

A Conceptual Study of National Brand towards Hypermarket Brand Extension through Brand Asset Valuator

Hasliza Hassan ¹⁺ and Muhammad Sabbir Rahman ²

¹ Faculty of Business and Law, Multimedia University Jalan Ayer Keroh Lama, 75450 Bukit Beruang, Melaka, Malaysia

² Graduate School of Management, Multimedia University Jalan Multimedia, 63100 Cyberjaya, Selangor, Malaysia

Abstract. Retailing industry has been aggressively moving forward in the past two decades. Hypermarkets have been introducing brand extension products by using the corporate retail brand name to attract consumers to purchase more at affordable prices. This concept has been widely accepted by Westerners as a way to reduce overall expenses especially in fast moving consumption products. However, it is less accepted by Malaysian due to their perceived quality. The introduction of “1 Malaysia” as a national brand by the government has enlightened consumer on this branding concept. This research paper is proposing a conceptual study to discover how far the national brand could give impact on hypermarket brand extension. It is expected that the positive valuation of national brand will influence similar valuation towards hypermarkets brand extension and vice versa.

Keywords: Brand Asset Valuator, Hypermarket Brand Extension, National Brand

1. Introduction

The concept of selling basic necessities products at affordable prices have been introduced by hypermarket retailers. Local entrepreneurs have been encouraged to sell products through hypermarket by using the hypermarket corporate retail brand name. This provides an opportunity for local entrepreneurs to generate easy revenue without putting tremendous effort and investment in developing their own brand. In the early phase, the momentum of this brand innovation by hypermarket was not fully accepted by Malaysian although the product price is more cost effective than other well-known products. The quality of hypermarket brand extension products that are perceived as inferior (Uusitalo, 2004) have made the consumer to purchase well-known manufacturing product brand. The attractive packaging and positive country of origin by well-known branded product has influenced positive quality perception (Tifferet and Herstein, 2010). Nowadays, the consumer awareness has been enlightened due to the adaptation of this branding concept by the government through the “1 Malaysia” brand.

In line with Malaysian purchasing behaviour that is price-conscious (Munusamy and Hoo, 2008), the concept of selling products at affordable prices by both national brand and hypermarket brand extension definitely will assist price-conscious shoppers as well as low income earners to save more money. Those who are staying at urban areas might consider this type of consumable products as an opportunity to reduce their high living expenses. Thus, efforts that have been taken by both government and hypermarket retailers to introduce this branding concept could be considered as one of corporate social responsibilities to the societies.

2. National Brand

⁺ ¹ Email: hasliza.hassan@mmu.edu.my, liza.hassan@yahoo.com

² Email: muhammad.sabbir@mmu.edu.my, sabbiruu@gmail.com

In line with Malaysian government transformation program to emphasize on the citizen through the official slogan “Rakyat Didahulukan”, the national brand of “1 Malaysia” was introduced not just for the sake of unity of various races, but also to provide basic fast moving consumer products necessities at affordable prices. The low costs in advertising and packaging incurred by local entrepreneurs have made their products sellable at low prices. Prices that are between 30 to 50 percent lower than other well-known manufacturing brands have enlightened societies especially those price-conscious shoppers and low income earners in the urban areas. The products are available at Kedai Rakyat 1 Malaysia (KR1M) (Utusan Malaysia, 2012) and selected Mydin hypermarkets. The branding concept of this national brand is almost similar to hypermarket brand extension.

3. Hypermarket Brand Extension

Corporate brand extension is the usage of existing corporate brand name for a new product (Keller and Aaker, 1998). Thus, the extension from hypermarket corporate retail brand to new fast moving consumer product by using the same brand name is known as corporate brand extension. Product by hypermarket brand extension is also known as private brand, store brand, retail brand, distributor brand, own label, own brand or private label product (Burt and Davies, 2010; Gomez and Rubio, 2008; Tifferet and Herstein, 2010). The original corporate brand that is being extended is known as core brand or parent brand by many researchers.

Hypermarket retailers have extended the corporate brand due to expected growth, opportunity of sales performance, gross margin and differentiation (Au-Yeung and Lu, 2009). More successful margin could be gained by selling a hypermarket brand extension product rather than selling a well-known brand product only (Beldona and Wysong, 2007). Thus, instead of offering variety of well known branded products, hypermarkets also develop corporate brand extension (De Wulf, Odekerken-Schroder, Goedertier and Ossel, 2005; Knee, 2002) as an innovation of brand momentum (Hassan and Rahman, 2012). Corporate brand will build positive projection (Anchor and Kourilova, 2009) and enhance favorable relationship between retailer and manufacturer by maintaining cost effectiveness of product price (Mendez, Oubina and Rubio, 2006). However, it is less accepted by Malaysians due to the perceived low quality. Thus, consumers’ acceptance to recognize and trust towards quality of corporate brand extension products is the main retailer challenge to grasp more revenue or sales (Hassan and Rahman, 2011). However, price-sensitive consumers will definitely gain benefit from the hypermarket corporate brand extension product (Au-Yeung and Lu, 2009) since the price is usually 10 to 20 percent lower than other comparable product brands (Anchor and Kourilova, 2009). A hypermarket brand extension product is trustable if consumers perceive it as an alternative brand and not as an alternative product by a manufacturer (Burt and Davies, 2010). Similar as “1 Malaysia” product brand, the product of hypermarket brand extension is highly controlled by the particular retailer and they cannot be seen at other places.

4. Brand Asset Valuator

According to Young and Rubicam (2000), studying a brand is similar to studying the relationships between people and brands. Brand is built based on four pillars which consist of 1) differentiation, 2) relevance, 3) esteem and 4) knowledge. Brands are born with differentiation which is one of the main keys to success. Differentiation of brands will influence people to know more about the brand. Brand will always infinitely maintain its differentiation even after the maturity phase. The level of differentiation should be highly distinctive to represent its relevance and ensure the brand is sustaining and penetrating in the market. Those brands in developed countries should be more differentiated than those in developing and less developed countries due to high brand competitions. The relevant of the particular brand will become the driver to achieve brand margin in the market. Brand esteem is the likelihood and loyalty of consumer towards a particular brand. Brand esteem usually occurs after the stability of differentiation and relevance in the market. However, certain brands might stand solely by its esteem if they have already existed for a long time in the market. Brand esteem is influenced by 1) quality and 2) popularity that are based on consumers’ experience. Consumers will take time to gain brand knowledge and it is usually the final result of company effort to market the brand. The Brand Asset Valuator (BAV) model that was developed by Young and Rubicam (2000), consists of two main components that build a brand which are 1) brand strength that will

cause a particular brand leading in the market and 2) brand stature that will cause the brand lagging in the market as below:

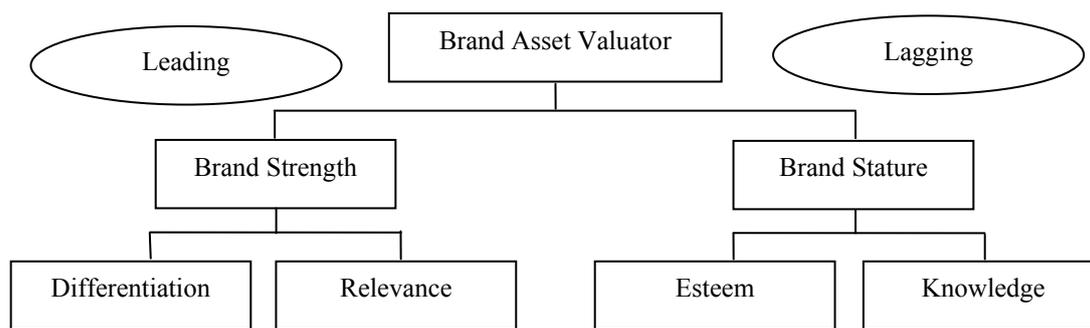


Fig. 1: Brand Asset Valuator

5. Conceptual Framework

National brand which refers to “1 Malaysia” brand is positioned as an independent construct and hypermarket brand extension is positioned as dependent construct. Dimensions of brand asset valuator (Young and Rubicam, 2000) is adapted and positioned as mediating construct between national brand and hypermarket brand extension as in diagram below:

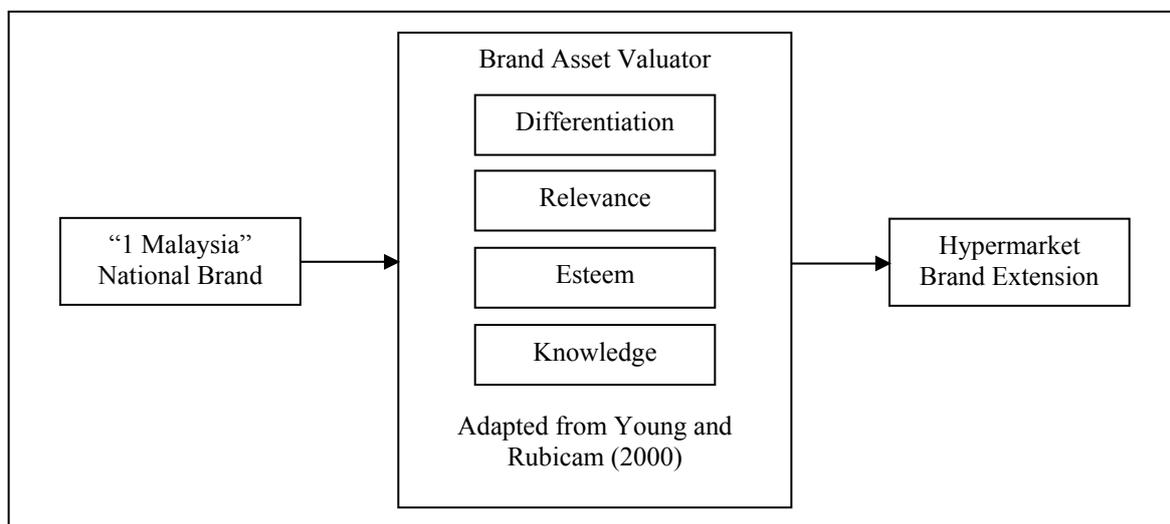


Fig. 2: Relationship of “1 Malaysia” National Brand with Hypermarket Brand Extension through Brand Asset Valuator

It is expected that positive perception and acceptance towards national brand will develop positive impact in all dimensions of brand asset valuator (Young and Rubicam, 2000). This positive impact is expected to be extended towards hypermarket brand extension. This is because both fast moving consumer product of national brand and hypermarket brand extension have similar brand concept. Thus, the aggressive stimulation that has been made by the government to build up “1 Malaysia” brand is expected to stimulate positive value towards both national brand and hypermarket brand extension. This will indirectly motivate consumer to purchase hypermarket brand extension products. A contrary scenario is expected to happen if there is negative valuation towards national brand. The four main propositions are proposed as below:

- **Proposition 1 (Differentiation):** “1 Malaysia” national brand has significant influence on hypermarket brand extension through differentiation in brand asset valuator.
- **Proposition 2 (Relevance):** “1 Malaysia” national brand has significant influence on hypermarket brand extension through relevance in brand asset valuator.
- **Proposition 3 (Esteem):** “1 Malaysia” national brand has significant influence on hypermarket brand extension through esteem in brand asset valuator.

- **Proposition 4 (Knowledge):** “1 Malaysia” national brand has significant influence on hypermarket brand extension through knowledge in brand asset valuator.

6. Conclusion

Due to high commitment by the government to boost national brand acceptance, it is predicted that consumers will accept the brand in long term. Positive valuation of national brand is expected to influence similar valuation towards hypermarket brand extension and vice versa. The government effort to develop the national brand will definitely enhance overall revenue of small medium enterprises that sell products through the national brand and hypermarket brand extension. This benefit is also expected to be extended towards all consumers to purchase basic fast moving consumer product at affordable price. In addition to research through primary data analysis, the value of both national brand and hypermarket brand extension should be investigated further especially in brand personality (Hassan and Rahman, 2011) to know how far this brand concept is able to provide benefit towards societies who have difficulty and unable to purchase well-known and expensive branded necessity products.

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