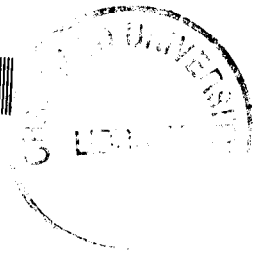




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**SWP 26/88 QUESTIONING THE CONVENTIONAL
MARKETER'S TAXONOMY OF THE
COMPETITIVE TIERS IN THE UK & USA:
A ROLE FOR PERCEIVED RISK?**

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**QUESTIONING THE CONVENTIONAL MARKETER'S TAXONOMY OF
THE COMPETITIVE TIERS IN THE UNITED KINGDOM AND UNITED
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ABSTRACT

Americans' perceive the competitive structure of product fields as brands versus retailer labels (own labels plus generics). With the increasing power of UK retailers, research was undertaken to (a) assess UK consumers' perceptions and (b) investigate any influences from perceived risk. Cluster analysis showed that UK consumers perceived the competitive tiers in the same manner as Americans - a finding that can be explained by the perceptual process and the way that generics were "branded" in both the UK and USA. Due to the low involvement nature of the packaged groceries investigated, perceptions of market structure were not influenced by perceived risk.

EXECUTIVE SUMMARY

Research has shown that American consumers perceive the competitive structure of product fields as brands versus own labels plus generics. Nothing has been published about United Kingdom consumers' perceptions and with the shift in the balance of power from brands' manufacturers to multiple retailers, it has been suggested that reduced brand investment and increased own label support may have resulted in United Kingdom consumers perceiving the competitive structure of product fields as brands and own labels versus generics. By considering the changing use of the marketing mix by some brands' manufacturers and retailers, evidence is presented showing why in the United Kingdom brands might be perceived as similar to own labels. Forecasting how consumers might perceive the competitive tiers is complicated by the way that, in common with the American experience, generics were strongly branded in the United Kingdom. By considering the concept of perception it was hypothesised that consumers' and marketers' perceptions of the competitive structure of grocery product fields would differ.

An advertising approach used by Heinz in the United Kingdom, which might have appealed to American advertisers, was to play upon the social risk of using own labels instead of Heinz brands. To understand the role (if any) of perceived risk in influencing perceptions of market structure, it was hypothesised that the higher risk perceivers would reduce their perception of risk by seeking more information. Thus due to the greater information search by high risk perceivers, it was thought that perceptions of the competitive tiers would differ between high and low risk perceivers.

To test these propositions, 6 grocery product fields were selected. Using elicitation techniques, consumer relevant attributes were identified and using postal questionnaires (48% response rate), "brand"-attribute batteries from 829 householders were received. Cluster analysis of the data in the 6 product fields showed that at the 3 cluster level, in only the washing up liquid results did consumers perceive there to be a pure branded cluster, a pure own label cluster and a pure generic cluster. Furthermore at the 2 tier level, consumers' perceptions were always brands versus retailer labels (own labels plus generics). Within each of the 6 product fields, perceptions were not influenced by consumers' perceptions of risk.

The similarity of findings between the United Kingdom and United States of America can be explained in part by the way that true generics were not launched. Instead "neo-generics" were launched which were branded and carried strong associations with specific stores. With the

"down market" image of generics, the perceptual similarity of own labels and generics hindered United Kingdom retailers attempts to shift their image "up market" and this would explain why by 1987 generics were withdrawn. Lessons for American retailers can be learned from the United Kingdom experience.

The low involvement nature of the grocery fields investigated, did not induce a sufficiently high level of perceived risk amongst consumers. Consequently there were minimal differences in the extent of information search between the low and high risk perceivers, leading to a consistency in perceptions of market structure. Advertisers would be advised to reconsider using social risk in their advertising campaigns.*

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INTRODUCTION

The past 20 years in the United Kingdom have seen a shift in the balance of power from branded goods manufacturers to multiple retailers (Watkins, 1986). One consequence of this has been an increase in the frequency of branded goods manufacturers acquiescing to multiple retailers and cutting brand investments to fund demands for larger discounts. The weakening position of branded groceries has led some to question whether consumers perceive any differences between brands and own labels (McGoldrick, 1984). Research has been published in the United States of America (eg Hawes and McEnally, 1983) showing that consumers perceive the competitive structure of product fields as brands versus retailer labels (ie own labels and generics). While these results were observed in a different marketing environment to the United Kingdom, generics were launched in both the United Kingdom and United States of America during 1977 and as the marketing of generics showed similarities between the two countries, it might be thought that similar perceptions may be observed. Consequently one issue addressed in this research was a comparison of United Kingdom consumers' perceptions of market structure with those of American consumers.

Some brand manufacturers recognised the dangers of a "crisis in branding" (King, 1978) and responded to the changing retail environment by investing in their brands (Rapoport, 1985). Heinz was one of the leading brand manufacturers who invested in their brands during the 1980's. Interestingly, one of the creative strategies for Heinz Salad Cream was to arouse awareness of the social risk of using an own label salad cream. Some assumption must have been made about the impact of perceived risk on consumer behaviour. Consequently, a further objective of this paper was to understand whether perceived risk is a sufficiently important variable to influence perception of market structure and hence warrant attention when developing grocery advertising campaigns.

To appreciate why it is imperative to understand consumers' perceptions of the competitive tiers, a review is first presented showing how the balance of power has swung from branded goods manufacturers to multiple retailers. While structural changes have also been reported throughout Europe (Dawson and Shaw, 1987), the concentrated retailing environment in the United Kingdom is described. Changes in marketing approach for the different competitive tiers are then considered in terms of the degree of similarity likely to be perceived by consumers. Accepting Bauer's (1960) proposition that consumer behaviour be considered as instances of risk taking, the implications of greater information search activity (as a risk reduction strategy) are considered in terms of how consumers' perceptions of risk might affect perception of market

structure. Survey research is reported from which cluster analysis was used to assess respondents' perceptions.

THE ERA OF MULTIPLE RETAILER DOMINANCE

New management in the multiple retailers during the 1960's realised the profit opportunity of economies of scale, through buying, warehousing and selling (King, 1970) and the balance of power began to swing to the multiple retailer who opened more new sites and took over competitors. As multiple retailers continued to become more dominant, the abolition of resale price maintenance in 1964 further increased their power (O'Reilly, 1987). No longer were independents able to compete with multiples on the price of brands and the trend towards a smaller number of retailers controlling a larger proportion of packaged grocery sales became more apparent. Evidence of an increasing concentration of buying power amongst the multiples during the 1960's comes from an E.I.U. (1971) estimate that in 1960, 80% of the grocery market was controlled by 1621 buying points, yet by 1970 this had declined to 647 buying points.

By the start of the 1970's the balance of power had swung from the branded goods manufacturer to the multiple retailer. The power of the multiple retailer continued to increase, aided by the attraction of consumers to lower prices and the greater efficiency of larger stores. The power of the multiples had grown to the extent that in 1984 the top 4 grocery multiples accounted for 41% of packaged grocery sales (Office of Fair Trading, 1985) with the multiples as a whole boasting over two thirds of packaged grocery sales (Mintel, 1985/86). One report has predicted that by 1995 three multiple retailers could control 80% of packaged grocery sales (The Grocer, 1987). The fact that major grocery retailers see themselves "as the consumer's manufacturing agent rather than the manufacturer's selling agent" (p305, Henley Centre for Forecasting, 1982) is indicative of changes in the way brands and own labels are being marketed. The next section considers the impact of retailer dominance and, following an analysis of the marketing mix of brands and own labels, presents evidence of a growing similarity between some brands and own labels.

THE IMPACT OF RETAILER DOMINANCE

The result of increasing multiple retailer power can be seen by:

The increasing importance of own labels

Retailer support for own labels increased and as Hurst (1985) commented:

"--- The pressure comes not so much from a low price, low quality own-brand product as from an own-brand product formulated to be the equal of the brand, packaged in a distinctive house style, given equal or superior in-store positioning, and still despite all this, at a price advantage." (p396)

Euromonitor (1986) reported that own labels' share of packaged grocery sales grew from 20% in 1971 to 26% in 1985, with generics adding a further 2%.

The changing use of advertising

O'Reilly (1972) first reported that some branded goods were subject to cuts in media support in an attempt to maintain brand contributions after giving bigger discounts to retailers. It became increasingly common during the 1970's and early 1980's for manufacturers to cut back on brand advertising, while funding retailers growing advertising. Mintel (1984) showed that advertising support by retailers rose in real terms by 105% between 1970 and 1982 while manufacturers' consumer advertising increased by only 20%. As a proportion of total advertising, retailers' advertising grew from 10% in 1970 to 17% in 1982, while manufacturers' consumer advertising fell from 45% to 42%. The increasing importance of multiple retailers as major advertisers has continued and during 1987 analysis of the top 20 brand advertisers showed that the top 6 places were taken by retailers (Marketing Week, 1988). Thus while retailers were developing a personality for their own labels, the personality of some brands would have weakened.

The narrowing price gap between brands and own labels

There are instances where brands have been priced at a level unusually close to own labels, deliberately to match the competitive edge of own labels (Risley, 1981). McGoldrick, (1984) believes that the price differential between brands and own labels has narrowed in the 12 years since 1970 due to frequent promotions, cost reductions and retail discounts on brands, while own labels have traded-up from their position.

Quality similarities between brands and own labels

Increasing concern with profitability and growing retailer concentration led some branded goods manufacturers to relax their brand quality during the 1970's (Monopolies and Mergers

Commission, 1981). Curtailing R & D investments and cost reduction exercises on product ingredients enabled some manufacturers to respond to financial pressures (O'Reilly, 1980).

Retailers concern with the quality of own labels has led them to become more quality conscious, reducing the quality difference that once existed in certain product fields between brands and own labels (Thermistocli & Associates, 1984). Major multiple retailers (eg Sainsbury and Tesco) now have quality control laboratories and test kitchens. Own label goods are no longer "cheap and nasty" (King, 1985).

Not all branded manufacturers have allowed their investment in production and quality to slip. Rapoport (1985) reported that some major brand manufacturers (eg Heinz, United Biscuits) responded to the threat from own labels by investing in technological and product innovation, with a further aim of increasing cost efficiency.

The wide availability of brands and own labels

With the expansion programme of the multiple grocery retailers effectively ensuring a wider national presence of multiples throughout Britain and with the multiples accounting for two-thirds of packaged grocery sales, it could be argued that own labels now have as wide a geographical distribution as do branded goods. Not only are own labels becoming as widely available as brands, there is also evidence of them having good in-store shelf positioning, at the expense of brands. In-store observations by Thermistocli & Associates (1984) showed that, on average, own labels were given double the shelf space allocation of the equivalent branded items.

Implications in terms of perceptions

One conclusion from a review of the marketing mix of some grocery brands and own labels could be that consumers are more likely to perceive brands and own labels as being similar. The appearance though of generic groceries in the United Kingdom between 1977 and 1986 could have resulted in a different consumer perception. While Carrefour in France are credited with challenging the conventional brands and own labels tiers (Faria, 1979), Carson (1976) questioned whether this represented an extension of own labels, rather than being an innovative third tier. To refer to the new tier in grocery retailing as "generic groceries" may have been a misnomer since it implies a return to the days when retailers sold commodities rather than brands. In reality the "generic" concept was not enacted in the United Kingdom and considerable marketing effort was invested by the appropriate retailers to the association of a particular

generic range with a particular store. In the United States of America, retailers were aware of the potential damage that poor quality generics might have on their image and the metamorphosis into neo-generics occurred with some retailers branding their generics (Kono 1985). Thus in the United States of America consumers saw Safeways Scotch Buy lines (Harris and Strang 1985), while United Kingdom consumers could buy Argyll BASICS lines. As a consequence of "generics" marketing, consumers might alternatively perceive own labels as similar to generics.

Market development would suggest that the marketer's traditional conceptualisation of market structure, ie brands, own labels and generics (Hawes, 1982) may be incorrect. Consideration of the concept of perception (Neisser, 1976; Bruner, 1957), provides further support for consumers not categorising competing items in the same manner as marketers. When faced with competing items in the same product field, information both from clues surrounding the items and from memory is cognitively organised by consumers, interpreted and a meaning derived (Monroe, 1977). Due to perceptual selectivity and perceptual distortion, only a proportion of the information provided by marketers and retailers will be received for processing and some of this may be twisted to make it consistent with consumers' prior beliefs. Some of the informational cues on pack will be viewed as being more important to assess similarity/dissimilarity, (Reed, 1972) while for other informational cues, some difference between packs may be below the "just noticeable level" (Britt, 1975).

From this discussion the following hypothesis is proposed:

- H1: Consumers do not perceive the competitive structure of grocery markets in the same manner as marketers (ie pure brands versus pure own labels versus pure generics)

HOW PERCEIVED RISK COULD INFLUENCE MARKET PERCEPTION

Bauer's (1960) seminal paper on perceived risk proposed that consumer behaviour be considered in terms of consumer risk taking. He suggested that purchasing involves risk in the sense that the consumer is uncertain about the consequences of a planned purchase which may have unfavourable outcomes. As Cox (1967) observed, consumers appraise buying situations in terms of their tolerance for risk. Once their perception of risk has exceeded a tolerable level they are then likely to engage in risk reducing behaviour, ie either reducing the amount at stake (eg only buy small pack sizes) or increasing their feeling of certainty that a loss will not occur (eg seek

more information). Research evidence shows that consumers more frequently seek information as a risk reducing strategy (Roselius, 1971; Derbaix, 1983).

Some researchers have found a positive relationship between the level of perceiver risk and information search (eg Desphande and Hoyer, 1983), while others have not (eg Jacoby et al, 1978). This research worked from the premise that information search is more likely under conditions of greater perceived risk. It is thought that some people will perceive a level of risk with some grocery products that will exceed their tolerance level, encouraging a search for more information. Other people though may perceive the level of risk to be acceptable and would undertake no risk reducing activity. The differences in information search between the low and high risk perceiver may then result in a different perception of market structure between these 2 consumer groups. To test this proposition, the following hypothesis is advanced:

- H2: Perception of market structure varies according to perception of perceived risk associated with buying an unknown brand in this particular market.

RESEARCH DESIGN

Selecting grocery markets

To provide a good test for the hypotheses, 6 product fields were sought. Each of these product fields had to have a minimum of 3 branded, 3 own label and at least 2 (preferably 3) generic versions on sale in the area where fieldwork was undertaken. The product fields selected were aluminium foil, bleach, household disinfectant, kitchen towels, toilet paper and washing up liquid. For each of these product fields the 3 dominant brands were used along with own labels and generics from the leading multiple grocery retailers.

Operationalising perception of market structure

To evaluate consumers' perceptions, brand-attribute batteries were developed specifically for each product field and respondents were asked how much they agreed or disagreed with each statement describing each of the items on display in their product field. To obtain consumer relevant attributes Kelly Grid tests (Fransella and Bannister, 1977) were used in conjunction with other statements derived from advertisement claims. This approach differs from that used by American researchers (eg Bellizzi et al, 1981; Wilkes and Valencia, 1985) who could be criticised for their subjective approach to selecting attributes which may not necessarily reflect American

consumers' views. For each product field, a series of 15 householders were interviewed. In excess of 80 statements resulted for each product field and a further exercise was undertaken to reduce these to more acceptable lengths.

Within each product field, approximately 25 statements were frequently observed. These statements were viewed as being important evaluative attributes, but it was thought that there might still be some repetition between these statements. Inspection of the correlations between attributes, in conjunction with principal component analysis is an ideal way of reducing the number of attributes. Consequently 6 brand-attribute batteries were produced and for each product field 15 householders were asked to state how much they agreed or disagreed (5 point scale) with each statement describing each of the items on display. Undertaking this analysis for each product field resulted in 8 to 10 statements adequately portraying the majority of the information. Thus brand-attribute batteries of a size unlikely to cause respondent fatigue and yet incorporating those attributes important to respondents had been developed to measure perception of market structure.

Operationalising perceived risk

Several methods have been used to measure perceived risk, hindering comparative analysis across studies. In 1973, Zikmund noted "it is extremely difficult to find a good measure of perceived risk" (p103) and after several further papers critical of the lack of a standard measure (eg Bettman, 1975), Pras and Summers (1978) reported "--- a general agreement on a precise conceptual and operational definition has yet to emerge" (p429). There is still no universally accepted approach (Germunden, 1985).

The earliest method of measuring perceived risk followed Bauer's (1960) comments about perceived risk being a 2 dimensional concept consisting of uncertainty and consequences. Measurements of these 2 component have been used to estimate perceived risk (eg Cunningham, 1967). Some of the weaknesses of this approach include disagreement about whether an additive or multiplicative model should be used and little attention has been paid to the weighting of the components of perceived risk.

Some researchers (eg Pras and Summers, 1978) developed instruments that involved respondents evaluating the probability of certain events occurring. For low cost, frequently bought groceries this does not appear relevant.

Perceived risk is believed to be composed of several risk types (eg financial, physical, etc). Perry and Hamm (1969) measured perceived risk by asking respondents what degree of risk they perceived on each risk type and combined the individual measures to arrive at an overall measure. This is a tedious task for respondents and introduces the problem of how scores on different types of perceived risk are to be combined. A better approach is thought to be that developed by Jacoby and Kaplan (1972). The concept of perceived risk is explained to respondents in terms of its different types and they are then asked for their overall perception of risk. This appears to be a better measuring approach since it is a less tedious task for respondents, clarifies what is meant by risk and has been shown to be a valid measure (Kaplan et al, 1974).

The original work undertaken by Jacoby and Kaplan (1972) showed that 5 risk types (financial, performance, physical, psychological and social) explained an average of 74% of the variance in overall perceived risk, taken across 12 products. Surprisingly the "time lost" risk type, identified by Roselius (1971) had not been included. Building on this approach, a question to measure perceived risk was developed which included these 5 risk types plus the time lost component. Exploratory consumer interviews showed the question to be understood, but the inclusion of psychological risk ("the risk of the brand not fitting in with the image we might have of ourself") caused respondent irritation. Of the low involvement products considered by Jacoby and Kaplan (1972) the psychological risk type was generally the least important variable and this was omitted. Having explained to respondents the 5 risk types associated with buying an unknown brand, they were asked to state the overall level of risk they would feel buying an unknown brand in the product field that their questionnaire focused upon. A 5 point scale (very high risk through to very low risk) was employed.

DATA COLLECTION

Questionnaires were designed and piloted for the 6 product fields. Using a systematic sampling procedure 2,196 householders in a town 30 miles north of London with a population of 20,000 (Hertford) were selected using the Electoral Register. To reflect buying behaviour, preference was given to selecting the female in the household. One of the 6 questionnaires was sent to each person along with a 6 inch x 4 inch colour photograph showing the 8 or 9 competitive offerings relevant to the specific questionnaire. A covering letter explaining the purpose of the study was enclosed as was a Business Reply Paid envelope. Each envelope was handwritten and a handwritten salutation used on each covering letter which was personally signed. A second class stamp was stuck to each envelope.

Questionnaires were received during August and September 1985. With the use of a reminder letter 1065 questionnaires were returned, a response rate of 48%.

DATA ANALYSIS

Attention focused on those 829 respondents who had correctly completed the appropriate brand-attribute battery. Several ways exist to assess how people perceptually group items, eg cluster analysis, Q-type principal component analysis, multidimensional scaling and discriminant analysis. Cluster analysis appeared most appropriate for this research because of its wide use in marketing (Punj and Stewart, 1983), unlike assignment techniques no a-priori statements are required about groupings and there is a voluminous literature on it (eg Everitt, 1986). A further advantage is that by using a hierarchical algorithm, the order in which clusters evolve can be seen. Recognising that the clustering algorithm selected defines what is meant by a cluster (Cormack, 1971) it was decided to use the single link algorithm.

Respondents' agreement-disagreement scores from the brand-attribute batteries within each product field were first standardised and each converted to a squared Euclidean distance matrix. For each market the mean standardised squared Euclidean distance matrix was calculated which was then subjected to single link cluster analysis using the CLUSTAN computer package (Wishart, 1978). The results of the cluster analysis were displayed on a dendrogram. This is a hierarchical clustering tree which shows, for example, at the bottom of the tree there are 9 unclustered items, at the next level moving up the tree there are 7 unclustered items with 2 items forming a shared cluster, etc. By examining each level of the dendrogram the way that clusters evolved could be seen.

PEOPLE'S PERCEPTION OF MARKET STRUCTURE

Inspection of Table I shows how respondents perceived the competitive structure of each product field at the 3 cluster level. People only perceived the competitive structure in the same way as marketers in the washing up liquid results, where pure branded, pure own label and pure generic clusters were recorded. Across all 6 product fields brands were always seen as being different to own labels and generics. A clear branded cluster virtually always appeared except in the kitchen towels market, but even here 2 of the clusters are different branded versions and again none of the brands merged with the own labels. Thus the survey results support H1.

<u>Market</u>	<u>Sample Size</u>	<u>3 Cluster Composition</u>		
Aluminium Foil	135	(3B)	(20L)	(10L+3G)
Bleach	148	(3B)	(30L+1G)	(1G)
Disinfectant	143	(3B)	(30L+1G)	(1G)
Kitchen Towels	130	(2B)	(1B)	(30L+3G)
Toilet Paper	129	(3B)	(20L+3G)	(10L)
Washing up Liquid	144	(3B)	(30L)	(3G)

B = Brand; OL = Own Label; G = Generic

Table I: Perceived market structure at the 3 tier level

Confirmation of brands being perceived as a category distinct from own labels and generics is seen when examining perception of market structure at the 2 cluster level. As can be seen from Table II, in each of the 6 product fields respondents always grouped the branded items together as one cluster which was distinct from the second cluster consisting of own labels and generics.

<u>Market</u>	<u>Sampling Size</u>	<u>2 Cluster Composition</u>	
Aluminium Foil	135	(3B)	(30L+3G)
Bleach	148	(3B)	(30L+2G)
Disinfectant	143	(3B)	(30L+2G)
Kitchen Towels	130	(3B)	(30L+3G)
Toilet Paper	129	(3B)	(30L+3G)
Washing up Liquid	144	(3B)	(30L+3G)

B = Brand; OL = Own Label, G = Generic

Table II: Perceived market structure at the 2 tier level

The findings at the 2 tier level are similar to those in the United States of America as reported by Hawes and McEnally (1983) and Wilkes and Valencia (1985). It is my belief that because of American retailers' "branding" of generics (eg Harris and Strang, 1985), consumers in the United States of America saw considerable similarities between own labels and generics. Similarly, in the United Kingdom, it is my view that because the generic concept was not strictly enacted (eg multi-coloured packs, use of brand names (eg BASICS) and promotional support), consumers categorised own labels and generics as members of the same tier. In the United Kingdom, and

also the United States of America, "generics" represent an extension of retailers' own labels, rather than a novel third tier.

When assessing the competing items in a product field, consumers' external information search would have been compared against memory and certain informational cues would have more reliance placed upon them due to their high informational value. Research has shown that "brand" name cues are the most frequently sought information (Jacoby et al, 1977; Kendal and Fenwick, 1979). These "chunks" of information (Miller, 1956) contain considerably more information than the "bits" of information displayed on the packs and enable consumers to overcome their limited cognitive capabilities. Through consumers placing more emphasis upon seeing presence of brand name/retailer name cues, and looking for any other packaging cues which may include associations with retailers, they would have acquired information which would have been processed and interpreted to give the perceptual structures recorded.

THE INFLUENCE OF PERCEIVED RISK

As Table III shows, the 6 product fields were generally viewed as moderate to low risk purchases, an acceptable finding in terms of the relatively low cost of these familiar products. Aluminium foil represented the lowest risk and washing up liquid the highest. The variation of perceived risk by product field confirms earlier studies (eg Derbaix, 1983) which also found perceived risk to vary by product field.

<u>Washing Up Liquid</u>	<u>Bleach</u>	<u>Toilet Paper</u>	<u>Disinfectant</u>	<u>Kitchen Towels</u>	<u>Aluminium Foil</u>
2.98	2.78	2.77	2.58	2.45	2.35

Table III: Perceived risk within each product field

(5 = very high risk, 1 = very low risk)

H2 is refuted since while there is a difference in perceived risk between the product fields, perception of market structure was constant at the 2 cluster level. As a further test of H2, within each product field perceptions of market structure were compared across the 5 groups of risk perceivers. At the 2 cluster level, within each product field virtually all groups of respondents perceived the competitive structure as pure brands versus pure retailer labels (own labels plus generics), regardless of their perception of risk. Thus H2 is not supported.

Several reasons can be put forward to explain these results. Firstly the product fields might have aroused a level of perceived risk that is within a tolerable level necessitating no risk reducing

activity. Secondly, even if those high in perceived risk did seek more information, because of the low involvement nature of the products any further information search might be superficial. Locander and Hermann (1979) noted that for low cost, lower performance risk items, a "pick up and buy" strategy was more favoured than seeking more information. Finally the search process of the high risk perceivers might not have involved a search for other cues on the pack. Instead it may have been either a more detailed external examination of the informational cues considered in a superficial manner by the low risk perceivers, or a more extensive search of memory.

RELIABILITY OF RESULTS

The reliability of results was tested by randomly dividing the samples in each of the 6 markets into 2 halves and seeing whether similar results occur in each half (Everitt, 1979; Cormack, 1971). Examination of the dendrograms at the 2 cluster level for each product field showed that in 5 of the 6 product fields, regardless of which split half was examined, the same perception was recorded. At the 3 cluster level in 4 of the 6 markets, again regardless of which split half was examined, the same perception occurred. The similarity of each pair of dendrograms resulting for the split half pairs was also assessed using the cophenetic correlation coefficient (Sokal and Sneath, 1963). This never fell below 0.94 indicating similarity of perception. Thus there is evidence of stability of cluster types.

CONCLUSION

A review has been presented showing that in a climate of increased multiple retailer dominance, some branded goods manufacturers cut back on branding activity to buy shelf space. An analysis of the marketing mix of weaker brands suggested the increased similarity of brands with own labels. Across the 6 markets investigated consumers generally perceived the competitive structure of markets at the 3 tier level in a manner different to that of marketers. Rarely was there a situation where consumers perceived a clear branded, clear own label and clear generic segment. At the two tier level consumers perceptions in the United Kingdom reflected those of American consumers.

Branded products were recognised as an entity distinct from own labels and generics and these results would support the Henley Centre for Forecasting (1982), in so far as "it still seems somewhat premature to proclaim the funeral rites for the brand" (p306). Years of branding by major manufacturers have set brands on a pedestal away from own labels and generics. Branded

manufacturers need not think that because of retailer pressure they no longer have an asset in their brands. However continual neglect of investment in their brands could over a longer period weaken the identity of brands.

Generics were perceived as more similar to own labels rather than as a distinct category. To some extent this can be explained by the fact that the generics launched in the UK (and the USA) do not conform to the expectation of a true "generic". Generics have been packed in a livery that consumers associate with a particular store. This cheaper, poorer quality image of generics may be detrimental to the image desired by retailers because of the similarity consumers perceive between generics and own labels. Furthermore, these results indicate that consumers would be more likely to switch from own labels to generics and hence depending on the profit margins, this may damage the retailers' profitability.

Own labels have not yet reached the point where they have moved sufficiently "up-market" to be considered as similar to branded groceries. Continued support behind own labels is required if retailers wish to narrow the gap between themselves and brands.

People's perceptions of risk varied across the 6 product fields, but perception of market structure was not influenced by perceived risk. These results would imply that advertising approaches by brand manufacturers trying to arouse increased perceptions of social risk amongst own label users are not likely to be very effective.

While this research has made comparative comments about similarities between American and UK consumers' perceptions, a more subjective approach was used by the American researchers to define the evaluative criteria used by consumers to assess the competitive offerings. In view of the importance of developing a consumer oriented taxonomy of competitive tiers, it is recommended that research be undertaken to objectively identify the criteria by which American consumers evaluate competing items. These consumer relevant dimensions should then be used to up-date the earlier research on American consumers' perceptions and hence better guide marketing management to more effectively position their offerings. By also investigating consumer characteristics (eg perceived risk), American researchers should also be able to advise marketing management on the effectiveness of using different aspects of risk in promotional campaigns.

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