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Consumer Preference on Hypermarket Brand Extension Product

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Abstract: Retailing trends of extending existing hypermarket corporate brand name to consumable product brand have been adapted by almost all hypermarket retailers across countries and regions. Hypermarket brand extension product has widened consumer choices in choosing consumable items. Most studies that have been made in this research field are focusing on Western market where there is high percentage of acceptance towards hypermarket brand extension concept since the product price is slightly lower than other well-known manufacturer brands. However, this scenario is not similar in Malaysian market since the consumer is more brand conscious than price conscious. Only minor percentage of Malaysian consumer will purchase hypermarket brand extension product. This research is focusing on quantitative study to ensure the precision of the outcome. 192 consumers are selected as respondents at hypermarkets within Melaka, Malaysia. Data has been collected through survey questionnaire. Each of the survey that is collected is highly controlled by researchers to ensure the respondents could understand each of the questions and to reduce percentage of missing data.

Key words: consumer preference, hypermarket brand extension, product

INTRODUCTION

The extension of existing corporate brand name to a new product brand by using the same brand name is known as corporate brand extension (Keller and Aaker, 1998). Hypermarket corporate brand extension will increase the product assortments on the shelves. This is not just for the sake of display but also can be used as a strategy to attract people to purchase more in cheaper price (Anchor and Kourilova, 2009; Uusitalo, 2004). This research attempts to enhance existing finding in this field by looking into consumer preferences towards five main hypermarket corporate brand extension product which are 1) beauty and health care products such as tissue, soap and baby wipe, 2) carbohydrate products such as rice, bread, noodle and spaghetti, 3) clothes for male, female and children, 4) frozen food such as karipap, popiah, roti canai, donut and pau as well as 5) light food and beverage such as soda, cookie and snack.

Hypermarket Corporate Brand Extension:

The key objective to extend hypermarket retail brand is to utilize the core brand equity in order to attract consumer acceptance towards new product (D'Astous, Colbert and Fournier, 2007). Brand equity should be embedded in brand extension since consumers will perceive the new product by looking at the core hypermarket brand (Martinez and Pina, 2003). Extension products rely on perceived fit. The brand extension should be fit with the original brand to ensure customer trust and reliability towards the new product (DelVecchio, 2000). Brand should not be extended beyond the hypermarket core brand concept (Thorbjørnsen, 2005). This is because the brand extension is able to dilute the existing brand image if it is too stretched away from its original concept (Martinez and Pina, 2003). Thus, the extension of hypermarket corporate brand should be within the business concept. The way a product offering differentiation will determine the capability of retailer to build corporate brand extension (Fernie and Pierrel, 1996). Credibility depends on the perception of expertise, trustworthiness, quality of core brand and history of previous extension (Keller and Aaker, 1992). The brand should be extended based on positive extension rather than downgrading the core brand (Grime, Diamantopoulos and Smith, 2002). It should also be extended to variety of categories by slight changing from the existing (Keller and Aaker, 1992).

Two main categories of product brand extensions are 1) function-oriented that focuses on performance and 2) prestige-oriented that focuses on consumer's self image (Pitta and Katsanis, 1995). For this research, the extension of hypermarket corporate brand in product is more suitable to be considered as function oriented since it assists the consumer to purchase basic necessity product with more affordable price. Varieties of products on the shelves will give advantage for the hypermarket to build up profitable mix (Salmon, Buzzell and Cort, 2000). Hypermarket does have priority to place corporate brand extension product on shelves and this definitely

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give competition towards manufacturing brand (Gomez and Rubio, 2008). Corporate brand extension is a strategy for growth by utilizing the existing brand equity or association of core brand (Keller and Aaker, 1992). It has been known and recognized in the corporate world (Chen and Liu, 2004) and currently there are a lot of researches that are focusing on brand extension (Nijssen, 1999). However, there is still lack of study in hypermarket corporate brand extension. Thus, this research is fulfilling the gap by focusing on Malaysian market.

Consumer in developed countries is less concerned on food brand perhaps due to introduction of hypermarket brand extension (Anchor and Kourilova, 2009). Hypermarket brand extension product is highly accepted in Europe, United Kingdom and United States (Gomez and Rubio, 2008; De Wulf, Odekerken-Schroder, Goedertier and Ossel, 2005). One out of three products in France and Spain are store brand (PLMA, 2006). In the American market, at least one out of five products that available in market is based on hypermarket brand extension (Gomez and Rubio, 2008). This is highly supported by Janiszewski and Van Osselaer (2000) where 95 percent of 16,000 new products in the American market were introduced based on brand extension every year (Hart and Murphy, 1997). On the other hand, consumers in Asia including Malaysian tend to go for well-known brand (Shannon and Mandhachitara, 2008). However, income constraint has influence consumers to purchase hypermarket brand extension products (Anchor and Kourilova, 2009; Burt 2000). Further finding also proved that most Malaysian consumers are highly price conscious and tend to be less picky for fast moving consumer products (Munusamy and Hoo, 2008). Thus, whether Malaysian consumer is brand conscious or price conscious can be discovered through this research.

Hypermarket Corporate Brand Extension Product:

Suppliers who do not have strong competitive position than existing well-known manufacturer brand have an opportunity to sell products at hypermarket by utilizing the retail brand name (Gomez and Rubio, 2008). Due to this, the trend of collaboration between supplier and hypermarket are enhancing. Brand extension products which are produced in cooperation between the hypermarket and supplier carry higher discount than national brands (Uusitalo, 2004) which is 10 to 20 percent lower than other comparable products (Anchor and Kourilova, 2009). The cost effectiveness of brand extension products is able to encourage consumer to come and stick with that particular hypermarket (Berman and Evans, 2004) especially price conscious consumer in Malaysia (Munusamy and Hoo, 2008). Price is very important for those who earn low income (Ellaway and Macintyre, 2000) and those who are living in a very tight budget.

Price is the key bottleneck for retailing (Swoboda, Haelsig, Schramm-Klein and Morschett, 2009). Consumer will usually accept price range based on subjective reasons instead of aiming for distinctively lowest price (Wagner, 2007). In general, the price of well known manufacturer brand usually will be higher than hypermarket brand extension product due to consumer perception of quality (Uusitalo, 2004; Wang, Wei and Yu, 2008). However, Anchor and Kourilova (2009) believe that the standard quality of hypermarket brand extension product is equivalent to well-known manufacturer product. There is an enhancement of acceptance in brand extension products due to enhancement of the quality (Tifferet and Herstein, 2010). Thus, the quality of hypermarket brand extension can be considered as similar and some even higher than well-known manufacturing brand. However, in most competitive conditions, those well-known manufacturing brands will defeat hypermarket brand extension eventhough the price of the hypermarket brand extension product is slightly lower (De Wulf *et al*., 2005). This is because well-known manufacturing brand is perceived to have high quality and gain attention through its packaging and positive country-of-origin (COO) effect (Tifferet and Herstein, 2010). The real quality of hypermarket brand extension products should not be simply classified as generic although the price is slightly lower than other well-known brands. However, most consumer will evaluate corporate brand extension product with low price as an inferior product (Sun, 2010).

Methodology:

This research is conducted by focusing on consumers at selected hypermarkets in Melaka, Malaysia. 192 respondents have volunteered to participate in this research. None of the respondents are forced to participate. Those respondents who are willing to participate have been briefly explained on the research that is being conducted. Data has been collected through survey questionnaires. Each data that is collected is monitored by researchers to ensure that the respondents able to understand each question and provide the suitable feedback. Although missing data is totally unavoidable, the percentage could be reduced to less than 5% in the overall data collection through direct data collection by researchers.

Result:

In order to obtain precise result, five main categories of products are being focuses which are 1) beauty and health care products, 2) carbohydrate products, 3) clothes, 4) light foods and beverages and 5) frozen foods. This five product categories are being chosen since it is the most consumable items by almost every consumers. Parallel with this, almost all hypermarkets in Malaysia are offering varieties of well-known manufacturing brands as well as the hypermarket brand extension for these products. Consumers are asked on the preferences on each product categories to know whether they prefer to purchase 1) hypermarket brand extension product, 2) well-known manufacturer brand product or 3) combination of both hypermarket brand extension product and well-known manufacturer brand product. Table 1 shows the summary of responds that has been collected from hypermarket consumers.

Table 1: Consumer Responds toward hypermarket brand extension and manufacturer brand.

Product Categories	Responds	Percentage
Beauty and Health Care Products (examples: tissue, soap and baby wipe)	Hypermarket Brand Extension	28.2
	Manufacturer Brand	68.1
	Hypermarket Brand Extension and Manufacturer Brand	3.7
	Total	100.00
Carbohydrate Products (examples: rice, bread, noodle and spaghetti)	Hypermarket Brand Extension	26.0
	Manufacturer Brand	71.4
	Hypermarket Brand Extension and Manufacturer Brand	2.6
	Total	100.00
Clothes (examples: male, female and children)	Hypermarket Brand Extension	27.6
	Manufacturer Brand	66.7
	Hypermarket Brand Extension and Manufacturer Brand	5.7
	Total	100.00
Frozen Foods (examples: karipap, popiah, roti canai, donut and pau)	Hypermarket Brand Extension	28.8
	Manufacturer Brand	68.1
	Hypermarket Brand Extension and Manufacturer Brand	3.1
	Total	100.00
Light Foods and Beverages (example: soda, cookie and snack)	Hypermarket Brand Extension	25.3
	Manufacturer Brand	70.5
	Hypermarket Brand Extension and Manufacturer Brand	4.2
	Total	100.00

As per summary responds that is collected, more than 66 percent of hypermarket consumer prefers to purchase well-known manufacturer brand product for all five main product categories. There are only less than 29% of consumer will purchase hypermarket brand extension product. The percentage of consumers who purchase combination of both well-known manufacturing brand and hypermarket brand extension is within the range of 2 percent to 6 percent. This shows most Malaysian consumers are still brand conscious in choosing consumable products. Only minor percentage of Malaysian consumers prefers to purchase hypermarket brand extension products.

Discussion and Recommendation:

Although there is perception that Malaysian consumers are price conscious (Munusamy and Hoo, 2008), this research has proven that price is not the main factor of consumer preference. Only minor percentage of consumer will purchase hypermarket brand extension product. The price of hypermarket brand extension product that is slightly cost effective than well-known manufacturer brand seems not attractive enough for consumers especially for those who are able to spend for a little bit higher price. In general, Malaysian consumers can be considered as more brand conscious than price conscious towards consumable products.

Most well-known manufacturer tends to have more opportunity to grab high revenue since additional effort has been done to aggressively build the brand name. Unfortunately, most hypermarket retailers only display the corporate brand extension product on the shelves without putting any additional effort to influence consumer to purchase it. However, there is still potential for hypermarket brand extension product to compete with other well-known manufacturer brand product if there is a unique strategy. The result that has been gathered through this research shows that more effort should be made by the hypermarket retailers to boost the acceptance of consumer toward the corporate brand extension product. Giving chance for consumer to experience the product (Beldona and Wysong, 2007) might be a way to enhance the revenue though this branding strategy. Unfortunately, none of the hypermarket retailers has put on effort to provide free testing for consumer to experience the product quality. Direct retail service by allocating sales representative to motivate consumer to purchase hypermarket brand extension product will also indirectly influence consumer to purchase and experience the product.

Limitations:

This research is specifically focusing on randomly selected hypermarket consumers in Melaka city. The scope could be extended to other states throughout Malaysia to see how the overall consumers respond towards hypermarket brand extension product and well-known manufacturer brand product. Generalization of the research result could be enhanced through proper data collection method. The best way to discover the overall Malaysian consumer perception is by adapting stratified random sampling based on hypermarket distribution in all states. With this method, the output of the research is expected to be highly valid and reliable.

Conclusion:

Extending hypermarket corporate brand name to product brand can be considered as an innovation of brand momentum (Hassan and Rahman, 2012). The result of this study proven that majority of Malaysian consumer prefers to purchase well-known manufacturing brand product than hypermarket brand extension product. However, there is still an opportunity for hypermarket retailers to fully utilize the brand equity. A unique strategy is crucial rather than just displaying the product on the shelves. The best way is to ensure the consumer have chance to experience the product. Consumers will only purchase if there is positive believe on the product. If the product is unable to deliver, the consumers will avoid making repeat purchase. Thus, a good innovative product should be unique with credibility to perform as expected (Milewicz and Herbig, 1994). An innovative product takes more time to develop an adequate response (Uusitalo, 2004). However, an exposure of brand extension product in market will assists to enhance the accessibility and awareness of that particular product brand (Zimmer and Bhat, 2004).

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