Executive Summary

An Inter- and Intra-format Perspective on Transfer and Perception of Retail Formats

By Bernhard Swoboda, Lukas Morbe and Dan-Cristian Dabija

Retailers have dynamically expanded abroad and grocery retailers aim to bind consumers in local competition by positioning as strong retail brands. Consumer-based retail brand equity (RBE), is known to affect consumer loyalty and retailer performance. Retailers often retain their preferred retail format for internationalization while adapting parts of the marketing-mix locally. Still, consumers link a retail format to particular core attributes. This study analyzes whether such format-specific core attributes affect RBE and whether RBE affects consumers’ loyalty equally or differently in retailers’ home and host countries. These relationships are analyzed from an intra-format (e. g., discounters vs. hypermarkets) and an intra-format perspective (for specific retailers within these formats).

To provide new insights into this topic we refer to categorization theory. Hypotheses address the effects of different format-specific core attributes on RBE and second those of RBE on loyalty and are tested by comparing the effects in retailers’ home countries with those in the host country Romania. The empirical study covers two German discounters, two French hypermarkets, and two German hypermarkets and it is based on a survey of 3,614 consumers across these countries.

The results show, that format-specific core retail attributes affect RBE almost equally in host and home countries and in inter- and intra-format competition. For the discounters, the perceived core attribute price—additionally assortment—affects RBE most in both countries. These attributes are the central levers for RBE and their effects barely differ between the retailers. For all hypermarkets, assortment and store layout and for most hypermarkets also service are strong levers for RBE in home and host countries. Additionally, price affects RBE in host and sometimes in home countries. Only one hypermarket differentiates from the other retailers in this category. Furthermore, RBE affects loyalty in both the home and host countries while the effects in Romania tend to be lower.

Although transfer and adaptation decisions may vary between retailers, the core attributes of a retailer’s respective format dominate their positioning in a host country. Retail managers may learn that consumers evaluate RBE based mostly on the core attributes of a format. They should focus on meeting local consumers’ expectations especially for these core levers—despite all adaptation efforts abroad. To succeed in local competition abroad, retailers may recognize that their options for differentiation are limited by such category-based evaluations.