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Antonio Fourie
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THE ROLE OF THE BRAND: EXAMINATION OF THE EFFECT OF A BRAND CHANGE ON FINANCIAL PERFORMANCE OF ELEVEN SOUTH AFRICAN RETAILERS.

Antonio Fourie

Supervisors
Dr Elias Kyriazis
Dr Shariar Aktar
Professor Charles Areni (associate supervisor)

This thesis is presented as part of the requirement for the conferral of the degree:
Doctor of Philosophy

School of Management Operations and Marketing
Faculty of Business and Law
University of Wollongong

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CERTIFICATION

I, Antonio Fourie declare that this thesis submitted in fulfilment of the requirements for the conferral of the degree Doctor of Philosophy, from the University of Wollongong, is wholly my own work unless otherwise referenced or acknowledged. This document has not been submitted for qualification at any other academic institution.

ABSTRACT

Has the role of the brand eroded to the point where it no longer influences the customer's choice or the retailer's financial performance? Does the brand have little to no relevance to either the customer or the company, to the extent that even an abrupt change in a retailer's brand will not have a detrimental effect on financial performance? The overarching hypothesis of this research is that in contemporary multi-category mass-market retailing, the retailer brand has little to no effect on a retailer's financial performance but that the dimensions of the retail mix are all important. This thesis argues that whilst the brand may play a role in certain retail environments, in multi-category, mass market retailing, the brand plays little to no role!

The study conducted quantitative analysis, using empirical, secondary, scanner based data. The data consists of 36775 sales data points and 6 further variables for each of 987 stores across eleven multi-category mass-market South African retailers, over thirty six months (all references to 987 stores relate to a specific point in time post acquisition of the group; the average number of stores p. a. over three years of the analysis was 1021). The research used a linear mixed model, and analysis of variance to examine the effect of key dimensions of the retail mix (price, merchandise assortment, location and credit offer) on sales performance, and to examine the effect of different levels of each dimension on sales performance. Secondly, the research used a linear mixed model supported where relevant by paired t-tests and relative difference analysis to examine the effect on financial performance of both an abrupt change in a retailer's brand and of a change in the retailer's credit offer. The proposed research will investigate what happens when eleven established dominant brands are abruptly consolidated into five. The research will further investigate the short and long term effect of a change in the credit offer which improves affordability.

Brand theory holds that brands' develop equity with customers, who in turn become loyal to the brand, resulting in benefits to the customer and the company (Aaker 1991; Keller 1993; Agrawal 1996; Chaudhuri and Holbrook 2001). The literature further argues that brand theory holds true for traditional brick and mortar retailer brands, is key to a retailer's success, and that strong retailer brands develop brand equity and brand loyalty ultimately influencing customers' patronage (Ailawadi & Keller 2004). Many retailers are however experiencing financial distress and failure, including high profile retail brands across different continents including: US based Sears, UK based Marks & Spencer and Frasers, and Myer, Oroton, Target and Big W in Australia. If brand theory holds true, the critical question is why these dominant brands do not protect the retailers from failure notwithstanding vast sums of money spent on building them. It is proposed that the answer lies in a number of problems in respect of the theory of retailer brands and brand equity. Firstly, much retail brand theory is based on consumer product research and asserted as being applicable to and generalisable across retail categories, which according to Rashmi & Dangi (2016) may well not be the case, particularly given the rapid evolution of retail. Secondly, the literature reveals a dearth of retailer brand focused research leading to insufficient retail specific evidence supporting the above assertion. Thirdly, significant technological, environmental, and societal change has taken place in the last three decades profoundly changing customer expectations, the drivers of patronage, and the way customers shop. The literature indicates both brand theory and retailers evolve in response to change, therefore, given the changes of the last three decades, a review of the theories must be overdue. Sheth and Sisodia (1999) citing Zinkhan and Hirschheim (1992), argued that it was time for "well accepted law-like generalisations" to either be revisited, built on, or modified, because the marketing contexts under which they were developed were fundamentally different from those of the twenty-first century. Sheth and Sisodia (1999) continued that

context drives the marketing discipline, that the context is changing dramatically, and that researchers should therefore re-evaluate and challenge entrenched law-like generalisations. They close by saying that these theories and generalisations are only still useful if the context has not changed.

This research will make theoretical, methodological, and managerial contributions. The theoretical contributions include: addressing the dearth of retailer brand specific research; providing new insights into the role of the retailer brand and dimensions of the retail mix on performance; providing unique insight into the effect of a change in a retailers brand on performance; and finally, providing unique insight into the role of credit and a change in the credit offer on a retailers' financial performance. The research will make a methodological contribution by using a linear mixed model to conduct quantitative research, using scanner based secondary data, from the 987 stores (at a point in time) across 11 retailers over 36 months. The research will make multiple managerial contributions, including: providing retailers with new perspectives by which to evaluate the strategic role of the brand relative to fundamental dimensions of the retail mix; enabling management to re-evaluate the allocation of scarce capital and financial resources; and finally, evaluating the role of credit as a strategic lever to drive performance.

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1.1. Chapter outline.

The chapter will discuss the managerial problem at the heart of the thesis, provide a brief insight into retail and other key concepts, and finally reflect on the aims, significance, and implications of the research. A number of challenges in respect of the literature will also be identified. The chapter will also provide background information on the particular brands which formed the basis of the research.

1.2. Introduction.

It has for many years been suggested that strong brands with high levels of customer brand equity and brand loyalty are key to success (Aaker 1996; Chaudhuri & Holbrook 2001; Keller 2002). Companies spend vast sums of money over many years to build dominant brands and create brand loyalty (Chioveanu 2008). Furthermore, some argue that the key objective of advertising is to increase brand name recognition (Moorthy and Zhao 2000). However, notwithstanding the vast amounts of money spent to build their brand, today the failure of prominent retailers continues to increase. Examples of high profile brands that are either failing or have failed such as Marks and Spencer, Debenhams and others are briefly presented in paragraph 1.3. Prominent researchers and academics including amongst others, Jacoby and Chestnut (1978), Srinivasan (1979), Sheth (1981), Farquhar (1989), Aaker (1991, 1996), Keller (1993, 1998), Barwise (1993), Park and Srinivasan (1994), Pappu and Quester (2006), Ailawadi and Keller (2004), Grewal et al (1994), Chaudhuri and Holbrook (2001), Yoo and Donthu (2001), Grewal and Levy (2004), Swoboda et al (2016) have for decades conducted research and produced literature emphasising the importance of the brand, brand equity, and brand loyalty. The research has resulted in a number of seminal theories, models, and frameworks explaining the antecedents, consequences of, and relationships between these brand concepts and dimensions.

It is the contention of this thesis that retail brand equity has eroded to the point where it does not translate into brand loyalty and does not translate into market share gains, price premiums, or competitive advantage, thus providing no real value to mass market multi-category retailers such as supermarkets, discount stores, and department stores to identify a few. Customers quite readily change their buying behaviour, being influenced by different factors at different points in time resulting in them switching from retailer to retailer. This switching behaviour is not restricted to consumers of mass market retailers such as Coles and Woolworths, or Big W, Kmart, and Target, but is also to be seen in the behaviour retail banking clients such as those of CBA, NAB, or Westpac. Brand promiscuity is an understood phenomenon. Brown (1953) very early on identified promiscuous switchers within his loyalty profile as those who frequently switch from brand to brand for different reasons. Dennis a contributor to Forbes Magazine (*Forbes*, Jan, 2019) referred to promiscuous shoppers as those that have virtually no propensity for loyalty (McAlister 1991; McGoldrick & Andre 1997; Uncles, Dowling & Hammond 2003) within a category but continuously search for the best deal.

Taking note of the extent to which retail brands fail notwithstanding the alleged dominance of their brands, the question that begs asking is whether brand theory, in particular the theories on brand equity and brand loyalty as it relates to mass-market, multi-category retailers are valid in contemporary retail markets. This thesis will contend that in a contemporary retail world the current theories on these matters at best have boundaries and limits, and are not generalisable across retail categories, and at worst, are no longer valid. The thesis will examine the voracity of classical or generally accepted brand, brand equity, and brand loyalty as applied to retailers, with a particular emphasis on brick and mortar retailers when examining these issues.

1.2.1. What is a brand?

A brand provides value to the company by building brand equity with customers, resulting in brand loyalty from the customer, ultimately culminating in brand performance in the form of market share gains, price premiums and competitive advantage (Chaudhuri and Holbrook 2001). Brand equity for this purpose is defined by Aaker (1991) as "the value customers associate with a brand, a consumer's perception of the overall superiority of a product carrying that brand name when compared to other brands". Keller (1993, p. 1) says "brand equity is the outcomes and effects of marketing efforts accruing to a product or a service with a brand name compared to the effect if the product or service did not have that brand name". One definition provides arguably the most important definition proposing that brand equity enables a brand to command a higher margin or sell greater volumes of products than it would without the brand (Leuthesser 1988). Whilst these definitions are a few decades old, they remain much quoted and no newer definitions have yet better defined brand equity.

This chapter will provide a brief introduction to key concepts of brand, brand equity, and brand loyalty, a brief perspective on retail, and a reflection on some high profile retailers who are failing or have already gone into receivership. This will establish the platform for the thesis. The chapter will also articulate the aims and objectives of the research, the research question, a brief perspective on the proposed methodology, and the significance and implications of the research.

1.3. The managerial problem: High profile brick and mortar retailer brands struggle and decline.

Grewal et al. (2010) note that many retailers are in serious trouble and face significant challenges in the 21st century; the evidence of this is everywhere to be seen. A number of

prominent retailers, both internationally and locally, provide examples of prominent brands which almost, or did encounter terminal decline. These include iconic and heritage retail brands such as Marks and Spencer, The House of Frasier, and Debenhams in the UK, and Sears Roebuck amongst others in the US (Raff and Temin 1999; Burt, Mellahi, Jackson & Sparks 2002; Goodman et al. 2001). In Australia there are also numerous examples of prominent retail brands which are either failing, have failed, or are in administration, such as department store Myer, fashion brand Oroton, and discount department stores Target and Big W (Business Insider 2018; Reuters 2018; Myer Annual Report 2018, Oroton Annual Report 2017; *AFR*, 2017; Citi Research, 2017).

The retail brands above are but some of those which notwithstanding the prominence of their brands are failing or have failed, that is have gone into business rescue, administration or bankruptcy. A brief commentary of these troubled businesses is provided in Appendix 1.1 and 1.2.

1.4. A brief introduction to brands, brand equity, and brand loyalty.

The concept of the brand as a means for a retailer to achieve competitive advantage came to the fore substantively in the 1980s. It is suggested by the literature that a strong brand translates into brand equity that in turn results in brand loyalty; the expected performance outcomes of which amongst others are, competitive advantage, market share gains, revenue premiums, and price premiums, (Park & Srinivasan 1994, Bello & Holbrook 1995, Aaker 1996, Chaudhuri & Holbrook 2001). Billions are spent annually by management on marketing their brands (Attaman, van Heerde, & Mela 2009). Notwithstanding the huge investment of time and money into their brands, many retailers however fail to distinguish themselves from their competitors and achieve the expected performance outcomes, potentially leading to their decline. The

concept of the retailer as a brand began to dominate the marketing world from the 1970s to the 1980s. Companies were seeking new ways to distinguish themselves from their competitors and build sustained loyalty. The brand, it was argued, provided an intrinsic, intangible, and inimitable way for a company to compete. The premise was that a strong brand protected one from competition, built market share and earned additional margin because the brand could command a market share, revenue, and price premium (Chaudhuri and Holbrook 2001). It is further argued that the importance of a brand is clear if one understands that customers make decisions on which retailer to patronise before commencing their shopping trip (Burt & Davies 2010).

A challenge for retail branding is that much of the research and brand theory is anchored in consumer goods and the manufacturers of these products; however, research has neglected retailers even though they are prominent practitioners in the field of corporate branding (Burt et al. 2002). Whilst Ailawadi and Keller (2004, p. 26) suggest that product brand principles are applicable to retail brands with the following comment, "Our contention is that branding and brand management principles can and should be applied to retail brands", they do however acknowledge the lack of research in respect of corporate retail branding, suggesting that future research themes should include "specifically investigating retailer branding with the application of traditional branding principles,….and measuring retail brand equity", in addition they suggest further retail brand research is undertaken with "brand architecture as the focus" (2004, p. 19).

The vexing question today becomes whether the retail brand has eroded to the point where it builds no real equity with customers, engenders no loyalty from them, offers little to no value to them, and consequently, provides no real value to the retailer. Martenson (2007, pp. 544-

555) cited by Rutschmann (2015) provides some support by arguing that while “the store as a brand is a key issue to consumers”, this is “insufficient”. He goes on to say that in order “for retailers to succeed today they must be good at retailing”. A further question that begs asking is whether brand theory, in particular brand equity and brand loyalty as it relates to the retailer is still valid and generalisable in this new contemporary market. These comments are to some extent the segue into this thesis.

1.4.1. Is brand erosion generalisable across all retailers?

It is not the intention of this research to argue that the erosion of brand loyalty or brand equity is true for all retail sectors, categories or markets. Just as this research posits that it is an oversimplification that current theory can be generalised across all sectors, categories and markets, so it is an oversimplification to argue that the erosion of brand loyalty and equity is generalisable across all retail. This research contends that erosion of retail brands and brand equity is prevalent in mass-market, multi-category retailing. Typically these brands operate in the middle to lower income target markets where customers are more price sensitive, where the retailer offers a wide product assortment of largely commoditised products, across a number of categories, and the trade area in which customers shop has a number of retailer options available. These criteria talk to cash poor, time poor, choice rich and access rich customers. Simply put, competing retailers offer mostly homogenous ranges of brands and products, with minimal price differentials across products over time, in similar format stores located within reasonable proximity to each other. These retail categories offer no meaningful differentiation to engender brand loyalty or equity. Consequently, the customer will shop multiple stores dependant on the specific need at that point in time, the pricing, and the proximity of the customer to the store at the time of purchase.

1.5. Challenges with Existing Retail Brand Literature

In addition to the lack of retail brand research highlighted above (Burt et al. 2002, Ailawadi & Keller 2004) and discussed in more detail in chapter three, a further concern is that much of the seminal literature is somewhat dated and importantly, developed at a time when the environment in which retailers operated was very different to that of the twenty first century. Markets, retailers, customers, and technology have changed in fundamental and structural ways. Finally, existing theory has been generalised across retail sectors and markets, which seems a giant leap of faith. Branding principles are not as easily transferable as researchers argue (Rashmi & Dangi 2016). Furthermore, it is difficult to reasonably argue that branding principles, predominantly anchored in product research, when extended to the retailer as a brand are valid from Cartier for jewellery to groceries from Coles, or small appliances from Kmart.

1.6. Retail, a brief insight.

1.6.1. What has changed?

Over the last two decades the market in which retailers operate has changed substantially (Chang & Chung 2016). Increasing competition (Brynjolfsson, Yu & Rahman 2009); more demanding customers (Grewal et al. 2017); an increasingly borderless, global market; significant technological innovation (Sheth & Sisodia 1999; Grewal et al. 2017) and two financial crises have according to Chang & Chung (2016) profoundly changed the retail landscape. These changes whilst individually significant are more importantly occurring at an accelerating rate, altering the structure of the markets and changing the way retailers need to compete. The market has experienced dramatic change since the years when key branding theories evolved. A brief commentary follows on a few of the more significant changes.

The nature of the competitive set has changed. As pressure mounts to find elusive growth, many of the world's top retailers are globalising. In so doing these retailers bring leading, innovative, world class propositions to new markets that significantly increase the competitive pressure. Local retailers also improve their businesses and new entrants emerge on an ongoing basis to further increase competition. The second area of change is the increasing and shifting expectations of customers (Chang & Chung 2016; Grewal et al. 2017). The customers of today are time poor, financially challenged (Burke 1997; Gallouj 2007; Deloitte DCCI 2019), have different values (Parment 2013; Deloitte DCCI 2019) are more socially aware, more technology savvy, and more educated and informed (Littrell et al. 2005; Jackson et al. 2011). The consequence of this is that they expect more choice, better quality, better service and cheaper prices, anytime, anywhere (Brengman et al. 2005, Riemer et al. 2015, Gielens & Steenkamp 2019; Wissman, KPMG, 2018).

A real game changer however came about with the advent of the internet, leading to the phenomenon of online retailers which came to the fore in the late 1990s and early 2000s (Grewal 2009). The Internet has introduced a whole new dimension to retail competition with the birth and exponential growth of online retail resulting in retail behemoths like Amazon. Online retailers have introduced massive assortments, are accessible globally, are open all day every day of the year, and deliver to your door, at lower prices than "brick-and-mortar" retailers. The rampant rate of growth of some of some online retailers has resulted in extraordinary scale and thus buying power. Online retail has and is forecast to show the following growth, 2017 - online retail at 10.4% of total retail sales of US $22.9tn, to 2020 - online retail at 16.2% of total retail sales of US $26.1tn, and the 2023 forecast – online retail sales at 22% of total retail sales of US $29.8tn (Winkler 2020). The online retail proposition effectively meets the cash poor, time poor, choice rich and access rich nature of today's

customer. Given that the Internet has changed the retail industry, it can be expected that "brick-and mortar" retailers, with middle to lower market positioning and price sensitive customers, and with wide assortments for time-sensitive shoppers, will be most affected by eroding retail brand loyalty. The net effect of all of these changes is a customer who is time poor, cash poor, information rich, choice rich, and access rich. The result: a customer who wants access to products to meet all their needs, cheaply, anytime (24x7x365), anywhere. Besides the technological developments, the global economy underwent two shocks, in 1998, and 2008. Financial crises have knock on effects into the real economy (Furceri & Mourougane 2009). The credit led global financial crisis of 2008 created huge problems for many years for all businesses including retailers.

Given the changes mentioned above, one must question the continued validity of existing brand theory, the foundations of which were established in the 1970's and 1980's and even more so its applicability to retail branding, which has largely been inferred from product branding research. In a contemporary world we might benefit from re-evaluating the underlying theory of brands, brand equity and brand loyalty. The concern regarding the datedness of the theory is exacerbated when one takes into account the fact that the majority of the literature and theory of the brand is based on research of consumer product and manufacturers. Retailer brand theory has effectively been co-opted from product brand research, despite them occupying vastly different positions in the distribution channel and supply chain and having materially wider product mixes. Retailer brands are more than sufficiently different to product brands to warrant theories based substantively on retail brand research, and not to merely build on abstractions from product brand research.

1.6.2. Summary.

Mass market retailers continue to experience declining market share, declining margin, increasing costs, and consequently lower profitability. Mass market retailers are being pushed with greater frequency into bankruptcy or bankruptcy protection. Beyond iconic businesses such as Sears & Roebuck, JC Penney, Macy's, and others, closer to home retailers such as Big W, Target, David Jones, and Myer, (generating a loss of $500m in 2019) are facing increasing challenges for survival or in the case of Oroton have collapsed (one of 4 in 2019). It is reasonable to suggest that retailers are today facing huge difficulty with many in crisis, notwithstanding the prominence or dominance of their brands. The world is fundamentally different to the period in which the seminal brand theories were conceptualised and therefore the continued relevance of these theories is debatable. Product brand research and theories may no longer be applicable to retailers in this contemporary world. Furthermore, as the market has changed the theory is arguably also not generalisable across sectors, categories, and markets. In order to succeed in the increasingly competitive market the question of how to compete in order to win has become increasingly critical. The assumption that their brand will make a difference and that customer brand equity and brand loyalty will sway increasingly demanding customers to support them could prove to be a fatal error.

Arising from the above, the question that presents itself is whether retailer brands have any equity with customers, and whether brand loyalty actually arises from this. The questions that follow are whether the brand has any value to the customer, and whether the brand has any effect on revenue and thus any value to the company.

1.7. Aim and objectives

A key aim of the research is to test the hypothesis that in mass-market, multi-category retailing, the role of the brand has eroded, and that the brand plays little to no role in their financial performance in a contemporary world.

The primary objectives of this research are to;

1. Investigate the role of the retailer brand in the retailer's performance; investigating whether retail brands, brand equity and brand loyalty has eroded by examining the effects on sales performance of an abrupt change in the retail brand of eleven national stores networks .
2. Investigate the effect of key dimensions (price, product, location, and credit offer) of the retail mix on sales performance.
3. Investigate the effect of different levels of each dimension of the retail mix on sales performance: different levels of pricing, different merchandise assortment widths, different locations profiles, and credit availability.
4. Investigate the effect of a change in the credit offer (as a key dimension of the retail mix) on sales performance.

A key aspect of the research will be to investigate whether in mass-market retailing, a long-established prominent retail brand can be eliminated and replaced by another brand virtually overnight without adversely affecting the revenue performance of the corresponding stores. The research will further investigate whether the fundamental drivers of revenue in the mass market are not in fact the brand, but rather the fundamentals of product assortment, affordability, location and potentially credit as a means to solve the consumer's challenges of being time poor, cash poor, and both choice and access rich. The research will track revenue at

store level by brand, as the dependent variable, the relative pricing and relative merchandise assortment profile (on a relative basis to the market and each other), and the credit offer profile of the brand (affecting affordability) as between-group independent variables and the location profile which is both a between and within group independent variable. Two further independent variables including a brand change variable (indicating whether the brand of each store underwent a change or not), and a credit offer change variable (indicating whether the stores within a brand's credit offer underwent a change or not) are included. These variables will be explained in detail in the Methodology chapter (chapter 5)

1.8. Significance and implications of the research

The research will have significance to researchers, academics, brand practitioners and retail executives alike. The research is significant in that it is contemporary, retailer brand specific research, using secondary data to quantitatively examine actual performance outcomes, and addresses a number of topics insufficiently covered in the existing research. The research is unique in its use of secondary scanner based data; including 36775 actual sales performance data points over thirty six months of eleven different retailers to test the actual effect of a brand change on sales performance. Most research on retailer brands were based on hypothetically based, customer surveys. Importantly, no research was found which covered either the effect of a change in a retailer brand or of brand consolidations on the retailer's financial performance. The research will therefore not only address the dearth and datedness of retail specific brand research, but provide new and unique insights into; the role and value of the brand in a retailer's financial performance, the effect of brand change and brand consolidations, the effect of more fundamental dimensions of the retail mix on financial performance, and finally the role of credit in driving retailer financial performance. The research will open up new directions in the research on retailer brand theory.

Researchers and academics will be encouraged to more vigorously question existing research and theory and to conduct not only more retail brand specific research to achieve this, but to do research to re-examine the extant theory regarding the concepts of the brand, brand equity and brand loyalty in a retail multi-category, mass market context. Possible implications are that new retail brand specific research emerges that is more reflective of the existing realities in the market and the complexities of modern retailing.

The research will also have multiple implications for management, all of which could have a meaningful impact on profitability. Management may need to question, debate, and rethink the role of the brand in the company's strategy, including its strategic application, the brand portfolio through which it competes, and the marketing budgets to ensure they more efficiently allocate scarce capital to strategic imperatives. From a financial perspective companies will also need to rethink the concept of brand valuations, acquisition pricing, and accounting for goodwill, potentially affecting balance sheets, accounting concepts, and valuation methodologies. Management will furthermore be encouraged to evaluate the role of credit as a strategic lever to drive performance and growth.

Although less significant, but still important, management will have the confidence to robustly question and debate the arguments of the marketing departments, marketing "gurus", and brand agencies on the value of the brand. Marketing and branding agencies will have to consider being more rational and balanced in their positions and perspectives and certainly more circumspect in their pitches to companies. The days of unfounded apple pie proposals on the potentially catastrophic risk of not building the brand and the monumental benefits of spending heavily on branding must come to an end.

From a methodological perspective, the research will utilise a linear mixed model supported by one way ANOVAs and t-tests to test the various research questions and subsequent hypotheses.

The overall research question to be addressed is whether in a contemporary world, the effect of the brand and brand equity has eroded to the extent it does not drive retail performance, and whether fundamental utilitarian based dimensions of the retail mix now drive retail sales performance to the exclusion of the brand. To answer the overall question, the following specific research questions are derived.

RQ1: Does an abrupt change in a retailer brand result in a decline in sales?

RQ2: What is the effect of individual dimensions of the retail mix (price, merchandise, location, credit) on sales performance?

RQ3: What is the effect of different levels of each dimension of the retail mix on sales performance?

RQ4: What is the effect of a change in the credit offer (improving affordability) on sales?

1.9. Structure of the thesis

Chapter One introduced the thesis and included a review of struggling high profile retailer brands, a brief review of brands, brand equity, brand loyalty, and brand, a brief insight into retail. The chapter went on to discuss the changes that have occurred over the last two decades, and closed by discussing the aims, significance, and implications of the research and the challenges and gaps in the literature.

To provide context, chapter Two will provide background to the retail brands researched in this thesis and discuss the process followed and decisions reached in respect of the portfolio of brands and the decisions to consolidate.

Chapter Three will review the literature on retail, its evolution, and the key theories, and continue with a review of the extant literature on brands, brand equity, brand loyalty, and ultimately brand performance. As an extension of the literature review on brands, chapter three will also focus on the subject of retailer brands, brand equity and brand loyalty.

Chapter Four will advocate a new conceptual model of the drivers of retailer financial performance by discussing the significant changes that have occurred over the last two decades, including the changing nature of the consumer in respect of the role of the brand, affordability (price /credit) and convenience (location, merchandise assortments). Finally, the chapter will utilise the theories of retail patronage and retailer performance for the purpose of proposing a new conceptual model of the drivers of mass-market retailer's financial performance, which specifically excludes the retailer brand as a driver of retailer sales performance and emphasises the foundational elements of price, merchandise assortment, location and credit policy.

Chapter Five will briefly discuss the ontological and epistemological philosophies that impact the choice of methodology. The chapter will also discuss the nature of the data used in this research, followed by the methodology and analytical techniques to be used to test the various hypotheses and the considerations that led to the decision.

Chapter Six will present the results of all the analyses and briefly discuss the findings and the conclusions of the research in respect of each of the hypotheses. Chapter six will conclude by presenting the results in the context of the conceptual model of the hypotheses.

The final chapter, chapter Seven, will commence by briefly reviewing the overall thesis and show how the research aims were achieved. The chapter will present a discussion in the context of the conceptual model on the effect of a brand change on retailer performance, the role of the retailer brand as opposed to more fundamental dimensions of the retail mix, and the role of credit and a change in credit on retailer performance. Chapter seven will conclude with a commentary on the limitations of the research and possible future research directions.

1.10. Conclusion.

In this chapter the basis for the thesis was outlined, contending that retail brand equity has eroded to the point where it does not translate into brand loyalty and has little to no effect on performance. The commentary made it clear that the thesis is specific to value retailer brands of durable, semi durable and consumer goods in the mass market. The chapter introduced the concept of the brand and its key dimensions of brand equity, brand loyalty and brand performance. A brief perspective was offered in respect of the challenges of the prevailing brand theories.

Chapter 2: Background to the brands used in the research.

Purpose of the chapter 2.0

↓

Background to the brands in the research 2.1

↓

Conclusion 2.3

2.0. Purpose of Chapter

Chapter Two will provide insight into the retail group which owned the retailer brands (companies); background into the individual brands which form the basis of the research, including the relative market positioning; the logic behind the brand integration/consolidation; the process followed, and the outcome.

2.1 Background to the brands in this research

The brands in question formed part of a larger group of companies established over time by both the founding of the companies in question and by acquisition. The group included fourteen retail companies, three financial services companies, and three manufacturing companies. Each of the companies were independently run, with their own executive teams and boards of directors. The research will however only focus on the eleven retail companies that operate in the mass market, servicing the low to upper-middle income markets (the mass-market). The eleven retail companies were all longstanding, well entrenched brands in the market.

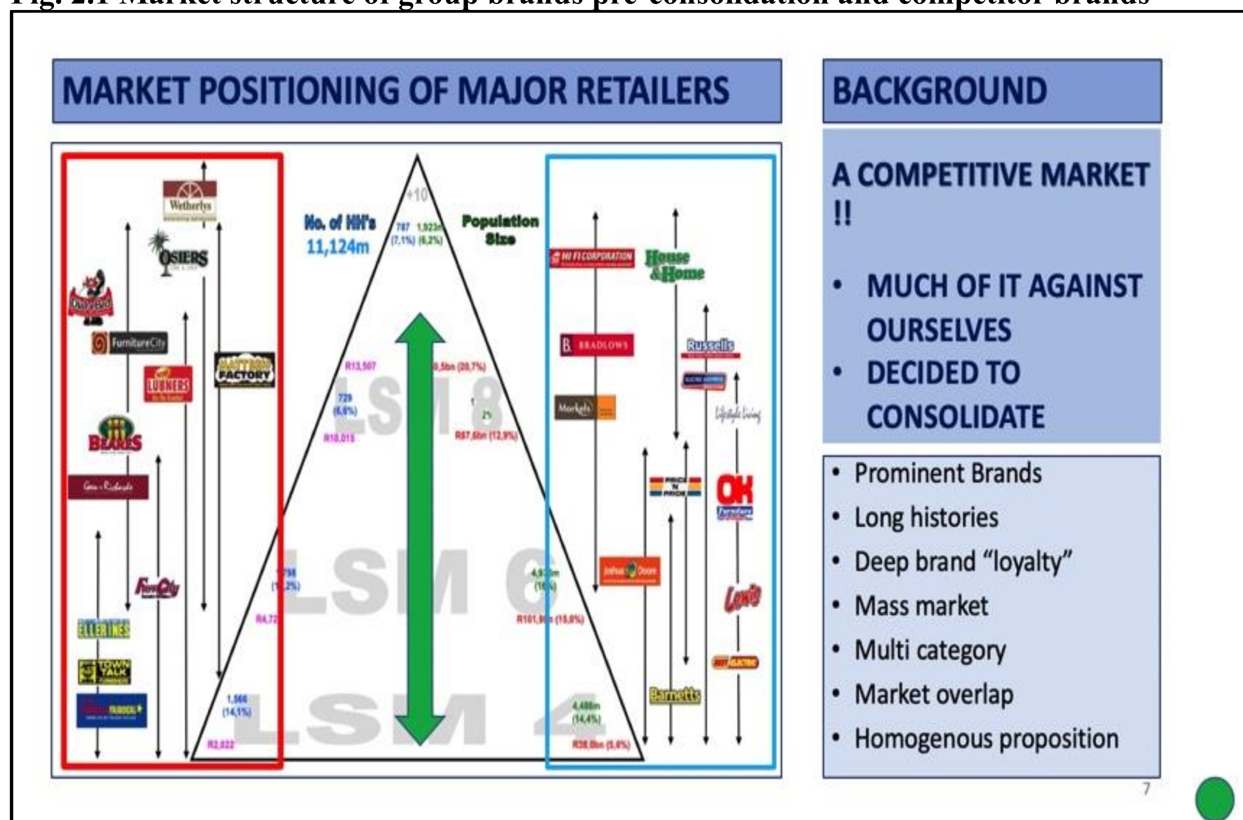
In South Africa from the 1950s onwards, a number of retailers recognised the need to stimulate sales in what was an extremely large low income target market. Due to an apartheid system, most of the low income customers were black consumers, who were, as a result of their race, excluded by the banks from accessing conventional bank based credit. The result of the inequitable system was that many retailers recognised the need to provide innovative credit propositions to allow them access to what was a significantly large target market with massive pent up demand but low cashflow. Given the success of these companies, the practice spread to include companies targeting the middle income market. Over time, many retailers, although not all, developed very sophisticated credit services, innovative credit offerings, ancillary financial services, and highly profitable financial services companies or divisions. A credit offer became a key part of the marketing mix, used in parallel with a company's pricing strategy. Within the group of companies that form the basis of this research, a number operated as cash only brands (cash/bank credit cards), whilst a number of them offered their own in-house credit.

The credit proposition offered was extensive, offering short-term interest free credit, interest bearing card based revolving credit, and interest based long term credit, with or without deposit. The credit offers were all underwritten by the individual company and each credit offer was individually risk based at a customer level. Each company was independently run, managed by its own board and executive teams, with their own strategies. Given that the group had made many acquisitions over time, a number of the companies' target markets overlapped quite extensively as can be seen in the Figure 2.1. The result of the overlap was that many of the companies competed against each other, which needless to say undermined profitability. The margin cost of promotional efforts competing against each other was significant, as was the cost of marketing and maintaining eleven brands. Furthermore, eleven company structures

had to be supported, jointly employing approximately 18000+ staff, with eleven separate and multi-layered management structures.

As a result of being acquired, the board of the new owners questioned the efficiency and financial benefit of supporting eleven brands. The cost of lost margin, the organisational cost, and the cost of supporting and marketing eleven brands significantly affected profitability. A clear brand consolidation opportunity which had in part motivated the acquisition presented itself. Figure 2.1 depicts the market structure in which the 11 brands operated pre consolidation, from low income customers at the bottom, Living standards measure (LSM 4) to upper-middle income customers towards the top (LSM 8). The red box on the left represents the brands owned by the group (this research) whilst the blue box represents the competitor brands within the target markets they all addressed.

Fig. 2.1 Market structure of group brands pre-consolidation and competitor brands



Red box = Group owned brands: Blue box = Competitor brands.

Figure 2.2 reflects the (group's) brands in question split by those which offer credit (left) and those which did not (right).

Fig. 2.2. Market structure and relative positioning of brands split by cash and credit

Source; Company Strategy Presentation; Monitor (2007, 2008)

2.1.1. Historical pre-acquisition brand information for individual brands.

Beares: Founded in 1930, the company operated nationally through 155 branches. The company generated 603m in revenue targeting the lower and middle income target market and offered an inhouse credit offer to its customers to enhance affordability and stimulate sales. The company was the second largest in the market by branch numbers, revenue, and market share.

Lubners: "Wide range and competitive prices". The company was founded over 100 years ago and as such is the oldest brand in the group and one of the oldest in the country. The brand operated nationally through 92 branches and generated annual revenue of circa 314m. The brand also offered inhouse credit as a means to stimulate sales and increase affordability. The brand enjoyed both good market share and brand loyalty and affinity.

Ellerines: Founded in 1968, this brand had 318 outlets, and generated annual revenue of circa 910m, targeting lower to lower- middle income customers, and offering an in-house credit option. The brand, whilst pricing higher than others in the group and the market, offered inhouse credit to enhance affordability, allowing it to become the biggest retailer in its space by number of stores, revenue and market share. The brand's customers were said to be extremely loyal and the brand was adjudged the number 1 retail brand in South Africa (Sunday Times and Markinor, Brand Research Group Annual Top Brands Awards, 2003, 2004, 2005).

Savells: Founded over five decades ago, the brand operated through 54 branches nationally. The brand generated revenue of 194m, offered inhouse credit and likewise targeted the low income target market.

Fairdeal: Founded over 50 years ago the company operated nationally through 61 branches, generating turnover of circa 190m. The brand also targeted the low income target market. Again, whilst pricing higher than most others in the group, the company offered an inhouse credit option to stimulate sales through improved affordability.

FurnCity: Founded in the 1960s this brand had 165 outlets, operating nationally. The brand generated annual revenue of circa 495m targeting low income customers. The brand, whilst pricing higher than most others in the group and the market, offered inhouse credit to enhance affordability.

TownTalk: Founded over 40 years ago, the company operated nationally through 157 branches, generating revenue of 478m. The brand targeted the low income target market.

Again, whilst pricing higher than most other companies in the group, the company offered an in-house credit option to stimulate sales through improved affordability.

Dial a Bed: The company was established in 1996 and operated nationally through 27 outlets, generating 206m in annual revenue. The brand was a category-killer specialist and was the biggest in the market by revenue and market share. The brand offered a lowest price proposition to a middle socio-economic target market, on a cash (and bank credit card) basis.

Mattress Factory: Established in the 1980s and operating nationally through 29 outlets this brand was also a category-killer and was the second biggest in the market by revenue and market share. The company was the most significant competitor to Dial a Bed prior to being acquired by the group, generating 110m in annual revenue. The brand offered a lowest price proposition to a middle socio-economic target market, on a cash (and bank credit card) basis.

Furniture City: Established in the 1980s the company was acquired by the group in 2001. The brand operated nationally through 30 branches, and generated 524m in revenue. The brand offered the widest range of merchandise of all group companies (categories, departments and stock keeping units) and the lowest price to the middle socio-economic target market, and as such the brand operated on a cash (and bank credit card) basis. This brand is totally unrelated to FurnCity noted above

Geen and Richards: Founded over 100 years ago, the brand operated nationally through 60 outlets, generating 416m in annual revenue. The brand targeted the middle to upper-middle socio-economic target market and provided an inhouse credit offer to enhance customer affordability and stimulate sales.

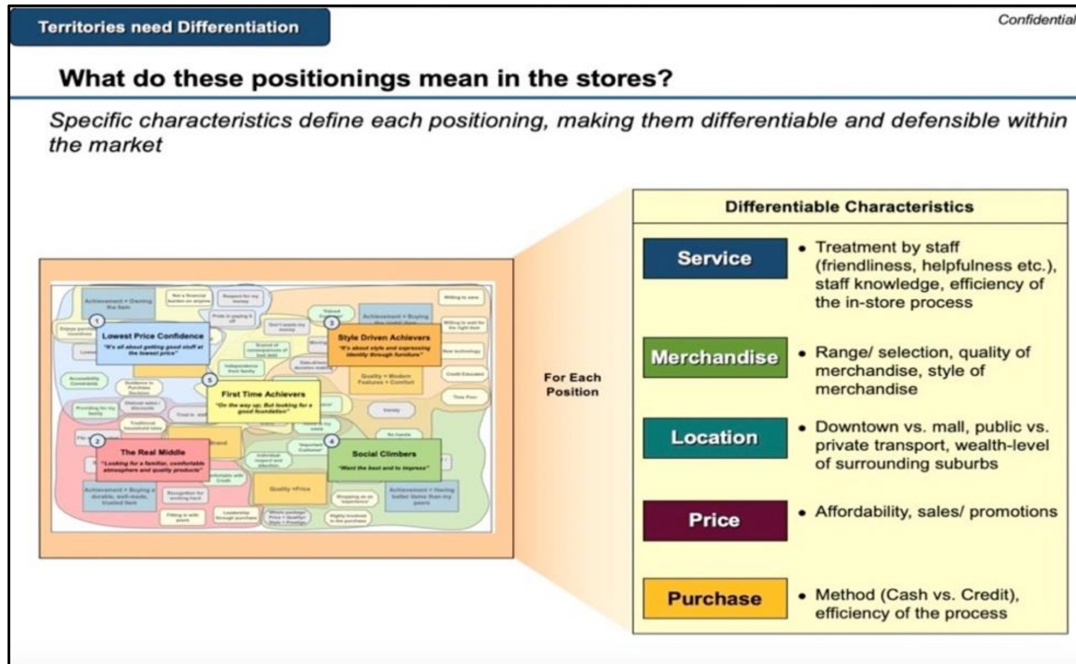
2.1.2. Research and process informing the consolidation decision

Based on many years of experience leading large retail groups, extensive knowledge of the retail market, previous experience of brand consolidations, and the collective experience of the board and executive teams, a decision in principle was reached that the role of the brands were not substantive to the financial performance of each retail company, and that the opportunity cost of maintaining 11 brands far outweighed the benefit. Consequently, as Group CEO and Managing Director, this author initiated an extensive process to assess the opportunity to consolidate brands. Ultimately, the different brands were competing for similar consumers by offering largely homogenous and overlapping propositions, except for their subjective positionings.

Extensive internal analysis (including market, strategic, and financial) was conducted to validate the decision in principle, that brand consolidation made strategic and financial sense, and to determine which brands to integrate and which brands to keep. Where relevant, external research was used to support the internal analysis. Many debates were held at executive forums and board meetings to arrive at a final decision. The process resulted in the recommendation to consolidate eleven brands into five. Based on the view that the brand was not critical to sales performance and the significant financial benefit of a brand consolidation opportunity, which ran into hundreds of millions annually, the group board took the decision to consolidate from eleven to five companies. The decision on which brands to integrate became a purely financial one, namely, which brands resulted in the fewest number of stores to rebrand minimizing cost. Consequently, smaller brands were integrated into larger brands. The figures presented below highlight some of the process described above. The group's research and analysis aimed to understand the key dimensions driving the customers' choice of retailer and is reflected in Figure 2.3. The analysis identified service, merchandise, location, price, and cash or credit offer

as the key drivers. All drivers excluding the service dimension will be addressed by the research. With the exception of cash or credit, all dimensions are consistent with retail patronage theories.

Fig. 2.3. Customer perspective of dimensions driving their choices



Company board strategy presentation (Company research)

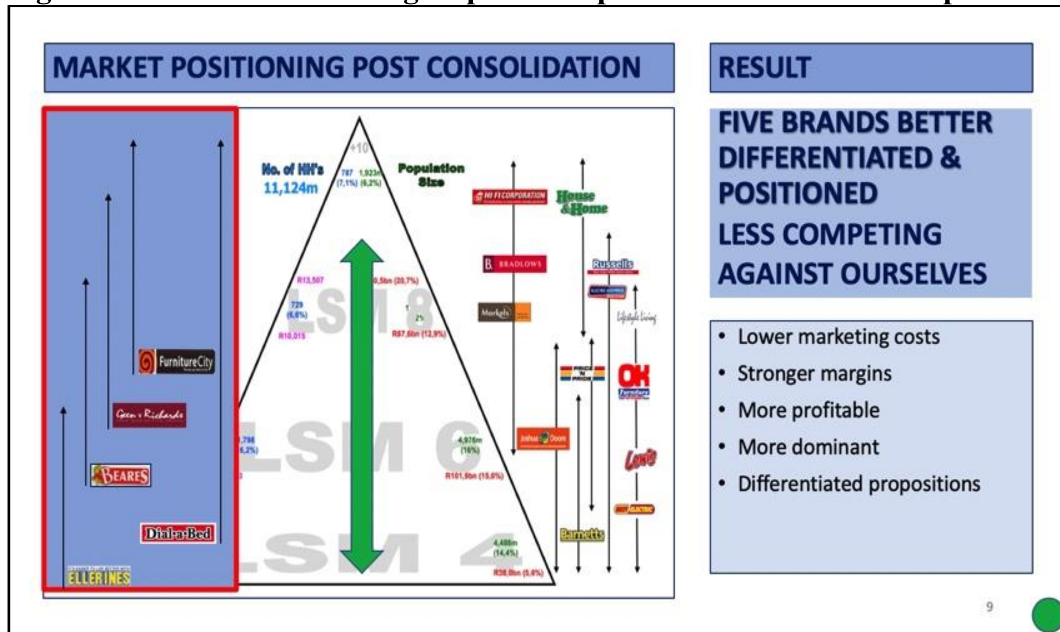
Figure 2.4 reflects the final brand consolidation recommendation approved by the board.

Fig. 2.4. Diagrammatic representation of consolidation.

Source; Company Board Strategy presentation.

Figure 2.5 represents a post consolidation version of the market structure and positioning presented earlier in the chapter (Fig. 2.1) reflecting only the five remaining brands and their positioning within the market structure (left of triangle), and the competitor brands and their positioning (right of triangle).

Fig. 2.5. Market structure of group brands post consolidation & competitor brands

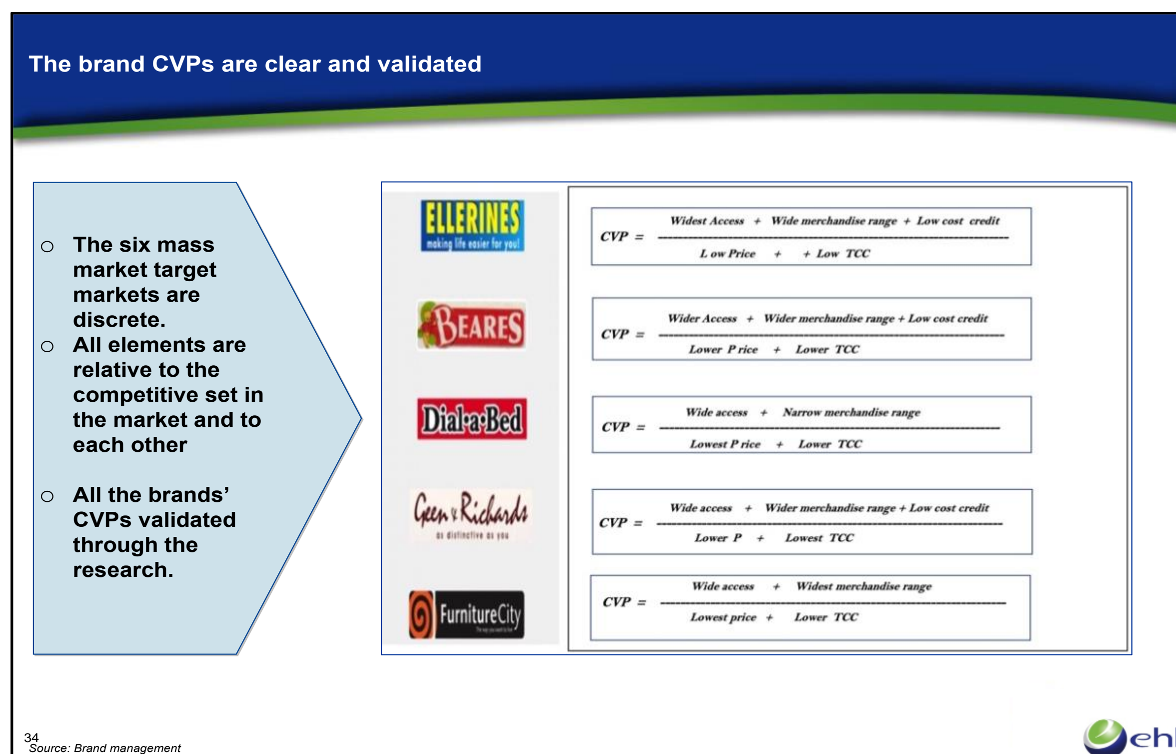


Source; Company Board Strategy presentation.

Figure 2.6 reflects the strategic value propositions determined by the company executives of the brands in terms of the retail mix; price, merchandise assortment, location, credit offer (payment options), and service. As seen in the figure, the dimensions are defined relative to each other and the competitive set.

- Pricing strategy defined by mark-up percentage (lowest, lower, low).
- Merchandise assortment strategy, defined by the number of categories and departments (narrow, wide, wider, widest).
- Access strategy defined by location.
- Credit profile defined the payment options (cash and bank card/retailer credit).
- Service level profile, defined by total customer cost (TCC), number of staff, knowledge level of staff, processes, in-stock service levels.

Fig. 2.6. Brand strategic positioning retail mix.



Source; Company Strategy.

Table 2.1 provides brand information for the post-acquisition period and reflects averages over three years.

Table 2.1 Brand information post-acquisition (3 year averages)

Brand no	Ave No stores	Ave No staff	Ave Revenue p.a.	Mark-up %	Marketing % revenue before	after
0/1	212	2362	1.32bn	60-69%	4.3%	2.6%
2/3/4/5/6	648	6215	3.23bn	80-89%	3.8%	2.1%
7/8	55	247	290m	50-59%	6.2%	4.9%
9	33	609	526m	50-59%	5.6%	4.2%
10	72	738	577m	60-69%	4.1%	3.4%
Grp	1021	12743	6.68bn		5.9%	3.0%
Ave reduction in brand spend 193m p.a. This value excludes all the other cost savings due to management structure reductions and increase in gross margin achieved by the brand consolidation.						

Source; Company Financial Reports and Company Records.

2.3. Conclusion

In this chapter the background to the brands forming the basis of the research was addressed in order to provide context for the thesis. The chapter also provided insight into the research that was conducted and into the approach followed to arrive at the decision to consolidate the businesses. Chapter Three will review the literature on retailing, brands, brand equity and brand loyalty, including retailer brands brand equity and brand loyalty.

CHAPTER 3 LITERATURE REVIEW.

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3.1. Introduction

Chapter Three will commence with a review of the history and evolution of retail including a review of the key theories of retail. The chapter will there-after critically review the literature on brand, brand equity and brand loyalty and establish a foundation on which the research, the

data analysis, and the potential for a new theory in respect of retail brands, retail brand equity and retail brand loyalty can be built.

Academic study in the field of retailing is a complex subject as a result of both the length of time for which it has been practiced and the fact that the body of work has been built on an interdisciplinary basis. Academics and researchers from disciplines of economics, finance, marketing, business, psychology and more, have addressed issues from the basis of cost and efficiency, store location and dispersion, retail formats, consumer behavior, brands, marketing, and many more perspectives. The consequence of this process is a body of literature explaining retail history and evolution that is disparate, and a "patchwork" in which the extant theory is somewhat disconnected. In addition, the growth in research and thus knowledge of retail change has been "slow" (McArthur et al. 2015).

The concept of brands and branding is likewise a complex field of study. The complexity arises from the fact that there are many related areas and fields of study which impact on an integrated and comprehensive understanding of brands. Some of the related concepts that bear reflection are brand equity, brand loyalty, brand performance, value, and value propositions. There is furthermore much ambiguity and disagreement in the field with regard to a clearly identifiable unifying theory of brand, brand loyalty, brand equity, and brand performance. Adding to the complexity, two observations are noteworthy. Firstly, most of the research conducted and subsequent literature available is in the field of product branding or is product manufacturer oriented. There is a dearth of research specifically examining the retail brand as the subject of the study. The retail research that does exist is predominantly focused on private label or store image. Secondly, much of the seminal research underpinning the theories and models of brand, brand equity, brand loyalty, and brand performance were undertaken in the 1980s and 1990s.

The 21st century brought about rapid change in the environment, that had a meaningful impact on retailers and brands and which therefore must of necessity, lead researchers, academics, and practitioners alike to rethink existing theories and models.

3.2. Retail

3.2.1. A brief chronology of retail history and evolution

Retailing has been practiced for thousands of years and has undergone continuous change (Jackson 1996; Evans 2010). With the passing of time, the basis of competing has evolved in order to succeed in ever more complex environments. Retailing has evolved from the single proprietor providing a single range of goods from a simple single stall, to a store to fulfil consumers' functional needs, sophisticated supply chains, complex location strategies, and innovative formats including online retailing. The retail sector and the environment in which it operates has always been dynamic. Retailers' success or failure has been the result of both economic cycles, endemic retail issues and the ongoing evolution of the industry (Evans 2010). Successful retailers have adapted their strategies to both of these phenomena or where they have not, they inevitably suffered a decline in performance and in some cases have ceased to exist. Retailing has been described as the terminal point in the value chain between production and consumption, with stores as the point where an economic transaction takes place and consumption begins; the inflection point where costs are converted to revenue, and exchange behaviour takes place, (McArthur et al. 2015). A summary table and a detailed commentary of the chronology of retail from 1800 to the 21st century, are given in Appendices 3.1. and 3.2 respectively.

Reflecting on the history of retailing a few observations are worth emphasising. First, retailing is a commercial practice dating back millennia (Jackson 1996). Secondly, progress has been

evolutionary (Evans 2010) as each new innovation builds on a previous concept in synchronicity with changing consumer needs and expectations. Thirdly, retail formats and models have a propensity to follow location patterns wherever customers gather (Maraschin & Krafta 2013). When growth stagnates, retailers seek new markets. Fourth, retailers have over time sought to set themselves apart from their competitors using merchandise assortments, levels of service, store formats, or pricing strategies as differentiators (Lindquist 1974-1975; Arnold & Tigert 1973-1974; Arnold, Ma & Tigert 1978; James et al. 1976). Fifth, at the heart of retail's evolution are two consistent themes, namely, the certainty of ever increasing and shifting demands and expectations of customers, and the certainty of increasing competition for those customers (Evans 2010). Markin and Duncan (1981) noted that retailers emerge, progress and evolve in response to opportunities in the environment and the market.

An extensive review of the retail research was conducted and for ease of reference is included in Appendix 3.3. In order to close the loop, it is worth briefly reflecting on the Grewal and Levy (2009) article on "Emerging Issues in Retailing Research". Grewal and Levy reflect on the major emerging themes that began to present during their editorship of the Journal of Retailing. The four key themes identified include, Growth of the Internet and e-Commerce, Branding and Customer Loyalty, Service Success Strategies, and Behavioural Issues in Pricing and Patronage. Two key themes identified by them are important in this research, the growth of the Internet, and more importantly, branding and customer loyalty.

Grewal and Levy make important observations in this article by citing a number of papers with respect to brands and customer loyalty. Firstly Mantrala et al. (2009) note that retailers and researchers devote much attention to issues of constructing an optimum brand and merchandise mix. Secondly, retailers and researchers also focus much attention on increasing the degree of

loyalty from customers through their brands (Petersen et al. 2009). They also make the comment that one of the most important trends beginning to emerge in retailing is the rise of the retailer as a brand not just an outlet. The commentary on branding and customer loyalty closes with the comment by Grewal and Levy (2009) that both retailers and academics will continue to investigate the issues of branding and loyalty.

3.2.2. Variables and influences driving the change in retail

The changes that have occurred in retail since the first department store opened are summarised into five themes, customer types, technology, geographic location, structures of ownership, and the most visible change a sequence of different store formats (Chandler 1977). The most widely acknowledged view is that of Brown who synthesises the literature into three approaches to understand the transition process; cyclical, conflict, and environmental (Brown 1987). The three approaches have been expanded on over decades by numerous authors including Davies (1998), Levy et al. (2005), Evans (2010), and McArthur et al. (2015).

A meta review of the literature across disciplines by McArthur et al. (2015), presented a high level view of the chronological emergence of literature regarding the variables and approaches that have driven retail evolution. One of the approaches focussed on “economic efficiencies”, which were concerned with costs, productivity, and concentration in the industry (Bucklin 1981; Mallen 1973; Tucker 1978). A key criticism of the economic approach is that it doesn’t explain why inefficient retailers or uneconomical channels persist over time (Filser and McLaughlin 1989). A second approach holds the view of the existence of generalisable patterns in nature, and includes three emphases: cyclical models, pendulum-like, and locational patterns. These approaches however do not effectively explain retail adaptation. A third approach labelled “power inequities”, which proposes that countervailing power makes

manifest the imbalances in relationships and the shifts in power such as those between suppliers and retailers. A fourth, approach focuses on the innovative behaviour of great retail companies and their founders as innovators, for example Roland Macy, Marshall Field, Gordon Selfridge, and of course Sam Walton. Schumpeter (1947), notes they are central to change, and are synonymous with progress. The fifth approach is categorised as "environmental influences", which consider change as context driven. The assumption being that change can only be understood in the context within which it occurs.

Other literature in this category identifies specific environmental variables as causes of change, including demographic, social, economic, cultural, technological, and consumer variables (Gist 1968), or the political, economic, socio-cultural, technological, legal, and environmental variables framework. Of importance, is the explicit recognition of the consumer as an important driver of change (Buckley 2011). A final adaptation of environmental influences as drivers of change are those anchored in ecological theory (Edgar 1984), which views change from a Darwinian paradigm of natural selection and survival of the fittest. The sixth category of approaches, are those termed "independent parts of the system in co-evolution". The key tenets of this literature is that it recognises that different parts of the system are interdependent and that evolution is in fact a process of two way co-evolution (McArthur 2015). Two possible causes of retail evolution warrant further study, the role of the consumer in influencing the paths of change and the influence of retail stores on their environments (McArthur et al. (2015)

3.2.3. Classic retail change theories

As with most business disciplines retail has generated an abundance of theories on a vast array of subjects such as retail financial performance, store formats, consumer shopping, and location planning, to name a few. Hirschman and Stampfl (1980) comment there are no real

theories in respect of retailing, and that the theories currently espoused while useful are merely descriptions of history but can't provide conceptual frameworks for the future. Other authors have also identified the need for an overarching theory of retail change (Hollander 1981; Bartels 1981). Roth and Klein (1993) argue that although a number of causes of retail change have been presented over time, they however cannot be investigated for lack of an overarching theory. They further present the following examples, Takeuchi and Bucklin (1977), Stevens (1975) and Blizzard (1976), who identified income, technology, and a number of environmental factors respectively, as important drivers of retail change. Whilst all these factors are deemed environmental, other factors also influence retail change.

Traditional theories on retail change focussed on one of three themes: store survival based theories such as the Wheel of Retailing; the mix of retailers, such as Retail Accordion Theory; and the growth of stores, described by Cox (1969) as the Ford Effect. Brown (1991) summarises the development of the Wheel of Retailing Theory and the evolution of theories, identifying four basic categories of the theory, namely market penetration, product development, market development, and diversification; and nine detailed categories. A number of post Wheel theories emerged including theories of a similar cyclical and related nature such as the Retail Accordion Theory and Retail Life Cycle Theory and those of a non-cyclical non-related nature such as the Environmental approaches and Conflict based approaches (Crisis Response Model and notably Gist's (1968) Dialectical Theory).

The three most significant retail theories however are arguably, The Wheel of Retailing, The Retail Life Cycle, and The Scrambled Merchandise/Accordion theory of Retail. A brief description of these follows below, although the substance of the theories is discussed in Appendix 3.4. The Wheel of Retail hypothesises that retailers start as low cost, low price low

profit margin operators founded by cost conscious entrepreneurs. These entrepreneurs potentially become complacent or their successors are less competent, leading to a deterioration in management, business performance and thus movement along the wheel. Retail life cycle theory argues that retailers experience business life cycles, which they move through over the course of their existence. The cycles include, innovation, accelerated development, and maturity, (Davidson, Bates, and Bass 1976). The term "scrambled merchandise" was first used by McNair (1931). McNair (1931) described a situation of the increasingly fast destruction of distribution channels and a time of scrambled merchandise, where grocery stores started selling pharmaceuticals, drugstores sold grocery products, and tobacconists sold shaving equipment. The lines between which type of retailer sold which type of categories blurred. The concept extended as retailers sought to do their own manufacturing and manufacturers in their turn moved into retailing. Finally, the Accordion Theory conceptualised by Hollander (1966), in its turn, describes a pattern over time where retail is first dominated by "general line, wide assortment" retailers, then moves to dominance by "specialised narrow line" retailers. These three papers are well established in the literature on retail theories and whilst considered old are still considered valid in today's environment.

3.3. Brand

3.3.1. Concept of the brand comes to the fore

Marketing first came to the fore as a powerful business function in retailing in the early 1960s and has over time seen dramatic change (Christopher 1996). Companies that understood even the simplest notion of the marketing concept enjoyed great success in fast growing markets, with customers who had money to spend. Success made it easy for marketers to believe, and to argue to all, that company success was the result of their marketing efforts and prowess, all of which gave marketers stature and prominence in their companies.

3.3.2. Evolution of the brand concept.

Whilst a brief commentary on the evolution of the brand is included here, a detailed review is contained in the Appendix 3.5 Branding has been used since ancient times to distinguish the different products of different sellers (Aaker 1991). The earlier work of Aaker (1991, 1995, 2004) and Keller (1993, 1998) amongst others, accelerated the momentum of the concepts of branding and related areas, in particular, brand equity and brand strategy. Bastos and Levy (2012) summarise the evolution succinctly saying that in the preceding 55 years the concept and study of the brand has evolved from one of simply logos, ownership, and reputation, to matters of image, symbolic values, and relationships. Roper and Parker (2006) note that the study of branding began in the 1950s, and present a summation of the development of brands in terms of its relationship to the consumer. They argue that between 200 BC and 1830 AD the nature of the relationship between brand and consumer was essentially one of "identification" (person with the product, product offering, manufacturer), between 1830 and 1990 "differentiation" (quality, functionality, added value), and after the 1990s one of "personification" (emotional, relationships), whilst the brand as an asset is the final stage of development. To understand the body of work, extensive literature, which analysed existing brand research was examined, a summary of which is available in Appendix 3.6

3.3.3. Defining the brand

The most frequently quoted definition of brand is that put forward by the American Marketing Association (AMA), which says, ".....a retail brand identifies the goods and services of a retailer and differentiates them from those of its competitors". This definition reflects two of the often cited purposes of the brand, namely, identification and differentiation, although it has critics who argue that it is too product oriented, emphasising visual features to differentiate the product (Crainer 1995). Notwithstanding criticism, the AMA definition has formed the basis

for many other authors who have either adopted or modified it, including Watkins (1986), Aaker (1991), Doyle (1994), and Kotler et al. (1996). Dibb et al. (1997) added the term "…or any other feature…" to the AMA definition, thus opening up the inclusion of intangibles such as image as a means to make the good or service distinct (differentiated) from its competitors. Brown (1992) by contrast, adopts a vastly broader approach than most, defining the brand as the whole of all cognitive connections customers have around it. It seems that Brown's definition is so broad as to be somewhat of a catch-all and outside the scope of what constitutes a definition, and potentially so broad and generic ironically resulting in a dilutive definition of a brand, it's any old thing the consumer chooses it to be.

Another much quoted definition provides a second baseline for many others. Aaker (1991) suggests, a brand is a distinguishing symbol or name (such as logo, trademark, or package design) for the purpose of identifying the goods and services of a particular seller and differentiate them from other competitive sellers. A brand thus signals to the customer the source of the product, and protects both the customer and the producer from competitors who would attempt to provide products that appear to be identical.

The literature highlights a "plethora of definitions" offering differing perspectives (de Chernatony and Dall'Olmo Riley 1998). The various definitions reflect different emphases and biases however no distinct lines. Some definitions are based on the consumer's perspective, the brand owner's perspective, the purpose of a brand, or potentially reflect the characteristics of the brand. Some of these definitional orientations include: Ambler's (1992) definition which has a consumer orientation; Boulding (1956), Martineau (1959), and Keller's (1993) definitions which focus on the brand as an image; Alt and Griggs (1988), and Aaker (1996) definitions which focus on brand personality; Sheth et al. (1991) who focus on the brand as a

value system; Levitt (1962), de Chernatony and McDonald (1992), and Brown (1992) who adopt a brand as added value focus.

Styles and Ambler (1995) make a valuable contribution to the debate identifying two philosophical approaches to the definitions. The first of these they call a product-plus approach, which considers the brand as an addition to the product and an identifier. The second of these adopts a holistic approach in which the focus is the brand itself (Wood 2000). Styles and Ambler (1995) argue that most definitions fit into one of these philosophical approaches with a few potentially straddling both, but acknowledge that which fits where is a matter of interpretation.

An alternative classification of the various definitions is suggested by Wood (2000). The classification groups the definitions into those which emphasise the benefit to the company such as AMA (1960), Aaker (1991), Doyle (1994), Kotler (1996), and Dibb et al. (1997); those which emphasise the benefit to the consumer such as Boulding (1956), Martineau (1959), Levitt (1962), Sheth et al. (1991), de Chernatony and McDonald (1992), Ambler (1992), Keller (1993), and Aaker (1996) amongst others; and those emphasising the benefit to the consumer, include Ambler (1992), Boulding (1956), Levitt (1962), Sheth et al. (1991), de Chernatony and McDonald (1992), and Keller (1993). Wood (2000) suggests an integrated definition reflecting key elements of all the others, namely that it is a means to competitive advantage through differentiation, the attributes of which provide consumer satisfaction and for which customers are willing to pay. Wood (2000) notes that competitive advantage manifests measurably in revenue, profit, market share, or added value for the firm, and real or imagined, rational or emotional, and tangible or intangible benefits to the customer. A further important observation

is that however brand benefits or attributes are described, they should be distinguished from the added value a firm gains.

In a content analysis by de Chernatony and Dall’Olmo Riley (1998), they provided a synopsis of the definitions of brand, and they categorise the range of definitions into twelve main themes which are discussed in detail in Appendix 3.7, being; legal instrument, logo, company, shorthand, risk reducer (the brand becomes a proxy for consistency and quality, thereby reducing performance risk), identity system, image, value system, personality, relationship, adding value, and evolving entity.

Reflecting on de Chernatony and Dall’Olmo Riley’s (1998) content analysis, one must question some of the key themes. In respect of the brand being a risk reducer and provider of quality assurance, the question that arises is whether it is plausible that a mass-market multi-category retailer brand (such as Target, Big W, Woolworths, or Coles) can truly be a “risk reducer” across very many categories and tens of thousands of largely consumer branded goods, or furthermore, add any value to the perception of quality assurance. It is also questionable whether retailer brands such as Woolworths and Coles, or, Big W and Target with largely homogenous offerings and similar pricing levels are sufficiently differentiated or have a discernibly different proposition to meet Roper and Parker’s (2006) threshold for being a brand. One must also question whether in a retail environment in 2020, customers would be willing to pay a premium to a mass-market multi-category retailer for the privilege of purchasing mostly commoditised consumer branded products. Finally, reflecting on Wood (2000) above, and given all the dominant high profile retail brand failures, one must question the espoused benefits of their brands.

3.3.4. Purpose and functions of the brand

Kapferer (1997) identified eight functions of the brand for the customer. Examination of the functions in relation to the above twelve themes described by de Chernatony and Dall'Olmo Riley (1998), suggests that the first two are practical in nature, serving as identification and a shortcut, the third and fourth lean towards reduction of risk, whilst the last four align to image, satisfaction and value system.

3.3.5. Benefits of a brand

Keller (2002), noted that branding, whilst important to some, only emerged as a top priority for management in the 1990s due to management's realisation that the brand as an intangible asset was one of the company's most valuable assets. Keller (2002) noted that a strong brand has a number of benefits to the company including bottom line. Keller notes specifically that the brand has many benefits and functions, including product, price, communication, and channel related effects. With respect to product benefits, brand is said to have a positive influence on product quality perceptions, especially with high experience goods, which are more difficult to evaluate (Wernerfelt 1988). It is furthermore argued that a brand improves consumer's attitude to the product and increases purchase intention (Feinberg et al. 1992; Laroche et al. 1996). Chaudhuri and Holbrook (2001), add that the combination of brand trust and brand effect determine both purchase and attitudinal loyalty, with purchase loyalty resulting in greater market share, and attitudinal loyalty to a price premium (higher relative pricing), leading to a position of category leadership over the long term. A notable caveat though is that in 2002 an unbiased sample conducted across 100 categories indicated that over a 76-year period many leading brands had lost their leadership position as a result of changes in the environment (Golder, 2000).

After many studies, it has been argued that price related brand benefits manifest by allowing brand leaders to command higher prices (Agrawal 1996 and Park & Srinivasan 1994) and by making them immune to price increases (Bucklin et al. 1995). The communication related effects of a brand manifest in a number of ways. A “halo effect” related to positive feelings towards the brand result in a positive evaluation of advertising by that brand (Brown & Stayman 1992). It is also suggested that stronger brands better weather product crisis issues (Dawar & Pillutla 2000). Channel related effects are also said to be a benefit of a strong brand. It was argued that the channel will more readily accept a strong brand thus ensuring it shelf space within retailers (Montgomery 1975).

There are however concerns regarding the brand and its value. Notwithstanding all the research and practice to develop our understanding of brands and the billions of dollars spent to build them, we still see ongoing failures of dominant high profile brands, arguably raising questions about the role and true benefit of the brand. An important observation is that we have witnessed phenomenal changes to the practice of marketing and the brand since it first came to the fore. A consequence of the change is that brand loyalty has declined gradually in many markets" (Industry Week 1993; Christopher 1996). Moreover, much research suggests that in the eyes of the consumers brand values may not be as strong as they previously were (Aaker, 1991). It seems that the changing market, changing customer expectations, and changing marketing environment are diminishing the strength of brand value. Whilst brand value may remain important, customers currently seem to want value underpinned by tangible benefits, rather than merely emotional benefits as has been the fixation of marketers for over two decades (Christopher 1996). Given that brand loyalty may not be as strong today as it has been in the past, it is even more important to develop a relationship with customers with a valid, relevant

proposition as a prerequisite for competitive advantage. Consumers are less easily swayed by the marketing hype of the last four decades (Christopher 1996).

Reflecting on the brand literature, the following stand out as relevant to this research. The concept of the brand is evolutionary, and responds and adapts to environmental and consumer changes. The brand has come to transcend its simplest form of identifier and mark of ownership to become a personality, risk reducer, and a representation of values. The brand is said to have multiple, material benefits, for both the customer and the company. With this in mind, this research will argue that so much has changed, that the brand concept must evolve to its next state to better reflect and represent a contemporary world relative to the 1970s, and 1980s when it began to truly dominate the fields of marketing and management. The research will also raise questions about the role and true benefits of the brand to both the customer and the company in a profoundly different world.

In the debate regarding the relevance of a brand and the related performance benefits of the brand, one must be clear about both the definition and measure of success, Consequently, appropriately defining and measuring success is important. In a review of mathematically based brand choice models by Manrai (1995) the analysis found three major categories of model to measure success, namely, multi-attribute, preference and choice mapping, and conjoint analysis. These models aim to measure the brand from the perspectives of either the economic principle of utility maximisation, or consumer behaviour and the behavioural sciences. Many researchers including Aaker, Keller, Chaudhuri & Holbrook, however hold that market share gains, revenue premiums, price premium, and premium to net asset value are some key measures of the benefits, success and value of brands. There are however critics of this view which will be discussed further on. Often however, the appropriate measure of success will

vary subject to the audience, namely marketers, academics or investors; the following represent some specific measures which are arguably sufficiently representative for all audiences, namely, marketing efficiency, marketing effectiveness, and financial performance measures. Finally, due to the need to balance current and future performance with risk, three measures are more commonly used by managers, investors and researchers: Tobin's q, Cashflow, and Cashflow variability (Gruca and Rego 2005).

3.3.6. Emergence of corporate branding

A notable surge in interest in corporate branding amongst academics occurred in the early 2000s. Ind (1997) defines a corporate brand as, the sum of all the values that define the organisation and highlights three elements apart from product branding. Firstly, intangibility, secondly complexity due to multiple relationships present, and finally, people are essential to the brands successful delivery of the proposition. Burt and Davies (2010) also suggest that the notion of corporate branding will be vital in future research.

3.4. Retailer as a brand

The concept of the corporate brand first began to dominate the marketing world from the 1970s and soon spilled over to retailers in the 1980s (Burt & Sparks 2002; Bastos & Levy 2012; Roper & Parker 2006; Hampf & Lindberg-Repo 2011). Retail companies were seeking new ways to distinguish themselves from their competitors and build sustainable competitive advantage by establishing customer loyalty. Over decades, discount and price club retailers in particular placed significant pressure on traditional retailers. In the face of this increased competition, branding became vitally important. It is posited that the perspective of a retailer as a brand is one of the most important trends emerging in retailing (Grewal et al. 2004). Burt and Davies (2010) suggest that the importance of brand is clear if one understands that

customers make decisions on which retailer to patronise before commencing their shopping trip. Brand as a concept it is said is as important to retail companies as it is in the physical product environment (Woodside & Walser 2007). Given that a large part of the revenue generated by a retailer comes from selling manufacturers' brands, which are also sold by others, it has been argued that it is important for retailers to build their own equity (Ailawadi & Keller 2004). The authors further argue that by building a brand a retailer can insulate itself from competition, increase its revenues and profitability and reduce costs.

Very early on, Martineau (1958) suggested that product branding constructs are also applicable to stores. With respect to the application of branding to retailers, Ailawadi and Keller (2004, pp. 331-342), argue that brand principles can be applied to retail with the following comment, "Our contention is that branding and brand management principles can and should be applied to retail brands". Ailawadi and Keller (2004), supported by Rashmi and Dangi (2016), however, make an important observation noting that whilst many branding principles are generally applicable to retailers, retailer brands are sufficiently different to product brands that the application of the principles can vary and are not as transferable as suggested. Ailawadi and Keller (2004) further argue that retailers build brands by building associations using their service, price, assortments, quality, brand mix, or credit policy.

Whilst it may have been true to argue that product branding was applicable to retailer brands, much research notes that retail is ever changing in response to its environment, consequently, what may have held true in the last three decades may no longer hold true. Martenson (2007) whilst arguing that the store as a brand is the key issue to consumers, does however acknowledge that the brand is insufficient and goes on to say that in order for retailers to succeed today they must be good at retailing, and in so doing note the importance of retail

fundamentals as a means to success. It will be argued by this research that even though Martenson highlights the continued importance of retail fundamentals, he under-emphasised its importance, and even more so in the context of twenty first century retailing. Much effort, time, and money has been spent by companies to build their brands and on marketing (Attaman, Van Heerde & Mela 2009). The brand it was argued provided an intrinsic, intangible, and importantly an inimitable way for a company to compete. The premise underlying the thinking, was that a strong sought after brand could earn additional margin because the brand could command a price premium for its products (Aaker 1996, 1996a; Ailawadi, Lehmann & Neslin 2003).

Retailers use many alternative approaches to build their brands including product quality, product ranges, service, pricing and other dimensions to develop brand associations. A director of Tesco was reported by Murphy (1990) as saying that the retail stores, their location and atmosphere, the service, the merchandise assortment, and the pricing becomes the brand. Davies (1992) noted that a number of factors interact to create a single retail brand. Researchers have also studied numerous dimensions of retail attributes which effect the image of a retailer and thus its brand. Kapferer (1986) in his early work sought to understand how retailers attempted to differentiate themselves and argued that their marketing and advertising was too functionally focused on price, service, and product to influence consumers to buy from them. Kapferer (1986) went on to say retailers should rather focus on the relationship with and engagement of customers by addressing customer perceptions, and must focus the customer's attention on the store as product and on the company's personality to establish its retail identity. Importantly though, Martenson (2006) argued that the store as a brand is the key issue to consumers. It was noted that a store is the physical product of the retailer and the physical manifestation of the retailer's brand (Dicke 1992). Martenson however goes further to suggest

that this is insufficient and that in order for retailers to succeed today they must also be good at retailing.

Establishing a brand identity in retail is more difficult than doing so in the consumer goods environment (Ailawadi & Keller 2004). A retailer is required to simultaneously develop, implement and manage a number of different factors to define their identity and consequently effectively and successfully position the brand. The complexity of managing the multiple factors in the retail environment makes it extremely difficult to build brand identity (Myers 1960; Marks 1976), even in the company's local markets and much more so in an international market. Many retail brands have attempted to stretch their brands to foreign markets and failed dismally, including iconic retailers such as Walmart and Marks and Spencer. Although retailers globally have been prolific builders of corporate brands, they have not travelled well internationally. "As yet there are not many examples of international retail brands....it will be intriguing to see whether retail brands can become as international as their consumer product counterparts" (Leahy 1994, p. 136).

3.4.1. Retailer brand research

Whilst all the features of corporate branding are applicable in retailing, much of the research has been focused on consumer goods companies and products and has neglected retailers even though they are "arguably leaders in the field of corporate branding" (Burt & Sparks 2002, pp. 91-219). Ailawadi and Keller (2004, p. 40) also affirm the lack of research in respect of corporate retail branding with the following comment, "Even though there has not been much research done on retail branding per se, much work has been done on retailer actions and consumer perceptions of image with direct relevance to branding". Ailawadi and Keller (2004) suggest future research themes should include specifically investigating retailer branding with

the application of traditional branding theory, brand personality, and brand architecture as the focus.

One of the exceptions to the dearth of research is the work of Mitchell (1999), who argues that retailers are taking corporate branding to new levels evidenced by the branding strategies they have adopted and the complexity of retailing. Importantly, we need to consider that retail is ever-changing and what may have held true in the '60s, '70s, '80s, or '90s arguably does not hold true today. The significant change in the environment globally has fundamentally altered the structure of the markets in which retailers operate and as such has changed the way retailer's need to compete. As markets matured, the novelty of new retail formats and other innovations have lost their impact. To remedy this, retailers attempted to differentiate themselves through distinctive brand identity and corporate branding. Retailers actively developed a corporate brand identity to identify and even protect their retail offer and ultimately provide the necessary differentiation in the market.

Ailawadi and Keller (2004, p. 340) points out that "due to the lack of explicit focus, a number of important retail questions and issues are yet to be resolved". They thus identify three important areas of research: firstly, the development and application of traditional branding theory; secondly, the role of private label in building retailer brand equity; and thirdly, measuring retailer brand equity. This final research area with respect to measuring retailer brand equity was identified as one of the most difficult yet critical issues for practitioners and academics alike.

3.4.2. Managerial issues; Retailer brand performance.

3.4.2.1. Academics and practitioners alike speak of successful brands

To have meaningful comparison and evaluation of success between brands, there needs to be clarity on what defines success and how it is measured. Stakeholders need to be able to assess the real benefit that results from the time, effort, and money spent on branding. Different groups however have different lenses through which they view brands. In the debate regarding the relevance of a brand and the related performance benefits of brand equity, one must be clear about the definition and measure of success and consequently the appropriate definition and measurement of success is important.

3.4.2.2. Retailer brand; determining its success, valuing the asset

Much of the theory of the brand involves measuring the value or success of the brand. Determining the success of a brand has previously been discussed, and most of the measures identified are also referenced in the literature on retail brand success including; marketing efficiency, advertising to EBITDA ratio, marketing effectiveness, percentage market share, research on a 100 point scale, financial performance (many would argue that financial performance measures are more important), Tobin's q, Cashflow, and Cashflow variability (Bruce & Rego 2005).

Given that many companies hold significant intangible asset value on their balance sheets in the form of goodwill, they will expect any prospective acquirer of the company to pay a premium over the net asset value to reflect the goodwill (Sinclair & Keller, 2017; Seetharaman, Mohd Nadzir, Gunalan 2001). In theory, it is argued that this goodwill substantively reflects the value of the brand. It is therefore important to understand whether these valuations are justifiable. Importantly, in the debate regarding the relevance of a brand and the related

performance benefits of brand equity, one must be sure to accurately and appropriately define and measure the brand. Roper and Parker (2006) noted that the reporting of brands on balance sheets increased the importance of measurement. An alarming issue in respect of the concept of the brand as an asset is the substantial disagreement that arises between financial officers of companies and other foremost brand valuation experts (Deloitte, Interbrand, Millward Brown & Brand Finance) who incidentally also disagree with one another) in the determination of these values (Interbrand, Conference, 2019). In response to the debate, Interbrand's Global Director, Michael Rocha, commented that "brand valuation… is an educated opinion", and not the price outcome of actual transactions. By way of example, we see the challenge in brand valuations in a lawsuit by minority shareholders of a company regarding the perceived undervaluation of their company at sale, with the company officers' valuation being £950m, Interbrand's valuation far in excess thereof, and a third party's valuation at £1.5bn. In closing, Apple's brand valuation ranged from $128bn to $170bn, to $247bn, by Brand Finance, Interbrand and Millward Brown respectively, a 93% variance (Interbrand Conference, 2019). A critical and obvious question is what is to be said for the credibility of any measure with this degree of variance?

3.4.3. Key observations from the retail brand literature

Table. 3.1. Key observations from the literature review;

Retail branding came to the fore in the '70s and '80s to differentiate retailers faced with increasing competition
The literature highlights the purpose and the profound importance of the retail brand
The literature also notes the meaningful benefit that accrues to both the customer and the retailer
The review however recognises that context matters, and highlights that the concept of the retail brand has evolved and will in all likelihood continue to do so in response to the environment, competitors, and customers.
Much of the theory, is however dated and rooted in consumer product research, and principles
The literature notes the relative dearth of research, in particular, quantitative empirical research

In addition to the earlier comments regarding the relevance of the brand literature to this research, in respect of retailer as a brand the following stand out as relevant to this research. Given the datedness of the seminal theories, the generalisation of product centric theory to retail, the dearth of quantitative research using actual empirical data, and the meaningful change that has occurred we must arguably re-evaluate retailer brand theory. This research proposes to address a number of these observations. It is the intention of this research to argue that within the given boundary conditions previously articulated, the role and benefit of the retail brand is both overrated and overvalued, to the extent that a rapid and abrupt change in a retail brand has little to no effect on the sales performance of the retailer's stores. The question that therefore arguably arises is whether there is any real benefit of the brand to either the customer or the company. Perhaps it is time to re-evaluate the theory of the retail brand to better reflect the much changed environments, customer expectations and retail complexities of contemporary society.

3.5. Brand equity

Brand equity is a much researched topic by many researchers with a significant body of work and extensive literature. The literature for this research was reviewed in the context of brand equity as the umbrella concept, followed by retail brand equity specifically. The literature review included the examination of articles analysing the existing body of brand equity research, a summary of which is available in Appendix 3.8. To ensure the literature review is contained to a manageable number of pages, the review in respect of brand equity in general will be confined to the work of key researchers or models with the balance of the review contained in the appendices. Given the retail focus of this research however, the review in respect of retail brand equity will be covered comprehensively in the body of the review.

Brand equity evolved as an extension of value and was brought to the fore in academic literature in the 1980s by advertising practitioners (Barwise 1993), gaining significant traction through the 1990s. Srinivasan's (1979) paper was amongst the earliest studies that showed the separate value added by the brand to the product. Researchers assert that brand equity leads to a higher level of consumer preferences (Cobb-Walgren et al.1995, pp. 25-40). Brand equity as a concept first presented from a financial perspective and was considered as a mechanism to guide management in their understanding of brand building and as such focused on share price, or brand replacement values (Myers 2003) and led to a view of brand equity as the incremental cash flows that accrue to branded products beyond that which would accrue for an unbranded product (Simon &Sullivan 1993). Different perspectives regarding the benefits of brand equity however gave rise to a conceptual distinction between Financially Based Brand Equity (FBBE), and Consumer Based Brand Equity (CBBE) and to the measurement of brand equity. Feldwick (1996) went further, arguing that the concept meant different things to consumers, the company, and the channel partners, and thus distinguished between three types of brand equity: the financial value of the brand, representing the brand's total the value as a separate asset and used by accountants and finance professionals; the attachment of a customer to a brand; and a set of associations and beliefs held by the consumer about the brand.

3.5.1. Defining brand equity

As with the concept of a brand, there are a number of definitions of brand equity, and for ease of reference a chronology of the key definitions reviewed are included in a table in Appendix 3.9. The literature reveals three main brand equity frameworks to explain the concept: a managerial perspective (Aaker 1991), a framework based on information economics and signalling theory (Erdem & Swait 1998), and, a psychological and memory based perspective

(Keller 1993). These authors and researchers along with Bello, Holbrook, Gil, Pappu, Park, Quester, Srinivasan, and Swoboda are prominent researchers and authors of the subject.

Aaker's definition (1991, p. 39), is much cited and defines brand equity as the "value consumers associate with a brand, a consumers perception of the overall superiority of a product carrying that brand name when compared to other brands". Keller (1993 conference) offers the following definition, "Brand equity is defined as the marketing effects or outcomes that accrue to the product or service with its brand name as compared to the outcomes if that same product or service did not have that brand name." Leuthesser's (1988) definition in turn says that it allows a brand to command a higher margin or sell greater volumes than it would without the brand, and in so doing provides the brand a sustainable and differentiated competitive advantage. Notably all three emphasise comparison to and thus differentiation from another product. It is important that if brand equity is to be well managed, it must be able to be effectively measured. Seetharaman et al. (2001) identify four broad approaches to effectively do so: cost, market, income and formulaic approaches .

The idea of price premiums, and market share benefits linked to brand equity is supported by a number of researchers (Aaker 1996; Bello & Holbrook 1995; Park and Srinivasan 1994). Srinivasan's (1979) paper was amongst the earliest studies showing the separate value added by the brand to the product. Research further argues that consumers are willing to pay a premium for a brand because they perceive value unique to the brand not provided by an alternative brand (Jacoby and Chestnut 1978). Farquhar's (1989) definition argues that brand equity is the additional value endowed on a product by the brand, which although nuanced, suggests a price premium. One is again forced to question whether Woolworths or Coles could realistically charge a premium for buying Arnott's biscuits from their store, or whether Target or Big W could charge a premium for buying coffee mugs from theirs. In fact all four brands

are discounters, investing millions to be the “cheapest”, negating the argument that as strong brands they can charge a premium.

Further benefits of brand equity beyond the above include, differentiation and competitive advantage, (Fombrun et al. 1997; Fombrun 1996; Van Riel and Balmer 1997) more efficient and effective marketing, and influence over suppliers (Aaker & Keller 1990, Erdem et. al. 2002 and Simon & Sullivan 1993). Furthermore, brand equity is said to increase customers’ intention to purchase (Cobb-Walgren et al. 1995).

Aaker’s (1991; 1996a) article conceptualises brand equity as assets or liabilities linked to a brands name and/or symbol that adds to or detracts from the value provided by the product or service to a firm or that firm’s customers. Aaker’s definition (1991, pp. 39) is well regarded and defines brand equity as the "value consumers associate with a brand, a consumers perception of the overall superiority of a product carrying that brand name when compared to other brands”. Keller (1993, Harvard University presentation) offers the following definition, "Brand equity is defined as the marketing effects or outcomes that accrue to the product or service with its brand name as compared to the outcomes if that same product or service did not have that brand name." Aaker and Keller’s perspectives agree that at its core a brand endows added value on a product. Leuthesser's (1988) definition says of brand equity that it allows a brand to command a higher margin, or sell greater volumes than it would without the brand, and, in so doing, provides the brand a sustainable and differentiated competitive advantage.

3.5.2. Financial based brand equity (FBBE) vs. customer based brand equity (CBBE).

Brand equity was first conceptualised from a financial perspective, however consumer based brand equity has become the dominant approach. FBBE refers to the financial value that the

brand has to the company, and is calculated in monetary terms. FBBE is represented by Simon and Sullivan (1993) as the incremental cashflow accruing to a branded product over the unbranded equivalent. Atilgan et al. (2005) commented that financially based brand equity (FBBE) is a separable asset if it is sold or included in a balance sheet and reflects the total value of a brand and is thus beneficial in mergers or acquisitions. Srinivasan et al. (2001) similarly represent FBBE as the incremental profit achieved "per time period" of a branded product in comparison to the same product at the same price but with limited investment in the brand.

CBBE by contrast represents the customers perspective of the equity of the brand, incorporating their brand awareness, their perception of its perceived quality premium, the associations they have with the brand, and the extent of the emotive connection, amongst others. Keller (1993) articulates CBBE as the differential effect of brand knowledge on the way a customer responds to the brand's marketing mix. Keller's definition of CBBE as the value added to the customer by the brand is similarly conceptualised by Aaker (1991), Cobb-Walgren et al. (1995), Yoo and Donthu (2001) and others. In contrast to FBBE, CBBE is founded on cognitive psychology (Christodoulides & de Chernatony 2010). Research practitioners argue that unless a brand has value or meaning to a customer it will have no value or meaning to investors, retailers, or manufacturers, (Cobb-Walgreen et al. 1995). Cobb-Walgren et al.'s (1995) point underpins the substance of this proposed research which intends to show that in a contemporary world the brand arguably has little real value to the consumer and therefore very little real value to the company.

3.5.3. Dimensions of brand equity (key models)

As mentioned at the outset, the vastness of the body of work necessitated an efficient approach to the review whilst still being comprehensive. Given the vast body of work on brand equity

this section will focus on Aaker's (1991) model, (Figure; 3.1 below) as many conceptualisations and models include most if not all of the dimensions in Aaker's (1991) model, whilst comprehensive reviews on the work and models of Keller (1993), Farquhar (1989), and Yoo et al. (2000) were extensively reviewed and to contain the volume in the body of the thesis are included in Appendix 3.10 (Figures, 3.2, 3.3, 3.4, & 3.5, respectively).

3.5.3.1. Aaker (1991; 1992; 1996)

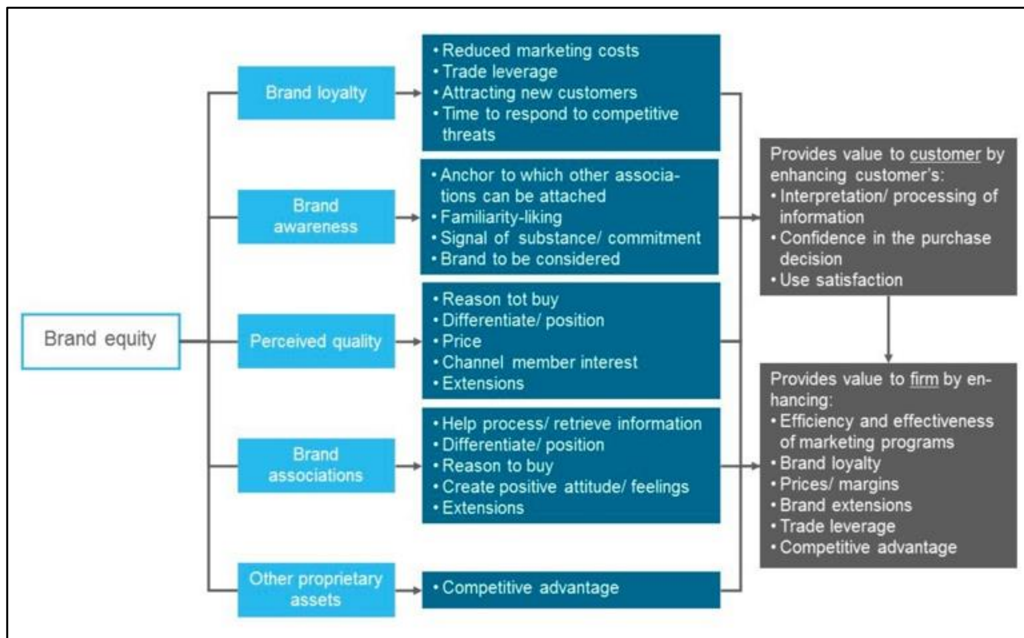
Aaker developed a conceptual model which was later empirically tested and validated by Yoo and Donthu (2001) and Pappu et al., *(*2005). Aaker (1991) identified five brand equity assets (dimensions), brand awareness, brand associations (image), perceived quality, brand loyalty and other proprietary assets. Keller (1993) affirmed Aaker's constructs of brand dimensions and brand associations (image).

Brand awareness refers to how many of the intended consumers recall or recognise the brand, and is the most accepted component of brand equity, the benefit of which is an increased likelihood of choosing the brand and therefore sales. Brand associations comprises logos, colours, product, advertising, and parent company; the benefit of which is that it helps the consumer retrieve and process information. Aaker argued that brand association or image is the most important asset. Brand perceived quality represents that which is understood in the mind of the consumer, and is effectively an evaluative judgement about the overall superiority of the product as distinct from objective quality (Zeithaml 1998). Zeithaml (1998) expands this notion specifying two types of perceived quality, namely, intrinsic representing the physical aspects and extrinsic representing those attributes other than the physical that are related to the product such as brand name or price. Aaker noted that empirical financial analysis of the Strategic Planning Institutes financial and operational data showed that perceived quality was

the single most important factor in return on investment. Aaker (1991) observed that the key benefits of perceived quality are that they differentiate the product, provide a reason for the consumer to buy, and offer support for a price premium. Brand loyalty is referred to as a customer's attachment towards a brand, and provides insight into their propensity to switch brands particularly if the brand makes price or product changes. The proprietary assets dimension includes, patents, intellectual property and key relationships.

Aaker (1991) further argues that each of the brand equity assets generates value for the consumer and/or the company some. These different types of value are grouped into three sources of value to the consumer, and six sources of value to the company. Value to the consumer is firstly created by assisting the consumer to store, retrieve, and process information; secondly, it affects the consumer's confidence to buy; and thirdly, it increases the consumer's satisfaction when using the product for example it is suggested that a consumer feels different when wearing a piece of jewellery from Tiffany's. Six forms of value enjoyed by the company are identified. Firstly, reduced marketing cost and efficiencies; secondly, increased brand loyalty arising from increased consumer satisfaction; thirdly, higher margins as a result of premium pricing and resistance to price erosion; fourth, a foundation for growth through brand extensions; fifth, power in the supply chain; and sixth, customer loyalty as a competitive advantage as it reduces the likelihood of consumer switching. Other researchers such as Yoo and Donthu et al. (2000) also recognise the positive financial benefit to the company through increased revenue, lower costs and increased profit (Keller 1993); and increased market share and incremental cashflows (Farquhar 1989). Importantly and perhaps prophetically, it is noted that a continued focus on price related sales promotion and cost reduction programmes whilst reducing brand building activities and investments will inevitably result in a commoditisation of the product class.

Fig. 3.1. Aaker Brand Equity Model



Source: Adapted from Aaker (1991)

The first four components of the model contribute to consumer based brand equity (CBBE), whilst the fifth component is not associated with CBBE (Christodoulides and de Chernatony 2010). In 1996, Aaker later modified his brand equity model replacing the proprietary assets dimension of brand equity with market behaviour of the brand and also added leadership of the brand as a component of the perceived quality dimension. The new ten measures model of CBBE by Aaker are brand awareness, perceived quality, leadership, perceived value, brand personality, organisational associations, price premium, loyalty, market share, price and distribution.

Notably, the work on Aaker's model took place in 1991, 1992, and 1996, before the profound changes that have since occurred in the retail industry and in particular the emergence of online retail. Secondly, the work is fundamentally product centric, whilst retail has its own unique and significant complexities, hence the model's applicability to the retailer as a brand is debatable.

3.5.3.2. Brand Equity and the Marketing Mix

A more recent article by Fathian, Slambolchi and Hamidi (2015) examined the relationship between brand equity and the marketing mix. The concept was first written about in an article by Neil Borden (1964) entitled "The Concept of the Marketing Mix". The earlier conceptualisations of the Marketing Mix argued in favour of 12 categories which were however reduced by McCarthy (1960) to the more common categories of Product, Price, Place, and Promotion often referred to as the 4 P's. Price is defined simply as "the price paid for the goods or service, Product is defined in this instance as the tangible good. Place refers to the extent to which the product is available for sale across all channels. Finally, promotion is defined as the approach taken by the company to advise the customers of the product, including advertising, promotions, personal selling, and public relations. Little empirical research has been done to understand the impact of marketing mix elements on brand equity. Shocker, Srivastava and Reukert (1994) identified the need for a greater "systems view" of how product, price, place, and promotion, impacted the creation of brand equity.

The link between brand equity and the marketing mix is somewhat supported when examining Simon and Sullivan's (1993) commentary that the basis for brand equity includes amongst other elements, those of advertising expenditure (promotion), sales force (promotion), and product portfolio (product). In order to explore the link between the use of these marketing mix elements and brand equity, Yoo et al.'s (2000) conceptualisation, investigated the perception of customers to: price (price), store image (place), advertising spend (promotion), intensity of distribution (place), and promotional frequency (promotion). Yoo et al.'s (2000) investigation revealed positive relationships between price and perceived product quality (hence brand equity), distribution intensity and brand equity (place and brand equity), and between advertising and brand equity as derived from of Richins' (1995) exploration of the "hierarchy

of effects model". Their work also posits that store image reflected by merchandise assortment convenience, price, and physical environment of the store also influences brand loyalty.

Whilst brand equity theories have an abundance of strong support in the literature, Aaker (2002) notes that brand equity has its critics, such as Feldwick (1996), Ehrenberg et al. (1990), and Ehrenberg et al. (1997) who building on the concept of "double jeopardy", criticise brand equity arguing that there are only large and small brands as opposed to strong and weak brands.

3.5.4. Drivers of brand equity

Many authors have contributed to the literature on the drivers of brand equity, including key studies by Farquhar (1989), Simon and Sullivan (1993), Ambler (1997), Kotler and Armstrong (1999), Knox et al. (2000), Ailawadi et al. (2003), Rust et al. (2004), Srinivasan et al. (2005), Keller and Lehman (2009), and Davcik (2013). A comprehensive review of the construct is included in Appendix 3.11.

3.5.5. Benefits of brand equity

A commentary on the benefits of brand equity is contained in Appendix 3.12. The literature includes the work of Jacoby and Chestnut (1978), Dodds et al. (1991), Simon and Sullivan (1993), Park and Srinivasan (1994), Bello and Holbrook (1995), Aaker (1996), Agarwal and Rao (1996), Erdem and Swait (1998). A distinction is made between the benefits that accrue to the company versus those that accrue to the customer. Notably, the following benefits are repeatedly highlighted as benefits to the company price premiums, improved market share, increased cashflows, protection from competition, improved share price, and brand choice and customer loyalty.

3.5.6. Measuring brand equity

As a result of the volume of literature, a summary table of the literature reviewed is presented in Appendix 3.13, and the review itself is included in Appendix 3.14. Many researchers have addressed the issue of the measurement of brand equity, and the literature can be classified in terms of direct versus indirect, financially based versus consumer based, multi-dimensional versus attribute based, and objectively based models. The work includes that of many prominent researchers: Farquhar et al. (1991); Simon and Sullivan (1993); Keller (1993); Park and Srinivasan (1994); Shocker et al. (1994); Cobb-Walgren (1995); Lassar et al. (1995); Aaker (1996); Agarwal and Rao (1996); Kapferer (1997); Keller and Lehman (2001); Yoo and Donthu et al. (2001); Ailawadi et al. (2003); Pappu et al. (2005) and Srinivasan et al. 2005, amongst others.

3.6. Retail brand equity (RBE)

As articulated at the outset of the discussion on brand equity, the literature review for brand equity is briefly discussed in the body of this chapter whilst the detailed discussion is contained in the appendices. By contrast, given the retail focus of this research, the literature on retail brand equity will substantively be dealt with in the body of the chapter.

Practitioners and researchers such as Kramer (1999) and Keller (1998) note that as with consumer brands, retailers have equity. The concept of retailer brand equity, whereby the name of a retailer bestows value upon it and the products it sells, has attracted the attention of marketing practitioners (Kramer 1999) and researchers (Arnett et al. 2003). It is argued that RBE affects consumers behaviour (Grewal et al. (2009), and is a good measure of the overall assessment of a retailer (Swoboda et al. 2013a; Grewal et al. 2009). The importance of research in this area is noted by Grewal and Levy (2004) who propose the concept is a critical research

area, and that development of a retailer's (store's) equity is a beneficial area for research. Gil-Saura et al. (2013) observe that additional research is required to evolve the concept of retail brand equity as distinct from product brand equity.

Retailer brand equity is broadly defined as the effects that accrue to the product with that brand name compared to the outcome if the product did not have the brand name (Keller 1993). Hartman and Spiro (2005, p. 1114) building on Keller's (1993) definition of brand equity define store equity as follows, "the differential effect of store knowledge on customer response to the marketing of the store". The definition emphasises three elements: a differential effect based on comparisons of alternatives, store knowledge based on its name, and a response from consumers in the form of evaluation and behaviour. Pappu and Quester (2006a) define consumer based retail brand equity as the value associated by customers with a retailer reflected by retailer awareness, retailer associations retailer perceived quality and retailer loyalty dimensions. As can be seen, these dimensions are the same or almost the same as those referred to in the literature on product brand equity.

3.6.1. Retail brand equity research

Key RBE literature includes research by Ailawadi, Arnett, Gil-Saura, Keller, Pappu, Quester, and Swoboda, and covers a broad range of RBE topics. For ease of reference a table summarising the analysis of key retail research that was reviewed is included in Appendix 3.15.

Gil-Saura et al. (2013) point out that interest in retail brand equity is fairly recent with relatively few contributions aimed at a clear definition. Pappu and Quester (2006a) note that the work to specifically measure retail brand equity has been sparse. With respect to existing research, Gil-Saura et al. (2013) identify only 11 main research contributions between both product and

brand equity from 1993 to 2009. Of the 11 research contributions, 7 relate to retail brand equity. Furthermore, Swoboda et al. (2016) note that research on Retail Brand Equity across different sectors of retail are "rare and limited", as is the research in respect of which of the retail attributes best predict retail brand equity in different retail sectors, thus acknowledging differences regarding attributes of brand equity across product sectors. Gil-Saura et al. (2013) argue that additional research is required to evolve the concept of retail brand equity as distinct from product brand equity, whilst Grewal and Levy (2004) point out that the concept is a critical research area. A paucity of retail brand equity specific research is evident.

3.6.2. Dimensions of retail brand equity (RBE)

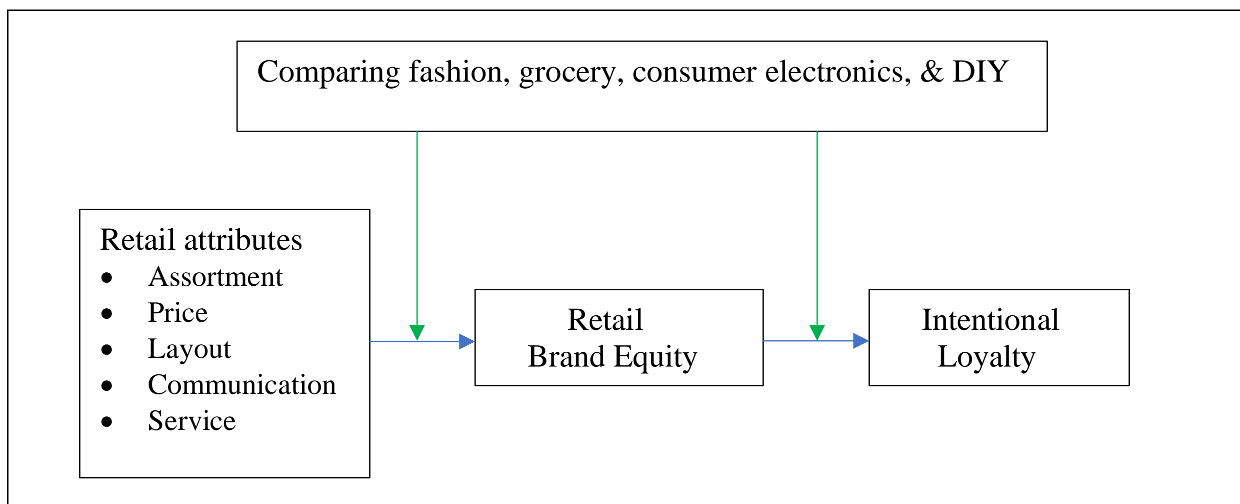
Whilst reviewing and discussing the literature thematically or by ideas and concepts and referencing all relevant authors is a far more succinct approach, it can often result in far broader generalisations in order to accommodate the nuances of the different authors. Given the importance of RBE a greater level of detail was thought necessary, consequently, this section will rather address the literature by key model and author.

3.6.2.1. Swoboda et al. RBE conceptual framework (2016)

Swoboda et al. (2016, p. 267) present retail brand equity as a latent construct, and that similar to manufacturer brands, RBE is influenced by the marketing mix, the dimensions of which are perceived as attributes that influence the behavioural loyalty of the customer (Figure 3.6). The researchers argue that consumer based retail brand equity is based on information about a retailer in the consumer's memory which is founded on their knowledge and association of the retailer as a unique strong brand. In an important article the authors analysed the importance of retail attributes across retail sectors, on consumer based retail brand equity, and its effect on intentional loyalty. The research sought to contextualise the retail attribute/retail brand

equity/loyalty relationship, and spanned the grocery, fashion, DIY, and electronics sectors, which are the most significant retail sectors in most markets. The authors also note a difference in respect of the complexity of retail brand equity between heterogeneous versus diversified retailers. Notably, Swoboda's model represented in Figure 3.6, uses the term "intentional loyalty" to explain the effect/consequence of retail brand equity, which is an important emphasis implying a difference to habitual/simple repeat purchasing.

Fig. 3.6. Swoboda (2016) RBE Conceptual Framework



Swoboda et al. (2016)

The authors argued that both predictors and effect attributes vary by retail sector. Swoboda et al. (2016) citing Arnolds and Reynolds et al. (2012) further highlight that shopping motivations such as hedonistic or utilitarian motives, and shopper frequencies such as weekly or fortnightly, affect both the use of stimuli and retrieval-based associations in consumer decisions. Puccinelli et al. (2009) observe that purchasing goals impact the relative importance of dominant retailer attributes for consumers by either accentuating or limiting the connection between a consumers shopping objectives and the means to satisfy them. In respect of RBE, Swoboda et al. (2016) point out the differences between retail sectors, proposing that in the grocery sector, the market structure and retailer concentration (in developed markets, 5% of retailers control 70% of the

market) is an important element of consumer choice. Furthermore, that grocery shopping choices are based on utilitarian needs, and that consumers are task focussed hence price and assortment are the dominant attributes of RBE and consumers choice.

Insofar as fashion retailing is concerned, Swoboda et al (2016) note that although fashion retailers are also reasonably concentrated with fifty or so retailers holding two thirds of the market (Planet Retail 2015). The primary motivation, they argue, is hedonic by nature, and as such by contrast RBE is highly influenced by assortment, price, and store design. The result is that for fashion retailing the attributes of product assortment, service, and store design are the dominant attributes driving RBE. Swoboda et al. (2016) observe that the electronics category is dominated by innovation, technology, short product lifecycles, price and infrequent purchases. Consumer motivation is thus anchored in the need for knowledge, and well-priced product therefore price and service become the dominant attributes impacting RBE. Finally, Swoboda et al. (2016) argue that DIY retailing is also highly concentrated and dominated by a few retailers, and that consumers are task oriented with predominantly utilitarian needs, and who may purchase frequently or infrequently, requiring choice and product information, and depending on the nature of the project may or may not be price sensitive.

In conclusion, Swoboda et al. (2016, p. 265) make a number of important comments. Firstly they argue that whilst RBE plays a “stable role for intentional loyalty across retail sectors”, RBE’s importance itself very likely differs between retail sectors (grocery vs fashion) and hence does not open the door to a single view in retail. Whilst Swoboda focuses on product class, the same can potentially be argued for customer segment. If we are to accept that RBE may be dependent on the product category, it is arguably reasonable to assert it is also dependent on the retailer’s target market, namely the low income, middle income or upper income market.

3.6.2.2. Pappu and Quester (2005, 2006a) Retail brand equity conceptualisation

The Pappu and Quester (2006a) paper is notable for its adaptation of the concept of brand equity to that of retailer equity and their observation that retail brand equity is multidimensional. Pappu and Quester adapted the definition and dimensions of Aaker's (1991) model of brand equity to develop their conceptualisation. The authors mirrored the brand equity dimensions of Aaker (1991; 1996) and Keller (1993) being brand awareness, brand associations, brand perceived quality, and brand loyalty substituting the word retailer for brand. Consequently they define consumer based retailer brand equity as "the value consumers associate with a retailer as reflected in the dimensions of retailer awareness, retailer associations, retailer perceived quality, and retailer loyalty. The authors, citing Biel (1992) note that as consumers have an image about a brand, they also have an image of a retail store (Keaveney & Hunt 1992; Mazursky & Jacoby 1986).

Retailer awareness is defined by Pappu and Quester (2006a) as the ability of customers to recognise and recall a retailer within a category of retailers, and is similar to the name awareness of Arnett et al. (2003). Pappu and Quester (2006a, p. 320) in turn define retailer associations as "anything linked to the memory of the retailer", and is similar to Aaker's (1991) definition of brand association. Importantly, the authors hold that retailer associations should in fact be store category specific whilst pointing out that most researchers use associations as "general enough for most retailers", Arnett et al. (2003, p. 161). Retailer perceived quality is identified as a separate dimension of retailer equity by Pappu and Quester (2006a), and is positioned as the perception of the quality of the retailer itself as well as the products offered by them, and is similar to Yoo and Donthu's (2001) conceptualisation of perceived quality. Finally, the dimension of retailer loyalty which has over time been conceptualised both attitudinally and behaviourally is defined by Pappu and Quester (2006a) citing Yoo and Donthu

(2001, p. 3) as “the tendency to be loyal to a focal retailer and demonstrated by the intention to buy from the retailer as a primary choice”, and is based on the attitude of the consumer and not their behaviour. This is similar to Arnett et al. (2003) citing Oliver’s (1997, p. 392) definition of store loyalty, namely “a deeply held commitment to rebuy or re-patronise a preferred product or service consistently in the future despite situational influences and marketing efforts to cause switching behaviour”.

Notwithstanding their research on RBE, a critical comment by Pappu and Quester (2006) notes that there is no empirical evidence in the literature of the structural similarity of retailer and consumer brand equity. This view supports the contention of this proposal that product based brand equity conceptualisations are not as readily generalisable to retailer brands as some researchers suggested.

3.6.2.3. Keller (2003) Retail brand equity

Keller (2003) argues that the retailers image in the mind of the consumer is the basis of retail brand equity. Keller continues that retailer image in turn includes numerous attributes and categorises them into five categories access, in-store atmosphere, price and promotion, cross category product assortment, and within category item assortment. Mazursky and Jacoby (1986), broadly agree with Keller’s view defining the attributes as merchandise, service, location, and store related dimensions. Notably, both Keller’s, and Mazursky and Jacoby’s conceptualisation, are more retail specific than Pappu and Quester’s adaptation of Aaker’s model.

In respect of access, it is argued that a store’s location, and therefore distances consumers must travel, are the fundamental criteria in choosing a store. Keller (2003) notes that a consumer’s

choice of store may in fact be based on different criteria dependent on the nature of the purchase and if time convenience becomes a primary requirement; for example, customers are unlikely to be willing to spend extensive amounts of time on small basket and top up shopping items. Keller's model adds that beyond location, a pleasant store atmosphere appeals to the hedonic need of the consumer. The third attribute, price and promotion, in turn includes three dimensions: store price perception, pricing format (EDLP; every day low price or Hi-Lo; High price Low price), promotional pricing, and finally price promotion induced store switching. Walters (1991) found that promotional pricing had a meaningful impact on store switching behaviour. Importantly, Keller (2003) notes that shopping in more than one store is typical for consumers, purchasing promotional products in the store they happen to be shopping in rather than from the one where they would ordinarily have made the purchase. Finally, Keller (2003) notes that wide category assortments are favoured and are a retailer brand's most core building brick, and that a wide number of stock items within a category offering greater utility further drives the choice of store. Messinger and Narasimhan (1997) observe that wide assortments are becoming ever more important for today's time constrained consumer.

Keller (2003) points out that in the absence of explicit focus, a number of important retail questions and issues are yet to be resolved. They thus identify three important areas of research: the development and application of traditional branding theory, the role of private label in building retailer brand equity, and measuring retailer brand equity. This final research area of measuring retailer brand equity was identified as one of the most difficult yet critical issues for practitioners and academics alike.

3.6.2.4. Gil-Saura et al. (2012)

The researchers identify four dimensions of retail brand equity: store image, perceived value of the store, trust towards the store, and store awareness: and two material benefits to the retailer, customer satisfaction and loyalty to the store. Martineau (1958) was the first author to conceptualise store image as the way the store is functionally and psychologically defined in the mind of the consumer. Zeithaml (1988) argue perceived value of the store, is the consumer's perception of utility based on what's sacrificed and what's received. Sweeney and Soutar (2001) argue that the concept of perceived value is a key to consumers purchase decisions, and therefore is a critical variable for a company's strategic market position. Whilst there are disagreements about the concept of perceived value (Zeithaml 1998), there is however agreement that it is a subjective concept determined by the consumer (Woodruff 1997) and is relative to the alternatives available (Holbrook 1999). Trust towards the store is described as the confidence that partners in a relationship have in each other's reliability and integrity, (Moorman, Deshpande & Zaltman 1992). Store awareness is deemed to be the impact a store's identity has on the recall of a store by the consumer, and is said to create an intangible asset which has value, and is difficult to emulate (Hartman & Spiro 2005). Rossiter and Percy (1987) position awareness as the ability of a consumer to identify one name amongst a number of names, or according to Keller (1993), the capacity to retrieve/recall the brand when considering a product category. A distinction is made in the literature between spontaneous awareness, and assisted awareness (Villarejo, Sanchez & Rodan 2007).

3.6.2.5. Recent adaptations of retail brand equity concepts

Three adaptations make nuanced but notable observations in respect of retail brand equity. Arnett et al.'s (2003) conceptualisation which proposes that whilst the three dimensions of store loyalty, name awareness and service quality are generalisable across all retail categories,

the dimension of retailer associations needs to be adapted to accommodate the attributes specific to certain categories of retailers such as discount department stores. Jara and Cliquet's (2012) model agreed with retail brand awareness and retail brand image associations, however it highlighted a consumers' response, manifesting in a consumer's intent to buy, and their retailer brand choice. In an more recent adaptation, Rashmi and Dangi (2016) build on the work of Arnett et al.'s (2003) conceptualisation which proposes that whilst the three dimensions of store loyalty, name awareness, and service quality are generalisable across all retail categories, the dimension of retailer associations needs to be adapted to accommodate the attributes specific to certain categories of retailers such as discount department stores. A significant adaptation is Rashmi and Dangi's (2016) argument that dimensions need to be developed which are specific to the retail category (single versus multi-brand, general merchandise versus speciality, food versus non-food), retail format (department store versus supermarkets or hypermarkets), geographic scope (international versus national versus regional), retail channel (physical stores versus online), and finally level of customer loyalty (committed versus casual). These more recent adaptations of the concept open the door to acknowledging that product brand equity is arguably not necessarily directly applicable to retailer brand equity and furthermore that retail brand equity theory is not generalisable across all retailer categories, formats, channels, or geographies. This research will argue that whilst Rashmi and Dangi open the door to a review of the model by highlighting differences between different retailers, they do not go quite far enough given the big differences between developed and developing economies, upper income target markets versus lower income target markets, and the significant changes that have taken place within the macro environment, the retail market, and the consumer.

3.6.3. Benefits of retailer brand equity

Some of the benefits of retailer brand equity include consumers responding more positively to a retailer's marketing efforts than those of the competitor Keller (2003), a higher level of consumer preferences (Cobb-Walgren et al. 1995), increased store value and utility (Yoo, Donthu & Lee 2000), the ability of a retailer to differentiate itself from others (Gil-Saura et al. 2012), competitive advantage (Aaker 1996a), a reduction in a retailers vulnerability to a competitors activities (Aaker 1991), consumer satisfaction and loyalty towards the store (Gil-Saura et al. 2012; Decarlo et al. 2007; Martenson 2007), ultimately resulting in superior financial performance, (Roberts & Dowling, 2002; Grewal et al. (2009). Store loyalty has however, also been seen alternatively as a dimension of brand equity (Aaker 1991, 1996a; Yoo, Donthu & Lee 2000; Pappu & Quester 2006a).

3.6.4. Measuring retailer brand equity (RBE)

Marketers are increasingly under pressure to report return on investment in the creation of marketing assets (O'Sullivan & Abela 2007), with Ambler (2003) identifying brand equity as one such asset. Pappu and Quester (2006a) note that research on the measurement of retail brand equity has been sparse. Yoo and Donthu (2001) were some of the earlier researchers to argue that existing brand equity measurement be adapted to measure retailer brand equity. Acknowledging the complexity of measuring brand equity, Ailawadi and Keller (2004) suggest that the measurement of retailer equity has additional unique challenges compared to measuring product brand equity. Ambler (2008, p. 414) stated that measurement of brand equity to assess marketing performance is a major challenge because the search for a "single performance indicator is misguided", and because there is no agreement between academics on a general construct of brand equity

A key question is what the benchmark should be to assess retailer brand equity and for comparison between retailers. As in the case of brand equity, Keller (1993, 1998) again makes reference to direct approaches for RBE which effectively measure the consumer's response, and indirect approaches, focussing on the sources of brand equity, (Park & Srinivasan 1994).

Dubin (1998) suggests using oligopoly economic theory to analytically determine the incremental profit a product should achieve as a result of having the brand name as opposed to if it did not. The essential principle of Dubin being price elasticity of branded and private label products. Ailawadi, Lehmann and Neslin (2003) suggest using a regression approach to determine the residual revenue or profit achieved by a retailer, that cannot be assigned to attributes such as product assortment, location, store size and layout, or service etc.

Many researchers including Aaker (1991,1996) Keller (1993) Chaudhuri & Holbrook (2001) & Pappu & Quester (2006) hold that all or some of market share gains, revenue premiums, price premium, and premium to net asset value are some key measures of the benefits, success, and value of brands. Aaker (1996b) does however acknowledge a number of circumstances when a premium on price is not valid as a measure of retailer brand equity. Ailawadi et al. 2003; Ailawadi and Keller 2004 also argue that using price premium as a measure of equity is a concern as it tests the consumers hypothetical propensity to pay a premium as opposed to using actual outcomes (Ailawadi et al. 2003). Ailawadi and Keller (2004, p. 25) further point out that it would be difficult to calculate the outcomes accruing to a hypothetical "no brand name" retailer. Aaker (1996a) notes that the challenge occurs because unlike preference ratings for a branded product versus an unbranded product, no unbranded retailer exists against which a consumers preferences can be evaluated when compared to a branded retailer. Expanding on Aaker (1996) and Ailawadi and Keller's (2004) comments, Pappu and Quester (2006) also take

this contrary view, arguing that the reason price premium is not an appropriate measure of retail brand equity is because while consumers might be willing to pay a premium for a higher equity brand product, they will not be willing to pay a premium to shop at a higher brand equity retailer. Pappu and Quester (2006) consequently posit that a better measure of retailer equity may therefore be based on the location and the incremental distance a consumer will travel to shop at a specific retailer. Rashmi & Dangi (2016) offer a more nuanced view suggesting that price premium is not generalisable across all retail categories, which seems a far more realistic perspective.

A further complication that arises when trying to measure retailer brand equity, is that whilst it theoretically allows the retailer to charge a price premium (Aaker, 1996, 1996, Sethuraman 2000), some of the biggest most powerful and most successful retailers such as Walmart or Aldi are positioned emphatically on low price and command no price premium. Ailawadi et al (2004) argue that for low price retailers (lowest price positioning) such as Walmart, the price premium cannot be a valid measure of retailer equity. Many retailers, and super-markets in particular, use price as a basis to compete and consequently cannot command the suggested price premium that brand equity theoretically enables.

Given the perspectives on brand equity and the resulting price premiums (Aaker 1996; Bello and Holbrook 1995; Farquhar 1989; Park and Srinivasan 1994; Jacoby and Chestnut 1978; Kramer 1999; and Arnett et al. 2003), the logical question that arises is whether Woolworths and Coles, or, Target and Big W could charge a premium for the products they sell, or expect customers to travel a significantly greater distance to shop at their store; i.e., how would the relative performance outcome of Woolworths change relative to Coles if Woolworths added a 20 % premium to their prices or were 20 kilometres further away.

As a result of the complexity of measuring this phenomenon, Rashmi and Dangi (2016) argue that the preferred measures of retail brand equity should be resource premium (that which a consumer is willing to incur to shop at that retailer including time, distance to travel, or services foregone, amongst others), shopping intention (for prospective consumers), and customer satisfaction (for current consumers). In support of part of the notion, Pappu and Quester (2006) posit that location based measures and the additional distance a customer is prepared to travel to patronise a specific retailer, are likely better measures. Pappu and Quester (2006) also acknowledge the effects of the frequency of shopping and cite Popkowski-Leszczyc & Timmermans (1997) who noted that frequent shoppers could well be less loyal to a retailer than less frequent shoppers; frequent shoppers it has been shown are inclined to change stores more often. Arnett et al. (2003) developed a retail equity index for use by researchers and practitioners as a benchmarking tool, a measure of the success of marketing activities, a means by which to assess the attractiveness of a market segment, a mechanism to measure the relative importance of different components of retailer equity, and finally a mechanism to measure possible antecedents or outcomes of retailer equity. In doing the research, the authors specify four specific dimensions of retailer brand equity, namely, retailer loyalty, name awareness, service quality, and retailer associations.

In closing, reflecting on Ailawadi's (2003) remark regarding hypothetical measures, it is important to consider that this research proposal will in fact use data of actual outcomes of customer choices manifesting in retail sales performance, in a pre and post retailer brand change and brand consolidation context.

3.6.5. Concerns regarding retail brand equity

Many scholars treat retail brand equity the same as they do product brand equity and support the use of Aaker (1991; 1996) and Keller's (1998) product centric frameworks to understand retail brand equity. These product centric frameworks are effectively generalised to the concept of retail brand equity which raises questions about their efficacy, given that product and retailers are different in many potentially relevant ways. Notwithstanding that Dicke (1992) commented that the store is in fact the retailers product, much of the literature shows that retail brand equity is sufficiently different from product oriented brand equity to warrant separate study (Ailawadi & Keller 2004). Troiville Hair and Cliquet (2019), citing Aaker (1991) and Keller (1993) proposed that brand equity theories were developed for product brands specifically, and that they are therefore inappropriate to conceptualise retail brand equity. Ailawadi and Keller (2004) specifically address this, proposing that Keller's (2003) earlier theory lacks relevance when evaluating retailer brand equity. Pappu and Quester (2006, p. 318) propose that there is insufficient "empirical evidence for the structural similarity between brand equity and retail brand equity", and emphasise the need to empirically demonstrate the similarity.

Berry (1986, 2000) proposes that manufacturer and retail brands differ because retailing is essentially a service business. It is argued that a service brand has both tangible attributes (product related), and intangible attributes (those related to a consumer's experiences - their associations), (Berry 2000; de Chernatony et al. 2003; Brody et al.; 2009). A significant difference between a manufacturer or product brand and a retailer brand is that a retailer brand also carries vastly greater numbers and diversity of categories and stock items (SKU's; stock keeping unit), making it far more complex. Troiville, Hair and Cliquet (2019, P 75) go even further citing MacKenzie (2003), who argued that even brick and mortar retailers and online

channels differ too much to be combined into a unified consistent definition of retailer brand equity without creating internal validity problems.

In research done by Pappu and Quester (2006) a substantive finding was that in the Australian context for department stores and speciality stores, retail consumer based equity varies significantly according to consumer satisfaction levels. In turn, Gil-Saura, Ruiz-Molina, Michel, and Corraliza-Zapata (2013, p 112) express doubt about the efficacy of retail brand equity arguing that as far as they are aware "there is no evidence about the relationships of store equity and other constructs, and its influence on consumer behaviour towards the store" (retailer brand). Finally, most of the work on retail brand equity measures were developed in the United States, a developed market (Rashmi & Dangi 2016). Mackenzie (2003) comments that the application of broad generalised brand equity based frameworks to measure retailer brand equity may lead researchers into less than adequate and weak retail brand equity conceptualisations. Given that Dubin (1978) proposes that theories are defined by boundaries within which they need to hold, and the specific entities to which they are applicable (MacKenzie et al.2011), the applicability of Aaker's (1991), and Keller's (1993) conceptualisations warrant caution (Cook et al. 1979; MacKenzie 2003).

In summary, many researchers caution against generalisation of brand equity theories, frameworks, or conceptualisations, noting meaningful differences between product and retailer brand equity, retailers of different categories of retail, different retail formats, brick and mortar and online retailing, and potentially even developed and developing economies.

3.6.6. Relevance of the brand equity research literature.

It has been argued that developing and entrenching retail brand equity is key to ongoing

customer support and a barrier against competition. Notably however, many retailers who have built strong brands with seemingly high levels of brand equity, find themselves without competitive advantage, losing market share, without the benefit of premium prices, and are in decline. A question that warrants asking is why this is the case? Aaker (1991, p., 26) opens the door to the notion that brand equity may well not exist for certain brands with the following comment, “The brand loyalty of the customer base is often the core of a brand’s equity. If customers are indifferent to a brand, and in fact, buy with respect to features, price,……there is likely little equity”. If product branding principles are applicable to retailers as is argued by key researchers, then it must follow that if brand equity could in fact not exist for some products when customers buy only on price, then it follows that there could be retailer brands for which no brand equity exists when consumers are driven only by price. The assertion of this research is that retail brand equity models were largely developed for product brands, and is not generalisable across all retailing. A critical question that warrants asking is how these brand equity principles could possibly apply to multi-category mass-market retailers with wide product mixes. Amongst other key differences, retailers sell a wide array of product categories whilst product brands tend to have fewer categories and products. Retailers are thus not likely to be able to evoke the same associations that drive purchase decisions for product brands. Furthermore, surely, retail brands such as Coles, Woolworths, Target, or Big W cannot honestly be said to be “endowing” thousands of well-established consumer branded products with “added value”.

3.7. Brand loyalty

Brand loyalty is represented as the behaviour a consumer has towards a brand. Aaker (1991) argued that brand loyalty is important as it generates both revenue and ultimately profit, because a loyal consumer generates predictable sales and profit. The benefits of brand loyalty are mainly lower marketing costs, greater efficiencies, and a challenge for competitors to

connect with satisfied consumers. Brand loyalty and its importance has been considered significant for more than three decades argues Howard and Sheth (1969). It is argued that loyalty deepens as the brand develops equity with the customer. Brand loyalty as a concept is well on 90 years old (Copeland 1923). Building a strong brand it is said, leads to customer brand loyalty, which in turn should lead to more customers, more frequent purchases and less brand promiscuity of customers. For a while, this may have held true, but as economies declined, competition increased, and customer expectations changed, many dominant brands, without a valid value proposition, seem to have lost their relevance. To better understand the existing loyalty research, an extensive review was conducted, a summary table and review is included in Appendices 3.16 and 3.17 respectively.

3.7.1. Definitions of brand loyalty

Whilst there is not a single common definition of brand loyalty, there is broad agreement that brand loyalty is multidimensional and conceptualised both in attitudinal and behavioural terms (Sheth & Park 1974; Jacoby & Chestnut 1978). Various researchers favour a behavioural orientation whilst others favour an attitudinal perspective. The attitudinal approach to brand loyalty arose as a result of researchers identifying the need for a more comprehensive understanding than was offered by behavioural approaches. Fishbein and Ajzen (1975) favoured a dual approach and combined the concepts of behavioural and attitudinal loyalty to develop a more comprehensive approach to measuring brand loyalty. They also developed the Theory of Reasoned Action (TRA) (1975) which proposed that behaviour comprised an attitudinal, normative and conative component, and thus argued that the attitude towards buying and subjective norms are antecedents of behaviour which influences the purchase behaviour. Oliver (1999) integrated the two perspectives suggesting that “ultimate loyalty” is the result of behavioural intent based on strong attitudinal preferences. Jacoby (1971) and Sheth

and Park’s (1974) multi-dimensional perspective proposed that brand loyalty consists of three dimensions, namely, the customer’s emotive, evaluative, and behavioural orientation towards the brand. They argued that all the dimensions are present in every situation. Jarvis and Wilcox (1976) argued that attitudinal loyalty is a psychological commitment, a matter of intent, even though purchase may not take place, whilst behavioural loyalty is the frequency of repeat purchase. Colombo and Morrison’s (1989) Preference-Behaviour-Loyalty concept which is effectively anchored in a customer’s propensity to switch, is based on the assumption that every customer tends towards a preferred brand. The categorisation ranges from hard core customers who are extremely loyal to switchers who may easily be enticed through marketing tactics towards a new brand, suggesting that each brand has the capacity to attract new customers from other brands.

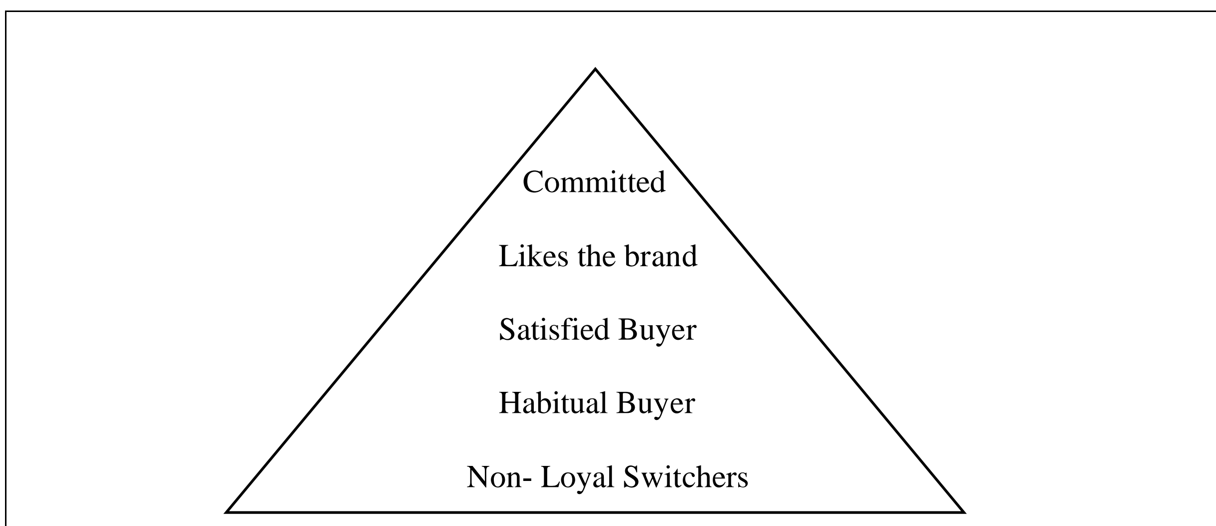
Brand loyalty has been defined as "the attachment a customer has to a brand” Aaker (1991, p. 39). Aaker (1996, pp. 102-120), further says that the basic indicator of loyalty is the price premium the brand is able to command, where price premium is defined as “the amount a customer will pay for a brand in comparison with another brand offering comparable benefits”. Chaudhuri and Holbrook (2001) agree that there is a direct relationship between brand loyalty and brand price. Jacoby and Chestnut (1978) offered an often cited definition of brand loyalty, namely, it is behavioural and biased response, displayed over time, by a consumer decision making unit, regarding one or more brand alternatives from a set of brands, and finally that it is both a psychological and evaluative processes. An interesting approach to defining brand loyalty was developed by Cunningham (1956) who proposed three definitions consisting of customers lost or gained over periods of time, time sequences of individual purchases, and market share.

3.7.2. Prominent theories and models of brand loyalty

A number of theories and models have been developed by prominent researchers over time, including Sheth and Park (1974), Fishbein and Ajzen (1975), Aaker (1991), Dick and Basu (1994), and Bloemer and Kasper (1995).

Aaker (1991) identified brand loyalty as a hierarchy consisting of 5 levels, with non-loyal customers, indifferent to the brand, at the bottom, and committed extremely loyal customers at the top (Figure 3.7). Aaker (1991) further suggested that at the core of a brand is customer loyalty (customer attachment), thus, if customers purchase merely on features, price and convenience with little regard to the brand name, then there is no equity. “At the lowest level, the non-loyal buyer is indifferent to the brand, different brand options are all perceived as adequate and therefore the brand plays little to no role in the customer’s choice, whatever is on sale and convenient is chosen” (Aaker 1991, p. 44). Aaker argued that whilst loyalty is fundamentally linked to usage, brand loyalty is also influenced by brand associations, brand awareness and perceived quality.

Fig. 3.7. Aaker’s five levels of brand loyalty.



Source; Adapted from Aaker (1991)

Aaker (1996) said that the basic indicator of loyalty is the price premium the brand is able to command, with price premium defined as the amount a customer will pay for a brand in comparison with another brand offering comparable benefits. Consequently, brands with high levels of loyalty could exact a higher unit price and thus higher margin. There is clearly a conflation of ideas between brand equity and brand loyalty with price premium being identified as an outcome or benefit in respect of both. Aaker makes a number of important comments, arguing that brand loyalty varies and can range from purely habitual, to being satisfied with and liking the brand, to customers who are wholly committed. Aaker further argues that whilst brand loyalty can be influenced by the other brand equity dimensions it could also be independent of them. Behavioural loyalty and cognitive loyalty were identified as different levels of loyalty, where cognitive loyalty is described as the choice that comes to mind first and behavioural loyalty as the behaviour depicted by the consumer by way of repeat purchases, (Keller 1998). It was further proposed that first to mind (cognitive loyalty), would lead to repurchase, (behavioural loyalty). Chaudhuri and Holbrook (2001) agreed with Aaker, noting that there is a direct relationship between brand price and brand loyalty, referring to the argument that high loyalty brands could charge more per unit for their products. Ailawadi and Keller (2004) propose that the notion of loyalty theoretically results in a retailer being insulated from its competitors.

Dick and Basu (1994) expand the concept of brand loyalty developing the Loyalty Typology Model, a more integrated conceptual framework cross-classifying attitude and behaviour resulting in four types of loyalty: high (true), latent, spurious, and no loyalty. Bloemer and Kasper (1995) expanding on Dick and Basu's (1994) model distinguished between spurious loyalty, and true loyalty. Spurious loyalty is defined as simply a consumer's low commitment to repurchase based on situational stimulus (Dick & Basu 1994), who given the right

circumstances will easily switch, and often occurs when several brands are effectively the same. Spurious loyalty occurs in respect of low involvement purchases where customers merely repeat their behaviour as a means of reducing effort. By contrast, true loyalty involves a considered choice based on preferences (Bowen & Shoemaker 1998) and intent (Mellens, Dekimpe & Steenkamp 1996). True loyalty is founded on a true commitment to the brand based on affective or cognitive reasons, and will result in a customer resisting switching to a different brand. Latent loyalty according to Dick and Basu (1994) reflects a strong relative customer attitude, however a low repeat purchase pattern. Level of involvement is suggested as an antecedent of customer loyalty, with high levels of involvement aligned to true loyalty. This view however does not have strong empirical support. Work by Amine (1998) showed that where customers had low involvement with the product they displayed low levels of loyalty to the brand. Amine (1998) has suggested two research directions that need to be explored, firstly, measuring true brand loyalty, and secondly, broadening the scope of the loyalty concept to include corporate entities (firms and stores).

In order to better understand brand loyalty and to compensate for the inadequacy of behavioural loyalty measures, Jacoby and Chestnut (1978) presented the concept of a three-way approach to measure brand loyalty incorporating a consumer's behaviour, their psychological commitment, and a composite index. After finding weak evidence, Day (1969) expressed concern with respect to behavioural aspects of brand loyalty as it could be argued that behaviourally loyal customers merely shopped based on routines or opportunity. Mellens et al. (1996) also raise the concern with respect to behavioural loyalty arguing it did not adequately distinguish between repeat purchase and loyalty arguing therefore that behavioural loyalty could well include the concept of spurious loyalty (McAlister et al. 1991)

3.7.3. Challenge to the concept of brand loyalty

Notwithstanding all the research to develop our understanding of brands, brand loyalty and brand equity, one continues to observe ongoing and increasing failures of dominant high profile brands. The environments in which retailers operate however change on an ongoing basis. A consequence of this change is "the gradual decline in brand loyalty in many markets" Christopher (1996, pp. 55-66 and Industry Week 1993). An article by Knox and Walker (2001) opens the door to doubt on the measurement of brand loyalty. They posit that notwithstanding universal acceptance of the concept of brand loyalty, progress on its actual measurement has been limited. The reason put forward is how involved the purchase of these products are. The concept of how involving the purchase process is supported by amongst others Kassarjan and Kassarjan (1979) and DeBruicker (1979) who propose that consumers are in fact apathetic when purchasing certain categories. The idea of level of involvement in the purchase of a product, whilst not rigorously presented in the literature, is arguably an important element to consider in the study of brand loyalty. Knox and Walker (2001) suggest that in the event of low involvement level purchases, consumer's loyalty will be weak and limited and therefore loyalty as a part measure of brand equity must be challenged. Knox and Walker (2001) go further, distinguishing involved purchasing from routinised purchasing in the study of loyalty (in FMCG in particular), Knox and Walker (2001), (citing Ehrenberg 1988; Uncles et al. 1995) note that the evidence indicates FMCG purchase involvement is low, and thus consumers purchase on a portfolio basis rather than on the basis of single brand loyalty.

Knox and Andrew (2001) further emphasise the difference between repeat purchase, which is merely a behavioural construct, and brand loyalty, which implies a psychological and behavioural construct. The research results amongst other findings, suggested that there are reasons beyond commitment (loyalty) to a brand that leads to repeat purchasing of limited

brands. They go on to say that therefore, in the case of low involvement purchases, brand purchasing behaviour is not necessarily a function of decision making based on psychological processes. The research proposed four clusters of consumers based on their level of commitment and their propensity to switch: switchers, variety seekers, habituals, and loyals; thus acknowledging the fact that pure habit is a purchase motive. Their work found that switchers repeat buy due to indifference and not due to loyalty, and switch for many reasons, but mostly price, children's influence, and variety. Knox and Andrew (2001) note that switchers who repeatedly purchase a brand do so out of indifference and not loyalty. Beyond Knox and Andrew (2001), Kotler et al. (1996) also discussed habitual purchasing which they suggested was the result of familiarity rather than brand conviction. Bloemer and Kapferer (1995) supported the need for brand commitment as a pre-requisite for brand loyalty and also distinguished between repeat purchases, and loyalty to a brand, thus developing the concepts of true loyalty versus spurious loyalty. True loyalty and spurious loyalty align respectively with the loyals and habituals of Knox and Andrews (2001). The most salient observation of Knox and Andrew (1991), was that consumer behaviour is complex and that consumers "behave differently when purchasing different categories and products", consequently maximising purchases may well be a function of maximising distribution rather than specifically building brand loyalty.

3.8. Retail brand loyalty

Jacoby and Kyner (1973, p. 2) argue that the definition of brand loyalty has a set of six "necessary conditions"; a biased response, a behavioural response, expressed over time, by a decision making unit, regarding alternative brands, and is a "psychological evaluative decision making process". To better understand the existing research, a review of the analysis of retail research was conducted, and is included in Appendix 3.18

3.8.1. Key observations retail brand loyalty literature.

We note from the literature that according to some researchers brand loyalty is one of the benefits of brand equity and manifests both behaviourally and attitudinally. It is argued, that brand loyalty implies a reluctance by customers to switch brands indiscriminately. There are nonetheless concerns expressed regarding brand loyalty and its measurement (Jacoby & Kyner 1973; Kassarjan & Kassarjan 1979; DeBruicker 1979; Mellens et al. 1996; Knox & Walker 2001). Jacoby & Kyner (1973, p.1), in a review of the work on retailer brand loyalty note that the research is "inconclusive, ambiguous and contradictory", and that the research has failed to meaningfully add to our understanding of customer decision making. They go on to say, that loyalty as a concept is too complex to measure using a simple, unidimensional measure, and that research using a simple "verbal report of bias" (preference) (Jacoby & Kyner 1973, p. 2) namely, simple "I prefer brand X" statements, is inadequate to determine loyalty. They go further, noting that overt actual behaviour rather than a simple statement of intent is a far more accurate measure of choice and behaviour.

This research will question the notion of brand equity and customer loyalty to a brand by examining both the immediate and long term effect of an "overnight" change from one retail brand to another on customer choice and the resultant performance of the retailer. If brand loyalty exists, then one would expect such an abrupt change to manifest in poorer financial performance as customers switch stores.

3.9. Do brands still have value? why the need to re-examine the theory and models

Schmitt's (1989) research showed that loyalty levels of 50 major supermarket brands declined meaningfully between 1975-1987, and 41% of shoppers of department stores involving 11 categories waited for a sale. Also between 52% and 76% of consumers in 13 categories thought

available brands were much the same (Batten, Barton, Durstine, and Osborn; BBDO, 1998, A World of Brand Parity).

Whilst over the last four decades the concept of the brand has enjoyed prominence with academics and practitioners alike, we still see failures of dominant, high profile brands. The reality however, is that things change, markets mature, environments change, clients expectations change, and retail propositions change. Technology and in particular the rise of the Internet has profoundly changed the context. Gruwal, Roggeveen & Runyan (2013, pp 263-270) sum it up succinctly, “Retailing evolves and changes with the times. But never have the changes been as rapid as in the past decade, with the spread of the Internet and social media and the ubiquity of smart phones, granting consumers ready access to information and shopping sources”.

Some research suggests that "brand value may not be as strong in the eyes of the consumer as they once were" (Aaker 1991, pp. 36-41). Although dated, this comment by Aaker (1991) has never been more true than in the twenty first century. In 2002, an unbiased sample across 100 categories also indicated that over a 76-year period many leading brands had lost their leadership position as a result of changes in the environment (Golder 2000). Foulador (2005) the public relations manager of VW, said it simply, "Brands must offer something different; they can't just be another flavour of vanilla.). Foulador's words ring true for many of the retailers in the mass market sector which struggle to grow, experience falling margins and are unable to command a premium as they offer "just another flavour of vanilla." Currently customers seem to want value underpinned by tangible benefits rather than merely emotional benefits, the fixation of marketers for over two decades (Christopher 1996, pp. 55-66). The decline of brands is the result of many factors including management decisions and actions,

including decisions in respect of product, price, brand, and importantly not staying in touch with the consumer, the environment, and competitor's activities, (Thomas & Kohli 2009, pp. 377-386).

Writing on "what branding is about", Rutschmann (2015) argues that at the centre of brand theory is the idea of cause and effect, that consumers weigh the merits of different brands, whether functional or emotional, and finally reach a conclusion resulting in a decision to purchase. It is argued that the theory suggests that brand communication assumes it can influence conclusions. The work however notes that many businesspeople are no longer convinced about this process or the logic that brand characteristics can be manipulated to influence consumers' conclusions and choices, and that management now hesitate before approving big budgets, doubtful of their benefits. Rutschmann (2015) continues with his criticism commenting that the "jabber (about brands) tends to become pathetically overinflated when marketers talk about their brands", and that "companies trustingly invest in the next branding campaign hoping it will work, ….and they wait"! Taking cognisance of the above commentary and the number of big brands failing today, this is potentially the appropriate juncture to re-evaluate the established theory and practice in respect of retailer brands, brand equity and brand loyalty and its effect on retailers' sales performance.

3.10. Gaps in the research

The literature review identified a number of gaps in the research.

- A general dearth of specifically retailer brand research.
- Given traditional and seminal brand theory was conceptualised in the 1970s and 1980s, there is a need for contemporary research more relevant to a profoundly different 21st century retail environment.

- The majority of research has been consumer product or manufacturer based resulting in a dearth of retailer brand specific research. Ailawadi and Keller (2004, pp. 331-342) highlighting "…the need for research on retail branding" and also resolving the question of the "development and application of traditional branding principles in retailing" Ailawadi and Keller (2004, p. 18). Amine (1998) also suggested broadening the scope of the loyalty concept to include "corporate entities (firms and stores)".
- No research was found with respect to the role of the brand as a driver of retail sales performance using empirical secondary data of retailers
- There was no research found on the before and after effects on retail sales performance of either a change in retailer brand or brand consolidations, and certainly none using actual empirical financial performance data (as opposed to survey based hypothetical data).

3.11. Summary of significant insights from the literature review

- Retail and the brand have been in existence for millennia.
- The concepts of both retail and the brand have continuously evolved in response to changes in the environment, technology, and the customers.
- The concepts of modern retailing and brands developed during the 20th century.
- The preponderance of the literature advocates the importance of building strong brands.
- Extant theory argues that strong brands develop brand equity engendering brand loyalty.
- Brand loyalty includes attitudinal and behavioural loyalty.
- Many argue that brand loyalty has degrees or levels of loyalty, and in some cases, the models actually identify the idea of "no loyalty" or at best "spurious loyalty".

- The literature argues that strong brands, brand equity, and brand loyalty affords significant benefits to the customer including identification, simplification of choice, and quality assurance guarantees; and to the company including price premiums, revenue premiums, share-price premiums, market share, competitive advantage, and protection against competition.
- The measurement of these concepts has occupied many researchers over the years, however, they are not without their critics, and in the case of retailers not least of all the notion of price premiums, revenue premiums, and share price premiums.
- There are arguments which are sufficiently cautionary of brand equity and loyalty to open the door to debate.
- There are a number of key challenges within the literature and theories.
- Much has changed since the theories were developed including globalisation, economic crises, markets, retailing formats and models, technology, and importantly, customers. What mattered in the past has changed.

The possible conclusions from this proposed research are: that within the boundary conditions the retail brands add little real value to the customer and thus the retailer; that brand equity does not engender brand loyalty; that brand loyalty does not drive choice of retailer; and finally, that the brand, and brand equity do not drive financial sales performance. If these possible conclusions manifested, it would arguably be an appropriate time to review the literature and theories and to conduct current, empirically based, retail brand specific research, using actual secondary data.

3.12. Conclusion

In this chapter we reviewed the literature on retail, brands, brand loyalty, brand equity brand performance, and the retailer as a brand. It is evident that the field of study of brands is complex

with much ambiguity, much disagreement and without a strong unifying theory. The following chapter will offer an alternative perspective on the role of the retail brand, retail brand equity and retail brand loyalty, including a new model and taxonomy. The chapter will posit: firstly, that customers make choices based on the retailer's merchandise assortment, prices, location, and service, mediated by both their personal circumstances and the nature of the purchase, at a specific point in time; secondly, that the brand potentially has little to no equity with customers and possibly offers them no real value: thirdly, that the brand provides no sustainable competitive advantage to the retailer; fourth, that the brand may therefore have very little real value to the company; fifth, that millions of dollars invested in brands potentially yield little to no return, and finally, that customers in the mass market today are essentially brand agnostic.

CHAPTER 4 PROPOSED THEORETICAL MODEL AND HYPOTHESES

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What changed? A 21st century perspective	4.2
How have the changes impacted retailing	4.3
Given the changes What matters now	4.4
A proposed new conceptual model; drivers of retail performance	4.5
Conclusion	4.6

4.1. Introduction

In the previous chapter the evolution of the theories underpinning the drivers of retail change were reviewed. This was followed by a review of various brand concepts and the retail extension thereof. The chapter concluded with a summary of key insights from the literature review and posited the notion that retail and branding had undergone significant and fundamental change in the last two decades, particularly post the rapid technological developments including the advent of the Internet and mobile phones, the two economic crises, the change in markets, and as a consequence the change in customer expectations. What mattered previously has changed! The following chapter will propose a new conceptualisation

of twenty first century multi-category, mass-market retailing, with particular emphases on the relevance of the brand and the importance of the retail mix on the retailers financial performance. The chapter will also present the hypotheses derived from the conceptual model.

To provide context, this chapter will firstly examine the significant change that has occurred over the last two decades and the implications of this change on the customer, the retailer, and the brand. The chapter will thereafter examine some of the key retail choice and patronage theories to understand the determinants of customer choice of retailer and to establish a basis for the new conceptualisation. Finally, the chapter will propose a new conceptual model and the derived hypotheses to be examined, highlighting the key variables that drive financial performance, namely price/affordability, merchandise assortment profiles, location, and payment options (credit) with little consideration to the brand

4.2. What changed? A 21st century perspective, developments affecting retail change in a contemporary world.

What is clear from much of the literature, is that the concepts of brand (retail brands), brand equity (retail brand equity), brand loyalty (retail brand loyalty), and retailing have changed over time, and will continue to change and evolve, impacted and influenced by both the many variables highlighted above, and new, as yet unidentified variables. It is arguably an appropriate point in the evolution of these concepts to re-examine their validity and relevance. In order to develop the thinking on whether, and if so, how the theories and models should evolve, we need to begin by considering what matters to retail consumers in a contemporary retail world, and in particular retail consumers that fall within the boundary conditions of this thesis. The four decades since much of the theory was developed have arguably undergone the most prolific change of any previous decades. Sheth and Sisodia (1999) noted that as the twenty

first century began, marketing was facing many unique challenges, and that many of the established marketing concepts, emerged in “an era of relative demographic homogeneity, and in the context of .... a mass-production consumption society” (Sheth & Sisodia 1999, p. 79). Chang and Chung (2016) observe that firms face rapidly and constantly changing markets, homogenous competition, technological innovations, short product lifecycles, and different and evolving customer needs.

4.2.1. Technology

Technology is arguably the most significant change of the last few decades. As early as 1999 Seth and Sisodia noted (1999, p.72) that the evolution of the Internet would “fundamentally alter” marketing law-like generalisations. Grewal et al. (2017) point out that technology continues to change the game for business and retail. One of the more significant outcomes of technological progress to affect the world at large is the development of the Internet. The Internet has changed the way financial markets, companies (retailers), and customers behave. Brown (1995) noted that in 1989 the Internet started an era of a gold rush. The development and growth of mobile phones and smart phones as an extension of the Internet have led to the evolution of social media, which is having a profound impact on how consumers behave and think and shop for products. Grewal, Roggeveen, and Runyan (2013) note that due to social media, service recovery, price competition, and importantly customer loyalty, are enjoying rising interest from retail practitioners, and therefore, researchers should examine its impact on these three topics.

4.2.2. Environment (economic, political, social, technological)

The economic environment has undergone remarkable change since the ‘70s and ‘80s, including the 1998 financial crisis, the technology crash of 1998, and of course the 2007/2008

global financial crises. Each of these crises had a substantial impact on retailers and customers. Deloitte's research (2019) shows that drivers of the change of the financial position of customers are: a growing financial bifurcation between income groups; less discretionary income (due to medical and education costs); and more stringent lending criteria from financial service providers, all of which impact how customers spend. Social change is also impacting customer behaviour. Online marketplaces such as Amazon and Alibaba have become "online malls". Products are recycled through product exchanges or "vintage" product sites, and sustainably manufactured and environmentally friendly products are in high demand often putting the brand at loggerheads with the consumer.

4.2.3. The market

The market has undergone much change all of which has affected firms (Chang & Chung 2016). This includes structural change in response to globalisation, two economic crises and technological development, manifesting throughout the retail supply chain. Ghemawat (Harvard Business Review, 2017) noted, "Business leaders are scrambling to adjust to a world few imagined possible just a year ago. The myth of a borderless world has come crashing down". Needless to say, globalisation has also profoundly changed the markets in which retailers operate. In turn, online retail has rapidly boosted globalism reflected in the fact that 57% of online consumers purchased from overseas retailers (Kinsta, Ecommerce Statistics for 2020). Grewal, Roggeveen and Runyan (2013 pp 263-270) note that retailers are now able to access consumers across national boundaries, driven by globalisation and technology's "ability to shrink" the distance between people. The Internet has afforded companies such as Amazon with unprecedented access to customers, Amazon boasting over 100m customers in the US and over 300m globally (Gielens & Steenkamp 2019). Brynjolfsson, Yu and Rahman 2009) argue that the extant literature shows that online retailers increased competition.

4.2.4. Competition

Retail competition has exploded over the last two decades due to declining growth, globalisation, store proliferation, new entrants and formats, and online retailing and marketplaces. On-line marketplaces such as Amazon, Alibaba and locally the Iconic have become the "online mall", offering the widest assortment of categories and products, 24 x 7 x 365, at lower prices, delivered to your home. In the past, retailers positioned themselves on the basis of merchandise, convenience, or price, but rarely were all three achievable simultaneously (Rigby 2011). Online shopping does just this, providing the widest ranges, anywhere in the world, delivered to your home, more often at lower prices (Rigby 2011). Friedman (1999) argued that a company anywhere in the world could start an online retail business and compete globally. Pucinelli et al. (2009) comment that customers shop more effectively using the Internet. Deloitte's research (2019) shows customer behaviour is changing due to this technologically driven proliferation of competition. Exacerbating the situation is that within multi category mass market retailing, the offerings between competitors in the same categories with the same format is substantially homogenous, offering little differentiation (Chang & Chung 2016), thus making it more difficult to compete.

4.2.5. Customer

The Internet has changed customers' perspectives on, or access to, information, time, price, value, product assortment, and more. Grewal et al. (2017) note that progress in the development of the Internet and smartphone have resulted in consumer expectations constantly changing. Customer needs have evolved affecting retail firms (Chang & Chung 2016). In a research paper by Deloitte (DCCI 2019), they found that customers were changing due to economic and financial constraints and more competitive options. Consumers are under greater financial pressure as a result of less discretionary income and particularly so in the low and middle

income customer segments (Deloitte, DCCI, 2019). The International Labour Organisation (ILO, Global Wage Report, 2018/2019) reported the lowest wage growth in 2017 since 2008 and a wage growth decline from 0,9% in 2016 to 0.4% in 2017 in the G20 countries. Wissman (KPMG, 2018) comments that because technology is pervasive in customer's lives, instant access is expected and is the norm. Consumers are time starved, and attempt to reduce the time required to do shopping particularly groceries (Gallouj 2007). Burke (1997) also noted that many consumers did not have the time or desire to go shopping. Value systems are also changing, customers are more environmentally conscious, and focused on sustainability, ethical production and labour, and globalisation (Deloitte, 2019).

The demographic profile of the consumer is also different to those of the '70s and '80s. Deloitte's research (2019) shows customer cohorts are increasingly diversifying and therefore have much broader sets of demands, are more educated, delay key life events, are moving back towards city dwelling, and are spending differently. Generational differences are also significant in the age of the Internet. Age is a distinctive characteristic of Internet use and online acceptance (Khare et al. 2012). The two key generational cohorts are generation X (GenX) born in 1961-1979 and generation Y (GenY) born in 1980-1999 (Gurau 2012). Gen X are said to be the most educated, technologically and media smart and are pragmatic and skeptical (Littrell et al. 2005; Jackson et al. 2011). Gen Y, otherwise known as millennials, are in turn seen to be sophisticated shoppers and consumption focused (Jackson et al. 2011). These two generations also have different value systems, preferences, and behaviour (Parment 2013), all of which affect the choices they make, thereby requiring retailers to adapt their approach and propositions. Furthermore, mobile apps like WhatsApp and Snapchat are evidence that we are rapidly progressing to a world where everything takes place in real time, and instant gratification is expected.

Quite significantly, Priluck (2001) argued that in the world of the Internet the balance of power may well shift to the consumer. This would effectively complete the shift in the balance of power all the way to the end of the value chain, with power having previously shifted from raw material producers, to manufacturers after the industrial revolution, and to retailers post WW II as retailers established themselves as brands, and now due to the Internet, to consumers (Priluck 2001).

4.3. How have the changes impacted retailing?

The changes referred to above have had a tremendous effect on retailing. There is much evidence that the Internet and the subsequent evolution of the Internet and online shopping has changed retailing in profound ways (Alba et al. 1997; Sheth & Sisodia 1999; Grewal & Levy 2009; Gielens & Steenkamp 2019). Gielens & Steenkamp (2019) further noted that new technology resulted in new markets, and new competitors such as Internet-based online retailers, leading to new expectations of customers.

4.3.1. The Internet revolution and online retailing

One major disruption to the world and consequently retailing was the Internet, and as a consequence the birth and growth of online retailing and online market-places (online department stores). Internet retailing is defined as all activities, as part of selling goods or services on the Internet, direct to the end consumers, for personal and non-business use. (Francis & White, 2004). Other definitions were offered by Chaffey (2000), Kolesar and Galbraith (2000), and Sinha and Gvili (2001). Early on, Alba et al. (1997) posited that disintermediation due to buying interactively from home, would be the most significant structural change in retail. Doherty and Ellis-Chadwick (2010) said that new virtual retailers born online (pure play) with no physical stores could bypass traditional distribution. Kotha

(1998) emphasised this new status quo by suggesting that “Internet only” (pure play) retailers would be able to write new rules for competing.

4.3.1.1. Key trends in online shopping

Whilst online retail may still be relatively small, its growth is extremely rapid and a number of companies have themselves become giants of retailing (Kantar & Milward-Brown 2018). Online retail performance has the potential to eventually dwarf physical retail. In 2017, Alibaba’s singles day promotion recorded over $25bn in sales in one trading day, processing 812m orders in 24 hours, whilst Alipay, its payments business processed 1.5bn transactions (256000/second). In 2017, the US’s Cyber Monday promotion achieved single day sales of $6.5bn. The top five countries for online retail are China at $672bn, USA at $340bn, UK at $99bn, Japan at $79bn, and Germany at $73bn, with the top ten at a combined $1.41tn. (Kinsta 2020). According to Kantar and Milward-Brown’s data on the top 20 online retailers, 2018 placed Alibaba’s revenue at $382bn and 2014-2018 CAGR% of 34.4%; Amazon at $322bn, and CAGR of 23.9%; and JD.com at $194bn, a CAGR of 57.1%. The online shopping phenomenon is becoming increasingly pervasive with one-third of online consumers globally reporting they do Internet shopping at online only retailers (Nielsen, Global Consumer Report, 2010). Technology has also changed the balance of power putting customers in the driving seat (KPMG, 2018).

Grewal & Levy (2009) note that the enormous growth in the use of the Internet by consumers and business has changed the retail sector, the way consumers shop, and the nature of retail competition. It was argued that unlike traditional retail, the Internet meant that new retail was free from the constraints of space and time (Jones & Biasiotto 1999; Field 1996), not limited to trading hours as customers shop all the time and everywhere (Kruh 2017), enabling its global

market dominance over time which "could potentially reshape the commercial world" (Evans 1996; Doherty & Ellis-Chadwick 2010, p.5). Furthermore, as early as 1999, Sheth and Sisodia noted the Internet's impact would meaningfully affect location related law-like generalisations amongst others.

Friedman (1999), argued that a company anywhere in the world could start an online retail business and compete globally. Online retail enables customer value creation in a manner conventional retail cannot (Grewal, Munger, Iyer & Levy 2003). Grewal, Munger, Iyer & Levy (2003), further commented that the Internet enables service to customers by increasing accessibility, merchandise assortment, and convenience. The Internet enables consumers to shop for anything, anywhere, anytime, often at lower prices, and to have the item delivered to their home. Puccinelli et al. (2009) comment that "consumers use the Internet to shop more effectively". According to Sheth and Sisodia (1999), customer access to information has also changed due to the Internet, with direct multi-media information being available from suppliers anywhere in the world to customers anywhere. Another important dimension of online retailing is that marketing has moved from a one-to-many model to a one-to-one model (Simmons 2008). At the most fundamental level, online retail can in all respects better achieve the optimally tailored marketing mix (price, product assortment, location/convenience/24:7 access, promotion) (Arora et al. 2008).

Research indicates that different categories of merchandise have different online adoption rates and growth rates. Price Waterhouse Cooper (PWC) note that electronics and appliances (referred to as "search" products) given the ease of online purchase are most preferred. Search product information such as price, quality, performance, and physical dimensions are easily obtained (Girard & Dion 2010). Customers are therefore comfortable purchasing these

products online to minimize both time and effort (Girard et al. 2003). Mobile access to online retail via smartphones is rapidly becoming the primary means of accessing the Internet and online shopping, with 44% of Internet time being on smartphones (Lazar 2019) and 59% of online retail sales being made on mobile phones (Koch 2019). The rapid increase in mobile phone based online shopping is due to the fact that customers take their phones with them everywhere from the office to the bathroom, and mobile based apps are making shopping seamless (Kinsta 2020). As an extension of this retailers have developed their own "apps" for downloading onto the phone, thereby ensuring they are top of mind and always accessible. Kinsta (2020) reported that failure to ensure mobile access to online shopping would be detrimental.

4.3.2. The changing nature of consumer expectations

Research suggests there is strong agreement regarding the key reasons customers shop online, including, convenience (reflected in store location and merchandise assortment), time saving, price, and access to information, (Alba et.al 1997; Grewal, Munger, Iyer & Levy 2003; Girard et al. 2003; Brengman et al. 2005; Riemer et al. 2015; Gielens & Steenkamp 2019). KPMG (2007) also confirmed this in their report on "Global Consumer Attitudes towards Online Shopping", reporting that customers sought faster, cheaper, and more convenient ways to shop. When analysing shopper behaviour it becomes evident that it is fundamentally changing (KPMG, 2018). Online retailing provides one-stop shopping, with omni-present 24/7 access to a great variety of product, additional services, better information (Riemer et al. 2015), and reduced consumer prices (Gielens & Steenkamp 2019, p. 368). Notably, both of these dimensions are considered the purpose of the brand. Driven mostly by online retail, three broad needs emerge, namely affordability, convenience, and access to information which are briefly commented on below and covered in more detail further on.

The trends described above have changed the way consumers compare retail alternatives when choosing who to patronise. In mass-market, multi-category retailing, the status, role of the brand and familiarity with a retailer, has arguably given way to the more rational and utilitarian criteria of price, affordability, efficiency, choice, convenience, and ease of purchasing. Customers require affordable options which could manifest in either lowest price, credit, or both. Brynjolfsson and Smith (2000) noted that increased competition due to online retail resulted in in greater pressure on prices to decrease. Credit in turn facilitates affordability by enabling customers to purchase products, whilst not necessarily having the cashflow to support the purchase. Bertola, Disney and Grant (2008, pp. 12), note that both theory and practical evidence suggest individuals and households desire to borrow to "make consumption smoother than labour income", and further, that access to credit enables households to raise their welfare.

With respect to convenience, two of the more important factors are store location and merchandise assortment, affecting access and choice respectively. Grewal, Munger, Iyer & Levy (2003) commented that the Internet enables service to customers by increasing accessibility, merchandise assortment, and convenience. Convenience is achieved through location strategies which maximise access for the customer. Crucially, smartphone access to the Internet and retailer shopping applications effectively put the retail store in the pocket of the customer. Fotheringham (1998) observed that while product brand choice is location independent, for choice of store it is central. Convenience is also a function of merchandise assortment, the broader the assortment the greater the choice and the likelihood that a customers need will be met at one store. Grewal and Levy (2009) observe that the Internet allows far more stock keeping units to be carried thus increasing the customer's choices and providing customisation options and online promotions. Merchandise assortments have increased exponentially as a consequence of online retailers and online market-places (Gielens

& Steenkamp 2019). By way of example, a company like Amazon offers 1300 brands with 12000 SKUs (items) of just cereal (Gielens & Steenkamp 2019; A. T. Kearney 2017), which makes it incredibly difficult for anyone to stand out, even established brands!

With regards to information access, Grewal et al. (2017) note that due to the ubiquity of the smartphone (as a means to access the Internet), customers are able to access information all the time. They furthermore note that technology also helps consumers make better decisions about products and consumption and obtain faster service. An important benefit of abundant access to information is that it enables easy real time comparisons (Sonal & Rajinder 2015; Singh 2019). Online market-places have the effect of connecting consumers directly with the supplier (Kahn, Inman & Verhoef 2018) and in so doing provides customers with direct access to previously unavailable information, and furthermore, reduces the role of the retailer (retailer brand) as a guarantee of quality (Gielens & Steenkamp 2019).

The role of the brand and brand equity is also changing as customer expectations change. Lieber (2017) notes that the aggressive profit driven behaviour of online retailers could result in the downward spiraling of brand equity. Gielens and Steenkamp (2019) make two very important observations firstly, they posit that it is reasonable to believe that aggressively lower pricing of online retail does not serve high equity brands, and secondly that due to the downward price pressure of online retail there could be challenges for both premium and economy brands. The authors argue that premium brands suffer brand erosion by reducing price whilst the economy brands lose their low price advantage. In their book, Grewal et al. (2010) also comment that in a saturated retail environment, retention is increasingly difficult as customers are smarter and prepared to patronise different retail stores. There are of course contrary research views and findings with respect to the effects and differences between online

and traditional retail brand loyalty. Danaher, Wilson and Davis (2003), consistent with the findings of Degeratu et al. (2000), found that in online purchasing brands did matter, and furthermore, that there was higher brand loyalty for online purchasing than for offline. The notable caveat in their findings is that price remains ever important with higher price brands displaying lower levels of brand loyalty than lower priced brands, thereby emphasising the importance of this fundamental element of the retail marketing mix.

4.4. Given changing customer expectations, what matters to customers today?

Ingene (2014) commented that the marketing mix (product, price, place, and promotion) as a driver of customer shopping value is key to the evaluation of a store. The changes referred to in the previous section have in meaningful ways affected all of the marketing mix elements and in so doing changed what matters to consumers. Many authors have noted the impact of online retail on traditional retailers. Delafrooz et al. (2009) make the observation that as customers seek to save time and money, the utilitarian motives of price, wider merchandise assortments and convenience drive online shopping motivation.

Jusoh and Ling (2012), supported by Foucault and Scheufel (2002), Karayanni (2003), and Brengman et al.(2005), reinforce the utilitarian view of choice of retailer arguing that customers are able to buy any product, anywhere, 24/7 without leaving the house. There are a number of studies on dimensions or factors that drive store patronage, including trade area or location based studies, price based studies, product related studies, consumer characteristic based studies, and store loyalty based studies (Kumar 2013). To study patronage behaviour Pan and Zinkhan (2006) categorised the antecedents of retail patronage into three categories, namely product, market, and personal. The researchers found that customers choice of retailer was affected by merchandise assortment, product quality, price level (product related), store

location, atmosphere and trading hours, and salespeople (market related). Pan and Zinkham (2006) furthermore noted that of the three categories of predictor variables (product , market, and personal), selection (product/merchandise) has the highest correlation to store choice, whilst low prices and location also presented as important. Finally they note that personal factors are the dominant drivers of shopping frequency, whilst product and market related variables drive choice of store. Grewal et al. (2010) expand the discussion of the retail mix, identifying six levers affecting retail success, store factors, service factors, merchandise, price, supply chain, and technology. They further proposed a model to describe the "more successful retail strategies" that developed over a number of decades, notably defining them on the basis of relative price, and relative offerings, thus making a strong argument about their importance. This research posits that in a contemporary retail world much has changed, that brand equity and brand loyalty are less important than they once were, and therefore, that fundamental retail dimensions of price, merchandise assortment, location, and in many instances availability of credit are of far greater importance to customer patronage and sales performance. The following sections will discuss the issue of what matters to customers now and identify the hypothesis that relates to each issue. The following sections will be presented in relation to the above themes: the role of the brand (H1, H2), the effect of the retail mix on sales (H3), affordability (price H4; credit H7, H8, H9), convenience (merchandise assortment H5; location H6).

4.4.1. The role of brand, brand equity and brand loyalty in contemporary multi category, mass-market retail.

At the outset it is important to note that most studies of the impact of the brand on retail patronage (and by extension sales) are based on product brands (Blut, Teller & Floh 2018). Volle (2001) showed that a customer's choice of store is affected by loyalty. It is however

argued that the role of the brand has changed due to a variety of factors. Popkowski, Leszczyc and Timmermans (1997), note that the idea of loyalty to a store can be moderated by the demographic profile of the customer base. Bakos (1998) in turn posited that digital disruption was changing the way brands and consumers interacted. Heightened price competition of online retailing has also changed customer price perceptions, potentially resulting in the erosion of the brand (Rigby 2011). KPMG (2018) found that today's more technology smart customers are focussed on authenticity as opposed to the speak of marketers. Emphasising the importance of shifting expectations, Brandless, an American company, makes the simple but clear statement "our mission is deeply rooted in quality, transparency, and community-driven values. Better stuff, fewer dollars. It's that simple", (KPMG, 2018). On the Brandless website, they comment that a brand tax (BrandTaxTM) is a hidden cost which customers pay to buy a brand. Much literature reflects the widespread nature of store switching (Dick & Basu 1994; Knox & Walker 2001). As reflected in the comments of Breugelmans et al. (2006) and Lieber (2017) the nature of online shopping has changed the way brands are perceived. Gielens and Steenkamp (2019) also made reference to premium brands suffering erosion. Furthermore, the literature review made reference to declining, spurious, or no brand loyalty, and the erosion of brand equity.

Given that retailers spend billions of dollars on marketing their brands (Ataman, Van Heerde, Mela, 2010) it is important to understand the role of the brand. According to the literature reviewed, extant theory argues that brands matter, that they build equity with customers who become loyal to the brand, and ultimately that brand equity and brand loyalty result in positive financial performance for retailers (Aaker 1991, 1996; Keller 1993; Grewal et al 2009). It would therefore be reasonable to argue that any "abrupt" change in a prominent long-standing retailer brand would have a negative effect, causing sales to decline. Whilst much research has

examined the relationships between the brand, brand equity, and brand loyalty on a company's performance, no research could be found on either testing the actual effect (not hypothetical) of a brand change on the sales performance of a retailer, nor its effect in a developing market context such as South Africa. The lack of research gave rise to hypotheses one and two, and being unique, extending the current literature on the role of the retailer brand on financial performance.

RQ1: *Does an abrupt change in a retailer brand result in a decline in sales performance*?

- ***Ha1:*** *A change in a store's brand will have a negative effect on sales.*
- ***Ha2*** *Month on month change in mean store sales is significantly worse for stores which had a brand change than those with no brand change.*

Retail mix

This research will build on the views expressed above and investigate the idea that as customer expectations have changed over time, the fundamental retail dimensions of price, merchandise assortment, location, and availability of credit have become more important to customer patronage and sales performance than the retail brand. Much research has been undertaken and literature written on the effect of the dimensions of retail mix and their significance on retail patronage and a retailers sales performance, including amongst others; Sheth (1983), Gauri et al. (2008), Pan and Zinkhan (2006), Berman & Evans (2010), Ataman, Van Heerde, and Mela (2010), Chernev (2014), and Blut, Teller, and Floh (2018). Ataman, Van Heerde, and Mela (2010) note that few studies have examined the important aspect of the relative impact of the retail mix on long term performance, nor have all the dimensions been included into a single framework. This is supported by other researchers who note that a critical but largely unanswered question in the literature is which of the key elements of the retail mix are most important on a relative basis (Yoo, Donthu & Lee, 2000; Ailawadi, Lehmann & Neslin, 2003). Ataman, Van Heerde, and Mela (2010) also note that too few studies have examined the effects

of merchandise assortment (product) or location (place). More significantly however, as seen in both the meta-analyses of Pan and Zinkhan (2006) and Blut, Teller, and Floh (2018), no research has been found which examines either the availability of credit as a dimension of the retail mix and driver of patronage and retail sales, nor particularly in a South African developing market context. Consequently, this thesis sought to address this lack of research by deriving the hypothesis below which addresses a number of the above challenges and specifically includes credit as a dimension of the retail mix and a driver of sales, examined in the developing market context of South Africa.

RQ2: *What is the effect of individual dimensions of the retail mix (price, merchandise, location and credit) on sales performance*?

- ***Ha3:*** *Different dimensions of the retail mix will have different effects on mean sales.*

4.4.2. Affordability (Price, Credit)

4.4.2.1. Price

The idea that as price decreases demand will increase and conversely as prices increase demand will fall has long been fundamental to economic theory. Alternative views on store choice posit price as key to the customer's choice of retailer, and also point out how observable it is to everyone (Bell, Ho & Tang 2001; Freymann 2002). Some researchers argue that pricing is one of the most effective and meaningful instruments in the retail mix and likely the most important (Freymann 2002; Levy et al. 2004: Kumar 2013). The importance of price as a fundamental driver of customer choice of retailer has again been emphasised by the impact of the aggressive pricing of online retailers. Ingene (2014) recognises the importance of price by highlighting its role in customer value (CSV) theory. Kumar (2013) notes that price precedes merchandise assortment and variety as a driver of choice. It is also well documented that low prices

accelerate sales performance (Walters & Rinne 1986). Research and literature by Baker et al. (2002), Ailawadi and Keller (2004), and Blut, Teller and Floh (2018) note the effect of different relative pricing levels on sales performance, and indicate a negative relationship i.e.; the higher the price, the lower the sales. None of the research has however addressed the question across such a wide number of retailers over an extended period of time, and nor has it been done in the South African developing market context. This research consequently derived the following hypothesis to examine the effect of relative pricing on the sales performance in monetary terms of eleven South African developing market retailers.

RQ3: *What is the effect of different levels of each dimension of the retail mix on sales performance*?

Ha4: *The lower the relative price the higher the sales.*

4.4.2.2. Payment options/credit

Price is particularly important in the era of online shopping. Within the literature reviewed earlier, reference is made to the economic challenges of a post financial crisis world, where the matter of affordability has grown in significance. As noted above, more and more people are cash strapped (Deloitte Consumer Conference Insights 2019). Over the last two decades, the affordability challenge has given rise to an abundance of credit options, from the growth of bank credit card usage, to many new non-bank financial services providers of unique and innovative credit. A credit offer could take the form of bank based credit, credit- cards, credit provided by other financial services companies or in-house credit from the retailer. In the 1950s and 1960s buy now pay later became popular, followed by the growth in bank credit cards (Visa, Mastercard). In the 1970s and 1980s, payment options provided by the retailers themselves evolved as credit was provided to drive growth. Bertola, Disney and Grant (2008) note that in the absence of bank credit some retailers are known to provide their own credit to

drive sales. Bertola, Disney and Grant (2008, p. 16) further note that where favourable credit terms are not offered by banks then the sellers themselves may provide credit and often with the familiar “zero rate financing”. Semi durable goods retailers such as department stores also provided their own store based credit cards with six to twelve months to pay.

Australia of course provides the rapid growth of Afterpay as an example. Numerous retailers have referenced the growth experienced by their businesses after introducing AfterPay into their businesses as a credit option (Eyers Financial Review, 2018). Eyers (2018) cited Anthony Eisen Executive Chairman, Afterpay Touch Group, who noted "we are really just at the beginning" of a growth trajectory that has already seen the retail payments provider attract 1.5 million customers and 12,000 retailers since it listed less than two years ago. Eyers (2018) also notes that AfterPay has more than 15 per cent of millennial Australians as customers, and 1 million downloads of its app,

Today technology enables point of sale credit financing, and lending options offered by financial services companies; lenders such as Afterpay or Zip are the new frontier. These point-of-sale finance option providers have seen extremely fast growth that emphasises the importance of payment options. Cocheo (Executive Editor, The Financial Brand) reported that “It appeals to consumers who want what they want now”. Paul Siegfried, the head of Global Credit company TransUnion reported that “ Point of sale finance is a new application of an old idea. You’re going to see more traditional lenders come up with competitive offerings”. Accenture reported that point of sale credit may represent a $1.8tn financing opportunity driven by millennials and Gen Z consumers. The Filene Research Institute forecast that the point of sale finance market was approximately $391bn in the U.S alone. Four trends are driving the growth, millennials entering the market and their need for immediate satisfaction, algorithmic

processes that rapidly assess and approve credit at point of sale, the rise of mobile phones and phone based financial applications, and "fintech" (financial technology) enabled marketplace lenders (Steve Cocheo, Executive Editor, The Financial Brand). Ailawadi and Keller (2004) also highlighted credit as a means for a retailer to compete.

Notwithstanding all the research on the effect of the retail mix on a retailer's performance, other than a line mention by Ailawadi and Keller (2004) no research could be found on the effect of credit on the financial performance of a retailer. Furthermore no research was found on the effect of a change in the credit offer (improving affordability) on the sales performance of retailers. Finally no research was found on either question in South Africa or developing markets. The lack of research led to the unique derived hypotheses (7,8,9) below, thereby adding meaningfully to the body of work

RQ2cont'd : *What is the effect of different levels of each dimension of the retail mix (credit) on sales performance*?

- ***Ha7:*** *There is a difference in store mean sales between brands that have a credit offer and those that do not*

RQ4: *What is the effect of a change in credit offer (improving affordability) on sales*?

- ***Ha8:*** *A change in the credit offer (improving affordability) will lead to a greater increase in store mean sales than those with no change.*
- ***Ha9:*** *Month on month (before/after) store mean sales will increase more for brands which have a credit change than for those which do not.*

4.4.3. Convenience

It goes without saying that traditional retailers are unable to compete with online retail on the basis of store location, merchandise range and therefore convenience. Kumar (2013) makes reference to location and merchandise assortment as convenience related factors. As noted above, with customers having a retail store with huge merchandise assortments in their pockets, the notions of merchandise assortment and store location have become orders of magnitude more critical.

4.4.3.1. Location

What are the three most important factors in retailing success? “Location, location, location”! This perspective is emphasised by Sheth (1981, p. 19) who noted that amongst practitioners the most common reason for succeeding or failing in retail is “location, location and location”. Sinha and Banerjee (2004) observed that a customer’s choice of store is equivalent to the product brand choice of a customer, except for the spatial element of location. There are different perspectives of store choice, however, one perspective argues that location is the primary factor, due to the cost to get there (money and time) (Huff 1964; Brown 1989). Accordingly, store location is of vital importance to the customer.

Given the evolution of online retail, location has increased in importance. Kotler and Keller et al. (2009) argue that online shopping is driven by the fact that it is convenient. Convenience is key in todays rushed world. Research showed that consumers who are motivated primarily by convenience are more inclined to turn to online retail (Swaminathan et al. 1999; Brashear et al. 2009). This presents quite a challenge for retailers with respect to store location strategies. Underscoring the importance of location, Lal and Rao (1997) note the importance of the location in which a store trades, including income levels, socio-demographics, population density and distance from the store. In the research on store location, the concept of range refers

to the maximum distance a customer is prepared to travel to purchase, and forms part of the customer shopping value (CSV) theory which is based on the research of Huff (1964), Bucklin (1967), and Ingene (1984), and lies at the heart of online shopping; (CSV, seeks to provide an understanding of how customers evaluate where and when they'll shop, considering the benefits and the costs of the choice). In the online shopping environment the retail store is effectively in the customers home, office or pocket and therefore offers a ubiquitous presence, accessible at any time, with little to no effort, thus resetting customer expectations of "range" to zero. By comparison, physical retail would require the customer to exert effort to reach the store within the trading hours. Given the high level of investment required to open even a small store, the challenge for a physical retailer's location strategy is apparent.

Berry et al. (2002) and Ailawadi and Keller (2004) amongst others note the importance of location as a meaningful contributor to increased convenience, customer choice and therefore patronage. Sinha and Banerjee (2004) observed that a customer's choice of store is equivalent to the product brand choice of a customer, except for the spatial element of location. Fotheringham (1998) observes that while product brand choice is location independent, for choice of store it is central. There are however different perspectives of store choice, one perspective argues that location is the primary factor, due to the cost to get there (money and time) (Huff 1964; Brown 1989). Consequently, they argue that store location is a key driver of choice. Huff (1964) commented that there was a proportional relationship between store patronage and distance to the store. Reilly (1931) similarly noted that the draw and attraction of a store has an inverse relationship with distance to the store.

Other researchers who advocate the dominant role of location include Arnold, Oum and Tigert (1983) and Freyman (2002).This is further supported by, Becker's (1965) theory of time.

Marmorstein, Grewal, and Fishe (1992) also argue the importance of location based on its impact on a customer's time and therefore level of convenience and cost. The emphasis on efficiency and utility of the above is notable. Finally, expanding the research, some studies focused not only on location but also on the interaction between different locations and different pricing strategies. Gauri, Trevedi, and Grewal (2008) referencing their earlier research considered the relationship between different locations and different pricing strategies (everyday low price or EDLP versus HiLo). Research on the interactions of key dimensions shows the complexity of the retail mix.

Notwithstanding the research referred to above, no research was found examining the effect of different location profiles in a South African developing market context, nor on the scale of 987 stores across eleven retailers. This research consequently derived the following hypothesis to fill this gap.

RQ3 cont'd: *What is the effect of different levels of each dimension of the retail mix on sales performance*?

- ***Ha6:*** *Different location profiles (with higher population density) will have higher mean sales*

4.4.3.2. Merchandise assortments

It is argued that a retailer's core business is to construct ranges of merchandise to ensure a customer's needs and wants are satisfied (Blut, Teller & Floh 2018). Merchandise assortment is also key to CSV theory (evaluating a store choice by trading off the cost benefit of shopping there) (Ingene 2014; 1984). Online retail has provided an exponentially greater merchandise assortment offering than ever before with companies like Amazon offering what has become known as the "endless aisle" concept. The endless aisle proposition of online retail makes it

exceptionally difficult for traditional retailers to compete. Microsoft Retail reported that 34% of customers surveyed said that availability of the right stock was key, and 29% responded that the variety of products was key (Key Trends Playbook, 2020). Whilst Global Consumer Surveys (JDA, 2018) reported that 68% of customers reported that a wide variety of merchandise was most important in the choice of online retailer. Given the importance of merchandise assortment to customers seen above, and the "endless aisle" (it never stops, product options go on endlessly) proposition of online retail, it becomes exceptionally difficult for traditional retailers to compete. It does however seem reasonable to conclude that increasing merchandise assortment by extending categories and/or expanding the number of items per category will be an important competitive approach for mass-market retailers. The importance of assortment coupled with the availability of endless aisle has made the fundamentals of the retailers offering such as merchandise assortment more important than ever. Continuing the comment above with regard to store location, the challenge for physical retailers is how to match the online store's level of convenience by presenting the customer with the same merchandise width and variety as the online competitor. The sheer physical challenge of space required to do so makes the task somewhat impossible. The critical importance of merchandise assortment in the retailers competitive proposition seems clear. In studies on retail patronage of traditional retailers, merchandise assortment is identified as a key driver of patronage and that assortment is a key basis on which to differentiate and to drive sales performance (Grewal et al. 2010; Kumar et al. 2013). Pan and Zinkhan (2006), reinforced by Grewal et al. (2010), note that a wider variety of merchandise assortment helps attract more customers, increasing convenience for them through reduced cost of effort and time (the wider the variety of merchandise the higher the sales), and Ailawadi and Keller (2004) note that the benefit of wide product assortment is evident, significantly aiding one stop shopping convenience. Stassen et al.'s (1999) study showed that merchandise assortment is critical to a retailer and potentially

more important than any other variable, including price. Amazon, and Alibaba are contemporary examples of retailers with “endless” merchandise assortment facilitating ease of shopping.

Research and literature including those highlighted above note the effect of a different width of merchandise assortment on sales performance, and indicate a positive relationship i.e.; the wider the assortment, the higher the sales. None of the research has however addressed the question across a wide number of retailers over an extended period of time, and nor has it been done in the South African developing market context. This research consequently derived the following hypothesis to examine the impact of a different relative width of the merchandise assortment on the sales performance of eleven South African developing market retailers over an extended period.

RQ 3 cont’d: *What is the effect of different levels of each dimension of the retail mix on sales performance*?

- ***Ha5:*** *The wider the merchandise assortment, the higher the stores’ mean sales*

4.4.4. Customer attributes, dimensions and situational circumstance

Customer attributes and circumstances include shopping motive, demographics, customer location, nature of the purchase. Much literature, including that of Bellenger et al. (1976) and Korgaonkar et al. (1985) notes the relationship between personal demographics and retail patronage behaviour. Hansen and Deutsher (1977) noted that a customer’s personal characteristics interact with the situational circumstances (context and product required) to determine patronage. Singh (1990) found that specific characteristics explained as much as 12% of customer variation of choice. Miller and Ginter (1979) noted that usage context also influences store choice. Customers seek amongst other things to reduce risk (Mitchell & Harris

2005), save time, and reduce effort. Mattson (1982) points out that a customer's situational factors affect their choice of where to shop.

Factors affecting customer patronage choices include timing of the shopping excursion (Khan & Schmittlein 1989), frequency of shopping (Blut, Teller & Floh 2018), and the location of the customer such as their office or their home, at the time they need to shop (Solgaard & Hansen 2003). The customer's situation as a factor in choosing a store is further emphasised by Popkowski and Timmermans (1997), who argue that depending on the nature of the shopping basket (Ailawadi & Keller 2004) and the need to benefit from lowest price offers, customers engage in multi-shop and multi-purpose shopping. Additional factors relevant to customer attributes are demographic by nature, of which an important one is personal or family income (Houthakker & Taylor 1970). From a demographic perspective, higher income customers have more options and make different choices including choice of store, and frequency of shop (Bhawa & Ghosh 1999; Popkowski & Timmerman 1997). Goldman (1977; 1978) suggests that lower income customers are likely to shop around more and are thus less likely to be loyal. Finally, Levine and Milgrom (2004) make the point in their article on the Theory of Rational choice that in the real world, the choices made are contextual and situation dependent.

In closing, an underemphasised but critical observation is the importance of how the above dimensions are combined and interact to drive performance. Gauri, Trivedi and Grewal (2008), and Grewal et al. (2010) amongst others, note that the interaction of these fundamental marketing mix elements influences performance.

4.5. A new model: drivers of customer patronage and retailer performance

Pan and Zinkhan (2006) note that retail patronage has been the focus of significant retail research. In their (2006) research they categorise the 16 antecedents of retail patronage identified across the literature into three categories, product, market, and personal related factors. Berman and Evans (2010) in their turn make reference to the marketing mix as a means for managers to secure and retain retail patronage, and more specifically according to Chernev (2014) the seven elements affecting patronage including, product, service, incentives, brands, price, communication, and distribution (location). Other researchers have also made important observations in respect of these marketing mix elements as drivers of choice and patronage. In particular, that the relative level of pricing (Baker et al. 2002; Ailawadi & Keller 2004), and more specifically low prices (Pan & Zinkhan 2006; Blut, Teller & Floh 2018), product range and wider assortments (Mazursky & Jacoby 1986, Ailawadi & Keller 2004; Berman & Evans 2010; Blut, Teller & Floh 2018), brands and brand equity in respect of products (Ailawadi & Keller 2004; Chernev 2014), and distribution including location (Mazursky & Jacoby 1986; Ailawadi & Keller 2004; Bhatnagar & Ratchford 2004; Blut, Teller & Floh 2018), influence retail patronage.

4.5.1. Key theories of retailer choice.

In addition to the marketing mix factors discussed above, much research has been conducted on customer's choice theory to explain patronage. Rational choice theory is one such theory, and posits that individuals have a range of preferences and make their choices according to these. Levin and Milgron (2004, p. 1) commenting on the Theory of Rational Choice argue that rational choice can be understood as a choice that maximises "a real valued utility function". Furthermore, they comment that the approach to optimise choice which includes utility and profit maximisation is broad in its application and includes driving consumption related

choices. The optimisation approach is a "compact model of choice", a simple emphasis on objectives and constraints (Levine & Milgron 2004, p. 2). The researchers note that notwithstanding its value, the theory of rational choice has empirical shortcomings however it's strength lies in the fact that preferences are stable.

Mazursky and Jacoby (1986) argue that the theory of stimulus/organism/response (SOR) research suggests that a set group of attributes external to the customer affects their perception and drives their behaviour. Given the focus of some of the theories on factors external to the customer as drivers of patronage, a number of researchers use Multi-Attribute Utility Theory to better understand the effects of the marketing mix on patronage. Multi-Attribute Utility Theory argues that the difference in utility offered by the different elements determines the preference for a particular store and subsequently, behaviour (Wallenius et al. 2008). Chernev (2014) observe that utility acknowledges both the cost and the benefit. Needless to say, the store that offers the lowest relative cost for the maximum benefit will enjoy the customers patronage.

Key to the theories of the drivers of choice and patronage, is the concept of moderators. Moderators include amongst other characteristics, retail location proximity to work and home (Blut, Teller, & Floh 2018), utilitarian versus hedonic shopping (Darden & Griffin 1994; Childers et al. 2002; Blut, Teller, & Floh 2018), the type of purchase (Appelbaum 1951), frequency of shopping, and food versus non-food shopping (Blut, Teller & Floh 2018). Blut, Teller & Floh (2018) go further arguing that the effectiveness of the marketing mix, the point of decision making on which product to purchase (Chandonet al. 2009), and the instore marketing effect on purchasing behaviour (Egol & Vollmer 2008) will differ between food and non-food retailers. Ailawadi and Keller (2004) add to the above proposing that the criteria for

a customers' choice also depends on the nature of the shopping trip (for example small convenience products, low value high frequency purchases, or high value low frequency purchases).

Notwithstanding the abundant literature on how product assortment, economic factors such as price and availability of credit, and personal characteristics affect patronage, there is however no comprehensive theory of patronage behaviour other than an early attempt by Darden in 1979 (Sheth 1981). In order to address this shortcoming, Sheth (1981) put forward a conceptual integrative theory of patronage preference and behaviour which is discussed in more detail below.

4.5.2. Integrative theory of patronage preference and behaviour (Sheth 1981)

Sheth (1981) developed an integrated model which focuses on the individual. The model has two subsets, the first of which is establishing the shopping preference for a particular store. Sheth's (1981) work on an integrated behavioural theory identifies four key constructs of shopping preference theory and their determinants.

Table. 4.1.The four shopping preference theory constructs

Shopping predisposition which refers to the relative preference between alternatives
Choice calculus, which is the set of rules utilised to make a choice. These include sequential, where the customer will consider motive in order of importance; trade-off, in which the customer weighs all options simultaneously; and finally, dominant, where the customer focuses on only one issue such as price or location.
Shopping motive (functional and non-functional) where the functional typically refers to time and place centric needs. Customers with a bias to functional needs fit the rational man

profile referred to by some economists and are inclined to shop at value focused retailers. Customers with a bias to non-functional needs are referred to by Veblen as conspicuous consumers (Kotler 1965) and typically shop at stores with a status orientation. Clearly customers will be functional for some categories of product and non-functional for others.
Shopping options, which refers to the effect of the competitive set available to a customer based on location, merchandise assortment, pricing, credit offers and hours of trade amongst others.

Source; Sheth (1981)

Table 4.2. The determinants of shopping theory constructs

Market determinants, referring to locations, retailers in the area, and their positioning
Company determinants, which includes merchandise offer, level of services, and advertising and promotional activity.
Personal determinants, including customer's personal and social values.
Product determinants, including merchandise categories, usage and brand disposition. Sheath reiterates that the literature shows that customers can be loyal for some categories and not others. Notably this reference is in respect of product brand loyalty.

Source; Sheth (1981)

Sheth points out that preference does not necessarily translate into behaviour, which he refers to as the preference-behaviour discrepancy. Sheth argues that four categories of unanticipated events arise between the place and time a preference is exercised and behavior takes place.

Table 4.3. The events which may affect preference-behaviour discrepancy

Personal settings, including effort, time, and money to be expended.
Socio-economic, including employment status, inflation levels, and interest levels (affecting credit).

Product, including relative pricing, assortment of products, and spontaneous promotions.
Store marketing, including unanticipated changes such as the introduction of new brands, and instore promotional activity.

Source Sheth (1981).

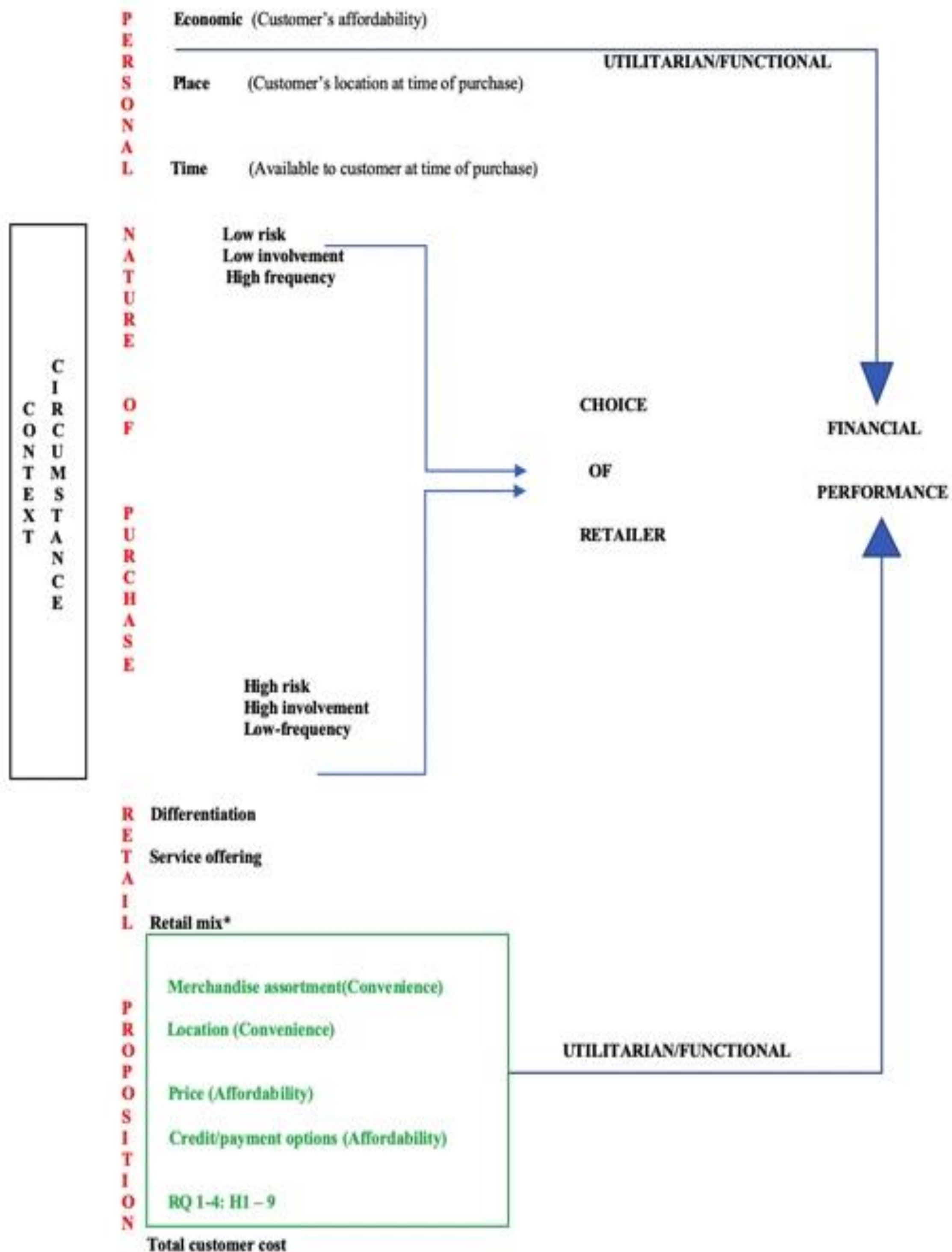
This thesis will posit that when choosing which multi-category, mass-market retailer to patronise from a range of alternatives and preferences, the notion of rational choice and utility in the context of the retail mix are the critical factors. Quite simply, in a contemporary world customers choosing a multi- category, mass-market retailer at which to shop make a rational choice with a utilitarian bias towards optimisation and thus focus on affordability (price, credit) and convenience (merchandise, location) with little regard to retailer as a brand, and their choice is moderated by customer characteristics, situational circumstances, and nature of the purchase: Figure 4.1 proposes a conceptualisation of the variables which influence and drive the customer's choice of multi-category, mass-market retailer and thus the retailer's sales (financial) performance in a contemporary world. The model is derived by integrating the work of Sheath (1981), Levin and Milgron (2004), Pan and Zinkhan (2006), Gauri et al. (2008), and Chernev (2014) amongst others.

An underlying tenet is the work of Levin and Milgron (2004), which emphasises the notion of rational choice as a basis to optimise choice, and maximise utility and profit (economic benefit) by focusing on objectives and constraints. Drawing on the work of Childers et al. (2002) and Blut, Teller, & Floh (2018) the proposed model emphasises utilitarianism as the motive of choice. Drawing on the literature above the model suggests four overarching factors, the customers circumstance, the nature of the purchase, the competitive set from which to choose, and their proposition. The model further draws on the work of key researchers to propose the

key dimensions of the retail mix (Berman & Evans 2010) namely product (Sheth 1983; Pan & Zinkhan 2006), price (Sheth 1983; Pan & Zinkhan 2006; Chernev 2014; Blut, Teller & Floh 2018), and location (Mazursky & Jacoby 1986; Bhatnagar & Ratchford 2004; Blut, Teller & Floh 2018) as key variables driving choice. The underlying premises of price and merchandise assortment as key variables driving choice are expanded on by noting the relative nature of these two namely, relative pricing where the lower the price the greater the drive (Baker et al. 2002; Ailawadi & Keller 2004; Pan & Zinkhan 2006), and relative merchandise assortment (Mazursky & Jacoby 1986; Berman & Evans 2010; Blut, Teller & Floh 2018), where the wider the assortment, the greater the drive. The model further highlights the effect of moderators noted in the literature on the customer's choice of retailer, in particular; the customer's circumstances such as economic status (Sheth 1983), or their location at the time of intended purchase (Blut, Teller, & Floh 2018), and also the nature of the purchase such as high convenience, high frequency, low risk product purchases (Ailawadi & Keller 2004).

The research hypotheses reflected in the red box of the model in Figure 4.1 and expanded on in Figure 4.2 are derived from the dimensions of the retail mix and their relative nature of some as drivers of the choice of retailer and consequentially the retailers sales (financial) performance. The boxed dimensions in green font in the model in Figure 4.1 highlight the specific dimensions to be analysed and form the basis of the research questions and subsequent hypotheses. The second model in Figure 4.2 is an expansion of the "boxed" dimensions in the first model and represent each dimension (price, product, location, and credit, and the effect of a change in brand and a change in credit offer) in terms of hypotheses to be tested (H1-H9).

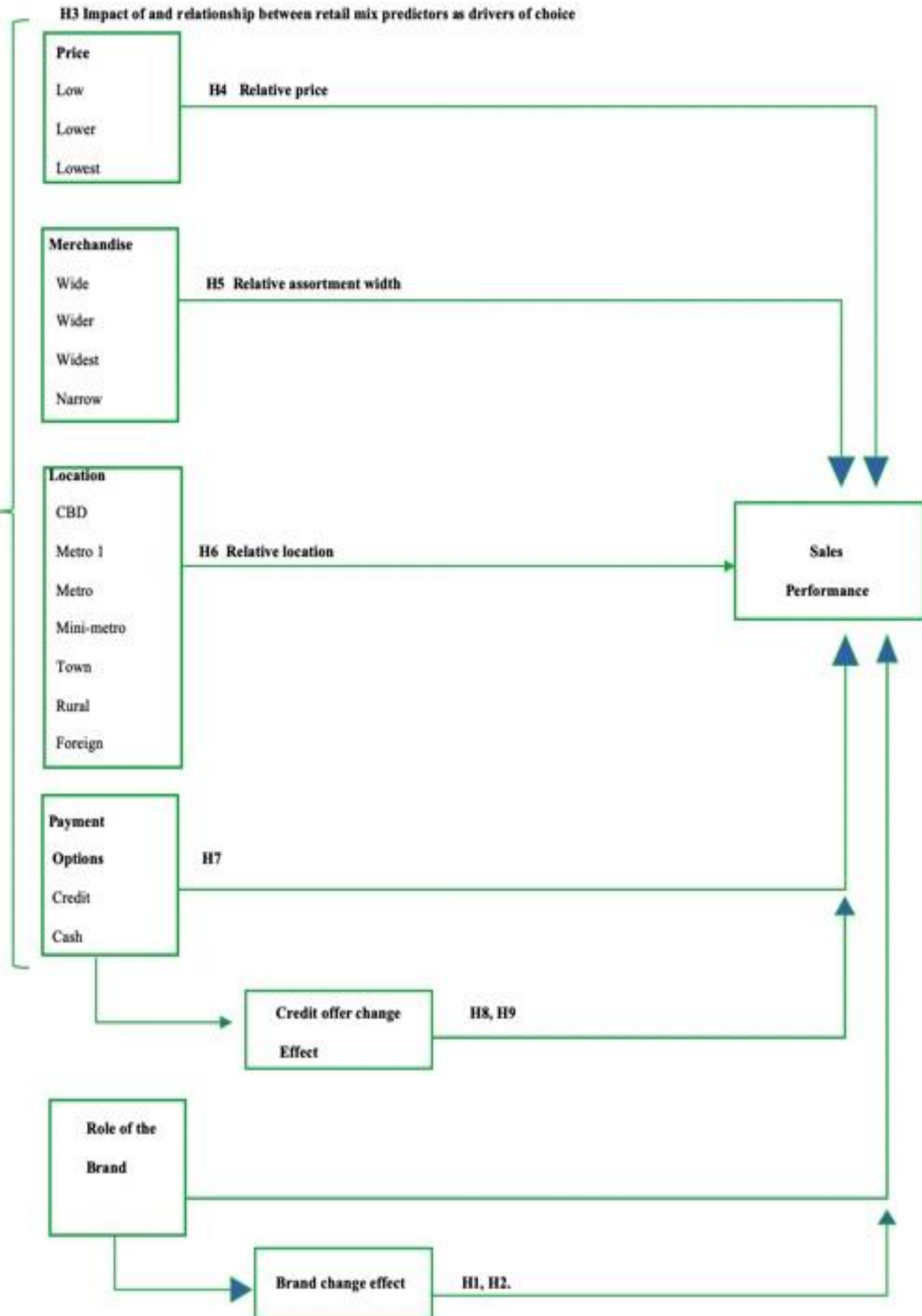
Fig. 4.1. A new conceptualisation of the drivers of choice and retailer performance for multi-category mass-market retailing.



*green box expanded in fig. 4.2 below

Model adapted from the combined work of Sheth (1981), Levin and Milgron (2004), Pan and Zinkhan (2006), Gauri et al. (2008), and Chernev (20140

Fig. 4.2. Derived hypotheses from the conceptual model. (*Green box fig. 4.1 Expanded)



CHAPTER 5 METHODOLOGY

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5.1. Introduction.

This chapter will consider the appropriate research design to achieve the research objectives based on the literature review, the nature of the data, the hypotheses to be tested and a new conceptualisation of a retail choice model entitled;

Conceptualisation of the determinants of customer retailer choice and sales performance in contemporary multi-category retailing.

Chapter Five will discuss research paradigms and orientations, and thereafter review the retail, brand, brand equity, and brand loyalty research methodologies of the last two decades with an emphasis on the substantive domains, the kind of data collected, and statistical techniques employed, particularly those most used in retail research practices. The chapter will continue by presenting the research design for this thesis, including the nature of the data, the research orientation, method, methodology and statistical techniques such as analysis of variance (ANOVA) and linear mixed models (LMM). The chapter will provide the motivation for the choices by explaining three approaches that assisted in arriving at the decisions for the design. Finally, the chapter will discuss the key research questions, hypotheses and the data to be used.

5.2. Research objectives

The overarching objective of the research is to investigate the value of retail brand equity and loyalty in multi category mass market retailing relative to more fundamental retailing variables, specifically, (1) to determine whether there is a direct and positive relationship between brand and the choice of retailer, (2) whether there is a direct and positive relationship between the brand and the retailer's financial performance, and if not, (3) which fundamental retail variables drive the choice of retailer store and therefore the retailers performance. The outcomes of the research will form the basis for the development of the new conceptualisation of the determinants of customer retailer choice and sales performance in contemporary multi-category retailing.

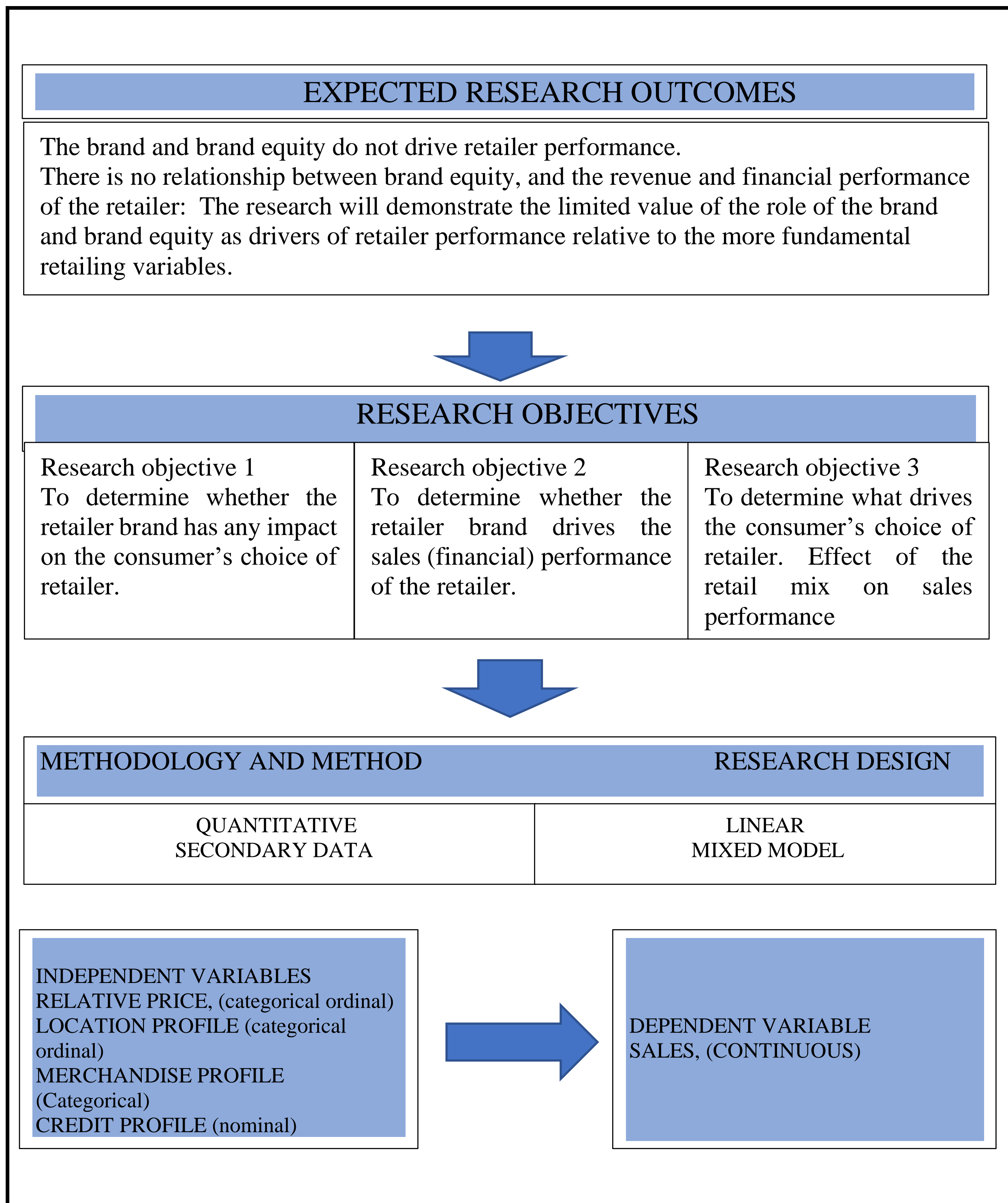
This chapter will consider three frameworks (Steven's classification of variables, Table of statistical tests, Decision making tree) to assist in deciding the most appropriate methods and inferential techniques based on both the research questions, objectives of the research and the nature of the data. A brief examination of the various research paradigms, ontologies and

epistemologies will be undertaken as part of affirming the decisions. The paradigms and philosophical orientation of the researcher will also be considered to understand the possible influence on the methodological choice. The examination of paradigms, epistemologies, and ontology will however be brief, given that the specific nature of the available data will substantively inform the choice of methodology, method and research design.

From the literature it becomes clear that a number of factors can influence the choice for research design. Cresswell (2003; 2014) however notes that a good match between the problem to be investigated, the researcher's experience, and the audience are key issues. Bryman (2004) proposes that the drivers of the approach to be adopted are; the theoretical orientation of the researcher, namely inductive or deductive; the ontological orientation, namely an objective or subjective view of reality; and the epistemological orientation, namely whether the researcher incorporates the practices of the natural sciences or considers individual's interpretations of the world.

A thorough analysis and consideration of epistemology, ontology, research methodology, methods, and research approach is normally undertaken to inform the choice of research design, the most significant factor influencing the choice of method for this research is the nature of the data (secondary data). A methodological approach is required that will allow the assessment of the effects of various retailing strategy decisions and levers on financial performance. Notwithstanding that the data and research objectives will fundamentally determine the methodology, a review was nevertheless conducted with regards to epistemological and ontological theory, and research methodologies, and their influence on choice of research design The review is available in Appendices 5.1 and 5.2 respectively.

Fig. 5.1. Summarising the research design



5.3. Existing retail, brand, brand equity and related research practices

5.3.1. Retail research analysis

An article by Brown and Dant (2008) analysed the methods in retailing research published in 312 Journal of Retailing articles between 2002 and 2007. With respect to substantive content within retail research, 11% (33) related to loyalty, and 6% (19) related to brand. Grewal and Levy (2007b) found very similar percentages. From a methodological perspective, the analysis of the 312 articles found that surveys comprised 50% (student 27% and Consumers 23%) of the methodology (data collection) for retail research. By comparison, Secondary data comprised 17% (54) of the methodologies utilised in retail reserach (Table 5.1). With respect to inferential techniques 28% of the 312 articles utilised Regression, and 15% Structural Equation Modelling (SEM), whilst 21% (67) utilised a form of Analysis of Variance (ANOVA/MANOVA). Only 8% utilised qualitative inferential techniques (Table 5.2). Cross-tabulating secondary data usage with content areas, we find 21% (6) of the 33 articles on loyalty used secondary data, and 26% (5) of the 19 articles on brand used secondary data (Table 5.3). Cross-tabulating inferential tools with content areas we note that 3% (1) of the 33 articles on loyalty used ANOVA, and 36.8% (7) of the 19 articles on brand used ANOVA (Table 5.4). In summary, this means that at a maximum, 1 article on loyalty used secondary data with ANOVA whilst at a maximum, 5 articles on brand/product used secondary data with ANOVA. Brown and Dant (2008) argued that the above historical patterns needed to be shaken up to potentially provide “new insights into old retailing problems”.

Table 5.1. Approaches to Methodology in Journal of Retailing articles: 2002–2007

Approach	Frequency	
	Absolute	**Relative (percent)**
Student Survey	85	27

Approach	**Frequency**	
	Absolute	**Relative (percent)**
Consumer Survey	73	23
Secondary Data	54	17
Laboratory	35	11
Industry Survey	23	7
Qualitative	16	5
Modelling	8	3
Other	18	6
Total methodological incidents	312	100

Source: Brown and Dant (2008)

Table. 5.2. Inferential Tools used in Journal of Retailing articles: 2002–2007

	Frequency	
Inferential Tool	**Absolute**	**Relative (percent)**
Regression	86	28
ANOVA/MANOVA	67	21
SEM	48	15
Analytical Modelling	24	8
Qualitative	24	8
All other techniques	63	20
Total methodological incidents	312	100

Source: Brown and Dant (2008)

Table. 5.3. Substantive Content Area (percent) by approach to methodology adopted: Journal of Retailing 2002–2007

	Substantive Content Area										
Approaches	Consumer Behaviour	Price	Loyalty	Service	I/net	Brand/ Product	Org.	Promotion	Channels	Other	Total
Student Survey	48.5	37.7	6.1	26.7	24.1	42.1	0.0	31.6	0.0	3.7	85
Consumer survey	25.0	15.1	45.5	43.3	20.7	15.8	10.5	10.5	20.0	14.8	73
Secondary data	8.8	22.6	21.2	3.3	20.7	26.3	21.1	47.4	6.7	11.1	54
Laboratory	11.8	15.1	6.1	13.3	27.6	10.5	0.0	0.0	6.7	7.4	35
Industry Survey	0.0	0.0	6.1	3.3	0.0	0.0	63.2	0.0	46.7	3.7	23
Qualitative	1.5	0.0	3.0	3.3	3.4	5.3	5.3	0.0	0.0	37.0	16
Modelling	0.0	3.8	3.0	0.0	0.0	0.0	0.0	0.0	20.0	7.4	8
Other	4.4	5.7	9.1	6.7	3.4	0.0	0.0	10.5	0.0	14.8	18
Total incidents	68	53	33	30	29	19	19	19	15	27	312

Source: Brown and Dant (2008)

Table. 5.4. Substantive Content Area (percent) by Inferential Tools used: *Journal of* Retailing 2002–2007

	Substantive Content Area										
Inferential tools	Consumer Behaviour	Price	Loyalty	Service	I/net	Brand/ Product	Org.	Promotion	Channels	Other	Total
Regression	32.4	35.8	27.3	26.7	17.2	10.5	42.1	42.1	20.0	7.4	86
Anova/Manova	33.8	33.1	3.0	16.7	10.3	36.8	10.5	26.3	6.7	11.1	67
SEM	13.2	7.5	24.2	30.0	20.7	5.3	21.1	5.3	40.0	0.0	48
Analytical modelling	1.5	5.7	18.2	3.3	3.4	15.8	0.0	10.5	20.0	14.8	24
Qualitative	8.8	0.0	9.1	0.0	3.4	5.3	5.3	0.0	0.0	44.4	24
All other 20 tech	10.3	18.9	18.2	23.3	44.8	26.3	21.1	15.8	13.3	22.2	63
Total incidents	68	53	33	30	29	19	19	19	15	27	312

Source Brown and Dant (2008)

5.3.2. Brand research analysis

ANOVA's have been used in brand research, albeit somewhat infrequently. Between 2001 and 2015, 182 journal articles have been published on brands, with 19 of these using some form of ANOVA, of which 13 were retail related and 3 used some form of ANOVA (i.e., 3 of 182 journal articles were retail brand related and used ANOVA). In a literature review on "brand" between 2010 and 2015, by Kavak et al. (2015) 409 brand related articles across three international brand journals were analysed (Table 5.5). Of these, 3.18% (13) were on brand

loyalty and 9.29% (38) were on brand equity. Here too, surveys were the dominant methodology comprising 62.3% (233) of 374 articles whilst secondary data comprised only 2.94% (11) of the 374 articles. With respect to inferential/statistical techniques, ANOVA was the preferred technique in 9.53% (43) of 451 incidents.

Table. 5.5. Distribution of articles by subject

SUBJECTS	JPBM	IUP JBM	JBM	OVERALL n	TOTAL (%)
BRAND CONCEPTS	31	11	37	79	19.32
Brand image	9	2	4	15	3.67
Brand identity	2	1	4	7	1.71
Brand personality	3	3	8	14	3.42
Brand awareness	0	0	1	1	0.24
Brand loyalty	7	1	5	13	3.18
Brand value	1	1	3	5	1.22
Brand vulnerability	0	0	1	1	0.24
Brand engagement	3	0	1	4	0.98
Brand evangelism	1	0	0	1	0.24
Brand commitment	3	1	0	4	0.98
Brand trust	1	1	0	2	0.49
Brand recognition	0	1	0	1	0.24
Brand heritage	1	0	1	2	0.49
Brand conscience	0	0	2	2	0.49
Brand reputation	0	0	1	1	0.24
Brand strength	0	0	1	1	0.24
Brand empowerment	0	0	1	1	0.24
Anthropomorphism	0	0	1	1	0.24
Brand leadership	0	0	1	1	0.24
BRAND MANAGEMENT					
Branding	20	11	54	85	20.78
Corporate branding	7	1	14	22	5.38
Employer branding	1	5	3	9	2.20
Place branding	2	0	7	9	2.20
Other	10	5	30	45	11.00
Brand strategy	40	20	53	113	27.63
Brand communication	8	4	15	27	6.60
BRAND EQUITY	16	8	14	38	9.29
BRAND ATTITUDE	28	6	33	67	16.38
TOTAL	**143**	**60**	**206**	**409**	**100.0**

Source, Kavak et al., (2015). Classification reflects the contents of Kapferer (2008) textbook.

Table. 5.6. Distribution of empirical articles by data collection

DATA COLLECTION METOD	JPBM	IUP JBM	JBM	TOTAL n	%
Survey method	94	29	110	233	62.30
In-depth interviews	21	5	17	43	11.50
Case study	12	8	22	42	11.23
Focus group	4	2	5	11	2.94
Observation	0	0	1	1	0.27
Document review	1	4	7	12	3.21
Content analysis	7	3	7	17	4.55
Panel data	3	0	1	4	1.07
Secondary data	5	0	6	11	2.94
Total	147	51	176	374	100.0

Source: Kavak et al., (2015)

Table. 5.7. Distribution of articles by statistical analysis

ANALYSIS TECHNIQUE	JPBM	IUP JBM	JBM	TOTAL n	%
QUANTITATIVE METHODS				**376**	**83.37**
SEM	26	6	26	58	12.86
Manova	8	0	10	18	3.99
Anova	13	3	27	43	9.53
Factor analysis					
Regression	26	6	35	67	14.86
Mancova	3	0	1	4	0.89
Ancova	2	0	2	4	0.89
Cluster	2	1	6	9	2.00
Correlation	9	0	12	21	4.66
Chi-square	5	1	3	9	2.00
T-test	7	0	10	17	3.77
Frequency	2	2	1	5	1.11
PLS/Path analysis	3	0	13	16	3.55
Principal component	1	0	4	5	1.11
Variance	1	0	6	7	1.55
Descriptive statistics	6	1	2	9	2.00
Other	7	6	9	22	4.88
Qualitative methods				75	16.62
Content analysis	19	5	35	59	13.08
Semiotic	2	11	0	13	2.88
Meta-analysis	0	1	2	3	0.67
Total				451	100.0

Source: Kavak et al., (2015)

5.3.3. Brand loyalty research analysis

In the review of brand loyalty research by Cenzig and Cenzig (2016) for the period 2001-2015 they identify 15 articles of a total of 127 articles on brand loyalty within the retail sector representing 11.81%. The authors classified the research into three approaches based on their measure of brand loyalty: Behavioural, Attitudinal, and Multi-domain.

5.4. Frameworks for choosing the appropriate statistical analysis

Choosing the most appropriate statistical technique is vital, since this affects the specific research questions that can be asked. One of the most important criteria that determine the appropriate technique is the number of independent and dependent variables and whether they are categorical or continuous. One tool to assist in the process is the Table of Statistical Tests, which commences by determining the number and type of variables. By contrast, The Decision Making Tree is based on four types of research questions, namely, the significance of group differences, the degree of relationship between variables, structure, and prediction of group membership.

5.4.1. Stevens "classification of variables system"

Whilst a number of attempts were made to formalise the classification of variables, the generally accepted classification was developed by Stevens (1951).

5.4.1.1. Nominal variables

With this type of variable, each individual observation is one of several distinct categories, which are not inherently numerical, notwithstanding they may be represented by numbers (eg. sex as either male or female, represented by either 0 or 1).

5.4.1.2. Ordinal variables

These variables also use categories, however there is a known order to them. A category is either higher or lower than others. Although one would conventionally start at 1 and increase, any numbers may be used to represent the category as long as they are in increasing or decreasing order as the case may be.

5.4.1.3. Interval variables

This represents a “special “ordinal variable, where the difference between each successive value is the same (the difference is constant), e.g., Temperature.

5.4.1.4. Ratio variables

These are interval variables, which have a natural “zero” point which represents the “origin of the measurement”, for example height which has 0 as a defined point of origin on the scale (i.e., 0 = the absence of elevation or descension).

5.4.1.5. Other classifications

There are other forms of variable classification as proposed by Coombs (1964). For example, variables can also be classified as continuous, indicating they can have any value in a specified range, or discrete, indicating they may only take on specified values, and only be 0, positive, or negative integers. All nominal and ordinal variables are discrete, whilst interval and ratio variables can be both continuous or discrete.

5.4.1.6. The use of variables in data analysis.

Variables can either be used to measure results or outcomes, or explain the cause of an outcome. Variables are said to be dependent in the case of the “outcome variable”, or

independent which refers to the characteristics that affected the outcome. Notwithstanding the label independent variable, these variables may well in fact not be independent of each other, but may be interrelated (Seltman 2018).

5.4.1.7. Cross sectional (between groups) and longitudinal (within groups, repeated) variables.

Variables can also be classified as between groups (cross-sectional) or within groups (longitudinal) in their nature. Any variable for which each subject is exposed to only one of the levels is a between-subject variable. By contrast, a within-subject or repeated variable is an explanatory categorical variable where the subject is exposed to all of the levels (or several), which could be different treatments or different measurement for the same treatment or repeats of the same outcome.

Table 5.8. STEVENS "CLASSIFICATION OF VARIABLES SYSTEM"

Scale type	**Permissible statistic**	**Empirical operation**	**Examples**
Nominal (Categorical)	Mode, Chi square	Determination of equality of categories	Co. name Race Religion
Ordinal	Median Percentile	Determining greater or less than (Ranking)	Ranking wines Socio economic status
Interval	Mean Standard deviation Correlation Regression ANOVA	Determination of equality of differences between levels	Temperature (degrees) Calendar dates

Ratio	As for interval scales plus Coefficient of variance Geometric and Harmonic means	Determination of equality of ratios of levels	Height Weight Difference in time

Source: Afifi and Clarke, Computer aided Multivariate Analysis (1984)

Understanding the classification of variables is important in as much as the type of variable and their role effects our decision of methods and analytical techniques.

5.4.2. Decision making tree for statistical tests

The structure of the tree provides sequential steps to determine the most appropriate statistical model. The tree is based on the different research questions, followed by the number of variables and then the types of variables. The process involves 1) identifying the variables, 2) identifying the dependent and independent variables, 3) determining which variables are quantitative and which are categorical (if categorical, how many), 4) determining whether the purpose of the research is to examine the group differences (IV's categorical & DV's quantitative), degree of relationships (IV's & DV's are both quantitative), predicting group membership (DV's categorical).

Table. 5.9. Statistical Tree

Research Question	Number and type of DV's	Number and type of IV's	Covariates	Test	Goal of analysis
Degree of relationship	1 Quantitative	1 Quantitative		Bi-variate correlation and/or regression	Determine relationship & prediction
		2+ Quantitative		Multiple regression	Create linear combination that best describes DV
	1+ Quantitative	2+ Quantitative		Path analysis	Estimate causal Relationship among variables oin a hypothesised model
Group differences	1 Quantitative	1 Categorical (2 categories)		t-Test	Determine significance of mean group differences
		1 Categorical (2+ categories)	None	One-way ANOVA	
			Some	One-way ANOVA	
		2+ Categorical	None	Factorial ANOVA	
			Some	Factorial ANOVA	
	2+ Quantitative	1 Categorical	None	One-way MANOVA	Create linear combo of DV's to maximise mean group differences
			Some	One-way MANCOVA	
		2+ Categorical	None	Factorial MANOVA	
			Some	Factorial MANCOVA	
Prediction of group membership	1 Categorical (2 categories)	2+ Mixed		Logistic regression	Create linear combo of IV's of the log of odds of being in one group to represent latent variable
	1 Categorical (2+ categories)	2+ Quantitative		Discriminant analysis	Create best linear combo to predict group membership
Structure	3+ Quantitative			Factor analysis (theoretical)	Create linear combinations of observed variables
				Principal components (empirical)	

Source, Adapted from Advanced and Multivariate Statistical Methods 2nd ed. Mertler and Vannatta

5.4.3. Table of statistical tests

The table resembles a two by two and provides a process for choosing the statistical test. The table is organised first by the number and second by the type (whether categorical or quantitative) of dependent and independent variables. This process commences with 1) identifying the variables, 2) determining which variables are dependent, independent or co-variate, 3) determining whether the variables are quantitative or categorical, 4) referring to the table to find the intersection between IV's and DV's which will indicate the most appropriate test.

Table. 5.10. Table of Statistical Tests

INDEPENDENT VARIABLE(S)			DEPENDENT VARIABLE(S): Categorical – 2 categories	Categorical – 2+ categories	Quantitative – One DV	Quantitative – Several DVs
Categorical	One IV	2 categories			*t* Test	One-way MANOVA
		2+ categories			One-way ANOVA	
		With covariate			One-way ANCOVA	One-way MANCOVA
	Several IVs	No covariate	Logistic Regression		Factorial ANOVA	Factorial MANOVA
		With covariate			Factorial ANCOVA	Factorial MANCOVA
Quantitative	One IV				Bivariate Correlation Bivariate Regression	
	Several IVs		Discriminant Analysis Logistic Regression	Discriminant Analysis	Multiple Regression Path Analysis	Path Analysis

Source, Adapted from Advanced and Multivariate Statistical Methods 2nd ed. Mertler and Vannatta

5.5. Understanding prominent inferential techniques and statistical analysis

In the review of existing literature and in particular, reviewing the approaches used in Retail, Brand, Brand Equity, and Brand Loyalty research, we note the most used techniques included Regression, Structural Equation Modelling, and Analysis of Variance. As a precursor to a decision for this research a brief reflection on these key techniques follows.

5.5.1. Analysis of variance (ANOVA/MANOVA)

The Analysis of Variance (ANOVA) tests the significance of group differences between two or more means by analysing the differences both between and within each group. As articulated above, ANOVA is best applied when there are two or more categorical independent variables and a quantitative dependent variable. There are various options to test the significance of group differences between two or more means, including t tests, and multiple adaptations of ANOVA including, Analysis of Covariance (ANCOVA), Multivariate Analysis of Variance

(MANOVA), Multivariate Analysis of Covariance (MANCOVA), and Factorial adaptations of MANOVA and MANCOVA, the choices of which are determined by different combinations of dependent and independent variables (Mertler & Vannatta 2002).

5.6. Research design for this thesis.

5.6.1. Paradigm, ontology and epistemology, making a decision

As articulated previously, whilst the concepts of ontology and epistemology were reviewed and considered, the choice of methodology and methods for this research is driven by the nature of the data (empirical scanner based data) rather than on reflection of ontological, or epistemological theory. For this research a quantitative research strategy and a deductive approach to the research question is most appropriate and is again a function of the data. Over and above the previously mentioned comments as motivation for these choices, the research questions to be answered were further criteria in the decision.

5.6.2. Data

The data set is the most substantial set of actual performance data found during the review of the existing literature and research. This research will use 36775 (average number of stores over the three years of 1021 x 36 months) scanner based sales data points and the data points for six independent variables for each of the stores, across eleven different retail chains, over 36 months, to demonstrate the limited role of the brand on sales performance relative to more fundamental retailing variables. To achieve this, the research aims to test for group differences between the means to determine the relationships between the dependent and independent variables, with groups for comparison arising out of the categories in the independent variables. The 36 month sales period includes both pre and post brand change/consolidation data and pre

and post credit policy change data thus enabling before and after comparisons of the actual effect of each of these changes on sales performance.

Table. 5.12. Variable descriptors and classification.

Dependent Variable Name	Description	Value	Type	Within subject variance	Between subject variance
Sales	Total store revenue per month. Retail Selling Price/unit x volume	Monetary value	Continuous		
Independent Variable Name	**Description**	**Value**	**Type**	**Within**	**Between**
Original Retailer Brand	Brand name under which the retailer operates (company. name)	0 = Beares 1 = Lubners 2 = Ellerines 3 = Furncity 4 = Town-Talk 5 = Savells 6 = Fair-deal 7 = Mattress Factory 8 = Dial a Bed 9 = Furniture City 10 = Geen & Richards	Nominal		Between Differs by brand
Brand Change Before and after (period) Before and after (mth on mth)	Describes whether the brand changed Yes / No All months before (0-10) vs all months after (11-36) Month before vs month after	0 = No change 1 = Brand changes 0 = before (all stores) 1 = after (all stores) 0 = before (all stores) 1 = after (all stores)	Categorical nominal		Between Differs by brand
Relative Price	Based on the mark up applied to cost of goods Labels are as per the definitions in the companies' strategic descriptions	0 = Lowest M.up 50 - 59% 1= Lower M.up 60-69% 2 = Low M.up 80 – 89%	Ordinal		Between Differs by brand
Credit Profile (Payment options)	Cash, bank credit cards or credit provided by the retailer (term finance) deposit & Instalment	0 = Cash & bank credit card 1 = 0 + Inhouse term finance	Nominal		Between Differs by brand
Credit Change	Describes whether the credit offer changed at and point over the 3 years Yes/No	0 = No change 1 = Credit offer changes	Categorical		Between Differs by brand

Before / after (period) **Before / after (mth/ mth)**	All months before vs all months after Month before vs month after Two iterations, as all brands targeted for a credit change split into two in order to reduce the risk	0 = before (all stores) 1 = after (all stores) 0 = before (all stores) 1 = after (all stores)			
Location profile	Profile of physical location of the store based on household. Labels are consistent with retail nomenclature in South Africa and are as defined by the specialist location consultancy and the companies' strategy documents	0 = Metro CBD 1 = Metro Tier 1 2 = Metro TIER 2 3 = Metro mini 4 = Town 5 = Rural 6 = Foreign Country	Nominal		Between Differs by store
Merchandise profile	Based on number of merchandise categories, departments, items Labels are as per the definitions in the companies' strategic descriptions	0 = Wide 15 cats 1 = Wider 20 cats 2 = Widest 26 cats 3 = Cat Specialist 6 cats	Ordinal		Between Differs by brand

5.6.2.1. Data descriptions

The data to be used is listed below and clarity is provided with respect to the meaning of each variable.

- **Brand:** Brand name under which the company trades (corresponds to the name of the company, and is categorised from 0 - 10, (11 brands) and is a nominal categorical variable and a between group variable.
- **Store:** Individual retail branch (site) of the brand numbered from 1 to 987.

5.6.2.2. Dependent variable

- **Monthly Sales:** Continuous variable. Point of sale (scanner) data of the cumulative retail value of all products sold in a calendar month by store by brand. Sales aligns with

Steven's classification as a ratio variable. Base sales as a key measure of the effects of the retail mix on sales performance is used by many researchers (Ataman, Van Heerde, and Mela (2010).

5.6.2.3 Independent variables

There are a number of independent variables for which data is available. These variables include:

- **Brand change Yes / No:** Brand change is a categorical variable, indicating whether the brand underwent a brand change or not, the designation is either,
  - no brand change = 0
  - brand change = 1
- **Brand change before and after.**
  - Period; this variable represents the period (all months) before the brand change and the period (all months) after the change thus over considering the full 36 months;

    period before the change = 0

    period after the change = 1
  - Month; this variable represents the month before the change and the month after the change;

    month before = 0

    month after = 1
- **Relative price profile:** This variable is an ordinal categorical variable and reflects the price position of the brand relative to the other companies and competitive set. Mark-up percentage is used as proxy for price positioning profile and categorised on this basis by the group's strategic documents as low, lower, lowest. (Companys' strategy documents, 2007-2011). Monroe and Lee (1999), commented that customers do develop price

perceptions based on relative pricing. Grewal et al. (2010) refer to mark-up percentages relative to other retailers as an indicator of price positioning. Grewal et al (2010) further proposed a model for greater retail success based on two important retail dimensions of which one is relative price. Pan and Zinkhan (2006) also used general price levels to examine the effect of pricing. Coding for this variable is as follows;

- Lowest relative price = 0; (Mark-up 50 - 59%)
- Lower relative price = 1; (Mark-up 60-69%),
- Low relative price = 2; (Mark-up 80 – 89%)

This variable is always constant between branches within the same brand, but can differ between brands (some brands as seen above have the same relative price profile) (Company defined pricing profiles per the group strategy documents and board reports)

- **Relative merchandise assortment profile:** The profile is an ordinal categorical variable for the multi category brands (excluding the category killer) and represents the merchandise assortment of a brand's stores relative to other brands' stores and the competitive set. The merchandise width represents the number of categories, departments, and items and were categorised and labelled (wide, wider, widest, narrow) as such by the group and companies in their strategic profiles and documents. (Company defined profiles as per the group's strategy documents and board reports).

- Wide = 0 15 categories
- Wider = 1 20 categories
- Widest = 2 26 categories
- Narrow = 3 6 categories (Category Specialist)

This variable is always constant between branches within the same brand, but can differ between brands (some brands as seen above have a common relative merchandise profile.

As noted above, Grewal et al.'s (2010) proposed model for drivers of retail success is based on two important retail mix dimensions, one of which is relative merchandise offerings.

- **Credit profile:** This is a nominal categorical variable and makes reference to the nature of the payment options available to customers. (Company strategy documents)
- Cash and bank credit card = 0, where a brand has no in-house credit offer, the coding will be 0 for the full 36 month period
- Cash, bank credit card and in-house term credit offer = 1 (credit offer), where a brand has an in-house credit offer, the coding will be 1 for the full 36 month period. This variable is always constant between branches within the same brand, but can differ between brands (some brands as seen above do have a common profile).

- **Credit change Yes/No:** This variable is a categorical variable and reflects whether a brand underwent a change in its credit offer at any point in the 36 months. A binary yes/no variable. The credit change included the extension of term, the reduction of interest rates, and the reduction/elimination of deposit requirements thereby improving customer affordability. (Company board reports, strategy documents).

  No credit change = 0

  Credit change = 1

- **Credit change before and after: (Period & Month)**
- Period: this variable represents the sales in the period (all months) before the credit change and the period (all months) after the change

  period before the change = 0

  period after the change = 1
- Month: this variable represents sales in the month before the change and the month after the change;

  month before = 0

month after = 1

The change in credit offer for the month before and month after was conducted twice. In order to mitigate the system risk of the credit change, the process was split into two and conducted over two iterations.

- **Location profile:** The variable is a nominal categorical variable, defined by the specialist location strategy consulting firm's proprietary algorithm, incorporating household density, and household income, and size of the market. The location names are as defined by the location strategy consulting firm and are consistent with the nomenclature in South Africa. Location codes are also as defined by the consulting firm. (Group property strategy documents: Fernridge; specialist retail location profile framework) The classifications are:

- Metro CBD = 0, (Rank order not defined due to the nature of the CBD, i.e. mostly companies, office and commercial; very few residents and households. In South Africa an extreme minority of people live in CBD's)
- Metro tier 1 = 1 Rank order 1
- Metro tier 2 = 2 Rank order 2
- Metro mini = 3 Rank order 3
- Town = 4 Rank order 4
- Rural = 5 Rank order 5
- Foreign = 6 Rank order 6

Location varies between branches within the same brand, and is therefore brand agnostic.

5.6.3. Motivating the choice of research design

The data considered to reach the research design decision and the research objectives are presented diagrammatically in Figure 5.1. Given the nature of the research question, namely

the significance of group differences (determining the causal link between dependent and independent variables), and the number and type of dependent and independent variables we utilised the Table of Statistical Tests, The Statistical Tree and Stevens Classification of Variables System to decide the most appropriate method. Given the extensive data of a continuous dependent variable and five independent nominal variables some of which vary within subjects, and some of which vary between subjects and some both, all the decision tools used, suggested that the mixed model analysis of variance is the most effective approach for this research. Ultimately the data drove the decision. The research literature reviewed, revealed that of the 312 retail research articles only 33 articles focussed on loyalty of which only 6 used empirical data and none used Linear Mixed Models (1 used ANOVA). Furthermore, 19 focussed on brand with only 5 using empirical data and none using Linear Mixed Models (7 used ANOVA), implying a level of uniqueness of the intended statistical technique within the retail brand, brand loyalty, and brand equity domain. Retail focussed research has however been conducted on a few occasions using linear mixed models, including the work of Scollo, Bayly and Wakefield (2015).

5.6.4. Linear mixed model; LMM (Hierarchical linear mixed model as required)

This technique is founded on the framework of ANOVA and as such, is able to provide all the same analyses whilst solving a number of potential challenges, and if necessary or appropriate, allows for the application of nested variables. Mixed models are beneficial when the data is clustered, and for repeated-measure or longitudinal analysis where the subject is repeatedly measured or measured under conditions which are different West, Welch & Galecki 2015). Furthermore the mixed model solves for the assumption of homogeneity of regression slopes by allowing the researcher to specifically model the variability in the slopes, and solves the assumption of independence in errors by allowing the researcher to model the relationship

between residuals, and finally, the model can accommodate missing data sets particularly in repeated measure variables by enabling parameters to be estimated with the data available. Although missing data can never fully be accommodated, this model meaningfully assists (Field 2013). The additional benefit of a LMM is its ability if necessary or appropriate to deal with hierarchical data (hierarchical linear mixed model), and the potential impact on independence that it could create. Finally, correlated data, which creates challenges, frequently occurs in research, and may occur because "of grouping of subjects, or due to repeated measurements on each subject over time or space, or to multiple related outcome measures at one point in time" (Seltman 2012, p. 357). In these instances mixed models enable a flexible approach as it offers a number of options of variance and co-variance structures to be explicitly specified.

Given the data for this research is dynamic real world data, a linear, mixed effects model will be used. Examining the data points highlighted in the above paragraphs on retail research practices, brand research, and brand loyalty research, it becomes evident that the use of linear mixed models using secondary data for research on brand or brand loyalty within retail is extremely infrequent, making this research's approach one of very few, the more recent of which is Scollo, Bayly, and Wakefield (2015), and Cristini and Laurini (2017).

5.7. Conclusion

In this chapter we examined the philosophies and theoretical background to the research. The chapter included a brief review of the underlying paradigms, ontological, and epistemological orientations, and the effects and consequences of these on the choice of methodology, method and approach to academic research. The chapter furthermore reviewed the research on Retail, Brand, Brand Loyalty, and Brand Equity with a view to understanding the choice of methods

and approaches used in the research. The chapter reflected on which methodology, method and approach would be most appropriate for use in this study and the motivation for the choice although the choice was in fact derivative. The chapter gave consideration to Stevens Framework as a basis for deciding the most appropriate statistical analysis namely ANOVA, which aligns well with the nature of the data available, the research questions, and the need for hypotheses testing. After consultation and further consideration, and in recognition of the hierarchical nature of the data a hierarchical mixed model was decided upon. Ultimately, the choice of methodology, method, and design was primarily dictated to by the nature of the data.

CHAPTER 6 RESEARCH RESULTS AND DISCUSSION

Introduction	**6.1**
↓	
Nature of the data	**6.2**
↓	
Analytical techniques employed and related assumptions	**6.3**
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6.1. Introduction.

In the preceding chapter the significant change that has occurred in the retail environment over the last two to three decades was considered and re-conceptualised into a new model. The effect of all the changes on the role of the brand, and the growing importance of fundamental elements of the retail mix were reviewed. It was posited that customer expectations have changed, that brand equity and loyalty has eroded and waned, and that the fundamentals of the retail mix matter more to customers, their choice of store, and its financial performance. A new

conceptual model was proposed in respect of the key drivers of the consumer's choice of retail store, and the effect on sales performance.

In this chapter, the results of the analysis will be presented in respect of the key research questions and the underlying hypotheses. The overarching research objective is to show that given all the changes, brand equity and brand loyalty has eroded and as such does not drive retail performance. In order to examine the objective, the research investigated whether an "overnight" change in well-entrenched dominant brands of retail stores results in a decline in retail sales performance relative to stores that keep their existing brands over the same period. Furthermore, to determine the true drivers of retail performance, the research examined the effect of key dimensions of the retail mix on sales performance.

The overall research question is whether in a contemporary world, the role of the brand and brand equity has eroded to the extent where it does not drive retail performance, and whether more fundamental dimensions of the retail mix (price, merchandise assortment, location, credit) drive retail sales performance to the exclusion of the brand.

- Research question one; does an abrupt change in a retailer brand result in a decline in sales performance.
- Research question two; what is the effect of individual dimensions of the retail mix on sales performance (price, merchandise, location, and credit).
- Research question three; what is the effect, of different levels of each dimension of the mix (relative pricing, merchandise assortment width, location profile, and credit offers) on mean sales performance?
- Research question four; what is the effect of a change in credit offer (improving affordability) on sales

6.2. Nature of the data, a brief reminder

Whilst the data was covered in quite some detail in the methodology chapter, we will briefly revisit key issues.

6.2.1. Description of the data

The research used detailed scanner based empirical sales data by month for 987 (at a point in time as opposed to the average per annum of 1021 over the three years). South African retail stores, across 11 multi-category retail chains, over three years. The period includes both pre and post brand consolidation sales data and pre and post credit change sales data. The dependent variable, store monthly sales, is a continuous variable, whilst the independent variables are categorical variables, and include, relative price profile, relative merchandise assortment profile, location profile, credit offer profile, credit offer change, and brand change. Table 6.1 below provides insight into how they are combined within each brand.

Table 6.1. Brand profile information

Brand number	Price profile 0 = lowest 1 = lower 2 = low	Merchandise profile 0 = wide 1 = wider 2 =widest 3 = narrow category killer	Location profile 0 = cbd 1 = metro tier 1 2 = metro tier 2 3 = mini metro 4 = town 5 = rural 6 = foreign	Credit profile 0=cash/credit card 1=cash/credit card/in-house credit offer	Credit change profile (Improving affordability) 0 = no change 1 = change.	Brand change profile 0 = no change 1 = change
0	1 = lower	1 = wider	0 - 6	1	1 = changed	0= no change

1	1 = lower	1 = wider	0 - 4	1	1 = changed	1= changed
2	2 = lower	0 = wide	0 - 6	1	1 = changed	0= no change
3	2 = low	0 = wide	0 - 6	1	1 = changed	1= changed
4	2 = low	0 = wide	0 - 5	1	1 = changed	1= changed
5	2 = low	0 = wide	0 - 6	1	1 = changed	1= changed
6	2 = low	0 = wide	0 - 5	1	1 = changed	1= changed
7	0=lowest	3 = narrow	0 - 4	0	0= no change	1= changed
8	0=lowest	3 = narrow	0 - 4	0	0= no change	0= no change
9	0=lowest	2 widest	0 - 4	0	0= no change	0= no change
10	1 = lower	1 = wider	0 - 5	1	1 = changed	0= no change

Observations from the brand profile table provide important insights to the results analysis;

- All low (2) and lower (1) price brands have a credit offer which is a key dimension of the brands' strategies.
- All lowest price brands (0) have no credit offer (0).
- All lower price profile (1) brands are also wider merchandise profile (1) brands.
- All low price profile (2) brands are also wide merchandise profile (0) brands.

6.2.2. Descriptive statistics.

Scheffe (1959; 1999) noted that skewness and kurtosis are the most critical indicators of the degree to which inferences from analysis of variance are affected by non-normal distributions. To the extent that skewness varies from 0 the distribution is not symmetrical, and a kurtosis which varies from 0 indicates non-normal tail and shoulder distributions (DeCarlo 1997b). From the descriptive statistics seen in Appendices 6.1, 6.2, and 6.3 we note a skewness statistic of 3.709 with a standard error of 0.013 and a kurtosis statistic of 21.547 with a standard error

of 0.026 indicating a positively skewed leptokurtic distribution (Field 2015). Given the requirement of normally distributed data for some of the different analyses performed here, consideration was given to the need for transformations. The central limit theorem does however note that for large sample sizes the lack of normality if not extreme may not be a problem. Assessing both alternatives results showed that using a logarithmic transformation or the untransformed data produced effectively the same results.

6.2.2.1. Cyclicality in the data, total combined sales

The time series plots of sales as seen in Appendix 6.4 reveal cyclicality in the data. The cyclicality is a natural function of retail seasonality. Sales vary monthly and peak in each December (months 6, 18, 30). The figure also reflects the increasing trend in sales levels from year 1 (month 1-12), to year 2 (month 13-24), and year 3 (month 25-36). Under some circumstances some research might remove the periodicity in the data in order to analyse the impact of the predictors on sales, however, given this is a natural function of the retail environment it would not be appropriate. Notwithstanding, in order to solve the problem in the event it proved necessary, an alternative was sought to remove the cyclicality. Consequently, dummy variables were created for months 1 to 12, and years 1 to 3. In this research no time series analysis will be examined and all predictor variables are categorical variables, therefore the research questions being undertaken will not be affected, and the dummy variables for month and year were not required.

6.3.Analytical techniques employed and related assumptions

This research aimed to test for group differences between means to determine the relationships between the dependent and independent variables, with groups for comparison arising out of the categories in the independent variables. To address the research hypothesis,

a linear mixed model analysis was utilised which provides a robust approach to include the great variability inherent in this type of data into linear equations, thus accommodating correlations between or within factors (Cristini & Laurini 2016). The research was supplemented by utilising three further analyses well established in the literature to analyse specific hypotheses;

- T-tests, and descriptive statistics (relative difference in variances); for hypotheses two, and nine.
- One way ANOVA; for hypotheses four, five, six, and seven.

6.3.1. Summary of assumptions for intended analysis, violations, and resolution.

6.3.1.1. Paired T-Tests, and Regression

- Assumption of linearity between dependent and independent variable. The original scatterplots and the test for linearity showed that this assumption was not met by two variables. Dummy variables were created to potentially be used to correct for the violation if and when required. Furthermore, as will be seen in the analysis both linear and non-linear models were run to understand and evaluate the impact of the violation on the results. The results indicated no meaningful difference in the statistics or the p value, and definitively no difference to the conclusion of the hypotheses (support/not).
- Assumption of multicollinearity in the data (VIF). The variance inflation factor (VIF) "indicates whether a predictor variable has a strong linear relation with other predictors (Fields 2013, p. 405) and is an indication of the extent to which the standard error of the regression coefficient is exaggerated due to the collinearity, and ranges from 1 (non-correlated) to infinity (Ferre 2009). The analysis indicated collinearity between two of the independent variables, price profile and merchandise assortment profiles with VIF scores of 23.194 and 31. 839 respectively. If the dummy variables established

are used, VIF values of the variables all ranged between 1.016 and 1.861 meeting the assumption of no collinearity; (no VIF < 1 or VIF >10), and tolerance levels are well above 0.2. An alternative approach to resolve collinearity was to exclude collinear variables from the model (automatically done for LMM in SPSS, but can be done manually). Given the statistical and significance values were not fundamentally different as indicated in Appendix 6.6 in order to minimise data transformations and use the data in its natural form, the dummy variables were not used.

- Assumption of homogeneity of variance, assumes the variances of the residuals are equal, and is reflected by the results of the Durbin-Watson test. The analysis of the scatterplot indicates that the data failed to meet this assumption. The analysis also returned a Durbin-Watson value of 0.398 indicating strong positive correlation. The analysis returned a p value of < 0.05 resulting in a rejection of the null hypothesis. The variances for each combination of the groups of within-subject and between-subject are not homogenous. The literature does indicate some concern with the Levene's test, namely that in large sample sizes, even a small difference in variance will reflect as significant (Zimmerman 2004). It is argued that "the most efficient strategy is to perform (for non-homogenous variances and unequal sample sizes) the Welch test or related separate variance tests", (Zimmerman 2004, p.180), which this research will do.

- The assumption that there are no influential cases biasing the model was assessed using Cook's Distance test. The Cook's Distance test value considers the overall effect of an individual case on the model, with a value greater than 1 being a cause for concern (Cook & Weisberg 1982). The dependent variable shows a number of outliers with three of these being extreme. Firstly, the number of outliers relative to the total sample size are insignificant. Notwithstanding the outliers, as already noted above, the Cook's

distance values are all below 1.0 indicating that there are no influential cases (Cook & Weisberg 1982). Retail sales are a dynamic continuous variable with an extremely wide range between minimum and maximum possible sales. The variation could arise from a number of causes not least of all location, store size, merchandise assortment, pricing strategy and more, and consequently, it is to be entirely expected that we will find outliers in a range of 987 branches across 11 different companies all of which have a different marketing mix. Given this scenario and the fact that the extreme outliers come predominantly from a single brand it would be detrimental to remove the outliers from any analysis as it would result in the exclusion of many data points for the dependent variable for one of the brands diminishing the value of the brand's data.

6.3.1.2. Analysis of variance (ANOVA) and Linear mixed models (LMM)

Below are the assumptions for ANOVA and LMM some of which are the same as those of paired t-tests and regression.

- Assumption that the dependent variable is continuous. This assumption has been met.
- Assumption that the within-subjects factor (within subject independent variable) should consist of at least two categorical related groups. This assumption has been met.
- Assumption that the between-subject factor (between subject factor independent variable) should consist of at least two categorical independent groups (Price, merchandise profile, location, etc). This assumption has been met.
- Assumption that there should be no significant outliers in any group of within subject or between subject variables. (Addressed in 6.3.1.1 above)
- Assumption that the dependent variable should be approximately normally distributed for each combination of your groups of two factors (Shapiro-Wilk/Kolmogorov-

Smirnov Test of normality). The analysis indicates that the dependent variable is not normally distributed with skewness statistic of 3.709 (right skewed), a kurtosis statistic of 21. 547 (leptokurtic) and a Kolmogorov-Smirnov test p value < 0.05, leading to a rejection of the null hypothesis that the data is normally distributed. Despite the graph and statistic indicating a non-normal distribution of the dependent variable, the central limit theorem notes that regardless of the shape of the population, the parameter estimates for that population will have a normal distribution if the sample size is sufficiently large. The current population of the dependent variable has 36775 data points. Consideration was given to use a logarithmic transformation which returned a near normal distribution. Analyses was run using both log-sales and sales to assess the impact of a somewhat non-normal distribution, The statistical and significance values using either untransformed sales or logarithmic sales varied only slightly, however not to the extent that the conclusions with respect to the hypotheses differed.

- Assumption that there is homogeneity of variances for each combination of the groups of the two factors (within-subject and between-subject factors). This was dealt with in section 6.3.1.1 above

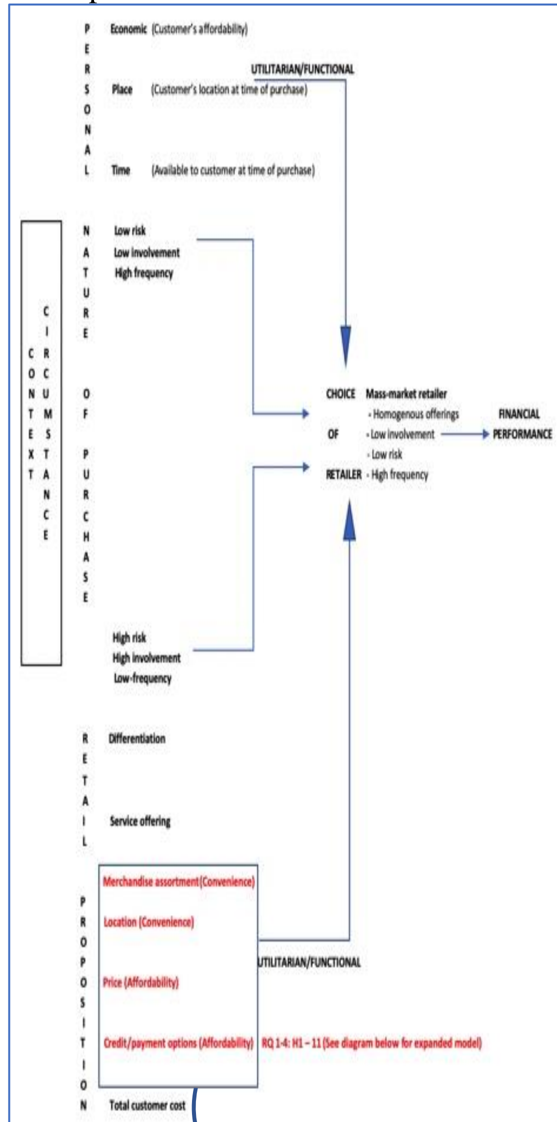
A table summarising the above is available in Appendix 6.5

6.3.1.3. Context for understanding the analysis and results

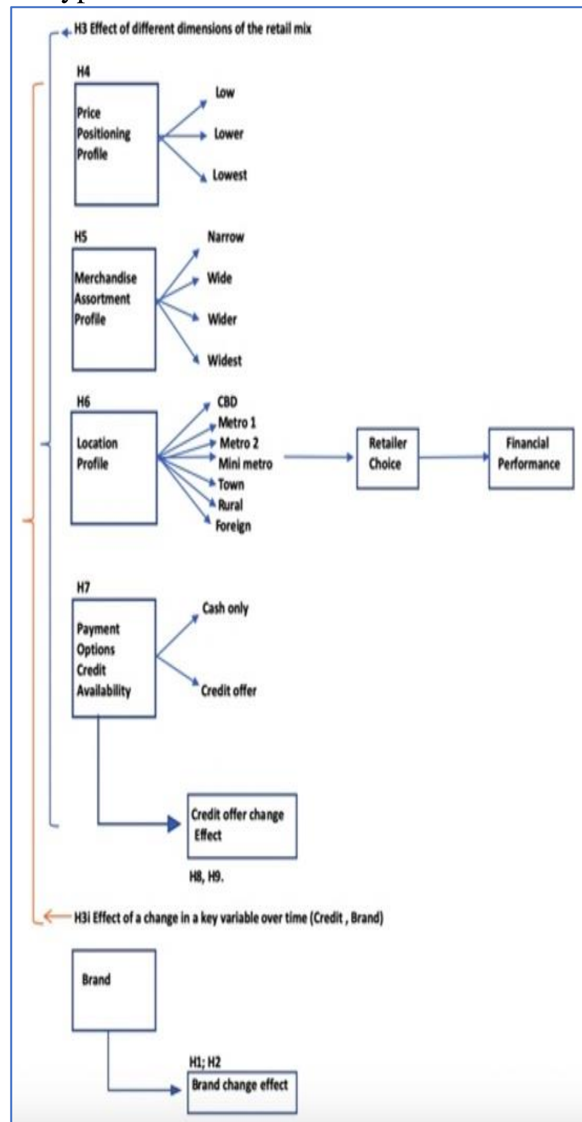
The models in Figure 6.1 were first presented in chapter four and were derived by this researcher from the conceptual models of Sheth (1983), Pan and Zinkhan (2006), Gauri et al. (2008), and Chernev (2014) and is repeated here purely for convenience as a reminder.

Figure. 6.1 A proposed conceptual and derived hypotheses model

Conceptual model



Hypotheses derived from the model



6.3.2. Research approach and fitting a model

After exploring the alternatives in the literature and in particular those used for retail and marketing research, such as ANOVA, Regression, and SEM (Brown & Dant 2008; Kavak et al. 2015), it was determined that a linear mixed model would be most applicable to this study.

In the case of some hypotheses, additional analysis using ANOVA, t-tests, and tests for relative differences were used in support.

The equation for a linear mixed model can be represented as;

$$y = X\beta + Zb + \varepsilon$$

Where y is the response variable, X is the design matrix of the fixed effects, β is the fixed effects vector, Z is the design matrix for the random effects, b is the random effects vector and ε is the residual.

6.3.2.1. Recommended approach to fit a model

To determine the best fit model, and how best to accommodate the non-linearity of some independent variables, and the collinearity of some variables, a number of steps were followed. The process of "fitting a model" described in the literature was followed (West BT, Welch KB and Gatecki AT 2015, and Field A 2013, for SPSS). Secondly, to assess the impact of non-linearity of some independent variables, linear, and non-linear versions of the final best fit models were run in parallel. Finally, to understand the effects of collinearity of some independent variables on the results, (if any), multiple iterations of both the final linear and non-linear models were run. In the first iteration SPSS excluded two variables automatically as redundant, in subsequent iterations two collinear variables were excluded by the researcher each in turn to verify best fit.

West, Welch and Gatecki (2015) describe the following process for fitting a linear mixed model:

- Fit a model with a mean structure (Model 1)
    - Determine mixed and random factors from the independent predictor variables.
    - Include fixed factors with intercepts

  - Establish a baseline measure for the likelihood ratio test, and/or the Akaike Information Criterion (AIC) to assess each iteration.

- Select/add a structure to the model (Model 2)
  - Fit relevant random effects and random intercept to the model
- Select a covariance structure for the residuals (Model 3)
- Reduce the model by removing non-significant variables (Model 4)

Fields' (2013) process for a linear mixed model analysis using SPSS 26 largely aligns with West, Welch, and Gatecki and is as follows;

- Conduct initial checks for linearity and unusual cases
- If required transform the data to correct for lack of linearity.
- Fit a basic model, ignore data structure, (Model 1)
  - determine fixed and random factors, include fixed factors and an intercept
- Factor in the data structure, (Model 2)
  - include random factors (Assess the model using 2 LL and AIC)
  - include random slopes (Re-assess the model)
  - select a covariance structure
- Assess variables of significance to be included or excluded
- Final model (Model 3)

6.3.2.2. Executing the recommended process to fit a model.

In line with the process described above to achieve a best fit model and also to accommodate specific idiosyncrasies in the data, the following steps were undertaken;

- "Store" (branch) used as subject (Scollo, Bayly & Wakefield 2015).

- Fixed factors were included in the initial model (price, merchandise assortment, location, credit profile, credit change, brand change).
- Intercepts for fixed factors were included.
- Random intercept was included in the subsequent iteration of the model (Scollo, Bayly & Wakefield 2015).
- A systematic examination of alternative covariance structures was undertaken, and based on previous retail research using mixed models the process began with an "unstructured" covariance (Scollo, Bayly & Wakefield 2015; Cristini & Laurini 2016). Results of evaluating the alternatives however indicated that the use of covariance structure provided the best model, and therefore considering the evaluation of the SPSS default setting of covariance, the study by Ataman, Van Heerde and Mela (2010) and the recommendation of Fields (2013), the default SPSS structure was applied.
- After assessing both the restricted maximum likelihood (REML), and maximum likelihood (ML) alternatives, a maximum likelihood estimation was used. (Scollo, Bayly, & Wakefield 2015)
- An iterative process was run to determine which if any variables could be excluded.
- During the above process, likelihood ratio tests and the Akaike Information Criterion were used to evaluate each model;
    - Model 1: 2LL = 15482.14, AIC = 15508.14
    - Model 2: 2LL = 15482.14, AIC = 15510.14
    - Model 3: 2LL = 2725.69, AIC = 2697.69
    - Model 4: 2LL = 415.29, AIC = 381.29

Following the determination of the best fit model using the above process, multiple iterations of the "best model" for different combinations of collinear variables were run. In SPSS,

variables with high collinearity values are automatically but randomly excluded as redundant. Given that the selection by SPSS is random, in order to ensure that the most appropriate variable was being excluded, the model was run four times with the researcher manually specifying collinear variable combinations to exclude each in their turn. Model results of each variable at each iteration were compared to assess whether they delivered the same or different outcomes in respect of the F statistic and p value and are available in Appendix 6.6.

- Model 1 = model automatically determined redundancy for price and credit.
- Model 2 = merchandise and credit excluded by the researcher.
- Model 3 = price and credit excluded by the researcher. (n/a; same as model 1)
- Model 4 = price and merchandise excluded by the researcher.

Finally, given some independent variables are non-linear to the dependent variable and no transformations adequately addressed this challenge, non-linear models were run in parallel to the linear models to compare results and understand the impact of non-linearity. For the non-linear model, a Gamma distribution was used with a log-sales link (Porto, Lima 2015). The four non-linear models were run on exactly the same basis as the linear mixed models to ensure the efficacy of the comparisons. The analysis indicated that the results in respect of the hypotheses conclusions were the same. The comparative results of the non-linear to the linear models are in Appendix 6.8. Notwithstanding that the F statistics varied slightly, the directional effect and outcomes of significance and non-significance did not vary.

6.3.2.3. Summarising the final model specification

Given the various model structures assessed, the final model included the following;

- Given no meaningful difference in results between the linear and non-linear models, it was decided that the linear model would be used.

- Subject: Branch. (Store).
- Fixed factors finally included: price, merchandise assortment, location, credit profile, credit change status (y/n), period before and after credit change, interaction effect of credit change status*before and after, brand change status (y/n), period before and after brand change, interaction effect brand change status*before and after period.
- Random intercept included.
- Maximum likelihood estimation was used (Scollo, Bayly, & Wakefield, 2015).
- The SPSS default covariance structure was used. (Scollo, Bayly, &Wakefield, 2015; Cristini & Laurini).

6.4. Research results; hypotheses testing

The detailed results will be presented in the context of the above model and sequenced from hypothesis one to nine in 6.4.2 to 6.4.5. Prior to detailed discussion of the results for each hypothesis, the results for the linear mixed model are shown in Figure 6.2. Importantly, wherever multiple iterations of a model were run, (linear versus non-linear models, or multiple iterations of the linear mixed model to assess collinearity) or whether multiple analyses such as t-tests were run to corroborate a finding, all results provided the same conclusion in respect of the hypotheses, all of which are summarised in Appendix 6.14.

Eta squared (η^2) was used to assess effect size. Fritz, Morris and Richler (2012, p. 3) note that "effect sizes based on standardised means are recommended", including Cohen's d, Hedges's g, and Glass' d. Furthermore, whenever independent variables are continuous or have more than two levels, effect sizes describe proportions of variance accounted for by each independent variable, and include eta squared, partial eta squared, generalised eta squared, omega squared, and correlational measures such as r^2, and R^2. Another perspective notes that effect sizes can

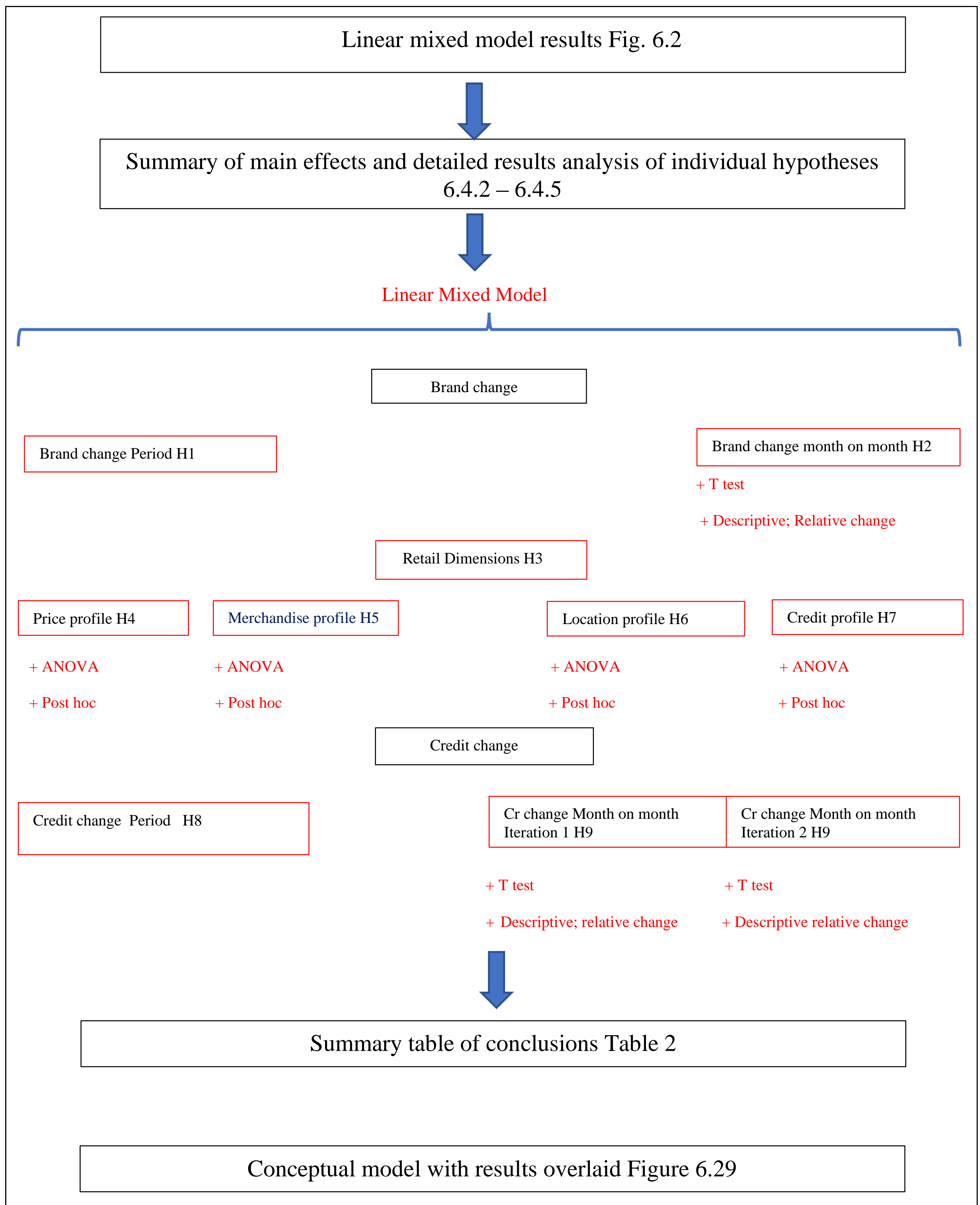
be categorised into 2 families (Rosenthal 1994) the d family, based on differences between observations divided by the standard deviations of these observations; and the r family, which describe the proportion of variance explained by membership of a particular group, and measured by the sum of squares of effect divided by the sum of squares for other factors in the research. The formulas are as follows;

- $\eta^2 = SS_{effect} / SS_{total}$
- $\eta^2_p = SS_{effect} / SS_{effect} + SS_{error}$

It is further noted that indices of proportions, of explained variance is a function of the statistical test, for example point biserial correlation for t-tests, omega squared and eta squared for ANOVA, and R^2 for regression (Hayes 1963; Cohen 1977). When interpreting effect sizes, generally accepted guidelines are provided by Cohen using Cohen's d indices (1988): 0.2 = small, 0.5 = medium, and 0.8 = large. Cohen (1988), also provided benchmarks for eta (η^2): small > 0.01, medium > 0.06, and large > 0.14. To facilitate easy conversion, tables converting Cohen's d indices into indices of other effect size measures are available in the literature such as those in Fritz, Morris and Richler (2012). Whilst guidelines are provided on what is considered a small, medium or large effect (using Cohen's d indices as a reference), Cohen (1977) and others caution on disregarding small effects. Furthermore, Fritz, Morris and Richler (2012, p. 10) note that effect sizes should be interpreted within the context of the field of research and what is being studied and that "it is the practical or theoretical importance of the effect that determines what size indices qualify as substantively significant". Cohen (1977) cautions that that effect sizes in behavioural science are often quite small. Cohen (1977) also notes that effect sizes in social science as low as 1% are often regarded as theoretically important. Some researchers in fact note that whilst effect sizes are useful, "they are not a panacea, .that effect sizes should be interpreted as judiciously as p values" (Maher, Markey and Ebert-May 2013, p. 349; Sawyer & Ball 1981), and that the decision on what constitutes a

practically substantive effect size is contextual and thus a function of the researchers judgement and not arbitrary values. With regards to marketing research, Marshall, Loi & Woonbong (2004) confirm the opinion that effect sizes in social sciences are often small, with 60.8% of the articles they analysed across four marketing journals reporting effect sizes of 0.01 to 0.09, and less than 10% reporting values greater than 0.3. Whilst reporting effect size provides for a better understanding of any research, in many fields this is still not widely practised. In an analysis between 1985 and 1995 across four leading marketing journals only 24.5 % of articles reported effect sizes (Marshall, Loi & Woonbong 2004).

Sequence of the discussion of results in this chapter



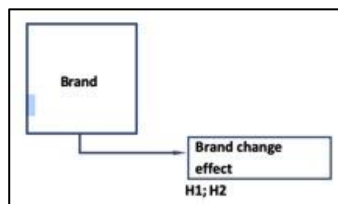
6.4.1. Linear mixed model results

The results from the linear mixed model as the primary statistical analysis for the research questions and hypotheses are presented in the result table in fig. 6.2 below, and will be referred to in the discussion of results in paragraphs 6.4.2 through to 6.4.5.

Figure 6.2. Linear mixed model results

Source	Numerator df	Denominator df	F	Sig.
Intercept	1	1371.61	51428.57	< .001
Price	1	1101.75	55.83	< .001
Merchandise	1	1075 .32	45.63	< .001
Location	6	2041.50	6.86	< .001
Credit offer	1	1143.34	43.10	< .001
Credit change				
Cr change y/n*Before/After	1	35513.77	6.67	< .001
Credit change y/n	1	35656.13	35.41	< .001
Cr change Before/After	1	35438.86	78.77	< .001
Brand change				
Brand change y/n * Before /After	1	35357.21	2.03	.154
Brand change y/n	1	35523.83	91.90	< .001
Before/After	1	35356.59	2.40	.122

6.4.2. RQ1: Does an overnight change in a retailer's brand negatively affect sales; hypotheses 1 and 2.



Many researchers have examined the concept of the brand, developing theories and building on them, all of which posit the importance of the brand (Aaker 1991, 1996; Keller 1993; amongst many others), the relationship between the brand and brand equity, and brand equity and brand loyalty, and the benefit to the customer and the company and the company (Chaudhuri & Holbrook 2001; Ailawadi & Keller 2004). Integral to all the theories are that the brand, brand equity, and brand loyalty are critical to the company and its financial performance because it is important to the customer whose choice of retailer is heavily influenced by the brand. The analysis will examine the above arguments regarding importance of the brand to a retailers sales performance by measuring the effects of an abrupt change of a retail stores brand on the customer choice as manifested in the sales performance of the retail stores after the change.

6.4.2.1. Effect of a brand change on sales (Yes/No: Period before /Period after)

- **Ho1:** A change in a store's brand will have no negative effect on sales.
- **Ha1:** A change in a store's brand will have a negative effect on mean sales.

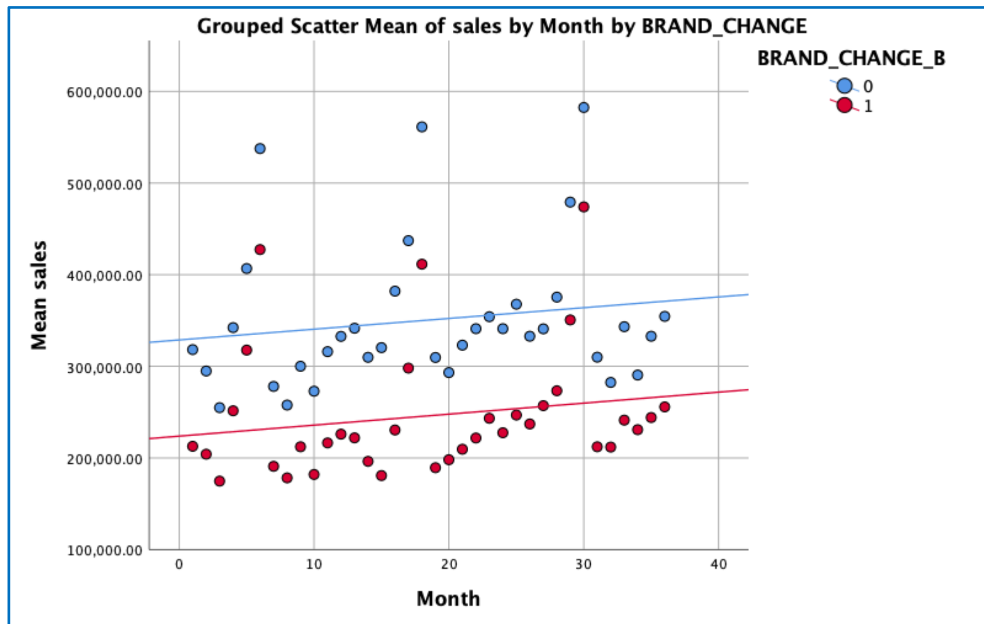
Results of the analysis

The analysis measured the effect of a brand change (yes/no) utilising the full period before the change (all months) against the full period (all months) after the change. The results indicate:

- The was no significant interaction effect of brand change (yes/no) x time (period before/period after), df 1, 35357.21; $F = 2.03$; $p = 0.154$; $\eta^2 = 0.02$ The increase in mean store sales after the brand change period was the same regardless of whether a store underwent a change or not.
- There was a significant main effect of brand change (yes/no) df 1, 35523.83; $F = 91.90$; $p < .001$; Mean sales of stores with no brand change were higher to a consistent degree over the full period (including the period before and after change).
- There was not a significant main effect of time period (period before and period after), df 1, 35356.59; $F = 2.40$; $p = .122$.

Notably, the stores which had a brand change, rather than experiencing an expected decline in mean sales in fact increased mean sales after the brand change. In Figure 6.3, the results over the full 36 month period indicate; sales performance for brands with no brand change (0=blue) were consistently higher over the entire 36 months than those which had a change (1= red); secondly, mean sales for both groups of brands showed an increasing trend over time; thirdly, mean store sales are higher in the period after the change than the period before the change, albeit not significantly; finally, sales for both the brand change and no change stores increased at effectively the same rate (no change and change lines effectively have parallel slopes = 1.17 vs 1.20) confirming no significant interaction between the brand change (yes/no) x time period (period before/period after). The conclusion is that a change in brand had little to no effect on a stores mean sales performance over the longer term.

Figure. 6.3. Sales performance; Brand change / no brand change (period)



Conclusion hypothesis 1

The results of the above analyses indicate that Ha1 is not supported. The results indicated two notable conclusions; a brand change had no adverse effect on a store's mean sales performance in the long term, and the long term effect of a brand change on a store's mean sales are no worse for stores which had a change compared to stores which did not. Given that over the long term the stores which had a brand change had neither a decline in sales, nor did they perform any worse than those stores which did not, the results indicate an indifference from the customer in respect of the retailer brand and therefore raises debate about the relevance and role of the brand. It may however be argued that examination of the results of a brand change over a long period of time would not reveal its negative effect, as customers are likely to have acclimatised to the new brand, and that the impact would rather be felt more immediately. As a result, this research further examined the effect of a brand change by analysing the impact immediately after the change, the results of which are below in section 6.4.2.2.

6.4.2.2. Effect of a brand change on sales on sales (Yes/No: Month before/Month after)

- **Ho2:** Month on month changes in mean sales (before/after) for stores which had a brand change are not significantly worse than those with no brand change.
- **Ha2**: Month on month change in mean sales (before/after) is significantly worse for stores which had a brand change than those with no brand change.

Figure. 6.4. Linear mixed model brand change fixed effects.

Variable	Numerator df	Denominator df	F	p
Intercept	1	1004.89	154640.92	< .001
Brand change y/n * Before/After(mth on mth)	1	973.39	.48	.487
Brand change y/n (mth on mth)	1	1004.89	49.18	< .001
Before/After month (mth on mth)	1	973.39	123.58	< .001

Results of the analysis

Examining the month on month results (Figure 6.4) we note the following;

- There was no significant interaction effect of brand change (yes/no) x time (month before/month after) df = 1, 973.39; F = .48; p = .487; η^2 = .03. The increase in a store's mean sales in the month after the brand change was the same regardless of whether a store underwent a change or not. These results indicate that contrary to the broadly held views that retail brands influence store choice, an overnight brand change has no meaningful effect on the sales performance of the stores immediately after the change, and certainly no negative effect indicating no difference in a customers' choice of store after the brand change.
- There is a significant effect of brand change (yes/no) df 1, 1004.89; F = 49.18; p < .001. Mean sales for both the months were higher for stores that did not have a brand change

(M = 294454.59) than mean sales for stores that did have a brand change (M = 198975.16).

- There was also a significant effect of time period (month before and month after), df = 1, 973.39; F = 123.58; p < .001. Mean store sales in the month after the change were higher than before the change for both stores with a brands change (M = + 31011.17) and those with no change (M = 43502.48).

To corroborate the immediate effect (month on month) of a brand change on sales performance additional analysis was conducted.

I. T tests

Month on month change analysis was done for 2 groups of brands assessing the before and after performance between brands which had a change and those which did not;

i. Brands which;

- Stores had no brand change (0, 2, 8, 9, 10) (Coded 0)
- Stores had a brand change (1, 3, 4, 5, 6, 7) (Coded 1)
-

Figure. 6.5. Paired differences brand change summary table (month on month)

Parameter	M	SD	SEM	CI	t	df	p
No brand change							
Before/After	+43502.48	96051.81	2472.76	50319.76; 36685.19	12.52	764	< .001
Brand change							
Before/After	+31011.17	79852.88	4971.42	40801.08; 21221.26	6.24	257	< .001

Results of the analysis

The results (Figure 6.5) indicate significant positive difference in before and after a store's mean sales for both groups;

For those brands which did not have a brand change (0)

- The data show a significant positive difference in month on month (before and after) mean sales for store's which did not have a brand change (t_{764} = 12.52, $p < .001$).
- Results indicate that month on month (before and after) sales store's which did not have a brand change were M = +43502.48; SEM = $\pm$ 3472.76; 95% CI (50319.76, 36685.19) higher; and

For brands which had a brand change (1)

- The data also shows a significant positive difference in month on month (before and after) mean sales for stores which had a brand change (t_{257} = - 6.24; $p < .001$).
- Results indicate that month on month (before and after) sales for stores which had a brand change were M = +31011.17; SEM = $\pm$ 4971.42; 95% CI (40801.08, 21221.26) higher in the period after the change

Comparing the change in mean sales for stores which had a change, M = +31011.17 and the change in mean sales for those which did not have a change, M = +43502.48, and given the standard error of the mean and the overlap of the range of confidence levels of the two groups, we can conclude that the difference between the two groups, before and after change is not significant.

Additional analysis was conducted to support the above finding of a non-significant difference in the month on month change between the two groups in 6.4.2.3, as follows,

6.4.2.3. Comparing the relative before and after change in performance between stores which had a brand change and those which did not.

To affirm a non-significant difference between the M = +31011.17, and the M = +43502.48, additional analysis was run comparing the relative (before and after) change in performance

between stores which did not have a brand change and those which did (relative change of M = +31011.17 for the change group and M = +43502. 48 for the no change group)

- stores with no brand change= 0, 2, 8, 9, 10
- stores with brand change = 1, 3, 4, 5, 6, 7

I. Relative change of stores with a brand change versus stores with no change

Figure. 6.6. Descriptive statistics, relative change in sales, brand change (month on month)

Parameter	n	M	SEM	SD
Relative before / after change in sales				
Stores with no change	255	.24	.029	.47
Stores with a change	764	.26	.018	.51

Results of the analysis

From the above analysis of the relative change in before and after performance, we note the following results;

- The month on month relative mean change in sales for brands without a brand change is M = 0.24 (24%); SEM 0.029; 95%, (0.17, 0.29)
- The month on month relative mean change in sales for brands with a brand change is M = .26 (26%); SEM 0.018; 95% (0.22, 0.29)

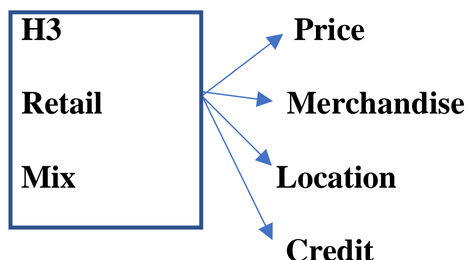
It is further noted from the SEM and the range of the lower and upper confidence intervals of the two groups, that the relative monthly change in sales performance for brands with no brand change and those with a brand change reflect a non-significant difference.

Conclusion Hypothesis 2

The results of the above analyses indicate that Ha2 is not supported; the month on month

change in mean sales are no worse in the month after the change for stores which had a brand change than those stores which did not have a brand change. Furthermore, the mean sales did not decline in the month after the brand change Considering the results of all the tests it can be concluded that the effect of a brand change on sales performance is firstly non-significant, and critically did not result in an immediate decline in performance. Given the abrupt change in long-standing retailers' brands had no adverse effect on the sales performance of the stores, the results indicate indifference from the customer in respect of the retailer brand and therefore questions the relevance and role of the brand. The results provide evidence that contradicts the notion that a brand matters to a customer and affects sales performance, and as such provides new insight into the role and relevance of the brand to the customer and therefore the company.

6.4.3. RQ2; What is the effect of individual dimensions of the retail mix (price, merchandise, location, & credit), on sales performance, hypothesis 3.



A top research priority since 1988 has been to understand the influence of the marketing mix (Ataman, Van Heerde & Mela 2010). Understanding patronage behaviour is crucial to retail managers (Pan & Zinkhan 2006); and the marketing mix is influential in this regard and has been a priority since 1988 (Ataman, Van Heerde & Mela 2010). Ataman, Van Heerde and Mela (2010, p. 870.) "emphasise the effect of the marketing mix on sales". Pan and Zinkhan (2006) conducted a meta-analysis examining the determinants of retail patronage. The article identified sixteen frequently reported antecedents, which were categorised into three categories: product related, which includes price and product selection, market-related which

includes location, and personal factors. Price, merchandise selection and location are included as predictors of store choice. Notably, credit facility or payment option does not feature in the sixteen antecedents (although service is identified but not specified). In their analysis Pan and Zinkhan (2006) tested multiple hypotheses using meta-analytical integration, and included a positive directional hypothesis for merchandise selection and retail patronage, a negative directional hypothesis for price level and retail patronage, and a positive directional hypothesis for convenience/location and retail patronage. These hypotheses are addressed in hypothesis, 3 of this research to identify the relative significance of these antecedents and hypotheses 4, 5, and 6 respectively examining directional hypotheses for price, merchandise selection, and location. Importantly, in Pan and Zinkhan's (2006) meta-analysis of 29 studies dating from 1970 to 2004, examining 26 variables driving store choice, the role of credit in the matter of patronage, store choice and therefore sales performance was not included. The same is true of Blut, Teller, and Floh's (2018) meta-analysis in which the role of credit in store patronage, choice and consequently performance was not examined. This research makes a significant contribution to the existing body of work by examining the wholly neglected role of credit. This research will furthermore examine the question in a South African developing market context using secondary data to measure actual outcomes.

6.4.3.1. Effect of price, merchandise, location, and credit profile on sales.

- **Ho3:** The effect of different dimensions of the retail mix on mean sales are constant.
- **Ha3:** Different dimensions of the retail mix will have different effects on mean sales.

Results of the analysis

The results of the linear mixed model (Figure. 6.2) indicate significant main effects for each of the key dimensions of the retail mix.

- Price profile indicated a significant main effect, df = 1, 1101.75; $F = 55.83$; $p < .001$; $\eta^2_p = .14$ The result also indicated that price had the highest effect on sales performance. Pan and Zinkhan (2006) meta-analysis of retail determinants of retail patronage found effect sizes ranging from -.01 to .702)
- Merchandise assortment profile indicated a significant main effect, df = 1, 1075 .32; $F = 45.63$; $p < .001$; $\eta^2_p = .14$ The results indicate merchandise assortment has the second highest effect on sales performance. (Pan and Zinkhan 2006 meta-analysis of retail determinants of retail patronage found effect sizes ranging from .102 to .92)
- A significant main effect was also found for location profile, df = 6, 2041.50; $F = 6.86$; $p < .001$; $\eta^2 = .05$ (Pan and Zinkhan 2006 meta-analysis of retail determinants of retail patronage found effect sizes ranging from -.05 to .76).
- Credit profile indicated a significant main effect, df = 1, 1143.34; $F = 43.10$; $p < .001$; $\eta^2 = .10$ (no reported effect sizes were found in the literature relating to credit offer or payment options).

It is worthwhile pointing out at the outset that the results of all iterations of the mixed model, (including the four iterations of the model (assessing the impact of collinearity, and the linear and non-linear comparisons) generated the same hypotheses conclusions (Appendices 6.6 and 6.7 respectively).

Conclusion hypothesis 3

The results of the analysis indicate that there is support for Ha3. From the results two conclusions can be drawn: firstly, key dimensions of the retail mix namely, price, merchandise, location, and the availability of credit all affect the sales of a retail store; and secondly, different dimensions of the retail mix have different levels of impact on a stores mean sales performance.

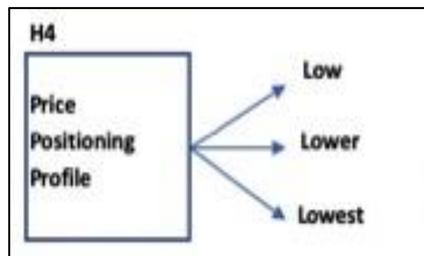
The results of this research indicated a rank order effect on sales of different dimensions, with price being the most significant, followed by merchandise assortment, location, and credit profile. The findings of this research of price, merchandise assortment and location being the three most important elements of the mix in the developing market of South Africa aligns with the findings of Pan and Zinkhan's (2006) three most important dimensions. A finding of this research which at first seems unusual is that whilst credit was significant, stores of the retailers that did not have credit had greater mean sales than stores of retailers that did. An important observation however, is that the stores which did not have credit but had higher mean sales are the stores which had lowest price and widest merchandise assortments. This finding will be more comprehensively discussed in chapter seven.

The results of this analysis are consistent with the retail patronage theories that dimensions of the retail mix drive sales (Sheth 1983; Pan & Zinkhan 2006; Ataman, Van Heerde & Mela 2010; Berman & Evans 2010; Chernev 2014). The results are also consistent with many of the findings in existing research that the different dimensions of the retail mix rank-order with respect to their effect on sales. Findings of existing research in respect of the rank order of different dimensions of the retail mix on patronage and therefore performance are however inconsistent which makes it somewhat difficult to offer guidance to management (Blut, Teller & Floh 2018). Notwithstanding the inconsistencies, price, and merchandise assortment are generally found to be the two most significant dimensions of the retail mix driving patronage and ultimately performance, although which ranks first and which second differs between research findings. In some research merchandise assortment and price are found to be the most and second most important drivers respectively (Stassen et al. 1999; Pan & Zinkhan 2006). In other findings, price was found to be the most important driver (Freymann 2002; Levy et al. 2004; Kumar 2013). Pan and Zinkhan's (2006) comment that the effect of price on patronage

and performance may be moderated by the nature/type of product may explain the differences in research findings.

6.4.4. RQ3: What is the effect of different levels of each dimension of the retail mix (price, merchandise, location, credit), on sales performance. Hypotheses 4,5,6,7.

6.4.4.1. Price profile



Pricing has been widely accepted as a dimension of the retail mix, store choice and retailer performance (Tang, Bell, Ho 2001; Freymann 2002) and is one of the most effective instruments of the mix (Levy et al. 2004; Kumar 2013), and furthermore, that low price accelerates sales performance (Walters & Rinne 1986). Pan and Zinkhan (2006, p. 230) used "general" price level to examine the directional hypothesis; "The general price level in a store is negatively related to retail patronage". The analysis below sought to answer the research question of the significance of price, as a fundamental dimension of the retail mix, as a driver of sales performance; and whether lower prices lead to higher sales, thereby supporting the arguments of the above researchers and the retail choice and patronage theory. This research will examine the question in a South African developing market context using secondary data to measure actual outcomes.

- **Ho4:** There is no difference in sales for different levels of relative price
- **Ha4:** The lower the relative price the higher the sales

Figure. 6.7. Anova, levels of relative price

Sales	SS	df	MES	F	p
Between groups	6.786E +14	2	3.393 +14E	5865.64	< .001
Within groups	2.127E +15	36772	5.785 +10E		
Total	2.806E +15	36774			

Figure. 6.8. Robustness test equality of means, relative price profile

	Statistic	df1	df2	p
Welch test	2699.91	2	6783.04	< .001
Brown-Forsythe	1941.27	2	4561.71	< .001

Given a significant Levene's statistic, $p < 0.05$, to ensure robustness, both a Welch and a Brown-Forsythe "robustness test of equality" of means was conducted to determine if there was a difference between any of the means (Zimmerman 2004; Moder 2007, 2010; Vogt 2015). Furthermore, the Games-Howell post hoc test assuming unequal variances and unequal sampling was used to examine where the differences between means are (Day & Quinn1989, De Muth 2006, Fields 2015; Shingala et al. 2015). Although the central limit theorem for large sample sizes allows us to assume a normal distribution, for further corroboration (given that the descriptive statistics reflect a non-normal distribution) the analysis was re-run using a log-sales transformation; this generated the same conclusions (Appendix 6.9).

Results of the analysis

The results above indicate the following:

- Mean sales are significantly different for at least one relative price profile ($F_{2, 36772} = 5865.64$; $p < .001$).
- The descriptive statistics indicate mean sales rank order to relative price, the lower the relative price the greater the mean sales of the brand. Lowest price profile (0) reflects

the highest mean sales (M = 702275.24; SD = 563660.50), lower relative price (1) reflects the second highest mean sales (M = 406660.77; SD = 274221.99) and low relative price (2) reflects the lowest mean sales M = 242667. 82; SD = 120549.94).

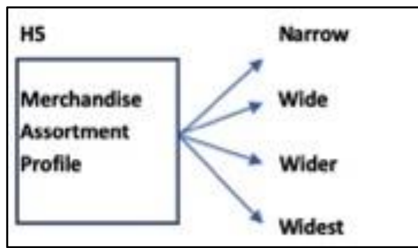
The results from the post hoc tests reveal: (Appendix 6.8)

- Lowest relative price (0) mean sales > lower relative price (1) mean sales, with a significant mean difference of MD = 295614.47; SEM $\pm$ 10353.22; 95% (271339.69, 319889.24), $p < .001$
- Lowest relative price (0) mean sales > low relative price (2) mean sales with a significant mean difference of MD = 459622.41; SEM $\pm$ 10028.31; 95% (436108.14, 483136.67), $p < .001$
- Lower relative price (1) mean sales > low relative price (2) mean sales with a significant mean difference of MD = 164007.95; SEM $\pm$ 2806.02; 95% (157430.65, 170585.24), $p < .001$

Conclusion hypothesis 4

The results of the analysis above indicate support for Ha4; the lower the relative price, the higher the mean store sales of the retailer. The stores in the retail brands with the lowest relative prices had significantly higher sales than the others, with the retail stores with the highest relative prices had the lowest mean store sales. These results are consistent with generally accepted theory that the lower the relative price the higher the likely sales of a particular retailer (Baker et al. 2002; Ailawadi & Keller 2004; Grewal et al. 2010; Blut, Teller & Floh 2018); with Walmart being the most obvious example in this retail category.

6.4.4.2. Merchandise profile



Merchandise assortment is identified as a basis of differentiation and a key driver of patronage (Kumar 2013). Pan and Zinkhan (2006) examined the hypothesis that there is a positive correlation between product assortment and retail patronage, a view supported by Grewal et al. (2010). Pan and Zinkham (2006) note that a wider variety assortment reduced the customer's cost of effort and time thereby improving convenience and attracting more customers. Stassen et al. (1999) argued that merchandise assortment is potentially the more important of the dimensions, including the price dimension. Grewal et al. (2010) proposed that the wider the variety of merchandise the higher the sales. The analysis below sought to answer the research question of whether wider assortments lead to higher sales, thereby testing support for Pan and Zinkhan's (2006) hypotheses that there is a positive relationship between merchandise assortment width and patronage (and therefore sales), in a South African developing market context, using secondary data to measure actual outcomes.

- **Ho5:** There is no difference in sales for different relative merchandise assortments.
- **Ha5:** The wider the merchandise assortment, the higher the sales

Figure. 6.9. Anova, levels of relative merchandise assortment

Sales	SS	df	MS	F	p
Between groups	1.069 E +15	3	3.563 E +14	7543.00	< .001
Within groups	1.737 E +15	36771	4.724 E +10		
Total	2.806 E +15	36774			

Figure. 6.10. Robustness test equality of means, relative merchandise profile

	Statistic	df1	df2	p
Welch test	2324.92	3	3518.45	< .001
Brown-Forsythe	2222.53	3	2715.24	< .001

Given a significant Levene's statistic, $p < 0.05$, both a Welch and Brown-Forsythe robustness test of equality of means was conducted to determine if there was a difference between any of the means (Zimmerman 2004, Moder 2007, 2010; Vogt 2015). Furthermore, the Games-Howell post hoc test assuming unequal variances and unequal sampling was used to determine where the differences between means are (Day & Quinn 1989; De Muth 2006; Fields 2015; Shingala et al. 2015). Although the central limit theorem for large sample sizes allows us to assume a normal distribution, for further corroboration, (given the descriptive statistics reflect a non-normal distribution) the analysis was re-run using a log-sales transformation, this generated the same conclusions (Appendix 6.11).

Results of the analysis

- The mean sales are significantly different for at least one relative merchandise assortment profile ($F_{3, 36771,} = 7543.00$, $p < .001$).
- The mean sales for all the multi-category brands fully rank order according to width of merchandise assortment; the wider the relative merchandise profile, the greater the mean sales of the stores. Widest merchandise assortment profile (2) has the highest mean sales (M = 1160193.93; SD = 558571.20), wider merchandise assortment profile 1 has the next highest mean sales (M = 406683.77; SD = 274221.99), and wide merchandise assortment profile 0 has the lowest level of mean sales (M = 242675.82; SD = 120549.94).

The results from the post hoc tests are available in Appendix 6.10, and show:

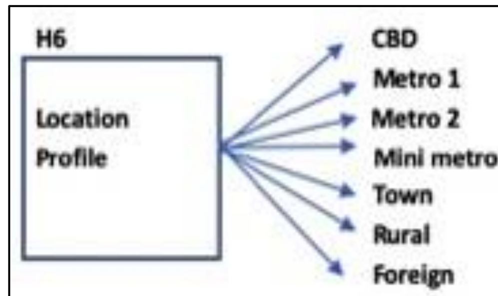
- Widest relative merchandise (2) mean sales > wider relative merchandise profile (1) mean sales with a significant mean difference of MD = 753510.16; SEM ± 16522.94; 95% (711004.48, 796015.83), $p < .001$
- Widest relative merchandise assortment (2) mean sales > wide relative merchandise assortment (0) mean sales with a significant mean difference of MD = 917518.10; SEM ± 16321.31; 95% (875528.24, 959507.96), $p < .001$
- Widest relative merchandise assortment (2) mean sales > wide relative merchandise assortment (3) mean sales with a significant mean difference of MD = 726010.18; SEM ± 18133.775; 95% (679378.849, 772641.504), $p < .001$
- Wider relative merchandise assortment (1) mean sales > wide relative merchandise profile (0) mean sales with a significant mean difference of MD = 164007.95; SEM ± 2806.02; 95% (156798.17, 172217.71), $p < .001$
- One interesting and anomalous outcome is that the wide merchandise profile (1) has a lower level of mean sales than the narrow (3) merchandise profile MD = -27499.98; SEM = ± 8385.831; 95% (-49058.032, -5941.929). Notably, the brand with the narrow merchandise profile (3), is a category killer and as such whilst having only a single category, the width of items within its category is substantial relative to the other brands, making it somewhat difficult to directly interpret the outcome in the context of the other brands.

Conclusion hypothesis 5

The results of the analysis above indicate support for Ha5; the wider the merchandise assortment, the higher the mean store sales of the retailer. The results are consistent with the literature and generally accepted retail patronage theories which argue that the wider the

merchandise assortment profile, the higher the sales of a store (Grewal et al. 2010) retailers with the widest/greatest choice will have the highest level of mean sales (Ailawadi et al. 2004).

6.4.4.3. Location profile



Many researchers emphasise the importance of retail location to store patronage (Berry et al. 2000; Arnold, Oum and Tigert 1983; Freyman 2002). One perspective argues location is the primary factor in store choice and that there is a proportional relationship between store patronage and distance to the store (Huff 1964; Brown 1989). Furthermore, Becker (1965), and Marmorstein, Grewal and Fishe (1992) argue the importance of location based on its impact on a customer's time and convenience. Pan and Zinkhan (2006) examined the hypothesis that shopping convenience as a result of location that is provided by a retailer increases retail patronage. The following analysis sought to examine whether location as a dimension of the retail mix impacted retail sales performance, and the impact of different locations on sales, thereby testing support Pan and Zinkhan's (2006) arguments and choice theory, in a South African developing market context using secondary data to measure actual outcomes

- **H06:** There is no difference in sales for different location profiles.
- **Ha6:** Different location profiles (with higher population density) will have a different effect on mean sales**.**

Figure. 6.11. Anova, location profiles

Sales	SS	df	MS	F	p
Between groups	3.828 E +14	6	6.380 E +13	968.03	< .001
Within groups	2.423 E +15	36768	6.590 E +10		
Total	2.806 E +15	36774			

Figure. 6.12. Robustness test equality of means, location profiles

	Statistic [a]	df 1	df2	p
Welch test	448.41	6	10786.09	< .001
Brown-Forsythe	732.20	6	12087. 24	< .001

Given a significant Levene's statistic, $p < 0.05$, to ensure robust results, both a Welch and a Brown-Forsythe "robustness test of equality of means" were conducted to determine if there was a difference between any of the means (Zimmerman 2004, Moder 2007, 2010; Vogt 2015). Furthermore, the Games-Howell post hoc test assuming unequal variances and unequal sampling was used to determine where the differences between means are (Day & Quinn 1989; De Muth 2006; Fields 2015; Shingala et al. 2015). Although the central limit theorem for large sample sizes allows us to assume a normal distribution, for further corroboration, given the descriptive statistics reflect a non-normal distribution, the analysis was re-run using a log-sales transformation; this generated the same conclusions (Appendix 6.13).

Results of the analysis

- Mean sales are significantly different for at least one location profile ($F_{6, 36768,} = 968.031$, $p < 0.001$).
- Mean sales in metro tier one locations (code 1) have the highest mean sales (M = 609755.25; SD = 503027.31), whilst rural locations (code 5) and metro tier 2 locations

have the lowest level of mean sales (M = 259830.84; SD = 137356.75). Location tier 2 results presented as a surprise and will be commented on in the discussion paragraph below.

The post hoc results show: (Appendix 6.12)

Metro tier 1 locations (1) mean sales are greater than (>) all other location profiles as indicated below;

Metro tier 1,

- > Metro CBD location profile (0) mean sales with a significant mean difference of MD = 200049. 83; SEM = ± 10674.38; 95% (168567.96, 231561.69), $p < .001$
- > Metro tier 2 location profile (2) mean sales, with a significant mean difference of MD = 351967.00; SEM = ± 9075.16; 95% (325196.09, 378737.90), $p < .001$
- > Mini metro location profile (3) mean sales, with a significant mean sales difference of MD = 246957.61; SEM = ± 9439.97; 95% (237112.56, 282802.65), $p < .001$
- > Town location profile (4) mean sales, with a significant mean sales difference of MD = 341359.74; SEM = ± 8846.53; 95% (315261.83, 367457.65), $p < .001$
- > Rural location profile (5) mean sales, with a significant mean sales difference of MD = 349924.41; SEM = ± 8933.58; 95% (323570.28, 376278.54), $p < .001$
- > Foreign location profile (6) mean sales, with a significant mean sales difference of MD = 262932.45; SEM ± 10022.87; 95% (233369.49, 292495.40), $p < .001$

Conclusion Hypothesis 6

The results of the analysis indicates support for Ha6; there is a difference in mean sales for stores in different location profiles, those stores located in higher household density locations have higher mean sales, and conversely those in lower household density locations have lower

store sales. The findings reinforce the importance of location on patronage and therefore sales performance (Berry et al. 2002; Marmorstein, Oum & Tigert 1983; Freymann 2002; Kumar 2013). The results are consistent with the literature which argues that the higher the population density, the higher the mean sales of a store, i.e. high density major metropolitan locations will have the highest level of mean sales, whilst rurally based thus low density locations will have the lowest level of mean sales. Higher household density trading areas effectively provide location (proximity) convenience to greater numbers of customers; this reinforces the argument that there is a proportional relationship between distance and patronage and ultimately sales performance (Huff 1964).

One inconsistency is in the result of metro tier 2 locations which have the same level of mean sales as rural locations and lower than mini metro and town locations, notwithstanding having higher population density. One potential reason could be that the level of competition in metro tier 2 locations may be disproportionately greater than in mini metro, towns, or rural locations on a relative basis, however data to test this (level of competitor activity) is not available and is therefore simply a perspective based on experience and logic and would need to be independently analysed.

6.4.4.4. Credit profile

Whilst credit has not been widely researched as a key dimension of the retail mix and store choice theory, leaving a gap in the research, Ailawadi and Keller (2004) do make reference to

credit policy albeit only with respect to building the retailer brand. The analysis below sought to address the research question of the significance of credit as a driver of sales performance within the retail mix. This research will fill a number of gaps in the literature by adding new insight to the body of work, examining the role of credit in a South African developing market context using secondary data to measure actual outcomes.

- **Ho7:** There is no difference in sales between brands which offer credit and those which do not.
- **Ha7:** There is a difference in mean sales between brands which have a credit offer and those which do not.

Figure. 6.13. Anova, credit profile

Sales	SS	df	MS	F	p
Between groups	4.858 E +14	1	4.858 E +14	7699.01	< .001
Within groups	2.320 E +15	36773	6.309 E +10		
Total	2.806 E +15	36774			

Figure. 6.14. Robustness test equality of means, credit profile

	Statistic	df 1	df2	p
Welch test	1654.36	1	3252.23	< .001
Brown-Forsythe	1654.36	1	3252.23	< .001

Given a significant Levene’s statistic, $p < 0.05$, to ensure a robust result, both a Welch and a Brown-Forsythe “robustness test of equality of means” was conducted to determine if there was a difference between any of the means (Zimmerman 2004; Moder 2007; 2010, Vogt 2015). Furthermore, the Games-Howell post hoc test assuming unequal variances and unequal sampling was used to determine where the differences between means are (Day & Quinn 1989;

De Muth 2006; Fields 2015; Shingala et al. 2015). Although the central limit theorem for large sample sizes allows us to assume a normal distribution, for further corroboration, (given the descriptive statistics reflect a non-normal distribution), the analysis was re-run using a log-sales transformation; the analysis generates the same conclusions.

Results of the analysis

The results of the analysis indicate that the mean sales are significantly different between brands which offer credit and those brands which do not ($F_{1, 36773} = 7699.01$, $p < .001$). We note that mean sales for brands with no credit offer (0) (M = 702298.24, SD = 563660.50) are higher than those with a credit offer (1) (M = 293324.19, SD = 19750.123). The result is interesting in that the brands which do not offer credit consistently have the higher mean sales. As pointed out in section 6.2.1 (and brand profile information Table 6.1), the group of brands with no credit offer but higher mean sales are the three brands which have the lowest price profile, giving credence to the generally acknowledged view that price has the greatest (or according to a number of researchers the second greatest) impact on retailer choice. Furthermore, one of the non-credit brands is also the brand with the widest merchandise assortment profile, thereby again giving credence to the view that merchandise assortment is the most (or second most significant depending on researchers) driver of retailer choice.

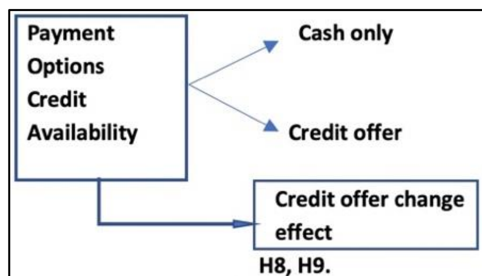
Conclusion Hypothesis 7

The results indicate support for Ha7; there is a significant difference in performance between brands which offer credit and those which do not. Whilst there is a difference, the stores with the highest mean sales are however those which do not offer credit. Given no research could be found on the effect of credit as a dimension of the retail mix on sales performance (other than Ailawadi & Keller (2004), who mention credit policy as a driver), the results cannot be

compared to previous studies, however given this lack of research the results provide new and unique insights, particularly when read in conjunction with the results of hypotheses eight, and nine. The results of hypotheses seven will be discussed further with the conclusions of hypotheses 8, and 9

6.4.5. RQ4: What is the effect of a change in credit offer (improving customer affordability) on sales.

For this research question two hypotheses were tested H8 (effect of a credit offer change over time), and H9 (immediate effect of a credit offer change)



As articulated in chapter four, more and more customers are cash-strapped (Deloitte, Deloitte Consumer Conference Insights, 2019). The affordability challenge gave rise to numerous credit options, which when not provided by third parties, was often provided by the retailer themselves. These retailers often provided enticing options to stimulate the use of credit and sales such as zero rate interest Bertola, Disney and Grant (2008). As explained in chapter four, other than Ailawadi and Keller (2004) mentioning credit as a differentiator, no research was found specifically examining the role of credit as a driver of sales performance, and thus no research was found on the effects of a change in credit, for example reducing the interest rate to zero to stimulate sales. The inference of a zero interest offer, is that the more affordable credit is made the greater the chance the customer will take the credit to make the purchase. As explained in chapter four this analysis examines just such an effect, namely improving affordability by reducing the cost of said credit.

6.4.5.1. Effect of a credit change on sales (Yes/No: Period before period after)

- **Ho8:** A change in credit offer has no effect on sales.
- **Ha8:** A change in the credit offer (improving affordability) will lead to a greater increase in mean sales than those with no change.

Results of the analysis

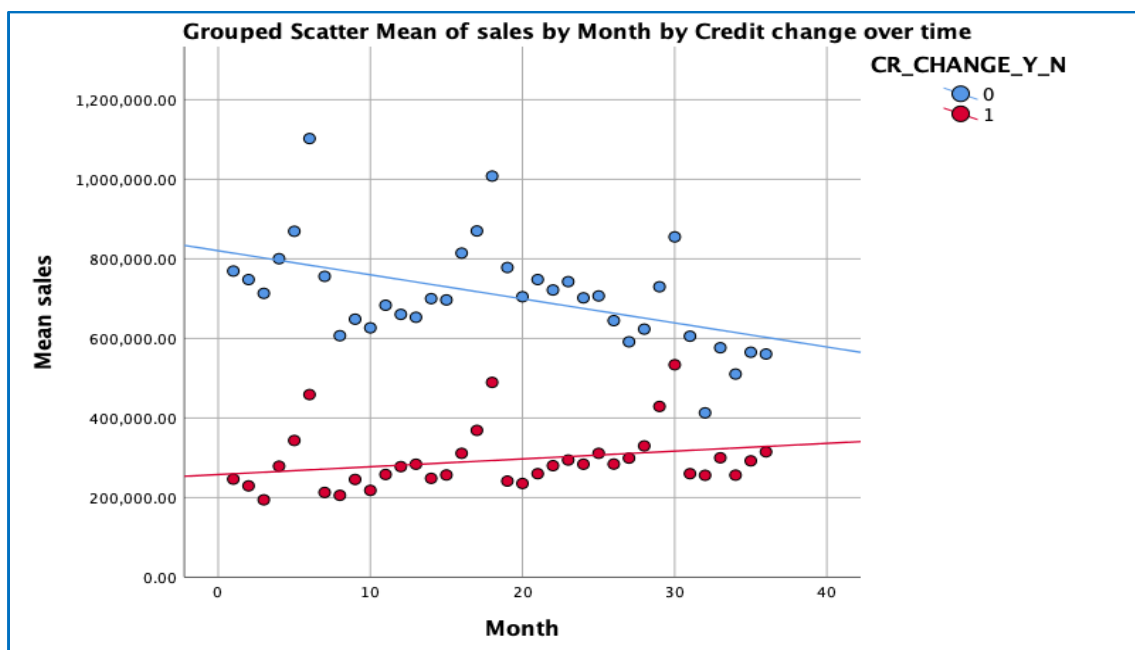
The results of the LMM analysis (Figure 6.6) examining the effect of a change in credit over the period indicates:

- There was a significant interaction effect of credit change (yes/no) x time period (period before/ period after), df = 1, 35513.77; F = 6.67; $p < .001$; $\eta^2 = .08$. The increase in mean sales in the period after a credit change was higher for stores which underwent a credit change.
- There was a significant main effect of credit change (yes/no) df = 1, 35656.13; F = 35.41; $p < .001$. The mean sales of stores which had no credit change are higher (M = 702298.24; SD 563660.51) over the full period, than the mean sales over the full period of the stores which had a credit change (M = 293324.21; SD = 197501.22). The result is evident in the graph in fig Figure 6.15. Whilst the result may at first be a surprise, it is notable that the brands which had higher mean sales over the period, whilst not having credit, were those with the lowest price and widest merchandise assortments.
- There was also a significant main effect of time period (period before/period after) df = 1, 35438.86; F = 78.77; $p < .001$. Mean sales for all stores were higher in the period after the credit change. Mean sales for all stores in the period after the credit change were higher (M = 350231.691; SD = 278226.014) than the mean sales for all stores before the change (M = 299818.644; SD = 270860.522).

Conclusion Hypothesis 8

The results of the analysis indicate support for Ha8; a change in the credit offer (credit policy) which improves affordability leads to an enduring increase in sales over time for those stores which had a credit change. The results indicate not only that growth in mean sales for stores which had a credit change were greater over time than those stores which did not have a credit change, but also the enduring nature of the effect. The results are not comparable to the findings of other studies given that no research could be found on the effect of a change in credit on sales performance. The lack of comparable or similar research makes these results unique, thereby provides new learning within the greater body of literature on the driver of retail sales, and particularly so in a developing market such as South Africa. When read in conjunction with the findings of hypotheses seven, a notable observation presents itself. While the results of hypothesis seven showed that stores which had a credit offer had lower mean sales, the results of hypothesis eight indicated that not only did credit stores have greater growth over time, they in fact grew while mean sales for non-credit stores declined. The findings will be discussed with greater insight in chapter seven.

Figure. 6.15. Mean sales performance graph credit change/no credit change (period)



Blue = no credit change; Red = credit change

It may be argued that examining the results of a change in credit policy (making it more affordable for customers) over a longer period of time would obviously manifest positively, but potentially question the immediate impact of such a change. As a result, this research further examined the effect of a credit change on mean sales performance immediately after the credit change, on two separate occasions (two different iterations) the results of which are in section 6.4.5.2.

6.4.5.2. Effect of a credit change on sales (Yes/No: Month on Month)

- **H09:** The month on month change in sales (before and after a credit change) between brands which had a credit change and those which did not is constant.
- **Ha9:** Month on month sales (before and after the credit change) will increase more for brands which have a credit change than for those which do not.

I. Credit change iteration 1. (credit changes occurred for brands 2, 3, 4, 5, 6)

i. LMM

Figure. 6.16. LMM fixed effects credit change iteration 1 Yes/No : Month on Month

Variable	Numerator df	Denominator df	F	p
Intercept	1	1016.87	1521.07	< .001
Cr change y/n * Before/After month	1	979.24	9.18	.003
Cr change y/n (mth on mth)	1	1016.87	61.52	< .001
Cr change Before/After (mth on mth)	1	979.24	212.28	< .001

Results of the analysis

Examining the month on month results for **credit iteration 1**, we note;

- There was a significant interaction effect for change y/n * Before/After month, df 1, 979.24; $F = 9.18$; $P = .003$; $\eta^2 = .102$. The increase in a store's mean sales were greater in the month after the change for the stores which had a credit offer change.

- There was a significant main effect for credit change y/n df = 1, 1016.87; F = 61.52; p = < .001. Mean sales of stores with no credit change were higher in both the month before any credit change and the month after credit change.
- There was a significant month on month (before/after) main effect of credit change, df = 1, 979.24; F = 212.28; p = < .001. Mean sales for all stores were higher in the month after a credit change.

The above results (Figure. 6.16) indicate a significant effect of a credit change on mean sales performance. Critically, the results indicate a significant interaction effect between a change in credit (y/n) and the months before and after the change, df = 1, 979.24; F = 9.18; p = .003. The results indicate that when a change is made to the credit offer improving affordability, stores of the brands which underwent a credit change showed a greater increase in sales after the change than those brands which did not. Examining the results we observe a significant effect of credit change (yes/no) df = 1, 1016.87; F = 61.52; p < .001. Mean sales of stores which had no credit change have higher mean sales (M = 488645.16; SD = 380121.79) than the stores which had a change (M = 225217.16; SD = 110927.38). The results furthermore indicate a significant effect with respect to the month before and the month after the credit change, df = 1,979.24; F = 212.28; p < .001. Mean sales for all stores in the month after the credit change (M = 352185.32; SD = 287869.03) were higher than the mean sales for all stores in the month before the change (M = 292350.170; SD = 263676.59). The results also show the immediacy of the effect.

To further corroborate the results for the month on month change, t-tests, and relative change analyses were run. Analysis was done for 3 groupings of brands; stores in credit based brands which underwent the change, stores in credit based brands which did not undergo the change and stores in cash only based brands (therefore no change).

ii. T test credit change iteration 1

- **Brands groupings**

- Stores in credit based brands with no credit change (0,1,10)
- Stores credit based brands with credit change in this period (2,3,4,5,6)
- Stores cash based brands with no credit change in this period (7,8,9)

Figure. 6.17. Summary table paired differences credit change iteration 1 (month on month)

Parameter	M	SD	SEM	CI	t	df	p
Credit brands No change Before/after	+40831.81	115251.03	6949.89	54513.80; 27149.83	5.88	274	< .001
Credit brands With change Before/after	+55454.35	78948.87	3165.56	61670.86; 49237.85	17.52	621	< .001
Cash brands No change Before/after	+117546.77	218453.78	24272.64	165850.87; 69242.67	4.84	80	< .001

Results of the analysis

From the above results (Figure. 6.17) we note the following for credit change iteration 1.

- Stores in credit brands which had a credit offer change (2,3,4,5,6,) had a significant change in mean sales after change $t_{621} = 17.52$; $p < 0.001$. Results indicate that mean sales in the month after the change were significantly higher than the month before's mean sales; M = +55454.36; SEM ± 3165.56; 95% CI (61670.86: 49237.85).
- Stores in credit brands with no change in the credit offer (0,1,10) also had a significant change in mean sales after the change, $t_{275} = 5.88$; $p < .001$, (although much lower than those which had a credit change). Results indicate mean sales in the month after the

change were significantly higher than the month before; M = +40831.81; SEM ± 6949.89, 95% CI (54513.80; 27149.83) .

- Stores in cash based brands, (therefore with no credit offer change) had a significant positive change in mean sales after the change, $t_{81} = 4.84$; $p < .001$, (although much lower than those which had a credit change). Results indicate mean sales in the month after the change were significantly higher than month before mean sales; M = +117546.77; SEM ±24272.64; 95% CI (165850.87: 69242.67).

From the above it is noted that stores in brands which had a credit change had a much greater change in mean sales after the change than stores in brands which did not.

In addition to the paired t tests above, a relative change analysis (month before and month after) was run for the same three groups to determine the difference in relative change in sales performance between the three groups. (Was the change greater on a relative basis for brands with a credit change)

iii. Relative month on month change in mean sales, credit change iteration 1

- Stores in credit based brands with no change = (0, 1, 10)
- Stores in credit based brands with credit change = (2, 3, 4, 5, 6)
- Stores in cash based brands and therefore no credit offer change = (7, 8, 9)

Figure. 6.18. Descriptive statistics, relative change in mean sales, credit change iteration 1 (month on month)

Parameter Relative before and after change	**n**	**M**	**SEM**	**SD**
Credit brands with no credit change	274	.133	.019	.33
Credit brands with a credit change	622	.523	.066	1.66
Cash brands with no credit change	80	.253	.055	.49

Results analysis

From the above analysis (Figure. 6.18) of before and after relative change in sales we observe the following;

- The relative mean change in store sales for credit brands with no credit change is M = 0.133; SEM = ± 0.019 95% CI (0.094, 0.171); significantly lower than group 2
- The relative mean change in store sales for credit brands with a credit change is the highest at M = 0.523; SEM ± 0.066; 95% CI [0.393, 0.654].
- The relative mean change in store sales for cash brands and therefore no credit change is M = 0. 253; SEM = ± 0 .055; 95% CI (0.144, 0.362); significantly lower than group 2

It is therefore concluded that the brands which had a credit change had a statistically significantly higher (52.39%), mean relative change in sales than the brands with no credit change.

Conclusion hypothesis 9 (credit change iteration 1).

Based on all the results of the LMM, t-tests, and the relative change analysis, the results indicate support for Ha9. The results confirm not only a significant effect of a credit change on mean sales, but that mean sales for stores that had a credit change increased more in the month immediately after the change than stores which did not. The results indicate a significant, differentiating, and immediate effect of a credit change on sales performance. Mean sales increased more for stores with a credit change, which supports the finding of credit as a key dimension of the retail mix and as an important driver of a retailers sales as seen in the results of hypothesis 8. The results cannot be compared or contrasted to other research findings given that no research was found either on credit as a dimension of the retail mix and a driver of

sales, nor on the effect of a credit change. The findings therefore provide unique and rare insights to add to the body of work on the drivers of retail sales performance.

II. Credit change iteration 2. (credit changes occurred for brands 0, 1, 10)

i. LMM

Figure. 6.19. LMM fixed effects credit change iteration 2; Yes/No : Month on Month)

Variable	Numerator df	Denominator df	F	p
Intercept	1	1004.26	1345.27	< .001
Cr change y/n (mth on mth)	1	1004.26	28.56	< .001
Cr change Before/After (mth on mth)	1	973.09	43.76	< .001
Cr change y/n*Before/After (mth on mth)	1	973.09	5.75	.017

Results analysis

Examining the month on month results for **credit iteration 2**, we note

- There is a significant interaction effect for credit change y/n*Before/After, df = 1, 973.09; F = 5.75; p = .017; η^2 = .11 The increase in mean sales in the month after a credit change was higher for stores which underwent a credit change.
- There is a significant main effect for credit change y/n, df = 1, 1004.26; F = 28.56; p < .001. Mean sales of stores with no credit change were higher in both the month before any credit change and the month after credit change
- There is also a significant month on month (before/after) main effect for credit change, df = 1, 973.09; F = 43.76; p < .001. Mean sales for all stores were higher in the month after a credit change.

The above results (Figure. 6.19) indicate a significant effect of a credit change on mean sales performance. Critically, the results indicate a significant interaction effect between the change in credit (y/n) and the month before and month after the change, df = 1, 973.09; F = 5.75; p

= .017. The results indicate that when a change is made to the credit offer which improves affordability, the stores of those brands which undergo the change show a greater increase in sales immediately after the change than those brands which did not. Examining the month before and month after results, we observe a significant effect of credit change (yes/no) df = 1,1004.26; F = 28.56; p < .001. The mean sales of stores which had no credit change (M = 734596.42; SD = 563373.44) are higher than the stores which had a change (M = 270133.24; SD = 164980.66). We furthermore note a significant effect with respect to the month before and the month after the credit change, df = 1, 973.09; F = 43.76; p < .001. Mean sales for all stores in the period after the credit change were higher (M = 319866.71; SD = 263648.13) than the mean sales for all stores in the period before the change (M = 302648.67; SD = 266161.09).

Again, to corroborate the LMM results for the month on month change, t-tests, and relative change analyses were run. Analysis was done for 3 groupings of brands; stores in credit based brands which underwent the change, stores in credit based brands which did not undergo the change and stores in cash only based brands (therefore no change).

ii. T tests credit change iteration 2

- **Brand groupings**

- Stores in credit based brands with a credit change (0, 1, 10)
- Stores in credit based brands with no credit change (2, 3, 4, 5, 6)
- Stores in cash only based brands with no credit change (7, 8, 9)

Figure. 6.20. Summary table paired differences, credit change iteration 2 (month on month)

Parameter	M	SD	SEM	CI	t	df	p
Credit brands With change Before/After	+27589.87	121225.97	7257.60	41876.72; 13303.02	3.80	278	< .001
Credit brands No change Before/after	+15105.91	47226.75	1918.45	18873.55; 11338.27	7.87	605	< .001
Cash brands No change Before/after	+2999.72	144172.46	15546.51	27910.91; 33910.36	.19	85	.847

Results analysis

From the above results (Figure. 6.20) we note the following for credit change iteration 2.

- Stores in credit based brands which had a credit offer change (0,1, and 10) had a significant positive month on month change in mean sales after the change, $t_{278} = 3.80$; $p < .001$. The mean sales in the month after the change were significantly higher, than month before mean sales M = +27589.87; SEM = ± 7257.97; 95% CI (41876.72, 13303.02).
- Stores in credit brands with no change in the credit offer (2,3,4,5,6) had a significant positive month on month change in mean sales after the change, $t_{605} = 7.87$; $p < .001$. Month after mean sales were significantly higher than month before mean sales M = +15105.91; SEM 1918.45; 95% CI (18873.56; 11338.28) It is important to note that whilst this seems greater than for brands 0, 1, 10 (group 1 above) these brands had the credit offer change at the previous iteration. Furthermore as will be seen in the following section the relative change for this group (2,3,4,5,6) is lower than for the group above (0,1,10)

- Stores in cash based brands, (therefore with no credit offer change) did not have a significant change in month on month mean sales, $t_{85} = 0.19$; $p < 0.84$. The months mean after the change were not significantly higher than the month before; M = +2999.72; SEM = 15546.51, 95% CI (27910.92; 33910.37)

From the above we note that stores in brands which had a credit change had a much greater change in mean sales after the change than brands which did not.

In addition to the paired t-tests above we ran a relative change analysis between months 21 and 22 for the same three groups to determine the difference in relative change between the three groups (Was the change greater on a relative basis for brands with a credit change).

iii. Relative month on month change in mean sales credit change, iteration 2

- credit brands with credit change (0, 1, 10)
- credit brands with no credit change (2, 3, 4, 5, 6)
- cash brands and therefore no credit offer change (7, 8, 9)

Figure. 6.21. Descriptive statistics, relative change in mean sales, credit change iteration 2 (month on month)

Parameter Relative before and after change	**n**	**M**	**SEM**	**SD**
Credit brands with a credit change	279	.195	.06	1.01
Credit brands with no credit change	606	.111	.01	.28
Cash brands with no credit change	86	.017	.02	.22

Results analysis

From the above analysis (Figure. 6.21) of relative change, we observe the following;

- The relative mean change for credit brands with a credit change at this iteration are the highest (M = 0.195; SEM = 0.060; 95% CI (0 .075, 0 .313))
- The relative mean change for credit brands with no credit change at this iteration are second highest (M = 0.111; SEM = 0.011; 95% CI (0 .088, 0.133))
- The relative mean change for cash brands therefore with no credit change had the lowest (M = 0.017; SEM = 0.023; 95% CI (0.029, 0.063).

We therefore observe that the brands with a credit change at this iteration had a significantly larger (19.5%) relative change in mean sales than the brands with no credit change.

Conclusion hypothesis 9 credit change iteration 2

Based on all the results of the LMM, t-tests, and the relative change analysis, the results show support for Ha9. The results confirm not only a significant effect of a credit change on mean sales, but that mean sales for stores that had a credit change increased more in the month immediately after the change than stores which did not. The results indicate a significant, differentiating and immediate effect. Comments have already been made in the conclusions of iteration 1 regarding the comparability of results and will not be repeated here.

6.5. Summary of conclusions for hypotheses one to nine.

In summarising, it is worth reminding that the results indicate that whenever multiple analyses were conducted (linear and non-linear mixed models, multiple iterations of the mixed model to address collinearity, t-tests, or the relative change analysis to support the t-tests), all results

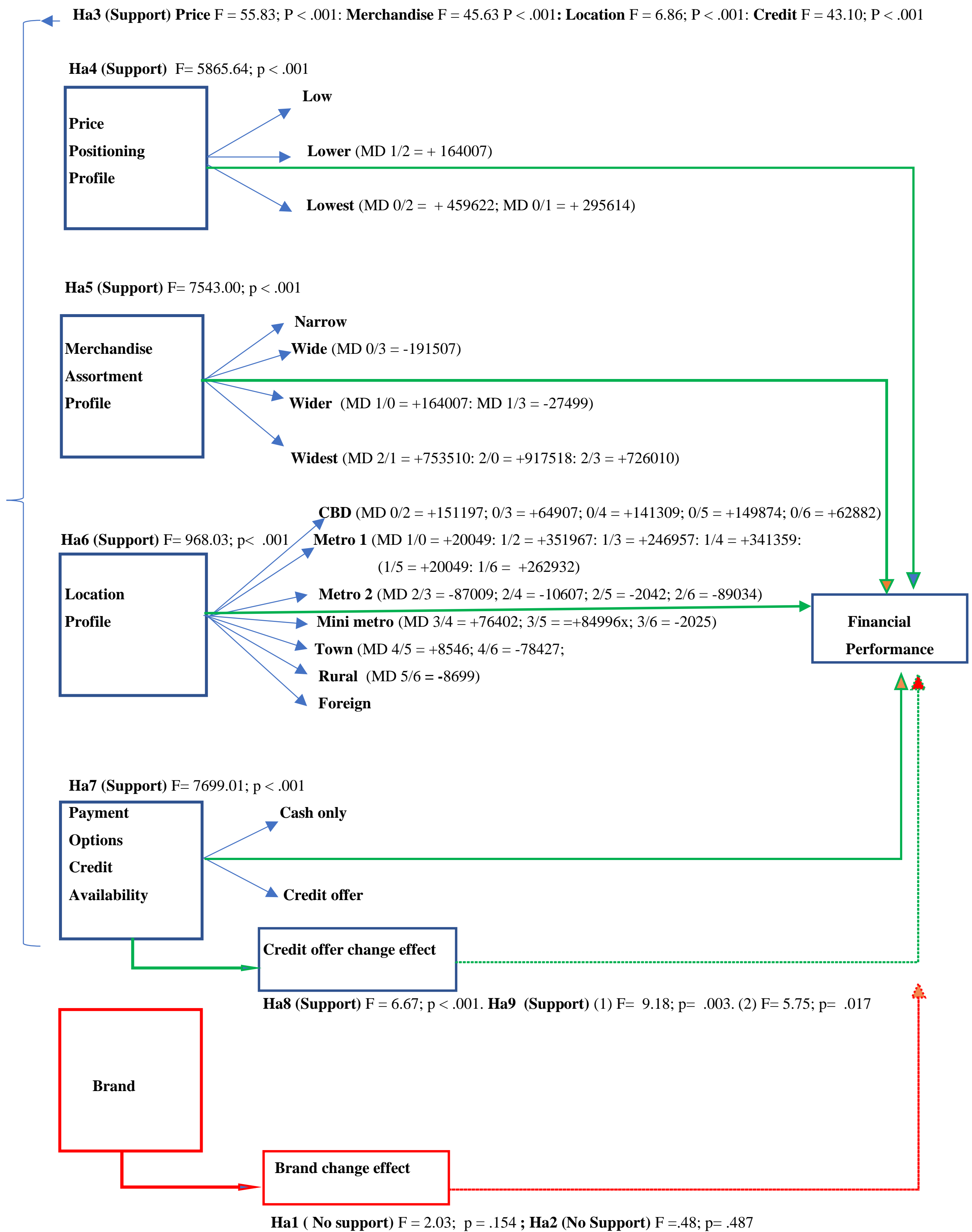
provided the same outcomes for each of the hypotheses and are available in Appendix 6.14. Table 6.2 below provides a summary of conclusions arising out of the results.

Table 6.2. Summary conclusions for hypotheses one to nine.

Hypotheses	**Support/Not support**
Ha1: A change in a store's brand will have a negative effect on mean sales	**Does not support Ha**
Ha2: Month on month (before/after) change in mean sales is significantly worse for stores which had a brand change	**Does not support Ha**
Ha3: Different dimensions of the retail mix will have different effects on mean sales	**Supports Ha**
Ha4: The lower the relative price the higher the mean sales .	**Supports Ha**
Ha5: The wider the merchandise assortment, the higher the mean sales	**Supports Ha**
Ha6: Location profiles with higher household density will have higher mean sales	**Supports Ha**
Ha7: There is a difference in mean sales between brands which have a credit offer and those which do not	**Supports Ha**
Ha8: A change in the credit offer (improving affordability) will lead to a greater increase in a store's mean sales than those with no change	**Supports Ha**
Ha9: Month on month sales (before/after) mean sales will increase more for brands which have a credit change than for those which do not.	**Supports Ha**

In order to tie all the results and conclusions back to the conceptual model, the results are over-laid on the model in Figure 6.22 below.

Figure 6.22. Conceptual model summarising all results for all hypotheses



6.6. Conclusion

Chapter six commenced by reviewing the research questions, providing background data on the brands and presenting descriptive statistics. The chapter proceeded to discuss the analytical approach and the related assumption, and the approach to determining the best fit model. A brief discussion was also provided on effects size. The chapter continued by first presenting the results of the linear mixed model, and thereafter discussing the detailed results for each individual hypotheses in the context of the research questions: RQ1 (H1, H2), RQ2 (H3), RQ3 (H4, H5, H6, H7), and RQ4 (H8, H9, iteration 1, and iteration 2).

The following chapter will present a comprehensive discussion of these results in the context of the research aims and objectives, and the proposed conceptual model of the role of the brand versus key fundamental dimensions of the retail mix as drivers of mass-market, multi-category retailer performance.

Chapter 7: Concluding chapter

Introduction to the final chapter	7.1.
↓	
Revisiting the research problem and achievement of the research aims	7.2.
↓	
Research contribution -Theoretical -Methodological -Managerial	7.3.
↓	
Limitations of the research Directions for future research	7.4.
↓	
Closing remarks	7.5.

7.1. Introduction to the final chapter

The previous chapter presented the results of the research, and the findings in respect of each hypotheses.

This final chapter will briefly reflect on the research problem, the literature, the approach taken and the outcomes of the analysis, and thereby demonstrate the achievements of the research aims. The chapter will provide an integrated argument supporting the hypothesis of the diminishing effect of brands on the performance of mass-market, multi-category retailers, and the emerging conceptual model which emphasises more fundamental dimensions of the retail mix as the drivers of a retailer's sales performance. The chapter will furthermore demonstrate the theoretical and practical contribution of this research to academics, brand practitioners, and

retail executive teams alike. In conclusion, the chapter will identify the limitations of this research and making recommendations for further research.

Over the course of the last four decades, retailers have spent billions building and maintaining brands as a basis for competing and differentiating themselves in difficult trading environments. In the 1980's, retailers were persuaded of the power and benefits of the brand by marketers and advertising agencies who vigorously promoted the brand as a new frontier. The literature review however indicated that the preponderance of brand research and subsequently retail brand and related theory was based on product branding, leaving gaps in the literature and a dearth of retailer brand specific research. It was argued by researchers that the predominantly product based theory, was both generalisable to, and applicable across retail (Martineau, 1958, Ailawadi & Keller, 2004). A number of researchers did however note the need for retailer brand specific research, particularly with regards to the applicability of the principles to retailer branding. Rashmi and Dangi (2016) argued that brand equity conceptualisations are not as readily transferable as some researchers suggest. The theories of both retailing and the brand show that the concepts have evolved in response to the environment. Given the breadth and depth of change in the last four decades, it is arguably therefore a time for reviewing the applicability to, and certainly generalisability across retail of these theories. This research aimed in part to address both the dearth of retail brand specific research in general, and also address the need for contemporary research on retailer brand theory.

A wider philosophical reflection provides a framework by which to consider the subject of branding theory. The notion of evolution seems to be evident in all things, and the same is true for retailing and branding alike. The retailer has evolved from a single product sole proprietor,

to national, multi-category, brick and mortar stores, to the current complex, multi-national, multi-category, pureplay online, or multi-channel retailers and retail networks. Branding, as the literature indicated, evolved from simple physical, literal brands to identify livestock, to complex constructs intangibles such as personalities, value systems and more. If the retail branding theories are to continue to enjoy credibility they must surely evolve to reflect the complex, dynamic, and certainly uniqueness of contemporary retailing. This research asserts that it is time for retail branding theory to reflect current reality, that whilst retail branding theory may be applicable to certain retail environments, it is not generalisable across all retail environments. This asserts that the validity of branding theory is dependent on many variables, including; the nature of the economy (developed versus developing) the target market (upper income versus mass-market lower income), the type of retailer (single or multi-category), retail formats (Department store, Supermarket, Hypermarket), retail sectors (fashion, DIY, grocery, etc). Given these circumstances, brand equity may or may not be generalisable across all retailers, and so too, brand loyalty theories may or may not be generalisably valid and therefore brand equity and loyalty may or may not be a realistic management objective. This research asserts that retail brand equity, and brand loyalty is difficult to attain in multi category mass-market contemporary retailing contexts. In other words, if one had a perfectly valid measure of brand equity, one would predict values close to zero.

7.2. Revisiting the research problem and achievement of the research aims

It was noted in Chapter One that notwithstanding significant investment in their brands, high profile, prominent retailers continue to fail. Given the ongoing failure of such high profile brands, the assumption that one's brand will protect the company from competitors and drive sales performance seems vastly overstated. A key aim of the research was to examine whether the role of the brand in mass-market multi-category retailing has eroded and as a consequence

has little to no effect on sales performance, and furthermore, whether the purely utilitarian and functional dimensions of the retail mix namely, price, merchandise assortment, store location, and credit have re-emerged as the all-important drivers of a mass-market retailer's sales performance. To address the research aim four research questions were considered.

7.2.1. Addressing the Specific Research Questions

RQ1; Does an abrupt change in a retailer brand result in a decline in sales.

RQ2; What is the effect of different dimensions of the retail mix on sales (price, merchandise, location, & credit).

RQ3; What is the effect of different levels of each dimension of the retail mix on sales.

RQ4; What is the effect of a change in credit (improving affordability) on sales.

In order to address the research questions linear mixed model analysis, supported by t-tests and one way anova was conducted on 987 stores, across eleven retailers, to assess the role of the brand by analysing the effect on sales of an abrupt change to their longstanding brands. The research furthermore examined the effect of key elements of the retail mix on retail sales performance (price, merchandise assortment, location, and credit offer). Analysis was also conducted to assess the effect of different levels of each dimension on sales performance, namely, whether lower prices, wider assortments, and higher density locations resulted in higher sales. Finally, analysis was conducted to examine the effect of a change in credit offer (which improved affordability) on retail sales performance. Based on the research questions, nine hypotheses were tested in relation to a new conceptual model. The results of the analysis answered all the research questions and highlights the dominance of fundamental elements of the retail mix, whilst specifically excluding the brand as a driver of retail sales performance in contemporary mass market, multi-category retailing.

7.3. Research contribution

The study makes a theoretical, methodological, and managerial contribution to the fields of branding, retailing, and retailer branding in particular, and will be discussed in paragraphs 7.3.1, 7.3.2, and 7.3.3 respectively.

7.3.1. Theoretical contribution

The study makes a number of theoretical contributions to the body of work. Firstly, by examining the effects of a brand change of a retailer's stores on a their sales performance the research provides new insights into the role of the brand, and retailer branding, brand equity, and brand loyalty theories (par. 7.3.1.1). Secondly, this research expands on retail choice and patronage theories by examining the impact of key dimensions of the retail mix on a retailer's sales performance by examining the question in a South African context (7.3.1.2). Thirdly, this research adds new and unique insight into retail choice and patronage by examining the role of credit and a change in credit policy as a driver of customer choice of retailer and consequently its sales performance (par. 7.3.1.3). Finally, this research makes a theoretical contribution to the theory by developing and proving a new conceptualisation of the role of the brand versus more fundamental dimensions of the retail mix on a retailers financial performance in multi-category mass-market retailing. The results confirmed the model; lowest price and the availability of credit meets the contemporary customer's expectation for affordability, whilst widest merchandise assortment and location meets their expectation for convenience, all of which are significant drivers of a customer's choice and thereby a retailers sales performance. By contrast, the results indicate that the role of the retailer brand had no significant effect on the retailers sales (financial) performance and therefore is of little value to the customer and consequently the company. Finally, the research made a theoretical contribution by filling a void in the scarce body of work on contemporary retailer specific brand research

7.3.1.1 Theoretical contribution; new insights into the role of the brand and in particular retailer brand theory.

The findings of this research contribute to brand, brand equity, and brand loyalty theory by providing research which presents an alternative perspective to generally accepted theory on the role and importance of the brand, and its effect on a company's performance.

Existing theories of brand, brand equity, and brand loyalty emphasise their importance to both the customer, and the company (Aaker, 1991) and their applicability and generalisability to retail (Ailawadi & Keller, 2004). The underlying argument of brand, brand equity and brand loyalty theory is that strong brands build high levels of brand equity (Srinivasan, 1979; Farquhar, 1989; Aaker, 1991; Keller, 1993) that high brand equity engenders brand loyalty (Cobb-Walgren, et al., 1995) which results in benefits to customers and the company. Furthermore, Chaudhuri & Holbrook (2001) posit a chain of linkages or effects between the brand, brand equity, brand loyalty, customer choice, and customer and company benefits. The arguments emphasise the important role of the brand to the customer's choice of product and of relevance to this research, the choice of retailer. This research however posited and proved that the brand played no significant role in a mass-market, multi-category retailer's sales (financial) performance by confirming that, where stores undergo an abrupt change in their brand, the sales performance after the change would not decline, nor would they be adversely affected relative to the stores which did not have a brand change (H1 & H2).

Sales represents one of the ultimate manifestation of the customer's choice and resulting behaviour. Brand loyalty theory notes a distinction between intent and behaviour, which whilst important with respect to the theoretical conceptualisations, is arguably far less important to retail executives. To executives, purchase behaviour is what truly matters, dollars in the till is

the ultimate confirmation because as the adage goes, "the road to hell is paved with good intentions". The importance of this distinction is the focus in this research on the customers actual purchase behaviour manifesting in the company's sales (financial) performance sales. Arguably the most important result from this research confirmed that an abrupt change in a long standing dominant retail brand had no immediate, or long-term negative effect on the sales performance of the retailer challenging existing brand theory. Three different analyses confirmed that a change in brand had no adverse effect. The first analysis tested the impact of a brand change by examining whether sales performance declined after a brand change. The second analysis compared the month on month (before and after) effect of a change in brands between the group of stores which had a brand change and those which did not. The third approach compared the long term performance trends of stores which had a brand change versus those which did not.

Given Aaker (1996), Grewal et al. (2009), and Chaudhuri and Holbrook's (2001) views, and strong support for the brand theory that the brand affects a customer's behaviour and benefits the customer and company, it must be logical to infer that if a prominent brand were to abruptly be replaced, a reasonable number of customers would reject the brand change, reconsider their patronage adversely affecting sales (and market share). This research however showed no such negative effect on sales performance after a change to not one but six dominant long-standing brands. The reason for this it is argued, is that notwithstanding a brand change, the customer's expectations of convenience provided by merchandise assortment, and location, and their need for affordability, provided by pricing and credit, were still met. The research findings indicate indifference from the customer towards the brand, raising questions about its role in the retailers performance, and the link from the brand, to brand equity, brand loyalty, and consequently benefits to the customer and company. Aaker (1991) pointed out that if customers

were indifferent to the brand and bought based purely on the price, the features of the product, and convenience, with little regard to the brand, then there is no equity. This research confirmed Aaker's comment. This research indicates that the role and importance of the brand to a retailers sales performance as proposed by brand theory has in fact eroded.

Swoboda et al. (2016) furthermore highlighted that the concept of brand equity varies by merchandise sector, and specifically that in some retail sectors utilitarian needs dominated, hence price and merchandise assortment most affect a task focussed customers' choice. This research adds new insights to brand equity theory asserting that not only is this view true for different merchandise sectors, but also for target markets (upper income, middle market, lower income) and retailer category (multi-category, single category, department store etc). This research indicates that a customer shopping at a mass-market, multi-category retailer whose need for convenience and affordability are met is ambivalent to the retailer's brand. As long as the retailer provides the products they need at a point in time, at competitive prices, customers will shop at the nearest local supermarket or nearest discount department store regardless of whether it is Coles or Woolworths, or Target or Big W respectively.

The results of this research brings new learning by providing alternative perspectives regarding the validity of a predominantly product based single brand theory, being generalisable across all retail. This research suggests a one size fits all brand theory that was founded predominantly on product brand research and generalised to retail is surely inadequate to accommodate everything from up-market single category luxury goods retailers such as Tiffany's (who at the time of writing was in difficulty) to down-market largely commodotised product retailers, from

low income to upper income target markets, from developed economies to developing economies, or from brick and mortar to online retailers.

The learnings from this research must give pause to the seemingly unequivocal arguments in support of retailer brand, brand equity, and brand loyalty theories purporting that brands are critical to a company's success. This research suggests that the retailer brand serves little purpose beyond being a simple moniker and means of identification, a simple pronoun by which to refer. In effect the brand is like the ribbon around a gift, which regardless of its beauty is quickly untied and discarded in order to get to the gift, it is the content inside that matters. The cost saving that can be achieved by not spending vast sums of money on brand building activities can be invested into reducing prices, expanding merchandise assortments, opening more well located stores or providing consumer credit, and in so doing satisfy the need for convenience and affordability. When it's all said and done, to coin a retail phrase, customers "vote with their wallets"; if they're not spending in support of your business, everything else matters little. Great brands but "no" sales counts for nought, aggravated by the fact that in a financial crisis when it really matters, the value of the brand on the balance sheet minimal!

7.3.1.2. Theoretical contribution; expanding the retail choice and patronage theory on the effect of the key dimensions of the retail mix on a retailer's sales performance.

Convincing customers to patronise a retailer's stores is a critical objective as it leads to sustainable sales performance and profits (Hogreve et al., 2017). Retail patronage theories address the question of which dimensions of the retail mix impact the customer's choice of store and consequently the retailer's sales performance. Stimulus-organism-response theory, multi-attribute utility theory and Sheth's (1983) integrated theory of patronage preferences

were discussed in previous chapters and form a foundation of retail patronage theories. Pan and Zinkhan (2006) also noted that merchandise assortment, price, location, (and trading hours, atmosphere, and salespeople) affected the choice of retailer. These results expand existing literature by confirming that within a South African multi-category retail context, the argument that fundamental dimensions of the retail mix have a significant effect on sales performance holds true, and also that the widely accepted rank order of the impact of different dimensions also hold true. The dimensions of the retail mix as drivers of performance are addressed below.

This research hypothesised and confirmed that the effect of fundamental dimensions of the retail mix were significant to the sales performance of a retailer. As proposed in much although not all of the literature, price had the greatest impact (albeit marginally) whilst merchandise assortment had the second greatest impact, location the third, and availability of a credit (albeit not addressed in existing literature) the fourth. The findings in this research of price as the most important dimension is consistent with much of the research (Freymann, 2002; Levy et al, 2004; Kumar, 2013). The views of researchers in respect of whether price or merchandise assortment is the most significant dimension with some positing that merchandise is the most important and price the second most important (Stassen et al., 1999: Pan & Zinkhan, 2006; Grewal et al., 2010).

A unique exception in the findings of this research to general patronage theories reviewed, is that whilst the dimensions of pricing, merchandise assortment, and location all form part of the various models of retail patronage, the offer of credit as a key dimension of the retail mix and driver of patronage and therefore sales has not received much attention in the literature. In addition to the findings of this research regarding the importance of credit to a retailer's sales,

there are arguably sufficient real world examples to warrant more extensive research on the topic.

The results further expands the literature by confirming that the generally accepted patronage and choice theory that different levels of each dimension of the retail mix rank-ordered with performance also holds true in a South African multi-category retail context; lowest price, widest assortment, and highest population density locations equalled greatest mean sales, while highest price, less assortment, lowest population density locations equalled lowest mean sales. The insights in respect of the hypotheses of the conceptual model are briefly outlined below.

I. Price

In respect of price, this research proved the conceptual model, firstly, that price had a significant impact on sales performance (Ha3) and secondly that the lower the price, the higher the mean sales of a retailer will be (Ha4). The findings are consistent with retail patronage theories which note that a retailers pricing approach has a significant effect on a customer's decision to patronise a store. The results furthermore confirmed that the lower the prices of the retailer, the higher the mean sales, which again supports the literature and retail patronage theories (Pan & Zinkhan, 2006). The result is not surprising as economic theory has long held that as price decreases, so demand increases, and as price increases so demand decreases.

Strategic positioning on the basis of lowest price has allowed the likes of Walmart in the US to dominate retailing and become the biggest retailer in the world. In Europe, the likes of Aldi's have also become amongst the biggest retailers on the basis of lowest price. In Australia, lowest price as a basis for strategic advantage has allowed Aldi, a German retailer previously unknown

to Australians, to enter and capture circa eight to ten percent of the market notwithstanding both Woolworths and Coles being long established and extremely dominant supermarket brands (circa 70% - 72% of the market collectively). The finding supports the conceptual model that for mass-market customers in a contemporary world affordability matters, a critically important manifestation of which is price.

II. Merchandise assortment

This research put forward and proved the hypothesis that firstly merchandise assortment had a significant effect on sales performance (Ha3), and secondly, that wider merchandise assortments led to higher mean sales (Ha5). The results indicated not only a significant effect on sales performance, but also that merchandise assortment had the second highest effect (only marginally) on sales performance. The importance of merchandise assortment is evident in these results, and aligns with the view of a number of prominent researchers (Pan & Zinkhan, 2006; Grewal et al., 2010), and is also consistent with general retail patronage theory. Some retail patronage theory goes further and posits not only the importance of a retailer's merchandise assortment but that it has the greatest effect on a customer's patronage decision and consequently a retailer's sales performance (Stassen et al., 1999; Pan & Zinkhan, 2006; Grewal et al., 2010). The results of this research indicated that the wider the assortment, the higher the mean sales. The result is not surprising, given that the more choice available to the customer, the greater the convenience to the customer. Customers shopping for largely commoditised products at mass-market, multi-category retailers, seek to satisfy utilitarian, functional needs in the most efficient manner possible, and so will shop where the merchandise assortment can meet as many of their needs as possible. The finding supports the theoretical assertion of the conceptual model that for mass-market customers in a contemporary world

convenience matters, a critically important manifestation of which is the merchandise assortment.

III. Location

The results of this research expands the existing literature by confirming location as a significant dimension of the retail mix and therefore driver of sales in multi-category retailers in a South African context. This research hypothesised and proved that location was firstly a significant dimension of sales performance, and secondly that sales performance rank-ordered according to specific location profiles; the greater the household density in the immediate trade area, the greater the mean sales per location. The results indicated that location had a significant effect on the sales performance of a retailer, affirming both the generally acknowledged location, and retail patronage theories (Pan & Zinkhan, 2006; Ataman, van Heerde & Mela, 2010) in a South African multi-category context. The results indicated not only the significance of location in general as a driver of performance, but also the significance of specific types of locations. It is clear from the research that stores located in the highest population densities, such as tier one metropolitan areas with the highest household density had the highest level of mean sales, whilst those that were located in low density locations such as rural communities had the lowest level of mean sales. Effective store location decisions, both in terms of the number of stores and specific siting of the store have a meaningful impact on performance, providing convenience through access and proximity.

It is posited that customers seek to satisfy utilitarian, functional needs in the most time efficient and cost effective manner possible and will therefore shop at the retailer brand's store which is closest to them at the time of their need (Pan & Zinkhan, 2006), ceteris paribus. If a particular retailer does not have stores in a particular suburb or community, it is unlikely that a customer

will drive past a retailer with the same products and prices and over to the next suburb to purchase homogenous products at the same prices, purely to be loyal to the retailer brand. In the Australian context assuming the stores were the same full service store, a customer will not drive past a nearby Coles store to the next suburb to shop at the Woolworths store purely because of brand equity and past loyalty to Woolworths. The retailer brand does not play a role in this decision.

Taking a broader view of the data to include the number of stores in the analysis, further insights can be found. Whilst not a specific question nor analysis of this research, the descriptive statistics showed that whilst not having either lowest price, or widest ranges the brand with the highest total sales had the greatest number of stores. It is argued with a high level of probability that the chosen merchandise assortment, price profile, and credit offer afforded it the greatest number of possible store locations (retailers with vast ranges and higher prices are unlikely to be able to survive in small towns and rural settings). Knox and Andrews (1991) noted that for some categories, maximising distribution rather than building brand loyalty is more effective. Whilst the reference is particularly product focussed, it is likely true for store distribution (location) strategies. In multi-category mass-market retailing, maximising store distribution is arguably a better strategy to drive volume sales and is more likely lead to critical mass than building brand equity (leading to multiformat retail strategies, for example having superstores, supermarkets and convenience formats). A key detail of location strategy which goes largely unresearched and unmentioned but effects a stores sales performance, is the issue of store size. A store’s size effects the width of merchandise assortment that can be carried, the number of markets it can enter, and the types of locations in which they can be opened (given rental costs).

7.3.1.3. Theoretical contribution; adding new insights to choice and patronage theory on the role of credit and a change in credit policy (as a dimension of the retail mix) on sales performance

The study makes a theoretical contribution by filling an important and significant research gap on retailer provided credit facilities as a dimension of the retail mix. This research adds to the body of theoretical work by providing new and rare insight into the role of credit as a dimension of the retail mix, a driver of customer choice, and therefore sales performance. The literature review found only a few brief comments on credit as a key dimension of retailer performance but no research examining the effects of a credit offering and credit policy as a dimension of the retail mix. The dearth of the role of credit research is notable as it has become a large facilitator of economic growth in modern economies (Garcia-Escribano & Han, 2015) and a driver of a retailers' sales performance in many countries, particularly developing economies. Bruno et al., (McKinsey, 2013) noted that consumer lending through retailers is more important than ever, and furthermore that lenders and retailers acknowledge the importance of having strong credit capabilities at point of sale.

This research examined three issues in respect of credit, firstly, whether the impact of credit on sales performance is significant, secondly, whether there is a significant difference in mean sales between brands which offered credit and those which did not; and thirdly, whether a change in credit offer/policy which improves affordability (by reducing interest rates, extending payment term, and eliminating deposit requirements) would have a significant positive impact on the retailer's sales performance.

Results from the analysis provided unique and interesting insights. The results indicated a significant difference in the mean sales of stores for brands which offered credit versus those which did not. The results on first reflection seemed odd, indicating that whilst the difference in mean sales was significant, it was in fact the brands which did not offer credit which had the highest mean sales per store. Critically however, on closer examination of these results the brands with the highest mean sales whilst not offering credit had both the lowest prices and the widest merchandise assortment. In other words, these three independent variables covaried as part of overall strategy. These results provide previously unresearched insights; whilst recognising the significance of credit as a driver of sales, the results nonetheless confirm retail patronage theories indicating that widest ranges and lowest prices are the two most important and impactful dimensions of retail patronage and performance. A further insight from this research is that retailers which had higher prices, narrower assortments, but offered credit, whilst having lower mean sales per store, enjoyed greater growth over the three years than the retail brands with lower prices, wider assortments but no credit.

The results of this research further indicated a significant positive effect on sales performance of a change in credit offer/policy which improved affordability (by reducing interest rates, extending payment term and eliminating deposit requirements). On two separate occasions, the results confirmed that when a credit offer was improved, the group which underwent the change enjoyed an immediate and greater relative increase in sales than the groups which did not. The results also indicated that the increase in sales over an extended period (three years) was both greater and more consistent for those brands which offered credit (and hence had a credit change) than those which did not. All the results support the argument that credit is an important element of affordability and could therefore be an important consideration in a retailers mix consideration.

These findings of the role of credit are unique and suggest that the provision of credit may serve as a substitute for low price or as a trade-off for wider merchandise assortments. One could infer that over time, credit could serve as a counterbalance to lower price strategies of competitors and to mediate against the competitive threat of brands with wider merchandise assortments. A sufficiently meaningful segment of customers will arguably be willing to trade off paying a bit more for their product or will be willing to trade off having fewer options to choose from if they are able to reduce the financial burden of the purchase by paying it off in manageable instalments. Alternatively, credit could be used tactically to drive sales as and when required, for example, when the economic environment is such that sales are depressed. It may be the case that sales growing faster in credit based, higher priced, narrower assortment retailer's, is only true in poor economic environments. Most lower income customers do not have the luxury of making choices about which retail brand to shop at based on brand equity or a deep sense of loyalty. Many customers make choices on where to purchase based on who will provide them the means to purchase the products, particularly higher value items. The importance of credit as a driver of retail sales performance is further highlighted, albeit anecdotally, when one considers the Afterpay credit phenomenon in Australian retailing over the last four years. Reflecting on the success of Afterpay in Australia (and its entry into the U.S), and in particular the increase in sales performance of retailers which made Afterpay credit available through its stores, it is argued that credit has an important role to play in contemporary mass market retailing in developed economies as well.

7.3.1.4. Theoretical contribution; filling the research gap for contemporary retail specific research

By conducting research on eleven prominent retail brands a decade into the 21st century to examine the role of the brand, this research provides much needed contemporary retail brand

specific research to address both the general dearth of research, and as per Keller (2003) the need for retail specific research, in particular the application of traditional branding theory. Pappu and Quester (2006), noted there was no empirical evidence of the structural similarity between retailer and consumer based brand equity. The need for retail specific research is further noted by amongst others Swoboda et al. (2016), and Gil Saura et al., (2013) who proposed the need for further retail specific research to evolve the concept of retail brand equity as distinct from product brand equity. This research fills all these gaps thereby expanding existing retail brand theory.

7.3.2. Methodological contribution

This research provides much needed quantitative research using actual secondary data regarding the retailer brands as opposed to qualitative, hypothetical, and survey based research (para; 7.3.2.1). Concerns have been identified in respect of both the use of hypothetical questions regarding brand equity measures (Ailawadi et al., 2003), customers merely stating a preference (Jacoby & Kyner, 1973), and survey based research often using students as respondents. This research is unique in that it was founded on the actual sales performance (according to theory one of the theoretical measures of strong brands, brand equity, and brand loyalty) of eleven retailers based on the actual behaviour which is preferred (Jacoby & Kyner, 1973) of hundreds of thousands of customers across 987 stores over 36 months. The research furthermore used a linear mixed model as the primary statistical technique (para; 7.3.2.2). Whilst this research is not the first to do so it is nevertheless part of a minority of research in its application relative to more commonly used techniques such as anova or SEM. Furthermore, the technique allows flexibility to deal with non-homogeneity and unequal sample sizes which are often the consequence of real data particularly in retail. The application of mixed models are seen in the research of Scollo et al., (2015).

7.3.2.1. Methodological contribution; quantitative research with secondary data.

Ailawadi (2003), noted the concern of hypothetical measures used in brand equity research. By utilising secondary data of eleven retailers and linear mixed models as the primary technique, the research filled a gap for quantitative research to determine the actual performance outcomes of key constructs such as the role of the brand on retailers sales performance as opposed to the more often used qualitative, hypothetical, survey based research, (often using students as the respondents which is arguably, reasonably artificial).

7.3.2.2. Methodological contribution; linear mixed model (LMM) as primary statistical technique.

The use of a LMM in this research indicates it is highly beneficial for analysing secondary retail data particularly when it includes sales data, which by its nature, is highly cyclical, in all likelihood non-normal in its distribution, and very likely displays non-linear relationships with key variables. The use of secondary data can present challenges for research thus requiring transformation, adaptation, or exclusions in order to meet required the relevant assumptions to conclude the necessary analysis. The particular challenges in this research included amongst others, the lack of homogeneity of variances and unequal sample sizes. This research showed how notwithstanding the challenges (a lack of homogeneity of variances and unequal sample sizes, and non-linear relationships between the dependent variable and some independent variables) the use of a linear mixed model enables analysis without undertaking significant data transformations which may not be ideal (Ribeiro-Oliveira et al., 2018) and which if used should be undertaken cautiously (Feng et al., 2019). This research showed how the technique's flexibility allows the researcher to deal with non-homogeneity and unequal sample sizes (Zimmerman, 2004; Fields, 2013) which are also often the consequence of real data particularly in retail. The applications are seen in the research of Scollo et al., (2015).

7.3.3. Managerial contribution.

The research will make multiple managerial contributions all of which could make a meaningful impact on profitability. The contributions include the need to rethink the role of the brand in the company's strategy (para; 7.3.3.1), the implications of application of the retail mix (para; 7.3.3.2), the need to re-evaluate budgets and more efficiently allocate scarce capital to strategic imperatives (para; 7.3.3.3), and the role of credit as a strategic lever to drive performance and growth (para; 7.3.3.4). Finally, although of far less importance company executives will be able to more rigorously question and debate the recommendations of marketing executives, and of advertising and branding agencies.

7.3.3.1. Managerial contribution; strategic implications of the role of the brand for management

Results from the research provided insights which will give executives and managers cause and confidence to re-evaluate the strategic role and benefit of the brand to their customers and therefore the company. Executives can avoid strategic mistakes by not overestimating the importance and strength of their brand at the expense of other strategic levers as a means to compete, or to protect them from "deleterious price competition'. A major strategic benefit is that management will be encouraged if not compelled to reconsider the number of brands through which they trade. Executives will be encouraged to with greater confidence assess the potential for brand consolidation within their portfolios of businesses. The consolidation of brands could potentially result in saving vast amounts of money spent on maintaining multiple brands, on duplicate store locations, on multiple organisational structures and marketing teams to manage them, and ultimately and significantly on the erosion of gross margins as brands in a single retail group compete against themselves. Brands such as Kmart and Target in Australia whose annual results show that they have not been able to consistently achieve profitability in

both brands simultaneously (Annual reports 2016-2020). Kmart and Target recently announced closures of a number of Target stores to reduce losses, as opposed to brand consolidation which should have been pursued quite some time ago.

7.3.3.2. Managerial contribution; application of the retail mix to a retailer's strategy

This research makes a managerial contribution by providing learning and insight into the role and importance of key dimensions of the retail mix to a retailer's sales performance in a South African multi-category retail context. The research provides insight into the significance of the four dimensions measured by this research and the rank order of importance of each. The research also provides insight into the benefit of not only having a credit offer but the benefit of effective management of the credit policy. In the South African developing market context where many customers struggle with affordability the impact of credit to retail performance is an important learning. Given the effect of different levels of each dimensions (lower price, wider assortments, and higher density locations result in higher sales), yet greater growth over time in the credit based brands, the results indicate the complexity of the use of these dimensions, and the importance of finding an optimum balance. Strategic decisions regarding the appropriate retail mix and the relative balance of each are extremely complex, and given the rate of change in the marketplace incredibly dynamic. Decisions regarding each dimension of the retail mix has meaningful knock-on effects for the retailer. Wider ranges generally require more space, hence bigger stores and more rent, or complex and costly warehousing and logistics, not to mention the financial carrying cost of inventory. Lower pricing in its turn translates into smaller gross margins, resulting in severe pressure to keep costs down and therefore quite likely, less staff, less service, cheaper locations and more. Location is also a complex dimension to manage, whether to make the trade-off between an abundance of smaller stores impacting one's ability to accommodate large assortments and complicating logistics, or

fewer bigger stores and in so doing forego the opportunity to compete in many smaller markets. There are also significant complexities in providing credit to customers, the most notable being the funding cost to the company of granting credit, the cost of administration and collection, and not least of all, the cost of bad debt.

The importance of the above commentary, is that the combination of the different dimensions of the retail mix, and the optimal balance between them, (i.e. the balance between the level of price, the width of merchandise assortment, the number and location of stores and the availability of credit) are the foremost drivers of sales performance in mass-market, multi-category retailing, whilst the brand has little to no effect. Albeit in reference to developing retail brand equity, Troiville, Hair, and Cliquet (2019), note the importance of achieving balance between key retail mix dimensions. The optimal balance between price, and/or credit to facilitate affordability, the width and breadth of the merchandise assortment to provide convenience through choice, and the location and proximity of the store for convenient access are essential to success. The winners it is argued, will not be retailers who invest heavily in building their brands, but those retailers whose executives consistently and sustainably achieve the optimal combination of pricing, merchandise assortments, location, and potentially credit, as strategic levers by which to compete in a given market at a given period, and furthermore, who continually adapt to changes in the environment and customer expectations. The art of staying close to evolving customer expectations, achieving the optimal balance of the fundamental dimensions of the retail mix and the ongoing active management thereof, drives a retailer’s sales and ultimately financial performance.

7.3.3.3. Managerial contribution; budgetary and capital allocation implications for management.

Boards and executive teams will be encouraged to reconsider their annual budgets and better allocate scarce financial resources to their competitive strategies. By revisiting the investment in annual brand building and brand maintenance budgets, companies could enjoy a proverbial "double- whammy" of benefits. The dual benefits will arise from not only reducing spend on the brands thereby improving profitability, but by re-directing some of the savings toward more productive dimensions of their retail mix thus having a multiplier effect on profitability. Needless to say, boards, executives, and financial executives and accounting practitioners alike will have to consider the real value of their brand reflected on their balance sheets. The idea of an intangible asset in the form of goodwill on the balance sheet, an already contentious issue in terms of accounting standards (IFRS, and IAS), must surely be vigorously debated. A simple but important observation, is that no retailer facing failure and bankruptcy (nor in fact a healthy retailer) has been able to sell its "brand" as a standalone asset to raise capital. It seems that when this "valuable asset" is most needed, namely in a time of crisis, it is un-saleable (no-one wants to purchase it as a stand-alone, and furthermore, the value will have been written down to reflect the company's financial crisis) outside of the tangible assets such as stock and fixed assets, and thus has no real value. When a financially distressed business is acquired, it is the fixed assets that are bought, even if at a deep discount, the brand name however comes as a "freebie" (having been written down). Makes one wonder where the value is when most needed?

7.3.3.4. Managerial contribution; implications of the role of credit for management (strategic or tactical lever)

Unique and new insights with respect to credit will enable executives to examine the benefits of credit as a strategic dimension of the retail mix. Executives will be encouraged to give consideration to the use of credit as a potential key lever within their strategic arsenal. The strategic evaluation could be to either provide inhouse credit, to establish a strategic partnership with a credit provider, or to simply use independent third party provided credit. Executives in companies which have credit will also be able to more innovatively consider the strategic and tactical application of their credit offer as a means by which to compete and grow. Strategically, where retailers have a credit offer they will be encouraged to re-evaluate the optimal balance between pricing levels and credit offers to more effectively compete. From a tactical perspective, rather than simply reducing prices to compete, executives will be encouraged to tactically amend their credit offer for promotions at critical trading periods. Finally, executives should rigorously examine the strategic trade-offs between the use of credit, lower pricing, and wider merchandise assortments, to develop a winning strategic positioning and value proposition.

7.4. Limitations of the research and directions for future research.

There are a number of limitations to this research which will provide opportunities for future research and need to be highlighted. Given the limitations highlighted below it is not possible to generalise the results regarding the effect of a change in retailer brand to the retailers performance and therefore the role of the brand, brand equity, and brand loyalty beyond the boundary conditions of this research. Despite the limitations it is believed that this research takes an important first step in raising questions regarding the role of the retailer brand, and the related brand, brand equity, and brand loyalty theory in twenty first century multi-category

retailing. The research takes a first step to reconceptualising the relevance of the brand to a multi-category mass-market retailer's performance relative to more fundamental dimensions of the retail mix in a contemporary world.

7.4.1. Single country and developing market limitations

The limitations of this research include a limited geographic scope as it was conducted on retailers in a single country (South African emerging market). The literature acknowledges cultural differences between countries which may, or do, impact customer expectations and behaviours including customer shopping practices (Gil- Saura et al., 2013; Jara & Cliquet, 2012; Troiville, Hair, & Cliquet, 2019). Single country research limits the ability to generalise the findings. This limitation provides direction for additional research of this nature to be conducted in more countries which would then provide more generalisable insight into the role of the brand to a retailers sales (financial) performance. The nature of the markets, customer circumstances and expectations, and the behaviour of customers are different in developing versus developed markets. As a result, similar research on retailers in developed markets may produce different results and lead to different conclusions and as such provides guidance on future research directions. With respect to single country and developed market limitations, Australia provides an ideal opportunity to address both these limitations utilising Harvey Norman, Kmart, Target, and Big W, as research subjects. Australia could also provide the opportunity to conduct research in the food categories using Woolworths and Coles as research subjects.

7.4.2. Merchandise category and retailer category (type) limitations.

Notwithstanding this research involved multi category retailers, it did not include fashion, DIY, or food categories. The literature indicates that there are meaningful differences in respect of

the role of the brand, brand equity, and brand loyalty between different merchandise categories. Customer expectations and behaviour differ by category, given that different merchandise categories may be bought more or less frequently, and have more or less levels of involvement and risk attached to the purchase. Researchers therefore note the importance of conducting such research across a wider range of categories to enable wider generalisation of the findings (Pappu & Quester, 2006; Gil-Saura et al., 2013; Troiville, Hair & Cliquet, 2019). Literature notes the importance of broadening the applicability of research findings by including a wider array of types of retailer (Pappu & Quester, 2006). Whilst this research was conducted in multi-category mass-market retail chains, it did not for example include department stores, supermarkets, or hypermarkets, and nor did it include upmarket specialist retailers. This prevents the results from being applied across retailer categories or socio-economic market segments and therefore warrants further investigation Literature notes that in order to broaden the applicability of the findings, research should include a wider array of types of retailer (Pappu & Quester, 2006).

7.4.3. Validating the complete model.

The conceptualisation of the model includes the context of the drivers of customer choice and therefore the financial performance of the retailer. The context includes the customer's circumstances (e.g. economic, and place/time of the purchase), the nature of the purchase (e.g. level of involvement and frequency), and the retailers proposition (price, product assortment, location, credit). As previously articulated, the model was conceptualised by drawing on the existing literature and the derived hypotheses. A limitation of this research is that given the focus of the research questions not all the groups of factors were included in the analysis, namely, the customers circumstances and the nature of the purchase. Future quantitative

research could attempt to integrate these two components of the model with research similar to this work to empirically validate the model comprehensively.

7.4.4. Further directions for future research;

7.4.4.1 The role of credit as a dimension of the retail mix and a driver of sales performance

Whilst not a limitation of this research, credit as a dimension of the retail mix and a driver of customer choice and therefore sales performance has not been sufficiently addressed in the existing literature. An important area for future research therefore is the effect of the provision of credit, and the role and effect of credit policy on a retailers performance. The research should investigate both third party credit provision, and retailer provided credit. It would also be preferable to test this in both developed and developing markets, as socio-economic circumstances are different and therefore the behaviour and response of customers to a credit offer is likely to differ.

7.4.4.2 The possible effect of consolidating into an unknown brand.

This research focused on integrating stores of an existing retail brand into another existing and known brand. If the retail brands were rebranded to an entirely new brand, wholly unknown to customers, the sales performance outcomes may have been different resulting in a different conclusion. This limitation provides an opportunity for future research.

7.5. Closing remarks

Although two decades old, the following quotes by Sheth and Sisodia (1999, pp 71-72) are meaningful;

"*Conventional philosophical wisdom now holds that knowledge is not infallible but conditional; it is a social convention and is relative to both time and place. ....The objects*

marketers attempt to understand are in a constant state of flux, and any marketing truths that are discovered are not immutable......More than most other fields of scientific enquiry, marketing is context dependent; when one or more of the numerous contextual elements surrounding it change, it can have a significant impact on the nature and scope of the discipline.....As we approach the new millennium, we believe that marketing's context is changing in fundamental ways".

In their article, Sheth and Sisodia (1999, p.84) made a few important arguments; marketing is context driven, the context is radically changing due to new economics, electronic commerce, and market diversity, that the changes collectively make many marketing concepts somewhat obsolete, and consequentially, that marketing academics "need to question and challenge well accepted law-like generalisations in marketing.

In closing, it would be remiss not to make the following comments. Whilst the analysis of the eleven brands (retailers) formed the basis for this research supporting the argument that the role of the brand in multi-category mass-market retailing has eroded, and utilitarian dimensions of the retail mix drive retail performance, it is pertinent to point out that a further three previous successful iterations of brand consolidation undertaken by this researcher offers additional practical evidence of these results. The examples include the consolidation of two discount department store chains into one in South Africa in 1998 (equivalent retailer to Kmart, Big W, and Target), three technology and consumer electronics retail chains into one in 2000 (equivalent retailer to JB Hi Fi), and finally, four retail banks and consumer financial services companies into one in 2004/2005. Whilst all of these strategic transformations were undertaken by this researcher over the course of two decades as a Group C.E.O and M.D of retail groups, and banking and consumer financial services groups, this researcher also rebranded and repositioned major brands and importantly, established entirely new retailer brands.

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APPENDICES

CHAPTER ONE APPENDICES

Appendix 1.1.

High profile retailer brands struggle and decline; U.K, U.S.

Marks and Spencer (M&S)

The profitability and market capitalisation of Marks and Spencer (M&S) declined from £1.1bn to £140m and its share price from £6.60 to £1.70. Peter Doyle (1999) once commented about M&S "If I had to pick one company in the world that exemplified consistent long-term growth, profitability and customer satisfaction it would be M&S " This legendary retailer however experienced severe decline. Peter Drucker (1974) quoted by Mellahi (2002, pp. 15-29) made the following comment about M&S, "a managerial giant in the western world." The following comments further underscore the standing of M&S, "...Marks and Spencer tends to top the list of most admired companies and their St Michael brand is world renowned" Kumar (1997, p. 823).

M&S experienced near fatal failure, as articulated above, profitability collapsed from £1.15bn to £0.14bn, and market share eroded culminating in the share price falling three years later from £6.60 to £1.70 (Burt, Mellahi, Jackson and Sparks 2002). The success of M&S was attributed to a number of issues. Firstly, the brand and secondly, the company opted to do things differently. There were a number of reasons for the near demise of the brand. Evidence suggests a key driver of M&S' decline was their refusal to adapt instead relying on brand loyalty to carry them through. Mellahi, Jackson, and Sparks (2002, pp. 15-29) note, "Having a powerful position or brand is insufficient". A notable remark sums up the M&S story, " …by any measure, this was a successful business. Two years later however this empire was in both

financial and prestige terms, and for a number of reasons, in great difficulties" (Burt, Mellahi & Sparks 2002, p. 200), referencing Goodman et al. 2001).

House of Fraser

The House of Fraser was founded in 1849 and was first listed in 1948, growing organically and through acquisitions it dominated retail in the 20th century. The company was acquired by the Al Fayed family in 1985 for £651m and then re-listed in 1995. The company was a dominant brand through the 20th century but has been struggling over the last few years and in August 2018 the company was placed into administration. A salvage offer was put in for £90m. The most recent UK based prominent retail brand to fail is Debenhams, which was founded in 1778 and incorporated in 1905, and for many years commanded a prominent position in the retail market. After numerous acquisitions, mergers and demergers it was again listed as Debenhams in 2006. In 2008 the company generated EBITDA of £269 million resulting in profit before tax of £110.1 million. Significant challenges arose in 2013 with reported profit declining from £115m the previous year to £85m with a succession of challenging annual results following this until 2017 when they reported profit of £59. The full weight of the crisis however manifested in February 2018 when Debenhams reported losses of £491m, the closure of up to 50 stores and approximately 4000 job losses. The market capitalisation over the decade declined from £1.9bn 10 years ago to £82m in November 2018 and according to analysts its survival is in now in doubt.

Sears

The U.S icon Sears provides another example of a dominant brand in decline. The company began in the 1870s and pioneered many retailing concepts. The company experienced spectacular success but had three periods of decline; 1920s, 1980s, and 1990s. In the 1920s the

company successfully navigated the challenges, the same cannot be said of the 1980s or the 1990s when management's strategic decisions led to bankruptcy protection and almost total collapse. Today the company is a shadow of its former self and poor competition to Walmart which only started in the 1960s, seventy years after Sears. Raff and Temin (1999, pp. 219-252) argued that, "the asset value of the Sears name was wasting". In 2008, the value of Trade Names and Intangible Assets on the balance sheet including the name Sears was valued at $3.353bn (the split between individual entities was not separately disclosed). The value of Trade Names and Intangible Assets on the 2018 balance sheet is recorded at $1.168bn and the following comments are made,"…we recorded impairment to the Sears name of $72m, $381m, and $180m in 2015, 2016, and 2017 respectively, reducing its carrying value to $359m". As at the first quarter of 2007 the share price was $195.18, as at the fourth quarter of 2017 the share price was $2.31. Today the company is again on the verge of collapse and a shadow of its former self. In May 2018 Sears reported a nett loss of $424m for the first quarter reflected in a market capitalisation in November 2018 of $46m. At the time of writing, Sears was under chapter 11 bankruptcy protection.

Appendix 1.2

High profile retailer brands struggle and decline; Australia.

In Australia there are a number of examples of prominent retail brands which are either failing, have failed, or are in administration, such as department store Myer, fashion brand Oroton, and discount department stores Target and Big W. Whilst not failing we cannot ignore the increasing challenges being experienced by the two major supermarkets, Woolworths and Coles, to grow revenue, profit, and market share, notwithstanding their brand dominance. The below are examples of four international, and four local, high profile brands who are either failing, have failed, or are in administration.

Myer

Myer, a leading 120-year old heritage retail brand, is failing. The market capitalisation has fallen from over $4bn to below $300m over the last 4 years and profitability has fallen from a profit of $166m to a loss of $500m over this same period. The situation is best described by the following quote from the chairman, it "Could have been better managed", accompanying the following announcement, 'Myer posts $476 million loss, writes down brand value by $500m!'

Oroton

Oroton, another dominant retail brand has recently been placed into administration. The iconic Australian accessories brand, founded 79 years ago, sank to a $14.3 million full-year profit loss in 2018 from $16.7m in profit after tax in 2008. The market capitalisation peaked at $385m in 2011, and at the date it was placed into administration the market capitalisation was $18.3m.

Kmart and Target Australia

Kmart and Target, have had changing fortunes over the last few years much of which has come at each other's expense, which is particularly concerning given a common shareholder. The evidence of this challenge is apparent in the Citi Research (2017) financial analysis. The results show the revenue and profit growth of the one brand is achieved by the cannibalisation of the other with the aggregate results reflecting negative sales growth in 14 of the last 29, six monthly reporting periods. Whilst Kmart experienced revenue growth Target experienced double digit negative growth in the last 3 consecutive quarters translating into aggregate negative revenue growth of Target and Kmart combined of, -1%, -4% and -6%. Effectively, all and then some, of current growth and improvement of the Kmart brand is offset by the decline in Target. "Target declines now off-setting Kmart growth" Citi Research (2017). Most telling is the

performance of the brands at an earnings before interest and tax (EBIT) level where once again the dollar gains of Kmart are matched by the declines in Target's EBIT. The result being that the combined dollar EBIT growth performance over six years is negative. From 2010 to 2012 Target made the majority of the EBIT followed in 2013-2016 by the majority of EBIT being contributed by Kmart, and importantly, Target generated losses in the same period, 2016 actual, and 2017 (forecast).

The ongoing underperformance of these two businesses must seriously be questioned given that they are not only owned by the same shareholder but are managed by the same executive. Critically Citi (2017) make the following point, "This (Kmart's) profitability is aided by Target and BIG W both being loss making in recent years with poor sales productivity. "Citi Research (2017) adds that "Target's modest recovery in FY18e and FY19e is expected to partly come from Kmart, which may find it difficult to sustain profitability levels as competitor execution improves". The comment seems to affirm the suggestion that within this market, good performance of one company comes at the expense of the other. Furthermore, the switching behaviour of the customers seems to suggest that the corporate brand has very little brand equity with consumers as they continuously and readily switch between the two retailers dependent mainly on the pricing and promotional strategies at a point in time.

The above commentary is all the more stark when one adds to the comparison the performance of Big W which has experienced 6 consecutive years of negative like for like sales growth, significant EBIT losses in 2016, and is projected to continue to experience losses until 2020. Big W EBIT margins declined from 4.3% in 2012 to -0.4% in 2016, Citi Research, (2017) says the following, "We forecast EBIT losses of $155 million in FY17e and $134 million in FY18e, driven primarily by gross margin declines...". The inclusion of Big W when considering the

above analysis makes the observation all the more stark and supports the notion of consumer promiscuity consequently raising the question of the value of brand equity and ultimately, whether the brand has meaningful value to the consumer.

When one examines the performance of Woolworths and Coles one notices similar patterns notwithstanding their profitability. The like for like sales growth trend of Woolworths and Coles has declined steadily since 2008. Woolworths has declined from between 8-9% in 2008-2009 to -1% in 2016 and Coles from a high of 7% in 2009 to the 3.5% range in 2016.

Over recent years both businesses experienced declining market share growth and in the period 2014 to early 2015 both Woolworths and Coles experienced actual declines in market share. From 2015 through to mid 2016 Coles returned to market share gains at the expense of Woolworths whose market share losses accelerated. From quarter two of 2016 the trend reverses with Woolworths market share losses reducing and becoming market share gains at the expense of Coles, whose market share gains reduced ultimately becoming market share losses. During this period of changing performance patterns of share gains and losses between the two businesses both Woolworths to a greater extent and Coles to a lesser extent experienced EBIT margin declines. Citi's research alludes to the fact that as with discount department stores, performance of the brands in the supermarket category moves to and fro as consumer promiscuity results in brand switching, as businesses adapt their strategies. This is supported by the financial reports of the companies which shows the difference in sales performance and growth is based on the companies “investment in price”.

By comparison, over the last decade Aldi has enjoyed market share growth suggesting that it has impacted both Woolworths and Coles' growth. A noteworthy observation is that Aldi, at

the time of its arrival was a largely unknown German brand, but by offering a unique merchandise assortment, and lowest price, has managed to grow its market share to circa 12-13% today. In the case of Coles and Woolworths, simply continuing to compete along the same strategic trajectory assures the mutual erosion of margins and potentially market share whilst Aldi's continues to successfully grow. The market will also see the arrival of Lidl and has already witnessed the arrival of Kaufland, exacerbating the challenge for the supermarket category.

CHAPTER 2 APPENDICES

Appendix 2.1. Brand information

Brand no,	Ave No stores	Ave No staff	Ave Revenue p.a.	Mark-up %	Marketing % revenue before	Marketing % revenue after
0/1	212	2362	1.32bn	60-69%	5.9%	2.6%
2/3/4/5/6	636	6215	3.23bn	80-89%	3.8%	2.1%
7/8	290	247	290m	50-59%	6.2%	4.9%
9	34	609	526m	50-59%	5.6%	4.2%
10	72	738	577m	60-69%	4.1%	3.4%
Grp	1038	12743	6.68bn		4.8%	3.0%
Ave reduction in brand spend 120m p.a.						

Source: co. financial reports and company records.

Appendix 2.2. Press article.

RETAIL NEWS SOUTH AFRICA

Ellerine Holdings restructuring offers new opportunities

28 OCT 2009SAVE | EMAIL | PRINT | PDF

BY: KGOMOTSO MATHE

Furniture group Ellerine Holdings Ltd says a major restructuring exercise started two years ago has helped the business weather the effect of the downturn and it is now poised to exploit new market opportunities.
Among other initiatives, the group rationalised its brand portfolio and management team, while cutting expenses as part of an effort to strengthen its balance sheet.

CEO Toni Fourie said the restructuring had come at the right time, when consumer spending was being stifled by high interest rates and rising food prices, which was worsened when the economy sank into its first recession in 17 years.

"As a group, the best news right now is that the restructuring process is almost over," Fourie said in an interview. "We are moving from a phase of reduce, consolidate and restructure ... into a new phase of stabilise, grow and build."

Ellerine Holdings is the parent company of established retail furniture, appliances, consumer electronics, outdoor, and household and home, brands like Ellerines, TownTalk, Savells, Fairdeal, Furncity, Beares, Lubners, Geen & Richards, Furniture City, Wetherlys Osiers, Matress Factory, and Dial-a-Bed.

Fourie said that through the restructuring and brand rasionalisation the group had managed to lower its cost base and was well placed for growth.

The group started the restructuring strategy in January last year, cutting its executive and management teams to allow for greater efficiency within the group followed by reducing its brands to six from 13 and earlier this year.

Fourie said the old 13 retail brands were fragmented and diluted, so the group felt it was time to refocus and rationalise into six brands. This exercise translated to a reduction of the management team as well.

"We have got a substantially lower cost base in the company now and higher margins," said Fourie.

Ellerine Holdings closed at least 160 stores during the course of the restructuring process and also sold Rainbow Loans and Early Bird, which were considered to be noncore businesses.

At the end of April this year, the businesses of Furncity, Town Talk and Savells and Fairdeal were consolidated into Ellerines, resulting in Ellerines now having a total of 650 stores.

Lubners was consolidated into Beares, while all the group's beds, bedding and mattress businesses are now trading under the Dial-a-Bed brand

Source: Business news; Retail news South Africa

CHAPTER 3 APPENDICES

Appendix 3.1

A Brief Chronology of Retail Developments: 1800 to 21st Century post modern

Period	Notes	References
1800-1900	Modern retail comes to the fore First general dealers appear (small with a limited range) Middle of the 1800s, speciality drugstores arose Environment change gives rise to more speciality stores (jewellery; shoes, etc) 1851 (Illinois) general store evolves into the first Department Store 1860 Macy's opens. 1870s, Packaged goods, ready to wear fashion on hangers came allowing open shop floor display for self service Late 1800s rail and automobile bring about distribution changes leading to regional and national opportunities and advertising catalogues	
Early 1900's	Arrival of the automobile,	
1910-1930	First World War Balance of power moved to the demand side of the distribution (Benson, 1986), manufacturer to retailer given its central position and proximity to and influence of the customer. "Customer is king" philosophy begins By 1920s a number of manufacturers developed a model that allowed customer order and direct delivery from their warehouse (Monod, 1996). 1929 Great depression (threatens survival of retailers (Michael and Kim, 2005).	Benson, 1986 Monod, 1996 Michael and Kim, 2005
1930-1950	Second World War	Appel, 1972

	1930 the first supermarket opens (King Kullen; NY) high volume and low cost to deliver low prices (Monod, 1996). 1932, Big Bear Market opens offering low price and aggressive promotion (low cost site, 5000sqm, 30 percent groceries, 70 percent speciality departments (11) (Appel, 1972). Although chain stores first appeared in the 1800s, it was really in the 1930's-1940s chain stores grew substantially, (Hollander and Omura 1989).	Hollander & Omura, 1989
1950-1960	Significant post war change occurs Industrialisation enables efficient mass production (1950-1970) Rapid development of retailing. By the 1950s, large volume retailers had emerged, and reduced manufacturers' power (Bucklin, 1973) Retailers experienced high growth. 1950s concept of franchise stores gain momentum 1950s shopping centres with diverse retailers emerge as major retail development. (post war suburbanites settled outside the city and ownership of automobiles changed society (Robertson 1997). Consumers from afar engage in shopping outside their home markets, (Papadadopoulos, 1980). One-stop shopping became the preferred way to shop	Bucklin, 1973 Robertson, 1997 Papadadopoulos, 1980
1960-1970	1960s retailers enjoyed significant growth (strong employment, abundant, inexpensive capital, cheap property development, and innovative developments in retail, including new discount department store and hypermarket formats. In 1962 Sam Walton founds Walmart- high volume, lowest cost, lowest price (becomes the world's biggest retailer) giving rise to the rapid development of discount department stores. 1963, Carrefour opened the first Hypermarkets.	Davidson & Rogers, 1981

	High levels of institutional investment, rapid retail expansion, and abundant innovation, (Davidson and Rogers 1981) The beginnings of the rise of the brand as a material evolution in the story of retail.	
1970-1980	The early 1970s was a difficult period for retailers. Challenging market conditions, resulting in depressed profitability. Competition increased, consumer needs changed, and in the latter of the decade a challenging environment resulted in challenges to revenue and profitability. 1973 to 1976 the markets improved and retailers enjoyed a buoyant environment and good growth (Evans 2011). Vast sums of money were invested into development of the corporate retail brand to distinguish themselves from competitors. Marketers developed a language, approaches, campaigns and strategies around branding as the imperative to superior performance.	Evans, 2011 Bates, 1976
1980-2000	The 1980s presented retailers with many challenges due to difficult market conditions and overcapacity. Many retailers struggled to achieve any growth local markets, and accelerated international expansion. The consequence of the Expansion resulted in even lower productivity and the notion of retail efficiency became increasingly important (Evans 2010). A time when excellence in execution mattered (Salmon, 1989). Early '90s it was argued by Eure (1991) that to succeed it would be critical to grasp the important changes in demographics, segmentation, changing values, environmental issues and competition The advent and growth of the internet was the significant milestone of the ‘90s, and with this, the emergence of the first online retailer. From the mid 1990s into the 2000s the retail marketplace changed	Evans, 2010 Salmon, 1989 Eure,1991 Grewal and Levy, 2009 McGoldrick and Collins, 2007

	significantly as a result of the "surge in the use of the Internet by virtually all consumers", and the internet "...truly transformed the way consumers shop….and the way most retailers do business with their suppliers and customers" (Grewal and Levy 2009) The internet enabled delivery of anytime, anywhere, convenience (Evans 2010). A number of retailers developed as purely online (pure play). Other retailers developed online models to support traditional brick and mortar channels, giving rise to omni-channel retailers. Argued that multi-channel retailing has become the de-facto strategic standard given the changes in customer behaviour who move seamlessly between the channels to satisfy their needs (McGoldrick and Collins, 2007).	
21st Century, Post-modern retail	Twenty first century is vastly different to that of the 70s and 80s when the key brand theories were first conceptualised. The environment, markets, retailing, and most importantly customers have profoundly changed (Eure 1991; Grewal & Levy 2009) (globalisation, two financial crises, technology). Post the global financial crisis, the retail environment has become increasingly challenging, with many large and successful retailers suffering a decline in fortunes, failure, and bankruptcy. The rapid evolution of the internet in the 21st century became an inflection point for retailing. Online companies such as Amazon have become behemoths, providing 24 x 7 x 365 borderless shopping, maximum choice, instant and abundant access, unrivalled convenience, and extremely importantly, low prices. Online retailing is fully integrated into most major retailers.	Eure 1991 Grewal & Levy 2009

Appendix 3.2

Review of the chronology of retail evolution

1800-1900

Modern retailing came to the fore in the late 1700s and into the 1800s. The first general dealers appeared in the late 1700s, and were typically very small with a limited range stored in cupboards or chests and produced by the proprietor when required. From the middle of the 1800s, speciality drugstores arose due partly to the need for specialist skill at the point of purchase given advancements in the field of medicine. As the environment changed, more categories of speciality stores such as jewellery stores and shoe stores arose. The speciality store had a number of advantages over the general dealer. As they bought fewer categories they could buy greater width within that category and greater volumes, giving them greater buying power to leverage into price advantage. They also developed more expertise, which translated into better service through better product knowledge to the customer. In 1851 in Springfield Illinois, a general store seems to have evolved into the first Department Store. This development took root fast with Macy’s commencing trade in the 1860s and Wanamaker and Stewarts following suit. In the 1870s, packaged goods and ready to wear fashion on hangers came to the fore allowing merchants to efficiently display their goods on shelves on the open shop floor. In the late 1800s a significant evolution took place. Aided by rail transport and the automobile the nature of distribution changed leading to regional and national market opportunities and the development of catalogues.

THE 1900s

To frame the context within which retail evolved since the 1900s a few important events bear mention. Over the last 120 years, there have been some events which particularly heavily influenced retailing. Whilst some may have seemed to be negative at the time, the retail

industry always came back from the challenge and each time innovated and evolved resulting in a stronger and more important industry. The significant events since 1900 was the arrival of the automobile, (rail had arrived in the 1800s), the First and Second World Wars, (1914-1918) and (1938-1945) respectively, and the Great Depression of 1929. It was also said that the economic crisis of 1929 threatened the survival of retailing companies, (Michael and Kim 2005). The post war changes included Industrialisation, between 1950 and 1970, leading to cost efficient mass production, the development of the internet in the 1990s, and into the 21st century, the global financial crisis of 2007-2008). During the last financial crisis, a number of factors endemic to retail further aggravated the situation including, declining average spend by customers, overexpansion by retailers, the internet, and continual discounting, (Evans 2010). The effects of the global financial crisis has pushed many prominent retailers to the brink of failure and many out of business. We have however, also seen some major retailers go from strength to strength such as Walmart with its lowest price proposition, Tesco with its aggressive private label and low price strategy, and of course Amazon with its wide merchandise assortment, low price, delivered anytime anywhere, convenience strategy. (Evans 2010). In the following section we review this progress.

1910-1930

The post war early 1920s was a time of plenty. The balance of power moved to the demand side of the distribution channel as the customer became the one choosing and no longer searching, (Benson 1986), and the "customer is king" philosophy began to take hold. Furthermore, the balance of power began shifting from the manufacturer to the retailer in recognition of the central position that the retailer occupied in the channel, their proximity to the customer, and the influence they had over the customer's decision. By the 1920s a number of manufacturers had developed a model that allowed customers to order the product and have

it delivered directly to them from the warehouse thus transforming inventory management and thereby store layouts, (Monod 1996).

1930-1950

A major development in retail came to the fore in 1930 with the establishment of the first supermarkets by Michael Cullen. The first King Kullen supermarket opened in New York, based on the premise of efficiency through a high volume low cost operating model to deliver low prices to customers, (Monod 1996). Big Bear Market, built on the Kullen concept, opened their first store in 1932 in a 5000sqm a low cost old factory with 30 percent groceries, and 70 percent dedicated to 11 speciality departments with a low price and aggressive promotion based proposition, (Appel 1972). Although chain stores first appeared in the 1800s, it was really in the 1930s-1940s that chain stores grew substantially, representing 17 percent of department store sales in 1929/1930 9 (growing to 97 percent in 1977), (Hollander and Omura 1989).

1950-1960

The post war period in particular saw rapid development of retailing. By the 1950s, large volume retailers had emerged, and the power of manufacturers had fallen, (Bucklin 1973), effectively changing the balance of power. This was also a time when academic work on power relations emerged. In the 1950s (and through the 1960s) retailers experienced high growth. New retail developments such as franchising and shopping centres emerged. The concept of franchise stores began to gain momentum and popularity in the 1950s, allowing a retail concept to achieve rapid growth and become a chain of stores. Franchising brought together those with the intellectual property over the retail concept and operating model, with individuals who had capital but no understanding of how to establish the retail business nor how to run it benefitting both parties.

Another significant development of the times was the establishment of shopping centres. In the 1950s, the increasing ownership of automobiles changed the way people engaged in society. Post war suburbanites settled outside the city leading to the need for a retail presence, and thus, the evolution of the first suburban retail shopping centres housing a large diversity of retail stores, (Robertson 1997). Consumers were attracted from afar to engage in shopping activity outside their home markets, (Papadadopoulos 1980). In Europe a similar pattern of retail evolution took place. One-stop shopping became the preferred way to shop as Europeans flocked to supermarkets and shopping centres to avoid the inconvenience of moving from shop to shop.

1960- 1970

In the 1960s retailers enjoyed significant growth as a result of strong employment level, abundant and inexpensive capital, cheap property development costs, and innovative developments in retail, including new discount department store and hypermarket formats. Carrefour opened the first Hypermarkets in 1963. In 1962 Sam Walton founded what was to become the world's biggest retailer by revenue and the epitome of efficient, high volume, lowest cost, lowest price operating model, Walmart! Walmart developed a ruthless focus on efficiency through low cost and high volume as a means to lowest price, and consequently rapid growth in market share. Through this action Walmart gave rise to the rapid development of discount department stores. This period was one of a high level of institutional investment, rapid expansion of retail stores, abundant innovation, (Davidson and Rogers 1981) and importantly, the beginnings of the rise of the brand as a material evolution in the story of retail. In the last few years of the decade the consequences of rapid growth resulted in excess stores, forcing managers to learn to operate in near zero growth environments.

1970-1980

The early 1970s was a difficult period for retailers with challenging market conditions, resulting in severely depressed profitability. In the periods between 1973 and 1976 the markets improved and retailers enjoyed a buoyant environment and good growth (Evans 2011). However, whilst performance improved in the middle of the decade, the future seemed uncertain and retailing seemed to be in somewhat of a transition with executives being more conventional in their strategies and more conservative in their decision making, (Bates 1976). During the 1970s, competition increased, consumer needs changed, and in the latter of the decade a challenging environment resulted in challenges to revenue and profitability. Vast sums of money were invested into the development of the corporate retail brand in an attempt by retailers to distinguish themselves from their competitors. Marketers developed a language, methodologies, approaches, campaigns and strategies around the concept of branding as the imperative to superior performance. By the end of the decade circumstances again began to decline.

1980-2000

The 1980s presented retailers with many challenges due to both difficult market conditions and overcapacity. Many retailers struggled to achieve any growth in their local markets, consequently, U.S and U.K based retailers accelerated their international expansion to achieve growth. The consequence of the expansion was further growth in the number of stores and retail space resulting in even lower productivity of retailers' assets. The notion of retail efficiency therefore became increasingly important and “systematically measuring and managing retail productivity” drew significant attention (Evans 2010). It was a time when retailing winners and losers would be distinguished by their excellence in execution (Salmon 1989). The concepts of value and customer value propositions also came to the fore in the ‘80s

with research on both topics by distinguished academics and practitioners alike. The 1980s also saw a shift in the balance of power within the supply chain as retailers had access to critical information due to scanner date and increasingly began to dominate their manufacturers with respect to which products to promote and when.

In the early '90s it was argued by Eure (1991) that, in order to succeed it would be incumbent on retailers to grasp the important changes manifesting in demographics, market segmentation, changing values, environmental issues and the changing face of competition and learn how to capitalise on these. Retail survivors it was said would be experts in merchandise and importantly would deeply understand their customers, (Eure 1991).

The advent and growth of the internet was the significant milestone of the ‘90s, and with this, the emergence of the first online retailer. Critical observations made by Grewal and Levy (2009) and relevant to the intended research are that from the mid 1990s into the 2000s the retail marketplace changed significantly as a result of the “surge in the use of the Internet by virtually all consumers”, and that the internet “has truly transformed the way consumers shop and the way most retailers do business with their suppliers and customers”. A number of retailers operate purely online and are referred to as pure play, whilst others developed online models to support traditional brick and mortar channels, giving rise to omni-channel retailers. Today, companies such as Amazon have become online retail behemoths and online retailing is fully integrated into the multi-channel strategies of most traditional retailers. It is argued that multi-channel retailing has become the de-facto strategic standard given the changes in the behaviour of customers, who move seamlessly between the channels to satisfy their needs (McGoldrick & Collins 2007).

The 21st Century Post Modern Retail

Notably, the twenty first century is vastly different to that of the 70s and 80s when the key brand theories were first conceptualised. The environment, markets, retailing, and most importantly customers have profoundly changed (Eure 1991; Grewal & Levy 2009) impacted by globalisation, two financial crises, and most significantly technology. Over the last two decades and in particular in the period post the global financial crisis, the retail environment has become increasingly challenging, with many large and successful retailers suffering a decline in fortunes, failure, and bankruptcy. The history of retailing is littered with once formidable retail brands who have gone out of business.

A commentary by Evans (2010), summarised the key developments of retail's evolution. The first forms of retailers offered limited single line products such as produce. As humans migrated, trading stores emerged and grew into general dealers. Environmental effects brought about specialist retailers offering a single category however with more choice within the category and specialist knowledge such as jewellery and drug stores. As the social structure and living patterns of societies changed and competition changed, department stores emerged offering one stop shopping for broad ranges of merchandise. Speciality stores emerged in more categories as the needs of customers evolved. Supermarket formats evolved offering both broad and deep merchandise ranges in food, thus providing a one stop food shop. Big box speciality super stores emerged to provide specialist knowledge in a one stop shop within a category, whilst also offering lower prices through high volumes of sales. New format Hypermarket stores with huge square metreage developed, effectively combining food supermarkets and discount department stores under one roof. The next evolution was the emergence of mostly but not exclusively high end speciality micro-retailers such as those in airports amongst other locations. Due to the date of his paper, the obvious omission from Evans' summary, is arguably

the most significant development in retail since the effects of the railroad and automobile, namely the internet and the development of online retailing.

The rapid evolution of the internet in the 21st century has been an inflection point for retailing, giving rise to many innovations through the entire retail supply chain. Today, online companies such as Amazon have become behemoths, providing 24 x 7 x 365 borderless shopping, maximum choice, instant and abundant access, unrivalled convenience, and extremely importantly, low prices. Online retailing is now fully integrated into most major retailers. With respect to performance, the retail market is challenging with many high brand profile retailers struggling for market share, gross margin and growth, all of which have for a long time been regarded as performance outcomes of a strong brand.

Reflecting on the history of retailing a few observations are worth emphasising. First, retailing is an ancient practice dating back millennia. Secondly, progress has been evolutionary as each new innovation builds on a previous concept in synchronicity with changing consumer needs and expectations. Thirdly, retail formats and models have a propensity to follow location patterns wherever customers gather. When growth stagnates, retailers seek new markets. Fourth, retailers have over time sought to set themselves apart from their competitors using merchandise assortments, levels of service, store formats, or pricing strategies to differentiate. Fifth, at the heart of retail's evolution are two consistent themes, namely, the certainty of ever increasing and shifting demands and expectations of customers, and the certainty of increasing competition for those customers, (Evans 2010).

Appendix 3.3.

Examining the Retail research (Grewal, 2007; Brown & Dant, 2007, 2009)

An examination of the breadth and scope of existing retail research was conducted to determine which literature to review, and to understand the gaps and concerns in the literature. To efficiently achieve this, the research reviews of a number of key academics and researchers were examined, including Brown and Dant (2008, 2009), and Grewal and Levy (2007, 2007b).

During the period 2002-2007, a total of 164 articles were published in the Journal of Retailing (Grewal and Levy 2007). In Grewal and Levy's (2007) analysis the articles were grouped into 10 broad categories; pricing, promotion, product/branding, services, loyalty, consumer behavior, channels, organisations, internet, and other, which included retail formats.

Retail pricing and promotion is an extremely difficult issue for retailers. Pricing and promotion strategies are complicated for many retailers by the vast number of categories, the vast number of items (stock keeping units), large networks of stores across very different regions, an extensive network of competitors and multiple strategic pricing options including, premium, low price, and on-off promotion pricing. Researchers have published 39 papers (of the 164) on pricing in the Journal of Retailing between 2002 and 2007. In the analysis of the 164 articles, 4 areas are identified for further research superiority of price and promotion optimisation, pricing optimisation and consumers reaction to differential pricing, profit optimisation through optimal pricing, and pricing approach whilst pursuing conflicting goals, (Grewal and Levy 2007).

During the 2002-2007 period, 17 articles were published on product/branding subjects, which, given the breadth of topics, is relatively few. The key themes included growth of private labels, and importantly, the focus on building strong retail brands. Grewal and Levy's (2007) analysis

identified nine areas of research required in this field, the most important of which for this intended research is retail brand positioning. Within the (2007) analysis, 26 articles focused on customer service. Customer service excellence it is argued, can be applied to distinguish oneself from competitors, build loyalty, and achieve sustainable competitive advantage (Grewal and Levy 2007). Loyalty research has 30 articles published in the Journal of Retailing between 2002-2007. Within the analysis 9 key themes were covered including 3 of relevance to this research, namely; loyalty and revenue, loyalty and profit, and the antecedents of retailing. Four areas of further investigation were suggested: how does a retailer make a customer loyal post acquisition, which reward options work, where and when should loyalty programs be used, and, is loyalty enhanced by multi-channels?

In Grewal and Levy's (2007) paper, 46 (of the 164) articles were identified as being on consumer behavior. Key themes influencing consumer behaviour that were covered in the 46 articles include price/service/money back guarantees, instore environmental cues, employee-customer interaction, and the links between quality/value/satisfaction/patronage. In this area of research many methodologies were used including, qualitative/ethnographic, experimental, meta-analysis and surveys. Very importantly, Grewal and Levy make the observation that future work should include research on actual behaviour of consumers and actual consumption. This observation resonates strongly with the intended research, which will use scanner data of actual sales to understand how consumers actually behaved. The subjects of channel and organisations were addressed 29 times in the 2002-2007 research review. The analysis identifies 3 areas for further investigation with respect to organisational issues and 7 areas for further investigation with respect to channels.

Internet Retail research; Grewal's research 2002-2007 (2007)

An important area of research in a contemporary environment is that of the Internet, which has grown rapidly over the last decade. The 2002-2007 analysis includes 23 research articles focused on the Internet. Whilst these articles covered many conventional issues, they also covered issues specific to the internet. Finally, 19 articles appeared in the analysis categorised as other, including work on retail formats, ethics, and retailing from a global perspective. In the conclusion, Grewal and Levy note that in their review they desired to identify unanswered research questions, the answers to which would assist retail practitioners, amongst others, to improve their practices. One of the areas identified that has relevance to the research reported below is brand management and loyalty management.

Brown and Dant (2008); Expanding on Grewal's (2007) research

To round off the review on retail research, it is worthwhile to consider two articles by Brown and Dant (2008) entitled, "Scientific method and retailing research: A retrospective", and the 2009 paper, "The Theoretical Domains of Retailing Research: A Retrospective". In the 2008 paper, Brown and Dant analyse the work of Grewal and Levy, (2007) classifying it into three key areas, namely, substantive content, methodology, and inferential tools. The authors identify 10 substantive areas (1 other), 8 methodological approaches (1 other), and 6 inferential tools, (1 other). From a methodological perspective, the analysis found that of the 312 articles, surveys comprised 50% of the methodology for retail research. By comparison, secondary data comprised 17% (54) of the methodologies in retail research. With respect to inferential techniques, 28% of the 312 articles utilised regression, and 15% Structural Equation Modelling (SEM), whilst 21% (67) utilised a form of Analysis of Variance (ANOVA/MANOVA). On examination, it is noted that by far the greatest proportion of the methodologies are survey based. Between student and consumer surveys, they constitute more than 50% of the

methodologies used across the 10 content areas. The two survey methodologies combined, constitute the dominant methodology in consumer behaviour, loyalty, and brand/product content areas.

They go further by cross-tabulating these into substantive area by retail, by methodological approach, and by inferential tool. In the cross-tabulated analysis, a number of observations are relevant with respect to the intended research. With respect to substantive content within retail research, 11% (33) related to loyalty, and 6% (19) related to brand. Grewal and Levy (2007b) found very similar percentages. Relevant to this research, with regards to the substantive content and methodology, 68 consumer behaviour articles appeared of which only 6 (8.8%) used secondary data; of the 33 articles on loyalty, only 7 (21.2%) used secondary data; and of the 19 articles on brand/product, only 4 (23%) used secondary data. Furthermore, cross-tabulating inferential tools with content areas it is noted that 1 (3%) of the 33 articles on loyalty used ANOVA, and 7 (36.8%) of the 19 articles on brand used ANOVA. In summary, this effectively means that at a maximum, 1 retail article on loyalty used secondary data with ANOVA whilst at a maximum, 5 articles on brand/product used secondary data with ANOVA. The dearth of quantitative research in respect of retailer brand and loyalty is clearly evident, and the need for further research seems apparent. Brown and Dant (2008), argued that the above historical patterns needed to be shaken up to potentially provide “new insights into old retailing problems”.

Brown and Dant (2009) review; understanding the role of theory in developing retail knowledge.

With regards to the (2009) research, whilst the authors’ primary aim was to understand the role of theory in developing retail knowledge, the detailed objectives were to, inventory the

theories, track the usage trends of the theories, classify the theories based on the substantive issues covered, and finally, the methodology and analysis used to test the theories. The crux of the paper was the review of the key theories utilised in 173 articles in the Journal of Retailing from the period 2004-2009. Across the 173 articles, 119 different theories were used which Brown and Dant grouped into 12 categories. In the review 377 theoretical incidents were identified, the greatest proportion of which were Marketing Theories. Within the 12 categories, there are specific theories relevant to this intended research. Within the Marketing category - Brand Equity and Retail Patronage Theories; within the Consumer Choice category - the Product Involvement Theory; within the Satisfaction category - the Consumer Satisfaction Theory and finally, within the other theories category - location theory. When examining the cross-tabulation of theories with substantive areas we observe that loyalty is most prevalent within marketing theories at 27.1%, followed by within satisfaction theory at 18.2%, social exchange theory at 14.3%, competitive theory at 9.1%, and consumer choice theory at 6.7%. (the relative incidence of marketing theories is highest in the area of loyalty).

An important caveat identified by Brown and Dant in both their 2008 and 2009 articles, is that meaningful contributions to future retail research will not so much be achieved by simply applying different methodologies and inferential techniques to new content areas, but by the insights delivered by them (Grewal and Levy, 2007b). Brown and Dant, (2008) close by identifying the following potentially important contributions; new insights, recognising contradictory results, closing research gaps in knowledge, and identifying boundary conditions of the theory. In the Brown and Dant (2009) article, they recommend investigation into substantive areas where particular theories have not been used and also the use of different methodologies and tools to test particular theories.

Appendix 3.4

Theories of retail change

The Wheel of Retail

The Wheel of Retailing, based on McNair's (1958) work on the patterns of retail development, laid the foundation for Hollander's (1960) paper the "Wheel of Retailing". The Wheel of Retail hypothesises that retailers start as low cost, low price low profit margin operators founded by cost conscious entrepreneurs. These entrepreneurs potentially become complacent or their successors are less competent, leading to a deterioration in management, business performance and thus movement along the wheel. The theory also holds that as time progresses, retailers are motivated to invest in modernising and occupying better more expensive sites thus increasing their cost base. Furthermore it is posited, that retailers seek to avoid direct price competition by adding services, and/or improving quality requiring them to increase margins and thus price. By following these patterns, they become vulnerable to the next wave of new lower cost, low price innovators, exacerbating the deteriorating circumstances as it creates excess capacity.

The Wheel of Retailing theory is underpinned by four principles. Firstly, a very high number of customers are price sensitive and thus will forego retail improvements for low price. Secondly, shoppers may not be loyal to a specific store, switching from retailer to retailer to secure the lowest price, however some shoppers prefer high end service and are willing to pay for it. Thirdly, new innovators tend to have lower cost structures providing advantage. Fourth, as retailers mature they tend to want to increase their target market and seek to improve their image as a means to do this. It is suggested by Evans (1991) that there are opportunities for both discount oriented and upscale retailers, as long as the customer perceives them to offer good value or distinctive offerings. Evans (1991) also went on to propose that an ever-increasing number of customers today believe that low-end retailers are better able to meet

their needs. Ultimately, a key observation is that the retail environment is dynamic and competitive, that retailers need to constantly adapt and change, or inevitably risk failure (McGoldrick 1990).

General criticisms of this theory include that it is inadequate to explain why stores, and in particular department stores, which should have been superseded by new retailers, continue trading successfully (Hollander 1981), and that the Wheel of Retailing "only" describes retailing in industrial economies and lacks application in developing economies (Hollander 1960; Brown 1991a). In fact, research in developing economies provides conclusive evidence to the contrary. Mun (1988) called it the "Reverse Wheel of Retailing"; Hollander (1970) the "trickle down hypotheses"). Brown (1991) also noted that many researchers (Hollander 1960a, 1962; Moyer & Whitmore 1976; Goldman 1975; Thomas et al. 1988) argue that there is sufficient evidence to suggest that many retail innovations did not evolve as is suggested by the wheel. Hollander also challenges the deteriorating quality of management hypothesis, arguing it is not plausible to believe that every succession of a business' leadership is less competent. Finally, many other authors including Goldman (1975, 1978), Savitt (1988), and in particular Greyser (1976) refer to it as nothing less than a "marketing enigma". Notwithstanding the criticisms, the real essence and value of the concept lies in the fact that it identifies three fundamental strategic orientations namely, price, cost, and service. Each option requires a firm to make trade-offs regarding products offered, customer services, store location and profit margins. Retailers who don't make the trade-off end up in a dangerous middle ground lacking a distinct competitive position (Evans 1991).

Retail life cycle

Not unexpectedly, retailers experience business life cycles, which they move through over the course of their existence. The cycles include innovation, accelerated development, and maturity, (Davidson, Bates and Bass 1976). According to Davidson, Bates and Bass (1976) the cycle manifests as follows: The innovation phase sees the emergence of a new retailer presenting a concept that is a departure from current models based on different cost structures, distinctive merchandise profiles, unique location strategies or other elements that provide it with a meaningful advantage. In the accelerated development phase sales volumes and profitability grow very rapidly. In the maturity phase a number of operational challenges are experienced by the retailer. Over-capacity results as the retailer expands beyond that which they should, given the size of the market, the business outgrows the management skill of entrepreneurial founders resulting in operational challenges, all of which negatively impact profitability. Finally, as more competitors imitate the strategy, and new competitors emerge with their own innovation, the retailer experiences steady decline manifesting in significant loss of market share and profit erosion.

Scrambled merchandise; Accordion theory of retail evolution

The term "scrambled merchandise" was first used by McNair (1931), who described a situation of increasingly fast destruction of the channels of distribution a period of scrambled merchandise, where grocery stores started selling pharmaceuticals, drugstores sold grocery products, and tobacconists sold shaving equipment, the lines blurred between which type of retailer sold which categories. The concept extended as retailers sought to do their own manufacturing and manufacturers in their turn moved into retailing. The Accordion Theory, conceptualised by Hollander (1966), in its turn, describes a pattern over time where retail is

first dominated by “general line, wide assortment” retailers, then moves to dominance by “specialised narrow line” retailers.

Towards an integrated model of the theory of retail change

Brown developed his own “comprehensive” model of retail change. Whilst Brown (1991) argued that a truly comprehensive theory remains a challenge, he however, proposed that most innovations in retailing arose from business environment changes, whether technological (TV, Internet), economic (inflation, interest), legislative (trading hours), demographic (age, income), or social (working women). Brown argues that given this ever changing environment, individuals seize the opportunities and develop new retail innovations, often with narrow ranges, low costs and low prices. As the model succeeds, the retail presence is increased and ranges expanded. As the success is observed, imitators enter the market further highlighting the new opportunity, which in turn attracts the established retailers. The established retailers thus raise the level of competition forcing the innovators to react. Given a low price start and proliferation of competition, price reduction is not possible. Furthermore, given customer’s raised expectations, the innovator cannot reduce service levels to facilitate price reductions. This dilemma inevitably leads to incremental increases in service offerings and ultimately increasing prices, thus the cycle of trading up occurs.

We have seen from the commentary on the evolution of retail, that retail change has always been effected by the environment in which it operates. Roth and Klein (1993) observe that theories focussed on either individual or environmental aspects are too simple, and that explanations of what drives retail change must include both environmental and individual aspects. From an environmental perspective five themes are posited, the size of the aggregate population, consumer’s need hierarchy, income for the region, technology, and finally,

government regulation. Roth and Klein (1993) further note that to complete the theory one had to consider the competitive environment in which retailers operate. Beem (1968) comments that to understand the drivers of change, cognisance must be taken of retailer constraints and consumer challenges with respect to sociological and technological trends. He further notes that consumers have an economic objective which is met by achieving maximum gain for the least cost "in money, time, psychological pain or energy", whilst the retailer experiences constraints to meet the consumers demands.

Appendix 3.5

Evolution of the concept of the brand

The early stages

Bastos and Levy (2012) in an article on the evolution of branding comment that a person desires to be of consequence and have a social identity, to belong and to be unique is at the root of all branding. They further note that "signs and symbols", are essential to this branding phenomenon. They go on to say that branding first starts as a sign, denoting what an item is, then progresses to a form of naming something, however denotation quickly becomes inadequate and connotations arise, (e.g., being labelled an animal). Bastos and Levy (2012) further noted that when a brand is used to mark something it becomes a symbol of ownership or reputation, and is usually either directly on the object or indirectly on a label on the object. Marking for ownership or reputation manifested throughout history as slaves and animals were marked to signify ownership, whilst some peoples used tattoos to decorate themselves or record significant personal events such as rites of passage. Burning represented an early form of marking. Notwithstanding its early beginnings, brands only emerged as a meaningful concept in the twentieth century. Low and Fullerton (1994) argue that modern brands were given life by the industrial revolution, and they identify a number of macroeconomic factors that

accelerated its progression, such as, progress in communications, transport infrastructure and means, and production processes, which facilitated mass production. The industrial revolution also gave rise to a rapidly growing middle class that would drive consumption. Records however indicate that as early as 1872 businessmen such as Folger put the family name on their coffee, so too in 1903 did Kraft on their cheese, and in 1942 Vlasic on their pickles in order to reflect their pride in the products.

First half of the 20th century

Stern (2006) said that the concept of brand came into marketing in 1922 as a “compound expression”, i.e., a trade name or proprietary name. Butler’s (1914) work is amongst the earliest, arguing that branding was a source of conflict between manufacturers, wholesalers, and retailers competing to position themselves as the dominant brand of consumers choices. Cherington (1920) discusses branding as a “rising phenomenon” driven by salesmen and advertising, and used as an “aggressive sales method”. Furthermore, he argued that branding had become so pervasive so as to be characteristic as opposed to the exception. Clark (1927) highlighted the importance of advertising and branding for the selling of standardised products to create a notion of character and quality in the consumers mind. Notwithstanding much early work, theorising and research on brands lagged, and branding received little attention as is evident in these rather undeveloped early perspectives, (Bastos & Levy 2012). In the pre - World War II period branding began to proliferate much more as a result of two major developments, the growth in magazines, and radio. Moore and Reid (2008) emphasised the importance of media as follows, “This, (branding) is a phenomenon that could only have occurred at the end of the nineteenth century and into the twentieth century due to the media”.

Second half of the 20th century

Post-World War II

In the post- World War II period, the world witnessed a "consumer revolution" as a result of the build-up of industrial capability, abundance of capital, and pent up demand. Brands and branding surged in importance as newcomers arose and big name brands struggled to deal with the aggressive competition that prevailed at this time: Burger King versus McDonalds, Pepsi Cola versus Coca Cola, and the rise of Colgate. Gardner and Levy (1955) in their article observed that consumers were forced to choose between different brands even when they could not discern differences between the products, particularly when brands make the same claims of quality. In this paper they crystalised the idea that consumers are influenced by their brand's image, a product and brand personality that is "unified, and coherently meaningful". In the article Gardner and Levy (1955) made an often quoted point, that consumers bought products for what they meant and not only for what they did. It was Gardner and Levy who established the term brand image and truly placed the issue at the centre of academic and business practice (Bastos and Levy 2012).

1950s

It was in the mid 1950s, that brand image became prolific and the central theme in advertising globally. In the early stages, the key objective of brand and brand image work was to create a memorable and creative logo. This evolved to include related shapes, sounds, phrases, visualisations and over time celebrity personalities who represented the image of the brand. High profile examples include Coca-Cola, McDonalds, and more recently Nike, (Nike Word, Nike Swoosh, Nike phrase-Just do it, Nike ambassador - Michael Jordan) and Apple, amongst others. Notably, there was initially resistance to these brand theories and ideas. The Oxford English Dictionary only recognised the word in 1959, but put it in quotes referring to it as " the

jargon of the P.R trade….". Seabrook (2010) noted that resistance to the idea of branding still persists and cites the example of Dyson who refrain from using clever logos, or a "brand image". The study of brand progressed steadily from the 1950s, the large body of which, was devoted to brand image and the emerging theme of brand loyalty, what constituted brand loyalty, whether it had any value beyond being a measure of repeat purchase, and how it could be created and sustained, (Bastos and Lev 2012). In the latter half of the twentieth century, the concept of branding was expanded with regards to both research and practice. Meenaghan (1955) talked about the role of advertising as, "…imbuing the brand with specific associations or values", and that a "particular feature of all great brands is their association with specific values, both functional and symbolic". Newman's (1957) article points out that "autos were psychologically significant as an extension of self". He went on to argue that if therefore brands have personalities similar to people then by extension people can have relationships with them. An important development arose from the work of Martineau (1958) who laid the theoretical foundation for the concept of brand personality. The importance of brand to the consumer came to be a meaningful area of focus.

1960s – 1970s

In this period a meaningful investigation was conducted by Marquardt et al. (1965) to understand how important brands were to customers when they purchased. Their research was amongst the earlier work to specifically show that customers desired products with a well-known brand, with only 25% of those tested advising that they paid no attention to the brand. A number of important developments emerged in the 1970s, including the establishment of the Association for Consumer Research in 1970 and the Journal of Consumer Research in 1974, that spurred the study of consumers. Furthermore, Ries and Trout (1972) put forward the concept of "positioning" in their article "The Positioning Era", noting that this was not

something one did with the product, but rather about the customer target group, i.e., the position within the customers mind.

1980s – 1990s

In the 1980s one of the most researched concepts of branding came to the fore, namely brand equity. Brand equity represented the very important aspect of how to measure the value of the brand. The foundation of brand equity was laid by American public relationship companies to encourage companies not to reduce their investment in the brand. In the late 1980s, the Marketing Science Institute identified brand equity as the most important area for research. In 1988 another significant development in the evolution of the brand took place, with Rank, Hovis, McDougal valuing the brand on their balance sheet at GBP 678m, thus giving rise to its financial recognition, and were soon followed by other companies, (de Chernatony & McDonald 1998). Bastos and Levy (2012) summarise the evolution succinctly saying that in the preceding 55 years the concept and study of the brand has evolved from one of simply logos, ownership, and reputation, to matters of image, symbolic values, and relationships. The writings of Aaker (1991, 1995, 2004) and Keller (1993, 1998) accelerated the momentum of the concepts of branding and related areas, in particular, brand equity, and brand strategy. Researchers such as Simon and Sullivan (1993) were among the earliest authors to calculate brand equity mathematically, giving rise to the concept of financially based brand equity. Keller (1993) offered an alternative perspective of brand equity highlighting the importance of the customer, conceptualising the idea of consumer based brand equity (CBBE).

21st century

Bastos and Levy (2012) further suggest that practitioners and academics have turned brands into “an invaluable tool that, in some aspects, outshines the concept of marketing itself”. This

perspective of the brand is echoed by Kapferer and Bastien (2009) who argue that marketers of luxury brands in particular are required to create a sense of the unique and exclusive and need to use extraordinary methods to distinguish their products from others and justify the higher prices charged. In concluding remarks Bastos and Levy (2012) make clear their view on the concept of a brand describing it as "an opus, a complex design, a mosaic, a symphony, an evolving cultural construction…..that fires the imagination", and that iconic brands "become quintessential and transcendental". In concluding their summation of the history of branding, Bastos and Levy cite Levy (1974) who represents the "ideal brand" by way of a Functional-Psychological-Aesthetic Pyramid, (FPAP) that synthesises the purpose of the product (functions) with a consumer (people) and its impact on all their senses (art). Roper and Parker's (2006) article presents a summation of the development of brands in terms of its relationship to the consumer. They argue that between 200BC and 1830 the nature of the relationship between brand and consumer was essentially 'identification" (person with his product, product offering, manufacturer), between 1830 and 1990 the nature of the relationship was "differentiation" (quality, functionality, added value), and after the 1990s the nature of the relationship became one of "personification" (emotional, relationships). Brand as an asset is the final stage of development according to Roper and Parker (2006).

Evolution of the brand

Time	Macro-Environmental Change	Purpose	Examples	Stage in development of branding
200BC	Use of tools, development of trade.	Identification of trade man with craft	Signs	Identification
476BC-1492AD	Increasing mobilization of and legislation in population	Identification of ownership	Brand marks	
16C	Increasingly mobilization of population	Identification of product offering	Pub signs	
1760-1830	Industrialisation of production	Identification of manufacturer	Names	
1830-1970	Mass-production and development of distribution infrastructure and mass communication	Differentiation of product (quality and functionality)	Brand advertising	Differentiation
1970-1990	Development of the service sector	Communicating added value (intangible differentiation)	Brand narratives	
1990's	Globalisation and post-modernism	"Emotionalise", build relationships	Micro marketing	Personification

Source: Roper and Parker (2006)

Appendix 3.6

Existing literature and brand research 1979-1992 / 1993-2003, Thematic Development of the Literature. (Roper & Parker, 2006; Chang & Chung, 2016; Kavak et al., 2015)

Roper and Parker (2006) conducted an analysis of the "Thematic Development of Branding Literature 1979-1992 and 1993-2003". Some of the key developments in the literature themes are as follows.

- 1979-1983: Consumer and Market; Product and Market; Price and Market.
- 1984: Consumer and Attitude; Brand Name.
- 1986: Retailer and the Market.
- 1990: Retailer and the Manufacturer.
- 1994: Business as a brand.

- 1997: Equity and Value; Customer and Value.
- 1998: Retailer and the Consumer; Market and Service.
- 2000: Retailers and National/International.
- 2001: Value and Asset; The Internet.

It is evident from the above that the concept of the brand has continuously evolved and expanded, confirming its evolutionary nature, and thus importantly the need for the ongoing development of the concept in response to the context in which it exists.

1990-2010 Literature review of brand research. Chang and Chung (2016)

Chang and Chung (2016), completed a review of brand research using keyword classification, over the period 1990-2010. The authors comment that firms face consistently and rapidly changing markets, homogenous competition, technological innovations, short product lifecycles, and different and evolving customer needs, which is why companies attempt to build strong brands. The review found 1714 articles across all industries in 285 journals: 62.5% were in the top 20 academic journals of which half were marketing journals. The pattern of research increased steadily in the first five years but proceeded to accelerate in each of the three following five-year periods, with the final five-year period producing 41.8% of the total number. Brand image, brand equity, brand loyalty, and consumer behaviour were the most popular topics, making them the key brand research domains. The terms brand loyalty or brand equity mostly ranked in the top five keywords in each of the five-year periods between 1990-2010.

2010-2015 Literature review of brand research, Kavak, Kazanci, Sahin, and Tuncel (2015)

Kavak, Kazanci, Sahin and Tuncel (2015) completed a literature review on brand research between the years 2010-2015 across three journals with the term brand in the name, (JBPM, IUP JPM, JBM). In their introduction, the authors argue that the brand is an asset of the firm and provides identity and character and influences the consumers' choices and establishes relationships among consumers. They argue, the brand provides multiple benefits to the customer, the company and society. They go on to qualify the benefits: for the firm, customer loyalty, higher volumes and high profit margins; for the customer, it acts as an indicator of quality and creates product awareness. The researchers took a content analysis approach to the review and found the literature divided into 4 main subject areas, brand concepts, brand management, brand equity, and brand attitude. Brand loyalty and brand equity articles constituted 3.18% and 9.29% respectively of the 409 articles. The researchers identified that quantitative methods were the most used at 62.9% of the 409 articles and that the most used data collection approach was again survey methods at 62.3%. As is the case in retail research and in the 1990-2010 research review Structural Equation Modelling and Analysis of Variance at 12.86%, and 9.53% respectively again represented the significant proportion of the analysis techniques used. The article unfortunately fell far short of an in-depth analysis of the 409 articles, but in particular it failed to identify meaningful gaps in the research, other than to say there should be more qualitative and mixed method research.

Appendix 3.7

Twelve themes of brand definitions

In a content analysis by de Chernatony and Dall'Olmo Riley (1998), they provided a synopsis of the definitions of brand, and they categorise the range of definitions into twelve main

themes: legal instrument, logo, company, shorthand, risk reducer (the brand becomes a proxy for consistency and quality, thereby reducing performance risk), identity system, image, value system, personality, relationship, adding value, evolving entity. They acknowledge that these are not necessarily mutually exclusive and at times they overlap.

- Legal instrument; seen as a legal statement of ownership, an investment which needs protecting (Crainer, 1995).
- Logo; visual features as a means of differentiation, as articulated in the AMA definition.
- Company; given the need for an instantly recognisable corporate identity from which products could benefit.
- Shorthand; for rapid recall and decisions, a memory shortcut for time pressured consumers (Jacoby et al. 1997).
- Risk reducer; a proxy for consistency and quality, thereby reducing performance risk.
- Identity system; seen to be more than the product, but rather the essence of the product (Kapferer 1992), protects against competitors and enables economic benefit, (Fombrun & Shanley 1990).
- Image; consumers don’t react to reality but what they perceive as reality, (Boulding 1956; Martineau 1959; Keller 1993; Gardner and Levy 1955).
- Value system; consumers find value in how the brand reflects what they stand for (Clark 1987).
- Personality; brands are “symbolic devices” with personalities, and valued by consumers beyond mere functional utility (Goodyear 1993) and create brand equity (de Chernatony & Dall’Olmo Riley 1998).
- Relationship; an extension of brand as a personality (Blackston 1992), an expression of a relationship that exists between the consumer and the product (Arnold 1992).

- Adding value; builds on the brand as a means of differentiation, competitive advantage, and premium price, defined by the "non-functional benefits" (Jones 1986; King 1973).
- Evolving entity; references the fact that the concept is dynamic and will shift through stages.

Appendix 3.8

Brand equity research

Taleghani et al. (2011) identified the following authors as the most cited on brand equity research and in particular it's dimensions of brand awareness, brand associations, brand image, brand loyalty, and perceived quality: Aaker (1996), Keller (1993), Park & Srinivasn (1994), Cobb-Walgren, Rubie and Donthu (1995), Yoo, Donthu & Lee (2000), Berry (2000), Yoo & Donthu (2001) and Gil (2007).

Reflecting on the brand equity research, one observes broad themes that emerge over time. During the 1980s and 1990s the dominant theme was on the measurement of brand equity (Farquhar 1989; Simon and Sullivan 1990; Keller 1993; Lassar et al. 1995; Aaker 1996). In the 2000s, the focus was predominantly on the conceptualisation of brand equity and a continuation of brand equity measurement (de Chernatony et al. 2001; Mackay 2001; Pappu et al. 2005; Pappu and Quester 2006; Kayaman & Arasli 2007; Atilgan et al. 2009), and the antecedents of brand equity (Yoo et al. 2000; Sriramet al. 2007; Yasin et al. 2007; Ko et al. 2009; Ha 2009; Tong & Hawley 2009). Further studies have turned their attention to the consequences and effects of brand equity in terms of purchase intention (Kim et al. 2008; Chang & Liu 2009), and the interrelationships between brand equity dimensions (Kayaman & Arasli 2007).

From further investigation of the literature over time of, amongst others, Farquhar (1989), Aaker (1991), and Srinivasan et al. (2005), it becomes apparent that there is no universal acceptance on the definition, conceptualisation, drivers or measurement of brand equity. Christodoulides and de Chernatony (2010) highlight the fragmented and inconclusive nature of the literature on the antecedents, constructs, and measurement of brand equity. Park et al. (2008) note that there is no agreement on the measurement of brand equity. The lack of agreement it is argued, is the result of different approaches to measurement of brand equity such as a consumer, product or a financially based approach, for example, Keller (1993), Yoo et al. (2000), Ailawadi et al. (2003), and Salinas & Ambler (2009). Whilst differences exist, there is generally more agreement on measuring brand equity from two approaches: a consumer based brand equity measure, by academics such as Aaker (1991), and Keller (1993), and a financially based brand equity measure by researchers such as Simon and Sullivan (1993), and Ailawadi et al. (2003). There also seems to be broad agreement that brand equity involves the value added to a product by the consumers perceptions of and association with the brand (Chaudhuri 1995; Winter 1991).

Brand equity according to Aaker (2002), has been conceptualised by academic researchers based on one of three theoretical approaches, Psychological, Economical (Erdem 1998a; Montgomery & Wernerfelt 1992), or, Sociological-Biological (McCracken 1986; Fournier 1998). Psychologically oriented researchers have studied brand equity from both a Cognitive Psychology (Henderson et al. 1998 & Lassar et al. 1998) and Consumer Psychology perspective (Aaker 1991, 1996; Farquhar 1998 & Keller 1993, 1998. Keller and Lehman (2006) stated that a brand's impact manifests at three market levels, customer, product, and financial, and the accrued value represents brand equity.

Appendix 3.9

Chronology of Key Definitions of Brand Equity.

(1988) Leuthesser; "Brand equity allows a brand to command a higher margin or sell greater volume than it would without the brand, and in so doing provides the brand a sustainable and differentiated competitive advantage".
(1988) Shocker and Weitz; "The net present value of incremental cashflows attributable to a brand name".
(1989) Farquhar; "The added value endowed by the brand to the product".
(1991) Aaker; "A set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and to that firm's customers".
(1993) Keller; "Brand equity is defined as the marketing effects or outcomes that accrue to the product or service with its brand name as compared to the outcomes if that same product or service did not have that brand name." Keller; on consumer based brand equity "The differential effect of brand knowledge on consumer response to the marketing of the brand".
(1993) Swait et al., refer to the implicit valuation of the branding a market with differentiated brands relative to a market with no brand differentiation.
(1994) Park and Srinivasan; "The added value endowed by the brand to the product as perceived by a consumer".
(1995) Lassar, Mittal and Sharma; "The enhancement in the perceived utility and desirability a brand name confers on a product".
(2000) Wood; "A relationship between customers and brands resulting in a profit to be realized at a future date".
(2000) Yoo et al.; "The difference in consumer choice between the focal branded product and an unbranded product given the same level of product features".
(2002) Vázquez, Río and Iglesias; "The overall utility that customers place in a brand".
(2004) Rust et al.; "The sum of customers' assessments of a brand's intangible qualities, positive or negative"
(2006) Bailey and Ball; "The value that customers and business owners associate with a brand, and the influence of this association on customers' behaviour and subsequent financial performance of the brand".
(2007) Vatjanasaregagul and Wang; "The positive marketing result from a certain good or service that has a brand name, such as high brand preference, market share or profit".
(2007) Yasin et al.; "The tremendous value inherent in a well-known brand name".

(2008) Sanyal and Banerjee; "A product's position in the minds of consumers in the marketplace".	
(2009) Goldfarb, Lu, and Moorthy; "The difference between equilibrium profit for the branded product and an unbranded, store brand, equivalent".	
(2010) Chen and Tseng; "The incremental value of a product due to the brand name".	
(2010) Louis and Lombart; "Added value brought by a brand to its products and services".	
(2011) Haefner, Deli-Gray and Rosenbloom; "A summary measure of a brand's ability to attract and retain loyal customers expressed in monetary terms".	
(2012) Sedaghat et al.; "The intangible value that accrues to a company as a result of its successful efforts to establish a strong brand".	

Appendix 3.10

Brand equity models

Keller (1993)

Keller discusses the brand from the perspective of the effect on the individual consumer, namely, consumer based brand equity (CBBE) and defines it as "the differential effect of brand knowledge on consumer response to the marketing of the brand". The definition highlights three key concepts, differential effect, brand knowledge and consumer response. A brand is believed to have positive or negative brand equity if consumers act favourably or less favourably to the product, the price, the promotion and the distribution than they do when confronted with the identical marketing mix elements of a fictitious or no name version of the product. The significance of positive equity being increased revenues, lower costs and therefore higher profit. A critical assertion of this research is that in the mass-market retail environment customers are indifferent to the retailer brand.

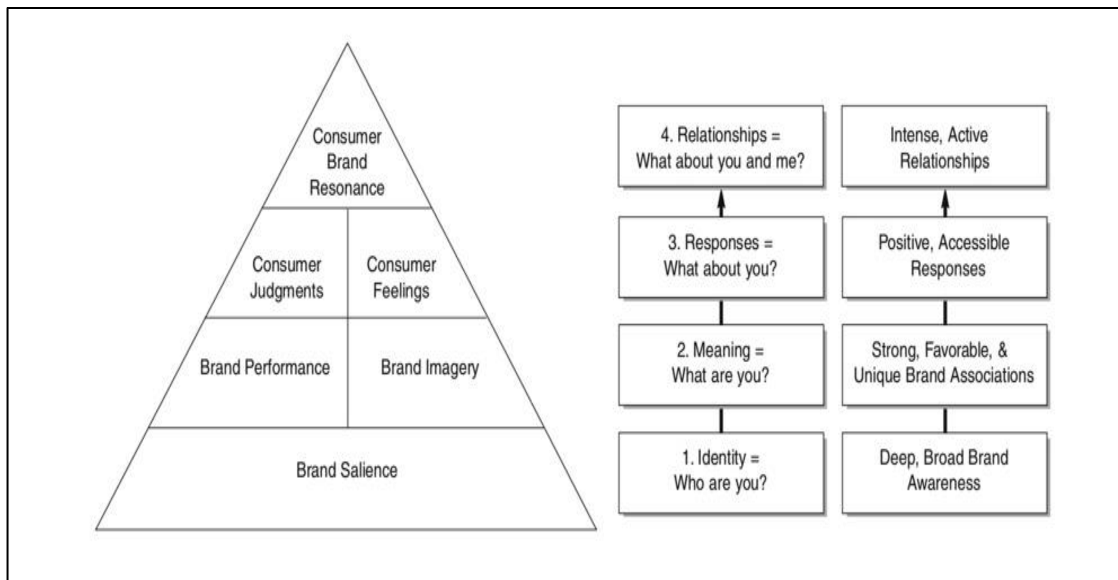
Keller commented that two important motives drove work on brand equity. Firstly, to improve the productivity of the brand's marketing. Secondly, a financially based motive, namely to more accurately determine the value of a brand for accounting purposes (asset valuation for

balance sheets), or for merger and acquisition purposes. A number of different valuation methods are suggested, namely Interbrand Group's subjective Multiplier of Brand Profits, based on performance against seven dimensions (leadership, stability, market stability, internationality, trend, support and protection). An alternative is Grand Metropolitan's approach to deduct the value of a firms assets from the acquisition price with the difference being assigned to brand value. Keller also commented on two stages of equity development referred to as "awareness level", and "image level" which arise from the consumers wants and needs, and lead to the evaluation of the brand, and which, when coupled with the purchase action, represents the manifestation of brand equity.

In his work Keller (1993) identifies two components of brand knowledge (equity) as, brand awareness, consisting of brand recognition and brand recall (recognition being "the ability to confirm previous encounters with the brand when given the brand as a cue", and recall being "the ability to retrieve the brand name when given a product category"), and brand image defined as the consumer's perceptions about the brand based on the brand associations (attributes, benefits, and attitudes) held in the consumers memory. Attributes could be product related or non-product related such as price, packaging, or user imagery. Benefits could be functional (intrinsic advantages), experiential (feelings when using the product) or symbolic (extrinsic advantages of usage). Finally, brand attitudes are defined as the overall holistic assessment of the brand and "is a function of the associated attributes and benefits of the brand". Keller argues that in order to build strong consumer based brand equity, the brand must be familiar to the customer, with "favourable strong and unique brand associations", which can be achieved by the initial choices surrounding the brands identity (logo, name, symbol, etc.) and integrated with strong supportive marketing. Building brand identity, meaning, responses, and relationships is complex (Keller 2001) but is easier if thought of as six building blocks

towards executing the four necessary steps in the creation of a strong brand. The building blocks were presented by Keller (2001) in the form of a brand pyramid. Keller argues that attainment of the pinnacle of the pyramid by ensuring the right building blocks are in place will translate into significant brand equity. The corresponding brand steps represent different levels of the pyramid as illustrated in Figure 3.2.

Fig. 3.2. Keller (2001) Customer Based Brand Equity Pyramid



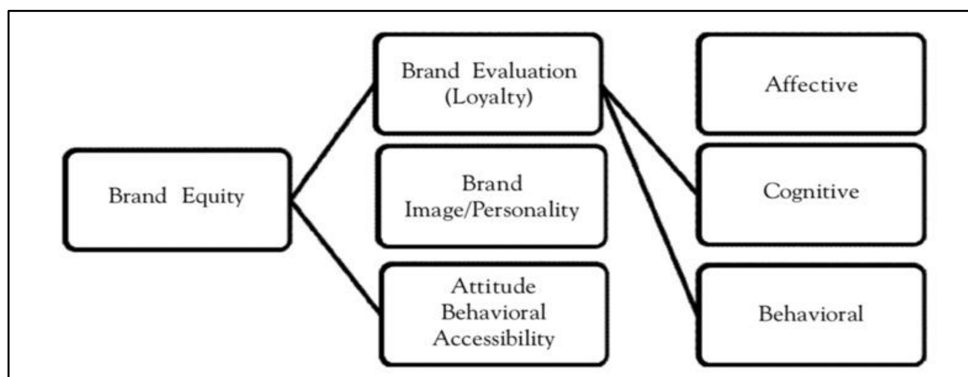
Source: Keller (2001)

The first stage of branding measures brand awareness uses brand salience as a measure, the second stage of brand meaning is anchored in either functional or abstract associations, the third stage concerns the evaluations by the consumer and the feelings they experienced**.** Finally, the fourth stage, brand relationship, concerns the development of loyalty and trust in the relationship, culminating in brand resonance, the pinnacle of the brand pyramid. The model emphasises that the steps and the resulting progress up the pyramid are sequential, (Keller 2001).

Farquhar (1989)

Farquhar defines brand equity as the "added value which a brand endows on the product". Farquhar identifies three elements of brand equity brand loyalty, brand image/personality, attitude/behavioural accessibility. The interrelationship of these three components is illustrated in Figure 3.3 below. Farquhar posited that brand valuation from a company's perspective was measurable, based on the incremental cashflows from associating the brand name with a product. The incremental cashflow arises from increased share of market when using the brand name or on the price premium that the branded product can attract. In his paper, Farquhar discussed three significant competitive advantages that accrue to the firm. Firstly, brand equity provides a base for launching new products and licensing. Secondly, it provides protection during crisis situations or changing consumer preferences. Thirdly, brand equity provides protection from competitive threats. Farquhar also pointed out that brand equity provided value to the trade, measured as the leverage a brand has over other products through greater acceptance and greater distribution. Farquhar discussed three ways to create brand equity, namely building it, borrowing it, or buying it. In conclusion, Farquhar presented three stages to managing brand equity. Firstly, introduction which starts with a quality product; secondly, elaboration which involves ongoing positive consumer engagement; and finally fortification, that involves the extension of the brand.

Fig. 3.3. Farquhar's (1989) Brand Equity Model

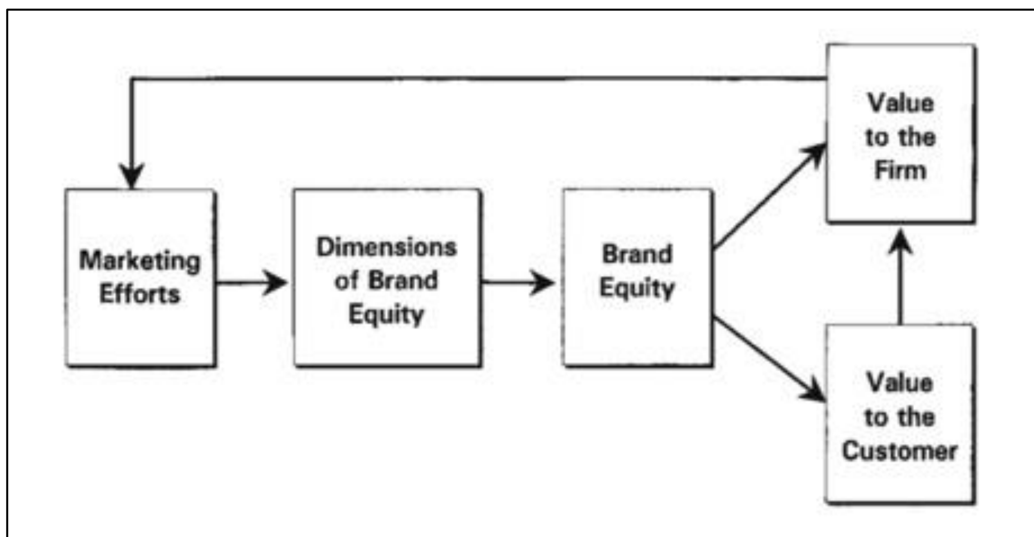


Source: Farquhar (1989)

Yoo et al. (2000)

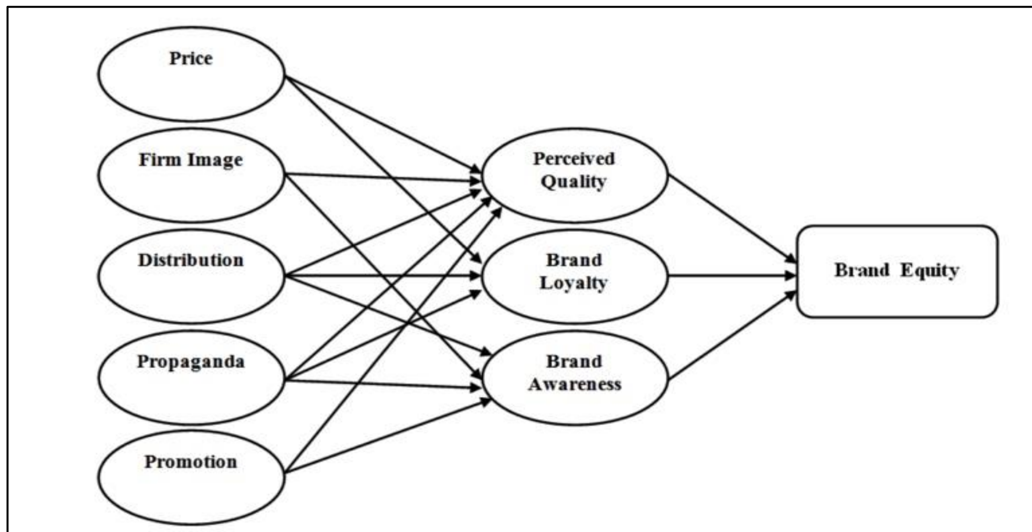
Yoo et al. (2000) highlight the importance of brand equity, and argues that it is possible to create brand value by enhancing the drivers of brand equity. The researchers define brand equity as the "consumer's different response between a focal brand and an unbranded product when both have the same level of marketing stimuli and product attributes". Yoo et al. (2000) adapted Aaker's (1991) model and first presented brand equity as a separate construct between the dimensions of brand equity and the benefits to the consumer and the company (Figure 3.4), but subsequently added antecedents of brand equity, namely the marketing efforts as indicated in Figure 3.5 below. The model effectively noted three components, those depicting the marketing mix (price, store image, distribution intensity, advertising spend, and price promotions/deals), those depicting brand equity dimensions (perceived quality, brand loyalty, and brand awareness and associations), and finally overall brand equity. The model sought to present the linkages between antecedents, dimensions, and brand equity.

Fig. 3.4. Yoo et al. (2000) Conceptual Brand Equity Model



Source: Yoo et al., (2000)

Fig. 3.5. Yoo et al., (2000) Marketing Mix Elements and Brand Equity.



Source; Yoo et al., (2000)

Brand Equity and the Marketing Mix

A more recent article by Fathian, Slambolchi, and Hamidi (2015) explored the relationship between brand equity and the marketing mix. The concept was first written about in an article by Neil Borden titled "The Concept of the Marketing Mix". The earlier conceptualisations of the Marketing Mix argued in favour of 12 categories that were however reduced by McCarthy (1960) to the more common categories of Product, Price, Place, and Promotion often referred to as the 4 P's. Price is defined simply as "the price paid for the goods or service. Product is defined in this instance as the tangible good. Place refers to the extent to which the product is available for sale across all channels. Finally, Promotion is defined as the approach taken by the company to advise the customers of the product, including advertising, promotions, personal selling, or and public relations. Little empirical research has been done to understand the impact of marketing mix elements on brand equity. Shocker, Srivastava and Reukert (1994) identified the need for a greater "systems view" of how product, price, place, and promotion, impacted the creation of brand equity.

Appendix 3.11

Drivers of Brand Equity

Many authors have contributed to the literature on the drivers of brand equity, whether in an integrated approach or commenting on specific drivers. Whilst acknowledging that brand equity has a variety of drivers, Davcik (2013) proposed a succinct model identifying, Marketing Investment in Brand, Price, Revenue (Share), Perceived Quality, and Brand Ownership as the most prominent drivers. Marketing investment as a driver is supported by the commentary of Rust et al. (2004), and is defined as the servicing expenses to increase the quality and reputation of the brand including advertising, communications and promotions. Simon and Sullivan (1993), Ambler (1997), and Keller and Lehman (2009), also make reference to expenditure on advertising contributing to increased brand equity. Price is simply the amount of money paid for a product. Some however argue that price should include the sum of all costs that the consumer exchanges (Kotler & Armstrong 1999). Revenue (share) as a driver is defined as unit volumes at a certain price. Ailawadi et al. (2003) suggest that the level of sales influenced by the marketing mix influences brand equity. An important observation with respect to revenue as a driver is that an increase in revenue as a result of an increase in volumes sold will decrease the value of the brand. Davcik suggests the reason for this is the product loses its uniqueness and exclusivity in the minds of consumers and thwarts the price mechanism's effect on brand equity. Following on from this view in a more comprehensive response, Ailawadi et al. (2003) suggest that revenue as a driver is more complex and thus could have a positive or negative impact on brand equity depending on the specific brand and reason for the increased revenue (i.e., increased volumes). They thus recommend more research.

Perceived quality as a driver of brand equity is understood as the subjective judgement of the consumer about the quality of a product. Zeithaml's (1998) view supports perceived quality as a driver. Farquhar (1989) also supported the idea arguing that "quality is the cornerstone of a strong brand", resulting in greater brand equity with consumers. Brand ownership simply posits that the reputation of the entity that either manufactures or owns that brand can influence brand equity. The drivers articulated above by Davcik have strong support in the literature from numerous authors including amongst others, Simon and Sullivan (1993), Knox et al. (2000), Srimnivasan et al. (2005), and Keller and Lehman (2009) The empirical study of Davcik, found support for the dimensions of Marketing Investment, Price, Revenue, and Brand Ownership.

Appendix 3.12

Benefits of Brand Equity

Much brand equity research argues that consumers are willing to pay a premium for a brand because they perceive value unique to the brand that an alternative brand does not have (Jacoby and Chestnut 1978, pp. 157). It is also argued by Aaker (1996, pp. 102-120), Hello and Holbrook (1995), and Park and Srinivasan (1994, pp. 271-288) that price premiums, and market share (Agarwal & Rao 1996) can be linked with the increasingly important concept of brand equity. Many other researchers have also concluded that brand equity has significant benefits including: increased long term cashflows (Srivastava and Shocker 1991), consumer perceptions (Dodds et al. 1991) and utility (Erdem & Swait 1998), competitive advantage (Bharadwaj et al. 1993), and a company's share price (Simon & Sullivan 1993; Aaker & Jacobson 1994) and even on potential mergers and acquisitions (Dawar & Pilltula 2000). Pitta and Katsanis (1995) note that brand equity enhanced the likelihood of brand choice, which drives brand loyalty. As highlighted above, ongoing research distinguished between the benefits that accrue to a company and those that accrue to the consumer. The differences are

evident in Aaker's model above, identifying cost, efficiency, leverage, market share, and competitive advantage benefits to the company, and ease of information processing, customer confidence/assurance, and satisfaction benefits to the consumer.

Appendix 3.13

Table of brand equity measurement, key literature reviewed

Author	**Date**	**Descriptor/Title**	**Key insights**
Srinivasan	1976	Measuring Brand Equity. Modified multi-attribute model.	Proposed a modification to the multi-attribute approach in favour of an "overall utility measure".
Martin and Brown	1990	Five dimensional model. Aligned to Aaker's model.	Focused measurement on 5 dimensions (aligned to Aaker) of perceived quality, perceived value, image, commitment, trustworthiness.
Aaker	1996	Conceptualisation of brand equity measurement. Five category, ten dimensional model.	Ten criteria grouped into 5 categories; brand awareness, perceived quality, leadership perceived value, brand personality, organisational associations, price premium, satisfaction/loyalty, market share and price and distribution.
Keller	1993	Direct and indirect measurement approach	Identifies a direct and indirect approach, arguing they are complementary, and should both be used.
Simon and Sullivan	1993	Financial orientation	Emphasises the importance of financial measurement, using objective market measures to calculate BE and enjoys cross company and sector validity.

Swait et al.	1993	Market performance perspective	Focus is on what they term "price equalisation" as a proxy for BE, which they propose is the price that compares the utility of a brand vs a brand with no differentiation (Effectively a price premium)
Lassar et al.	1995	Five dimensions of BE	5 Dimensional model: value, performance, social image, commitment and trustworthiness. Focuses on the "enhancement in perceived utility and desirability" of a product carrying a brand name and. They observe that whilst BE influences financial performance, it is primarily anchored in customers perceptions, not objective indicators, that its relative and is not absolute.
Cobb-Walgren	1995	CBBE model, based on Aaker's and Keller's BE conceptualisations.	First to empirically measure consumer-based BE It is critical of attitudinal predictors, but rather focuses on customer perceptions which they argued preceded behavior, and four dimensions of BE, namely; brand awareness, advertising awareness, net favourable associations, and perceived quality. Argued to have managerial application due to the individual measurement of dimensions
Agarwal and Rao	1996	Integrated various models into a more holistic approach to measurement	Focuses on testing 11 BE measures individually and aggregate level and the convergence of these of these measures. The model supported Aaker and Keller's conceptualisations of BE
Keller and Lehmann	2001	Brand value chain a more integrated measure	The authors identified a brand value chain in the creation of value and developed an integrated view of measuring BE with 3 steps/effects (4 stages). They propose that, marketing activity/investment influences consumer brand knowledge which

			affects market performance which in turn affects shareholder value. The model identifies specific key measures and filters for each stage.
Yoo and Donthu	2001	Multi-dimensional approach to BE measurement, MBE measures	Critical of the lack of robustness of CBBE measures, the authors developed a multi-dimensional model focusing on 3 dimensions; brand loyalty, perceived quality, a combined brand awareness/association dimension. They further developed a 4 item scale to measure overall brand equity (OBE) to test the multi-dimensional brand equity (MBE) measurement scale for convergence.
Srinivasan et al.	2001	A CBBE focused approach. Measuring incremental choice probability	The model focuses measuring the difference between the customers overall choice probability of the branded product vs the alternative at the same price with minimal brand investment.
Ailawadi et al.	2003	Revenue premium focused approach	The focus is on the revenue premium (net price x volume), defined as the difference in revenue between a branded product and a private label product. The strength is argued as validity and objectivity given its based on actual data.
Pappu et al.	2005	Four dimensional BE approach.	The 4 dimensions represents a modification of Yoo and Donthu’s (2001) 3 dimension approach by adding brand personality to effectively separate awareness and associations
Various	1979, 1994, 1999	Residual approaches	What remains of the customers preference after eliminating the objective characteristics of the physical product

Various	1993, 1994, 1998, 2001, 2002	Shareholder value as a measure	Effectively argues that BE is reflected in the share price; that there is a positive relationship between BE and share price (Bath et al. 1998), extracting the value of BE from the value of the other assets (Simon and Sullivan 1993), and the relationship between share value returns and annual changes in BE (Aaker & Jacobson 1994)

Appendix 3.14

Measuring brand equity, literature review.

As seen in Appendix 3.13, the literature review of brand equity measurement was extensive. The Marketing Science Institute (MSI) positioned brand equity as the second most important research topic in the early 2000s. The MSI identified the following key reasons for why measuring brand equity was important: measuring the effectiveness of a company's marketing decision, improving the marketing decisions, considering the ability for brand extension, and to value the brand for purposes of acquiring other brands or selling the brand. There is an abundance of research attempting to develop the most appropriate or effective methods and models by which to measure brand equity. The work includes studies and models by many prominent researchers such as Aaker, Keller, and Cobb-Walgren, whose concepts and models have formed the foundation for many other researchers to build on, adapt or evolve. Whilst there is an abundance of research, there is no common view or model of how to measure brand equity.

A number of themes emerge in the various methods of brand equity measurement, these include:

- Indirect versus direct methods of measurement (Keller 1993).

- Direct approaches measure overall CBE by measuring the price and/or revenue premium of the brand (Ailawadi et al. 2003), the utility of the brand (Kamakura & Russell 1993), the consumer's preference (Park & Srinivasan 1994), and finally the overall value of the brand to the customer (Green & Srinivasan 1978). By contrast, the indirect approach measures the individual dimensions of awareness, and brand image which contribute to brand equity (Lassar et al. 1995; Yoo & Donthu 2001; Pappu et al. 2005). A concern regarding both the indirect and direct measurement of brand equity by all the above researchers is that they are all based on product brands. Very few studies have conducted research in respect of customer based brand equity or the measurement of customer based brand equity in the services sectors with the notable exception of de Chernatony et al.'s (2004) financial services study, and Christodoulides et al.'s (2006) retailing research.
- Financially based measures (Simon & Sullivan 1993; Ailawadi et al. 2003), versus consumer based measures (Keller 1993; Cobb-Walgren 1995; Srinivasan 2001), with some approaches integrating both (Keller and Lehmann, 2001). As explained in earlier paragraphs, the early work on brand equity focused mainly on financial measurement techniques (Farquhar et al. 1991, pp. 4-25). Hampf and Lindberg-Repo (2011) argue that FBBE reflects the overall value of the brand and how well the company is performing in the market. Financial measures could include price premiums, revenue premiums, market share gains, market to book ratio, valuing the price at which a brand can be sold (asset value). Farquhar et al. (1991) and Simon and Sullivan (1992) proposed accounting methods for assessing the value of the brand. The concept was however increasingly understood from a consumer based context, which in contrast effectively assesses how well the consumers respond to the brand (Keller 1993).

- Multi-dimensional/attribute measures (Lassar 1995; Cobb-Walgren 1995; Lassar et al. 1995; Aaker 1996; Pappu et al. 2005; Yoo and Donthu 2001) versus holistic/overall measures (Srinivasan 1976; Agarwal and Rao 1996), with some integrated approaches measuring both individual dimensions and an overall measure. An important observation was made by Christodoulides and de Chernatony (2010) who argued that whilst multi-attribute models had advantages, they were too complex therefore of little value to managers and practitioners.
- Those which measure brand equity objectively, measuring actual behaviour and using actual data, versus those which use more subjective measures, including perceptions, attitudes or intentions, (Lassar et al., 1995) and sourced via surveys and hypothetical studies.

Whilst these are not the only themes, they are the most identifiable themes describing the different approaches. Given the vast literature in respect of brand equity measurement, this research focuses on some key approaches including: Srinivasan (1976) as it posits an overall measure; Cobb-Walgren (1995) as they were the first to measure brand equity from a consumer based approach; Aaker's (1996) conceptualisation of brand equity; Keller and Lehmann (2001) as the model integrates both customer and financial components and considers brand equity from a brand value chain perspective; Ailawadi et al. (2003) as it measures brand equity from a financial perspective, and briefly models which measure brand equity from a shareholder value perspective.

Aaker's Conceptualisation of Brand Equity (Measurement) (1996)

Aaker (1996) argued that attempts to measure brand equity using sales, cost, margins, profit, and/or return on assets, although most used by companies, were inappropriate as they reflected a

short-term perspective and therefore did not create an incentive to invest. Aaker (1996) proposed a ”Brand Equity Ten” approach to measuring brand equity consisting of ten criteria grouped into five categories as depicted in Figure 3.6. The first four categories include Brand Awareness, Perceived Quality, Brand Associations/differentiation and Brand Loyalty. The fifth category is focussed on Market Behaviour. A notable observation is that loyalty is presented as a core dimension of brand equity, which Aaker argued creates a barrier to entry, is a foundation for premium pricing, is a time buffer against competitor’s innovation, and notably provides a “bulwark against deleterious price competition”. Aaker (1996) notes two key criteria for the measurement of brand equity, firstly; that any measure must include constructs that truly drive markets due to their association with future sales and profits, and that a change in a measure will over time manifest in the movement of the dial on price levels, sales, and profits; secondly, that any measure should be able to be applied across product categories, markets, and brands.

Although Aaker provides detailed commentary on each of the sub-components, he highlights concerns with many of them, therefore only brand awareness, perceived quality, perceived value, price premium, brand loyalty and market share will be addressed. Aaker argues that brand awareness can be a driver of brand choice and loyalty, and reflects the brands importance in the consumer’s mind. Aaker notes the importance of perceived quality and positions it as measurable using scales and applicable across product classes, and thus critical to measuring brand equity. Aaker however notes that perceived quality may be difficult to interpret given that that the perception of quality will be different for a loyal customer, switcher, or customer loyal to other brands.

Aaker notes that perceived value as a measure of brand equity is an aggregated view of the success of the brand at creating a value proposition, and is a measure which can be used across product markets. The concern however is that this measure is sensitive to the competitive set referenced by the customer. Aaker (1996) emphasises the importance of the price premium, suggesting it is a "basic indicator of loyalty", and probably "the best single measure as any driver of brand equity should affect the price premium". Price premium is positioned as the price a consumer will pay for the brand as compared to another brand. Aaker (1996) further comments that when measuring price premium it is beneficial to segregate customers into loyal buyers, brand switchers and non -customers with each of these having a different perspective on the equity of the identified brand. Aaker however notes the caveat that various realities, in respect of the distribution channel, may distort the measure.

Bello and Holbrook's (1995) research however, found little evidence of price premiums across a number of categories, although they qualify the outcome by saying that it may have been due to a larger number of "search goods" versus "experience goods" in their sample. With respect to customer satisfaction/loyalty, Aaker argues that satisfaction could in fact be seen as an indicator of loyalty. Loyalty is presented as a core dimension of brand equity, which Aaker argued creates a barrier to entry, and a barrier against wasteful price wars.

Aaker argued that market share, is both a valid and sensitive representation of the brands relationship with its customers. Aaker posited that a brand's advantage in a consumer's mind should increase (or not decrease) market share and that as a retailer's brand equity is enhanced their market share should reflect this. He observed that it also has the advantage of being available and accurate. Aaker however did highlight many potential pitfalls using market share, particularly the fact that market share is heavily influenced by short term strategies to drive

revenue by reducing price to entice switchers. Aaker also acknowledged that market share growth could be the result of other issues and not the brand, for example distribution coverage (place/location strategies).

Aaker (1996), acknowledging that the Brand Equity Ten model is “unwieldy” completes his commentary on the measurement of brand equity with an argument for a single, summary value of brand equity. Developing this single measure, he proposes, should take account of which constructs will form the foundation, how they should be measured, and the weighting of each construct in the composite measure, Furthermore, it is suggested that cognisance be taken of the applicability in different markets. Whilst brand equity theories have an abundance of strong support in the literature, Aaker (2002) notes that brand equity has its critics such as Feldwick (1996), Ehrenberg et al. (1990), and Ehrenberg et al. (1997), who building on the concept of “double jeopardy”, criticise brand equity arguing that there are only large and small brands as opposed to strong and weak brands.

Srinivasan (1976), Measuring Brand Equity (An overall measure)

Srinivasan (1976) proposed a modification to the accepted multi-attribute approach to the measurement of brand equity, which can be used to predict ones first choice. He highlighted that brands can have similar attributes whilst having different market shares, hence an “overall utility measure” should be adopted. This idea was supported by Na, Marshall and Keller (1999) in their Brand Power Measurement Model. This encapsulated the idea of measuring overall utility by including, Attributes, Benefits, and Values as drivers of brand image, which in turn drives brand equity, manifesting in satisfaction, loyalty and extension opportunities. The approach is supported in the literature (Biel 1993; Park & Srinivasan 1994).

Cobb-Walgren et al. (1995)

Cobb-Walgren et al. based their CBBE measurement on Aaker's (1991) and Keller's (1993) conceptualisation of brand equity. These researchers were the first to empirically measure consumer based brand equity, arguing that attitudes were poor predictors of behaviour and this resulted in the shortcomings of direct measures of customer behaviour. They argued that by contrast, customers' perceptions preceded the behaviour aspects of brand equity. The four dimensions of brand awareness, advertising awareness, net favourable associations, and perceived quality underpinned brand equity. The strength of their approach is in the fact that it allows measurement of individual dimensions, and thus has managerial application. The shortcoming of the approach is that it ignores affective and behavioural dimensions. Given that sales (as a lever for profitability) are a key purpose of a retailer, the actual behaviour of consumers, which ultimately translates into purchasing, is of the utmost importance to the practitioners. Empirical research measuring consumers actual responses to the brand and any potential brand equity by way of purchasing is surely needed.

Keller and Lehmann (2001) Brand value chain, an integrated measure of brand equity

Given the importance attributed to measuring brand equity, Keller and Lehmann (2001) provide an integrated view of the measurement of brand equity, identifying a Brand Value Chain in the creation of value. The chain they argue has three steps; first, marketing activity investments influence the consumers brand knowledge, second, this brand knowledge affects market performance (price premiums, cost savings, market share, profitability) third, market performance affects shareholder value (share price, market capitalisation).

Marketing Spend ➡ Brand Knowledge ➡ Market Performance ➡ Shareholder value.

Kellerman and Lehmann go on to identify key measures for each stage and "filters" that impact the flow of value through the various stages of the model. Much research has been undertaken to understand the three stages of the creation of value.

Ailawadi et al. (2003)

Ailawadi et al. argued in favour of revenue premium as the preferred measure of consumer based brand equity, defining it as "the difference in revenue between a branded good and a corresponding private label good". Revenue in turn was defined as Net Price x Volume. Their preference was based on the argument that the measure had high levels of external validity and objectivity, due to the use of actual data as opposed to assumptions about choice or hypothetical data from surveys, where customers are asked to state their purchase intentions, which do not necessarily translate into actual purchase behaviour (Tversky & Kahneman 1974).

Brand equity and shareholder value

Keller (2002) comments that a number of researchers have studied how brand equity is reflected in the share price. These researchers include Barth et al. (1998), Simon and Sullivan (1993), and Aaker and Jacobson (1994, 2001). Barth et al. (1998) using "Financial World" brand equity estimates argued that there was a positive relationship between brand equity and share price return and was incremental to the increase in a company's "net income". Simon and Sullivan (1993) estimated brand equity value by extracting the value of brand equity from the value of the other assets of the company. Underpinning the approach is the assumption that the market value of a company's shares provides an unbiased estimate of the company's future cashflows. Effectively their technique amounts to a residual reductive approach. A critical flaw in their reasoning is firstly the oversimplified residual nature of their estimate but more importantly their assumption that the value of a firm's shares represents an "unbiased" estimate

of the future cashflow is known to be untrue. Aaker and Jacobson's (1994) approach measured the relationship between share value returns and annual changes in brand equity as measured by the perceived quality ratings of Equitrend as a proxy. They also measured the effects of changes in the current return on investment, noting that changes in return on investment were positively related to share price returns, and that there was a positive relationship between share price returns and brand equity. In Aaker and Jacobson' s (2001) article, they found that changes in brand attitudes were associated concurrently with share price returns, but "led accounting financial performance".

Whilst brand equity theories have an abundance of strong support in the literature, Aaker (2002) notes that brand equity has its critics such as Feldwick (1996), Ehrenberg et al. (1990), and Ehrenberg et al. (1997) who building on the concept of "double jeopardy", criticise brand equity arguing that there are only large and small brands as opposed to strong and weak brands.

Appendix 3.15 Summary table of key retail brand equity literature

2003	Arnett, Laverie, and Meiers	Scale to measure retail brand equity, PLS regression.
2003	Arnett et al.	Indices, Retail Equity Index (loyalty, awareness, quality, associations)(?)
2004	Ailawadi and Keller	RBE Cross retail hedonic regression, Conceptual analysis. Antecedents retail brand equity, Retail image, Conceptual analysis.
2005	Hartman and Spiro	Defining store equity, Conceptual analysis.
2006a	Pappu and Quester	Extend product brand equity measurement to stores, SEM.

2006b 2008		Consumer satisfaction with the retailer, Store category relationship with RBE,
2007	Swoboda et al.	Relevance of service quality to a strong retail brand, SEM. Share of spending in the specific retail sector analysed.
2007	Decarlo et al.	Impact of store equity on negative word of mouth received, CFA/ANOVA.
2007, 2009	Swoboda et al.	Attitude towards retailers (Dimensions), retail attributes, SEM.
2007	Martenson	Customer loyalty
2009	Jinfeng and Zhilong	Relationship between store equity and image dimensions, SEM.
2009	Swoboda et al.	Customer involvement effect on equity perception and evaluation, SEM.
2011	Allaway et al.	Customer based retail brand equity, Factor Analysis.
2012a, 2012b	Das et al.	Retail personality relationship to RBE.
2012	Jara and Cliquet	Retail brand awareness and image (5 components), SEM, PLS. Consumer response: Retail choice and intention to buy.
2013	Gil-Saura et al.	Dimensions BE, Consumer satisfaction-instore loyalty chain, (PLS).
2013 2013a 2013b	Swoboda et al.	Retail store equity is determined by local store attributes. Corporate reputation relation to RBE. Store loyalty.
2014	Dabija, Pop and Szentesi	Range, price, service, location, communication, SEM, AMOS.
2014	Das	Purchase intention.

Appendix 3.16

Key loyalty research

Author	Contribution	Year
Jacoby and Chestnut	3 fold classification characterising approaches to measuring brand loyalty: Behaviour, Psychological commitment, Composite indices.	1978
Dick and Basu	Study concentrated on the relative attitude and potential moderators of the relative attitude to repeat patronage based on social norms and situational factors. Relative attitude is the degree to which the consumer's evaluation of one alternative brand dominates over another. True loyalty only exists when repeat patronage co-exists with high relative attitude Classification including spurious, latent and sustainable categories of loyalty.	1994
Christopher et. al.	The loyalty ladder. Examine the progress up or along the rungs from prospects, customers, clients, supporters and advocates. Progression requires increased discussion between exchange parties, commitment and trust which develops within a consumer's attitude based on their experiences including dialogue.	1993
Baldinger and Ruben	A composite approach. Investigated the predictive ability of behavioural and attitudinal data towards customer loyalty across five sectors.	1996
Hallowel	Examined the links between profitability, customer satisfaction and customer loyalty.	1996
Reichheld and Teal	Loyalty coefficient to help compare consumer loyalty. They found that some customers would switch over to another product for just a 2 percent discount while some will only switch at 40 percent discount. Some do not switch even for larger discounts.	1996
O'Malley	Effectiveness of loyalty programs	1998

Raju	Developed scale to measure loyalty within the Exploratory Tendencies in Consumer Behaviour Scales (ETCBS).	1980
Beatty el al.	Developed scale to commitment based on the assumption that commitment is similar to loyalty. This scale included items which reflected ego involvement, purchase and brand commitment.	1988
Pritchard et al.	Conceptualised customer loyalty in a commitment-loyalty measure, termed Psychological Commitment Instrument (PCI)	1999
Gremler and Brown	Extended the concept of customer loyalty to intangible goods with their definition of service loyalty. They recommended a 12-item measure with a seven point scale described at either end strongly agree to strongly disagree.	1999
Oliver	Greater emphasis on the notion of situational influences Developed four-phase model of customer loyalty development building on previous studies but uniquely adding the fourth action phase.	1999
Jones et al.	Explored a further aspect of customer loyalty identified as ‘cognitive loyalty’ which is seen as a higher order dimension involving the consumer’s conscious decision-making process in the evaluation of alternative brands before a purchase is affected. One aspect of cognitive loyalty is switching/re-purchase intentions which moved the discussions beyond satisfaction towards behavioural analysis for segmentation and prediction purposes.	2000
Knox and Walker	Developed measure of customer loyalty Empirical study of grocery store Found that brand commitment and brand support were necessary and sufficient conditions for customer loyalty to exist. Produced a classification-loyal, habitual, variety seeking and switchers Provides guidance for mature rather than new or emerging brands.	2001

Source: Ishak and Ghani 2013

Appendix 3.17

Review of brand loyalty research

Fournier and Yao (1997) commented that the research on brand loyalty evolved and developed over time. Earlier work focussed on the behavioural approach to brand loyalty, followed by the attitudinal approach, which arose as a result of researchers believing the behavioural approach was deficient, and subsequently, the development of a multi-domain approach to integrate the previous two. In an analysis by Grewal and Levy (2007) they noted that 30 articles were published on the subject of loyalty in the Journal of Retailing between 2002-2007, including on the topics of brand switching, revenue, profit and antecedents of loyalty. Grewal and Levy (2007) commenting on research methodologies, note that much work has been done using qualitative surveys, experimental, and meta-analysis; however, they argue that additional work is required focussing on actual behaviour to track actual movement or determine actual usage and consumption. They also note that additional work is necessary to integrate particular insights from consumer behaviour (loyalty) with retail strategy, which can be translated into strategies that retail management could apply. Grewal and Levy's (2007) analysis identifies two research gaps and needs. This research directly addresses the two needs suggested by Grewal and Levy (2007).

Cenzig and Cenzig (2016) completed a comprehensive review of brand loyalty literature for the period 2001-2015 comprising 397 articles, in seven key online journal databases, of which 140 were empirical research articles (77 in the last 5 years). The review classified the literature into Behavioural, Attitudinal, and Multi-Domain approaches. From an industry perspective only 11.8 % related to the Retailing industry. In the review they identify a total of 127 articles on brand loyalty of which only 15 (11.81%) related to the retail sector. Furthermore, the review found the majority of the research methods to be Surveys (75%), whilst Secondary Data based

research was the lowest (2%). ANOVA was the preferred statistical technique in 19 of the articles (13.5%). Cross-tabulating the above review, only two articles covered retailing, utilised ANOVA, and these were based on data from survey and panel research methods. Thus no journal articles incorporated Retail, Secondary Data and ANOVA, in contrast to this thesis which will focus on research in the Retail sector, based on Secondary Data, using ANOVA as the statistical technique.

Appendix 3.18

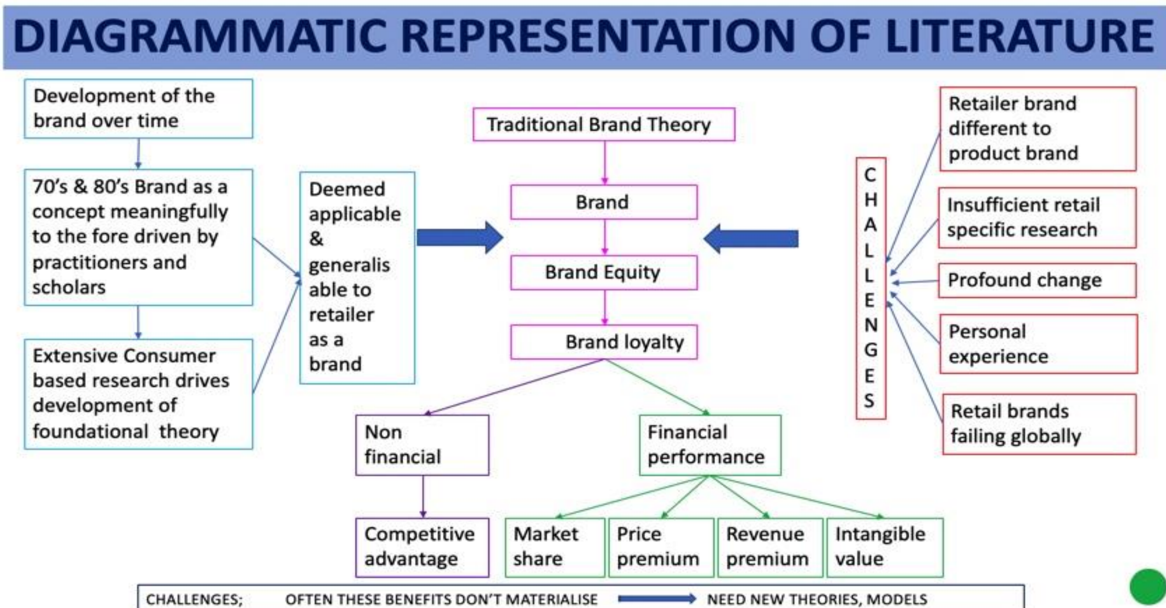
Exploring the retail brand loyalty research

The research on brand loyalty is abundant, however it is heavily biased towards consumer products, and manufacturers, leaving many gaps in the area of retail brand loyalty and consequently in our understanding of the subject. In research by Pappu and Quester (2006), examining the relationship between customer satisfaction and retailer loyalty across retailer category, a key finding from the research was that consumer-based retailer equity varies meaningfully between department stores and speciality stores according to a consumer's satisfaction level with the retailer. Their research focussed on Australian Department Stores versus Speciality stores and used multiple MANOVA's to analyse the data. In their research they cite similar work by other researchers which provides conflicting views as to the relationship, with some (Woodside et al. 1989; Bitner 1990; Yang & Peterson 2004) finding a positive relationship and others (Reicheld 1993; Sivadas & Baker-Prewitt 2000) finding no relationship. Pappu and Quester (2006) also cite other "previous research" which found conflicting results on the relationship between satisfaction and loyalty due to differences in product categories. On the basis of Pappu and Quester (2006) and the conflicting findings of the above researcher's, it is arguable that the relationship between customer satisfaction and retailer loyalty is both retailer category and product category dependent. The debatable nature

of this relationship is further challenged by the research of Homburg and Giering (2001) who found that even the personal characteristics of the consumers such as age and income, acted as moderators of the customer satisfaction/retailer loyalty relationship. What becomes evident from the findings of all these authors is that the findings regarding any relationship between customer satisfaction and retailer loyalty are so varied that they are at a minimum debatable, subject to retailer category, product category, or consumer characteristics, and at a maximum are tenuous. A question that bears asking, is that if brand loyalty can be dependent on the aforementioned criteria, could it not also be dependent on market positioning such as mass market or upper end luxury market. In respect of this proposed research, it will in fact be argued that not only is the notion of loyalty dependent on the retail category, (i.e., department or speciality) product category (i.e. hardware or fashion), and customer characteristics, but it is also dependent on the type of retailer (multi category vs single category) and the retailers market positioning (mass-market vs upper end).

Appendix 3.19.

Diagram of the literature review



Source: developed by this researcher, (RPR)

CHAPTER 5 APPENDICES

Appendix 5.1

Review of research paradigms, orientations, methodologies, methods and approaches

It is important to note at the outset that the discussion below will be brief given the fact that the choice of methodology, data collection, and analytical techniques for this research will substantively be driven by the nature of the data available, namely empirical scanner based data on financial performance and the need to test hypotheses. Before engaging in discussion of these topics, it is important to point out that the use of descriptors by the different authors varies greatly. Inconsistency exists in respect of whether ontology and epistemology is a philosophy or an orientation, and whether induction and deduction is an approach or a strategy. Whilst one researcher will refer to the ontology and epistemology as an orientation, another will refer to these as a philosophy. Likewise, some researchers refer to deductive or inductive research as an approach whilst others use the term strategy. For clarity, this paper will use the following terms of reference: Paradigms; Ontological and Epistemological orientations; Methodologies, Methods, and Deductive or Inductive approaches.

Definition of a paradigm

Notwithstanding that paradigms are a crucial construct in the world of research, there are different views by different commentators regarding what they are and of the various paradigmatic orientations. It is furthermore a complex construct. A definition of a paradigm is offered by Bryman (2004, p.453) who suggests that it is “a cluster of beliefs” that influence how a researcher should conduct and interpret the research. Tashakkori and Teddlie (1998) argue that paradigms are opposing views of the world or a system of beliefs that meaningfully influence and reflect how researchers arrive at decisions. There are numerous alternate definitions presented by authors such as Guba and Lincoln (1994), Morgan (2007), and Vedeler (2000).

Importantly, commentators are inconsistent with regards to the different paradigmatic orientations. By way of example, Tashakkori and Teddlie (1998) refer to Logical Positivism, Post Positivism, Pragmatism, and Constructivism. By contrast, Guba (1990) refers to Post Positivism, Constructivism, and Critical Theory. These two authors are not the only two who differ, Usher and Bryman also provide variations on the paradigmatic orientations, indicating the complexity of these matters.

Ontology and epistemology

Put quite simply, ontology and epistemology answer the question, what is reality and how can I know reality?

Understanding ontology

Ontology is most easily explained as the nature of the world and existence, or according to Crotty (1998) it is the study of being or what is, the "nature of existence and structure of reality". Snape and Spencer (2003) suggest that ontology reflects the nature of the world and those things we can know about it. Ormston et al (2014) offer greater clarity proposing that ontology concerns "whether or not there is a social reality that exists independently from human conceptions and interpretations".

Understanding epistemology

Epistemology concerns our understanding and assumptions about the nature of knowledge and how we acquire it. Cohen, Mannion and Morrison (2007, p.7) explain that epistemology involves our assumptions about "..the very bases of knowledge, it's nature and form, how it can be acquired and communicated to other human beings".

Types of epistemology, and ontology.

The literature reveals that there are different ontological and epistemological orientations. Ontology is explained as the "nature of the knowable or reality" (Guba 1990), and has two dominant orientations according to Bryman (2004). On the one extreme, there is objectivism, which holds to an external and objective reality, independent of the actor. On the other extreme, constructionism holds to a reality based on the perceptions and perspectives of the individual. Constructivism in its turn has two versions, idealism, and relativism. Guba (1990) suggests a midpoint between the two dominant orientations, which he labels critical realism. Positivism holds that reality can be known and is measurable, whilst at the other extreme Interpretivism/Constructivism holds that knowledge can only result from subjective interpretation. Epistemologically the key orientations are: Positivism, which is built on the belief that credible facts are only provided through observable phenomena, with objectivity at its root; Constructivism/Interpretivism which argues that knowledge is at its core a function of people's social experiences and perceptions, and thus rooted in the individual's perspective and interpretation, and is at the opposite end of the positivist orientation. Pragmatism as a more recent adaptation moderates the mutually exclusive positivism and interpretivism, combining positivist or constructionist inclinations whilst holding the research question as the most important consideration. Finally, Empiricism emphasises human experience perceived through the five senses as the basis of the formation of ideas and knowledge.

Appendix 5.2

Research methodology

Methodology effectively speaks to how one goes about finding out that which one seeks to know. As mentioned in the introduction, one's methodology is influenced by one's paradigmatic, ontological, and epistemological orientations, or on the nature of the data and

the nature of the research. The key methodologies can be summarised as follows; Grounded theory, Experimentation, Empirical Tests, Action Research, Surveys, Mixed Methods, Design Based Research, Critical Discourse Analysis and Ideology Critique. Below we identify the paradigms and the methodologies typically used within different paradigms.

- Positivists; Surveys.
- Constructivists; Grounded Theory, Action Research, Discourse Analysis.
- Pragmatists; Mixed Methods, Action Research, and Design Based Research.
- Subjectivism; Discourse Theory, Deconstruction.
- Critical; Critical Discourse Analysis, Action Research, Ideology Critique.

Methods

Research methods broadly fit into one of three classifications namely qualitative, quantitative, and mixed method. Quantitative research is characterised by a single tangible reality, the approach is value free and objective, and there is independence between the known and the knower**.** Qualitative research by contrast is characterised by multiple realities, reality is a social construct, the known and the knower are connected and inseparable, very often difficult to measure, and the approach is subjective and value laden (Lincoln & Guba 1985). Mixed methods involve a combination of both qualitative and quantitative.

The choice of method is again influenced by the paradigm under which the research is to be conducted, and the ontological and epistemological orientations of the researchers. The most commonly used methods categorised by the major paradigms are as follows (Crotty 1998, Patel, 2015)

- Positivists; Typically quantitative by nature including Sampling, Measurement and Scaling, Questionnaires, Experiments, Focus groups, Interviews, and Statistical Analysis.
- Constructivists; Typically qualitative and include, Qualitative Interviews, Case Studies, Observation, and Narratives
- Pragmatists; Mixed Methods, namely qualitative and quantitative, including any of the aforementioned, Data Mining, and Expert Reviews.
- Subjectivists; Qualitative, including Semiotics and Literary Analysis.
- Critical Theorists; Qualitative research typically Ideological Reviews, Focus Groups, Open Ended Interviews, Observations, and Questionnaires.

Research approach

From a research perspective, there are two approaches to linking data to the theory. These two approaches can be understood as ways of thinking about the analysis and interpretation of the data.

- Inductive is described as a bottom up approach, inductive thinking flows from the specific to the general. From a data analysis perspective induction moves from the data to the theory. (Lopez 2013, p.3).
- Deductive is described as a top down approach. Deductive thinking flows from the general to the specific. From a data analysis perspective data moves from the theory to the data

CHAPTER 6 APPENDICES

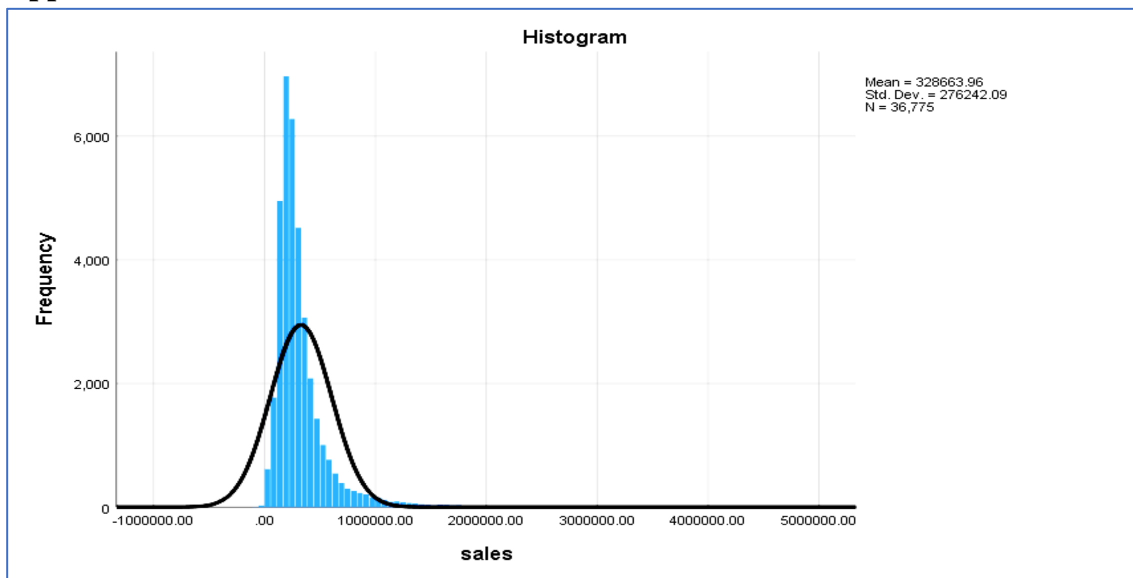
Appendix 6.1 Descriptive statistics.

Descriptive Statistics

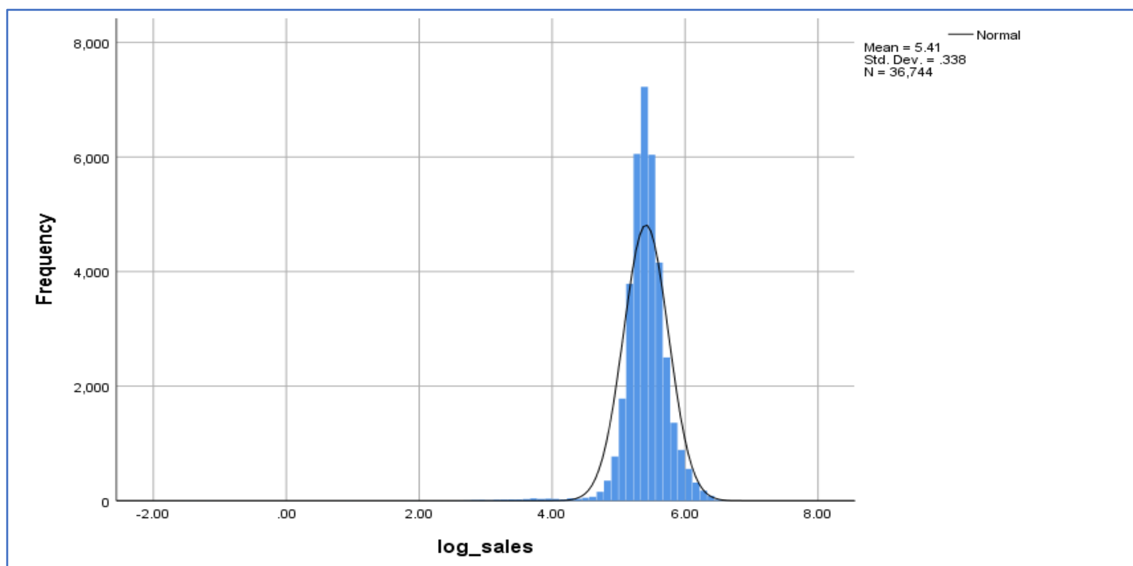
	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
sales	36775	4475869.19	-65022.80	4410846.39	1.21E+10	328663.9634	1440.50082	276242.0898	7.631E+10	3.709	.013	21.547	.026
Valid N (listwise)	36775												

Total data set

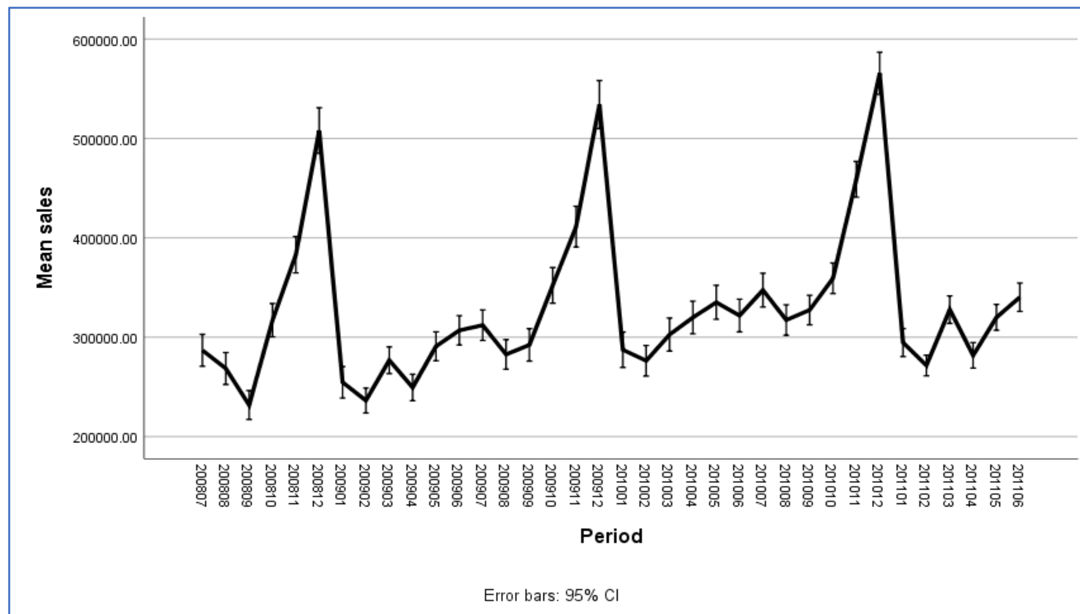
Appendix 6.2 Sales distribution



Appendix 6.3 Log sales transformed distribution



Appendix 6.4 Time series analysis group sales by month



Mean sales categorised by each month of each year. Error bars show the 95% confidence interval.

Appendix 6.5

Summary table: tests of statistical assumptions

ANALYSIS	ASSUMPTION	MET	SOLUTION
Regression. t-tests	Assumption of linearity between dependent and independent variable	X	Dummy variables have been created and tested for non-linear variables if required.
	Assumption of multicollinearity in the data	X	Dummy variables eliminated collinearity, and once tested may be used as necessary. VIF statistics confirm this
	Assumption that the values of the residuals are independent	X	Linear mixed model
	Assumption of homogeneity of variance, assumes the variances of the residuals are equal	X	Use of separate- variances test. Welch T statistic (Zimmerman, 2004)
	Assumption that there are no influential cases biasing the model	√	

ANALYSIS	ASSUMPTION	MET	SOLUTION
ANOVA. Linear mixed model.	Assumption that dependent variable is continuous	√	
	Assumption that within-subjects factor should consist of at least two categorical related groups	√	
	Assumption that between-subject factor should consist of at least two categorical independent groups	√	
	Assumption of homogeneity of variance, assumes the variances of the residuals are equal		Welch statistic from the Games-Howell robustness test for equality of means assuming unequal variances and unequal sampling. (Zimmerman, 2004)
	Assumption that there should be no significant outliers in any group of within subject or between subject variable	X	Given the number of outliers, relative to the total sample size and no influential cases, no adjustment has been made
	Assumption that the dependent variable should be approximately normally distributed for each combination of your groups of two factors	X	The central limit theorem allows for not correcting slightly non-normal distributions subject to a sufficiently large sample size (975 cases 36775 0bservations).Log-sales transformation however corrects for this (Ataman, Van Heerde, & Mela, 2010)

Appendix 6.6

Summary table of assessments of the impact of collinear variables in the linear model

Model	**1 Auto excluded**	**1**	**2 Manual exclusion Merch/Cr**	**2**	**3 Manual Exclusion Price/Cr n/a Same as model 1 auto**	**3**	**4 Manual Exclusion Price/Merch**	**4**	
AIC	415.298		370.532		n/a		309.018		
Name	**F value**	**Sig P**	**F value**	**Sig p**	**F value**	**Sig P**	**F value**	**Sig P**	**Support No support Ha**
Intercept	51428.52	< .001	55930.71	< .001	n/a	< .001	48890.35	< .001	n/a
Price			55.83	< .001	n/a				Support
Merchandise	45.63	< .001			n/a	< .001			Support in both
Location	6.86	< .001	7.32	< .001	n/a	< .001	5.14	< .001	Support all 4
Credit							43.10	< .001	Support
Credit change i/a	6.67	< .001	6.71	< .010	n/a	< .001		< .001	Support all 4
Brand change i/a	2.03	.154	2.21	.138	n/a	.154	1.26	.261	Support all 4

Appendix 6.7

Summary table of comparative results for linear and non-linear models

Source	**Linear mixed model**		**Non-linear mixed model**	
Model 1 all variables	**F statistic**	**Significance**	**F statistic**	**Significance**
Intercept/corrected	51428.37	< .001	39.80	< .001
Price	Auto Redundant	Auto Redundant	Auto Redundant	Auto Redundant
Merchandise	45.63	< .001	61.30	< .001
Location	6.86	< .001	7.48	< .001

Credit	Auto Redundant	Auto Redundant	Auto Redundant	Auto Redundant
Credit change i/a	6.67	< .001	7.37	< .001
Brand change i/a	2.03	.154	2.20	.138
Model 2				
Intercept/corrected	55930.71	< .001	36.88	< .001
Price included (Merch/Cr excl.)	55.83	< .001	66.90	< .001
Model 3 (n/a Same as mode1 auto excl)				
Intercept/corrected	n/a	n/a	n/a	n/a
Merchandise included	n/a	n/a	n/a	n/a
Model 4				
Intercept/corrected	48890.35	< .001	32.12	< .001
Credit included (Price/merch excl.)	43.10	< .001	57.84	< .001

Appendix 6.8

Post hoc output table; price profile

Post Hoc Tests

Multiple Comparisons

Dependent Variable: sales

	(I) price profile	(J) price profile	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
Games-Howell	0	1	295614.47*	10353.2217	.000	271339.690	319889.240
		2	459622.41*	10028.3126	.000	436108.147	483136.677
	1	0	-295614.5*	10353.2217	.000	-319889.24	-271339.69
		2	164007.95*	2806.02857	.000	157430.652	170585.242
	2	0	-459622.4*	10028.3126	.000	-483136.68	-436108.15
		1	-164007.9*	2806.02857	.000	-170585.24	-157430.65

Appendix 6.9

Results hypothesis 4, price, using log-sales

- Lowest relative price (0) mean sales > lower relative price (1) mean sales, with a significant mean difference of 0.171, +- 0.008, 95% (0.151, 0.192), p < .001
- Lowest relative price (0) mean sales > low relative price (2) mean sales with a significant mean difference of 0.358, +- 0.008 95% (0.339, 0.377), p < .001
- Lower relative price (1) mean sales > low relative price (2) mean sales with a significant mean difference of 0.186 +- 0.004, 95% (0.177, 0,196), p < .001

The results of both sales and log-sales therefore ,

- Do not support Ho.
- Support Ha

Appendix 6.10

Post hoc output table merchandise assortment

Post Hoc Tests

Multiple Comparisons

Dependent Variable: sales

	(I) merchandise profile	(J) merchandise profile	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	Upper Bound
Games-Howell	0	1	-164007.9*	2806.02857	.000	-171217.72	-156798.18
		2	-917518.1*	16321.3188	.000	-959507.97	-875528.24
		3	-191507.9*	7981.22927	.000	-212028.83	-170987.02
	1	0	164007.95*	2806.02857	.000	156798.177	171217.717
		2	-753510.2*	16522.9414	.000	-796015.83	-711004.48
		3	-27499.98*	8385.83129	.006	-49058.032	-5941.9293
	2	0	917518.10*	16321.3188	.000	875528.240	959507.967
		1	753510.16*	16522.9414	.000	711004.482	796015.832
		3	726010.18*	18133.7756	.000	679378.849	772641.504
	3	0	191507.93*	7981.22927	.000	170987.020	212028.834
		1	27499.980*	8385.83129	.006	5941.9293	49058.0316
		2	-726010.2*	18133.7756	.000	-772641.50	-679378.85
Dunnett C	0	1	-164007.9*	2806.02857		-171217.84	-156798.05
		2	-917518.1*	16321.3188		-959508.12	-875528.09
		3	-191507.9*	7981.22927		-212029.02	-170986.84
	1	0	164007.95*	2806.02857		156798.053	171217.840
		2	-753510.2*	16522.9414		-796017.59	-711002.73
		3	-27499.98*	8385.83129		-49060.028	-5939.9329
	2	0	917518.10*	16321.3188		875528.092	959508.116
		1	753510.16*	16522.9414		711002.727	796017.587
		3	726010.18*	18133.7756		679362.410	772657.943
	3	0	191507.93*	7981.22927		170986.838	212029.016
		1	27499.980*	8385.83129		5939.9329	49060.0280
		2	-726010.2*	18133.7756		-772657.94	-679362.41

*. The mean difference is significant at the 0.05 level.

Appendix 6.11

Results hypothesis 5 merchandise assortment using log-sales

- Widest relative merchandise (2) mean sales > wider relative merchandise profile (1) mean sales, with a significant mean difference of 0.497, ± 0.008, 95% (0.476, 0.518), $p < .001$
- Widest relative merchandise assortment (2) mean sales > wide relative merchandise assortment (0) mean sales with a significant mean difference of ,0.683 ± 0.007, 95% (0.664, 0.703), $p < .001$
- Wider relative merchandise assortment (1) mean sales > wide relative merchandise profile (0) mean sales with a significant mean difference of 0.186, ± 0.004, 95% (0.176, 0.197), $p < .001$

The results above for both sales and log-sales therefore;

- Do not support Ho
- Support Ha

Appendix 6.12

Post hoc output location profile

Post Hoc Tests

Multiple Comparisons

Dependent Variable: sales

	(I) location profile	(J) location profile	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Games-Howell	0	1	-200049.8*	10674.3840	.000	-231531.70	-168567.96
		2	151917.17*	6556.83164	.000	132578.630	171255.710
		3	64907.781*	7053.13417	.000	44106.9846	85708.5776
		4	141309.91*	6236.55810	.000	122914.760	159705.068
		5	149874.58*	6359.43784	.000	131117.550	168631.618
		6	62882.621*	7816.10228	.000	39830.7795	85934.4628
	1	0	200049.83*	10674.3840	.000	168567.960	231531.698
		2	351967.00*	9075.16127	.000	325196.091	378737.908
		3	264957.61*	9439.97948	.000	237112.563	292802.658
		4	341359.74*	8846.53423	.000	315261.835	367457.652
		5	349924.41*	8933.58610	.000	323570.285	376278.542
		6	262932.45*	10022.8721	.000	233369.495	292495.406
	2	0	-151917.2*	6556.83164	.000	-171255.71	-132578.63
		1	-351967.0*	9075.16127	.000	-378737.91	-325196.09
		3	-87009.39*	4261.78143	.000	-99577.607	-74441.170
		4	-10607.26*	2703.83731	.002	-18582.062	-2632.4500
		5	-2042.5857	2976.32811	.993	-10820.357	6735.1855
		6	-89034.55*	5432.08378	.000	-105060.92	-73008.176
	3	0	-64907.78*	7053.13417	.000	-85708.578	-44106.985
		1	-264957.6*	9439.97948	.000	-292802.66	-237112.56
		2	87009.389*	4261.78143	.000	74441.1701	99577.6073
		4	76402.133*	3750.38620	.000	65341.2989	87462.9666
		5	84966.803*	3951.35286	.000	73313.8194	96619.7866
		6	-2025.1599	6021.80991	1.000	-19787.917	15737.5972
	4	0	-141309.9*	6236.55810	.000	-159705.07	-122914.76
		1	-341359.7*	8846.53423	.000	-367457.65	-315261.83
		2	10607.256*	2703.83731	.002	2632.4500	18582.0619
		3	-76402.13*	3750.38620	.000	-87462.967	-65341.299
		5	8564.6702*	2182.00475	.002	2130.3382	14999.0022
		6	-78427.29*	5040.84813	.000	-93302.458	-63552.127
	5	0	-149874.6*	6359.43784	.000	-168631.62	-131117.55
		1	-349924.4*	8933.58610	.000	-376278.54	-323570.28
		2	2042.58573	2976.32811	.993	-6735.1855	10820.3569
		3	-84966.80*	3951.35286	.000	-96619.787	-73313.819
		4	-8564.670*	2182.00475	.002	-14999.002	-2130.3382
		6	-86991.96*	5192.10388	.000	-102312.03	-71671.900
	6	0	-62882.62*	7816.10228	.000	-85934.463	-39830.780
		1	-262932.5*	10022.8721	.000	-292495.41	-233369.50
		2	89034.549*	5432.08378	.000	73008.1764	105060.921
		3	2025.15992	6021.80991	1.000	-15737.597	19787.9170
		4	78427.293*	5040.84813	.000	63552.1273	93302.4582
		5	86991.963*	5192.10388	.000	71671.8995	102312.026

Appendix 6.13

Results hypothesis 6 location using log-sales;

- Metro tier 1 locations (1) mean sales > all other location profiles as indicated below;

  - cbd location profile (0) mean sales, with a significant difference of 0.169, ± 0.009, 95% (0.141, 0.198)
  - Metro tier 2 location profile (2) mean sales, with a significant mean difference of 0.294, ± 0.009, 95% (0.266, 0.321), $p < 0.05$
  - Mini metro location profile (3) mean sales, with a significant mean sales difference of 0.193, ± 0.008, 95% (0.167, 0.219), $p < 0.05$
  - Town location profile (4) mean sales, with a significant mean sales difference of 0.262, ± 0.007, 95% (0.239, 0.285), $p < 0.05$
  - Rural location profile (5) mean sales, with a significant mean sales difference of 0.272, ± 0.008, 95% (0.248, 0.296) $p < 0.05$
  - Foreign location profile (6) mean sales, with a significant mean sales difference of 0.192, ± 0.012, 95% (0.155, 0.228), p value < 0.05
  - Metro tier 2 (2) and rural (5) have the lowest mean sales. Notwithstanding the coefficients are not identical, metro tier 2 = - 0.124 lower than tier 1 and rural = - 0.102 lower than tier 1. In the case of log-sales, the mean differences between each other in the Games-Howell post hoc test is significant $p = 0.012$

The results therefore,

- Do not support Ho
- Support Ha

Appendix 6.14

Summary results: all analyses for all hypotheses; linear/non-linear, collinearity.

Hypothesis one Ha1: A change in a stores brand will have a negative effect on a mean sales						
TEST	**STATISTIC**	**OBSERVATION**	**STANDARD ERROR OF THE MEAN**	**CI 95%**	**p VALUE**	**COMMENTS CONCLUSIONS**
LMM	F = 2.03				1.54	Does not support Ha

Hypothesis two Ha2: Month on month (before/after) change in mean sales are significantly worse for stores which had a brand change						
TEST	**STATISTIC**	**OBSERVATION**	**STANDARD ERROR OF THE MEAN**	**CI 95%**	**p VALUE**	**COMMENTS**
LMM Brand change y/n*Before/After	F = .48				.487	Does not support Ha
t-test Before and After Stores with no change	$t_{765} = 12.52$	Change in mean sales M = +43502.48	2472.76	50319.76; 36685.19	< .001	
Stores with a change	$t_{258} = 6.23$	M = +31011.17	4971.42	40801.08; 21221.26	< .001	
Descriptive statistics **Difference of variances** Stores with change	.26 (26%)	Relative mean change in sales + 26% for stores with a change	.018	0.22; 0.29		
Stores with no change	.24 (24%)	+ 24% for stores with no change	.029	0.17; 0.29		

Hypothesis three Ha3: Different dimensions of the retail mix will have different effects on sales						
TEST	**STATISTIC** **LMM / GLMM**	**OBSERVATION**	**STANDARD ERROR OF THE MEAN**	**CI 95%**	**p VALUE** **LMM / GLMM**	**COMMENTS**
LMM / GLMM						
Price profile	55.83 / 66.90				< .001 / < .001	Supports Ha
Merchandise profile	45.63 / 61.30				< .001 / < .001	Supports Ha
Location profile	6.86 / 7.48				< .001 / < .001	Supports Ha
Credit profile	43.10 / 57.84				< .001 / < .001	Supports Ha

Hypothesis four Ha4: The lower the relative price, the higher the mean sales						
TEST	**STATISTIC**	**OBSERVATION**	**STANDARD ERROR OF THE MEAN**	**CI 95%**	**p VALUE**	**COMMENTS**
ANOVA One way	F_{36772} = 5865.63				< .001	Supports Ha
WELCH TEST	F = 2699.91				< .001	
GAMES HOWELL POST HOC	Mean difference + 29561.47	Lowest relative price (0) mean sales > lower relative price (1) mean sales	10353.22	271339.69; 319889.24	< .001	
	Mean difference +459622.41	Lowest relative price (0) mean sales >low relative price (1) mean sales	10028.31	436108.14; 483136.67	< .001	
	Mean difference +164007.95	Lower relative price (1) mean sales > low relative price (2) mean sales	2806.02	157430.65; 17058.24	< .001	

Hypothesis five Ha5: The wider the merchandise assortment, the higher the mean sales						
TEST	**STATISTIC**	**OBSERVATION**	**STANDARD ERROR OF THE MEAN**	**CI 95%**	**p VALUE**	**COMMENTS**
ANOVA One way	F_{36771} = 7542.99				< .001	Supports Ha
WELCH TEST	F = 2324.92				< .001	
GAMES HOWELL POST HOC	Mean difference +753510.16	Widest relative merchandise profile (2) mean sales > wider relative merchandise profile (1) mean sales	16522.94	711004.48; 796015.83	< .001	
	Mean difference +917518.10	Widest relative merchandise profile (2) mean sales > wide relative merchandise profile (0) mean sales	16321.31	875528.24; 959507.96	< .001	
	Mean difference +726020.18	Widest relative merchandise profile (2) mean sales > Narrow merchandise profile (3)	18133.77	679378.84; 772641.50	< .001	
	Mean difference +164007.95	Wider relative merchandise profile (1) mean sales > wide relative merchandise profile (0) mean sales	2806.02	156798.17; 172217.71	< .001	

Hypothesis six Ha6: Location profiles with higher population density will have higher mean sales						
TEST	**STATISTIC**	**OBSERVATION**	**STANDARD ERROR OF THE MEAN**	**CI 95%**	**p VALUE**	**COMMENTS**
ANOVA One way	F_{36768} = 968.03	Metro tier 1 mean sales > all other location profiles			< .001	Supports Ha
WELCH TEST	F = 448.41				< .001	
GAMES HOWELL POST HOC	Mean difference +200049.83	Metro tier 1 > Metro cbd	10674.38	168567.96; 231561.69	< .001	
	Mean difference +351967.00	Metro tier 1 > Metro tier 2	9075.16	325196.09; 378737.90	< .001	
	Mean difference +264957.61	Metro tier 1 > Mini metro	9439.97	237112.56; 282802.65	< .001	
	Mean difference +341359.74	Metro tier 1 > towns	8846.53	315261.83; 367457.65	< .001	
	Mean difference +349924.41	Metro tier 1 > rural	8933.58	323570.28; 376278.54	< 001	
	Mean difference +262932.45	Metro tier 1 > foreign	10022.87	233369.49; 292495.40	< .001	

Hypothesis seven Ha7: There is a difference in mean sales between brands which have a credit offer and those that do not						
TEST	**STATISTIC**	**OBSERVATION**	**STANDARD ERROR OF THE MEAN**	**CI 95%**	**p VALUE**	**COMMENTS**
ANOVA One way **WELCH TEST** **Store mean sales in brands with no credit offer** **Store mean sales in brands with a credit offer**	F = 7699.01 F = 1654.36 M = 702298.24 M = 293324.19	Whilst at first glance this may seem unexpected, it is notable that all stores in the brands with no credit have both a lowest price and widest merchandise assortment profile			< .001 < .001	Supports Ha

Hypothesis eight Ha8: A change in credit offer (improving affordability) will lead to a greater increase in a brand's mean sales than those with no change						
TEST	**STATISTIC**	**OBSERVATION**	**STANDARD ERROR OF THE MEAN**	**CI 95%**	**p VALUE**	**COMMENTS**
LMM **Credit change y/n * Before After**	F = 6.67				< .001	Supports Ha

Hypothesis nine Ha9; Month on month (before/after) mean sales will increase more for brands which have a credit change than those which do not						
TEST	**STATISTIC**	**OBSERVATION**	**STANDARD ERROR OF THE MEAN**	**CI 95%**	**p VALUE**	**COMMENTS**
ITERATION 1						
LMM **Credit change y/n * Before/After**	F = 9.18				.003	Supports Ha
t-tests **Before / After credit change** Cash brands with no credit change	t_{80} = -4.84	Brands which had a credit change had a greater change in mean sales than those which did not	24272.64	-165850.87; -69242.67	< .001	
Credit brands with no credit offer change	t_{274} = -5.88		6949.89	-54513.80; -27149.83	< .001	
Credit brands which had a credit offer change	t_{621} = 17.52		3165.56	-61670.86; -49237.85	< .001	
Descriptive statistics Difference of variances ((Relative mean change) Cash brands therefore no credit change	0.133 (13.3%)		0.019	0.094; 0.171		
Credit brands with no credit change	0.253 (25.3%)		0.055	0.144; 0.362		
Credit brands with a credit change	0.523 (52.3%)		0.066	0.393; 0.654		
ITERATION 2						

LMM **Credit change y/n * Before/After**	F = 5.75				.017	Supports Ha
t-tests **Before / After credit change**						
Cash brands with no credit change	$t_{85} = 0.19$		15546.31	-27910.91; -33910.36	< .85	
Credit brands with no credit offer change	$t_{605} = -7.87$	This group of brands had a credit change in iteration 1	1918.45	-18873.55; -11338.27	< .001	
Credit brands with a credit offer change	$t_{278} = 3.80$		7257.60	-41876.72; -13303.02	< .001	
Descriptive statistics **Difference of variances** **(Relative mean change)**		Notwithstanding the t test results, the relative change in mean sales for brands with a credit change in this iteration were the highest				
Cash brands therefore no credit change	0.017 (1.7%)		0.023	0.029; 0.063		
Credit brands with no credit change	0.111 (11.1%)		0.011	0.088; 0.133		
Credit brands with a credit change	0.195 (19.5%)		0.060	0.075; 0.313		