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Retailer branding of consumer sales promotions. A major development in food marketing?

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ABSTRACT

This article examines retailer branding of consumer price promotions. It discusses the mechanics of price promotions, consumers' reactions to them and the benefits that accrue to those that use them. It describes how large food retailers can now deploy branded price promotion systems that are fundamentally different to 'traditional' price promotions in both their mechanics and their effects on consumer decision processes. The article describes a field experiment that compared the performance of a food retailer's branded price promotion system with that of a generic (manufacturer) price promotion. The research involved three experiments that covered two food categories (sliced bread and margarine) and two levels of discount (10% and 20%). The results indicate that food retailers are able to attach powerful brands to their price promotion systems, and these brand heuristics can significantly increase consumer purchase intent relative to an equivalent generic/manufacturer promotion. This incremental heuristic effect was stable in both categories and for both levels of price discount studied. These results are consistent with the predictions of alternative, non-cognitive and heuristic based models of food consumer choice that have been published recently in *'Appetite'*.

Introduction

The experimental research described in this article was undertaken in Dunedin, New Zealand in late 2010. Its purpose was to establish if a retailer could use its control of the retail category environment to brand a price promotion system. If such a brand could be successfully deployed by a retailer, then the ownership of the intellectual property associated with it would allow them to establish a significant level of control over price promotion within the retail environment. As price promotion represents the industry's largest single marketing budget, with over double the expenditure relative to advertising reported in a recent analysis (Ailawadi, Beauchamp, Donthu, Gauri, & Shankar, 2009), confirmation of the successful development of any such retailer brand would have profound commercial implications for the industry as a whole.

Confirmation of this development would also have theoretical implications. The typology of four retailer brand types that is consistently presented within the research literature (Anselmsson & Johansson; 2009) would have to be augmented by at least one additional major retailer brand type related to price rather than to product. In addition, recent publications within *'Appetite'* have suggested that non-cognitive and heuristic decision models can be described and used effectively as a basis for understanding the decisions of the food consumer (Hamlin, 2010; Schiebehenne, Miesler, & Todd, 2007). Demonstrating that temporary price reductions (promotions) in the food industry can be branded by retailers, and that consumers' responses to them can be heavily moderated by these brand cues in a manner that is not consistent with reasoned decision processes would offer further empirical support to this school of thought.

Retailer branded price promotions are not a hypothetical development. This article describes the impact of a system of this type that is already fully developed and deployed nationwide within a developed economy by a large food retailer, and that is supported by a continuing heavy investment. The only theoretical issue that this research addresses is whether this investment has successfully created brand like behaviours with regard to a price promotion system.

Despite the substantial implications of retailer branded price promotions for the food industry worldwide, there appears to be no mention of them in either the food research literature or in any other relevant discipline. Wider literature searches using Google™ and Google Scholar™ on terms such as '*branded promotion*', '*sales promotion brand*', '*consumer promotion brand*', *price*

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branding', etc. return no 'hits' that are relevant. While there are very large research literatures on both retailer branding and price promotion of individual products (Sigué, 2008; Huang & Huddleston, 2009), there appears to be no overlap between them that would address the branding of price promotion. There is a literature on branded loyalty programmes which usually involve some form of price discount or related incentive, and which may be owned either by the retailer or a third party, these programmes are targeted at store level behaviours, rather than the individual product level behaviours that existing retailer brands are associated with.

The theory that supports this work is therefore developed from basic principles in the first part of this article. A brief discussion of product level price promotion serves as a basis for the development of the theory of category level price promotion systems. The reasons why price promotion can only be branded at the category level are identified. A category level branded price promotions system that is currently deployed within New Zealand by a national retailer is then described. The parameters of successful brand development for this system are then defined as a set of research propositions with regard to consumer reactions to it. Whether these parameters have been satisfied with regard to one target market is then tested via three field experiments. Finally, the commercial and theoretical implications of the results are discussed.

Price promotion at the product/brand level

Food marketing expenditure worldwide is dominated by promotion that supports the transaction, rather than by advertising that supports the product (Belch & Belch, 2011; Kolker, 2004; Mullin & Cummins, 2008; Peattie, 2003). Price promotions in the form of temporary price discounts form the majority of this promotional budget, and are thus the largest item of marketing expenditure within the food industry (Ailawadi et. al., 2009, 2010; Srinivasan & Anderson, 1998).

The scale of this activity supports a very large body of research literature on price promotions and related consumer behaviours. This research is heavily orientated towards the use of historical time series sales/scanner data to analyse the forms and sources of the three curves shown in Fig. 1 over both the short and long term and from both a strategic and tactical perspective (Hawkes, 2009).

The overall patterns of response to a price promotions are summarised in Fig. 1, a more detailed discussion is given in van Heerde and Neslin (2008, chap. 5). Research addressing price promotion is primarily directed at one or more of the following three propositions: (1) Price promotion leads to a long term increase in sales/profit of an individual product; (2) Price promotion leads to long term growth in sales/profit of a product category; (3) The manufacturer/investor is the beneficiary of these movements.

These propositions are of interest because the substantial investment involved in price promotion within a category is only strategically worthwhile if either the solid line representing long term incremental sales in Fig. 1 stays above the dashed line representing long term base sales position (Proposition One), or if the dashed line representing the long term base sales position trends up to meet the incremental sales line as part of a process of overall category growth (Proposition Two). If promotions do not lead to a change in an individual product's position, but to an overall category growth, then the question arises as to which channel participant is the major beneficiary – the manufacturer, the retailer or the consumer? (Proposition Three). The research literature on these longer term strategic outcomes has, to this point, failed to establish a consistent position with regard to any of these propositions. However the most recent research available reports little if any long term changes in consumer choice and therefore little, if any positive strategic outcomes for the promoter (Vallette Florence, Guizini, & Merunka, 2011; Yi & Yoo, 2011).

Research that is directed towards the short term (tactical) use of price promotions examines the sources of the transactions identified as 'incremental trial sales' in Fig. 2. There is a strong consensus within the literature that price promotions do have a significant impact on short term sales (Hawkes, 2009; van Heerde, Leeflang, & Wittink, 2004). The sources of this sales 'bump' have been identified as brand switching, product switching, category switching, temporal switching (stockpiling), and industry level switching of funds from non-food expenditures. Despite the undisputed presence of the bump, its sources and benefits remain disputed (Leeflang, Parreno Selva, Van Dijk, & Witttink, 2008).

Price promotion at the category level – Theory

Historically, the body of research described above has concentrated on the promotion of individual products. Such price promotions are, or are assumed to be, individual supplier funded/controlled and unbranded (generic) in nature. Until recently, the

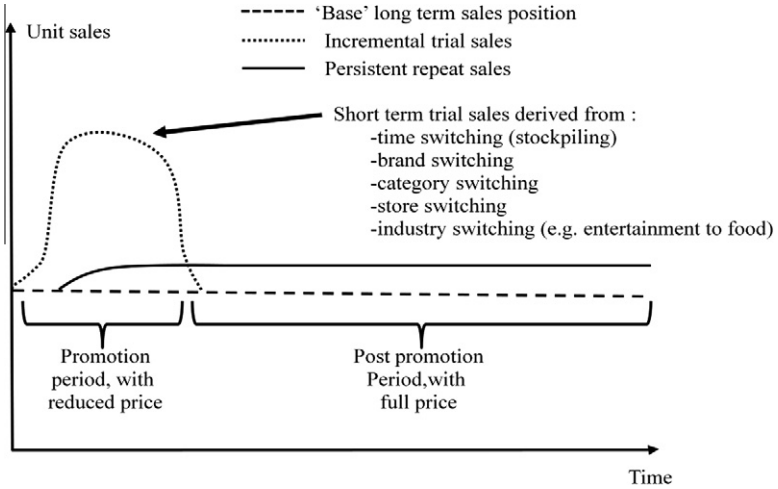

Fig. 1. Consumer response to a price promotion on a single product over time.

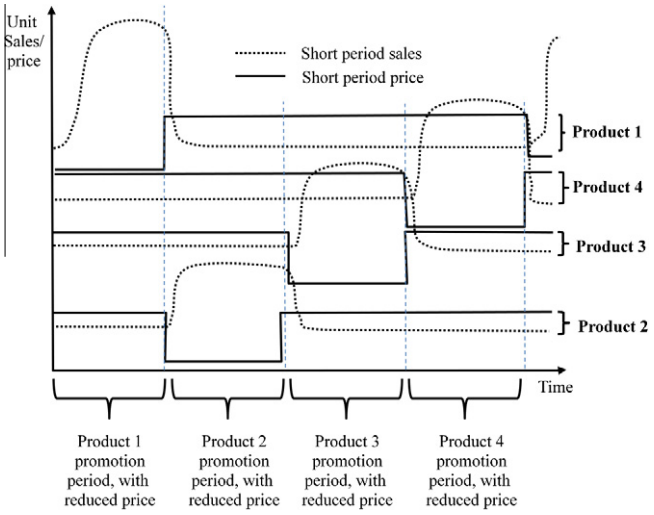

Fig. 2. Price and consumer response curves for a revolving, category level price promotion.

retailer was treated as an incidental or environmental feature of such investigations. However, investigations of trade (retailer administered) promotions has gained more prominence as they have formed a larger share of the total promotional spend (Ailawadi et. al. 2009; Ailawadi et. al. 2010; Sigué, 2008). The trade promotion literature forms part of the larger literature addressing the growth of retailer power and sophistication (Anders, 2008; Gruen & Shah, 2000; Hamlin & Chimhundu, 2007; Hingley, 2005; Hyvonena, Lindblomb, Olkkonenc, & Ollilaa, 2010; Sexton & Zhang, 2001).

The consequences of this growth in retailer power have already been the subject of extensive published research. One of these is the rise of the retailer-controlled category as the principal strategic unit in food marketing (Dapiran & Hogarth-Scott, 2003; Hamlin & Chimhundu, 2007). Because of their focus on the category as the primary unit of performance analysis, the food retailer brings a very different set of perspectives and capabilities to bear upon the process of price promotion. These can be summarised as follows:

(1) The retailer controls the category environment.
(2) The retailer has accurate, real-time, information on purchases and profit contribution for the entire category.
(3) The retailer's primary objective is category/store profitability and growth.
(4) The welfare of individual products and brands is secondary to this primary objective.

Because of these differing circumstances and motivations, the behaviours of the long term consumer response curves to price promotion that represent strategic outcomes for an individual product are largely irrelevant to a retailer. The retailer is thus free to deploy price promotion as continuous system within any category by swapping discounts systematically around the products and brands concerned, and thereby subordinating the long term outcomes for any individual product or brand to outcomes at the category/store level (Bolton, Shanka, & Montoya, 2010).

Figure 2 shows this process for a category with four products and a continuously revolving price promotion, which is the simplest possible continual system. Note that the separate long term response curve, which represented a key outcome in Fig. 1, is no longer shown. If a revolving price promotion system is developed as the significant/primary driver of consumer choice, then demand for any individual product coming off promotion will rapidly fall off as consumer demand switches to follow the price promotion as it revolves onto other products – there will be little or no long term persistence of behaviour at an individual product level. The 'bump' of short term trial shown in Fig. 1, and its sources of displaced expenditure, thus becomes the primary driver of both tactical and strategic outcomes for the retailer (Leeflang et al., 2008).

This situation creates a potential opportunity for the retailer in that the revolving system has the capacity to be branded. An individual promotion is unbrandable because it is a temporary event and the consumer associations that support low involvement FMCG brands cannot be developed for it in the time available. This is due to the peripheral, passive (and slow) nature of low involvement consumer learning processes, and the requirement for continual support and reinforcement (Elliot & Percy, 2007). By contrast, a retailer revolving price promotion system can maintain an indefinite price promotion presence within each category and across the store. This allows the appropriate communications message, targeted delivery system and associated support for a low involvement brand to be developed and attached to the price promotion system over an extended period.

Achieving any form of 'brand loyalty' effect with regard to a price promotions system that was under their control would create a number of opportunities for the retailer. These would include, but would not be restricted to: A greater demand response per $ of price discount spend; effective support of other ongoing price based heuristics to build store brand; the capacity to expand/manipulate demand for selected products/types/brands within categories; the capacity to expand/manipulate overall demand for selected categories and the maintenance of consumer interest via the capacity to regularly deliver 'good news' of new product promotions.

Price promotion at the category level – Practice

In New Zealand matters have now progressed to the full deployment of a system similar that shown in Fig. 2. New World™ has operated two revolving price promotional systems for several years, 'Coupon Saver' and 'Super Special'. Historically, the point of sale (POS) presentation of these price promotion systems has varied, but at any particular time, the presentation at POS and on remote advertising has been consistent. The exact pattern of deployment within categories is not known, but it is rare for any mainstream category to be without one or several examples both systems within it at any one time.

'New World™' is a large-format, 'full service' supermarket chain similar to Sainsbury's in the UK or Kroger in the USA. The New World™ chain operates in one of the World's most concentrated grocery retailing environments, with just two companies, Foodstuffs ('On the Spot™', '4 Square™', 'New World™' & 'Pak'n'Save™') and Progressive Enterprises (Countdown™) controlling around 95% of retail food sales in the country. Foodstuffs account for 57% of this share, with New World forming a substantial, but unpublished portion of this figure (Schere, 2010). New Zealand is an advanced retail environment and these brands represent supermarket formats of all the major types, with the exception of discount formats such as 'Aldi™'.

In early 2010, New World™ launched a redesigned visual identity for these two price promotion systems. This re-launch was built around a common POS visual cue, a small, below shelf barker card with a cream background and a maroon coloured arrow coming down from the top of it (Fig. 3). The two systems continued to be separate entities identified by a different title and a slightly different shade of maroon, but were both presented within this unifying visual theme.

This new visual cue was supported and reinforced by a 'classical' low involvement branding campaign, with commitment to

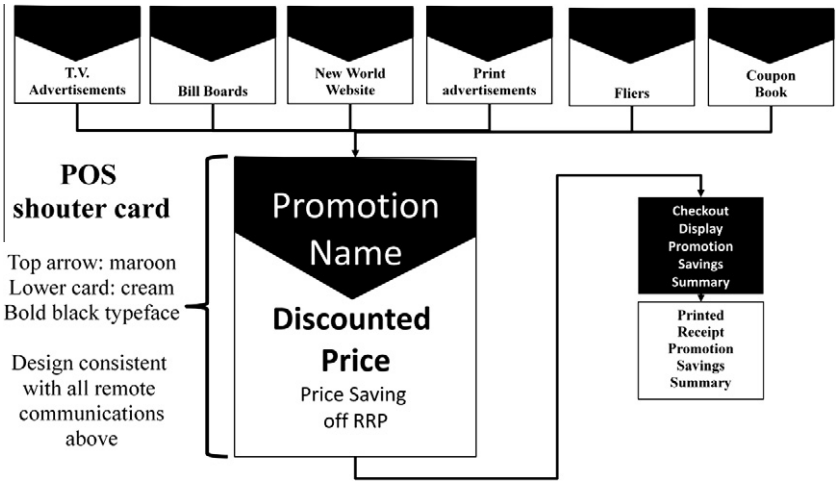

Fig. 3. The structure of a retailer branded price promotion campaign (New World Supermarkets, New Zealand 2010).

every single channel of communication associated with FMCG and food branding activity (Fig. 3). All advertisements included an exposure to the new visual identity. In the T.V. advertisements, this took the form of an animated version of the maroon and cream shelf barker acting as a spokesperson. In the case of 'Coupon Saver' in the South Island, support also included the monthly distribution of a bound coupon book conforming to the new visual format to every household.[1] The POS cue of the promotion brand, in the form of these small barker cards, had an ongoing presence in all New World stores and was to be found in most if not all categories within them.

Research objectives and propositions

This major rebranding exercise undertaken by a powerful retailer within a defined timeframe offered the opportunity to definitively establish if a price promotion system could be successfully branded by a retailer. Success could be confirmed by observing heuristic (brand like) responses to the POS cue of the branded promotion system that were incremental to and independent of any observed reasoned (economic) response to a generic price promotion of equivalent value under controlled conditions within an identified target market. Towards this end, three research hypotheses related to two key brand performance parameters; increased desire to purchase for a specific offer condition, and stability of this desire to purchase over a range of offer conditions, were developed:

H0 – A branded price promotion creates a greater desire to purchase than a similar non-branded promotion.
H1 – Consumer response to a branded price promotion is stable over a range of price-discount conditions.
H2 – Consumer response to a branded price promotion is stable across a range of categories.

Research methodology

Seven hundred and fifty independently living students were used as the sample population for the three experiments within the trial.[2] They were recruited by intercept at one heavily trafficked point of the University campus. The use of a student population provided a tight demographic sample which reduced the risk of excessive error within the ANOVA table due to differences of experience and economic/social circumstances within the sample (Parker, 1979). This process is analogous to the use of the smallest possible plots in agricultural research (Cox, 1952; Fisher, 1937).

It was assumed that the sample population had been heavily exposed to the retailer's branding programme. A very large majority of the independently living students at Otago University reside in a very tightly defined geographic area of the City occupying around 2 km^2, with a large New World™ store at each end of it. The independently living student population form a large part of the clientele of these two stores, at which they would be exposed to the POS elements of the branding campaign. It was also confirmed that all of the remote elements of communication campaign had been distributed to student households within the University area over the previous six months (T.V., print, billboards flyers and coupon books). While it has a population of around 100,000 and is highly cosmopolitan, Dunedin is a very isolated city – out of town residence or shopping on any scale is simply not possible.

While no demographic data was collected, and the only recruitment qualification was confirmation of independent living,[3] care was taken to randomly allocate students to each of the five groups by a process of split sampling throughout the 3 days of the recruitment process. The research intercept was located in a large public area outside a suite of undergraduate lecture theatres was selected in order to acquire as typical a sample of the independently living student population as possible. This community is predominantly aged between 19 and 22 years, mid to high socio economic, high education and with a slight majority of females.

The research examined the impact of the branded promotion within two product categories; dairy products and bread. The two product types selected from within each of these categories were 500 g tubs of margarine and standard loaves of toast-sliced brown bread. These two items were selected as they are KVI's (known value items) that are very likely to be purchased and consumed on a routine (weekly/daily) basis within student households (Kaufmann, Craig-Smith, & Ortmeyer, 1994). Four equivalent branded KVI products from each of these two categories

[1] This was a continuation of a monthly distribution hat have been going on for many years.

[2] This research was given ethical clearance for research involving human subjects under University policy.

[3] Residential hall students at Otago are fed by the University, which would mean that their experience of buying food and their exposure to the brand would be limited. As the research took place late in the New Zealand academic year. Independently living students would have had at least six months experience of buying food for themselves and their household.

were used in the research. All eight of the products were sourced from one of the local New World stores, and the prices used as the base price in the research were those that were advertised in that store on the day before the experiments were conducted.

As the purpose of the research was to examine the performance of the branded price promotion system relative to its non branded equivalents, POS promotional treatments at four different levels were used as the independent variable (Fig. 4). The levels used were: the full retailer branded promotion (*Coupon Book Saver*), a generic promotion (*'20% Off!' Star*), a cause related marketing (CRM) promotion, using an imaginary childrens' charity as the cause ('*Buy With Your Heart*'), and a full retail price (FRP) control condition. With a single exception within Experiment Two, all the promotional treatments were set at a discount of 20% off the advertised price.

A Latin Square design incorporating a fractional replication to test for the presence of non-additivity was used for each of the three experiments within the field trial (Hamlin, 1997; Hamlin, 2005; Youden & Hunter, 1955). The Latin Square allowed the effects of the independent variable (promotion type) to be investigated, while controlling for the effects of two unavoidable extraneous variables, the products to which the promotions were attached and the consumer groups that evaluated the promotional message. The research design is shown in Fig. 5.

Experiment One addressed H0, and aimed to compare the relative responses to a 20% price discount presented at the four different levels of the independent variable. This response could be checked for its stability across a range of four branded margarine products (the first extraneous variable). Apart from the brand copy on the packages, the physical form of the four product packages, and the product within (in appearance at least) were all identical.

Experiment Two addressed H1 and aimed to investigate if the response to the retailer branded promotion was independent of the actual size of the discount offered. Experiment Two repeated the conditions of Experiment One exactly, bar one modification. The price discount associated with the retailer branded promotion was halved to 10%. The other two promotion treatments remained at 20%.

Experiment Three addressed H2, and aimed to see if the response to the retailer branded promotion relative to its unbranded equivalents was stable across more than one category. The conditions of Experiment One were replicated exactly, bar one modification. The cue vehicles were sliced brown bread products rather than margarine.

The three experiments were conducted on three dates between August and October 2010. In each case the procedure was the same. A student was approached by intercept, qualified for independent living, and asked if they would participate in the experiment. Those who agreed were then asked to indicate their willingness to purchase each one of a set of four products presented to them for inspection. The product sets shown to each group of 50 students are given in the rows in the experimental layouts shown in Fig. 5.

The products were presented on a short retail type shelf with high quality mock ups of the promotional treatments attached to them. Each product also had a small yellow shelf price ticket (similar to that used in the supermarket) attached to the front of the shelf that declared the undiscounted FRP of the product. Each product was presented in an enclosed cubicle, which prevented the student from re-referencing as they went from one product to the next. The students were asked to make their evaluations quickly, as they would in a real retail situation, and they were allowed to handle the products.

The students' evaluation of their willingness to purchase was the dependent variable and expressed for each product using the 0–100 mm strikethrough scale. This scale consisted of a 100 mm line anchored by two statements '*I would definitely buy this product*' on the left and '*I would definitely not buy this product*' on the right. The research subject responded by placing a line on the 100 mm scale that best represented their position with regard to these two statements. Each evaluation was recorded as a measurement in millimetres from the left hand end of the scale. The average of the 50 student responses for each experimental condition was used as the individual input unit for the statistical analysis. The results of each experiment were analysed using Youden and Hunter's (1955) adjusted analysis of variance for fractional replication and Scheffe's procedure for the comparison of multiple means (Albright, 1987).

One of the primary purposes of the selected experimental design was used was to conceal the purpose of the research from those participating in it. Thus the researchers did not ask respondents anything about their views on promotions, but asked them simply to record their intent to purchase each one of them. The experimental design then allowed the effects of the various types of promotion to be isolated algebraically. The use of five respondent groups allowed each individual consumer to sight these all four levels of the independent variable while concealing the purpose of the research via a process known as 'confounding'. As the four product types have multiple variations other than the independent variable running through them, it is impossible for the respondent to isolate any definitive pattern within the multiple variations, and hence to deduce the purpose of the research – which is consequently hidden in plain view. This would not be the case if any respondent saw the products shown to another group as they would then see the same cue vehicle with different promotional treatments attached to them. The pattern of variation,

Fig. 4. The four promotional treatment levels as applied to 'Ploughman's bread.

Experiment 1 ***(Aug. '10)*** Stability of response to the presence of a branded promotion		**Cue vehicle** 4 x 500g branded margarine products			
		'Flora' NZ$ 3.05	'Gold'n' NZ$ 3.35	'Meadowlea' NZ$ 3.29	'Olivani' NZ$ 4.49
Consumer groups	50 Students	**20% discount Branded promo.**	20% discount CRM promo.	20% discount Generic promo.	Full Retail Price (FRP)
	50 students	20% discount Generic promo.	FRP	20% discount Branded promo.	**20% discount CRM promo.**
5 x 50 randomly allocated students qualified by independent living	50 Students	FRP	**20% discount Generic promo.**	20% discount CRM promo.	20% discount Branded promo.
	50 Students	20% discount CRM promo.	20% discount Branded promo.	**FRP**	20% discount Generic promo.
	50 Students	**20% discount Branded promo.**	**20% discount Generic promo.**	**FRP**	**20% discount CRM promo.**

Each treatment level occurs once in each row and each column

Fractional replication treatments are shown in bold: One each of each treatment, row and column.

Experiment 2 ***(Sep. '10)*** Stability of response to variation in value of the branded promotion		**Cue vehicle** 4 x 500g branded margarine products			
		'Flora' NZ$ 3.05	'Gold'n' NZ$ 3.35	'Meadowlea' NZ$ 3.29	'Olivani' NZ$ 4.49
Consumer groups	50 Students	**10% discount Branded promo.**	20% discount CRM promo.	20% discount Generic promo.	FRP
	50 students	20% discount Generic promo.	FRP	10% discount Branded promo.	**20% discount CRM promo.**
5 x 50 randomly allocated students qualified by independent living	50 Students	FRP	**20% discount Generic promo.**	20% discount CRM promo.	10% discount Branded promo.
	50 Students	20% discount CRM promo.	10% discount Branded promo.	**FRP**	20% discount Generic promo.
	50 Students	**10% discount Branded promo.**	**20% discount Generic promo.**	**FRP**	**20% discount CRM promo.**

Experiment 3 ***(Oct. '10)*** Stability of response to branded promotion between categories		**Cue vehicle** 4 x standard toast sliced brown loaf branded products			
		'Vogels' NZ$ 3.29	'Freyas' NZ$ 3.99	'Burgen' NZ$ 3.49	'Ploughmans' NZ$ 4.09
Consumer groups	50 Students	**20% discount Branded promo.**	20% discount CRM promo.	20% discount Generic promo.	FRP
	50 students	20% discount Generic promo.	FRP	20% discount Branded promo.	**20% discount CRM promo.**
5 x 50 randomly allocated students qualified by independent living	50 Students	FRP	**20% discount Generic promo.**	20% discount CRM promo.	20% discount Branded promo.
	50 Students	20% discount CRM promo.	20% discount Branded promo.	**FRP**	20% discount Generic promo.
	50 Students	**20% discount Branded promo.**	**20% discount Generic promo.**	**FRP**	**20% discount CRM promo.**

Fig. 5. Research design.

and thus the purpose of the research, would then be immediately obvious to them (see Fig. 5).

Respondents were invited to comment on their responses at the end of their test to establish if they were aware of the purpose of the research. If they were not, then the role of any response bias in the results due to cognitive processing with regard to the types of promotion could be discounted.

Results

The results for the four types of promotion are presented graphically in Fig. 6. In all three analysis of variance tables the mean square of error (MSE) amounted to less than 5% of the total variance. The main effects for consumer groups were insignificant in all the experiments, indicating a satisfactory level of uniformity between groups as an outcome of the recruitment process. The debriefing indicated that the level of respondent awareness of the purpose of the research was virtually zero, with only a couple of correct 'guesses' recorded. The confounding therefore appeared to have been effective in concealing the purpose for the research, and thereby eliminating any role of cognitive response bias in the results.

There were no significant non additivity effects in Experiments Two and Three. A significant non additivity effect was returned at the 1% level in Experiment One, but the scale of this non additivity was only around 10% of that recorded for the main effects for cue vehicle and cue treatment, and graphical analysis of the results showed no identifiable pattern of non-additivity (Hamlin, 2005). Therefore, the main effects recorded in the results of this research therefore appear to be stable within the environment represented by the experiments.

While the cue vehicles and base prices were an extraneous vehicle in this research, significant ($p < 5\%$) main effects due to the variations within them were recorded in the ANOVA tables for all three experiments. In the two 500 g margarine product experiments the outcomes were similar, with 'Flora™' achieving a higher purchase intent than 'Meadowlea™' and 'Olivani™', which

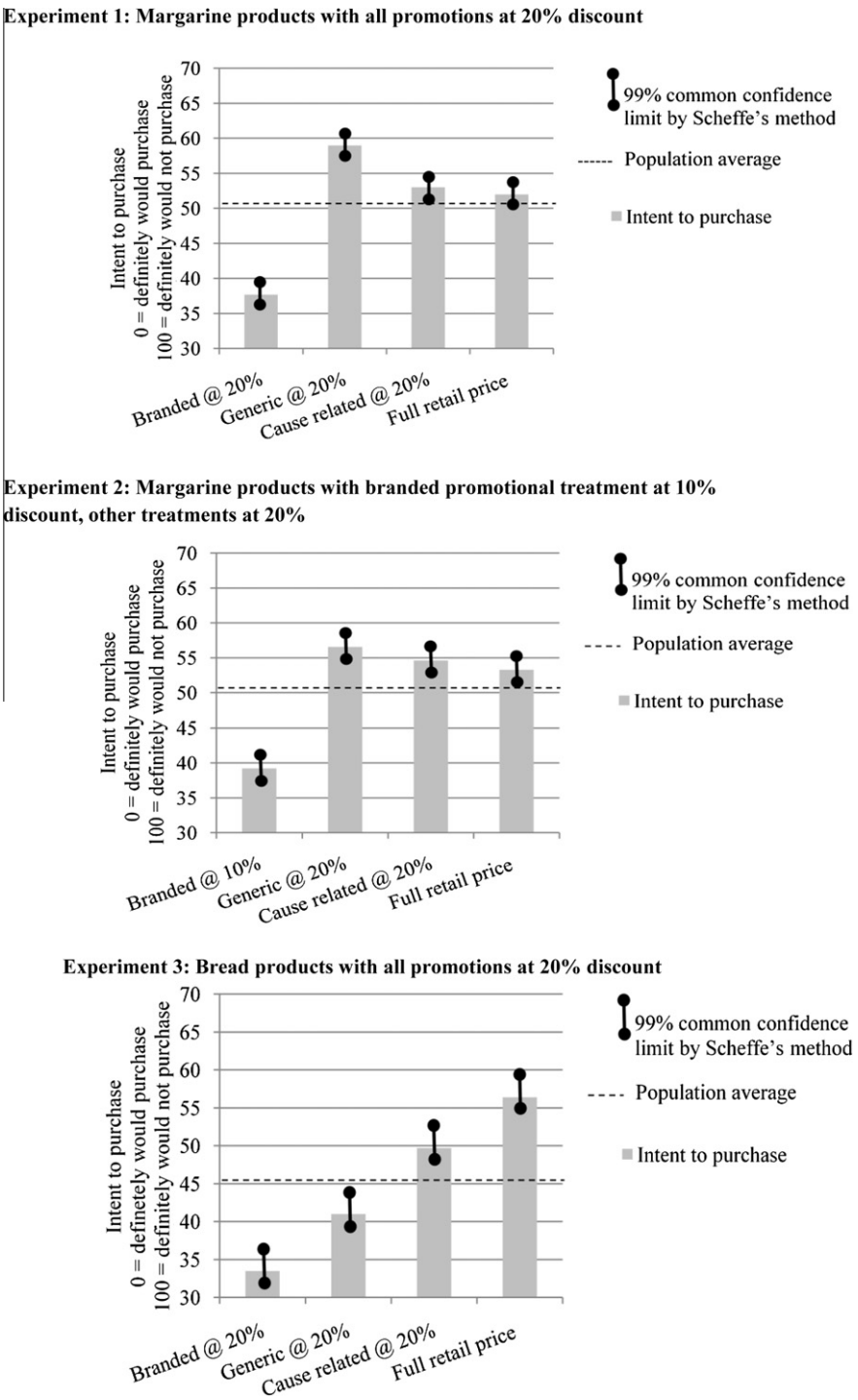

Fig. 6. Results: Effects of promotional treatments.

were not significantly different to each other. 'Gold'n™' demonstrated the lowest intent in both experiments, with a total difference in recorded intent between 'Flora™' and 'Gold'n™' of 15 mm in Experiment One and 18 mm in Experiment Two on the 0–100 mm scale. A similar result was recorded in the bread product experiment, with 'Vogels™' achieving a higher intent than 'Freya's™' with 'Burgen™' and 'Ploughman's™' showing the lowest intent, with little difference between them. The total difference in recorded intent the highest and lowest products was 10 mm on the 0–100 mm scale.

The results for the main independent variable have specific relevance to the research hypotheses and are reported below:

H0. A branded price promotion creates a greater desire to purchase than a similar non-branded price promotion.

This hypothesis was supported by the outcomes of all three experiments shown in Fig. 6. In each experiment an incremental desire to purchase the branded price promotion over a generic or cause related promotion of the same value was observed at the

$p < 0.01$ level. The size of the incremental effect of the branded promotion is also significant, it had an impact on purchase intent over its closest rival that was equivalent to that of the leading product brand in Experiment Two where it only carried half the discount of its competitors, and substantially exceeded it in Experiments One and Three where it had an equivalent discount.

H1. Consumer response to a branded price promotion is stable over a range of price discount conditions.

This hypothesis was supported by the outcome of Experiment Two relative to Experiments One and Three. Even when the value of the branded promotion was halved to 10%, it was preferred to its more valuable but unbranded alternatives at levels of significance in excess of $p < 0.01$, and scales of purchase intent deviation that were equivalent to the most powerful product brands in both categories.

H2. Consumer response to a branded price promotion will be stable across a range of categories.

This hypothesis was supported in absolute terms by the outcomes of all three experiments. Large, significant and consistent positive deviations in purchase intent attributable to the branded promotion were observed in all three experiments. The results also supported this hypothesis in relative terms, as this level of stability was not observed with regard to the other three promotional types as the category context changed (Fig. 6). The result for Experiment Three was the researchers' 'expected' outcome with regard to the relative preference for the four promotion types, but the results for Experiments One and Two are radically different, and include an apparently perverse outcome in Experiment One, as a full price product is preferred over its generically discounted alternative at a $p < 0.01$ level of statistical significance. However, the overall response pattern is repeated in Experiment Two, which is close to a straight replication, and suggests that this unusual result is not an aberration.

Discussion

The results strongly indicate that a major retailer has succeeded in creating a brand and attaching it to a system of price promotion that is under their control. This brand operates by a visual cue at the POS, and the heuristics associated with it are capable of moderating consumer purchase intentions at a level that is at least equivalent to the leading supplier product brands.

This capacity appears to be stable across multiple purchase environments and is, to a considerable degree, independent of the actual price discount offered. The size of the deviations observed, relative to established international brands such as 'Flora', and the stability of consumer response across categories suggests that this brand may already be the most powerful single brand of any type within the stores operated by this company.

The results of this research have significant theoretical implications for retail branding research. The very substantial academic research on retailer brands, supplier brands and the relationships between them, has up to this point only considered retailer branding activity at the product level. This demonstration that retailers can successfully deploy a powerful fifth brand type related to price therefore adds an extra layer of complexity to the study of retailer branding. The possibility that only retailers with category level control are in a position to deploy this type of brand also adds another facet to the study of power relationships between manufacturers and retailers in the food industry.

These results also have implications for research on food consumer behaviour. It is very difficult to account for these results within the context of either the Theory of Reasoned Action or classical microeconomic price demand behaviour models that continue to form the dominant paradigm of consumer decision making within academic and commercial food industry research (Kwon & Easton, 2010; Rodgers, 2010). Both of these models require an assumption of a cognitively reasoning and highly informed consumer. Such a consumer would not have discriminated between equivalent value price discount offers if they were operating within the parameters of these theories, and they would not have rejected a price discount in favour of FRP either, unless a specific reason for doing so was presented to them – which the researchers did not do.

The assumption of a reasoning consumer within the context of food purchase decisions has been challenged by several researchers, both on the basis of logic, routine observation and the outcomes of formal research exercises (Ehrenberg, 1959; Ehrenberg & Pyatt, 1971; Hoyer, 1984; Rundle-Thiele & Bennett, 2001). The alternatives offered are based on the use of short term heuristics activated by POS cues (Hamlin 2010; Schiebehenne et al., 2007). By demonstrating the significant effect of a POS cue-based heuristic on what should be a reasoned and price-driven decision; this research offers significant further support to these alternative models.

The commercial implications of this work have two major aspects. Firstly, this research shows that effective retailer owned price discount brands are now a reality in the Food Industry. The widespread deployment of these brands is likely to decrease the persistence of behaviour shown in Fig. 2 that is essential for the assumed effectiveness of product level price discount promotions. As it 'cuts across' existing product level brand structures, the retailer discount brand will cause a generalised decrease in the stability of buying patterns based on other brand and habit/inertia heuristics within any category. As the retailer price discount brand relies for its effectiveness on instant mortality of behaviour toward any product or alternative brand to which it is attached, and the owner/manager of it has no stake in the development of a persistent behaviour towards any one product or brand, the development of this pattern of rapid consumer 'behavioural mortality' towards any single product level brand/promotion combination may well be aggressive.

Secondly, the results of this work challenge the business assumptions relating to the initial consumer response to a price promotion shown in Fig. 2. Demand may well rise if price is cut, but to make a major investment on a general assumption that it will always do so may not be a prudent decision, given the degree to which this research suggests that any response to a product level price discount can be moderated by category-specific consumer evaluation heuristics. The results of this research suggested that in some circumstances (margarine) these category specific heuristics were so powerful that they could actually create a negative response to a substantial generic promotional price discount.

As this observation was both theoretically perverse and stable in replication, some qualitative research was subsequently undertaken to investigate the possible sources and nature of these heuristics. Observation of the POS environment within each of the two categories and discussion with several industry participants generated the following suggestion: Dairy products have a moderate shelf life, and the category is somewhat turbulent. This does cause a consistent practice of generic discounting for 'end of line' and 'end of shelf life' items. Sliced bread by contrast is a simpler and more stable category, and the very short shelf life of the product means that it is supplied on a sale or return basis. For these reasons bread usually exits the human food chain without being subjected to any generic discounting.

It is therefore possible that consumers address the margarine category with a learned heuristic of: '*If it's discounted here, then it's discounted for an (undesirable) reason*'. However, this heuristic

is context specific, and it is not applied to purchase decisions relating to sliced bread due to a lack of any previous exposure to generic discounting in within that category. This does suggest that very different results with regard to the reaction to the unbranded price promotions may be expected when this research is replicated with other product/category/target market combinations. The results of this research also indicate that these powerful but localised heuristics can be 'switched off' by the presence of the endorsement of the retailer's own discount brand, but further replications will have to be conducted to establish if this is a general effect.

It could be argued that the retailer branded promotion systems described in this article are likely to have a significant and negative impact on other Food Industry participants. However, this may not be so. There is no consensus that product level price promotion activity has been effective at either increasing profitability or increasing market share of individual products and brands in the long term. It is therefore possible that the Food Industry has been wasting a sizeable proportion of its marketing budget for some considerable time. If this is so, then retailer branded promotion systems will not actually cause a failure in existing product level promotional practice, they will simply make that failure explicit. By doing so, retailers may well eventually do their suppliers a favour by forcibly redirecting their communications budgets towards alternative consumer communication activities which have the potential to be more effective in generating long term sales growth and sustainable margins for individual supplier product portfolios.

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