Understanding brand loyalty of the store brand's customer base

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Abstract

Purpose – The purpose of this paper is to attempt to understand the extent to which price consciousness and quality consciousness influence attitudinal loyalty to store brands (SBs) in different segments of consumers: heavy, medium and light buyers of SBs. SBs are currently consolidated among price-conscious consumers, but less established among the quality-conscious consumers.

Design/methodology/approach – After reviewing the literature and constructing a theoretical model, the authors performed a study on Spanish food products, a sector in which SBs have achieved a significant market share. They collected data through a personal survey and analyzed it using structural equations modeling, and they performed a multigroup analysis of heavy buyers, medium buyers and light buyers of SBs.

Findings – The results obtained alert retailers to the tremendous importance of price vs quality in the formation of SB value and loyalty to SBs among heavy buyers of these brands, show the balance between price and quality as components of SB value and generators of loyalty among medium buyers and recognize the need to strengthen the image of SB quality to reinforce SBs' value and smart shopping associations to increase light buyers' loyalty to SBs.

Originality/value – The study contributes new evidence and knowledge on SB loyalty among consumers who show different usage of these brands (heavy, medium and light buyers). It then assesses the short- and long-term value of each segment of customers for the retailer and recommends retail strategies adapted to each segment.

Keywords Price consciousness, Brand loyalty, Private label usage, Private labels, Quality consciousness, Value for money

Paper type Research paper

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

Introduction

Currently positioned in value for money, value store brands (SBs) enjoy wide acceptance among consumers and represent a serious threat to manufacturer brands in a large number of European countries. In recent years, SBs have achieved high market shares in volume, currently reaching over 40 per cent penetration in six European countries: Switzerland (53 per cent), Spain (51 per cent), the UK (45 per cent), Portugal (45 per cent), Germany (44 per cent) and Belgium (41 per cent) (Private Label Manufacturer Association, 2014). The evolution of SBs in Spain is striking. In four years, their market share has risen from fifth to the second highest in Europe and has increased five percentage points in a one-year period. SBs' market share in Spain now exceeds that in the UK and even Germany, two countries with a traditionally higher penetration of store brands in retail establishments, although due to very different retail strategies.

Data from the 2011 *Spanish Observatory on Consumption and Food Distribution*, published by the Ministry of Environment and Rural and Marine Affairs, provide a valuable image of consumers' acceptance and perception of the quality and price of SBs in the food and beverage market: 92 per cent of consumers acquire SBs in some product when they shop. On a scale from 0 (worst score) to 10 (best score), the average quality of store brands is 6.8, as opposed to 7.7 for manufacturer brands. The average score for price is 7 vs 5.6 for manufacturer brands (Spanish Ministry of Environment and Rural and Marine Affairs, 2011).

These data show that SBs have achieved great acceptance on the European market. More specifically, their level of penetration and their recent evolution on the Spanish market – the context analyzed in this study – has been considerable. Retailers have contributed to the progressive acceptance of these brands by expanding their SB programs. Retail establishments have introduced SBs in new product categories and increased marketing efforts to reinforce SB value positioning. Retailers present these brands to the consumer as low-price options with quality comparable to that of manufacturer brands.

Widespread consumer acceptance of SBs as solid alternatives to manufacturer brands has promoted research on a topic that had previously received little attention in the academic literature, i.e. consumers' SB loyalty (Ailawadi *et al.*, 2008; González-Benito and Martos-Partal 2012; Labeaga

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et al., 2007). Research, to date, has focused primarily on behavioral loyalty; however, more research is needed on the formation of attitudinal loyalty toward these brands. Our study proposes a theoretical model for "attitudinal" loyalty to SBs – brands with low prices, but objective quality similar to that of manufacturer brands (Kumar and Steenkamp 2007). We analyze the effect of consumers' price and quality consciousness on SB loyalty, including the moderating effect of SB usage.

Our study contributes to the academic literature on SBs in two ways. First, we analyze consumer attitude to increase understanding of the relationship between SB consumption and loyalty (González-Benito and Martos-Partal, 2012). Second, we examine the moderating role of SB usage in purchasing models for SBs, an area that Walsh and Mitchell (2010) identify as needing further research.

To better understand attitudinal loyalty to SBs, we propose a model that includes the following elements:

- two characteristics of consumer purchasing behavior that reflect economic and utilitarian benefits (price consciousness and quality consciousness);
- a key variable affecting SB positioning (perception of their value for money relative to manufacturer brands); and
- two outcome variables for SBs (smart shopping associations and loyalty).

We then incorporate the moderating effect of SB usage and analyze possible differences in the relationships proposed.

The study results have important managerial implications for each segment of buyers. They show:

- the tremendous importance of price in the formation of value and loyalty to SBs among heavy buyers of these brands;
- the balance between price and quality as components of SB value and generators of loyalty to SBs among medium buyers; and
- the need to strengthen the image of SBs' quality to reinforce their value and smart shopping associations, and thus loyalty to them among light buyers of SBs.

Thus, the study contributes new evidence and knowledge on SB loyalty among consumers with different usage of these brands (heavy, medium and light). It also shows the short- and long-term value of each segment as customers for the retailer and recommends retail strategies adapted to each segment.

Theoretical framework

SB loyalty

The concept of brand loyalty has received little attention in the area of SBs, as compared to manufacturer brands. This is primarily because SBs have been seen as fundamentally lacking in value for the consumer, raising doubts as to whether they can actually generate loyalty.

While brand loyalty has been analyzed in its two branches of study, behavioral and attitudinal, research on brand loyalty in SBs has focused primarily on behavioral rather than attitudinal loyalty (Ailawadi *et al.*, 2008; González-Benito and Martos-Partal 2012; Labeaga *et al.*, 2007; Rondán *et al.*, 2006, among others). Attitudinal loyalty requires attention. Repeat purchases alone cannot explain loyalty; shoppers may repeat out of convenience or inertia and not because they wish to establish a long-term relationship with the brand (Bloemer and Kasper, 1995; Carrillat *et al.*, 2009). Attitudinal measures must, therefore, incorporate psychological variables that include the consumer's long-term commitment to the brand (Brown *et al.*, 2005; Carrillat *et al.*, 2009; Chaudhuri and Holbrook, 2001; Yang and Peterson, 2004; Yoo and Donthu, 2001).

Oliver (1999, p. 34) defines brand loyalty as:

> [. . .] a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.

This conceptualization understands attitudinal loyalty to SBs as the consumer's psychological commitment to SBs based on beliefs about SBs' superiority, including positive reactions and responses to them.

Perceived value of SBs

SBs emerged as low-price and low-quality brands, although most are currently positioned as value brands, that is, brands with an objective to have quality similar to manufacturer brands, but at lower prices (Kumar and Steenkamp, 2007).

SBs have traditionally been priced below competing manufacturer brands, a fact that has contributed positively to increasing SB's market share (Bronnenberg and Wathieu, 1996; Oubiña *et al.*, 2007; Rubio and Yagüe, 2009). The lower price of SBs is one of the main purchasing factors that retailers have communicated and maintained for their own brands. Studies by Bellizzi *et al.* (1981), Kirk (1992), Morton and Zettelmeyer (2004) and Sivakumar (1996) show that most consumers who choose an SB over a manufacturer brand do so because price is the fundamental attraction. However, Nenycz-Thiel and Romaniuk (2009) find that not only buyers of SBs view low prices as the main reason for acquiring these brands but also that nonbuyers of SBs assume that the lower prices of these brands reflect lower quality.

Lower perceived quality is a major factor offsetting the attractive prices of SBs and reducing their customer base. Sethuraman and Cole (1999) find that perceived quality is the main reason consumers are willing to pay a higher price for manufacturer brands. When judging the quality of a product, consumers trust both extrinsic attributes (brand name and image, packaging, etc.) and intrinsic ones (ingredients, texture, etc.). SBs are perceived to have worse extrinsic attributes than manufacturer brands. Research finds that the greater the consumers' trust in the extrinsic attributes of a product, the worse is their perception of the SBs of this product (González *et al.*, 2006; Méndez *et al.*, 2011; Richardson *et al.*, 1996). Further, SBs are perceived as having lower quality than manufacturer brands in a variety of intrinsic attributes, such as taste, texture, smell, quality of ingredients, nutritional value and overall quality (Bellizzi *et al.*, 1981; Cunningham *et al.*, 1982; De Wulf *et al.*, 2005; Richardson *et al.*, 1994).

Although recent research shows that SBs' objective quality often equals that of manufacturer brands, this perception of lower quality outweighs the perceived attractiveness of SBs' low price (Méndez *et al.*, 2011; Nenycz-Thiel and Romaniuk, 2009). Consumers' different perceptions of SB price and quality affect the perceived value they ascribe to these brands.

Perceived value of a product is often defined as the ratio of the perceived product quality divided by the price paid for that product (Zeithaml, 1988). Perceived value for money spent reflects product quality not in absolute terms, but relative to the price of a particular brand (utility per euro).

According to Richardson *et al.* (1996), retailers attract two types of consumer segments based on perceived value of their brands:

1 those who view SBs as relatively high in quality and are greatly attracted by their lower prices; and
2 those who view SBs as relatively low in quality, and thus lower in price.

The first market segment obtains the full utility associated with the price differential. The second obtains less utility, but may buy SBs if the savings are greater than the perceived costs associated with SBs' perceived low quality.

Retailers have long worked to communicate the benefit of the "greater value" of SBs over manufacturer brands using slogans such as "best price/quality ratio" or "best purchase option" and labels that include leading manufacturers' names or advertisements to justify the lower price of SBs due to lower advertising costs. Such tactics have enabled retailers to change some consumers' negative attitudes about the low quality of SBs.

SBs have currently consolidated their positioning in value for money as a competitive advantage. Recent scholarly studies note that these brands have constructed brand equity (Cuneo *et al.*, 2012a, 2012b) and that value for money has played a significant role in its construction (Beristain and Zorrilla, 2011). Yoo *et al.* (2000) stress brand loyalty as a holistic construct close to and, thus, a component of brand equity.

Based on the foregoing, we formulate the following hypothesis:

H1. There is a positive relationship between the perceived value of SBs and the consumer's loyalty toward them.

Smart shopping associations of SBs

Greater perceived value of a brand encourages the formation of positive brand associations (Krishnan, 1996). We attempt to determine the possible effect of SBs' perceived value for money on the formation of associations with smart shopping, as suggested by Goldsmith *et al.* (2010).

Because brand associations are an antecedent of brand loyalty, it is crucial for retailers to create positive brand associations (Biel, 1993; Brakus *et al.*, 2009; Fournier, 1998). Baltas (1997) shows that the SB's promise of good quality at a reasonable price creates a "smart-buy" impression, motivating consumers to purchase SBs. For decades, retailers have invested significant marketing efforts in creating smart shopping associations of their SBs to encourage consumer loyalty to these brands. Studies like Burton *et al.* (1998), Garretson *et al.* (2002) and Liu and Wang (2008) show the positive relationship of smart shopping associations to positive attitude toward promoted brands and SBs. Burton *et al.* (1998) also suggest analyzing the relationship between smart shopping associations and SB loyalty as a line of future research.

If the value for money perceived by consumers has a positive effect on the frequency with which the consumer acquires SBs (Richardson *et al.*, 1996), it could have a positive effect on loyalty to these brands, both directly and indirectly through smart shopping associations.

Therefore, we propose the following hypotheses:

H2. SBs' value for the consumer has a positive influence on smart shopping associations.

H3. Smart shopping associations with SBs increase the consumer's loyalty to these brands.

Price consciousness and quality consciousness

Due to the characteristics of SBs presented above, their target market has traditionally been price-conscious consumers who fundamentally seek utilitarian/economic benefits in their purchases.

Lichtenstein *et al.* (1993, p. 235) define price consciousness as the "degree to which the consumer focuses exclusively on paying low prices". SBs have been identified as price-sensitive products (Baltas, 1997, 2003; Sethuraman and Cole, 1999), and various studies confirm the impact of price consciousness on attitude toward/acquisition of SBs, including Ailawadi *et al.* (2001), Baltas (1997), Burton *et al.* (1998), Batra and Sinha (2000), Jin and Suh (2005) and Kara *et al.* (2009). These studies generally find that extremely price-conscious consumers have a favorable attitude toward SBs, because such consumers tend to focus almost exclusively on low prices, minimizing the importance of other factors in evaluating the brand. Research shows a positive and significant effect of price consciousness on acquisition of SBs.

As a result of the foregoing, we propose the following hypothesis:

H4. The consumer's price consciousness has a positive influence on the perceived value of SBs.

In contrast to price-conscious consumers, quality-conscious consumers are mainly concerned with product quality (Sproles and Kendall, 1986). Quality-conscious consumers have a negative attitude toward SBs (Ailawadi *et al.*, 2001, 2008; Martínez and Montaner, 2008; Miquel *et al.*, 2002; Veloutsou *et al.*, 2004) as brands with lower perceived quality than manufacturer brands (Cunningham *et al.*, 1982; DelVecchio, 2001; Liljander *et al.*, 2009; Méndez *et al.*, 2011; Richardson *et al.*, 1994, 1996).

Baltas and Argouslidis (2007) find that brand-conscious consumers are less inclined to buy SBs; manufacturer brands clearly dominate in perceived quality (Baltas and Argouslidis, 2007; Méndez *et al.*, 2011; Richardson *et al.*, 1994). Trust in well-known brands, as one of the main risk reduction strategies in purchasing (Mitchell and McGoldrick, 1996; Schiffman and Kanuk, 2006), is probably the main factor explaining lower perceived quality of SBs (González *et al.*, 2006; Rubio *et al.*, 2014).

Hence, we propose that:

H5. The consumer's quality consciousness exercises a negative influence on the perceived value of SBs.

This study analyzes the effect of price consciousness and quality consciousness on attitudinal loyalty to value SBs, directly and indirectly, through SBs' perceived value for money and smart shopping associations. Based on our review of the academic literature, we propose the following theoretical model, as shown in Figure 1.

Moderating effect of the type of SB buyer: heavy, medium and light SB buyers

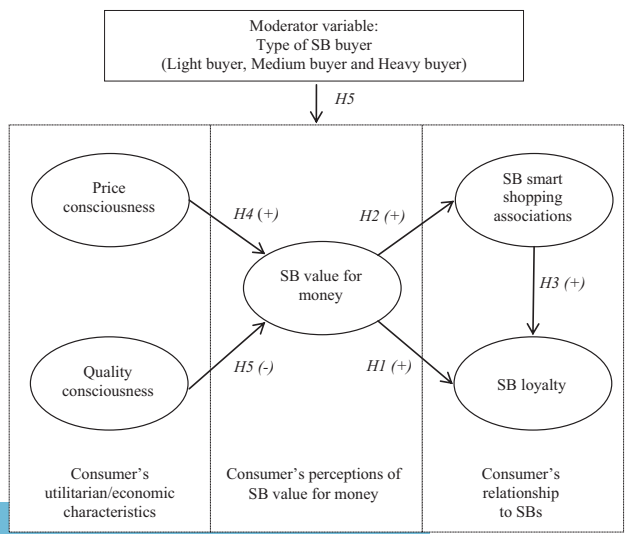
Our study uses the theoretical model proposed in Figure 1 to examine the possible moderating effect of SB usage. Previous research stresses the importance of studying the moderating role of SB usage in purchase of SBs (Walsh and Mitchell, 2010), and we have designed our study to increase knowledge of this role.

Studies that model retailer sales and profits (Ailawadi and Harlam, 2004) and consumers' behavioral loyalty to the establishment (Ailawadi *et al.*, 2008; González-Benito and Martos-Partal, 2012) find differences among heavy, medium and light SB buyers. These buyers also differ in the value they perceive in the attributes of retail service (Rubio *et al.*, 2013).

Previous studies demonstrate differences based on SB usage in retailer profitability, loyalty to the establishment and perceived value of retail service. Our study continues this line of research by examining the moderating effect of SB usage on attitudinal loyalty to SBs. Through the theoretical model proposed in Figure 1, we investigate whether heavy, medium and light SB buyers differ in their attitudinal loyalty to value SB brands.

Because usage of SBs is significantly related to perception of their value, it should explain differences in consumers' attitudinal loyalty to SBs. Baltas (2003) and Baltas and Argouslidis (2007) suggest that shopping expertise is related to proneness to buy SBs. Expert consumers rely less on extrinsic cues when assessing SB quality and use a wider range of cues (e.g. intrinsic quality, value for money). Their confidence also reduces the perceived risk of SBs, increasing the value they perceive in these brands. Expert consumers are more price sensitive because they obtain more information about brands on the market.

Figure 1 Proposed theoretical model



Heavy buyers of SBs may consider themselves to be market experts (Williams and Slama, 1995). Because they base their purchasing decisions on information about prices and intrinsic attributes across brands (e.g. quality), they feel secure in their purchasing decisions (Baltas, 1997; González *et al.*, 2006). This security and familiarity with the use/consumption of SBs reduces the perceived risk associated with these brands (Baltas, 1997; González *et al.*, 2006) and increases their perceived value (Rubio *et al.*, 2013). For heavier buyers of SBs, perceived value of these brands may, thus, stem from their two components, perceived attraction of SB prices and perceived similar quality of SBs and manufacturer brands. Along these lines, Corstjens and Lal (2000) suggest that SBs must be accepted by consumers as quality brands to achieve true loyalty, because such loyalty involves increased costs of changing retailers, and thus loyalty to the establishment. In contrast, because lighter buyers of SBs perceive SB quality as worse than that of manufacturer brands and SBs' low prices as less attractive, the perceived value of light SB buyers attributes to SBs will be lower, as will loyalty to them.

Thus, we propose the following hypothesis:

H6. SB usage exercises a moderating effect on the formation of loyalty to SBs.

Methodology

To estimate the theoretical model, we performed an empirical study of individuals responsible for buying their household's mass consumption products, and who said that they had bought SB food products at least once. We performed 15 in-depth interviews to obtain exploratory information to analyze buyers' discourse, specifically their beliefs and knowledge about SBs. Participants were captured by the snowball method according to quotas for gender, age, occupation and number of members in the household. Based on the results of the in-depth interviews, we designed a questionnaire to analyze the profiles of SB consumers, their perceptions of SBs and their loyalty to and identification with these brands. We used language adapted to the interviewees and adapted items from prior research to the specific context.

Data were collected through self-administered questionnaires completed by Spanish residents in Spain. Students in the last year of postgraduate study in marketing with training in market research approached consumers at store exits and asked them to complete a ten-minute self-administered questionnaire. The buyers were recruited from 54 establishments belonging to five chains of hypermarkets and supermarkets in Spain (Mercadona, Eroski Group, Carrefour Group, Dia and Auchan Group). The number of stores per group was determined by the group's share of commercial surface area in m^2 in 2010[1] (14 stores for Mercadona, 13 for the Eroski group, 12 for Carrefour, 10 for Dia and 5 for Auchan). The establishments were selected to include different urban areas based on income, transportation and geographical location.

We obtained a total of 804 valid questionnaires, with a sampling error[2] of 3.53 per cent. The sampling profile shows that 74.53 per cent of respondents were women. By age, 31 per cent were under 34, 32 per cent were from 35 to 49, 30 per cent were from 50 to 64 and 7 per cent over 64

years of age. Of the total, 64 per cent worked outside the home and 67.4 per cent declared the family unit's net monthly income to be under 3,000 euros. The average number of household members was 3.27, and the average number of children was 1.33.

To measure the concepts proposed, we examined the scales previously used in the scholarly literature, adapting some based on the results obtained in the qualitative analysis. We measured attitudinal loyalty using three items from the scales on brand loyalty from the studies by Sirdeshmukh *et al.* (2002) and Yoo and Donthu (2001). We adapted items from the variable "smart shopper self-perception" used by Burton *et al.* (1998) and Garretson *et al.* (2002). Perceived value was measured by items on value for money from the scale for SB attitude developed by Burton *et al.* (1998). These items are similar to the items used by other researchers to measure perceived value outside the area of SBs (Dodds *et al.*, 1991; Lassar *et al.*, 1995; Sweeney *et al.*, 1999). For the variable "price consciousness", we used items developed by Sinha and Batra (1999). Finally, we measured consumers' quality consciousness with three statements from the scale of Sproles and Kendall (1986). All variables were measured on a 7-point Likert scale that ranged from 1 (completely disagree) to 7 (completely agree).

Finally, we used one question to analyze the moderating role of SB usage in the proposed model. This question, based on an ordinal scale, asked buyers whether SBs represented most of their purchases (in our sample, 191 heavy SB buyers), approximately half of their purchases (315 medium SB buyers) or only a small part of their purchases (298 light SB buyers). Table I shows the differences in the model variables for the three segments considered. We conducted an ANOVA and the Brown–Forsythe equality of means test to examine differences[3]. Unequal variance across groups (in all variables except price consciousness) and unequal group size led us to use the Games-Howell test to determine differences in the means. Differences across the three groups were statistically significant in almost all cases, with $p < 0.01$. The only nonsignificant differences were in quality consciousness among heavy and medium SB buyers ($p = 0.46$).

The heavy SB buyers are loyal to SBs, perceive value for money in these brands and consider their choice as smart shopping. The light SB buyers, in contrast, claim that they are not loyal to SBs, perceive low value for money in these brands and do not consider choosing SBs as smart shopping. Medium SB buyers show intermediate values on these questions.

In price and quality consciousness, heavy SB buyers claim to be primarily conscious of price; medium SB buyers are somewhat more conscious of price than of quality and can thus be considered value-conscious; light SB buyers are primarily conscious of quality.

Table AI describes the scales used in the model and their corresponding items. We estimated the empirical model using structural models of covariance with the statistical package AMOS 19.

Results

Measurement model

For each sample (heavy, medium and light SB buyers), following the study by Byrne (2001), we confirmed the quality of the measurement scales with a confirmatory factor analysis performed using the program AMOS 19. The results for goodness of fit were satisfactory in all cases. In the segment of heavy SB buyers, the ratio X^2/df is 1.82, lower than the critical value of 2 recommended by Bentler (1989), and the CFI is 0.96, higher than the recommended value of 0.9 (Bentler, 1989; Bentler and Bonnet, 1980). The AGFI and RMSEA indicators take values of 0.88 and 0.06, respectively. The AGFI is higher than the value of 0.8 proposed by Gefen *et al.* (2000), and the RMSEA is at the maximum threshold of 0.06 as recommended by Hu and Bentler (1999). In the samples of medium and light SB buyers, the values obtained also fall within the limits recommended in the academic literature (medium SB buyers: χ^2/df = 2.24, CFI = 0.95, AGFI = 0.90

Table I Differences between SB heavy buyers, medium buyers and light buyers

Variable/construct	Total (n = 804)	HB (n = 191)	MB (n = 315)	LB (n = 298)	F	Brown–Forsythe statistic
SB loyalty						
Mean	4.11	4.99	4.25	3.40	100.98***	95.42***
SD	1.37	1.40	1.11	1.23		
SB smart shopping associations						
Mean	4.04	4.69	4.00	3.66	30.65***	30.15***
SD	1.48	1.49	1.37	1.46		
SB value for money						
Mean	4.15	5.02	4.36	3.36	123.78***	119.37***
SD	1.35	1.27	0.99	1.30		
Price consciousness						
Mean	5.07	5.59	5.18	4.63	29.83***	29.97***
SD	1.42	1.34	1.32	1.44		
Quality consciousness						
Mean	4.92	4.67	4.80	5.21	14.71***	14.09***
SD	1.20	1.31	1.11	1.17		

Notes: HB = heavy buyers; MB = medium buyers; LB = light buyers; SD = standard deviation; *** $p < 0.01$

and RMSEA = 0.06; light SB buyers: χ^2/df = 1.73, CFI = 0.97, AGFI = 0.92 and RMSEA = 0.05).

We confirmed reliability and validity of the scales for each sample. In all cases, the reliability statistics used, Cronbach's alpha and composite reliability, were much higher than the minimum value of 0.70 recommended by Hair *et al.* (1998). Variance extracted, an indicator of validity, yielded values close to or greater than the minimum of 0.5 as recommended by Hair *et al.* (1998) and Hatcher (1994). Estimation of all parameters was highly significant, indicating good convergent validity for all items. Table AI (in Appendix) summarizes the results on reliability and validity of the scales for the total sample.

We also confirmed discriminant validity of the different concepts for each of the three samples. Table II shows that the square roots of the average variance extracted for each concept obtained by the samples of heavy and light SB buyers is higher than the correlation between each pair of concepts for all cases. The sample of medium SB buyers does not fulfill this condition for the relationship between SB value for money and SB loyalty, leading us to confirm its discriminant validity using the chi-square method. First, we set the covariance between SB value for money and SB loyalty at 1 and examined the change in chi-square between the unrestricted model and the model restricted by covariance. The chi-square of the unrestricted model is 138.5 with 65 degrees of freedom, whereas the chi-square of the restricted model is 147.8 with 66 degrees of freedom. The chi-square value worsened by 9.3 points for 1 df significant at 0.01 per cent, upholding discriminant validity between SB value for money and SB loyalty in the sample of medium SB buyers. Discriminant validity between the concepts used is, thus, fulfilled for all three samples.

Finally, we evaluated measurement invariance in the three samples. When using different groups of interviewees, as is the case here, it is necessary to confirm configural invariance of the measurement model to show that the groups analyzed share the same basic factor structure and pattern of factor loadings (Hair *et al.*, 1998). We performed a multigroup confirmatory analysis to estimate the parameters for each group simultaneously as the basis for subsequent comparisons. When we considered the three samples simultaneously, the goodness of fit indices for the model showed good fit (χ^2 = 363.44, df = 195, χ^2/df = 1.86, CFI = 0.97, NFI = 0.93, IFI = 0.97, GFI = 0.94, AGFI = 0.91 and RMSEA = 0.03).

We also applied a stricter test, contrasting equality of the scale intervals among the samples analyzed. We imposed the restriction of equality of factor loadings for each variable observed in the three groups (Steenkamp and Baumgartner, 1998). The results uphold restrictions of equality for all factor loadings. The CFI for the multigroup analysis is 0.965 without restrictions and 0.959 assuming measurement invariance. The difference between the two measures is 0.006, lower than the maximum threshold (0.01), permitting assumption of measurement invariance following the studies by Cheung and Rensvold (2002) and Chen (2007). In addition, the RMSEA in the multigroup analysis for the unconstrained measurement model is 0.033 vs 0.034 for the restricted model. The 0.001

Table II Analysis of discriminant validity using average variance extracted method

Constructs and segments	SB loyalty	SB smart shopping associations	SB value for money	Price consciousness	Quality consciousness
SB loyalty					
HB	**0.69**	0.60	0.84	0.52	0.17
MB	**0.65**	0.60	0.73[a]	0.24	0.20
LB	**0.71**	0.66	0.75	−0.12	0.33
SB smart shopping associations					
HB		**0.88**	0.61	0.27	0.30
MB		**0.90**	0.46	0.18	0.19
LB		**0.89**	0.56	−0.13	0.17
SB value for money					
HB			**0.86**	0.57	0.26
MB			**0.73**	0.17	0.30
LB			**0.79**	−0.20	0.29
Price consciousness					
HB				**0.79**	0.13
MB				**0.72**	0.07
LB				**0.82**	−0.12
Quality consciousness					
HB					**0.82**
MB					**0.78**
LB					**0.74**

Notes: HB = heavy buyers, MB = medium buyers, LB = light buyers; [a] χ^2 unrestricted model: 138.5, df = 65; χ^2 restricted model (covariance between SB value for money and SB loyalty = 1): 147.8, df = 66; $\Delta\chi^2$ = 9.3, df = 1 ($p < 0.01$); the data in the table that appear in bold on the diagonal are the square root of the AVE of each construct; the data above the diagonal correspond to the correlations between pairs of constructs

increase is lower than the maximum threshold of 0.015 as recommended by Chen (2007) to assume measurement invariance.

Causal relationship model

First, we estimate the causal relationships showed in Figure 1 using structural equations, without incorporating the moderator effect. The fit obtained was satisfactory (χ^2 = 186.40, df = 69, χ^2/df = 2.70, CFI = 0.98, NFI = 0.97, IFI = 0.98, GFI = 0.97, AGFI = 0.95 and RMSEA = 0.05). Table III lists the path coefficients for the overall model. All relationships are statistically significant except the effect of quality consciousness on SB perceived value. The general model without the moderating effect of SB usage, thus, confirms all hypotheses proposed except *H5*, which proposes a negative effect of quality consciousness on SB perceived value. The negative effect obtained for this relationship is not statistically significant.

Next, we incorporate the moderating effect and perform the multigroup analysis for the three groups of consumers (heavy, medium and light SB buyers). We compare the results obtained for the two models, a first structural model without structural weight restrictions and a second structural model in which we equate the structural weights of the three groups. The results for fit show significant worsening of the model when we impose restrictions of equality. The increase in the chi-square is 84.045 for 28 degrees of freedom ($p < 0.01$), and the decrease in CFI is 0.012, exceeding the threshold of 0.01 as recommended by Chen (2007). These results imply that some restrictions cannot be sustained, providing evidence of the moderating role of SB usage in attitudinal loyalty to value SBs (*H6*). See Table IV.

Table V shows the nonstandardised parameters for each group analyzed and the critical ratios obtained for the differences. We use the nonstandardized parameters due to possible differences in the standard deviation of each construct among the samples (Iglesias and Vázquez, 2001). The statistical significance of the differences is calculated using a-*t* test based on the expression $t = (\beta_i - \beta_j)$/square root $(S_i^2 + S_j^2)$ proposed by Hair *et al.* (1998), where β_i and β_j represent the coefficients to be contrasted and S_i and S_j their respective standard errors.

For the three segments considered, we see, first, that the relationships are statistically significant and explain a high percentage of the variance in SB loyalty (R^2 = 74 per cent in heavy SB buyers, R^2 = 63 per cent in medium SB buyers and R^2 = 65 per cent in light SB buyers).

Second, all hypotheses are supported for the three segments analyzed, with the exception of *H5*, which proposes a negative effect of quality consciousness on perceived SB value. Only SB light buyers show a statistically significant negative effect of quality consciousness on perceived SB value. Medium and heavy SB buyers obtain a positive and statistically significant effect. This result indicates that there currently are specific segments of SB consumers (medium and heavy SB buyers),

Table III Estimation of the relationship model

Model relationships	Standardized coefficient	*t*-value
SB smart shopping associations → SB loyalty	0.25	7.27***
SB value for money → SB loyalty	0.68	17.22***
SB value for money → SB smart shopping associations	0.58	15.39***
Price consciousness → SB perceived value	0.25	11.33***
Quality consciousness → SB perceived value	−0.05	−1.25

Notes: *** $p < 0.01$; R^2 SB loyalty = 0.73

Table IV Comparison of the nested models in the multigroup analysis

Fit statistics	χ^2 (df)	CMIN/DF	Δ χ^2(df)	*p*	CFI	GFI	AGFI	RMSEA	TLI
Structural model without structural weight restrictions	385.802 (207)	1.86			0.963	0.938	0.906	0.033	0.951
Structural model with structural weight restrictions	469.846 (235)	2.00	84.045 (28)	0.000	0.951	0.925	0.899	0.035	0.944

Table V Results of the multigroup analysis

Hypothesis	HB (Nonstandard coefficient)	MB (Nonstandard coefficient)	LB (Nonstandard coefficient)	t_{HB-MB}	t_{MB-LB}	t_{HB-LB}
SB smart shopping associations → SB loyalty	0.13**	0.26***	0.33***	1.45	0.91	2.12**
SB value for money → SB loyalty	0.89***	0.65***	0.57***	−1.81	−0.77	−2.64***
SB value for money → SB smart shopping associations	0.77***	0.68***	0.59***	−0.62	−0.83	−1.53
Price consciousness → SB perceived value	0.57***	0.18***	0.22**	−3.88***	0.56	−3.35***
Quality consciousness → SB perceived value	0.17**	0.16**	−0.22**	−0.11	−3.27***	−3.20***

Notes: *** $p < 0.01$; ** $p < 0.05$; HB = heavy buyers, MB = medium buyers, LB = light buyers; R^2SB loyalty$_{HB}$: 0.74; R^2 SB loyalty$_{MB}$: 0.63; R^2 SB loyalty$_{LB}$: 0.65; $t = 1.65$ for $p < 0.1$; $t = 1.96$ for $p < 0.05$; $t = 2.58$ for $p < 0.01$

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and the more quality conscious these consumers are, the greater value for money they perceive in SBs.

Third, three of the other hypotheses contrasted for the three segments show the moderating effect of SB usage (*H4*, *H1* and *H3*). Price consciousness, the other antecedent of SB value for money, shows a positive effect that is quite high for heavy SB buyers, significantly higher than the effect for medium and light SB buyers. The positive effect of price consciousness on SB value (*H4*) is, thus, considerably higher for heavy SB buyers.

In addition, only two of the three relationships proposed for the effect of SB value for money and SB smart shopping associations obtain differences between heavy and light SB buyers. These are the effect of SB value for money on SB loyalty (*H1*), which is significantly higher in heavy SB buyers, and the effect of SB smart shopping associations on SB loyalty (*H3*), which is significantly higher in light SB buyers. The effect of SB value for money on SB loyalty is, thus, significantly lower among light SB buyers than among heavy SB buyers, even though it is high for both of them (heavy and light buyers). The effect of smart shopping association on SB loyalty is, however, significantly higher for light SB buyers than for heavy SB buyers.

Conclusions

Our study analyzes the different antecedents of consumer attitudinal loyalty to SBs. We propose a theoretical model and contrast it empirically with high goodness of fit through structural equations methodology, identifying segments of SB buyers who show a different structure of relationships in forming their loyalty.

The main positioning of SBs lies in their value for money, a crucial antecedent in the formation of loyalty to these brands. The greater the SB usage, the greater the direct effect of SB value for money on SB loyalty, and the smaller the indirect effect through smart shopping associations. Heavy SB buyers are found to be loyal to SBs, primarily due to the value for money they perceive in these brands. Medium and light SB buyers are less loyal to SBs, but increase their loyalty as they perceive more value for money in SBs. The direct effect of SB value for money on SB loyalty is, however, significantly lower for light SB buyers than for heavy SB purchasers, but the weight of smart shopping is higher. This result alerts retailers to the potential importance of a greater marketing communication effort for specific groups of SB buyers (Rubio *et al.*, 2014). Communication to strengthen associations of smart shopping with SBs would improve light SB buyers' loyalty to them.

On the other hand, the three groups show different weights of price consciousness and quality consciousness in perception of SB value for money. The results indicate that price is generally a significant attraction of these brands and contributes to increasing their value. We cannot conclude, however, that perceived SB quality generally slows consumption of SBs and weakens their value. We find significant differences between the groups of consumers according to SB usage.

Heavy SB buyers are loyal to SBs, primarily for the value they perceive in these brands. Price consciousness and quality consciousness both have a positive, significant weight in value for money, although the weight of price is much higher than that of quality and much higher for heavy buyers than for medium and light buyers.

Medium SB buyers perceive SBs as having value for money to the extent that they are more conscious of price and quality. For these buyers, price and quality exercise a positive and significant influence on value for money, and these effects are balanced.

Finally, light SB buyers who are more price conscious perceive greater value for SBs, whereas more quality-conscious light SB buyers perceive less quality for SBs. Light SB buyers are the only group in which quality consciousness is negatively related to SB value for money. Thus, SBs do not represent a good quality alternative for light SB buyers, who are concerned with quality. Low prices continue to be the main attraction of SBs for light SB buyers when SBs become an economic alternative for the most price conscious.

Managerial implications

The foregoing observations have interesting implications for retail management of SBs. We see that SBs achieve loyalty among heavy SB buyers, who are primarily conscious of price and perceive high value for money in SBs due to their competitive prices. The traditional SBs, those the retailer presents as brands with similar quality to manufacturer brands but considerably more attractive prices, are ideal for this segment. Although heavy buyers are loyal to SBs for their prices, they might stop acquiring them if they find other, cheaper options. Raising the prices of these brands (as a result of an investment in quality) could be very risky for this group of consumers, who may cease to buy SBs if they perceive a loss in value.

Medium SB buyers are consumers concerned with price and quality, who value SBs for the balance between these attributes. For these consumers, slight increases in the price of SBs might not alter their loyalty, as long as they perceive a corresponding increase in quality. Their loyalty to SBs is more consolidated when it depends less on price. Retailers could increase the customer base for their premium SBs among this group of consumers through communication, which has traditionally been minimal for these brands.

Light SB buyers are consumers more concerned with high quality than with low price. For them, SBs have attractive prices, but lower quality than manufacturer brands. This segment buys few SB items because it believes that the low prices of these brands are linked to lower quality. Yet, buyers in this segment must find the price of these brands attractive and consider the price sufficient to buy SBs on the occasions when they do. These consumers probably purchase SBs in categories where SBs are thoroughly proven and in demand, but are not very innovative in acquiring SBs in new products, where they may be more likely to question SBs' quality. Promotion policies and communication from retailers to decrease the gap in perceived quality between SBs and manufacturer brands would strengthen the perceived attractiveness of SBs' low prices, increasing their value for money and consequently loyalty to them.

The results obtained in this study contribute arguments that support the results of previous studies on the lower expenditure of heavy SB buyers with the retailer compared to

light SB buyers (Ailawadi and Harlam, 2004) – the inverted-U relationship between loyalty to the SB and loyalty to the establishment (Ailawadi *et al.*, 2008). Heavy SB buyers are loyal to SBs in general, primarily because they are well above average in their sensitivity to price (Dick *et al.*, 1995; Hansen *et al.*, 2006) and less concerned with obtaining the best quality in their purchases. Medium SB buyers are attractive segments for SBs in the long term, because they perceive value in SBs due to their prices and quality. Their loyalty to these brands is more genuine; thus, more likely to create loyalty to the establishment for its SB policy. The segment of light SB buyers clearly prefers manufacturer brands because it does not perceive SB value because of their perception of SB quality. For light buyers, only categories with consistent brand quality will make the lower price sufficiently attractive to motivate a purchase.

To improve perception of SB quality in the segments of medium SB buyers and light SB buyers, retailers should not only display their brands throughout the establishment, as they have done to date, but also invest in advertising and informal control of the shopping experience (Aurier and Lanauze, 2011). They could also asses using different front of package or traffic light retailers labeling schemes for their own brands, because labeling can give consumers useful nutritional information that facilitates comparison of products at the point of sale (Van Camp *et al.*, 2010).

Distributors should also implement promotional activities that help quality-conscious buyers to evaluate SBs comparatively, based not only on their extrinsic attributes but also on their quality, taste, etc. Méndez *et al.* (2011) show the utility of blind tests of SBs in category products with no strong leading manufacturer brand. Activities such as blind tests, samples of products with SBs at the point of sale and free samples would help to increase the buyer's appreciation of SB value.

Through such actions, retailers must show consumers the true quality of their brands and persuade them that SBs' lower prices are not due to lower quality but due to lower marketing costs relative to manufacturer brands (Song, 2012).

It is true that the strategies recommended require investment and involve a sacrifice for the retail firm. This sacrifice is very likely to be rewarded with future earnings in genuine consumer loyalty to the retailer's portfolio of SBs as a result of greater appreciation of their value.

Limitations and further research

This study has some limitations, which suggest future lines of research. First, we have studied attitudinal loyalty to SBs, but not the full process of loyalty formation, because our study does not include the behavioral phase. We recognize this limitation and believe that a very important future line of research consists in gathering data from survey and panel studies to better capture both the relationship of real use of SBs to attitudinal and behavioral loyalty and all explanatory factors.

Another limitation stems from our analysis of SB attitude and loyalty at aggregate level, without differentiating between product categories or retailers. Some research shows important differences by product category and retailer (Batra and Sinha 2000; DelVecchio, 2001; González-Benito and Martos-Partal, 2012; Hansen *et al.*, 2006; Miquel *et al.*, 2002). Further research could analyze these differences, working with specific SBs in a single establishment and different SBs belonging to the same retailer (premium, value and generic SBs).

Finally, it would be interesting to apply the model to data from other countries. Comparative study with the same sample composition could provide the academic community with important contributions derived from transcultural study results that reflect consumers' behavior in different scenarios.

Notes

1 Mercadona (13.2 per cent), Eroski (12.2 per cent), Carrefour (12 per cent), Dia (9.3 per cent), and Auchan (5.2 per cent). We used share of surface area instead of share of sales to avoid possible bias in the results due to Mercadona's outstanding leadership in sales and its own brands in Spain.

2 We used the expression of sample size (n) in stratified samplings developed by Scheaffer *et al.* (2007) to calculate sampling error:

$$n = \frac{\sum_{i=1}^{L} N_i^2 p_i q_i / a_i}{N^2\left(\frac{B^2}{4}\right) + \sum_{i=1}^{L} N_i p_i q_i}$$

L: number of establishments.

N: number of sampling units in the population.

N_i: number of sampling units per establishment.

B: sampling error.

a_i: fraction of establishments set in chain *i*.

p_i: population dispersion for establishment i.

We assume the least favorable value: $q_i = 1\text{-}p_i = 0.5$.

3 The ANOVA was robust to violations of normal distribution assumptions because the sample size was large enough, but we also conducted the Brown–Forsythe test of equality of means as a control. None of the analyses showed a conflict between the ANOVA and the Brown–Forsythe test.

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Further reading

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Appendix

Table AI Analysis of reliability and validity of measurement scales for total sample

Variables	L_i	E_i	Reliability: Cronbach's alpha/Pearson correlation (r)	Reliability: Composite reliability (CR)	Validity: Average variance extracted (AVE)	Validity: Convergent validity
Consumer's relationship to SBs						
SB loyalty						
v_1: I will choose SBs the very next time I have to shop	0.84	0.29				$t = 27.46^{***}$
v_2: I recommend SBs to others	0.87	0.25	0.84	0.86	0.68	$t = -$
v_3: I consider myself to be loyal to SBs	0.76	0.43				$t = 21.89^{***}$
Associations of buying SBs with smart shopping						
v_4: Smart shoppers buy SBs	0.92	0.16	$r = 0.80^{***}$	0.89	0.80	$t = -$
v_5: Expert shoppers buy SBs	0.88	0.23				$t = 25.35^{***}$
Consumer's perception of SB value for money						
SB value for money						
v_6: For many products, the best purchase (for price/quality ratio) is generally the SB	0.79	0.37	0.86	0.86	0.67	$t = 23.83^{***}$
v_7: Considering value for money, I prefer SBs to manufacturer brands	0.85	0.28				$t = -$
v_8: When I buy an SB, I always feel that I am getting a good deal	0.82	0.33				$t = 24.96^{***}$
Consumer's utilitarian/economic characteristics						
Price consciousness						
v_9: When buying a product, I look for the lowest-price brands available in the store	0.80	0.37	0.82	0.82	0.61	$t = 21.10^{***}$
v_{10}: I tend to buy the lowest-priced brand that will suit my needs	0.86	0.27				$t = -$
v_{11}: Price is the most important factor when I am choosing a brand	0.68	0.54				$t = 18.72^{***}$
Quality consciousness						
v_{12}: Getting very good quality is very important to me	0.69	0.53	0.73	0.73	0.47	$t = 13.08^{***}$
v_{13}: In general, I usually try to buy the best overall quality	0.71	0.50				$t = -$
v_{14}: I make a special effort to choose the very best quality products	0.67	0.56				$t = 13.07^{***}$

Notes: Significance level: $^{***}p < 0.01$; L_i: standardized loading; $E_i = (1 - R^2)$: error variance; $CR = \frac{(\sum L_i)^2}{(\sum L_i)^2 + \sum var(E_i)}$; $AVE = \frac{\sum L^2}{\sum L^2 + \sum var(E)}$

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