifest in different levels of retailer brand equity for different types of retailers.

Furthermore, marketing mix elements affect consumers' equity perceptions towards brands. This was observed for both consumer as well as B2B products. For example, Yoo *et al.* (2000) found that distribution intensity and advertising spending influence the consumer-based equity of brands involved positively, whereas price promotions and price deals affect it negatively, for consumer products. Consumer perceptions of quality of the firm's distribution and people were found to be positively associated with the equity of the brand involved, for B2B products (van Riel *et al.*, 2005). As discussed earlier, the level of marketing effort varies significantly between department stores sector and the specialty clothing sector. Hence, we believe that such differences in marketing effort would reflect in differences in brand equity between department stores and clothing stores retailers.

It is an established notion that advertising influences brand equity (e.g. Aaker, 1991; Keller, 1998). Some researchers have contended that advertising positively influences individual dimensions of consumer-based brand equity (Cobb-Walgren *et al.*, 1995). Consumer exposure to more frequent advertising from a brand could lead to higher equity levels by enhancing consumer brand awareness, developing favorable brand associations and improving perceptions of quality (Yoo *et al.*, 2000, p. 207). Advertising expenditures in the department stores sector are greater than those in the specialty retailing sector, as evidenced in the Australian context. Hence, such differences in advertising spending should translate into differences in brand equity and its dimensions between department store retailers and specialty store retailers.

Retailer awareness is "the consumer's ability to recognize or recall that retailer is a member of a certain retailer category" (Pappu and Quester, 2006a, p. 320). The categorization framework suggests that the names of various retailers would usually be entrenched in the cognitive structure of a typical consumer. From the retailers embedded in their memory, consumers might more easily recollect the name of a department store retailer whereas they might have difficulty in recalling the name of a clothing store retailer. This might be because of the differences in the frequency of visits to, or the amount of shopping done at, each type of store. Consumers are also likely to be exposed to varying levels of promotion from each type of retailer, since department store retailers spend more on advertising than clothing retailers in the Australian market. Thus, department store retailers should enjoy higher levels of awareness compared to retailers in the clothing stores category. Furthermore, while consumers might recall the name of a clothing retailer only for the product category clothing, they might recall a department store retailer for a variety of product categories such as clothing, homeware, electrical goods, music, books and so on. Hence, we argue that consumers' ability to recognize or recall that a retailer is a member of certain store category would be store category specific. In particular, department store retailers would enjoy higher levels of awareness compared to specialty clothing store retailers.

Retailer associations are consumers' thoughts linked to the name of the retailer. A retailer association is a thought "linked to the memory of a retailer" (Pappu and Quester, 2006a, p. 320). A bundle of these retailer associations, when organized in a meaningful way, is supposed to give rise to retailer/store image in consumer memory (Keller, 1993). Consumers' associations towards retailers are known to vary in importance from one store category to another. For example, associations such as product variety, store decoration, convenience and variety of services are more important for supermarkets whereas consumers attach more importance towards associations such as speed of purchase, opening hours and product display for hypermarkets (Dominguez, 2007). Given the differences in the number of product lines carried and consumer shopping frequency, one would expect consumers to possess stronger associations for department stores compared to clothing stores. Accordingly, the strength of consumer brand associations should also vary from the department store category to the clothing store category.

Hence, we argue that consumers possess varying degree of retailer associations in different store categories. Since department stores carry more product lines compared to clothing stores, consumers would perceive differences between these two types of stores, in terms of "product variety": consumers would expect more "product variety" at department stores than at clothing stores. Furthermore, the level of 'customer service' and 'after sales service' might be more important for department stores (which carry a large number of product lines) compared to clothing stores (which carry comparatively lesser number of product lines).

Given the difference in the number of product lines carried, consumers also tend to spend more shopping time and effort in at department stores than at clothing stores. For this reason, department stores would generally offer more "convenient facilities" (e.g. coffee shop inside a Kmart) compared to clothing stores. Given the variety of product categories carried (e.g. home decor, furniture, books, consumer electronics), department stores should be seen as offering a better "store atmosphere" compared to clothing stores. All these associations (e.g. product variety, customer service, after sales service, convenient facilities, and store atmosphere) are the retailer brand associations of focus for the present study. Hence, we believe consumers' associations towards these two categories of retailers vary such that consumer would have more favorable associations towards department stores compared to specialty stores.

Perceived quality is a brand association elevated to the status of a separate brand equity dimension (Aaker, 1991). Retailer perceived quality is not the actual quality of the retailer but the consumer's subjective evaluation of the retailer (Pappu and Quester, 2006a, p. 320). Different retail brands aim to achieve different types of positioning in the consumer mind space (Sinha and Uniyal, 2004). Some retail brands position themselves as high quality and high customer service providers whereas others accentuate more of a self service and discount orientation (Grace and O'Cass, 2005). David Jones would be an example of the former and K-Mart and Target would be examples of the latter in the Australian market place (Merrilees and Miller, 1996). That is, consumers' quality perceptions vary by brand name in a given store category.

We argue that consumers' perception of retailer quality would vary from one store category to another. We expect consumers to have different quality perceptions of department stores such as Myer compared to a speciality (clothing) stores such as Country Road. This could be because of the various differences between these two store categories (e.g. the number of product lines carried). Consumers typically buy products from a variety of categories at department stores, whereas consumer purchases are confined to clothing products at clothing stores. Thus, consumers should be comparatively in a better position to evaluate the quality of department stores than clothing stores. As mentioned previously retailers in the department store category tend to have substantially larger amounts on advertising compared to the clothing retailers, and hence should be influencing consumer perceptions of quality more positively.

Retailer loyalty is defined, based on an attitudinal perspective, as "the tendency to prefer a focal retailer as demonstrated by the intention to buy from the retailer as a primary choice", similar to Pappu and Quester (2006a, p. 320). Consumer shopping behavioral patterns are known to vary by the type of store. For example, consumer information seeking tendency is more prevalent at apparel stores compared to footwear stores, whereas pre-meditated shopping behavior is more common in pharmacies rather than in book/music stores (Sinha and Uniyal, 2004). We argue that consumers are likely to exhibit different degrees of loyalty towards retail brands operating in different store categories. Consumer frequency of shopping/purchase is likely to be higher for department stores than for clothing stores because of the differences in the number of product categories carried by each type of store. Consumers could be more/less loyal to a retailer simply because of the number of alternatives available in that store category. For example, the number of department store chains is far less than that of clothing chains in the Australian market place. Hence, we argue that department stores should enjoy higher levels of consumer loyalty compared to specialty stores.

Thus, consumers are likely to possess varying degrees of retailer awareness, retailer associations, retailer perceived quality, and retailer loyalty levels, for the two different store categories: department stores and specialty stores. Hence, we would expect retailer equity levels to vary by the store category: the equity of retailers in the category 'clothing stores' should be substantially different from that of the store category 'department stores'. The preceding discussion leads to the following general hypothesis and four sub-hypotheses.

H1. The brand equity levels of retailer brands in the department store category are significantly higher than those for retailer brands in the specialty clothing stores category.

H1a. Respondents' awareness levels for retailer brands in the department stores category are significantly higher than those of retailer brands in the specialty clothing stores category.

H1b. Respondents' associations towards retailer brands in the department stores category are significantly more favorable than those for retailer brands in the specialty clothing stores category.

H1c. Respondents' perceived quality levels for retailer brands in the department stores category are significantly higher than those for retailer brands in the specialty clothing stores category.

H1d. Respondents' loyalty levels for retailer brands in the department stores category are significantly higher than those for retailer brands in the specialty clothing stores category.

In addition, and as previously mentioned, retailer brand equity in this paper is defined as the value associated with the name of the retailer, as reflected in the four dimensions of retailer awareness, retailer associations, retailer perceived quality and retailer loyalty. Thus, by definition, retailer brand equity should also vary by the name of the retailer brand, within each categories of store, although no separate hypotheses have been proposed for the differences in equity by retail brand name. The work presented here is part of a wider research project that examined the measurement of the brand equity consumers associate with retailer brands (Pappu and Quester, 2006a) and the relationships between customer satisfaction and retailer brand equity (Pappu and Quester, 2006b). The present study focuses on retailer brand equity differences between department store retailers and specialty clothing retailers.

Method

A mall intercept survey was used to collect the data using systematic sampling. A total of 422 usable responses were available for the planned analysis. The data were collected from a busy shopping mall at a major business and shopping precinct in the central business district at an Australian state capital city. Trained researchers collected the data during different times of the day and on different days of the week and the weekend, to minimise periodicity and noncoverage problems. A small incentive was included to improve the response rate. All respondents who returned a completed questionnaire nominated a charity and entered a draw for their preferred charity to win an amount of $100. The amount was donated to the charity nominated by the winning entry. The demographic profile of the sample was compared to that of the Australian national population. The sample represented well the general Australian population of active shoppers comprising mainly women and young people.

The questionnaire used as the data collection instrument followed an experimental design. A doubly-multivariate design (Tabachnick and Fidell, 1996) was employed for examining the differences in retail brand equity across two types of retailer brands: department stores and specialty clothing stores. Store category (2 levels) was the between-subjects factor and retailer brand name (3 levels) was the within-subjects factor: the 3 levels of retailer were nested within each store category (David Jones, Myer and Target were nested within department stores; Country Road, Fletcher Jones and Jeans West were nested within specialty stores).

The store categories and retailer brands included in the present study were selected in such a way that they had nation-wide presence, so that consumers were aware of them and were able to evaluate them. Brand awareness is a pre-requisite in order for consumers to possess brand associations, perceptions of quality and exhibit attitudinal loyalty. The selected retailer brands, in each store category, also offered variability in terms of brand equity. For example, Myer and David Jones are considered upmarket stores whereas Target is a discount department store. Similarly, Country Road is considered an upmarket clothing store whereas Jeanswest targets the mid end of the market. Fletcher Jones is also considered a quality apparel retailer brand.

The details in this section have been drawn from a 2004 report on Australian retailing by Euromonitor (Euromonitor, 2004) and from the individual web sites of the six retailers. David Jones is the oldest department store chain in Australia, and is considered a high quality brand which targets the upper end of the market and largely stocks expensive and high-quality items. At the time of our data collection (2005), David Jones operated 35 stores across the country. Its stores are very large with an average retail sales area of around 412 square metres per outlet in 2003. The Myer stores are also positioned at the higher end of the market and Myer competes directly with David Jones. Myer stores are also usually very large and located in central city locations. In 2005, Myer operated 61 stores in Australia. When data were collected for the present study, Myer was part of the Coles-Myer group. Recently, in 2006, the Myer chain of stores was sold by the Coles-Myer group. The Coles-Myer Group is now known as the Coles group. The Target chain is also owned by the Coles Group. In 2005, Target operated 250 stores which are mainly located in suburban shopping areas.

Country Road, one of the major players in the Australian clothing industry, is known for high quality products. In 2005, Country Road operated 39 stores across Australia with an average retail sales area of around 190 square metres per outlet. Its market capitalisation was A$182 million as of August 2007. Jeanswest, another fashion retailer, operated 185 clothing stores across the country in 2005. Its stores are much smaller with an average retail sales area of approximately 113 square metres per outlet in 2005. The Jeanswest brand is owned by the Hong Kong based Glorious Sun Enterprises group. Fletcher Jones operates 50 stores across Australia. Not much information is available on this privately owned entity and brand.

Several approaches have been suggested for measuring retailer brand equity. While Arnett *et al.* (2003) preferred constructing retailer equity indexes, Yoo and Donthu (2001) have suggested applying their brand equity measurement approach for the measurement of the equity associated with retailers. Pappu and Quester (2006a) have recently provided an improved method for measuring retailer brand equity, addressing some of the limitations associated with the above two approaches. Hence we measured retailer brand equity using the scale developed by Pappu and Quester (2006a).

The survey questionnaire included items measuring various dimensions of retailer brand equity (e.g. retailer awareness, retailer associations, retailer perceived quality and retailer loyalty), as well as demographics questions. Each item was measured on a scale of 1 to 7 with anchors "strongly disagree" to "strongly agree" for the retailer equity measures. Two different versions of the questionnaire were designed: one version for each of the store categories included in the study. Questions in each version were identical except for the store category and retailer brand names. Each respondent completed one version of the questionnaire only and evaluated the three retailers included in the questionnaire from a given store category (e.g. department stores/speciality clothing stores). That is, one version of the questionnaire was for department stores and respondents evaluated all three department stores included in this category. The second version included specialty stores and respondents were asked to evaluate all three speciality (clothing) stores included.

Results

We had two sub-samples as each respondent who was exposed to a given store category (e.g. department stores/specialty stores) had evaluated a set of three retailer brands included in that category. Each sub-sample had more female than male respondents and the 18-29 year age respondents were the largest group in each sub-sample. However, chi-square tests did not indicate any differences between the sub-samples by gender (χ^2 [1] $= 0.518$; $p = 0.506$), or by respondent age (χ^2 [5] $= 7.814$; $p = 0.167$). The differences in respondents' retailer equity perceptions remained the same even after controlling for the effects of respondents' age and gender.

Confirmatory factor analysis resulted in a four-factor solution for each of the six retailer brands[1]. The factors revealed exhibited discriminant validity. The Cronbach's alpha values for the retailer brand equity dimensions, across the six retailer brands included in the study, were in the range of 0.75 and 0.92, clearly exceeding the minimum suggested cut-off value of 0.70.

The principal objective of the present research was to examine equity differences between retailer brands in two different store categories. Differences in retailer brand equity were analyzed, by store category, using a repeated measures MANOVA. The four retailer brand equity variables (retailer awareness, retailer associations, retailer perceived quality and retailer loyalty) were computed by averaging the scores of the variables loading onto them. All of the assumptions for MANOVA were met satisfactorily for the analysis. The distribution statistics and normality plots for these four retailer brand equity variables, for each of the six retailer brands, indicated that these variables did not depart significantly from normality. In all cases, the cell sizes were well above the minimum recommended size.

MANOVA results

The two-way multivariate interaction between retailer and store category was significant at $p < 0.05$, indicating that retailer brand equity measures, by retailer brand name, varied by store category (Wilks' $\Lambda = 0.671$; F [8, 413] $= 3.243$; $p < 0.001$; $\eta^2 = 0.329$).

Between-subjects effects

The multivariate main effect for store category was significant, indicating differences in the set of retailer brand equity dimensions across the two store categories (Wilks' $\Lambda = 0.811$; F [4, 417] $= 24.353$; $p < 0.001$; $\eta^2 = 0.189$). The mean vectors for the retailer brand equity dimensions for each of the store categories are shown in Table I. Therefore, Hypothesis *H1* was supported. The multivariate main effect for store category accounted for around 19 percent of the variance in the dependent variables.

Univariate *F*-tests (See Table I) revealed that each of the retailer brand equity dimensions, of retailer awareness, retailer associations, retailer perceived quality and retailer loyalty,

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Table I MANOVA results – univariate tests – between-subjects effects

Measure	F	df	df_{error}	p	Eta squared	Department stores $n = 289$ Mean	SD	Specialty stores $n = 133$ Mean	SD
Store category									
Retailer awareness	86.26	1	420	$<0.001^{*}$	0.170	5.50	0.06	4.58	0.08
Retailer associations	51.25	1	420	$<0.001^{*}$	0.109	5.08	0.05	4.43	0.07
Retailer perceived quality	74.72	1	420	$<0.001^{*}$	0.151	5.17	0.05	4.40	0.07
Retailer loyalty	24.90	1	420	$<0.001^{*}$	0.056	3.85	0.07	3.23	0.10

Notes: * Deemed significant at 0.01 level; SD = standard deviation

varied significantly with the category of the retailer. Hence, hypotheses *H1a*, *H1b*, *H1c* and *H1d* were also supported. The individual means for retailer brand equity dimensions for department stores and for specialty stores are shown in Table I. Department stores showed significantly higher ratings for all retailer brand equity dimensions, namely, retailer awareness, retailer associations, retailer perceived quality and retailer loyalty, compared to specialty clothing stores.

Within-subjects effects

The multivariate main effect for retailer within the store category was significant at $p < 0.05$, indicating that the mean vectors of retailer brand equity measures varied significantly by retailer name within a given store category (Wilks' $\Lambda = 0.629$; F [16, 413] $= 3.243$; $p < 0.001$; $\eta^2 = 0.370$). The multivariate main effect for retailer name within the store category accounted for around 37 percent of the variance in the dependent variables.

The univariate F-tests showed that all the four retailer brand equity dimensions retailer awareness, retailer associations, retailer perceived quality and retailer loyalty varied significantly by retailer name within store category (see Tables II and III). The retailer means for all dependent variables are also shown in Tables II and III.

Post hoc multiple comparison tests were then conducted to investigate significant univariate retailer within store category group differences among means (see Table IV). Tukey's (1953) honestly significant differences (HSD) method was used in all cases.

In the department stores category, respondents' ratings of the three retailers for three of the dimensions of retailer brand equity (e.g. retailer awareness, retailer associations and retailer loyalty) were not significantly different from each other, although respondents' retailer perceived quality levels for the store Target were significantly lower than those of the other two stores, Myer and David Jones.

In the specialty clothing stores category, however, respondents' ratings for Country Road and Jeanswest, for all four dimensions of retailer equity (e.g. retailer awareness, retailer associations, retailer perceived quality and retailer loyalty), were significantly higher than those of Fletcher Jones.

Discussion, conclusions and implications

Our results indicate that the equity consumers associate with the retailer brands in the department stores category varies significantly from that of the retailer brands in the specialty clothing stores category. The mean equity ratings for retailer brands in the department stores category were significantly higher than those of the retailer brands in the specialty clothing stores category, supporting *H1* (see Table I). Hypotheses *H1a*, *H1b*, *H1c* and *H1d* predicted that each of the four brand equity dimensions would be higher for retailers in the department stores category compared to retailers in the specialty clothing stores category, and these predictions were confirmed (see Tables II and III).

Previous research suggested that certain components of retailer brand equity, such as consumers' retailer associations, vary by store category (Grace and O'Cass, 2005; Sinha and Uniyal, 2004). However, to the authors' knowledge, whether retailer brand equity or its dimensions vary between department stores and specialty clothing stores, had never before been examined in the extant literature. Hence, this finding is a valuable contribution to existing knowledge of retail branding. The MANOVA results also indicated that store category differences accounted for a sizable proportion of the variance (19 percent) in retailer brand equity. While previous research had established that consumer country images (Kaynak and Cavusgil, 1983) and consumer impulse buying behavior (Jones *et al.*, 2003) vary by product category, the present study demonstrated that retailer brand equity levels vary between department stores and specialty clothing stores. The present research also provides insight into the perceptions of Australian consumers.

Table II MANOVA results – univariate tests – within-subjects effects

Measure	F	df	$df_{error)}$	p	Partial Eta squared ^{a}
Retailer within store category					
Retailer awareness	79.77	4	840	$<0.001^{*}$	0.275
Retailer associations	37.84	4	840	$<0.001^{*}$	0.153
Retailer perceived quality	35.02	4	840	$<0.001^{*}$	0.143
Retailer loyalty	14.60	4	840	$<0.002^{*}$	0.065

Notes: * Deemed significant at 0.01 level; SD = standard deviation

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Table III MANOVA results – univariate tests – within-subjects effects

	Departmental stores $n = 289$						Specialty stores $n = 133$					
	David Jones		Myer		Target		Country Road		Jeans West		Fletcher Jones	
Measure	**Mean**	**SD**	**Mean**	**SD**	**Mean**	**SD**	**Mean**	**SD**	**Mean**	**SD**	**Mean**	**SD**
Retailer within store category												
Retailer awareness	5.50	0.08	5.43	0.06	5.58	0.08	4.94	0.09	5.26	0.11	3.55	0.11
Retailer associations	5.07	0.08	5.12	0.06	5.04	0.07	4.69	0.09	4.91	0.11	3.69	0.10
Retailer perceived quality	5.30	0.08	5.30	0.06	4.90	0.08	4.84	0.09	4.65	0.11	3.70	0.11
Retailer loyalty	3.78	0.10	3.71	0.09	4.07	0.09	3.32	0.13	3.67	0.15	2.70	0.14

Notes: [a] The η^2 values reported in this section are the partial η^2 values, instead of the more global eta square (η^2), measure of strength of association as suggested by Tabachnick and Fidell (1996, p. 53); Tabachnick and Fidell argued in favour of using partial η^2, saying the use of eta square (η^2) is flawed, particularly for within-subjects effects. Partial $\eta^2 = \frac{SS_{effect}}{(SS_{effect}+SS_{error})}$; SD = standard deviation

Table IV MANOVA results – *post-hoc* tests for retailer within store category

Retailer brand equity dimension Store category	Retailer1	Retailer2	Mean difference	Tukey's HSD
Retailer awareness				
Department stores	Myer	Target	−0.15	0.30
	Myer	David Jones	0.07	
	David Jones	Target	0.07	
Specialty stores	Country Road	Fletcher Jones	1.39*	
	Jeans West	Country Road	0.32*	
	Jeans West	Fletcher Jones	1.71*	
Retailer associations				
Department stores	Myer	Target	0.08	0.31
	Myer	David Jones	0.05	
	David Jones	Target	0.03	
Specialty stores	Country Road	Fletcher Jones	1.00*	
	Jeans West	Country Road	0.22	
	Jeans West	Fletcher Jones	1.23*	
Retailer perceived quality				
Department stores	Myer	Target	0.41*	0.32
	Myer	David Jones	0.00	
	David Jones	Target	0.41*	
Specialty stores	Country Road	Fletcher Jones	1.14*	
	Jeans West	Country Road	−0.19	
	Jeans West	Fletcher Jones	0.95*	
Retailer loyalty				
Department stores	Myer	Target	−0.36	0.40
	Myer	David Jones	−0.07	
	David Jones	Target	−0.29	
Specialty stores	Country Road	Fletcher Jones	0.62*	
	Jeans West	Country Road	0.35	
	Jeans West	Fletcher Jones	0.97*	

Note: *Deemed significant at 0.05 level

Our finding regarding the retailer brand equity differences between department store retailers and specialty clothing stores retailers, reinforces the notion that advertising contributes to building brand equity. Numerous researchers have argued that advertising positively influences brand equity (e.g. Aaker, 1991; Faircloth *et al.*, 2001; Keller, 1998; Till, 1998). Firms' advertising expenditures were also found to be positively associated with their brand equity (Aaker and Jacobson, 1994). As mentioned previously, in the Australian context, retailer brands in the department store category enjoy much larger marketing budgets and advertising expenditures compared to their counterparts in the specialty clothing stores category. Thus, our results have implications for marketing managers to invest in brand building with a view to developing long term intangible assets such as retail brand equity. Furthermore, it should be comforting for department stores included in the present study to know that their investments in the form of large marketing expenditure pay

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off. For example, retailer brands in the department stores category enjoyed high levels of equity for three dimensions of brand equity (e.g. Retailer awareness 5.5; Retailer associations 5.1; Retailer perceived quality 5.1) (See Table I).

However, retailer loyalty levels (3.8) in the department stores category were not correspondingly high. Similarly, for the retailer brands in the specialty clothing store category also, retailer loyalty levels (3.2) were low, whereas respondent ratings for the other three retailer equity dimensions (e.g. Retailer awareness 4.6; Retailer associations 4.4; Retailer perceived quality 4.4) were comparatively high (See Table I). Thus, our results suggest that high levels of awareness, favorable associations and superior perceptions of quality may be necessary but are not sufficient conditions to achieve customer loyalty. That is, high performance on some brand equity dimensions does not necessarily guarantee similar high performance on other brand equity dimensions. Hence, managers would need to monitor and manage all four dimensions of retail brand equity. Our results also suggest that there is scope for both the department stores and the specialty stores included in the present study to improve their customer loyalty levels.

Brand equity is an important marketing metric, and is considered a useful indicator of the state of health of a brand (Aaker, 1991). In the case of retailer brands, higher equity levels indicate higher levels of consumer brand awareness, favorable brand associations, higher perceptions of quality and brand loyalty from customers. Managers could use retailer brand equity levels to gauge the performance of a given retail brand. For example, the results of our study imply that retailers from the department store category included in the present study will need to work toward maintaining the high retailer equity levels they enjoy for three dimensions of brand equity whereas they will need to work toward increasing retailer loyalty levels. The results of our study also imply that retailers in the clothing store category have to work toward enhancing their current loyalty levels.

Several companies own retail brand portfolios. For example, in Australia, Woolworths owns electronics retail chain Tandy, Dick Smith Electronics stores and BigW department stores. The Coles Group owns a large brand portfolio comprising stationery retailer chain Officeworks, super market chain Bi-Lo, and liquor retailer Liquorland among others. What retail brand equity levels should managers from the Coles Group aspire to achieve and maintain for each of the retail brands such as K-Mart, Target and Katies in their portfolio? Our results suggest that marketing managers should aim for higher equity levels for department stores (e.g. Myer) compared to specialty clothing stores (e.g. Katies), since retailer brand equity levels for department stores were found to be significantly higher than those of specialty clothing stores.

Our results also indicate that differences in the consumer-based equity levels among retailer brands vary from the department stores category to the specialty clothing store category, as the two-way multivariate interaction between store category and retailer brand name was significant. That is, brand equity differences among retailers varied from the department store category to the clothing store category. Recall that, in the clothing stores category, both Country Road and Jeanswest fared better on all four retailer brand equity dimensions compared to Fletcher Jones. Respondents' awareness levels (Country Road 4.9; Jeanswest 5.3; Fletcher Jones 3.5), retailer brand associations (Country Road 4.7; Jeanswest 4.9; Fletcher Jones 3.7), perceptions of quality (Country Road 4.8; Jeanswest 4.6; Fletcher Jones 3.7), and retailer loyalty levels (Country Road 3.3; Jeanswest 3.7; Fletcher Jones 2.7) were higher or more favorable for Country Road and Jeanswest compared to Fletcher Jones.

In the department store category, despite the three retailer brands enjoying similar levels of retailer awareness (David Jones 5.5; Myer 5.4; Target; 5.6), almost equally favorable retailer associations (David Jones 5.1; Myer 5.1; Target; 5.0), and similar levels of retailer loyalty (David Jones 3.8; Myer 3.7; Target; 4.1), respondents' perceptions of quality of both Myer (5.3) and David Jones (5.3) were significantly higher than for Target (4.9). In the Australian context, David Jones and Myer strive for a 'high quality' positioning whereas Target aims for an 'acceptable quality but low price' positioning. Thus, our results also suggest that, despite possessing similar levels of awareness and brand associations, retail brands can be perceived differently in terms of quality.

Retailers are increasingly looking for international opportunities in the face of saturation of domestic opportunities (Burns, 1997). While international expansion efforts such as Home Depot's and J.C. Penny's ventures into countries such as Chile were not successful, retailer brands such as IKEA have been successful in Europe and North America. In fact, several large retail corporations (e.g. IKEA-Sweden, Ahold-Netherlands, Delhaize-Belgium) earn more than 40 percent of their revenues from their international operations with some of their brands being placed among the top ten retailers in countries such as Thailand and South Korea in the Asia Pacific (Coe and Hess, 2005). Retailers are also venturing into the Australian market. For example, German supermarket brand ALDI entered the Australian market in 2001. Swedish furniture retailer brand IKEA has also been operating in the Australian market successfully for some time. The results of the present study have implications for international retailers wanting to enter the Australian retail market, as the brand equity levels of six retailers in the department and specialty clothing stores are provided in the present study. For example, department store retailers and specialty clothing retailers planning to enter the Australian market could use the retailer brand equity ratings reported in our study as benchmarks while competing in the local market.

The Myer chain was recently acquired by the US-based Texas Pacific Group, which owns major department stores such as the Neiman Marcus in the USA and the Debenhams in the UK. The retailer brand equity ratings reported in our study could also serve as surrogate indicators of the performance of the retail brands included in the present study. Thus, these brand equity ratings could provide guidance to those firms interested in acquiring retail brands included in our study.

It should be noted that the present study used a sample of actual (non-student) consumers, and therefore its findings are more open to generalization. Our results clearly show that retailer brand equity levels vary between department stores and specialty stores. When a retailer brand (e.g. Coles) offers a variety of store categories (e.g. Bi-Lo – Supermarket, Katies – Women's clothing; Liquorland – Alcoholic beverages), marketing managers would benefit by monitoring and tracking the retailer brand equity for each store category. Retailer brand equity levels in one store category should not be used as benchmarks for stores in other categories.

Limitations and future research directions

Despite their contribution, our results must be considered in the light of some limitations. First, the retailer brand names included in the study were different for specialty stores (e.g. Country Road) and department stores (e.g. Myer). Future research may examine if a retailer brand would have different levels of equity in different store categories. For example, would the equity of the retail brand Myer, for department stores, be significantly different from its brand equity levels for clothing stores? It would be helpful to marketing managers to understand how the brand equity of a retailer changes from one store category to another. In turn, marketing managers can make their marketing management decisions in line with expected changes in the equity of the retailer brand.

The evolution of diverse retail formats is one of the current trends in retailing (Dunne and Kahn, 1997). As new retail formats evolve, it becomes important for marketers to understand how the brand equity levels of a retailer might vary in the new formats. In such a context, marketing managers could envisage different levels of brand equity in the new retailing formats. For example, music retailer brand Sanity opening kiosks or online stores could explore if these new formats generate different levels of brand equity.

In order to generalize the results, future research should clearly aim to use other retailer brands and store categories. The present study compared retailer brands from specialty clothing stores and department stores categories. Future research should include other types of stores such as supermarkets and convenience stores. Only two store categories and six retailer brands were included in the study. Nevertheless, the indication that retailer brand equity can be conceptualized in a manner similar to brand equity and that it varies from the department store category to specialty clothing store category is a valuable contribution to current retail branding knowledge.

Note

1 The details of confirmatory factor analysis used to measure retailer equity were not included here because of space constraints, but can be provided upon request from the first author.

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Appendix. Measures of retailer brand equity used in the present study

Retailer awareness

- I am aware of X stores.
- Some characteristics of X stores come to my mind quickly.
- I can recognize X among other stores.

Retailer associations

- X offers very good store atmosphere.
- X stores offer very convenient facilities.
- X stores offer very good variety of products.
- X stores offer very good after sales service.
- X stores offer very good customer service.

Retailer perceived quality

- X stores offer products of very good quality.
- X stores offer products of consistent quality.
- X stores offer very reliable products.
- X stores offer products with excellent features.

Retailer loyalty

- I consider myself loyal to X stores.
- I will not buy products from other retailers, if I can buy the same item at X stores.
- X stores would be my first choice.

Note that X has been replaced by the name of the store (Pappu and Quester (2006a, p. 328)).

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Executive summary and implications for managers and executives

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

Surprises in store

Brand equity is a vital topic to understand. It is one of those rare issues – it tops both the research agenda and the business agenda. That is the measure of the consensus that exists about its importance. In a practical subject such as marketing it might be hoped that this is more often the case. If ever there was an issue that needs to be solved it is that one, but thankfully the *Journal of Product and Brand Management* is one forum to bridge the divide.

The body of published work on brand equity is extensive and growing. It needs to be as there remains much to be discovered. There are surprises in store, a theme which is nicely illustrated by new research conducted in Australia by Ravi Pappu of the University of Queensland and Pascale G. Quester of the University of Adelaide. Their findings point to the importance of context in determining brand equity.

They found that there are significant differences in brand equity depending upon whether a brand is sold in a department store or a specialty store. It was much higher in the department store. The scope of this research is narrowly defined, as robust academic studies tend to be, but there would seem to be a principle here that could usefully be taken on and explored further in other contexts.

Their work tests, using multivariate analysis, what brand managers may have been starting to discover. The study is unique, but builds upon the reasonably recent traditions of Grace and O'Cass, and Sinha and Uniyal among others. There is a growing body of evidence and an emerging research tradition.

Even within the scope of the study the outcomes will cause brand managers to stop and think. It is not so many years ago that Californian brand Vans, for example rationalized the outlets stocking their highly fashionable skateboard shoes and accessories together with their broader product range. Older men discovering that the shoes are comfortable when worn with jeans were not the walking advocates for the brand most likely to capture the imagination of image conscious, active youth. These days it is perhaps an unusual teenager who wants to dress the same as his dad. Not stocking the brand in the stores they frequent would seem to bring advantages in terms of the brand authenticity.

In building brand equity, the choice of store matters. Brand decision-makers need to take note.

Focus on building retail brand equity

Building brand equity is rightly a fixation of brand managers. It could be reasonably argued that it is at the heart of the role. It is an intangible asset that seems very real. It provides the platform for growth and commercial success in the marketplace.

With this in mind, not all of Pappu and Quester's findings will come as too much of a surprise. There is a large body of evidence connecting advertising spending with increased brand equity. It is one of the main pillars of brand management, or should it be an artery if the biological analogy is to be kept going? Their study does not contradict this. It would be a more than major shock if any research paper ever did.

They do develop the thinking a little further however, shifting the focus of marketing managers towards developing the concept of retail brand equity for their brand. They highlight that department store retail brands tend to spend more on advertising than specialty store retail brands. In fact they have larger marketing budgets in general. It seems to be working well for them. In this survey they scored highly on the key dimensions of:

- retailer awareness;
- retailer associations; and
- retailer perceived quality.

Money talks it seems, at least it does when it is carefully invested in advertising.

Comfort food may be taking the blame for the oft-hyped developed world "obesity crisis". Just occasionally, however, eating something familiar can be a little taste of heaven. Perhaps a similar argument could be constructed for marketing research. Surprises make us sit up and take note, but the familiar can be comforting. Certainly having current practice confirmed can be extremely comforting.

Too much comfort though could lead to complacency and thereby begin tomorrow's problems. Pappu and Quester's research outcomes strike a happy balance then. They go with the grain of a growing body of evidence and move it forward in a highly specific direction. They spring a surprise though too which, if noted, will not constitute a shock; in doing so they do marketers a service. They trigger thoughts about other sectors and broader application and sow the seeds of future academic study and pragmatic business intervention.

They demonstrate that there is not equal equity and that store decisions matter.

(A précis of the article "Does brand equity vary between department stores and clothing stores? Results of an empirical investigation". Supplied by Marketing Consultants for Emerald.)