



Private label and manufacturer brand choice in a new competitive reality: Strategic directions and the future of brands

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ABSTRACT

The significant expansion and transformation of private label brands (PLBs) in many categories and markets worldwide have dramatically modified the competitive reality of the marketplace resulting in a new configuration of the brand landscape. This phenomenon has also contributed to the emergence of divergent brand choice patterns among consumers. By segmenting brand buyers on the basis of their brand choice behavior and psychographics, specifically lifestyles, we uncover four consumer segments purchasing different mixes of brand typologies, namely, top-tier and second-tier manufacturer brands as well as PLBs. Each segment exhibits different motives underlying its brand choice pattern. Identifying these diverse and unique brand choice patterns and the drivers of them has meaningful strategic implications for retail managers on how to incentivize PLB choice and for manufacturer brand managers on how to combat PLB growth. Finally, we discuss how the identification of consumer segments exhibiting distinct brand purchase patterns may have implications for the future of brands and brand management.

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1. Introduction

The marketplace has experienced dramatic changes in the competitive brand landscape, which has resulted in visible shifts in consumer brand choice and consumption patterns. These changes are in part due to the penetration and transformation of private label brands (PLBs) across countries, industries, and product categories. Hence, the growth and evolution of PLBs present major competitive challenges to manufacturer brand managers and have important implications for understanding the future of brands.

A closer look at the penetration of PLBs is a testament of their success and impact on the market. PLBs are present in more than 90% of the categories of consumer packaged goods (CPGs) enjoying broad product assortments, with high levels of visibility in hypermarkets, supermarkets, and discounters (IRI, 2016). Market shares

in Europe and the United States on average have reached 17.1% (IRI, 2016), but this share is largely surpassed in a number of countries such as Spain (52%), Switzerland (51%), the UK (46%), Germany (45%), and France (33%) (PLMA, 2016). Moreover, their growth is also higher than that experienced by manufacturer brands (2.5% vs. 1.5%) (Nielsen 2014).

The success of PLBs can in part be attributed to their transformation during time. They are no longer perceived as low-cost/low-quality products but rather in some cases as legitimate alternatives to manufacturer brands both in terms of quality and differentiation (Keller, Dekimpe, & Geyskens, 2016; Sivakumar, 2000; terBraak, Dekimpe and Geyskens 2013). Moreover, throughout their development, PLBs have been able to gain consumer relevance and even to build brand equity across categories (Cuneo, Lopez, & Yague, 2012; Girard, Trapp, Pinar, Gulsoy, & Boyt, 2017). Presently, many PLBs, through their evolution, are successfully competing against top-tier manufacturer brand (TTB) and second-tier manufacturer brand (STB) in similar territories of brand tangibility and intangibility (Geyskens, Gielens, & Gijbrecchts, 2010; Kumar & Steenkamp, 2007; Yang & Wang, 2010).

In conjunction with the penetration and transformation of PLBs,

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there has been an increasing trend in consumers' desire to seek *everyday luxury* products that provide small pleasures offering an emotional salve in consumers' daily lives (Silverstein, Butman, & Klara, 2006). Brands such as Nespresso, Godiva, and Haagen-Dazs have successfully profited from this concept. These trends not only reshaped the competitive dynamics among brands but also changed the marketplace altering consumer choice options, thereby contributing to the emergence of divergent consumer brand consumption patterns.

Marketers have commonly relied on socio-demographics, and their beliefs that consumer brand consumption patterns were somewhat polarized to understand and segment the market. In particular, on the one side are those consumers willing to pay a premium price for brands of high quality and image (TTBs) and on the other side are those consumers who are price-driven spending as little as possible for brands that deliver acceptable quality and reliability (PLBs). As such, many firms have approached the market using a two-tier strategy creating brands and retail formats that cater to the top and bottom ends of the markets.

Currently, however, newer more hybrid patterns of brand choice can be observed in which the same consumer is buying an array of brands between or within product categories (Ehrnrooth & Gronroos, 2013; Silverstein & Butman, 2006; Silverstein & Fiske, 2008). For example, Silverstein and Fiske (2008) espouse the viewpoint that there are situations in which the same consumer is buying brands from both the low-end and high-end of the market, that is, trading-up and trading-down between categories. In other words, the same consumer may trade-up in some product categories, buying, for example, a \$5 Starbucks coffee while at the same time may trade-down purchasing the cheapest alternative in some other product categories. Further, others suggest that some consumers engage in hybrid brand consumption, thus buying a variety of brand typologies: TTB, STB, and PLBs within the same product category in search of the best value, i.e., good quality products at good prices (Ehrnrooth & Gronroos, 2013; Silverstein & Butman, 2006). These patterns make predicting consumer brand choice more difficult and challenging for managers to develop brand strategies. Therefore, it is imperative for managers to understand what the key drivers of these brand choice patterns are.

The more traditional methods that rely on consumer socio-demographics are not defining behavior as clearly as they used to in a marketplace characterized by both polarized and hybrid brand consumption patterns (Gabriel & Lang, 2006; Silverstein et al., 2006). Successful strategies depend on the ability of firms to identify patterns of consumption or buying behavior that can explain the motives that underlie brand choice to implement sound strategies. One such basis that has proven to be effective for marketers, both in terms of its accuracy to identify consumer segments and predict consumer choice, is consumer psychographics (He, Zou, & Jin, 2010; Martos-Partal, Gonzalez-Benito, & Fustinoni-Venturini, 2015). To better predict consumer brand choice and develop competitive brand strategies, using consumer psychographics, in particular lifestyle factors, may provide a more comprehensive and richer understanding of consumers and buyers than that offered by socio-demographic variables (Ailawadi, Neslin, & Gedenk, 2001; Lastovicka, Bettencourt, Hughner, & Kuntze, 1999).

Thus, the objectives of this research are as follows: 1) to identify segments exhibiting divergent consumer brand choice patterns of TTB, STB, and PLBs, 2) to explain some of the drivers of divergent brand purchase patterns among consumer segments using psychographics, 3) to develop actionable marketing strategies for brands to compete in each segment, and 4) to provide insights into the future landscape of brands.

To meet these objectives, this research uses latent class analysis (LCA) to identify segments exhibiting distinct consumer brand

choice patterns of TTB and STB as well as PLBs and to uncover motives that underlie these unique choice patterns. Specifically, we incorporate consumer brand purchases and consumer psychographics, in particular lifestyles, i.e., activities, interests, and opinions (Plummer, 1974), to segment consumers. Lifestyles are considered to be one of the core psychographic variables given that they are patterns in which people live as well as spend time and money (Gunter & Furnham, 1992). In other words, they represent how consumers express their values and personalities in their daily lives (Steenkamp & Hofstede, 2002). Further, we incorporate socio-demographic variables as descriptors to profile the segments rather than as the basis to segment consumers to improve the actionability of the segments for brand managers.

This research contributes to the literature and the current knowledge on PLB and manufacturer brand choices. Specifically, although previous PLB studies examined a variety of consumer factors that influence PLB versus manufacturer brand choice, they have not identified or explained divergent patterns, polarized and hybrid, of brand consumption, based on empirical research. In addition, this research sheds light on the influence of psychographic variables, in particular consumer's lifestyles, on PLB versus manufacturer brand choice. Connecting consumer lifestyles to brand purchase through segmentation provides both researchers and managers with a better understanding of consumer motives underlying brand choice. While prior research findings are not easily translated into actionable marketing strategies to target consumers exhibiting divergent brand choice behavior, this study provides important and meaningful insights to brand managers of both PLBs and manufacturer brands. Specifically, this research helps brand managers to better identify segments that may be receptive or averse to their brands and to more effectively tailor their positioning, advertising messages, pricing, and innovation strategies. Moreover, this research points to the limitation of relying on consumer socio-demographics as a means to understand consumer PLB and manufacturer brand buying behavior while at the same time highlights the value of using socio-demographics as a means to profile consumer lifestyle segments to provide actionability to the segments. Finally, this research provides a broader lens to view and understand consumer choice of PLB versus manufacturer brands across, between, and within product categories. It is through this lens that this research helps to identify and explain divergent consumer brand choice patterns of PLBs and manufacturer brands, which can provide insights to both researchers and brand managers into the future trajectory of the growth or decline of PLBs and manufacturer brands.

2. Literature review

A vast body of academic research on PLB focuses on understanding consumer factors that influence PLB choice (Erdem, Zhao, & Valenzuela, 2004; Pauwels & Srinivasan, 2004; Steenkamp, Heerde and Geyskens 2010). Although there is extensive research on consumer factors that influence consumers' PLB choice, there has been little attention and empirical research focused on identifying and understanding the divergent brand purchase patterns among PLBs and manufacturer brands as well as what may drive these purchase patterns.

Traditionally, marketers have relied heavily on socio-demographics to understand and segment the market with regard to brand choice, which has resulted in two polarized tiers: consumers who are more price focused and those who are more quality/image focused. Price-focused consumers tend to be price conscious, have a low level of quality consciousness, are not risk averse, and experience financial constraints (Ailawadi et al., 2001; Urbany, Dickson, & Kalapurakal, 1996). Thus, their purchases are

primarily driven by finding the lowest prices in product categories, which in many cases are PLBs (Baltas and Argouslidis, 2007; Miquel, Caplliure, Perez, & Bigne, 2017). Consistent with this, research finds that differentials between PLBs and manufacturer brands are a strong driver of PLB choice (Raju, Sethuraman, & Dhar, 1995). For price-driven and price-conscious consumers, greater price differentials between PLBs and manufacturer brands are important to increasing consumer demand for PLB (Miquel et al., 2017; Rubio & Yagüe, 2009). Similarly, PLB positioning decisions made by retailers also moderate the benefits sought by shoppers and influence PLB choice (Dawes & Nenycz-Thiel, 2013; Martos-Partal and Gonzalez-Benito 2011). More specifically, when PLB positioning prioritizes price, it incentivizes choice of price-driven consumers.

On the other hand, those consumers who are more quality/image focused are willing to pay a premium price for well-known brands to obtain higher quality products and associate themselves with a desired (higher) social status, which reduce functional and social risk perceptions, respectively (Ailawadi et al., 2001; Roche, Silverstein, & Charpilo, 2008). These consumers therefore are more inclined to purchase brands that are the most popular or best seller, the most expensive, and associated with a higher social status, and this typically corresponds to TTBs. Prior research on PLB and manufacturer brand choice supports this. Specifically, research finds that perceptions of high quality and high status increase the credibility of a brand which in turn decreases perceived risk (financial, functional, and social) and vice versa (Amrouche & Yan, 2012; Gonzalez-Mieres, Maria Diaz, & Trespalacios, 2006).

Further, consumers are willing to pay premium prices for manufacturer brands because of superior quality cues relative to PLB (Mills, 1995; Sethuraman, 2000). Moreover, when quality cues between PLBs and manufacturer brands are considered equal, consumers prefer manufacturer brands, especially top-tier because of the utilities derived from the intangible value delivered by them such as social status (Sethuraman & Cole, 1997). This finding relates to the symbolic nature of product/brand choices, as it suggests that consumers' assessments of the value of a product or brand go beyond functional benefits to include symbolic benefits such as fulfilling emotional and aspirational needs as well as expressing one's self-concept (Belk, 1988; Vigneron & Johnson, 2004). Thus, consumers often purchase products and brands to reinforce or express their self-concept.

In conjunction, research finds that the demand for PLB also strongly depends on consumers' PLB quality and risk perceptions. In many markets, PLBs are perceived as risky alternatives because they are perceived to have inferior quality compared to manufacturer brands (Erdem et al., 2004; Hsu & Lai, 2008). Hence, researchers find a strong positive association between consumers' perceptions of PLB quality and choice and negative association between perceptions of functional and social risks associated with buying a PLB (Batra & Sinha, 2000; Erdem & Chang, 2012; Martos-Partal & Gonzalez-Benito, 2013). The above discussion on polarized brand purchase behaviors leads to research proposition 1. It is important to note that we develop research propositions instead of formal hypotheses that can be statistically verified because the method we use, LCA, is an exploratory technique that does not provide statistical tests to confirm specific hypotheses.

P1. There are consumer segments that reflect polarized brand choice behavior. Specifically,

- a: Polarized Price segment – price-driven consumers primarily choose PLBs, across product categories
- b: Polarized Quality/Image segment – quality/image-driven consumers primarily choose TTBs across product categories

Although it is expected that some consumers will exhibit

polarized brand choice behavior, researchers have eluded to what they call the *new consumer* who exhibits hybrid brand choice behavior (Roche et al., 2008; Silverstein et al., 2006; Silverstein & Fiske, 2008). Hybrid brand choice behavior is when the same consumer purchases both lower and higher end brands, mixing both premium and low cost. In other words, these *new consumers* may simultaneously be trading-up and trading-down between and within product categories (Ehrnrooth & Gronroos, 2013; Silverstein et al., 2006; Silverstein & Butman, 2006; Silverstein & Fiske, 2008).

The case in which a consumer may trade-up buying premium brands, e.g., TTB in one product category, and trade-down purchasing low cost brands, e.g., PLB in another product category, clearly reflects that their choice of brand types depends on the product category, i.e., differs *between* product categories. For example, the same consumer may trade-up in some product categories, buying, for example, L'Oreal Paris shampoo, whereas in another product category may trade-down purchasing PLB. Silverstein and Fiske (2008) argue that trading-up is more common in personally important, higher involvement product categories, whereas trading-down is more customary in less personal, lower involvement categories. Consumers' level of involvement is typically higher in product categories in which consumption of products and brands represents a symbolic form of expressing one's values (Miquel, Caplliure, & Aldas-Manzano, 2002) and/or is associated with financial, performance, and social risks (Batra & Sinha, 2000). On the contrary, consumption of products and brands in low-involvement product categories is related less to a consumer's self-expression and is associated with less risk. Thus, some consumers are likely to assign different values to different product categories in part based on their level of involvement. Hence, these consumers are likely to trade-up in higher involvement, riskier product categories by purchasing premium brands while trading-down by purchasing lower priced brands in lower involvement, less risky product categories.

Further, Silverstein and Butman (2006) and Ehrnrooth and Gronroos (2013) suggest that some consumers also exhibit hybrid brand choice patterns when they purchase a variety of brand typologies: TTB and STB as well as PLBs, *within* the same product category in search of the best value, i.e., good quality products at good prices. They attribute this type of brand consumption in part to changing attitudes toward frugality from a negative stereotype of being a stingy, “penny-pincher” to a more positive one of being a smart shopper who pays less, especially when they do not perceive material (e.g., quality) differences across brands. The consistent quality improvements of PLBs are making them more comparable to manufacturer brands and increasing their demand, thus reinforcing the concept of smart shopping for those seeking the best value ratio (price/quality) (Ailawadi et al., 2001; Nielsen 2010). In conjunction, the higher price differentials between PLBs and manufacturer brands constitute an incentive for consumers to choose PLB (Sethuraman, 2000; Steenkamp, Heerde and Geyskens 2010). Thus, consumers seeking the best value ratio will purchase whichever brand offers it to them. On the basis of the above reasoning regarding hybrid brand purchase behaviors, we state the following research proposition:

P2. There are consumer segments that reflect diverse types of hybrid brand choice behavior. Specifically,

- a: Hybrid consumer segment choice between different product categories – consumers' choice of manufacturer brands and PLBs depends on the product category
- b: Hybrid consumer segment choice within all product categories – consumers choose a mix of both manufacturer brands and PLBs within all product categories

Crucial to developing a segmentation strategy is choosing the right variables to cluster consumers, as the segments resulting from this process determine the marketing programs to be implemented. The search for useful explanatory variables for brand and product choice constitutes a major challenge in marketing. Socio-demographic variables are widely used by marketing researchers to segment markets owing to their ease of identifying and measuring them and to the vast quantity of data available through numerous sources (Steenkamp & Hofstede, 2002). However, it is important to recognize that these variables provide limited explanatory power of consumer choice, as they do not reveal the motives underlying consumption decisions. Although segmentation schemes based on socio-demographic variables may help companies to categorize consumers, they do not guide firms in shaping their product offerings to groups who are most likely to purchase them (Yankelovich & Meer, 2006). In fact, research suggests that consumer socio-demographics including income are not defining behavior as clearly as they used to in a marketplace characterized by the penetration of PLBs and the obtainability of everyday luxury goods to a wide swath of consumers (Gabriel & Lang, 2006; Gumbel & Levenson, 2007; Silverstein & Butman, 2006).

One basis that has proven to be more effective for marketers in terms of its abilities to both identify consumer value segments and predict consumer choice is consumer psychographics (He et al., 2010; Martos-Partal et al., 2015). Consumer psychographics therefore are especially relevant to consider in highly competitive markets where a deeper understanding of brand choice behavior constitutes a way to find new sources of differentiation to develop meaningful marketing strategies that socio-demographic variables do not provide (Ailawadi et al., 2001; Miquel et al., 2017). This discussion on segmentation variables leads to the following research proposition:

P3. Consumer psychographics explain brand choice patterns between segments better than consumer socio-demographics.

3. Method

3.1. Sample and data description

The data we use in this research were obtained from a consumer panel collected by Kantar Worldpanel in Spain. It contains data of purchases of shampoos and deodorants made by a panel of 1505 Spanish consumers across Spain selected through a stratified random sampling for a period spanning 150 weeks, from January 2012 to December 2014. For each purchase, the brand, type of product chosen by the panelist, and the price paid are identified. Additionally, there is a description of each panelist in terms of 34 lifestyle items (see Appendix) and four socio-demographic traits: age, gender, social class, and number of inhabitants in the region where they live.

The two product categories: shampoos and deodorants are chosen for several reasons. Products from both categories are purchased frequently; thus, the results from the study can illustrate stable brand choice patterns during time. Additionally, the brand assortment within these categories is similar compared to many other CPG product categories, thus offering consumers a wide array of brand choice options: TTB, STB, and PLBs. In categories such as durables, the penetration rate of PLBs currently is significantly lower; therefore, it may be more difficult to assess the influence of PLBs on choice shares in those categories. However, while the rate

of penetration of PLBs and the frequency of purchase in durables is considerably lower than in CPG categories, research indicates that a number of the same factors influence both consumers brand choices of PLBs in CPG and durable product categories (Miquel et al., 2017). Moreover, analyzing consumer brand choice in these two product categories allows us to explore different brand choice patterns between categories while at the same time within the same macro-category (i.e., personal care). Furthermore, these categories represent different levels of consumer involvement profiles and risk perceptions, which are found to be significant factors influencing brand choice (Batra & Sinha, 2000; Kapferer, 2008). Owing to its hedonic meaning (beauty and care), shampoos generally represent higher involvement and higher perceived risk product categories than deodorants, which are associated more with a utilitarian meaning. Therefore, the results from this study may generalize to a wider number of product categories that share similar characteristics, as those discussed above, with the categories of shampoos and deodorants. Additionally, these categories are tracked through Kantar's Beauty Panel, which, unlike other panels of CPG categories that capture household behavior, records an individual's brand choice behavior in conjunction with lifestyle factors that may underlie his or her individual choices. Finally, Spain was chosen as the country setting for this research, as the share of PLBs in Spain is the largest in the world (52%). Moreover, the growth of PLBs has been significant in the last few years, thus allowing us to better understand the impact of PLBs in the marketplace.

The total amount of purchases reported by all panelists is classified into three typologies of brands: TTBs, which stand for leading manufacturer brands (57.6%), STBs, which stand for secondary manufacturer brands (14.5%), and PLBs (27.8%). Following Ailawadi, Gedenk, and Neslin (1999) and Chintagunta and Prasad (1998), a panelist was included in the sample if he/she bought any of the three typologies of brands more than ten times during the period of the study. The usefulness of selecting consumers on the basis of a given number of purchases allows for the identification of purchasing patterns that are not detectable when including consumers with fewer purchases (Gupta, 1991; Peral, Rondon, & Diez, 2011). In sum, the final sample consists of 1505 panelists who purchased shampoo and deodorants 30,995 times for a period of 150 weeks.

3.2. Analyses

To analyze the data and identify segments of brand buyers, we use LCA. LCA attempts to explain the observed association between a set of factors by introducing unobservable underlying classes or segments. The main assumption of LCA is local interdependence, stating that the objects of the same latent class share a common joint probability among observed variables (Vermunt & Magidson, 2005). LCA is a useful technique for market segmentation analyses, which provides a number of benefits to researchers. Among the benefits, it allows to incorporate variables with different measurement scales (ratio, ordinal, and nominal) and independent variables that can be used to describe or profile rather than to define the different classes or segments of consumers. LCA has the ability to assign individuals to segments based on the probability of belongingness to each segment, thus overcoming the restriction of a deterministic allocation, which happens with other techniques such as nonhierarchical cluster analysis (Dillon & Kumar, 1994).

To conduct the LCA, several preliminary steps, i.e., exploratory and confirmatory factor analyses, are required that provide and validate inputs into the LCA. Specifically, first an exploratory factor

Table 1
Description of lifestyle factors.

Factor 1: Relying on media	This factor is related to how consumers become informed about beauty and personal care products. They rely on advertising such as posters, billboards, radio ads, press, and brochures and read articles in the press to become informed about brands and products.
Factor 2: Avoiding risk (not trying new things)	This factor refers to how consumers stick to the brands they know to avoid risk. They are reluctant to switch brands and products when they do not know the brand and/or its performance.
Factor 3: Concern for social image	This factor indicates the importance that consumers give to a brand as a distinctive symbol either for themselves (self-image) or to show-off (self-reflection).
Factor 4: Novelty seeking	This factor encompasses items related to consumers' attitudes to try new beauty and personal care brands and products.
Factor 5: Preference for PLBs in beauty products	This factor includes items related to the consumers' preferences for PLBs when they buy beauty and personal care products.
Factor 6: High price sensitivity	This factor considers items reflecting consumers' sensitivity toward price, i.e., price as the most important variable when choosing beauty and personal care products.
Factor 7: Searching for best prices and deals	This factor considers items that indicate the importance that consumers give to prices and deals. They look for sales; are sensitive to special promotions; and are active in comparing prices across brands and products, especially in beauty, cosmetics, personal care, and clothing categories.
Factor 8: Parity between PLBs and manufacturer brands.	This factor encompasses items related to how consumers perceive similarities between PLBs and manufacturer brands in terms of quality.
Factor 9: Time constrained	This factor includes items related to consumers' perceptions regarding their hectic life and lack of free time to do things and/or caring for self.
Factor 10: Caring for oneself	This factor includes items related to the importance that consumers give to their personal care and own appearance.

analysis (EFA) was conducted to identify dimensions determining lifestyles, based on 34 items collected by Kantar's panel capturing consumers' attitudes, interests, and opinions. Second, confirmatory factor analyses were conducted to establish the reliability and validity of the constructs as well as to confirm the factor structure.

3.3. Exploratory factor analysis (EFA)

An EFA was conducted using principal components analysis (PCA) to explore the dimensions determining lifestyles. Based on the analysis, the Kaiser–Meyer–Olkin (KMO) value was found to be 0.77, and Bartlett's test of sphericity was highly significant ($\chi^2 = 5129.206$; d. f. = 630; $p = 0.000$), in both cases indicating adequacy of the sample. After assessing the quality of the data through the factor analysis and applying varimax rotation for interpretation, ten factors were obtained based on the 34 lifestyle items, and these account for 66% of the symptomatic variance (see Table 1 for factor descriptions).

3.4. Confirmatory factor analysis (CFA)

A CFA framed with structural equation models (SEMs) was conducted. Given that the data did not comply with the hypothesis of normality (55.24 for the normalized estimation of the Mardia coefficient) suggested by (Bentler, 2005), robust maximum likelihood (Bentler, 1995; Chou, Bentler, & Satorra, 1991) was used for estimations. The significance of each item included in the model is accomplished by screening the significance of estimates. In our initial model, the weights of all variables were significant; however, according to Hair, Anderson, Tatham, and Black (1998) and Steenkamp and Geyskens (2006), the mean of the loads should also be higher than 0.5. Therefore, four items were eliminated, as they did not meet these criteria, specifically two items corresponding to factor 2, one item to factor 7, and one item to factor 10.

After analyzing the significance of the parameters of the revised model, the goodness of fit of the model was tested. Upon analysis, the χ^2/df ratio was lower than 2.0, the nonnormed fit index (NNFI) and the comparative fit index (CFI) were greater than 0.9, whereas the rooted mean square of error approximation (RMSEA) was less

than 0.05. In all cases, the coefficients provided evidence of the overall model's goodness of fit.

Finally, reliability and validity were tested. Reliability is supported given that the Cronbach's alpha values are higher than 0.6 (Malhotra, 2008), composite reliability (CR) is higher than 0.7 (Nunnally & Bernstein, 1994), and the average variance extracted (AVE) is higher than 0.5 (Hair et al., 1998) in all factors. Convergent validity was verified given that t scores obtained for factor loadings were significant ($p < 0.01$). Further, the size of all the standardized loadings are higher than 0.50 and the average of the item-to-factor loadings are higher than 0.70 (see Appendix) (Anderson & Gerbing, 1988). Therefore, this confirms that the latent variables explained the observed variables (Hair et al., 1998). Discriminant validity was tested in two ways. First, according to the confidence interval test, where none of the 95% confidence intervals of the individual elements of the latent factor correlation matrix contained a value of 1.0 (Anderson & Gerbing, 1988). Second, the shared variance between pairs of constructs is always less than the corresponding AVE (Fornell & Larcker, 1981).

3.5. Latent class analysis (LCA)

The variables used as input for the LCA were the percentages of each brand typology purchased by panel members and the 10 lifestyle factors. To profile the resulting segments, four socio-demographic variables were used as covariates: age, gender, social class, and number of inhabitants in the region where they live plus the average price paid for the two products. The segments or classes were defined following the principles of maximum internal coherence, i.e., homogeneity within the group, and maximum external differentiation, i.e., heterogeneity between the groups.

The first step was to choose the optimal number of segments. Initially, six models were estimated, from one (no heterogeneity) to six (maximum heterogeneity). The goodness of fit of the model was assessed by using the Bayesian Information Criterion (BIC), which allows the identification of the model with the least number of classes that best fits the data. Hence, the model with the lowest BIC is considered to be the best model (Vermunt & Magidson, 2005).

Table 2
Latent class segment indicators.

	Segment 1 Price Driven	Segment 2 Image Reflectors	Segment 3 Category Discerners	Segment 4 Smart Shoppers	Wald	p-value	R ²
Segment Size	26.39%	24.33%	22.27%	27.02%			
TTB ⁽¹⁾ Shampoo (%purchased)	23.78%	88.15%	94.03%	49.35%	896.7693	4.40E-194	0.7519
STB ⁽²⁾ Shampoo (%purchased)	2.83%	6.57%	1.57%	27.91%	110.3944	9.00E-24	0.3980
PLB ⁽³⁾ Shampoo (%purchased)	73.39%	5.28%	4.40%	22.74%	590.2793	1.30E-127	0.7745
TTB ⁽¹⁾ Deodorant (%purchased)	36.11%	90.26%	44.60%	41.90%	564.584	4.80E-122	0.4384
STB ⁽²⁾ Deodorant (%purchased)	9.86%	7.21%	29.85%	29.95%	97.0241	6.80E-21	0.2190
PLB ⁽³⁾ Deodorant (%purchased)	54.03%	2.52%	25.54%	28.15%	277.9159	6.00E-60	0.3235
⁽¹⁾ Top-tier brands							
⁽²⁾ Second-tier brands							
⁽³⁾ Private Label Brands							
Factor coefficients							
F1: Relying on media	2.6866	2.6907	2.5887	2.9392	6.7679	0.08	0.0274
F2: Avoiding risk	3.0110	3.4371	3.1149	3.2352	9.8277	0.02	0.0429
F3: Concern for social image	1.8035	2.2209	1.8725	2.1782	19.3862	0.00023	0.0687
F4: Novelty seeking	3.1138	2.7882	2.9955	3.1774	11.0412	0.012	0.0350
F5: Preference of PLB	2.4654	3.0568	2.7834	3.0657	27.2671	5.20E-06	0.0754
F6: High Price sensitivity	3.0771	3.0133	3.0675	3.0969	0.0222	1	0.0012
F7: Searching for best prices and deals	3.5306	3.4891	3.4176	3.598	1.1813	0.76	0.0068
F8: Parity between PLB and MB	2.6153	2.9305	2.9394	3.0526	11.0488	0.011	0.0286
F9: Time constrained	3.2655	3.2617	3.1472	3.2986	1.5597	0.67	0.0039
F10: Caring for self	2.4833	2.3468	2.531	2.6818	2.1866	0.53	0.0128

Note: Factor values represent mean values for each segment. Values close to 1 indicate lower levels of a construct, whereas values close to 5 indicate higher levels of a construct. A value of 3 indicates a neutral response.

Boldface indicates the most relative importance by segments.

Grey color indicates the lowest relative importance by segments.

4. Results: latent class analysis

The best model, i.e., the one that minimizes the BIC value, contains four latent class segments. The four latent class segments identified for the entire sample of buyers of shampoos and deodorants are labeled as follows: segment 1, “Price Driven”; segment 2, “Image Reflectors”; segment 3, “Brand Category Discerners”; and segment 4, “Smart Shoppers”. Table 2 provides a description of each of the four latent class segments. Specifically, it shows the share of each typology of brands purchased by each segment and the mean score for each of the factors. It also shows the Wald statistic, used to evaluate the statistical significance of the set of estimated parameters. As can be observed, factors 1–5 and 8 are significant, meaning that they discriminate the segments (Vermunt & Magidson, 2005).

The four latent class segments are similar in terms of size, although there are some variations in size. However, these segments are distinct in terms of the motivations and brand choice behaviors. The description and interpretation of the four distinct latent class segments of PLB and manufacturer brand buyers are as follows:

Segment 1 – Price Driven. This is the second largest segment of buyers, encompassing 26.39% of the sample. The majority of individuals in this group are middle class women aged between 42 and 49 years, living in larger cities with more than 30,000 inhabitants. Consumers in this segment reflect a polarized consumption pattern, as they pay the lowest prices in both product categories, primarily purchasing PLBs. Specifically, when purchasing shampoos and deodorants, the largest share of the brands they buy correspond to PLBs (73% in shampoos and 54% in deodorants).

Additionally, they purchase some TTBs (24% in shampoos and 36% in deodorants) while purchasing only a limited number of STBs (3% in shampoos and 10% in deodorants). Interestingly, while they will buy TTBs when offered at the lowest discounted prices, they rarely afford STBs with the same consideration.

They are called *Price Driven* as the main driver for this segment is to buy products at the lowest price. They are highly price sensitive (F6) and always seek the best prices and deals (F7). Members of this segment are not concerned about social image (F3) or any other risks (F2); hence, price becomes the main driver of brand choice. Although they do not perceive parity between PLBs and manufacturer brands (F8), they mainly opt for PLBs unless they find opportunistic price deals in TTBs. *Price-Driven* consumers pay the lowest prices of all segments in both shampoos and deodorants. Consumers in this segment become informed through media (F1) and are open to novelty in the market (F4). Although *Price-Driven* consumers do not perceive parity between manufacturer brands and PLBs and express little concern for social image by primarily opting for PLBs, the cheapest alternatives in the market reinforces the notion that they are mainly motivated by pure price. Brand choice results from this segment lend support to proposition 1a in that price-driven consumers exhibit polarized buying behavior primarily choosing PLBs, the lowest price alternatives across product categories.

Segment 2 – Image Reflectors. This is the third largest segment of buyers, encompassing 24.33% of the sample. The majority of individuals in this group are middle class women aged between 46 and 53 years, living in medium-sized cities with inhabitants between 10,000 and 30,000. Interestingly, this is the segment with the highest percentage of men (24%). When purchasing shampoos

Table 3

Latent class segments covariates – Socio-demographic profiles.

Intercept		Segment 1 Price Driven	Segment 2 Image Reflectors	Segment 3 Category Discerners	Segment 4 Smart Shoppers	Wald	p-value
		2.0316	−3.2612	−1.4822	2.7119	22.8945	4.20E-05***
Covariates							
Prices							
Average Price Shampoo (per 100 g) ⁽¹⁾	Mean	1.73	2.32	2.28	1.89	47.7468	2.40E-10***
Average Price Deodorant (per 100 g) ⁽¹⁾	Mean	2.40	3.08	2.71	2.74	7.0902	0.069*
Socio-demographics							
Age*	<42	12.41%	13.16%	12.65%	36.15%	2.617	0.45
	42–45	22.60%	13.30%	23.34%	9.68%		
	46–49	30.25%	27.27%	20.43%	28.92%		
	50–53	16.75%	25.60%	20.38%	6.75%		
	>54	17.99%	20.66%	23.20%	18.50%		
	Mean	48.518	49.5255	49.3266	46.5798		
Gender	Man	11.38%	24.70%	10.89%	9.76%	4.4047	0.22
	Woman	88.62%	75.30%	89.11%	90.24%		
Social class	Lower class	10.70%	10.42%	18.87%	11.28%	4.9486	0.84
	Lower middle class	21.02%	23.76%	25.48%	26.08%		
	Middle class	46.67%	40.64%	32.04%	41.21%		
	High and upper middle class	21.61%	25.18%	23.61%	21.43%		
No. of Inhabitants*	<2000	6.65%	8.21%	11.73%	11.18%	7.8104	0.05**
	2000–5000	20.57%	16.37%	28.33%	26.49%		
	5000–10,000	13.53%	18.24%	17.24%	23.45%		
	10,000–30,000	28.76%	32.09%	25.83%	23.76%		
	>30,000	30.50%	25.09%	16.87%	15.12%		
	Mean	3.5589	3.4948	3.0777	3.0516		

Notes: Significance levels: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.001$.⁽¹⁾ Prices in €

*These intervals were estimated by the Latent Gold statistical program, as the variables introduced were numeric.

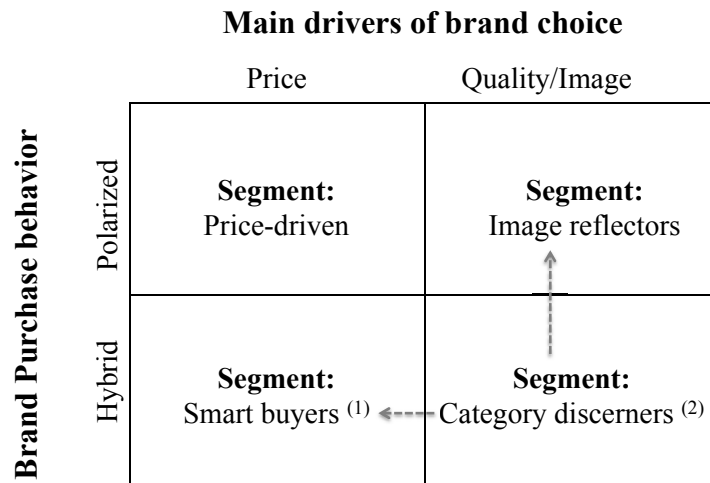
and deodorants, the vast majority of the brands they buy correspond to TTBs in both categories (88% in shampoos and 90% in deodorants). This segment also purchases a small percentage of STBs (7% in shampoos and 7% in deodorants) and a marginal amount of PLBs (5% in shampoos and 2% in deodorants). This pattern of brand purchases reflects a predominately polarized purchase pattern because consumers in this segment primarily choose higher quality/image brands, i.e., TTBs, lending support to Proposition 1b.

Image Reflectors pay the highest prices in both product categories. They are called *Image Reflectors* as this segment's brand choices are driven mainly by their interest in avoiding risk (F2) and high concern for their social image (F3). *Image Reflectors* stick to TTBs and show the lowest propensity to seek novelty (F4), reluctant to try new products and brands. They rely on the media to become informed (F1). Although perceiving some parity between PLBs and manufacturer brands (F8), they opt almost exclusively for TTBs. In sum, consumers brand purchases in this segment are primarily driven by risk reduction and image reassurance that TTBs offer, as they are generally perceived to be of higher quality and associated with higher social images. Thus, TTBs better satisfy the needs of this segment, as they deliver functional and more importantly symbolic value to consumers.

Segment 3 – Brand Category Discerners. This is the smallest segment of buyers, corresponding to 22.27% of the sample. The majority of individuals in this group are middle class women aged more than 42 years, living in small-sized cities with inhabitants between 2000 and 5,000, and medium-sized cities with inhabitants between 10,000 and 30,000. When purchasing shampoos and deodorants, consumers show asymmetric buying behavior in the two categories. In shampoos, the vast majority of buyers purchase TTBs (94%), but with regard to deodorants, although TTBs

account for the largest share (45%), consumers also consider other typologies of brands – STBs (30%) and PLBs (26%). They are called *Brand Category Discerners* as the purchase behavior of this segment varies depending on product categories. They are willing to pay more in some categories, for example, in shampoos, whereas in other categories (deodorants), they exhibit more price sensitivity (F6) and search for the best prices and deals (F7). The most remarkable characteristic of this segment is that while they are risk averse (F2), they do not show concern for social image (F3), and as such, the risk aversion is most likely related to functionality. Hence, the motivation of this segment is to find in some categories the brand option that offers the best price-to-quality ratio, whereas in other categories in which they may have greater involvement, the motivation is to trade-up purchasing high-quality TTBs that reduce functional risk. Thus, the brand purchase pattern exhibited by the *Product Category Discerner* segment lends support for Proposition 2a in that brand choice differs between product categories, i.e., in deodorants they purchase the full array of brand typologies, whereas in shampoos they predominantly purchase TTBs.

Segment 4 – Smart Shoppers. This is the largest segment of buyers, encompassing 27.02% of the sample. The highest percentage of individuals in this group is middle class women aged less than 42 years, living in cities with inhabitants between 2000 and 5000. When purchasing shampoos and deodorants, they purchase a good share of the full array of brand typologies in both product categories. Specifically, they buy TTBs (49% shampoos and 42% deodorants), STBs (28% in shampoos and 30% in deodorants), and PLBs (23% in shampoos and 28% in deodorants). They are called *Smart Shoppers*, as this segment seeks good quality products, but at the same time, they are highly price sensitive (F6). Therefore, they search for the best prices and deals (F7). Although the main motive of *Smart Shoppers* is to find good quality at good prices, members of



Source: Own elaboration

⁽¹⁾ Smart buyers pay special attention to the price/quality ratio

⁽²⁾ Depending on the category, category discerners can show smart shopping or quality-driven behaviors

Fig. 1. Segment classification according to brand purchase behavior and drivers of brand choice.

this segment are risk averse (F2) and as such rarely buy brands they do not know (F2). *Smart Shoppers* also show concern for their social image (F3); consequently, they buy TTB and STB.

However, as they perceive quality parity between manufacturer brands and PLBs (F8), they also purchase a considerable share of PLBs when they are not able to find TTB or STB on promotion or with special deals. Additionally, this segment seeks product novelty (F4) from the brands they know (F2), and although being time-constrained (F9), they devote time to media messages to become informed about products and brands (F1). The brand choice results indicate that consumers in this segment exhibit hybrid buying behavior choosing a different array of brands within each of the product categories in search of the best deals, thus lending support to proposition 2b.

Table 3 shows the profile of each segment in terms of socio-demographic variables. Profiling segments is useful for marketers to make market segmentation actionable. The Wald statistic indicates that both the average price paid for 100 g of shampoo and deodorant and the number of inhabitants in the region where they live are significant. Interestingly, age, gender, and social class are nonsignificant variables, meaning that while these variables are helpful to describe the segments, they do not discriminate between segments contributing no added value as bases for segmenting PLBs, thus lending support to proposition 3 that consumer psychographics, in particular lifestyles, explain brand choice patterns between segments better than consumer socio-demographics.

5. Discussion

The successful penetration and evolution of PLBs across product categories and countries have dramatically modified the competitive dynamics between brand manufacturers and retailers, thereby becoming a main source of managerial concern. This phenomenon has also radically altered the brand landscape across product categories in terms of choice options for consumers, both in terms of the range of brands available on the shelves and in terms of price

and quality options: TTB, STB, and PLB. This change in the marketplace has contributed to the emergence of diverse consumer brand consumption patterns: polarized behavior and hybrid behavior.

Although academic research on PLB is prolific, there remains a lack of knowledge of consumers' diverse brand choice patterns among manufacturers and PLBs as well as of the motives that underlie these choice patterns. Moreover, previous research findings are not easily translated into actionable marketing strategies to target consumers. To provide a remedy this, this research identifies consumer segments based on consumers' brand choice patterns and lifestyle factors that motivate manufacturer brand and PLB choice. This is of critical importance to brand manufacturers to combat PLB growth and for retailers to incentivize PLB consumption. In addition, incorporating consumer socio-demographics to profile consumers enhances the segments' actionability in terms of the development of tailored product offerings and communication strategies aimed at influencing consumers' brand choices.

Results from our analysis reveal four distinct consumer segments that buy different mixes of brand typologies (namely, TTB, STB, and PLB) for different reasons. Specifically, we observe consumption patterns that are best characterized as polarized, almost exclusively purchasing one typology of brands, specifically *Price Driven* buying predominantly PLBs and *Image Reflectors* buying TTBs. The presence of these two segments reflects and supports the characterization of a more traditional view of segment types. More specifically, the segment, referred to as *Price Driven*, exhibits polarized brand purchase by primarily opting for PLBs, the cheapest alternatives in the market reinforcing the notion that the main driver of their brand choice is price. The second segment identified is *Image Reflectors* whose product purchases can also be best described as polarized in that they pay the highest prices, primarily purchasing one typology of brands, i.e., TTBs. Their brand purchases are motivated by risk reduction and image reassurance that TTBs offer, as they are generally perceived to be of higher quality and associated with higher social images.

In addition to segments that exhibit polarized brand choice patterns, our research identifies segments that exhibit distinct types of hybrid brand choice patterns. Specifically, we find two segments: *Product Category Discerners* who display a pattern of hybrid brand choice that depends on the product category and *Smart Shoppers* who purchase a full array of brand types in both product categories. *Brand Category Discerners* purchase almost exclusively TTBs in certain product categories (shampoos) while they also purchase substantial amounts of all three-brand typologies in other categories (deodorants). The pattern of brand choices of *Category Discerners* is somewhat consistent with those described by Ehrnrooth and Gronroos (2013), Silverstein and Butman (2006), and Silverstein and Fiske (2008). Specifically, consumers in this segment trade-up by purchasing premium high-quality brands in higher involvement product categories (shampoos) to reduce performance risk while simultaneously trading-down by purchasing brands in typically lower involvement, low-risk categories (deodorants) that optimize the best price-to-quality ratio. Although these consumers do not trade-down to purchase brands solely based on the absolute lowest price, they are driven to purchase brands that offer a good value at a low price.

Finally, *Smart Shoppers* consist of consumers who display a hybrid brand purchase pattern buying a full array of brand types across both product categories. Their main motive is to buy good quality products at good prices; therefore, they buy whichever brands satisfy this motive. However, because *Smart Shoppers* also are concerned about social image, they prefer to purchase manufacturer brands, especially TTBs, but because price is a crucial motivator, they will not purchase manufacturer brands when there are no deals; instead they will purchase PLB. See Fig. 1 for the classification of the four segments based on brand purchase behavior and the main drivers of brand choice.

Another noteworthy finding is that linking consumer lifestyles to brand purchase behavior provides a better understanding of the brand choice patterns and motivations driving consumer purchases of PLBs versus manufacturer brands than socio-demographic variables. Although consumer socio-demographics are useful to profile the segments and increase actionability in terms of informing marketers about who the consumers are in each segment and where and how to reach them, this study indicates that these variables do not discriminate between segments. To summarize, the results reveal diverse and distinct brand choice patterns and psychographics, specifically lifestyles factors that underlie the patterns among the four consumer segments. Identifying these unique segments and understanding some factors that motivate consumers' brand choices among them provides meaningful strategic insights to brand managers and into the future prospects for brands.

5.1. Strategic directions for brand managers

Traditionally, brand manufacturers have responded to the threat of PLB decreasing costs, cutting prices, increasing promotional activities, introducing value brands, and even manufacturing PLBs (Ailawadi & Keller, 2004). Although these tactics seem to be successful with some consumer segments, they are not effective with others. Segmenting brand buyers based on their brand choice patterns and lifestyles reveals additional segments with somewhat a unique choice behavior of brand typologies, thus providing valuable insights to PLB and manufacturer brand managers.

For *Price-Driven* consumers, PLBs have an important advantage compared to manufacturer brands. PLBs should maintain significant price differentials with manufacturer brands. There may be

opportunities for PLB managers to build on this advantage by exploring the development of new tiers of PLB. For manufacturer brands to attract this segment, they will have to aggressively combat PLBs through discounts and/or promotional activities or introduce value brands. However, there are drawbacks in implementing these strategies. Aggressive promotional activities by TTBs may attract *Price-Driven* consumers and may also damage the value of the brand in other segments and erode profitability. Introducing value brands might also seem an effective strategy but not feasible, as existing PLBs generally occupy this space and retailers would not be open to introduce manufacturer brands challenging the position of their own brands. Therefore, while some limited tactical efforts can be directed toward *Price-Driven* consumers, they should not be a strategic priority for TTBs.

Regarding *Image Reflectors*, there are a number of strategies that PLB and manufacturer brand managers could implement to attract this consumer segment. PLB managers can design brand strategies focusing on developing symbolic value by delivering emotional benefits. This could be accomplished by changing the value propositions of existing PLB toward a more intangible territory or by trading-up by developing premium PLB under different brand names. This segment is the bread and butter for TTBs because *Image Reflectors* are concerned with status and prestige, and TTBs typically build their positioning on these associations. Therefore, manufacturer brands should reinforce their positioning through communication strategies and product innovation.

Further, for PLB brand managers to attract *Brand Category Discerners* in higher involvement, riskier product categories, they should focus on improving the performance of their products to reduce risk perceptions. In low involvement, low-risk product categories, PLBs should maintain meaningful price differentials and reinforce the positioning of value for money. On the contrary, manufacturer brands should reinforce consumers' perceptions of the parity gap with PLBs, especially in high-involvement, high-risk product categories, as consumers are known to prefer TTBs as a mean to reduce risk. Additionally, even in low-involvement product categories, TTBs may attempt to convince *Product Category Discerners* that quality matters.

Finally, *Smart Shoppers* suggest strategic avenues to both PLB managers and manufacturer brand managers. For example, PLB managers should maintain a significant price gap between their brands and manufacturer brands. Further, PLB should move beyond a pure functional value proposition of their PLB offerings, as this focus can limit growth within this segment. Instead, given that *Smart Shoppers* are concerned about their social image, PLB managers should start to explore less functional territories by developing and communicating intangible brand promises that are linked to symbolic value. For manufacturer brands trying to compete based solely on quality, this may not be fruitful. Instead, they should strengthen their differentiation based on the intangible aspects of their brands, reinforcing, for example, brand status. Additionally, manufacturer brands may want to selectively implement price promotional activities to reduce perceptions of the price gap with PLBs, but at the same time, they need to be careful not to diminish the equity of their brands.

5.2. The future of brands

The growth and transformation of PLBs across categories and countries have been impressive in the last decades, and it is likely that will continue during time. According to a forecast from Rabobank (2012), by 2025, PLBs are expected to reach a global market share of 50% across all CPG categories. This trend can be in

part attributed to retailers' use of a multitier strategy to target new consumers (Geyskens et al., 2010). Interestingly, premium PLBs are the fastest growing brands in the market (Dobson & Chakraborty, 2009) providing further evidence that retailer brands should be a great concern to manufacturer brands, as they will increasingly pose a competitive threat at every level of the market. This development not only is expected to continue affecting retailer shelf space allocation among TTb, STb, and PLb but will also significantly modify the competitive dynamics between brand manufacturers and retailers.

Owing to the speed of growth and transformation of PLBs, a number of marketers have sounded the alarm about the future of manufacturer brands. Our results can contribute to this conversation by providing a perspective on how understanding consumer segments exhibiting unique brand choice patterns may provide some insights into the future brand landscape. Results from our research suggest that the brand landscape will continue to polarize between top-tier manufacturers and PLBs. Three out of the four segments that we identify are purchasing significant shares of TTbs and/or PLBs. STbs are losing traction as supported by the relatively low choice shares they exhibit in the majority of the consumer segments in our study. They are being assaulted from both high- and low-end brands, thus becoming squeezed between these two brand typologies. The growth of PLBs will most likely be at the greater expense of STbs, as they seem to lack consumer traction evidenced by the greater switching behavior toward PLb than that toward STbs (Hoch & Lodish, 1998). Therefore, the pressure on STbs will continue to increase and the challenge for them will be to find a competitive space either for consumers (demand side) or retailers (supply side). In other words, second-tier manufacturers will have to decide whether to focus on brand development or alternatively to expand their economies of scale tapping into PLb production.

Although our results suggest that PLBs do constitute an important threat to manufacturer brands, especially for STbs, TTbs continue to play an important role for a significant number of consumers. There are still many consumers who are attracted to the high value that TTbs deliver, being it functional and/or symbolic. For example, *Image reflectors* care for status and prestige; hence, they will continue to purchase the symbolic value that TTbs deliver. Similarly, *Category Discerners*, although not being image driven, they are concerned about functional risks and prefer TTbs, which are generally associated with higher quality; therefore, they are perceived as less risky than PLBs. In addition, given the chance, *Smart-shoppers* prefer to purchase TTbs at affordable prices. Therefore, TTbs are likely to continue to be relevant and to garner significant market share. However, it is critical for TTbs to continue investing in innovation and building consumer value, especially if PLBs persist in developing premium products and building symbolic value. Supporting this, our research indicates that consumers who perceive parity between manufacturer brands and PLBs increasingly opt for PLBs. Thus, the strategies that both manufacturer brands and PLBs develop and employ will certainly determine the future trajectory of brands in the marketplace.

5.3. Limitations and future research

It is important to note that there are some limitations of this research and interesting directions for future research. Given that this research considers purchases of products from CPG categories that are purchased in high volume and frequently, a question remains as to whether study results generalize to other product categories. For example, purely hedonic or durable products, where the rate of purchases is significantly lower and the levels of involvement and risk tend to be considerably higher. Although the level of involvement is higher and the purchase frequency rates and

penetration of PLBs are lower in durables than in CPG categories, research indicates that a number of the same factors influence consumers' choices of PLBs in both of these two types of product categories (Miquel et al., 2017). However, with that being said, to increase generalizability and confidence in the findings of this study, future research could continue exploring consumer brand choice patterns in other product categories both within and outside the domain of CPG, which vary in terms of consumer involvement. In addition, this research examines brand purchase patterns in Spain; to extend our findings, future research should investigate consumer brand consumption patterns in additional countries.

Further, PLb managers, to maximize growth, are now focusing much deeper on multi-tier branding strategies extending beyond price and quality tiers, by also expanding PLb brand promises into more intangible, symbolic territories offering emotional benefits to those segments that are not driven primarily by price. Therefore, it would be interesting and beneficial to examine the effects of PLBs on brand choice in product categories in which PLBs are using multi-tier strategies. Finally, an important goal of this research was to uncover and identify consumer segments based on their brand purchase patterns and lifestyle variables that may drive these patterns. With this goal in mind, we used LCA, an exploratory approach, to assign individuals to segments based on the probability of belongingness to each segment rather than imposing a more restrictive method, which tries to force consumers into pre-specified segments based on a deterministic allocation that occurs with other techniques. As our research has revealed four distinct segments, future researchers could employ other methodologies to reconfirm the segmentation scheme found in this study.

6. Conclusions

In conclusion, this research makes valuable contributions in that it reveals divergent consumer behavior types exhibiting unique brand consumption patterns that both support and augment those previously characterized in the literature and underscores the importance of understanding the motives that underlie these diverse brand purchase patterns. While academics have discussed trends in consumer brand purchase behavior, to the best of our knowledge, there is no empirical research that uncovers consumer segments exhibiting these distinct brand purchase patterns and a set of unique drivers that underlie these patterns. Thus, this research makes important and meaningful contributions to the current knowledge of brand choice behavior. Moreover, the research findings provide significant insights to brand managers and have important implications for management practice. Specifically, the results provide strategic directions for managers of different brand typologies to survive and flourish in the changing competitive reality. Certainly, the strategic moves that both manufacturer brands and PLBs make in the near future will determine the array of brands from which consumers can choose and the future trajectory of brands. Hence, the findings of this research contribute to the dialogue among academics as well as managers about the future of brands.

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APPENDIX 1. Measurement Items: Reliability and validity

Factors	Standardized factor loading*	Cronbach's alpha	Composite reliability (CR)	Average variance extracted (AVE)			
F1: Relying on media							
I tend to notice posters and billboards.	0.62	0.85	0.85	0.50			
I tend to read magazines specializing in fashion and beauty.	0.70						
I often listen to ads on the radio.	0.59						
I normally buy beauty and personal hygiene products because I've seen them advertised.	0.69						
Advertising helps me know what products are available.	0.65						
I frequently look at ads in magazines and newspapers.	0.80	0.78	0.86	0.60			
I like receiving informational brochures to learn about products and brands.	0.65						
F2: Avoiding risk (not trying new things)							
If I like a brand, I rarely change or try a new one.	0.59						
I prefer to be faithful to the brand I normally buy rather than try something I'm not very sure of.	0.80						
I am very prudent when it comes to trying new brands.	0.79						
I rarely buy brands if I'm not completely sure about how they'll work.	0.69	0.82	0.80	0.50			
F3: Concern for social image							
I buy brands that are in style.	0.60						
I like for others to see the brand of clothing I'm wearing.	0.64						
I tend to buy clothing from exclusive brands.	0.74						
When buying clothes, the brand I buy is important to me.	0.83	0.90	0.92	0.85			
F4: Novelty seeking							
In terms of beauty and personal care products, in general, I like to try new brands.	0.89						
In terms of beauty and personal care products, I generally like to try new products.	0.96						
F5: Preference of PLBs in beauty products							
In cosmetics and personal care products I prefer selective brands than supermarket brands.	0.66	0.64	0.70	0.54			
When I buy cosmetics or personal care products is important which brand I buy.	0.80						
F6: High price sensitivity							
When it comes to buying clothes, price is the most important factor.	0.94						
When it comes to buying a beauty/personal hygiene product, price is the most important factor.	0.69						
F7: Searching for best prices and deals		0.70	0.72	0.56			
For beauty/personal hygiene products, I like to take advantage of the promotions offered on packages or labels.	0.77						
When I buy beauty and/or personal care products, I like to take advantage of promotions in which I get extra amounts of the product or a different product.	0.72						
F8: Parity between PLBs and manufacturer brands							
In beauty and personal care products, private label brands are made by name brand manufactures.	0.89	0.92	0.93	0.88			
In beauty and personal care products, private label brands offer the same quality as name brands.	0.98						
F9: Time constrained							
It seems that I never have free time.	0.66						
I'm a very busy person and I often eat fast and on the go.	0.88						
I don't have time to take care of myself.	0.55	0.72	0.78	0.64			
F10: Caring for self							
I tend to complete my habitual skin care treatment with other products (serums, masks, etc.).	0.91						
I dedicate time and effort to conditioning my hair.	0.67						
*Robust t value sig. at 1% level.							
Robust goodness of fit index: Satorra-Bentler χ^2 (361 df) = 491.152; χ^2/df = 1.36; NNFI = 0.945; CFI = 0.955; RMSEA = 0.032.							

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